NEWARK UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2024

NEWARK UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Newark Unified School District
Newark, California

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2024, and the related notes to the financial statements, which collectively comprise Newark Unified School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Newark Unified School District, as of June 30, 2024, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements 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 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 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.

(Continued)

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 GAAS 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment 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 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 Management's Discussion and Analysis on pages 4 to 10 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability , the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 48 to 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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 an 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.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Newark Unified School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," 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, that information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Organization page but does not include the basic financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2025 on our consideration of 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 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.

Crowe LLP

Crowe LLP

Sacramento, California
February 28, 2025

NEWARK UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

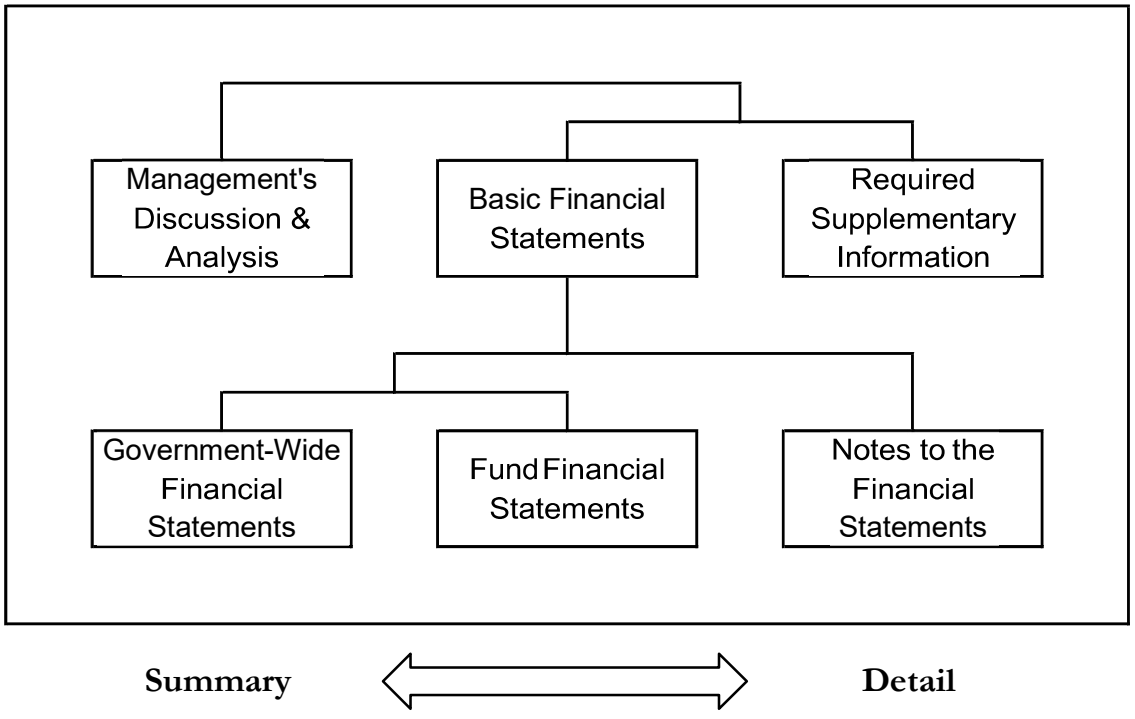
Our discussion and analysis of Newark Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was $3,801,659 at June 30, 2024. This was an increase of $3,206,377 from the prior year.
- Overall revenues were $99,200,649 which exceeded expenses of $95,994,272.

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, deferred outflows of resources and liabilities and deferred inflows of resources. 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 $3,801,659 at June 30, 2024, as reflected in the table below. Of this amount, $(60,310,425) 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		Net Change
	2024	2023	
Assets			
Current and other assets	$ 85,203,015	$ 87,709,513	$ (2,506,498)
Capital assets	74,729,023	78,826,172	(4,097,149)
Total assets	159,932,038	166,535,685	(6,603,647)
Deferred outflows or resources	19,432,082	20,633,795	(1,201,713)
Liabilities			
Current liabilities	6,556,813	18,418,291	(11,861,478)
Other noncurrent	153,884,021	152,676,258	1,207,763
Total liabilities	160,440,834	171,094,549	(10,653,715)
Deferred inflows of resources	15,121,627	15,479,649	(358,022)
Net position			
Net investment in capital assets	9,517,855	7,362,899	2,154,956
Restricted	54,594,229	50,113,891	4,480,338
Unrestricted	(60,310,425)	(56,881,508)	(3,428,917)
Total net position	$ 3,801,659	$ 595,282	$ 3,206,377

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		Net Change
	2024	2023	
Revenues			
Program revenues			
Charges for services	$ 1,418,859	$ 1,427,900	$ (9,041)
Operating grants and contributions	20,429,407	25,835,098	(5,405,691)
General revenues			
Federal and State aid not restricted	22,603,506	28,125,650	(5,522,144)
Property taxes	50,855,683	47,701,882	3,153,801
Other general revenues	3,893,194	1,376,333	2,516,861
Total revenues	99,200,649	104,466,863	(5,266,214)
Expenses			
Instruction-related	61,776,442	49,137,912	12,638,530
Pupil services	12,569,834	10,573,886	1,995,948
Administration	5,876,852	6,072,031	(195,179)
Maintenance and operations	11,269,392	10,420,508	848,884
All other services	4,501,752	5,211,523	(709,771)
Total expenses	95,994,272	81,415,860	14,578,412
Change in net position	$ 3,206,377	$ 23,051,003	$ (19,844,626)

The cost of all our governmental activities this year was $95,994,272 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was $50,855,683 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 total costs and 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.

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Instruction-related	$ 61,776,442	$ 49,137,912	$ (49,917,063)	$ (34,411,732)
Pupil services	12,569,834	10,573,886	(6,103,510)	(3,814,393)
Administration	5,876,852	6,072,031	(5,211,210)	(3,794,549)
Plant services	11,269,392	10,420,508	(10,998,798)	(9,878,705)
All other services	4,501,752	5,211,523	(1,915,425)	(2,253,483)
Total	$ 95,994,272	$ 81,415,860	$ (74,146,006)	$ (54,152,862)

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 $74,344,066 which is more than last year's ending fund balance of $74,279,646. The District's General Fund 010 balance decreased $485,026 from the year ended June 30, 2023. The District's Capital Facilities Fund 250 balance decreased $1,036,634 from prior year. The District's Special Reserve Fund for Capital Outlay Projects fund balance increased $3,083 from prior year. In addition, the District's Bond Interest and Redemption Fund 510 balance increased $528,905 from prior year.

CURRENT YEAR BUDGET 2023-2024

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 2023-2024 the District had invested $74,729,023 in capital assets, net of accumulated depreciation.

	Governmental Activities		Net
	2024	2023	Change
Capital assets:			
Land	$ 1,971,656	$ 1,971,656	$ -
Construction in process	14,793,888	13,495,764	1,298,124
Land improvements	14,001,122	12,346,566	1,654,556
Building and improvements	168,893,066	168,217,423	675,643
Furniture and equipment	4,347,724	3,915,983	431,741
Less: accumulated depreciation	(129,278,433)	(121,121,220)	(8,157,213)
Total	$ 74,729,023	$ 78,826,172	$ (4,097,149)

Long-Term Liabilities

At year-end, the District had $153,884,021 in long-term liabilities. This was a decrease of 4.69% 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		Net
	2024	2023	Change
Long-Term Liabilities			
General obligation bonds	$ 63,739,626	$ 69,996,811	$ (6,257,185)
Unamortized premiums/(discounts)	2,065,471	2,176,128	(110,657)
Accreted interest	13,681,756	15,063,043	(1,381,287)
Compensated absences	782,998	661,611	121,387
Total OPEB liability	15,374,170	14,881,432	492,738
Net pension liability	58,240,000	58,675,127	(435,127)
Total	$ 153,884,021	$ 161,454,152	$ (7,570,131)

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 indicated that the U.S. economy is not currently in a recession, however, it includes a cautionary note. Actions taken by the Federal Reserve to combat inflation could still lead to a near-term recession. The Federal Reserve has stated that this decision will be based on incoming data. If the data shows that the labor market remains strong, and if the upcoming jobs report indicates significant growth in payroll employment while inflation persists, the Federal Reserve is likely to continue tightening monetary policy. Consequently, a mild recession later this year is considered probable.

The forecast also anticipates a mild impact on California's economy, regardless of the Federal Reserve's policy actions. The average unemployment rates in California are projected to be 4.1% in 2023, 4.0% in 2024, and 4.0% in 2025. Additionally, non-farm payroll jobs are expected to grow at rates of 2.0%, 1.3%, and 1.6% over the three-year period

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 levels can vary for various reasons, including population increases, competition from private and religious schools, and housing market fluctuations. When enrollment declines, a school district faces reductions in operating venue, which often does not allow for corresponding adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2024-25 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.

