

**NEW HAVEN UNIFIED
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2011**

NEW HAVEN UNIFIED SCHOOL DISTRICT

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JUNE 30, 2011

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FINANCIAL SECTION



VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Governing Board
New Haven Unified School District
Union City, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Haven Unified School District (the "District") as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit 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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2010-11*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Haven Unified School District, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the Notes to the basic financial statements, the accompanying financial statements reflect certain changes required as a result of the implementation of GASB Statement No. 54 for the year ended June 30, 2011. These changes required a restatement to the beginning fund balance of the General Fund and the Non-Major Governmental Funds, as discussed in Note 18.

As discussed in the Notes to the basic financial statements, the State of California continues to suffer the effects of a recessionary economy, which directly impacts the funding requirements of the State of California to the K-12 educational community.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The required supplementary information, such as management's discussion and analysis, budgetary comparison, and other postemployment information, as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards which is required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The unaudited supplementary information listed in the table of contents, including the assessed valuation of taxable properties and secured tax school district boundaries is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion.

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
January 11, 2012



NEW HAVEN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

This section of New Haven Unified School District's 2010-2011 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the New Haven Unified School District (the District) using the integrated approach as prescribed by GASB Statement Number 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, business-type, and fiduciary.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Business-Type Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

The *Fiduciary Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The financial statements also include notes that explain some of the information in the statements and provide detailed data. The statements are followed by a section of required supplementary budget information that further explains and supports the financial statements.

The primary unit of the government is the New Haven Unified School District.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The *Statement of Net Assets* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. Net assets are the difference between assets and liabilities, one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the Board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Assets* and the *Statement of Activities*, we separate the District activities as follows:

Governmental activities - Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state and local grants, as well as general obligation bonds which finance these activities.

Business-type activities - The District charges fees to help it cover the costs of certain services it provides. The District's Kids First program is accounted for in the business-type activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. and California Departments of Education.

Governmental funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary funds - When the District charges users for the services it provides to outside customers, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Assets* and the *Statement of Revenues, Expenses and Changes in Fund Net Assets*. The District operates one proprietary fund, Kids First, that is reported in the government-wide statements as business-type activities and provides more detail and additional information, such as cash flows.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities, and the Retiree Benefits Funds. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Assets and Statement of Revenues, Expenses and Changes in Fund Net Assets*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Assets

The District's net assets were \$9.3 million and \$27.4 million for the fiscal years ended 2011, and 2010, respectively. Of this amount, \$6.3 million and \$2.2 million were unrestricted for each respective year. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2011

Table 1

	2011		
	Governmental Activities	Business-Type Activities	School District Activities
Current and other assets	\$ 44,973,010	\$ 189,075	\$ 45,162,085
Capital assets	239,677,593	-	239,677,593
Total Assets	284,650,603	189,075	284,839,678
Current liabilities	27,752,217	5,047	27,757,264
Long-term obligations	247,635,974	-	247,635,974
Total Liabilities	275,388,191	5,047	275,393,238
Net assets			
Invested in capital assets, net of related debt	(8,523,834)	-	(8,523,834)
Restricted	11,527,422	-	11,527,422
Unrestricted	6,258,824	184,028	6,442,852
Total Net Assets	\$ 9,262,412	\$ 184,028	\$ 9,446,440
	2010		
	Governmental Activities	Business-Type Activities	School District Activities
Current and other assets	\$ 48,487,406	\$ 62,787	\$ 48,550,193
Capital assets	249,449,802	-	249,449,802
Total Assets	297,937,208	62,787	297,999,995
Current liabilities	23,993,495	5,918	23,999,413
Long-term obligations	246,572,170	-	246,572,170
Total Liabilities	270,565,665	5,918	270,571,583
Net assets			
Invested in capital assets, net of related debt	6,753,598	-	6,753,598
Restricted	18,428,069	-	18,428,069
Unrestricted	2,189,876	56,869	2,246,745
Total Net Assets	\$ 27,371,543	\$ 56,869	\$ 27,428,412

In 2011, the \$6.3 million in unrestricted net assets of governmental activities represents the accumulated results of all past years’ operations. The unrestricted net assets increased from \$2.2 million in 2010 to \$6.3 million in 2011.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2011

Changes in Net Assets

The results of this year’s operations for the District as a whole are reported in the *Statement of Activities*. Table 2 takes the information from the statement, and rearranges them slightly so you can see our total revenues and expenses for the year.

Table 2

	2011		
	Governmental Activities	Business-Type Activities	School District Activities
Revenues			
Program revenues:			
Charges for services	\$ 2,083,670	\$ 1,609,161	\$ 3,692,831
Operating grants and contributions	23,970,603	-	23,970,603
Capital grants and contributions	869,487	-	869,487
General revenues:			
Federal and state aid not restricted	60,513,346	-	60,513,346
Property taxes	29,058,486	-	29,058,486
Other general revenues	4,792,107	386	4,792,493
Total Revenues	121,287,699	1,609,547	122,897,246
Expenses			
Instruction	79,529,203	-	79,529,203
Instruction related activities	12,687,480	-	12,687,480
Pupil Services	9,472,410	-	9,472,410
General Administration	5,592,560	-	5,592,560
Plant Services	16,253,677	-	16,253,677
Ancillary & Community Services	1,508,964	-	1,508,964
Debt Service	12,973,295	-	12,973,295
Other	1,379,241	1,482,388	2,861,629
Total Expenses	139,396,830	1,482,388	140,879,218
Change in Net Assets	\$ (18,109,131)	\$ 127,159	\$ (17,981,972)

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2011

Table 2 (Continued)

	2010		
	Governmental Activities	Business-Type Activities	School District Activities
Revenues			
Program revenues:			
Charges for services	\$ 1,877,868	\$ 1,333,577	\$ 3,211,445
Operating grants and contributions	22,685,716	-	22,685,716
Capital grants and contributions	3,026,921	-	3,026,921
General revenues:			
Federal and state aid not restricted	55,246,987	-	55,246,987
Property taxes	32,560,153	-	32,560,153
Other general revenues	7,732,432	1,216	7,733,648
Total Revenues	123,130,077	1,334,793	124,464,870
Expenses			
Instruction	81,472,507	-	81,472,507
Instruction related activities	10,961,590	-	10,961,590
Pupil Services	9,619,611	-	9,619,611
General Administration	5,706,413	-	5,706,413
Plant Services	6,773,697	-	6,773,697
Ancillary & Community Services	907,961	-	907,961
Debt Service	13,150,011	-	13,150,011
Other	1,467,730	1,476,410	2,944,140
Total Expenses	130,059,520	1,476,410	131,535,930
Change in Net Assets	\$ (6,929,443)	\$ (141,617)	\$ (7,071,060)

Governmental Activities

As reported in the Statement of Activities, the cost of all of our governmental activities was \$139.4 million and \$130.1 million for 2011 and 2010, respectively. The amount that taxpayers financed for these activities through local taxes was \$29.1 million and \$32.6 million for 2011 and 2010 respectively, because the cost was paid by those who benefited from the programs (\$2.1 million and \$1.9 million for 2011 and 2010, respectively) or by other governments and organizations who subsidized certain programs with grants and contributions (\$24.8 million and \$25.7 million for 2011 and 2010, respectively). We paid for the remaining “public benefit” portion of our governmental activities with Federal and State funds and with other revenues, like interest and general entitlements.

In Table 3, we have presented the expenditures of the governmental activities of each of the District’s largest functions. This table reports each program’s *net* cost (total cost less revenues generated by the activities). These costs show the financial burden that was placed on the District’s taxpayers by each of these functions. Providing this information allows our citizens to consider the expenditure of each function in comparison to the benefits they believe are provided by that function.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Table 3

	2011	2010
	Net Cost of Services	Net Cost of Services
Instruction	\$ 62,254,106	\$ 61,087,527
Instruction related activities	10,243,618	9,746,658
Pupil Services	4,140,137	5,006,686
General administration	4,800,493	4,652,678
Plant services	16,072,047	6,591,381
Ancillary & community services	1,307,544	870,169
Debt Service	12,973,295	13,150,011
Other	681,830	1,363,905
Totals	\$ 112,473,070	\$ 102,469,015

THE DISTRICT’S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$22.9 million, which is a decrease of \$7.1 million from last year. Although some revenue enhancements were received from the State during the year in the form of the Federal Jobs Fund Act of over \$2.4 million, this overall decrease include bond debt service repayment of \$7.2 million, and loss of one-time relief funds from federal sources such as American Recovery and Reinvestment Act and State Fiscal Stabilization Funds.

General Fund Budgetary Highlights

As in past years due to delay in the state level budget adoption, the District bases its adopted budget on the Governor’s May Revise. Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Some revenue revisions made to the 2010-11 Budget were due to actions at the state level, as well as unanticipated revenues derived from local sources. Expenditures were also revised due to District needs and priorities.

The final amendment to the state budget was adopted on October 8, 2010. Some of the highlights of the 2010-11 District budget include the receipt of \$2.4 from the Federal Jobs Fund Act. In addition, the State instituted a deficit COLA of .39% and a deficit factor of 17.9% both adversely affecting the district’s budget.

In order to weather the budget cuts implemented by the State, the district increased its k-3 class size to 25:1 and made reductions to non-salary items and staggered reductions to school transportation program.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2011

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had \$239.7 million and \$249.4 million in 2011 and 2010 respectively, in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease of \$9.8 million. There are no capital assets recorded in the business-type activities.

