

**EAST NEWARK BOARD OF EDUCATION  
COUNTY OF HUDSON, NEW JERSEY  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

# **EAST NEWARK BOARD OF EDUCATION**

**EAST NEWARK BOARD OF EDUCATION**  
**East Newark, New Jersey**

**Annual Comprehensive Financial Report**  
**Year Ended June 30, 2022**

# **Annual Comprehensive Financial Report**

**of the**

**EAST NEWARK BOARD OF EDUCATION  
East Newark, New Jersey**

**Year Ended June 30, 2022**

**Prepared by**

**Business Administrator**

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Not Applicable

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## **INTRODUCTORY SECTION**

# East Newark Public School

*Rosaura Bagolie, Ed. D.*  
*Superintendent / Principal*

*501-11 North Third Street*  
*East Newark, N.J. 07029*  
*(973) 481-6800*  
[rbaqolie@eastnewarkschool.org](mailto:rbaqolie@eastnewarkschool.org)

April 27, 2023

Honorable President and  
Members of the  
Board of Education  
East Newark  
School District  
East Newark, New  
Jersey 07029

Dear Board Members:

The Comprehensive Annual Financial Report of The Borough of East Newark School District for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the district. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Uniform Guidance, and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this Single Audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

## **1. REPORTING ENTITY AND ITS SERVICES:**

The Borough of East Newark School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14 as established by NCGA Statement 3. All funds of the District are included in this report. The Borough of East Newark Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PK through 8. The District completed the 2021-22 school year with a resident enrollment of 226 students, which is 2 students less than the previous year's enrollment, a decrease of 0.88%. However, as of April 27, 2023, enrollment has increased by 20.80% with 47 new student enrollments. The table on the following page details the changes in the student enrollment of the District over the last five years.

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2022- 2023	273* as of 4/27/2023	+20.80%
2021-2022	226	-.88%
2020-2021	228	-6.56%
2019-2020	244	-1.21%
2018-2019	247	-6.08%
2017-2018	263	-

## **2. ECONOMIC CONDITION AND OUTLOOK:**

The Borough of East Newark continues to suffer under the economic down-turn in residential and commercial development and expansion had been stagnant however, it is expected that approximately 10 residential homes will be built along in the next year. It is also expected that within the next three years construction of 616 apartment units will occur at the location known at the old Clark Thread Factory now labeled the and East Newark's Town Center. The development will adaptively reuse eight structures on the property into 616 residential units, 91,022 square feet of retail space, and 4,388 square feet of commercial space. The rental apartments at the East Newark Town Center will consist of one- and two-bedroom units sporting 14-foot ceilings, highlighting the industrial attributes of the existing buildings. Further as our Board of School Estimates has failed to increase tax levy even by the minimum state-imposed budget caps for over 10 years and the significant increases in costs in areas such as health benefits, place increased pressure upon the District's budget.

The leasing of homes to temporary or transient families has continued, and along with this there has been an increase of special needs students who require specialized support services.

The District continues to cope with overcrowding in Pre-K through grade 8 and special education departments resulting in significant costs for leasing classroom space and out-of-district placements.

Our outlook for the immediate future is currently not of concern following the passing of Senate Bill S-2 which has increased state aid to East Newark Schools by \$1,027,189.00 which was a 23.28% increase over the previous year. This helped in alleviating the lack of increase of taxes to our local taxpayers, as well as, any possible reductions in staff and instructional programs that may have occurred without this additional assistance.

## **3. MAJOR INITIATIVES:**

The District continues to focus on curricular revision and alignment with the New Jersey Student Learning Standards as sustained, job-embedded, professional development for teachers as a means of improving student performance. The District has developed a strategic plan to address areas of need as identified by the

school board and a cohort of stakeholders, and continuously works to address the activities identified therein critical to the achievement of these identified goals.

The District's after-school program, funded through 21<sup>st</sup> Century Community Learning Center federal grant funding, provided a comprehensive program for students in grades 4 through 8 for its initial activities such as theater, dance, instrumental instruction, sports, cooking, and technology. The program also includes serving dinner to all students who attend.

The District has tried to maintain a focus on those infrastructure issues which promote safety and improve its atmosphere. The District has entered into an agreement with our architects to assist in developing front façade and window upgrades to our building.

#### **4. INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

#### **5. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2020.

**6. ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 1.

**7. DEBT ADMINISTRATION:**

At June 30, 2022, there were no serial bonds or capital leases outstanding.

**8. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**9. RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

**10. OTHER INFORMATION:**

**A) Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, L.L.C., CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related Budget Uniform Guidance and New Jersey OMB Circular 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**11. ACKNOWLEDGMENTS:**

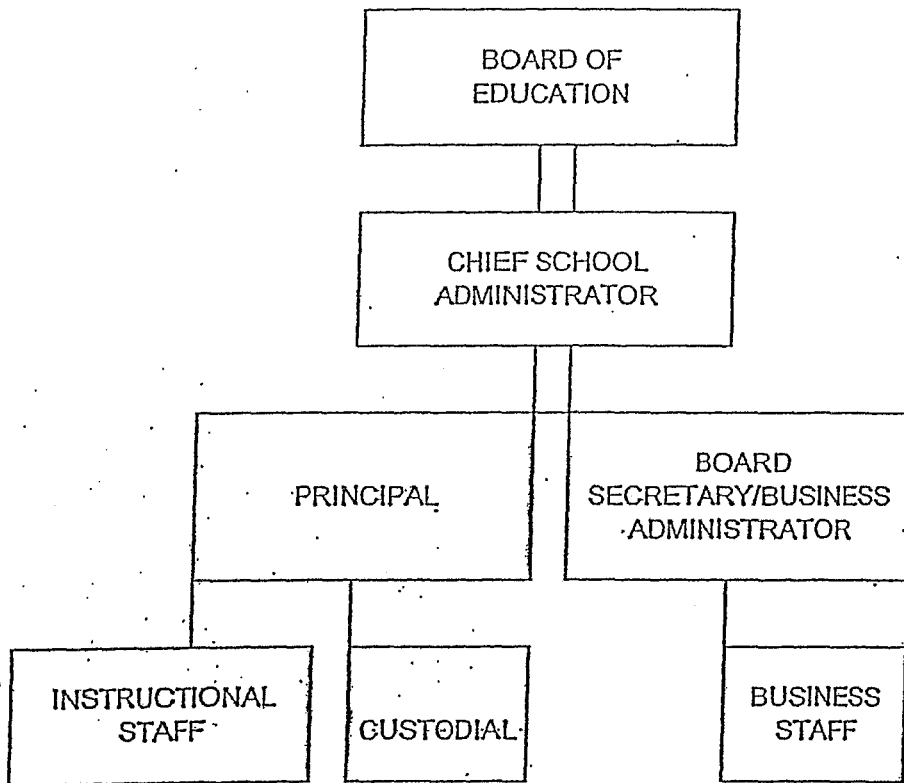
We would like to express our appreciation to the members of East Newark School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

*Rosaura Bagolie*  
Rosaura Bagolie, Ed.D.  
Superintendent of Schools

*Emidio D'Andrea*  
Emidio D'Andrea  
School Business Administrator

EAST NEWARK SCHOOL DISTRICT  
ORGANIZATIONAL CHART  
(UNIT CONTROL)



**EAST NEWARK BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**JUNE 30, 2022**

**Members of the Board of Education**

**Term Expires**

Carla Fernandes, Board President	2023
Valeria Slattery, Vice President (resigned August 2021)	2022
Danielle Sarro, Vice President (appointed October 2021)	2024
Bridgite Goncalves (resigned November 2021)	2022
Johanna Lopez (resigned May 2022)	2023
Laura Ditchkus	2024
Lucinda Pinto	2024
Jennifer Perez (appointed October 2021)	2024
Heather Leone (appointed May 2022)	2025
Michael Mancini (appointed June 2022)	2025

**Other Officials**

Dr. Richard Corbett, Superintendent of Schools/Principal (Resigned 6/30/22)

Dr. Rosaura Bagolie, Acting Superintendent of Schools/Principal (as of April 2022)

R. Paul Vizzuso, School Business Administrator/Board Secretary (Resigned 6/30/22)

Robert Clark, Treasurer of Monies

**EAST NEWARK BOARD OF EDUCATION**

**CONSULTANTS & ADVISORS**

**JUNE 30, 2022**

**Attorney**

Matthew J. Giacobbe, Esq.  
Cleary Giacobbe Alfieri Jacobs, LLC  
169 Ramapo Valley Road Upper Level 105  
Oakland, New Jersey 07436

Ruderman & Roth, LLC  
150 Morris Avenue  
Springfield, New Jersey 07081

Cecilia M.E. Lindenfelser  
570 Kearny Avenue  
Kearny, New Jersey 07032

**District Auditor**

Wielkocz & Company LLC  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442

**Official Depositories**

Valley National Bank  
Fourth Street  
East Newark, New Jersey 07029

**Architect**

USA Architects + Planners, PA  
20 North Doughty Avenue  
Sommerville, New Jersey 08876



**FINANCIAL SECTION**



# WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA  
MATTHEW B. WIELKOTZ, CPA, PSA  
PAUL J. CUVA, CPA, RMA, PSA  
JAMES J. CERULLO, CPA, RMA, PSA  
KARI FERGUSON, CPA, RMA, CMFO, PSA  
ROBERT C. MCNINCH, CPA, CFE, PSA  
KEVIN REEVES, CPA, PSA

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## **INDEPENDENT AUDITOR'S REPORT**

Honorable President and  
Members of the Board of Education  
East Newark Board of Education  
County of Hudson  
East Newark, New Jersey 07029

### **Report on the Audit of the Financial Statements**

#### ***Qualified Opinion***

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Borough of East Newark School District, in the County of Hudson, State of New Jersey, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Borough of East Newark Board of Education, in the County of Hudson, State of New Jersey, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Qualified Opinion on U.S. Generally Accepted Accounting Principles***

Governmental Accounting Standards Board Statement (GASBS) 34 requires school districts and other public entities to accurately track and account for fixed assets. The District failed to provide an updated fixed asset report including additions, deletions and depreciation expense for all assets, which is to be reported as a direct expense.



Honorable President and  
Members of the Board of Education  
Page 2.

The effects on the financial statements, although not reasonably determinable, are presumed to be material.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the East Newark Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey 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, individually or in the aggregate, they could reasonably



be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with generally accepted auditing standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and Government Auditing Standards, we:

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

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedules Related to Accounting and Reporting for Pensions, and Other Post Employment Benefits identified in the table of contents be presented to supplement the basic financial statements. Such information,



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 the 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of East Newark Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and 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* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the 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* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, 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* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Honorable President and  
Members of the Board of Education  
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The introductory section and statistical data section has not been subject 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2023 on our consideration of the Borough of East Newark Board of Education'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 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 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 the Borough of East Newark Board of Education's internal control over financial reporting and compliance.

*Steven D. Wielkotz*

Steven D. Wielkotz, C.P.A.  
Licensed Public School Accountant  
No. 816

*Wielkotz & Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

March 2, 2023



**REQUIRED SUPPLEMENTARY  
INFORMATION - PART I**

**EAST NEWARK BOARD OF EDUCATION  
EAST NEWARK, NJ**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The discussion and analysis of the East Newark Board of Education’s financial performance provides an overall review of the School District’s financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District’s financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District’s revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund and Enterprise Fund.

**FINANCIAL HIGHLIGHTS**

- ✓ In total, net position increased by \$537,601. Net position of governmental activities increased \$574,327 while net position of business-type activities decreased by \$(36,726).
- ✓ General revenues accounted for \$6,772,860 in revenue or 81 percent of all district revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,564,550 or 19 percent of total revenues of \$8,337,410.
- ✓ The School District had \$7,799,809 in expenses related to governmental and business-type activities; only \$1,564,550 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$6,772,860 were adequate to provide for these programs.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (government-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

**District-Wide Financial Statements**

The *statement of net position and statement of activities* reports information about the District as a whole and about its activities in a manner that helps answer the question, “Is the District better or worse off as a result of the year’s activities?” These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year’s revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of the East Newark Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).



**EAST NEWARK BOARD OF EDUCATION  
EAST NEWARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**USING THIS ANNUAL REPORT, (continued)**

In the *Statement of Net Position and the Statement of Activities*, the District is divided into two distinct kinds of activities:

- Governmental Activities – All of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity – This service is provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Food Service Fund is reported as a business-type activity.

The two statements report the District's net position and changes in them. The change in net position can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

**Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The East Newark Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the district's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

**Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (reported in the Statement of Net Position and the Statement of Activities).

**EAST NEWARK BOARD OF EDUCATION  
EAST NEWARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**USING THIS ANNUAL REPORT, (continued)**

The East Newark Board of Education maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue and capital projects funds, which are both considered to be major funds.

The East Newark Board of Education adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with their budgets.

**Proprietary Funds**

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The East Newark Board of Education uses proprietary funds to account for its food service program.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**EAST NEWARK BOARD OF EDUCATION  
EAST NEWARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS**

The Statement of Net Position provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The School District's net positions were \$3,202,995 at June 30, 2022 and \$2,665,394 at June 30, 2021. Restricted items of net position are reported separately to show legal constraints that limit the School District's ability to use those items of net position for day-to-day operations. Our analysis below focuses on the net position for 2022 compared to 2021 (Table 1) and change in net position (Table 2) of the School District.

**Table 1**

**Net Position  
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Assets</b>						
Current and Other Assets	3,648,916	3,006,025	101,278	124,269	3,750,194	3,130,294
Capital Assets:						
Land and Construction in Progress	153,681	153,681			153,681	153,681
Depreciable Buildings, Improvements and Equipment (net)	<u>868,075</u>	<u>868,075</u>	<u>21,244</u>	<u>21,244</u>	<u>889,319</u>	<u>889,319</u>
Total Assets	<u>4,670,672</u>	<u>4,027,781</u>	<u>122,522</u>	<u>145,513</u>	<u>4,793,194</u>	<u>4,173,294</u>
<b>Deferred Outflows:</b>						
Deferred Outflows of Resources						
Related to PERS	<u>258,872</u>	<u>415,493</u>	—	—	<u>258,872</u>	<u>415,493</u>
Total Deferred Outflows	<u>258,872</u>	<u>415,493</u>	<u>-</u>	<u>-</u>	<u>258,872</u>	<u>415,493</u>
<b>Liabilities</b>						
Current Liabilities	674,132	485,473	19,942	6,207	694,074	491,680
Noncurrent Liabilities	<u>499,695</u>	<u>634,168</u>	—	—	<u>499,695</u>	<u>634,168</u>
Total Liabilities	<u>1,173,827</u>	<u>1,119,641</u>	<u>19,942</u>	<u>6,207</u>	<u>1,193,769</u>	<u>1,125,848</u>
<b>Deferred Inflows:</b>						
Deferred Inflows of Resources						
Related to PERS	<u>655,302</u>	<u>797,545</u>	—	—	<u>655,302</u>	<u>797,545</u>
Total Deferred Inflows	<u>655,302</u>	<u>797,545</u>	<u>-</u>	<u>-</u>	<u>655,302</u>	<u>797,545</u>
<b>Net Position</b>						
Net Investment in Capital						
Assets	1,021,756	1,021,756	21,244	21,244	1,043,000	1,043,000
Restricted	3,153,733	2,619,258			3,153,733	2,619,258
Unrestricted	<u>(1,075,074)</u>	<u>(1,114,926)</u>	<u>81,336</u>	<u>118,062</u>	<u>(993,738)</u>	<u>(996,864)</u>
Total Net Position	<u>3,100,415</u>	<u>2,526,088</u>	<u>102,580</u>	<u>139,306</u>	<u>3,202,995</u>	<u>2,665,394</u>

**EAST NEWARK BOARD OF EDUCATION  
EAST NEWARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

Table 2 below shows the changes in net position for fiscal year 2022.

**Table 2  
Changes in Net Position  
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services and						
Sales	2,749		6,735		9,484	0
Operating Grants and						
Contributions	1,373,914	899,206	181,152	95,710	1,555,066	994,916
General Revenues:						
Taxes:						
Property Taxes	1,512,158	1,512,158			1,512,158	1,512,158
Federal and State Aid not						
Restricted	4,693,873	4,049,065			4,693,873	4,049,065
Federal and State Aid -						
Capital Outlay	216,890				216,890	0
Miscellaneous Income	<u>349,901</u>	<u>362,694</u>	<u>38</u>	<u>495</u>	<u>349,939</u>	<u>363,189</u>
Total Revenues and Transfers	<u>8,149,485</u>	<u>6,823,123</u>	<u>187,925</u>	<u>96,205</u>	<u>8,337,410</u>	<u>6,919,328</u>

**EAST NEWARK BOARD OF EDUCATION  
EAST NEWARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Functions/Program Expenses</b>						
Instruction:						
Regular	2,115,606	1,924,228			2,115,606	1,924,228
Special Education	121,618	109,838			121,618	109,838
Other Special Instruction		76,904			0	76,904
Other Instruction	27,783	8,067			27,783	8,067
Support Services:						
Tuition	2,161,877	1,841,048			2,161,877	1,841,048
Student & Instruction Related Services	1,142,544	580,551			1,142,544	580,551
General Administrative Services	335,807	339,070			335,807	339,070
School Administrative Services	154,486	125,538			154,486	125,538
Central Administration and Admin. Info. Tech.	54,714	73,046			54,714	73,046
Plant Operations and Maintenance	331,904	359,717			331,904	359,717
Pupil Transportation	77,944	22,943			77,944	22,943
Unallocated Benefits	796,795				796,795	0
Allocated Benefits					0	0
Charter Schools	37,190	36,811			37,190	36,811
Capital Outlay - Nondepreciable	216,890	17			216,890	17
Unallocated Depreciation		142,640			0	142,640
Food Service			<u>224,651</u>	<u>84,617</u>	<u>224,651</u>	<u>84,617</u>
Total Expenses	<u>7,575,158</u>	<u>5,640,418</u>	<u>224,651</u>	<u>84,617</u>	<u>7,799,809</u>	<u>5,725,035</u>
Increase or (Decrease) in Net Position	<u>574,327</u>	<u>1,182,705</u>	<u>(36,726)</u>	<u>11,588</u>	<u>537,601</u>	<u>1,194,293</u>

**EAST NEWARK BOARD OF EDUCATION  
EAST NEWARK, NJ**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

**Governmental and Business- Activities**

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$7,799,809. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$1,512,158 because some of the cost was paid by those who benefitted from the programs \$9,484, by other governments and organizations who subsidized certain programs with grants and contributions \$1,555,066, unrestricted federal and state aid \$4,693,873, federal and state aid capital outlay \$216,890, and by miscellaneous sources \$349,939.