BASIC FINANCIAL STATEMENTS

NEWARK UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 81,520,000
Receivables	3,514,925
Stores inventory	167,986
Other assets	104
Non-depreciable capital assets (Note 4)	16,765,544
Depreciable capital assets, net of accumulated depreciation (Note 4)	57,963,479
Total assets	159,932,038
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 7 and 8)	17,133,441
Deferred outflows of resources - OPEB (Note 9)	1,704,712
Deferred outflow from refunding of debt	593,929
Total deferred outflows of resources	19,432,082
LIABILITIES	
Accounts payable	5,918,494
Unearned revenue	638,319
Long-term liabilities (Note 5):	
Current portion	9,959,792
Non-current portion	143,924,229
Total liabilities	160,440,834
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	9,623,000
Deferred inflows of resources - OPEB (Note 9)	5,498,627
Total deferred inflows of resources	15,121,627
NET POSITION	
Net investment in capital assets	9,517,855
Restricted:	
Legally restricted programs	15,844,673
Capital projects	23,016,361
Debt service	10,616,987
Self-insurance	5,116,208
Unrestricted	(60,310,425)
Total net position	$ 3,801,659

See accompanying notes to financial statements.

NEWARK UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

	Program Revenues				Net (Expense) Revenues and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	$ 52,857,097	$ 2,160	$ 10,529,605	$ -	$ (42,325,332)
Instruction-related services:					
Instructional supervision and administration	3,143,419	9,867	721,394	-	(2,412,158)
Instructional library, media and technology	621,120	610	11,565	-	(608,945)
School site administration	5,154,806	48	584,130	-	(4,570,628)
Pupil services:					
Home-to-school transportation	916,823	-	224,566	-	(692,257)
Food services	3,475,390	37,689	4,213,526	-	775,825
All other pupil services	8,177,621	52,848	1,937,695	-	(6,187,078)
General administration:					
Centralized data processing	932,840	-	-	-	(932,840)
All other general administration	4,944,012	8,524	657,118	-	(4,278,370)
Plant services	11,269,392	19,078	251,516	-	(10,998,798)
Ancillary services	687,785	298	25,012	-	(662,475)
Interest on long-term liabilities	2,842,143	-	-	-	(2,842,143)
Other outgo	971,824	1,287,737	1,273,280	-	1,589,193
Total governmental activities	$ 95,994,272	$ 1,418,859	$ 20,429,407	$ -	(74,146,006)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					38,824,670
Taxes levied for debt service					10,739,824
Taxes levied for other specific purposes					1,291,189
Federal and state aid not restricted to specific purposes					22,603,506
Interest and investment earnings					3,097,430
Miscellaneous					795,764
Total general revenues					77,352,383
Change in net position					3,206,377
Net position, July 1, 2023					595,282
Net position, June 30, 2024					$ 3,801,659

See accompanying notes to financial statements.

NEWARK UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and investments:						
Cash in County Treasury	$ 37,516,283	$ 14,438,953	$ 8,561,604	$ 10,551,173	$ 4,010,531	$ 75,078,544
Cash on hand and in banks	753,600	-	-	-	29,858	783,458
Cash in revolving fund	22,127	-	-	-	-	22,127
Collections awaiting deposit	129,521	-	-	-	411,986	541,507
Receivables	3,079,968	114,191	69,184	65,814	145,334	3,474,491
Due from other funds	145,236	-	-	-	158,485	303,721
Stores inventory	112,374	-	-	-	55,612	167,986
Other assets	104	-	-	-	-	104
Total assets	$ 41,759,213	$ 14,553,144	$ 8,630,788	$ 10,616,987	$ 4,811,806	$ 80,371,938
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 4,895,375	$ 166,742	$ 829	$ -	$ 32,946	$ 5,095,892
Due to other funds	506	-	-	-	293,215	293,721
Unearned revenue	607,847	-	-	-	30,472	638,319
Total liabilities	5,503,728	166,742	829	-	356,633	6,027,932
Fund balances:						
Nonspendable	134,501	-	-	-	55,612	190,113
Restricted	11,389,500	14,386,402	8,629,959	10,616,987	4,399,561	49,422,409
Committed	16,807,006	-	-	-	-	16,807,006
Assigned	658,829	-	-	-	-	658,829
Unassigned	7,265,649	-	-	-	-	7,265,649
Total fund balances	36,255,485	14,386,402	8,629,959	10,616,987	4,455,173	74,344,006
Total liabilities and fund balances	$ 41,759,213	$ 14,553,144	$ 8,630,788	$ 10,616,987	$ 4,811,806	$ 80,371,938

See accompanying notes to financial statements.

NEWARK UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2024

Total fund balances - governmental funds		$ 74,344,006
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	$ 204,007,456	
Accumulated depreciation	(129,278,433)	
		74,729,023
Deferred amount of 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:		593,929
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:		(814,012)
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:		
General obligation bonds	(63,739,626)	
Unamortized premiums	(2,065,471)	
Accreted Interest	(13,681,756)	
Compensated absences	(782,998)	
Net pension liability	(58,240,000)	
Total OPEB liability	(15,374,170)	
		(153,884,021)
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	17,133,441	
Deferred inflows of resources related to pensions	(9,623,000)	
		7,510,441

(Continued)

NEWARK UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2024

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	1,704,712	
Deferred inflows of resources related to OPEB	(5,498,627)	
		(3,793,915)
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:		5,116,208
Total net position - governmental activities		$ 3,801,659

See accompanying notes to financial statements.

NEWARK UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	General Fund	Capital Facilities Fund	Special Revenue for Capital Outlay Projects Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:						
Local Control Funding Formula (LCFF):						
State apportionment	$ 21,085,789	$ -	$ -	$ -	$ -	$ 21,085,789
Local sources	38,822,172	-	-	-	-	38,822,172
Total LCFF	59,907,961	-	-	-	-	59,907,961
Federal sources	2,054,083	-	-	-	2,650,929	4,705,012
Other state sources	10,013,040	-	-	40,548	2,060,838	12,114,426
Other local sources	8,785,431	2,097,028	397,828	11,039,437	328,551	22,648,275
Total revenues	80,760,515	2,097,028	397,828	11,079,985	5,040,318	99,375,674
Expenditures:						
Current:						
Certificated salaries	32,085,783	-	-	-	103,621	32,189,404
Classified salaries	10,588,699	-	15,430	-	1,345,336	11,949,465
Employee benefits	15,916,267	-	5,730	-	686,922	16,608,919
Books and supplies	1,942,137	-	-	-	1,420,416	3,362,553
Contract services and other operating expenditures	19,175,907	81,967	135,361	-	224,768	19,618,003
Other outgo	971,824	-	-	-		971,824
Capital outlay	693,112	3,051,695	238,224	-	77,035	4,060,066
Debt service:						
Principal retirement	-	-	-	6,257,185	-	6,257,185
Interest	-	-	-	4,293,895	-	4,293,895
Total expenditures	81,373,729	3,133,662	394,745	10,551,080	3,858,098	99,311,314
(Deficiency) excess of revenues (under) over expenditures	(613,214)	(1,036,634)	3,083	528,905	1,182,220	64,360
Other financing sources (uses):						
Transfers in	128,694	-	-	-	506	129,200
Transfers out	(506)	-	-	-	(128,694)	(129,200)
Total other financing sources (uses)	128,188	-	-	-	(128,188)	-
Change in fund balances	(485,026)	(1,036,634)	3,083	528,905	1,054,032	64,360
Fund balances, July 1, 2023	36,740,511	15,423,036	8,626,876	10,088,082	3,401,141	74,279,646
Fund balances, June 30, 2024	$ 36,255,485	$ 14,386,402	$ 8,629,959	$ 10,616,987	$ 4,455,173	$ 74,344,006

See accompanying notes to financial statements.

NEWARK UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS – TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

Net change in fund balances - Total Governmental Funds		$ 64,360
Amounts reported for governmental activities in the statement of are different from amounts reported in governmental funds because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	$ 4,060,064	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(8,157,213)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	6,257,185	
Losses on refunding of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.	(102,105)	
Interest on long-term liabilities is recognized in the period it is incurred, in governmental funds it is only recognized when it is due.	61,912	
Accreted interest is an expense that is not recorded in the governmental funds (Note 5).	1,381,287	
In the governmental funds, debt issued at a premium is recognized as an other financing source. In the government-wide statements debt issued at a premium is amortized as interest over the life of the debt (Note 5).	110,657	
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).	(121,387)	
In the governmental funds, OPEB is recognized when employers contributions are made. In the government-wide statements, OPEB is recognized on the accrual basis (Notes 5 and 9).	(1,007,165)	
In the governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions were (Notes 7 and 8).	137,968	
Activities of the internal service fund are reported with governmental activities.	520,814	3,142,017
Change in net position of governmental activities		$ 3,206,377

(Continued)

NEWARK UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUND
SELF-INSURANCE FUND
June 30, 2024

ASSETS	
Current assets	
Cash and investments:	
Cash in County Treasury	$ 5,089,195
Cash in banks	889
Collections awaiting deposit	4,280
Receivables	40,434
Total current assets	5,134,798
LIABILITIES	
Current liabilities	
Accrued liabilities	8,590
Due to other funds	10,000
Total liabilities	18,590
NET POSITION	
Restricted	5,116,208
Total net position	$ 5,116,208

(Continued)

NEWARK UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN NET POSITION – PROPRIETARY FUND
SELF-INSURANCE FUND
Year Ended June 30, 2024

Operating revenues:	
Charges for services	$ 1,627,431
Operating expenses:	
Professional services	1,317,561
Operating income	309,870
Non-operating revenue (expense)	
Interest income	210,944
Change in net position	520,814
Total net position, July 1, 2023	4,595,394
Total net position, June 30, 2024	$ 5,116,208

(Continued)

NEWARK UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
SELF-INSURANCE FUND
Year Ended June 30, 2024

Cash flows from operating activities:	
Cash received from user charges	$ 1,788,954
Cash payments for payroll, insurance, and operating costs	(1,407,531)
Net cash provided by operating activities	381,423
Cash flows from investing activities:	
Interest income received	210,944
Net cash provided by investing activities	210,944
Increase in cash and investments	592,367
Cash and Investments, July 1, 2023	4,501,997
Cash and Investments, June 30, 2024	$ 5,094,364
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 309,870
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in:	
Accounts receivable	29,768
Amount due from other funds	78,051
Accrued liabilities	(46,266)
Due to other funds	10,000
Total adjustments	71,553
Net cash provided by operating activities	$ 381,423

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Newark Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant policies:

Reporting Entity: 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.

