

**EAST NEWARK BOARD OF EDUCATION
COUNTY OF HUDSON, NEW JERSEY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

EAST NEWARK BOARD OF EDUCATION

EAST NEWARK BOARD OF EDUCATION
East Newark, New Jersey

Annual Comprehensive Financial Report
Year Ended June 30, 2023

Annual Comprehensive Financial Report

of the

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

Year Ended June 30, 2023

Prepared by

Business Administrator

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Not Applicable

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Not Applicable

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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
[*rbagolie@eastnewarkschool.org*](mailto:rbagolie@eastnewarkschool.org)

December 6, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report of The Borough of East Newark School District for the fiscal year ended June 30, 2023, 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 Annual Comprehensive 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 2022-2023 school year with a resident enrollment of 273 students, which is 47 students more than the previous year's enrollment, an increase of 20.80%. The table on the following page details the changes in the student enrollment of the District over the last five years.

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Fiscal Year	Student Enrollment	Percent Change
2023-2024	235	-13.92
2022- 2023	273	+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 has been stagnant; however, it is expected that approximately 10 residential homes will be built in the next few years. 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,

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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 and professional development for teachers as a means of improving student performance. The District has developed a plan to address areas of need as identified by the school, 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 21st 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

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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.

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Superintendent / Principal*



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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 reserves of fund balance at June 30, 2023.

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:

As of June 30, 2023, 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.

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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 Wielkotz & Co., L.L.C. 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

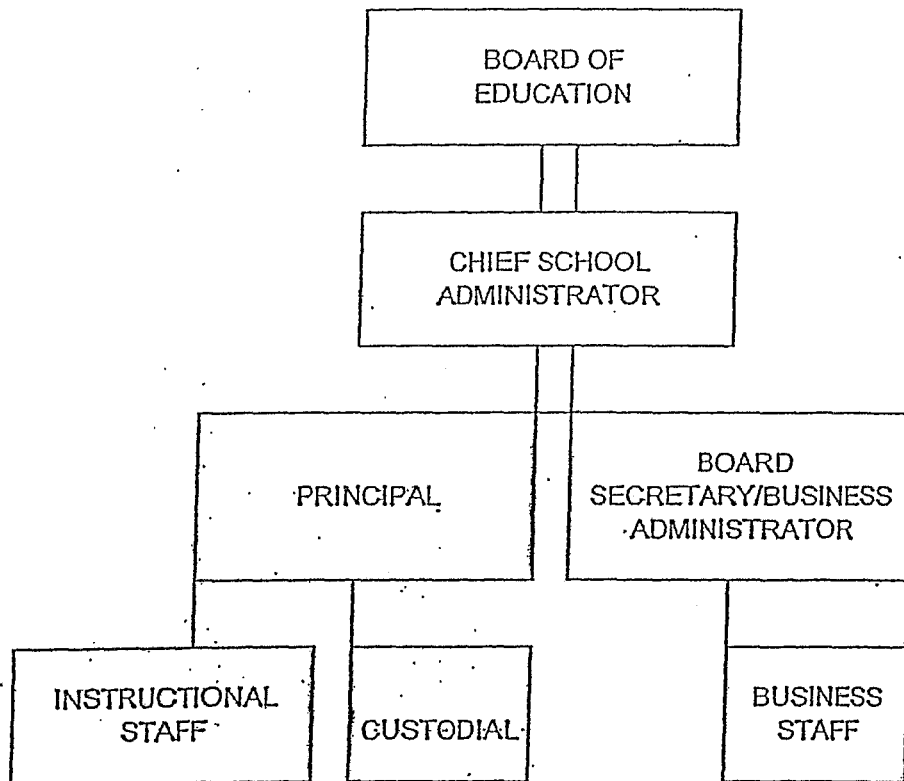
Emidio D'Andrea

Emidio D'Andrea
School Business Administrator

EAST NEWARK SCHOOL DISTRICT

ORGANIZATIONAL CHART

(UNIT CONTROL)



EAST NEWARK BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2023

Members of the Board of Education

Term Expires

Carla Fernandes, Board President	2025
Danielle Sarro, Vice President (resigned January 2023)	2024
Jennifer Perez, Vice President (appointed January 2023)	2024
Laura Ditchkus	2024
Lucinda Pinto (resigned August 2022)	2024
Heather Leone	2025
Michael Mancini	2025
Tatiana Costa (appointed February 2023)	2024
Milagritos Martes (appointed May 2023)	2024

Other Officials

Dr. Rosaura Bagolie, Acting Superintendent of Schools/Principal

Emidio D'Andrea, School Business Administrator/Board Secretary

Robert Clark, Treasurer of Monies

EAST NEWARK BOARD OF EDUCATION

CONSULTANTS & ADVISORS

JUNE 30, 2023

Attorney

Matthew J. Giacobbe, Esq.
Cleary Giacobbe Alfieri Jacobs, LLC
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Oakland, New Jersey 07436

David B. Rubin, Esq.
David B. Rubin, P.C.
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Metuchen, New Jersey 08840

District Auditor

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

Official Depositories

Valley National Bank
Fourth Street
East Newark, New Jersey 07029

State of New Jersey
Cash Management Fund

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
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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

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, 2023, 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, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 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
Page 5.

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 December 6, 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

December 6, 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, 2023**

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, 2023. 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

- The assets and deferred outflows of resources of the East Newark Board of Education exceeded its liabilities, and deferred inflows of resources at the close of the fiscal year by \$3,015,135. (Net Position).
- In total, net position increased by \$465,829. Net position of governmental activities increased by \$445,602, and net position of business-type activities increased by \$20,227.
- General revenues accounted for \$6,635,075 in revenue or 79 percent of all governmental and business-type activities revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$1,743,543 or 21 percent of total revenues of \$8,378,618.
- The School District had \$7,688,926 in expenses related to governmental activities; only \$1,500,960 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$6,633,568 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,348,891.
- The General Fund fund balance at June 30, 2023 was \$3,304,135, an increase of \$351,668 compared to the ending fund balance at June 30, 2022 of \$2,952,467.
- The General Fund unassigned budgetary fund balance at June 30, 2023 was \$250,000 which is the same as the ending unassigned budgetary fund balance at June 30, 2022.

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

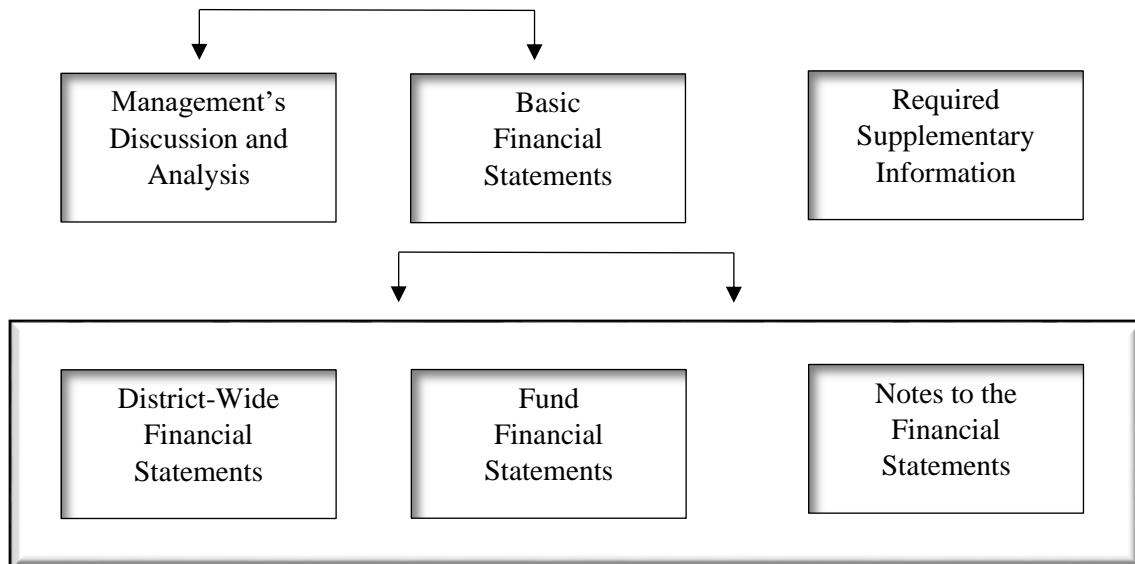
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor’s Report, required supplementary information which includes the management’s discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District’s operations in more detail than the district-wide statements.
- The district governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below shows how the various parts of this annual report are arranged and related to one another.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS, (continued)

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain are detailed below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as regular and special education and building maintenance	Activities the district operates similar to private businesses: Enterprise fund	Instances in which the district administers resources on behalf of someone else, such as custodial accounts
Required Financial Statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows	Statements of Fiduciary Net Position Statement of Changes In Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/ Deferred Outflows/ Inflows of Resources/ Liability Information	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be utilized and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets
Type of Inflow/ Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)**

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*).

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

Governmental Funds, (continued)

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).

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, 2023
(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 \$3,015,135 at June 30, 2023 and \$2,549,306 (restated) at June 30, 2022. 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 2023 compared to 2022 (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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets						
Current and Other Assets	4,613,299	3,648,916	142,936	101,278	4,756,235	3,750,194
Capital Assets:						
Land and Construction in Progress	153,681	153,681			153,681	153,681
Depreciable Buildings, Improvements and Equipment (net)	<u>170,895</u>	<u>191,417</u>	<u>39,612</u>	<u>44,213</u>	<u>210,507</u>	<u>235,630</u>
Total Assets	<u>4,937,875</u>	<u>3,994,014</u>	<u>182,548</u>	<u>145,491</u>	<u>5,120,423</u>	<u>4,139,505</u>
Deferred Outflows:						
Deferred Outflows of Resources						
Related to PERS	<u>279,522</u>	<u>258,872</u>	<u>—</u>	<u>—</u>	<u>279,522</u>	<u>258,872</u>
Total Deferred Outflows	<u>279,522</u>	<u>258,872</u>	<u>—</u>	<u>—</u>	<u>279,522</u>	<u>258,872</u>
Liabilities						
Current Liabilities	1,321,227	674,132	36,772	19,942	1,357,999	694,074
Noncurrent Liabilities	<u>610,626</u>	<u>499,695</u>	<u>—</u>	<u>—</u>	<u>610,626</u>	<u>499,695</u>
Total Liabilities	<u>1,931,853</u>	<u>1,173,827</u>	<u>36,772</u>	<u>19,942</u>	<u>1,968,625</u>	<u>1,193,769</u>
Deferred Inflows:						
Deferred Inflows of Resources						
Related to PERS	<u>416,185</u>	<u>655,302</u>	<u>—</u>	<u>—</u>	<u>416,185</u>	<u>655,302</u>
Total Deferred Inflows	<u>416,185</u>	<u>655,302</u>	<u>—</u>	<u>—</u>	<u>416,185</u>	<u>655,302</u>
Net Position						
Net Investment in Capital						
Assets	324,576	345,098	39,612	44,213	364,188	389,311
Restricted	3,536,374	3,153,733			3,536,374	3,153,733
Unrestricted	<u>(991,591)</u>	<u>(1,075,074)</u>	<u>106,164</u>	<u>81,336</u>	<u>(885,427)</u>	<u>(993,738)</u>
Total Net Position	<u>2,869,359</u>	<u>2,423,757</u>	<u>145,776</u>	<u>125,549</u>	<u>3,015,135</u>	<u>2,549,306</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2023.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program Revenues:						
Charges for Services and						
Sales	6,987	2,749	19,873	6,735	26,860	9,484
Operating Grants and						
Contributions	1,493,973	1,373,914	222,710	181,152	1,716,683	1,555,066
General Revenues:						
Taxes:						
Property Taxes	1,512,158	1,512,158			1,512,158	1,512,158
Federal and State Aid not						
Restricted	4,789,892	4,693,873			4,789,892	4,693,873
Federal and State Aid -						
Capital Outlay	152,448	216,890			152,448	216,890
Miscellaneous Income	<u>179,070</u>	<u>349,901</u>	<u>1,507</u>	<u>38</u>	<u>180,577</u>	<u>349,939</u>
Total Revenues and Transfers	<u>8,134,528</u>	<u>8,149,485</u>	<u>244,090</u>	<u>187,925</u>	<u>8,378,618</u>	<u>8,337,410</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Functions/Program Expenses						
Instruction:						
Regular	1,289,613	2,115,606			1,289,613	2,115,606
Special Education	1,148,192	121,618			1,148,192	121,618
Other Instruction	97,241	27,783			97,241	27,783
Support Services:						
Tuition	1,994,973	2,161,877			1,994,973	2,161,877
Student & Instruction						
Related Services	1,063,309	1,142,544			1,063,309	1,142,544
General Administrative						
Services	334,323	335,807			334,323	335,807
School Administrative						
Services	146,323	154,486			146,323	154,486
Central Administration and						
Admin. Info. Tech.	117,218	54,714			117,218	54,714
Plant Operations and						
Maintenance	507,202	331,904			507,202	331,904
Pupil Transportation	28,041	77,944			28,041	77,944
Unallocated Benefits	615,117	796,795			615,117	796,795
Charter Schools	149,054	37,190			149,054	37,190
Capital Outlay -						
Nondepreciable	177,798	216,890			177,798	216,890
Unallocated Depreciation	20,522				20,522	0
Food Service			223,863	224,651	223,863	224,651
Total Expenses	<u>7,688,926</u>	<u>7,575,158</u>	<u>223,863</u>	<u>224,651</u>	<u>7,912,789</u>	<u>7,799,809</u>
Increase or (Decrease) in						
Net Position	<u>445,602</u>	<u>574,327</u>	<u>20,227</u>	<u>(36,726)</u>	<u>465,829</u>	<u>537,601</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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 \$7,912,789. 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 \$26,860, by other governments and organizations who subsidized certain programs with grants and contributions \$1,716,683, unrestricted federal and state aid \$4,789,892, federal and state aid capital outlay \$152,448, and by miscellaneous sources \$180,577.

