

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITORS' REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

# LEVITTOWN UNION FREE SCHOOL DISTRICT

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Education  
Levittown Union Free School District  
Levittown, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the Levittown Union Free School District as of and for the fiscal year ended June 30, 2012, which collectively comprise the Levittown Union Free School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Levittown Union Free School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund as well as the fiduciary funds of the Levittown Union Free School District as of June 30, 2012, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2012, on our consideration of the Levittown Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress on pages 1 through 14 and 48 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Levittown Union Free School District's financial statements as a whole. The other supplementary financial information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. The information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*R. S. Abrams + Co., LLP*

R.S. Abrams & Co. LLP

October 12, 2012

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The following is a discussion and analysis of the Levittown Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2012. This section is a summary of the school district's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

**1. FINANCIAL HIGHLIGHTS**

- On the District-Wide Financial Statements, revenues increased 1% as a result of an increase in property taxes offset by a reduction in capital and operating grants.
- On the District-Wide Financial Statements, expenditures increased by 10% as a result of an increase in instruction expenses and general support expenditures mostly due to the increase in net other post employment benefits obligation, which currently is not permitted to be funded per New York State Law.
- On May 15, 2012 the District's residents authorized the proposed 2012-2013 budget in the amount of \$189,996,581, a decrease of 4% from the 2011-2012 budget of \$197,907,475.
- During the year the District obtained a serial bond in the amount of \$4,780,000 to finance District-Wide Capital projects.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

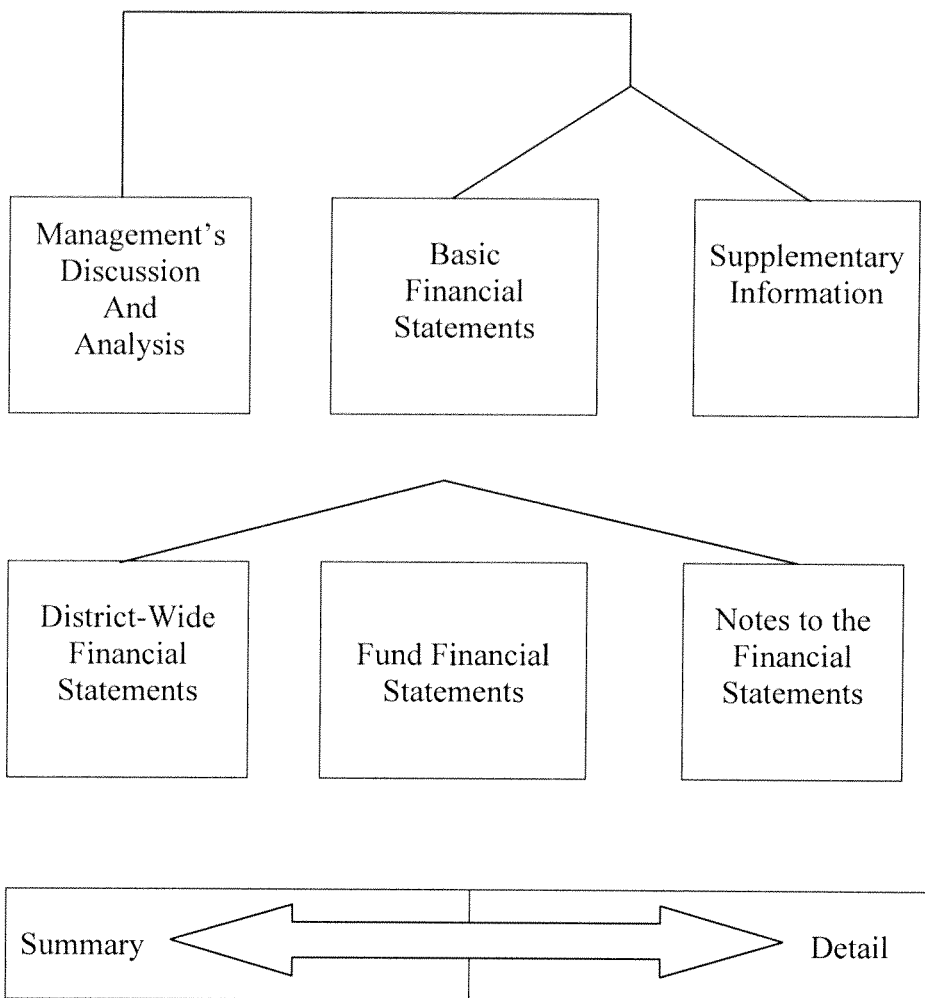
This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and optional supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Statements.
- The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
- *Fiduciary Funds Statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the District.

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

Table A-1: Organization of the District's Annual Financial Report



**LEVITTOWN UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

Table A-2: Major Features of the District-Wide and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as employee benefits
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Assets</li> <li>• Statement of Changes in Fiduciary Net Assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All financial assets and liabilities, short-term and long-term
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**A. District-Wide Financial Statements**

The District-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-Wide Financial Statements report the District's net assets and how they have changed. Net assets, the difference between the assets and liabilities, are one way to measure the financial health or position of the District.

- Over time, increases and decreases in net assets is an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net assets of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

District-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Assets:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net asset balances as follows:
  - *Net assets* invested in capital assets, net of related debt;
  - *Restricted net assets* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation.
  - *Unrestricted net assets* are net assets that do not meet any of the above restrictions.



**LEVITTOWN UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**B. Fund Financial Statements**

The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

- *Governmental funds:* Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information at the bottom of the governmental fund statements explains the relationship (or differences) between them. In summary, the government fund statement focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special revenue fund, debt service fund, and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance.
- *Fiduciary funds:* The District is the trustee or *fiduciary* for assets that belong to others, such as scholarship funds and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net assets and changes in net assets. This report should be used to support the District's own programs and is developed using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain post-employment healthcare plans.

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**A. Net Assets**

The District's total net assets decreased by \$15,783,783 in the fiscal year ended June 30, 2012 as detailed in Table A-3.

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Table A-3 – Condensed Statement of Net Assets-Governmental Activities

	Fiscal Year 2012	Fiscal Year 2011	Increase (Decrease)	% Change
Current assets and other assets	\$79,271,661	\$70,213,320	\$9,058,341	13%
Capital assets, net	63,212,202	64,519,387	(1,307,185)	-2%
<b>Total Assets</b>	<b>\$142,483,863</b>	<b>\$134,732,707</b>	<b>\$7,751,156</b>	<b>6%</b>
Current liabilities	\$14,339,691	\$17,940,705	(\$3,601,014)	-20%
Long-term liabilities	91,910,803	64,774,850	27,135,953	42%
<b>Total Liabilities</b>	<b>106,250,494</b>	<b>82,715,555</b>	<b>23,534,939</b>	<b>28%</b>
<b>Net Assets</b>				
Investment in capital assets, net of related debt	38,298,193	34,278,500	4,019,693	12%
Restricted	33,100,843	29,919,358	3,181,485	11%
Unrestricted	(35,165,667)	(12,180,706)	(22,984,961)	189%
<b>Total Net Assets</b>	<b>36,233,369</b>	<b>52,017,152</b>	<b>(15,783,783)</b>	<b>-30%</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$142,483,863</b>	<b>\$134,732,707</b>	<b>\$7,751,156</b>	<b>6%</b>

Current assets and other assets increased \$9,058,341 from 2011 to 2012 primarily due to an increase in cash, state and federal aid receivables and due from other governments. Capital assets (net of depreciation) decreased by \$1,307,185 due to depreciation expense offset by capital additions and a change in the capitalization threshold from \$500 to \$2,000. Current liabilities decreased by \$3,601,014. This was primarily attributable to a decrease in the bond anticipation note payable offset by an increase in accounts payable and the amount due to teachers' retirement system and employees' retirement system. Long-term liabilities increased by \$27,135,953, primarily due to the increase in claims payable of approximately \$4 million and net other post employment benefits obligation of approximately \$22 million. Net assets overall decreased by \$15,783,783.

The net assets invested in capital assets, net of related debt, relates to the investment in capital assets at cost such as land, construction in progress, buildings & improvements, and furniture & equipment, net of depreciation and related debt. This number increased from the prior year by \$4,019,693 primarily due to repayment of bonds payable and an increase in capital assets offset by depreciation. Restricted net assets is comprised of amounts with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Note 1 to the Financial Statements provides for further descriptions and detailed balances. The unrestricted net deficit at June 30, 2012, is \$35,165,667, which represents the amount by which the District's liabilities excluding debt related to capital construction exceeded assets other than capital assets. Net assets overall decreased \$15,783,783.