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.

The following are those aspects of the relationship between the District and the Corporations which satisfy *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, as amended:

A - Manifestation of Oversight

- The Corporation's Board of Directors were appointed by the District's Board of Education.
- The Corporation has no employees. The District's Superintendent and Assistant Superintendents function as agents of the Corporation. Neither receives additional compensation for work performed in this capacity.
- The District exercises significant influence over operations of the Corporation as it is anticipated that the District will be sole lessee of all facilities owned by the Corporation.

B - Accounting for Fiscal Matters

- All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.
- Any deficits incurred by the Corporation will be reflected in the lease payments of the District. Any surpluses of the Corporation revert to the District at the end of the lease period.
- It is anticipated that the District's lease payments will be the sole revenue source of the Corporation.
- The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C - Scope of Public Service and Financial Presentation

- The Corporation was created for the sole purpose of financially assisting the District.
- The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Corporation was formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all Corporation facilities. When the Corporation's Certificates of Participation have been paid with state reimbursements and the District's developer fees, title of all Corporation property will pass to the District for no additional consideration.
- The Corporation's financial activity is included in the basic financial statements as the Capital Facilities Fund. Certificates of Participation issued by the Corporation are included in the government-wide financial statements. At June 30, 2024, there were no Certificates of Participation outstanding.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

Program revenues - Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses - The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A - Major Funds

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the 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 for Capital Outlay Projects Fund – The Special Reserve for Capital Outlay Projects Fund is a capital projects fund used to account for resources used for the acquisition of capital facilities by the District.

Bond Interest and Redemption Fund – The Bond Interest and Redemption Fund is a debt service fund used to account for resources used for the payment of general long-term liabilities principal, interest and related costs.

B - Other Funds

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This classification includes the Adult Education, Child Development and Cafeteria Funds.

Building Fund - The Building Fund is a capital projects fund used to account for resources used for the acquisition of capital facilities by the District.

Self-Insurance Fund - The Self-Insurance Fund is an internal service fund used to account for the District's self- insured health and welfare plan.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: Governmental activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting: By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Education complied with these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California. The District has determined that no allowance for doubtful accounts was necessary as of June 30, 2024.

Stores Inventory: Inventories in the General and Cafeteria Funds are valued at average cost and consist mainly of school supplies and consumable supplies. Inventories are recorded as an expenditure at the time the individual inventory items are transferred from the warehouse to schools and offices.

Capital Assets: The District maintains a capitalization threshold of an original cost of $10,000. When purchased, such assets are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation of capital assets is computed and recorded using the straight-line method. Estimated useful lives for the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment 2 to 15 years.

Compensated Absences: Compensated absences totaling $782,998 are recorded as a liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave: Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or expense in the period taken since 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 for certain STRP and PERF B employees, when the employee retires.

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Interfund Activity: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods, and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported, which is in the statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Additionally, the District has recognized deferred outflows of resources related to the recognition of the pension and OPEB liabilities reported, which are in the Statement of Net Position.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized deferred inflows of resources related to the recognition of the pension and OPEB liabilities reported, which are in the Statement of Net Position.

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 State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. Investments are reported at fair value.

The following is a summary of pension amounts in aggregate:

	STRP	PERF B	Total
Deferred outflows of resources	$ 10,117,847	$ 7,015,594	$ 17,133,441
Deferred inflows of resources	$ 7,388,000	$ 2,235,000	$ 9,623,000
Net pension liability	$ 37,208,000	$ 21,032,000	$ 58,240,000
Pension expense	$ 9,513,342	$ 2,848,785	$ 12,362,127

Net Position: Net position is displayed in three components:

1. Net Investment in Capital Assets - Consist of capital assets, net of accumulated depreciation, reduced by outstanding related debt and adjusted for unspent debt proceeds and deferred outflows/inflows resulting from refunding debt instruments.

2. Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for debt service represents the portion of net position which the District plans to expend on debt repayment. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for self-insurance represents the portion of net position restricted for District's self-insurance activities. It is the District's policy to first spend restricted net position when allowable expenditures are incurred.

3. Unrestricted Net Position - All other net position that do not meet the definitions of "restricted" or "net investments in capital assets".

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance:

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. These are the same restrictions used to determine restricted net position as reported in the government-wide and proprietary fund financial statements.

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. 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. Formal action by the Board of Education is required to remove any commitment from any fund balance.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances. In accordance with board policy, only the Board of Education and the Assistant Superintendent of Business Services may assign individual amounts.

E - Unassigned Fund Balance:

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.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. 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.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2024, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of January 1. Taxes are due in two installments on or before November 15 and March 15. Unsecured property taxes are due in one installment on or before August 31. The County of Alameda bills and collects taxes for the District. Tax revenues are recognized by the District when received.

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. All encumbrances are liquidated as of June 30.

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Estimates: The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2024 consisted of the following:

	Governmental Funds	Proprietary Fund	Total Governmental Activities
Pooled Funds:			
Cash in County Treasury	$ 75,078,544	$ 5,089,195	$ 80,167,739
Collections awaiting deposit	541,507	4,280	545,787
Deposits:			
Cash on hand and in banks	783,458	889	784,347
Cash in revolving fund	22,127	-	22,127
Total cash and investments	$ 76,425,636	$ 5,094,364	$ 81,520,000

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Alameda County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts 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.

(Continued)

NOTE 2 - CASH AND INVESTMENTS (Continued)

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required. In accordance with applicable state laws, the Alameda County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2024, the Alameda County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2024, the carrying amount of the District's accounts was $806,474 and the bank balances were $827,954.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2024, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2024, the District had no concentration of credit risk.

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Individual interfund receivable and payable balances at June 30, 2024 were as follows:

	Interfund Receivables	Interfund Payables
Governmental Activities		
Major Fund:		
General	$ 145,236	$ 506
Non-Major Funds:		
Adult Education	-	12,372
Building	-	6,542
Child Development	157,698	7,967
Cafeteria	787	266,334
Proprietary Fund:		
Self-Insurance	-	10,000
Totals	$ 303,721	$ 303,721

(Continued)

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

Transfers: Transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2023-2024 fiscal year were as follows:

Transfer from the General Fund to the Cafeteria Fund for meal reimbursements.	$	506
Transfer from the Adult Education Fund to the General Fund for indirect costs.		12,372
Transfer from the Child Development Fund to the General Fund for indirect costs.		7,686
Transfer from the Cafeteria Fund to the General Fund for indirect costs.		108,636
	$	129,200

(Continued)

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2024 is shown below:

	Balance July 1, 2023	Additions	Deletions	Transfers	Balance June 30, 2024
Non-depreciable:					
Land	$ 1,971,656	$ -	$ -	$ -	$ 1,971,656
Work-in-process	13,495,764	2,288,524	-	(990,400)	14,793,888
Depreciable:					
Land improvements	12,346,566	724,043	-	930,513	14,001,122
Buildings and improvements	168,217,423	615,756	-	59,887	168,893,066
Furniture and equipment	3,915,983	431,741	-	-	4,347,724
Totals, at cost	199,947,392	4,060,064	-	-	204,007,456
Less accumulated depreciation:					
Land improvements	(5,903,285)	(1,129,459)	-	-	(7,032,744)
Buildings and improvements	(112,396,551)	(6,741,292)	-	-	(119,137,843)
Furniture and equipment	(2,821,384)	(286,462)	-	-	(3,107,846)
Total accumulated depreciation	(121,121,220)	(8,157,213)	-	-	(129,278,433)
Capital assets, net	$ 78,826,172	$ (4,097,149)	$ -	$ -	$ 74,729,023

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 6,865,722
Instruction library, media, and technology	192,210
Home-to-school transportation	47,606
Food services	3,562
Ancillary services	12,140
All other general administration	35,208
Centralized data processing	40,143
Plant services	960,622
Total depreciation expense	$ 8,157,213

(Continued)

NOTE 5 - LONG-TERM LIABILITIES

General Obligation Bonds: A summary of General Obligation Bonds payable as of June 30, 2024 follows:

Series	Interest Rate %	Current Fiscal Year Maturity	Outstanding July 1, 2023	Current Year Issuance	Current Year Matured	Outstanding June 30, 2024
Election of 1997, Series D	3.00-5.84%	2027	$ 6,211,811	$ -	$ 912,185	$ 5,299,626
Election of 2011, Series A	3.37-5.00%	2032	2,155,000	-	100,000	2,055,000
2012 Refunding Bonds	0.51-3.43%	2026	10,545,000	-	3,965,000	6,580,000
Election of 2011, Series B	2.00-5.00%	2030	2,240,000	-	200,000	2,040,000
Election of 2011, Series C	2.00-4.00%	2037	14,465,000	-	640,000	13,825,000
2022 Refunding Bonds, Series A	0.797-3.355%	2043	26,910,000	-	440,000	26,470,000
2022 Refunding Bonds, Series B	4.00%	2043	7,470,000	-	-	7,470,000
			$ 69,996,811	$ -	$ 6,257,185	$ 63,739,626