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 revenues exceeded expenses by \$20,227.
- ✓ Charges for services provided totaled \$19,873 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 \$222,710.

The following schedules present a summary of governmental fund revenues and expenditures for the fiscal year ended June 30, 2023, and the amount and percentage of increases/(decreases) relative to the prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2022</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Local Source	\$1,700,215	20.3%	(\$164,593)	-8.83%	\$1,864,808
State Source	5,477,071	65.3%	420,813	8.32%	5,056,258
Federal Source	<u>1,204,271</u>	<u>14.4%</u>	<u>(22,396)</u>	-1.83%	<u>1,226,667</u>
Total	<u>\$8,381,557</u>	<u>100.0%</u>	<u>\$233,824</u>	2.87%	<u>\$8,147,733</u>

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2022</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Current Expenditures:					
Instruction	\$2,354,541	29.3%	\$264,853	12.67%	\$2,089,688
Undistributed	5,494,178	68.5%	126,321	2.35%	5,367,857
Capital Outlay	<u>177,798</u>	<u>2.2%</u>	<u>(39,092)</u>	-18.02%	<u>216,890</u>
Total	<u>\$8,026,517</u>	<u>100.0%</u>	<u>\$352,082</u>	4.59%	<u>\$7,674,435</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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, 2023, 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 \$1,433,579 for increases in federal and state grant awards.

General Fund

The general fund actual revenue was \$6,755,750. That amount is \$814,753 above the final amended budget of \$5,940,997. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$659,805 for TPAF social security reimbursements and on-behalf pension payments, \$(37,407) of deficit Extraordinary Aid, \$17,285 State Reimbursement for NTE Homeless Reimbursement and an excess in miscellaneous of \$175,070.

The actual expenditures of the general fund were \$6,376,481 which is \$1,031,727 less than the final amended budget of \$7,408,208. The variance between the actual expenditures and final budget was due to non-budgeted on-behalf TPAF social security and pension payments of \$659,805 and \$1,691,532 of unexpended budgeted funds.

The General Fund had total revenues of \$6,755,750 and total expenditures including transfers of \$6,376,481 with an ending fund balance of \$3,741,618 on the budgetary basis.

Special Revenue Fund

The special revenue fund actual revenue was \$1,653,408. That amount is below the original budget estimate of \$1,887,550 and below the final amended budget of \$3,321,129. The \$1,433,579 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 \$(1,667,721) variance between the final amended budget and the June 30, 2023 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 \$1,650,418, which is below the original budget of \$1,887,550 and below the final amended budget of \$3,321,129. The \$1,433,579 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 \$(1,670,981) variance between the final amended budget and the June 30, 2023 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, 2023
(CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2023 the School District had \$716,343 invested in land, land improvements, buildings and building improvements, machinery and equipment. Of this amount, \$352,155 in depreciation/amortization has been taken over the years. We currently have a net book value of \$364,188. Table 3 shows fiscal year 2023 balances compared to 2022.

Additional information about the District's capital assets can be found in the notes to the basic financial statements.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$153,681	\$153,681			153,681	153,681
Buildings and Improvements	75,385	79,837			75,385	79,837
Machinery and Equipment	95,510	111,580	39,612	44,213	135,122	155,793
	<u>324,576</u>	<u>345,098</u>	<u>39,612</u>	<u>44,213</u>	<u>364,188</u>	<u>389,311</u>

Debt Administration

At June 30, 2023, the District had 610,626 of long term debt. Of this amount, \$382,445 is for compensated absences and \$228,181 is for net pension liability. For more detailed information, please refer to the Notes to the Financial Statements.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The district continues to rely predominately upon local property taxes as its main source of funding. Therefore, in consideration of current economic conditions and the anticipation of continued flat state aid support, the Board of Education has sought to control budget expenses to minimize the impact on the local tax levy.

The following factors were considered in preparing the 2023-2024 fiscal year budget:

- Estimated Student Enrollment
- Sources of revenue
- Cost of negotiated salaries and benefits
- Cost of fixed charges
- Mandated Programs
- Requirements for health and safety issues

Prior to the end of fiscal year 2004, S1701 was enacted. The law is meant to control public school district budgets by revising the calculation of budget caps and reducing surplus. Starting in 2005-06 the CAP will be set at 2.5% or the cost of living, whichever is greater. A number of other changes will affect the calculation of SGLA's and per pupil administrative costs. Any undesignated general fund fund balance in excess of 2% or \$250,000, whichever is greater, must be appropriated for tax relief.

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, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	1,959,899	92,281	2,052,180
Receivables, net	717,998	15,437	733,435
Internal balances	(32,347)	32,347	-
Inventory		2,871	2,871
Restricted assets:			
Capital reserve account - cash	1,946,606		1,946,606
Net payroll account - cash	4,813		4,813
Payroll deductions and withholdings account - cash	3,621		3,621
Student activity accounts - cash	12,709		12,709
Capital assets, net:			
Land	153,681		153,681
Other capital assets, net	170,895	39,612	210,507
Total Assets	<u>4,937,875</u>	<u>182,548</u>	<u>5,120,423</u>
Deferred Outflow of Resources:			
Deferred outflows of resources related to PERS	<u>279,522</u>		<u>279,522</u>
Total Deferred Outflows	<u>279,522</u>		<u>279,522</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,164,851	35,349	1,200,200
Payable to federal government		17	17
Unearned revenue	147,942	1,406	149,348
Payroll deductions and withholdings payable	8,434		8,434
Noncurrent liabilities:			
Due beyond one year	<u>610,626</u>		<u>610,626</u>
Total liabilities	<u>1,931,853</u>	<u>36,772</u>	<u>1,968,625</u>
Deferred Inflow of Resources:			
Deferred inflows of resources related to PERS	<u>416,185</u>		<u>416,185</u>
Total Deferred Inflows	<u>416,185</u>		<u>416,185</u>
NET POSITION			
Net investment in capital assets	324,576	39,612	364,188
Restricted for:			
Capital projects	32,047		32,047
Special Revenue	12,709		12,709
Other purposes	3,491,618		3,491,618
Unrestricted (Deficit)	<u>(991,591)</u>	<u>106,164</u>	<u>(885,427)</u>
Total net position	<u><u>2,869,359</u></u>	<u><u>145,776</u></u>	<u><u>3,015,135</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, 2023

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	1,141,274	148,339			(1,289,613)		(1,289,613)
Special education	1,127,764	20,428		996,027	(152,165)		(152,165)
Other instruction	83,503	11,738			(97,241)		(97,241)
Support services:							
Instruction	1,994,973				(1,994,973)		(1,994,973)
Student & instruction related services	1,016,095	47,214	6,987 *	497,946	(558,376)		(558,376)
General administrative services	317,689	16,634			(334,323)		(334,323)
School administrative services	128,162	18,161			(146,323)		(146,323)
Central Services	101,752	15,466			(117,218)		(117,218)
Plant operations and maintenance	495,028	12,174			(507,202)		(507,202)
Pupil transportation	28,041				(28,041)		(28,041)
Unallocated benefits	615,117				(615,117)		(615,117)
Capital outlay - non-depreciable	177,798				(177,798)		(177,798)
Transfer to charter schools	149,054				(149,054)		(149,054)
Unallocated depreciation	20,522				(20,522)		(20,522)
Total governmental activities	7,398,772	290,154	6,987	1,493,973	(6,187,966)	-	(6,187,966)
Business-type activities:							
Food Service	223,863		19,873	222,710		18,720	18,720
Total business-type activities	223,863		19,873	222,710		18,720	18,720
Total primary government	7,622,635		26,860	1,716,683	(6,187,966)	18,720	(6,169,246)
General revenues:							
Taxes:							
Levied for general purposes					1,512,158		1,512,158
Federal and State aid not restricted					4,789,892		4,789,892
Federal and State aid - Capital Outlay					152,448		152,448
Miscellaneous Income					179,070	1,507	180,577
Total general revenues, special items, extraordinary items and transfers					6,633,568	1,507	6,635,075
Change in Net Position					445,602	20,227	465,829
Net Position—beginning (restated)					2,423,757	125,549	2,549,306
Net Position—ending					2,869,359	145,776	3,015,135

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, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents				
Checking	1,927,852		32,047	1,959,899
Accounts Receivable -				
Intergovernmental - State	39,999			39,999
Intergovernmental - Federal		584,478		584,478
Interfund receivables	59,864			59,864
Taxes Receivable	93,521			93,521
Restricted cash and cash equivalents:				
Capital reserve	1,946,606			1,946,606
Net payroll	4,813 *			4,813
Payroll deductions and withholdings	3,621 *			3,621
Student activity accounts		12,709 *		12,709
	<u>4,076,276</u>	<u>597,187</u>	<u>32,047</u>	<u>4,705,510</u>
Total assets				
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	731,360	376,672		1,108,032
Interfund Payable	32,347	59,864		92,211
Unearned revenue		147,942		147,942
Payroll deductions and withholdings payable	8,434 **			8,434
	<u>772,141</u>	<u>584,478</u>	<u>-</u>	<u>1,356,619</u>
Total liabilities				
Fund Balances:				
Restricted for:				
Excess Surplus - current year	738,103			738,103
Excess Surplus - prior year - designated for subsequent year's expenditures	728,172			728,172
Capital reserve account	1,946,606			1,946,606
Student Groups		12,709		12,709
Assigned to:				
Year-end Encumbrances	78,737			78,737
Capital projects fund			32,047	32,047
Unassigned:				
General Fund	(187,483)			(187,483)
	<u>3,304,135</u>	<u>12,709</u>	<u>32,047</u>	<u>3,348,891</u>
Total Fund balances				
Total liabilities and fund balances	<u>4,076,276</u>	<u>597,187</u>	<u>32,047</u>	

EAST NEWARK BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2023

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 \$646,227 and the accumulated depreciation, is \$321,651	324,576
Accounts payable for subsequent Pension payment is not a payable in the funds	(56,819)
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	279,522
Deferred inflows of resources related to PERS Pension Liability	(416,185)
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>(610,626)</u>
Net position of governmental activities	<u><u>2,869,359</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, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local tax levy	1,512,158			1,512,158
Miscellaneous	179,070	2,000		181,070
Student Group Receipts		6,987 *		6,987
Total - Local Sources	1,691,228	8,987	-	1,700,215
State sources	5,036,921	440,150		5,477,071
Federal sources		1,204,271		1,204,271
Total revenues	6,728,149	1,653,408	-	8,381,557
EXPENDITURES				
Current:				
Regular instruction	1,141,274			1,141,274
Special education instruction	131,737	996,027		1,127,764
School sponsored/other instructional	85,503			85,503
Support services and undistributed costs:				
Instruction	1,994,973			1,994,973
Health services	66,971			66,971
Student & instruction related services	447,563	501,561 **		949,124
General administrative services	317,689			317,689
School administrative services	128,162			128,162
Central services	101,752			101,752
Plant operations and maintenance	495,028			495,028
Pupil transportation	28,041			28,041
Unallocated benefits	603,579			603,579
On-behalf contributions	659,805			659,805
Transfer to charter schools	149,054			149,054
Capital outlay	25,350	152,448		177,798
Total expenditures	6,376,481	1,650,036	-	8,026,517
Excess (Deficiency) of revenues over expenditures	351,668	3,372	-	355,040
Net change in fund balances	351,668	3,372	-	355,040
Fund balance—July 1	2,952,467	9,337	32,047	2,993,851
Fund balance—June 30	3,304,135	12,709	32,047	3,348,891

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, 2023

Total net change in fund balances - governmental funds (from B-2)	355,040
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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	(20,522)	(20,522)
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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		1,022
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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	19,067	
Less: Pension Expense	90,995	
(Increase)/Decrease in Pension Expense		110,062

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		(313,425)
Decrease in On-behalf TPAF Pension Expense		313,425

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		66,396
Increase in On-behalf State Aid TPAF Post Employment Medical Expense		(66,396)

