

**NEW HAVEN UNIFIED
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2010**

NEW HAVEN UNIFIED SCHOOL DISTRICT

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JUNE 30, 2010

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FINANCIAL SECTION



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

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Governing Board
New Haven Unified School District
Union City, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Haven Unified School District (the "District") as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2009-10*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Haven Unified School District, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report December 15, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

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

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

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

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 15, 2010



NEW HAVEN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

This section of New Haven Unified School District's 2009-2010 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2010. 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, 2010

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Assets and the Statement of Activities

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

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

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

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

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

THE DISTRICT AS A WHOLE

Net Assets

The District's net assets were \$27.4 million and \$34.5 million for the fiscal years ended 2010, and 2009, respectively. Of this amount, \$2.2 million and \$4.0 million were unrestricted for each respective year. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Table 1

	2010		
	Governmental Activities	Business-Type Activities	School District Activities
Current and other assets	\$ 48,487,406	\$ 62,787	\$ 48,550,193
Capital assets	249,449,802	-	249,449,802
Total Assets	297,937,208	62,787	297,999,995
Current liabilities	23,993,495	5,918	23,999,413
Long-term obligations	246,572,170	-	246,572,170
Total Liabilities	270,565,665	5,918	270,571,583
Net assets			
Invested in capital assets, net of related debt	6,753,598	-	6,753,598
Restricted	18,428,069	-	18,428,069
Unrestricted	2,189,876	56,869	2,246,745
Total Net Assets	\$ 27,371,543	\$ 56,869	\$ 27,428,412

	2009		
	Governmental Activities	Business-Type Activities	School District Activities
Current and other assets	\$ 49,571,106	\$ 199,203	\$ 49,770,309
Capital assets	229,236,184	-	229,236,184
Total Assets	278,807,290	199,203	279,006,493
Current liabilities	26,346,742	717	26,347,459
Long-term obligations	218,159,592	-	218,159,592
Total Liabilities	244,506,334	717	244,507,051
Net assets			
Invested in capital assets, net of related debt	12,960,707	-	12,960,707
Restricted	17,509,265	-	17,509,265
Unrestricted	3,831,014	198,486	4,029,500
Total Net Assets	\$ 34,300,986	\$ 198,486	\$ 34,499,472

In 2010, the \$2.2 million in unrestricted net assets of governmental activities represents the accumulated results of all past years’ operations. It means that if we had to pay off all of our bills as of June 30, 2010, including all of our non-capital liabilities (compensated absences as an example); we would have \$2.2 million left. The unrestricted net assets decreased from \$4.0 million in 2009 to \$2.2 million in 2010.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Changes in Net Assets

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

Table 2

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Table 2 (Continued)

	2009		
	Governmental Activities	Business-Type Activities	School District Activities
Revenues			
Program revenues:			
Charges for services	\$ 2,241,131	\$ 1,536,125	\$ 3,777,256
Operating grants and contributions	26,133,164	-	26,133,164
Capital grants and contributions	1,794,307	-	1,794,307
General revenues:			
State revenue limit sources	58,432,293	-	58,432,293
Property taxes	31,005,682	-	31,005,682
Other general revenues	9,404,424	5,779	9,410,203
Total Revenues	129,011,001	1,541,904	130,552,905
Expenses			
Instruction	85,655,870	-	85,655,870
Instruction related activities	11,475,181	-	11,475,181
Pupil Services	9,557,378	-	9,557,378
General Administration	5,404,804	-	5,404,804
Plant Services	11,541,959	-	11,541,959
Ancillary & Community Services	949,023	-	949,023
Interest on long-term debt	10,961,594	-	10,961,594
Other	1,316,954	1,629,966	2,946,920
Total Expenses	136,862,763	1,629,966	138,492,729
Change in Net Assets	\$ (7,851,762)	\$ (88,062)	\$ (7,939,824)

Governmental Activities

As reported in the Statement of Activities, the cost of all of our governmental activities was \$131.5 million and \$138.5 million for 2010 and 2009, respectively. The amount that taxpayers financed for these activities through local taxes was \$32.6 million and \$31.0 million for 2010 and 2009 respectively, because the cost was paid by those who benefited from the programs (\$3.2 million and \$3.8 million for 2010 and 2009, respectively) or by other governments and organizations who subsidized certain programs with grants and contributions (\$25.7 million and \$27.9 million for 2010 and 2009, respectively). We paid for the remaining “public benefit” portion of our governmental activities with State funds and with other revenues, like interest and general entitlements.

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Table 3

	2010	2009
	Net Cost of Services	Net Cost of Services
Instruction	\$ 61,087,527	\$ 67,524,235
Instruction related activities	9,746,658	8,321,256
Pupil Services	5,006,686	3,817,609
General administration	4,652,678	4,469,423
Plant services	6,591,381	10,778,540
Ancillary & community services	870,169	821,504
Debt Service	13,150,011	10,961,594
Other	1,363,905	-
Totals	\$ 102,469,015	\$ 106,694,161

THE DISTRICT’S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$29.9 million, which is an increase of \$.5 million from last year. Major changes that brought about this overall increase include the following:

- a. Fund balance in the General Fund, which is our principal operating fund, decreased from \$10 million in the prior year to \$5.8 million. This overall decrease is due to the one-time per pupil reduction in state revenues in the amount of \$253 offset by allocations derived from Tier III program flexibility.
- b. Our Special Revenue funds remained fairly stable from the prior year showing a net increase of approximately \$154,577.
- c. Total Capital Outlay funds increased by \$3.1 million due to receipt of state facilities matching funds.
- d. The Debt Service Fund showed an increase of approximately \$1.5 million.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with changes in revenues and expenditures. The final amendment to the budget was approved in June 2010.

- Significant revenue revisions made to the 2009-10 Budget were due to additional anticipated revenue for federal and state categorical programs as well as revenues derived from local sources.
- It was an unusual budget year for school finance, and several State budget actions dramatically affected the District’s operating budget in 2009-10. Each of these budget actions resulted in adjustments in available unrestricted resources to the District.
 - In February 2009 (4 months early), the State adopted the 2009-10 budget that included substantial revisions to the 2008-09 budget. This state adopted budget was used as foundation in creating the 2009-10 budget for the District.
 - In May 2009, the Governor presented his recommendations for the 2009-10 State budgets as well as revisions to 2008-09. The District budget was again revised to reflect the applicable provisions from this State budget update.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

- In January 2010, the Governor submitted his proposed budget for 2010-11, together with major proposed revisions to the existing 2009-10 budget, and again the District budget was adjusted for the Second Interim to reflect these proposals.
- Throughout all of these changes in budget, the District has been able to maintain reserves and maintain programs.

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had \$249.4 million and \$229.2 million in 2010 and 2009 respectively, in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase of \$20.2 million. There are no capital assets recorded in the business-type activities.

Table 4

	2010	2009
	Governmental Activities	Governmental Activities
Land & Land Improvements	\$ 47,318,461	\$ 47,395,934
Buildings & Improvements	249,028,966	205,962,111
Construction in Progress	33,285,697	66,713,115
Furniture & Equipment	8,839,219	14,600,114
Total Assets	338,472,343	334,671,274
Less Accumulated Depreciation	(89,022,541)	(105,435,090)
Total Assets after Depreciation	<u>\$ 249,449,802</u>	<u>\$ 229,236,184</u>

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Long-Term Obligations

At the end of this year, the District’s long-term obligations increased by \$29,032,883 or .13% from \$223,322,003 to \$252,354,886. Long-term obligations are only recorded in the governmental activities in the government-wide Statement of Net Assets. The Principal outstanding after refunding of the district bonds and inclusion of interest accretion is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Outstanding Principal End of Year
1998	2023	4.4-6.0%	\$ 10,999,274	\$ 7,348,922
1998	2024	3.9-5.35%	\$ 10,000,766	\$ 7,366,758
2002	2020	3.0-12.0%	\$ 53,785,000	\$ 41,360,000
2003	2030	2.25%	\$ 5,000,000	\$ 4,350,000
2003	2030	4.0-8.0%	\$ 29,999,985	\$ 41,507,593
2006	2030	4.6-6.0%	\$ 16,745,000	\$ 16,745,000
2006	2033	3.9-8.0%	\$ 29,999,346	\$ 33,511,393
2008	2031	3.9-8.0%	\$ 29,999,522	\$ 31,228,888
2009	2034	5.91-7.18%	\$ 25,000,928	\$ 26,550,500
2009	2021	3.0-5.0%	\$ 17,290,000	\$ 17,290,000

Table 5

	<u>2010</u>	<u>2009</u>
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
General obligation bonds - Principal	\$ 227,259,055	\$ 199,611,935
General obligation bonds - Premium	23,478,947	22,316,997
Capitalized lease obligations	-	94,407
OPEB liability	878,700	623,900
Accumulated vacation	738,184	674,764
Totals	\$ 252,354,886	\$ 223,322,003

The District’s most recent Standard & Poor’s general obligation bond rating was "AAA". The State limits the amount of general obligation debt that Unified School Districts can issue to 2.5 percent of the assessed value of all taxable property within the District’s boundaries. The District’s outstanding general obligation debt of \$227,259,055 as of June 30, 2010 is currently above its statutory limit of \$224,385,953, which is mostly driven by a steep drop in property values. Although this situation is not within the District’s control, District management staff will reassess and take all necessary actions and precautions to avoid any implications. The District will review its original bond issuance with the district’s financial advisors and believes that refinancing some bond issuances to a lower interest rate will ameliorate this situation.