Table 4

	<u>2011</u>	<u>2010</u>
	<u>Governmental</u>	<u>Governmental</u>
	<u>Activities</u>	<u>Activities</u>
Land & Land Improvements	\$ 48,540,005	\$ 47,318,461
Buildings & Improvements	281,144,541	249,028,966
Construction in Progress	179,761	33,285,697
Furniture & Equipment	6,936,348	8,839,219
Total Assets	<u>336,800,655</u>	<u>338,472,343</u>
Less Accumulated Depreciation	(97,123,062)	(89,022,541)
Total Assets after Depreciation	<u>\$ 239,677,593</u>	<u>\$ 249,449,802</u>

Expenditures were funded from proceeds from debt issued in the prior years, state capital projects funds, and grants. We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Obligations

At the end of this year, the District's long-term obligations increased by \$1 million or 0.4% from \$252 million to \$253 million. Long-term obligations are only recorded in the governmental activities in the government-wide Statement of Net Assets. The Principal outstanding after refunding of the district bonds and inclusion of interest accretion is as follows:

<u>Issue</u>	<u>Maturity</u>	<u>Interest</u>	<u>Original</u>	<u>Outstanding Principal</u>
<u>Date</u>	<u>Date</u>	<u>Rate</u>	<u>Issue</u>	<u>End of Year</u>
1998	2023	4.4-6.0%	\$ 10,999,274	\$ 8,069,477
1998	2024	3.9-5.35%	10,000,766	7,766,157
2002	2020	3.0-12.0%	53,785,000	38,505,000
2003	2030	2.25%	5,000,000	4,350,000
2003	2030	4.0-8.0%	29,999,985	42,924,905
2006	2030	4.6-6.0%	16,745,000	16,745,000
2006	2033	3.9-8.0%	29,999,346	34,197,481
2008	2031	3.9-8.0%	29,999,522	31,864,130
2009	2034	5.91-7.18%	25,000,928	28,690,468
2009	2021	3.0-5.0%	17,290,000	17,290,000
			<u>\$ 228,819,821</u>	<u>\$ 230,402,618</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Table 5

	2011	2010
	Governmental Activities	Governmental Activities
General obligation bonds - Principal	\$ 230,402,618	\$ 227,259,055
General obligation bonds - Premium	21,428,047	23,478,947
OPEB liability	996,063	878,700
Accumulated vacation	670,146	738,184
Totals	\$ 253,496,874	\$ 252,354,886

The District’s most recent Standard & Poor’s general obligation bond rating was "A+". The State limits the amount of general obligation debt that Unified School Districts can issue to 2.5 percent of the assessed value of all taxable property within the District’s boundaries. The District’s outstanding general obligation debt of \$230 million as of June 30, 2011 is currently above its statutorily-imposed limit of \$217 million, which is mostly driven by a steep drop in property values. Although this situation is not within the District’s control, District management staff will reassess and take all necessary actions and precautions to avoid any implications.

Other obligations include accumulated vacation and other post employment benefits. We present more detailed information regarding our long-term liabilities in Note 9 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2010-11 ARE NOTED BELOW:

Despite continuing turmoil in the State budget and the continuing decrease in available unrestricted revenues, the District has been able to adjust its budgets to absorb the negative impact of these actions. More importantly the District has been able to maintain its state mandated reserve requirement while consistently maintaining high quality District programs.

Additional Accomplishments Achieved by the District in Fiscal Year 2010-11:

1. Completion of new special education classrooms, a new administrative office, and a new media center at Alvarado Middle school. These projects were started in January 2009.
2. Completed modernization of the Cesar Chaves Middle School campus and completion of the James Logan High School Center for the Performing Arts.
3. Replaced the boiler and vertical pump at the Dan Oden swim complex at James Logan High School.
4. Added portable restrooms for the Community Day School.
5. Other various projects such as parking lot improvements and restoration of water damaged classrooms were completed to maintain safety for our students and staff.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES:

In considering the District Budget for the 2011/12 year, the District Board and management used the following key revenue assumptions:

- A COLA increase of 2.24% to the Revenue limit.
- A deficit factor of 19.754 % has been applied to the revenue limit sources.
- The Indirect Cost Rate for fiscal year 2011-12 is 4.2 % and has been applied to all allowable restricted categorical programs.
- Enrollment is expected to remain stable.
- Maximum use of state categorical program flexibility in Tier II and Tier III programs.
- One-time relief from Home to School Transportation to Special Education Transportation in the amount of \$750,000.
- Over \$2 million in Mitigation funds have been transferred to unrestricted funds to balance the budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Business Official, Business Services, at New Haven Unified School District, 34200 Alvarado Niles Road, Union City, California, 94587.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Deposits and investments	\$ 16,845,798	\$ 180,763	\$ 17,026,561
Receivables	24,390,374	8,312	24,398,686
Prepaid expenses	2,678	-	2,678
Stores inventories	104,921	-	104,921
Deferred charges	3,629,239	-	3,629,239
Capital assets not depreciated	20,710,434	-	20,710,434
Capital assets, net of accumulated depreciation	218,967,159	-	218,967,159
Total Assets	284,650,603	189,075	284,839,678
LIABILITIES			
Accounts payable	5,666,686	5,047	5,671,733
Interest payable	3,883,123	-	3,883,123
Deferred revenue	15,331	-	15,331
Current loans	12,326,177	-	12,326,177
Current portion of long-term obligations	5,860,900	-	5,860,900
Noncurrent portion of long-term obligations	247,635,974	-	247,635,974
Total Liabilities	275,388,191	5,047	275,393,238
NET ASSETS			
Invested in capital assets, net of related debt	(8,523,834)	-	(8,523,834)
Restricted for:			
Debt service	7,094,560	-	7,094,560
Capital projects	2,497,747	-	2,497,747
Educational programs	1,935,115	-	1,935,115
Unrestricted	6,258,824	184,028	6,442,852
Total Net Assets	\$ 9,262,412	\$ 184,028	\$ 9,446,440

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 79,529,203	\$ 163,890	\$ 16,241,720	\$ 869,487
Instruction-related activities:				
Supervision of instruction	4,533,970	14,922	2,257,026	-
Instructional library, media, and technology	1,353,407	760	74,659	-
School site administration	6,800,103	5,355	91,140	-
Pupil services:				
Home-to-school transportation	2,111,414	93,577	1,146,937	-
Food services	3,345,989	1,118,331	2,260,769	-
All other pupil services	4,015,007	35,347	677,312	-
General administration:				
Data processing	1,010,751	-	3,217	-
All other general administration	4,581,809	47,908	740,942	-
Plant services	16,253,677	47,013	134,617	-
Ancillary services	1,248,751	148,139	53,281	-
Community services	260,213	-	-	-
Interest on long-term debt	12,973,295	-	-	-
Other outgo	1,379,241	408,428	288,983	-
Total Governmental-Type Activities	139,396,830	2,083,670	23,970,603	869,487
Business-Type Activities				
Enterprise services	1,482,388	1,609,161	-	-
Total School District	\$140,879,218	\$ 3,692,831	\$ 23,970,603	\$ 869,487

General revenues and subventions:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Taxes levied for other specific purposes
- Federal and State aid not restricted to specific purposes
- Interest and investment earnings
- Miscellaneous

Subtotal, General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

**Net (Expenses) Revenues and
Changes in Net Assets**

Governmental Activities	Business- Type Activities	Total
\$ (62,254,106)	\$ -	\$ (62,254,106)
(2,262,022)	-	(2,262,022)
(1,277,988)	-	(1,277,988)
(6,703,608)	-	(6,703,608)
(870,900)	-	(870,900)
33,111	-	33,111
(3,302,348)	-	(3,302,348)
(1,007,534)	-	(1,007,534)
(3,792,959)	-	(3,792,959)
(16,072,047)	-	(16,072,047)
(1,047,331)	-	(1,047,331)
(260,213)	-	(260,213)
(12,973,295)	-	(12,973,295)
(681,830)	-	(681,830)
(112,473,070)	-	(112,473,070)
-	126,773	126,773
(112,473,070)	126,773	126,773
18,827,019	-	18,827,019
10,217,323	-	10,217,323
14,144	-	14,144
60,513,346	-	60,513,346
21,310	386	21,696
4,770,797	-	4,770,797
94,363,939	386	94,364,325
(18,109,131)	127,159	(17,981,972)
27,371,543	56,869	27,428,412
\$ 9,262,412	\$ 184,028	\$ 9,446,440

NEW HAVEN UNIFIED SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011**

	General Fund	Building Fund	Bond Interest and Redemption Fund
ASSETS			
Deposits and investments	\$ 2,957,721	\$ 1,627,378	\$ 7,866,724
Receivables	23,684,143	3,040	5,522
Due from other funds	2,512,203	4,380,226	-
Prepaid expenses	2,678	-	-
Stores inventories	-	-	-
Total Assets	\$ 29,156,745	\$ 6,010,644	\$ 7,872,246
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,999,641	\$ 145,340	\$ -
Due to other funds	6,372,471	99,225	-
Current loan	12,326,177	-	-
Deferred revenue	15,331	-	-
Total Liabilities	23,713,620	244,565	-
Fund Balances:			
Nonspendable	50,678	-	-
Restricted	1,935,115	5,766,079	7,872,246
Assigned	-	-	-
Unassigned	3,457,332	-	-
Total Fund Balance	5,443,125	5,766,079	7,872,246
Total Liabilities and Fund Balances	\$ 29,156,745	\$ 6,010,644	\$ 7,872,246

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

Non Major Governmental Funds		Total Governmental Funds	
\$	4,393,975	\$	16,845,798
	697,669		24,390,374
	1,959,041		8,851,470
	-		2,678
	104,921		104,921
\$	7,155,606	\$	50,195,241

\$	521,705	\$	5,666,686
	2,864,772		9,336,468
	-		12,326,177
	-		15,331
	3,386,477		27,344,662

	107,421		158,099
	3,234,546		18,807,986
	427,162		427,162
	-		3,457,332
	3,769,129		22,850,579

\$	7,155,606	\$	50,195,241
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NEW HAVEN UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Total Fund Balance - Governmental Funds	\$ 22,850,579
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
The cost of capital assets is	\$ 336,800,655
Accumulated depreciation is	<u>(97,123,062)</u>
Net Capital Assets	239,677,593
Interfund balance between fiduciary fund not included in government-wide statements.	484,997
Expenditures relating to issuance of debt were recognized on modified accrual basis, but are recorded as deferred charges on the accrual basis and amortized over the life of the bonds.	3,629,239
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.	(3,883,123)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year end consist of:	
Bonds payable	(230,402,618)
Other postemployment benefits (OPEB)	(996,063)
Compensated absences (vacations)	(670,145)
Premiums, net of amortization	<u>(21,428,047)</u>
Total Long-Term Liabilities	<u>(253,496,873)</u>
Total Net Assets - Governmental Activities	<u><u>\$ 9,262,412</u></u>

