

**NEW HAVEN UNIFIED
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2015**

NEW HAVEN UNIFIED SCHOOL DISTRICT

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JUNE 30, 2015

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Governing Board
New Haven Unified School District
Union City, California

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and 15 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as the management's discussion and analysis, budgetary comparison, other postemployment benefit information, and pension liability and contribution information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New Haven Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual nonmajor fund financial statements and Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the other supplementary information as listed on the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the Assessed Valuation of Taxable Properties and Secured Tax Charges and Delinquencies an accompanying notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015, on our consideration of the New Haven Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Haven Unified School District's internal control over financial reporting and compliance.

Vairinek, Tine, Day & Co LLP

Pleasanton, California

December 11, 2015



NEW HAVEN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

This section of New Haven Unified School District's 2014-2015 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. 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, 2015

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* 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 position and changes in them. Net position is the difference between assets and deferred outflows or resources and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position 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 governing 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 Position* 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.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Governmental fund information helps determine whether there are more or fewer financial resources that can be 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 Position* and the *Statement of Revenues, Expenses and Changes in Fund Net Position*. 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 Position and Statement of Revenues, Expenses and Changes in Fund Net Position*. 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.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$(119.1) million and \$(111.9) million for the fiscal years ended 2015, and 2014, respectively. Of this amount, \$(91.8) million and \$(106.0) million were unrestricted for each respective year. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

(Amounts in millions)	Governmental Activities		Business-Type Activities		Total	
		Restated		Restated		Restated
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 53.7	\$ 47.8	\$ 0.4	\$ 0.3	\$ 54.1	\$ 48.1
Capital assets	209.0	222.0	-	-	209.0	222.0
Total Assets	262.7	269.8	0.4	0.3	263.1	270.1
Deferred Outflows of Resources	7.3	6.6	-	-	7.3	6.6
Liabilities						
Current liabilities	11.7	22.8	-	-	11.7	22.8
Long-term obligations	344.4	365.5	-	-	344.4	365.5
Total Liabilities	356.1	388.3	-	-	356.1	388.3
Deferred Inflows of Resources	33.0	-	-	-	33.0	-
Net Position						
Net investment in capital assets	(45.4)	(20.6)	-	-	(45.4)	(20.6)
Restricted	18.1	14.7	-	-	18.1	14.7
Unrestricted	(91.8)	(106.0)	0.4	0.3	(91.4)	(105.7)
Total Position	\$ (119.1)	\$ (111.9)	\$ 0.4	\$ 0.3	\$ (118.7)	\$ (111.6)

In 2015, the \$(91.8) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased by \$14.2 million from the prior year.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Changes in Net Position

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, rounds off the numbers, and rearranges them slightly so you can see our total revenues and expenses for the year.

Table 2

(Amounts in millions)	Governmental Activities		Business-Type Activities		School District Activities	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 2.2	\$ 2.9	\$ -	\$ 1.5	\$ 2.2	\$ 4.4
Operating grants and contributions	29.8	27.1	-	-	29.8	27.1
General revenues:						
Federal and State aid not restricted	69.1	62.9	-	-	69.1	62.9
Property taxes	37.7	34.5	-	-	37.7	34.5
Other general revenues	7.4	5.2	0.1	-	7.5	5.2
Total Revenues	146.2	132.6	0.1	1.5	146.3	134.1
Expenses						
Instruction-related	98.0	95.2	-	-	98.0	95.2
Student support services	11.4	10.1	-	-	11.4	10.1
Administration	6.5	5.8	-	-	6.5	5.8
Maintenance and operations	10.8	10.3	-	-	10.8	10.3
Other	26.7	18.0	-	1.4	26.7	19.4
Total Expenses	153.4	139.4	-	1.4	153.4	140.8
Change in Net Position	\$ (7.2)	\$ (6.8)	\$ 0.1	\$ 0.1	\$ (7.1)	\$ (6.7)

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was \$153.4 million. The amount that taxpayers ultimately financed for these activities through local taxes was \$37.7 million. The cost paid by those who benefited from programs was \$2.2 million and the cost subsidized by governments and organizations for certain programs with grants and contributions \$29.8 million. The District paid for the remaining portion of governmental activities with \$69.1 million Federal and State funds and with other revenues, like interest and general entitlements.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

In Table 3, we have presented the cost and net cost of each of the District's largest functions: regular program instruction, special instruction programs, other instructional programs, plant services, student transportation services, and school food services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction - related	\$ 98.0	\$ 95.2	\$ 75.4	\$ 73.8
Student support services	11.4	10.1	6.4	5.6
Administration	6.5	5.2	5.2	4.6
Maintenance and operations	10.8	10.0	9.9	9.6
Other	26.7	18.0	25.4	15.8
Total	\$ 153.4	\$ 138.5	\$ 122.3	\$ 109.4

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$45.3 million, which is an increase of \$17.8 million from last year. This increase is derived mostly from year-end savings and restricted carryovers.

General Fund Budgetary Highlights

Effective 2013-2014 the State transitioned to a new method of calculating funding allocation to school districts, called the Local Control Funding Formula (LCFF). The transition to the new formula is phased in over eight years, 2020-21 target year. At 2014-2015 budget adoption the district projected receiving transition funding of GAP 29.97% or \$7,752,617. The District closed the year with a GAP of 30.16% or \$7,793,296.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had \$209.0 million in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease of \$13.0 million. There are no capital assets recorded in the business-type activities.

Table 4

(Amounts in millions)	Governmental Activities	
	2015	2014
Land and construction in progress	\$ 20.6	\$ 20.5
Buildings and improvements	300.2	313.4
Equipment	8.3	6.6
Less: Accumulated depreciation	(120.1)	(118.5)
Total	\$ 209.0	\$ 222.0

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 decreased by \$21.1 million or 5.8% from \$365.5 million to \$344.4 million. Long-term obligations are only recorded in the governmental activities in the government-wide Statement of Net Position. The principal outstanding after refunding of the district bonds and inclusion of interest accretion is as follows:

Table 5

(Amounts in millions)	Governmental Activities	
	2015	Restated 2014
General obligation bonds (financed with property taxes)	\$ 249.0	\$ 247.6
Accumulated vacation	0.7	0.7
Net pension liability	93.4	116.5
Other post employment benefits	1.3	0.7
Total	\$ 344.4	\$ 365.5

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. Based on 2015 assessed value (AV), our bonding capacity is \$244.3 million. The District's outstanding general obligation debt as of June 30, 2015 is \$182.9 million (excluding the accretions to date of \$41.9 million and bond premiums of \$24.2 million).

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2014-15 ARE NOTED BELOW:

Fiscal year 2014-15 proved to be a year of gains and losses for the District's financial position. The State continued to outpace projected revenues thus allowing more funding to education through the Local Control Funding Formula (LCFF) and one time funding. District cash balances ended in a positive position due to the elimination of cash deferrals. The need for cash borrowing was eliminated.

Federal program Race to the Top funding has allowed the District to continue efforts in ensuring that all K-12 students acquire critical literacy and mathematics abilities, while emphasizing real world applications and empowering students with 21st century skills.

The District successfully priced its 2014 General Obligation Bonds on October 8th in a strong interest environment. The savings from the refunding has reduced the total debt service by over \$12.4 million, or \$9.3 million on a present value basis. The refunding bonds allowed the District to convert approximately \$25 million in capital appreciation bonds (CABs) to traditional current interest bonds without increasing debt service in any year.

This was the fifth time that the District has issued refunding bonds. In total, the District has now been able to generate over \$35 million in savings overtime for District taxpayers. These refunding opportunities are one way to show our appreciation to the community that supports and funds the District's capital facility improvements. The District plans to continue to monitor and take advantage of these refunding opportunities in the future.

On November 4th General Obligation Bond Measure M was passed by District voters by more than two-to-one margin with 5,675 votes. It is a process that requires total community involvement and the New Haven community showed its support with an overwhelming majority vote of 67.94% in passing Measure M. With the \$125 million approved, the District will be able to modernize various school sites, perform much needed deferred maintenance, enhance Technology, improve energy efficiency through district-wide solar projects, and construct 21st century learning environments at all sites.

To augment the funding for the G.O. Bond Measure M Solar projects, the District applied for and received funding from the California Clean Energy Jobs Act. Funds will be used to improve energy efficiency and expanding clean energy generation for our school facilities.