Other long-term obligations include capital lease obligations and accumulated vacation. We present more detailed information regarding our long-term liabilities in Note 8 of the financial statements.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2009-10 ARE NOTED BELOW:

1. Despite several changes in the State budget and the continuing decrease in available unrestricted revenues, the District has been able to adjust its budgets to absorb the negative impact of these revisions and in so doing has been able to maintain its State mandated reserve requirement and to maintain high quality District programs.
2. Construction of new special education classrooms, a new administrative office and a new media center at Alvarado Middle school was started in January 2009.
3. Continued construction activities related to the modernization of the Cesar Chaves Middle School campus (opened in August 2009) and the James Logan High School Center for the Performing Arts (opened in February 2010).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES:

In considering the District Budget for the 2010/11 year, the District Board and management used the following criteria:

The key assumptions in our adopted budget forecast include the following:

- No COLA increase to the Revenue limit.
- A deficit factor of 17.963 % has been applied to the revenue limit sources.
- Enrollment is expected to remain stable.
- Maximum use of state categorical program flexibility is included in the budget.
- The Indirect Cost Rate for fiscal year 2010-11 is 3.37% and has been applied to all allowable restricted categorical programs. This rate is almost 2% lower than in 2009-10 and reduces the District's ability to offset some of its administrative costs.
- About \$2.4 million in new federal revenues derived from the Federal Jobs Fund legislation.
- ARRA funds are budgeted based on the District's allocations and expenditure plan for 2010-11.
- A total of \$3.2 million in Mitigation in Mitigation funds has been transferred to unrestricted funds to balance the budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**STATEMENT OF NET ASSETS
JUNE 30, 2010**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Deposits and investments	\$ 25,255,175	\$ 61,489	\$ 25,316,664
Receivables	19,362,438	1,298	19,363,736
Stores inventories	45,075	-	45,075
Deferred charges	3,824,718	-	3,824,718
Capital assets not depreciated	53,816,370	-	53,816,370
Capital assets, net of accumulated depreciation	195,633,432	-	195,633,432
Total Assets	297,937,208	62,787	297,999,995
LIABILITIES			
Accounts payable	5,866,941	5,918	5,872,859
Interest payable	3,539,738	-	3,539,738
Deferred revenue	275,540	-	275,540
Current loans	8,528,560	-	8,528,560
Current portion of long-term obligations	5,782,716	-	5,782,716
Noncurrent portion of long-term obligations	246,572,170	-	246,572,170
Total Liabilities	270,565,665	5,918	270,571,583
NET ASSETS			
Invested in capital assets, net of related debt	6,753,598	-	6,753,598
Restricted for:			
Debt service	5,917,826	-	5,917,826
Capital projects	9,179,597	-	9,179,597
Educational programs	2,790,546	-	2,790,546
Other activities	540,100	-	540,100
Unrestricted	2,189,876	56,869	2,246,745
Total Net Assets	\$ 27,371,543	\$ 56,869	\$ 27,428,412

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, 2010**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 81,472,507	\$ 114,636	\$ 17,243,423	\$ 3,026,921
Instruction-related activities:				
Supervision of instruction	2,605,963	13,485	1,076,360	-
Instructional library, media, and technology	1,331,677	323	74,227	-
School site administration	7,023,950	418	50,119	-
Pupil services:				
Home-to-school transportation	2,216,382	159,659	1,138,475	-
Food services	3,450,642	1,336,690	1,978,101	-
All other pupil services	3,952,587	-	-	-
General administration:				
Data processing	1,086,503	-	-	-
All other general administration	4,619,910	72,479	981,256	-
Plant services	6,773,697	74,716	107,600	-
Ancillary services	678,144	29,306	8,486	-
Community services	229,817	-	-	-
Interest on long-term debt	13,150,011	-	-	-
Other outgo	1,467,730	76,156	27,669	-
Total Governmental-Type Activities	130,059,520	1,877,868	22,685,716	3,026,921
Business-Type Activities				
Enterprise services	1,476,410	1,333,577	-	-
Total School District	\$ 131,535,930	\$ 3,211,445	\$ 22,685,716	\$ 3,026,921
General revenues and subventions:				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Taxes levied for other specific purposes				
Federal and State aid not restricted to specific purposes				
Interest and investment earnings				
Miscellaneous				
Subtotal, General Revenues				
Change in Net Assets				
Net Assets - Beginning				
Net Assets - Ending				

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

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

Governmental Activities	Business- Type Activities	Total
\$ (61,087,527)	\$ -	\$ (61,087,527)
(1,516,118)	-	(1,516,118)
(1,257,127)	-	(1,257,127)
(6,973,413)	-	(6,973,413)
(918,248)	-	(918,248)
(135,851)	-	(135,851)
(3,952,587)	-	(3,952,587)
(1,086,503)	-	(1,086,503)
(3,566,175)	-	(3,566,175)
(6,591,381)	-	(6,591,381)
(640,352)	-	(640,352)
(229,817)	-	(229,817)
(13,150,011)	-	(13,150,011)
(1,363,905)	-	(1,363,905)
<u>(102,469,015)</u>	<u>-</u>	<u>(102,469,015)</u>
-	(142,833)	(142,833)
<u>(102,469,015)</u>	<u>(142,833)</u>	<u>(142,833)</u>
20,379,824	-	20,379,824
12,169,224	-	12,169,224
11,105	-	11,105
55,246,987	-	55,246,987
110,255	1,216	111,471
7,622,177	-	7,622,177
<u>95,539,572</u>	<u>1,216</u>	<u>95,540,788</u>
(6,929,443)	(141,617)	(7,071,060)
34,300,986	198,486	34,499,472
<u>\$ 27,371,543</u>	<u>\$ 56,869</u>	<u>\$ 27,428,412</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010**

	General Fund	Building Fund	Capital Facilities Fund
ASSETS			
Deposits and investments	\$ 1,510,032	\$ 4,217,080	\$ 5,523,285
Receivables	17,450,286	7,091	8,934
Due from other funds	2,149,056	3,560,000	-
Stores inventories	-	-	-
Total Assets	\$ 21,109,374	\$ 7,784,171	\$ 5,532,219
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,572,926	\$ 280,665	\$ 52,912
Due to other funds	1,966,390	553,326	1,380,437
Current loan	8,528,560	-	-
Deferred revenue	259,497	-	-
Total Liabilities	15,327,373	833,991	1,433,349
Fund Balances:			
Reserved for:			
Legally restricted balances	2,790,546	-	-
Other reservations	48,000	-	-
Unreserved:			
Designated	2,943,455	-	-
Undesignated, reported in:			
Special revenue funds	-	-	-
Debt service funds	-	-	-
Capital projects funds	-	6,950,180	4,098,870
Total Fund Balance	5,782,001	6,950,180	4,098,870
Total Liabilities and Fund Balances	\$ 21,109,374	\$ 7,784,171	\$ 5,532,219

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

Bond Interest and Redemption Fund	Non Major Governmental Funds	Total Governmental Funds
\$ 9,443,333	\$ 4,561,445	\$ 25,255,175
14,231	1,052,074	18,532,616
-	32,236	5,741,292
-	45,075	45,075
<u>\$ 9,457,564</u>	<u>\$ 5,690,830</u>	<u>\$ 49,574,158</u>

\$ -	\$ 513,236	\$ 5,419,739
-	1,518,341	5,418,494
-	-	8,528,560
-	16,043	275,540
<u>-</u>	<u>2,047,620</u>	<u>19,642,333</u>