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2011**

	General Fund	Building Fund	Bond Interest and Redemption Fund
REVENUES			
Revenue limit sources	\$ 66,237,581	\$ -	\$ -
Federal sources	10,202,661	-	-
Other state sources	18,790,679	-	93,289
Other local sources	9,052,767	17,662	10,148,159
Total Revenues	104,283,688	17,662	10,241,448
EXPENDITURES			
Current			
Instruction	72,268,911	-	-
Instruction-related activities:			
Supervision of instruction	4,218,193	-	-
Instructional library, media and technology	1,259,124	-	-
School site administration	6,326,386	-	-
Pupil services:			
Home-to-school transportation	1,964,326	-	-
Food services	-	-	-
All other pupil services	3,735,309	-	-
General administration:			
Data processing	940,339	-	-
All other general administration	4,038,853	-	-
Plant services	9,314,854	-	-
Facility acquisition and construction	-	1,201,763	-
Ancillary services	1,161,759	-	-
Community services	242,086	-	-
Other outgo	1,379,241	-	-
Debt service			
Principal	-	-	3,620,000
Interest and other	-	-	8,206,766
Total Expenditures	106,849,381	1,201,763	11,826,766
Excess (Deficiency) of Revenues Over Expenditures	(2,565,693)	(1,184,101)	(1,585,318)
Other Financing Sources (Uses):			
Transfers in	1,882,570	-	-
Transfers out	-	-	-
Net Financing Sources (Uses)	1,882,570	-	-
NET CHANGE IN FUND BALANCES	(683,123)	(1,184,101)	(1,585,318)
Fund Balance - Beginning, Restated	6,126,248	6,950,180	9,457,564
Fund Balance - Ending	\$ 5,443,125	\$ 5,766,079	\$ 7,872,246

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 66,237,581
2,254,978	12,457,639
3,102,642	21,986,610
1,447,104	20,665,692
<u>6,804,724</u>	<u>121,347,522</u>
1,897,530	74,166,441
-	4,218,193
-	1,259,124
-	6,326,386
-	1,964,326
3,112,897	3,112,897
-	3,735,309
-	940,339
114,585	4,153,438
134,522	9,449,376
3,291,324	4,493,087
-	1,161,759
-	242,086
-	1,379,241
-	3,620,000
-	8,206,766
<u>8,550,858</u>	<u>128,428,768</u>
<u>(1,746,134)</u>	<u>(7,081,246)</u>
-	1,882,570
<u>(1,882,570)</u>	<u>(1,882,570)</u>
<u>(1,882,570)</u>	<u>-</u>
<u>(3,628,704)</u>	<u>(7,081,246)</u>
7,397,833	29,931,825
<u>\$ 3,769,129</u>	<u>\$ 22,850,579</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds	\$ (7,081,246)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statements of activities.	
This is the amount by which capital outlays exceeds depreciation in the period.	
Depreciation expense	\$ (8,100,521)
Capital outlays, net of adjustment	<u>(1,671,688)</u>
Net Expense Adjustment	(9,772,209)
Special education mandate settlement received in current fiscal year was accrued in 2001-02 in the governmental funds, therefore it is excluded in the statement of activities.	(59,822)
In the statement of activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	68,039
Payment of costs for the bonds is an expenditure in the governmental funds, but is recorded as a prepaid expense and amortized on the statement of net assets over the life of the bonds.	(195,479)
Increase in long-term liabilities due to interest accretion for capital appreciation bonds.	(6,763,564)
Payment of principal on long-term liabilities, such as for bonds (including amortization of premiums) and capital leases, is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.	5,670,900
The liability for postemployment benefits (OPEB) is not recorded in the governmental funds, but is an expense on the statement of activities.	(117,363)
Interest on long-term obligations is recorded as an expenditure in the funds when it is due; however, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.	<u>141,613</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (18,109,131)</u></u>

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Business-Type Activities Enterprise Funds Kids First
ASSETS	
Current Assets	
Deposits and investments	\$ 180,763
Receivables	8,312
Total Current Assets	<u>189,075</u>
LIABILITIES	
Current Liabilities	
Accounts payable	<u>5,047</u>
Total Current Liabilities	<u>5,047</u>
NET ASSETS	
Unrestricted	184,028
Total Net Assets	<u>\$ 184,028</u>

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Funds Kids First
OPERATING REVENUES	
Local and intermediate sources	\$ 1,609,161
Total Operating Revenues	1,609,161
OPERATING EXPENSES	
Payroll costs	1,333,250
Supplies and materials	18,185
Facility rental	78
Other operating cost	130,875
Total Operating Expenses	1,482,388
Operating Income	126,773
NONOPERATING REVENUES (EXPENSES)	
Interest income	386
Total Nonoperating Revenues (Expenses)	386
Change in Net Assets	127,159
Total Net Assets - Beginning	56,869
Total Net Assets - Ending	\$ 184,028

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Funds
	Kids First
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 1,602,137
Cash payments to employees for services	(1,333,250)
Cash payments to suppliers for goods and services	(150,009)
Net Cash Provided from Operating Activities	118,878
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	386
Net Cash Provided from Investing Activities	386
Net Change in Cash and Cash Equivalents	119,264
Cash and Cash Equivalents - Beginning	61,499
Cash and Cash Equivalents - Ending	\$ 180,763
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	\$ 126,773
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Receivables	(7,024)
Accrued liabilities	(871)
NET CASH USED BY OPERATING ACTIVITIES	\$ 118,878

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Retiree Benefits Trusts	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Deposits and investments	\$ -	\$ 304,319
Receivables	299,355	-
Due from other funds	484,997	-
Total Assets	<u>784,352</u>	<u>\$ 304,319</u>
 LIABILITIES		
Overdrafts	613,065	-
Accounts payable	36,442	-
Due to student groups	-	304,319
Total Liabilities	<u>649,507</u>	<u>\$ 304,319</u>
 NET ASSETS		
Held in trust	134,845	
Total Net Assets	<u>\$ 134,845</u>	

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

	Retiree Benefits Trusts
ADDITIONS	
District contributions	\$ 437,851
Interest and investment earnings, net	338,718
Total Additions	<u>776,569</u>
DEDUCTIONS	
Other expenditures	<u>890,604</u>
Total Deductions	<u>890,604</u>
Change in Net Assets	(114,035)
Net Assets - Beginning	<u>248,880</u>
Net Assets - Ending	<u>\$ 134,845</u>

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The New Haven Unified School District was unified in 1965 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K – 12 as mandated by the State and/or Federal agencies. The District operates eight elementary, three middle schools, one comprehensive high school, one continuation school, one opportunity school, an adult school and a regional occupational program.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For New Haven Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically 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 District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all Districts. It is used to account for and report all financial resources not accounted for and reported in another fund.

One fund currently defined as special revenue funds in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects is not substantially composed of restricted or committed revenue source. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as extensions of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

In addition, under the flexibility provisions of current statute that allow certain formerly restricted revenues to be used for any educational purpose, Fund 11, Adult Education Fund/Fund 14, Deferred Maintenance Fund do not currently meet the definition of special revenue funds as these funds are no longer primarily composed of restricted or committed revenue sources.

As the District has not taken formal action to commit the flexed revenues formerly restricted to these programs to the continued operation of the original programs, the revenues within these funds would be considered to be available for general educational purposes, resulting in Fund 11, Adult Education Fund/Fund 14, Deferred Maintenance Fund being combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in assets, fund balance, revenues and expenditures of \$714,380, \$297,319, \$383,892, and \$382,377, respectively.

Building Fund The Building Fund exists primarily to account separately for proceeds from sale of bonds (*Education Code Sections 15146*) and may not be used for any purposes other than those for which the bonds were issued.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used to account for the repayment of bonds issued for a district (*Education Code Sections 15125-15262*).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue Funds are established to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for the specific purpose (other than debt service or capital projects) of the individual funds.

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code sections 38090-38093*) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

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

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620-17626*). Expenditures are restricted to the purposes specified in *Government Code Sections 65970-65981* or to the items specified in agreements with the developer (*Government Code Section 66006*).

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

County School Facilities Fund The County School Facilities Fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070 et seq.).

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (Education Code Section 42840).

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary funds:

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the District accounts for the financial transactions related to the child care services of the District operated under the name of Kids First.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District's trust funds are the three Retiree Benefit Trusts.

The three retiree benefits trusts are as follows:

- New Haven Retired Employee Health and Welfare Benefit Trust for Certificated and Management Employees
- New Haven Retired Employee Health and Welfare Benefit Trust for Classified Employees
- New Haven Retired Employee Health and Welfare Benefit Trust for Board and Superintendent

The trustees of the New Haven Retired Employee Health and Welfare Benefit Trust for Certificated and Management Employees and the New Haven Retired Employee Health and Welfare Benefit Trust for Classified Employees are comprised of separate boards not controlled by the District Board of Education. Although these two trusts are not controlled by the District, the District does act as the administrator for processing transactions for these two trusts under an administrative agreement with the trusts' boards. As administrator for these two trusts the district reports only the activity of the funds it manages, and does not include the funds held by the investment custodian.

The trustee for the New Haven Retired Employee Health and Welfare Benefit Trust for the Board and Superintendent is the District. Therefore, this trust is both controlled by, and administered by, the District.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student body activities (ASB). Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the District and for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other activities result from special revenue funds and the restrictions on their net asset use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. 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 balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Proprietary Funds Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net assets. The statement of changes in fund net assets presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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. Generally, available is defined as collectible within 45 or 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement 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, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Cash and Cash Equivalents

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

Investments

Investments held at June 30, 2011, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the proprietary funds when used.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report expenditures when paid.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District 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 capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net assets. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 30 to 50 years; improvements/infrastructure, 10 to 40 years; equipment, 5 to 15 years.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Interfund Balances

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 assets.

