NEWARK UNIFIED SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2023

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, 2023, 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, 2023, 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 December 6, 2023 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
December 6, 2023

NEWARK UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

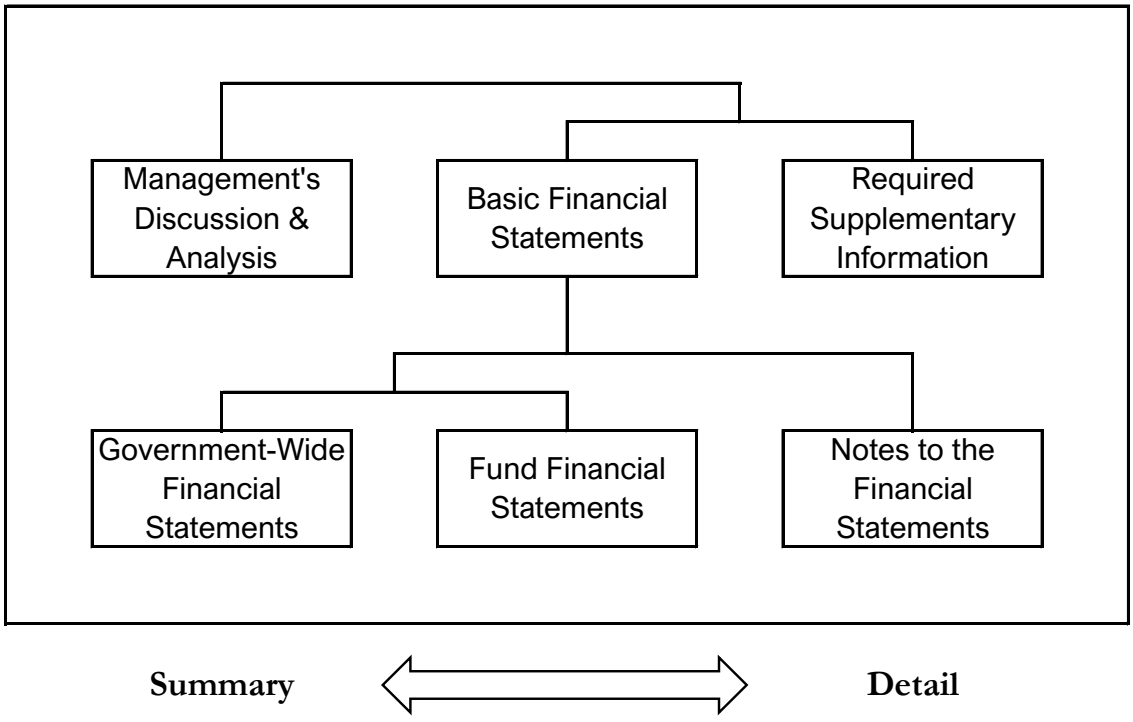
Our discussion and analysis of Newark Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was $595,282 at June 30, 2023. This was an increase of $23,051,003 from the prior year.
- Overall revenues were $104,466,863 which exceeded expenses of $81,415,860.

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 $595,282 at June 30, 2023, as reflected in the table below. Of this amount, $(56,881,508) 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		
	2023	2022	Net Change
ASSETS			
Current and other assets	$ 87,709,513	$ 74,726,946	$ 12,982,567
Capital assets	78,826,172	82,574,107	(3,747,935)
Total Assets	166,535,685	157,301,053	9,234,632
DEFERRED OUTFLOWS OF RESOURCES	20,633,795	16,659,186	3,974,609
LIABILITIES			
Current liabilities	18,418,291	16,029,357	2,388,934
Long-term liabilities	152,676,258	140,781,968	11,894,290
Total Liabilities	171,094,549	156,811,325	14,283,224
DEFERRED INFLOWS OF RESOURCES	15,479,649	39,605,265	(24,125,616)
NET POSITION			
Net investment in capital assets	7,362,899	5,793,382	1,569,517
Restricted	50,113,891	42,584,708	7,529,183
Unrestricted	(56,881,508)	(70,833,811)	13,952,303
Total Net Position	$ 595,282	$ (22,455,721)	$ 23,051,003

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		
	2023	2022	Net Change
REVENUES			
Program revenues			
Charges for services	$ 1,427,900	$ 2,117,930	$ (690,030)
Operating grants and contributions	25,835,098	19,160,277	6,674,821
General revenues			
Property taxes	47,701,882	43,524,059	4,177,823
Unrestricted federal and state aid	28,125,650	26,526,793	1,598,857
Other	1,376,333	355,049	1,021,284
Total Revenues	104,466,863	91,684,108	12,782,755
EXPENSES			
Instruction	42,033,626	40,517,308	1,516,318
Instruction-related services	7,104,286	6,501,883	602,403
Pupil services	10,573,886	9,324,287	1,249,599
General administration	6,072,031	4,835,943	1,236,088
Plant services	10,420,508	9,654,689	765,819
Ancillary services	924,118	789,744	134,374
Debt service	3,311,094	4,106,095	(795,001)
Other outgo	978,542	977,896	646
Enterprise activities	(2,231)	3,849	(6,080)
Total Expenses	81,415,860	76,711,694	4,704,166
Change in net position	23,051,003	14,972,414	8,078,589
Net Position - Beginning	(22,455,721)	(37,428,135)	14,972,414
Net Position - Ending	$ 595,282	$ (22,455,721)	$ 23,051,003

The cost of all our governmental activities this year was $81,415,860 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was $47,701,882 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	
	2023	2022
Instruction	$ 29,330,607	$ 32,041,433
Instruction-related services	5,081,125	4,742,972
Pupil services	3,814,393	3,561,404
General administration	3,794,549	4,016,494
Plant services	9,323,875	7,532,946
Ancillary services	554,830	580,419
Debt service	3,311,094	4,106,095
Transfers to other agencies	(1,055,380)	(1,152,125)
Enterprise activities	(2,231)	3,849
Total	$ 54,152,862	$ 55,433,487

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 $74,279,646 which is more than last year's ending fund balance of $63,298,809. The District's General Fund had $11,259,879 more in operating revenues than expenditures for the year ended June 30, 2023. The District's Capital Facilities Fund had $989,784 less in operating revenues than expenditures for the year ended June 30, 2023. The District's Special Reserve Fund for Capital Outlay Projects had $427,441 less in operating revenues than expenditures for the year ended June 30, 2023. In addition, the District's Bond Interest and Redemption Fund had $815,912 more in operating revenues than expenditures for the year ended June 30, 2023.

