



# LEVITTOWN PUBLIC SCHOOLS

## REVIEW OF 2023-2024 AUDIT

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# Review of Audit

- The District received unmodified opinions on the June 30, 2024 school district financial statements and extraclassroom activity funds financial statement audits.
- Business office was very cooperative during the audits.

# Management Letter

- A report on the District's internal control over financial reporting was issued and found areas in which the District's internal controls can be improved.
- Current Year Findings:
  - Accounting Policies and Procedures
    - Year-End closing
    - Miscellaneous special revenue fund activities
  - Accounting Controls
    - Journal entries
  - Capital Assets
    - Additions review
  - Computer Controls
    - Permissions
- Prior year finding related to budget transfers was implemented.

# Required Auditor Communications

- Our responsibility under generally accepted auditing standards and *Government Auditing Standards*.
- No new accounting policies.
- Accounting estimates affecting financials.
  - Lease receivable and deferred inflows of resources – leases
  - Useful life of capital assets and intangible lease assets
  - Lease liability
  - Compensated absences payable
  - Workers' compensation liability
  - Net pension asset/liability
  - Other post-employment benefits obligation

# Required Auditor Communications

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

# Financial Highlights – Governmental Funds

	2024	As Restated 2023	Increase (Decrease)	Percentage Change
<b>General Fund</b>				
<b>Restricted</b>				
Workers' compensation	\$ 4,033,227	\$ 3,534,310	\$ 498,917	14.12 %
Unemployment insurance	602,924	528,341	74,583	14.12 %
<b>Retirement contribution</b>				
Teachers' retirement system	9,087,223	6,262,905	2,824,318	45.10 %
Employees' retirement system	12,471,550	10,928,798	1,542,752	14.12 %
Employee benefit accrued liability	124,387	109,000	15,387	14.12 %
Capital	18,075,221	7,305,030	10,770,191	147.44 %
<b>Assigned:</b>				
Appropriated fund balance	9,900,000	9,900,000	-	0.00 %
Unappropriated fund balance	1,660,794	682,287	978,507	143.42 %
Unassigned: Fund balance	10,462,916	8,257,540	2,205,376	26.71 %
	<u>66,418,242</u>	<u>47,508,211</u>	<u>18,910,031</u>	39.80 %

# Financial Highlights – Governmental Funds

	2024	As Restated 2023	Increase (Decrease)	Percentage Change
<b>School Food Service Fund</b>				
Nonspendable: Inventory	\$ 14,720	\$ 36,348	\$ (21,628)	(59.50)%
Assigned: Unappropriated fund balance	831,551	1,601,802	(770,251)	(48.09)%
	<u>846,271</u>	<u>1,638,150</u>	<u>(791,879)</u>	(48.34)%
<b>Capital Projects Fund</b>				
Restricted: Capital	48,514,931	50,345,952	(1,831,021)	(3.64)%
Assigned: Unappropriated fund balance	18,923,549	16,220,473	2,703,076	16.66 %
	<u>67,438,480</u>	<u>66,566,425</u>	<u>872,055</u>	1.31 %
<b>Extraclasroom Activity Funds</b>				
Assigned: Unappropriated fund balance	<u>385,936</u>	<u>354,693</u>	<u>31,243</u>	8.81 %
<b>Scholarships Fund</b>				
Restricted: Scholarships	<u>71,062</u>	<u>58,965</u>	<u>12,097</u>	20.52 %
<b>Total Fund Balance</b>	<u><u>\$ 135,159,991</u></u>	<u><u>\$ 116,126,444</u></u>	<u><u>\$ 19,033,547</u></u>	16.39 %

# Review of the Financial Statements

- The general fund – fund balance is a net increase of \$18,910,031. This resulted from revenues in excess of expenditures and other financing uses, as well as a fund balance decrease of \$1,814,176 due to prior year understated accrued liabilities.
- The school food service fund - fund balance net decrease can be attributed to the District having increased costs related to the management company.
- The capital projects fund – fund balance net increase is the result of general fund transfers, proceeds of debt, and state sources exceeding capital expenditures.
- The extraclassroom activities fund – fund balance net increase is attributable to cash receipts from fundraising and collections exceeding disbursements for student clubs.
- The scholarships fund – fund balance net increase is the result of scholarship donations and interest exceeding scholarships awarded.



