NEWARK UNIFIED SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2022

NEWARK UNIFIED SCHOOL DISTRICT
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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Independent Auditors' Report

Governing Board
Newark Unified School District
Newark, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Newark Unified School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Newark Unified School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Newark Unified School District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Newark Unified School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Newark Unified School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Newark Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Newark Unified School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of district contributions for pensions be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Newark Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022 on our consideration of the Newark Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Newark Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Newark Unified School District's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
November 30, 2022

NEWARK UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

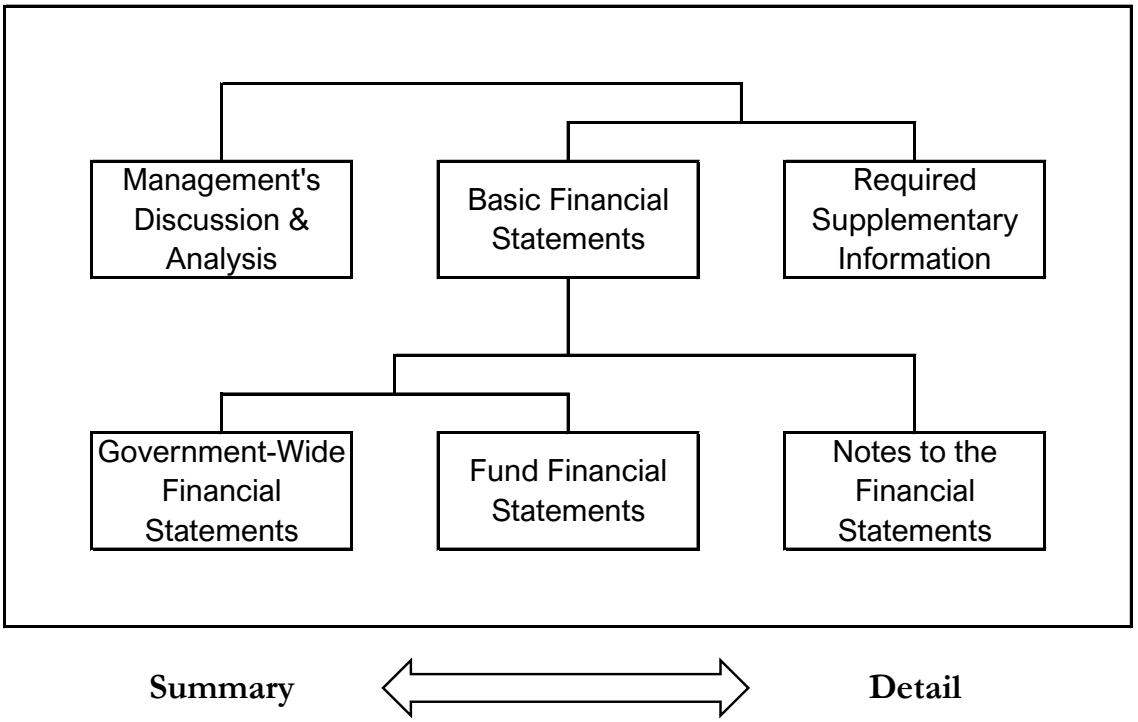
Our discussion and analysis of Newark Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was $(22,455,721) at June 30, 2022. This was an increase of $14,972,414 from the prior year.
- Overall revenues were $91,684,108 which exceeded expenses of $76,711,694.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.

  - **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

  - **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was $(22,455,721) at June 30, 2022, as reflected in the table below. Of this amount, $(70,833,811) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2022	2021	Net Change
ASSETS			
Current and other assets	$ 74,726,946	$ 74,858,297	$ (131,351)
Capital assets	82,574,107	77,097,256	5,476,851
Total Assets	157,301,053	151,955,553	5,345,500
DEFERRED OUTFLOWS OF RESOURCES	16,659,816	18,736,273	(2,076,457)
LIABILITIES			
Current liabilities	16,029,357	11,592,953	4,436,404
Long-term liabilities	140,781,968	183,944,021	(43,162,053)
Total Liabilities	156,811,325	195,536,974	(38,725,649)
DEFERRED INFLOWS OF RESOURCES	39,605,265	12,582,987	27,022,278
NET POSITION			
Net investment in capital assets	5,793,382	1,381,597	4,411,785
Restricted	42,584,708	46,627,081	(4,042,373)
Unrestricted	(70,833,811)	(85,436,813)	14,603,002
Total Net Position	$ (22,455,721)	$ (37,428,135)	$ 14,972,414

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2022	2021	Net Change
REVENUES			
Program revenues			
Charges for services	$ 2,117,930	$ 3,118,805	$ (1,000,875)
Operating grants and contributions	19,160,277	21,431,579	(2,271,302)
General revenues			
Property taxes	43,524,059	41,068,251	2,455,808
Unrestricted federal and state aid	26,526,793	24,775,864	1,750,929
Other	355,049	1,243,968	(888,919)
Total Revenues	91,684,108	91,638,467	45,641
EXPENSES			
Instruction	40,517,308	46,654,991	(6,137,683)
Instruction-related services	6,501,883	7,658,381	(1,156,498)
Pupil services	9,324,287	8,566,962	757,325
General administration	4,835,943	6,079,033	(1,243,090)
Plant services	9,654,689	9,354,739	299,950
Ancillary and community services	789,744	556,550	233,194
Debt service	4,106,095	4,182,864	(76,769)
Other outgo	977,896	969,356	8,540
Enterprise activities	3,849	18,923	(15,074)
Total Expenses	76,711,694	84,041,799	(7,330,105)
Change in net position	14,972,414	7,596,668	7,375,746
Net Position - Beginning	(37,428,135)	(45,024,803)	7,596,668
Net Position - Ending	$ (22,455,721)	$ (37,428,135)	$ 14,972,414

The cost of all our governmental activities this year was $76,711,694 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was $43,524,059 because the remaining cost was paid by other governments and organizations who subsidized certain programs with grants, contributions, charges for services and other revenues.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. Net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2022	2021
Instruction	$ 32,041,433	$ 39,146,610
Instruction-related services	4,742,972	5,964,633
Pupil services	3,561,404	30
General administration	4,016,494	5,127,910
Plant services	7,532,946	7,084,409
Ancillary and community services	580,419	467,629
Debt service	4,106,095	4,182,864
Transfers to other agencies	(1,152,125)	(2,501,593)
Enterprise activities	3,849	18,923
Total	$ 55,433,487	$ 59,491,415

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $63,298,809, which is more than last year's ending fund balance of $66,295,349. The District's General Fund had $6,884,241 more in operating revenues than expenditures for the year ended June 30, 2022. The District's Capital Facilities Fund had $3,630,358 less in operating revenues than expenditures for the year ended June 30, 2022. The District's Special Reserve Fund for Capital Outlay Projects had $1,509,934 less in operating revenues than expenditures for the year ended June 30, 2022. In addition, the District's Bond Interest and Redemption Fund experienced a net increase in fund balance of $430,277 for the year ended June 30, 2022, primarily due to the issuance of the 2022 Refunding bonds.

CURRENT YEAR BUDGET 2021-2022

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a periodic basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2021-2022 the District had invested $82,574,107 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2022	2021	Net Change
CAPITAL ASSETS			
Land	$ 1,971,656	$ 1,971,656	$ -
Construction in progress	12,182,982	1,469,552	10,713,430
Land improvements	10,290,165	8,913,445	1,376,720
Buildings & improvements	167,788,094	167,057,501	730,593
Furniture & equipment	3,672,905	3,733,357	(60,452)
Less: Accumulated depreciation	(113,331,695)	(106,048,255)	(7,283,440)
Total Capital Assets	$ 82,574,107	$ 77,097,256	$ 5,476,851

Long-Term Liabilities

At year-end, the District had $140,781,968 in long-term liabilities, a decrease of 23.46% from the prior year – as shown in the table below. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2022	2021	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	$ 93,992,512	$ 98,979,475	$ (4,986,963)
Compensated absences	663,364	825,594	(162,230)
Total OPEB liability	14,939,211	17,913,889	(2,974,678)
Net pension liability	39,198,032	72,237,004	(33,038,972)
Less: current portion of long-term liabilities	(8,011,151)	(6,011,941)	(1,999,210)
Total Long-term Liabilities	$ 140,781,968	$ 183,944,021	$ (43,162,053)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

In its September 2022 quarterly report, the UCLA Anderson Forecast stated the U.S. economy was likely to muddle along with below-trend growth and continued high inflation over the next twelve months. No recession is forecast at this time; however, the possibility still exists that persistent inflation and aggressive interest rate policy will lead to a hard landing of the economy, potentially triggering a recession. In California, defense spending and technology demands will likely keep the economy growing.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. The May 2022 Budget Revision includes total funding of $128.3 billion ($78.4 billion General Fund and $49.9 billion other funds) for all K-12 education programs, additionally, the revised spending plan further accelerates the implementation of the "California for All Kids" plan, which is a whole-child support framework designed to target inequities in educational outcomes among students from different demographic backgrounds and empower parents and families with more options and services. The Proposition 98 Guarantee continues to be in Test 1 for 2021-22 and 2022-23. To accommodate enrollment increases related to the expansion of transitional kindergarten, the Governor's Budget proposed re-benching the Test 1 percentage to increase the percentage of General Fund revenues due to the Guarantee, from 38.03 percent to approximately 38.4 percent. The May Revision updates the increased Test 1 percentage from approximately 38.4 percent to approximately 38.3 percent. At May Revision, the 2022-23 cost-of-living adjustment (COLA) is updated to 6.56 percent, the largest COLA in the history of LCFF.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2022. The amount of the liability is material to the financial position of the District. The CalSTRS projected employer contribution rate for 2022-23 is 19.10 percent. The CalPERS projected employer contribution rate for 2022-23 is 25.37 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2022-23 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office at the Newark Unified School District, 5715 Musick Avenue, Newark CA 94560.