A summary of all future maturities of the District's General Obligation Bonds follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2025	$ 6,661,530	$ 4,233,407	$ 10,894,937
2026	5,397,424	5,874,471	11,271,895
2027	4,795,672	11,128,472	15,924,144
2028	1,980,000	1,545,161	3,525,161
2029	2,120,000	1,481,983	3,601,983
2030-2034	13,500,000	6,228,917	19,728,917
2035-2039	15,950,000	3,643,135	19,593,135
2040-2043	13,335,000	984,426	14,319,426
	$ 63,739,626	$ 35,119,972	$ 98,859,598

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2024 is shown below:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024	Amounts Due Within One Year
Debt:					
General Obligation Bonds	$ 69,996,811	$ -	$ 6,257,185	$ 63,739,626	$ 6,661,530
Unamortized premiums	2,176,128	-	110,657	2,065,471	146,794
Accreted Interest	15,063,043	871,528	2,252,815	13,681,756	2,368,470
Other long-term liabilities:					
Net pension liability (Note 7 & 8)	58,675,127	-	435,127	58,240,000	-
Total OPEB Liability (Note 9)	14,811,432	562,738	-	15,374,170	-
Compensated absences	661,611	121,387	-	782,998	782,998
	$ 161,384,152	$ 1,555,653	$ 9,055,784	$ 153,884,021	$ 9,959,792

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments towards on the total OPEB liability, net pension liability, and compensated absences are made from the fund for which the related employee worked.

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2024 consisted of the following:

	General Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:						
Revolving cash fund	$ 22,127	$ -	$ -	$ -	$ -	$ 22,127
Stores inventory	112,374	-	-	-	55,612	167,986
Subtotal nonspendable	134,501	-	-	-	55,612	190,113
Restricted:						
Legally restricted programs	11,389,500	-	-	-	-	11,389,500
Adult education program	-	-	-	-	89,451	89,451
Child development program	-	-	-	-	776,998	776,998
Cafeteria	-	-	-	-	3,533,112	3,533,112
Capital projects	-	14,386,402	8,629,959	-	-	23,016,361
Debt service	-	-	-	10,616,987	-	10,616,987
Subtotal restricted	11,389,500	14,386,402	8,629,959	10,616,987	4,399,561	49,422,409
Committed:						
MYP Savings (25-26 & 26-27)	7,937,006					7,937,006
Facilities improvements	3,900,000					3,900,000
Deferred maintenance	1,500,000					1,500,000
Technology refresh	1,120,000					1,120,000
Textbooks and consumables	900,000					900,000
Other commitments	1,450,000	-	-	-	-	1,450,000
Subtotal committed	16,807,006	-	-	-	-	16,807,006
Assigned:						
LCAP balances carry-over	658,829	-	-	-	-	658,829
Unassigned						
Designated for economic uncertainty	4,849,779	-	-	-	-	4,849,779
Undesignated	2,415,870	-	-	-	-	2,415,870
Subtotal unassigned	7,265,649	-	-	-	-	7,265,649
Total fund balances	$ 36,255,485	$ 14,386,402	$ 8,629,959	$ 10,616,987	$ 4,455,173	$ 74,344,006

(Continued)

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at https://www.calstrs.com.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- 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 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60 - 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, up to the 2.4 percent maximum.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

CalSTRS 2% at 62 - 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.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for any 36 consecutive months of credited service.

(Continued)

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and established a schedule of contribution rate increases shared among members, employers and the State of California to bring CalSTRS toward full funding by 2046. Under the CalSTRS Funding Plan, authority to adjust contribution rates annually within approved ranges was delegated to the Board of CalSTRS.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan, are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.250 percent of applicable member earnings for fiscal year 2022-23.

Under CalSTRS 2% at 62, members pay 9% toward the normal cost and an additional 1.205 percent as per the CalSTRS Funding Plan for a total member contribution rate of 10.205 percent. The contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1% since the last time the member contribution rate was set. Based on the June 30, 2022, valuation adopted by the CalSTRS board in May 2023, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2023.

Employers - Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046. The CalSTRS Funding Plan authorized the CalSTRS board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2023, the CalSTRS board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2023-24.

The CalSTRS employer contribution rates effective for fiscal year 2023-24 through fiscal year 2046-47 are summarized in the table below:

Effective Date	Base Rate	Supplemental Rate Per CalSTRS Funding Plan	Total
July 1, 2023	8.250%	10.850%	19.100%
July 1, 2024 to June 30, 2046	8.250%	(1)	(1)
July 1, 2046	8.250%	Increase from AB 1469 rate ends in 2046-47	

(1) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.250% total and no lower than 8.250%.

The District contributed $5,778,847 to the plan for the fiscal year ended June 30, 2024.

State - 10.828 percent of the members' calculated based on creditable compensation from two fiscal years prior.

(Continued)

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by up to 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2023, the CalSTRS board voted to keep the state supplemental contribution rate at 6.311% for fiscal year 2022-23 for a total contribution rate of 10.828%.

The CalSTRS state contribution rates effective for fiscal year 2023-24 and beyond are summarized in the table below:

Effective Date	Base Rate	Supplemental Rate Per CalSTRS Funding Plan	SBMA Funding[1]	Total
July 01, 2023	2.017%	6.311%	2.50%	10.828%
July 01, 2024 to June 30, 2046	2.017%	[2]	2.50%	[2]
July 01, 2046	2.017%	[3]	2.50%	[3]

(1) The SBMA contribution rate excludes the $72 million that is reduced from the required contribution in accordance with Education Code section 22954.
(2) The CalSTRS board has limited authority to adjust the state contribution rate annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation. The board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.
(3) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

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

At June 30, 2024, 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	$ 37,208,000
State's proportionate share of the net pension liability associated with the District	17,828,000
Total	$ 55,036,000

The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2024, the District's proportion was 0.049 percent, which was a decrease of 0.004 percent from its proportion as of June 30, 2023.

(Continued)

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2024, the District recognized pension expense of $9,513,342 and revenue of $2,676,523 for support provided by the State. At June 30, 2024, 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
Difference between expected and actual experience	$ 2,924,000	$ 1,991,000
Changes of assumptions	215,000	-
Net differences between projected and actual earnings on investments	159,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,041,000	5,397,000
Contributions made subsequent to measurement date	5,778,847	-
Total	$ 10,117,847	$ 7,388,000

$5,778,847 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

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 Ending June 30,	
2025	$ (2,351,900)
2026	$ (2,654,900)
2027	$ 2,413,600
2028	$ (185,067)
2029	$ (359,567)
2030	$ 88,834

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2023 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to the actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2022
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% purchasing power level for DB

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent, which was unchanged from the prior fiscal year. 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 increase 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 STRP'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.

Mortality: CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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 investment staff and investment consultants as inputs to the process.

(Continued)

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

The actuarial investment rate of return assumption was adopted by the CalSTRS board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Public Equity	38%	5.25%
Real Estate	15	4.05
Private Equity	14	6.75
Fixed Income	14	2.45
Risk Mitigating Strategies	10	2.25
Inflation Sensitive	7	3.65
Cash / Liquidity	2	(0.05)

* 20-year geometric average

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	$ 62,414,000	$ 37,208,000	$ 16,272,000

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

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

(Continued)

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

The Plan was established to provide retirement, death and disability benefits to non-teaching and non- certified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at: https://www.calpers.ca.gov/docs/forms-publications/acfr-2023.pdf.

Benefits Provided: The benefits for the defined benefit plans 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 (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when district's first join the PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2024 were as follows:

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2022-23.

Employers - The employer contribution rate was 26.68 percent of applicable member earnings.

The District contributed $2,899,594 to the plan for the fiscal year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of $21,032,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2024 the District's proportion was 0.058 percent, which was a decrease of 0.006 percent from its proportion as of June 30, 2023.

(Continued)

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

For the year ended June 30, 2024, the District recognized pension expense of $2,848,785. At June 30, 2024, 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
Difference between expected and actual experience	$ 768,000	$ 323,000
Changes of assumptions	969,000	-
Net differences between projected and actual earnings on investments	2,247,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	132,000	1,912,000
Contributions made subsequent to measurement date	2,899,594	-
Total	$ 7,015,594	$ 2,235,000

$2,899,594 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. 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 Ending June 30,	
2025	$ 390,000
2026	$ 98,000
2027	$ 1,323,000
2028	$ 70,000

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the expected average remaining service life of plan members, which is 3.8 years as of the June 30, 2023 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a actuarial valuation as of June 30, 2022 and rolling forward the total pension liability June 30, 2023. The actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2022
Experience Study	June 30, 2000 through June 30, 2019
Actuarial Cost Method	Entry age normal
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% thereafter

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 80% of scale MP2020. For more details on this table, please refer to the 2021 experience study report.

All other actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

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.

Asset Class	Assumed Asset Allocation	Expected Real Rates of Return Years 1-10 (1, 2)
Global Equity – cap-weighted	30.00%	4.54%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	.27%
Mortgage-backed Securities	5.00%	.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

(1) An expected inflation rate of 2.30% used for this period
(2) Figures are based on the 2021-22 CalPERS Asset Liability Management Study

(Continued)

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

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 Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

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, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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	$ 30,407,000	$ 21,032,000	$ 13,284,000

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 9- OTHER POSTEMPLOYMENT BENEFITS

General Information about the Other Postemployment Benefits Plan (OPEB)

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.