On January 2015 the sale of Cabello property finalized. The sale brought in a net revenue of \$13,763,115. Board Policy #3100.1 requires the district to maintain a total of 10% reserve between the Fiscal Stabilization Funds (7%) and the state required Minimum Fund Balance (3%). Board Resolution No. 005-1314, and approved by the State Allocation Board (SAB), directs the District to allocate \$9.8 million to the District's Fiscal Stabilization Fund. An additional \$2.8 million towards Other Post-Employment Health Benefits and \$1,163 million for facilities related projects.

BUDGET OUTLOOK AND ACCOMPLISHMENTS FOR 2015-16

The District's adopted budget for 2015-2016 allows for the continuation of the process towards personalize learning that began in 2013-14. The goals as established are:

- Provide intensive professional development on new instructional practices that teaches students how to analyze text, build knowledge, and communicate.
- Support "deeper student learning" through professional development and coaching focused on mathematics.
- Develop and use data systems that support teaching and inform students and parents of student growth.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Deploy technology to transform classrooms from teacher-centered to student-centered and to allow technology access anytime/anywhere.

The State has committed its promise to release more funding towards education services. Funding releases are reflected below.

- The final State Adopted budget released an additional 51.52% of GAP funding. This brings the LCFF funding released to District close to 70% of the targeted LCFF funds in just three years.
- Discretionary one-time funding was released equal to \$530/ADA.
- Educator Effectiveness funds were made available for beginning teacher support, professional improvement and for the development aligned to content standards.
- Adult Education Block Grant – Maintenance of Effort and Consortium Funding

Facilities Projects: Measure M

In November 2014, the voters of New Haven Unified School District approved Measure M ~ \$125 million General Obligations Bond. On February 17 2015, the Board of Education approved the Use of Measure M Funds for:

- District-wide solar projects
- Deferred Maintenance
- District-wide Technology Upgrades
- Modernization Projects (3 school sites)
- Alvarado Elementary Parking Lot
- James Logan High School – State-of-the-Art Artificial Turf and Track
- 21st Century Learning Environments & Enhancements to ESC and other sites.

In October 2015, the District issued Series A of Measure M Bonds in the amount of \$30 million. The following projects have been identified for Measure M, Series A:

- Solar Projects: Delaine Eastin Elementary School; Guy Emanuele Elementary School; Alvarado Middle School; Cesar Chavez Middle School; Decoto Adult School; Mary Cordoza Center (Central Kitchen); and Educational Services Center (District Office).
- Modernization Projects: Searles Elementary School; Hillview Crest Elementary School (Parking Lot); and Alvarado Elementary School (Parking Lot).
- James Logan High School: Track & Field (Artificial Turf & Track)
- 21st Century Learning at Two Sites: Alvarado Elementary and Alvarado Middle School

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 POSITION

JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Deposits and investments	\$ 45,701,685	\$ 396,560	\$ 46,098,245
Receivables	7,877,291	7,113	7,884,404
Prepaid expenses	7,597	-	7,597
Stores inventories	79,275	-	79,275
Capital assets not depreciated	20,557,265	-	20,557,265
Capital assets, net of accumulated depreciation	188,450,303	-	188,450,303
Total Assets	<u>262,673,416</u>	<u>403,673</u>	<u>263,077,089</u>
DEFERRED OUTFLOWS OF RESOURCES			
Current year pension contribution	7,301,617	-	7,301,617
Total Deferred Outflows of Resources	<u>7,301,617</u>	<u>-</u>	<u>7,301,617</u>
LIABILITIES			
Unearned revenue	32,196	-	32,196
Current portion of long-term obligations other than pensions	7,717,540	-	7,717,540
Noncurrent portion of long-term obligations other than pensions	243,298,654	-	243,298,654
Aggregate net pension liability	93,380,085	-	93,380,085
Total Liabilities	<u>356,063,947</u>	<u>1,402</u>	<u>356,065,349</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred charge on refunding	8,330,111	-	8,330,111
Difference between projected and actual earnings on pension plan investments	24,646,642	-	24,646,642
Total Deferred Outflows of Resources	<u>32,976,753</u>	<u>-</u>	<u>32,976,753</u>
NET POSITION			
Invested in capital assets, net of related debt	(45,392,608)	-	(45,392,608)
Restricted for:			
Debt service	7,744,862	-	7,744,862
Capital projects	5,667,258	-	5,667,258
Legally restricted programs	3,704,363	-	3,704,363
Other activities	979,747	-	979,747
Unrestricted	(91,769,289)	402,271	(91,367,018)
Total Net Position	<u>\$ (119,065,667)</u>	<u>\$ 402,271</u>	<u>\$ (118,663,396)</u>

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, 2015**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$ 78,216,483	\$ 96,125	\$ 13,772,105
Instruction-related activities:			
Supervision of instruction	10,336,537	5,411	7,699,432
Instructional library, media, and technology	1,402,385	30	907,037
School site administration	8,091,578	2,296	199,419
Pupil services:			
Home-to-school transportation	2,196,834	-	18,363
Food services	3,517,326	872,215	2,169,606
All other pupil services	5,665,296	11,855	1,908,665
General administration:			
Data processing	1,465,592	1,066	2,056
All other general administration	5,058,571	60,392	1,243,921
Plant services	10,771,654	85,865	695,326
Ancillary services	1,236,287	7,779	22,722
Community services	95,262	-	9,608
Enterprise services	1,347	-	1,267
Interest on long-term debt	23,826,727	-	-
Other outgo	1,403,454	1,065,632	1,136,446
Total Governmental-Type Activities	153,285,333	2,208,666	29,785,973
Business-Type Activities			
Enterprise services	1,555,155	1,623,980	-
Total School District	\$ 154,840,488	\$ 3,832,646	\$ 29,785,973
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			
Gain on sale of site			
Miscellaneous			
Subtotal, General Revenues			
Change in Net Position			
Net Position - Beginning, as restated			
Net Position - Ending			

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

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

Governmental Activities	Business- Type Activities	Total
\$ (64,348,253)	\$ -	\$ (64,348,253)
(2,631,694)	-	(2,631,694)
(495,318)	-	(495,318)
(7,889,863)	-	(7,889,863)
(2,178,471)	-	(2,178,471)
(475,505)	-	(475,505)
(3,744,776)	-	(3,744,776)
(1,462,470)	-	(1,462,470)
(3,754,258)	-	(3,754,258)
(9,990,463)	-	(9,990,463)
(1,205,786)	-	(1,205,786)
(85,654)	-	(85,654)
(80)	-	(80)
(23,826,727)	-	(23,826,727)
798,624	-	798,624
<u>(121,290,694)</u>	<u>-</u>	<u>(121,290,694)</u>
-	68,825	68,825
<u>(121,290,694)</u>	<u>68,825</u>	<u>68,825</u>
22,966,643	-	22,966,643
14,238,472	-	14,238,472
446,591	-	446,591
69,082,010	-	69,082,010
94,486	1,071	95,557
4,675,461	-	4,675,461
2,616,209	-	2,616,209
<u>114,119,872</u>	<u>1,071</u>	<u>114,120,943</u>
(7,170,822)	69,896	(7,100,926)
<u>(111,894,845)</u>	<u>332,375</u>	<u>(111,562,470)</u>
<u>\$ (119,065,667)</u>	<u>\$ 402,271</u>	<u>\$ (118,663,396)</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

	General Fund	Bond Interest and Redemption Fund	Non Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	\$ 23,593,661	\$ 11,072,598	\$ 11,035,426	\$ 45,701,685
Receivables	7,399,323	6,463	471,505	7,877,291
Due from other funds	208,396	-	500,000	708,396
Prepaid expenses	5,181	-	2,416	7,597
Stores inventories	-	-	79,275	79,275
Total Assets	\$ 31,206,561	\$ 11,079,061	\$ 12,088,622	\$ 54,374,244
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 7,762,463	\$ -	\$ 538,810	\$ 8,301,273
Due to other funds	500,000	-	208,396	708,396
Unearned revenue	32,196	-	-	32,196
Total Liabilities	8,294,659	-	747,206	9,041,865
Fund Balances:				
Nonspendable	53,181	-	84,191	137,372
Restricted	3,704,363	11,079,061	6,696,510	21,479,934
Committed	8,256,564	-	3,544,965	11,801,529
Assigned	1,652,191	-	1,015,750	2,667,941
Unassigned	9,245,603	-	-	9,245,603
Total Fund Balance	22,911,902	11,079,061	11,341,416	45,332,379
Total Liabilities and Fund Balances	\$ 31,206,561	\$ 11,079,061	\$ 12,088,622	\$ 54,374,244