# Review of the Financial Statements

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

	Balance June 30, 2023	Use of Reserves	Interest	Funding	Balance June 30, 2024
Workers' compensation	\$ 3,534,310	\$	\$ 498,917	\$	\$ 4,033,227
Unemployment insurance	528,341		74,583		602,924
Retirement contribution					
TRS	6,262,905		884,096	1,940,222	9,087,223
ERS	10,928,798	(2,456,440)	1,542,752	2,456,440	12,471,550
EBALR	109,000		15,387		124,387
Capital - 2023	7,305,030		1,033,927	9,736,264	18,075,221
	<u>\$ 28,668,384</u>	<u>\$ (2,456,440)</u>	<u>\$ 4,049,662</u>	<u>\$ 14,132,926</u>	<u>\$ 44,394,532</u>

# Change in Unassigned Fund Balance – General Fund

Opening, Unassigned Fund Balance, as Restated	\$ 8,257,540
Revenues Over Budget	7,720,527
Expenditures, Other Financing Uses, and Encumbrances Under Budget	22,567,437
Allocation to Reserves	(18,182,588)
Appropriated for the 2024-2025 Budget	<u>(9,900,000)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 10,462,916</u></u>

# Change in Unassigned Fund Balance – General Fund

- The \$8,257,594 shown in the table is the portion of the District's June 30, 2023 fund balance that was retained as unassigned, including the restatement of \$1,814,176 as previously discussed.
- The 2023-2024 final budget for revenues was \$239,436,466. Actual revenues recognized for the year were \$247,156,993. Actual revenues were more than estimated or budgeted revenues by \$7,720,527, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2023 to June 30, 2024. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.
- The 2023-2024 final budget for expenditures and other financing uses was \$252,475,139. Actual expenditures and other financing uses as of June 30, 2024 were \$228,246,962 and outstanding encumbrances were \$1,660,794. Combined, the expenditures and other financing uses plus encumbrances for 2023-2024 were \$229,907,756. The final budget variance was \$22,567,383, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2023 to June 30, 2024. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

# Change in Unassigned Fund Balance – General Fund

- Interest of \$4,049,662 was allocated to the reserves as detailed above. The District funded reserves in the amount of \$14,132,926 as detailed above.
- The District has chosen to use \$9,900,000 of the available June 30, 2024 unassigned fund balance to partially fund the 2024-2025 approved operating budget. As such, the June 30, 2024 unassigned fund balance must be reduced by this amount.
- Based upon the summary changes shown in the table, the unassigned fund balance at June 30, 2024 was \$10,462,916. This amount equals 4% of the 2024-2025 budget, which complies with the statutory limit as established by §1318 of the New York State Real Property Tax Law.

# Review of the Financial Statements

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

	2024	2023	Increase (Decrease)	Percentage Change
Real Property Taxes & STAR	\$ 154,274,629	\$ 152,756,232	\$ 1,518,397	0.99 %
Other Local Sources	12,865,192	9,969,469	2,895,723	29.05 %
State Sources	78,843,024	65,843,116	12,999,908	19.74 %
Medicaid Reimbursement	47,821	108,317	(60,496)	(55.85)%
Federal Sources	1,126,327	10,896	1,115,431	10237.07 %
Other Financing Sources	-	155,938	(155,938)	(100.00)%
	<u>\$ 247,156,993</u>	<u>\$ 228,843,968</u>	<u>\$ 18,313,025</u>	8.00 %

# Review of the Financial Statements

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

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General Support	\$ 20,997,158	\$ 19,784,823	\$ 1,212,335	6.13 %
Instruction	136,771,205	128,213,994	8,557,211	6.67 %
Pupil Transportation	9,167,919	8,877,766	290,153	3.27 %
Community Services	1,023,824	854,953	168,871	19.75 %
Employee Benefits	54,806,940	51,697,155	3,109,785	6.02 %
Debt Service	2,087,718	2,957,311	(869,593)	(29.40)%
Other Financing Uses	3,392,198	56,614,657	(53,222,459)	(94.01)%
	<u>\$ 228,246,962</u>	<u>\$ 269,000,659</u>	<u>\$ (40,753,697)</u>	(15.15)%

# Review of the Financial Statements

- Revenues in the general fund increased when compared to the prior year, primarily due to the following:
  - The increase in state sources is chiefly due to the District receiving more in general, excess cost, and lottery aids.
  - Other local sources increased as a result of receiving additional interest earnings, which is attributable to a rise in interest rates, as well as an increase in miscellaneous revenues.
  - Property taxes and STAR were increased to fund additional appropriations in accordance with the 2023-2024 voter-approved budget.
  - Federal sources increased due to emergency disaster assistance funds received by the District.

# Review of the Financial Statements

- Expenditures and other financing uses in the general fund decreased when compared to the prior year, primarily due to the following:
  - Other financing uses decreased mainly due to decreased transfers to the capital projects fund for district-wide improvements.
  - Instruction increased due to routine salary and step increases.
  - Employee benefits increased largely due to the growth in health insurance premiums.



# Importance of Financial Health

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

# New Government Accounting Standard

- GASB Statement No. 101, *Compensated Absences*, was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and amending previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023.

# Levittown Union Free School District

## QUESTIONS?

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