NEWARK UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and investments	$ 67,406,223
Accounts receivable	7,060,644
Inventory	199,735
Prepaid expenses	60,122
Other current assets	222
Capital assets, not depreciated	14,154,638
Capital assets, net of accumulated depreciation	68,419,469
Total Assets	157,301,053
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	12,839,388
Deferred outflows related to OPEB	2,984,262
Deferred amount on refunding	836,166
Total Deferred Outflows of Resources	16,659,816
LIABILITIES	
Accrued liabilities	7,554,622
Unearned revenue	463,584
Long-term liabilities, current portion	8,011,151
Long-term liabilities, non-current portion	140,781,968
Total Liabilities	156,811,325
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	32,108,913
Deferred inflows related to OPEB	7,496,352
Total Deferred Inflows of Resources	39,605,265
NET POSITION	
Net investment in capital assets	5,793,382
Restricted:	
Capital projects	24,768,882
Debt service	8,408,935
Educational programs	7,287,967
Food service	1,834,027
Associated student body	284,897
Unrestricted	(70,833,811)
Total Net Position	$ (22,455,721)

The accompanying notes are an integral part of these financial statements.

NEWARK UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	$ 40,517,308	$ 423,306	$ 8,052,569	$ (32,041,433)
Instruction-related services				
Instructional supervision and administration	2,429,085	48	1,577,837	(851,200)
Instructional library, media, and technology	509,954	56	12,951	(496,947)
School site administration	3,562,844	1,062	166,957	(3,394,825)
Pupil services				
Home-to-school transportation	683,744	-	196,071	(487,673)
Food services	3,041,366	17,443	3,682,525	658,602
All other pupil services	5,599,177	13,002	1,853,842	(3,732,333)
General administration				
Centralized data processing	723,794	-	27,307	(696,487)
All other general administration	4,112,149	4,090	788,052	(3,320,007)
Plant services	9,654,689	11,978	2,109,765	(7,532,946)
Ancillary services	789,744	85	209,240	(580,419)
Enterprise activities	3,849	-	-	(3,849)
Interest on long-term debt	4,106,095	-	-	(4,106,095)
Other outgo	977,896	1,646,860	483,161	1,152,125
Total Governmental Activities	$ 76,711,694	$ 2,117,930	$ 19,160,277	(55,433,487)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				32,353,690
Property taxes, levied for debt service				10,490,088
Property taxes, levied for other specific purposes				680,281
Federal and state aid not restricted for specific purposes				26,526,793
Interest and investment earnings				(1,260,902)
Miscellaneous				1,615,951
Subtotal, General Revenue				70,405,901
CHANGE IN NET POSITION				14,972,414
Net Position - Beginning				(37,428,135)
Net Position - Ending				$ (22,455,721)

The accompanying notes are an integral part of these financial statements.

NEWARK UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022

	General Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	$ 24,781,116	$ 16,723,710	$ 9,290,795	$ 9,252,686	$ 3,116,673	$ 63,164,980
Accounts receivable	6,439,690	27,395	15,375	19,484	551,867	7,053,811
Due from other funds	309,212	-	13,172	-	245,812	568,196
Stores inventory	91,350	-	-	-	108,385	199,735
Prepaid expenditures	60,122	-	-	-	-	60,122
Other current assets	222	-	-	-	-	222
Total Assets	$ 31,681,712	$ 16,751,105	$ 9,319,342	$ 9,272,170	$ 4,022,737	$ 71,047,066
LIABILITIES						
Accrued liabilities	$ 5,305,260	$ 275,308	$ 265,025	$ -	$ 777,015	$ 6,622,608
Due to other funds	432,236	62,967	-	-	166,862	662,065
Unearned revenue	463,584	-	-	-	-	463,584
Total Liabilities	6,201,080	338,275	265,025	-	943,877	7,748,257
FUND BALANCES						
Nonspendable	176,470	-	-	-	108,385	284,855
Restricted	6,901,574	16,412,830	8,356,052	9,272,170	2,970,475	43,913,101
Assigned	2,615,656	-	698,265	-	-	3,313,921
Unassigned	15,786,932	-	-	-	-	15,786,932
Total Fund Balances	25,480,632	16,412,830	9,054,317	9,272,170	3,078,860	63,298,809
Total Liabilities and Fund Balances	$ 31,681,712	$ 16,751,105	$ 9,319,342	$ 9,272,170	$ 4,022,737	$ 71,047,066

The accompanying notes are an integral part of these financial statements.

NEWARK UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total Fund Balance - Governmental Funds		$ 63,298,809
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:		
Capital assets	$ 195,905,802	
Accumulated depreciation	(113,331,695)	82,574,107
Deferred amount on refunding:		
In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:		836,166
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(863,235)
Long-term liabilities:		
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Total general obligation bonds	$ 93,992,512	
Compensated absences	663,364	
Total OPEB liability	14,939,211	
Net pension liability	39,198,032	(148,793,119)
Deferred outflows and inflows of resources relating to pensions:		
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources related to pensions	$ 12,839,388	
Deferred inflows of resources related to pensions	(32,108,913)	(19,269,525)

(continued on the following page)

The accompanying notes are an integral part of these financial statements.

Deferred outflows and inflows of resources relating to OPEB:		
In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.		
Deferred outflows of resources related to OPEB	$ 2,984,262	
Deferred inflows of resources related to OPEB	(7,496,352)	(4,512,090)
Internal service funds:		
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:		4,273,166
Total Net Position - Governmental Activities		$ (22,455,721)

NEWARK UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	$ 57,577,335	$ -	$ -	$ -	$ -	$ 57,577,335
Federal sources	7,422,566	-	-	-	3,968,231	11,390,797
Other state sources	9,956,404	-	-	47,142	489,711	10,493,257
Other local sources	5,466,777	1,828,379	(154,717)	10,260,611	606,569	18,007,619
Total Revenues	80,423,082	1,828,379	(154,717)	10,307,753	5,064,511	97,469,008
EXPENDITURES						
Current						
Instruction	43,309,767	-	-	-	534,755	43,844,522
Instruction-related services						
Instructional supervision and administration	2,875,143	-	-	-	-	2,875,143
Instructional library, media, and technology	382,332	-	-	-	-	382,332
School site administration	4,040,865	-	-	-	292,379	4,333,244
Pupil services						
Home-to-school transportation	640,960	-	-	-	-	640,960
Food services	18,893	-	-	-	3,100,760	3,119,653
All other pupil services	6,292,659	-	-	-	-	6,292,659
General administration						
Centralized data processing	716,922	-	-	-	-	716,922
All other general administration	4,233,645	62,966	-	-	166,641	4,463,252
Plant services	8,725,618	21,510	89,907	-	287,670	9,124,705
Facilities acquisition and construction	451,078	5,374,261	1,265,310	-	5,851,305	12,941,954
Ancillary services	870,793	-	-	-	-	870,793
Enterprise activities	2,270	-	-	-	1,767	4,037
Transfers to other agencies	977,896	-	-	-	-	977,896
Debt service						
Principal	-	-	-	5,207,306	-	5,207,306
Interest and other	-	-	-	5,016,142	-	5,016,142
Total Expenditures	73,538,841	5,458,737	1,355,217	10,223,448	10,235,277	100,811,520
Excess (Deficiency) of Revenues Over Expenditures	6,884,241	(3,630,358)	(1,509,934)	84,305	(5,170,766)	(3,342,512)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	445,517	445,517
Other sources	-	-	-	35,820,745	-	35,820,745
Transfers out	(245,517)	-	-	-	(200,000)	(445,517)
Other uses	-	-	-	(35,474,773)	-	(35,474,773)
Net Financing Sources (Uses)	(245,517)	-	-	345,972	245,517	345,972
NET CHANGE IN FUND BALANCE	6,638,724	(3,630,358)	(1,509,934)	430,277	(4,925,249)	(2,996,540)
Fund Balance - Beginning, as Restated	18,841,908	20,043,188	10,564,251	8,841,893	8,004,109	66,295,349
Fund Balance - Ending	$ 25,480,632	$ 16,412,830	$ 9,054,317	$ 9,272,170	$ 3,078,860	$ 63,298,809

The accompanying notes are an integral part of these financial statements.

NEWARK UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Governmental Funds		$ (2,996,540)
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital outlay:		
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay:	$ 12,820,743	
Depreciation expense:	(7,331,001)	5,489,742
Debt service:		
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		38,197,306
Debt proceeds:		
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:		(35,820,745)
Deferred amounts on refunding:		
In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:		482,650
Gain or loss from the disposal of capital assets:		
In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:		(12,891)
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:		301,768

(continued on the following page)

The accompanying notes are an integral part of these financial statements.

NEWARK UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2022

Accreted interest on long-term debt:	
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.	558,404
Compensated absences:	
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:	162,230
Postemployment benefits other than pensions (OPEB):	
In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:	178,739
Pensions:	
In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:	6,253,526
Amortization of debt issuance premium or discount:	
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:	2,051,998
Internal Service Funds:	
to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:	126,227
Change in Net Position of Governmental Activities	$ 14,972,414

The accompanying notes are an integral part of these financial statements.

