

CORRECTIVE ACTION REPORT
VERONA TOWNSHIP, ESSEX COUNTY

Audit 12/31/23

<u>Finding #2023-001</u>	That the Township issued bond anticipation notes in excess of what was authorized. Many of these instances relates to receiving the cash for anticipated grants after the issuance of bond anticipation notes.
<u>Description</u>	It is recommended at the maturity date of such bond anticipation notes, the Township should pay down outstanding notes using the cash on hand
<u>Analysis</u>	Transaction testing found that the Township is waiting on numerous reimbursable grants that typically don't come through until the project is completed and that due to cash flow reasons, the bond anticipation notes were issued including the reimbursable grant. In water and sewer capital, it was found that a partial amount of one of the bond ordinances issued in bond anticipation notes were cancelled throughout the year the amount was being borrowed.
<u>Corrective Action</u>	The Township will reduce the amount borrowed by the grant amount moving forward. In cases where this is not possible, due to cash flow reasons, the Township will follow the recommendations and will pay the outstanding notes using the cash on hand.

Implementation Date November 2024

<u>Finding #2023-002</u>	That some errors in balances were reported in the general ledger and noted instances where interfund activity was not always reflected properly in the general ledger.
<u>Description</u>	Interfunds are to be cleared or properly noted on the general ledger.
<u>Analysis</u>	There were instances that after the general ledger closed, mistakes in postings were found and corrected, which created errors in the general ledger at audit. It was found that between 2022 and 2023 there was interfund activity in Pool operating and Pool Capital that was not properly documented in the general ledgers.
<u>Corrective Action</u>	The CFO will work on having a general ledger in Edmunds. The Capital accounts will migrate over to Edmunds by December of

2024. Operating and Trust accounts will migrate over to Edmunds in 2025

Implementation Date December 2024