Change in net position of governmental activities	445,602
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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, 2023

	<u>Food Service Program</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	92,281
Accounts receivable:	
State	285
Federal	15,152
Interfund - General Fund	32,347
Inventories	2,871
Total current assets	<u>142,936</u>
Noncurrent assets:	
Capital assets:	
Equipment	70,116
Less accumulated depreciation	<u>(30,504)</u>
Total capital assets (net of accumulated depreciation)	<u>39,612</u>
Total assets	<u><u>182,548</u></u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	35,349
Due to Federal Government	17
Deferred revenue	1,406
Total current liabilities	<u>36,772</u>
<u>NET POSITION</u>	
Net investment in capital assets	39,612
Unrestricted	106,164
Total net position	<u><u>145,776</u></u>

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

Exhibit B-5

EAST NEWARK BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2023

	<u>Food Service Program</u>
Operating revenues:	
Charges for services:	
Daily sales - non-reimbursable programs	19,873
Total operating revenues	<u>19,873</u>
Operating expenses:	
Cost of sales - reimbursable	75,463
Cost of sales - non-reimbursable	19,873
Salaries	67,203
Benefits	19,145
Supplies and materials	20,600
Purchased property services	8,506
Other expenses	8,472
Depreciation	4,601
Total operating expenses	<u>223,863</u>
Operating income (loss)	<u>(203,990)</u>
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	2,327
State breakfast programs	128
State breakfast after the bell	1,125
Federal sources:	
National school lunch program	126,475
National breakfast program	36,313
National school snack program	13,860
Supply chain assistance	24,174
Food distribution program	18,308
Interest earnings	1,507
Total nonoperating revenues (expenses)	<u>224,217</u>
Income (loss) before contributions & transfers	<u>20,227</u>
Total net position—beginning (restated)	<u>125,549</u>
Total net position—ending	<u><u>145,776</u></u>

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, 2023

	Food Service Program
	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	16,068
Payments to suppliers	<u>(150,097)</u>
Net cash provided by (used for) operating activities	<u>(134,029)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	2,745
Federal Sources	<u>165,790</u>
Net cash provided by (used for) non-capital financing activities	<u>168,535</u>
 Net increase (decrease) in cash and cash equivalents	36,013
Balances—beginning of year	<u>56,268</u>
Balances—end of year	<u><u>92,281</u></u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(203,990)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
(Increase) decrease in interfund receivable	19,653
Depreciation and net amortization	4,601
Food Distribution Program	18,308
(Increase) decrease in inventories	3,013
Increase (decrease) in accounts payable	<u>24,386</u>
Total adjustments	<u>69,961</u>
Net cash provided by (used for) operating activities	<u><u>(134,029)</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, 2023

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. The Superintendent of Schools is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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 operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities

**East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

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

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 financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Currently the District does not have any fiduciary funds.

District-wide Financial Statements:

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

**East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

District-wide Financial Statements: (continued)

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

**East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

GOVERNMENTAL FUNDS, (continued)

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.

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 and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from grants, temporary notes, serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or from the general fund by way of transfers from capital outlay or the capital reserve account.

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.

**East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

PROPRIETARY FUNDS, (continued)

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.

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.

**East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

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.

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.

**East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

Expenses/Expenditures

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.

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.

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.

**East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

Encumbrances: (continued)

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.

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.

Tuition Payable:

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

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.

**East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

Inventories: (continued)

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.

Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2023, 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.

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.

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. 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.

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

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

Capital Assets: (continued)

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

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.

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.

**East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

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.

Interfund Activity:

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

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 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.

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

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

Accounting and Financial Reporting for Pensions: (continued)

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.

Bond Discounts/Premiums

Bond discounts/premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts/premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

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.

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

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

Deferred Outflows/Inflows of Resources: (continued)

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.

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.
- **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.

**East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

Fund Balances: (continued)

In the general operating fund and other governmental funds (special revenue, capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

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. Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

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

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.

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.

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 have been reported as unallocated benefits on the Statement of Activities.

**East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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

Allocation of Indirect Expenses:

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.

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.

New Accounting Standards:

During fiscal year 2023, the District adopted the following GASB Statement:

GASB Statement No. 96, *Subscription-Based Information Technology*, which improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The District did not have any subscription-based information technology arrangements that rose to an amount that required disclosure. The District will review new SBITA's annually to determine proper disclosure.

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the School District in the fiscal year ending June 30, 2025 although earlier application is encouraged. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

**East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023**

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, 2023, \$-0- of the District's bank balance of \$4,049,026 was exposed to custodial credit risk.

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.

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 3. RECEIVABLES:

Receivables at June 30, 2023, 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 Statements	Enterprise Fund	District Wide Financial Statements
State Aid	\$39,999	\$285	\$40,284
Federal Aid	584,478	15,152	599,630
Taxes Receivable	93,521		93,521
Due from Other Funds	<u>59,864</u>	<u>32,347</u>	<u> </u>
Gross Receivables	777,862	47,784	733,435
Less: Allowance for Uncollectibles	<u> </u>	<u> </u>	<u> </u>
Total Receivables, Net	<u>\$777,862</u>	<u>\$47,784</u>	<u>\$733,435</u>

NOTE 4. INTERFUND BALANCE AND ACTIVITY:

Balance due to/from other funds at June 30, 2023, consist of the following:

\$59,864	Due to the General Fund from the Special Revenue Fund to cover deficit in cash.
32,347	Due to the Enterprise Fund from the General Fund for the subsidy reimbursements not turned over less reimbursement of expenditures.
<u> </u>	Due to the Capital Projects Fund from the General Fund to fund projects.
<u>\$92,211</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, 2023.

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 5. CAPITAL ASSETS:

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

	<u>Balance</u> <u>6/30/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/23</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	153,681			153,681
Construction in progress				
Total Capital Assets Not Being Depreciated	<u>153,681</u>	<u> </u>	<u> </u>	<u>153,681</u>
Buildings and Building Improvements	216,326			216,326
Machinery and Equipment	<u>276,220</u>			<u>276,220</u>
Totals at Historical Cost	<u>492,546</u>	<u>0</u>		<u>492,546</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(136,489)	(4,452)		(140,941)
Machinery and equipment	<u>(164,640)</u>	<u>(16,070)</u>		<u>(180,710)</u>
Total Accumulated Depreciation	<u>(301,129)</u>	<u>(20,522)</u>		<u>(321,651)</u>
Total Capital Assets, Being Depreciated, Net of Accumulated Depreciation	<u>191,417</u>	<u>(20,522)</u>		<u>170,895</u>
Governmental Activities Capital Assets, Net	<u><u>345,098</u></u>	<u><u>(20,522)</u></u>	<u> </u>	<u><u>324,576</u></u>
Business-type activities:				
Machinery and equipment	70,116			70,116
Less accumulated depreciation for:				
Machinery and equipment	<u>(25,903)</u>	(4,601)		<u>(30,504)</u>
Business-type activities capital assets, net	<u><u>44,213</u></u>	<u><u>(4,601)</u></u>	<u> </u>	<u><u>39,612</u></u>

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 6. LONG-TERM OBLIGATION ACTIVITY:

Changes in long-term obligations for the year ended June 30, 2023 were as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2023</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	\$383,467	\$1,028	(\$2,050)	\$382,445	\$	\$382,445
Net Pension Liability PERS	<u>116,228</u>	<u>111,953</u>		<u>228,181</u>		<u>228,181</u>
Total Other Liabilities	<u>499,695</u>	<u>112,981</u>	<u>(2,050)</u>	<u>610,626</u>		<u>610,626</u>
Total Government Activities	<u>\$499,695</u>	<u>\$112,981</u>	<u>(\$2,050)</u>	<u>\$610,626</u>	<u>\$</u>	<u>\$610,626</u>

A. Bonds Payable:

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, 2023, the Board had no bonds payable outstanding.

B. Bonds Authorized But Not Issued:

As of June 30, 2023 the Board has no authorized but not issued bonds.

C. Financed Purchases Payable:

As of June 30, 2023, the Board has no financed purchases outstanding.

D. Compensated Absences:

Compensated Absences will be paid from the fund which the employees' salaries are paid.

E. Net Pension Liability:

For details on the net pension liability, refer to Note 7. The District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

F. Leases:

As of June 30, 2023 the Board has no leases outstanding.

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

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.

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

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 7. PENSION PLANS: (continued)

Benefits Provided, (continued)

Service retirement benefits of 1/55th 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 1/60th 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.

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

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 7. PENSION PLANS: (continued)

Benefits Provided, (continued)

Service retirement benefits of 1/55th 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 1/60th 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.

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:

<u>Year</u>		
<u>Ending</u>	<u>PERS</u>	<u>DCRP</u>
6/30/23	\$19,067	\$10,000
6/30/22	11,490	7,396
6/30/21	16,098	

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 7. PENSION PLANS: (continued)

Contributions Requirements Fund Based Statements, (continued)

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 <u>Ending</u>	Pension <u>Contributions</u>	Post-Retirement Medical <u>Contributions</u>	NCGI <u>Premium</u>	Long-Term Disability Insurance <u>Contribution</u>
6/30/23	\$439,810	\$117,140	\$6,102	\$262
6/30/22	392,788	93,066	5,542	250
6/30/21	268,623	85,784	5,111	224

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 \$96,491 during the year ended June 30, 2023 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.

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

Public Employees Retirement System (PERS)

At June 30, 2023, the District had a liability of \$228,181 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by 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, 2022, the District's proportion was 0.0015119963 percent, which was an increase/(decrease) of 0.0005308810 percent from its proportion measured as of June 30, 2021.

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 7. PENSION PLANS: (continued)

For the year ended June 30, 2023, the District recognized pension expense of \$(90,995). At June 30, 2023, 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	\$1,647	\$1,452
Changes of assumptions	707	34,168
Net difference between projected and actual earnings on pension plan investments	9,444	
Changes in proportion and differences between District contributions and proportionate share of contributions	210,905	380,565
District contributions subsequent to the measurement date	<u>56,819</u>	<u> </u>
Total	<u><u>\$279,522</u></u>	<u><u>\$416,185</u></u>

The \$56,819 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, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$(19,573)
2024	(9,972)
2025	(4,863)
2026	10,609
2027	(23)

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 5.04, 5.13, 5.16, 5.21, 5.63 and 5.48 years for 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 7. PENSION PLANS: (continued)

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2022 and June 30, 2021 are as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$1,660,772,008	\$1,164,738,169
Collective deferred inflows of resources	3,236,303,935	8,339,123,762
Collective net pension liability	15,091,376,611	11,846,499,172
District's Proportion	0.0015119963%	0.0009811153%

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75-6.55% (based on years of service)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions.

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 7. PENSION PLANS: (continued)

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, 2022) 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estste	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 7. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2022 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:

	June 30, 2022		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's proportionate share of the pension liability	\$293,696	\$228,181	\$172,425

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.

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.

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 7. PENSION PLANS: (continued)

Teachers Pensions and Annuity Fund (TPAF), (continued)

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2023 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>4,922,844</u>
	<u><u>\$4,922,844</u></u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022. 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, 2022, the proportion of the TPAF net pension liability associated with the District was 0.0095414288%.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue of \$132,487 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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	2.75-6.55% (based on years of service)
Investment Rate of Return	7.00 Percent

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 7. PENSION PLANS: (continued)

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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 7. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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.

NOTE 8. POST-RETIREMENT BENEFITS:

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement NO. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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 GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability of the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education. Note that actual numbers will be published in the NJ State ACFR on the Office of Management and Budget's Financial Publications webpage: nj.gov/treasury/omb/fr.shtml.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2023 was as follows:

OPEB Liability:	
District's proportionate share	\$
State's proportionate share	
associated with the District	<u>4,118,915</u>
	<u><u>\$4,118,915</u></u>

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

Actual Assumptions and Other Imputes

The total OPEB liability in the June 30, 2022 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:

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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:

	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:	2.75 - 4.25%	2.75 - 6.55%
	based on service years	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, 2021 valuation were based on the results of the TPAF, PERS and PFRS actuarial experience studies prepared for July 1, 2018 to June 30, 2021.

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

(a) Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

(b) Discount Rate

The discount rate used to measure the total OPEB Liability was 3.54%. 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, 2022, the board of education/board of trustees recognized on-behalf OPEB expense of \$183,536 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.

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

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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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.

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$914,966
Increased by:	
Interest Earnings	31,640
Deposits Approved by Board Resolution	<u>1,000,000</u>
	<u>1,031,640</u>
Ending Balance, June 30, 2023	<u>\$1,946,606</u>

NOTE 12. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] – Of the \$3,304,135 General Fund fund balance at June 30, 2023, \$78,737 is reserved for encumbrances; \$1,466,275 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$728,172 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ended June 30, 2024); \$1,946,606 has been reserved in the Capital Reserve Account; \$(187,483) is unreserved and undesignated.

Special Revenue Fund - The Special Revenue Fund balance at June 30, 2023 of \$12,709 is reserved for Student Groups.