NEWARK UNIFIED SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets	
Cash and investments	$ 4,241,243
Accounts receivable	6,833
Due from other funds	173,252
Total current assets	4,421,328
Total Assets	4,421,328
LIABILITIES	
Current liabilities	
Accrued liabilities	68,779
Due to other funds	79,383
Total current liabilities	148,162
Total Liabilities	148,162
NET POSITION	
Restricted	4,273,166
Total Net Position	$ 4,273,166

The accompanying notes are an integral part of these financial statements.

NEWARK UNIFIED SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services	$ 1,604,139
Other local revenues	13,311
Total operating revenues	1,617,450
OPERATING EXPENSES	
Professional services	1,417,050
Total operating expenses	1,417,050
Operating income/(loss)	200,400
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	(74,173)
Total non-operating revenues/(expenses)	(74,173)
CHANGE IN NET POSITION	126,227
Net Position - Beginning	4,146,939
Net Position - Ending	$ 4,273,166

The accompanying notes are an integral part of these financial statements.

NEWARK UNIFIED SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities	
	Internal Service Fund	
Cash flows from operating activities		
Cash received from user charges	$	1,604,139
Cash received (paid) from assessments made to (from) other funds		(81,701)
Cash payments for payroll, insurance, and operating costs		(1,270,108)
Net cash provided by (used for) operating activities		252,330
Cash flows from investing activities		
Interest received		(74,173)
Net cash provided by (used for) investing activities		(74,173)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		178,157
CASH AND CASH EQUIVALENTS		
Beginning of year		4,063,086
End of year	$	4,241,243
Reconciliation of operating income (loss) to cash provided by (used for) operating activities		
Operating income/(loss)	$	200,400
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivables		1,588
(Increase) decrease in due from other funds		(96,600)
Increase (decrease) in accrued liabilities		67,559
Increase (decrease) in due to other funds		79,383
Net cash provided by (used for) operating activities	$	252,330

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Newark Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual.* The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District and Newark Unified School District School Building Corporations 1 and 2 (the "Corporations") have a financial and operational relationship which meet the reporting entity definition criteria of the *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, for inclusion of the Corporations as component units of the District. Therefore, the financial activities of the Corporations have been included as a blended component unit in the basic financial statements of the District.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its proprietary funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections* 17620–17626). The authority for these levies may be county/city ordinances (*Government Code Sections* 65970–65981) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section* 66006).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section* 42840).

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections* 15125–15262). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections* 52616[b] and 52501.5[a]).

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section* 8200 et seq.) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section* 8328).

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections* 38090–38093). The Cafeteria Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections* 38091 and 38100).

Capital Project Funds: Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section* 15146) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section* 17462) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section* 41003).

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section* 17566).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

Government-Wide and Proprietary Fund Financial Statements
The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self-insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Governmental Funds
Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Unearned Revenue
Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures
On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Cash Equivalents
The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments
Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Inventories
Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Capital Assets
The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of $10,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over 5-30 years depending on asset types.

Interfund Balances
On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences
Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Accrued Liabilities and Long-Term Obligations
All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Postemployment Benefits Other Than Pensions (OPEB)
For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2020
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts
In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Deferred Inflows of Resources
In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, lease receivables (net of related deferred inflows), prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

G. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

I. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

J. New Accounting Pronouncements

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has implemented this Statement as of June 30, 2022.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard's primary objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. A portion of this statement was effective upon issuance, while the majority of this statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has fully implemented this Statement as of June 30, 2022.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The statement is effective for periods beginning after June 15, 2022. The District has not yet determined the impact on the financial statements.

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This standard's primary objectives are to increase consistency and comparability related to reporting fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The statement is effective for periods beginning after June 15, 2021. The District has implemented this Statement as of June 30, 2022.

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Fund	Governmental Activities
Investment in county treasury	$ 62,803,934	$ 4,343,401	$ 67,147,335
Fair value adjustment	(1,519,075)	(105,056)	(1,624,131)
Cash on hand and in banks	1,855,123	2,898	1,858,021
Cash with fiscal agent	24,998	-	24,998
Total	$ 63,164,980	$ 4,241,243	$ 67,406,223

B. Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; collateralized mortgage obligations; and the County Investment Pool.

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section* 41001. The Alameda County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately $65,523,204. The average weighted maturity for this pool is 548 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2022, the pooled investments in the County Treasury were not rated.

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2022, the District's bank balance was exposed to custodial credit risk in the amount of $1,509,790 due to deposits made in excess of the FDIC insured amount.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Alameda County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements at June 30, 2022 were as follows:

	Uncategorized
Investment in county treasury	$ 65,523,204
Total	$ 65,523,204

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2022 consisted of the following:

	General Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities
Federal Government							
Categorical aid	$ 3,813,020	$ -	$ -	$ -	$ 441,648	$ -	$ 4,254,668
State Government							
Apportionment	1,322,365	-	-	-	-	-	1,322,365
Categorical aid	559,065	-	-	-	96,430	-	655,495
Lottery	324,408	-	-	-	-	-	324,408
Local Government							
Other local sources	420,832	27,395	15,375	19,484	13,789	6,833	503,708
Total	$ 6,439,690	$ 27,395	$ 15,375	$ 19,484	$ 551,867	$ 6,833	$ 7,060,644

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 01, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	$ 1,971,656	$ -	$ -	$ 1,971,656
Construction in progress	1,469,552	12,670,017	1,956,587	12,182,982
Total capital assets not being depreciated	3,441,208	12,670,017	1,956,587	14,154,638
Capital assets being depreciated				
Land improvements	8,913,445	1,376,720	-	10,290,165
Buildings & improvements	167,057,501	730,593	-	167,788,094
Furniture & equipment	3,733,357	-	60,452	3,672,905
Total capital assets being depreciated	179,704,303	2,107,313	60,452	181,751,164
Less: Accumulated depreciation				
Land improvements	3,904,141	952,415	-	4,856,556
Buildings & improvements	99,615,463	6,108,357	-	105,723,820
Furniture & equipment	2,528,651	270,229	47,561	2,751,319
Total accumulated depreciation	106,048,255	7,331,001	47,561	113,331,695
Governmental Activities				
Capital Assets, net	$ 77,097,256	$ 7,446,329	$ 1,969,478	$ 82,574,107

Depreciation expense for the year ended June 30, 2022 was allocated to governmental activities as follows:

Governmental Activities	
Instruction	$ 6,170,320
Instructional library, media, and technology	172,741
Home-to-school transportation	42,784
Food services	3,201
Centralized data processing	36,077
All other general administration	31,642
Plant services	863,326
Ancillary services	10,910
Total	$ 7,331,001

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2022 consisted of the following:

	Due From Other Funds				
Due To Other Funds	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	Total
General Fund	$ -	$ 13,172	$ 245,812	$ 173,252	$ 432,236
Capital Facilities Fund	62,967	-	-	-	62,967
Non-Major Governmental Funds	166,862	-	-	-	166,862
Internal Service Fund	79,383	-	-	-	79,383
Total	$ 309,212	$ 13,172	$ 245,812	$ 173,252	$ 741,448

Due from the Cafeteria Fund to the General Fund for allocation of indirect costs.	$ 106,245
Due from the Child Development Fund to the General Fund for allocation of indirect costs.	50,320
Due from the General Fund to the Child Development Fund for program contributions.	245,517
Due from Adult Education Fund to the General Fund for indirect costs.	10,297
Due from the General Fund to the Special Reserve Fund for Capital Outlay to reclass solar projects.	13,172
Due from the General Fund to Cafeteria Fund to adjust indirect cost allocation.	242
Due from the Capital Facilities Fund to the General Fund for allocation of indirect costs.	62,967
Due from Internal Service Fund to the General Fund to adjust Retiree Reserve Allocation	79,383
Due from the General Fund to the Adult Education Fund to recode electrictity.	53
Due from the General Fund to the Internal Service Fund for annual OPEB contribution.	173,252
Total	$ 741,448

B. Operating Transfers

The following operating transfers occurred during the year ended June 30, 2022:

	Interfund Transfers In	
Interfund Transfers Out	Non-Major Governmental Funds	Total
General Fund	$ 245,517	$ 245,517
Non-Major Governmental Funds	200,000	200,000
Total	$ 445,517	$ 445,517

Transfer from the General Fund to the Child Development Fund for program contributions.	$ 245,517
Transfer from the Child Development Fund to the Cafeteria Fund to move CACFP funds.	200,000
Total	$ 445,517

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2022 consisted of the following:

	General Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	District-Wide	Governmental Activities
Payroll	$ 2,456,686	$ -	$ -	$ 4,620	$ -	$ -	$ 2,461,306
Construction	-	275,308	265,025	728,528	-	-	1,268,861
Vendors payable	2,848,570	-	-	43,867	68,779	-	2,961,216
Unmatured interest	-	-	-	-	-	863,235	863,235
Total	$ 5,305,256	$ 275,308	$ 265,025	$ 777,015	$ 68,779	$ 863,235	$ 7,554,618

NOTE 7 – UNEARNED REVENUE

Unearned revenue in the General Fund at June 30, 2022 amounted to $463,584, which consisted of $213,661 in federal sources and $249,923 in state sources.