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Total Fund Balance - Governmental Funds	\$ 45,332,379
Amounts Reported for Governmental Activities in the Statement of Net Position 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	\$ 329,093,187
Accumulated depreciation is	<u>(120,085,618)</u>
Net Capital Assets	209,007,569
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term obligations is recognized when it is incurred.	(3,334,200)
Expenditures relating to the contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.	7,301,617
Gain on debt refunding was reconized on the modified accrual basis, but is amortized over the life of the bonds on the accrual basis.	(8,330,111)
The difference between projected and actual pension plan investment earnings are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.	
Long-term obligations, 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	(224,777,009)
Other postemployment benefits (OPEB)	(1,313,499)
Compensated absences (vacations)	(693,264)
Premiums, net of amortization	(24,232,422)
Net pension liability	(93,380,085)
Deferred Inflow of Resources - Proportionate Share	<u>(24,646,642)</u>
Total Long-Term Obligations	(369,042,921)
Total Net Position - Governmental Activities	<u><u>\$ (119,065,667)</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, 2015**

	General Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Local Control Funding Formula	\$ 88,904,887	\$ -	\$ -	\$ 88,904,887
Federal sources	14,578,313	-	2,311,343	16,889,656
Other state sources	7,871,589	117,293	1,910,018	9,898,900
Other local sources	9,169,581	14,139,691	1,453,651	24,762,923
Total Revenues	120,524,370	14,256,984	5,675,012	140,456,366
EXPENDITURES				
Current				
Instruction	71,899,021	-	1,676,380	73,575,401
Instruction-related activities:				
Supervision of instruction	9,657,876	-	-	9,657,876
Instructional library, media and technology	1,309,828	-	-	1,309,828
School site administration	7,559,982	-	-	7,559,982
Pupil services:				
Home-to-school transportation	2,052,508	-	-	2,052,508
Food services	-	-	3,286,247	3,286,247
All other pupil services	5,293,101	-	-	5,293,101
General administration:				
Data processing	1,369,306	-	-	1,369,306
All other general administration	3,936,257	-	207,677	4,143,934
Plant services	9,608,943	-	606,795	10,215,738
Facility acquisition and construction	7,448	-	1,123,420	1,130,868
Ancillary services	1,155,067	-	-	1,155,067
Community services	90,155	-	-	90,155
Debt service				
Principal	-	6,205,479	-	6,205,479
Interest and other	80,000	8,394,356	-	8,474,356
Total Expenditures	114,020,759	14,599,835	6,900,519	135,521,113
Excess (Deficiency) of Revenues Over Expenditures	6,503,611	(342,851)	(1,225,507)	4,935,253
Other Financing Sources (Uses):				
Transfers in	876,255	-	2,106,386	2,982,641
Other sources	8,865,500	69,055,270	3,963,115	81,883,885
Transfers out	(1,306,386)	-	(1,676,255)	(2,982,641)
Other uses	(1,403,454)	(67,661,092)	-	(69,064,546)
Net Financing Sources (Uses)	7,031,915	1,394,178	4,393,246	12,819,339
NET CHANGE IN FUND BALANCES	13,535,526	1,051,327	3,167,739	17,754,592
Fund Balance - Beginning	9,376,376	10,027,734	8,173,677	27,577,787
Fund Balance - Ending	\$ 22,911,902	\$ 11,079,061	\$ 11,341,416	\$ 45,332,379

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

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, 2015

Total Net Change in Fund Balances - Governmental Funds **\$ 17,754,592**
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 Position and allocated over their estimated useful lives as annual depreciation expenses in the Statements of Activities.

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

Depreciation expense	\$ (7,360,397)	
Capital outlays, net of adjustment	<u>2,553,745</u>	
Net Expense Adjustment		(4,806,652)

In the Statement of Activities, only the gain on the sale of the unimproved land is reported, whereas in the governmental funds, the entire proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the land sold. (8,153,154)

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). Vacation used was less than the amounts earned by \$54,267. 54,267

In the Statement of Activities, certain operating expenses, such as other post employment benefits 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). (652,800)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. 530,962

Payment of principal on long-term obligations, 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 Position and does not affect the Statement of Activities. 74,710,885

Proceeds from issuance of bonds are recorded as revenue in the funds when received, but increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (85,791,310)

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. (817,612)

Change in Net Position of Governmental Activities **\$ (7,170,822)**

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2015**

	Business-Type Activities Enterprise Fund
	Kids First
	<hr/>
ASSETS	
Current Assets	
Deposits and investments	\$ 396,560
Receivables	7,113
Total Current Assets	<hr/> 403,673
Total Assets	<hr/> \$ 403,673
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 1,402
Total Current Liabilities	<hr/> 1,402
NET POSITION	
Unrestricted	402,271
Total Net Position	<hr/> <hr/> \$ 402,271

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Fund Kids First
OPERATING REVENUES	
Local and intermediate sources	\$ 1,623,980
Total Operating Revenues	<u>1,623,980</u>
OPERATING EXPENSES	
Payroll costs	1,373,562
Supplies and materials	29,669
Other operating cost	151,924
Total Operating Expenses	<u>1,555,155</u>
Operating Income	<u>68,825</u>
NONOPERATING REVENUES	
Interest income	1,071
Total Nonoperating Revenues	<u>1,071</u>
Change in Net Position	69,896
Total Net Position - Beginning	332,375
Total Net Position - Ending	<u>\$ 402,271</u>

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Fund
	Kids First
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 1,631,183
Cash payments to employees for services	(1,373,562)
Cash payments to suppliers for goods and services	(182,100)
Net Cash Provided From Operating Activities	<u>75,521</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Nonoperating grants received	(962)
Net Cash Provided from Noncapital Financing Activities	<u>(962)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	1,071
Net Cash Provided from Investing Activities	<u>1,071</u>
Net Change in Cash and Cash Equivalents	75,630
Cash and Cash Equivalents - Beginning	320,930
Cash and Cash Equivalents - Ending	<u><u>\$ 396,560</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 68,825
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Receivables	7,203
Accrued liabilities	(507)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u><u>\$ 75,521</u></u>

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2015

	Retiree Benefits Trusts	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Deposits and investments	\$ 667,231	\$ 378,755
Receivables	510,590	-
Total Assets	<u>1,177,821</u>	<u>\$ 378,755</u>
 LIABILITIES		
Overdrafts	475,479	-
Accounts payable	48,283	-
Due to student groups	-	\$ 378,755
Total Liabilities	<u>523,762</u>	<u>\$ 378,755</u>
 NET POSITION		
Held in trust	654,059	
Total Net Position	<u>\$ 654,059</u>	

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	Retiree Benefits Trusts
ADDITIONS	
District contributions	\$ 19,621
Interest and investment earnings, net	515,974
Total Additions	<u>535,595</u>
DEDUCTIONS	
Benefits paid	1,088,324
Administrative costs	49,300
Total Deductions	<u>1,137,624</u>
Change in Net Position	(602,029)
Net Position - Beginning	<u>1,256,088</u>
Net Position - Ending	<u><u>\$ 654,059</u></u>

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

**NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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 the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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.

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 does not currently meet the definition of a special revenue fund as this fund is no longer primarily composed of restricted or committed revenue sources.

As a result, the General Fund reflects an increase in assets, fund balance and revenues of \$201,565, \$200,000, and \$182,790, respectively.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used 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 used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to expenditures for specified purposes and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

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).

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (*Education Code* Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

Capital Project Funds The Capital Project funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

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.

**NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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).

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 funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full recovery basis. Proprietary funds are generally intended to be self-supporting and 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 funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

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, 2015

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

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 position. The statement of changes in fund net position 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.

NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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.

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

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time 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.

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.

NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Investments

Investments held at June 30, 2015, 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.

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.

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.

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 position. 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.

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 position.

NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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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 position. 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.

Debt 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 position. Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

**NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for the current year pension contributions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for the difference between projected and actual earnings on pension plan investments specific to the net pension liability as well as unamortized gain on bond refunding.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Fund Balances – Governmental Funds

As of June 30, 2015, 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.

NEW HAVEN UNIFIED SCHOOL DISTRICT
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Spending 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

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.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is 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 position are available. The government-wide financial statements report \$18,096,230 of restricted net position.

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.

**NEW HAVEN UNIFIED SCHOOL DISTRICT
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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.

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.

Change in Accounting Principles

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.

**NEW HAVEN UNIFIED SCHOOL DISTRICT
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- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees. Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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Statement No. 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

As the result of implementing GASB Statement No. 68, the District has restated the beginning net position in the government wide Statement of Net Position, effectively decreasing net position as of July 1, 2014, by \$109,899,105. The decrease results from recognizing the net pension liability, net of related deferred outflows of resources. The restatement does not include deferred inflows of resources, as this information was not available.

