

VERONA BOARD OF EDUCATION
COUNTY OF ESSEX
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021

VERONA BOARD OF EDUCATION
COUNTY OF ESSEX
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
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December 22, 2021

The Honorable President and Members
of the Board of Education
Verona Board of Education
County of Essex, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Verona Board of Education in the County of Essex for the fiscal year ended June 30, 2021, and have issued our report thereon December 22, 2021.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated December 22, 2021, on the financial statements of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information of the Verona Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

NISIVOCCIA LLP

Raymond A Sarinelli

Raymond A. Sarinelli
Licensed Public School Accountant #2549
Certified Public Accountant

VERONA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Officials in Office and Surety Bonds

There is a Blanket Employee Dishonesty Bond with the Morris Essex Insurance Group covering all other employees with multiple coverage of \$500,000.

| <u>Name</u> | <u>Position</u> | <u>Coverage</u> |
|---------------|--|-----------------|
| Mathew Laracy | Treasurer | \$ 275,000 |
| Ernest Turner | Interim Business Administrator/Board Secretary | 100,000 |

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C.6:23-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation except as noted below.

Finding 2021-001:

During our review of claims paid, it was noted that not all purchase orders are approved prior to the order of the related goods or services.

Recommendation:

It is recommended that the purchase orders are approved prior to the order of the related goods and services.

Management's Response:

The District will make every effort to ensure that the proper purchasing procedures are followed.

VERONA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account. Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the General Fund.

All payrolls were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/Business Administrators and the Chief School Administrator. Payrolls were delivered to the Treasurer of School Monies with a warrant to his order for the full amount of the payroll. Based on these procedures, we have no comments except as noted below.

Finding 2021-002:

During our review of the payroll agency account, we noted an analysis of the agency balance was not maintained.

Recommendation:

It is recommended that a ledger by deduction be maintained for the payroll agency account.

Management's Response:

The District will maintain a ledger by deduction within the payroll agency account.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of Expenditures – General and Administrative

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A-23A-8.2. As a result of the procedures performed, we have no comments except as noted below.

Finding 2021-003:

Our review of the expenditures of the District revealed that payments were not always charged to the proper line item account.

Recommendation:

It is recommended that all expenditures are reviewed to ensure they are properly charged to the appropriate line item as detailed in the "Uniform Minimum Chart of Accounts for the New Jersey Public Schools."

Management's Response:

The District will ensure that all expenditures are properly charged to the appropriate line item as detailed in the "Uniform Minimum Chart of Accounts for the New Jersey Public Schools."

VERONA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have one comment.

Finding 2021-004:

During our review of the Board Secretary's records, we noted that the proprietary funds are not properly reconciled and recorded in the District's accounting systems.

Recommendation:

It is recommended that the proprietary funds be properly reconciled and recorded through the District's accounting systems.

Management's Response:

The District will ensure that all accounts are properly recorded in the District's accounting systems.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

No Child Left Behind (N.C.L.B.) Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Titles I, II, and IV of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and/or State Projects

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

VERONA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2020. The reimbursement form was reviewed and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations.

If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L.1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made"

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law"

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is \$19,600 for 2020-21.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. General compliance was noted.

VERONA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service

The school food service program was not selected as a major federal and/or state program. We inquired of school management, or the appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. We have no comments.

Non-program foods were not purchased, prepared or offered for sale.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Student Activities records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

Application for State School Aid

Our audit procedures included a test of enrollments reported in the October 15, 2020 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, bilingual education, and low income. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers without exception. The information that was included on the workpapers was verified on a test basis without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District did maintain workpapers on the prescribed State forms or their equivalent.

The District has adequate written procedures for the recording of student enrollment data.

VERONA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2020-2021 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel amount for the year and to ensure that the maximum is not exceeded.

The regulations also require that all travel be preapproved by the Board of Education and that the approval must be itemized by event, event total cost, and individuals attending. Overall compliance was noted.

Testing for Lead of all Drinking Water in Educational Facilities

The District did submit the annual Statement of Assurance to the NJ Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Management Suggestions:

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 87, *Leases*, is effective for the fiscal year ended June 30, 2022. Under this statement, the District will be required to recognize a lease liability and an intangible right-to-use asset for each lease agreement with a lease term in excess of 12 months. This statement will enhance the comparability of financial statements among governments by requiring the reporting of leases under a single model. Additionally, certain leases that are currently not reported will be under this statement.