-	-	2,790,546
-	47,575	95,575
-	-	2,943,455
-	836,772	836,772
9,457,564	-	9,457,564
-	2,758,863	13,807,913
<u>9,457,564</u>	<u>3,643,210</u>	<u>29,931,825</u>
<u>\$ 9,457,564</u>	<u>\$ 5,690,830</u>	<u>\$ 49,574,158</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Total Fund Balance - Governmental Funds		\$ 29,931,825
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 338,472,343	
Accumulated depreciation is	<u>(89,022,541)</u>	
Net Capital Assets		249,449,802
In governmental funds, long term receivables for special education mandate settlements are not recognized, however it is recognized in governmental-wide financial statements.		59,822
Expenditures relating to issuance of debt were recognized on modified accrual basis, but are recorded as deferred charges on the accrual basis and amortized over the life of the bonds		3,824,718
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.		(3,539,738)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds payable	(227,259,055)	
Other postemployment benefits (OPEB)	(878,700)	
Compensated absences (vacations)	(738,184)	
Premiums, net of amortization	<u>(23,478,947)</u>	
Total Long-Term Liabilities		<u>(252,354,886)</u>
Total Net Assets - Governmental Activities		<u>\$ 27,371,543</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, 2010**

	General Fund	Building Fund	Capital Facilities Fund
REVENUES			
Revenue limit sources	\$ 62,758,445	\$ -	\$ -
Federal sources	10,201,717	-	-
Other state sources	19,600,062	-	-
Other local sources	9,026,185	44,059	381,287
Total Revenues	101,586,409	44,059	381,287
EXPENDITURES			
Current			
Instruction	74,586,943	-	-
Instruction-related activities:			
Supervision of instruction	2,451,800	-	-
Instructional library, media and technology	1,252,898	-	-
School site administration	6,578,309	-	-
Pupil services:			
Home-to-school transportation	2,085,266	-	-
Food services	-	-	-
All other pupil services	3,718,761	-	-
General administration:			
Data processing	1,028,164	-	-
All other general administration	3,953,362	-	-
Plant services	9,123,569	322,992	-
Facility acquisition and construction	-	18,511,381	261,413
Ancillary services	638,027	-	-
Community services	216,222	-	-
Other outgo	1,467,730	-	-
Debt service			
Principal	-	-	94,407
Interest and other	-	-	4,139
Total Expenditures	107,101,051	18,834,373	359,959
Excess (Deficiency) of Revenues Over Expenditures	(5,514,642)	(18,790,314)	21,328
Other Financing Sources (Uses):			
Transfers in	1,371,995	-	-
Other sources	-	25,000,928	-
Transfers out	(34,000)	-	(1,370,706)
Other uses	-	-	-
Net Financing Sources (Uses)	1,337,995	25,000,928	(1,370,706)
NET CHANGE IN FUND BALANCES	(4,176,647)	6,210,614	(1,349,378)
Fund Balance - Beginning	9,958,648	739,566	5,448,248
Fund Balance - Ending	\$ 5,782,001	\$ 6,950,180	\$ 4,098,870

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

Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 62,758,445
-	2,484,029	12,685,746
112,727	5,082,751	24,795,540
12,086,348	1,405,803	22,943,682
<u>12,199,075</u>	<u>8,972,583</u>	<u>123,183,413</u>
-	2,226,900	76,813,843
-	-	2,451,800
-	-	1,252,898
-	30,121	6,608,430
-	-	2,085,266
-	3,246,510	3,246,510
-	-	3,718,761
-	-	1,028,164
-	153,518	4,106,880
-	155,493	9,602,054
-	4,795,528	23,568,322
-	-	638,027
-	-	216,222
-	-	1,467,730
19,673,997	-	19,768,404
10,193,327	-	10,197,466
<u>29,867,324</u>	<u>10,608,070</u>	<u>166,770,777</u>
<u>(17,668,249)</u>	<u>(1,635,487)</u>	<u>(43,587,364)</u>
-	34,000	1,405,995
20,486,869	-	45,487,797
-	(1,289)	(1,405,995)
(1,354,033)	-	(1,354,033)
<u>19,132,836</u>	<u>32,711</u>	<u>44,133,764</u>
1,464,587	(1,602,776)	546,400
7,992,977	5,245,986	29,385,425
<u>\$ 9,457,564</u>	<u>\$ 3,643,210</u>	<u>\$ 29,931,825</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds	\$ 546,400
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statements of activities.	
This is the amount by which capital outlays exceeds depreciation in the period.	
Depreciation expense	\$ (6,843,410)
Capital outlays, net of adjustment	<u>27,057,028</u>
Net Expense Adjustment	20,213,618
Special education mandate settlement received in current fiscal year was accrued in 2001-02 in the governmental funds, therefore it is excluded in the statement of activities.	(53,336)
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).	(63,420)
Proceeds received from the Sale of Bonds, including bond premium, is a revenue in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities.	(45,487,798)
Payment of costs for the issuance of certificates of participation or bonds is an expenditure in the governmental funds, but is recorded as a prepaid expense and amortized on the statement of net assets over the life of the bonds.	1,511,254
Increase in long-term liabilities due to interest accretion for capital appreciation bonds.	(5,030,188)
Payment of principal on long-term liabilities, such as for bonds (including amortization of premiums) and capital leases, is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.	21,803,324
The liability for postemployment benefits (OPEB) is not recorded in the governmental funds, but is an expense on the statement of activities.	(254,800)
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.	(114,497)
Change in Net Assets of Governmental Activities	<u>\$ (6,929,443)</u>

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2010**

	Business-Type Activities Enterprise Funds
	Kids
	First
ASSETS	
Current Assets	
Deposits and investments	\$ 61,499
Receivables	1,288
Total Assets	\$ 62,787
LIABILITIES	
Current Liabilities	
Accounts payable	5,918
Total Current Liabilities	5,918
NET ASSETS	
Unrestricted	56,869
Total Net Assets	\$ 56,869

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

	Business-Type Activities Enterprise Funds Kids First
OPERATING REVENUES	
Local and intermediate sources	\$ 1,333,577
Total Operating Revenues	1,333,577
OPERATING EXPENSES	
Payroll costs	1,324,384
Supplies and materials	26,482
Facility rental	674
Other operating cost	124,870
Total Operating Expenses	1,476,410
Operating Loss	(142,833)
NONOPERATING REVENUES (EXPENSES)	
Interest income	1,216
Total Nonoperating Revenues (Expenses)	1,216
Change in Net Assets	(141,617)
Total Net Assets - Beginning	198,486
Total Net Assets - Ending	\$ 56,869

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

	Business-Type Activities Enterprise Funds
	Kids
	First
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 1,347,715
Cash payments to employees for services	(1,324,384)
Cash payments to suppliers for goods and services	(147,677)
Net Cash Used by Operating Activities	(124,346)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	5,779
Net Cash Provided (Used) from Investing Activities	5,779
Net Change in Cash and Cash Equivalents	(118,567)
Cash and Cash Equivalents - Beginning	180,066
Cash and Cash Equivalents - Ending	\$ 61,499
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating loss	\$ (142,833)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Receivables	14,138
Accrued liabilities	4,349
NET CASH USED BY OPERATING ACTIVITIES	\$ (124,346)

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2010**

	Retiree Benefits Trusts	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Deposits and investments	\$ 143,620	\$ 267,740
Receivables	597,853	-
Due from other funds	447,202	-
Total Assets	<u>1,188,675</u>	<u>\$ 267,740</u>
 LIABILITIES		
Overdrafts	142,535	-
Accounts payable	27,260	-
Due to student groups	-	267,740
Due to other funds	770,000	-
Total Liabilities	<u>939,795</u>	<u>\$ 267,740</u>
 NET ASSETS		
Held in trust	<u>248,880</u>	
Total Net Assets	<u>\$ 248,880</u>	

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

	Retiree Benefits Trusts
ADDITIONS	
District contributions	\$ 447,203
Interest and investment earnings, net	350,752
Total Additions	<u>797,955</u>
DEDUCTIONS	
Other expenditures	938,969
Total Deductions	<u>938,969</u>
Change in Net Assets	(141,014)
Net Assets - Beginning	<u>389,894</u>
Net Assets - Ending	<u>\$ 248,880</u>

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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, 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 a District. All transactions except those required or permitted by law to be in another fund are accounted for in this fund.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Building Fund The Building Fund exists primarily to account separately for proceeds from sale of bonds and acquisition of major governmental capital facilities and buildings.

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).

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used to account for the accumulation or resources for, and the repayment of, district bonds, interest, and related costs.

