

TEAM ACADEMY CHARTER SCHOOL, INC.

**AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS, FINANCIAL COMPLIANCE AND PERFORMANCE
FOR THE YEAR ENDED JUNE 30, 2024**

TEAM ACADEMY CHARTER SCHOOL, INC.

Table of Contents
June 30, 2024

	<u>Pages</u>
Report of Independent Auditors	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Account	2
Reserve for Encumbrances and Accounts Payable	2
Travel	2
Classification of Expenditures	3
Board and Board Secretary's Records	3
Treasury Records (Not Applicable)	3
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)	3
Other Special Federal and/or State Projects	3
I.D.E.A. Part B (Not Applicable)	4
Teachers' Pension and Annuity Fund (T.P.A.F.) Reimbursement	4
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures	4
Student Body Activities	4
Contracts and Agreements Requiring Advertisements for Bids	5
Enrollment Counts and Submissions to the Department	
Application for State Aid (ASSA)	4 - 5
School Food Service	5 - 6
Miscellaneous	
Testing for Lead of All Drinking Water in Educational Facilities	6
Follow-Up on Prior Year Findings	6
Acknowledgement	6
Schedule of Audited Enrollments	7 - 8
Schedule of Meal Count Activities	N/A
Net Cash Resource Schedule	9
Audit Recommendations	10



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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. (the Charter School), in the County of Essex, State of New Jersey, as of and for the year ended June 30, 2024, and have issued our report thereon dated December 16, 2024.

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 record and its distribution is not limited.

AAFCPAs, Inc.

Westborough, Massachusetts
December 16, 2024

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

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's Annual Comprehensive Financial Report (ACFR).

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, 2024, for proper classification of orders for accounts payable. No discrepancies were noted.

Travel

The Charter School project does not have any Board travel expenses and, therefore, the requirement by N.J.A.C 6A:23A-6.13 for approved Board travel policy is not applicable to the Charter School. The Charter School project has an approved travel and expense policy as required by N.J.S.A 18A:11-12.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

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, a transaction error rate of zero percent overall was noted, and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings

No exceptions noted

B. Administrative Findings

No exceptions noted

Board and Board Secretary's Records

Pursuant to N.J.S.A. 18A:17-10, all school districts, charter schools, and Charter school projects must submit the Annual Report to the board and the executive county superintendent by August 1. The annual report was submitted by August 1.

Treasurer Record

Not applicable.

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

Other Special Federal and/or State Projects

The Charter School's Special Projects were approved as listed on Schedule A (K-3), Schedule B (K-4), and Exhibit E-1 located in the ACFR.

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 ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

I.D.E.A. Part B

Not Applicable.

Teachers' Pension and Annuity Fund (T.P.A.F) Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for the Charter School project employees who are members of the Teachers' Pension and Annuity Fund. In addition, our audit procedures included a test of the PERS employees and current year contribution submitted to the New Jersey Division of Pensions and Benefits for the Charter School project employees who are members of the New Jersey Public Employees' Retirement System. No exceptions were noted.

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

Not Applicable.

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 are 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 \$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 \$22,400 effective for 2023-25.

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.

ENROLLMENT COUNTS AND SUBMISSIONS TO THE DEPARTMENT

Application for State School Aid (ASSA)

Our audit procedures included test of information reported on the October 13, 2023, 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 were noted.

ENROLLMENT COUNTS AND SUBMISSIONS TO THE DEPARTMENT (Continued)

School Food Service

Public Health Emergency

As a result, SFAs were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO). SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices. 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 students during the emergency.

The Charter School food service program was not selected as a major Federal 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 was 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.

The financial transactions and statistical records of the Charter School food service fund were reviewed. The financial accounts, meal count records were reviewed on a test-check basis. Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

The Charter School utilizes a FSMC and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC's Cost Reimbursable Fixed Price or Non-Competitive Emergency Procurement contract were reviewed and audited.

The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually. Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used. The cash disbursement records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the nonprofit status of the Charter School's food service.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO program requirements.

Net cash resources did exceed three months' average expenditures (see page 9).

SCHEDULE OF AUDITED ENROLLMENTS (Continued)

School Food Service (Continued)

Public Health Emergency (Continued)

Timesheets were reviewed and labor costs verified. Payroll records were maintained on all Charter School food service employees authorized by the Board of Trustees. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

We note that due to the state of emergency declared due to COVID-19, all students under 18 were eligible to participate in the SSO program in fiscal year 2024. The Charter School continued to collect applications for free and reduced price meals as best practice. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

There was not a USDA Food Distribution Program.

Exhibits reflecting Child Nutrition Operations are included in Section G of the ACFR.