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**B. Changes in Net Assets**

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2012 and 2011 are as follows:

Table A-4: Change in Net Assets from Operating Results  
Governmental Activities Only

	Fiscal Year 2012	Fiscal Year 2011	Increase (Decrease)	Total Percentage Change
<b>Revenues</b>				
<b>Program Revenues</b>				
Charges for services	\$8,241,660	\$8,011,107	\$230,553	3%
Capital grants	0	1,326,138	(1,326,138)	100%
Operating grants	5,210,440	7,040,558	(1,830,118)	-26%
<b>General Revenues</b>				
Property taxes and other tax items	125,173,296	120,806,707	4,366,589	4%
State sources	48,452,884	49,119,673	(666,789)	-1%
Use of money & property	1,144,375	1,164,393	(20,018)	-2%
Other	2,739,396	2,099,024	640,372	31%
<b>Total Revenues</b>	<b>190,962,051</b>	<b>189,567,600</b>	<b>1,394,451</b>	<b>1%</b>
<b>Expenses</b>				
General support	\$22,492,609	\$21,829,513	\$663,096	3%
Instruction	172,507,720	153,981,670	18,526,050	12%
Pupil transportation	7,292,045	6,985,305	306,740	4%
Community services	1,047,331	918,826	128,505	14%
Debt service - interest	1,119,302	1,175,308	(56,006)	-5%
School lunch program	2,286,827	2,150,145	136,682	6%
Depreciation	0	1,494,623	(1,494,623)	-100%
<b>Total Expenses</b>	<b>206,745,834</b>	<b>188,535,390</b>	<b>18,210,444</b>	<b>10%</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(\$15,783,783)</b>	<b>\$1,032,210</b>	<b>(\$16,815,993)</b>	<b>-1629%</b>

The District's total fiscal year 2012 revenues totaled \$190,962,051. (See Table A-4). Property taxes and state formula aid accounted for most of the District's revenue by contributing 66 cents and 25 cents, respectively of every dollar raised. (See Table A-5). The remainder came from fees charged for services, capital grants, operating grants, investment earnings, and other miscellaneous sources.

The total cost of all programs and services totaled \$206,745,834 for fiscal year 2012. These expenses are predominantly related to general instruction and caring for (pupil services) and transporting students, which account for 86% of district expenses. (See Table A-6). The District's general support activities accounted for 11% of total costs.

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Table A-5: Revenues for Fiscal Year 2012 (See Table A-4)

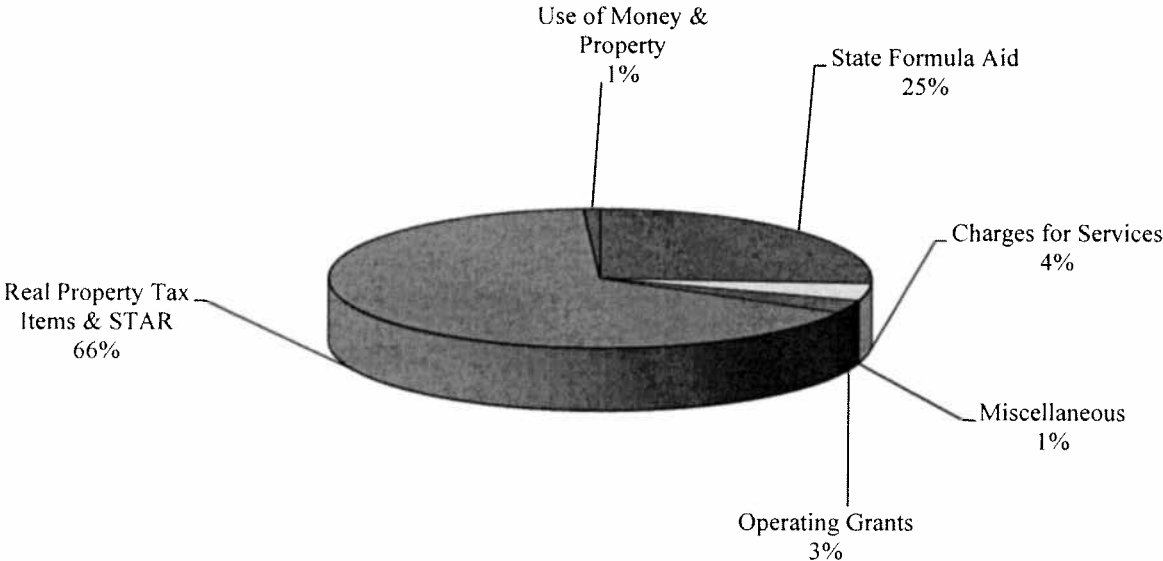
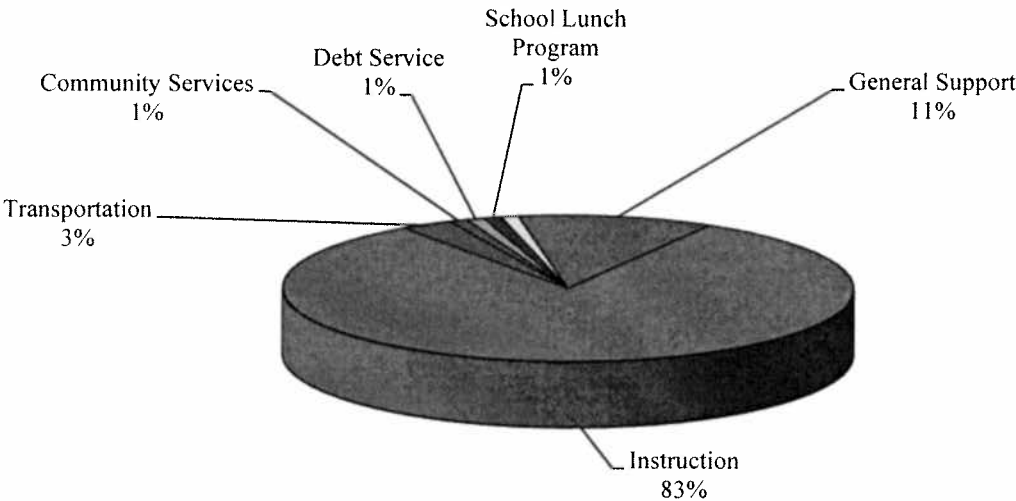


Table A-6: Expenses for Fiscal Year 2012 (See Tables A-4 and A-7)



**LEVITTOWN UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**C. Governmental Activities**

Revenues for the District's governmental activities totaled \$190,962,051 while total expenses equaled \$206,745,834. The overall decrease in net assets for governmental activities was \$15,783,783 for the 2012 fiscal year. Although actual expenses exceeded actual revenues, this was primarily due to an increase in the net other post employment benefits obligation in the current year per GASB Statement No. 45 of approximately \$22 million offset by favorable current year operations. The continuation of the District's good financial condition, as a whole, can be credited to:

- Continued leadership of the District's Board and administration;
- Strong tax base;
- Strategic use of services from the Nassau Board of Cooperative Educational Services (BOCES); and
- Improved curriculum and community support.

Table A-7 presents the cost of major District activities: general support, instruction, pupil transportation, debt service and others. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Table A-7: Net Cost of Governmental Activities

Category	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2011
General support	\$22,492,609	\$21,829,513	\$22,422,609	\$21,825,985
Instruction	172,507,720	153,981,670	161,613,551	139,942,562
Pupil transportation	7,292,045	6,985,305	7,282,164	6,969,264
Community service	1,047,331	918,826	1,047,331	918,826
Debt Service - interest	1,119,302	1,175,308	1,119,302	1,175,308
School lunch program	2,286,827	2,150,145	(191,223)	(168,981)
Depreciation	0	1,494,623	0	1,494,623
Total	<u>\$206,745,834</u>	<u>\$188,535,390</u>	<u>\$193,293,734</u>	<u>\$172,157,587</u>

- The cost of all governmental activities this year was \$206,745,834. (Statement of Activities and Changes in Net Assets, Expenses column-see Exhibit 3)
- The users of the District's programs financed \$8,241,660 of the cost. (Statement of Activities and Changes in Net Assets, Charges For Services column-see Exhibit 3)
- The federal and state governments subsidized certain programs with grants of \$5,210,440. (Statement of Activities and Changes in Net Assets and Operating Grants column – see Exhibit 3)

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

- Most of the District's net costs of \$193,293,734 were financed by the District's taxpayers and state and federal aid. (Statements of Activities and Changes in Net Assets, Net (Expense) Revenue and Changes in Net Assets column-see Exhibit 3)

**4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

As of June 30, 2012, the District's combined governmental funds reported a total fund balance of \$64,376,876 which is an increase of \$11,681,933 from the prior year. This increase is primarily due to an increase in the fund balance in the general fund due to operations and proceeds from serial bonds in the capital projects fund.