CURRENT YEAR BUDGET 2022-2023

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 2022-2023 the District had invested $78,826,172 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2023	2022	Net Change
CAPITAL ASSETS			
Land	$ 1,971,656	$ 1,971,656	$ -
Construction in progress	13,495,764	12,182,982	1,312,782
Land improvements	12,346,566	10,290,165	2,056,401
Buildings & improvements	168,217,423	167,788,094	429,329
Furniture & equipment	3,915,983	3,672,905	243,078
Less: Accumulated depreciation	(121,121,220)	(113,331,695)	(7,789,525)
Total	$ 78,826,172	$ 82,574,107	$ (3,747,935)

Long-Term Liabilities

At year-end, the District had $152,676,258 in long-term liabilities. This was an increase of 8.45% 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		
	2023	2022	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	$ 87,235,982	$ 93,992,512	$ (6,756,530)
Compensated absences	661,611	663,364	(1,753)
Total OPEB liability	14,811,432	14,939,211	(127,779)
Net pension liability	58,675,127	39,198,032	19,477,095
Less: current portion of long-term liabilities	(8,707,894)	(8,011,151)	(696,743)
Total	$ 152,676,258	$ 140,781,968	$ 11,894,290

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 June 2023 quarterly report, the UCLA Anderson Forecast stated the U.S. economy was not in a recession yet, but the forecast comes with a caution. Anti-inflation actions by the Federal Reserve could still trigger a near-term recession. The Federal Reserve has said that its actions will be dependent on data. If data shows that the labor market continues to remain robust and if another jobs report shows strong growth in payroll employment and inflation remains sticky, the Federal Reserve will likely err on the side of further tightening of monetary policy and thus, a mild recession later this year is the most likely. The Forecast anticipates that there will be a mild impact on the State of California's economy regardless of the Federal Reserve's policy actions. The California unemployment rate averages for 2023, 2024, and 2025 are expected to be 4.1%, 4.0% and 4.0%, respectively, and non-farm payroll jobs are expected to grow at rates of 2.0%, 1.3%, and 1.6%, during the same three years.

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 2023 Budget Revision includes a total Proposition 98 guarantee of $106.8 billion ($77.4 billion General Fund and $29.4 billion local property tax) down from the January 2023 Governor's Budget Proposition 98 guarantee of $108.8 billion ($79.6 billion General Fund and $29.2 billion local property tax). The Proposition 98 Guarantee continues to be in Test 1 for 2022-23 and 2023-24. At May Revision, the 2023-24 cost-of-living adjustment (COLA) is updated to 8.22 percent, the largest COLA in the history of LCFF. Additionally, the May revise saw a reduction of $1.8 billion to the Arts, Music, and Instructional Materials Discretionary Block Grant and a $2.5 billion reduction of the Learning Recovery Emergency Block Grant.

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, 2023. The amount of the liability is material to the financial position of the District. The CalSTRS projected employer contribution rate for 2023-24 is 19.10 percent. The CalPERS projected employer contribution rate for 2023-24 is 26.68 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 2023-24 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, 2023

	Governmental Activities
ASSETS	
Cash and investments	$ 81,433,516
Accounts receivable	5,954,874
Inventory	246,888
Prepaid expenses	74,131
Other current assets	104
Capital assets, not depreciated	15,467,420
Capital assets, net of accumulated depreciation	63,358,752
Total Assets	166,535,685
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	17,510,580
Deferred outflows related to OPEB	2,427,181
Deferred amount on refunding	696,034
Total Deferred Outflows of Resources	20,633,795
LIABILITIES	
Accrued liabilities	9,159,219
Unearned revenue	551,178
Long-term liabilities, current portion	8,707,894
Long-term liabilities, non-current portion	152,676,258
Total Liabilities	171,094,549
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	8,557,848
Deferred inflows related to OPEB	6,921,801
Total Deferred Inflows of Resources	15,479,649
NET POSITION	
Net investment in capital assets	7,362,899
Restricted:	
Capital projects	23,190,853
Debt service	9,458,822
Educational programs	14,757,588
Food service	2,446,119
Associated student body	260,509
Unrestricted	(56,881,508)
Total Net Position	$ 595,282

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

NEWARK UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

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	$ 42,033,626	$ 247,914	$ 12,455,105	$ (29,330,607)
Instruction-related services				
Instructional supervision and administration	2,819,632	8,059	643,720	(2,167,853)
Instructional library, media, and technology	436,987	666	527,409	91,088
School site administration	3,847,667	1,233	842,074	(3,004,360)
Pupil services				
Home-to-school transportation	976,383	-	263,577	(712,806)
Food services	3,295,283	38,679	3,998,216	741,612
All other pupil services	6,302,220	44,716	2,414,305	(3,843,199)
General administration				
Centralized data processing	940,107	-	86,322	(853,785)
All other general administration	5,131,924	3,981	2,187,179	(2,940,764)
Plant services	10,420,508	26,390	1,070,243	(9,323,875)
Ancillary services	924,118	-	369,288	(554,830)
Enterprise activities	(2,231)	-	-	2,231
Interest on long-term debt	3,311,094	-	-	(3,311,094)
Other outgo	978,542	1,056,262	977,660	1,055,380
Total Governmental Activities	$ 81,415,860	$ 1,427,900	$ 25,835,098	(54,152,862)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				35,842,387
Property taxes, levied for debt service				10,625,792
Property taxes, levied for other specific purposes				1,233,703
Federal and state aid not restricted for specific purposes				28,125,650
Interest and investment earnings				636,089
Interagency revenues				300
Miscellaneous				739,944
Subtotal, General Revenue				77,203,865
CHANGE IN NET POSITION				23,051,003
Net Position - Beginning				(22,455,721)
Net Position - Ending				$ 595,282