Compensated Absences

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

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Obligations

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

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

Deferred Issuance Costs, Premiums and Discounts

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Current Loans

Current loans consist of amounts outstanding at June 30, 2011, for Tax Revenue and Anticipation Notes. The notes were issued as short-term obligations to provide cash flow needs. This liability is offset with cash deposits in the County Treasury Pool, which have been set aside to repay the notes.

Fund Balances – Governmental Funds

As of June 30, 2011, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws of regulations of the other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolution or other action as approved by the governing board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

Sending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then, assigned funds, and finally, unassigned funds, as needed unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

In fiscal year 2010-2011, the governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls, or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General fund expenditures and other financing uses.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Net Assets

Net assets represent the difference between assets and liabilities. Net assets 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The government-wide financial statements report \$11,527,422 of restricted net assets.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are fees collected from the child care centers. Operating expenses are necessary costs incurred to provide the child care services, which is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Transfers between governmental and business-type activities in the government-wide financial 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental and business-type activities columns of the statement of activities, except for the net residual amounts transferred between governmental and business-type activities.

Estimates

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

Budgetary Data

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

Property Tax

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

Changes in Accounting Principles

In March 2009, the GASB issued Statement No 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classification that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

Governments also are required to classify and report amounts in the appropriate fund balance classifications by applying their accounting policies that determine whether restricted, committed, assigned, and unassigned, amounts are considered to have been spent. Disclosure of the policies in the notes to the financial statements is required.

This Statement also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to financial statements.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was classified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

The District has implemented the provisions of this statement for the year ended June 30, 2011.

New Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, the Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34. The objective of this Statement is improved financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends for reporting component units as if they were part of the primary government (that is blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interest in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Early implementation is encouraged.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2011, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 16,845,798
Business-type activities	180,763
Fiduciary funds	304,319
Overdrafts - Fiduciary	(613,065)
Total Deposits and Investments	<u>\$ 16,717,815</u>

Deposits and investments as of June 30, 2011, consist of the following:

Cash on hand and in banks	\$ 332,996
Cash in revolving	50,500
Investments	16,334,319
Total Deposits and Investments	<u>\$ 16,717,815</u>

Policies and Practices

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

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool.

The District monitors the interest rate risk inherent in its portfolio by depositing most of its funds in the County Treasury Pools. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Fair Value	Weighted Average Maturity
County Pool	\$ 16,335,167	520 days

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the County pool are not required to be rated, nor have they been rated as of June 30, 2011.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2011, approximately \$121,000 of the District's bank balances were exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2011, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total	Proprietary Funds	Fiduciary Funds
Federal Government							
Categorical aid	\$ 1,868,108	\$ -	\$ -	\$ 156,016	\$ 2,024,124	\$ -	\$ -
State Government							
Apportionment	14,716,608	-	-	-	14,716,608	-	-
Categorical aid	4,836,747	-	-	529,339	5,366,086	-	-
Lottery	924,287	-	-	-	924,287	-	-
Local Government							
Other Local Sources	1,338,393	3,040	5,522	12,314	1,359,269	8,312	299,355
Total	<u>\$ 23,684,143</u>	<u>\$ 3,040</u>	<u>\$ 5,522</u>	<u>\$ 697,669</u>	<u>\$ 24,390,374</u>	<u>\$ 8,312</u>	<u>\$ 299,355</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 20,530,673	\$ -	\$ -	\$ 20,530,673
Construction in Progress	33,285,697	4,452,992	37,558,928	179,761
Total Capital Assets Not Being Depreciated	<u>53,816,370</u>	<u>4,452,992</u>	<u>37,558,928</u>	<u>20,710,434</u>
Capital Assets Being Depreciated:				
Land Improvements	26,787,788	1,221,544	-	28,009,332
Buildings and Improvements	249,028,966	32,115,575	-	281,144,541
Furniture and Equipment	8,839,219	10,301	1,913,172	6,936,348
Total Capital Assets Being Depreciated	<u>284,655,973</u>	<u>33,347,420</u>	<u>1,913,172</u>	<u>316,090,221</u>
Total Capital Assets	<u>338,472,343</u>	<u>37,800,412</u>	<u>39,472,100</u>	<u>336,800,655</u>
Less Accumulated Depreciation:				
Land Improvements	18,362,508	1,433,221	-	19,795,729
Buildings and Improvements	64,626,736	6,401,256	-	71,027,992
Furniture and Equipment	6,033,297	266,044	-	6,299,341
Total Accumulated Depreciation	<u>89,022,541</u>	<u>8,100,521</u>	<u>-</u>	<u>97,123,062</u>
Governmental Activities Capital Assets, Net	<u>\$ 249,449,802</u>	<u>\$29,699,891</u>	<u>\$ 39,472,100</u>	<u>\$ 239,677,593</u>

Depreciation expense of \$8,100,521 was charged as a direct expense to the instruction function.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 5 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2011, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

Due From	Due To			Total
	General Fund	Building Fund	Non-Major Governmental Funds	
General Fund	\$ 33,204	\$ 99,225	\$ 2,379,774	\$ 2,512,203
Building Fund	4,380,226	-	-	4,380,226
Non-Major Governmental Funds	1,959,041	-	-	1,959,041
Total Governmental Funds	6,372,471	99,225	2,379,774	8,851,470
Fiduciary funds	-	-	484,998	484,998
Total	\$ 6,372,471	\$ 99,225	\$ 2,864,772	\$ 9,336,468

All balances resulted from lag time between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2011, consisted of the following:

Transfer To	Transfer From Non-Major Governmental Funds
General Fund	\$ 1,882,570
Total	\$ 1,882,570

The Capital Facilities Fund transferred to the General Fund for operating cost/routine maintenance.

\$ 1,754,418

The Child Development Fund transferred to General Fund for additional administrative costs.

128,152

Total

\$ 1,882,570

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2011, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Vendor payables	\$ 1,806,954	\$ 144,367	\$ 515,403	\$ 2,466,724
Salaries and benefits	3,192,687	973	6,302	3,199,962
Total	<u>\$ 4,999,641</u>	<u>\$ 145,340</u>	<u>\$ 521,705</u>	<u>\$ 5,666,686</u>

NOTE 7 - DEFERRED REVENUE

Deferred revenue at June 30, 2011, consists of the following:

	General Fund
Federal financial assistance	\$ 15,310
State categorical aid	21
Total	<u>\$ 15,331</u>

NOTE 8 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

At July 1, 2010, the District had outstanding Tax and Revenue Anticipation Notes in the amount of \$8,500,000, which matured on October 15, 2010. On April 27, 2011, the District issued \$12,350,000 Tax and Revenue Anticipation Notes bearing interest at .35%. The notes were issued to supplement cash flows. Interest and principal were due and payable on September 30, 2011. The District has recorded the cash available to make the principal and interest payments as investment and with the corresponding liability as a current loan.

Changes in the outstanding liabilities for the Tax and Revenue Anticipation Notes are as follows:

Issue Date	Rate	Maturity Date	Outstanding July 1, 2010	Additions	Payments	Outstanding June 30, 2011
June 10, 2010	1.58%	October 15, 2010	\$ 8,500,000	\$ -	\$ 8,500,000	\$ -
April 27, 2011	0.35%	September 30, 2011	-	12,350,000	-	12,350,000
			<u>\$ 8,500,000</u>	<u>\$ 12,350,000</u>	<u>\$ 8,500,000</u>	<u>\$ 12,350,000</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2010	Addition	Accretion	Deductions	Balance June 30, 2011	Due in One Year
General obligation bonds	\$ 227,259,054	\$ -	\$ 6,763,564	\$ 3,620,000	\$ 230,402,618	\$ 3,810,000
Add: Premium	23,478,947	-	-	2,050,900	21,428,047	2,050,900
Subtotal general obligation bonds	250,738,001	-	6,763,564	5,670,900	251,830,665	5,860,900
Accumulated vacation - net OPEB Liability	738,185	-	-	68,039	670,146	-
	878,700	334,100	-	216,737	996,063	-
	<u>\$ 252,354,886</u>	<u>\$ 334,100</u>	<u>\$ 6,763,564</u>	<u>\$ 5,955,676</u>	<u>\$ 253,496,874</u>	<u>\$ 5,860,900</u>

Payments on the general obligation bonds are made by the bond interest and redemption fund with local revenues. The accrued vacation will be paid by the fund for which the employee worked. OPEB liability will be paid by the Retiree Benefits Trust.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2010	Interest Accretion	Redeemed	Bonds Outstanding June 30, 2011
1998	2023	4.4-6.0%	10,999,274	\$ 7,348,922	\$ 720,555	\$ -	\$ 8,069,477
1998	2024	3.9-5.35%	10,000,766	7,366,758	399,399	-	7,766,157
2002	2020	3.0-12.0%	53,785,000	41,360,000	-	2,855,000	38,505,000
2003	2030	2.25%	5,000,000	4,350,000	-	-	4,350,000
2003	2030	4.0-8.0%	29,999,985	41,507,593	1,867,312	450,000	42,924,905
2006	2030	4.6-6.0%	16,745,000	16,745,000	-	-	16,745,000
2006	2033	3.9-8.0%	29,999,346	33,511,393	1,001,088	315,000	34,197,481
2008	2031	3.9-8.0%	29,999,522	31,228,888	635,242	-	31,864,130
2009	2034	5.91-7.18%	25,000,928	26,550,500	2,139,968	-	28,690,468
2009	2021	3.0-5.0%	17,290,000	17,290,000	-	-	17,290,000
				<u>\$ 227,259,054</u>	<u>\$ 6,763,564</u>	<u>\$ 3,620,000</u>	<u>\$ 230,402,618</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Debt Service Requirements to Maturity

The bonds mature through 2035 as follows:

Fiscal Year	Principal	Interest to Maturity	Accreted Interest	Total
2012	\$ 4,184,705	\$ 9,119,259	\$ 745,295	\$ 14,049,259
2013	4,855,753	8,873,431	924,247	14,653,431
2014	5,740,546	8,495,887	1,039,454	15,275,887
2015	6,938,005	7,767,727	1,271,995	15,977,727
2016	7,676,817	8,082,193	2,153,183	17,912,193
2017-2021	55,420,896	38,163,645	19,229,104	112,813,645
2022-2026	41,449,447	64,692,788	55,570,553	161,712,788
2027-2031	48,990,596	76,090,600	68,589,406	193,670,602
2032-2036	33,412,664	85,222,384	84,702,337	203,337,385
Total	208,669,429	<u>\$ 306,507,914</u>	<u>\$ 234,225,574</u>	<u>\$ 749,402,917</u>
Accreted Interest	21,733,189			
	<u>\$ 230,402,618</u>			

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2011, amounted to \$670,146.