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2022 consisted of the following:

	Balance July 01, 2021	Additions	Deductions	Balance June 30, 2022	Balance Due In One Year
Governmental Activities					
General obligation bonds	$ 79,297,076	$ 34,605,000	$ 38,197,306	$ 75,704,770	$ 5,707,959
Unamortized premium	3,213,532	1,215,745	2,051,998	2,377,279	201,151
Accreted interest	16,468,867	1,344,290	1,902,694	15,910,463	2,102,041
Total general obligation bonds	98,979,475	37,165,035	42,151,998	93,992,512	8,011,151
Compensated absences	825,594	-	162,230	663,364	-
Total OPEB liability	17,913,889	-	2,974,678	14,939,211	-
Net pension liability	72,237,004	-	33,038,972	39,198,032	-
Total	$ 189,955,962	$ 37,165,035	$ 78,327,878	$ 148,793,119	$ 8,011,151

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for compensated absences are typically made in the General Fund and the Non-Major Governmental Funds.

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2022 amounted to $663,364. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. Other Postemployment Benefits

The District's beginning total OPEB liability was $17,913,889 and decreased by $2,974,678 during the year ended June 30, 2022. The ending total OPEB liability at June 30, 2022 was $14,939,211. See Note 10 for additional information regarding the total OPEB liability.

C. Net Pension Liability

The District's beginning net pension liability was $72,237,004 and decreased by $33,038,972 during the year ended June 30, 2022. The ending net pension liability at June 30, 2022 was $39,198,032. See Note 11 for additional information regarding the net pension liability.

NOTE 8 – LONG-TERM LIABILITIES (continued)

D. General Obligation Bonds

The outstanding general obligation bonded debt of the District as of June 30, 2022 is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2021	Additions	Deductions	Bonds Outstanding June 30, 2022
Election of 1997, Series D	4/16/2002	2/1/2027	3.00% - 5.84%	$ 31,501,495	$ 8,072,076	$ -	$ 927,306	$ 7,144,770
Election of 2011, Series A	7/17/2012	2/1/2043	3.37% - 5.00%	15,000,000	10,675,000	-	8,445,000	2,230,000
2012 Refunding Bonds	11/28/2012	8/1/2025	0.51% - 3.43%	36,275,000	17,850,000	-	3,580,000	14,270,000
Election of 2011, Series B	6/5/2014	8/1/2044	2.00% - 5.00%	30,000,000	27,185,000	-	24,745,000	2,440,000
Election of 2011, Series C	6/30/2016	8/1/2036	2.00% - 4.00%	18,000,000	15,515,000	-	500,000	15,015,000
2022 Refunding Bonds, Series A	1/20/2022	8/1/2042	0.797% - 3.355%	27,135,000	-	27,135,000	-	27,135,000
2022 Refunding Bonds, Series B	1/20/2022	8/1/2042	4.00%	7,470,000	-	7,470,000	-	7,470,000
Total					$ 79,297,076	$ 34,605,000	$ 38,197,306	$ 75,704,770

The annual requirements to amortize the District's general obligation bonds as of June 30, 2022, excluding accreted interest in the amount $15,910,463, were as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 5,707,959	$ 4,202,279	$ 9,910,238
2024	6,257,185	4,286,965	10,544,150
2025	6,661,530	4,233,407	10,894,937
2026	5,397,424	5,874,471	11,271,895
2027	4,795,672	11,128,472	15,924,144
2028 - 2032	11,680,000	7,017,462	18,697,462
2033 - 2037	16,555,000	4,750,870	21,305,870
2038 - 2042	14,950,000	2,049,901	16,999,901
2043 - 2045	3,700,000	65,389	3,765,389
Total	$ 75,704,770	$ 43,609,216	$ 119,313,986

2022 General Obligation Refunding Bonds

On January 20, 2022, the District issued 2022 Refunding General Obligation Bonds, Series A and Series B in the in the amounts of $27,135,000 and $7,470,000, respectively. The net proceeds received for the bonds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the Election of 2011, Series A, and Election of 2011, Series B general obligation bonds that were partially refunded. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized as an expense over the life of the bond. This refunding reduced total debt service payments by $8,617,031 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $4,830,151.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2022:

	General Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable						
Revolving cash	$ 24,998	$ -	$ -	$ -	$ -	$ 24,998
Stores inventory	91,350	-	-	-	108,385	199,735
Prepaid expenditures	60,122	-	-	-	-	60,122
Total non-spendable	176,470	-	-	-	108,385	284,855
Restricted						
Educational programs	6,616,677	-	-	-	671,290	7,287,967
Food service	-	-	-	-	1,834,027	1,834,027
Associated student body	284,897	-	-	-	-	284,897
Capital projects	-	16,412,830	8,356,052	-	465,158	25,234,040
Debt service	-	-	-	9,272,170	-	9,272,170
Total restricted	6,901,574	16,412,830	8,356,052	9,272,170	2,970,475	43,913,101
Assigned						
LCAP carryover	857,780	-	-	-	-	857,780
Audit reserve	657,876	-	-	-	-	657,876
Deferred maintenance	500,000	-	-	-	-	500,000
Instructional program improvements	500,000	-	-	-	-	500,000
Strategies to increase enrollment	100,000	-	-	-	-	100,000
Other assignments	-	-	698,265	-	-	698,265
Total assigned	2,615,656	-	698,265	-	-	3,313,921
Unassigned	15,786,932	-	-	-	-	15,786,932
Total	$ 25,480,632	$ 16,412,830	$ 9,054,317	$ 9,272,170	$ 3,078,860	$ 63,298,809

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than three percent of General Fund expenditures and other financing uses.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The District's defined benefit OPEB plan, Newark Unified School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Plan Membership

Membership of the Plan consisted of the following:

	Number of participants
Inactive employees receiving benefits	187
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	460
Total number of participants**	647

*Information not provided
**As of the July 1, 2020 valuation date

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

C. Benefits Provided

The healthcare plans are provided through CalPERS Health (PEMHCA) and California's Valued Trust (CVT). CVT options include plans 1B, 2B, 3B, 5B, Wellness Plan/Rx C, Kaiser 1, 3, 5 and 6, and dental and vision. PEMHCA options include Blue Shield, Kaiser, PERSChoice and PERSCare. Classified employees and retirees have medical/Rx insurance through CVT; other groups are in PEMHCA for medical/Rx and CVT for dental/vision, except Management is in ACSIG VSP. Eligibility requirements are described below.

Certificated employees may retire and receive District-paid contributions towards healthcare upon attainment of age 55 and 15 years of service, but not later than age 60. The District pays $850 per year towards health insurance premiums for a retiree until age 65, at which time benefits cease except for the PEMHCA statutory minimum.

Classified employees:

- If hired prior to January 1, 1977, may retire with District-paid benefits after the later of age 55 and 15 years of service. District-paid benefits in force at retirement continue until age 70.
- If hired on or after January 1, 1977, may retire with District-paid benefits upon the later of age 50 and 15 years of service, but not later than age 65. The District pays the Kaiser retiree-only premium until age 67.
- If hired on or after September 1, 2004, may retire at age 60 with single Kaiser coverage paid until age 65.

Management/Confidential/Supervisory employees whose original appointment into a Management Group position was approved by the Board before July 1, 1992, may retire and receive District-paid contributions towards healthcare upon completion of 10 cumulative years of service in a Management Group position, resignation from the District for the reason of retirement, and attainment of eligibility to retire under the provisions of PERS or STRS. District-paid benefits are limited to the least expensive health benefit plan offered that year to full time current Management Group employees with the same level of coverage (e.g., single or family), and end at age 70 except for the PEMHCA statutory minimum contribution.

Management employees hired into Classified or Certificated positions with the District prior to July 1, 1992, and promoted to Management after that date, will be entitled to benefits according to the rules of their original bargaining unit. Management employees whose original date of hire with the District was on or after July 1, 1992 are not eligible to receive District-paid retiree benefits, but are eligible to enroll in the District's plans by paying any required premiums.

D. Contributions

For the measurement period, the District contributed $735,366 to the Plan, all of which was used for current premiums.

PEMHCA Statutory Minimum Contribution

The District's minimum contribution on behalf of all retirees covered by PEMHCA is based on PERS' "Unequal Contribution Method", equal 5% of the statutory minimum ($143/month for 2021 and $149/month for 2022) multiplied by the number of years the District has participated in PEMHCA. This amount is $114.40/month for 2021 and $126.65/month for 2022. Any retiree participating in PEMHCA but not otherwise receiving a District retiree health contribution is entitled to receive lifetime District-paid statutory minimum contributions. The District also pays a percent-of-premium administrative fee to PERS on behalf of all employees and retirees of the District covered under PEMHCA. The required contribution is based on projected pay-as-you-go financing requirements.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Total OPEB Liability

The District's total OPEB liability of $14,939,211 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2020.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2020 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Economic assumptions:	
Inflation	2.75%
Salary increases	3.00%
Healthcare cost trend rates	5.00% for 2022 to 2023; 5.20% for 2024 to 2069; 4.00% for 2070 and later years. Medicare ages: 4.00% for all years
Discount rate	3.69%
Non-economic assumptions:	
Preretirement Mortality:	
Certificated	CalSTRS Experience Analysis (2015-2018)
Classified	CalPERS Experience Analysis (1997-2015)
Postretirement Mortality:	
Certificated	CalSTRS Experience Analysis (2015-2018)
Classified	CalPERS Experience Analysis (1997-2015)

The actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2020.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Changes in Total OPEB Liability

	June 30, 2022
Total OPEB Liability	
Service cost	$ 958,145
Interest on total OPEB liability	355,317
Changes of assumptions	(3,552,774)
Benefits payments	(735,366)
Net change in total OPEB liability	(2,974,678)
Total OPEB liability - beginning	17,913,889
Total OPEB liability - ending	$ 14,939,211
Covered-employee payroll	$ 42,296,205
District's total OPEB liability as a percentage of covered-employee payroll	35.32%

H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.69%)	Valuation Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB liability	$ 16,779,529	$ 14,939,211	$ 13,435,150

I. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease*	Healthcare Cost Trend Rate	1% Increase**
Total OPEB liability	$ 12,988,699	$ 14,939,211	$ 17,392,590

*4.00 percent for 2022-2023, 4.20 percent for 2024-2069, and 3.00 percent for 2070 and later years; Medicare ages: 3.00 percent for all ages.