Revenues for the District’s business-type activities (food service programs) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Food service expenses exceeded revenues by \$36,726.
- ✓ Charges for services provided totaled \$6,735 represents amounts paid by consumers for daily food services and donated commodities.
- ✓ Federal and state reimbursement for meals served, including payments for free and reduced priced lunches was \$181,152.

The following schedules present a summary of governmental fund revenues and expenditures for the fiscal year ended June 30, 2022, and the amount and percentage of increases/(decreases) relative to the prior year.

<b><u>Revenue</u></b>	<b><u>Amount</u></b>	<b><u>Percent of Total</u></b>	<b><u>Increase/ (Decrease) from 2021</u></b>	<b><u>Percent of Increase/ (Decrease)</u></b>	<b><u>Prior Year</u></b>
Local Source	\$1,864,808	22.9%	(\$10,043)	-0.5%	\$1,874,851
State Source	5,056,258	62.1%	550,658	12.22%	4,505,600
Federal Source	<u>1,226,667</u>	<u>15.0%</u>	<u>783,997</u>	177.11%	<u>442,670</u>
Total	<b><u>\$8,147,733</u></b>	<b><u>100.0%</u></b>	<b><u>\$1,324,612</u></b>	19.41%	<b><u>\$6,823,121</u></b>

<b><u>Expenditures</u></b>	<b><u>Amount</u></b>	<b><u>Percent of Total</u></b>	<b><u>Increase/ (Decrease) from 2021</u></b>	<b><u>Percent of Increase/ (Decrease)</u></b>	<b><u>Prior Year</u></b>
Current Expenditures:					
Instruction	\$2,089,688	27.2%	\$612,895	41.50%	\$1,476,793
Undistributed	5,367,857	69.9%	1,076,254	25.08%	4,291,603
Capital Outlay	<u>216,890</u>	<u>2.9%</u>	<u>216,890</u>	100.00%	<u>                    </u>
Total	<b><u>\$7,674,435</u></b>	<b><u>100.0%</u></b>	<b><u>\$1,906,039</u></b>	33.04%	<b><u>\$5,768,396</u></b>

**EAST NEWARK BOARD OF EDUCATION  
EAST NEWARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS**

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2022, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.
- The special revenue fund was increased by \$3,331,755 for increases in federal and state grant awards.

**General Fund**

The general fund actual revenue was \$6,568,339 including transfers. That amount is \$900,179 above the final amended budget of \$5,668,160. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$602,278 for TPAF social security reimbursements and on-behalf pension payments, a deficit in state aid of \$(50,000) and a \$347,901 excess in miscellaneous anticipated revenues.

The actual expenditures of the general fund were \$6,088,869 including transfers which is \$15,493 less than the final amended budget of \$6,109,118. The variance between the actual expenditures and final budget was due to non-budgeted on-behalf TPAF social security and pension payments of \$602,278 and \$617,771 of unexpended budgeted funds.

**Special Revenue Fund**

The special revenue fund actual revenue was \$1,588,315 including transfers. That amount is above the original budget estimate of \$393,949 and below the final amended budget of \$3,725,704. The \$3,331,755 variance between the original and final budget was due to additional federal and state grant monies awarded to the District after the original budget was approved. The \$(2,137,389) variance between the final amended budget and the June 30, 2022 actual results was due to the deferral of Federal and State grants received in the current fiscal year to be spent in the next fiscal year and the inclusion of student activity funds.

The actual expenditures of the special education fund were \$1,585,566, which is above the original budget of \$393,949 and below the final amended budget of \$3,725,704. The \$3,331,755 variance between the original and final budget was due to additional expenditures related to the additional grants awarded to the District after the original budget was approved. The \$2,140,138 variance between the final amended budget and the June 30, 2022 actual results was due to the anticipation of fully expending state and federal grant programs and the inclusion of student activity accounts.

**EAST NEWARK BOARD OF EDUCATION  
EAST NEWARK, NJ**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2022 the School District had \$3,476,610 invested in sites, buildings, equipment and construction in progress. Of this amount, \$2,433,610 in depreciation has been taken over the years. We currently have a net book value of \$1,043,000. Table 3 shows fiscal year 2022 balances compared to 2021.

**Table 3  
Capital Assets at June 30,  
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$153,681	153,681			153,681	153,681
Buildings and Improvements	756,386	756,386			756,386	756,386
Vehicles	109,685	109,685			109,685	109,685
Machinery and Equipment	2,004	2,004	21,244	21,244	23,248	23,248
	<u>1,021,756</u>	<u>1,021,756</u>	<u>21,244</u>	<u>21,244</u>	<u>1,043,000</u>	<u>1,043,000</u>

**Debt Administration**

At June 30, 2022, the District had \$499,695 of long term debt. Of this amount, \$383,467 is for compensated absences and \$116,228 is for net pension liability.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS**

The economy in the State of New Jersey is slowly improving. The current State of New Jersey revenue estimates are at the point that the legislature and governor have approved a State Aid funding bill for the 2022-2023 school year that is slightly above the funding level of the 2021-2022 school year.

These factors were considered in preparing the East Newark Board of Education’s budgets for the 2022-2023 fiscal year.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the East Newark Board of Education’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

School Business Administrator  
East Newark Board of Education  
501-11 N 3rd St  
East Newark, NJ 07022



# **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**EAST NEWARK BOARD OF EDUCATION**  
**Statement of Net Position**  
**June 30, 2022**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	2,140,171	56,268	2,196,439
Receivables, net	597,961	20,655	618,616
Internal balances	(18,471)	18,471	-
Inventory		5,884	5,884
Restricted assets:			
Capital reserve account - cash	914,966		914,966
Net payroll account - cash	1,448		1,448
Payroll deductions and withholdings account - cash	3,504		3,504
Student activity accounts - cash	9,337		9,337
Capital assets, net:			
Land	153,681		153,681
Other capital assets, net	868,075	21,244	889,319
Total Assets	<u>4,670,672</u>	<u>122,522</u>	<u>4,793,194</u>
Deferred Outflow of Resources:			
Deferred outflows of resources related to PERS	258,872		258,872
Total Deferred Outflows	<u>258,872</u>		<u>258,872</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	604,809	10,962	615,771
Payable to federal government		17	17
Unearned revenue	64,371	8,963	73,334
Payroll deductions and withholdings payable	4,952		4,952
Noncurrent liabilities:			
Due beyond one year	499,695		499,695
Total liabilities	<u>1,173,827</u>	<u>19,942</u>	<u>1,193,769</u>
Deferred Inflow of Resources:			
Deferred inflows of resources related to PERS	655,302		655,302
Total Deferred Inflows	<u>655,302</u>		<u>655,302</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,021,756	21,244	1,043,000
Restricted for:			
Capital projects	32,047		32,047
Special Revenue	9,337		9,337
Other purposes	3,112,349		3,112,349
Unrestricted (Deficit)	(1,075,074)	81,336	(993,738)
Total net position	<u><u>3,100,415</u></u>	<u><u>102,580</u></u>	<u><u>3,202,995</u></u>

**The accompanying Notes to Basic Financial Statements are an integral part of this statement.**

**EAST NEWARK BOARD OF EDUCATION**  
Statement of Activities  
Fiscal Year Ended June 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	1,956,547	159,059		757,638	(1,357,968)		(1,357,968)
Special education	106,454	15,164			(121,618)		(121,618)
Other instruction	26,687	1,096			(27,783)		(27,783)
Support services:							
Instruction	2,161,877				(2,161,877)		(2,161,877)
Student & instruction related services	1,092,289	50,255	2,749 *	616,276	(523,519)		(523,519)
General administrative services	319,196	16,611			(335,807)		(335,807)
School administrative services	135,816	18,670			(154,486)		(154,486)
Central Services	47,905	6,809			(54,714)		(54,714)
Plant operations and maintenance	319,230	12,674			(331,904)		(331,904)
Pupil transportation	76,404	1,540			(77,944)		(77,944)
Unallocated benefits	796,795				(796,795)		(796,795)
Capital outlay - non-depreciable	216,890				(216,890)		(216,890)
Transfer to charter schools	37,190				(37,190)		(37,190)
Total governmental activities	<u>7,293,280</u>	<u>281,878</u>	<u>2,749</u>	<u>1,373,914</u>	<u>(6,198,495)</u>	-	<u>(6,198,495)</u>
Business-type activities:							
Food Service	224,651		6,735	181,152		(36,764)	(36,764)
Total business-type activities	<u>224,651</u>		<u>6,735</u>	<u>181,152</u>		<u>(36,764)</u>	<u>(36,764)</u>
Total primary government	<u>7,517,931</u>		<u>9,484</u>	<u>1,555,066</u>	<u>(6,198,495)</u>	<u>(36,764)</u>	<u>(6,235,259)</u>
General revenues:							
Taxes:							
Levied for general purposes					1,512,158		1,512,158
Federal and State aid not restricted					4,693,873		4,693,873
Federal and State aid - Capital Outlay					216,890		216,890
Miscellaneous Income					349,901	38	349,939
Total general revenues, special items, extraordinary items and transfers					<u>6,772,822</u>	<u>38</u>	<u>6,772,860</u>
Change in Net Position					574,327	(36,726)	537,601
Net Position—beginning					2,526,088	139,306	2,665,394
Net Position—ending					<u>3,100,415</u>	<u>102,580</u>	<u>3,202,995</u>

**The accompanying Notes to Basic Financial Statements are an integral part of this statement.**

\* Student Activity revenue is reported as "charges for services"; scholarship revenue is reported as "operating grants and contributions"

**FUND FINANCIAL STATEMENTS**

**EAST NEWARK BOARD OF EDUCATION**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents				
Checking	2,140,171			2,140,171
Accounts Receivable -				
Intergovernmental - State	6,576	20,000		26,576
Intergovernmental - Federal		477,864		477,864
Interfund receivables	84,623		32,047	116,670
Taxes Receivable	93,521			93,521
Restricted cash and cash equivalents:				
Capital reserve	914,966			914,966
Net payroll	1,448 *			1,448
Payroll deductions and withholdings	3,504 *			3,504
Student activity accounts		9,337 *		9,337
	3,244,809	507,201	32,047	3,784,057
Total assets	3,244,809	507,201	32,047	3,784,057
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	236,872	348,870		585,742
Interfund Payable	50,518	84,623		135,141
Unearned revenue		64,371		64,371
Payroll deductions and withholdings payable	4,952 **			4,952
	292,342	497,864	-	790,206
Fund Balances:				
Restricted for:				
Excess Surplus - current year	728,172			728,172
Excess Surplus - prior year - designated for subsequent year's expenditures	1,247,021			1,247,021
Capital reserve account	914,966			914,966
Student Groups		9,337		9,337
Assigned to:				
Year-end Encumbrances	111,472			111,472
Designated by the BOE for subsequent year's expenditures	110,718			110,718
Capital projects fund			32,047	32,047
Unassigned:				
General Fund	(159,882)			(159,882)
	2,952,467	9,337	32,047	2,993,851
Total Fund balances	2,952,467	9,337	32,047	2,993,851
Total liabilities and fund balances	3,244,809	507,201	32,047	

**EAST NEWARK BOARD OF EDUCATION  
Balance Sheet  
Governmental Funds  
June 30, 2022**

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,441,519 and the accumulated depreciation, is \$2,419,763	1,021,756
Accounts payable for subsequent Pension payment is not a payable in the funds	(19,067)
Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the funds.	
Deferred outflows of resources related to PERS Pension Liability	258,872
Deferred inflows of resources related to PERS Pension Liability	(655,302)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	<u>(499,695)</u>
Net position of governmental activities	<u><u>3,100,415</u></u>

**The accompanying Notes to Basic Financial Statements are an integral part of this statement.**

- \* Include former fiduciary fund cash and cash equivalents
- \*\* Include payroll deductions payable and flexible benefits liabilities (flex spending has no net position, only liabilities)

**EAST NEWARK BOARD OF EDUCATION**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Fiscal Year Ended June 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local sources:				
Local tax levy	1,512,158			1,512,158
Miscellaneous	349,901			349,901
Student Group Receipts		2,749 *		2,749
Total - Local Sources	1,862,059	2,749	-	1,864,808
State sources	4,692,121	364,137		5,056,258
Federal sources		1,226,667		1,226,667
Total revenues	6,554,180	1,593,553	-	8,147,733
<b>EXPENDITURES</b>				
Current:				
Regular instruction	1,198,909	757,638		1,956,547
Special education instruction	106,454			106,454
School sponsored/other instructional	26,687			26,687
Support services and undistributed costs:				
Instruction	2,161,877			2,161,877
Health services	82,692			82,692
Student & instruction related services	398,559	611,038 **		1,009,597
General administrative services	319,196			319,196
School administrative services	135,816			135,816
Central services	47,905			47,905
Plant operations and maintenance	319,230			319,230
Pupil transportation	76,404			76,404
Unallocated benefits	575,672			575,672
On-behalf contributions	602,278			602,278
Transfer to charter schools	37,190			37,190
Capital outlay		216,890		216,890
Total expenditures	6,088,869	1,585,566	-	7,674,435
Excess (Deficiency) of revenues over expenditures	465,311	7,987	-	473,298
Net change in fund balances	465,311	7,987	-	473,298
Fund balance—July 1	2,487,156	1,350	32,047	2,520,553
Fund balance—June 30	<u>2,952,467</u>	<u>9,337</u>	<u>32,047</u>	<u>2,993,851</u>

**The accompanying Notes to Basic Financial Statements are an integral part of this statement.**

\* Special revenue fund now includes revenues from scholarships and student activities

\*\* Special revenue fund now includes expenditures from scholarships and student activities



**EAST NEWARK BOARD OF EDUCATION**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Fiscal Year Ended June 30, 2022**

**Total net change in fund balances - governmental funds (from B-2)** 473,298

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	-	
Depreciable outlays	-	

-

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Decrease in compensated absences payable	10,731
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District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changed in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District Pension Contributions	11,490	
Less: Pension Expense	78,808	
(Increase)/Decrease in Pension Expense	90,298	

Per GASB No. 68, Non-employer contributing entities are required to record any increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.

Decrease in On-behalf State Aid TPAF Pension	(293,794)
Decrease in On-behalf TPAF Pension Expense	293,794

Per GASB No. 75 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF post employment medical payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements

Increase in On-behalf State Aid TPAF Post Employment Medical Revenue	295,546
Increase in On-behalf State Aid TPAF Post Employment Medical Expense	(295,546)

<b>Change in net position of governmental activities</b>	<b>574,327</b>
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**The accompanying Notes to Basic Financial Statements are an integral part of this statement.**

**EAST NEWARK BOARD OF EDUCATION**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	<b><u>Food Service Program</u></b>
<b><u>ASSETS</u></b>	
Current assets:	
Cash and cash equivalents	56,268
Accounts receivable:	
State	209
Federal	20,446
Interfund - General Fund	18,471
Inventories	5,884
Total current assets	<u>101,278</u>
Noncurrent assets:	
Capital assets:	
Equipment	35,091
Less accumulated depreciation	<u>(13,847)</u>
Total capital assets (net of accumulated depreciation)	<u>21,244</u>
Total assets	<u><u>122,522</u></u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	10,962
Due to Federal Government	17
Deferred revenue	8,963
Total current liabilities	<u>19,942</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	21,244
Unrestricted	81,336
Total net position	<u><u>102,580</u></u>

**The accompanying Notes to Basic Financial Statements are an integral part of this statement.**

**EAST NEWARK BOARD OF EDUCATION**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**Fiscal Year Ended June 30, 2022**

	<b>Food Service Program</b>
Operating revenues:	
Charges for services:	
Daily sales - non-reimbursable programs	6,735
Total operating revenues	6,735
Operating expenses:	
Cost of sales - reimbursable	79,299
Salaries	73,780
Benefits	20,489
Supplies and materials	9,136
Purchased property services	7,733
Other expenses	34,214
Total operating expenses	224,651
Operating income (loss)	(217,916)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	3,044
Federal sources:	
National school lunch program	119,402
National breakfast program	28,653
National school snack program	4,954
Emergency Operational Cost Program - School	641
P-EBT Administrative Cost	1,242
Supply Chain Assistance Funding	8,963
Food distribution program	14,253
Interest earnings	38
Total nonoperating revenues (expenses)	181,190
Income (loss) before contributions & transfers	(36,726)
Total net position—beginning	139,306
Total net position—ending	102,580

**The accompanying Notes to Basic Financial Statements are an integral part of this statement.**

**EAST NEWARK BOARD OF EDUCATION**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Fiscal Year Ended June 30, 2022**

	<u><b>Food Service Program</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	6,735
Net cash provided by (used for) operating activities	<u>(195,193)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Local Sources	58,214
State Sources	3,396
Federal Sources	156,307
Net cash provided by (used for) non-capital financing activities	<u>217,917</u>
Net increase (decrease) in cash and cash equivalents	22,762
Balances—beginning of year	<u>33,506</u>
Balances—end of year	<u><u>56,268</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	(217,916)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
(Increase) decrease in interfund receivable	8,963
Food Distribution Program	14,253
(Increase) decrease in inventories	(5,265)
Increase (decrease) in accounts payable	4,772
Total adjustments	<u>22,723</u>
Net cash provided by (used for) operating activities	<u><u>(195,193)</u></u>

**The accompanying Notes to Basic Financial Statements are an integral part of this statement.**

**NOTES TO THE FINANCIAL STATEMENTS**

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the East Newark Board of Education have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board's accounting policies are described below.

**A. Description of the School District and Reporting Entity:**

The financial statements of the East Newark Board of Education have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board's accounting policies are described below.

The East Newark Board of Education (the "District") is a Type I District located in the County of Hudson, State of New Jersey. As a Type I District, the members are appointed by the Mayor. A Board of School Estimate approves the school district levy after the final budget is determined by the Board of Education (the "Board"). The members of the Board of School Estimate include the Mayor, two members of the local school board and two members of the governing body. The purpose of the District is to educate students in grades K-8. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**A. Description of the School District and Reporting Entity: (continued)**

operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools and a middle school, located in the Borough of East Newark. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**B. Basis of Presentation:**

The Board's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**District-wide Financial Statements:**

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**Fund Financial Statements:**

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *government*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

**General Fund** - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.



**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**B. Basis of Presentation: (continued)**

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**PROPRIETARY FUNDS**

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service. The following is a description of the Proprietary Funds of the Board:

**Enterprise Funds** - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service Fund.

**FIDUCIARY FUNDS**

**Fiduciary Fund** - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. The District does not have any activities that are required to be included in the Fiduciary Fund.

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**C. Measurement Focus:**

**District-wide Financial Statements**

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

**D. Basis of Accounting:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**D. Basis of Accounting: (continued)**

**Revenues - Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**E. Budgets/Budgetary Control:**

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**F. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**G. Cash, Cash Equivalents and Investments:**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**H. Tuition Payable:**

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

**I. Inventories:**

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**J. Prepaid Items:**

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**K. Short-Term Interfund Receivables/Payables:**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**L. Capital Assets:**

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**M. Compensated Absences:**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**N. Unearned Revenue:**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

**O. Accrued Liabilities and Long-term Obligations:**

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**P. Accounting and Financial Reporting for Pensions:**

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**P. Accounting and Financial Reporting for Pensions: (continued)**

existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.



