

TEAM ACADEMY CHARTER SCHOOL, INC.

**AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS, FINANCIAL COMPLIANCE AND PERFORMANCE
FOR THE YEAR ENDED JUNE 30, 2021**

TEAM ACADEMY CHARTER SCHOOL, INC.

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June 30, 2021

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Independent Auditor's Report

To the Board of Trustees of
TEAM Academy Charter School, Inc.:

Report on the Financial Statements

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 basic financial statements of TEAM Academy Charter School, Inc., in the County of Essex, State of New Jersey, as of and for the year ended June 30, 2021, and have issued our report thereon dated January 27, 2022.

As part of our audit, we performed procedures required by the New Jersey Department of Education and the findings as results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of TEAM Academy Charter School, Inc.'s management, Board of Trustees and the New Jersey Department of Education. However, this report is a matter of public records and its distribution is not limited.

AAFCPAs, Inc.

Westborough, Massachusetts
January 27, 2022

Matthew T. McGinnis, C.P.A.
Public School Accountant
PSA #20CC04260100

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

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

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

Fire insurance coverage was carried in the amounts as detailed in Exhibit J-20, Insurance Schedule contained in the Charter School CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>
Steve Small	Treasurer
Terry Brown	Assistant Business Administrator

There is a Public Employee's Faithful Performance Blanket Position Bond Policy covering all other employees with multiple coverage of \$25,000.

School Leaders Errors and Omissions Liability insurance was carried for all members of the Board of Trustees with coverage for each wrongful act of \$3,000,000.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all 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.

All payrolls were approved by the designee in the Charter School and were certified by the President of the Board of Trustees and the School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the General Fund.

Payrolls were delivered to the secretary of the Board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Reserve for Encumbrances and Accounts Payable

A review of outstanding payables was made as of June 30, 2021, for proper classification of orders for accounts payable. No discrepancies were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A23A-23A-16(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 state single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A23A-8.3*. As a result of the procedures performed, no transaction error was noted.

SCHOOL PURCHASING PROGRAMS

Board and Board Secretary's Records

Our review of the financial and accounting records maintained by the Board secretary did not disclose any new exceptions during the year.

Our review of the records of the Treasurer did not disclose any new exceptions during the year.

Student Body Activities

Our review of the student activities funds did not disclose any new exceptions during the year.

Contracts and Agreements Requiring Advertisements for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general is available on the website:
<http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>.

The bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (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 \$19,000 for 2020-21.

The District Board of Education/Charter School Board of Trustees 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 solicitor's opinion should be sought before a commitment is made.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, 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*.

SCHEDULE OF AUDITED ENROLLMENTS

Enrollment Counts and Submissions to the Department

Our audit procedures included test of information reported on the October 15, 2020, and the last day of school for on-roll, special education, English Language Learners (ELL) and low-income. We also performed a review of the Charter School's procedures related to its completion. The Charter School maintained adequate written procedures for the recording of student enrollment data. The results of our procedures are presented in the Schedule of Audit Enrollments. No exceptions noted.

School Food Service

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency, all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020, for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures.

During school year 2020-2021, the public health emergency was still applicable. As a result, SFAs were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option. No exception noted.

SCHEDULE OF AUDITED ENROLLMENTS (Continued)

School Food Service (Continued)

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A.18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations. No exception noted.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

The school food service program was not selected as a major Federal or state program. However, the program expenditures exceeded \$100,000 in Federal support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exception noted.

We also inquired of school management as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exception noted.

There were no non-program food purchased, prepared, sold, or offered for sale.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the Food Service Management Company (FSMC) received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA. Schedule of Meal Count Activity is not a required presentation where the School Food Service Program has not been audited as a major program.

Net cash resources did not exceed three months average expenditures.

Teachers' Pension and Annuity Fund Reimbursement

Our audit procedures included a test of reimbursement forms filed with the Department of Education for charter school employees who are members of the Teachers' Pension and Annuity Fund. No exceptions noted.

Teachers' Pension and Annuity Fund Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Reports for all Federal awards for the school district (or charter school or renaissance school project) to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district (or charter school or renaissance school project) for those employees whose salaries are identified as being paid from Federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and/or state that no exceptions were noted.

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 CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended. No exceptions noted.

Other Special Federal and/or State Projects

The Charter School's Special Projects were approved as listed on Exhibit E-1 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.

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.

MISCELLANEOUS

Testing for Lead of All Drinking Water in Educational Facilities

The Charter School adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The Charter School submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

FOLLOW-UP ON PRIOR YEAR FINDINGS

In accordance with government auditing standards, our procedures included a review of the prior year findings. No recommendations were reported in the prior year.

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the Charter School and we greatly appreciate the courtesies extended to the members of the audit team.

TEAM ACADEMY CHARTER SCHOOL, INC.