A summary of the change in fund balance for all funds are as follows:

	Fiscal Year 2012	Fiscal Year 2011	Increase (Decrease)	Total Percentage Change
<b>General Fund</b>				
Restricted for workers' compensation	\$4,501,046	\$4,484,789	\$16,257	0%
Restricted for unemployment insurance	2,427,422	2,418,654	8,768	0%
Restricted for retirement contributions	13,988,596	10,948,906	3,039,690	28%
Restricted for employee benefits and accrued liability	10,756,249	10,717,398	38,851	0%
Assigned for subsequent year's expenditures	6,500,230	12,700,000	(6,199,770)	-49%
Assigned for general support	101,631	232,328	(130,697)	-56%
Assigned for instruction	115,147	92,579	22,568	24%
Assigned for pupil transportation	59,219	1,110	58,109	5235%
Assigned for community service	46	600	(554)	-92%
Unassigned	17,798,242	7,916,299	9,881,943	125%
<b>Total Fund Balance - General Fund</b>	<b>\$56,247,828</b>	<b>\$49,512,663</b>	<b>\$6,735,165</b>	<b>14%</b>

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Fiscal Year 2012	Fiscal Year 2011	Increase (Decrease)	Total Percentage Change
<b>Special Aid Fund</b>				
Assigned	\$995,505	\$1,005,226	(9,721)	-1%
Total Fund Balance - Special Aid Fund	<u>\$995,505</u>	<u>\$1,005,226</u>	<u>(\$9,721)</u>	<u>-1%</u>
<b>School Lunch Fund</b>				
Nonspendable	\$4,145	\$8,170	(\$4,025)	-49%
Assigned	591,711	401,416	190,295	47%
Total Fund Balance - School Lunch Fund	<u>\$595,856</u>	<u>\$409,586</u>	<u>\$186,270</u>	<u>45%</u>
<b>Debt Service Fund</b>				
Restricted	<u>\$1,427,530</u>	<u>\$1,349,611</u>	<u>\$77,919</u>	<u>6%</u>
Total Fund Balance - Debt Service Fund	<u>\$1,427,530</u>	<u>\$1,349,611</u>	<u>\$77,919</u>	<u>6%</u>
<b>Capital Projects Fund</b>				
Restricted	\$1,390,991	\$769,113	\$621,878	0%
Assigned	3,719,166	\$0	3,719,166	100%
Unassigned	0	(351,256)	351,256	-100%
Total Fund Balance - Capital Projects Fund	<u>\$5,110,157</u>	<u>\$417,857</u>	<u>\$4,692,300</u>	<u>1123%</u>
Total Fund Balance - All Funds	<u>\$64,376,876</u>	<u>\$52,694,943</u>	<u>\$11,681,933</u>	<u>22%</u>

The District can attribute changes to fund balances and reserves primarily due to operating results, interest allocations and Board approved transfers.

The general fund balance increased primarily due to revenues exceeding expenditures due to current year operations.

The special aid fund balance decreased primarily due to expenditures exceeding revenues.

The increase in fund balance for school lunch can be attributed to an operating surplus of \$186,270.

The increase in debt service fund can be attributable to interest revenue.

The capital projects fund balance increased due to revenue from proceeds of serial bonds in excess of expenditures.

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2011-2012 Budget**

The District's general fund adopted budget for the year ended June 30, 2012 was \$197,907,475. This amount was increased by encumbrances carried forward from the prior year in the amount of \$326,617 which resulted in a final budget of \$198,234,092. The majority of the funding was property taxes and STAR revenue of \$125,052,875. Over the course of the year, the District did not revise its general fund budget for any unanticipated revenues.

**B. Change in the General Fund Unassigned Fund Balance (Budget to Actual)**

The general fund unassigned fund balance is a component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund subsequent years' budgets. It is this balance that is commonly referred to as "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget are as follows:

Opening, Unassigned - Unassigned Fund Balance	\$7,916,299
Revenues Over Budget	4,313,049
Expenditures and Encumbrances Under Budget	21,529,445
Use of restrictive fund balance	(6,356,755)
Increase in restrictive fund balance	(3,103,566)
Appropriated for June 30, 2013 Budget	(6,500,230)
Closing, Unassigned - Unassigned Fund Balance	<u><u>\$17,798,242</u></u>

The unassigned fund balance represents the fund balance retained by the District that is not restricted or assigned for subsequent years' taxes. This amount is limited to 4% of the 2012-2013 budget. The current closing unassigned fund balance exceeds this limit by 5%.

The revenues over budget in the amount of \$4,313,049 was primarily due to the following revenue sources: state aid and local sources (see Supplemental Schedule #1 for details).

The expenditures and encumbrances under budget in the amount of \$21,529,445 were primarily attributable to the following expenditures: teaching-regular school, programs for children with handicapping conditions and employee benefits (see Supplemental Schedule #1 for detail).



**LEVITTOWN UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**6. CAPITAL ASSET AND DEBT ADMINISTRATION**

**A. Capital Assets**

The District paid for equipment and various building additions and renovations during the fiscal year 2012. A summary of the District's capital assets net of depreciation are as follows:

Table A-8: Capital Assets (Net of Depreciation)

Category	Fiscal Year 2012	Fiscal Year 2011	Increase (Decrease)	Percentage Change
Land	\$2,449,525	\$2,449,525	\$0	0%
Buildings and building improvements	78,728,181	77,302,857	1,425,324	2%
Furniture and equipment	14,998,427	22,720,232	(7,721,805)	-34%
Land improvement	3,261,775	3,197,773	64,002	2%
Subtotal	99,437,908	105,670,387	(6,232,479)	-6%
Less: accumulated depreciation,	36,225,706	41,151,000	(4,925,294)	-12%
Total Net capital assets	<u>\$63,212,202</u>	<u>\$64,519,387</u>	<u>(1,307,185)</u>	<u>-2%</u>

The District spent \$87,700 in the capital project fund on building improvements and equipment purchases during the year.

**B. Long-Term Debt**

At June 30, 2012, the District had total bonds payable of \$26,305,000. During the 2012 fiscal year, the District obtained a new serial bond for \$4,780,000 and reduced existing debt with principal payments of \$3,375,000.

A summary of outstanding debt at June 30, 2012 and 2011 is as follows:

	Fiscal year 2012	Fiscal Year 2011	Increase (Decrease)
Serial Bonds 1999	\$3,015,000	\$3,545,000	(\$530,000)
Serial Bonds 2004	8,435,000	9,020,000	(585,000)
Serial Bonds 2005	1,580,000	3,080,000	(1,500,000)
Serial Bonds 2006	8,495,000	9,255,000	(760,000)
Serial Bonds 2011	4,780,000	0	4,780,000
Total	<u>\$26,305,000</u>	<u>\$24,900,000</u>	<u>\$1,405,000</u>

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**7. FACTORS BEARING ON THE DISTRICT'S FUTURE**

- A. The general fund budget for the 2012-2013 school year was approved by the voters in the amount of \$189,996,581. This is a decrease of \$7,910,894 or 4.0% over the previous year's budget. The decrease was primarily due to decreases in personnel costs.
- B. The District retired serial bonds originally issued in 2005. The final payment of \$1,580,000 was made on October 1, 2012.
- C. The District plans to refinance callable only Serial Bonds originally issued in 2003 and 2006 in the 2012-2013 fiscal year. The refinance will involve 2003 Bonds with a present par value of \$8,435,000 and a current interest rate of 3.75% and 2006 callable Bonds with a present par value of \$6,665,000 and an interest rate of 4.00%.
- D. The District's architect has identified several emergency capital projects that have been presented to the Board of Education. These projects include roof and masonry repairs to several of the building in the District. The estimated cost of these repairs is \$5,939,034 which could be potentially funded from excess funds in the unappropriated fund balance.