Other Postemployment Benefit (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2011, was \$334,100, and contributions made by the District during the year were \$179,837. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$28,200 and \$(65,100), respectively, which resulted in an increase to the net OPEB obligation, was \$117,363. See Note 10 for additional information regarding the OPEB obligation and the postemployment benefits plan.

NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Plan Description

The New Haven Retired Employee Health and Welfare Benefits Plan and Trust for Board and Superintendent (the "Plan") is a single-employer defined benefit healthcare plan administered by the New Haven Unified School District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of eight retirees and beneficiaries currently receiving benefits and five active plan members. The Plan is presented in these financial statements as the New Haven Retired Employee Health and Welfare Benefit Plan Trust for Board and Superintendent Fund. Separate financial statements are not prepared for the Trust.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Contribution Information

The contribution requirements of the District are established and may be amended by the District and the eligible plan members. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits. For fiscal year 2010-11, the District contributed \$179,837 to the plan, the majority of which was used for current premiums.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	\$ 334,100
Interest on net OPEB obligation	28,200
Adjustment to annual required contribution	(65,100)
Annual OPEB cost (expense)	<u>297,200</u>
Contributions made	<u>(179,837)</u>
Increase in net OPEB obligation	117,363
Net OPEB obligation, beginning of year	878,700
Net OPEB obligation, end of year	<u><u>\$ 996,063</u></u>

Trend Information

Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

Year Ended June 30	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2011	\$ 297,200	\$ 179,837	61%	\$ 996,063
2010	501,500	246,700	49%	878,700
2009	523,800	223,700	43%	300,100

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Funded Status and Funding Progress

A schedule of funding progress as of the most recent actuarial valuations is as follow:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Level Percent of Payroll (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
June 30, 2010	\$ 401,300	\$ 4,676,500	\$ 4,275,200	9%	\$ 255,800	1671%
July 1, 2007	419,200	7,734,600	7,315,400	5%	423,500	1727%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2010, actuarial valuation, the Projected Unit Credit cost method was used. The actuarial assumptions included a 3.25 percent investment rate of return (net of administrative expenses). Healthcare cost trend rates ranged from an initial 7.5 percent to an ultimate rate of 5 percent. The cost trend rate used for the Dental program was 1.5 percent for the initial year increasing to a rate of 5 percent each year. The UAAL is being amortized at a level dollar method over a static 20 years, beginning July 1, 2007.

NOTE 11 – DEFEASED DEBT

In August 2009, the District defeased a portion of general obligation bonds issued in 1996 and 2002 by creating an irrevocable trust fund. The defeased bonds outstanding as of June 30, 2011 were \$1,150,000.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 12 - FUND BALANCES

Fund balances with reservations and designations are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 48,000	\$ -	\$ -	\$ 2,500	\$ 50,500
Stores inventories	-	-	-	104,921	104,921
Prepaid expenditures	2,678	-	-	-	2,678
Total Nonspendable	50,678	-	-	107,421	158,099
Restricted					
Legally restricted programs	1,935,115	-	-	736,799	2,671,914
Capital projects	-	5,766,079	-	2,497,747	8,263,826
Debt services	-	-	7,872,246	-	7,872,246
Total Restricted	1,935,115	5,766,079	7,872,246	3,234,546	18,807,986
Assigned					
Capital projects	-	-	-	427,162	427,162
Total Assigned	-	-	-	427,162	427,162
Unassigned					
Reserve for economic uncertainties	3,160,013	-	-	-	3,160,013
Remaining unassigned	297,319	-	-	-	297,319
Total Unassigned	3,457,332	-	-	-	3,457,332
Total	\$ 5,443,125	\$ 5,766,079	\$ 7,872,246	\$ 3,769,129	\$ 22,850,579

NOTE 13 - RISK MANAGEMENT

Property and Liability

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. During fiscal year ending June 30, 2011, the District purchased commercial insurance for property and liability and general liability insurance coverage. Settled claims have not exceeded coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Workers' Compensation

For fiscal year 2011, the District participated in the Alameda County Schools Insurance Group (ACSIG), an insurance purchasing pool. The intent of the ACSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the ACSIG. The workers' compensation experience of the participating Districts is calculated as one experience and a common premium rate is applied to all Districts in the ACSIG. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of each participated school districts. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the ACSIG. Participation in the ACSIG is limited to Districts that can meet the ACSIG selection criteria.

Employee Medical Benefits

The District has contracted with the CalPERS to provide employee health benefits. CalPERS is a shared risk pool comprised of nearly 1.3 million members. It offers members and contracting employers three health maintenance organization (HMO) plans, three preferred provider organization (PPO) plans, and three special PPOs for members who belong to specific employee associations. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

CalSTRS

Plan Description

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2010-2011 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2011, 2010, and 2009, were \$4,790,972, and \$5,051,204, \$5,101,751, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2010-2011 was 10.707 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2011, 2010, and 2009, were \$1,185,726, \$1,613,032, and \$1,641,024, respectively, and equal 100 percent of the required contributions for each year.

Tax Deferred Annuity/Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the TDA as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 3.75 percent of an employee's gross earnings. An employee is required to contribute 3.75 percent of his or her gross earnings to the pension plan.

The District also allows employees to participate in the New Haven Unified School District 403(b) Tax Deferred Annuity Plan (TDA), which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$2,548,001 (4.267 percent of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budget amounts reported in the General Fund Budgetary Comparison Schedule.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2011.

Construction Commitments

As of June 30, 2011, the District did not have any commitments with respect to the unfinished capital projects:

NOTE 16 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWER AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District is a member of the Northern California ReLiEF, the Alameda County School s Insurance Group (ACSIG) public entity risk pools, the Mission Valley Regional Occupational Program (MVROP), the Mission Valley SELPA, and the Student Transportation of America (STA) joint powers authorities (JPA's). The District pays an annual premium to the applicable entity for its workers' compensation, and property liability coverage to Northern California ReLiEF and ACSIG. Payments for transportation services are paid to the STA. Regional Occupational apportionments are passed through to MVROP. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

The District has appointed one board member to the Governing Board of ACSIG and two board members to the Governing Board of MVROP.

During the year ended June 30, 2011, the District made payments of \$515,645, \$2,844,366, and 365,691 to Northern California ReLIEF, ACSIG, and STA, respectively for risk management, workers compensation, and transportation.

NOTE 17 – FISCAL ISSUES RELATING TO BUDGET REDUCTIONS

The State of California continues to suffer the effects of a recessionary economy. California school districts are reliant on the State of California to appropriate the funding necessary to continue the level of educational services expected by the State constituency. With the implementation of education trailer bill Senate Bill 416 of the 2009-10 Fourth Extraordinary Session (SBX4 416) (Chapter 23, Statutes of 2009), and Assembly Bill 1610 (AB 1610) (Chapter 724, Statutes of 2010), 28 percent of current year appropriations have now been deferred to a subsequent period, creating significant cash flow management issues for districts in addition to requiring substantial budget reductions, ultimately impacting the ability of California school districts to meet their goals for educational services.

NOTE 18 – RESTATEMENT OF PRIOR YEAR FUND BALANCES

The District's prior year fund balances for the General Fund and for the Non-Major Governmental Funds have been restated as of June 30, 2011 to conform to Statement No. 54's definition of governmental funds. Accordingly, the beginning fund balance for Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, as presented in the Non-Major Governmental Fund opinion unit, are reported as a restatement to the beginning fund balance of the General Fund. The restatement does not change the total fund balance amounts reported in the District's audited financial statements.

As discussed in the Notes to the basic financial statements, the accompanying financial statements reflect certain changes required as a result of the implementation of GASB Statement No 54 for the year ended June 30, 2011. These changes required a restatement to the beginning fund balance of the General Fund and the Non-Major Governmental Funds, as discussed in Note 1.

General Fund

Fund Balance - Beginning	\$ 5,782,001
Change in accounting principles to conform to GASB Statement No. 54	344,247
Fund Balance - Beginning as Restated	<u>\$ 6,126,248</u>

Non-Major Governmental Funds

Fund Balance - Beginning	\$ 7,742,080
Change in accounting principles to conform to GASB Statement No. 54	(344,247)
Fund Balance - Beginning as Restated	<u>\$ 7,397,833</u>

REQUIRED SUPPLEMENTARY INFORMATION

NEW HAVEN UNIFIED SCHOOL DISTRICT

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts			Variances -
	Original	Final	Actual	Positive
				(Negative)
				Final
				to Actual
REVENUES				
Revenue limit sources	\$ 62,850,721	\$ 66,402,031	\$ 66,237,581	\$ (164,450)
Federal sources	6,204,951	9,858,381	9,820,239	(38,142)
Other state sources	14,534,443	16,694,949	18,790,679	2,095,730
Other local sources	8,233,741	9,056,337	9,051,360	(4,977)
Total Revenues¹	91,823,856	102,011,698	103,899,859	1,888,161
EXPENDITURES				
Current				
Certificated salaries	56,160,450	60,852,478	63,826,588	(2,974,110)
Classified salaries	13,980,997	14,357,517	14,362,358	(4,841)
Employee benefits	15,641,096	16,682,135	16,496,093	186,042
Books and supplies	4,865,225	3,302,483	1,916,819	1,385,664
Services and operating expenditures	7,167,566	9,534,713	8,501,141	1,033,572
Other outgo	1,032,257	1,212,152	1,268,107	(55,955)
Capital outlay	144,000	146,633	95,898	50,735
Total Expenditures¹	98,991,591	106,088,111	106,467,004	(378,893)
Excess (Deficiency) of Revenues				
Over Expenditures	(7,167,735)	(4,076,413)	(2,567,145)	1,509,268
Other Financing Sources (Uses):				
Transfers in	3,278,418	2,878,418	1,960,950	(917,468)
Transfers out	-	(30,000)	(30,000)	-
Net Financing Sources (Uses)	3,278,418	2,848,418	1,930,950	(917,468)
NET CHANGE IN FUND BALANCES	(3,889,317)	(1,227,995)	(636,195)	591,800
Fund Balance - Beginning	5,782,001	5,782,001	5,782,001	-
Fund Balance - Ending	\$ 1,892,684	\$ 4,554,006	\$ 5,145,806	\$ 591,800