**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**Q. Deferred Outflows/Inflows of Resources:**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, deferred amounts related to pension and deferred amounts relating to unamortized bond issuance costs.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one item that qualifies in this category, deferred amounts related to pension.

**R. Fund Balances:**

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

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**R. Fund Balances: (continued)**

- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

**S. Net Position:**

Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**T. Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for the Food Service Program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**U. Extraordinary and Special Items:**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

**V. 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. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensated absences have not been allocated and

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**V. Allocation of Indirect Expenses: (continued)**

have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**W. Use of Estimates:**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

**X. New Accounting Standards:**

During fiscal year 2022, the District adopted the following GASB Statement:

GASB Statement No. 87, Leases, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The implementation of this statement had no material impact on the financial statements.

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS:**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2022, \$-0- of the District's bank balance of \$3,386,857 was exposed to custodial credit risk.

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)**

**Investments**

**Investment Rate Risk**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

**Credit Risk**

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The District places no limit on the amount the District may invest in any one issuer.

**NOTE 3. RECEIVABLES:**

Receivables at June 30, 2022, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
State Aid	\$26,576	\$209	\$26,785
Federal Aid	477,864	20,446	498,310
Taxes Receivable	93,521		93,521
Due from Other Funds	<u>116,670</u>	<u>18,471</u>	<u>          </u>
Gross Receivables	714,631	39,126	618,616
Less: Allowance for Uncollectibles	<u>          </u>	<u>          </u>	<u>          </u>
Total Receivables, Net	<u><u>\$714,631</u></u>	<u><u>\$39,126</u></u>	<u><u>\$618,616</u></u>

**East Newark Board of Education  
Notes to the Basic Financial Statements  
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**NOTE 4. INTERFUND BALANCE AND ACTIVITY:**

Balance due to/from other funds at June 30, 2022, consist of the following:

\$ 84,623	Due to the General Fund from the Special Revenue Fund to cover deficit in cash.
18,471	Due to the Enterprise Fund from the General Fund for the subsidy reimbursements not turned over less reimbursement of expenditures.
<u>32,047</u>	Due to the Capital Projects Fund from the General Fund to fund projects.
<u>\$135,141</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

There were no interfund transfers for the year ended June 30, 2022.

**NOTE 5. CAPITAL ASSETS:**

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

	Balance <u>6/30/21</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6/30/22</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	153,681			153,681
Construction in progress	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Capital Assets Not Being Depreciated	<u>153,681</u>	<u>          </u>	<u>          </u>	<u>153,681</u>
Buildings and Building Improvements	2,912,527			2,912,527
Vehicles	87,199			87,199
Machinery and Equipment	<u>288,112</u>	<u>          </u>	<u>          </u>	<u>288,112</u>
Totals at Historical Cost	<u>3,287,838</u>	<u>0</u>	<u>          </u>	<u>3,287,838</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,156,141)			(2,156,141)
Vehicles	22,486			22,486
Machinery and equipment	<u>(286,108)</u>	<u>          </u>	<u>          </u>	<u>(286,108)</u>
Total Accumulated Depreciation	<u>(2,419,763)</u>	<u>0</u>	<u>          </u>	<u>(2,419,763)</u>
Total Capital Assets, Being Depreciated, Net of Accumulated Depreciation	<u>868,075</u>	<u>0</u>	<u>          </u>	<u>868,075</u>
<b>Governmental Activities Capital Assets, Net</b>	<u><u>1,021,756</u></u>	<u>0</u>	<u>          </u>	<u><u>1,021,756</u></u>
Business-type activities:				
Machinery and equipment	35,091			
Less accumulated depreciation for:				
Machinery and equipment	(13,847)	<u>          </u>	<u>          </u>	(13,847)
<b>Business-type activities capital assets, net</b>	<u><u>21,244</u></u>	<u>          </u>	<u>          </u>	<u><u>21,244</u></u>

**East Newark Board of Education  
Notes to the Basic Financial Statements  
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**NOTE 6. LONG-TERM OBLIGATION ACTIVITY:**

Changes in long-term obligations for the year ended June 30, 2022 were as follows:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>	<u>Long</u> <u>Term</u> <u>Portion</u>
Other Liabilities:						
Compensated Absences Payable	\$394,198	\$	(\$10,731)	\$383,467	\$ -0-	\$383,467
Net Pension Liability PERS	<u>239,971</u>	<u>          </u>	<u>(123,743)</u>	<u>116,228</u>	-0-	<u>116,228</u>
Total Other Liabilities	<u>\$634,169</u>	<u>\$0</u>	<u>(\$134,474)</u>	<u>\$499,695</u>	<u>\$ -0-</u>	<u>\$499,695</u>
Total Government Activities	<u>\$634,169</u>	<u>\$0</u>	<u>(\$134,474)</u>	<u>\$499,695</u>	<u>\$ -0-</u>	<u>\$499,695</u>

**A. Bonds Payable:**

The Board issued General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets.

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

As of June 30, 2022, the Board had no bonds payable outstanding.

**B. Bonds Authorized But Not Issued:**

As of June 30, 2022 the Board has no authorized but not issued bonds.

**C. Financed Purchases Payable**

As of June 30, 2022, the Board has no financed purchases outstanding.

**NOTE 7. PENSION PLANS:**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at: [http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

**East Newark Board of Education  
Notes to the Basic Financial Statements  
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**NOTE 7. PENSION PLANS:** (continued)

***Teachers' Pension and Annuity Fund (TPAF)*** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Benefits Provided**

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 7. PENSION PLANS: (continued)**

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Benefits Provided**

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Defined Contribution Retirement Program**

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.



**East Newark Board of Education  
Notes to the Basic Financial Statements  
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**NOTE 7. PENSION PLANS: (continued)**

Defined Contribution Retirement Program, (continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contributions Requirements Fund Based Statements

The Board's contribution to PERS and DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

Year	<u>PERS</u>	<u>DCRP</u>
<u>Ending</u> 6/30/22	\$11,490	\$7,396
6/30/21	16,098	
6/30/20	45,797	

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

Year	Pension	Post-Retirement Medical	NCGI	Long-Term Disability Insurance
<u>Ending</u> 6/30/22	<u>Contributions</u> \$392,788	<u>Contributions</u> \$93,066	<u>Premium</u> \$5,542	<u>Contribution</u> \$250
6/30/21	268,623	85,784	5,111	224
6/30/20	193,250	72,977	3,464	202

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$110,632 during the year ended June 30, 2022 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

**East Newark Board of Education  
Notes to the Basic Financial Statements  
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**NOTE 7. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68**

**Public Employees Retirement System (PERS)**

At June 30, 2022, the District had a liability of \$116,228 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2021, the District's proportion was 0.0009811153 percent, which was an increase/(decrease) of (0.0004904333) percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$(78,808). At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$1,833	\$832
Changes of assumptions	605	41,378
Net difference between projected and actual earnings on pension plan investments		30,617
Changes in proportion and differences between District contributions and proportionate share of contributions	237,367	582,475
District contributions subsequent to the measurement date	<u>19,067</u>	<u>          </u>
Total	<u>\$258,872</u>	<u>\$655,302</u>

The \$19,067 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2022, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 7. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Public Employees Retirement System (PERS), (continued)**

Year ended June 30:	
2022	\$ (27,425)
2023	(19,581)
2024	(13,351)
2025	(10,036)
2026	4

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 years for 2021, 2020, 2019, 2018, 2017 and 2016 amounts, respectively.

**Additional Information**

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2021 and June 30, 2020 are as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Collective deferred outflows of resources	\$1,164,738,169	\$2,347,583,337
Collective deferred inflows of resources	8,339,123,762	7,849,949,467
Collective net pension liability	11,846,499,172	16,307,384,832
District's Proportion	0.0009811153%	0.0014715486%

**Actuarial Assumptions**

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 7. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Actuarial Assumptions, (continued)**

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% (based on years of service)
Thereafter	3.00-7.00% (based on years of service)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Mortality Rates**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non- Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2021.

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return 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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 7. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Long-Term Rate of Return, (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2021 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	<u>June 30, 2021</u>		
	<u>1% Decrease</u>	<u>At Current Discount Rate</u>	<u>1% Increase</u>
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
District's proportionate share of the pension liability	\$158,727	\$116,228	\$80,161

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 7. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Teachers Pensions and Annuity Fund (TPAF)**

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2022 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>4,442,605</u>
	<u><u>\$ 4,442,605</u></u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2021, the proportion of the TPAF net pension liability associated with the District was 0.0092409511%.

For the year ended June 30, 2022, the District recognized on-behalf pension expense and revenue of \$104,536 for contributions provided by the State in the District-Wide Financial Statements.

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 7. PENSION PLANS: (continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.45% (based on years of service)
Thereafter	2.75%-5.65% (based on years of service)

**Mortality Rates**

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Health Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with a future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return 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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 are summarized in the following table:

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 7. PENSION PLANS: (continued)**

**Long-Term Expected Rate of Return, (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.



**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 8. POST-RETIREMENT BENEFITS:**

**General Information about the OPEB Plan**

**State Health Benefit State Retired Employees Plan**

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a “pay-as-you-go” basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Required OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as “the employers”) for which the State is legally obligated to pay for benefits. The State Required OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premium or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen’s Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L. 1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a “pay-as-you-go” basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No.75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 9. POST-RETIREMENT BENEFITS: (continued)**

**State Health Benefit State Retired Employees Plan, (continued)**

Pursuant to P.L. 2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,650,970 for this special funding situation.

*Total OPEB Liability*

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level for the State Health Benefit Local Education Retired Employee's Plan and is not specific to the board of education/board of trustees, and could be found at <https://www.state.nj.us/treasury/pensions/GASBnoticesOPEB.SHTML>.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2022 was as follows:

OPEB Liability:	
District's proportionate share	\$
State's proportionate share associated with the District	<u>5,230,771</u>
	<u>\$ 5,230,771</u>

*Actual Assumptions and Other Imputes*

The total OPEB liability in the June 30, 2021 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 8. POST-RETIREMENT BENEFITS: (continued)**

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2026	1.55 - 4.45% based on service years	2.00 - 6.00% based on service years
Thereafter	2.75 - 5.65% based on service years	3.00 - 7.00% based on service years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP). “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018 and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

**(a) Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 8. POST-RETIREMENT BENEFITS: (continued)**

**(b) Discount Rate**

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates:

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the healthcare cost trend rates is not applicable to the District.

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

For the year ended June 30, 2021, the board of education/board of trustees recognized on-behalf OPEB expense of \$388,612 in the district-wide financial statements as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the East Newark Board of Education's proportionate share of school retirees OPEB is zero; therefore, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

**NOTE 9. DEFERRED COMPENSATION:**

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

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**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 10. RISK MANAGEMENT:**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”. Under this method, the District remits all contributions directly to the State of New Jersey Unemployment Trust Fund.

**NOTE 11. CAPITAL RESERVE ACCOUNT:**

A capital reserve account was established by the East Newark Board of Education by inclusion of \$790,000 during Fiscal Year 2003 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve account for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 912,645
Increased by:	
Interest Earnings	2,321
Ending Balance, June 30, 2022	\$ 914,966

**East Newark Board of Education  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2022**

**NOTE 12. FUND BALANCE APPROPRIATED:**

**General Fund [Exhibit B-1]** – Of the \$2,952,467 General Fund fund balance at June 30, 2022, \$111,472 is reserved for encumbrances; \$1,975,193 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$1,247,021 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ended June 30, 2023); \$914,966 has been reserved in the Capital Reserve Account; \$110,718 of unreserved and undesignated has been appropriated and included as anticipated revenue for the year ended June 30, 2023; (\$159,882) is unreserved and undesignated.

**Special Revenue Fund** - The Special Revenue Fund balance at June 30, 2022 of \$9,337 is reserved for Student Groups.

**NOTE 13. CALCULATION OF EXCESS SURPLUS:**

In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2022 is \$1,975,193. Of this amount, \$728,172 is the result of current year's operations.

**NOTE 14. CONTINGENT LIABILITIES:**

**Grant Programs** - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**Litigation** - The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**NOTE 15. SUBSEQUENT EVENTS:**

The District has evaluated subsequent events through March 2, 2023, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**



**EAST NEWARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2022**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
<b>General Fund:</b>					
Revenues from Local Sources:					
Local Tax Levy	1,512,158		1,512,158	1,512,158	
Interest Earned on Capital Reserve Funds	2,000	(2,000)		2,321	2,321
Unrestricted Miscellaneous Revenues	2,000		2,000	347,580	345,580
<b>Total - Local Sources</b>	<u>1,516,158</u>	<u>(2,000)</u>	<u>1,514,158</u>	<u>1,862,059</u>	<u>347,901</u>
Revenues from State Sources:					
Categorical Special Education Aid	310,863		310,863	310,863	
Equalization Aid	3,603,933		3,603,933	3,603,933	
Categorical Security Aid	173,154		173,154	173,154	
Categorical Transportation Aid	16,052		16,052	16,052	
Extraordinary Aid	50,000		50,000		(50,000)
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				93,066	93,066
On-behalf TPAF Pension (non-budgeted)				392,788	392,788
On-behalf TPAF NCGI Premium (non-budgeted)				5,542	5,542
On-behalf TPAD LTDI				250	250
Reimbursed TPAF Social Security Contributions (non-budgeted)				110,632	110,632
<b>Total - State Sources</b>	<u>4,154,002</u>		<u>4,154,002</u>	<u>4,706,280</u>	<u>552,278</u>
<b>TOTAL REVENUES</b>	<u>5,670,160</u>	<u>(2,000)</u>	<u>5,668,160</u>	<u>6,568,339</u>	<u>900,179</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Preschool - Salaries of Teachers	17,657		17,657		17,657
Kindergarten - Salaries of Teachers	58,507	39,795	98,302	98,302	
Grades 1-5 - Salaries of Teachers	402,914	319,669	722,583	722,583	
Grades 6-8 - Salaries of Teachers	487,225	(249,683)	237,542	210,389	27,153
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers		10,000	10,000	8,078	1,922
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	188,700	(86,465)	102,235	77,279	24,956
Other Purchased Services (400-500 series)	36,322	(4,154)	32,168	31,168	1,000
General Supplies	29,691	22,038	51,729	50,261	1,468
Textbooks	1,411		1,411	849	562
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>1,222,427</u>	<u>51,200</u>	<u>1,273,627</u>	<u>1,198,909</u>	<u>74,718</u>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	111,524	22,275	133,799	82,799	51,000
Other Salaries for Instruction	20,000	3,655	23,655	23,655	
<b>Total Resource Room/Resource Center</b>	<u>131,524</u>	<u>25,930</u>	<u>157,454</u>	<u>106,454</u>	<u>51,000</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<u>131,524</u>	<u>25,930</u>	<u>157,454</u>	<u>106,454</u>	<u>51,000</u>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	55,877	(32,720)	23,157		23,157
<b>Total Bilingual Education - Instruction</b>	<u>55,877</u>	<u>(32,720)</u>	<u>23,157</u>		<u>23,157</u>
<b>School-Sponsored Co/Extra Curricular Activities - Instruction</b>					
Salaries	1,300	6,393	7,693	7,693	
Purchased Services (300-500 series)	6,426	7,984	14,410	14,100	310
Supplies and Materials		3,009	3,009	3,009	
<b>Total School-Sponsored Co/Extra Curricular Activities - Instruction</b>	<u>7,726</u>	<u>17,386</u>	<u>25,112</u>	<u>24,802</u>	<u>310</u>
<b>School-Sponsored Athletics - Instruction</b>					
Salaries	1,300	(1,300)			
Purchased Services (300-500 series)	8,442	(7,611)	831	831	
Supplies and Materials	2,040	(986)	1,054	1,054	
<b>Total School-Sponsored Athletics - Instruction</b>	<u>11,782</u>	<u>(9,897)</u>	<u>1,885</u>	<u>1,885</u>	
<b>TOTAL INSTRUCTION</b>	<u>1,429,336</u>	<u>51,899</u>	<u>1,481,235</u>	<u>1,332,050</u>	<u>149,185</u>
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs Within the State - Regular	1,481,280	316,151	1,797,431	1,797,431	
Tuition to Other LEAs Within the State - Special	319,947	(171,103)	148,844	141,200	7,644
Tuition to CSSD & Regional Day Schools		25,573	25,573	25,573	
Tuition to Private Schools for the Disabled Within State	437,000	(158,022)	278,978	197,673	81,305
<b>Total Undistributed Expenditures - Instruction:</b>	<u>2,238,227</u>	<u>12,599</u>	<u>2,250,826</u>	<u>2,161,877</u>	<u>88,949</u>
<b>Undist. Expend. - Health Services</b>					
Salaries	69,347	2,250	71,597	71,597	
Purchased Professional and Technical Services	16,173	(10,149)	6,024	6,000	24
Supplies and Materials	5,100		5,100	5,095	5
<b>Total Undistributed Expenditures - Health Services</b>	<u>90,620</u>	<u>(7,899)</u>	<u>82,721</u>	<u>82,692</u>	<u>29</u>
<b>Undist. Expend. - Speech, OT, PT &amp; Related Services</b>					