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 13. DEFICIT FUND BALANCES:

The District has a deficit fund balance of \$187,483 in the General Fund as of June 30, 2023 as reported in the fund statements (modified accrual basis). *N.J.S.A.* 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget years, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAO financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General and Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP fund statements of \$187,483 is less than the last state aid payment(s).

NOTE 14. INVENTORY:

Inventory in the Food Service Fund at June 30, 2023 consisted of the following:

Food	\$1,394
Supplies	<u>1,477</u>
	<u><u>\$2,871</u></u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

NOTE 15. 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, 2023 is \$1,466,275. Of this amount, \$738,103 is the result of current year's operations.

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 16. RETROACTIVE RESTATEMENT DUE TO UPDATED FIXED ASSET SCHEDULE:

During the fiscal year 2023, the District contracted with an outside service provider to prepare a fixed asset report. The following adjustments were made to the capital asset schedule and the Statement of Net Position as of June 30, 2022.

	<u>Balance</u> <u>June 30, 2022</u>	<u>Restatement</u>	<u>Restated</u> <u>Balance</u> <u>June 30, 2022</u>
<u>GOVERNMENTAL FUNDS:</u>			
Assets:			
Capital Assets			
Being Depreciated, Net	868,075	(676,658)	191,417
Net Assets:			
Net Investment in Capital Assets	1,021,756	(676,658)	345,098
Total Net Position	3,100,415	(676,658)	2,423,757
<u>BUSINESS-TYPE ACTIVITIES:</u>			
Assets:			
Capital Assets			
Being Depreciated, Net	21,244	22,969	44,213
Net Assets:			
Net Investment in Capital Assets	21,244	22,969	44,213
Total Net Position	102,580	22,969	125,549

East Newark Board of Education
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2023

NOTE 17. 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 18. SUBSEQUENT EVENTS:

The District has evaluated subsequent events through December 6, 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

Exhibit C-1

EAST NEWARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
General Fund:					
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	31,640	29,640
Unrestricted Miscellaneous Revenues	2,000		2,000	147,430	145,430
Total - Local Sources	1,516,158		1,516,158	1,691,228	175,070
Revenues from State Sources:					
Categorical Special Education Aid	310,863		310,863	310,863	
Equalization Aid	3,874,770		3,874,770	3,874,770	
Categorical Security Aid	173,154		173,154	173,154	
Categorical Transportation Aid	16,052		16,052	16,052	
Extraordinary Aid	50,000		50,000	12,593	(37,407)
NTE Homeless Reimbursement				17,285	17,285
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				117,140	117,140
On-behalf TPAF Pension (non-budgeted)				439,810	439,810
On-behalf TPAF NCGI Premium (non-budgeted)				6,102	6,102
On-behalf TPAD LTDI				262	262
Reimbursed TPAF Social Security Contributions (non-budgeted)				96,491	96,491
Total - State Sources	4,424,839		4,424,839	5,064,522	639,683
TOTAL REVENUES	5,940,997		5,940,997	6,755,750	814,753
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	45,988	(25,000)	20,988	6,326	14,662
Kindergarten - Salaries of Teachers	61,373	4,700	66,073	64,462	1,611
Grades 1-5 - Salaries of Teachers	360,622	33,700	394,322	394,257	65
Grades 6-8 - Salaries of Teachers	555,699	(84,500)	471,199	436,871	34,328
Regular Programs - Home Instruction:					
Salaries of Teachers	25,000	(6,000)	19,000	10,440	8,560
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	62,080		62,080	44,250	17,830
Other Purchased Services (400-500 series)	40,730	76,000	116,730	100,147	16,583
General Supplies	101,374	(28,800)	72,574	72,229	345
Textbooks	10,019	35,000	45,019	12,292	32,727
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,262,885	5,100	1,267,985	1,141,274	126,711
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	65,724	69,600	135,324	131,737	3,587
Total Resource Room/Resource Center	65,724	69,600	135,324	131,737	3,587
TOTAL SPECIAL EDUCATION - INSTRUCTION	65,724	69,600	135,324	131,737	3,587
Basic Skills/Remedial - Instruction					
Salaries of Teachers	69,701	2,300	72,001	32,208	39,793
Total Basic Skills/Remedial - Instruction	69,701	2,300	72,001	32,208	39,793
Bilingual Education - Instruction					
Salaries of Teachers	50,952	8,100	59,052	43,496	15,556
General Supplies	5,000		5,000		5,000
Total Bilingual Education - Instruction	55,952	8,100	64,052	43,496	20,556
School-Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	6,000		6,000		6,000
Purchased Services (300-500 series)	300	8,000	8,300	7,750	550
Supplies and Materials	5,000	(1,000)	4,000	2,049	1,951
Total School-Sponsored Co/Extra Curricular Activities - Instruction	11,300	7,000	18,300	9,799	8,501
School-Sponsored Athletics - Instruction					
Salaries	20,000		20,000		20,000
Purchased Services (300-500 series)	10,000		10,000		10,000
Supplies and Materials	5,000		5,000		5,000
Total School-Sponsored Athletics - Instruction	35,000		35,000		35,000
TOTAL INSTRUCTION	1,500,562	92,100	1,592,662	1,358,514	234,148

Exhibit C-1

EAST NEWARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	1,508,233	215,397	1,723,630	1,723,268	362
Tuition to Other LEAs Within the State - Special	405,394	(215,397)	189,997	98,338	91,659
Tuition to Private Schools for the Disabled Within State	527,351	(230,000)	297,351	173,367	123,984
Total Undistributed Expenditures - Instruction:	2,440,978	(230,000)	2,210,978	1,994,973	216,005
Undist. Expend. - Health Services					
Salaries	71,892		71,892	52,308	19,584
Purchased Professional and Technical Services	25,000		25,000	10,175	14,825
Supplies and Materials	10,000		10,000	4,488	5,512
Total Undistributed Expenditures - Health Services	106,892		106,892	66,971	39,921
Undist. Expend. - Speech, OT, PT & Related Services					
Purchased Prof. Services-Educational Services	70,000	(55,090)	14,910	321	14,589
Total Undist. Expend. - Speech, OT, PT & Related Services	70,000	(55,090)	14,910	321	14,589
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Purchased Professional - Educational Services	50,000	67,190	117,190	111,900	5,290
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	50,000	67,190	117,190	111,900	5,290
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	50,777	(2,000)	48,777	3,096	45,681
Supplies and Materials	5,000	9,300	14,300	1,950	12,350
Total Undist. Expend. - Guidance	55,777	7,300	63,077	5,046	58,031
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	208,749	(90,000)	118,749	102,308	16,441
Other Purchased Professional and Technical Services	25,000	42,525	67,525	66,826	699
Supplies and Materials	7,000		7,000	396	6,604
Total Undist. Expend. - Child Study Teams	240,749	(47,475)	193,274	169,530	23,744
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	79,568	67,630	147,198	146,767	431
Supplies and Materials	5,000	(2,000)	3,000	2,204	796
Total Undist. Expend. - Improvement of Inst. Services	84,568	65,630	150,198	148,971	1,227
Undist. Expend. - Instructional Staff Training Serv.					
Other Purchased Prof. and Tech. Services	3,000	12,370	15,370	11,045	4,325
Other Purchased Services (400-500 Series)	2,000		2,000	750	1,250
Total Undist. Expend. - Instructional Staff Training Serv.	5,000	12,370	17,370	11,795	5,575
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	98,477	14,173	112,650	107,275	5,375
Legal Services	60,000	15,000	75,000	73,175	1,825
Audit Fees	40,000	(10,275)	29,725	29,500	225
Other Purchased Professional Services	35,000	(2,000)	33,000	28,744	4,256
Purchased Technical Services	42,160	(23,163)	18,997	18,972	25
Communications/Telephone	17,000	1,127	18,127	17,508	619
BOE Other Purchased Services	4,000	1,950	5,950	5,735	215
Other Purch Services (400-500 Series)	20,000	(2,550)	17,450	13,669	3,781
General Supplies	6,000	8,900	14,900	14,780	120
Misc. Expenditures	6,172	(1,500)	4,672	4,517	155
BOE Membership Dues and Fees	8,000	(4,000)	4,000	3,814	186
Total Undist. Expend. - Supp. Serv. - General Administration	336,809	(2,338)	334,471	317,689	16,782
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	79,250	100	79,350	79,250	100
Salaries of Secretarial and Clerical Assistants	27,080	10,800	37,880	37,870	10
Supplies and Materials	10,000	1,100	11,100	11,042	58
Total Undist. Expend. - Support Serv. - School Administration	116,330	12,000	128,330	128,162	168
Undist. Expend. - Central Services					
Salaries	63,907	36,273	100,180	99,740	440
Supplies and Materials	5,000	(2,000)	3,000	2,012	988
Total Undist. Expend. - Central Services	68,907	34,273	103,180	101,752	1,428
Undist. Expend. - Required Maint. for School Facilities (261)					
Cleaning, Repair and Maintenance Services	50,000	113,000	163,000	128,240	34,760
Total Undist. Expend. - Required Maint. for School Facilities	50,000	113,000	163,000	128,240	34,760
Undist. Expend. - Custodial Services (262)					
Salaries	125,060	(46,500)	78,560	78,511	49
Cleaning, Repair and Maintenance Services	70,000	(25,000)	45,000	44,325	675
Rental of Land & Bldg. Oth. Than Lease Purch Agreement	50,000	(5,000)	45,000	12,500	32,500
Other Purchased Property Services	200,137	(57,500)	142,637	47,926	94,711
Insurance	50,000	9,946	59,946	59,946	
General Supplies	40,120		40,120	5,964	34,156
Energy (Electricity)	83,036	4,600	87,636	75,256	12,380
Total Undist. Expend. - Custodial Services	618,353	(119,454)	498,899	324,428	174,471

Exhibit C-1

EAST NEWARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Security (266)					
Purchased Professional and Technical Services	478,979	(47,506)	431,473	42,360	389,113
Total Undist. Expend. - Security	<u>478,979</u>	<u>(47,506)</u>	<u>431,473</u>	<u>42,360</u>	<u>389,113</u>
Undist. Expend. - Student Transportation Services (270)					
Salaries for Pupil Trans (Other than Bet. Home & Sch.)	21,560	(1,560)	20,000		20,000
Cleaning, Repair and Maintenance Services	20,000		20,000		20,000
Contract Services (Other than Between Home & School)-Vendors	15,000	24,660	39,660	28,041	11,619
Contract Services (Sp. Ed. Students)-Vendors	200,000	(23,100)	176,900		176,900
General Supplies	10,000		10,000		10,000
Total Undist. Expend. - Student Transportation Services	<u>266,560</u>		<u>266,560</u>	<u>28,041</u>	<u>238,519</u>
UNALLOCATED BENEFITS (291)					
Social Security Contributions	125,000	(3,000)	122,000	90,014	31,986
Other Retirement Contributions-PERS	44,547		44,547	36,174	8,373
Other Retirement Contributions - Regular	15,000		15,000	538	14,462
Unemployment Compensation	40,000		40,000	13,596	26,404
Workmen's Compensation	60,000		60,000	57,874	2,126
Health Benefits	569,757	(72,000)	497,757	405,383	92,374
TOTAL UNALLOCATED BENEFITS	<u>854,304</u>	<u>(75,000)</u>	<u>779,304</u>	<u>603,579</u>	<u>175,725</u>
On-behalf TPAF Post Retirement Medical (non-budgeted)				117,140	(117,140)
On-behalf TPAF Pension (non-budgeted)				439,810	(439,810)
On-behalf TPAF NCGI Premium (non-budgeted)				6,102	(6,102)
On-behalf TPAF LTDI				262	(262)
Reimbursed TPAF Social Security Contributions (non-budgeted)				96,491	(96,491)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>659,805</u>	<u>(659,805)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>854,304</u>	<u>(75,000)</u>	<u>779,304</u>	<u>1,263,384</u>	<u>(484,080)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>5,844,206</u>	<u>(265,100)</u>	<u>5,579,106</u>	<u>4,843,563</u>	<u>735,543</u>
TOTAL GENERAL CURRENT EXPENSE	<u>7,344,768</u>	<u>(173,000)</u>	<u>7,171,768</u>	<u>6,202,077</u>	<u>969,691</u>
CAPITAL OUTLAY					
Equipment					
Undistributed					
General Administration		23,000	23,000	22,547	453
Total Equipment		<u>23,000</u>	<u>23,000</u>	<u>22,547</u>	<u>453</u>
Facilities Acquisition and Construction Services					
Other Purchased Professional and Technical Services		30,000	30,000	2,803	27,197
Total Facilities Acquisition and Construction Services		<u>30,000</u>	<u>30,000</u>	<u>2,803</u>	<u>27,197</u>
TOTAL CAPITAL OUTLAY		<u>53,000</u>	<u>53,000</u>	<u>25,350</u>	<u>27,650</u>
SPECIAL SCHOOLS:					
Summer School Instruction					
Salaries of Teachers	30,000		30,000		30,000
General Supplies	2,000		2,000		2,000
Total Special Schools - Summer School Instruction	<u>32,000</u>		<u>32,000</u>		<u>32,000</u>
Transfer of Funds to Charter Schools	<u>31,440</u>	<u>120,000</u>	<u>151,440</u>	<u>149,054</u>	<u>2,386</u>
TOTAL EXPENDITURES	<u>7,408,208</u>		<u>7,408,208</u>	<u>6,376,481</u>	<u>1,031,727</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,467,211)</u>		<u>(1,467,211)</u>	<u>379,269</u>	<u>1,846,480</u>
Fund Balance, July 1	<u>3,362,349</u>		<u>3,362,349</u>	<u>3,362,349</u>	
Fund Balance, June 30	<u>1,895,138</u>		<u>1,895,138</u>	<u>3,741,618</u>	<u>1,846,480</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	(111,472)		(111,472)	(111,472)	
Increase in Capital Reserve:					
Principal				1,000,000	1,000,000
Interest Deposit to Capital Reserve	2,000		2,000	31,640	29,640
Budgeted Fund Balance	<u>(1,357,739)</u>		<u>(1,357,739)</u>	<u>(540,899)</u>	<u>816,840</u>
	<u>(1,467,211)</u>		<u>(1,467,211)</u>	<u>379,269</u>	<u>1,846,480</u>
Recapitulation:					
Restricted Fund Balance:					