**6.00 percent for 2022-2023, 6.20 percent for 2024-2069, and 5.00 percent for 2070 and later years; Medicare ages: 5.00 percent for all ages.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

J. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of $1,026,096. At June 30, 2022, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 4,481,877
Changes in assumptions	2,984,262	3,014,475
Total	$ 2,984,262	$ 7,496,352

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$ 702,543	$ 1,459,378
2024	702,543	1,459,378
2025	702,543	1,459,378
2026	557,267	1,443,672
2027	319,366	1,351,566
2028	-	322,980
Total	$ 2,984,262	$ 7,496,352

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	$ 25,259,070	$ 9,756,973	$ 26,648,022	$ (152,040)
PERS Pension	13,938,962	3,082,415	5,460,891	1,340,429
Total	$ 39,198,032	$ 12,839,388	$ 32,108,913	$ 1,188,389

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Contributions
Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2022, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2022 was 16.92% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were $5,174,928 for the year ended June 30, 2022.

On-Behalf Payments
The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately $3,569,621 to CalSTRS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$	25,259,070
State's proportionate share of the net pension liability associated with the District		12,709,649
Total	$	37,968,719

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.056 percent, which was an increase of 0.003 percent from its proportion measured as of June 30, 2020.

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2022, the District recognized pension expense of $(152,040). In addition, the District recognized pension expense and revenue of $(2,215,279) for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ -	$ 19,980,575
Differences between expected and actual experience	63,275	2,688,092
Changes in assumptions	3,578,941	-
Changes in proportion and differences between District contributions and proportionate share of contributions	939,829	3,979,355
District contributions subsequent to the measurement date	5,174,928	-
Total	$ 9,756,973	$ 26,648,022

The $5,174,928 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$ 1,848,086	$ 7,065,408
2024	1,849,750	6,353,023
2025	231,789	5,977,960
2026	231,789	6,364,538
2027	231,789	619,005
2028	188,842	268,088
Total	$ 4,582,045	$ 26,648,022

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	100%	

*20-year geometric average

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 51,418,426	$ 25,259,070	$ 3,547,304

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2022 was 22.68% of annual payroll reduced to 20.70% pursuant to California Senate Bill 90 (SB 90). Contributions to the plan from the District were $2,266,987 for the year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported a liability of $13,938,962 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.069 percent, which was an increase of 0.002 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of $1,340,429. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ -	$ 5,349,359
Differences between expected and actual experience	416,114	32,860
Changes in proportion and differences between District contributions and proportionate share of contributions	399,314	78,672
District contributions subsequent to the measurement date	2,266,987	-
Total	$ 3,082,415	$ 5,460,891

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The $2,266,987 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$ 447,209	$ 1,393,975
2024	236,728	1,281,953
2025	131,491	1,297,203
2026	-	1,487,760
Total	$ 815,428	$ 5,460,891

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)
The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*	Real Return Years 11+**
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	100.0%		

*An expected inflation of 2.00% used for this period.
**An expected inflation of 2.92% used for this period.

Discount Rate
The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 23,503,047	$ 13,938,962	$ 5,998,719

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2022.

C. Construction Commitments

As of June 30, 2022, the District had $3,675,771 in outstanding commitments with respect to unfinished capital projects.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in two joint ventures under joint powers authorities (JPAs), the Alameda County Schools Insurance Group and Northern California ReLIEF. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2022, the deferred amount on refunding was $836,166.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (continued)

B. Other Postemployment Benefits (OPEB)

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found in Note 10. At June 30, 2022, total deferred outflows related to OPEB was $2,984,262 and total deferred inflows related to OPEB was $7,496,352.

C. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found in Note 11. At June 30, 2022, total deferred outflows related to pensions was $12,839,388 and total deferred inflows related to pensions was $32,108,913.

NOTE 15 – RESTATEMENT OF FUND BALANCE

In the General Fund and the Capital Facilities Fund, there were certain items that occurred in the prior year that have been restated to more accurately reflect the substance of the underlying transactions. The effect on beginning fund balances is presented as follows:

	General Fund	Capital Facilities Fund
Fund Balance - Beginning, as Previously Reported	$ 18,748,360	$ 20,136,736
Restatement	93,548	(93,548)
Fund Balance - Beginning, as Restated	$ 18,841,908	$ 20,043,188

REQUIRED SUPPLEMENTARY INFORMATION

NEWARK UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	$ 56,547,662	$ 56,022,243	$ 57,577,335	$ 1,555,092
Federal sources	2,244,207	9,419,475	7,496,302	(1,923,173)
Other state sources	5,191,004	7,979,424	9,956,404	1,976,980
Other local sources	4,180,065	4,541,418	5,945,431	1,404,013
Total Revenues	68,162,938	77,962,560	80,975,472	3,012,912
EXPENDITURES				
Certificated salaries	32,218,722	32,262,797	31,460,149	802,648
Classified salaries	9,094,705	8,982,588	9,147,995	(165,407)
Employee benefits	15,271,724	15,259,956	15,535,059	(275,103)
Books and supplies	3,711,434	4,920,313	3,403,727	1,516,586
Services and other operating expenditures	11,253,470	17,686,134	12,722,277	4,963,857
Capital outlay	86,100	255,627	458,379	(202,752)
Other outgo				
Excluding transfers of indirect costs	969,359	969,359	977,896	(8,537)
Transfers of indirect costs	(205,134)	(205,787)	(166,641)	(39,146)
Total Expenditures	72,400,380	80,130,987	73,538,841	6,592,146
Excess (Deficiency) of Revenues Over Expenditures	(4,237,442)	(2,168,427)	7,436,631	9,605,058
Other Financing Sources (Uses)				
Transfers out	-	-	(245,517)	(245,517)
Net Financing Sources (Uses)	-	-	(245,517)	(245,517)
NET CHANGE IN FUND BALANCE	(4,237,442)	(2,168,427)	7,191,114	9,359,541
Fund Balance - Beginning	16,532,776	16,532,776	16,532,776	-
Fund Balance - Ending	$ 12,295,334	$ 14,364,349	$ 23,723,890	$ 9,359,541

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- Revenues for Medi-Cal Billing Option and Medi-Cal Administrative Activities are presented as federal revenues in this schedule, while these amounts have been reclassified as local revenues in the Statement of Revenues, Expenditures, and Changes in Fund Balance.
- The amounts in the Statement of Revenues, Expenditures, and Changes in Fund Balance include the financial activity of the Special Reserve Fund for Other Than Capital Projects in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- In addition, the audit adjustment made in accordance with GASB Statement No. 31 is not included in the actual revenues reported in this schedule.

See accompanying notes to required supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability					
Service cost	$ 958,145	$ 835,893	$ 946,188	$ 858,131	$ 762,141
Interest on total OPEB liability	355,317	408,739	597,217	591,158	598,076
Difference between expected and actual experience	-	(6,235,035)	-	(123,902)	-
Changes of assumptions	(3,552,774)	2,448,490	1,871,982	484,854	-
Benefits payments	(735,366)	(710,347)	(761,054)	(798,155)	(757,120)
Net change in total OPEB liability	(2,974,678)	(3,252,260)	2,654,333	1,012,086	603,097
Total OPEB liability - beginning	17,913,889	21,166,149	18,511,816	17,499,730	16,896,633
Total OPEB liability - ending	$ 14,939,211	$ 17,913,889	$ 21,166,149	$ 18,511,816	$ 17,499,730
Covered-employee payroll	$ 42,296,205	$ 41,230,141	$ 40,840,924	$ 41,347,007	$ 41,139,526
District's total OPEB liability as a percentage of covered-employee payroll	35.32%	43.45%	51.83%	44.77%	42.54%

