

**NEW HAVEN UNIFIED
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2016**

NEW HAVEN UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2016

FINANCIAL SECTION

Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Governmental Funds - Balance Sheet	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balance	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	21
Proprietary Fund - Statement of Net Position	22
Proprietary Fund - Statement of Revenues, Expenses, and Changes in Fund Net Position	23
Proprietary Fund - Statement of Cash Flows	24
Fiduciary Funds - Statement of Net Position	25
Fiduciary Funds - Statement of Changes in Net Position	26
Notes to Financial Statements	27

REQUIRED SUPPLEMENTARY INFORMATION

General Fund - Budgetary Comparison Schedule	68
Schedules of Other Postemployment Benefits (OPEB) Funding Progress	69
Schedule of the District's Proportionate Share of the Net Pension Liability	70
Schedule of District Contributions	71
Note to Required Supplementary Information	72

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards	74
Local Educational Agency Organization Structure	76
Schedule of Average Daily Attendance	77
Schedule of Instructional Time	78
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	79
Schedule of Financial Trends and Analysis	80
Combining Statements - Non-Major Governmental Funds	
Combining Balance Sheet	81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	83
Combining Statements – Fiduciary Trust Funds	
Welfare Benefit Plan – Statement of Plan Net Position	85
Welfare Benefit Plan – Statement of Changes in Plan Net Position	86
Note to Supplementary Information	87

SUPPLEMENTARY INFORMATION – UNAUDITED

Assessed Valuation of Taxable Properties and Secured Tax Charges and Delinquencies within the New Haven Unified School District Boundaries	90
Note to Supplementary Information	91

NEW HAVEN UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2016

INDEPENDENT AUDITOR'S REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	93
Report on Compliance for Each major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	95
Report on State Compliance	97

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results	101
Financial Statement Findings	102
Federal Awards Findings and Questioned Costs	103
State Awards Findings and Questioned Costs	104
Summary Schedule of Prior Audit Findings	105

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Governing Board
New Haven Unified School District
Union City, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Haven Unified School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the New Haven Unified School District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2016, the District adopted new accounting guidance, GASB Statement No. 72 *Fair Value Measurement and Application*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New Haven Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual nonmajor fund financial statements and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other supplementary information as listed on the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2016, on our consideration of the New Haven Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Haven Unified School District's internal control over financial reporting and compliance.

Vavinek, Time, Day & Co., LLP

Pleasanton, California
December 12, 2016



NEW HAVEN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

This section of New Haven Unified School District's 2015-2016 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. 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, 2016

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

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

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$(97.7) million and \$(119.1) million for the fiscal years ended 2016, and 2015, respectively. Of this amount, \$19.0 million and \$18.1 million were restricted for each respective year. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

(Amounts in millions)	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 98.9	\$ 53.7	\$ 0.6	\$ 0.4	\$ 99.5	\$ 54.1
Capital assets	207.9	209.0	-	-	207.9	209.0
Total Assets	306.8	262.7	0.6	0.4	307.4	263.1
Deferred Outflows of Resources	22.9	7.3	-	-	22.9	7.3
Liabilities						
Current liabilities	12.9	11.7	-	-	12.9	11.7
Long-term obligations	392.8	344.4	-	-	392.8	344.4
Total Liabilities	405.7	356.1	-	-	405.7	356.1
Deferred Inflows of Resources	21.7	33.0	-	-	21.7	33.0
Net Position						
Net investment in capital assets	(40.9)	(45.4)	-	-	(40.9)	(45.4)
Restricted	19.0	18.1	-	-	19.0	18.1
Unrestricted	(75.8)	(91.8)	0.6	0.4	(75.2)	(91.4)
Total Position	\$ (97.7)	\$ (119.1)	\$ 0.6	\$ 0.4	\$ (97.1)	\$ (118.7)

In 2016, the \$(75.8) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased by \$16 million from the prior year.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Changes in Net Position