**EAST NEWARK BOARD OF EDUCATION  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2022**

	<b>Original Budget</b>	<b>Budget Transfers/ Adjustments</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Purchased Prof. Services-Educational Services	60,690	(60,221)	469		469
<b>Total Undist. Expend. - Speech, OT, PT &amp; Related Services</b>	<b>60,690</b>	<b>(60,221)</b>	<b>469</b>		<b>469</b>
<b>Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>					
Purchased Professional - Educational Services	112,292	(62,527)	49,765	49,452	313
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>	<b>112,292</b>	<b>(62,527)</b>	<b>49,765</b>	<b>49,452</b>	<b>313</b>
<b>Undist. Expend. - Guidance</b>					
Salaries of Other Professional Staff	839		839		839
<b>Total Undist. Expend. - Guidance</b>	<b>839</b>		<b>839</b>		<b>839</b>
<b>Undist. Expend. - Child Study Teams</b>					
Salaries of Other Professional Staff	205,899	(1,000)	204,899	204,090	809
Other Purchased Professional and Technical Services	13,158	52,531	65,689	65,342	347
Supplies and Materials	2,067	1,077	3,144	2,563	581
<b>Total Undist. Expend. - Child Study Teams</b>	<b>221,124</b>	<b>52,608</b>	<b>273,732</b>	<b>271,995</b>	<b>1,737</b>
<b>Undist. Expend. - Improvement of Instructional Services</b>					
Salaries of Supervisors of Instruction	64,375	12,737	77,112	77,112	
<b>Total Undist. Expend. - Improvement of Inst. Services</b>	<b>64,375</b>	<b>12,737</b>	<b>77,112</b>	<b>77,112</b>	
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Other Purchased Prof. and Tech. Services	1,836	(1,000)	836		836
Other Purchased Services (400-500 Series)	918		918		918
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<b>2,754</b>	<b>(1,000)</b>	<b>1,754</b>		<b>1,754</b>
<b>Undist. Expend. - Supp. Serv. - General Administration</b>					
Salaries	114,138	4,940	119,078	116,614	2,464
Legal Services	11,730	46,141	57,871	57,219	652
Audit Fees	34,094	(344)	33,750	33,750	
Other Purchased Professional Services	12,432	18,647	31,079	31,014	65
Purchased Technical Services	35,430	(2,478)	32,952	30,792	2,160
Communications/Telephone	33,723	(15,250)	18,473	18,383	90
BOE Other Purchased Services	2,311	1,942	4,253	4,253	
Other Purch Services (400-500 Series)	16,169	(107)	16,062	16,016	46
General Supplies	5,224	263	5,487	5,487	
Misc. Expenditures	10,364	(6,237)	4,127	2,954	1,173
BOE Membership Dues and Fees	3,209	331	3,540	2,714	826
<b>Total Undist. Expend. - Supp. Serv. - General Administration</b>	<b>278,824</b>	<b>47,848</b>	<b>326,672</b>	<b>319,196</b>	<b>7,476</b>
<b>Undist. Expend. - Support Serv. - School Administration</b>					
Salaries of Principals/Assistant Principals	77,500	5,365	82,865	82,865	
Salaries of Secretarial and Clerical Assistants	40,000	8,201	48,201	48,201	
Supplies and Materials	5,436		5,436	4,750	686
<b>Total Undist. Expend. - Support Serv. - School Administration</b>	<b>122,936</b>	<b>13,566</b>	<b>136,502</b>	<b>135,816</b>	<b>686</b>
<b>Undist. Expend. - Central Services</b>					
Salaries	45,320	2,486	47,806	47,806	
Supplies and Materials	300		300	99	201
<b>Total Undist. Expend. - Central Services</b>	<b>45,620</b>	<b>2,486</b>	<b>48,106</b>	<b>47,905</b>	<b>201</b>
<b>Undist. Expend. - Required Maint. for School Facilities (261)</b>					
Cleaning, Repair and Maintenance Services	39,780	(15,835)	23,945	23,601	344
<b>Total Undist. Expend. - Required Maint. for School Facilities</b>	<b>39,780</b>	<b>(15,835)</b>	<b>23,945</b>	<b>23,601</b>	<b>344</b>
<b>Undist. Expend. - Custodial Services (262)</b>					
Salaries	73,000	15,974	88,974	88,974	
Cleaning, Repair and Maintenance Services	55,416	(22,684)	32,732	27,252	5,480
Rental of Land & Bldg. Oth. Than Lease Purch Agreement	45,996	(45,578)	418		418
Other Purchased Property Services	120,477	12,773	133,250	106,366	26,884
Insurance	30,808	18,393	49,201	45,094	4,107
General Supplies	35,843	(3,890)	31,953	15,979	15,974
Energy (Electricity)	68,183		68,183	11,964	56,219
<b>Total Undist. Expend. - Custodial Services</b>	<b>429,723</b>	<b>(25,012)</b>	<b>404,711</b>	<b>295,629</b>	<b>109,082</b>
<b>Undist. Expend. - Student Transportation Services (270)</b>					
Salaries for Pupil Trans (Other than Bet. Home & Sch. )	17,428		17,428	10,812	6,616
Cleaning, Repair and Maintenance Services	15,000	(2,340)	12,660	9,418	3,242
Contract Services (Other than Between Home & School)-Vendors		48,137	48,137	46,322	1,815
Contract Services (Sp. Ed. Students)-Vendors	210,000	(108,645)	101,355	8,948	92,407
General Supplies	10,000	(256)	9,744	904	8,840
<b>Total Undist. Expend. - Student Transportation Services</b>	<b>252,428</b>	<b>(63,104)</b>	<b>189,324</b>	<b>76,404</b>	<b>112,920</b>
<b>UNALLOCATED BENEFITS (291)</b>					
Social Security Contributions	92,733	101,031	193,764	82,729	111,035
Other Retirement Contributions-PERS	48,960	(37,470)	11,490	11,490	
Other Retirement Contributions - Regular	12,152		12,152	7,396	
Unemployment Compensation	8,756	6,258	15,014	15,014	
Workmen's Compensation	47,559	12,017	59,576	59,166	410
Health Benefits	444,737	(39,981)	404,756	399,877	4,879
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>654,897</b>	<b>41,855</b>	<b>696,752</b>	<b>575,672</b>	<b>116,324</b>

Exhibit C-1

**EAST NEWARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
On-behalf TPAF Post Retirement Medical (non-budgeted)				93,066	(93,066)
On-behalf TPAF Pension (non-budgeted)				392,788	(392,788)
On-behalf TPAF NCGI Premium (non-budgeted)				5,542	(5,542)
On-behalf TPAF LTDI				250	(250)
Reimbursed TPAF Social Security Contributions (non-budgeted)				110,632	(110,632)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<u>602,278</u>	<u>(602,278)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	654,897	41,855	696,752	1,177,950	(485,954)
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>4,615,129</u>	<u>(51,899)</u>	<u>4,563,230</u>	<u>4,719,629</u>	<u>(161,155)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>6,044,465</u>		<u>6,044,465</u>	<u>6,051,679</u>	<u>(11,970)</u>
<b>CAPITAL OUTLAY</b>					
<b>Facilities Acquisition and Construction Services</b>					
Other Purchased Professional and Technical Services		20,000	20,000		20,000
<b>Total Facilities Acquisition and Construction Services</b>		<u>20,000</u>	<u>20,000</u>		<u>20,000</u>
<b>TOTAL CAPITAL OUTLAY</b>		<u>20,000</u>	<u>20,000</u>		<u>20,000</u>
<b>Transfer of Funds to Charter Schools</b>	44,653		44,653	37,190	7,463
<b>TOTAL EXPENDITURES</b>	<u>6,089,118</u>	<u>20,000</u>	<u>6,109,118</u>	<u>6,088,869</u>	<u>15,493</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(418,958)</u>	<u>(22,000)</u>	<u>(440,958)</u>	<u>479,470</u>	<u>920,428</u>
<b>Fund Balance, July 1</b>	<u>2,882,879</u>	<u>(311,819)</u>	<u>2,882,879</u>	<u>2,882,879</u>	
<b>Fund Balance, June 30</b>	<u>2,463,921</u>	<u>(333,819)</u>	<u>2,441,921</u>	<u>3,362,349</u>	<u>920,428</u>
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Adjustment for Prior Year Encumbrances	(1,294)		(1,294)	(1,294)	
Increase in Capital Reserve:					
Interest Deposit to Capital Reserve	2,000		2,000	2,321	321
Budgeted Fund Balance	<u>(419,664)</u>	<u>(22,000)</u>	<u>(441,664)</u>	<u>478,443</u>	<u>920,107</u>
	<u>(418,958)</u>	<u>(22,000)</u>	<u>(440,958)</u>	<u>479,470</u>	<u>920,428</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Excess Surplus - Current Year				728,172	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures				1,247,021	
Capital Reserve				914,966	
<b>Committed Fund Balance:</b>					
Year-end Encumbrances				111,472	
<b>Assigned Fund Balance:</b>					
Designated for Subsequent Year's Expenditures				110,718	
Unassigned Fund Balance				250,000	
<b>Total Fund Balance per Governmental Funds (Budgetary)</b>				<u>3,362,349</u>	
<b>Recapitulation to Governmental Fund Statement (GAAP):</b>					
Less: Last State Aid Payment not Recognized GAAP Basis				409,882	
<b>Total Fund Balance per Governmental Funds (GAAP)</b>				<u>2,952,467</u>	

**EAST NEWARK BOARD OF EDUCATION**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**Fiscal Year Ended June 30, 2022**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	5,000	-	5,000	2,749	(2,251) note 1
State Sources	58,705	342,724	401,429	358,899	(42,530)
Federal Sources	330,244	2,989,031	3,319,275	1,226,667	(2,092,608)
<b>Total Revenues</b>	<b>393,949</b>	<b>3,331,755</b>	<b>3,725,704</b>	<b>1,588,315</b>	<b>(2,137,389)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	231,781	1,077,408	1,309,189	516,803	792,386
Other Salaries for Instruction		185,000	185,000	-	185,000
Purchased Professional and Technical Services	1,702	(952)	750	-	750
Other Purchased Services (400-500 series)	62,043	13,292	75,335	75,335	-
General Supplies	17,084	248,700	265,784	159,557	106,227
Other Objects		34,061	34,061	5,943	28,118
<b>Total instruction</b>	<b>312,610</b>	<b>1,557,509</b>	<b>1,870,119</b>	<b>757,638</b>	<b>1,112,481</b>
<b>Support services:</b>					
Salaries of Supervisors of Instruction		156,861	156,861	109,950	46,911
Salaries of Program Directors		5,000	5,000	5,000	-
Salaries of Other Professional Staff		14,292	14,292	14,292	-
Other Salaries for Instruction		40,000	40,000	40,000	-
Salaries of Master Teachers		60,000	60,000	43,500	16,500
Personal Services - Employee Benefits	63,061	441,095	504,156	202,911	301,245
Purchased Technical Services		117,524	117,524	43,274	74,250
Purchased Property Services	13,278	169,122	182,400	55,359	127,041
Other Purchased Services		109,677	109,677	19,662	90,015
Rentals		24,000	24,000	22,000	2,000
Cleaning, Repair & Maintenance		5,000	5,000		5,000
General Supplies		132,142	132,142	43,090	89,052
Other Objects		21,533	21,533	12,000	9,533
Student Activity Disbursements	5,000		5,000	-	5,000 note 1
<b>Total support services</b>	<b>81,339</b>	<b>1,296,246</b>	<b>1,377,585</b>	<b>611,038</b>	<b>766,547</b>
<b>Facilities acquisition and const. serv.:</b>					
Buildings		375,000	375,000	147,439	227,561
Noninstructional Equipment		103,000	103,000	69,451	33,549
<b>Total facilities acquisition and const. serv.</b>	<b>-</b>	<b>478,000</b>	<b>478,000</b>	<b>216,890</b>	<b>261,110</b>
<b>Total Expenditures</b>	<b>393,949</b>	<b>3,331,755</b>	<b>3,725,704</b>	<b>1,585,566</b>	<b>2,140,138</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,749</b>	<b>2,749</b>
Fund Balance, July 1				6,588	
Fund Balance, June 30				9,337	
Recapitulation:					
Restricted:					
Student Activities				\$ 9,337	
Total Fund Balance				\$ 9,337	

note 1 Not required to budget for student activity or scholarship funds

**EAST NEWARK BOARD OF EDUCATION**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to Required Supplementary Information - Part II**  
**Fiscal Year Ended June 30, 2022**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

		General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	6,568,339	1,588,315
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Prior Year			
Current Year			
The last state aid payment is recognized for GAAP Statements in the current year, previously recognized for budgetary purposes			
		395,723	5,238
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33).			
		(409,882)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.			
	[B-2]	6,554,180	1,593,553
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	6,088,869	1,585,566
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Prior Year			
Current Year			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds			
	[B-2]	6,088,869	1,585,566

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART III**

**EAST NEWARK BOARD OF EDUCATION**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Share of Net Pension Liability - PERS**  
*Last 10 Fiscal Years\**

Fiscal Year Ending June 30,	District's	District's	District's	District's	District's	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	District's Covered Payroll - PERS Employee's	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	
2015	0.0015815415%	\$ 296,108	\$	138,270	214.15%	47.92%
2016	0.0020270275%	455,027		131,480	346.08%	94.63%
2017	0.0037129143%	1,099,659		136,984	802.76%	100.77%
2018	0.0028043168%	652,800		142,347	458.60%	90.77%
2019	0.0021793000%	429,094		184,668	232.36%	83.06%
2020	0.0046497119%	837,808		187,992	445.66%	78.30%
2021	0.0014715486%	239,971		193,362	124.10%	73.38%
2022	0.0009811153%	116,228		240,133	48.40%	54.77%

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**EAST NEWARK BOARD OF EDUCATION**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Contributions - PERS**  
*Last 10 Fiscal Years\**

Fiscal Year Ending June 30,	Contractually Required Contribution		Contributions in Relations to the Contractually Required Contributions		Contribution Deficiency (Excess)	District's PERS Covered-Employee Payroll	Contributions as a Percentage of PERS Covered-Employee Payroll
	Contractually Required Contribution	Contractually Required Contributions	Contractually Required Contributions	Contractually Required Contributions			
2015	\$ 13,038	\$ (13,038)	\$	\$	-	\$ 138,270	9.43%
2016	\$ 17,427	\$ (17,427)	\$	\$	-	\$ 131,480	13.25%
2017	\$ 32,985	\$ (32,985)	\$	\$	-	\$ 136,984	24.08%
2018	\$ 25,979	\$ (25,979)	\$	\$	-	\$ 142,347	18.25%
2019	\$ 21,677	\$ (21,677)	\$	\$	-	\$ 184,668	11.74%
2020	\$ 45,228	\$ (45,228)	\$	\$	-	\$ 187,992	24.06%
2021	\$ 16,098	\$ (16,098)	\$	\$	-	\$ 193,362	8.33%
2022	\$ 11,490	\$ (11,490)	\$	\$	-	\$ 240,133	4.78%

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.



**EAST NEWARK BOARD OF EDUCATION**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Share of Net Pension Liability - TPAF**  
*Last 10 Fiscal Years\**

Fiscal Year Ending June 30,	District's	District's	State's	District's	District's	District's	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Share of the Net Pension Liability Associated with the District (Asset)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	District's Covered Payroll - TPAF Employee's	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	
2015	0.0102189640%	\$ -	\$ 5,461,704	0.00%	885,285	0.00%	33.64%
2016	0.0071173502%	-	4,498,469	0.00%	927,776	0.00%	28.71%
2017	0.0109520045%	-	8,615,544	0.00%	935,681	0.00%	22.33%
2018	0.0103961820%	-	7,009,481	0.00%	918,116	0.00%	25.41%
2019	0.0101125321%	-	6,433,376	0.00%	873,673	0.00%	26.49%
2020	0.0084489980%	-	5,185,230	0.00%	889,399	0.00%	26.95%
2021	0.0088106111%	-	5,801,681	0.00%	916,081	0.00%	24.60%
2022	0.0092409511%	-	4,442,605	0.00%	1,444,374	0.00%	35.52%

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**EAST NEWARK BOARD OF EDUCATION**  
**Note to Required Schedules of Supplementary Information - Part III**  
**Fiscal Year Ended June 30, 2022**

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

None

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

None

Change in assumptions

None

**EAST NEWARK BOARD OF EDUCATION**  
**Schedule of Required Supplementary Information**  
**Schedule of Changes in the District's Proportionate Share of the State OPEB Liability**  
*Last 10 Fiscal Years\**

	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>					
Service Costs	\$ 414,005	\$ 166,819	\$ 226,968	\$ 192,067	\$ 221,798
Interest on Total OPEB Liability	135,692	140,027	178,875	190,674	157,588
Change of Benefit Terms	(5,568)				
Difference between Expected and Actual Expenditures	(1,531,195)	1,075,325	(236,020)	(484,084)	
Changes in Assumptions	5,161	476,173	68,055	(294,994)	(630,198)
Gross Benefit Payments	(106,887)	(109,958)	(140,113)	(119,325)	(115,208)
Contribution from the Member	3,469	3,333	4,153	4,124	4,242
<b>Net Changes in total Share of OPEB Liability</b>	<u>(1,085,323)</u>	<u>1,751,719</u>	<u>101,918</u>	<u>(511,538)</u>	<u>(361,778)</u>
<b>Total OPEB Liability - Beginning</b>	<u>6,316,094</u>	<u>4,564,375</u>	<u>4,462,457</u>	<u>4,973,995</u>	<u>5,335,773</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 5,230,771</u>	<u>\$ 6,316,094</u>	<u>\$ 4,564,375</u>	<u>\$ 4,462,457</u>	<u>\$ 4,973,995</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	5,230,771	6,316,094	4,564,375	4,462,457	4,973,995
Total OPEB Liability - Ending	<u>\$ 5,230,771</u>	<u>\$ 6,316,094</u>	<u>\$ 4,564,375</u>	<u>\$ 4,462,457</u>	<u>\$ 4,973,995</u>
District's Covered Employee Payroll	<u>\$ 1,684,507</u>	<u>\$ 1,109,443</u>	<u>\$ 1,077,391</u>	<u>\$ 1,058,341</u>	<u>\$ 1,060,463</u>
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%

**Notes to Schedule:**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Change in benefit terms                      Decrease in liability due to employers adopting provisions of Chapter 44.

Change in assumptions                      Assumptions used in calculating the OPEB liability are presented in Note 8.