COVID-19 Federal Funding

It is likely that the District will undergo some review of its COVID-19 federal funding if only at a desk review level by state and/or federal agencies. We strongly suggest that the District ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the District ensures that these funds are accounted for in the state account numbers designated by the NJ Department of Education and that any applicable Board policies are current with respect to federal grant requirements.

Sick and Vacation Leave

It is suggested that the District consult with its attorney to ensure that its negotiated labor contracts, individual employee agreements and employee policies, as applicable, are in accordance with New Jersey statutes regarding unused sick and vacation leave.

VERONA BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Status on Prior Year Finding/Recommendation

The prior year recommendations regarding overtime and extra pay being approved by a department supervisor and the required (E-CERT 1) being filed annually by March 15th with the NJ Department of Treasury were resolved in the current year. The prior year recommendations regarding the purchase orders being approved prior to the order of the related goods and services, all expenditures are reviewed to ensure they are properly charged to the appropriate line item, a ledger by deduction be maintained for the payroll agency account and all accounts be properly reconciled and recorded through the District's accounting system were not resolved and are included in the current year recommendations.

VERONA BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

| | 2021-2022 Application for State School Aid | | | | | | | | | | |
|--------------------------------|--|---------|------------|-------------|------|--------|---------------|--------|--------------|--------|--------|
| | Reported on | | | Reported on | | | Sample | | Verified per | | Errors |
| | ASSA | | Workpapers | Workpapers | | Errors | Selected from | | Registers | | |
| On Roll | Shared | On Roll | Full | Shared | Full | Shared | Full | Shared | Full | Shared | |
| Half Day Preschool 3 Years Old | 4 | | 4 | | | | 4 | | 4 | | |
| Half Day Preschool 4 Years Old | 3 | | 3 | | | | 3 | | 3 | | |
| Full Day Kindergarten | 136 | | 136 | | | | 136 | | 136 | | |
| Grade One | 154 | | 154 | | | | 154 | | 154 | | |
| Grade Two | 145 | | 145 | | | | 145 | | 145 | | |
| Grade Three | 147 | | 147 | | | | 147 | | 147 | | |
| Grade Four | 148 | | 148 | | | | 148 | | 148 | | |
| Grade Five | 121 | | 121 | | | | 121 | | 121 | | |
| Grade Six | 114 | | 114 | | | | 114 | | 114 | | |
| Grade Seven | 149 | | 149 | | | | 149 | | 149 | | |
| Grade Eight | 149 | | 149 | | | | 149 | | 149 | | |
| Grade Nine | 143 | | 143 | | | | 143 | | 143 | | |
| Grade Ten | 121 | | 121 | | | | 121 | | 121 | | |
| Grade Eleven | 151 | | 151 | | | | 151 | | 151 | | |
| Grade Twelve | 166 | | 166 | | | | 166 | | 166 | | |
| Subtotal | 1,851 | | 1,851 | | | | 1,851 | | 1,851 | | |
| Special Education: | | | | | | | | | | | |
| Elementary | 134 | | 134 | | | | 10 | | 10 | | |
| Middle | 86 | | 86 | | | | 7 | | 7 | | |
| High | 99 | 4 | 99 | 4 | | | 8 | | 8 | | |
| Subtotal | 319 | 4 | 319 | 4 | | | 25 | | 25 | | |
| Totals | 2,170 | 4 | 2,170 | 4 | | | 1,876 | -0- | 1,876 | -0- | -0- |
| Percentage Error | | | | | | | | | | | 0.00% |
| | | | | | | | | | | | 0.00% |