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

NEWARK UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

	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	$ 38,556,307	$ 16,779,119	$ 8,669,687	$ 10,027,720	$ 2,898,686	$ 76,931,519
Accounts receivable	5,044,777	100,105	51,616	60,362	627,812	5,884,672
Due from other funds	171,483	48,585	-	-	131,136	351,204
Stores inventory	113,130	-	-	-	133,758	246,888
Prepaid expenditures	74,131	-	-	-	-	74,131
Other current assets	104	-	-	-	-	104
Total Assets	$ 43,959,932	$ 16,927,809	$ 8,721,303	$ 10,088,082	$ 3,791,392	$ 83,488,518
LIABILITIES						
Accrued liabilities	$ 6,534,986	$ 1,463,205	$ 94,427	$ -	$ 135,821	$ 8,228,439
Due to other funds	133,257	41,568	-	-	254,430	429,255
Unearned revenue	551,178	-	-	-	-	551,178
Total Liabilities	7,219,421	1,504,773	94,427	-	390,251	9,208,872
FUND BALANCES						
Nonspendable	212,259	-	-	-	133,758	346,017
Restricted	14,210,465	15,423,036	7,767,440	10,088,082	3,267,383	50,756,406
Committed	14,260,884	-	-	-	-	14,260,884
Assigned	409,846	-	859,436	-	-	1,269,282
Unassigned	7,647,057	-	-	-	-	7,647,057
Total Fund Balances	36,740,511	15,423,036	8,626,876	10,088,082	3,401,141	74,279,646
Total Liabilities and Fund Balances	$ 43,959,932	$ 16,927,809	$ 8,721,303	$ 10,088,082	$ 3,791,392	$ 83,488,518

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, 2023

Total Fund Balance - Governmental Funds		$ 74,279,646
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	$ 199,947,392	
Accumulated depreciation	(121,121,220)	78,826,172
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:		696,034
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:		(875,924)
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	$ 87,235,982	
Compensated absences	661,611	
Total OPEB liability	14,811,432	
Net pension liability	58,675,127	(161,384,152)
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	$ 17,510,580	
Deferred inflows of resources related to pensions	(8,557,848)	8,952,732

(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	$ 2,427,181	
Deferred inflows of resources related to OPEB	(6,921,801)	(4,494,620)
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:		4,595,394
Total Net Position - Governmental Activities		$ 595,282

NEWARK UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	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	$ 62,729,114	$ -	$ -	$ -	$ -	$ 62,729,114
Federal sources	3,720,585	-	-	-	2,344,866	6,065,451
Other state sources	17,278,914	-	-	43,391	2,177,682	19,499,987
Other local sources	7,730,778	1,664,992	161,172	10,687,324	232,939	20,477,205
Total Revenues	91,459,391	1,664,992	161,172	10,730,715	4,755,487	108,771,757
EXPENDITURES						
Current						
Instruction	46,021,335	-	-	-	199,109	46,220,444
Instruction-related services						
Instructional supervision and administration	3,502,136	-	-	-	970	3,503,106
Instructional library, media, and technology	250,259	-	-	-	-	250,259
School site administration	4,707,975	-	-	-	120,673	4,828,648
Pupil services						
Home-to-school transportation	929,937	-	-	-	-	929,937
Food services	7,840	-	-	-	3,289,093	3,296,933
All other pupil services	6,995,925	-	-	-	-	6,995,925
General administration						
Centralized data processing	984,554	-	-	-	-	984,554
All other general administration	5,201,705	41,568	-	-	129,409	5,372,682
Plant services	9,158,481	23,562	37,789	-	210,471	9,430,303
Facilities acquisition and construction	427,677	2,589,656	550,824	-	450,806	4,018,963
Ancillary services	1,028,530	-	-	-	-	1,028,530
Enterprise activities	4,616	-	-	-	32,675	37,291
Transfers to other agencies	978,542	-	-	-	-	978,542
Debt service						
Principal	-	-	-	5,707,959	-	5,707,959
Interest and other	-	-	-	4,206,844	-	4,206,844
Total Expenditures	80,199,512	2,654,786	588,613	9,914,803	4,433,206	97,790,920
NET CHANGE IN FUND BALANCE	11,259,879	(989,794)	(427,441)	815,912	322,281	10,980,837
Fund Balance - Beginning	25,480,632	16,412,830	9,054,317	9,272,170	3,078,860	63,298,809
Fund Balance - Ending	$ 36,740,511	$ 15,423,036	$ 8,626,876	$ 10,088,082	$ 3,401,141	$ 74,279,646

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, 2023

Net Change in Fund Balances - Governmental Funds		$ 10,980,837
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:	$ 4,213,833	
Depreciation expense:	(7,958,489)	(3,744,656)
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:		5,707,959
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:		(140,132)
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:		(3,279)
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:		(12,689)
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.		847,420

(continued on the following page)

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:	1,753
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:	145,249
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:	8,745,162
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:	201,151
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 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:	322,228
Change in Net Position of Governmental Activities	$ 23,051,003

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

NEWARK UNIFIED SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets	
Cash and investments	$ 4,501,997
Accounts receivable	70,202
Due from other funds	78,051
Total current assets	4,650,250
Total Assets	4,650,250
LIABILITIES	
Current liabilities	
Accrued liabilities	54,856
Total current liabilities	54,856
Total Liabilities	54,856
NET POSITION	
Restricted	4,595,394
Total Net Position	$ 4,595,394

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, 2023

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services	$ 1,596,455
Other local revenues	48,110
Total operating revenues	1,644,565
OPERATING EXPENSES	
Professional services	1,387,255
Total operating expenses	1,387,255
Operating income/(loss)	257,310
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	64,918
Total non-operating revenues/(expenses)	64,918
CHANGE IN NET POSITION	322,228
Net Position - Beginning	4,273,166
Net Position - Ending	$ 4,595,394

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, 2023

	Governmental Activities
	Internal Service Fund
Cash flows from operating activities	
Cash received from user charges	$ 1,596,455
Cash received (paid) from assessments made to (from) other funds	79,942
Cash payments for payroll, insurance, and operating costs	(1,480,561)
Net cash provided by (used for) operating activities	195,836
Cash flows from investing activities	
Interest received	64,918
Net cash provided by (used for) investing activities	64,918
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	260,754
CASH AND CASH EQUIVALENTS	
Beginning of year	4,241,243
End of year	$ 4,501,997
Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income/(loss)	$ 257,310
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	(63,369)
(Increase) decrease in due from other funds	95,201
Increase (decrease) in accrued liabilities	(13,923)
Increase (decrease) in due to other funds	(79,383)
Net cash provided by (used for) operating activities	$ 195,836

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, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

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. 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 fully implemented this Statement as of June 30, 2023.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

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 fully implemented this Statement as of June 30, 2023.