¹ On behalf payments of \$2,548,001 are included in the actual revenues and expenditures, but have not been included in the budget amounts. In addition, due to the consolidation of Fund 11, Adult Education Fund and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other fund are not included in the revenues and expenditures.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2011**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Level Percent of Payroll (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a / c)
July 1, 2007	\$ 419,200	\$ 7,734,600	\$ 7,315,400	5%	\$ 423,500	1727%
June 30, 2010	\$ 401,300	\$ 4,676,500	\$ 4,275,200	9%	\$ 255,800	1671%

SUPPLEMENTARY INFORMATION

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Elementary and Secondary School Counseling Demonstration Program	84.215E	n/a	\$ 43,290
Passed through California Department of Education (CDE):			
Adult Education - State Grant Programs			
Adult Basic Education and ESL	84.002A	14508	208,611
Adult Secondary Education	84.002	13978	17,265
English Literacy and Civics Education	84.002A	14109	156,546
No Child Left Behind			
Title I - Basic Grants-Low Income	84.010	14981	1,397,496
ARRA, Title I - Basic Grants-Low Income	84.389	15005	623,454
Title I - Migrant Education - Regular and Summer	84.011	14326	175,272
Title I - Even Start Family Literacy	84.213	14331	133,015
Title I - Even Start Migrant Education	84.011	14768	29,999
Title II - Enhancing Education Through Technology	84.318	14334	11,722
ARRA: Title II - Enhancing Education Through Technology	84.386	15019	5,208
Title II - Improving Teacher Quality Local Grants	84.367	14341	426,128
Title III - Limited English Proficiency (LEP)	84.365	10084	336,472
Title IV - Safe and Drug Free Schools	84.186	14347	51,260
ARRA: State Fiscal Stabilization Funds	84.394	25008	581,822
Education Jobs Fund	84.410	25152	2,430,547
Emergency Migrant Education	84.2184E	¹	43,156
Special Education IDEA (PL 94-142)			
Basic Local Assistance Entitlement	84.027	13379	1,966,585
Local Assistance, Private school	84.027	10115	3,695
ARRA, Basic Local Assistance	84.391	15003	619,221
Preschool Grants	84.173	13430	75,825
Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	129,126
Preschool Staff Development	84.173A	13431	1,079
Vocational Educational (Carl Perkins Act)			
Technology Secondary IIC	84.048	13924	67,372
Total U.S. Department of Education			9,534,166

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through California Department of Education (CDE):			
Citizenship grant	97.010	1	<u>61,877</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Education (CDE):			
Child Development: ARRA Quality Improvement Activities	93.713	15010	15,556
Medical Assistance Program - Administrative Activities (MAA)	93.778	10060	479,479
Medical Assistance Program - Medi-Cal Billing Option	93.778	10013	<u>56,456</u>
Total U.S. Department of Health and Human Services			<u>551,491</u>
DEPARTMENT OF COMMERCE			
Passed through California Department of Education (CDE):			
Educational Partnership Program - NOAA B-WET	11.429	1	<u>70,682</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education (CDE):			
Child Nutrition			
Child Nutrition School Programs	10.553	13390	2,221,689
Child Nutrition - Centers And Family Day Care	10.558	13393	17,733
Fair Market Value of Commodities ²	10.565	13396	<u>208,890</u>
Total U.S. Department of Agriculture			<u>2,448,312</u>
Total Expenditures of Federal Awards			<u>\$ 12,666,528</u>

¹ Pass-Through Entity Identifying Number not available
² Amount not included in the financial statements

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2011

ORGANIZATION

The New Haven Unified School District was established in 1965 and encompasses approximately 18 square miles within Union City and 7.5 square miles within the City of Hayward for a total of 25.5 square miles. The District operates eight elementary schools, three middle schools, one comprehensive high school, one continuation school, one opportunity school, an adult school and a regional occupational program. There were no District boundary changes during the year.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Michelle Matthews	President	2012
Kevin Harper	Clerk	2012
Jonas Dino	Member	2012
Linda Canlas	Member	2014
Sarabjit Cheema	Member	2014

ADMINISTRATION

<u>NAME</u>	<u>TITLE</u>
Kari McVeigh	Superintendent
Akur Varadarajan	Chief Business Officer

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Report	
	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	904	914
First through third	2,692	2,694
Fourth through sixth	2,620	2,624
Seventh and eighth	1,813	1,813
Community day school	2	3
Special education	260	260
Total Elementary	<u>8,292</u>	<u>8,309</u>
SECONDARY		
Regular classes	3,813	3,785
Continuation education	171	173
Community day school	8	7
Special education	151	150
Total Secondary	<u>4,144</u>	<u>4,115</u>
Total K-12	<u>12,435</u>	<u>12,424</u>
Grand Total	<u><u>12,435</u></u>	<u><u>12,424</u></u>

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2011

Grade Level	1982-83	Reduced 1982-83	1986-87	Reduced 1986-87	2010-11	Number of Days	
	Actual Minutes	Actual Minutes	Minutes Requirement	Minutes Requirement	Actual Minutes	Traditional Calendar	Status
Kindergarten	32,415	31,515	36,000	35,000	36,000	180	Complied
Grades 1 - 3	46,004	44,726	50,400	49,000			
Grade 1					52,190	180	Complied
Grade 2					52,190	180	Complied
Grade 3					52,190	180	Complied
Grades 4 - 6	46,004	44,726	54,000	52,500			
Grade 4					52,290 ¹	180	Complied
Grade 5					52,290 ¹	180	Complied
Grade 6					56,968	180	Complied
Grades 7 - 8	55,580	54,036	54,000	52,500			
Grade 7					56,968	180	Complied
Grade 8					56,968	180	Complied
Grades 9 - 12	57,930	56,321	64,800	63,000			
Grade 9					64,855	180	Complied
Grade 10					64,855	180	Complied
Grade 11					64,855	180	Complied
Grade 12					64,855	180	Complied

¹ Complied using the weighted average method.

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Summarized below are the reconciliations between the Unaudited Form Assets and Form Debt and the audited financial statements:

FORM ASSET	<u>Form Asset</u>
Total Capital Assets, June 30, 2011, Unaudited Actuals	\$ 249,449,802
Increase in:	
Work in process	(33,105,936)
Land improvement	1,221,544
Buildings	32,115,575
Equipment	(1,902,871)
Accumulated depreciation	(8,100,521)
Total Capital Assets, June 30, 2011, Audited Financial Statement	<u>\$ 239,677,593</u>
FORM DEBT	<u>Form Debt</u>
Total Liabilities, June 30, 2011, Unaudited Actuals	\$ 246,491,829
Increase in:	
General obligation bonds	6,875,380
Postemployment benefit liability (OPEB)	297,200
Accumulated vacation	(167,535)
Total Liabilities, June 30, 2011, Audited Financial Statement	<u>\$ 253,496,874</u>

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

	(Budget) 2012 ¹	2011	2010	2009
GENERAL FUND ⁴				
Revenues	\$ 94,994,946	\$ 103,899,859	101,586,409	\$ 107,182,875
Other sources	1,223,000	1,960,950	1,371,995	3,539,637
Total Revenues and Other Sources	96,217,946	105,860,809	102,958,404	110,722,512
Expenditures	97,964,731	106,467,004	107,101,051	108,694,967
Other uses and transfers out	30,000	30,000	34,000	692,966
Total Expenditures and Other Uses	97,994,731	106,497,004	107,135,051	109,387,933
INCREASE (DECREASE) IN FUND BALANCE	\$ (1,776,785)	\$ (636,195)	\$ (4,176,647)	\$ 1,334,579
ENDING FUND BALANCE	\$ 3,369,021	\$ 5,145,806	\$ 5,782,001	\$ 9,958,648
AVAILABLE RESERVES ²	\$ 2,792,983	\$ 3,160,013	\$ 2,968,034	\$ 3,888,659
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO ³	2.85%	3.04%	2.85%	3.65%
LONG-TERM DEBT	\$ 247,635,974	\$ 253,496,874	\$ 252,354,886	\$ 223,322,003
K-12 AVERAGE DAILY ATTENDANCE AT P-2	12,448	12,435	12,439	12,385

The General Fund balance has decreased by \$4,812,842 over the past two years. The fiscal year 2011-2012 budget projects a decrease of \$1,776,785 (34.5 percent). For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2011-2012 fiscal year. Total long-term debt has increased by \$30,174,871 over the past two years mainly due to the issuance of general obligation bonds.

Average daily attendance has increased by 50 over the past two years. An increase of 13 ADA is anticipated during fiscal year 2011-2012.

¹ Budget 2012 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all undesignated fund balances and all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Capital Outlay Projects.

³ On-behalf payments of \$2,548,001, \$2,611,705, and \$2,792,416, respectively, have been excluded from the calculation of available reserves for fiscal years ending June 30, 2011, 2010, and 2009.

⁴ General Fund amounts do not include activities related to the consolidation of the Fund 11, Adult Education and the Fund 17, Special Reserve Non-Capital Fund as required by GASB Statement No. 54.