**8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

Levittown Union Free School District  
Mark Flower  
Assistant Superintendent for Business and Finance  
150 Abbey Lane  
Levittown, New York 11756  
(516) 520-8300

**LEVITTOWN UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES**  
**JUNE 30, 2012**

**ASSETS**

Cash	\$68,435,138
Receivables	
State and federal aid	6,948,544
Taxes receivable	2,154,816
Due from other governments	1,611,541
Accounts receivable	11,263
Inventories	4,145
Prepaid expenditures - bond refunding	106,214
Capital assets	
Not being depreciated	2,449,525
Being depreciated, net of accumulated depreciation	<u>60,762,677</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$142,483,863</u></u></b>

**LIABILITIES**

Payables	
Accounts payable	\$2,168,524
Accrued liabilities	372,963
Due to fiduciary funds	3,164
Due to teachers' retirement system	10,430,137
Due to employees' retirement system	800,724
Accrued interest payable	306,670
Deferred credits	
Deferred revenue - premium on obligation	227,642
Deferred revenue	29,867
Long-term liabilities	
Due and payable within one year	
Bonds payable	3,785,000
Due and payable after one year	
Bonds payable	22,520,000
Net other post employment benefits obligation	60,951,684
Claims payable	<u>4,654,119</u>
<b>TOTAL LIABILITIES</b>	<b><u>106,250,494</u></b>

**NET ASSETS**

Investment in capital assets, net of related debt	38,298,193
Restricted	33,100,843
Unrestricted	<u>(35,165,667)</u>
<b>TOTAL NET ASSETS</b>	<b><u>36,233,369</u></b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>	<b><u><u>\$142,483,863</u></u></b>

**LEVITTOWN UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
<b>FUNCTIONS / PROGRAMS</b>				
General support	(\$22,492,609)		\$70,000	(\$22,422,609)
Instruction	(172,507,720)	\$6,522,313	4,371,856	(161,613,551)
Pupil transportation	(7,292,045)		9,881	(7,282,164)
Community services	(1,047,331)			(1,047,331)
Debt service	(1,119,302)			(1,119,302)
School lunch program	(2,286,827)	1,719,347	758,703	191,223
<b>TOTAL FUNCTIONS AND PROGRAMS</b>	<u>(\$206,745,834)</u>	<u>\$8,241,660</u>	<u>\$5,210,440</u>	<u>(193,293,734)</u>
 <b>GENERAL REVENUES</b>				
Real property taxes				99,329,639
Other tax items - including STAR reimbursement				25,843,657
Use of money & property				1,144,375
Miscellaneous				2,722,968
State sources				48,452,884
Medicaid reimbursement				16,428
<b>TOTAL GENERAL REVENUES</b>				<u>177,509,951</u>
 <b>CHANGES IN NET ASSETS</b>				<u>(15,783,783)</u>
 <b>TOTAL NET ASSETS - BEGINNING OF YEAR</b>				<u>52,017,152</u>
 <b>TOTAL NET ASSETS - END OF YEAR</b>				<u><u>\$36,233,369</u></u>

**LEVITTOWN UNION FREE SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash	\$59,451,692	\$1,305,111	\$637,554		\$7,040,781	\$68,435,138
Receivables						
State and federal aid	4,896,201	1,997,622	54,721			6,948,544
Taxes receivable	2,154,816					2,154,816
Due from other funds	2,950,402	188,136	67,976	\$1,427,530		4,634,044
Due from other governments	1,611,541					1,611,541
Accounts receivable	7,433		3,830			11,263
Inventories			4,145			4,145
<b>TOTAL ASSETS</b>	<u>\$71,072,085</u>	<u>\$3,490,869</u>	<u>\$768,226</u>	<u>\$1,427,530</u>	<u>\$7,040,781</u>	<u>\$83,799,491</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Payables						
Accounts payable	\$1,985,666	\$27,164	\$143,126		\$12,568	\$2,168,524
Accrued liabilities	365,262	7,383	318.31			372,963
Due to other funds	259,276	2,459,626	250		\$1,918,056	4,637,208
Due to teachers' retirement system	10,430,137					10,430,137
Due to employees' retirement system	800,724					800,724
Deferred credits						
Deferred revenue	983,192	1,191	28,676			1,013,059
<b>TOTAL LIABILITIES</b>	<u>14,824,257</u>	<u>2,495,364</u>	<u>172,370</u>	<u>0</u>	<u>1,930,624</u>	<u>19,422,615</u>
<b>FUND BALANCE</b>						
Nonspendable			4,145			4,145
Restricted	31,673,313			1,427,530	1,390,991	34,491,834
Assigned	6,776,273	995,505	591,711		3,719,166	12,082,655
Unassigned	17,798,242					17,798,242
<b>TOTAL FUND BALANCE</b>	<u>56,247,828</u>	<u>995,505</u>	<u>595,856</u>	<u>1,427,530</u>	<u>5,110,157</u>	<u>64,376,876</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$71,072,085</u>	<u>\$3,490,869</u>	<u>\$768,226</u>	<u>\$1,427,530</u>	<u>\$7,040,781</u>	<u>\$83,799,491</u>

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET ASSETS  
JUNE 30, 2012**

Total Governmental Fund Balances		\$64,376,876
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
<p>The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Assets includes those capital assets among the assets of the district as a whole, and their original costs are expensed annually over their useful lives.</p>		
Original cost of capital assets	99,437,908	
Accumulated depreciation	<u>(36,225,706)</u>	63,212,202
<p>Deferred revenue - premium from obligations. The Statement of Net Assets will amortize the premium received over the life of the bond. Governmental funds recorded the premium as revenue.</p>		
		(227,642)
<p>Deferred revenue - EBLAR refund due from BOCES. The Statement of Net Assets recognized revenue under the full accrual method. Governmental funds recognize revenue under the modified accrual.</p>		
		983,192
<p>Prepaid Expenditures - Governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Assets and the Statement of Activities.</p>		
		106,214
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>		
Bonds payable	(26,305,000)	
Accrued interest on bonds payable	(306,670)	
Net other post employment benefits obligation	(60,951,684)	
Claims payable	<u>(4,654,119)</u>	<u>(92,217,473)</u>
Total Net Assets		<u>\$36,233,369</u>

**LEVITTOWN UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Real property taxes	\$99,329,639					\$99,329,639
Other tax items - including STAR reimbursement	25,843,657					25,843,657
Charges for services	6,522,313					6,522,313
Use of money and property	1,066,456			\$77,919		1,144,375
Miscellaneous	1,712,589	\$27,187				1,739,776
Local sources		142,499				142,499
State sources	48,452,884	1,411,732	\$47,931			49,912,547
Federal sources	236,231	2,677,703	559,485			3,473,419
Surplus food			151,287			151,287
Sales			1,719,347			1,719,347
<b>TOTAL REVENUES</b>	<u>183,163,769</u>	<u>4,259,121</u>	<u>2,478,050</u>	<u>77,919</u>	<u>0</u>	<u>189,978,859</u>
<b>EXPENDITURES</b>						
General support	16,782,424	70,000				16,852,424
Instruction	109,548,295	4,428,598				113,976,893
Pupil transportation	5,600,414	9,881				5,610,295
Community service	640,650	36,908				677,558
Employee benefits	39,091,744					39,091,744
Debt service - principal	3,375,000					3,375,000
Debt service - interest	1,113,532					1,113,532
Cost of sales			2,291,780			2,291,780
Capital outlay					87,700	87,700
<b>TOTAL EXPENDITURES</b>	<u>176,152,059</u>	<u>4,545,387</u>	<u>2,291,780</u>	<u>0</u>	<u>87,700</u>	<u>183,076,926</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>7,011,710</u>	<u>(286,266)</u>	<u>186,270</u>	<u>77,919</u>	<u>(87,700)</u>	<u>6,901,933</u>
<b>OTHER SOURCES AND USES</b>						
Proceeds from serial bonds					4,780,000	4,780,000
Operating transfers in		276,545				276,545
Operating transfers (out)	(276,545)					(276,545)
<b>TOTAL OTHER SOURCES (USES)</b>	<u>(276,545)</u>	<u>276,545</u>	<u>0</u>	<u>0</u>	<u>4,780,000</u>	<u>4,780,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	6,735,165	(9,721)	186,270	77,919	4,692,300	11,681,933
<b>FUND BALANCE - BEGINNING OF YEAR</b>	49,512,663	1,005,226	409,586	1,349,611	417,857	52,694,943
<b>FUND BALANCE - END OF YEAR</b>	<u>\$56,247,828</u>	<u>\$995,505</u>	<u>\$595,856</u>	<u>\$1,427,530</u>	<u>\$5,110,157</u>	<u>\$64,376,876</u>