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

Table 2

(Amounts in millions)	Governmental Activities		Business-Type Activities		School District Activities	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	\$ 2.7	\$ 2.2	\$ 1.8	\$ 1.6	\$ 4.5	\$ 3.8
Operating grants and contributions	30.8	29.8	-	-	30.8	29.8
Capital grants and contributions	0.4	-	-	-	0.4	-
General revenues:						
Federal and State aid not restricted	76.9	69.1	-	-	76.9	69.1
Property taxes	45.7	37.7	-	-	45.7	37.7
Other general revenues	2.4	7.4	-	-	2.4	7.4
Total Revenues	158.9	146.2	1.8	1.6	160.7	147.8
Expenses						
Instruction-related	101.5	98.0	-	-	101.5	98.0
Student support services	13.2	11.4	-	-	13.2	11.4
Administration	6.0	6.5	-	-	6.0	6.5
Maintenance and operations	11.4	10.8	-	-	11.4	10.8
Other	5.5	26.7	1.6	1.6	7.1	28.3
Total Expenses	137.6	153.4	1.6	1.6	139.2	155.0
Change in Net Position	\$ 21.3	\$ (7.2)	\$ 0.2	\$ -	\$ 21.5	\$ (7.2)

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was \$158.9 million. The amount that taxpayers ultimately financed for these activities through local taxes was \$45.7 million. The cost paid by those who benefited from programs was \$2.7 million and the cost subsidized by governments and organizations for certain programs with grants and contributions \$31.2 million. The District paid for the remaining portion of governmental activities with \$76.9 million Federal and State funds and with other revenues, like interest and general entitlements.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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

Table 3

(Amounts in millions)	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction - related	\$ 101.5	\$ 98.0	\$ 76.8	\$ 75.4
Student support services	13.2	11.4	8.0	6.4
Administration	6.0	6.5	5.0	5.2
Maintenance and operations	11.4	10.8	10.6	9.9
Other	5.5	26.7	3.3	25.4
Total	\$ 137.6	\$ 153.4	\$ 103.7	\$ 122.3

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$89.4 million, which is an increase of \$44.1 million from last year. This increase is derived mostly from the proceeds from the bond issuance.

General Fund Budgetary Highlights

Effective 2013-2014 the State transitioned to a new method of calculating funding allocation to school districts, called the Local Control Funding Formula (LCFF). The transition to the new formula is phased in over eight years, 2020-21 target year. At 2015-2016 budget adoption the district projected receiving transition funding of GAP 53.08% or \$9,758,755. The District closed the year with a GAP of 52.56% or \$9,678,754.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the District had \$207.9 million in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease of \$1.1 million. There are no capital assets recorded in the business-type activities.

Table 4

(Amounts in millions)

	Governmental Activities	
	2016	2015
Land and construction in progress	\$ 25.1	\$ 20.6
Buildings and improvements	301.3	300.2
Equipment	8.7	8.3
Less: Accumulated depreciation	(127.2)	(120.1)
Total	\$ 207.9	\$ 209.0

Expenditures were funded from proceeds from debt issued in the prior years, state capital projects funds, and grants. We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Obligations

At the end of this year, the District's long-term obligations increased by \$29.5 million or 11.7% from \$251.0 million to \$280.5 million in the current year. Long-term obligations are only recorded in the governmental activities in the government-wide Statement of Net Position. Long-term obligations outstanding as of June 30, 2016 are as follows:

Table 5

(Amounts in millions)

	Governmental Activities	
	2016	2015
General obligation bonds (financed with property taxes)	\$ 278.1	\$ 249.0
Accumulated vacation	0.9	0.7
Other post employment benefits	1.5	1.3
Total	\$ 280.5	\$ 251.0

The District's most recent general obligation bond rating was "Aa3" from Moody's and "AAA" from Fitch Ratings. The State limits the amount of general obligation debt that Unified School Districts can issue up to 2.5 percent of the assessed value of all taxable property within the District's boundaries. Based on 2016 assessed value (AV), our bonding capacity is \$265.2 million. The District's outstanding general obligation debt as of June 30, 2016 is \$214.8 million (excluding the accretions to date of \$37.9 million and bond premiums of \$24.2 million).

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

NET PENSION LIABILITIES (NPL)

As of June 30, 2016, the District reported \$22.9 million in deferred outflows of resources related to pension, \$21.7 million in deferred inflows of resources related to pension, and \$112.3 million in net pension liability.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2015-16 ARE NOTED BELOW:

The Local Control Funding Formula (LCFF) and the Local Control Accountability Plan (LCAP), that was enacted in fiscal year 2013-14 is now fully embraced and being implemented in accordance with the law: base grant, supplemental and concentration grants in place of the previous k-12 funding stream that included revenue limits. Fiscal Year 2015-16 provided the largest per-student dollar increase that the District has seen in years.

As required by LCAP, the District continued to assess student achievement by way of Smarter Balanced Assessments and teacher effectiveness. The District continued to include all stakeholders in the development of the LCAP. Four meetings were held with the Guiding Coalition on October 28, 2015, January 7, 2016, March 8, 2016 and April 28, 2016.