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.

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	$ 77,297,102	$ 4,609,585	$ 81,906,687
Fair value adjustment	(1,855,721)	(110,665)	(1,966,386)
Cash on hand and in banks	1,465,140	3,077	1,468,217
Cash with fiscal agent	24,998	-	24,998
Total	$ 76,931,519	$ 4,501,997	$ 81,433,516

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 $79,940,301. The average weighted maturity for this pool is 473 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, 2023, 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, 2023, the District's bank balance was exposed to custodial credit risk in the amount of $898,261 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, 2023 were as follows:

	Uncategorized
Investment in county treasury	$ 79,940,301
Total	$ 79,940,301

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023 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	$ 1,447,520	$ -	$ -	$ -	$ 340,426	$ -	$ 1,787,946
State Government							
Apportionment	812,632	-	-	-	-	-	812,632
Categorical aid	1,806,051	-	-	-	268,016	-	2,074,067
Lottery	307,183	-	-	-	-	-	307,183
Local Government							
Other local sources	671,391	100,105	51,616	60,362	19,370	70,202	973,046
Total	$ 5,044,777	$ 100,105	$ 51,616	$ 60,362	$ 627,812	$ 70,202	$ 5,954,874

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	$ 1,971,656	$ -	$ -	$ 1,971,656
Construction in progress	12,182,982	3,366,412	2,053,630	13,495,764
Total capital assets not being depreciated	14,154,638	3,366,412	2,053,630	15,467,420
Capital assets being depreciated				
Land improvements	10,290,165	2,056,401	-	12,346,566
Buildings & improvements	167,788,094	429,329	-	168,217,423
Furniture & equipment	3,672,905	415,321	172,243	3,915,983
Total capital assets being depreciated	181,751,164	2,901,051	172,243	184,479,972
Less: Accumulated depreciation				
Land improvements	4,856,556	1,046,729	-	5,903,285
Buildings & improvements	105,723,820	6,672,731	-	112,396,551
Furniture & equipment	2,751,319	239,029	168,964	2,821,384
Total accumulated depreciation	113,331,695	7,958,489	168,964	121,121,220
Total capital assets being depreciated, net	68,419,469	(5,057,438)	3,279	63,358,752
Governmental Activities				
Capital Assets, net	$ 82,574,107	$ (1,691,026)	$ 2,056,909	$ 78,826,172

Depreciation expense for the year ended June 30, 2023 was allocated to governmental activities as follows:

Governmental Activities	
Instruction	$ 6,698,461
Instructional library, media, and technology	187,527
Home-to-school transportation	46,446
Food services	3,475
Centralized data processing	39,165
All other general administration	34,350
Plant services	937,221
Ancillary services	11,844
Total	$ 7,958,489

NOTE 5 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2023 consisted of the following:

	Due From Other Funds				
Due To Other Funds	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Internal Service Fund	Total
General Fund	$ -	$ 48,585	$ 6,621	$ 78,051	$ 133,257
Capital Facilities Fund	41,568	-	-	-	41,568
Non-Major Governmental Funds	129,915	-	124,515	-	254,430
Total	$ 171,483	$ 48,585	$ 131,136	$ 78,051	$ 429,255

Adult Education Fund due to General Fund for indirect costs.	$ 13,262
Child Development Fund due to General Fund for indirect costs.	8,531
General Fund due to Child Development Fund for expenditure reimbursements.	6,621
Cafeteria Fund due to Child Development Fund for ELO-P meals served.	124,510
Child Development Fund due to Cafeteria Fund for expenditure reimbursement.	5
Cafeteria Fund due to General Fund for indirect costs.	108,122
General Fund due to Capital Facilities Fund for HVAC unit replacement project.	48,585
Capital Facilities Fund due to General Fund for 3% administrative fee.	41,568
General Fund due to Internal Service Fund for OPEB contribution	78,051
Total	$ 429,255

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2023 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	$ 2,272,744	$ -	$ 2,005	$ 89,796	$ -	$ -	$ 2,364,545
Construction	-	1,463,205	92,422	-	-	-	1,555,627
Vendors payable	3,267,980	-	-	46,025	54,856	-	3,368,861
Due to grantor government	994,262	-	-	-	-	-	994,262
Unmatured interest	-	-	-	-	-	875,924	875,924
Total	$ 6,534,986	$ 1,463,205	$ 94,427	$ 135,821	$ 54,856	$ 875,924	$ 9,159,219

NOTE 7 – UNEARNED REVENUE

Unearned revenue in the General Fund at June 30, 2023 amounted to $551,178, which consisted of $78,281 in federal sources and $472,897 in state sources.

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2023 consisted of the following:

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Balance Due In One Year
Governmental Activities					
General obligation bonds	$ 75,704,770	$ -	$ 5,707,959	$ 69,996,811	$ 6,257,185
Unamortized premium	2,377,279	-	201,151	2,176,128	197,894
Accreted interest	15,910,463	1,254,621	2,102,041	15,063,043	2,252,815
Total general obligation bonds	93,992,512	1,254,621	8,011,151	87,235,982	8,707,894
Compensated absences	663,364	-	1,753	661,611	-
Total OPEB liability	14,939,211	-	127,779	14,811,432	-
Net pension liability	39,198,032	19,477,095	-	58,675,127	-
Total	$ 148,793,119	$ 20,731,716	$ 8,140,683	$ 161,384,152	$ 8,707,894

- 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, 2023 amounted to $661,611. 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 $14,939,211 and decreased by $127,779 during the year ended June 30, 2023. The ending total OPEB liability at June 30, 2023 was $14,811,432. See Note 10 for additional information regarding the total OPEB liability.