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.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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.

Contributions: For the measurement period, the District contributed $629,976 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 ($151/month for 2023 and $157/month for 2024) multiplied by the number of years the District has participated in PEMHCA. This amount is $135.90/month for 2023 and $149.15/month for 2024. 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.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms: The following is a table of plan participants included in the District's most recent actuarial valuation:

	Number of Participants
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	172
Active employees	462
	634

Actuarial Assumptions: The District's total OPEB liability of $15,374,170 was measured as of June 30, 2024 based on an actuarial valuation as of July 1, 2022 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, 2024:

Economic assumptions:	
Inflation	2.50%
Salary increases	3.00%
Healthcare cost trend rates	5.50% for 2024; 5.25% 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 2023-2029 and 4.00% for 2030 and later years.
Discount rate	3.97%
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 rate for 20 year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2023	$ 14,811,432
Changes for the year:	
Service cost	782,724
Interest	589,891
Changes in assumptions	(179,901)
Benefit payments	(629,976)
Net change	562,738
Balance at June 30, 2024	$ 15,374,170

There were no changes between the measurement date and the year ended June 30, 2024 which had a significant effect on the District's total OPEB liability.

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 (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
Total OPEB liability	$ 17,164,687	$ 15,374,170	$ 13,900,948

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates: 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 healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (4.50%)	Healthcare Cost Trend Rates Rate (5.50%)	1% Increase (6.50%)
Total OPEB liability	$ 13,403,156	$ 15,374,170	$ 17,871,119

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense of $492,009. Deferred outflows of resources and deferred inflows of resources arose from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,403,337
Changes in assumptions	1,704,712	2,095,290
Total	$ 1,704,712	$ 5,498,627

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

Year Ending June 30,	
2025	$ (880,606)
2026	$ (1,010,176)
2027	$ (1,155,971)
2028	$ (446,751)
2029	$ (123,771)
Thereafter	$ (176,640)

Deferred items related to changes between expected and actual experience and changes in assumptions are recognized over the average of the expected remaining service lives of all employees which is 13.1 years. Differences between projected and actual earnings on plan investments and changes in assumptions are netted and amortized over a closed 5-year period.

(Continued)

NOTE 10 - JOINT POWERS AUTHORITIES

The District is a member with other school districts in Alameda County Schools Insurance Group (ACSIG), Northern California Regional Liability Excess Fund (NCR), School Employers Association of California (SEAC) and Mission Valley Regional Occupational Program (MVROP) joint powers authorities, which provide workers' compensation, excess liability, other insurance coverage for its member districts and joint occupational training services. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There have been no significant reductions in insurance coverage from the coverage in the prior year through any of these Joint Powers Authorities.

The following is a summary of audited financial information for ACSIG, NCR, and SEAC at June 30, 2023 (most recent information available) and for MVROP at June 30, 2024:

	Alameda County Schools Insurance Group	Northern California ReLIEF	School Employers Association of California	Mission Valley Regional Occupational Program
Total assets	$ 5,374,654	$ 81,707,224	$ 370,512	$ 25,424,289
Deferred outflows of resources	$ 1,226,090	$ -	$ -	$ 5,326,525
Total liabilities	$ 1,039,910	$ 50,359,446	$ 76,015	$ 14,854,542
Deferred inflows of resources	$ 376,721	$ -	$ -	$ 4,801,909
Net position	$ 5,184,113	$ 31,347,778	$ 294,497	$ 11,094,363
Total revenues	$ 4,093,715	$ 92,548,059	$ 1,000,366	$ 11,836,508
Total expenses	$ 3,707,913	$ 94,359,242	$ 254,382	$ 12,522,740
Change in net position	$ 385,802	$ (1,811,183)	$ 745,984	$ (686,232)

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements of future revenue offsets subsequently determined will not have a material effect on the District's financial position or results of operations.

REQUIRED SUPPLEMENTARY INFORMATION

NEWARK UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2024

	Budget			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	$ 27,476,083	$ 21,082,359	$ 21,085,789	$ 3,430
Local sources	35,945,141	38,815,857	38,822,172	6,315
Total LCFF	63,421,224	59,898,216	59,907,961	9,745
Federal sources	2,312,789	3,223,303	2,054,083	(1,169,220)
Other state sources	7,941,892	9,743,353	10,013,040	269,687
Other local sources	5,351,292	9,071,353	8,785,431	(285,922)
Total revenues	79,027,197	81,936,225	80,760,515	(1,175,710)
Expenditures:				
Current:				
Certificated salaries	35,814,130	32,486,523	32,085,783	400,740
Classified salaries	10,873,156	10,904,314	10,588,699	315,615
Employee benefits	17,640,335	16,754,275	15,916,267	838,008
Books and supplies	2,068,523	3,851,406	1,942,137	1,909,269
Contract services and operating expenditures	14,864,084	23,754,403	19,175,907	4,578,496
Other outgo	979,359	979,359	971,824	7,535
Capital outlay	30,000	1,203,065	693,112	509,953
Total expenditures	82,269,587	89,933,345	81,373,729	8,559,616
Deficiency of revenues under expenditures	(3,242,390)	(7,997,120)	(613,214)	7,383,906
Other financing (uses) sources:				
Transfers in	133,819	136,400	128,694	(7,706)
Transfers out	-	-	(506)	(506)
Total other financing (uses) sources	133,819	136,400	128,188	(8,212)
Change in fund balance	(3,108,571)	(7,860,720)	(485,026)	7,375,694
Fund balances, July 1, 2023	36,740,511	36,740,511	36,740,511	-
Fund balances, June 30, 2024	$ 33,631,940	$ 28,879,791	$ 36,255,485	$ 7,375,694

See accompanying note to required supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
Year Ended June 30, 2024

Last 10 Fiscal Years

	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability							
Service cost	$ 762,141	$ 858,131	$ 946,188	$ 835,893	$ 958,145	$ 785,043	$ 782,724
Interest	598,076	591,158	597,217	408,739	355,317	548,007	589,891
Differences between actual and expected experience	-	(123,902)	-	(6,235,035)	-	(1,006,036)	-
Assumption changes	-	484,854	1,871,982	2,448,490	(3,552,774)	165,388	(179,901)
Benefit payments	(757,120)	(798,155)	(761,054)	(710,347)	(735,366)	(620,181)	(629,976)
Net change in total OPEB liability	603,097	1,012,086	2,654,333	(3,252,260)	(2,974,678)	(127,779)	562,738
Total OPEB liability, beginning of year	16,896,633	17,499,730	18,511,816	21,166,149	17,913,889	14,939,211	14,811,432
Total OPEB liability, end of year (a)	$ 17,499,730	$ 18,511,816	$ 21,166,149	$ 17,913,889	$ 14,939,211	$ 14,811,432	$ 15,374,170
Covered employee payroll	$ 41,139,526	$ 41,347,007	$ 40,840,924	$ 41,230,141	$ 42,296,205	$ 42,899,303	$ 44,190,776
Total OPEB liability as a percentage of covered-employee payroll	42.54%	44.77%	51.83%	43.45%	35.32%	34.53%	34.79%

(a) This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior. All years prior to 2018 are not available.

See accompanying note to required supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Year Ended June 30, 2024

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net pension liability	0.064%	0.066%	0.064%	0.060%	0.056%	0.056%	0.053%	0.056%	0.053%	0.049%
District's proportionate share of the net net pension liability	$ 37,626,542	$ 44,547,453	$ 51,848,255	$ 55,119,497	$ 51,861,392	$ 50,277,509	$ 51,777,656	$ 25,259,070	$ 36,545,776	$ 37,208,000
State's proportionate share of the net pension liability associated with the District	22,356,679	23,560,628	29,520,633	32,608,495	29,693,217	27,429,959	26,691,171	12,709,649	18,302,231	17,828,000
Total net pension liability	$ 59,983,221	$ 68,108,081	$ 81,368,888	$ 87,727,992	$ 81,554,609	$ 77,707,468	$ 78,468,827	$ 37,968,719	$ 54,848,007	$ 55,036,000
District's covered payroll	$ 28,679,000	$ 34,253,000	$ 34,072,000	$ 31,201,000	$ 30,662,000	$ 30,164,000	$ 29,189,000	$ 29,530,000	$ 30,585,000	$ 30,050,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	130.05%	152.17%	176.66%	169.14%	166.68%	177.39%	85.54%	119.49%	123.82%
Plan fiduciary net position as a percentage of the total pension liability	76.50%	74.00%	70.00%	69.50%	70.99%	72.56%	71.82%	87.21%	87.21%	80.62%

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

(Continued)

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Year Ended June 30, 2024

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net pension liability	0.080%	0.079%	0.078%	0.076%	0.071%	0.067%	0.067%	0.069%	0.064%	0.058%
District's proportionate share of the net pension liability	$ 9,027,264	$ 11,675,570	$ 15,395,737	$ 18,257,618	$ 19,023,505	$ 19,642,234	$ 20,459,348	$ 13,938,962	$ 22,129,351	$ 21,032,000
District's covered payroll	$ 8,347,000	$ 8,778,000	$ 9,382,000	$ 9,648,000	$ 9,517,000	$ 9,354,000	$ 9,685,000	$ 10,019,000	$ 9,876,000	$ 10,099,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.15%	133.14%	164.63%	187.24%	199.89%	209.99%	211.25%	139.13%	224.07%	208.26%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%	80.97%	69.80%	69.96%

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

See accompanying note to required supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
Year Ended June 30, 2024

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	$ 3,041,677	$ 3,655,917	$ 3,968,141	$ 4,333,547	$ 4,872,849	$ 4,991,337	$ 4,768,166	$ 5,174,928	$ 5,727,756	$ 5,778,847
Contributions in relation to the contractually required contribution	(3,041,677)	(3,655,917)	(3,968,141)	(4,333,547)	(4,872,849)	(4,991,337)	(4,768,166)	(5,174,928)	(5,727,756)	(5,778,847)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 34,253,000	$ 34,072,000	$ 31,201,000	$ 30,662,000	$ 30,164,000	$ 29,189,000	$ 29,530,000	$ 30,585,000	$ 30,050,000	$ 30,256,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.72%	14.13%	16.15%	17.10% *	16.15% **	16.92%***	19.06%	19.10%

* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percent to be paid on behalf of employers pursuant to SB 90.

** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.95 percent to be paid on behalf of employers pursuant to SB 90.

*** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.18 percent to be paid on behalf of employers pursuant to SB 90.

(Continued)

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
Year Ended June 30, 2024

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	$ 1,033,272	$ 1,111,524	$ 1,347,185	$ 1,473,091	$ 1,688,921	$ 1,918,478	$ 2,041,784	$ 2,266,987	$ 2,665,694	$ 2,899,594
Contributions in relation to the contractually required contribution	(1,033,272)	(1,111,524)	(1,347,185)	(1,473,091)	(1,688,921)	(1,918,478)	(2,041,784)	(2,266,987)	(2,665,694)	(2,899,594)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 8,778,000	$ 9,382,000	$ 9,648,000	$ 9,517,000	$ 9,354,000	$ 9,685,000	$ 10,019,000	$ 9,876,000	$ 10,099,000	$ 10,868,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.96%	15.48%	18.06%	19.81%	20.38%	22.95%	26.40%	26.68%

See accompanying note to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule: The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as accounting standards generally accepted in the United States of America (GAAP).

Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability: The Schedule of Changes in Total OPEB Liability is presented to illustrate the elements of the District's total OPEB liability. There is a requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available. The District has no accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's total OPEB Liability.

Schedule of the District's Proportionate Share of the Net Pension Liability: The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's net Pension liability.

Schedule of the District's Contributions: The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions.

Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions: The discount rate used for the net OPEB liability was 3.0, 2.75, 3.69, 3.86 and 3.97 percent at the June 30, 2020, 2021, 2022, 2023 and 2024 measurement dates, respectively.

The following are the assumptions for the Public Employer's Retirement Fund B (PERF B) Plan:

	Measurement Periods								
Assumption	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Inflation rate	2.30%	2.30%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Discount rate	6.90%	6.90%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%

The following are the assumptions for the State Teachers' Retirement Plan:

	Measurement Period								
Assumption	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

NEWARK UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2024

	Adult Education Fund	Child Develop-ment Fund	Cafeteria Fund	Building Fund	Total
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 81,855	$ 605,603	$ 3,312,620	$ 10,453	$ 4,010,531
Cash on hand and in banks	(91)	16,815	13,134	-	29,858
Collections awaiting deposit	-	-	411,986	-	411,986
Receivables	21,942	4,931	118,372	89	145,334
Due from other funds	-	157,698	787	-	158,485
Stores inventory	-	-	55,612	-	55,612
Total assets	$ 103,706	$ 785,047	$ 3,912,511	$ 10,542	$ 4,811,806
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 1,883	$ 82	$ 26,981	$ 4,000	$ 32,946
Unearned revenue	-	-	30,472	-	30,472
Due to other funds	12,372	7,967	266,334	6,542	293,215
Total liabilities	14,255	8,049	323,787	10,542	356,633
Fund balances:					
Nonspendable	-	-	55,612	-	55,612
Restricted	89,451	776,998	3,533,112	-	4,399,561
Total fund balance	89,451	776,998	3,588,724	-	4,455,173
Total liabilities and fund balances	$ 103,706	$ 785,047	$ 3,912,511	$ 10,542	$ 4,811,806

NEWARK UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
Year Ended June 30, 2024

	Adult Education Fund	Child Develop-ment Fund	Cafeteria Fund	Building Fund	Total
Revenues:					
Federal sources	$ -	$ 157,698	$ 2,493,231	$ -	$ 2,650,929
Other state sources	257,825	-	1,803,013	-	2,060,838
Other local sources	38,317	128,053	161,433	748	328,551
Total revenues	296,142	285,751	4,457,677	748	5,040,318
Expenditures:					
Current:					
Certificated salaries	103,621	-	-	-	103,621
Classified salaries	64,711	61,818	1,218,341	466	1,345,336
Employee benefits	65,483	33,389	587,993	57	686,922
Books and supplies	19,517	12,436	1,388,463	-	1,420,416
Contract services and operating expenditures	35,101	36,450	145,903	7,314	224,768
Capital outlay	-	70,492	-	6,543	77,035
Total expenditures	288,433	214,585	3,340,700	14,380	3,858,098
Excess (deficiency) of revenues over (under) expenditures	7,709	71,166	1,116,977	(13,632)	1,182,220
Other financing (uses) sources:					
Transfers in	-	-	506	-	506
Transfers out	(12,372)	(7,686)	(108,636)	-	(128,694)
Total other financing (uses) sources	(12,372)	(7,686)	(108,130)	-	(128,188)
Net change in fund balances	(4,663)	63,480	1,008,847	(13,632)	1,054,032
Fund balance, July 1, 2023	94,114	713,518	2,579,877	13,632	3,401,141
Fund balance, June 30, 2024	$ 89,451	$ 776,998	$ 3,588,724	$ -	$ 4,455,173

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
June 30, 2024

	Second Period Report	Annual Report	Audited Annual Report
DISTRICT			
Certificate Number	FFE978BF	A8791380	*
Elementary:			
Transitional Kindergarten through Third	1,451	1,608	1,458
Fourth through Sixth	988	990	990
Seventh and Eighth	647	646	646
Special Education	9	9	9
Total Elementary	3,095	3,253	3,103
Secondary:			
Ninth through Twelfth	1,423	1,413	1,413
Special Education	3	3	3
Total Secondary	1,426	1,416	1,416
District Totals	4,521	4,669	4,519

* The District is currently in the process of revising the Annual Report to reflect revisions identified in Finding 2024-008. A certificate number is not currently available.

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
Year Ended June 30, 2024

Grade Level	Statutory Minutes Requirement	2023-2024 Actual Minutes	Number of Days	Status
DISTRICT				
Kindergarten	36,000	54,988	180	In compliance
Grade 1	50,400	51,066	180	In compliance
Grade 2	50,400	51,066	180	In compliance
Grade 3	50,400	51,066	180	In compliance
Grade 4	54,000	54,516	180	In compliance
Grade 5	54,000	54,516	180	In compliance
Grade 6	54,000	61,290	180	In compliance
Grade 7	54,000	61,290	180	In compliance
Grade 8	54,000	61,290	180	In compliance
Grade 9	64,800	64,842	180	In compliance
Grade 10	64,800	64,842	180	In compliance
Grade 11	64,800	64,842	180	In compliance
Grade 12	64,800	64,842	180	In compliance

See accompanying notes to supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Assistance Listing (AL) Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education - Passed through California Department of Education			
	Title I, Part A		
84.010	Title I, Part A, Basic Grants Low-Income and Neglected	14329	$ 462,246
84.010	Comprehensive Support and Improvement for LEAs	15438	205,155
	Subtotal Title I, Part A		667,401
	Special Education Cluster		
84.027	IDEA Basic Local Assistance Entitlement, Part B, Sec 611	13379	1,006,686
84.027A	IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	15197	58,423
84.173	IDEA Preschool Grants, Part B, Sections 619 (Age 3-4-5)	13430	28,336
	Subtotal Special Education Cluster		1,093,445
84.048	Strengthening Career and Technical Education for the 21st Century (Perkins V)	14894	12,826
84.425	COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	15547	3,204
84.367	Title II, Part A, Supporting Effective Instruction Local Grants	14341	181,384
84.365	Title III, English Learner Student Program	14346	84,770
84.424	Title IV, Part A, Student Support and Academic Enrichment Grants	15396	11,054
	Total U.S. Department of Education		2,054,084
U.S. Department of Agriculture - Passed through California Department of Education			
10.555	National School Lunch Program	13391	2,189,921
U.S. Department of Agriculture - Passed through California Department of Social Services			
10.558	CACFP Claims - Centers and Family Day Care	13393	106,785
	Total U.S. Department of Agriculture		2,296,706
	Total Federal Programs		$ 4,350,790

See accompanying notes to supplementary information.

There were no adjustments proposed to any funds of the District.

