

Presentation to the Board of Education of Livingston Public Schools 2025 Audit Results

December 9, 2025

Introduction

- Reports are final
 - Filed with State prior to state deadline
- Recognition of the staff of the District for providing assistance throughout the audit.
 - Audit procedures take quite a bit of time

Government-Wide Audit

- Important to note that it is a government-wide financial audit, including:
 - General and School Administration
 - Instruction
 - Student Services
 - Transportation
 - Support Operations
 - Enterprise Operations
 - Capital Improvements
 - Debt Service

Auditor's Objectives

- The objective of the audit is to express an **opinion** as to whether the financial statements of the District are **fairly presented**, in all material respects, in conformity with **U.S. Generally Accepted Accounting Principles**.
- Reporting on **internal controls** related to the financial statements and **compliance** with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with ***Government Auditing Standards***.

Auditor's Objectives

- Reporting on **internal controls** related to **major federal and state programs** and an **opinion on compliance** with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Federal Uniform Guidance and NJ OMB Circular 15-08.

- The audit is conducted in accordance with:
 - Auditing standards generally accepted in the United States of America
 - The standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States
 - Federal Uniform Guidance
 - NJ OMB Circular 15-08

Overview of ACFR

- Annual Comprehensive Financial Report is divided into four sections:
 - Introductory Section
 - Financial Section
 - Statistical Section
 - Single Audit Section

Audit Results

- Results of the 2025 audit:
 - Independent Auditor's Report on the District's financial statements
 - *Unmodified opinion*

Financial Statement highlights

- *Fund balance in excess of 2% is CY - \$0*
- *Fund balance used in 2025-26 budget - \$1,868,484 (includes \$859K of prior year excess FB)*
- *Capital reserve funds - \$6,888,443 (down from \$9.8 million in prior year)*
- *Maintenance reserve - \$1,000,000 (increase of \$500K from prior year)*
- *Emergency reserve - \$837,556 (down slightly from prior year)*
- *Unemployment reserve - \$543,357*
- *Fund balance 2% base - \$3,925,012*

Audit Results

- Results of the 2025 audit (continued)
 - 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*
 - *Finding 2025-001-Lease and other reporting issues*
 - *Charging of lease expenditures to General Fund*
 - *Refunds applied against expenditure accounts*
 - *Resulted in overexpending various individual line items*
 - *Overall budget not overexpended*
 - *Finding 2025-002 – Payroll Agency Account Reconciliation*
 - *Inaccurate accounting of reconciling items*
 - *Submission of revised information to IRS*
 - *Payroll staff turnover*

Audit Results

- Results of the 2025 audit (continued)
 - Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance
 - *Unmodified opinion on compliance*
 - *Federal grants-IDEA Special Education*
 - *State grants-Extraordinary Aid, Transportation Aid, NJSDA ROD Grants*
 - Auditor's Management Report
 - *3 other findings in 2025 audit that require corrective action*
 - *2025-003 – Student activity fund timely deposits*
 - *2025-004 – Athletic Account bank reconciliations*
 - *2025-005 – Capital asset records not updated*

Questions