\* GASB requires that ten years of information be presented. However, since fiscal year 2018 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**Other Supplementary Information**

**SPECIAL REVENUE FUND**

**EAST NEWARK BOARD OF EDUCATION**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**Fiscal Year Ended June 30, 2022**

	Total Brought Forward (Ex. E-1a)	I.D.E.A Part B		ARP - I.D.E.A Part B		Title I, Part A	Totals 2022
		Basic	Preschool	Basic	Preschool		
<b>REVENUES</b>							
Local Sources	2,749						2,749
State Sources	358,899						358,899
Federal Sources	907,701	62,043	2,723	12,255	1,037	240,908	1,226,667
<b>Total Revenues</b>	<b>1,269,349</b>	<b>62,043</b>	<b>2,723</b>	<b>12,255</b>	<b>1,037</b>	<b>240,908</b>	<b>1,588,315</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	359,470					157,333	516,803
Other Purchased Services (400-500 series)	-	62,043		12,255	1,037		75,335
General Supplies	156,834		2,723				159,557
Other Objects	5,943						5,943
<b>Total instruction</b>	<b>522,247</b>	<b>62,043</b>	<b>2,723</b>	<b>12,255</b>	<b>1,037</b>	<b>157,333</b>	<b>757,638</b>
<b>Support services:</b>							
Salaries of Supervisors of Instruction	109,950						109,950
Salaries of Program Directors	5,000						5,000
Salaries of Other Professional Staff	14,292						14,292
Other Salaries for Instruction	40,000						40,000
Salaries of Master Teachers	43,500					83,575	43,500
Personal Services - Employee Benefits	119,336						202,911
Purchased Technical Services	43,274						43,274
Purchased Property Services	55,359						55,359
Other Purchased Services	19,662						19,662
Rentals	22,000						22,000
General Supplies	43,090						43,090
Other Objects	12,000						12,000
<b>Total support services</b>	<b>527,463</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,575</b>	<b>611,038</b>
<b>Facilities acquisition and const. serv.:</b>							
Buildings	147,439						147,439
Noninstructional Equipment	69,451						69,451
	216,890						216,890
<b>Total Expenditures</b>	<b>1,266,600</b>	<b>62,043</b>	<b>2,723</b>	<b>12,255</b>	<b>1,037</b>	<b>240,908</b>	<b>1,585,566</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>2,749</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,749</b>
Fund Balance, July 1	6,588						6,588
Fund Balance, June 30	9,337						9,337

**EAST NEWARK BOARD OF EDUCATION**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**Fiscal Year Ended June 30, 2022**

	Total Brought Forward (Ex. E-1b)	Title II, Part A Principal Training & Recruiting	Title IV	CARES ACT 2020/ ESSER	CRRSA- ESSER II	CR Learning Acceleration	Total Carried Forward
<b>REVENUES</b>							
Local Sources	2,749						2,749
State Sources	358,899						358,899
Federal Sources	313,760	29,065	6,481	105,669	448,568	4,158	907,701
<b>Total Revenues</b>	<b>675,408</b>	<b>29,065</b>	<b>6,481</b>	<b>105,669</b>	<b>448,568</b>	<b>4,158</b>	<b>1,269,349</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	143,358	15,743		81,477	118,892		359,470
Other Purchased Services (400-500 series)	-						-
General Supplies	-		6,481	1,358	148,995		156,834
Other Objects	2,375				3,568		5,943
<b>Total instruction</b>	<b>145,733</b>	<b>15,743</b>	<b>6,481</b>	<b>82,835</b>	<b>271,455</b>	<b>-</b>	<b>522,247</b>
<b>Support services:</b>							
Salaries of Supervisors of Instruction	100,000			9,950			109,950
Salaries of Program Directors	5,000						5,000
Salaries of Other Professional Staff	14,292						14,292
Other Salaries for Instruction	40,000						40,000
Salaries of Master Teachers	43,500						43,500
Personal Services - Employee Benefits	100,815	8,363			10,158		119,336
Purchased Technical Services	15,750			4,484	23,040		43,274
Purchased Property Services	-	4,959		4,400	46,000		55,359
Other Purchased Services	9,281			4,000	2,223	4,158	19,662
Rentals	22,000						22,000
General Supplies	18,849				24,241		43,090
Other Objects	10,000				2,000		12,000
<b>Total support services</b>	<b>379,487</b>	<b>13,322</b>	<b>-</b>	<b>22,834</b>	<b>107,662</b>	<b>4,158</b>	<b>527,463</b>
<b>Facilities acquisition and const. serv.:</b>							
Buildings	147,439						147,439
Noninstructional Equipment	-				69,451		69,451
<b>Total facilities acquisition and const. serv.</b>	<b>147,439</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,451</b>	<b>-</b>	<b>216,890</b>
<b>Total Expenditures</b>	<b>672,659</b>	<b>29,065</b>	<b>6,481</b>	<b>105,669</b>	<b>448,568</b>	<b>4,158</b>	<b>1,266,600</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>2,749</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,749</b>
Fund Balance, July 1	6,588						6,588
Fund Balance, June 30	9,337	-	-	-	-	-	9,337

**EAST NEWARK BOARD OF EDUCATION**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**Fiscal Year Ended June 30, 2022**

	<b>Total Brought Forward (Ex. E-1c)</b>	<b>CR Mental Health</b>	<b>ARP-ESSER</b>	<b>ARP - ESSER Evidence Based Summer Learning</b>	<b>ARP - ESSER Evidence Based Comprehensive Beyond the School Day</b>	<b>School Security Grant</b>	<b>Total Carried Forward</b>
<b>REVENUES</b>							
Local Sources	2,749						2,749
State Sources	338,899		261,604	2,375	9,031	20,000	358,899
Federal Sources	-	40,750					313,760
<b>Total Revenues</b>	<b>341,648</b>	<b>40,750</b>	<b>261,604</b>	<b>2,375</b>	<b>9,031</b>	<b>20,000</b>	<b>675,408</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	105,736	37,622					143,358
Other Purchased Services (400-500 series)	-			2,375			-
Other Objects	-						2,375
<b>Total instruction</b>	<b>105,736</b>	<b>37,622</b>	<b>-</b>	<b>2,375</b>	<b>-</b>	<b>-</b>	<b>145,733</b>
<b>Support services:</b>							
Salaries of Supervisors of Instruction	-		100,000				100,000
Salaries of Program Directors	5,000						5,000
Salaries of Other Professional Staff	14,292						14,292
Other Salaries for Instruction	40,000						40,000
Salaries of Master Teachers	43,500						43,500
Personal Services - Employee Benefits	89,522	2,878	8,415				100,815
Purchased Technical Services	-		15,750				15,750
Purchased Property Services	-						-
Other Purchased Services	-	250			9,031		9,281
Rentals	22,000						22,000
General Supplies	18,849						18,849
Other Objects	-		10,000				10,000
<b>Total support services</b>	<b>233,163</b>	<b>3,128</b>	<b>134,165</b>	<b>-</b>	<b>9,031</b>	<b>-</b>	<b>379,487</b>
<b>Facilities acquisition and const. serv.:</b>							
Buildings	-		127,439			20,000	147,439
Noninstructional Equipment	-						-
<b>Total facilities acquisition and const. serv.</b>	<b>-</b>	<b>-</b>	<b>127,439</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>147,439</b>
<b>Total Expenditures</b>	<b>338,899</b>	<b>40,750</b>	<b>261,604</b>	<b>2,375</b>	<b>9,031</b>	<b>20,000</b>	<b>672,659</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>2,749</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,749</b>
Fund Balance, July 1	6,588						6,588
Fund Balance, June 30	9,337						9,337



EAST NEWARK BOARD OF EDUCATION

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis

Fiscal Year Ended June 30, 2022

	Preschool Education Aid	Student Fund Student Activity Fund	Total Carried Forward
<b>REVENUES</b>			
Local Sources		2,749	2,749
State Sources	338,899		338,899
Federal Sources			-
<b>Total Revenues</b>	<b>338,899</b>	<b>2,749</b>	<b>2,749</b>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	105,736		105,736
Other Purchased Services (400-500 series)			-
General Supplies			-
Other Objects			-
<b>Total instruction</b>	<b>105,736</b>	<b>-</b>	<b>105,736</b>
<b>Support services:</b>			
Salaries of Supervisors of Instruction			-
Salaries of Program Directors	5,000		5,000
Salaries of Other Professional Staff	14,292		14,292
Other Salaries for Instruction	40,000		40,000
Salaries of Master Teachers	43,500		43,500
Personal Services - Employee Benefits	89,522		89,522
Purchased Professional - Educational Services			-
Other Purchased Professional Services			-
Purchased Technical Services			-
Rentals	22,000		22,000
General Supplies	18,849		18,849
Other Objects			-
<b>Total support services</b>	<b>233,163</b>	<b>-</b>	<b>233,163</b>
<b>Facilities acquisition and const. serv.:</b>			
Buildings			-
Noninstructional Equipment			-
<b>Total facilities acquisition and const. serv.</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>338,899</b>	<b>-</b>	<b>338,899</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>2,749</b>	<b>2,749</b>
Fund Balance, July 1		6,588	6,588
Fund Balance, June 30	-	9,337	9,337

**EAST NEWARK BOARD OF EDUCATION  
Special Revenue Fund  
Schedule of Preschool Education Aid  
Budgetary Basis  
Fiscal Year Ended June 30, 2022**

	<b>District Wide Total</b>		
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
<b>Expenditures:</b>			
<b>Instruction:</b>			
Salaries of Teachers	111,244	105,736	5,508
<b>Total instruction</b>	<b>111,244</b>	<b>105,736</b>	<b>5,508</b>
<b>Support services:</b>			
Salaries of Program Directors	5,000	5,000	
Salaries of Other Professional Staff	14,292	14,292	
Other Salaries	40,000	40,000	
Salaries of Master Teachers	60,000	43,500	16,500
Personal Services - Employee Benefits	89,522	89,522	
Purchased Professional - Educational Services	2,500		2,500
Cleaning, Repair and Maintenance Services	5,000		5,000
Rentals	24,000	22,000	2,000
Supplies and Materials	20,338	18,849	1,489
Other Objects	9,533		9,533
<b>Total support services</b>	<b>270,185</b>	<b>233,163</b>	<b>37,022</b>
<b>Total expenditures</b>	<b>381,429</b>	<b>338,899</b>	<b>42,530</b>

**Summary of Location Totals**

Total revised 2021-22 Preschool Education Aid	381,429
Add: Actual Carryover (June 30, 2021)	14,315
Add: Budgeted Transfer from the General Fund 2021-22	
Total Preschool Education Aid Funds Available for 2021-22 Budget	395,744
Less: 2021-22 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	381,429
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2022	14,315
Add: June 30, 2022 Unexpended Preschool Education Aid	42,530
2021-22 Carryover - Preschool Education Aid/Preschool	56,845
2021-22 Preschool Education Aid Carryover Budgeted for Preschool Programs 2022-23	

**CAPITAL PROJECTS FUND**

**EAST NEWARK BOARD OF EDUCATION  
Capital Projects Fund  
Summary Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budgetary Basis  
Fiscal Year Ended June 30, 2022**

**Revenues and Other Financing Sources**

State Sources - SCC Grant	-
Bond proceeds and transfers	-
Transfers from Capital Reserve	-
Transfers from Capital Outlay	-
Interest on Investments	-
	-

**Expenditures and Other Financing Uses**

Purchased professional and technical services	-
Land and improvements	-
Construction services	-
General supplies	-
Equipment purchases	-
Transfer to General Fund	-
	-

Excess (deficiency) of revenues over (under) expenditures	-
Fund balance - beginning	32,047
Fund balance - ending	32,047

**EAST NEWARK BOARD OF EDUCATION**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis**  
**Student Toilet Room Upgrades**  
**Fiscal Year Ended June 30, 2022**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant			-	-
Bond proceeds and transfers			-	
Transfers from Capital Reserve	350,000		350,000	350,000
Transfers from Capital Outlay			-	-
	<u>350,000</u>	<u>-</u>	<u>350,000</u>	<u>350,000</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services			-	
Land and improvements			-	-
Construction services	317,953		317,953	350,000
General supplies			-	
Equipment purchases			-	-
	<u>317,953</u>	<u>-</u>	<u>317,953</u>	<u>350,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,047</u>	<u>-</u>	<u>32,047</u>	<u>-</u>
<b>Additional project information:</b>				
Project number	N/A			
Grant date	N/A			
Bond authorization date	10/21/2019			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorization cost	350,000			
Additional authorized cost	-			
Revised authorized cost	350,000			
Percentage increase over original authorized cost	-			
Percentage completion	91%			
Original target completion date	N/A			
Revised target completion date	N/A			

EAST NEWARK BOARD OF EDUCATION  
 Capital Projects Fund  
 Summary Statement of Project Expenditures  
 Fiscal Year Ended June 30, 2022

Project Title/Issue	Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2022
			Prior Years	Current Year	
Student Toilet Room Upgrades	21-Oct-19	350,000	317,953	-	32,047
		<u>350,000</u>	<u>317,953</u>	<u>-</u>	<u>32,047</u>

**PROPRIETARY FUNDS**

**EAST NEWARK BOARD OF EDUCATION  
Combining Statement of Net Position  
Enterprise Funds  
Fiscal Year Ended June 30, 2022**

	<b>Food Service Program</b>	<b>Totals</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	56,268	56,268
Accounts receivable:		
State	209	209
Federal	20,446	20,446
Interfund - General Fund	18,471	18,471
Inventories	5,884	5,884
Total current assets	101,278	101,278
Noncurrent assets:		
Capital assets:		
Equipment	35,091	35,091
Less accumulated depreciation	(13,847)	(13,847)
Total capital assets (net of accumulated depreciation)	21,244	21,244
Total assets	122,522	122,522
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	10,962	10,962
Due to Federal Government	17	17
Deferred revenue	8,963	8,963
Total current liabilities	19,942	19,942
Total liabilities	19,942	19,942
<b>NET POSITION</b>		
Net investment in capital assets	21,244	21,244
Unrestricted	81,336	81,336
Total net position	102,580	102,580



**EAST NEWARK BOARD OF EDUCATION**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Enterprise Funds**  
**Fiscal Year Ended June 30, 2022**

	<b>Food Service Program</b>	<b>Totals</b>
Operating revenues:		
Charges for services:		
Daily sales - non-reimbursable programs	6,735	6,735
Total operating revenues	6,735	6,735
Operating expenses:		
Cost of sales - reimbursable programs	79,299	79,299
Salaries	73,780	73,780
Benefits	20,489	20,489
Supplies and materials	9,136	9,136
Purchased property services	7,733	7,733
Other expenses	34,214	34,214
Total operating expenses	224,651	224,651
Operating income (loss)	(217,916)	(217,916)
Nonoperating revenues (expenses):		
State sources:		
State school lunch program	3,044	3,044
Federal sources:		
National school lunch program	119,402	119,402
National breakfast program	28,653	28,653
National school snack program	4,954	4,954
Emergency Operational Cost Program - School	641	641
P-EBT Administrative Cost	1,242	1,242
Supply Chain Assistance Funding	8,963	8,963
Food distribution program	14,253	14,253
Interest earnings	38	38
Total nonoperating revenues (expenses)	181,190	181,190
Income (loss) before contributions & transfers	(36,726)	(36,726)
Total net position—beginning	139,306	139,306
Total net position—ending	102,580	102,580

**EAST NEWARK BOARD OF EDUCATION**  
**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**Fiscal Year Ended June 30, 2022**

	<b>Food Service Program</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	6,735	6,735
Payments to suppliers	(201,928)	(201,928)
Net cash provided by (used for) operating activities	(195,193)	(195,193)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Local Sources	58,214	58,214
State Sources	3,396	3,396
Federal Sources	156,307	156,307
Net cash provided by (used for) non-capital financing activities	217,917	217,917
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends	38	38
Net cash provided by (used for) investing activities	38	38
Net increase (decrease) in cash and cash equivalents	22,762	22,762
Balances—beginning of year	33,506	33,506
Balances—end of year	56,268	56,268
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	(217,916)	(217,916)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
(Increase) decrease in interfund receivable	8,963	8,963
Food Distribution Program	14,253	14,253
(Increase) decrease in inventories	(5,265)	(5,265)
Increase (decrease) in accounts payable	4,772	4,772
Total adjustments	22,723	22,723
Net cash provided by (used for) operating activities	(195,193)	(195,193)

**STATISTICAL SECTION**

## STATISTICAL SECTION (UNAUDITED)

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# STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

## J SERIES

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<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	<b>J-10 to J-13</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	<b>J-14 to J-15</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	<b>J-16 to J-20</b>
<b>Sources:</b> Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.	

**East Newark Board of Education**  
**Net Assets/Position\* by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental activities</b>										
Invested in capital assets	\$ 908,028	\$ 1,062,958	\$ 1,030,189	\$ 1,041,546	\$ 1,037,734	\$ 397,029	\$ 939,184	\$ 892,371	\$ 1,021,756	\$ 1,021,756
Restricted	2,113,468	1,375,338	1,324,935	968,530	967,690	857,276	1,117,743	1,545,455	2,619,258	3,153,733
Unrestricted	(312,973)	(392,962)	(755,807)	(687,769)	(770,879)	(231,865)	(847,905)	(1,101,027)	(1,114,927)	(1,075,074)
<b>Total governmental activities net position</b>	<b>\$ 2,708,523</b>	<b>\$ 2,045,333</b>	<b>\$ 1,599,318</b>	<b>\$ 1,322,307</b>	<b>\$ 1,234,545</b>	<b>\$ 1,022,441</b>	<b>\$ 1,209,022</b>	<b>\$ 1,336,798</b>	<b>\$ 2,526,087</b>	<b>\$ 3,100,415</b>
<b>Business-type activities</b>										
Invested in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,925	\$ 26,257	\$ 21,244	\$ 21,244
Unrestricted	150,635	177,482	178,428	152,585	170,409	181,335	130,521	101,461	118,062	81,336
<b>Total business-type activities net position</b>	<b>\$ 150,635</b>	<b>\$ 177,482</b>	<b>\$ 178,428</b>	<b>\$ 152,585</b>	<b>\$ 170,409</b>	<b>\$ 181,335</b>	<b>\$ 153,446</b>	<b>\$ 127,718</b>	<b>\$ 139,306</b>	<b>\$ 102,580</b>
<b>District-wide</b>										
Invested in capital assets	\$ 908,028	\$ 1,062,958	\$ 1,030,189	\$ 1,041,546	\$ 1,037,734	\$ 397,029	\$ 962,109	\$ 918,628	\$ 1,043,000	\$ 1,043,000
Restricted	2,113,468	1,375,338	1,324,935	968,530	967,690	857,276	1,117,743	1,545,455	2,619,258	3,153,733
Unrestricted	(162,338)	(215,480)	(577,379)	(535,184)	(600,470)	(50,530)	(717,384)	(999,566)	(996,865)	(993,738)
<b>Total district net position</b>	<b>\$ 2,859,158</b>	<b>\$ 2,222,816</b>	<b>\$ 1,777,745</b>	<b>\$ 1,474,892</b>	<b>\$ 1,404,954</b>	<b>\$ 1,203,776</b>	<b>\$ 1,362,468</b>	<b>\$ 1,464,517</b>	<b>\$ 2,665,394</b>	<b>\$ 3,202,995</b>

Source: CAFR Schedule A-1

\* - GASB Statement No.63 became effective for the fiscal year ended June 30, 2013 which changed Net Assets to Net Position.