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

With the successful passage of General Obligation Bond Measure M, the District has made tremendous progress in maintaining aging facilities by way of refurbishing and modernizing our buildings. Importantly, this measure enhanced technology across our school district, thereby supporting our vision for our students to be college and career-ready. This would not have been possible without the unwavering support of the New Haven community. 2014-General Obligation Bonds, Series A in the amount of \$30 million was issued in October 2015. With these funds the District began construction projects, which included modernization in some of our campuses, construction of new parking lots, installation of solar technology, and building a state-of-the-art track and field at James Logan High School. Another exciting event for our District for this coming school year is the planning of the first 21st century learning environment at Itliong-Vera Cruz Middle School. This project is slated for completion in fiscal year 2016-17. Alongside building and modernizing, the Technology Department began implementing the Technology Plan for Measure M, with the purchase of additional Chromebook devices for incoming 6th and 9th graders. The District has also started phasing in the replacement of printers at all school site offices and classrooms.

The sale of Cabello property finalized in January 2015, the sale brought in net revenue of \$13,763,115. Board Policy #3100.1 requires the district to maintain a total of 10% reserve between the Fiscal Stabilization Funds (7%) and the state required Minimum Fund Balance (3%). Board Resolution No. 005-1314, and approved by the State Allocation Board (SAB), directs the District to allocate \$9.8 million to the District's Fiscal Stabilization Fund. An additional \$2.8 million towards Other Post-Employment Health Benefits and \$1,163 million for facilities related projects. As an added note, funds from the Retiree post-employment benefits and facilities projects allocations are being drawn down on an as needed basis. There is remaining \$1.3 million in the Retiree post-employment funds and \$1.1 million in the Facilities project funds. Along with the Fiscal Stabilization funds the District closed the year with a positive ending balance to begin the next school year.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

BUDGET OUTLOOK AND ACCOMPLISHMENTS FOR 2016-17

The District has made tremendous progress towards becoming a 21st century school district, educating and preparing students for what lies ahead of them. Personalized learning, where student strengths and assets are tapped into and built upon “deeper learning through collaboration and technology integration” is becoming institutionalized and a way life across the district. Our focus on equity as we commit to taking students from where they are and assuring they achieve in high levels is second to none.

The District has three major areas of instructional Focus: 1) Equity and Access, 2) College and Career Readiness, and 3) Engagement and Personalization. The goal of all of these is that students will have expanded options as they navigate their educational path. Each of the three areas will be addressed differently at four junctures in the system – TK through 3rd grade have developed a set of expectations and commitments. Grades 4 and 5 have developed a set of expectations and commitments. The middle grades, 6 through 8, have a set of expectations and commitments, and grades 9 through 12 have their expectations and commitments. At each transition point, students should be prepared for the next level.

In December 2012, the District was awarded \$29.3 million in Race to the Top – District funds. The award budget and performance period is from 12/27/2012 – 12/26/2016. The funds have been utilized to expand comprehensive K -12 reform strategies that focused on making sure that students acquire Critical Literacy and mathematics skills across the entire grade span while emphasizing real world application and broader competencies that empower students with 21st Century skills. RTTT funds will be fully utilized by June 2017.

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

- The final State Adopted budget released an additional 54.18% of GAP funding. This brings the LCFF funding released to District close to 96% of the targeted LCFF funds in just four years.
- Discretionary one-time funding was released equal to \$214/ADA.

Certainly a lot of positive outcomes have manifested this past year. While we must remain cognizant that education funding is dependent on an unstable state economy, we must also take a moment to recognize that our financial health as a District is stabilized. The negative outlook bestowed upon our District by oversight and bond rating agencies years ago is now replaced by an outstanding bond rating and strong reserves. This helps us focus even more on student achievement while at the same time, puts us in better position to sustain our level of investment to our staff by way of competitive salaries, benefits, and growth opportunities. This does not happen by accident. Thoughtful planning and foresight are critical to our financial stability; and while these often take the form of hard conversations and tough decisions, we also recognize that meaningful dialogues, trust, and teamwork with our employee groups are just as essential.