New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Early implementation is encouraged.

NEW HAVEN UNIFIED SCHOOL DISTRICT
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In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

This Statement also clarifies the application of certain provisions of Statements No. 67 and No. 68 with regard to the following issues:

- Information that is required to be presented as notes to the ten-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported
- Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions
- Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

NEW HAVEN UNIFIED SCHOOL DISTRICT
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This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

NEW HAVEN UNIFIED SCHOOL DISTRICT
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The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier implementation is permitted.

**NEW HAVEN UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 45,701,685
Business-type activities	396,560
Fiduciary funds	1,045,986
Total Deposits and Investments	<u>\$ 47,144,231</u>

Deposits and investments as of June 30, 2015, consist of the following:

Cash on hand and in banks	\$ 384,910
Cash in revolving	50,500
Investments	46,708,821
Total Deposits and Investments	<u>\$ 47,144,231</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
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General Authorizations

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

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

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 fair value of the County Cash Pool was \$46,779,312 and the weighted average maturity was 466 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, 2015.

NEW HAVEN UNIFIED SCHOOL DISTRICT
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JUNE 30, 2015

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, 2015, approximately \$300,000 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, 2015, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total	Proprietary Funds	Fiduciary Funds
Federal Government						
Categorical aid	\$ 2,740,011	\$ -	\$ 363,669	\$ 3,103,680	\$ -	\$ -
State Government						
State principle apportionment	1,259,481	-	-	1,259,481	-	-
Categorical aid	2,028,819	-	100,730	2,129,549	-	-
Lottery	713,676	-	-	713,676	-	-
Local Government						
Interest	19,991	6,463	6,129	32,583	259	-
Other local sources	637,345	-	977	638,322	6,854	510,164
Total	<u>\$ 7,399,323</u>	<u>\$ 6,463</u>	<u>\$ 471,505</u>	<u>\$ 7,877,291</u>	<u>\$ 7,113</u>	<u>\$ 510,164</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 20,530,673	\$ -	\$ 233,300	\$ 20,297,373
Construction in Progress	-	259,892	-	259,892
Total Capital Assets Not Being Depreciated	20,530,673	259,892	233,300	20,557,265
Capital Assets Being Depreciated:				
Land Improvements	26,391,386	55,792	1,192,200	25,254,978
Buildings and Improvements	287,025,522	400,743	12,470,587	274,955,678
Furniture and Equipment	6,608,701	1,837,318	120,753	8,325,266
Total Capital Assets Being Depreciated	320,025,609	2,293,853	13,783,540	308,535,922
Total Capital Assets	340,556,282	2,553,745	14,016,840	329,093,187
Less Accumulated Depreciation:				
Land Improvements	22,701,601	541,443	964,629	22,278,415
Buildings and Improvements	90,540,105	6,288,597	4,874,413	91,954,289
Furniture and Equipment	5,347,202	530,357	24,644	5,852,915
Total Accumulated Depreciation	118,588,908	7,360,397	5,863,686	120,085,619
Governmental Activities Capital Assets, Net	<u>\$ 221,967,374</u>	<u>\$ (4,806,652)</u>	<u>\$ 8,153,154</u>	<u>\$ 209,007,568</u>

Depreciation expense was charged as a direct expense to governmental functions as follow:

Governmental Activities	
Instruction	\$ 4,547,983
Supervision of Instruction	611,932
Instructional Library Media and Technology	83,507
School Administration	479,362
Pupil Transportation	130,145
Food Services	208,374
Other Pupil Services	335,624
Ancillary Services	73,240
Community Services	5,107
Enterprise	80
Other General Administration	245,301
Data Processing Services	86,825
Plant Maintenance and Operations	552,917
Total Depreciation Expenses Governmental Activities	<u>\$ 7,360,397</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

Due To	Due From		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 500,000	\$ 500,000
Non-Major Governmental Funds	208,396	-	208,396
Total	<u>\$ 208,396</u>	<u>\$ 500,000</u>	<u>\$ 708,396</u>

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, 2015, consisted of the following:

Transfer To	Transfer From		
	General Fund	Non-Major Funds	Total
General Fund	\$ -	\$ 1,306,386	\$ 1,306,386
Non-Major Governmental Funds	876,255	800,000	1,676,255
Total	<u>\$ 876,255</u>	<u>\$ 2,106,386</u>	<u>\$ 2,982,641</u>

The General Fund transferred to Cafeteria Fund, Deferred Maintenance Fund, and Special Reserve Fund to cover child nutrition services technician assistant report posting expenses, to fund deferred maintenance projects, and pay back for temporary borrowing.	\$ 901,641
The Adult Fund transferred to Special Reserve Fund to pay back for temporary borrowing.	400,000
The Child Development Fund transferred to General Fund and Special Reserve Fund to cover indirect cost and to pay back for temporary borrowing.	456,634
The Special Reserve Fund transferred to General Fund and Child Development Fund to cover current health and welfare contribution from Cabello sale proceeds and to cover cash deficit.	1,224,366
Total	<u>\$ 2,982,641</u>

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, 2015**

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2015, consisted of the following:

	General Fund	Non-Major Funds	Total Governmental Funds	Proprietary Funds	Fiduciary Funds
Vendor payables	\$ 1,672,236	\$ 538,810	\$ 2,211,046	\$ 1,402	\$ 48,283
Salaries and benefits	6,090,227	-	6,090,227	-	-
Total	<u>\$ 7,762,463</u>	<u>\$ 538,810</u>	<u>\$ 8,301,273</u>	<u>\$ 1,402</u>	<u>\$ 48,283</u>

NOTE 7 - UNEARNED REVENUE

Unearned revenue at June 30, 2015, consists of Federal financial assistance of \$32,196.

NOTE 8 - LONG-TERM OBLIGATIONS

Summary

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

	Restated Balance July 1, 2014	Addition	Accretion	Deductions	Balance June 30, 2015	Due in One Year
General obligation bonds	\$ 231,241,190	\$ 59,690,000	\$ 8,405,930	\$ 74,560,111	\$ 224,777,009	\$ 6,209,799
Add: Premium	16,374,894	9,365,269	-	1,507,741	24,232,422	1,507,741
Subtotal general obligation bonds	247,616,084	69,055,269	8,405,930	76,067,852	249,009,431	7,717,540
Accumulated vacation - net	747,531	-	-	54,267	693,264	-
OPEB liability	660,699	1,107,000	-	454,200	1,313,499	-
Net pension liability	116,499,201	-	-	23,119,116	93,380,085	-
	<u>\$ 365,523,515</u>	<u>\$ 70,162,269</u>	<u>\$ 8,405,930</u>	<u>\$ 99,695,435</u>	<u>\$ 344,396,279</u>	<u>\$ 7,717,540</u>

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

On October 8, 2014, the District issued the 2014 Refunding Bonds Series A and B in the amounts of \$50,375,000 and \$9,315,000. The proceeds were used to advance refund a portion of the outstanding 2003 Series A and B Bonds and a portion of the outstanding 2005 Refunding Bonds. The net proceeds were used to purchase U.S. securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for partial future debt service payments on the 2003 Series A and B refunding Bonds. At June 30, 2015, the balance in the escrow account was \$28,971,055. The economic gain on the refunding was \$9,337,210 and the accounting gain was \$8,330,111.

**NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds	
				Outstanding July 1, 2014	Interest Accretion	Redeemed	Outstanding June 30, 2015	
2002	2020	3.0-12.0%	53,785,000	\$ 19,885,000	\$ -	\$ 3,835,000	\$ 16,050,000	
2003	2030	4.0-8.0%	29,999,985	48,174,395	2,487,777	26,069,925	24,592,247	
2006	2030	4.6-6.0%	16,745,000	16,250,000	-	10,870,000	5,380,000	
2006	2033	3.9-8.0%	29,999,346	36,601,239	1,239,204	36,780,443	1,060,000	
2008	2031	3.9-8.0%	29,999,522	33,943,915	791,825	100,000	34,635,740	
2009	2034	5.91-7.18%	25,000,928	35,746,968	6,219,056	-	41,966,024	
2009	2021	3.0-5.0%	17,290,000	17,265,000	-	400,000	16,865,000	
2012	2030	3.0-5.0%	21,688,104	23,374,673	1,163,325	-	24,537,998	
2014	2032	3.0-5.0%	50,375,000	-	50,375,000	-	50,375,000	
2014	2021	5.0%	9,315,000	-	9,315,000	-	9,315,000	
				<u>\$ 231,241,190</u>	<u>\$ 71,591,187</u>	<u>\$ 78,055,368</u>	<u>\$ 224,777,009</u>	

Debt Service Requirements to Maturity

The bonds mature through 2037 as follows:

Fiscal Year	Principal	Interest to Maturity	Accreted Interest	Total
2016	\$ 6,209,799	\$ 8,491,913	\$ -	\$ 14,701,712
2017	6,814,341	7,855,134	-	14,669,475
2018	8,355,000	6,675,901	-	15,030,901
2019	10,025,000	5,887,575	-	15,912,575
2020	11,210,000	5,153,851	-	16,363,851
2021-2025	39,104,157	27,128,267	22,641,224	88,873,648
2026-2030	55,662,071	58,803,536	-	114,465,607
2031-2035	45,499,756	97,119,025	-	142,618,781
Total	<u>182,880,124</u>	<u>\$ 217,115,202</u>	<u>\$ 22,641,224</u>	<u>\$ 422,636,550</u>
Accreted Interest	41,896,885			
	<u>\$ 224,777,009</u>			

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2015, amounted to \$693,264.

**NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Other Postemployment Benefit (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2015, was \$1,128,000, and contributions made by the District during the year were \$454,200. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$27,000 and \$(48,000), respectively, which resulted in an increase to the net OPEB obligation of \$652,800. As of June 30, 2015, the net OPEB obligation was \$1,313,499. See Note 9 for additional information regarding the OPEB obligation and the postemployment benefits plan.

NOTE 9 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Plan Description

The Postemployment Benefits Plan (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 421 retirees and beneficiaries currently receiving benefits and 1,149 active plan members. The Plan is presented in these financial statements as the Retiree Benefits Trust Fund. Separate financial statements are not prepared for the Trust.

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District and the bargaining units. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements between the District and the bargaining units. For fiscal year 2014-2015, the District contributed \$454,200 to the plan, all of which was used for current premiums.

Annual OPEB Cost and Net OPEB Obligation

The District's annual 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	\$ 1,128,000
Interest on net OPEB obligation	27,000
Adjustment to annual required contribution	(48,000)
Annual OPEB cost (expense)	<u>1,107,000</u>
Contributions made	<u>(454,200)</u>
Increase in net OPEB obligation	652,800
Net OPEB obligation, beginning of year	660,699
Net OPEB obligation, end of year	<u><u>\$ 1,313,499</u></u>

**NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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
2015	\$ 1,107,000	\$ 454,200	41%	\$ 1,313,499
2014	748,000	771,820	103%	600,699
2013	334,400	750,007	224%	684,519

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 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, 2013	\$ 2,163,000	\$ 10,772,000	\$ 8,609,000	20%	\$ 59,207,942	15%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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.

NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

In the July 1, 2013, actuarial valuation, the Projected Unit Credit cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses) for the Superintendent and the Board. The investment rate of return (net of administrative expenses) for the Certificated and Management group is 6.2 percent. Healthcare cost trend rates for the Superintendent and the Board ranged from an initial 9.0 percent to an ultimate rate of 5 percent and 3.5 percent for the certificated and management group. The cost trend rate used for the Dental program was 5 percent each year. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2013, was 20 years for the Superintendent and the Board group; and 30 years for the Certificated and Management group. The actuarial value of assets was determined at \$2,163,000 in this actuarial valuation. At July 1, 2013, the Trust held net position in the amount of \$1,256,087, which consisted of \$495,443 in receivables with the Trust.

NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 - FUND BALANCES

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

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 48,000	\$ -	\$ 2,500	\$ 50,500
Stores inventories	-	-	79,275	79,275
Prepaid expenditures	5,181	-	2,416	7,597
Total Nonspendable	<u>53,181</u>	<u>-</u>	<u>84,191</u>	<u>137,372</u>
Restricted				
Legally restricted programs	3,704,363	-	627,752	4,332,115
Capital projects	-	-	6,068,758	6,068,758
Debt services	-	11,079,061	-	11,079,061
Total Restricted	<u>3,704,363</u>	<u>11,079,061</u>	<u>6,696,510</u>	<u>21,479,934</u>
Committed				
Stabilization Arrangements	8,056,564	-	-	8,056,564
Repayment to General Fund for Interfund transfer	200,000	-	-	200,000
Cabello Sale of Site - Facilities Projects	-	-	1,163,598	1,163,598
Cabello Sale of Site - Health & Welfare	-	-	2,381,367	2,381,367
Total Committed	<u>8,256,564</u>	<u>-</u>	<u>3,544,965</u>	<u>11,801,529</u>
Assigned				
Affordable Care Act	200,000	-	-	200,000
Technology - Chrome Book / Erate	200,000	-	-	200,000
Reserves 2015-2016	423,242	-	-	423,242
Co-op Oversight	-	-	14,623	14,623
Deferred maintenance	-	-	1,001,127	1,001,127
Lease renew copier	828,949	-	-	828,949
Total Assigned	<u>1,652,191</u>	<u>-</u>	<u>1,015,750</u>	<u>2,667,941</u>
Unassigned				
Reserve for economic uncertainties	3,452,813	-	-	3,452,813
Undesignated	5,792,790	-	-	5,792,790
Total Unassigned	<u>9,245,603</u>	<u>-</u>	<u>-</u>	<u>9,245,603</u>
Total	<u>\$ 22,911,902</u>	<u>\$ 11,079,061</u>	<u>\$ 11,341,416</u>	<u>\$ 45,332,379</u>

**NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 11 - 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, 2015, 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.

Workers' Compensation

For fiscal year 2015, 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 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 12 - EMPLOYEE RETIREMENT SYSTEMS

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

**NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

The District implemented GASB Statements No. 68 and No. 71 for the fiscal year ended June 30, 2015. As a result, the District reported its proportionate share of the net pension liabilities, pension expense and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

<u>Pension Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Deferred Outflow of Resources</u>	<u>Proportionate Share of Deferred Inflow of Resources</u>	<u>Proportionate Share of Pension Expense</u>
CalSTRS	\$ 76,412,944	\$ 5,379,775	\$ 18,816,542	\$ 6,596,904
CalPERS	16,967,142	1,921,842	5,830,100	1,508,032
Total	<u>\$ 93,380,085</u>	<u>\$ 7,301,617</u>	<u>\$ 24,646,642</u>	<u>\$ 8,104,937</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

**NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	8.15%	8.15%
Required employee contribution rate	8.88%	8.88%
Required employer contribution rate	5.95%	5.95%
Required state contribution rate		

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the District's total contributions were \$5,379,775.

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 76,412,944
State's proportionate share of the net pension liability associated with the District	46,141,434
Total	<u><u>\$ 122,554,378</u></u>

The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.1308 percent.

NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

For the year ended June 30, 2015, the District recognized pension expense of \$6,596,904 and revenue of \$3,983,496 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 5,379,775	\$ -
Differences between projected and actual earnings on pension plan investments	-	18,816,542
Total	<u>\$ 5,379,775</u>	<u>\$ 18,816,542</u>

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amortization</u>
2016	\$ 4,704,135
2017	4,704,135
2018	4,704,136
2019	4,704,136
Total	<u>\$ 18,816,542</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary' investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independently from year to year to develop expected percentile for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.60%)	\$ 119,107,795
Current discount rate (7.60%)	\$ 76,412,944
1% increase (8.6%)	\$ 40,813,197

**NEW HAVEN UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) the Safety Risk 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. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013 annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety, 2013. These reports and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.771%	11.771%

**NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total District contributions were \$1,921,842.

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$16,967,142. The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.1495 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$1,508,032. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,921,842	\$ -
Differences between projected and actual earnings on pension plan investments		5,830,100
Total	<u>\$ 1,921,842</u>	<u>\$ 5,830,100</u>

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 1,457,525
2017	1,457,525
2018	1,457,525
2019	1,457,525
Total	<u>\$ 5,830,100</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	47%	5.25%
Global fixed income	19%	0.99%
Private equity	12%	6.83%
Real estate	11%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	3%	4.50%
Liquidity	2%	-0.55%

**NEW HAVEN UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount rate</u>	<u>Net Pension Liability</u>
1% decrease (6.50%)	\$ 29,764,239
Current discount rate (7.50%)	\$ 16,967,142
1% increase (8.50%)	\$ 6,273,876

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.

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 \$3,000,811 (5.679 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.

**NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 13 - 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, 2015.

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, 2015.

Construction Commitments

As of June 30, 2015, the District did not have any commitments with respect to the unfinished capital projects.

NOTE 14 - 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 (MVRP), 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 MVRP. 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.