**East Newark Board of Education**  
**Changes in Net Assets/Position\*, Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 1,374,939	\$ 1,703,838	\$ 1,461,853	\$ 1,391,880	\$ 1,859,868	\$ 2,104,651	\$ 1,964,273	\$ 1,967,332	\$ 1,924,228	\$ 2,115,606
Special education	329,728	296,077	289,867	606,163	315,958	554,428	307,660	172,710	109,838	121,618
Other special education	-	-	-	-	-	19,297	63,855	93,855	76,904	-
Other instruction	-	-	-	-	-	1,062	9,010	10,858	8,067	27,783
Support Services:										
Tuition	2,088,789	2,910,764	2,341,059	2,422,723	1,967,101	2,203,428	2,088,147	2,030,123	1,841,048	2,161,877
Student & instruction related services	397,904	483,730	475,852	463,529	386,418	369,110	356,711	683,426	580,551	1,142,544
General administrative services	213,231	280,736	328,225	208,924	245,276	366,695	350,758	322,858	339,070	335,807
School administrative services	127,541	139,992	104,018	136,135	192,237	101,446	120,047	121,016	125,538	154,486
Central services	-	46,691	70,234	81,450	66,169	95,716	68,741	68,084	73,046	54,714
Plant operations and maintenance	345,407	357,184	364,283	391,454	498,248	566,892	387,736	347,231	359,718	331,904
Pupil transportation	52,156	52,404	65,540	80,801	49,431	6,465	74,735	70,916	22,943	77,944
Capital Outlay	147	-	-	-	-	-	1,396	-	17	-
Unallocated Benefits	-	-	-	-	-	-	-	-	-	796,795
Charter Schools	-	-	-	-	-	-	-	25,022	36,811	216,890
Capital outlay - non-depreciable	-	-	-	-	-	-	-	-	-	37,190
Transfer to charter schools	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
SDA Debt Service Assessment	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Capital lease obligations and amortization	14,877	44,081	44,081	44,081	44,081	44,081	173,573	173,573	142,640	-
Total governmental activities expenses	4,944,717	6,315,497	5,545,012	5,827,141	5,624,787	6,433,272	5,966,640	6,087,003	5,640,418	7,575,158
Business-type activities:										
Food service	119,120	165,738	182,365	194,419	149,306	144,749	200,185	165,180	84,617	224,651
Total business-type activities expense	119,120	165,738	182,365	194,419	149,306	144,749	200,185	165,180	84,617	224,651
Total district expenses	\$ 5,063,837	\$ 6,481,235	\$ 5,727,377	\$ 6,021,561	\$ 5,774,093	\$ 6,578,021	\$ 6,166,825	\$ 6,252,183	\$ 5,725,035	\$ 7,799,809
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
Student activity account	480,223	673,323	519,742	674,305	755,743	1,159,054	707,039	806,340	899,206	2,749
Operating grants and contributions	480,223	673,323	519,742	674,305	755,743	1,159,054	707,039	806,340	899,206	1,376,663
Total governmental activities program revenues	960,446	1,346,646	1,039,484	1,348,610	1,511,486	2,318,108	1,414,078	1,612,680	1,798,412	4,125,412

**East Newark Board of Education**  
**Changes in Net Assets/Position\*, Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Business-type activities:</b>										
Charges for services										
Food service	139,303	19,424	20,914	22,926	24,744	19,019	19,823	11,826	-	6,735
Operating grants and contributions	-	173,595	162,301	145,618	142,101	136,656	119,829	117,955	95,710	181,152
Total business-type activities program revenues	139,303	193,019	183,215	168,544	166,846	155,675	139,651	129,781	95,710	187,887
Total district program revenues	\$ 619,526	\$ 866,341	\$ 702,957	\$ 842,849	\$ 922,589	\$ 1,314,729	\$ 846,691	\$ 936,121	\$ 994,915	\$ 1,564,550
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (4,464,493)	\$ (5,642,174)	\$ (5,025,270)	\$ (5,152,836)	\$ (4,869,043)	\$ (5,274,218)	\$ (5,259,601)	\$ (5,280,664)	\$ (4,741,212)	\$ (6,198,495)
Business-type activities	20,183	27,280	851	(25,876)	17,539	10,926	(60,533)	(35,399)	11,093	(36,764)
Total district-wide net expense	\$ (4,444,311)	\$ (5,614,894)	\$ (5,024,419)	\$ (5,178,711)	\$ (4,851,504)	\$ (5,263,292)	\$ (5,320,134)	\$ (5,316,062)	\$ (4,730,119)	\$ (6,235,259)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 1,272,190	\$ 1,272,190	\$ 1,397,000	\$ 1,424,940	\$ 1,453,439	\$ 1,482,508	\$ 1,482,508	\$ 1,482,508	\$ 1,512,158	\$ 1,512,158
Taxes levied for debt service										
Unrestricted grants and contributions	3,312,061	3,626,956	3,408,165	3,420,459	3,300,150	3,563,599	3,789,429	3,866,952	4,049,065	4,693,873
Federal and State aid - Capital Outlay										216,890
Miscellaneous income	55,557	79,839	133,912	30,426	27,693	16,007	174,245	58,980	362,694	349,901
Total governmental activities	4,639,808	4,978,985	4,939,076	4,875,825	4,781,281	5,062,114	5,446,182	5,408,440	5,923,917	6,772,822
Business-type activities:										
Miscellaneous income	-	-	95	33	285	-	5,898	1,326	495	38
Total business-type activities	-	-	95	33	285	-	5,898	1,326	495	38
Total district-wide	\$ 4,639,808	\$ 4,978,985	\$ 4,939,171	\$ 4,875,858	\$ 4,781,566	\$ 5,062,114	\$ 5,452,080	\$ 5,409,766	\$ 5,924,412	\$ 6,772,860
Contributed Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,746	\$ 8,345	\$ -	\$ -
<b>Change in Net Position</b>										
Governmental activities	\$ 175,315	\$ (663,190)	\$ (86,194)	\$ (277,011)	\$ (87,762)	\$ (212,104)	\$ 186,581	\$ 127,777	\$ 1,182,705	\$ 574,327
Business-type activities	20,183	27,280	945	(25,843)	17,824	10,926	(27,889)	(25,727)	11,588	(36,726)
Total district	\$ 195,497	\$ (635,909)	\$ (85,248)	\$ (302,853)	\$ (69,938)	\$ (201,178)	\$ 158,692	\$ 102,049	\$ 1,194,293	\$ 537,601

Source: CAFR Schedule A-2

\* - GASB Statement No.63 became effective for the fiscal year ended June 30, 2013 which changed Net Assets to Net Position.



**East Newark Board of Education  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Fund</b>										
Restricted	\$ 2,113,468	\$ 1,369,606	\$ 1,321,203	\$ 954,236	\$ 899,265	\$ 788,851	\$ 1,117,743	\$ 1,232,147	\$ 2,159,665	2,890,159
Assigned									420,959	222,190
Unassigned	(69,311)	(143,466)	(196,626)	(152,091)	(89,347)	(147,288)	(63,987)	(81,909)	(93,468)	(159,882)
Total general fund	<u>\$ 2,044,157</u>	<u>\$ 1,226,140</u>	<u>\$ 1,124,578</u>	<u>\$ 802,145</u>	<u>\$ 809,918</u>	<u>\$ 641,564</u>	<u>\$ 1,053,756</u>	<u>\$ 1,150,238</u>	<u>\$ 2,487,156</u>	<u>\$ 2,952,467</u>
<b>All Other Governmental Funds</b>										
Assigned, reported in:									6,588	9,337
Student activity fund										
Unassigned, reported in:									(5,238)	
Special revenue fund						(3,335)	(4,654)	(4,287)		
Capital projects fund									32,047	32,047
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,335)</u>	<u>\$ (4,654)</u>	<u>\$ (4,287)</u>	<u>\$ 33,397</u>	<u>\$ 41,384</u>

Source: CAFR Schedule B-1

East Newark Board of Education  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Tax levy	\$ 1,272,190	\$ 1,272,190	\$ 1,397,000	\$ 1,424,940	\$ 1,453,439	\$ 1,482,508	\$ 1,482,508	\$ 1,482,508	\$ 1,512,158	\$ 1,512,158
Miscellaneous	55,557	79,839	133,912	30,426	27,693	16,007	167,427	57,140	362,690	349,901
Local Sources	-	-	-	-	-	-	6,818	1,840	3	2,749
State sources	3,563,500	3,706,741	3,611,501	3,731,291	3,788,764	3,914,963	4,151,649	4,356,435	4,505,600	5,056,258
Federal sources	228,784	593,537	325,406	363,473	267,129	374,038	344,820	316,856	442,670	1,226,667
Total revenue	5,120,031	5,652,307	5,467,819	5,550,130	5,537,025	5,787,516	6,153,222	6,214,779	6,823,121	8,147,733
<b>Expenditures</b>										
Instruction										
Regular instruction	971,110	1,287,771	1,101,009	1,002,016	1,250,238	1,248,907	1,353,313	1,297,464	1,339,222	1,956,547
Special education instruction	115,297	51,628	119,717	240,493	152,977	267,761	197,937	106,554	79,484	106,454
Other special instruction	106,658	128,176	64,657	181,614	48,426	8,924	41,082	59,864	50,908	50,908
School sponsored/other instructional	7,825	9,348	7,500	5,000	3,518	1,062	8,528	9,778	7,179	26,687
Support Services:										
Tuition	2,088,789	2,910,764	2,341,059	2,422,723	1,967,101	2,019,759	2,088,147	2,030,123	1,841,048	2,161,877
Attendance and social work services	299,206	383,747	375,148	369,908	282,848	258,121	252,379	517,479	356,000	71,520
Health services	-	-	-	-	-	-	-	-	-	82,692
Student & instruction related services	182,486	255,237	285,355	188,175	209,422	280,015	285,223	252,039	284,709	319,196
General administrative services	112,564	105,022	79,415	91,758	148,742	78,782	78,472	75,628	84,884	135,816
Other Administrative services	-	33,808	52,145	60,275	42,785	34,554	43,512	42,004	50,381	47,905
Central services	322,083	325,162	337,217	391,454	451,672	545,304	356,326	308,238	321,611	319,230
Plant operations and maintenance	45,109	52,404	63,164	55,473	49,431	6,465	63,432	60,668	20,514	76,404
Pupil transportation	635,757	728,349	730,016	852,175	824,358	1,150,040	978,099	889,194	450,038	575,672
Unallocated employee benefits	-	-	-	-	-	-	-	25,022	-	602,278
On-behalf contributions	-	-	-	-	-	-	-	-	36,811	37,190
Transfer to Charter Schools	-	-	-	-	-	-	-	-	-	-
Special Schools	395,432	199,010	11,313	55,437	40,269	56,176	64,324	130,567	17	216,890
Capital outlay	-	-	-	-	-	-	-	-	-	-
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	5,282,316	6,470,426	5,567,715	5,916,501	5,471,787	5,955,870	5,810,774	5,804,622	5,768,413	7,674,435
Excess (Deficiency) of revenues over (under) expenditures	(162,285)	(818,119)	(99,896)	(366,371)	65,238	(168,354)	342,448	410,157	1,054,708	473,298
<b>Other Financing sources (uses)</b>										
Transfers in	-	-	-	-	-	-	68,425	465,000	-	-
Transfers out	-	-	-	-	-	-	(68,425)	(465,000)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (162,285)	\$ (818,119)	\$ (99,896)	\$ (366,371)	\$ 65,238	\$ (168,354)	\$ 342,448	\$ 410,157	\$ 1,054,708	\$ 473,298
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**East Newark Board of Education  
General Fund Other Local Revenue by Source  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year Ended June 30,	Interest on Investments	Interest on Investments Capital Reserve	E-Rates	Sale of Assets	Refund of Prior year Expenses	Prior Year Void Checks	Misc.	Total
2013	3,254	2,802					49,501	55,557
2014	3,390	1,380	3,060				72,009	79,839
2015	1,589	-					132,323	133,912
2016	2,380	-					28,046	30,426
2017	1,494	-					26,199	27,693
2018	12,558	-					3,449	16,007
2019	50,869	1,396			18,659	84,789	11,715	167,427
2020	17,305	3,807			18,321		17,707	57,140
2021	1,187	17					361,487	362,691
2022	2,170	2,321		8,800		148,535	188,075	349,901

Source: District Records

**East Newark Board of Education  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Residential				Commercial		Industrial		Apartment		Total Assessed Value		Less: Tax-Exempt Property	Public Utilities <sup>a</sup>		Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)	% of Net Assessed to Estimated Full Cash Valuations
	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>											
2013	\$ 1,344,000	\$25,564,900	\$ 2,731,500	\$ 8,440,500	\$ 1,498,300	\$39,579,200	\$ -	\$ 21,875	\$39,601,075	3.161	\$141,908,806	27.91%							
2014	\$ 1,116,600	\$25,536,500	\$ 2,528,200	\$ 8,440,500	\$ 4,325,700	\$41,947,500	\$ -	\$ 20,194	\$41,967,694	3.134	\$149,674,089	28.04%							
2015	\$ 1,075,800	\$25,686,500	\$ 2,528,200	\$ 8,440,500	\$ 4,325,700	\$42,056,700	\$ -	\$ 45,661	\$42,102,361	3.306	\$134,332,729	31.34%							
2016	\$ 1,075,800	\$25,818,500	\$ 2,528,200	\$ 8,271,100	\$ 4,325,700	\$42,019,300	\$ -	\$ 47,949	\$42,067,249	3.375	\$132,154,527	31.83%							
2017	\$ 3,156,400	\$88,260,800	\$ 10,280,200	\$ 33,196,100	\$ 21,845,900	\$156,739,400	\$ -	\$ 159,201	\$156,898,601	0.992	\$148,522,772	105.64%							
2018	\$ 3,353,500	\$88,129,800	\$ 11,654,000	\$ 33,196,100	\$ 21,845,900	\$158,179,300	\$ -	\$ 159,065	\$158,338,365	0.923	\$166,577,531	95.05%							
2019	\$ 3,469,200	\$90,569,400	\$ 11,654,000	\$ 33,196,100	\$ 21,845,900	\$160,734,600	\$ -	\$ 128,889	\$160,863,489	0.910	\$208,748,007	77.06%							
2020	\$ 4,704,200	\$91,714,200	\$ 11,654,000	\$ 33,196,100	\$ 17,845,900	\$159,114,400	\$ -	\$ 129,416	\$159,243,816	0.919	\$211,653,633	75.24%							
2021	\$ 3,281,700	\$92,137,100	\$ 11,654,000	\$ 33,638,100	\$ 17,845,900	\$158,556,800	\$ -	\$ 117,117	\$158,673,917	0.941	\$233,311,279	68.01%							
2022	\$ 3,281,700	\$92,363,500	\$ 10,264,500	\$ 33,638,100	\$ 17,845,900	\$157,393,700	\$ -	\$ 122,994	\$157,516,694	0.948	\$221,592,936	71.08%							

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$ 100

**East Newark Board of Education  
Direct and Overlapping Property Tax Rates  
Last Ten Years**

*(rate per \$100 of assessed value)*

Fiscal Year Ended Dec. 31,	East Newark Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	General Obligation Debt Service			Municipal Rate East Newark	County Rate Hudson County	
	Basic Rate <sup>a</sup>	Total Direct				
2013	3.161	3.161		3.978	1.952	9.091
2014	3.134	3.134		4.061	1.919	9.114
2015	3.306	3.306		4.043	1.715	9.064
2016	3.375	3.375		4.170	1.684	9.229
2017	0.922	0.922		1.144	0.468	2.534
2018	0.923	0.923		1.155	0.479	2.557
2019	0.910	0.910		1.137	0.561	2.608
2020	0.919	0.919		1.181	0.507	2.607
2021	0.941	0.941		1.214	0.562	2.717
2022	0.948	0.948		1.248	0.535	2.731

Source: District Records and Municipal Tax Collector

**Note:** NJS A 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

**a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

**b** Rates for debt service are based on each year's requirements.

Prospect Park Board of Education  
Principal Property Taxpayers  
Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
East Newark Town Center	\$ 30,355,800	1	19.27%	\$ 7,337,800	1	18.53%
400 St. George Realty	\$ 12,500,000	2	7.94%			
BASF Engelhard Corporation	\$ 3,001,500	3	1.91%			
Vango Holdings 2	\$ 2,297,500	4	1.46%			
Simelong Properties, LLC & Daving, LLC	\$ 1,940,700	5	1.23%	\$ 540,000	4	1.36%
Penn Jersey Certified Concrete, Inc	\$ 1,531,100	6	0.97%			
Boulder Concepts	\$ 1,197,100	7	0.76%			
J&E Ramos & M&I Galhofo	\$ 957,900	8	0.61%			
200-202 Grant	\$ 897,900	9	0.57%			
Passaic Ave Investor LLC	\$ 627,200	10	0.40%	\$ 195,600	8	0.49%
Engelhard Corporation			0.00%	\$ 727,200	2	1.84%
1st Republic Corporation of America			0.00%	\$ 669,400	3	1.69%
VNB Realty			0.00%	\$ 498,500	5	1.26%
Simelog Properties, LLC			0.00%	\$ 266,700	6	0.67%
IDVG Realty, LLC			0.00%	\$ 227,400	7	0.57%
Philbro Corporation			0.00%	\$ 190,800	9	0.48%
<b>Total</b>	<b>\$ 55,306,700</b>		<b>35.11%</b>	<b>\$ 10,653,400</b>		<b>26.90%</b>

\$ 157,516,694 \$ 39,601,075

Source: Municipal Tax Assessor.