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Net Change in Fund Balance		\$11,681,933
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
Worker's compensation claims payable in the Statement of Activities differs from the amounts reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, however the payable is recognized as it accrues regardless of when it is due. Accrued claims payable from June 30, 2011 to June 30, 2012 changed by		(3,515,152)
Deferred revenue - The Statement of Net Assets recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method		983,192
Net other post employment benefits obligation in the Statement of Activities are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		(22,215,801)
Long-Term Debt Transactions		
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities		3,375,000
Proceeds from long term debt - serial bonds - Governmental funds recognizes proceeds under the modified accrual method. In the Statement of Net Assets it increases a liability and does not affect the Statement of Activities.		(4,780,000)
Governmental funds report the issuance costs, premiums, discounts, and similar items on the refunded bonds. These amounts are deferred and amortized in the Statement of Activities.		
Deferred - premium on obligation	53,563	
Deferred charges - issuance costs	<u>(24,991)</u>	28,572
Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this requires the use of current financial resources. In the Statements of Activities, however, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest payable from June 30, 2011 to June 30, 2012 changed by		(34,342)
Capital Related Items		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the statement of net assets and allocated over their useful lives as annual depreciation expense in the Statement of Activities		
Capital outlays	1,121,658	
Depreciation expense	<u>(2,428,843)</u>	<u>(1,307,185)</u>
Changes in Net Assets of Governmental Activities		<u><u>(\$15,783,783)</u></u>



**LEVITTOWN UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2012**

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash	\$59,354	\$659,274
Due from governmental funds	0	3,164
<b>TOTAL ASSETS</b>	<u>\$59,354</u>	<u>\$662,438</u>
<b>LIABILITIES</b>		
Extraclassroom activity balance	\$0	\$292,761
Other liabilities	0	369,677
<b>TOTAL LIABILITIES</b>	<u>\$0</u>	<u>\$662,438</u>
<b>NET ASSETS</b>		
Reserved for scholarships	\$59,354	
<b>TOTAL NET ASSETS</b>	<u>\$59,354</u>	

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>Private Purpose Trust Fund</u></b>
<b>ADDITIONS</b>	
Gifts and contributions	\$34,238
Interest and earnings	72
<b>TOTAL ADDITIONS</b>	<b><u>34,310</u></b>
<b>DEDUCTIONS</b>	
Scholarships and awards	<u>28,451</u>
<b>TOTAL DEDUCTIONS</b>	<b><u>28,451</u></b>
<b>CHANGE IN NET ASSETS</b>	5,859
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>53,495</u>
<b>NET ASSETS - END OF YEAR</b>	<b><u><u>\$59,354</u></u></b>

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of Levittown Union Free School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below:

**A) Reporting entity:**

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of seven (7) members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, and by GASB Statement 39, *Determining Whether Certain Organizations are Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit and other organizational entities determined to be includable in the District’s financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District’s reporting entity.

i) Extraclassroom Activity Funds

The Extra classroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra classroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extra classroom Activity Funds can be found at the District’s business office. The District reports these assets held by its agent for the Extra classroom organizations in the Statement of Fiduciary Net Assets – Fiduciary Funds.

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**B) Joint venture:**

The District is a component district in the Nassau Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

**C) Basis of presentation:**

i) District-Wide Financial Statements:

The Statement of Net Assets and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

ii) Fund Financial Statements:

The Fund Financial Statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of Fund Financial Statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

**General Fund:** This fund is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

**Special Aid Fund:** This fund accounts for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

**School Lunch Fund:** This fund is used to account for the activities of the District's food service operations. The school lunch operation is supported by federal and state grants and charges participants for its services.

**Debt Service Fund:** This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

**Capital Projects Fund:** This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

**Fiduciary Funds:** These funds are used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-Wide Financial Statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Agency funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

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NOTES TO FINANCIAL STATEMENTS  
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**D) Measurement focus and basis of accounting:**

The District-Wide and Fiduciary Fund Financial Statement are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly, receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within six months after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**E) Real property taxes:**

i) Calendar

Real property taxes are levied annually by the Board of Education no later than August 15, and become a lien on October 1 and April 1. Taxes are collected by the Town of Hempstead during the period October 1 through November 10, and through May 10 without penalty.

ii) Enforcement

Uncollected real property taxes are subsequently enforced by Nassau County (the "County") in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following.

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**F) Restricted resources:**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

**G) Interfund transactions:**

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the District-Wide Financial Statements, the amounts reported on the Statement of Net Assets for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 13 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

**H) Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, other post-employment benefits, workers' compensation claims, potential contingent liabilities and useful lives of long-lived assets.

**I) Cash and cash equivalents:**

The District's cash and cash equivalents consist of cash on hand and demand deposits.

**J) Receivables:**

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

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**K) Inventories and prepaid items:**

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Nonspendable fund balance for these non-liquid assets (inventories) has been recognized in the school lunch fund to signify that a portion of fund balance is not available for other subsequent expenditures.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide Financial Statements and Fund Financial Statements. These items are reported as assets on the statement of net assets or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

**L) Capital assets:**

Capital assets are reported at actual cost for acquisitions subsequent to 20 years. For assets acquired prior to 20 years, estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide Financial Statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building & Building Improvements	\$10,000	Straight-line	50 years
Furniture & Equipment	\$2,000	Straight-line	5-20 years
Land Improvements	\$10,000	Straight-line	20 years

**M) Deferred revenue:**

Deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such



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amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

Some deferred revenues recorded in the governmental funds are not recorded in the District-Wide Statements, and comprise part of the reconciliation described in Note 2.

**N) Vested employee benefits:**

Compensated absences:

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time, however currently the District has no provision in its employment contracts for compensated absences.

**O) Other benefits:**

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the year paid.

**P) Short-term debt:**

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

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**Q) Accrued liabilities and long-term obligations:**

Payables, accrued liabilities and long-term obligations are reported in the District-Wide Financial Statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the Fund Financial Statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Assets.

**R) Equity Classifications:**

i) District-Wide Financial Statements:

In the District-Wide Financial Statements, there are three classes of net assets:

Invested in capital assets, net of related debt - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted net assets - reports net assets when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - reports all other net assets that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

ii) Fund Financial Statements:

Beginning with the fiscal year ended June 30, 2011, the District implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) which redefines how fund balances of the governmental funds are presented in the financial statements. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are four classifications of fund balance presented:

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- (1) **Non-spendable** fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund of \$4,145.
- (2) **Restricted** fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Currently, New York State laws still use the terminology “reserves” and Districts are only allowed to use reserves authorized by law. The District has classified the following reserves as restricted:

<u>Restricted for:</u>	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Workers' compensation	\$4,501,046			\$4,501,046
Unemployment insurance	2,427,422			2,427,422
Retirement contributions	13,988,596			13,988,596
Employee benefits and accrued liability	10,756,249			10,756,249
Debt service		\$1,427,530		1,427,530
Capital projects			\$1,390,991	1,390,991
Total	<u>\$31,673,313</u>	<u>\$1,427,530</u>	<u>\$1,390,991</u>	<u>\$34,491,834</u>

Workers' Compensation Reserve

Workers' compensation reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the general fund as restrictive fund balance.

Unemployment Insurance Reserve

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the

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next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the general fund as restrictive fund balance.

Retirement Contribution Reserve

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the general fund as restrictive fund balance.

Employee Benefit Accrued Liability Reserve

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general fund as restrictive fund balance.