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
Year Ended June 30, 2024
(UNAUDITED)

	(Budget) 2025	2024	2023	2022
General Fund				
Revenues and other financing sources	$ 77,162,461	$ 80,889,209	$ 91,422,439	$ 80,975,472
Expenditures	82,721,647	81,373,729	80,199,512	73,784,358
Other uses and transfers out	969,359	506	-	-
Total outgo	83,691,006	81,374,235	80,199,512	73,784,358
Change in fund balance	$ (6,528,545)	$ (485,026)	$ 11,222,927	$ 7,191,114
Ending fund balance	$ 29,726,940	$ 36,255,485	$ 36,740,511	$ 25,517,584
Available reserves	$ 4,986,181	$ 7,265,649	$ 7,647,057	$ 15,786,932
Designated for economic uncertainties	$ 4,929,084	$ 4,849,779	$ 7,647,057	$ 15,786,932
Undesignated fund balance	$ 57,097	$ 2,415,870	$ -	$ -
Available reserves as percentages of total outgo	6.0%	8.9%	9.5%	21.4%
All Funds				
Total long-term liabilities	$ 143,924,229	$ 153,884,021	$ 161,384,152	$ 148,793,119
Average daily attendance at P-2	4,438	4,521	4,575	4,720

The fund balance of the General Fund has increased by $17,929,015 over the past three years. The fiscal year 2024-2025 budget projects a decrease of $6,528,545. For a district this size, the State of California recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2024, the District has met this requirement.

The District has incurred operating surpluses in two of the past three years, and anticipates incurring an operating deficit during the fiscal year 2024-2025.

Total long-term liabilities have increased by $5,090,902 over the past two years.

Average daily attendance has decreased by 199 over the past two years. The District anticipates a decrease of 83 ADA for the 2024-2025 fiscal year.

See accompanying notes to supplementary information.

NEWARK UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
Year Ended June 30, 2024

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report

The District has not chartered any charter schools.

See accompanying notes to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance: Average daily attendance 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: The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Schedule of Expenditures of Federal Awards: The Schedule of Expenditures of Federal Awards includes the federal award activity of Newark Unified School District and is presented on the 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). Expenditures are recognized following the Uniform Guidance; wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed in the Uniform Guidance.

Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis - Unaudited: This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2024-2025 fiscal year, as required by the State Controller's Office.

Schedule of Charter Schools: This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 required certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2024, the District did not adopt such a program.

OTHER INFORMATION

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.

The Board of Education at June 30, 2024 was comprised of the following members:

GOVERNING BOARD

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

ADMINISTRATION

Tracey B. Vackar
Interim Superintendent

Karen Allard
Assistant Superintendent, Educational Services

Vacant *
Assistant Superintendent of Business Services

Chris Williams
Interim Assistant Superintendent of Human Resources

*Effective August 19, 2024, Jose Quintana was appointed Assistant Superintendent of Business Services.

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Board of Education
Newark Unified School District
Newark, California

Report on Compliance

Qualified Opinion on State Compliance

We have audited Newark Unified School District's (the District) compliance with the requirements specified in the State of California *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2024.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on Compliance section of our report, the District complied, in all material respects, with the compliance requirements that are applicable to the laws and regulations of the state programs referred to above for the year ended June 30, 2024.

Basis for Qualified Opinion on Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 opinion on compliance. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on State Compliance

As described in the accompanying Schedule of Findings and Questioned Costs as items 2024-003, 2024-004, 2024-005, 2024-006, 2024-007 and 2024-008, the District did not comply with requirements regarding Attendance, Classroom Teacher Salaries, School Accountability Report Card, Unduplicated Local Control Funding Formula Pupil Counts, After/Before School Education and Safety Program and Attendance respectively. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to State Compliance.

(Continued)

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 laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

Auditor's Responsibilities for the Audit of 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 the 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 GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that 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, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the 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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2023-24 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other than Charter Schools:	
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
C. Kindergarten Continuance	Yes
D. Independent Study	N/A, see below
E. Continuation Education	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	N/A, see below
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes
M. Juvenile Court Schools	N/A, see below
N. Middle or Early College High Schools	Yes
O. K-3 Grade Span Adjustment	Yes

(Continued)

Q. Apprenticeship: Related and Supplemental Instruction	N/A, see below
R. Comprehensive School Safety Plan	Yes
S. District of Choice	N/A, see below
TT. Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools:	
T. Proposition 28 Arts and Music in Schools	Yes
U. After/Before School Education and Safety Program	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study – Course-Based	N/A, see below
Z. Immunizations	N/A, see below
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G)	N/A, see below
CZ. Career Technical Education Incentive Grant	N/A, see below
DZ. Expanded Learning Opportunities Program	Yes
EZ. Transitional Kindergarten	Yes
Charter Schools:	
AA. Charter Schools - Attendance	N/A, see below
BB. Charter Schools - Mode of Instruction	N/A, see below
CC. Charter Schools - Nonclassroom-Based Instruction/Independent Study	N/A, see below
DD. Charter Schools - Determination of Funding for Nonclassroom-Based Instruction	N/A, see below
EE. Charter Schools - Annual Instructional Minutes-Classroom Based	N/A, see below
FF. Charter Schools - Charter School Facility Grant Program	N/A, see below

We did not perform any procedures related to Independent Study because the District's ADA was not material.

We did not perform any procedures related to the Early Retirement Incentive because the District did not offer a qualifying Early Retirement Incentive program in the current audit year.

We did not perform any procedures related to Juvenile Court Schools because the District does not operate any Juvenile Court Schools.

We did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction because the District did not participate in this program in the current audit year.

We did not perform any procedures related to District of Choice because the District is not classified as a District of Choice in the current audit year by the California Department of Education.

We did not perform procedures related to Independent Study-Course Based because the District did not report any ADA for this program in the current audit year.

We did not perform any procedures related to the Immunizations program because all schools submitted timely immunization assessment reports to the California Department of Public Health during the current audit year.

We did not perform any procedures related to Expanded Learning Opportunities Grant (ELO-G) because the District did not report any ELO-G expenditures during the current audit year.

The District did not receive funding for the Career Technical Education Incentive Grant; therefore, we did not perform any procedures related to the Career Technical Education Incentive Grant.

We did not perform any of the testing related to charter schools, including procedures for section AA, BB, CC, DD, EE and FF in the preceding table because the District does not operate any charter schools.

(Continued)

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.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

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 on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-006, 2024-007 and 2024-008, to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance 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 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.

Purpose of this Report

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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
February 28, 2025

INDEPENDENT AUDITOR'S 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*

Board of Education
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, 2024, and the related notes to the financial statements, which collectively comprise Newark Unified School District's basic financial statements, and have issued our report thereon dated February 28, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described as finding 2024-001 in the accompanying schedule of audit findings and questioned costs, that we consider to be a significant deficiency.

(Continued)

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*.

Newark Unified School District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Newark Unified School District's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Newark Unified School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Crowe LLP

Crowe LLP

Sacramento, California
February 28, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Newark Unified School District
Newark, California

Report on Compliance for Major Federal Program

Opinion on 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 Newark Unified School District's major federal program for the year ended June 30, 2024. Newark Unified School District's major federal program is 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 compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit 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). 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 opinion on compliance for the 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 laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Newark Unified School District's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that 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, it would influence the judgment 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment 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 the 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 a 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.

(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.

Crowe LLP

Crowe LLP

Sacramento, California
February 28, 2025

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	X	Yes		None reported
Noncompliance material to financial statements noted?		Yes	X	No

FEDERAL AWARDS

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?		Yes	X	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes	X	No

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
10.555	National School Lunch Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000			
Auditee qualified as low-risk auditee?	X	Yes		No

STATE AWARDS

Type of auditors' report issued on compliance for state programs:	Qualified			

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

2024-001 SIGNIFICANT DEFICIENCY – INTERNAL CONTROL - CYBERSECURITY POLICY (30000)

Criteria: Internal Controls are to be an integral part of any organization's financial and business policies and procedures. Internal controls consist of all the measures taken by the organization for the purpose of; (1) protecting its resources against waste, fraud, and inefficiency; (2) ensuring accuracy and reliability in accounting and operating data; (3) securing compliance with the policies of the organization; and (4) evaluating the level of performance in all organizational units of the organization.

Condition: The District has not formalized a cybersecurity policy to include District policies surrounding cybersecurity threats and risk assessment procedures.

Context: We performed internal control inquiries surrounding the cybersecurity risks associated with the District.

Effect: Internal controls policies and procedures are not properly documented.

Cause: Adequate internal control procedures have not been established and documented.

Recommendation: We recommend that the District formalize a comprehensive cybersecurity policy to include risk assessment of response to and mitigation of cybersecurity threats.

Views of Responsible Officials and Planned Corrective Action: Management concurs with findings to address the lack of a cybersecurity policy, we will form a task force to conduct a cybersecurity assessment and identify vulnerabilities within the District. Based on the assessment, we will draft a comprehensive policy that outlines risk assessment procedures and response strategies, then consult stakeholders for feedback before finalizing and obtaining approval. Upon approval, we will communicate the policy to all employees and provide necessary training. Ongoing monitoring and regular audits will ensure compliance and effectiveness.

2024-002 – DEFICIENCY – INTERNAL CONTROL – ASSOCIATED STUDENT BODY (30000)

Criteria: Education Code Section 48930 (and California Department of Education's "Accounting Procedures for Student Organizations Handbook") requires student body organizations to follow the regulations set by the Governing Board of the school district.

Condition:
Newark Middle School:
- Sales tally form showing value of goods sold did not agree to the cash that was turned in for deposit.
- Sales tally form not signed, indicating cash was not dual counted at the time cash was turned in for deposit.
- Application for fundraiser form was not signed by Student Council.

Newark Memorial High School:
- Fundraiser approval forms are not signed by the Principal

Context: The deficiencies listed above were identified through our walkthrough of the design effectiveness of internal controls related to Associated Student Body Funds.