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

During the year ended June 30, 2015, the District made payments of \$2,495,124, and \$618,927 to ACSIG and Northern California ReLiEF respectively for risk management, workers compensation, and transportation.

**NEW HAVEN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 68 and 71, *Accounting and Financial Reporting for Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

Statement of Net Position

Net Position - Beginning	\$ (1,995,739)
Restatement of long-term obligations for implementation of GASB Statement No. 68 and 71	<u>(109,899,105)</u>
Net Position - Beginning as Restated	<u><u>\$ (111,894,844)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

NEW HAVEN UNIFIED SCHOOL DISTRICT

GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variances -
	Original	Final		Positive (Negative) Final to Actual
REVENUES				
Federal revenue	\$ 17,322,933	\$ 19,453,048	\$ 14,395,514	\$ (5,057,534)
State and local revenue included in				
Local Control Funding Formula	88,471,501	88,909,734	88,904,887	(4,847)
Other state sources	4,289,171	7,871,982	7,871,589	(393)
Other local sources	9,095,234	9,118,905	9,167,134	48,229
Total Revenues¹	119,178,839	125,353,669	120,339,124	(5,014,545)
EXPENDITURES				
Current				
Certificated salaries	66,346,062	65,327,644	63,377,374	1,950,270
Classified salaries	14,778,471	15,300,937	14,698,972	601,965
Employee benefits	18,691,764	21,782,764	21,030,314	752,450
Books and supplies	4,988,103	5,644,276	3,386,155	2,258,121
Services and operating expenditures	12,068,526	13,836,272	11,134,502	2,701,770
Other outgo	1,027,417	1,201,240	1,199,195	2,045
Capital outlay	341,144	578,154	334,902	243,252
Debt service				
Interest and other	80,000	80,000	80,000	-
Total Expenditures¹	118,321,487	123,751,287	115,241,414	8,509,873
Excess (Deficiency) of Revenues				
Over Expenditures	857,352	1,602,382	5,097,710	3,495,328
Other Financing Sources (Uses):				
Transfers in	43,500	481,000	476,255	(4,745)
Other sources	-	8,865,500	8,865,500	-
Transfers out	-	(906,386)	(906,386)	-
Net Financing Sources (Uses)	43,500	8,440,114	8,435,369	(4,745)
NET CHANGE IN FUND BALANCES	900,852	10,042,496	13,533,079	3,490,583
Fund Balance - Beginning	8,345,129	8,345,129	8,345,129	-
Fund Balance - Ending	\$ 9,245,981	\$ 18,387,625	\$ 21,878,208	\$ 3,490,583

¹ On behalf payments of \$3,000,811 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, 2015**

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)
June 30, 2010	\$ 401,300	\$ 4,676,500	\$ 4,275,200	9%	\$ 74,011,590	6%
July 1, 2013	2,163,000	10,772,000	8,609,000	20%	74,944,256	11%

NEW HAVEN UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2015

	<u>2015</u>
CalSTRS	
District's proportion of the net pension liability	<u>0.1308%</u>
District's proportionate share of the net pension liability	\$ 76,412,944
State's proportionate share of the net pension liability associated with the District	<u>46,141,434</u>
Total	<u><u>\$ 122,554,378</u></u>
District's covered - employee payroll	<u>\$ 59,037,291</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>129.43%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77%</u>
 CalPERS	
District's proportion of the net pension liability	<u>0.1495%</u>
District's proportionate share of the net pension liability	<u>\$ 16,967,142</u>
District's covered - employee payroll	<u>\$ 15,723,529</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>107.91%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83%</u>

Note: In the future, as data become available, ten years of information will be presented.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>2015</u>
CalSTRS	
Contractually required contribution	\$ 5,379,775
Contributions in relation to the contractually required contribution	<u>(5,379,775)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 61,821,077</u>
Contributions as a percentage of covered - employee payroll	<u>8.70%</u>
 CalPERS	
Contractually required contribution	\$ 1,921,842
Contributions in relation to the contractually required contribution	<u>(1,921,842)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 16,511,517</u>
Contributions as a percentage of covered - employee payroll	<u>11.64%</u>

Note: In the future, as data become available, ten years of information will be presented.

SUPPLEMENTARY INFORMATION

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Adult Education - State Grant Programs			
Adult Basic Education and ESL	84.002A	14508	\$ 89,483
Adult Secondary Education	84.002	13978	40,526
English Literacy and Civics Education	84.002A	14109	52,790
No Child Left Behind			
Title I, Part A, Basic Grants-Low Income	84.010	14981	1,304,868
Title I, Part C, Migrant Education, Regular	84.011	14326	167,586
Title I, Migrant Education Summer Program	84.011	10005	27,813
Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341	260,077
Title III - Limited English Proficiency (LEP)	84.365	10084	256,155
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	579,339
Special Education IDEA (PL 94-142) Cluster			
Basic Local Assistance Entitlement	84.027	13379	1,833,191
Local Assistance, Part B, Section 611, Private school	84.027	10115	15,998
Mental Health Allocation Plan, Part B, Section 611	84.027	14468	141,457
Mental Health Services Part B, Section 611	84.027A	14468	141,310
Preschool Local Entitlement, Part B, Section 611	84.027A	13682	79,884
Preschool Staff Development, Part B, Section 619	84.173A	13431	554
Total Special Education Cluster			2,212,394
Vocational Educational (Carl Perkins Act)			
Technology Secondary IIC, Section 131	84.048	13924	73,975
Advanced Placement and International Baccalaureate Test Fee Program	84.330B	14831	39,687
Race to the Top - District	84.412	1	9,297,060
Total U.S. Department of Education			14,401,753

1 Pass-Through Entity Identifying Number not available

2 Amount not included in the financial statements

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Education (CDE):			
Medical Assistance Program - Medi-Cal Billing Option	93.778	10013	176,561
Total U.S. Department of Health and Human Services			<u>176,561</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education (CDE):			
Child Nutrition Cluster			
National School Lunch Program	10.555	13524	1,932,657
Especially Needy Breakfast	10.553	13526	286,914
Subtotal Child Nutrition Cluster			<u>2,219,571</u>
Child Nutrition - Child and Adult Care Food Program	10.558	13393	91,771
Fair Market Value of Commodities ²	10.565	13396	154,998
Total U.S. Department of Agriculture			<u>2,466,340</u>
Total Expenditures of Federal Awards			<u>\$ 17,044,654</u>

¹ Pass-Through Entity Identifying Number not available

² Amount not included in the financial statements

NEW HAVEN UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2015

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>
Jonas Dino	President	2016
Michelle Matthews	Clerk	2016
Michael Ritchie	Member	2016
Linda Canlas	Member	2018
Sarabjit Cheema	Member	2018

ADMINISTRATION

<u>NAME</u>	<u>TITLE</u>
Akur Varadarajan	Co-interim superintendent / Chief Business Officer
Arlando Smith	Co-interim superintendent / Chief Academic Officer
Madeline Gabel	Director of Fiscal Services

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2015**

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	3,482.43	3,476.71
Fourth through sixth	2,695.26	2,690.74
Seventh and eighth	1,735.25	1,735.80
Ninth through twelfth	3,920.58	3,921.39
Total Regular ADA	<u>11,833.52</u>	<u>11,824.64</u>
Extended Year Special Education		
Transitional kindergarten through third	3.95	3.95
Fourth through sixth	3.07	3.07
Seventh and eighth	2.00	2.00
Ninth through twelfth	4.21	4.21
Total Extended Year Special Education	<u>13.23</u>	<u>13.23</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.75	2.30
Fourth through sixth	-	-
Seventh and eighth	4.62	6.30
Ninth through twelfth	5.29	6.93
Total Special Education, Nonpublic, Nonsectarian Schools	<u>11.66</u>	<u>15.53</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.34	0.34
Fourth through sixth	0.17	0.17
Seventh and eighth	1.31	1.31
Ninth through twelfth	1.46	1.46
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>3.28</u>	<u>3.28</u>
Total ADA	<u><u>11,861.69</u></u>	<u><u>11,856.68</u></u>