C. Net Pension Liability

The District's beginning net pension liability was $39,198,032 and increased by $19,477,095 during the year ended June 30, 2023. The ending net pension liability at June 30, 2023 was $58,675,127. 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, 2023 is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2022	Additions	Deductions	Bonds Outstanding June 30, 2023
Election of 1997, Series D	4/16/2002	2/1/2027	3.00% - 5.84%	$ 31,501,495	$ 7,144,770	$ -	$ 932,959	$ 6,211,811
Election of 2011, Series A	7/17/2012	8/1/2031	3.37% - 5.00%	15,000,000	2,230,000	-	75,000	2,155,000
2012 Refunding Bonds	11/28/2012	8/1/2025	0.51% - 3.43%	36,275,000	14,270,000	-	3,725,000	10,545,000
Election of 2011, Series B	6/5/2014	8/1/2029	2.00% - 5.00%	30,000,000	2,440,000	-	200,000	2,240,000
Election of 2011, Series C	6/30/2016	8/1/2036	2.00% - 4.00%	18,000,000	15,015,000	-	550,000	14,465,000
2022 Refunding Bonds, Series A	1/20/2022	8/1/2042	0.797% - 3.355%	27,135,000	27,135,000	-	225,000	26,910,000
2022 Refunding Bonds, Series B	1/20/2022	8/1/2042	4.00%	7,470,000	7,470,000	-	-	7,470,000
Total					$ 75,704,770	$ -	$ 5,707,959	$ 69,996,811

The annual requirements to amortize the District's general obligation bonds as of June 30, 2023, excluding accreted interest in the amount $15,063,043, were as follows:

Year Ended June 30,	Principal	Interest	Total
2024	$ 6,257,185	$ 4,286,965	$ 10,544,150
2025	6,661,530	4,233,407	10,894,937
2026	5,397,424	5,874,470	11,271,894
2027	4,795,672	11,128,472	15,924,144
2028	1,980,000	1,545,161	3,525,161
2029 - 2033	12,555,000	6,641,905	19,196,905
2034 - 2038	16,255,000	4,192,625	20,447,625
2039 - 2043	16,095,000	1,503,931	17,598,931
Total	$ 69,996,811	$ 39,406,936	$ 109,403,747

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, 2023:

	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	113,130	-	-	-	133,758	246,888
Prepaid expenditures	74,131	-	-	-	-	74,131
Total non-spendable	212,259	-	-	-	133,758	346,017
Restricted						
Educational programs	13,949,956	-	-	-	807,632	14,757,588
Food service	-	-	-	-	2,446,119	2,446,119
Associated student body	260,509	-	-	-	-	260,509
Capital projects	-	15,423,036	7,767,440	-	13,632	23,204,108
Debt service	-	-	-	10,088,082	-	10,088,082
Total restricted	14,210,465	15,423,036	7,767,440	10,088,082	3,267,383	50,756,406
Committed						
Other commitments	14,260,884	-	-	-	-	14,260,884
Total committed	14,260,884	-	-	-	-	14,260,884
Assigned						
LCAP carryover	409,846	-	-	-	-	409,846
Other assignments	-	-	859,436	-	-	859,436
Total assigned	409,846	-	859,436	-	-	1,269,282
Unassigned	7,647,057	-	-	-	-	7,647,057
Total	$ 36,740,511	$ 15,423,036	$ 8,626,876	$ 10,088,082	$ 3,401,141	$ 74,279,646

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.

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

B. Plan Membership

Membership of the Plan consisted of the following:

	Number of participants
Inactive employees receiving benefits	172
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	462
Total number of participants**	634

*Information not provided
**As of the July 1, 2022 valuation date

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.

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

D. Contributions

For the measurement period, the District contributed $620,181 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 ($149/month for 2022 and $151/month for 2023) multiplied by the number of years the District has participated in PEMHCA. This amount is $126.65/month for 2022 and $135.90/month for 2023. 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.

E. Total OPEB Liability

The District's total OPEB liability of $14,811,432 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2023 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, 2023:

Economic assumptions:	
Inflation	2.75%
Salary increases	3.00%
Healthcare cost trend rates	6.00% for 2023; 5.50% for 2025-2029; 5.00% for 2030-2039, 4.75% for 2040-2049, 4.50% for 2050-2069 and 4.00% for 2070 and later years. Medicare ages: 4.50% for 2022-2029 and 4.00% for 2030 and later years.
Discount rate	3.86%
Non-economic assumptions:	
Preretirement Mortality:	
Certificated	CalSTRS Experience Analysis (2015-2018)
Classified	CalPERS Experience Study (2000-2019)
Postretirement Mortality:	
Certificated	CalSTRS Experience Analysis (2015-2018)
Classified	CalPERS Experience Study (2000-2019)

The actuarial assumptions used in the July 1, 2022 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2022.

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, 2023
Total OPEB Liability	
Service cost	$ 785,043
Interest on total OPEB liability	548,007
Difference between expected and actual experience	(1,006,036)
Changes of assumptions	165,388
Benefits payments	(620,181)
Net change in total OPEB liability	(127,779)
Total OPEB liability - beginning	14,939,211
Total OPEB liability - ending	$ 14,811,432

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 (2.86%)	Valuation Discount Rate (3.86%)	1% Increase (4.86%)
Total OPEB liability	$ 16,570,073	$ 14,811,432	$ 13,363,026

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 (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	$ 12,993,813	$ 14,811,432	$ 17,110,232

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, 2023, the District recognized OPEB expense of $474,932. At June 30, 2023, 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	$ -	$ 4,445,625
Changes in assumptions	2,427,181	2,476,176
Total	$ 2,427,181	$ 6,921,801

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
2024	$ 722,469	$ 1,580,587
2025	722,469	1,580,587
2026	577,193	1,564,881
2027	339,292	1,472,775
2028	19,926	444,189
Thereafter	45,832	278,782
Total	$ 2,427,181	$ 6,921,801

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	$ 36,545,776	$ 10,233,376	$ 7,107,779	$ (3,002,184)
PERS Pension	22,129,351	7,277,204	1,450,069	2,650,472
Total	$ 58,675,127	$ 17,510,580	$ 8,557,848	$ (351,712)

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 2023, 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 2023 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were $5,727,756 for the year ended June 30, 2023.