**East Newark Board of Education  
Property Tax Levies and Collections  
Last Ten Years**

Fiscal Year Ended June 30,	Taxes Levied for the Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	1,272,190	1,259,717	99.02%	12,473
2014	1,272,190	1,272,190	100.00%	
2015	1,397,000	1,341,868	96.05%	55,132
2016	1,424,940	1,355,886	95.15%	69,054
2017	1,453,439	1,370,136	94.27%	83,303
2018	1,482,508	1,370,278	92.43%	112,230
2019	1,482,508	1,384,670	93.40%	97,838
2020	1,482,508	1,387,705	93.61%	94,803
2021	1,512,158	1,417,661	93.75%	94,497
2022	1,512,158	1,418,637	93.82%	93,521

Source: Municipal Tax Collector

**East Newark Board of Education  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Temporary Note Payable	Capital Leases			
2013						-	0.000%	\$ -
2014						-	0.000%	\$ -
2015						-	0.000%	\$ -
2016						-	0.000%	\$ -
2017						-	0.000%	\$ -
2018						-	0.000%	\$ -
2019			14,825			14,825	0.008%	\$ 0.22
2020			5,885			5,885	0.003%	\$ 0.08
2021						-	0.000%	\$ -
2022						-	0.000%	\$ -

Source: District CAFR Schedules I-1, I-2

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

**a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**b** Includes Early Retirement Incentive Plan (ERIP) refunding



Exhibit J-11

East Newark Board of Education  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Net General Bonded Debt Outstanding		
2013			0.00%	\$ -
2014			0.00%	\$ -
2015			0.00%	\$ -
2016			0.00%	\$ -
2017			0.00%	\$ -
2018			0.00%	\$ -
2019			0.00%	\$ -
2020			0.00%	\$ -
2021			0.00%	\$ -
2022			0.00%	\$ -

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

**East Newark Board of Education  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2022**

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Debt Outstanding</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Direct Debt of School District as of June 30, 2022</b>			
<b>Net overlapping debt of School District:</b>			
Borough of East Newark	100.000%	\$ 5,225,600	
County of Hudson	18.923%	<u>93,473,748</u>	
<b>Subtotal, overlapping debt</b>			<u>\$ 98,699,348</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 98,699,348</u></u>

**Sources:** East Newark Municipal Finance Officer / Hudson County Treasurer's Office

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of East Newark. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

East Newark Board of Education  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2022

	Equalized valuation basis									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt limit	\$ 4,282,023	\$ 3,996,950	\$ 3,864,757	\$ 3,929,205	\$ 3,757,078	\$ 4,070,413	\$ 4,788,985	\$ 5,566,514	\$ 6,375,776	\$ 6,562,485
Total net debt applicable to limit	-	-	-	-	-	14,825	-	-	-	-
Legal debt margin	\$ 4,282,023	\$ 3,996,950	\$ 3,864,757	\$ 3,929,205	\$ 3,757,078	\$ 4,070,413	\$ 4,774,160	\$ 5,560,629	\$ 6,375,776	\$ 6,562,485
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.31%	0.11%	0.00%	0.00%

Average equalized valuation of taxable property	[A/3]	\$ 218,749,484
Debt limit (3 % of average equalization value)	[B]	6,562,485 <sup>a</sup>
Net bonded school debt	[C]	-
Legal debt margin	[B-C]	\$ 6,562,485

Equalized valuation basis	2022	221,592,936
	2021	211,493,664
	2020	223,161,851
	[A]	\$ 656,248,451

Source: Abstract of Rates and District Records CAFR Schedule J-7

<sup>a</sup> Limit set by NJSIA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

Exhibit J-14

East Newark Board of Education  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita	
			Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2013	2,677	\$ 126,838,937	47,381	13.00%
2014	2,681	\$ 136,907,946	51,066	7.40%
2015	2,668	\$ 145,872,900	54,675	6.20%
2016	2,668	\$ 151,000,796	56,597	5.10%
2017	2,665	\$ 161,387,070	60,558	4.70%
2018	2,637	\$ 171,642,330	65,090	4.10%
2019	2,607	\$ 176,154,990	67,570	3.10%
2020	2,581	\$ 185,011,242	71,682	11.30%
2021	2,477	Not Available	Not Available	7.30%
2022	Not Available	Not Available	Not Available	Not Available

Source:

- <sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development
- <sup>b</sup> Personal income - Hudson County - provided by NJ Dept of Labor and Workforce Development
- <sup>c</sup> Per Capita Personal Income - Hudson County - provided by NJ Dept of Labor and Workforce Development
- <sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

East Newark Board of Education  
Principal Employers  
Current Year and Nine Years Ago

	2022			2013		
Employer	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	N/A		1	N/A
		2	N/A		2	N/A
		3	N/A		3	N/A
		4	N/A		4	N/A
		5	N/A		5	N/A
		6	N/A		6	N/A
		7	N/A		7	N/A
		8	N/A		8	N/A
		9	N/A		9	N/A
		10	N/A		10	N/A
	-		0.00%	-		0.00%

THE NEW JERSEY DEPARTMENT OF LABOR AND AREA EMPLOYERS REFUSED TO RELEASE INFORMATION NEEDED TO COMPLETE THIS SCHEDULE DUE TO PRIVACY CONCERNS.

Source: Borough of East Newark and State of New Jersey Department of Labor and Industry Annual Labor Force Estimates by Municipality

N/A - At the time of CAFR completion, this data was not yet available.

**East newark Board of Education  
Full-time Equivalent District Employees by Function/Program,  
Last Ten Fiscal Years**

<u>Function/Program</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction										
Regular	17	16	18	18	18	16	16	16	16	21.0
Special education	1	5	4	4	4	4	4	2	2	3.0
Other special education	4	1	1	1	1	-	-	-	-	-
Other instruction	4	5	5	5	5	8	8	9	9	14.0
Support Services:										
Tuition	-	2	2	2	2	4	4	5	5	5.0
Student & instruction related services	1	1	1	1	1	1	1	1	1	1.0
General administrative services	2	2	1	1	1	1	1	1	1	1.5
School administrative services	1	1	1	1	1	1	1	1	1	1.0
Other administrative services	1	1	1	1	1	1	1	0	0	0.9
Central services	2	1	1	1	1	-	-	-	-	-
Administrative information technology	-	2	3	3	3	2	2	2	2	2.0
Plant operations and maintenance	1	1	1	1	1	1	1	1	1	-
Pupil transportation										
<b>Total</b>	<b>32</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>37</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>49.4</b>

Source: District Personnel Records

East Newark Board of Education  
Operating Statistics  
Last Ten Fiscal Years

Fiscal	Enrollment	Operating	Cost Per	Percentage	Teaching	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2013	256	4,611,186	18,012	5.14%	22	12	n/a	257.0	247.2	12.72%	96.19%
2014	273	5,778,115	21,165	17.50%	21	13	n/a	277.6	265.7	8.02%	95.71%
2015	270	5,556,402	20,579	-2.77%	22	12	n/a	264.3	251.7	-4.79%	95.23%
2016	271	5,483,401	20,234	-1.68%	22	12	n/a	271.3	257.7	2.65%	94.99%
2017	273	5,107,834	18,710	-7.53%	20	14	n/a	288.0	273.4	6.16%	94.93%
2018	253	5,492,313	21,709	16.03%	20	13	n/a	255.0	245.1	-11.46%	96.12%
2019	237	5,746,450	24,247	11.69%	20	12	n/a	255.0	245.1	0.00%	96.12%
2020	209	5,674,056	27,149	11.97%	18	12	n/a	255.0	245.1	0.00%	96.12%
2021	209	5,487,152	26,254	-3.29%	18	12	n/a	255.0	245.1	0.00%	96.12%
2022	239	7,457,545	31,203	18.85%	18	12	n/a	255.0	245.1	0.00%	96.12%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count for all students attending school facilities

- a Operating expenditures equal total general fund and special revenue fund expenditures less debt service and capital outlay; Schedule J-
- b Teaching staff includes only full-time equivalents of certificated staff
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

East Newark Board of Education  
 School Building Information  
 Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>District Buildings</b>										
<b>Elementary/Middle School</b>										
Square Feet	19,297	19,297	19,297	19,297	19,297	19,297	19,297	19,297	19,297	19,297
Capacity (students)	275	275	275	275	275	275	275	275	275	275
Enrollment	263	263	263	271	273	253	237	209	209	239

Number of Schools at June 30, 2022  
 Elementary/Middle School = 1

Source: District records, ASSA

Note: Enrollment is based on students' enrolled within the District -- out of district students have not been included



East Newark Board of Education  
 General Fund  
 Schedule of Required Maintenance for School Facilities  
 Last Ten Fiscal Years  
 Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-XXX

School Facilities	Project# (s)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Elementary/Middle School	N/A	23,601	9,545	13,128	3,258	447,587	322,399	314,981	337,217	310,533	308,068
Grand Total		\$ 23,601	\$ 9,545	\$ 13,128	\$ 3,258	\$ 447,587	\$ 322,399	\$ 314,981	\$ 337,217	\$ 310,533	\$ 308,068

**East Newark Board of Education  
Insurance Schedule  
For the Fiscal Year Ended June 30, 2022  
Unaudited**

Company	Type of Coverage	Coverage	Deductible
	School Package policy:		
	School Alliance Insurance Fund		
	Building and Personal Property	\$ 500,000,000	
	General Liability Including Auto, Employee Benefits:		
	Each Occurrence	5,000,000	
	Personal Injury	100,000	2,500
	Automobile Coverage	100,000	1,000
	Earthquake	25,000,000	
	Flood	10,000,000	
	Environmental Impairment Liability	1,000,000	
	Crime Coverage	50,000	1,000
	Blanket Dishonesty Bond	500,000	1,000
	Boiler and Machinery	100,000,000	2,500
	Excess Liability (AL/GL/SLPL)	5,000,000	
	School Board Legal (SLPL)	5,000,000	10,000
	Cyber Liability	2,000,000	10,000
	Workers' Compensation	5,000,000	
	Employer's Liability	250,000	
	Bond for School Business Administrator	150,000	
	Bond for Treasurer of School Monies	150,000	

Source: District Records

Note: The District is part of the School Alliance Insurance Fund. Several of the above coverages are the combined amounts for all the school districts under master policies with insurance companies.

**SINGLE AUDIT SECTION**



# WIELKOTZ & COMPANY LLC

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**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**

Honorable President and  
Members of the Board of Education  
Borough of East Newark Board of Education  
County of Hudson, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of East Newark School District, in the County of Hudson, New Jersey, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 2, 2023, which was qualified for not maintaining updated fixed asset accounting records.

***Internal Control Over Financial Reporting***

In planning and performing our audit on the financial statements, we considered the Borough of East Newark Board of Education's internal control over financial reporting (internal control) to determine the 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 the Borough of East Newark Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of East Newark Board of Education's internal control.



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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Borough of East Newark Board of Education's financial statements are free of 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 determination of financial statement amounts. 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 or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the East Newark Borough School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated March 2, 2023.

### ***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.

*Steven D. Wielkotz*

Steven D. Wielkotz, C.P.A.  
Licensed Public School Accountant  
No. 816

*Wielkotz + Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

March 2, 2023





# WIELKOTZ & COMPANY L.L.C.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08**

Honorable President and  
Members of the Board of Education  
Borough of East Newark Board of Education  
County of Hudson, New Jersey

**Report on Compliance for Each Major Federal and State Program**

***Opinion on Each Major Federal and State Program***

We have audited the Board of Education of the Borough of East Newark School District in the County of Hudson, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of East Newark Board of Education's major federal and state programs for the year ended June 30, 2022. The Borough of East Newark Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

**Basis for Opinion on Each Major Federal and State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and N.J. OMB Circular 15-08. Our



responsibilities under those standards and the Uniform Guidance and N.J. OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Borough of East Newark Board of Education 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 each major federal and state program. Our audit does not provide a legal determination of Borough of East Newark Board of Education'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 Borough of East Newark Board of Education's federal and 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 Borough of East Newark Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and N.J. OMB Circular 15-08, 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 Borough of East Newark Board of Education's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and N.J. OMB Circular 15-08, 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 Borough of East Newark Board of Education'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 Borough of East Newark Board of Education’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 and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of Borough of East Newark Board of Education’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.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and N.J. OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2022-002, 2022-003, 2022-004, 2022-005, 2022-006, 2022-007, 2022-008, and 2022-009. Our opinion on each major federal and state program is not modified with respect to these matters.

The Borough of East Newark Board of Education’s responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Borough of East Newark Board of Education’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on these responses.

### **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 and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as items 2022-002, 2022-003, 2022-004, 2022-005, 2022-006, 2022-007, 2022-008, and 2022-009 that we consider to be significant deficiencies.





Honorable President and  
Members of the Board of Education

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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 and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

*Steven D. Wielkotz*

Steven D. Wielkotz, C.P.A.  
Licensed Public School Accountant  
No. 816

*Wielkotz & Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

March 2, 2023

**BOROUGH OF EAST NEWARK SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year ended June 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2021	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2022	
					From	To						(Accounts Receivable)	Due to Grantor at
<b>US Department of Education</b>													
<b>Passed Through State Dept of Education:</b>													
<b>Special Revenue Fund</b>													
Title I Part A, Improving Basic Programs	84-010	S010A210030	ESEA120022	228,133	7/1/2021	9/30/2022	(41,326)	(41,326)	173,768	240,908	14,043	(94,423)	
Title I Part A, Improving Basic Programs	84-010	S010A200030	ESEA120021	233,172	7/1/2020	9/30/2021	(41,326)	(41,326)	173,768	240,908	14,043	(94,423)	
Title II, Part A, Teacher/Principal Training and Recruiting	84-367A	S367A210029	ESEA120022	26,165	7/1/2021	9/30/2022	(1,011)	(1,011)	8,878	29,065	(3,489)	(24,687)	
Title II, Part A, Teacher/Principal Training and Recruiting	84-367A	S367A200029	ESEA120021	23,489	7/1/2020	9/30/2021	(1,011)	(1,011)	8,878	29,065	(3,489)	(24,687)	
Title III, Immigrant	84-365A	S365A210030	ESEA120022	750	7/1/2021	9/30/2022	(106)	(106)			106		
Title III, Immigrant	84-365A	S365A190030	ESEA120020	2,127	7/1/2020	9/30/2021	(106)	(106)			106		
Title IV	84-424A	S424A210030	ESEA120022	17,018	7/1/2021	9/30/2022	(2,571)	(2,571)	6,481	6,481	2,571		
Title IV	84-424A	S424A200030	ESEA120021	17,138	7/1/2020	9/30/2021	(2,571)	(2,571)	6,481	6,481	2,571		
IDEA, Part B-Basic	84-027A	S027A210100	IDEA120022	62,043	7/1/2021	9/30/2022	242	242	62,043	62,043	(242)		
IDEA, Part B-Basic	84-027A	S027A200100	IDEA120021	76,522	7/1/2020	9/30/2021	242	(242)					
IDEA, Part B-Preschool	84-173A	S173A210100	IDEA120022	2,723	7/1/2021	9/30/2022	2,757	2,757	2,723	2,723	(2,757)		
IDEA, Part B-Preschool	84-173A	S173A200100	IDEA120021	2,757	7/1/2020	9/30/2021	2,757	(2,757)					
ARP - IDEA, Part B-Basic	84-027X	S027X210100	IDEA120022	12,255	7/1/2021	9/30/2022				12,255		(12,255)	
ARP - IDEA, Part B-Preschool	84-173X	S173X210114	IDEA120022	1,037	7/1/2021	9/30/2022			64,766	78,058	(2,999)	(13,292)	
<b>Coronavirus Response and Relief Supplemental Act:</b>													
CARES ACT 2020/ESSER	84-425D	S425D210027		186,592	3/13/2020	10/15/2022	(18,257)	(18,257)	40,295	105,669	9,022	(74,609)	45,669
CRRSA - ESSER II	84-425D	S425D200027		764,162	3/13/2020	9/30/2023	(11,476)	(11,476)	505,713	448,568			
CR Learning Acceleration	84-425D	S425D200027		49,040	3/13/2020	9/30/2023	(14,950)	(14,950)	19,108	4,158		(28,262)	
CR Mental Health	84-425D	S425D210027		45,000	3/13/2020	9/30/2023			12,488	40,750		(231,185)	
American Rescue Plan:													
ARP - ESSER	84-425U	S425U210027		1,717,406	3/13/2020	9/30/2023			30,419	261,604		(2,375)	
Accelerated Learning Coach and Educator Support	84-425U	S425U210027		50,000	3/13/2020	9/30/2023				2,375		(9,031)	
Evidence Based Summer Learning and Enrichment	84-425U	S425U210027		40,000	3/13/2020	9/30/2023				9,031		(345,462)	45,669
Evidence Based Comprehensive Beyond the School Day	84-425U	S425U210027		40,000	3/13/2020	9/30/2023						(477,864)	
NJTSS Mental Health Support Staffing	84-425U	S425U210027		45,000	3/13/2020	9/30/2023	(44,683)	(44,683)	608,023	872,155	9,022	(345,462)	45,669
<b>Total Special Revenue Fund</b>							(84,127)	(84,127)	861,916	1,226,667	19,254	(477,864)	45,669

BOROUGH OF EAST NEWARK SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2021	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2022	
					From	To						(Accounts Receivable)	Due to Grantor at
<b>US Department of Agriculture</b>													
<b>Passed Through State Dept of Education:</b>													
<b>Enterprise Fund</b>													
Food Distribution Program	10.555	221NJ304N1096	N/A	14,253	7/1/2021	6/30/2022			14,253	14,253			
National School Breakfast Program SSO	10.553	221NJ304N1099	N/A	28,653	7/1/2021	6/30/2022			26,470	28,653	(2,183)		
National School Breakfast Program SSO	10.553	211NJ304N1099	N/A	32,594	7/1/2020	6/30/2021	(4,974)		4,974				
National School Lunch Program SSO	10.555	221NJ304N1099	N/A	119,402	7/1/2021	6/30/2022			110,318	119,402	(9,084)		
National School Lunch Program SSO	10.555	211NJ304N1099	N/A	51,919	7/1/2020	6/30/2021	(7,924)		7,924				
National School Snack Program	10.555	221NJ304N1099	N/A	4,954	7/1/2021	6/30/2022			4,738	4,954	(216)		
Emergency Operational Cost Program - School	10.555	211NJ304N1099	N/A	641	7/1/2020	6/30/2021			641	641			
Supply Chain Assistance Funding	10.555	211NJ304N1099	N/A	8,963	3/1/2022	9/30/2023			628	628	(8,963)		8,963
P-EBT Administrative Cost	10.649	202225900941	N/A	628	7/1/2021	6/30/2022			614	614			
P-EBT Administrative Cost	10.649	2021225900941	N/A	614	7/1/2020	6/30/2021							
<b>Total Enterprise Fund</b>							(12,898)		170,560	169,145	(20,446)		8,963
<b>Total Federal Financial Assistance</b>							\$ (97,025)	(2,571)	1,032,476	1,395,812	19,254	(498,310)	54,632

See accompanying notes to the Schedules of Expenditures of Federal and State Awards.

**BOROUGH OF EAST NEWARK SCHOOL DISTRICT**  
**Schedule of Expenditures of State and Local Financial Awards**

Year ended June 30, 2022

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period		Deferred Revenue (Accts Receivable)		Due to Grantor		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2022		Memo
			From	To	(Accts Receivable)	Due to Grantor	(Accounts Receivable)	Revenue/ Interfund Payable				Budgetary Receivable	Cumulative Total Expenditures	
<b>State Department of Education:</b>														
<b>General Fund</b>														
Equalization Aid	495-034-5120-078	\$ 3,603,933	7/1/2021	6/30/2022	\$				3,244,000	3,603,933				
Special Education Aid	495-034-5120-089	310,863	7/1/2021	6/30/2022				279,816	310,863					
Security Aid	495-034-5120-084	173,154	7/1/2021	6/30/2022				155,860	173,154					
Transportation Aid	495-034-5120-014	16,042	7/1/2021	6/30/2022				14,449	16,052					
Extraordinary Aid	100-034-5120-473	52,255	7/1/2020	6/30/2021				52,255						
Reimbursed TPAF Social Security	495-034-5094-003	110,632	7/1/2021	6/30/2022				104,056	110,632		(6,576)			
Reimbursed TPAF Social Security	495-034-5094-003	90,296	7/1/2020	6/30/2021				9,792						
On Behalf TPAF - Post Retirement Medical	495-034-5094-001	93,066	7/1/2021	6/30/2022				93,066	93,066					
On Behalf TPAF Pension Contributions	495-034-5094-002	392,788	7/1/2021	6/30/2022				392,788	392,788					
On Behalf TPAF NCGI Premium	495-034-5094-004	5,542	7/1/2021	6/30/2022				5,542	5,542					
On Behalf TPAF - LTDI	495-034-5094-004	250	7/1/2021	6/30/2022				250	250					
<b>Total General Fund</b>						(62,047)		4,351,874	4,706,280		(6,576)			
<b>Special Revenue Fund</b>														
Preschool Education Aid	495-034-5120-086	381,429	7/1/2021	6/30/2022				343,286	338,899					
Preschool Education Aid	495-034-5120-086	42,920	7/1/2019	6/30/2020								4,387		
School Security Grant		20,000	7/1/2021	6/30/2022					20,000		(20,000)			
SDA Emergency Needs & Capital		5,604	7/1/2021	6/30/2022										
<b>Total Special Revenue</b>						14,315		343,286	358,899		(20,000)	18,702		
<b>Enterprise Fund</b>														
<b>State Department of Agriculture</b>														
National School Lunch Program (State Share)	100-010-3350-023	3,044	7/1/2021	6/30/2022				2,835	3,044		(209)			
National School Lunch Program (State Share)	100-010-3350-023	2,806	7/1/2020	6/30/2021				561						
<b>Total Enterprise Fund</b>						(561)		3,396	3,044		(209)			
<b>Total State Financial Assistance</b>														
						(48,293)		4,698,556	5,068,223		(2,678.5)	18,702		
Less: On-Behalf TPAF Pension System Contributions														
On Behalf TPAF - Post Retirement Medical														
On Behalf TPAF Pension Contributions														
On Behalf TPAF NCGI Premium														
On Behalf TPAF - LTDI														
<b>Total State Financial Assistance</b>									93,066					
									392,788					
									5,542					
									250					
<b>Total State Financial Assistance</b>									491,646					
<b>Total State Financial Assistance</b>									4,576,577					

See accompanying notes to the Schedules of Expenditures of Federal and State Awards.