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2015**

Grade Level	1986-87 Minutes Requirement	Reduced	2014-15 Actual Minutes	Number of Days		Status
		1986-87 Minutes Requirement		Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	35,000	36,000	179	N/A	Complied
Grades 1 - 3						
Grade 1	50,400	49,000	52,470	179	N/A	Complied
Grade 2	50,400	49,000	52,470	179	N/A	Complied
Grade 3	50,400	49,000	52,470	179	N/A	Complied
Grades 4 - 6						
Grade 4	54,000	52,500	55,930	179	N/A	Complied
Grade 5	54,000	52,500	55,930	179	N/A	Complied
Grade 6	54,000	52,500	63,420	179	N/A	Complied
Grades 7 - 8						
Grade 7	54,000	52,500	63,420	179	N/A	Complied
Grade 8	54,000	52,500	64,807	179	N/A	Complied
Grades 9 - 12						
Grade 9	64,800	63,000	64,807	179	N/A	Complied
Grade 10	64,800	63,000	64,807	179	N/A	Complied
Grade 11	64,800	63,000	64,807	179	N/A	Complied
Grade 12	64,800	63,000	64,807	179	N/A	Complied

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, 2015

Summarized below are the reconciliations between the Unaudited Actuals and the audited financial statements:

FORM ASSET	Form Asset
Total Capital Assets, June 30, 2015, Unaudited Actuals	\$ 209,350,789
Change in:	
Land improvement	55,792
Buildings	(276,986)
Equipment	(122,027)
Total Capital Assets, June 30, 2015, Audited Financial Statement	<u>\$ 209,007,568</u>
FORM DEBT	Form Debt
Total Liabilities, June 30, 2015, Unaudited Actuals	\$ 250,363,394
Decrease in:	
Postemployment benefit liability (OPEB)	652,800
Increase in:	
Net pension liability	93,380,085
Total Liabilities, June 30, 2015, Audited Financial Statement	<u>\$ 344,396,279</u>

* Not include other funds as required by GASB 54.

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

	(Budget)			
	2016 ¹	2015	2014	2013
GENERAL FUND ⁴				
Revenues	\$ 127,705,512	\$ 120,339,124	\$ 114,470,179	\$ 97,060,283
Other sources	470,000	9,341,755	50,324	141,859
Total Revenues and Other Sources	<u>128,175,512</u>	<u>129,680,879</u>	<u>114,520,503</u>	<u>97,202,142</u>
Expenditures	119,012,401	113,837,960	111,521,633	93,681,317
Other uses and transfers out	80,000	2,309,840	1,591,933	2,122,386
Total Expenditures and Other Uses	<u>119,092,401</u>	<u>116,147,800</u>	<u>113,113,566</u>	<u>95,803,703</u>
INCREASE (DECREASE) IN FUND BALANCE	<u>\$ 9,083,111</u>	<u>\$ 13,533,079</u>	<u>\$ 1,406,937</u>	<u>\$ 1,398,439</u>
ENDING FUND BALANCE	<u>\$ 30,961,319</u>	<u>\$ 21,878,208</u>	<u>\$ 8,345,129</u>	<u>\$ 6,938,192</u>
AVAILABLE RESERVES ²	<u>\$ 17,320,094</u>	<u>9,245,783</u>	<u>\$ 3,298,339</u>	<u>\$ 3,972,798</u>
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO ³	<u>14.54%</u>	<u>7.96%</u>	<u>3.00%</u>	<u>4.30%</u>
LONG-TERM OBLIGATIONS	<u>\$ 336,678,739</u>	<u>\$ 344,396,279</u>	<u>\$ 249,024,314</u>	<u>\$ 247,498,469</u>
K-12 AVERAGE DAILY ATTENDANCE AT P-2	<u>11,829</u>	<u>11,834</u>	<u>12,152</u>	<u>12,330</u>

The General Fund balance has increased by \$14,944,761 over the past two years. The fiscal year 2015-2016 budget projects an increase of \$9,083,111, or 42 percent. For a district of 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 an operating surplus in the past three years and anticipates incurring an operating surplus during the 2015-2016 fiscal year. The District has incurred an operating surplus in the past three years and anticipates incurring an operating surplus during the 2015-2016 fiscal year. The surplus in 2014-15 was the result of sale of site property that allowed the District to maintain higher reserves. Total long-term debt has increased by \$96,897,810 over the past two years, primarily as result of recognizing unfunded pension liabilities.

Average daily attendance has decreased by 496 over the past two years. The District anticipates continuing decrease in the next few years but will mitigate the decline by working with students and administrators in improving ADA.

1 Budget 2016 is included for analytical purposes only and has not been subjected to audit.

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

3 On-behalf payments for June 30, 2014 and 2013 have been excluded from the calculation of available reserves.

4 General Fund amounts do not include activities related to the consolidation of other funds 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, 2015**

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
ASSETS			
Deposits and investments	\$ 89,851	\$ 508,709	\$ 500,815
Receivables	75,294	390,502	312
Due from other funds	-	-	500,000
Prepaid expenses	-	2,416	-
Stores inventories	-	79,275	-
Total Assets	\$ 165,145	\$ 980,902	\$ 1,001,127
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 161,008	\$ 50,077	\$ -
Due to other funds	4,137	204,259	-
Unearned revenue	-	-	-
Total Liabilities	165,145	254,336	-
Fund Balances:			
Nonspendable	-	84,191	-
Restricted	-	627,752	-
Committed	-	-	-
Assigned	-	14,623	1,001,127
Total Fund Balance	-	726,566	1,001,127
Total Liabilities and Fund Balances	\$ 165,145	\$ 980,902	\$ 1,001,127

See accompanying note to supplementary information.

Building Fund	Capital Facilities Fund	Special Reserve Capital Outlay Fund	Non Major Governmental Funds
\$ 3,946,465	\$ 1,206,154	\$ 4,783,432	\$ 11,035,426
2,483	674	2,240	471,505
-	-	-	500,000
-	-	-	2,416
-	-	-	79,275
<u>\$ 3,948,948</u>	<u>\$ 1,206,828</u>	<u>\$ 4,785,672</u>	<u>\$ 12,088,622</u>
\$ 326,638	\$ 1,085	\$ 2	\$ 538,810
-	-	-	208,396
-	-	-	-
<u>326,638</u>	<u>1,085</u>	<u>2</u>	<u>747,206</u>
-	-	-	84,191
3,622,310	1,205,743	1,240,705	6,696,510
-	-	3,544,965	3,544,965
-	-	-	1,015,750
<u>3,622,310</u>	<u>1,205,743</u>	<u>4,785,670</u>	<u>11,341,416</u>
<u>\$ 3,948,948</u>	<u>\$ 1,206,828</u>	<u>\$ 4,785,672</u>	<u>\$ 12,088,622</u>

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, 2015**

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
REVENUES			
Federal sources	\$ -	\$ 2,311,343	\$ -
Other state sources	1,732,694	177,324	-
Other local sources	320	1,022,073	1,127
Total Revenues	<u>1,733,014</u>	<u>3,510,740</u>	<u>1,127</u>
EXPENDITURES			
Current			
Instruction	1,676,380	-	-
Pupil services:			
Food services	-	3,286,247	-
General administration:			
All other general administration	-	204,258	-
Plant services	-	303,539	-
Facility acquisition and construction	-	-	-
Total Expenditures	<u>1,676,380</u>	<u>3,794,044</u>	<u>-</u>
Excess (Deficiency) of			
Revenues Over Expenditures	<u>56,634</u>	<u>(283,304)</u>	<u>1,127</u>
Other Financing Sources (Uses):			
Transfers in	400,000	6,386	500,000
Other sources	-	-	-
Transfers out	(456,634)	-	-
Net Financing Sources (Uses)	<u>(56,634)</u>	<u>6,386</u>	<u>500,000</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>(276,918)</u>	<u>501,127</u>
Fund Balance - Beginning	<u>-</u>	<u>1,003,484</u>	<u>500,000</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 726,566</u>	<u>\$ 1,001,127</u>

See accompanying note to supplemental information.