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 $2,936,033 to CalSTRS.

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

At June 30, 2023, 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	$	36,545,776
State's proportionate share of the net pension liability associated with the District		18,302,231
Total	$	54,848,007

The net pension liability was measured as of June 30, 2022, 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, 2021 and rolling forward the total pension liability to June 30, 2022. 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, 2022, the District's proportion was 0.053 percent, which was a decrease of 0.003 percent from its proportion measured as of June 30, 2021.

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, 2023, the District recognized pension expense of $(3,002,184). In addition, the District recognized pension expense and revenue of $(1,368,861) for support provided by the State. At June 30, 2023, 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	$ -	$ 1,786,633
Differences between expected and actual experience	29,979	2,740,171
Changes in assumptions	1,812,405	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,663,236	2,580,975
District contributions subsequent to the measurement date	5,727,756	-
Total	$ 10,233,376	$ 7,107,779

The $5,727,756 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, 2024. 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
2024	$ 2,072,906	$ 3,125,156
2025	539,778	2,744,011
2026	539,778	3,091,591
2027	539,780	(2,358,412)
2028	501,109	379,732
2029	312,269	125,701
Total	$ 4,505,620	$ 7,107,779

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, 2021, and rolling forward the total pension liability to June 30, 2022 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, 2021 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, 2022, 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	$ 62,068,282	$ 36,545,776	$ 15,354,422

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 2023 was 25.37% of annual payroll. Contributions to the plan from the District were $2,665,694 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of $22,129,351 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021 and rolling forward the total pension liability to June 30, 2022. 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, 2022, the District's proportion was 0.064 percent, which was a decrease of 0.005 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of $2,650,472. At June 30, 2023, 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	$ 2,612,874	$ -
Differences between expected and actual experience	100,012	550,607
Changes in assumptions	1,637,004	-
Changes in proportion and differences between District contributions and proportionate share of contributions	261,620	899,462
District contributions subsequent to the measurement date	2,665,694	-
Total	$ 7,277,204	$ 1,450,069

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 $2,665,694 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, 2024. 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
2024	$ 1,230,836	$ 527,628
2025	1,081,983	490,363
2026	705,452	432,078
2027	1,593,239	-
Total	$ 4,611,510	$ 1,450,069

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Discount Rate	6.90%
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 80% of scale MP 2020.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

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*
Global Equity – cap-weighted	30.0%	4.45%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	100.0%	

*An expected inflation of 2.30% used for this period. Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate
The discount rate used to measure the total pension liability was 6.90 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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	$ 31,966,968	$ 22,129,351	$ 13,998,922

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, 2023.

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, 2023.

C. Construction Commitments

As of June 30, 2023, the District had $425,106 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, 2023, the deferred amount on refunding was $696,034.

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, 2023, total deferred outflows related to OPEB was $2,427,181 and total deferred inflows related to OPEB was $6,921,801.

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, 2023, total deferred outflows related to pensions was $17,510,580 and total deferred inflows related to pensions was $8,557,848.

REQUIRED SUPPLEMENTARY INFORMATION

NEWARK UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	$ 53,168,314	$ 62,122,275	$ 62,729,114	$ 606,839
Federal sources	3,793,841	4,731,923	3,720,585	(1,011,338)
Other state sources	5,868,534	18,203,312	17,278,914	(924,398)
Other local sources	4,796,985	5,729,407	7,693,826	1,964,419
Total Revenues	67,627,674	90,786,917	91,422,439	635,522
EXPENDITURES				
Certificated salaries	31,422,267	30,295,747	31,585,871	(1,290,124)
Classified salaries	9,164,883	9,450,482	9,922,622	(472,140)
Employee benefits	16,658,052	16,218,056	15,811,527	406,529
Books and supplies	2,092,510	8,225,364	4,091,852	4,133,512
Services and other operating expenditures	9,620,271	28,132,404	17,206,829	10,925,575
Capital outlay	160,000	2,766,279	731,679	2,034,600
Other outgo				
Excluding transfers of indirect costs	977,859	977,859	978,542	(683)
Transfers of indirect costs	(111,433)	(111,433)	(129,410)	17,977
Total Expenditures	69,984,409	95,954,758	80,199,512	15,755,246
NET CHANGE IN FUND BALANCE	(2,356,735)	(5,167,841)	11,222,927	16,390,768
Fund Balance - Beginning	23,211,505	23,211,505	23,211,505	-
Fund Balance - Ending	$ 20,854,770	$ 18,043,664	$ 34,434,432	$ 16,390,768

*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 reason:

- 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.

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, 2023

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability						
Service cost	$ 785,043	$ 958,145	$ 835,893	$ 946,188	$ 858,131	$ 762,141
Interest on total OPEB liability	548,007	355,317	408,739	597,217	591,158	598,076
Difference between expected and actual experience	(1,006,036)	-	(6,235,035)	-	(123,902)	-
Changes of assumptions	165,388	(3,552,774)	2,448,490	1,871,982	484,854	-
Benefits payments	(620,181)	(735,366)	(710,347)	(761,054)	(798,155)	(757,120)
Net change in total OPEB liability	(127,779)	(2,974,678)	(3,252,260)	2,654,333	1,012,086	603,097
Total OPEB liability - beginning	14,939,211	17,913,889	21,166,149	18,511,816	17,499,730	16,896,633
Total OPEB liability - ending	$ 14,811,432	$ 14,939,211	$ 17,913,889	$ 21,166,149	$ 18,511,816	$ 17,499,730
Covered-employee payroll	$ 42,899,303	$ 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	34.53%	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, 2023

	June 30, 2023	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	0.053%	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	$ 36,545,776	$ 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	18,302,231	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	$ 54,848,007	$ 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	$ 30,489,928	$ 29,639,319	$ 29,382,565	$ 30,163,875	$ 30,662,131	$ 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	119.9%	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	81.2%	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, 2023