Exhibit C-1

EAST NEWARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess Surplus - Current Year				738,103	
Legally Restricted - Excess Surplus - Designated for Subsequent					
Year's Expenditures				728,172	
Capital Reserve				1,946,606	
Committed Fund Balance:					
Year-end Encumbrances				78,737	
Unassigned Fund Balance				<u>250,000</u>	
Total Fund Balance per Governmental Funds (Budgetary)				3,741,618	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				<u>437,483</u>	
Total Fund Balance per Governmental Funds (GAAP)				<u><u>3,304,135</u></u>	

* Include interest earnings on the unemployment compensation bank account

EAST NEWARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual	
REVENUES:						
Local Sources		2,000	2,000	8,987	6,987	note 1
State Sources	575,880	10,341	586,221	440,150	(146,071)	
Federal Sources	1,311,670	1,421,238	2,732,908	1,204,271	(1,528,637)	
Total Revenues	<u>1,887,550</u>	<u>1,433,579</u>	<u>3,321,129</u>	<u>1,653,408</u>	<u>(1,667,721)</u>	
EXPENDITURES:						
Instruction:						
Salaries of Teachers	474,056	(218,288)	255,768	225,889	29,879	
Other Salaries for Instruction	1,034,601	(719,954)	314,647	354,410	(39,763)	
Purchased Professional and Technical Services		885,359	885,359	106,059	779,300	
Other Purchased Services (400-500 series)	51,813	12,797	64,610	64,610	-	
General Supplies		437,988	437,988	225,065	212,923	
Other Objects		53,071	53,071	19,994	33,077	
Total instruction	<u>1,560,470</u>	<u>450,973</u>	<u>2,011,443</u>	<u>996,027</u>	<u>1,015,416</u>	
Support services:						
Salaries of Supervisors of Instruction	7,950	-	7,950	70,443	(62,493)	
Salaries of Other Professional Staff	17,973	-	17,973	17,973	-	
Other Salaries for Instruction		99,012	99,012	8,904	90,108	
Salaries of Community Parent Involvement	12,974	-	12,974	8,528	4,446	
Salaries of Master Teachers	61,800	39,287	101,087	51,018	50,069	
Personal Services - Employee Benefits	99,535	240,998	340,533	15,112	325,421	
Other Purchased Professional Services		-		2,254	(2,254)	
Purchased Technical Services		172,142	172,142	112,866	59,276	
Travel		1,486	1,486	1,451	35	
Other Purchased Services (400-500 series)		68,093	68,093	21,123	46,970	
Cleaning, Repair and Maintenance Services	50,000	(14,659)	35,341	12,341	23,000	
Rentals	50,000	45,000	95,000	95,000	-	
General Supplies	26,848	103,685	130,533	81,045	49,488	
Other Objects		5,000	5,000	-	5,000	
Student Activities		-		3,615	(3,615)	note 1
Total support services	<u>327,080</u>	<u>760,044</u>	<u>1,087,124</u>	<u>501,673</u>	<u>585,451</u>	
Facilities acquisition and const. serv.:						
Buildings		222,561	222,561	152,448	70,113	
Noninstructional Equipment		1	1	-	1	
Total facilities acquisition and const. serv.	<u>-</u>	<u>222,562</u>	<u>222,562</u>	<u>152,448</u>	<u>70,114</u>	
Total Expenditures	<u>1,887,550</u>	<u>1,433,579</u>	<u>3,321,129</u>	<u>1,650,148</u>	<u>1,670,981</u>	
Excess (Deficiency) of Revenues Over (Under)						
Expenditures and Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,260</u>	<u>3,260</u>	
Fund Balance, July 1				<u>9,337</u>		
Fund Balance, June 30				<u><u>12,597</u></u>		
Recapitulation:						
Restricted:						
Student Activities				\$ <u>12,709</u>		
Total Fund Balance				\$ <u><u>12,709</u></u>		

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, 2023

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

		General Fund	Special Revenue Fund
		<u>Fund</u>	<u>Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	6,755,750	1,653,408
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		409,882	
 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).		(437,483)	
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>6,728,149</u>	<u>1,653,408</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	6,376,481	1,650,148
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]	<u>6,376,481</u>	<u>1,650,148</u>

**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 Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll - PERS Employee's	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0015815415%	\$ 296,108	\$ 138,270	214.15%	47.92%
2016	0.0020270275%	455,027	131,480	346.08%	52.07%
2017	0.0037129143%	1,099,659	136,984	802.76%	59.86%
2018	0.0028043168%	652,800	142,347	458.60%	51.90%
2019	0.0021793000%	946	184,668	0.51%	46.40%
2020	0.0046497119%	837,808	187,992	445.66%	43.43%
2021	0.0014715486%	239,971	193,362	124.10%	41.35%
2022	0.0009811153%	116,228	240,133	48.40%	29.35%
2023	0.0015119963%	228,181	349,033	65.38%	36.78%

* 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 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				
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%
2023	\$ 19,067	\$	(19,067)	\$	-	\$ 349,033	5.46%

* 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 Proportion of the Net Pension Liability (Asset)	District's		State's		District's Covered Payroll - TPAF Employee's	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
		Proportionate Share of the Net Pension Liability (Asset)	Share of the Net Pension Liability Associated with the District (Asset)					
2015	0.0102189640%	\$	\$	5,461,704	\$	885,285	0.00%	33.64%
2016	0.0071173502%			4,498,469		927,776	0.00%	28.71%
2017	0.0109520045%			8,615,544		935,681	0.00%	22.33%
2018	0.0103961820%			7,009,481		918,116	0.00%	25.41%
2019	0.0101125321%			6,433,376		873,673	0.00%	26.49%
2020	0.0084489980%			5,185,230		889,399	0.00%	26.95%
2021	0.0088106111%			5,801,681		916,081	0.00%	24.60%
2022	0.0092409511%			4,442,605		1,444,374	0.00%	35.52%
2023	0.0095414288%			4,922,844		1,274,626	0.00%	32.29%

* 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, 2023

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**

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Costs	\$ 356,904	\$ 414,005	\$ 166,819	\$ 226,968	\$ 192,067	\$ 221,798
Interest on Total OPEB Liability	109,156	135,692	140,027	178,875	190,674	157,588
Change of Benefit Terms		(5,568)				
Difference between Expected and Actual Expenditures	(368,327)	(1,531,195)	1,075,325	(236,020)	(484,084)	
Changes in Assumptions	(1,104,936)	5,161	476,173	68,055	(294,994)	(630,198)
Gross Benefit Payments	(108,122)	(106,887)	(109,958)	(140,113)	(119,325)	(115,208)
Contribution from the Member	3,469	3,469	3,333	4,153	4,124	4,242
Net Changes in total Share of OPEB Liability	<u>(1,111,856)</u>	<u>(1,085,323)</u>	<u>1,751,719</u>	<u>101,918</u>	<u>(511,538)</u>	<u>(361,778)</u>
Total OPEB Liability - Beginning	<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>	<u>5,335,773</u>
Total OPEB Liability - Ending	<u>\$ 4,118,915</u>	<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	4,118,915	5,230,771	6,316,094	4,564,375	4,462,457	4,973,995
Total OPEB Liability - Ending	<u>\$ 4,118,915</u>	<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	\$ -	\$ 1,623,659	\$ 1,684,507	\$ 1,109,443	\$ 1,077,391	\$ 1,058,341
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	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, 2023

	Total Brought Forward (Ex. E-1a)	I.D.E.A Part B Basic	I.D.E.A Part B Preschool	Title I, Part A	Title II, Part A Teacher & Principal Training & Recruiting	Title IV	Totals 2023
REVENUES							
Local Sources	8,987						8,987
State Sources	440,150						440,150
Federal Sources	822,601	64,610	2,723	256,789	30,997	26,551	1,204,271
Total Revenues	1,271,738	64,610	2,723	256,789	30,997	26,551	1,653,408
EXPENDITURES:							
Instruction:							
Salaries of Teachers	123,123			102,766			225,889
Other Salaries for Instruction	354,410						354,410
Purchased Professional and Technical Services	104,069					1,990	106,059
Other Purchased Services (400-500 series)	-	64,610		154,023			64,610
General Supplies	71,042						225,065
Other Objects	5,000					14,994	19,994
Total instruction	657,644	64,610	-	256,789	-	16,984	996,027
Support services:							
Salaries of Supervisors of Instruction	70,443						70,443
Salaries of Other Professional Staff	17,973						17,973
Other Salaries for Instruction	-				8,904		8,904
Salaries of Community Parent Involvement	8,528						8,528
Salaries of Master Teachers	51,018						51,018
Personal Services - Employee Benefits	15,112						15,112
Other Purchased Professional Services	2,254						2,254
Purchased Technical Services	90,576		2,723		10,000	9,567	112,866
Travel	1,451						1,451
Other Purchased Services (400-500 series)	16,530				4,593		21,123
Cleaning, Repair and Maintenance Services	12,341						12,341
Rentals	95,000						95,000
General Supplies	73,545				7,500		81,045
Student Activities	3,615						3,615
Total support services	458,386	-	2,723	-	30,997	9,567	501,673
Facilities acquisition and const. serv.:							
Buildings	152,448						152,448
	152,448	-	-	-		-	152,448
Total Expenditures	1,268,478	64,610	2,723	256,789	30,997	26,551	1,650,148
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	3,260	-	-	-	-	-	3,260
Fund Balance, July 1	9,337	-					9,337
Fund Balance, June 30	12,597	-	-	-	-	-	12,597

EAST NEWARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2023

	Total Brought Forward (Ex. E-1b)	21st Century Community Learning Centers	CRRSA- ESSER II	ARP- ESSER	ARP - ESSER Accelerated Learning Coach and Educator Support	ARP - ESSER Evidence Based Comprehensive Beyond the School Day	Total Carried Forward
REVENUES							
Local Sources	8,987						8,987
State Sources	440,150						440,150
Federal Sources	25,000	224,392	168,504	382,129	11,276	11,300	822,601
Total Revenues	474,137	224,392	168,504	382,129	11,276	11,300	1,271,738
EXPENDITURES:							
Instruction:							
Salaries of Teachers	123,123						123,123
Other Salaries for Instruction	97,267	23,308	74,762	159,073			354,410
Purchased Professional and Technical Services	-	104,069					104,069
Other Purchased Services (400-500 series)	-						-
General Supplies	10,851	12,815	468	46,908		5,000	71,042
Other Objects	-						5,000
Total Instruction	231,241	140,192	75,230	205,981	-	5,000	657,644
Support services:							
Salaries of Supervisors of Instruction	4,948	65,495					70,443
Salaries of Other Professional Staff	17,973						17,973
Other Salaries for Instruction	-						-
Salaries of Community Parent Involvement	8,528						8,528
Salaries of Master Teachers	51,018						51,018
Personal Services - Employee Benefits	-	15,000		112			15,112
Other Purchased Professional Services	-	2,254					2,254
Purchased Technical Services	-		55,600	23,700	11,276		90,576
Travel	-	1,451					1,451
Other Purchased Services (400-500 series)	-		10,230			6,300	16,530
Cleaning, Repair and Maintenance Services	12,341						12,341
Rentals	95,000						95,000
General Supplies	46,101		27,444				73,545
Student Activities	3,615						3,615
Total support services	239,524	84,200	93,274	23,812	11,276	6,300	458,386
Facilities acquisition and const. serv.:							
Buildings	-			152,448			152,448
Total facilities acquisition and const. serv.	-	-	-	152,448	-	-	152,448
Total Expenditures	470,765	224,392	168,504	382,241	11,276	11,300	1,268,478
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	3,372	-	-	(112)	-	-	3,260
Fund Balance, July 1	9,337						9,337
Fund Balance, June 30	12,709	-	-	(112)	-	-	12,597