Effect: ASB funds could potentially be misappropriated.

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

2024-002 – DEFICIENCY – INTERNAL CONTROL – ASSOCIATED STUDENT BODY (30000) (Continued)

Cause: Adequate internal control procedures have not been implemented and enforced.

Recommendation: Based on the deficiencies identified above, we recommend the following:
- Cash should be maintained in dual custody counted at the time it is turned in for deposits to ensure goods sold agrees to cash deposited. Forms should also be signed to indicate cash was counted with two individuals present.
- Application for fundraiser forms should be signed by all appropriate parties.

Views of Responsible Officials and Planned Corrective Action: Management concurs with findings to address internal control deficiencies, we will implement dual custody procedures for cash handling, ensuring that two individuals sign the sales tally form at the time of deposit. We will establish a standardized fundraiser approval process requiring signatures from both the Student Council and Principal, along with training for ASB members on compliance. Finally, we will conduct regular monitoring and quarterly reviews of ASB financial transactions to ensure adherence to the new procedures.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2024-003 – DEFICIENCY – ATTENDANCE (10000)

Criteria: Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Section 401 and 421 (b) and Education Code Section 44809 - Each LEA must develop and maintain accurate and adequate records to support the attendance reported to the State.

Condition: At Newark Middle School, two students were improperly recorded as present, resulting in an overstatement of two days of attendance.

Context: We performed the audit procedures enumerated in the State of California *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the condition described above

Effect: The effect of this finding is an overstatement of 0.01 ADA.

Cause: The errors were the result of clerical errors in accounting for attendance.

Fiscal Impact: The error is below 0.50 ADA, therefore there is no fiscal impact.

Repeat Finding: No.

Recommendation: The District should enforce controls to ensure accurate accounting for attendance.

Views of Responsible Officials and Planned Corrective Action: The District agrees with the auditor's recommendations. The District will continue to provide training for staff at the school sites who are responsible for attendance reporting.

2024-004 – DEFICIENCY – CLASSROOM TEACHER SALARIES (61000)

Criteria: The District's expenditures related to classroom teacher salaries during the audit year, are required to meet or exceed 55% of the total current expense of education in the District's General Fund, as required by Education Code section 41372.

Condition: The total current expense of education in the General Fund for the audit year was calculated to be $64,478,032, and the classroom teacher salaries and related benefits totaled $35,326,310. The ratio of classroom teacher salaries to the current expense of education was calculated to be 54.56%, which is deficient by 0.44% from the requirement of 55%, or a total deficient dollar value of $285,108.

Context: We performed the audit procedures enumerated in the State of California *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the condition described above.

Effect: The District was not in compliance with the requirements of Classroom Teacher Salaries as required by Education Code section 41372.

Cause: The District incurred increased costs in the General Fund associated with pandemic-related expenditures. These costs were funded by stimulus funds and caused the ratio to fall below the required minimum of 55%.

Fiscal Impact: Not applicable.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2024-004 – DEFICIENCY – CLASSROOM TEACHER SALARIES (61000) (Continued)

Repeat Finding: No.

Recommendation: The District's management team should implement necessary internal controls to ensure that classroom teacher salaries meet or exceed the minimum required percentage of current expense of education, in the District's General Fund.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the finding and will continue implementing necessary and additional internal controls to ensure that classroom-related expenses, 54.56% in the audit year, exceed the minimum required percentage of 55%, in future reporting periods.

2024-005 – DEFICIENCY – SCHOOL ACCOUNTABILITY REPORT CARD (72000)

Criteria: Education Code Section 33126(b)(8) requires that the school accountability report card shall include, but is not limited to, assessment of the following school conditions: (8) Safety, cleanliness, and adequacy of school facilities, including any needed maintenance to ensure good repair as specified in Section 17014, Section 17032.5, subdivision (a) of Section 17070.75, and subdivision (b) of Section 17089.

Condition: At two school sites selected for testing, attributes as identified on the site's school accountability report card were not consistent with the supporting documentation provided by management.

Context: We performed the audit procedures enumerated in the State of California *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and identified the condition described above.

Effect: The District is not in compliance with Education Code 33126(b)(8).

Cause: The inconsistencies were the result of clerical errors in the preparation of the school accountability report card.

Fiscal Impact: Not applicable.

Repeat Finding: Yes, see finding 2023-001.

Recommendation: Management should update or implement internal control procedures to ensure that all sites' school accountability report cards are completed appropriately and agree to the supporting information for each relevant reporting area as required by Education Code 33126(b)(8).

Views of Responsible Officials and Planned Corrective Actions: Management concurs the findings and is committed to rectifying the discrepancies in the school accountability report cards. By enhancing our internal control procedures, we will ensure accuracy and compliance moving forward. This proactive approach will not only strengthen our accountability but also foster trust within our community.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2024-006 – MATERIAL WEAKNESS – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria: Any student who meets the English-learner criteria will be counted as ELAS-eligible. Except for directly certified and foster students identified through a statewide match, LEAs must submit the appropriate student program (SPRG) records to CALPADS in order for the students to be counted as ELAS-eligible. Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 2574(b)(3)(C), 44238.02(b)(3)(B), and 41020, Education Code.

Condition: The District was unable to provide support for a total of one student identified as an English-Learner in the District's CALPADS reporting for the 2023-2024 school year for the purposes of Unduplicated Local Control Funding Formula Pupil Counts.

Newark Unified School District

Unduplicated pupil count based on:	Enrollment	FRPM	ELAS	Both	Total
As certified on CALPADS	4,828.00	1,612.00	328.00	701.00	2,641.00
Audit Adjustments		-	(20.50)	-	(20.50)
Adjusted Counts	4,828.00	1,612.00	307.50	701.00	2,620.50

Context: We performed the audit procedures enumerated in the State of California *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and identified the condition described above.

Effect: The District is out of compliance with state requirements for Unduplicated Local Control Funding Formula Pupil Counts.

Cause: The errors were the result of clerical errors in accounting for unduplicated pupil counts in the CALPADS reporting system.

Fiscal Impact: The District's funded Unduplicated Pupil Percentage for the 2023-24 school year was originally reported at 54.70% and the revised School District Unduplicated Pupil Percentage is reported at 54.28%; the fiscal impact is a reduction of LCFF revenues of approximately $15,657.

Repeat Finding: No.

Recommendation: The District should ensure that all students are properly reflected in the CALPADS reporting under the appropriate status. In addition, the District shall submit a revised "School District Audit Adjustment to CALPADS Data" certification to reflect the additional reduction of 21 students.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the findings and recommendations outlined in the audit report. We have already incorporated early CALPADS data gathering processes to ensure all students are accurately reflected in our reporting. This proactive approach will help prevent similar issues in the future.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2024-007 – MATERIAL WEAKNESS – AFTER/BEFORE SCHOOL EDUCATION SAFETY PROGRAM (40000)

Criteria: Education Code Section 8483.75(a)(4) requires districts receiving After/Before School Education and Safety Program funding should provide an amount of cash or in-kind local funds equal to not less than one-third of the total grant from the school district, governmental agencies, community organizations, or the private sector.

Condition: For the year ended June 30, 2024, the District did not contribute cash or in-kind local funds equal to not less than one-third of the total grant. The amount required for local contribution should have been not less than $134,366.

Context: We performed the audit procedures enumerated in the State of California *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and identified the condition described above.

Effect: The District did not comply with the After and Before School Safety Program requirements of Education Code Section 8483.75(a)(4) for the year ended June 30, 2024.

Cause: The District's internal controls did not ensure that the required match was met.

Fiscal Impact: Not applicable.

Repeat Finding: No.

Recommendation: Management should implement necessary internal controls to ensure the contribution of cash or in-kind local funds equal to not less than one-third of the total grant is met each year.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the findings outlined in the report. We are actively implementing internal controls to ensure that the contribution of cash or in-kind local funds equal to not less than one-third of the total grant is met each year.

2024-008 – MATERIAL WEAKNESS – ATTENDANCE (10000)

Criteria: Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Sections 401 and 421 (b) and Education Code Sections 44809 - Each LEA must develop and maintain accurate and adequate records to support attendance reported to the State.

Condition: The District overreported ADA for grades transitional kindergarten through third on their annual report of attendance for Birch Grove Primary School.

Context: We performed the audit procedures enumerated in the State of California *2023-24 Guide Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The ADA reported on the annual report of attendance is overstated by 150 ADA for grades transitional kindergarten through third.

Cause: The errors were the result of clerical errors in accounting for attendance.

Fiscal Impact: Not determinable.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2024-008 MATERIAL WEAKNESS – ATTENDANCE (10000) (Continued)

Repeat Finding: No.

Recommendation: The District should revise and resubmit their Annual Report of Attendance to correct eh misstated ADA. Further, the District should obtain and maintain appropriate attendance records to be in compliance with attendance requirements.

Views of Responsible Officials and Planned Corrective Action: Internal staff have discussed and created a system to have a second review once the ADA has been entered into the California Department of Ed software Principal Apportionment Data Collection (PADC) to ensure that the ADA entered matches the backup for the appropriate attendance reporting period before it is submitted to the CBO for final approval.

STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS

2023-001 - SCHOOL ACCOUNTABILITY REPORT CARDS (72000)

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

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.

Current Status: Not implemented. See Current Year Finding 2024-005.

District Explanation if Not Implemented: See Current Year Finding 2024-005.