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. The following prior year findings are still in process:

Finding 2023-01:

Condition: Pursuant to N.J.S.A. 18A:17-10, all school districts, charter schools, and renaissance school projects must submit the Annual Report to the board and the executive county superintendent by August 1. The annual report was submitted after the deadline.

Status: This finding has been addressed.

Finding 2023-02

Condition: During our testing of on-roll, special education, English Language Learners, and low income, we noted that the number of students and classification per the Charter Enrollment Report and the Charter School's internal tracking report did not agree to supporting documentation due to system limitations. However, final figures reported were accurate and variances were explained.

Status: This finding has been addressed.

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 SCHOOLS, INC.
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2023

Grades	Submission to DOE reported On Roll	Sample											
		Reported on workpapers	Verified signed registration forms	Verified # days enrolled	Errors	Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors
Kindergarten	479	240	240	240	-	31	31	-	31	-	431	431	-
One	523	262	262	262	-	43	43	-	43	-	467	467	-
Two	612	306	306	306	-	62	62	-	62	-	549	549	-
Three	611	306	306	306	-	71	71	-	71	-	545	545	-
Four	599	300	300	300	-	73	73	-	73	-	533	533	-
Five	528	264	264	264	-	71	71	-	71	-	474	474	-
Six	596	298	298	298	-	80	80	-	80	-	535	535	-
Seven	579	290	290	290	-	89	89	-	89	-	523	523	-
Eight	464	232	232	232	-	69	69	-	69	-	420	420	-
Nine	367	184	184	184	-	78	78	-	78	-	347	347	-
Ten	359	180	180	180	-	52	52	-	52	-	328	328	-
Eleven	300	150	150	150	-	38	38	-	38	-	267	267	-
Twelve	281	141	141	141	-	49	49	-	49	-	252	252	-
Total	6,298	3,153	3,153	3,153	-	806	806	-	806	-	5,671	5,671	-
Percentage					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	Verified # days enrolled	Errors	Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors
Kindergarten	480	240	240	240	-	30	30	-	30	-	427	427	-
One	525	263	263	263	-	42	42	-	42	-	461	461	-
Two	606	303	303	303	-	59	59	-	59	-	533	533	-
Three	605	303	303	303	-	69	69	-	69	-	533	533	-
Four	595	298	298	298	-	72	72	-	72	-	523	523	-
Five	525	263	263	263	-	68	68	-	68	-	462	462	-
Six	596	298	298	298	-	80	80	-	80	-	527	527	-
Seven	580	290	290	290	-	88	88	-	88	-	510	510	-
Eight	460	230	230	230	-	68	68	-	68	-	414	414	-
Nine	363	182	182	182	-	76	76	-	76	-	336	336	-
Ten	365	183	183	183	-	52	52	-	52	-	322	322	-
Eleven	308	154	154	154	-	37	37	-	37	-	260	260	-
Twelve	280	140	140	140	-	49	49	-	49	-	251	251	-
Total	6,288	3,147	3,147	3,147	-	790	790	-	790	-	5,559	5,559	-
Percentage					0%			0%		0%			0%

NET CASH RESOURCE SCHEDULE

Net Cash Resources did/did not exceed Three Months of Expenditures
Proprietary Funds - Food Service
Fiscal Year Ended June 30, 2024

<u>Net Cash Resources:</u>		<u>Food Service B - 4/5</u>	
ACFR	*	Current Assets	
B-4		Cash and Cash Equivalents	\$ 1,786,348
B-4		Accounts Receivable	980,080
ACFR		Current Liabilities	
B-4		Less Accounts Payable	<u>(921,652)</u>
		Net Cash Resources	<u>\$ 1,844,776</u> (A)
<u>Net Adj. Total Operating Expense:</u>			
B-5		Tot. Operating Exp.	<u>\$ 5,979,313</u>
		Adj. Tot. Oper. Exp.	<u>\$ 5,979,313</u> (B)
<u>Average Monthly Operating Expense:</u>			
	B / 10		<u>\$ 597,931</u> (C)
<u>Three Times Monthly Average:</u>			
	3 X C		<u>\$ 1,793,794</u> (D)
TOTAL IN BOX A	\$	1,844,776	
LESS TOTAL IN BOX D	\$	(1,793,794)	
NET	\$	50,982	

From above:

A is greater than D, cash exceeds 3 X average monthly operating expenses.

D is greater than A, cash does not exceed 3 X average monthly operating expenses.

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

AUDIT RECOMMENDATIONS

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Recommendation:

None

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

Finding 2023-01 has been addressed.

Finding 2023-02 has been addressed.