Building Fund	Capital Facilities Fund	Special Reserve Capital Fund	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 2,311,343
-	-	-	1,910,018
12,709	412,938	4,484	1,453,651
<u>12,709</u>	<u>412,938</u>	<u>4,484</u>	<u>5,675,012</u>
-	-	-	1,676,380
-	-	-	3,286,247
-	3,419	-	207,677
299,791	3,465	-	606,795
1,108,463	-	14,957	1,123,420
<u>1,408,254</u>	<u>6,884</u>	<u>14,957</u>	<u>6,900,519</u>
(1,395,545)	406,054	(10,473)	(1,225,507)
-	-	1,200,000	2,106,386
-	-	3,963,115	3,963,115
-	-	(1,219,621)	(1,676,255)
-	-	3,943,494	4,393,246
(1,395,545)	406,054	3,933,021	3,167,739
5,017,855	799,689	852,649	8,173,677
<u>\$ 3,622,310</u>	<u>\$ 1,205,743</u>	<u>\$ 4,785,670</u>	<u>\$ 11,341,416</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

**WELFARE BENEFIT PLANS
STATEMENTS OF PLAN NET POSITION
JUNE 30, 2015 AND 2014**

	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	
	2015	2014	2015	2014	2015	2014	2015	2014
ASSETS								
Cash in county treasury	\$ -	\$ -	\$ -	\$ -	\$ 667,231	\$ 361,487	\$ 667,231	\$ 361,487
Plan sponsor receivable	447,335	456,840	62,831	38,307	424	295	510,590	495,442
Due from other funds		400,000		-	-	500,000	-	900,000
Total Assets	<u>447,335</u>	<u>856,840</u>	<u>62,831</u>	<u>38,307</u>	<u>667,655</u>	<u>861,782</u>	<u>1,177,821</u>	<u>1,756,929</u>
LIABILITIES								
Overdrafts	422,117	432,450	53,362	31,697	-	-	475,479	464,147
Accounts payable	25,218	24,390	9,469	6,610	13,596	5,694	48,283	36,694
Total Liabilities	<u>447,335</u>	<u>456,840</u>	<u>62,831</u>	<u>38,307</u>	<u>13,596</u>	<u>5,694</u>	<u>523,762</u>	<u>500,841</u>
Net position held in trust for OPEB	<u>\$ 114,810</u>	<u>\$ 400,000</u>	<u>\$ (114,810)</u>	<u>\$ -</u>	<u>\$ 654,059</u>	<u>\$ 856,088</u>	<u>\$ 654,059</u>	<u>\$ 1,256,088</u>

See accompanying note to supplemental information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**WELFARE BENEFIT PLANS
STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	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	
	2015	2014	2015	2014	2015	2014	2015	2014
ADDITIONS TO NET POSITION								
Employer contributions	\$ -	\$ 271,820	\$ 19,621	\$ 144,552	\$ -	\$ 500,000	\$ 19,621	\$ 916,372
Transfers from investments	447,335	856,840	62,830	38,307	-	3,262	510,165	898,409
Investment income (loss)	(5,832)	(313)	(1,056)	171	12,697	866	5,809	724
Total Additions	<u>441,503</u>	<u>1,128,347</u>	<u>81,395</u>	<u>183,030</u>	<u>12,697</u>	<u>504,128</u>	<u>535,595</u>	<u>1,815,505</u>
DEDUCTIONS FROM NET POSITION								
Benefits paid to participants	689,233	690,967	184,365	171,750	214,726	210,988	1,088,324	1,073,705
Administrative costs	37,460	37,380	11,840	11,280	-	4,000	49,300	52,660
Total Deductions	<u>726,693</u>	<u>728,347</u>	<u>196,205</u>	<u>183,030</u>	<u>214,726</u>	<u>214,988</u>	<u>1,137,624</u>	<u>1,126,365</u>
Net Increase	<u>(285,190)</u>	<u>400,000</u>	<u>(114,810)</u>	<u>-</u>	<u>(202,029)</u>	<u>289,140</u>	<u>(602,029)</u>	<u>689,140</u>
NET POSITION HELD IN TRUST FOR OPEB								
Beginning of Year	400,000	-	-	-	856,088	566,948	1,256,088	566,948
End of Year	<u>\$ 114,810</u>	<u>\$ 400,000</u>	<u>\$ (114,810)</u>	<u>\$ -</u>	<u>\$ 654,059</u>	<u>\$ 856,088</u>	<u>\$ 654,059</u>	<u>\$ 1,256,088</u>

See accompanying note to supplemental information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2015

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 From the Statement of Revenues, Expenditures and Changes in Fund Balances:		\$ 16,889,656
Commodities Received	10.555	154,998
Total Schedule of Expenditures of Federal Awards		<u>\$ 17,044,654</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. The District neither met nor exceeded its target funding. 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 the 1986-87 requirement as required by *Education Code* Section 46201.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION (CONTINUED) JUNE 30, 2015

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 Position and Changes in Plan Net Position

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

Behavioral Health Care Funding Grant

The Behavior Health Care grant funds included within the scope of this report consist of revenues and expenditures totaling \$56,150 for the fiscal year ended June 30, 2015.

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, 2015**

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

Secured	\$ 9,245,258,436
Unsecured	523,043,078
State Utility	<u>2,268,380</u>
Total 2014-15 Assessed Valuation	<u><u>\$ 9,770,569,894</u></u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION - UNAUDITED JUNE 30, 2015

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 AUDITOR'S REPORTS



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Governing Board
New Haven Unified School District
Union City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Haven Unified School District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise New Haven Unified School District's basic financial statements, and have issued our report thereon dated December 11, 2015.

Emphasis of Matter - Change in Accounting Principles

As discussed in Notes 1 and 15 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Haven Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 December 11, 2015.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Ture, Day & Co LLP

Pleasanton, California
December 11, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Governing Board
New Haven Unified School District
Union City, California

Report on Compliance for Each Major Federal Program

We have audited New Haven Unified School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of New Haven Unified School District's (the District) major Federal programs for the year ended June 30, 2015. New Haven Unified School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of New Haven Unified School District's major Federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major Federal program. However, our audit does not provide a legal determination of New Haven Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, New Haven Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of New Haven Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered New Haven Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program 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 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Varrinek, Ture, Day & Co LLP

Pleasanton, California
December 11, 2015



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
New Haven Unified School District
Union City, California

Report on State Compliance

We have audited New Haven Unified School District's compliance with the types of compliance requirements as identified in the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the New Haven Unified School District's State government programs as noted below for the year ended June 30, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the New Haven Unified School District's State programs based on our audit of the types of compliance requirements referred to above. 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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards 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.

Unmodified Opinion

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, 2015.

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:

	Procedures Performed
Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No (see below)
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No (see below)
Middle or Early College High Schools	No (see below)
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Regional Occupational Centers or Programs Maintenance of Effort	Yes
Adult Education Maintenance of Effort	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	No (see below)
After School	No (see below)
Before School	No (see below)
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Charter Schools:	
Attendance	No (see below)
Mode of Instruction	No (see below)
Non Classroom-Based Instruction/Independent Study	No (see below)
Determination of Funding for Non Classroom-Based Instruction	No (see below)
Annual Instruction Minutes Classroom-Based	No (see below)
Charter School Facility Grant Program	No (see below)

The District did not have any kindergarteners who were retained in the current year; therefore, we did not perform procedures related to Kindergarten Continuance program.

The District does not offer an Early Retirement Incentive Program; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not offer a Middle or Early College High Schools Program; therefore, we did not perform any procedures related to the Middle or Early College High Schools Program.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform any procedures related to the Before School Education and Safety Program.

The District does not have any Charter Schools; therefore, we did not perform any procedures for Charter School Programs.

Vaurinek, Tine, Day & Co LLP

Pleasanton, California
December 11, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>No</u>

Identification of major Federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.416</u>	<u>Race to the Top District</u>
<u>10.555, 10.553</u>	<u>Child Nutrition Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 511,340</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
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NEW HAVEN UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

NEW HAVEN UNIFIED SCHOOL DISTRICT

SUMMARY OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2015

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.

State Awards Findings

2014-001 State Compliance (40000)

Criteria or Specific Requirements

Education Code Section 46207(a), 46200, 46201 (b), 46201.2(b) require the minimum amount of instructional time to offer for each grade level.

Condition

The District did not meet the minimum instructional minutes requirements for the fourth and fifth grades.

Questioned Costs

\$172,437 (1,102 ADA for Grades 4th and 5th).

Effect

District was not in compliance with the required instructional minutes.

Cause

Instructional minutes for the 4th and 5th grade levels were short by a total of 3,080 minutes.

Recommendation

The District should implement procedures to ensure the instructional minutes are increased in the fiscal year 2014-15 to make up the shortage of minutes noted above.

Corrective Action Plan

The District implemented the following changes in the 2014-15 school year.

- Morning recess will be shortened from 15 to 10 minutes
- 15 minute afternoon recess will be eliminated

These changes will allow the District to meet the 54,000 minute requirement, assuming a 180 day school year and show an additional 375 minutes to be applied towards the shortage in 2013-14.

In addition, Teaching and Learning Division will be continuing discussions with the State in regards to the steps to be taken for either a waiver or other options available to the district for the minutes that fell short in 2013-2014.

Current Status

Implemented. The District met the current year minutes requirement, including the revised increase required as a result of not meeting the requirements in 2013-14. In addition, we noted that the waiver of financial penalties for the 2013-14 finding, which resulted from the change in furlough days, is still pending and if not approved a penalty of approximately \$172,000 would be required to be repaid.