EAST NEWARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2023

	ARP - ESSER NJSS Mental Health Support Staffing	Preschool Education Aid	SDA Emergent Needs and Capital Maintenance	Winter4Kids	Student Fund Student Activity Fund	Total Carried Forward
REVENUES						
Local Sources				2,000	6,987	8,987
State Sources	25,000	429,809	10,341			440,150
Federal Sources						25,000
Total Revenues	25,000	429,809	10,341	2,000	6,987	474,137
EXPENDITURES:						
Instruction:						
Salaries of Teachers		123,123				123,123
Other Salaries for Instruction	25,000	70,267		2,000		97,267
Purchased Professional and Technical Services						-
Other Purchased Services (400-500 series)		10,851				-
General Supplies						10,851
Other Objects						-
Total instruction	25,000	204,241	-	2,000	-	231,241
Support services:						
Salaries of Supervisors of Instruction		4,948				4,948
Salaries of Other Professional Staff		17,973				17,973
Other Salaries for Instruction						-
Salaries of Community Parent Involvement		8,528				8,528
Salaries of Master Teachers		51,018				51,018
Personal Services - Employee Benefits						-
Other Purchased Professional Services						-
Purchased Technical Services						-
Travel						-
Other Purchased Services (400-500 series)						-
Cleaning, Repair and Maintenance Services		2,000	10,341			12,341
Rentals		95,000				95,000
General Supplies		46,101				46,101
Student Activities					3,615	3,615
Total support services	-	225,568	10,341	-	3,615	239,524
Facilities acquisition and const. serv.:						
Buildings						-
Total facilities acquisition and const. serv.		-		-		-
Total Expenditures	25,000	429,809	10,341	2,000	3,615	470,765
Excess (Deficiency) of Revenues Over (Under)	-	-	-	-	3,372	3,372
Expenditures and Other Financing Sources (Uses)						
Fund Balance, July 1					9,337	9,337
Fund Balance, June 30	-	-	-	-	12,709	12,709

**EAST NEWARK BOARD OF EDUCATION
Special Revenue Fund
Schedule of Preschool Education Aid
Budgetary Basis
Fiscal Year Ended June 30, 2023**

	District Wide Total		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of Teachers	153,002	123,123	29,879
Other Salaries for Instruction	95,798	70,267	25,531
General Supplies	25,000	10,851	14,149
Total instruction	<u>273,800</u>	<u>204,241</u>	<u>69,559</u>
Support services:			
Salaries of Supervisors of Instruction	7,950	4,948	3,002
Salaries of Other Professional Staff	17,973	17,973	
Salaries of Community Parent Involvement	12,974	8,528	4,446
Salaries of Master Teachers	61,800	51,018	10,782
Personal Services - Employee Benefits	27,550		27,550
Cleaning, Repair and Maintenance Services	25,000	2,000	23,000
Rentals	95,000	95,000	
Supplies and Materials	53,833	46,101	7,732
Total support services	<u>302,080</u>	<u>225,568</u>	<u>76,512</u>
Total expenditures	<u><u>575,880</u></u>	<u><u>429,809</u></u>	<u><u>146,071</u></u>

Summary of Location Totals

Total revised 2022-23 Preschool Education Aid	575,880
Add: Actual Carryover (June 30, 2023)	56,845
Add: Budgeted Transfer from the General Fund 2022-23	
Total Preschool Education Aid Funds Available for 2022-23 Budget	<u>632,725</u>
Less: 2022-23 Budgeted Preschool Education Aid	
(Including prior year budgeted carryover)	<u>575,880</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2023	56,845
Add: June 30, 2023 Unexpended Preschool Education Aid	146,071
2022-23 Carryover - Preschool Education Aid/Preschool	<u><u>202,916</u></u>
2022-23 Preschool Education Aid Carryover	
Budgeted for Preschool Programs 2023-24	<u><u></u></u>

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, 2023

Revenues and Other Financing Sources

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

Expenditures and Other Financing Uses

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

Excess (deficiency) of revenues over (under) expenditures	-
Fund balance - beginning	<hr/> 32,047
Fund balance - ending	<hr/> <hr/> 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, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
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>
Expenditures and Other Financing Uses				
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>
Additional project information:				
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, 2023

Project Title/Issue	Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2023
			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, 2023

	Food Service Program	Totals
ASSETS		
Current assets:		
Cash and cash equivalents	92,281	92,281
Accounts receivable:		
State	285	285
Federal	15,152	15,152
Interfund - General Fund	32,347	32,347
Inventories	2,871	2,871
Total current assets	<u>142,936</u>	<u>142,936</u>
Noncurrent assets:		
Capital assets:		
Equipment	70,116	70,116
Less accumulated depreciation	<u>(30,504)</u>	<u>(30,504)</u>
Total capital assets (net of accumulated depreciation)	<u>39,612</u>	<u>39,612</u>
Total assets	<u><u>182,548</u></u>	<u><u>182,548</u></u>
LIABILITIES		
Current liabilities:		
Accounts payable	35,349	35,349
Due to Federal Government	17	17
Unearned revenue	1,406	1,406
Total current liabilities	<u>36,772</u>	<u>36,772</u>
Total liabilities	<u>36,772</u>	<u>36,772</u>
NET POSITION		
Net investment in capital assets	39,612	39,612
Unrestricted	106,164	106,164
Total net position	<u><u>145,776</u></u>	<u><u>145,776</u></u>

EAST NEWARK BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2023

	Food Service Program	Totals
Operating revenues:		
Charges for services:		
Daily sales - non-reimbursable programs	19,873	19,873
Total operating revenues	19,873	19,873
Operating expenses:		
Cost of sales - reimbursable programs	75,463	75,463
Cost of sales - non-reimbursable programs	19,873	19,873
Salaries	67,203	67,203
Benefits	19,145	19,145
Supplies and materials	20,600	20,600
Purchased property services	8,506	8,506
Other expenses	8,472	8,472
Depreciation	4,601	4,601
Total operating expenses	223,863	223,863
Operating income (loss)	(203,990)	(203,990)
Nonoperating revenues (expenses):		
State sources:		
State school lunch program	2,327	2,327
State breakfast programs	128	128
State breakfast after the bell	1,125	1,125
Federal sources:		
National school lunch program	126,475	126,475
National breakfast program	36,313	36,313
National school snack program	13,860	13,860
Supply chain assistance	24,174	24,174
Food distribution program	18,308	18,308
Interest earnings	1,507	1,507
Total nonoperating revenues (expenses)	224,217	224,217
Income (loss) before contributions & transfers	20,227	20,227
Total net position—beginning (restated)	125,549	125,549
Total net position—ending	145,776	145,776

EAST NEWARK BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2023

	Food Service Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	16,068	16,068
Payments to suppliers	(150,097)	(150,097)
Net cash provided by (used for) operating activities	(134,029)	(134,029)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	2,745	2,745
Federal Sources	165,790	165,790
Net cash provided by (used for) non-capital financing activities	168,535	168,535
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	1,507	1,507
Net cash provided by (used for) investing activities	1,507	1,507
Net increase (decrease) in cash and cash equivalents	36,013	36,013
Balances—beginning of year	56,268	56,268
Balances—end of year	92,281	92,281
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(203,990)	(203,990)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
(Increase) decrease in interfund receivable	19,653	19,653
Depreciation and net amortization	4,601	4,601
Food Distribution Program	18,308	18,308
(Increase) decrease in inventories	3,013	3,013
Increase (decrease) in accounts payable	24,386	24,386
Total adjustments	69,961	69,961
Net cash provided by (used for) operating activities	(134,029)	(134,029)

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

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Operating Information 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.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.	

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

	Fiscal Year Ending June 30,										Restated
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Governmental activities											
Invested in capital assets	\$ 1,062,958	\$ 1,030,189	\$ 1,041,546	\$ 1,037,734	\$ 397,029	\$ 939,184	\$ 892,371	\$ 1,021,756	\$ 345,098	\$ 324,576	
Restricted	1,375,338	1,324,935	968,530	967,690	857,276	1,117,743	1,545,455	2,619,258	3,153,733	3,536,374	
Unrestricted	(392,962)	(755,807)	(687,769)	(770,879)	(231,865)	(847,905)	(1,101,027)	(1,114,927)	(1,075,074)	(991,591)	
Total governmental activities net position	\$ 2,045,333	\$ 1,599,318	\$ 1,322,307	\$ 1,234,545	\$ 1,022,441	\$ 1,209,022	\$ 1,336,798	\$ 2,526,087	\$ 2,423,757	\$ 2,869,359	
Business-type activities											
Invested in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,925	\$ 26,257	\$ 21,244	\$ 44,213	\$ 39,612	
Unrestricted	177,482	178,428	152,585	170,409	181,335	130,521	101,461	118,062	81,336	106,164	
Total business-type activities net position	\$ 177,482	\$ 178,428	\$ 152,585	\$ 170,409	\$ 181,335	\$ 153,446	\$ 127,718	\$ 139,306	\$ 125,549	\$ 145,776	
District-wide											
Invested in capital assets	\$ 1,062,958	\$ 1,030,189	\$ 1,041,546	\$ 1,037,734	\$ 397,029	\$ 962,109	\$ 918,628	\$ 1,043,000	\$ 389,311	\$ 364,188	
Restricted	1,375,338	1,324,935	968,530	967,690	857,276	1,117,743	1,545,455	2,619,258	3,153,733	3,536,374	
Unrestricted	(215,480)	(577,379)	(535,184)	(600,470)	(50,530)	(717,384)	(999,566)	(996,865)	(993,738)	(885,427)	
Total district net position	\$ 2,222,816	\$ 1,777,745	\$ 1,474,892	\$ 1,404,954	\$ 1,203,776	\$ 1,362,468	\$ 1,464,517	\$ 2,665,394	\$ 2,549,306	\$ 3,015,135	

Source: ACFR Exhibit 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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 1,289,613
Special education	296,077	289,867	606,163	315,958	554,428	307,660	172,710	109,838	121,618	1,148,192
Other special education	-	-	-	-	19,297	63,855	93,855	76,904	-	-
Other instruction	-	-	-	-	1,062	9,010	10,858	8,067	27,783	97,241
Support Services:										
Tuition	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	1,994,973
Student & instruction related services	483,730	475,852	463,529	386,418	369,110	356,711	683,426	580,551	1,142,544	1,063,309
General administrative services	280,736	328,225	208,924	245,276	366,695	350,758	322,858	339,070	335,807	334,323
School administrative services	139,992	104,018	136,135	192,237	101,446	120,047	121,016	125,538	154,486	146,323
Central services	46,691	70,234	81,450	66,169	95,716	68,741	68,084	73,046	54,714	117,218
Plant operations and maintenance	357,184	364,283	391,454	498,248	566,892	387,736	347,231	359,718	331,904	507,202
Pupil transportation	52,404	65,540	80,801	49,431	6,465	74,735	70,916	22,943	77,944	28,041
Capital Outlay	-	-	-	-	-	1,396	-	17	-	-
Unallocated Benefits	-	-	-	-	-	-	25,022	36,811	796,795	615,117
Charter Schools	-	-	-	-	-	-	-	-	216,890	177,798
Capital outlay - non-depreciable	-	-	-	-	-	-	-	-	37,190	149,054
Transfer to charter schools	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
SDA Debt Service Assessment	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Capital lease obligations and amortization	44,081	44,081	44,081	44,081	44,081	173,573	173,573	142,640	-	20,522
Total governmental activities expenses	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	7,688,926
Business-type activities:										
Food service	165,738	182,365	194,419	149,306	144,749	200,185	165,180	84,617	224,651	223,863
Total business-type activities expense	165,738	182,365	194,419	149,306	144,749	200,185	165,180	84,617	224,651	223,863
Total district expenses	\$ 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	\$ 7,912,789
Program Revenues										
Governmental activities:										
Charges for services										
Student activity account									2,749	6,987
Operating grants and contributions	673,323	519,742	674,305	755,743	1,159,054	707,039	806,340	899,206	1,373,914	\$ 1,493,973
Total governmental activities program revenues	673,323	519,742	674,305	755,743	1,159,054	707,039	806,340	899,206	1,376,663	1,500,960

East Newark Board of Education
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 1,369,606	\$ 1,321,203	\$ 954,236	\$ 899,265	\$ 788,851	\$ 1,117,743	\$ 1,232,147	\$ 2,159,665	2,890,159	3,412,881
Assigned								420,959	222,190	78,737
Unassigned	(143,466)	(196,626)	(152,091)	(89,347)	(147,288)	(63,987)	(81,909)	(93,468)	(159,882)	(187,483)
Total general fund	\$ 1,226,140	\$ 1,124,578	\$ 802,145	\$ 809,918	\$ 641,564	\$ 1,053,756	\$ 1,150,238	\$ 2,487,156	\$ 2,952,467	\$ 3,304,135
All Other Governmental Funds										
Assigned, reported in:										
Student activity fund								6,588	9,337	12,709
Unassigned, reported in:					(3,335)	(4,654)	(4,287)	(5,238)		
Special revenue fund								32,047	32,047	32,047
Capital projects fund										
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ (3,335)	\$ (4,654)	\$ (4,287)	\$ 33,397	\$ 41,384	\$ 44,756