Audit Synopsis Recommendations
June 30, 2021

It is recommended that:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
Not applicable
3. School Purchasing Program
None
4. School Food Service
None
5. Student Body Activities
Not applicable
6. Application for State and School Aid
None
7. Pupil Transportation
Not applicable
8. Facilities and Capital Assets
Not applicable
9. Miscellaneous
Not applicable
10. Status of Prior Year's Findings and Recommendations
Not applicable

TEAM ACADEMY CHARTER SCHOOLS, INC.
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2020

Grades	Submission to DOE reported On Roll	Sample												
		Reported on workpapers	Verified signed registration forms	Errors	Verified # days enrolled	Errors	Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors
Kindergarten	588	294	294	0	294	0	35	35	0	35	0	513	513	0
One	582	291	291	0	291	0	59	59	0	59	0	504	504	0
Two	472	236	236	0	236	0	37	37	0	37	0	437	437	0
Three	472	236	236	0	236	0	55	55	0	55	0	431	431	0
Four	469	235	235	0	235	0	57	57	0	57	0	435	435	0
Five	478	239	239	0	239	0	76	76	0	76	0	418	418	0
Six	471	236	236	0	236	0	79	79	0	79	0	414	414	0
Seven	351	176	176	0	176	0	57	57	0	57	0	298	298	0
Eight	347	174	174	0	174	0	53	53	0	53	0	299	299	0
Nine	328	164	164	0	164	0	71	71	0	71	0	251	251	0
Ten	326	163	163	0	163	0	66	66	0	66	0	244	244	0
Eleven	213	107	107	0	107	0	42	42	0	42	0	137	137	0
Twelve	215	108	108	0	108	0	32	32	0	32	0	131	131	0
Total	5312	2659	2659	0	2659	0	719	719	0	719	0	4512	4512	0
Percentage				0%		0%			0%		0%			0%

TEAM ACADEMY CHARTER SCHOOLS, INC.
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF THE LAST DAY OF SCHOOL

Grades	Submission to DOE reported On Roll	Sample												
		Reported on workpapers	Verified signed registration forms	Errors	Verified # days enrolled	Errors	Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors
Kindergarten	568	284	284	0	284	0	35	35	0	35	0	505	505	0
One	570	285	285	0	285	0	59	59	0	59	0	503	503	0
Two	460	230	230	0	230	0	37	37	0	37	0	435	435	0
Three	461	231	231	0	231	0	55	55	0	55	0	424	424	0
Four	471	236	236	0	236	0	57	57	0	57	0	436	436	0
Five	475	238	238	0	238	0	76	76	0	76	0	421	421	0
Six	468	234	234	0	234	0	79	79	0	79	0	413	413	0
Seven	350	175	175	0	175	0	57	57	0	57	0	303	303	0
Eight	347	174	174	0	174	0	53	53	0	53	0	300	300	0
Nine	327	164	164	0	164	0	71	71	0	71	0	274	274	0
Ten	320	160	160	0	160	0	66	66	0	66	0	273	273	0
Eleven	311	156	156	0	156	0	42	42	0	42	0	172	172	0
Twelve	210	105	105	0	105	0	32	32	0	32	0	164	164	0
Total	5338	2672	2672	0	2672	0	719	719	0	719	0	4623	4623	0
Percentage				0%		0%			0%		0%			0%

TEAM ACADEMY CHARTER SCHOOL, INC.

Excess Surplus Calculation
June 30, 2021

EXCESS SURPLUS CALCULATION

SECTION 1

A. 2% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures per the CAFR, Ex. C- \$ 95,338,116 (B)

Increased by:

Transfer from Capital Outlay to Capital Projects Fund	\$ _____ - (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____ - (B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ _____ - (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____ - (B1d)

Decreased by:

On-Behalf TPAF Pension and Social Security	\$ <u>9,329,934</u> (B2a)
Assets Acquired Under Capital Leases	\$ _____ - (B2b)

Adjusted 2020-21 General Fund Expenditures [(B)+(B1a)] \$ 86,008,182 (B3)

2% of Adjusted 2020-21 General Fund Expenditures
[(B3) times .02]

	\$ <u>1,720,164</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>1,720,164</u> (B4)
Increased by: Allowable Adjustment	\$ <u>292,052</u> (K)

Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)] \$ 2,012,216 (M)

Detail of Allowable Adjustments

Impact Aid	\$ _____ - (H)
Sale and Lease-back	\$ _____ - (I)
Extraordinary Aid	\$ <u>292,052</u> (J1)
Additional Nonpublic School Transportation Aid	\$ _____ - (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ - (J3)
Family Crisis Transportation Aid	\$ _____ - (J4)

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)] \$ 292,052 (K)

TEAM ACADEMY CHARTER SCHOOL, INC.

Excess Surplus Calculation
June 30, 2021

EXCESS SURPLUS CALCULATION (Continued)

SECTION 2

Total General Fund - Fund Balances as of June 30, 2021 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>19,771,794</u> (C)
Decreased by:	
Year-end Encumbrances	\$ _____ - (C1)
Legally Restricted – Designated for Subsequent Year’s Expenditures	\$ _____ - (C2)
Legally Restricted - Excess Surplus – Designated for Subsequent Year’s Expenditures	\$ _____ - (C3)
Other Restricted Fund Balances	\$ _____ - (C4)
Assigned Fund Balance – Unreserved- Designated for Subsequent Year’s Expenditures	\$ _____ - (C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ <u>19,771,794</u> (U1)
Restricted Fund Balance – Excess Surplus [(U1)-(M)]	\$ <u>17,759,578</u> (E)
<u>Recapitulation of Excess Surplus as of June 30, 2021</u>	
Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures	\$ _____ - (C3)
Reserved Excess Surplus [(E)]	\$ <u>17,759,578</u> (E)
Total Excess Surplus [(C3) + (E)]	\$ <u>17,759,578</u>