- (3) **Committed** fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (i.e., Board of Education). The District has no committed fund balances as of June 30, 2012.
- (4) **Assigned** fund balance – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has classified the following as assigned:

<u>Assigned for:</u>	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Total</u>
Designated for subsequent year's expenditures	\$6,500,230				\$6,500,230
General support	101,631				101,631
Instruction	115,147				115,147
Pupil transportation	59,219				59,219
Community service	46	\$995,505			995,551
Capital projects				\$3,719,166	3,719,166
School lunch			\$591,711		591,711
Total	<u>\$6,776,273</u>	<u>\$995,505</u>	<u>\$591,711</u>	<u>\$3,719,166</u>	<u>\$12,082,655</u>

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Designated for Subsequent Year's Expenditures

The amount of \$6,500,230 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2013.

Encumbrances

Encumbrances have been assigned based upon the District's intent to be used for a specific purpose such as general support, instruction and capital projects. See Note 3 for further detail regarding accountability and Note 16 for further detail regarding significant encumbrances.

- (5) **Unassigned** fund balance –Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance. The District has classified \$17,798,242 as unassigned in the general fund.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in assigned fund balance are also excluded from the 4% limitation. The District is not in compliance with NYS Real Property Tax Law 1318 fund balance requirements.

Order of Use of Fund Balance

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

**NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS:**

Due to the differences in the measurement focus and basis of accounting used in the Fund Financial Statements and the District-Wide Financial Statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**A) Total fund balances of governmental funds vs. net assets of governmental activities:**

Total fund balances of the District's governmental funds differ from "net assets" of governmental activities reported in the Statement of Net Assets. The difference primarily results from the additional long-term economic focus of the Statement of Net Assets versus the solely current financial resources focus of the governmental fund Balance Sheets.

**B) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:**

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of the four broad categories. The amounts shown below represent:

i) Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accruals basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on Fund Financial Statements and the gain or loss on the sale of assets reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the Fund Financial Statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the Fund Financial Statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Assets.

iv) Employee benefits allocation:

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Balance based on the requirements of New York State. These costs have been allocated based on total salary for each function in the Statement of Activities.

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
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**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**A) Budgets:**

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted. The voters of the District approved the proposed appropriation budget for the General fund. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

**B) Encumbrances:**

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

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**NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:**

**A) Cash:**

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement 40, *Deposits and Investment Risk Disclosures*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- i) Uncollateralized;
- ii) Collateralized with securities held by the pledging financial institution in the District's name; or
- iii) Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

None of the District's aggregate bank balances, not covered by depository insurance, were exposed to custodial credit risk as described above at year end.

**B) Investments**

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

**NOTE 5 – PARTICIPATION IN BOCES:**

During the year, the District was billed \$7,731,730 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,488,547. Financial statements for the BOCES are available from the BOCES administrative office at Nassau Board of Cooperative Educational Services, BOCES Administration Office, 71 Clinton Road, Garden City, NY 11530.



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**NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:**

State and federal aid receivable at June 30, 2012 consisted of the following:

General Fund	
General aid	\$2,342,520
Excess cost aid	1,798,515
BOCES aid	755,166
Total - General Fund	<u>\$4,896,201</u>
Special Aid Fund	
State grants	\$1,165,188
Federal grants	664,461
Local grants	167,973
Total - Special Aid Fund	<u>\$1,997,622</u>
School Lunch Fund	
Breakfast - federal aid	\$730
Lunch - federal aid	34,826
Breakfast - state aid	6,525
Lunch - state aid	12,640
Total - School Lunch Fund	<u>\$54,721</u>
Total - All Funds	<u><u>\$6,948,544</u></u>

District management has deemed these amounts to be fully collectible.

**NOTE 7 – DUE FROM OTHER GOVERNMENTS**

Due from other governments in the general fund at June 30, 2012 consisted of the following:

Special education	\$365,516
Vocational education	253,643
Nassau BOCES EBALR refund	983,192
Other	9,190
Total	<u><u>\$1,611,541</u></u>

District management has deemed these amounts to be fully collectible.

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 - CAPITAL ASSETS:**

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$2,449,525			\$2,449,525
Total nondepreciable historical cost	2,449,525	0	0	2,449,525
Capital assets that are depreciated:				
Building & building improvements	77,302,857	\$87,700	\$1,337,624	78,728,181
Furniture and equipment	22,720,232	2,735,196	(10,457,001)	14,998,427
Land improvement	3,197,773		64,002	3,261,775
Total depreciable historical cost	103,220,862	2,822,896	(9,055,375)	96,988,383
Less accumulated depreciation:				
Building & building improvements	22,422,270	2,194,709	(169,520)	24,447,459
Furniture and equipment	17,155,412		(7,184,617)	9,970,795
Land improvement	1,573,318	234,134		1,807,452
Total accumulated depreciation	41,151,000	2,428,843	(7,354,137)	36,225,706
Total capital assets, net	\$64,519,387	\$394,053	(\$1,701,238)	\$63,212,202
Depreciation expense were charged to				
Government functions as follows:				
Instruction	\$1,953,025			
General support	88,038			
School lunch	25,778			
Community service	14,930			
Transportation	347,072			
	\$2,428,843			

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
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**NOTE 9 - SHORT-TERM DEBT:**

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	07/15/11	1.25%	\$6,110,000	\$0	\$6,110,000	\$0

Interest on short-term debt for the year was \$35,849.

This debt was issued for interim financing of capital project fund expenditures related to the District's capital projects.

**NOTE 10 – LONG-TERM LIABILITIES:**

Long-term liability balances and activity for the year are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Reclassified/ Redeemed</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Government activities:					
Construction bond 1999	\$3,545,000		(\$530,000)	\$3,015,000	\$550,000
Construction bond 2004	9,020,000		(585,000)	8,435,000	610,000
Construction bond 2005	3,080,000		(1,500,000)	1,580,000	1,580,000
Serial bond 2006	9,255,000		(760,000)	8,495,000	795,000
Serial bond 2011	-	\$4,780,000	-	4,780,000	250,000
Total bonds payable	<u>\$24,900,000</u>	<u>\$4,780,000</u>	<u>(\$3,375,000)</u>	<u>\$26,305,000</u>	<u>\$3,785,000</u>
Other liabilities:					
Net other postemployment benefits obligation	38,735,883	28,031,398	(5,815,597)	60,951,684	0
Claims payable	1,138,967	4,003,951	(488,799)	4,654,119	0
Total other liabilities	<u>39,874,850</u>	<u>32,035,349</u>	<u>(6,304,396)</u>	<u>65,605,803</u>	<u>0</u>
Total long-term liabilities	<u>\$64,774,850</u>	<u>\$36,815,349</u>	<u>(\$9,679,396)</u>	<u>\$91,910,803</u>	<u>\$3,785,000</u>

The general fund has typically been used to liquidate long-term liabilities such as serial bonds payable, claims payable and net other postemployment benefits obligation.

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Existing serial and statutory bond obligations are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Construction Serial Bond	8/1/1999	8/1/2016	3-4.75%	\$3,015,000
Construction Serial Bond	10/1/2003	4/1/2023	3.75-4.5%	8,435,000
Construction Serial Bond	10/1/2006	10/1/2012	2-5%	1,580,000
Construction Serial Bond	4/15/2006	4/15/2021	4-4.25%	8,495,000
Construction Serial Bond	7/14/2011	7/1/2026	2-3.5%	4,780,000
				<u>\$26,305,000</u>

The following is a summary of debt service requirements for bonds payable:

Fiscal Year Ended June 30,	Principal	Interest	Total
2013	\$3,785,000	\$1,002,859	\$4,787,859
2014	2,295,000	880,140	3,175,140
2015	2,405,000	791,984	3,196,984
2016	2,500,000	696,134	3,196,134
2017	2,615,000	593,840	3,208,840
2018 - 2022	9,895,000	1,646,625	11,541,625
2023 - 2027	2,810,000	204,178	3,014,178
	<u>\$26,305,000</u>	<u>\$5,815,760</u>	<u>\$32,120,760</u>

Interest on long-term debt for the year was composed of:

Interest paid	<u>\$1,077,683</u>
Less interest accrued in the prior year	(272,328)
Plus interest accrued in the current year	306,670
Amortization of prepaid expenditure	24,991
Amortization of premium on obligation	(53,563)
Total expense	<u>\$1,083,453</u>

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2012, \$3,375,000 of bonds outstanding are considered defeased.