NEW HAVEN UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Deposits and investments	\$ 92,513,044	\$ 566,453	\$ 93,079,497
Receivables	6,264,645	5,568	6,270,213
Prepaid expenses	13,946	-	13,946
Stores inventories	95,762	-	95,762
Capital assets not depreciated	25,067,920	-	25,067,920
Capital assets, net of accumulated depreciation	182,827,972	-	182,827,972
Total Assets	<u>306,783,289</u>	<u>572,021</u>	<u>307,355,310</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	22,878,498	-	22,878,498
LIABILITIES			
Accounts payable	9,401,184	2,354	9,403,538
Interest payable	3,382,875	-	3,382,875
Unearned revenue	94,732	-	94,732
Current portion of long-term obligations other than pensions	11,063,314	-	11,063,314
Noncurrent portion of long-term obligations other than pensions	269,431,687	-	269,431,687
Aggregate net pension liability	112,330,671	-	112,330,671
Total Liabilities	<u>405,704,463</u>	<u>2,354</u>	<u>405,706,817</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	21,737,007	-	21,737,007
NET POSITION			
Invested in capital assets, net of related debt	(40,939,005)	-	(40,939,005)
Restricted for:			
Debt service	12,604,214	-	12,604,214
Capital projects	725,976	-	725,976
Legally restricted programs	5,221,596	-	5,221,596
Other activities	485,098	-	485,098
Unrestricted	(75,877,562)	569,667	(75,307,895)
Total Net Position	<u>\$ (97,779,683)</u>	<u>\$ 569,667</u>	<u>\$ (97,210,016)</u>

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 82,014,949	\$ 138,448	\$ 16,640,545	\$ 394,539
Instruction-related activities:				
Supervision of instruction	9,372,338	11,472	6,307,842	-
Instructional library, media, and technology	1,574,742	451	833,416	-
School site administration	8,510,298	21,949	325,193	-
Pupil services:				
Home-to-school transportation	2,650,675	-	18,201	-
Food services	4,060,320	817,954	2,296,989	-
All other pupil services	6,439,368	28,000	1,982,780	-
General administration:				
Data processing	1,597,471	3,761	1,785	-
All other general administration	4,402,865	43,716	964,248	-
Plant services	11,418,447	159,512	653,619	-
Ancillary services	1,245,927	56,373	57,999	-
Community services	97,600	-	9,553	-
Enterprise services	167,614	-	596	-
Interest on long-term debt	2,688,285	-	-	-
Other outgo	1,321,112	1,373,164	712,459	-
Total Governmental-Type Activities	137,562,011	2,654,800	30,805,225	394,539
Business-Type Activities				
Enterprise services	1,589,065	1,753,571	1,047	-
Total School District	\$139,151,076	\$ 4,408,371	\$ 30,806,272	\$ 394,539
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 Position				
Net Position - Beginning				
Net Position - Ending				

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

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business- Type Activities	Total
\$ (64,841,417)	\$ -	\$ (64,841,417)
(3,053,024)	-	(3,053,024)
(740,875)	-	(740,875)
(8,163,156)	-	(8,163,156)
(2,632,474)	-	(2,632,474)
(945,377)	-	(945,377)
(4,428,588)	-	(4,428,588)
(1,591,925)	-	(1,591,925)
(3,394,901)	-	(3,394,901)
(10,605,316)	-	(10,605,316)
(1,131,555)	-	(1,131,555)
(88,047)	-	(88,047)
(167,018)	-	(167,018)
(2,688,285)	-	(2,688,285)
764,511	-	764,511
<u>(103,707,447)</u>	<u>-</u>	<u>(103,707,447)</u>
-	165,553	165,553
<u>(103,707,447)</u>	<u>165,553</u>	<u>165,553</u>
28,566,354	-	28,566,354
16,611,285	-	16,611,285
535,797	-	535,797
76,898,336	-	76,898,336
149,620	1,843	151,463
2,232,039	-	2,232,039
<u>124,993,431</u>	<u>1,843</u>	<u>124,995,274</u>
21,285,984	167,396	21,453,380
<u>(119,065,667)</u>	<u>402,271</u>	<u>(118,663,396)</u>
<u>\$ (97,779,683)</u>	<u>\$ 569,667</u>	<u>\$ (97,210,016)</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016**