VERONA BOARD OF EDUCATION
 SCHEDULE OF AUDITED ENROLLMENT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2020

| | Private Schools for Disabled | | | | Resident Low Income | | | | |
|-----------------------|-------------------------------------|-------------------------|-----------------|---------------|--------------------------------|--------------------------------------|---------------------------------|---------------|--------------------------------------|
| | Reported on ASSA as Private Schools | Sample for Verification | Sample Verified | Sample Errors | Reported on ASSA as Low Income | Reported on Workpapers as Low Income | Sample Selected from Workpapers | Sample Errors | Verified to Application and Register |
| Full Day Kindergarten | | | | | | | | | |
| Grade One | | | | | | | | | |
| Grade Two | | | | | 1 | 1 | | | |
| Grade Three | | | | | | | | | |
| Grade Four | | | | | 1 | 1 | | | |
| Grade Five | | | | | 1 | 1 | | | |
| Grade Six | | | | | | | | | |
| Grade Seven | | | | | 2 | 2 | 1 | | 1 |
| Grade Eight | | | | | 1 | 1 | | | |
| Grade Nine | | | | | | | | | |
| Grade Ten | | | | | 1 | 1 | | | |
| Grade Eleven | | | | | 1 | 1 | | | |
| Grade Twelve | | | | | 1 | 1 | 1 | | 1 |
| Subtotal | | | | | 9 | 9 | 2 | | 2 |
| Special Education: | | | | | | | | | |
| Elementary School | 2 | 2 | 1 | 1 | | | | | |
| Middle School | 7 | 7 | 2 | 2 | | | | | |
| High School | 23 | 23 | 2 | 2 | 2 | 2 | 2 | | 2 |
| Subtotal | 32 | 32 | 5 | 5 | 2 | 2 | 2 | | 2 |
| Totals | 32 | 32 | 5 | -0- | 11 | 11 | 4 | -0- | 4 |
| Percentage Error | | | | 0.00% | | | 0.00% | | 0.00% |

VERONA BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

| | Resident LEP Low Income | | | | Resident LEP Not Low Income | | | | |
|--------------------------------|---|---|--|--|---|---|--|--|------------------|
| | Reported on ASSA as LEP Low Income | Reported on Workpapers as LEP Low Income | Sample Selected from Workpapers | Verified to Test Scores, Application and Register | Reported on ASSA as LEP Not Low Income | Reported on Workpapers as LEP Not Low Income | Sample Selected from Workpapers | Verified to Test Scores and Register | Sample Errors |
| Half Day Preschool 3 Years Old | | | | | | | | | |
| Half Day Preschool 4 Years Old | | | | | | | | | |
| Full Day Preschool | | | | | | | | | |
| Full Day Kindergarten | | | | | | | | | |
| Grade One | | | | | 1 | 1 | | | |
| Grade Two | | | | | 3 | 3 | 1 | 1 | |
| Grade Three | | | | | 2 | 2 | | | |
| Grade Four | 1 | 1 | | | 4 | 4 | 1 | 1 | |
| Grade Five | 1 | 1 | 1 | 1 | 3 | 3 | 1 | 1 | |
| Grade Six | | | | | | | | | |
| Grade Seven | | | | | 1 | 1 | | | |
| Grade Eight | | | | | | | | | |
| Grade Nine | | | | | | | | | |
| Grade Ten | | | | | 1 | 1 | | | |
| Grade Eleven | | | | | 1 | 1 | | | |
| Grade Twelve | | | | | | | | | |
| Subtotal | 2 | 2 | 1 | 1 | 16 | 16 | 3 | 3 | |
| Special Education: | | | | | | | | | |
| Elementary School | | | | | 4 | 4 | 2 | 2 | |
| Middle School | | | | | 1 | 1 | | | |
| High School | | | | | | | | | |
| Subtotal | | | | | 5 | 5 | 2 | 2 | |
| Totals | 2 | 2 | 1 | 1 | 21 | 21 | 5 | 5 | -0- |
| Percentage Error | | | | | | | | | 0.00% |

VERNON TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

| | Transportation | | | | | |
|-----------------------------|--------------------------------|-------------------------------------|--------|--------|----------|--------|
| | Reported on DRTRS by DOE | Reported on DRTRS by District | Errors | Tested | Verified | Errors |
| Regular - Public Schools | | | | | | |
| Regular - Special Education | 3 | 3 | | 1 | 1 | |
| Transported - Non Public | | | | | | |
| AIL - Non Public | | | | | | |
| Special Needs - Public | 2 | 2 | | 1 | 1 | |
| Special Needs - Private | 26 | 26 | | 4 | 4 | |
| Totals | 31 | 31 | -0- | 6 | 6 | -0- |
| Percentage Error | | | 0.00% | | | 0.00% |

| | Reported | Recalculated |
|--|----------|--------------|
| Average Mileage - Regular Including Grade PK Students | 7.0 | 7.0 |
| Average Mileage - Regular Excluding Grade PK Students | 7.0 | 7.0 |
| Average Mileage - Special Education with Special Needs | 9.9 | 9.9 |