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue Funds are established to account for the proceeds from specific revenue sources (other than trusts or for major capital projects) that are restricted to the financing of particular activities:

Adult Education Fund The Adult Education Fund is used to account separately for federal, State, and local revenues for adult education programs and is to be expended for adult education purposes only, except for State revenues which, as a result of Senate Bill 4 of the 2009-10 Third Extraordinary Sessions (SBX3 4), may be used for any purpose.

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).

Special Reserve Fund for Other Than Capital Outlay Projects The Special Reserve for Other Than Capital Outlay Projects is used primarily to provide for the accumulation of General Fund monies for general operating purposes other than for capital outlay (Education Code Section 42840).

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

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

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

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

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

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

The three retiree benefits trusts are as follows:

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

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

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

Basis of Accounting - Measurement Focus

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

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

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

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

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

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

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 45 or 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Cash and Cash Equivalents

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

Investments

Investments held at June 30, 2010, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Stores Inventories

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

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

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

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

Interfund Balances

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Deferred Issuance Costs, Premiums and Discounts

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

Current Loans

Current loans consist of amounts outstanding at June 30, 2010, for Tax Revenue and Anticipation Notes. The notes were issued as short-term obligations to provide cash flow needs. This liability is offset with cash deposits in the State Investment Pool, which have been set aside to repay the notes.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Fund Balance Reserves and Designations

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for revolving cash accounts, stores inventories, prepaid expenditures (expenses), and legally restricted grants and entitlements.

Designations of fund balances consist of that portion of the fund balance that has been designated (set aside) by the governing board to provide for specific purposes or uses. Fund balance designations have been established for economic uncertainties and other purposes.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Operating Revenues and Expenses

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

Interfund Activity

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental and business-type activities columns of the statement of activities, except for the net residual amounts transferred between governmental and business-type activities.

Estimates

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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.

New Accounting Principles

In March 2009, the GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2010. Early implementation is encouraged.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2010, are classified in the accompanying financial statements as follows:

Governmental activities	\$25,255,175
Business-type activities	61,489
Fiduciary funds	411,361
Overdrafts	(142,535)
Total Deposits and Investments	<u>\$25,585,490</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Deposits and investments as of June 30, 2010, consist of the following:

Cash on hand and in banks	\$ 356,918
Cash in revolving	50,500
Investments	<u>25,178,072</u>
Total Deposits and Investments	<u><u>\$25,585,490</u></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.

Investment in the State Investment Pool - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

General Authorizations

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

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

Interest Rate Risk

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

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

Investment Type	Fair Value	Weighted Average Maturity in Years
County Pool	\$ 17,577,820	0.83
State Investment Pool	7,600,252	0.56
Total	\$ 25,178,072	

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, LAIF, and Certificates of Deposit are not required to be rated, nor have they been rated as of June 30, 2010.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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, 2010, approximately \$1,626,000 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, 2010, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total	Proprietary Funds	Fiduciary Funds
Federal Government								
Categorical aid	\$ 3,024,596	\$ -	\$ -	\$ -	\$ 548,046	\$ 3,572,642	\$ -	\$ -
State Government								
Apportionment	9,137,352	-	-	-	-	9,137,352	-	-
Categorical aid	3,538,658	-	-	-	486,253	4,024,911	-	-
Lottery	622,427	-	-	-	-	622,427	-	-
Local Government								
Other Local Sources	1,127,253	7,091	8,934	14,231	17,775	1,175,284	1,288	597,853
Total	<u>\$17,450,286</u>	<u>\$7,091</u>	<u>\$ 8,934</u>	<u>\$ 14,231</u>	<u>\$ 1,052,074</u>	<u>\$18,532,616</u>	<u>\$ 1,288</u>	<u>\$ 597,853</u>

Other receivables consist of the Special Education mandated settlement in the amount of \$59,822, which will be received next year.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 20,792,248	\$ -	\$ 261,575	\$ 20,530,673
Construction in Progress	66,713,115	1,859,319	35,286,737	33,285,697
Total Capital Assets Not Being Depreciated	87,505,363	1,859,319	35,548,312	53,816,370
Capital Assets Being Depreciated:				
Land Improvements	26,603,686	184,102	-	26,787,788
Buildings and Improvements	205,962,111	43,066,855	-	249,028,966
Furniture and Equipment	14,600,114	2,203,458	7,964,353	8,839,219
Total Capital Assets Being Depreciated	247,165,911	45,454,415	7,964,353	284,655,973
Total Capital Assets	334,671,274	47,313,734	43,512,665	338,472,343
Less Accumulated Depreciation:				
Land Improvements	20,732,715	1,299,380	3,669,587	18,362,508
Buildings and Improvements	78,197,964	5,091,737	18,662,965	64,626,736
Furniture and Equipment	6,504,411	452,293	923,407	6,033,297
Total Accumulated Depreciation	105,435,090	6,843,410	23,255,959	89,022,541
Governmental Activities Capital Assets, Net	\$ 229,236,184	\$40,470,324	\$ 20,256,706	\$ 249,449,802

Depreciation expense of \$6,843,410 was charged as a direct expense to the instruction function. The District performed physical evaluation of fixed assets during the year and adjustments are included in the above schedule.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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, 2010, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

Due From	Due To				Fiduciary Funds
	General Fund	Building Fund	Non-Major Governmental Funds	Total	
General Fund	\$ -	\$ 1,500,000	\$ 19,188	\$ 1,519,188	\$ 447,202
Building Fund	540,280	-	13,046	553,326	-
Capital Facilities	1,380,437	-	-	1,380,437	-
Non-Major Governmental Funds	228,339	1,290,000	2	1,518,341	-
Total Governmental Funds	2,149,056	2,790,000	32,236	4,971,292	447,202
Fiduciary funds	-	770,000	-	770,000	-
Total	\$ 2,149,056	\$ 3,560,000	\$ 32,236	\$ 5,741,292	\$ 447,202

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, 2010, consisted of the following:

Transfer To	Transfer From		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 34,000	\$ 34,000
Capital Facilities Fund	1,370,706	-	1,370,706
Non-Major Governmental funds	1,289	-	1,289
Total	\$ 1,371,995	\$ 34,000	\$ 1,405,995

The General Fund transferred to the Special Reserve for Noncapital Fund for copier replacement.	\$ 34,000
The Capital Facilities Fund transferred to the General Fund for operating cost/routine maintenance.	1,370,706
The Child Development Fund transferred to General Fund for additional administrative costs.	1,289
Total	\$ 1,405,995

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, 2010

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2010, consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Vendor payables	\$ 2,561,115	\$ 280,665	\$ 52,912	\$ 512,753	\$ 3,407,445
Salaries and benefits	2,011,811	-	-	483	2,012,294
Total	<u>\$ 4,572,926</u>	<u>\$ 280,665</u>	<u>\$ 52,912</u>	<u>\$ 513,236</u>	<u>\$ 5,419,739</u>

NOTE 7 - DEFERRED REVENUE

Deferred revenue at June 30, 2010, consists of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 258,843	\$ 15,556	\$ 274,399
State categorical aid	654	487	1,141
Total	<u>\$ 259,497</u>	<u>\$ 16,043</u>	<u>\$ 275,540</u>

NOTE 8 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On June 10, 2010, the District issued \$8,500,000 Tax and Revenue Anticipation Notes bearing interest at 2.0 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on October 15, 2010. The District has recorded the cash available to make the principal and interest payments as investment and with the corresponding liability as a current loan.