**NOTE 1. GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all federal and state award programs of the East Newark Board of Education. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(D) and 1(E) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and the special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(14,159) for the general fund and \$(5,238) for the special revenue fund. See Notes to Required Supplemental Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$4,692,121	\$4,692,121
Special Revenue Fund	1,226,667	364,137	1,590,804
Food Service Fund	<u>3,044</u>	<u>178,108</u>	<u>181,152</u>
Total Awards and Financial Assistance	<u>\$1,229,711</u>	<u>\$5,234,366</u>	<u>\$6,464,077</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2022. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2022.

**NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, the amount of \$491,646 of on-behalf payments is excluded from major program determination.

**NOTE 7. INDIRECT COST RATE**

The East Newark Board of Education has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 8. SCHOOLWIDE PROGRAM FUNDS**

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Grant Guidance); amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the school district:

<u>Program</u>	<u>Total</u>
Title I, Part A: <i>Grants to Local Educational Agencies</i>	\$ 240,908
Title II, Part A: <i>Supporting Effective Instruction</i>	29,065
Title IV: <i>Student Support and Academic Enrichment</i>	<u>6,481</u>
Total	<u>\$ 276,454</u>

**EAST NEWARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: qualified

Internal control over financial reporting:

1. Material weakness(es) identified? \_\_\_\_\_ yes X no

2. Significant deficiencies identified that are not considered to be material weaknesses? X yes \_\_\_\_\_ none reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes X no

**Federal Awards**

Internal Control over major programs:

1. Material weakness(es) identified? \_\_\_\_\_ yes X no

2. Significant deficiencies identified that are not considered to be material weaknesses? X yes \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of the Uniform Guidance? X yes \_\_\_\_\_ no

Identification of major programs:

<b><u>Assistance Listing Number(s)</u></b>	<b><u>FAIN Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
<u>84.425D/84.425U</u>	(A) <u>S425D210027/ S425U210024</u>	<u>CARES-ESSER I/ CRRSA-ESSER II/CR Learning Acceleration/CR Mental Health APR-ESSERARP-Evidence Based Summer Learning and Enrichment/ARP-Evidence Based Comprehensive Beyond the School Day</u>

Note: (A) - Tested as Major Type A Program.

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_yes X no





**BOROUGH OF EAST NEWARK SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL, STATE AND FEDERAL FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*Section II – Financial Statement Findings*

**Finding 2022-001**

The District did not provide an updated fixed asset report.

**Criteria or specific requirement:**

Governmental Accounting Standards Board Statement (GASBS) 34 requires school districts and other public entities to accurately track and account for fixed assets. The District failed to provide an updated fixed asset report including additions, deletions and depreciation expense which is to be reported as a direct expense.

**Condition:**

The District did not provide an updated fixed asset report including additions, deletions and depreciation expense which is to be reported as a direct expense.

**Context:**

The District has not updated the financial statements for depreciation expense and has not implemented a system to record assets in accordance with state requirements.

**Effect:**

The effects on the financial statements, although not reasonably determinable, are presumed to be material.

**Cause:**

The District did not provide an updated fixed asset report including additions, deletions and depreciation expense which is to be reported as a direct expense.

**Recommendation:**

The District's fixed asset accounting and reporting system be updated to reflect additions, deletions and depreciation expense on an annual basis.

**Views of responsible official and planned corrective actions:**

The District has reviewed this finding and has indicated corrective action will be taken.

**BOROUGH OF EAST NEWARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs*

**FEDERAL AWARDS**

**Finding 2022-002**

**Information on the state program:**

CARES Emergency Relief Grant and American Rescue Plan, CFDA 84.425D/U Grant Period 3/13/20-10/15/22, and 3/13/20-9/30/23.

**Criteria or specific requirement:**

The school district must apply the payroll of employees whose salaries are partially or fully funded by the program to the grant budget line throughout the course of the year.

**Condition:**

The district charged salaries and wages to the program via a year-end adjustment rather than charging the applicable amounts by pay period.

**Questioned Costs:**

None

**Context:**

The district did not apply employee salaries to the program budget line(s) throughout the course of the year.

**Effect:**

By not applying employee salaries to the program budget line(s) throughout the course of the year, it is not possible to identify the payroll periods being charged to the program and it is not possible to verify the individuals being charged to the program.

**Cause:**

The district charged salaries and wages to the program via a year-end adjustment rather than charging the applicable amounts by pay period.

**Recommendation:**

The district should apply employee salaries to the grant budget line(s) in conjunction with the employees being compensated through the payroll system for their time and effort contributed to the program. In addition, the district should maintain documentation that shows the distribution of salary and wages charged to grant awards based on actual employee activity as reflected in personnel activity reports, prepared after-the-fact, that include the total activity for which employees were compensated.

**Management's response:**

The district will apply employee salaries to the grant budget line throughout the course of the year.

**BOROUGH OF EAST NEWARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs*

**STATE AWARDS**

**Finding 2022-003**

**Information on the state program:**

State Aid – Public Cluster, NJCFS Numbers 495-034-5120-(079/089/084) Grant Period 7/1/21-6/30/22.

**Criteria or specific requirement:**

The school district must complete the Application for State School Aid (ASSA) in accordance with the instructions provided by the Office of School Finance. The district must complete a set of workpapers that document the compilation of data and provide an audit trail for testing the enrollments reported on the ASSA. In addition, the district must have on file written procedures that provide a description of the count process. The workpapers and internal procedures must be maintained on file for seven years.

**Condition:**

The internal control procedures were not made available for audit. In addition, students reported as Private School, Resident Low Income, Resident Low Income Limited English Proficient and Resident Limited English Proficient not Low Income could not be verified to supporting documents.

**Questioned Costs:**

None

**Context:**

The district submitted the 2021/2022 ASSA but was unable to provide the related supporting documents and internal control procedures that document the compilation of data which provide an audit trail for testing enrollments reported on the ASSA.

**Effect:**

By not maintaining appropriate supporting documentation in accordance with the instructions provided by the Office of School Finance, the enrollments reported as Private School, Resident Low Income, Resident Low Income Limited English Proficient and Resident Limited English Proficient not Low Income on the district's ASSA are unable to be verified.

**Cause:**

The district did not maintain written procedures describing the count process or workpapers that document the compilation of data and provide an audit trail for testing the enrollment categories reported on the ASSA.

**BOROUGH OF EAST NEWARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs*

**Finding 2022-003 (continued)**

**Recommendation:**

The district should revise workpapers to reflect corrections made during the review process prior to entering the counts into the ASSA Data Listing to ensure the workpapers agree to what is reported. In addition, the district should have written procedures on file which provide a description of the count process. The procedures should describe how the count was taken, who was responsible for compiling the data, completing the enrollment count submission, and detail the various assigned responsibilities for collection of the data and the follow-up procedures to identify student information to be corrected in the subsequent count. The internal control procedures and related workpapers must be maintained on file for seven years and made available for audit.

**Management's response:**

The district will prepare written procedures providing a description of the count process annually. The district will maintain supporting documentation that provide an audit trail for testing the enrollment categories reported on the ASSA.

**Finding 2022-004**

**Information on the state program:**

State Aid – Public Cluster, NJCFS Numbers 495-034-5120-(079/089/084) Grant Period 7/1/21-6/30/22.

**Criteria or specific requirement:**

In accordance with N.J.S.A. 18A:16-17.1, employees of a board of education shall contribute, through the withholding of the contribution from the pay, salary or other compensation, toward the cost of health care benefits coverage for the employee and any dependent provided pursuant to P.L. 1979, c.391. The amount payable by any employee shall not under any circumstance be less than the 1.5 percent of base salary notwithstanding any other amount that may be required additionally.

**Condition:**

Recalculation of employee health benefit contributions do not agree to amounts being deducted from employees pay.

**Questioned Costs:**

None

**Context:**

Recalculation of employee health benefit contributions do not agree to amounts being deducted from employees pay.

**BOROUGH OF EAST NEWARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(continued)**

*Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs*

**Finding 2022-004 (continued)**

**Effect:**

Employee health benefit contributions are not being deducted in accordance with N.J.S.A. 18A:16-17.1.

**Cause:**

The prescription premium amounts were not updated to reflect the increase in costs between years. Percentage of premiums and types of coverage were not adjusted to reflect accurate information.

**Recommendation:**

The district should review all information input into the system for health benefit contribution calculations and make necessary adjustments.

**Management's response:**

All health benefit contribution input information will be reviewed and compared to the proper supporting documentation to ensure the proper amounts are being calculated and deducted from employees pay.

**Finding 2022-005**

**Information on the state program:**

State Aid – Public Cluster, NJCFS Numbers 495-034-5120-(079/089/084) Grant Period 7/1/21-6/30/22.

**Criteria or specific requirement:**

In accordance with N.J.S.A. 18A:18A-37, for contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount the purchasing agent shall award the contract after soliciting at least two competitive quotations. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The purchasing agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor.

**Condition:**

The district did not solicit at least two competitive quotations prior to awarding a contract.

**Questioned Costs:**

None

**Context:**

The district purchased security cameras, drinking fountains and a refrigerator, all of which exceeded 15 percent of the bid threshold, and failed to solicit at least two competitive quotations.

**BOROUGH OF EAST NEWARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs*

**Finding 2022-005 (continued)**

**Effect:**

By not soliciting at least two competitive quotations, the district is not in compliance with New Jersey Public School Contracts Law N.J.S.A. 18A:18A.

**Cause:**

The district performed repairs and maintenance to school property without soliciting at least two competitive quotations.

**Recommendation:**

When awarding contracts that in total are less than the bid threshold but at least 15 percent or more of that amount, the district should award the contract only after soliciting at least two competitive quotations. The award should be made to the vendor whose response is the most advantageous to the district. The district should retain the record of the quotation solicitation and should include a copy of the record with the voucher used to pay the vendor.

**Management's response:**

The district will solicit at least two competitive quotations when awarding contracts that are less than the bid threshold but at least 15 percent or more of that amount. In addition, record of the quotations will be included with the voucher used to pay the vendor.

**Finding 2022-006**

**Information on the state program:**

State Aid – Public Cluster, NJCFS Numbers 495-034-5120-(079/089/084) Grant Period 7/1/21-6/30/22.

**Criteria or specific requirement:**

In accordance with N.J.S.A. 18A:17-9, the Treasurer shall prepare the monthly reconciliation of bank account statements and in conjunction with the Board Secretary take any steps necessary to bring the cash record balance and reconciled bank balance into agreement prior to the completion of the secretary's monthly report. In addition, pursuant to N.J.S.A. 18A:17-10, all school districts must submit the Annual Report to the board and the executive county superintendent by August 1.

**Condition:**

The Board Secretary's and Treasurer's reports were not presented monthly to the board and were not submitted to the executive county superintendent as prescribed (N.J.S.A. 18A:17-9 and 18A:17-36). Also, the district could not provide documentation that the Annual Report was submitted to the executive county superintendent by August 1.

**Questioned Costs:**

None

**BOROUGH OF EAST NEWARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs*

**Finding 2022-006 (continued)**

**Context:**

The Board Secretary's and Treasurer's reports were not presented monthly to the board and were not submitted to the executive county superintendent as prescribed (N.J.S.A. 18A:17-9 and 18A:17-36). Also, the district could not provide documentation that the Annual Report was submitted to the executive county superintendent by August 1.

**Effect:**

The district is not in compliance with N.J.S.A. 18A:17-9 and N.J.S.A. 18A:17-36.

**Cause:**

The Board Secretary's and Treasurer's reports were not presented monthly to the board and were not submitted to the executive county superintendent as prescribed (N.J.S.A. 18A:17-9 and 18A:17-36). Also, the district could not provide documentation that the Annual Report was submitted to the executive county superintendent by August 1.

**Recommendation:**

The Board Secretary's and Treasurer's reports should be presented monthly to the board and submitted to the executive county superintendent as prescribed. In addition, the Board Secretary should maintain supporting documentation regarding the submission of the Annual Report to the executive county superintendent in accordance with N.J.S.A. 18A:17-10.

**Management's response:**

Board Secretary's and Treasurer's reports will be prepared in a timely manner and presented to the board monthly. The Board Secretary will maintain documentation regarding the submission of the Annual Report to the executive county superintendent.

**Finding 2022-007**

**Information on the state program:**

Preschool Education Aid, NJCFS Numbers 495-034-5120-086 Grant Period 7/1/21-6/30/22.

**Criteria or specific requirement:**

The school district must apply the payroll of employees whose salaries are partially or fully funded by the program to the grant budget line throughout the course of the year.

**Condition:**

The district charged salaries and wages to the program via a year-end adjustment rather than charging the applicable amounts by pay period.

**Questioned Costs:**

None



**BOROUGH OF EAST NEWARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs*

**Finding 2022-007 (continued)**

**Context:**

The district did not apply employee salaries to the program budget line(s) throughout the course of the year.

**Effect:**

By not applying employee salaries to the program budget line(s) throughout the course of the year, it is not possible to identify the payroll periods being charged to the program.

**Cause:**

The district charged salaries and wages to the program via a year-end adjustment rather than charging the applicable amounts by pay period.

**Recommendation:**

The district should apply employee salaries to the grant budget line(s) in conjunction with the employees being compensated through the payroll system for their time and effort contributed to the program. In addition, the district should maintain documentation that shows the distribution of salary and wages charged to grant awards based on actual employee activity as reflected in personnel activity reports, prepared after-the-fact, that include the total activity for which employees were compensated.

**Management's response:**

The district will apply employee salaries to the grant budget line throughout the course of the year.

**Finding 2022-008**

**Information on the state program:**

Preschool Education Aid, NJCFS Numbers 495-034-5120-086 Grant Period 7/1/21-6/30/22.

**Criteria or specific requirement:**

The school district must complete the Application for State School Aid (ASSA) in accordance with the instructions provided by the Office of School Finance. The district must complete a set of workpapers that document the compilation of data and provide an audit trail for testing the enrollments reported on the ASSA. In addition, the district must have on file written procedures that provide a description of the count process. The workpapers and internal procedures must be maintained on file for seven years.

**Condition:**

The internal control procedures were not made available for audit. In addition, students reported as Private School, Resident Low Income, Resident Low Income Limited English Proficient and Resident Limited English Proficient not Low Income could not be verified to supporting documents.

**Questioned Costs:**

None

**BOROUGH OF EAST NEWARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs*

**Finding 2022-008 (continued)**

**Context:**

The district submitted the 2021/2022 ASSA but were unable to provide the related supporting documents and internal control procedures that document the compilation of data which provide an audit trail for testing enrollments reported on the ASSA.

**Effect:**

By not maintaining appropriate supporting documentation in accordance with the instructions provided by the Office of School Finance, the enrollments reported as Private School, Resident Low Income, Resident Low Income Limited English Proficient and Resident Limited English Proficient not Low Income on the district's ASSA are unable to be verified.

**Cause:**

The district did not maintain written procedures describing the count process or workpapers that document the compilation of data and provide an audit trail for testing the enrollment categories reported on the ASSA.

**Recommendation:**

The district should revise workpapers to reflect corrections made during the review process prior to entering the counts into the ASSA Data Listing to ensure the workpapers agree to what is reported. In addition, the district should have written procedures on file which provide a description of the count process. The procedures should describe how the count was taken, who was responsible for compiling the data, completing the enrollment count submission, and detail the various assigned responsibilities for collection of the data and the follow-up procedures to identify student information to be corrected in the subsequent count. The internal control procedures and related workpapers must be maintained on file for seven years and made available for audit.

**Management's response:**

The district will prepare written procedures providing a description of the count process annually. The district will maintain supporting documentation that provides an audit trail for testing the enrollment categories reported on the ASSA.

**Finding 2022-009**

**Information on the state program:**

Preschool Education Aid, NJCFS Numbers 495-034-5120-086 Grant Period 7/1/21-6/30/22.

**BOROUGH OF EAST NEWARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

*Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs*

**Finding 2022-009 (continued)**

**Criteria or specific requirement:**

In accordance with N.J.S.A. 18A:18A-37, for contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount the purchasing agent shall award the contract after soliciting at least two competitive quotations. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The purchasing agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor.

**Condition:**

The district did not solicit at least two competitive quotations prior to awarding a contract.

**Questioned Costs:**

None

**Context:**

The district purchased security cameras, drinking fountains and a refrigerator, all of which exceeded 15 percent of the bid threshold, and failed to solicit at least two competitive quotations.

**Effect:**

By not soliciting at least two competitive quotations, the district is not in compliance with New Jersey Public School Contracts Law N.J.S.A. 18A:18A.

**Cause:**

The district performed repairs and maintenance to school property without soliciting at least two competitive quotations.

**Recommendation:**

When awarding contracts that in total are less than the bid threshold but at least 15 percent or more of that amount, the district should award the contract only after soliciting at least two competitive quotations. The award should be made to the vendor whose response is the most advantageous to the district. The district should retain the record of the quotation solicitation and should include a copy of the record with the voucher used to pay the vendor.

**Management's response:**

The district will solicit at least two competitive quotations when awarding contracts that are less than the bid threshold but at least 15 percent or more of that amount. In addition, a record of the quotations will be included with the voucher used to pay the vendor.

**EAST NEWARK BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Status of Prior Year Findings**

None.