VERONA BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2021

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT

SECTION 1

A. 4% Calculation of Excess Surplus

| | | |
|---|---------------------------|-------------------------|
| 2020-2021 Total General Fund Expenditures per the CAFR, Ex. C-1 | <u>\$ 43,628,218</u> (B) | |
| Increased by: | | |
| Transfer from Capital Outlay to Capital Projects Fund | <u>\$ -0-</u> (B1a) | |
| Transfer from Capital Reserve to Capital Projects Fund | <u>\$ 428,525</u> (B1b) | |
| Transfer from General Fund to SRF for PreK-Regular | <u>\$ -0-</u> (B1c) | |
| Transfer from General Fund to SRF for PreK-Inclusion | <u>\$ -0-</u> (B1d) | |
| Decreased by: | | |
| On-Behalf TPAF Pension and Social Security | <u>\$ 7,434,393</u> (B2a) | |
| Assets Acquired Under Capital Leases | <u>\$ 667,480</u> (B2b) | |
| Adjusted 2020-2021 General Fund Expenditures [(B)+(B1's)-(B2's)] | <u>\$ 35,954,870</u> (B3) | |
| 4% of Adjusted 2020-2021 General Fund Expenditures [(B3) times .04] | <u>\$ 1,438,195</u> (B4) | |
| Enter Greater of (B4) or \$250,000 | <u>\$ 1,438,195</u> (B5) | |
| Increased by: Allowable Adjustment | <u>\$ 353,675</u> (K) | |
| Maximum Unassigned Fund Balance [(B5)+(K)] | | <u>\$ 1,791,870</u> (M) |

SECTION 2

| | | |
|--|--------------------------|--------------------------|
| Total General Fund - Fund Balances @ 6/30/21 (Per CAFR Budgetary Comparison Schedule C-1) | <u>\$ 4,147,203</u> (C) | |
| Decreased by: | | |
| Year End Encumbrances | <u>\$ -0-</u> (C1) | |
| Legally Restricted - Designated for Subsequent Year's Expenditures | <u>\$ -0-</u> (C2) | |
| Restricted Excess Surplus - Designated for Subsequent Year's Expenditures | <u>\$ 89,406</u> (C3) | |
| Other Restricted Fund Balances | <u>\$ 1,352,989</u> (C4) | |
| Assigned - Designated for Subsequent Year's Expenditures | <u>\$ -0-</u> (C5) | |
| Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)] | | <u>\$ 2,704,808</u> (U1) |

VERONA BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2021

SECTION 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- \$ 912,938 (E)

Recapitulation of Excess Surplus as of June 30, 2021

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 89,406 (C3)

Restricted Excess Surplus [(E)] \$ 912,938 (E)

Total [(C3)+(E)] \$ 1,002,344 (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

Sale and Lease Back \$ -0- (I)

Extraordinary Aid \$ 353,675 (J1)

Additional Nonpublic School Transportation Aid \$ -0- (J2)

Current Year School Bus Advertising Revenue Recognized \$ -0- (J3)

Total Adjustments ((H)+(I)+(J1)+(J2)+(J3)) \$ 353,675 (K)

Detail of Other Restricted Fund Balance

Statutory Restrictions

Approved Unspent Separate Proposal \$ -0-

Sale/Lease-Back Reserve \$ -0-

Capital Reserve \$ 1,089,724

Maintenance Reserve \$ 250,000

Emergency Reserve \$ -0-

Tuition Reserve \$ -0-

Unemployment Compensation \$ 13,265

Other State/Governmental Mandated Reserve \$ -0-

Other Reserved Fund Balance not Noted Above \$ -0-

Total Other Restricted Fund Balance \$ 1,352,989 (C4)

VERONA BOARD OF EDUCATION
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2021

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding 2021-001: The purchase orders are approved prior to the order of the related goods and services.

Finding 2021-002: A ledger by deduction be maintained for the payroll agency account.

Finding 2021-003: All expenditures are reviewed to ensure they are properly charged to the appropriate line item as detailed in the “Uniform Minimum Chart of Accounts for the New Jersey Public Schools.”

Finding 2021-004: The proprietary funds be properly reconciled and recorded through the District’s accounting systems.

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Travel Expense and Reimbursement Policy

None

VERONA BOARD OF EDUCATION
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2021

It is recommended that:

10. Miscellaneous

None

11. Status of Prior Year's Findings/Recommendations

The prior year recommendations regarding overtime and extra pay being approved by a department supervisor and the required (E-CERT 1) being filed annually by March 15th with the NJ Department of Treasury were resolved in the current year. The prior year recommendations regarding the purchase orders being approved prior to the order of the related goods and services, all expenditures are reviewed to ensure they are properly charged to the appropriate line item, a ledger by deduction be maintained for the payroll agency account and all accounts be properly reconciled and recorded through the District's accounting system were not resolved and are included in the current year recommendations.