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

Issue Date	Rate	Maturity Date	Outstanding July 1, 2009	Additions	Payments	Outstanding June 30, 2010
June 10, 2010	2%	October 15, 2010	\$ -	\$ 8,500,000	\$ -	\$ 8,500,000

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2009	Issued/ Addition	Accretion	Deductions	Balance June 30, 2010	Due in One Year
General obligation bonds	\$ 199,611,935	\$42,290,928	\$ 5,030,188	\$19,673,997	\$ 227,259,054	\$3,731,816
Add: Premium	22,316,997	3,196,870	-	2,034,920	23,478,947	2,050,900
Subtotal general obligation bonds	221,928,932	45,487,798	5,030,188	21,708,917	250,738,001	5,782,716
Accumulated vacation - net	674,764	63,421	-	-	738,185	-
Capital leases	94,407	-	-	94,407	-	-
OPEB Liability	623,900	254,800	-	-	878,700	-
	<u>\$ 223,322,003</u>	<u>\$45,806,019</u>	<u>\$ 5,030,188</u>	<u>\$21,803,324</u>	<u>\$ 252,354,886</u>	<u>\$5,782,716</u>

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

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2009	Issued	Interest Accretion	Redeemed	Bonds Outstanding June 30, 2010
1998	2023	4.4-6.0%	10,999,274	\$ 18,258,097	\$ -	\$ -	\$10,909,175	\$ 7,348,922
1998	2024	3.9-5.35%	10,000,766	12,431,580	-	-	5,064,822	7,366,758
2002	2020	3.0-12.0%	53,785,000	45,060,000	-	-	3,700,000	41,360,000
2003	2030	2.25%	5,000,000	4,350,000	-	-	-	4,350,000
2003	2030	4.0-8.0%	29,999,985	39,577,586	-	1,930,007	-	41,507,593
2006	2030	4.6-6.0%	16,745,000	16,745,000	-	-	-	16,745,000
2006	2033	3.9-8.0%	29,999,346	32,562,110	-	949,283	-	33,511,393
2008	2031	3.9-8.0%	29,999,522	30,627,562	-	601,326	-	31,228,888
2009	2034	5.91-7.18%	25,000,928	-	25,000,928	1,549,572	-	26,550,500
2009	2021	3.0-5.0%	17,290,000	-	17,290,000	-	-	17,290,000
				<u>\$ 199,611,935</u>	<u>\$42,290,928</u>	<u>\$5,030,188</u>	<u>\$ 19,673,997</u>	<u>\$ 227,259,054</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Debt Service Requirements to Maturity

The bonds mature through 2035 as follows:

Fiscal Year	Principal	Interest to Maturity	Accreted Interest	Total
2011	\$ 3,731,816	\$ 9,100,201	\$ 388,184	\$ 13,220,201
2012	4,184,705	9,119,259	745,295	14,049,259
2013	4,855,753	8,873,431	924,247	14,653,431
2014	5,740,546	8,495,887	1,039,454	15,275,887
2015	6,938,005	7,767,727	1,271,995	15,977,727
2016-2020	49,934,794	39,896,601	16,545,206	106,376,601
2021-2025	47,687,487	56,615,647	46,782,512	151,085,646
2026-2030	41,413,382	78,303,843	70,826,619	190,543,844
2031-2035	47,914,757	97,435,518	96,090,245	241,440,520
Total	212,401,245	\$ 315,608,114	\$ 234,613,757	\$ 762,623,116
Accreted Interest	14,857,809	\$ 227,259,054		

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2010, amounted to \$738,185.

Capital Leases

The District has entered into various capital lease arrangements. The District's liability on lease agreements with options to purchase are summarized below:

	Buses	Buses	Total
Balance, July 1, 2009	\$ 44,087	\$ 50,320	\$ 94,407
Payments	44,087	50,320	94,407
Balance, July 1, 2010	\$ -	\$ -	\$ -

Other Postemployment Benefit (OPEB) Obligation

The District implemented GASBS No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2008. The District's annual required contribution (ARC) was \$525,700 for the year ended June 30, 2010. The District made a contribution of \$246,700, which was less than the actuarial "pay as you go" costs. The actuarial estimated "pay-as-you-go" amount of \$246,700 was deducted from the ARC, which resulted in a net OPEB obligation of \$878,700 after interest and adjustment to annual required contribution. See Note 10 for additional information regarding the OPEB Obligation and the postemployment benefit plan.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

Plan Description

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

Contribution Information

The contribution requirements of the District are established and may be amended by the District and the eligible plan members. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits. For fiscal year 2009-10, the District contributed \$246,700 to the plan, the majority of which was used for current premiums.

Annual OPEB Cost and Net OPEB Obligation

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

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

Annual required contribution	\$ 525,700
Interest on net OPEB obligation	19,900
Adjustment to annual required contribution	<u>(44,100)</u>
Annual OPEB cost (expense)	501,500
Contributions made	<u>(246,700)</u>
Increase in net OPEB obligation	254,800
Net OPEB obligation, beginning of year	623,900
Net OPEB obligation, end of year	<u><u>\$ 878,700</u></u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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:

<u>Year Ended</u> <u>June 30</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Actual</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2008	\$ 523,800	\$ 200,000	38%	\$ 323,800
2009	\$ 523,800	\$ 223,700	43%	\$ 300,100
2010	\$ 501,500	\$ 246,700	49%	\$ 878,700

Funded Status and Funding Progress

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.

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

NOTE 11 – DEFEASED DEBT

In August 2009, the District defeased a portion of general obligation bonds issued in 1996 and 2002 by creating an irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore, removed as a liability from the District's Long-term obligations. The refunding of the 1996 Series B and C bonds were current refundings, no defeused bonds outstanding. The refunding of the 2002 bonds were an advanced refunding, the defeased bonds outstanding as of June 30, 2010 were \$1,150,000. The net savings from refunding bonds were \$890,786.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 12 - FUND BALANCES

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

	General	Building	Capital Facilities	Bond Interest and Redemption	Non-Major Governmental Funds	Total	Fiduciary Funds
Reserved							
Revolving cash	\$ 48,000	\$ -	\$ -	\$ -	\$ 2,500	\$ 50,500	\$ -
Stores inventory	-	-	-	-	45,075	45,075	-
Restricted programs	2,790,546	-	-	-	-	2,790,546	-
Total Reserved	<u>2,838,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,575</u>	<u>2,886,121</u>	<u>-</u>
Unreserved							
Designated							
Economic uncertainties	2,943,455	-	-	-	-	2,943,455	-
Other designation	-	-	-	-	3,595,635	3,595,635	-
Total Designated	<u>2,943,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,595,635</u>	<u>6,539,090</u>	<u>-</u>
Undesignated	-	6,950,180	4,098,870	9,457,564	-	20,506,614	248,880
Total Unreserved	<u>2,943,455</u>	<u>6,950,180</u>	<u>4,098,870</u>	<u>9,457,564</u>	<u>3,595,635</u>	<u>27,045,704</u>	<u>248,880</u>
Total	<u>\$ 5,782,001</u>	<u>\$ 6,950,180</u>	<u>\$ 4,098,870</u>	<u>\$ 9,457,564</u>	<u>\$ 3,643,210</u>	<u>\$ 29,931,825</u>	<u>\$ 248,880</u>

NOTE 13 - LEASE REVENUES

The District has property held for lease. Lease agreements have been entered into with various lessees for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease payments expected to be received under these agreements are as follows:

Year Ending June 30,	Lease Revenue
2011	\$ 151,152
2012	22,800
2013	21,527
Total	<u>\$ 195,479</u>

NOTE 14 - RISK MANAGEMENT

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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, 2010, 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 2010, the District participated in the Alameda County Schools Insurance Group (ACSIG), an insurance purchasing pool. The intent of the ACSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the ACSIG. The workers' compensation experience of the participating Districts is calculated as one experience and a common premium rate is applied to all Districts in the ACSIG. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of each participated school districts. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the ACSIG. Participation in the ACSIG is limited to Districts that can meet the ACSIG selection criteria.

Employee Medical Benefits

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

NOTE 15 - EMPLOYEE RETIREMENT SYSTEMS

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

CalSTRS

Plan Description

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

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2009-2010 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2010, 2009, and 2008, were \$5,051,204, \$5,101,751, and \$5,183,666, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2009-2010 was 9.709 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2010, 2009, and 2008, were \$1,613,032, \$1,641,024, and \$1,687,715, respectively, and equal 100 percent of the required contributions for each year.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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 4 403(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 \$2,611,705 (4.267 percent of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budget amounts reported in the General Fund Budgetary Comparison Schedule.

NOTE 16 - 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, 2010.

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, 2010.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Construction Commitments

As of June 30, 2010, the District had the following commitments with respect to the unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Concession Stand	\$ 192,647	Sep-10
Concession Stand Site Work	7,346	Sep-10
Demo & Install of Play Structure at Cabello & Emanuele	97,200	Oct-10
	<u>\$ 297,193</u>	

NOTE 17 - 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 South County Transportation Group (SCTG) 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 SCTG. 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, 2010, the District made payments of \$519,809, \$1,865,503, and \$562,601 to Northern California ReLiEF, ACSIG, and SCTG, respectively for risk management, workers compensation, and transportation.

NOTE 18 – FISCAL ISSUES RELATING TO BUDGET REDUCTIONS

The State of California continues to suffer the effects of a recessionary economy. California school districts are reliant on the State of California to appropriate the funding necessary to continue the level of educational services expected by the State constituency. With the implementation of education trailer bill Senate Bill 416 of the 2009-10 Fouth Extraordinary Session (SBX4 416) (Chapter 23, Statutes of 2009), 25 percent of current year appropriations have now been deferred to a subsequent period, creating significant cash flow management issues for districts in addition to requiring substantial budget reductions, ultimately impacting the ability of California school districts to meet their goals for educational services.