See accompanying notes to required supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.056%	0.053%	0.056%	0.056%	0.060%	0.064%	0.066%	0.064%
District's proportionate share of the net pension liability	$ 25,259,070	$ 51,777,656	$ 50,277,509	$ 51,861,392	$ 55,119,497	$ 51,848,255	$ 44,547,453	$ 37,626,542
State's proportionate share of the net pension liability associated with the District	12,709,649	26,691,171	27,429,959	29,693,217	32,608,495	29,520,633	23,560,628	22,356,679
Total	$ 37,968,719	$ 78,468,827	$ 77,707,468	$ 81,554,609	$ 87,727,992	$ 81,368,888	$ 68,108,081	$ 59,983,221
District's covered payroll	$ 29,639,319	$ 29,382,565	$ 30,163,875	$ 30,662,313	$ 31,200,522	$ 34,071,905	$ 34,253,134	$ 28,678,691
District's proportionate share of the net pension liability as a percentage of its covered payroll	85.2%	176.2%	166.7%	169.1%	176.7%	152.2%	130.1%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying notes to required supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.069%	0.067%	0.067%	0.071%	0.076%	0.078%	0.079%	0.080%
District's proportionate share of the net pension liability	$ 13,938,962	$ 20,459,348	$ 19,642,234	$ 19,023,505	$ 18,257,618	$ 15,395,737	$ 11,675,570	$ 9,027,264
District's covered payroll	$ 10,019,217	$ 9,685,355	$ 9,353,966	$ 9,516,897	$ 9,648,299	$ 9,382,318	$ 8,778,115	$ 8,347,439
District's proportionate share of the net pension liability as a percentage of its covered payroll	139.1%	211.2%	210.0%	199.9%	189.2%	164.1%	133.0%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying notes to required supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 5,174,928	$ 4,768,166	$ 4,991,337	$ 4,872,849	$ 4,333,547	$ 3,968,141	$ 3,655,917	$ 3,041,677
Contributions in relation to the contractually required contribution*	(5,174,928)	(4,768,166)	(4,991,337)	(4,872,849)	(4,333,547)	(3,968,141)	(3,655,917)	(3,041,677)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 30,489,928	$ 29,639,319	$ 29,382,565	$ 30,163,875	$ 30,662,313	$ 31,200,522	$ 34,071,905	$ 34,253,134
Contributions as a percentage of covered payroll	16.97%	16.09%	16.99%	16.15%	14.13%	12.72%	10.73%	8.88%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 2,266,987	$ 2,041,784	$ 1,918,478	$ 1,688,921	$ 1,473,091	$ 1,347,185	$ 1,111,524	$ 1,033,272
Contributions in relation to the contractually required contribution*	(2,266,987)	(2,041,784)	(1,918,478)	(1,688,921)	(1,473,091)	(1,347,185)	(1,111,524)	(1,033,272)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 9,875,967	$ 10,019,217	$ 9,685,355	$ 9,353,966	$ 9,516,897	$ 9,648,299	$ 9,382,318	$ 8,778,115
Contributions as a percentage of covered payroll	22.95%	20.38%	19.81%	18.06%	15.48%	13.96%	11.85%	11.77%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Total OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for OPEB.

Changes in Assumptions

The discount rate increased from 1.92% to 3.69% since the previous OPEB measurement.

Schedule of the District's Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2022, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Classified salaries	$ 8,982,588	$ 9,147,995	$ 165,407
Employee benefits	$ 15,259,956	$ 15,535,059	$ 275,103
Capital outlay	$ 255,627	$ 458,379	$ 202,752
Other outgo			
Excluding transfers of indirect costs	$ 969,359	$ 977,896	$ 8,537

SUPPLEMENTARY INFORMATION

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education:			
Title I, Part A			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 638,746
Comprehensive Support and Improvement for LEAs	84.010	15438	166,956
Subtotal Title I, Part A			805,702
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	142,079
Title III, English Learner Student Program	84.365	14346	212,821
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	56,124
Special Education Cluster **[1]**			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	939,450
Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	12,290
ARP IDEA Part B, Sec 611, Local Assistance Entitlement	84.027	15638	203,854
ARP IDEA Part B, Sec. 611, Local Assistance Private School ISPs	84.027	10169	2,667
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	64,031
ARP IDEA Part B, Sec 619, Preschool Grants	84.173	15639	18,463
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	34,343
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	237
Subtotal Special Education Cluster			1,275,335
Strengthening Career and Technical Education for the 21st Century (Perkins V)	84.048	14894	34,817
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants: **[1]**			
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425	15536	42
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	701,450
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	2,660,156
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	660,702
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425	15618	584,339
Expanded Learning Opportunities (ELO) Grant GEER II	84.425	15619	134,111
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	95,669
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	59,219
Subtotal Education Stabilization Fund Discretionary Grants			4,895,688
Total U. S. Department of Education			7,422,566
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
COVID-19 Emergency Acts Funding/Extending Summer Food Service Program and SSO:			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	6,885
School Breakfast Program - Needy	10.553	13526	1,009,050
National School Lunch Program	10.555	13391	2,646,721
USDA Commodities **[2]**	10.555	*	209,408
Subtotal Child Nutrition Cluster			3,872,064
Pandemic EBT Local Administrative Grant	10.649	15644	3,063
Passed through California Department of Social Services:			
CACFP Claims - Centers and Family Day Care	10.558	13393	93,104
Total U. S. Department of Agriculture			3,968,231
Total Federal Expenditures			$ 11,390,797

[1] - Major Program
[2] - In-Kind Contribution
* - Pass-Through Entity Identifying Number not available or not applicable

See accompanying note to supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2022

	Original Second Period Report	Revised Second Period Report	Original Annual Report	Revised Annual Report
	Data ID 272CE283	N/A*	Data ID E1BCE5F	N/A*
SCHOOL DISTRICT				
TK/K through Third				
Regular ADA	1,467.98	1,419.09	1,471.71	1,423.09
Extended Year Special Education	3.14	3.14	3.14	3.14
Special Education - Nonpublic Schools	0.99	0.99	0.98	0.98
Extended Year Special Education - Nonpublic Schools	0.11	0.11	0.11	0.11
Total TK/K through Third	1,472.22	1,423.33	1,475.94	1,427.32
Fourth through Sixth				
Regular ADA	1,010.52	984.70	1,012.08	986.74
Extended Year Special Education	1.67	1.67	1.67	1.67
Special Education - Nonpublic Schools	2.73	2.73	2.89	2.89
Extended Year Special Education - Nonpublic Schools	0.09	0.09	0.09	0.09
Total Fourth through Sixth	1,015.01	989.19	1,016.73	991.39
Seventh through Eighth				
Regular ADA	640.54	629.25	640.41	629.06
Total Seventh through Eighth	640.54	629.25	640.41	629.06
Ninth through Twelfth				
Regular ADA	1,588.43	1,572.99	1,571.18	1,555.37
Special Education - Nonpublic Schools	3.40	3.40	4.77	4.77
Extended Year Special Education - Nonpublic Schools	0.21	0.21	0.21	0.21
Total Ninth through Twelfth	1,592.04	1,576.60	1,576.16	1,560.35
TOTAL SCHOOL DISTRICT	4,719.81	4,618.37	4,709.24	4,608.12

*There is no certificate number associated with the revised attendance report as the amounts are derived from a finding. See Finding #2022-002 for additional information.

See accompanying note to supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2022

Grade Level	Minutes Requirement	2021-22 Actual Minutes	Number of Days	Status
Kindergarten	36,000	54,750	180	Complied
Grade 1	50,400	51,066	180	Complied
Grade 2	50,400	51,066	180	Complied
Grade 3	50,400	51,066	180	Complied
Grade 4	54,000	54,516	180	Complied
Grade 5	54,000	54,516	180	Complied
Grade 6	54,000	54,516	180	Complied
Grade 7	54,000	62,014	180	Complied
Grade 8	54,000	62,014	180	Complied
Grade 9	64,800	64,977	180	Complied
Grade 10	64,800	64,977	180	Complied
Grade 11	64,800	64,977	180	Complied
Grade 12	64,800	64,977	180	Complied

See accompanying note to supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

	2023 (Budget)	2022	2021	2020
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	$ 67,627,674	$ 80,975,472	$ 77,956,563	$ 67,352,694
Expenditures And Other Financing Uses	69,984,409	73,784,358	68,769,346	65,732,791
Net change in Fund Balance	$ (2,356,735)	$ 7,191,114	$ 9,187,217	$ 1,619,903
Ending Fund Balance	$ 21,367,155	$ 23,723,890	$ 18,195,242	$ 8,628,439
Available Reserves*	$ 16,698,391	$ 15,786,932	$ 11,962,604	$ 7,851,955
Available Reserves As A Percentage Of Outgo	23.86%	21.40%	17.40%	11.95%
Long-term Liabilities	$ 140,781,968	$ 148,793,119	$ 189,955,962	$ 196,296,829
Average Daily Attendance At P-2***	4,818	4,720	5,483	5,483

The General Fund balance has increased by $15,095,451 over the past two years. The fiscal year 2022-23 budget projects a decrease of $2,356,735. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2022-23 fiscal year. Total long-term obligations have decreased by $47,503,710 over the past two years.

Average daily attendance has decreased by 763 ADA over the past two years. An increase of 98 ADA is anticipated during the 2022-23 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects in accordance with the fund type definitions promulgated by GASB Statement No. 54. In addition, the audit adjustment made in accordance with GASB Statement No. 31 is not included in the actual revenues reported in this schedule.

***Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

See accompanying note to supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Internal Service Fund
June 30, 2022, annual financial and budget report fund balance/net position	$ 23,723,890	$ 94,583	$ 588,194	$ 1,977,908	$ 2,325,280	$ 494,693	$ 16,827,210	$ 9,284,609	$ 9,501,517	$ 4,378,222
Adjustments and reclassifications:										
Increase (decrease) in total fund balances:										
Fair value adjustment (GASB 31)	(568,538)	(2,668)	(8,819)	(35,496)	-	(29,535)	(414,380)	(230,292)	(229,347)	-
Fund balance transfer (GASB 54)	2,325,280	-	-	-	(2,325,280)	-	-	-	-	(105,056)
Net adjustments and reclassifications	1,756,742	(2,668)	(8,819)	(35,496)	(2,325,280)	(29,535)	(414,380)	(230,292)	(229,347)	(105,056)
June 30, 2022, audited financial statement fund balance/net position	$ 25,480,632	$ 91,915	$ 579,375	$ 1,942,412	$ -	$ 465,158	$ 16,412,830	$ 9,054,317	$ 9,272,170	$ 4,273,166

See accompanying note to supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2022

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds
ASSETS					
Cash and investments	$ 107,738	$ 371,665	$ 1,445,732	$ 1,191,538	$ 3,116,673
Accounts receivable	143	12,603	536,973	2,148	551,867
Due from other funds	53	245,517	242	-	245,812
Stores inventory	-	-	108,385	-	108,385
Total Assets	$ 107,934	$ 629,785	$ 2,091,332	$ 1,193,686	$ 4,022,737
LIABILITIES					
Accrued liabilities	$ 5,722	$ 90	$ 42,675	$ 728,528	$ 777,015
Due to other funds	10,297	50,320	106,245	-	166,862
Total Liabilities	16,019	50,410	148,920	728,528	943,877
FUND BALANCES					
Non-spendable	-	-	108,385	-	108,385
Restricted	91,915	579,375	1,834,027	465,158	2,970,475
Total Fund Balances	91,915	579,375	1,942,412	465,158	3,078,860
Total Liabilities and Fund Balances	$ 107,934	$ 629,785	$ 2,091,332	$ 1,193,686	$ 4,022,737

See accompanying note to supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds
REVENUES					
Federal sources	$ -	$ 93,104	$ 3,875,127	$ -	$ 3,968,231
Other state sources	224,444	-	265,267	-	489,711
Other local sources	22,453	556,484	25,484	2,148	606,569
Total Revenues	246,897	649,588	4,165,878	2,148	5,064,511
EXPENDITURES					
Current					
Instruction	92,804	441,951	-	-	534,755
Instruction-related services					
School site administration	96,122	196,257	-	-	292,379
Pupil services					
Food services	-	92,599	3,008,161	-	3,100,760
General administration					
All other general administration	10,244	50,320	106,077	-	166,641
Plant services	9,115	5,888	145,549	127,118	287,670
Facilities acquisition and construction	-	-	-	5,851,305	5,851,305
Enterprise activities	-	-	1,767	-	1,767
Total Expenditures	208,285	787,015	3,261,554	5,978,423	10,235,277
Excess (Deficiency) of Revenues Over Expenditures	38,612	(137,427)	904,324	(5,976,275)	(5,170,766)
Other Financing Sources (Uses)					
Transfers in	-	245,517	200,000	-	445,517
Transfers out	-	(200,000)	-	-	(200,000)
Net Financing Sources (Uses)	-	45,517	200,000	-	245,517
NET CHANGE IN FUND BALANCE	38,612	(91,910)	1,104,324	(5,976,275)	(4,925,249)
Fund Balance - Beginning	53,303	671,285	838,088	6,441,433	8,004,109
Fund Balance - Ending	$ 91,915	$ 579,375	$ 1,942,412	$ 465,158	$ 3,078,860

See accompanying note to supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2022

Newark Unified School District, a political subdivision of the State of California, was established in 1964. The District operates seven elementary schools (grades TK-6), one junior high school (grades 7-8), one high school (grades 9-12), one independent study school, one continuation school and one adult education center. There were no changes to District boundaries for the current year.

GOVERNING BOARD

Member	Office	Term Expires
Phuong Nguyen	President	2024
Terrence Grindall	Vice President & Clerk	2022
Aiden Hill	Member	2024
Bowen Zhang	Member	2024
Elisa Martinez	Member	2022

DISTRICT ADMINISTRATORS

Mark Triplett, Ed. D.
Superintendent

Marie de la Cruz
Chief Business Official

Nicole Pierce-Davis
Associate Superintendent of Education Services

Cathreene Ingham-Watters
Executive Director of Human Resources

Kim Lola
Director of Fiscal Services

See accompanying note to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Combining Statements – Non-Major Funds

These statements provide information on the District’s non-major funds.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

OTHER INDEPENDENT AUDITORS' REPORTS

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*

Independent Auditors' Report

Governing Board
Newark Unified School District
Newark, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Newark Unified School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Newark Unified School District's basic financial statements, and have issued our report thereon dated November 30, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Newark Unified School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Newark Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Newark Unified School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding #2022-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Newark Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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Newark Unified School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Newark Unified School District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Newark Unified School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



San Diego, California
November 30, 2022

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

Governing Board
Newark Unified School District
Newark, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Newark Unified School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Newark Unified School District's major federal programs for the year ended June 30, 2022. Newark Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Newark Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Newark Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of Newark Unified School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Newark Unified School District's federal programs.

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Auditor's Responsibilities for the Audit for Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Newark Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about Newark Unified School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Newark Unified School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Newark Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Newark Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control Over Compliance (continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



San Diego, California
November 30, 2022

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Governing Board
Newark Unified School District
Newark, California

Report on State Compliance

Opinion on State Compliance

We have audited Newark Unified School District's compliance with the types of compliance requirements described in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Newark Unified School District's state programs for the fiscal year ended June 30, 2022, as identified below.

In our opinion, Newark Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the applicable state programs for the year ended June 30, 2022.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of Newark Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on state compliance. Our audit does not provide a legal determination of Newark Unified School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Newark Unified School District's state programs.

Auditor's Responsibilities for the Audit of State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Newark Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about Newark Unified School District's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* and the K-12 Audit Guide, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Newark Unified School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Newark Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Newark Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine Newark Unified School District's compliance with the state laws and regulations related to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable

Auditor's Responsibilities for the Audit of State Compliance (continued)

PROGRAM NAME	PROCEDURES PERFORMED
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
In-Person Instruction Grant	Yes
Charter Schools	
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for continuation education because program ADA is not material. The term "Not Applicable" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies or material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings #2022-002 and #2022-003. Our opinion on state compliance is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Newark Unified School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Newark Unified School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of State Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
November 30, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NEWARK UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2022

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No
Identification of major programs:	

AL Number(s)	Name of Federal Program or Cluster
84.027, 84.027A, 84.173, 84.173A	Special Education Cluster
84.425, 84.425U	Education Stabilization Fund Discretionary Grants

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with *2021-22 Guide for Annual Audits of California K-12 Local Education Agencies* ?	Yes
Type of auditors' report issued on compliance for state programs:	Unmodified

NEWARK UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

FIVE DIGIT CODE	AB 3627 FINDING TYPE
20000	Inventory of Equipment
30000	Internal Control

FINDING #2022-001: INTERNAL CONTROLS OVER CASH DISBURSEMENTS (30000)

Criteria: Expenditures processed through the warrant disbursement process should include proper pre-approval prior to the expense being incurred, including adherence to any District policies related to procurement and contracts. Funds should be encumbered for proper budgetary purposes prior to purchases of goods or services.

Condition: During our testing of internal control procedures related to cash disbursements at the district level we noted deficiencies in internal controls regarding best business practices. We noted six (6) out of 52 disbursements tested had purchase orders dated after the invoice date.

Effect: The possibility to circumvent the procurement process without proper pre-approval and not encumber funds or obtain required approvals. Potential for misappropriation of District funds and errors in accounting records related to expenditures.

Cause: Inadequate controls and monitoring over the cash disbursement cycle. Supporting documentation for expenditures was kept in multiple locations within the District Office rather than one centralized location.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that all purchases be substantiated by approved purchase orders prior to the expense being incurred, including adherence to District policies related to procurement and contract approvals.

Corrective Action Plan: The Business Office will provide annual training regarding purchasing procedures and policies to staff. Vendors will be provided with a guide to district purchasing policies and procedures to deter them from fulfilling orders without properly authorized purchase orders. This guide will also be posted on the district website. Periodic reminders will be communicated to staff to reinforce the purchasing policy and that purchase orders are required prior to receiving goods and services.

NEWARK UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

FIVE DIGIT CODE	AB 3627 FINDING TYPE
50000	Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2022.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINDING #2022-002: INDEPENDENT STUDY (10000)

Criteria: For attendance generated through independence study, all independent study written agreements must contain the signature of the pupil, pupil's parent/guardian, and certificated employee, affixed no later than 30 days after the first day of independent study instruction or October 15, whichever date comes later (Education Code Section 51747(g)(9)(F)).

Condition: Auditors determined that nine (9) out of twelve independent study agreements in the initial sample from the Crossroads Independent Study Program did not contain all the required elements outlined in Education Code Section 51747(g)(9)(F) with regard to signatures and dates. This error rate was extrapolated across the population of the independent study program to project the total amount of ADA that was inappropriately reported. Therefore, this proportion of the total average daily attendance (ADA) credited in the P2 and Annual reporting periods, 135.82 and 135.38, respectively, is projected to be unallowable. This represents a reduction in independent study ADA of 101.87 for P2, and 101.54 for Annual.

Effect: Loss of apportionment funding for days of attendance related to incomplete and deficient independent study agreements.

Cause: Clerical oversight.

Questioned Costs: $1,001,824, as calculated using the Second Period Report ADA column in the table below. The District's Second Period and Annual Attendance Reports have not been revised to reflect the Revised Second Period and Revised Annual columns shown in the Schedule of Average Daily Attendance.

Grade Span	Second Period Report ADA (Over)/Under Statement	Annual Period Report ADA (Over)/Under Statement	Derived Value of ADA	Questioned Cost
TK/Kindergarten through 3rd	(49.10)	(48.82)	$ 9,907	$ (486,440)
4th through 6th	(25.93)	(25.45)	$ 9,109	(236,191)
7th through 8th	(11.34)	(11.39)	$ 9,378	(106,349)
9th through 12th	(15.50)	(15.88)	$ 11,151	(172,844)
	(101.87)	(101.54)		$ (1,001,824)

There is no question cost related to the error noted for the Annual Attendance Report since the District is not funded on Annual Attendance.