	June 30, 2023	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	0.064%	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	$ 22,129,351	$ 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	$ 9,875,967	$ 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	224.1%	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	69.8%	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, 2023

	June 30, 2023	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	$ 5,727,756	$ 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*	(5,727,756)	(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	$ 30,049,579	$ 30,489,928	$ 29,639,319	$ 29,382,565	$ 30,163,875	$ 30,662,131	$ 31,200,522	$ 34,071,905	$ 34,253,134
Contributions as a percentage of covered payroll	19.06%	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, 2023

	June 30, 2023	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	$ 2,665,694	$ 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*	(2,665,694)	(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	$ 10,099,437	$ 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	26.39%	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 3.69% to 3.86% since the previous OPEB measurement. The inflation rate assumption decreased from 2.75% to 2.50% since the previous OPEB measurement. The healthcare cost trend rate increased from 5.00% to 6.00% 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. The discount rate changed from 7.15% to 6.90% and the inflation rate changed from 2.50% to 2.30% since the previous measurement for 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, 2023, 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			
Certificated salaries	$ 30,295,747	$ 31,585,871	$ 1,290,124
Classified salaries	$ 9,450,482	$ 9,922,622	$ 472,140
Other outgo			
Excluding transfers of indirect costs	$ 977,859	$ 978,542	$ 683

SUPPLEMENTARY INFORMATION

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

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	$ 626,067
Comprehensive Support and Improvement for LEAs	84.010	15438	119,279
Subtotal Title I, Part A			745,346
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	157,569
Title III, English Learner Student Program	84.365	14346	108,848
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	69,958
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	961,047
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	58,999
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	47,126
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	313
Subtotal Special Education Cluster			1,067,485
Strengthening Career and Technical Education for the 21st Century (Perkins V)	84.048	14894	38,997
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants: **[1]**			
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	145,864
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	689,347
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	127,468
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	285,252
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	244,044
American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425	15566	40,407
Subtotal Education Stabilization Fund Discretionary Grants			1,532,382
Total U. S. Department of Education			3,720,585
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	104,624
School Breakfast Program - Needy	10.553	13526	416,649
National School Lunch Program	10.555	13391	1,213,358
USDA Commodities **[2]**	10.555	*	187,130
Summer Food Service Program for Children	10.559	13004	39,933
Supply Chain Assistance Funds	10.555	15655	98,100
Subtotal Child Nutrition Cluster			2,059,794
Passed through California Department of Social Services:			
CACFP Claims - Centers and Family Day Care	10.558	13393	259,670
Total U. S. Department of Agriculture			2,319,464
Total Federal Expenditures			$ 6,040,049

[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, 2023

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	1,442.23	1,448.38
Extended Year Special Education	2.32	2.32
Total TK/K through Third	1,444.55	1,450.70
Fourth through Sixth		
Regular ADA	981.98	983.26
Extended Year Special Education	2.08	2.08
Special Education - Nonpublic Schools	2.78	2.76
Extended Year Special Education - Nonpublic Schools	0.33	0.33
Total Fourth through Sixth	987.17	988.43
Seventh through Eighth		
Regular ADA	646.19	646.64
Extended Year Special Education	0.14	0.14
Total Seventh through Eighth	646.33	646.78
Ninth through Twelfth		
Regular ADA	1,490.38	1,497.99
Extended Year Special Education	1.18	1.18
Special Education - Nonpublic Schools	4.54	4.26
Extended Year Special Education - Nonpublic Schools	0.54	0.54
Total Ninth through Twelfth	1,496.64	1,503.97
TOTAL SCHOOL DISTRICT	4,574.69	4,589.88

See accompanying note to supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2023

Grade Level	Minutes Requirement	2022-23 Actual Minutes	Number of Days	Status
Kindergarten	36,000	43,410	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	54,393	180	Complied
Grade 5	54,000	54,393	180	Complied
Grade 6	54,000	54,393	180	Complied
Grade 7	54,000	62,128	180	Complied
Grade 8	54,000	62,128	180	Complied
Grade 9	64,800	65,211	180	Complied
Grade 10	64,800	65,211	180	Complied
Grade 11	64,800	65,211	180	Complied
Grade 12	64,800	65,211	180	Complied

See accompanying note to supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

	2024 (Budget)	2023	2022	2021
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	$ 79,027,197	$ 91,422,439	$ 80,975,472	$ 77,956,563
Expenditures And Other Financing Uses	82,135,768	80,199,512	73,784,358	68,769,346
Net change in Fund Balance	$ (3,108,571)	$ 11,222,927	$ 7,191,114	$ 9,187,217
Ending Fund Balance	$ 31,325,861	$ 34,434,432	$ 23,723,890	$ 18,195,242
Available Reserves*	$ 5,458,483	$ 7,647,057	$ 15,786,932	$ 11,962,604
Available Reserves As A Percentage Of Outgo	6.65%	9.54%	21.40%	17.40%
Long-term Liabilities	$ 152,676,258	$ 161,384,152	$ 148,793,119	$ 189,955,962
Average Daily Attendance At P-2***	4,549	4,575	4,720	5,483

The General Fund balance has increased by $16,239,190 over the past two years. The fiscal year 2023-24 budget projects a decrease of $3,108,571. 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 2023-24 fiscal year. Total long-term obligations have decreased by $28,571,810 over the past two years.

Average daily attendance has decreased by 908 ADA over the past two years. A further decrease of 26 ADA is anticipated during the 2023-24 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.