REQUIRED SUPPLEMENTARY INFORMATION

NEW HAVEN UNIFIED SCHOOL DISTRICT

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual (GAAP Basis)	Variances -
	Original	Final		Positive (Negative) Final to Actual
REVENUES				
Revenue limit sources	\$ 65,919,373	\$ 63,169,955	\$ 62,758,445	\$ (411,510)
Federal sources	10,259,719	11,941,270	10,201,717	(1,739,553)
Other state sources	16,913,304	16,559,144	19,600,062	3,040,918
Other local sources	8,644,771	8,725,505	9,026,185	300,680
Total Revenues¹	101,737,167	100,395,874	101,586,409	1,190,535
EXPENDITURES				
Current				
Certificated salaries	63,061,008	62,691,547	65,022,306	(2,330,759)
Classified salaries	13,922,951	13,785,976	13,762,796	23,180
Employee benefits	15,674,778	16,279,202	16,118,775	160,427
Books and supplies	2,423,000	4,152,588	2,424,193	1,728,395
Services and operating expenditures	7,711,873	8,781,423	8,445,496	335,927
Other outgo	996,368	1,291,776	1,314,212	(22,436)
Capital outlay	182,000	92,903	13,273	79,630
Total Expenditures¹	103,971,978	107,075,415	107,101,051	(25,636)
Excess (Deficiency) of Revenues Over Expenditures	(2,234,811)	(6,679,541)	(5,514,642)	1,164,899
Other Financing Sources (Uses):				
Transfers in	1,958,411	2,188,411	1,371,995	(816,416)
Transfers out	(36,000)	(34,000)	(34,000)	-
Net Financing Sources (Uses)	1,922,411	2,154,411	1,337,995	(816,416)
NET CHANGE IN FUND BALANCES	(312,400)	(4,525,130)	(4,176,647)	348,483
Fund Balance - Beginning	9,958,648	9,958,648	9,958,648	-
Fund Balance - Ending	\$ 9,646,248	\$ 5,433,518	\$ 5,782,001	\$ 348,483

¹ On behalf payments of \$2,611,705 are included in the actual revenues and expenditures, but have not been included in the budget amounts.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2010**

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

SUPPLEMENTARY INFORMATION

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Elementary and Secondary School Counseling Demonstration Program	84.215E	n/a	\$ 384,108
Passed through California Department of Education (CDE):			
Adult Education - State Grant Programs			
Adult Basic Education and ESL	84.002A	14508	215,042
Adult Secondary Education	84.002	13978	30,939
English Literacy and Civics Education	84.002A	14109	110,635
No Child Left Behind			
Title I - Basic Grants-Low Income	84.010	14981	1,832,705
ARRA, Title I - Basic Grants-Low Income	84.389	15005	195,227
Title I - Migrant Education - Regular and Summer	84.011	14326	211,050
Title I - Even Start Family Literacy	84.213	14331	120,750
Title I - Even Start Migrant Education	84.011	14768	26,172
Title II - Enhancing Education Through Technology	84.318	14334	1,985
Title II - Improving Teacher Quality Local Grants	84.367	14341	594,629
Title III - Limited English Proficiency (LEP)	84.365	10084	261,819
Title IV - Safe and Drug Free Schools	84.186	14347	10,235
Title V - Innovative Education Strategies	84.298A	14354	11,857
ARRA: State Fiscal Stabilization Funds	84.394	25008	2,468,800
California Preschool Instructional Network	84.173	14530	1,780
Special Education IDEA (PL 94-142)			
Basic Local Assistance Entitlement	84.027	13379	1,966,205
Low Assistance, Private school	84.027	10115	1,824
ARRA, Basic Local Assistance	84.391	15003	1,556,045
ARRA, Low Assistance, Private school	84.391	10123	993
Preschool Grants	84.173	13430	38,912
ARRA, Preschool Grants	84.392	15000	50,318
Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	65,898
ARRA, Preschool Local Entitlement, Part B, Sec 611	84.391	15002	93,685
Preschool Staff Development	84.173A	13431	312
Vocational Educational (Carl Perkins Act)			
Technology Secondary IIC	84.048	13924	68,379
Total U.S. Department of Education			<u>10,320,304</u>

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2010

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	<u>144,747</u>
Total U.S. Department of Health and Human Services			<u>144,747</u>
DEPARTMENT OF COMMERCE			
Passed through California Department of Education (CDE):			
Educational Partnership Program - NOAA B-WET	11.429	1	<u>95,063</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education (CDE):			
Child Nutrition			
Child Nutrition School Programs	10.553	13390	2,111,251
Child Care Food Program (CCFP)	10.558	13666	14,381
Fair Market Value of Commodities ²	10.565	13396	<u>177,220</u>
Total U.S. Department of Agriculture			<u>2,302,852</u>
Total Expenditures of Federal Awards			<u>\$ 12,862,966</u>

¹ Pass-Through Entity Identifying Number not available

² Amount not included in the financial statements

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2010

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>
Gwen Estes	President	2010
Gertrude Gregorio	Clerk	2010
Jonas Dino	Member	2012
Kevin Harper	Member	2012
Michelle Matthews	Member	2012

ADMINISTRATION

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

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2010**

	Amended Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	878	892
First through third	2,640	2,644
Fourth through sixth	2,662	2,668
Seventh and eighth	1,842	1,838
Community day school	1	2
Special education	278	278
Total Elementary	8,301	8,322
SECONDARY		
Regular classes	3,817	3,776
Continuation education	161	169
Home and hospital	5	4
Community day school	1	2
Special education	154	150
Total Secondary	4,138	4,101
Total K-12	12,439	12,423
REGIONAL OCCUPATIONAL PROGRAM	-	311
CLASSES FOR ADULTS		
Concurrently enrolled	-	26
Adults enrolled, State Apportioned	-	446
Total Classes for Adults	-	472
Grand Total	12,439	13,206
		<u>Hours of Attendance</u>
SUMMER SCHOOL		
Elementary		-
High school		26,426
Total Hours		26,426

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2010**

Grade Level	1982-83	Reduced 1982-83	1986-87	Reduced 1986-87	2009-10	Number of Days		Status
	Actual Minutes	Actual Minutes	Minutes Requirement	Minutes Requirement	Actual Minutes	Traditional Calendar		
Kindergarten	32,415	31,515	36,000	35,000	36,000	180		In Compliance
Grades 1 - 3	46,004	44,726	50,400	49,000				
Grade 1					52,320	180		In Compliance
Grade 2					52,320	180		In Compliance
Grade 3					52,320	180		In Compliance
Grades 4 - 6	46,004	44,726	54,000	52,500				
Grade 4					52,320	1	180	In Compliance
Grade 5					52,320	1	180	In Compliance
Grade 6					57,218		180	In Compliance
Grades 7 - 8	55,580	54,036	54,000	52,500				
Grade 7					57,218		180	In Compliance
Grade 8					57,218		180	In Compliance
Grades 9 - 12	57,930	56,321	64,800	63,000				
Grade 9					64,811		180	In Compliance
Grade 10					64,811		180	In Compliance
Grade 11					64,811		180	In Compliance
Grade 12					64,811		180	In Compliance

¹ Complied using the weighted average method.