(continued on the following page)

FINDING #2022-002: INDEPENDENT STUDY (10000) (continued)

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District implement adequate procedures to ensure that independent study contracts are being completed with all the necessary information required by Education Code.

Corrective Action Plan: Parents and students will be informed of the requirement for parent and student signature upon enrollment by the Office Manager. This will be via email and phone call. Communications will be sent by the Principal via email. The Principal will host bilingual virtual group meetings regarding independent study enrollment procedures and signature requirements. Students will be required to sign contracts in person. The Office Manager confirms that all signatures are complete before students are assigned to classes.

If the program returns to in-person instruction in the near future, in-person signing meetings will resume. The student and parent meet with the Alternative Education Counselor and Principal to review the master agreement and provide wet signatures as part of the enrollment process.

FINDING #2022-003: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria: Students classified as free or reduced-price meal eligible (FRPM) and who are not directly certified on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report must have supporting documentation that indicates the student was eligible for the determination. In addition, students classified as English learners (EL) must have supporting documentation to indicate that the student is appropriately classified as EL. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b) in Section W of the 2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

Condition: One (1) out of 60 students tested from the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report who were classified as only FRPM and non-EL did not have appropriate supporting documentation on file to justify their FRPM designation in CALPADS. To determine the projected audit adjustment, we applied the error rate across this segment of the unduplicated pupil count population for a total audit adjustment of nine (9).

Effect: The District is not in compliance with applicable State requirements.

Cause: Misclassification of students in the student information system from which CALPADS reporting is derived.

(continued on the following page)

FINDING #2022-003: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (continued)

Questioned Costs: $4,966, as calculated below.

Item Number	Calculating the Cost of LCFF Unduplicated Pupil Count Audit Finding	Data Input and Calculated Fields
1	Total Adjusted Enrollment from the UPP exhibit as of P-2	16,301
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2	8,868
3	Audit Adjustment - Number of Enrollment	-
4	Audit Adjustment - Number of Unduplicated Pupil Count	(9)
5	Revised Adjusted Enrollment	16,301
6	Revised Adjusted Unduplicated Pupil Count	8,859
7	UPP calculated as of P-2	0.5440
8	Revised UPP for audit finding	0.5435
9	**Charter Schools Only:** Determinative School District Concentration Cap	-
10	Revised UPP adjusted for Concentration Cap	0.5435
11	Supplemental and Concentration Grant TK/K–3 ADA	1,758.81
12	Supplemental and Concentration Grant 4–6 ADA	1,134.14
13	Supplemental and Concentration Grant 7–8 ADA	856.35
14	Supplemental and Concentration Grant 9–12 ADA	1,729.34
15	Adjusted Base Grant per TK/K–3 ADA	$ 8,935
16	Adjusted Base Grant per 4–6 ADA	$ 8,215
17	Adjusted Base Grant per 7–8 ADA	$ 8,458
18	Adjusted Base Grant per 9–12 ADA	$ 10,057
19	Supplemental Grant Funding calculated as of P-2	$ 5,403,759
20	Revised Supplemental Grant Funding for audit finding	$ 5,398,793
21	Supplemental Grant Funding audit adjustment	$ (4,966)
22	Concentration Grant Funding calculated as of P-2	$ -
23	Revised Concentration Grant Funding for audit finding	$ -
24	Concentration Grant Funding audit adjustment	$ -
25	Total Supplemental and Concentration audit adjustment	$ (4,966)

Repeat Finding: Yes, this finding partially related to the conditions noted in Finding #2021-001.

Recommendation: We recommend that the District ensure that there are proper controls over FRPM and EL designations in the student information system in order to strengthen the accuracy of CALPADS reporting. This should include adequate supporting documentation to verify the status of FRPM and EL designations reported in CALPADS.

Corrective Action Plan: The Administrative Assistant for the CBO and the Director of Child Nutrition Services will work together with the CNS Technician to develop a process to double check the entries and supporting documentation for free and reduced meal eligibility.

NEWARK UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

FINDING #2021-001: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria: Students classified as free or reduced-price meal eligible (FRPM) and who are not directly certified on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report must have supporting documentation that indicates the student was eligible for the determination. In addition, students classified as English learners (EL) must have supporting documentation to indicate that the student is appropriately classified as EL. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b) in Section W of the 2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

Condition: 44 out of 60 students tested from the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report who were classified as only FRPM and non-EL did not have appropriate supporting documentation on file to justify the FRPM designation. To determine the projected audit adjustment, we applied the error rate across this segment of the unduplicated pupil count population for a total audit adjustment of 778.

Effect: The District is not in compliance with applicable State requirements.

Cause: Misclassification of students in the student information system from which CALPADS reporting is derived.

Questioned Costs: $436,131.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District ensure that there are proper controls over FRPM and EL designations in the student information system in order to strengthen the accuracy of CALPADS reporting. This should include adequate supporting documentation to verify the status of FRPM and EL designations reported in CALPADS.

Corrective Action Plan: The District Technology Department staff will work closely with Edupoint, the District's attendance software provider, to ensure proper controls are set in place and the process for importing the data from the child nutrition system goes through a proper validation process. The process for exporting and importing data will be documented by the Technology department. The Child Nutrition Services (CNS) and Technology staff will work closely with the CNS system software provider, Mosaic, to ensure the data exported out of the system is accurate. The CNS department and Technology department staff will work closely together to review and ensure the data import and the data reported to CALPADS are accurate.

Current Status: Partially implemented. See Finding #2022-003.

FINDING #2021- 002: TEACHER CERTIFICATIONS (71000)

Criteria: Any person rendering service as a teacher in kindergarten or grades 1 to 12, inclusive, must have a valid certification document per Education Code Section 45037.

FINDING #2021- 002: TEACHER CERTIFICATIONS (71000) (continued)

Condition: During our testing of a representative sample of teachers for proper credentialing, we identified two teachers at Newark Memorial High School operating under expired certification documents.

Cause: Inadequate controls over monitoring of teacher certification documents.

Effect: Two teachers were operating under expired certification documents. One teacher operated under an expired credential for the entirety of the 2020-21 school year, while the other teacher operated under an expired credential for the final 22 days of the 2020-21 school year.

Questioned Cost: $221,745.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the District implement appropriate controls to ensure that all teachers have current certification documents and are renewing their certifications as necessary.

Corrective Action Plan: Step 1: When a teacher is onboarded as a new hire, her/his credential is checked and formally verified by HR through the CA Commission on Teacher Credentialing (CCTC). The verification is printed and a copy placed in the personnel file of the new hire. In addition, the credential information is entered into an HR confidential data base that is the running record used by Human Resources to track expiration dates of all credentials in NUSD.

Step 2: Each year on the day prior to the first day of school, the credential running record document will be printed and carefully reviewed to ensure that all credentials are up-to-date.

Step 3: On the first workday of each month, the Manager of HR Certificated will check the credential running record to review and confirm that any and all credentials are intact and to prepare notices for any certificated staff whose credential will expire within the next three months.

Step 4: Three months prior to a credential expiring, the Manager of HR Certificated will email a letter to the certificated employee (with cc's to her/his supervisor, her/his union president, and the Executive Director of HR), notifying her/him of the impending credential expiration date. In addition, the email will specify how to renew the credential, whom to notify in HR when the credential renewal is completed, and will offer contact and support information from Human Resources.

Step 5: If the certificated employee has not notified and verified with HR that the credential renewal process has been completed one month prior to the credential expiring, the Manager of HR Certificated will issue a certified letter to the employee (with cc's to the employee's supervisor, union president and Executive Director of HR). The letter will state that HR has not received notification of the credential renewal and that if the credential expires, the employee will be placed on unpaid leave until such time as the credential is renewed.

FINDING #2021- 002: TEACHER CERTIFICATIONS (71000) (continued)

Corrective Action Plan (continued): Step 6: If the employee has not completed the renewal and notified HR by two weeks prior to the credential expiring, a second and final certified letter will be prepared by the Manager of HR Certificated and issued to the employee by the Executive Director of HR (with cc's to the supervisor and union president) reiterating the placement on unpaid leave if the deadline is not met.

Current Status: Implemented.

FINDING #2021-003: INSTRUCTIONAL MATERIALS PUBLIC HEARING (70000)

Criteria: California Education Code Section 60119 requires the governing board of each local education agency (LEA) to hold a public hearing and make a determination through a resolution, as to whether each pupil has sufficient textbooks or instructional materials on or before the end of the eighth week from the first day of school for that year. In addition, this section requires the LEA to post notices of public hearing at least ten days prior to the hearing in three public places.

Condition: During our compliance testing of this area, we determined the District did not post the related notices of public hearing at least ten days prior to the public hearing for sufficiency of instructional materials. The information provided to auditors indicated that the public notice was posted in three public locations on September 25, 2020, while the board meeting in which the public hearing took place was held on October 1, 2020.

Effect: The District is not in compliance with California Education Code Section 60119 as sufficient notice was not provided to the public.

Cause: Administrative oversight.

Questioned Costs: None. There is no funding directly related to the sufficiency of instructional materials public hearing and board resolution.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District implement procedures to ensure compliance with Education Code requirements regarding the sufficiency of instructional materials public hearing notice.

Corrective Action Plan: The public hearing agenda item will be added to the annual Board Governance calendar. Training will be provided to staff to ensure public posting requirements are in compliance with the Education Code

Current Status: Implemented.