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 11 – DEFERRED REVENUE:**

Deferred revenue in the Governmental Funds at June 30, 2012 is comprised of the following:

Refund due from Nassau BOCES	\$983,192
IDEA, Part B, SEC611	1,191
School lunch prepayments	<u>28,676</u>
Total	<u><u>\$1,013,059</u></u>

**NOTE 12 – PENSION PLANS:**

**A) General Information:**

The District participates in the New York State Employees’ Retirement System (NYSERS) (the “System”) and the New York State Teachers’ Retirement System (NYSTRS) (the “System”). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

**B) Provisions and administration:**

i) Teachers’ Retirement System

The New York State Teachers’ Retirement Board administers NYSTRS. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

ii) Employees’ Retirement System

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Governor Alfred E. Smith State Office Building, Albany, New York 12244.

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**C) Funding policies:**

The Systems are noncontributory for employees who joined prior to July 27, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For NYSTRS, employees who joined on or after January 1, 2010 and before April 1, 2012 are required to contribute 3.5% of their annual salary for their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. For employees in NYSERS who joined after January 1, 2010 but prior to March 31, 2013, they must contribute 3% of their salary throughout their active membership. Those joining after April 1, 2013 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District is required to contribute at an actuarially determined rate. The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	NYSERS	NYSTRS
2011 - 2012	\$2,792,893	\$8,486,610
2010 - 2011	\$1,934,579	\$6,310,767
2009 - 2010	\$1,476,001	\$7,268,285

**NOTE 13 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:**

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$2,950,402	\$259,276		\$276,545
Special Aid Fund	188,136	2,459,626	\$276,545	
School Lunch Fund	67,976	250		
Debt Service Fund	1,427,530			
Capital Projects Fund		1,918,056		
Total government activities	4,634,044	4,637,208	276,545	276,545
Fiduciary Agency Fund	3,164			
Totals	\$4,637,208	4,637,208	\$276,545	\$276,545

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The District typically transfers from the general fund to the special aid fund to fund the District's 20% share of summer school for students with disabilities expenses required by State Law. Beginning in the 2011-2012 school year, the State Supported Section 4201 schools were authorized under Chapter 58 of the Laws of 2011 to bill the District at time of initial admission for the cost of the 10-month school year education. During the year the District transferred monies from the general fund to the special aid fund for their local share of the cost for State Supported Section 4201 schools education.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

**NOTE 14 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS:**

**A) Plan Description:**

The District provides post employment health insurance (life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. NYSHIP Empire Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by New York State. The Plan provides medical insurance benefits to eligible retirees and their spouses. Article 37 of the Statutes of the state assigns the authority to establish and amend benefit provisions to the school district. The Plan does not issue a stand alone, publicly available report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

**B) Funding Policy:**

The contribution requirements of Plan members and the District are established and may be amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2012, the Levittown School District contributed \$5,612,651 to the Plan, including \$5,612,651 for current premiums and an additional \$0 to prefund benefits. Plan members contributed 0-50% to the Plan.

**C) Annual OPEB Cost and Net OPEB Obligation:**

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District net OPEB obligation to the Plan:

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Annual OPEB Cost and Net OPEB Obligation**

Annual required contribution	\$28,777,832
Interest on net OPEB obligation	1,348,653
Adjustment to Annual Required Contribution	<u>(2,095,087)</u>
Annual OPEB cost (expense)	28,031,398
Contributions made	<u>(5,612,651)</u>
Increase in net OPEB obligation	22,418,747
Adjustment to Net OPEB Obligation as of June 30, 2011	(202,946)
Net OPEB obligation-beginning of year	<u>38,735,883</u>
Net OPEB obligation-end of year	<u><u>\$60,951,684</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributes to the Plan and the net OPEB obligation for 2012 and the preceding two years was as follows:

Fiscal Year Ending	Annual Required Contribution	Annual OPEB Cost	OPEB Contributions	of Annual OPEB Cost Contributed	Adjustments	Net OPEB Obligation
June 30, 2010	\$17,178,759	\$16,952,022	\$4,762,253	28%		\$26,022,288
June 30, 2011	\$18,737,249	\$18,298,299	\$5,234,667	28%	(\$350,037)	\$38,735,883
June 30, 2012	\$28,777,832	\$28,031,398	\$5,612,651	20%	(202,946)	\$60,951,684

**D) Funded Status and Funding Progress:**

As of July 1, 2011, the most recent actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability for benefits was \$287,877,908, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$287,877,908. The covered payroll (annual payroll of active employees covered by the Plan) was \$96,436,113, and the ratio of the UAAL to the covered payroll was 299%.

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the health care trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress following the notes to the financial statements provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.



**LEVITTOWN UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**E) Actuarial Methods and Assumptions:**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the historical pattern of sharing benefit costs between the District and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions included a discount rate of 3.50% and an annual healthcare cost trend rate of 10.0% Medical & 10.0% Drug, reduced by decrements to an ultimate rate of 5.0% after 4 years. The UAAL is being amortized using the level dollar amortization method over an open period of 30 years.

**NOTE 15 – RISK MANAGEMENT:**

**A) General:**

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**B) Consortiums and Self Insured Plans:**

The District participates in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its District property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

The District has established a self-insured plan for risks associated with Workers' Compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR) based on a liability evaluation done in March of 2012. As of June 30, 2012, the District has potential workers' compensation claims (losses incurred not paid) of \$1,495,242 and incurred but not reported claims of \$3,158,877 for a total liability of \$4,654,119. The District has a workers' compensation reserve balance of \$4,484,789. Claims activity is summarized below:

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	June 30, 2012	June 30, 2011
Unpaid claims at beginning of year	\$1,138,967	\$971,191
Incurred claims but not reported	3,158,877	0
Claims incurred and claim adjustment expenses	1,250,082	969,163
Claims paid	(893,807)	(801,387)
Unpaid claims at year end	\$4,654,119	\$1,138,967

June 30, 2011 unpaid claims balance does not include claims incurred but not reported.

**NOTE 16 – COMMITMENTS AND CONTINGENCIES**

**A) Grants**

The District has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, will be immaterial.

**B) Litigation**

The District is involved in lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

**C) Leases**

The District leases various equipment under non-cancelable leases. Rental expense for the year was \$352,728. The minimum remaining lease payments are as follows:

Fiscal Year Ended	Total
June 30, 2013	\$254,368
2014	50,831
	\$305,199

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**D) Encumbrances:**

Significant encumbrances included in governmental fund balances have been classified as assigned fund balance and are as follows:

- i) **General Fund** - Total encumbrances of the general fund as of June 30, 2012 were \$276,043. Significant encumbrances of \$150,960 were assigned to contractual services, \$73,677 for equipment, \$16,270 for materials and supplies, and \$35,136 for textbooks.
- ii) **Special Aid Fund** - Total encumbrances of the special aid fund as of June 30, 2012 were \$177,804. No significant encumbrances were identified.
- iii) **Capital Projects Fund** - Total encumbrances of the capital projects fund as of June 30, 2012 were \$31,411. No significant encumbrances were identified.

**NOTE 17 – SUBSEQUENT EVENTS:**

- The District retired serial bonds originally issued in 2005. The final payment of \$1,580,000 was made on October 1, 2012.
- The District's architect has identified several emergency capital projects that have been presented to the Board of Education. These projects include roof and masonry repairs to several of the buildings in the District. The estimated cost of these repairs is \$5,939,034 which could be potentially funded from excess funds in the unassigned fund balance.