***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, 2023

	General Fund	Cafeteria Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2023, annual financial and budget report fund balance	$ 34,434,432	$ 2,472,983	$ 2,306,079
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Accounts receivable	-	106,894	-
Fund balance transfer (GASB 54)	2,306,079	-	(2,306,079)
Net adjustments and reclassifications	2,306,079	106,894	(2,306,079)
June 30, 2023, audited financial statement fund balance	$ 36,740,511	$ 2,579,877	$ -

See accompanying note to supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2023

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds
ASSETS					
Cash and investments	$ 118,304	$ 553,925	$ 2,211,180	$ 15,277	$ 2,898,686
Accounts receivable	667	40,349	586,680	116	627,812
Due from other funds	-	131,131	5	-	131,136
Stores inventory	-	-	133,758	-	133,758
Total Assets	$ 118,971	$ 725,405	$ 2,931,623	$ 15,393	$ 3,791,392
LIABILITIES					
Accrued liabilities	$ 11,595	$ 3,351	$ 119,114	$ 1,761	$ 135,821
Due to other funds	13,262	8,536	232,632	-	254,430
Total Liabilities	24,857	11,887	351,746	1,761	390,251
FUND BALANCES					
Non-spendable	-	-	133,758	-	133,758
Restricted	94,114	713,518	2,446,119	13,632	3,267,383
Total Fund Balances	94,114	713,518	2,579,877	13,632	3,401,141
Total Liabilities and Fund Balances	$ 118,971	$ 725,405	$ 2,931,623	$ 15,393	$ 3,791,392

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, 2023

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds
REVENUES					
Federal sources	$ -	$ 259,670	$ 2,085,196	$ -	$ 2,344,866
Other state sources	237,454	-	1,940,228	-	2,177,682
Other local sources	32,182	85,267	82,989	32,501	232,939
Total Revenues	269,636	344,937	4,108,413	32,501	4,755,487
EXPENDITURES					
Current					
Instruction	131,336	67,773	-	-	199,109
Instruction-related services					
Instructional supervision and administration	970	-	-	-	970
School site administration	107,156	13,517	-	-	120,673
Pupil services					
Food services	-	120,280	3,168,813	-	3,289,093
General administration					
All other general administration	13,262	8,025	108,122	-	129,409
Plant services	14,713	1,199	161,338	33,221	210,471
Facilities acquisition and construction	-	-	-	450,806	450,806
Enterprise activities	-	-	32,675	-	32,675
Total Expenditures	267,437	210,794	3,470,948	484,027	4,433,206
NET CHANGE IN FUND BALANCE	2,199	134,143	637,465	(451,526)	322,281
Fund Balance - Beginning	91,915	579,375	1,942,412	465,158	3,078,860
Fund Balance - Ending	$ 94,114	$ 713,518	$ 2,579,877	$ 13,632	$ 3,401,141

See accompanying note to supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2023

Newark Unified School District, a political subdivision of the State of California, was established in 1964. The District operates six elementary schools (grades TK-5), one junior high school (grades 6-8), one high school (grades 9-12), one independent study school, one continuation high school, and one adult education center. There were no changes to District boundaries for the current year.

GOVERNING BOARD

Member	Office	Term Expires
Nancy Thomas	President	2026
Aiden Hill	Vice President & Clerk	2024
Katherine Jones	Member	2026
Carina V. Plancarte	Member	2024
Phuong Nguyen	Member	2024

DISTRICT ADMINISTRATORS

Penelope DeLeon, 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

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 following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2023 or federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2023.

	AL Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		$ 6,065,451
Supply Chain Assistance Funds	10.555	(25,402)
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		$ 6,040,049

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, 2023, 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 December 6, 2023.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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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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
December 6, 2023

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, 2023. 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, 2023.

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.

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
December 6, 2023

REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

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 *2022-2023 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, 2023, 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, 2023.

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 *2022-2023 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	No
Continuation Education	Yes
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
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes

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
Transitional Kindergarten	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 independent study 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, the District did not participate in 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 #2023-001. 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
December 6, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NEWARK UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2023

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
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
84.425, 84.425U	Education Stabilization Funds 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 *2022-23 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, 2023

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

There were no financial statement findings for the year ended June 30, 2023.

NEWARK UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023.

NEWARK UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

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 #2023-001: SCHOOL ACCOUNTABILITY REPORT CARDS (72000)

Criteria: School Accountability Report Cards (SARCs), prepared on annual basis for each school site within the District and posted in February, should contain information regarding school facilities conditions, as indicated in the most recently prepared facility inspection tool (FIT) form developed by the Office of Public School Construction and approved by the State Allocation Board, or local evaluation instruments that meet the same criteria, as per Education Code Sections 33126(b)(8) and 17002(d). Additionally, the information regarding the availability of sufficient textbooks and other instructional materials included in the SARC should be properly supported by the current year sufficiency of instructional materials resolution and the determinations made pursuant to Education Code section 60119.

Condition: During our testing of a representative sample of 2021-22 SARCs that were published in the 2022-23 fiscal year, we found that the information reported under the School Facility Conditions and Planned Improvements (Most Recent Year) section did not agree to the FIT forms that were provided for review. This condition was noted for three out of the four school sites selected for testing, as detailed below:

- Birch Grove Intermediate
- Newark Junior High School
- Newark Memorial High School

Additionally, information regarding the availability of sufficient textbooks and other instructional materials included in the SARC did not appear to be prepared using the current year sufficiency of instructional materials resolution and the determinations made pursuant to Education Code section 60119. In our review, it was noted that information on availability of textbooks and other instructional materials was collected in August 2021. This condition was noted for four out of the four school sites selected for testing, as detailed below:

- Birch Grove Intermediate
- Coyote Hills Elementary
- Newark Junior High School
- Newark Memorial High School

Effect: The District is not in compliance with the related sections of California Education Code.

Cause: For facilities conditions, administrative oversight in the maintenance and operations department. For sufficiency of instructional materials, administrative oversight in the instructional services department.

FINDING #2023-001: SCHOOL ACCOUNTABILITY REPORT CARDS (72000) (continued)

Questioned Costs: None. There is no State funding source directly related to SARCs.

Repeat Finding: This is not repeat finding.

Recommendation: We recommend that the District implement procedures to ensure that all information presented on the SARCs is contemporaneous and complete. Review procedures should be implemented to ensure that SARCs are adequately supported by the appropriate documentation.

Corrective Action Plan: The District Maintenance and Operations and Education Services Teams will meet annually to review the timelines and dates to ensure that all departments have identified the required timelines and required notifications that need to be listed on the SARC annual report and also notification dates to be published on the district website.

NEWARK UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

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.

Current Status: Implemented.

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

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.

Current Status: Implemented.

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.

Questioned Costs: $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.

Current Status: Implemented.