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	<u>General Fund</u>	<u>Cafeteria Fund</u>	<u>Building Fund</u>
FUND BALANCE			
Balance, June 30, 2010, Unaudited Actuals	\$ 6,101,669	\$ 384,252	\$ 6,904,311
Increase in:			
Accounts receivable	-	155,848	-
Accounts payable	(319,668)	-	-
Decrease in:			
Accounts payable	-	-	45,869
Balance, June 30, 2010, Audited Financial Statement	<u>\$ 5,782,001</u>	<u>\$ 540,100</u>	<u>\$ 6,950,180</u>

Summarized below are the Form Asset and Debt reconciliations between the Unaudited Actual Financial Report, and the audited financial statements:

FORM ASSET	<u>Form Asset</u>
Total Capital Assets, June 30, 2010, Unaudited Actuals	\$ 295,758,015
Increase in:	
Land	(261,575)
Work in process	(66,832,428)
Land improvement	(482,047)
Buildings	10,782,965
Equipment	(5,927,676)
Accumulated depreciation	16,412,548
Total Capital Assets, June 30, 2010, Audited Financial Statement	<u>\$ 249,449,802</u>
FORM DEBT	<u>Form Debt</u>
Total Liabilities, June 30, 2010, Unaudited Actuals	\$ 220,391,754
Increase in:	
Bond interest accretion	8,475,102
Postemployment benefit liability (OPEB)	11,000
Capital leases	(1,918)
Bond premium, net of amortization	23,478,948
Total Liabilities, June 30, 2010, Audited Financial Statement	<u>\$ 252,354,886</u>

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

	(Budget) 2011 ¹	2010	2009	2008
GENERAL FUND				
Revenues	\$ 91,823,856	\$ 101,586,409	107,182,875	\$ 108,819,434
Other sources	3,278,418	1,371,995	3,539,637	1,429,709
Total Revenues and Other Sources	95,102,274	102,958,404	110,722,512	110,249,143
Expenditures	98,991,591	107,101,051	108,694,967	111,682,781
Other uses and transfers out	-	34,000	692,966	626,423
Total Expenditures and Other Uses	98,991,591	107,135,051	109,387,933	112,309,204
INCREASE (DECREASE) IN FUND BALANCE	\$ (3,889,317)	\$ (4,176,647)	\$ 1,334,579	\$ (2,060,061)
ENDING FUND BALANCE	\$ 1,892,684	\$ 5,782,001	\$ 9,958,648	\$ 8,624,070
AVAILABLE RESERVES²	\$ 1,871,165	\$ 2,968,034	\$ 3,888,659	\$ 3,371,028
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO³	1.89%	2.85%	3.65%	3.08%
LONG-TERM DEBT	\$ 246,572,169	\$ 252,354,886	\$ 223,322,003	\$ 223,237,655
K-12 AVERAGE DAILY ATTENDANCE AT P-2	12,444	12,439	12,385	12,458

The General Fund balance has decreased by \$2,842,069 over the past two years. The fiscal year 2010-2011 budget projects a decrease of \$3,889,317 (67 percent). For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2010-2011 fiscal year. Total long-term debt has increased by \$29,117,230 over the past two years mainly due to the issuance of general obligation bonds.

Average daily attendance has decreased by 19 over the past two years. An increase of 5 ADA is anticipated during fiscal year 2010-2011.

1 Budget 2011 is included for analytical purposes only and has not been subjected to audit.

2 Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund and Special Reserve Fund (other than capital outlay).

3 On-behalf payments of \$2,611,705, \$2,792,416, and \$2,836,972, respectively, have been excluded from the calculation of available reserves for fiscal Years ending June 30, 2010, 2009, and 2008.

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010**

	Adult Education Fund	Child Development Fund	Cafeteria Fund
ASSETS			
Deposits and investments	\$ 208	\$ 65,723	\$ 203,317
Receivables	158,020	451,755	435,558
Due from other funds	5,571	-	21,738
Stores inventories	-	-	45,075
Total Assets	\$ 163,799	\$ 517,478	\$ 705,688
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,979	\$ 498,821	\$ 11,302
Due to other funds	160,820	2,614	154,286
Deferred revenue	-	16,043	-
Total Liabilities	163,799	517,478	165,588
Fund Balances:			
Reserved for:			
Other reservations	-	-	180,537
Unreserved:			
Undesignated, reported in:			
Special revenue funds	-	-	359,563
Capital projects funds	-	-	-
Total Fund Balance	-	-	540,100
Total Liabilities and Fund Balances	\$ 163,799	\$ 517,478	\$ 705,688

See accompanying note to supplementary information.

Special Reserve Non-Capital Fund	County School Facilities Fund	Special Reserve Capital Outlay Fund	Total Non-Major Governmental Funds
\$ 343,709	\$ 3,537,918	\$ 410,570	\$ 4,561,445
538	5,537	666	1,052,074
-	4,927	-	32,236
-	-	-	45,075
<u>\$ 344,247</u>	<u>\$ 3,548,382</u>	<u>\$ 411,236</u>	<u>\$ 5,690,830</u>
\$ -	\$ 134	\$ -	\$ 513,236
-	1,200,621	-	1,518,341
-	-	-	16,043
<u>-</u>	<u>1,200,755</u>	<u>-</u>	<u>2,047,620</u>
-	-	-	180,537
344,247	-	-	703,810
-	2,347,627	411,236	2,758,863
<u>344,247</u>	<u>2,347,627</u>	<u>411,236</u>	<u>3,643,210</u>
<u>\$ 344,247</u>	<u>\$ 3,548,382</u>	<u>\$ 411,236</u>	<u>\$ 5,690,830</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, 2010**

	Adult Education Fund	Child Development Fund	Cafeteria Fund
REVENUES			
Federal sources	\$ 356,616	\$ 1,781	\$ 2,125,632
Other state sources	-	1,897,298	185,453
Other local sources	-	2,615	1,361,259
Total Revenues	356,616	1,901,694	3,672,344
EXPENDITURES			
Current			
Instruction	326,495	1,900,405	-
Instruction-related activities:			
School site administration	30,121	-	-
Pupil services:			
Food services	-	-	3,246,510
General administration:			
All other general administration	-	-	153,518
Plant services	-	-	153,923
Facility acquisition and construction	-	-	-
Total Expenditures	356,616	1,900,405	3,553,951
Excess (Deficiency) of			
Revenues Over Expenditures	-	1,289	118,393
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	(1,289)	-
Net Financing Sources (Uses)	-	(1,289)	-
NET CHANGE IN FUND BALANCES	-	-	118,393
Fund Balance - Beginning	-	-	421,707
Fund Balance - Ending	\$ -	\$ -	\$ 540,100

See accompanying note to supplemental information.

Special Reserve Non-Capital Fund	County School Facilities Fund	Special Reserve Capital Fund	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 2,484,029
-	3,000,000	-	5,082,751
2,184	26,921	12,824	1,405,803
<u>2,184</u>	<u>3,026,921</u>	<u>12,824</u>	<u>8,972,583</u>
-	-	-	2,226,900
-	-	-	30,121
-	-	-	3,246,510
-	-	-	153,518
-	-	1,570	155,493
-	4,795,528	-	4,795,528
-	4,795,528	1,570	10,608,070
<u>2,184</u>	<u>(1,768,607)</u>	<u>11,254</u>	<u>(1,635,487)</u>
34,000	-	-	34,000
-	-	-	(1,289)
<u>34,000</u>	<u>-</u>	<u>-</u>	<u>32,711</u>
36,184	(1,768,607)	11,254	(1,602,776)
308,063	4,116,234	399,982	5,245,986
<u>\$ 344,247</u>	<u>\$ 2,347,627</u>	<u>\$ 411,236</u>	<u>\$ 3,643,210</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

**WELFARE BENEFIT PLANS
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2010 AND 2009**

	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	
	2010	2009	2010	2009	2010	2009	2010	2009
ASSETS								
Investments	\$ -	\$ -	\$ -	\$ 87,606	\$ 143,620	\$ 337,586	\$ 143,620	\$ 425,192
Plan sponsor receivable	597,561	243,679	-	622	292	2,963	597,853	247,264
Due from other funds	288,680	-	158,522	-	-	-	447,202	-
Total Assets	886,241	243,679	158,522	88,228	143,912	340,549	1,188,675	672,456
LIABILITIES								
Overdrafts	101,472	243,679	41,063	-	-	-	142,535	243,679
Accounts payable	16,009	-	6,601	-	4,650	-	27,260	-
Due to other funds	770,000	31,106	-	5,833	-	1,944	770,000	38,883
Total Liabilities	887,481	274,785	47,664	5,833	4,650	1,944	939,795	282,562
Net assets held in trust for OPEB	\$ (1,240)	\$ (31,106)	\$ 110,858	\$ 82,395	\$ 139,262	\$ 338,605	\$ 248,880	\$ 389,894