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011**

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
ASSETS			
Deposits and investments	\$ 95,713	\$ 706,672	\$ 3,453,498
Receivables	518,474	175,959	2,980
Due from other funds	-	-	800,000
Stores inventories	-	104,921	-
Total Assets	\$ 614,187	\$ 987,552	\$ 4,256,478
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 485,194	\$ 32,198	\$ 4,313
Due to other funds	128,993	111,134	1,754,418
Total Liabilities	614,187	143,332	1,758,731
Fund Balances:			
Nonspendable	-	107,421	-
Restricted	-	736,799	2,497,747
Assigned	-	-	-
Total Fund Balance	-	844,220	2,497,747
Total Liabilities and Fund Balances	\$ 614,187	\$ 987,552	\$ 4,256,478

See accompanying note to supplementary information.

County School Facilities Fund	Special Reserve Capital Outlay Fund	Non Major Governmental Funds
\$ 61,162	\$ 76,930	\$ 4,393,975
24	232	697,669
809,041	350,000	1,959,041
-	-	104,921
<u>\$ 870,227</u>	<u>\$ 427,162</u>	<u>\$ 7,155,606</u>
\$ -	\$ -	\$ 521,705
870,227	-	2,864,772
<u>870,227</u>	<u>-</u>	<u>3,386,477</u>
-	-	107,421
-	-	3,234,546
-	427,162	427,162
<u>-</u>	<u>427,162</u>	<u>3,769,129</u>
\$ 870,227	\$ 427,162	\$ 7,155,606

NEW HAVEN UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2011**

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
REVENUES			
Federal sources	\$ 15,556	\$ 2,239,422	\$ -
Other state sources	2,055,747	187,762	-
Other local sources	2,806	1,225,850	192,168
Total Revenues	<u>2,074,109</u>	<u>3,653,034</u>	<u>192,168</u>
EXPENDITURES			
Current			
Instruction	1,897,530	-	-
Pupil services:			
Food services	-	3,112,897	-
General administration:			
All other general administration	-	111,134	3,451
Plant services	-	124,883	9,639
Facility acquisition and construction	48,427	-	25,783
Total Expenditures	<u>1,945,957</u>	<u>3,348,914</u>	<u>38,873</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>128,152</u>	<u>304,120</u>	<u>153,295</u>
Other Financing Sources (Uses):			
Transfers out	(128,152)	-	(1,754,418)
Net Financing Sources (Uses)	<u>(128,152)</u>	<u>-</u>	<u>(1,754,418)</u>
NET CHANGE IN FUND BALANCES	-	304,120	(1,601,123)
Fund Balance - Beginning	-	540,100	4,098,870
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 844,220</u>	<u>\$ 2,497,747</u>

See accompanying note to supplemental information.

County School Facilities Fund	Special Reserve Capital Fund	Nonmajor Governmental Funds
\$ -	\$ -	\$ 2,254,978
859,133	-	3,102,642
10,354	15,926	1,447,104
<u>869,487</u>	<u>15,926</u>	<u>6,804,724</u>
-	-	1,897,530
-	-	3,112,897
-	-	114,585
-	-	134,522
3,217,114	-	3,291,324
<u>3,217,114</u>	<u>-</u>	<u>8,550,858</u>
(2,347,627)	15,926	(1,746,134)
-	-	(1,882,570)
-	-	(1,882,570)
(2,347,627)	15,926	(3,628,704)
2,347,627	411,236	7,397,833
<u>\$ -</u>	<u>\$ 427,162</u>	<u>\$ 3,769,129</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

**WELFARE BENEFIT PLANS
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2011 AND 2010**

	New Haven Retired Employee Health and Welfare Benefit Plan and Trust for Certificated and Management Employees		New Haven Retired Employee Health and Welfare Benefit Plan and Trust for Classified Employees		New Haven Retired Employee Health and Welfare Benefit Plan and Trust for Board and Superintendent		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
ASSETS								
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,620	\$ -	\$ 143,620
Plan sponsor receivable	299,355	597,561	-	-	-	292	299,355	597,853
Due from other funds	285,770	288,680	159,331	158,522	39,896	-	484,997	447,202
Total Assets	585,125	886,241	159,331	158,522	39,896	143,912	784,352	1,188,675
LIABILITIES								
Overdrafts	561,772	101,472	15,087	41,063	36,206	-	613,065	142,535
Accounts payable	23,353	16,009	9,399	6,601	3,690	4,650	36,442	27,260
Due to other funds	-	770,000	-	-	-	-	-	770,000
Total Liabilities	585,125	887,481	24,486	47,664	39,896	4,650	649,507	939,795
Net assets held in trust for OPEB	\$ -	\$ (1,240)	\$ 134,845	\$ 110,858	\$ -	\$ 139,262	\$ 134,845	\$ 248,880

See accompanying note to supplemental information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**WELFARE BENEFIT PLANS
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	New Haven Retired Employee Health and Welfare Benefit Plan and Trust for Certificated and Management Employees		New Haven Retired Employee Health and Welfare Benefit Plan and Trust for Classified Employees		New Haven Retired Employee Health and Welfare Benefit Plan and Trust for Board and Superintendent		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
ADDITIONS TO NET ASSETS								
Employer contributions	\$ 278,520	\$ 288,680	\$ 159,331	\$ 158,523	\$ -	\$ -	\$ 437,851	\$ 447,203
Transfers from investments	299,240	352,688	-	-	37,787	-	337,027	352,688
Investment income (loss)	(1,125)	(3,481)	28	120	2,788	1,425	1,691	(1,936)
Total Additions	<u>576,635</u>	<u>637,887</u>	<u>159,359</u>	<u>158,643</u>	<u>40,575</u>	<u>1,425</u>	<u>776,569</u>	<u>797,955</u>
DEDUCTIONS FROM NET ASSETS								
Benefits paid to participants	575,395	608,021	135,372	130,180	179,837	191,268	890,604	929,469
Administrative costs	-	-	-	-	-	9,500	-	9,500
Total Deductions	<u>575,395</u>	<u>608,021</u>	<u>135,372</u>	<u>130,180</u>	<u>179,837</u>	<u>200,768</u>	<u>890,604</u>	<u>938,969</u>
Net Increase	1,240	29,866	23,987	28,463	(139,262)	(199,343)	(114,035)	(141,014)
NET ASSETS HELD IN TRUST FOR OPEB								
Beginning of Year	(1,240)	(31,106)	110,858	82,395	139,262	338,605	248,880	389,894
End of Year	<u>\$ -</u>	<u>\$ (1,240)</u>	<u>\$ 134,845</u>	<u>\$ 110,858</u>	<u>\$ -</u>	<u>\$ 139,262</u>	<u>\$ 134,845</u>	<u>\$ 248,880</u>

See accompanying note to supplemental information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2011

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciliation amounts represent expenditures reported on the Schedule of Expenditure of Federal Awards.

Description	CFDA Number	Amount
Total Federal Revenues Statement of Revenues, Expenditures and Changes in Fund Balance:		\$ 12,457,639
Commodities Received	10.555	208,889
Total Schedule of Expenditures of Federal Awards		<u>\$ 12,666,528</u>

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirement, whichever is greater, as required by Education Code Section 46201.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION (CONTINUED) JUNE 30, 2011

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balance is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

Combining Statements – Fiduciary Trust Funds – Plan Net Assets and Changes in Plan Net Assets

The Welfare Benefits Plans Statements of Plan Net Assets and Statement of Changes in Plan Net Assets is included to provide information regarding the individual Trust that have been included in the Welfare Benefits Plans columns on the Net Assets and Changes in Plan Net Assets Statements.

SUPPLEMENTARY INFORMATION
UNAUDITED

NEW HAVEN UNIFIED SCHOOL DISTRICT

**ASSESSED VALUATION OF TAXABLE PROPERTIES AND SECURED TAX
CHARGES AND DELINQUENCIES WITHIN THE NEW HAVEN UNIFIED SCHOOL
DISTRICT BOUNDARIES - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2011**

The total assessed valuation of taxable properties with the New Haven Unified School District boundaries are:

Secured	\$	8,215,889,143
Unsecured		455,181,039
State Utility		2,414,628
Total 2010-11 Assessed Valuation	\$	<u>8,673,484,810</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

**NOTE TO SUPPLEMENTARY INFORMATION - UNAUDITED
JUNE 30, 2011**

NOTE 1 - PURPOSE OF SCHEDULES - UNAUDITED

Assessed Valuation of Taxable Properties and Secured Tax Charges and Delinquencies Within the New Haven Unified School District Boundaries

As part of the District's continuing disclosure certification for reporting to official depositories, the assessed valuation of taxable properties and secured tax charges and delinquencies within the New Haven Unified School District boundaries have been presented. This information was prepared by the Auditor/Controller's Office of Alameda County. We have not audited, and therefore do not express an opinion on this information.

INDEPENDENT AUDITORS' REPORTS



VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

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**INDEPENDENT AUDITORS' 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***

Governing Board
New Haven Unified School District
Union City, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Haven Unified School District as of and for the year ended June 30, 2011, which collectively comprise New Haven Unified School District's basic financial statements and have issued our report thereon dated January 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of New Haven Unified School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered New Haven Unified School District's internal control over financial reporting as a basis for designing our auditing procedures 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 New Haven Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the New Haven Unified School District's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs 2011-1 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Haven Unified School District'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*.

We noted certain matters that we reported to management of New Haven Unified School District in a separate letter dated January 11, 2012.

New Haven Unified School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit New Haven Unified School District's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
January 11, 2012



VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Governing Board
New Haven Unified School District
Union City, California

Compliance

We have audited New Haven Unified School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of New Haven Unified School District's major Federal programs for the year ended June 30, 2011. New Haven Unified School District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of New Haven Unified School District's management. Our responsibility is to express an opinion on New Haven Unified School District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about New Haven Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of New Haven Unified School District's compliance with those requirements.

In our opinion, New Haven Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of New Haven Unified School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered New Haven Unified School District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the New Haven Unified School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

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 that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
January 11, 2012



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
New Haven Unified School District
Union City, California

We have audited New Haven Unified School District's compliance with the requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies 2010-11* applicable to New Haven Unified School District's government programs as noted below for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of New Haven Unified School District's management. Our responsibility is to express an opinion on New Haven Unified School District's compliance based on our audit.

We conducted our audit 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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2010-11* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about New Haven Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of New Haven Unified School District's compliance with those requirements.