Source: ACFR Exhibit B-1

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 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	\$ 1,512,158
Miscellaneous	79,839	133,912	30,426	27,693	16,007	167,427	57,140	362,690	349,901	181,070
Local Sources	-	-	-	-	-	6,818	1,840	3	2,749	6,987
State sources	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	5,477,071
Federal sources	593,537	325,406	363,473	267,129	374,038	344,820	316,856	442,670	1,226,667	1,204,271
Total revenue	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	8,381,557
Expenditures										
Instruction										
Regular instruction	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	1,141,274
Special education instruction	51,628	119,717	240,493	152,977	267,761	197,937	106,554	79,484	106,454	1,127,764
Other special instruction	128,176	64,657	181,614	48,426	8,924	41,082	59,864	50,908		
School sponsored/other instructional	9,348	7,500	5,000	3,518	1,062	8,528	9,778	7,179	26,687	85,503
Support Services:										
Tuition	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	1,994,973
Attendance and social work services	383,747	375,148	369,908	282,848	258,121	252,379	517,479	356,000		
Health services									82,692	66,971
Student & instruction related services									1,009,597	949,124
General administrative services									319,196	317,689
Other Administrative services	255,237	285,355	188,175	209,422	280,015	285,223	252,039	284,709	135,816	128,162
Central services	105,022	79,415	91,758	148,742	78,782	78,472	75,628	84,884	47,905	101,752
Plant operations and maintenance	33,808	52,145	60,275	42,785	34,554	43,512	42,004	50,381	319,230	495,028
Pupil transportation	325,162	337,217	391,454	451,672	545,304	356,326	308,238	321,611	76,404	28,041
Pupil transportation	52,404	63,164	55,473	49,431	6,465	63,432	60,668	20,514	575,672	603,579
Unallocated employee benefits	728,349	730,016	852,175	824,358	1,150,040	978,099	889,194	493,292	602,278	659,805
On-behalf contributions									37,190	149,054
Transfer to Charter Schools	-	-	-	-	-	-	25,022	36,811	216,890	177,798
Capital outlay	199,010	11,313	55,437	40,269	56,176	64,324	130,567	17	7,674,435	8,026,517
Total expenditures	6,470,426	5,567,715	5,916,501	5,471,787	5,955,870	5,810,774	5,804,622	5,768,413		
Excess (Deficiency) of revenues over (under) expenditures	(818,119)	(99,896)	(366,371)	65,238	(168,354)	342,448	410,157	1,054,708	473,298	355,040
Other Financing sources (uses)										
Transfers in	-	-	-	-	-	68,425	465,000	-	-	-
Transfers out	-	-	-	-	-	(68,425)	(465,000)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (818,119)	\$ (99,896)	\$ (366,371)	\$ 65,238	\$ (168,354)	\$ 342,448	\$ 410,157	\$ 1,054,708	\$ 473,298	\$ 355,040
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%

Source: ACFR Exhibit B-2

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Interest on</u> <u>Investments</u> <u>Capital Reserve</u>	<u>E-Rates</u>	<u>Sale of</u> <u>Assets</u>	<u>Refund of</u> <u>Prior year</u> <u>Expenses</u>	<u>Prior Year</u> <u>Void Checks</u>	<u>Misc.</u>	<u>Total</u>
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
2023	105,892	31,640		29,074			12,464	179,070

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,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)	% of Net Assessed to Estimated Full Cash Valuations
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%
2023	\$ 3,281,700	\$93,338,000	\$ 12,168,100	\$ 33,638,100	\$ 17,845,900	\$160,271,800	\$ -	\$ 104,498	\$160,271,800	0.935	\$263,090,637	60.92%

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		Total Direct	Municipal Rate East Newark	County Rate Hudson County	
	Obligation					
	Debt Service b					
	Basic Rate ^a					
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
2023	0.935		0.935	1.285	0.591	2.811

Source: District Records and Municipal Tax Collector

Note: N.J.S.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	2023			2015		
	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	18.94%	\$ 7,337,800	1	17.48%
400 St. George Realty	\$ 12,500,000	2	7.80%			
BASF Engelhard Corporation	\$ 5,299,000	3	3.31%			
Vango Holdings 2						
Simelong Properties, LLC & Daving, LLC	\$ 4,000,000	4	2.50%	\$ 540,000	4	1.29%
Penn Jersey Certified Concrete, Inc	\$ 1,437,900	5	0.90%			
Boulder Concepts	\$ 1,000,000	6	0.62%			
J&E Ramos & M&I Galhofo	\$ 957,900	7	0.60%			
Silva, Licino & Rosa	\$ 905,000	8	0.56%			
200-202 Grant	\$ 897,900	9	0.56%			
Passaic Ave Investor LLC	\$ 627,200	10	0.39%	\$ 195,600	8	0.47%
Engelhard Corporation				\$ 727,200	2	1.73%
1st Republic Corporation of America				\$ 669,400	3	1.60%
VNB Realty				\$ 498,500	5	1.19%
Simelog Properties, LLC				\$ 266,700	6	0.64%
IDVG Realty, LLC				\$ 227,400	7	0.54%
Philbro Corporation				\$ 190,800	9	0.45%
Total	<u>\$ 57,980,700</u>		<u>36.18%</u>	<u>\$ 10,653,400</u>		<u>25.38%</u>
			\$ 160,271,800			\$ 41,967,694

Source: Municipal Tax Assessor.

Exhibit J-9

**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	
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
2023	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		Per Capita ^a	
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Temporary Note Payable	Percentage of Personal Income ^a		
							Capital Leases
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%	\$ -
2023					-	0.000%	\$ -

Source: District ACFR 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 ^a of Property	Per Capita ^b
	General Obligation Bonds	Net General Bonded Debt Outstanding		
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%	\$ -
2023			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, 2023

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Debt Outstanding</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt of School District as of June 30, 2023			\$ -
Net overlapping debt of School District:			
Borough of East Newark	100.000%	\$ 5,302,477	
County of Hudson	18.558%	91,379,755	
Subtotal, overlapping debt			<u>\$ 96,682,232</u>
Total direct and overlapping debt			<u><u>\$ 96,682,232</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 2023

		Equalized valuation basis									
		2023	2022	2021							
		263,090,637	221,592,936	211,493,664							
				<u>[A]</u> \$ 696,177,237							
Average equalized valuation of taxable property				[A/3]							
				\$ 232,059,079							
Debt limit (3 % of average equalization value)				[B]							
Net bonded school debt				-							
Legal debt margin				<u>[B-C]</u>							
				\$ 6,961,772							
				<u>[B-C]</u>							
				\$ 6,961,772							

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 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	\$ 6,961,772
Total net debt applicable to limit	-	-	-	-	-	14,825	5,885	-	-	-
Legal debt margin	<u>\$ 3,996,950</u>	<u>\$ 3,864,757</u>	<u>\$ 3,929,205</u>	<u>\$ 3,757,078</u>	<u>\$ 4,070,413</u>	<u>\$ 4,774,160</u>	<u>\$ 5,560,629</u>	<u>\$ 6,375,776</u>	<u>\$ 6,562,485</u>	<u>\$ 6,961,772</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.31%	0.11%	0.00%	0.00%	0.00%

Source: Abstract of Ratables and District Records ACFR Schedule J-7

a Limit set by NISA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita		Unemployment Rate ^d
			Personal Income ^c		
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	\$ 178,457,942	72,046		7.30%
2022	2,452	Not Available	Not Available		3.80%
2023	Not Available	Not Available	Not Available		Not Available

Source:^a Population information provided by the NJ Dept of Labor and Workforce Development^b Personal income - Hudson County - provided by NJ Dept of Labor and Workforce Development^c Per Capita Personal Income - Hudson County - provided by NJ Dept of Labor and Workforce Development^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

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 ACFR 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>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction										
Regular	16	18	18	18	16	16	16	16	21	23
Special education	5	4	4	4	4	4	2	2	3	2
Other special education	1	1	1	1	-	-	-	-	-	-
Other instruction	5	5	5	5	8	8	9	9	14	11
Support Services:										
Tuition										
Student & instruction related services	2	2	2	2	4	4	5	5	5	7
General administrative services	1	1	1	1	1	1	1	1	1	1
School administrative services	2	1	1	1	1	1	1	1	2	2
Other administrative services	1	1	1	1	1	1	1	1	1	-
Central services	1	1	1	1	1	1	-	-	1	2
Administrative information technology	1	1	1	1	-	-	-	-	-	-
Plant operations and maintenance	2	3	3	3	2	2	2	2	2	2
Pupil transportation	1	1	1	1	1	1	1	1	-	-
Total	37	38	38	38	37	37	37	37	49.4	50.0

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) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
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%	24	10	n/a	255.0	245.1	0.00%	96.12%
2023	205	7,848,719	38,286	22.70%	25	8	n/a	237.7	223.5	-6.78%	94.03%

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
19,297	19,297	19,297	19,297	19,297	19,297	19,297	19,297	19,297	19,297	19,297
275	275	275	275	275	275	275	275	275	275	275
263	263	263	271	273	253	237	209	209	239	205

District Buildings

Elementary/Middle School

Square Feet

Capacity (students)

Enrollment

Number of Schools at June 30, 2023
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)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Elementary/Middle School	N/A	128,240	23,601	9,545	13,128	3,258	447,587	322,399	314,981	337,217	310,533
Grand Total		<u>\$ 128,240</u>	<u>\$ 23,601</u>	<u>\$ 9,545</u>	<u>\$ 13,128</u>	<u>\$ 3,258</u>	<u>\$ 447,587</u>	<u>\$ 322,399</u>	<u>\$ 314,981</u>	<u>\$ 337,217</u>	<u>\$ 310,533</u>

**East Newark Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2023
Unaudited**

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
	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)	10,000,000	
	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	
	Supplemental Indemnity	130,000	
	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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 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.

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 December 6, 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

December 6, 2023





WIELKOTZ & COMPANY LLC

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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, 2023. 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, 2023.

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 2023-001, 2023-002 and 2023-003. 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 2023-001, 2023-002 and 2023-003 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

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Licensed Public School Accountant
No. 816

Wielkotz & Company, LLC

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

December 6, 2023

BOROUGH OF EAST NEWARK SCHOOL DISTRICT

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Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2023

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, 2022	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2023	
					From	To						(Accounts Receivable)	Deferred Revenue
US Department of Education													
Passed Through State Dept of Education:													
Special Revenue Fund													
Title I Part A, Improving Basic Programs	84.010	S010A220030	ESEA120023	236,273	7/1/2022	9/30/2023	(94,423)	(94,423)	245,488	256,789		(105,724)	
	84.010	S010A210030	ESEA120022	228,133	7/1/2021	9/30/2022	(94,423)	94,423	245,488	256,789		(105,724)	
Title II, Part A, Teacher/Principal													
Title II, Part A, Teacher/Principal	84.367A	S367A220029	ESEA120023	26,067	7/1/2022	9/30/2023	(24,687)	(24,687)	24,687	30,997		(30,997)	
	84.367A	S367A210029	ESEA120022	26,165	7/1/2021	9/30/2022	(24,687)	24,687	24,687	30,997		(30,997)	
Title III, Immigrant													
Title III, Immigrant	84.365A	S365A220030	ESEA120023	3,316	7/1/2022	9/30/2023							
	84.424A	S424A220030	ESEA120023	18,783	7/1/2022	9/30/2023			14,994	26,551		(11,557)	
Title IV													
IDEA, Part B-Basic	84.027A	S027A220100	IDEA120023	64,610	7/1/2022	9/30/2023			25,800	64,610		(38,810)	
	84.173A	S173A220100	IDEA120023	3,002	7/1/2022	9/30/2023				2,723		(2,723)	
	84.027X	S027X210100	IDEA120022	12,255	7/1/2021	9/30/2022	(12,255)	(12,255)	12,255				
	84.173X	S173X210114	IDEA120022	1,037	7/1/2021	9/30/2022	(1,037)	(1,037)	1,037			(41,533)	
Coronavirus Response and Relief Supplemental Act:													
CARES ACT 2020/ESSER	84.425D	S425D210027	N/A	186,592	3/13/2020	10/15/2022	(74,609)	(74,609)	74,609				
	84.425D	S425D200027	N/A	764,162	3/13/2020	9/30/2023	45,669	45,669	54,856	168,504		(67,979)	
	84.425D	S425D200027	N/A	49,040	3/13/2020	9/30/2023							
	84.425D	S425D210027	N/A	45,000	3/13/2020	9/30/2023	(28,262)	(28,262)	28,262				
American Rescue Plan:	84.425U	S425U210027	N/A	1,717,406	3/13/2020	9/30/2023	(231,185)	(231,185)	416,631	382,129		(196,683)	
	84.425U	S425U210027	N/A	50,000	3/13/2020	9/30/2023			11,276	11,276			
	84.425U	S425U210027	N/A	40,000	3/13/2020	9/30/2023	(2,375)	(2,375)	2,375				
	84.425U	S425U210027	N/A	40,000	3/13/2020	9/30/2023	(9,031)	(9,031)	20,331	11,300			
NJTSS Mental Health Support Staffing	84.425U	S425U210027	N/A	45,000	3/13/2020	9/30/2023	(299,793)	(299,793)	633,340	598,209		(264,662)	
21st Century Community Learning Centers	84.287C	S287C210030	N/A	299,998	7/1/2022	6/30/2023			94,387	224,392		(130,005)	
									94,387	224,392		(130,005)	
Total Special Revenue Fund									1,051,988	1,204,271		(584,478)	