**SUPPLEMENTARY INFORMATION**

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$100,208,271	\$100,208,271	\$99,329,639	(\$878,632)
Other real property tax items	24,844,604	24,844,604	25,843,657	999,053
Charges for services	5,496,000	5,496,000	6,522,313	1,026,313
Use of money & property	975,000	975,000	1,066,456	91,456
Forfeitures	215	215	0	(215)
Sale of property & compensation for loss	0	0	97,830	97,830
Miscellaneous	169,000	169,000	1,614,759	1,445,759
State Sources				
Basic formula	36,396,809	36,396,809	28,810,587	(7,586,222)
Excess cost aid	2,609,495	2,609,495	9,690,110	7,080,615
State aid students disabl	1,121,156	1,121,156	158,704	(962,452)
Lottery aid	4,417,667	4,417,667	7,572,138	3,154,471
BOCES aid	1,333,420	1,333,420	1,488,547	155,127
Textbook aid	636,083	636,083	475,029	(161,054)
Computer software/hardware aid	210,000	210,000	212,084	2,084
Library a/v loan program aid	50,000	50,000	45,685	(4,315)
Federal Sources				
ARRA Reporting	330,000	330,000	219,803	(110,197)
Other	53,000	53,000	16,428	(36,572)
<b>TOTAL REVENUES AND OTHER SOURCES</b>	<b>\$178,850,720</b>	<b>\$178,850,720</b>	<b>\$183,163,769</b>	<b>\$4,313,049</b>
Appropriated fund balance	12,700,000	12,700,000		
Appropriated reserves	6,683,372	6,683,372		
<b>TOTAL REVENUES &amp; APPROPRIATED FUND BALANCE</b>	<b>\$198,234,092</b>	<b>\$198,234,092</b>		

**Note to Required Supplementary Information**

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

LEVITTOWN UNION FREE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$220,301	\$220,193	\$99,489	\$980	\$119,724
Central administration	350,743	350,618	317,560	0	33,058
Finance	1,464,773	1,506,973	1,265,407	150	241,416
Staff	853,691	934,761	895,165	144	39,452
Central services	13,452,524	13,450,024	12,226,007	100,358	1,123,659
Special items	10,278,523	9,287,353	1,978,796	0	7,308,557
Instructional					
Instruction, adm. & imp.	5,203,038	5,197,938	4,909,468	0	288,470
Teaching - regular school	61,719,988	62,516,568	59,455,550	48,218	3,012,800
Programs for children with handicapping conditions	30,374,982	29,439,056	26,469,295	21,233	2,948,528
Occupational education	4,465,905	4,382,788	3,994,246	3,856	384,686
Teaching special schools	94,256	117,256	84,032	0	33,224
Instructional media	4,421,308	4,683,808	4,554,774	41,277	87,757
Pupil Services	11,332,542	11,330,207	10,080,930	562	1,248,715
Pupil transportation	6,225,548	6,025,548	5,600,414	59,219	365,915
Community services	543,765	850,765	640,650	46	210,069
Employee benefits	43,094,698	43,094,698	39,091,744	0	4,002,954
Debt Service					
Debt Service principal	2,790,000	3,375,000	3,375,000	0	0
Debt Service interest	1,187,507	1,182,507	1,113,532	0	68,975
<b>TOTAL EXPENDITURES</b>	<u>198,074,092</u>	<u>197,946,061</u>	<u>176,152,059</u>	<u>276,043</u>	<u>21,517,959</u>
Other Financing Uses					
Transfers to Other Funds	<u>160,000</u>	<u>288,031</u>	<u>276,545</u>	<u>0</u>	<u>11,486</u>
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<u>\$198,234,092</u>	<u>\$198,234,092</u>	<u>176,428,604</u>	<u>\$276,043</u>	<u>\$21,529,445</u>
Net change in fund balances			6,735,165		
Fund balance - beginning of year			<u>49,512,663</u>		
Fund balance - end of year			<u>\$56,247,828</u>		

**Note to Required Supplementary Information**

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS (OPEB)  
JUNE 30, 2012**

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
July 1, 2007	\$0	\$125,939,627	\$125,939,627	0%	\$73,074,059	172%
July 1, 2009	\$0	\$172,161,245	\$172,161,245	0%	\$74,828,982	230%
July 1, 2011	\$0	\$287,877,908	\$287,877,908	0%	\$96,436,113	299%

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND  
USE OF ASSIGNED: APPROPRIATED AND UNASSIGNED FUND BALANCE - GENERAL FUND  
JUNE 30, 2012**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$197,907,475
Add: Prior year's encumbrances	<u>326,617</u>
Original Budget	198,234,092
Budget revision:	<u>0</u>
Final Budget	<u>\$198,234,092</u>
Next year's voter approved budget	<u>\$189,996,581</u>

**USE OF ASSIGNED: APPROPRIATED AND UNASSIGNED FUND BALANCE**

Unassigned and designated fund balance- As of the beginning of the year	\$20,616,299
Less:	
Assigned fund balance used for the levy of taxes- Adopted Budget	<u>12,700,000</u>
Unassigned Fund Balance- As of the beginning of the year	<u>\$7,916,299</u>



LEVITTOWN UNION FREE SCHOOL DISTRICT  
 SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date		Unexpended Balance	Proceeds of Obligations	Methods of Financing		Total	Fund Balance June 30, 2012
			Prior Year's	Current Year			State Sources	Local Sources		
Districtwide Capital Projects	\$4,725,245	\$13,215,532	\$9,950,825	\$0	\$3,264,707	19,181,338	\$13,215,532	\$13,215,532	\$3,264,707	
Bond Issue Districtwide Renovations	19,092,300	19,181,338	19,181,338	0	0	19,181,338	0	19,181,338	0	
Bond Issue Classroom Additions	8,000,000	8,000,000	8,000,000	0	0	8,000,000	0	8,000,000	0	
Bond Issue Districtwide Renovations	12,000,000	12,000,000	11,620,532	0	379,468	12,000,000	0	12,000,000	379,468	
Jonas Salk MS	1,700,000	1,700,000	471,641	0	1,228,359	1,700,000	1,700,000	1,700,000	1,228,359	
Summit Lane School	200,000	200,000	51,873	0	148,127	200,000	200,000	200,000	148,127	
Portable Classrooms Bond Issue	12,500,000	12,500,000	12,110,355	0	389,645	12,500,000	0	12,500,000	389,645	
Districtwide Capital Projects	12,100,000	12,170,000	13,004,327	87,700	(922,027)	12,170,000	12,170,000	12,170,000	(922,027)	
Districtwide Capital Projects - Excel Aid	7,343,680	7,343,680	6,528,120	0	815,560	4,780,000	2,369,998	7,149,998	621,878	
<b>Sub-Total</b>	<b>\$77,661,225</b>	<b>\$86,310,550</b>	<b>\$80,919,011</b>	<b>\$87,700</b>	<b>\$5,303,839</b>	<b>\$56,461,338</b>	<b>\$27,285,532</b>	<b>\$86,116,868</b>	<b>\$5,110,157</b>	

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CERTAIN REVENUES AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Account Code</u>	<u>ST-3 Amount</u>	<u>Audited Amount</u>
<b>REVENUES</b>			
Property Taxes	A-1001	\$99,329,639	\$99,329,639
Non-Property Taxes	AT-1199	25,843,657	25,843,657
State Aid	AT-3999	48,452,884	48,452,884
Federal Aid	AT-4999	236,231	236,231
<b>TOTAL REVENUES</b>	AT-5999	<b>\$183,163,769</b>	<b>\$183,163,769</b>
<b>EXPENDITURES</b>			
General Support	AT-1999	\$16,782,424	\$16,782,424
Pupil Transportation	AT-5999	5,600,414	5,600,414
Debt Service-Principal	AT-9798.6	3,375,000	3,375,000
Debt Service-Interest	AT-9798.7	1,113,532	1,113,532
<b>TOTAL EXPENDITURES</b>	AT-9999	<b>\$176,428,604</b>	<b>\$176,428,604</b>

**LEVITTOWN UNION FREE SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT  
JUNE 30, 2012**

<b>Capital assets, net</b>		63,212,202
<b>Add:</b>		
Unspent bond proceeds	1,390,991	64,603,193
<b>Deduct:</b>		
Short-term portion of bonds payable	3,785,000	
Long-term portion of bonds payable	22,520,000	26,305,000
<b>Investment in capital assets, net of related debt</b>		<b>\$38,298,193</b>

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

To the Board of Education  
Levittown Union Free School District

We have audited the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Levittown Union Free School District, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Levittown Union Free School District's basic financial statements and have issued our report thereon dated October 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Levittown Union Free School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Levittown Union Free School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Levittown Union Free School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Levittown Union Free School District's internal control over financial reporting.

*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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Levittown Union Free School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Levittown Union Free School District in a separate letter dated October 12, 2012.

This report is intended solely for the information and use of management, the Board of Education, the audit committee, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*R. S. Abrams + Co., LLP*  
R.S. Abrams & Co. LLP  
October 12, 2012