See accompanying note to supplemental information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**WELFARE BENEFIT PLANS
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	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	
	2010	2009	2010	2009	2010	2009	2010	2009
ADDITIONS TO NET ASSETS								
Employer contributions	\$ 288,680	\$ 299,296	\$ 158,523	\$ 163,247	\$ -	\$ 223,700	\$ 447,203	\$ 686,243
Transfers from investments	352,688	244,873	-	-	-	-	352,688	244,873
Investment income (loss)	(3,481)	(7,443)	120	630	1,425	12,003	(1,936)	5,190
Total Additions	637,887	536,726	158,643	163,877	1,425	235,703	797,955	936,306
DEDUCTIONS FROM NET ASSETS								
Benefits paid to participants	608,021	529,481	130,180	107,863	191,268	372,330	929,469	1,009,674
Transfer to investments	-	-	-	-	-	-	-	-
Administrative costs	-	38,351	-	5,832	9,500	2,928	9,500	47,111
Total Deductions	608,021	567,832	130,180	113,695	200,768	375,258	938,969	1,056,785
Net Increase	29,866	(31,106)	28,463	50,182	(199,343)	(139,555)	(141,014)	(120,479)
NET ASSETS HELD IN TRUST FOR OPEB								
Beginning of Year	(31,106)	-	82,395	32,213	338,605	478,160	389,894	510,373
End of Year	\$ (1,240)	\$ (31,106)	\$ 110,858	\$ 82,395	\$ 139,262	\$ 338,605	\$ 248,880	\$ 389,894

See accompanying note to supplemental information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2010

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	
	<u>Number</u>	<u>Amount</u>
Total Federal Revenues Statement of Revenues, Expenditures and Changes in Fund Balance:		\$ 12,685,746
Commodities Received	10.555	<u>177,220</u>
Total Schedule of Expenditures of Federal Awards		<u><u>\$ 12,862,966</u></u>

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirement, whichever is greater, as required by Education Code Section 46201. Senate Bill 2 of the 2009-2010 Fourth Extraordinary Session (SBX4 2) allows for an equivalent five-day reduction to the required number of instructional minutes for the fiscal years 2009-2013.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION (CONTINUED) JUNE 30, 2010

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

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

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

SUPPLEMENTARY INFORMATION
UNAUDITED

NEW HAVEN UNIFIED SCHOOL DISTRICT

**ASSESSED VALUATION OF TAXABLE PROPERTIES AND SECURED TAX CHARGES AND DELINQUENCIES WITHIN THE NEW HAVEN UNIFIED SCHOOL DISTRICT BOUNDARIES - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2010**

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

Secured	\$ 8,350,832,590
Unsecured	2,300,434
Utility	622,305,085
Total 2009-2010 Assessed Valuation	<u>\$ 8,975,438,109</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION - UNAUDITED JUNE 30, 2010

NOTE 1 - PURPOSE OF SCHEDULES - UNAUDITED

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

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

INDEPENDENT AUDITORS' REPORTS



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

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

Governing Board
New Haven Unified School District
Union City, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Haven Unified School District as of and for the year ended June 30, 2010, which collectively comprise New Haven Unified School District's basic financial statements and have issued our report thereon dated December 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered New Haven Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the New Haven Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the New Haven Unified School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, 2010-3, to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, 2010-1 and 2010-2, to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Haven Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 15, 2010.

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

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

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 15, 2010



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

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

Governing Board
New Haven Unified School District
Union City, California

Compliance

We have audited the compliance of New Haven Unified School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its New Haven Unified School District's major Federal programs for the year ended June 30, 2010. New Haven Unified School District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of New Haven Unified School District's management. Our responsibility is to express an opinion on New Haven Unified School District's compliance based on our audit.

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

In our opinion, New Haven Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 15, 2010



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
New Haven Unified School District
Union City, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Haven Unified School District as of and for the year ended June 30, 2010, and have issued our report thereon dated December 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2009-10*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of New Haven Unified School District's management. 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 in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance reporting	8	Yes
Kindergarten continuance	3	Yes
Independent study	23	Yes
Continuation education	10	Yes
Instructional Time:		
School districts	6	Yes
County offices of education	3	Not Applicable
Instructional Materials:		
General requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early retirement incentive	4	Not Applicable
Gann limit calculation	1	Yes

	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
School Accountability Report Card	3	Yes
Public hearing requirement - receipt of funds	1	Yes
Class Size Reduction Program (including in Charter Schools):		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	Not Applicable
District or charter schools with only one school serving K-3	4	Not Applicable
After School Education and Safety Program		
General requirements	4	Not Applicable
After school	4	Not Applicable
Before school	5	Not Applicable
Charter Schools:		
Contemporaneous records of attendance	1	Not Applicable
Mode of instruction	1	Not Applicable
Non classroom-based instruction/independent study	15	Not Applicable
Determination of funding for non classroom-based instruction	3	Not Applicable
Annual instruction minutes classroom based	3	Not Applicable

Based on our audit, we found that for the items tested, the New Haven Unified School District complied with the State laws and regulations referred to above, except as described in the Schedule of State Award Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the New Haven Unified School District had not complied with the laws and regulations, except as described in the Schedule of State Award Findings and Questioned Costs included in this report. Our audit does not provide a legal determination on New Haven Unified School District's compliance with the State laws and regulations referred to above.

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

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 15, 2010

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2010**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.394 (ARRA)</u>	<u>ARRA: State Fiscal Stabilization Fund</u>
<u>84.010, 84.389 (ARRA)</u>	<u>Title I Grants to Local Educational Agencies Cluster (includes ARRA)</u>
<u>84.027; 84.391 (ARRA); 84.173; 84.392 (ARRA), 84.027A; 84.173A</u>	<u>Special Education Cluster (includes ARRA)</u>
<u>10.553; 10.558; 10.565</u>	<u>Child Nutrition Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 385,889</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for State programs:	<u>Qualified</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

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

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

Criteria or Specific Requirements

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

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

Condition

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

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

Emanuele Elementary School

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

Alvarado Middle School

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

Conley-Carabello High School

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

James Logan High School

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

Cabello Student Center

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

Questioned costs

None.

Context

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

Effect

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

Cause

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

Recommendation

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

District Response

Staff has been made aware of the insufficient internal controls with regards to administration of Associated Student Body accounts. To ensure adequate internal controls are in place, sites have been instructed to remove the ASB bookkeeper as an authorized check signer. In addition, the following actions have been implemented:

- At Emanuele Elementary School, Conley-Carabello High School, and Cabello Student Center, to ensure adequate segregation of duties, site staff are required to go to the District office to obtain additional required signatures from any of the four authorized signers in the Business Department.

NEW HAVEN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

- At Alvarado Middle School, a book of pre-numbered receipts has been purchased and is currently being used.
- At Cabello Student Center, site staff has been advised to collect valid documentation before issuing disbursements. This subject will be reviewed on a monthly basis via site visits by Business staff to ensure cash receipts and payment activities are completed accordingly.
- At James Logan High School, the items of concern stated above have been discussed with site administrative staff and are being addressed. Because James Logan High School has numerous student clubs, one item that has already been implemented is the creation of a fund-raising request form that would accommodate the needs of the various student organizations as well as simplify the approval process. This form was put together by the Assistant Principal and Activities Director and was reviewed by Business staff to ensure audit compliance.

In addition to the site-specific items above, District management will provide additional training to ASB staff to address ASB administrative policies and procedures

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

Criteria or Specific Requirements

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

Condition

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

James Logan High School

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

Cabello Student Center

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

Questioned Costs

None.

Context

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

Effect

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

Cause

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

Recommendation

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

District Response

Site staff has been advised to deposit funds on a weekly basis and to reconcile receipt numbers to every deposit. This subject will also be reviewed on a monthly basis via site visits by Business staff to ensure the process is completed accordingly.

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

Criteria or Specific Requirements

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

Condition

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

Questioned Costs

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

Context

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

Effect

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

Cause

The District failed to properly accrue accounts payable and receivables.

Recommendation

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

District Response

General Fund - The adjustment in the General Fund in the amount of \$319,667 was for a settlement that resulted from a litigation that has been on-going for the last several years. Although the District recognizes that this item was a potential cost in 2009-10 or even in years prior to that, neither the result nor the cost of the settlement was known in time to be recognized for 2009-10 year end close.

Cafeteria Fund - The program manager has been made aware of the adjustment to the Cafeteria Fund in the amount of \$155,848 and will closely monitor year end procedures to make sure this error does not occur. In addition, copies of claims will be forwarded to the Fiscal Services Department for additional review.

Building Fund – Liabilities for capital projects that were completed by June 30th were estimated for year-end close. The adjustment in the amount of \$45,868 was derived from the difference between the estimated amounts and the actual invoices once received from the vendors.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

None reported.

NEW HAVEN UNIFIED SCHOOL DISTRICT

STATE AWARD FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations. The finding has been coded as follow:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
10000	Attendance

2010-4 Attendance (10000)

Criteria or Specific Requirements

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

Condition

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

Questioned Costs

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

Context

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

Effect

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

Cause

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

Recommendation

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

District Response

The District has resolved the bell schedule issue for 2010-11 and will monitor annually to ensure its accuracy.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SUMMARY OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

None reported.