BOROUGH OF EAST NEWARK SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2023

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, 2022	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2023	
					From	To						(Accounts Receivable)	Deferred Revenue
US Department of Agriculture Passed Through State Dept of Education:													
Enterprise Fund													
Food Distribution Program	10.555	23INJ304N1096	N/A	18,308	7/1/2022	6/30/2023			18,308	18,308			
National School Breakfast Program	10.553	23INJ304N1099	N/A	36,313	7/1/2022	6/30/2023			32,511	36,313		(3,802)	
National School Breakfast Program SSO	10.553	22INJ304N1099	N/A	28,653	7/1/2021	6/30/2022	(2,183)		2,183				
National School Lunch Program	10.555	23INJ304N1099	N/A	126,475	7/1/2022	6/30/2023			116,531	126,475		(9,944)	
National School Lunch Program SSO	10.555	22INJ304N1099	N/A	119,402	7/1/2021	6/30/2022	(9,084)		9,084				
National School Snack Program	10.555	23INJ304N1099	N/A	13,860	7/1/2022	6/30/2023			13,860	13,860			
National School Snack Program	10.555	22INJ304N1099	N/A	4,954	7/1/2021	6/30/2022	(216)		216				
Supply Chain Assistance Funding (1st/2nd Round)	10.555	22INJ344N8903	N/A	17,554	3/1/2022	9/30/2023			17,554	17,554			
Supply Chain Assistance Funding (3rd Round)	10.555	23INJ344N8903	N/A	6,620	10/1/2022	9/30/2024			6,620	6,620			
Local Food for Schools Cooperative Agreement Program	10.185	USDA-AMS-10185	N/A	1,406	7/1/2022	6/30/2023						(1,406)	1,406
Total Enterprise Fund													
							(11,483)		216,867	219,130		(15,152)	1,406
Total Federal Financial Assistance													
				\$	(443,678)				1,268,855	1,423,401		(599,630)	1,406

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, 2023

State Grantor/Program Titles	Balance at June 30, 2022				Balance at June 30, 2023				Memo						
	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	(Accounts Receivable)	Revenue/ Interfund Payable	Due to Grantor at	Budgetary Receivable	Cumulative Total Expenditures	
			From	To											
State Department of Education:															
General Fund															
Equalization Aid	495-034-5120-078	\$	3,874,770	7/1/2022	6/30/2023	\$	3,487,294	3,874,770				*	(387,476)	3,874,770	
Special Education Aid	495-034-5120-089		310,863	7/1/2022	6/30/2023		279,777	310,863				*	(31,086)	310,863	
Security Aid	495-034-5120-084		173,154	7/1/2022	6/30/2023		155,838	173,154				*	(17,316)	143,154	
Transportation Aid	495-034-5120-014		16,052	7/1/2022	6/30/2023		14,447	16,052				*	(1,605)	16,052	
Extraordinary Aid	100-034-5120-473		12,593	7/1/2022	6/30/2023			12,593		(12,593)		*	*	12,593	
NTE Homeless Reimbursement	100-029-6060-034		17,285	7/1/2022	6/30/2023			17,285		(17,285)		*	*	17,285	
Reimbursed TPAF Social Security	495-034-5094-003		96,491	7/1/2022	6/30/2023		86,370	96,491		(10,121)		*	*	96,491	
Reimbursed TPAF Social Security	495-034-5094-003		110,632	7/1/2021	6/30/2022		6,576					*	*	110,632	
On Behalf TPAF - Post Retirement Medical	495-034-5094-001		117,140	7/1/2022	6/30/2023		117,140	117,140				*	*	117,140	
On Behalf TPAF Pension Contributions	495-034-5094-002		439,810	7/1/2022	6/30/2023		439,810	439,810				*	*	439,810	
On Behalf TPAF NCGI Premium	495-034-5094-004		6,102	7/1/2022	6/30/2023		6,102	6,102				*	*	6,102	
On Behalf TPAF - LTDI	495-034-5094-004		262	7/1/2022	6/30/2023		262	262				*	*	262	
Total General Fund						(6,576)	4,593,616	5,064,522		(39,999)		*	(437,483)	5,145,154	
Special Revenue Fund															
Preschool Education Aid	495-034-5120-086		575,880	7/1/2022	6/30/2023		518,292	429,809			88,483	*	(57,588)	429,809	
Preschool Education Aid	495-034-5120-086		381,429	7/1/2021	6/30/2022		42,530				42,530	*	*	338,899	
Preschool Education Aid	495-034-5120-086		42,920	7/1/2019	6/30/2020		14,315				14,315	*	*	34,920	
School Security Grant			20,000	7/1/2021	6/30/2022		20,000					*	*	20,000	
SDA Emergency Needs & Capital			5,317	7/1/2022	6/30/2023		5,317	5,317				*	*	5,317	
SDA Emergency Needs & Capital			5,604	7/1/2021	6/30/2022		5,024	5,024				*	*	5,024	
Total Special Revenue						36,845	548,633	440,150			145,328	*	(57,588)	833,969	
Enterprise Fund															
State Department of Agriculture															
Severe Breakfast Program	100-010-3350-023		128	7/1/2022	6/30/2023		127	128		(1)		*	*	128	
Breakfast After the Bell Program	100-010-3350-023		1,125	7/1/2022	6/30/2023		1,008	1,125		(117)		*	*	1,125	
National School Lunch Program (State Share)	100-010-3350-023		2,327	7/1/2022	6/30/2023		2,160	2,327		(167)		*	*	2,327	
National School Lunch Program (State Share)	100-010-3350-023		3,044	7/1/2021	6/30/2022		209					*	*	3,044	
Total Enterprise Fund						(209)	3,504	3,580		(285)		*	*	6,624	
Total State Financial Assistance						30,060	5,145,753	5,508,252		(40,284)	145,328	*	(495,071)	5,985,747	
Less: On-Behalf TPAF Pension System Contributions															
On Behalf TPAF - Post Retirement Medical	495-034-5094-001							117,140						117,140	
On Behalf TPAF Pension Contributions	495-034-5094-002							439,810						439,810	
On Behalf TPAF NCGI Premium	495-034-5094-004							6,102						6,102	
On Behalf TPAF - LTDI	495-034-5094-004							262						262	
								563,314							
								4,944,938							
Total State Financial Assistance															

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

Year ended June 30, 2023

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2022				Balance at June 30, 2023				Memo	
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor at	Budgetary Receivable	Cumulative Total Expenditures
Local Sources:	N/A	2,000	7/1/2022	6/30/2023			2,000	2,000					*	2,000
	N/A	2,614	7/1/2022	6/30/2023			2,614				2,614		*	
Total Local Sources							4,614	2,000			2,614		*	2,000
													*	
Total State and Local Financial Assistance					30,060		5,150,367	5,510,252		(40,284)	147,942		*	5,987,747
													*	

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 \$(27,601) for the general fund and \$-0- 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	\$	\$5,036,921	\$5,036,921
Special Revenue Fund	1,204,271	440,150	1,644,421
Food Service Fund	<u>219,130</u>	<u>3,580</u>	<u>222,710</u>
Total Awards and Financial Assistance	<u>\$1,423,401</u>	<u>\$5,480,651</u>	<u>\$6,904,052</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, 2023. 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, 2023.

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 \$563,314 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>	\$256,789
Title II, Part A: <i>Supporting Effective Instruction</i>	30,997
Title IV: <i>Student Support and Academic Enrichment</i>	<u>26,551</u>
Total	<u>\$314,337</u>

**EAST NEWARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

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? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

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

Auditee qualified as low-risk auditee? yes X no

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? yes X no

2. Material weakness(es) identified? yes X 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? yes X no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		CARES-ESSER I/ CRRSA-ESSER II/ CR Learning Accelerations/ CR Mental Health/ APR- ESSER/ ARP-Evidence Based Summer Learning and Enrichment/ ARP-Evidence Based on Comprehensive Beyond the School Day
<u>84.425D/84.425U</u>	(A) <u>S425D210027/</u> <u>S425U210027</u>	

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

**EAST NEWARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(continued)**

Section I - Summary of Auditor's Results
(continued)

State Awards

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

Auditee qualified as low-risk auditee? yes X no

Type of auditor's report issued: unmodified

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes _____ X no
2. Material weakness(es) identified? _____ yes _____ X none reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? ☒ yes ☐ no

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
495-034-5120-78/ 495-034-5120-89/ 495-034-5120-84	State Aid Public Cluster: Equalization Aid/Special Education Categorical Aid/Security Aid

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

**BOROUGH OF EAST NEWARK SCHOOL DISTRICT
SCHEDULE OF FINANCIAL, STATE AND FEDERAL FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

None

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

FEDERAL AWARDS

None

STATE AWARDS

Finding 2023-001

Information on the state program:

State Aid – Public Cluster, NJCFS Numbers 495-034-5120-(079/089/084) Grant Period 7/1/22-6/30/23.

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:

There were instances in which the number of students reported as On-Roll, Resident Low Income and Resident Low Income Limited English Proficient did not agree to the District's workpapers. Our sample of students included on the workpapers contained errors in the following categories: On-Roll, Resident Low Income and Resident Low Income Limited English Proficient.

Questioned Costs:

None

Context:

The district submitted the 2022/2023 ASSA but a limited amount of discrepancies were found during our verification procedures

Effect:

The number of students reported as On-Roll, Resident Low Income, Resident Low Income Limited English Proficient contained errors.

**BOROUGH OF EAST NEWARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Finding 2023-001 (continued)

Cause:

Supporting documents such as free/reduced applications and test scores were not available 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. All related workpapers must be maintained on file for seven years and made available for audit.

Management's response:

The district will maintain supporting documentation that provide an audit trail for testing the enrollment categories reported on the ASSA.

Finding 2023-002

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.

Effect:

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

**BOROUGH OF EAST NEWARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(continued)**

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

Finding 2023-002 (continued)

Cause:

There were instances in which the incorrect number of pay-periods and incorrect percentages were utilized to calculate employee contributions. There were also instances in which the employee share of dental insurance was not deducted.

Recommendation:

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

Management's response:

The district engaged an external accounting firm to perform an agreed upon procedures engagement verifying and correcting all employee contribution input information as of July 1, 2023. The results of these procedures have been used to correct any erroneous deductions and have been entered into the district's payroll system as of July 1, 2023.

Finding 2023-003

Information on the state program:

State Aid – Public Cluster, NJCFS Numbers 495-034-5120-(079/089/084) Grant Period 7/1/22-6/30/23.

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, 2023**

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

Finding 2023-003 (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.

**BOROUGH OF EAST NEWARK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Status of Prior Year Findings

Finding 2022-001

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.

Current Status:

The District provided an updated fixed asset report for the current year.

Finding 2022-002

Condition:

The District charged salaries and wages to the CARES Emergency Relief Grant and American Rescue Plan program via a year-end adjustment rather than charging the applicable amounts by pay period.

Current Status:

Salaries and wages were charged to grants by pay period in the current year.

Finding 2022-003

Condition:

The internal control procedures were not 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.

Current Status:

Correct action has not been taken, see finding 2023-001.

Finding 2022-004:

Condition:

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

Current Status:

Correct action has not been taken, see finding 2023-002.

**BOROUGH OF EAST NEWARK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Status of Prior Year Findings (continued)

Finding 2022-005:

Condition:

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

Current Status:

There were no instance of noncompliance in the current year.

Finding 2022-006:

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.

Current Status:

Correct action has not been taken, see finding 2023-003.

Finding 2022-007

Condition:

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

Current Status:

Salaries and wages were charged to grants by pay period in the current year.

Finding 2022-008

Condition:

The internal control procedures were not 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.

Current Status:

Correct action has not been taken, see finding 2023-001.

**BOROUGH OF EAST NEWARK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Status of Prior Year Findings (continued)

Finding 2022-009:

Condition:

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

Current Status:

There were no instance of noncompliance in the current year.