In our opinion, New Haven Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2011.

In connection with the audit referred to above, we selected and tested transactions and records to determine the New Haven Unified School District's compliance with the State laws and regulations applicable to the following items:

	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance reporting	8	Yes
Kindergarten continuance	3	Yes
Independent study	23	Yes
Continuation education	10	Yes

	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Instructional Time:		
School districts	6	Yes
County offices of education	3	Not Applicable
Instructional Materials:		
General requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early retirement incentive	4	Not Applicable
Gann limit calculation	1	Yes
School Accountability Report Card	3	Yes
Public hearing requirement - receipt of funds	1	Yes
Class Size Reduction Program (including in Charter Schools):		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	Not Applicable
District or charter schools with only one school serving K-3	4	Not Applicable
After School Education and Safety Program:		
General requirements	4	Not Applicable
After school	4	Not Applicable
Before school	5	Not Applicable
Charter Schools:		
Contemporaneous records of attendance	1	Not Applicable
Mode of instruction	1	Not Applicable
Non classroom-based instruction/independent study	15	Not Applicable
Determination of funding for non classroom-based instruction	3	Not Applicable
Annual instruction minutes classroom based	3	Not Applicable

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, the California Department of Finance, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
January 11, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	
Identification of major programs:	<u>No</u>

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.394 (ARRA)</u>	<u>ARRA: State Fiscal Stabilization Fund</u>
<u>84.010, 84.389 (ARRA)</u>	<u>Title I Grants to Local Educational Agencies Cluster (includes ARRA)</u>
<u>84.027; 84.391 (ARRA); 84.173; 84.027A; 84.173A</u>	<u>Special Education Cluster (includes ARRA)</u>
<u>84.410</u>	<u>Education Jobs Fund</u>
<u>93.778</u>	<u>(MAA)</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 379,996</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unqualified</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2011

The following findings represent significant deficiencies related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
30000	Internal Control

2011-1 Capital Assets (30000)

Criteria or Specific Requirements

Accounting principles generally accepted in the United States of America and best accounting practices require a system of internal control over capital assets that will provide for both the safekeeping of District-owned assets and the proper recordkeeping of the assets' net book values.

Condition

Significant Deficiency – Capital assets valuation and changes to the asset values for work in progress have been retained manually. As a result the current year changes of the fixed asset and depreciation are not accounted for. In addition, a system of review and update of fixed assets were not performed regularly throughout the year in the automated system.

Questioned costs

None.

Effect

While facilities projects and work-in-progress were recorded manually, the lack of an automated system to calculate depreciation could result in the District fixed assets not being accurately evaluated.

Cause

Fixed assets review and update were not performed timely and fixed assets maintained manually are not accounted.

Recommendation

The District should establish a procedure to identify asset expenditures through the year as they occur and update the capital asset listing at least quarterly. This update should include a reconciliation of all construction accounts and equipment expense accounts to ensure all items meeting the threshold for capitalization are included.

District Response

Staff has been working on updating the fixed asset valuation and depreciation schedule for the year ended June 30, 2011. Unfortunately due to technical issues with the software system (AssetMax system); the process was not completed on time. In addition, the position responsible for fixed asset valuation data entry resigned from the District. The responsibilities of fixed asset valuation data entry have been reassigned to appropriate staff to update the system periodically.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

None reported.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

None reported.

NEW HAVEN UNIFIED SCHOOL DISTRICT

SUMMARY OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2011

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

Financial Statement Findings

2010-1 Associated Student Body (30000) (Significant Deficiency)

Criteria or Specific Requirements

ASB funds are subject to greater risk of loss due to the nature of the transactions being primarily cash as well as the decentralization of the accounting process. The District is responsible for enforcing effective controls over ASB funds. Strong internal control activities over ASB funds include completion of revenue potentials for fundraisers, cash collection and receipting procedures, disbursement procedures, proper approval of transactions and reconciliation of financial data.

Strong internal controls over the financial reporting of ASB activity also include the segregation of duties. The segregation of duties enhances the ability to safeguard assets by providing a system that is designed to prevent or detect errors or misappropriation of cash. An effective internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition

District sites have a limited number of office personnel and, accordingly, do not have sufficient internal controls over the financial reporting of ASB funds because of an inadequate segregation of duties. Due to the limited size of office personnel, the ASB Bookkeeper handles a transaction from its inception to its completion.

Significant Deficiency – During our review of the ASB accounts at Emanuele Elementary School, Alvarado Middle School, Conley-Carabello High School and Cabello Student Center in the current year and Kitayama Elementary School, Cesar Chavez Middle School and James Logan High School in the prior year, we noted conditions indicating the lack of segregation of duties and operating controls do not appear to be properly designed. In particular we noted the following:

Emanuele Elementary School

- The ASB Bookkeeper is an authorized check signer. Thirty percent of disbursements tested were signed by the ASB Bookkeeper.

Alvarado Middle School

- Pre-numbered receipts are not used for funds collected.

Conley-Carabello High School

- The ASB Bookkeeper is an authorized check signer. Fifty percent of disbursements tested were signed by the ASB Bookkeeper.

James Logan High School

- None of the disbursements tested had receiving documentation.
- Thirty-three percent of fundraisers tested were not pre-approved in student council minutes.
- Thirty-three percent of disbursements tested did not have proper approval (3 signatures on checks).

Cabello Student Center

NEW HAVEN UNIFIED SCHOOL DISTRICT

SUMMARY OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2011

- The ASB Bookkeeper is an authorized check signer.
- There is no purchase order request form for disbursements.

Questioned costs

None.

Context

We noted the above conditions when testing ASB transactions processed at Kitayama Elementary School, Emanuele Elementary School, Cesar Chavez Middle School, Alvarado Middle School, James Logan High School, Conley-Carabello High School and Cabello Student Center.

Effect

The ASB financial accounting structure may not detect or prevent unintentional errors or misappropriation of ASB funds. The District may be held responsible for misappropriation of ASB funds.

Cause

Control and monitoring activities over ASB funds do not appear to be properly designed.

Recommendation

While we recognize that ASB staff may not be large enough to permit an adequate segregation of duties in all respects for an effective internal control, it is important that District management be aware of this condition and they realize that this concentration of duties is not ideal, but unavoidable. Under these conditions, the most effective control lies in management's and the board's knowledge of matters relating to ASB operations. A mitigating control that may help limit opportunities for errors or misappropriation of assets to occur would be to require a second individual to perform a monthly review of ASB cash receipt and disbursement activity and a monthly review of bank reconciliations. We also recommend that District management provide training to individuals having ASB transaction responsibilities and ensure that policies and procedures are implemented at the sites.

Current Status

Implemented.

2010-2 Site Cash (30000) (Significant Deficiency)

Criteria or Specific Requirements

Site cash is subject to greater risk of loss due to the decentralization of the receipting process. The District is responsible for enforcing effective controls over site cash. Strong internal control activities over the site cash receipting process is the best means of preventing and detecting unintentional errors or the misappropriation of assets.

Condition

Significant Deficiency – During our review of site cash at James Logan High School and Cabello Student Center, we noted conditions indicating that operating controls do not appear to be properly designed. In particular we noted the following:

James Logan High School

NEW HAVEN UNIFIED SCHOOL DISTRICT

SUMMARY OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2011

- In a sample of twenty cash receipts, the average number of days between the cash receipt and deposit was twenty-nine days.

Cabello Student Center

- In a sample of twenty-two cash receipts, the average number of days between the cash receipt and deposit was eighteen days. In addition, forty-one percent of the sampled cash receipts were deposited more than twenty-five days after receipt.

Questioned Costs

None.

Context

All site cash transactions processed at James Logan High School and Cabello Student Center.

Effect

The District may be held responsible for misappropriation of site cash.

Cause

Control activities over site cash do not appear to be properly designed.

Recommendation

We recommend that the sites design a control activity which requires deposit of site cash at least once a week. Also deposits should include the receipt numbers to ensure that all money collected are deposited intact.

Current Status

Implemented.

2010-3 Audit Adjustments (30000) (Material Weakness)

Criteria or Specific Requirements

Internal controls include the ability of management to prepare financial statements that are fairly presented in accordance with general accepted accounting principles.

Condition

We noted certain accounts payable and receivables were not accrued properly. As a result, audit adjustments were made in the amount of \$273,799 for accounts payables and \$155,848 for accounts receivables.

Questioned Costs

There are no questioned costs as the adjustments are posted in the audited financial statements.

Context

Accounts payable for General Fund in the amount of \$319,667 were not accrued and \$45,868 for the Building Fund were over accrued. Accounts receivable in the amount of \$155,848 for Cafeteria Fund were not recorded.

NEW HAVEN UNIFIED SCHOOL DISTRICT

SUMMARY OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2011

Effect

The unaudited actual were misstated by \$319,667 for General Fund, \$155,848 for Cafeteria Fund, and \$45,868 for Building Fund.

Cause

The District failed to properly accrue accounts payable and receivables.

Recommendation

We recommend that the District implementing procedures to make sure that all goods and services received and performed before June 30 are accrued during the year end closing process.

Current Status

Implemented.

2010-4 Attendance (10000)

Criteria or Specific Requirements

Accurate reporting of Average Daily Attendance (ADA) is critical to ensure a school district is receiving the correct amount of apportionment.

Condition

During our review of the attendance records at Conley Carabello Continuation High School, we noted that the school bell schedule for the Advisory days was incorrectly inputted into the District's attendance system. The system overstated the scheduled hours for the Advisory days by 1.13 hours per week.

Questioned Costs

No question costs. The site scheduled students for nearly 20 hours each week, well beyond the maximum allowance of 15 hours, resulting in significant unused backfill.

Context

Conley Carabello reported 161 ADA on the second Report of School District Attendance.

Effect

Incorrectly input the bell schedule in the attendance system could result in misstatement of ADA.

Cause

Continuation high school bell schedule minutes were not properly inputted in the attendance.

Recommendation

The District should implement procedures to ensure that bell schedules are properly inputted in the attendance system.

Current Status

Implemented.