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 39,535,832	\$ 29,273,786	\$ 15,974,098	\$ 7,729,328	\$ 92,513,044
Receivables	6,131,280	20,793	12,991	99,581	6,264,645
Due from other funds	243,967	210,636	-	723,395	1,177,998
Prepaid expenses	13,946	-	-	-	13,946
Stores inventories	-	-	-	95,762	95,762
Total Assets	\$ 45,925,025	\$ 29,505,215	\$ 15,987,089	\$ 8,648,066	\$ 100,065,395
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 7,875,985	\$ 1,318,980	\$ -	\$ 206,219	\$ 9,401,184
Due to other funds	945,651	1,670	-	230,677	1,177,998
Unearned revenue	94,732	-	-	-	94,732
Total Liabilities	8,916,368	1,320,650	-	436,896	10,673,914
Fund Balances:					
Nonspendable	61,946	-	-	98,262	160,208
Restricted	5,221,596	28,184,565	15,987,089	4,138,206	53,531,456
Committed	8,369,977	-	-	3,087,193	11,457,170
Assigned	1,655,834	-	-	887,509	2,543,343
Unassigned	21,699,304	-	-	-	21,699,304
Total Fund Balance	37,008,657	28,184,565	15,987,089	8,211,170	89,391,481
Total Liabilities and Fund Balances	\$ 45,925,025	\$ 29,505,215	\$ 15,987,089	\$ 8,648,066	\$ 100,065,395

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Total Fund Balance - Governmental Funds		\$ 89,391,481
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 335,133,103	
Accumulated depreciation is	<u>(127,237,211)</u>	
Net Capital Assets		207,895,892
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term obligations is recognized when it is incurred.		(3,382,875)
Deferred inflows and outflows of resources related to pension liability are not recognized on the modified accrual basis, but are amortized over the remaining service life of the member receiving pension benefits.		1,141,491
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(112,330,671)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds payable	(252,738,277)	
Compensated absences (vacations)	(893,368)	
Other postemployment benefits (OPEB)	(1,492,950)	
Premiums, net of amortization	<u>(25,370,406)</u>	
Total Long-Term Obligations		<u>(280,495,001)</u>
Total Net Position - Governmental Activities		<u><u>\$ (97,779,683)</u></u>

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Local Control Funding Formula	\$ 96,785,333	\$ -	\$ -	\$ -	\$ 96,785,333
Federal sources	13,234,679	-	-	2,607,598	15,842,277
Other state sources	15,865,662	-	129,119	2,254,683	18,249,464
Other local sources	8,958,790	107,398	16,525,337	2,379,396	27,970,921
Total Revenues	134,844,464	107,398	16,654,456	7,241,677	158,847,995
EXPENDITURES					
Current					
Instruction	75,842,449	-	-	1,644,309	77,486,758
Instruction-related activities:					
Supervision of instruction	8,848,094	-	-	-	8,848,094
Instructional library, media and technology	1,486,658	-	-	-	1,486,658
School site administration	8,034,273	-	-	-	8,034,273
Pupil services:					
Home-to-school transportation	2,520,214	-	-	-	2,520,214
Food services	-	-	-	3,833,205	3,833,205
All other pupil services	6,079,180	-	-	-	6,079,180
General administration:					
Data processing	1,508,116	-	-	-	1,508,116
All other general administration	3,811,131	-	-	176,044	3,987,175
Plant services	9,573,662	722,192	-	513,571	10,809,425
Facility acquisition and construction	31,467	4,802,951	-	900,824	5,735,242
Ancillary services	1,176,237	-	-	-	1,176,237
Community services	92,140	-	-	-	92,140
Other outgo	1,321,112	-	-	-	1,321,112
Enterprise services	596	-	-	-	596
Debt service					
Principal	-	-	6,209,799	-	6,209,799
Interest and other	4,040	120,000	8,273,586	-	8,397,626
Total Expenditures	120,329,369	5,645,143	14,483,385	7,067,953	147,525,850
Excess (Deficiency) of Revenues Over Expenditures	14,515,095	(5,537,745)	2,171,071	173,724	11,322,145
Other Financing Sources (Uses):					
Transfers in	514,372	100,000	-	832,713	1,447,085
Other sources	-	30,000,000	2,736,957	-	32,736,957
Transfers out	(932,712)	-	-	(514,373)	(1,447,085)
Net Financing Sources (Uses)	(418,340)	30,100,000	2,736,957	318,340	32,736,957
NET CHANGE IN FUND BALANCES	14,096,755	24,562,255	4,908,028	492,064	44,059,102
Fund Balance - Beginning	22,911,902	3,622,310	11,079,061	7,719,106	45,332,379
Fund Balance - Ending	\$ 37,008,657	\$ 28,184,565	\$ 15,987,089	\$ 8,211,170	\$ 89,391,481

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds	\$ 44,059,102
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statements of Activities.	
This is the amount by which capital depreciation exceeds outlays in the period.	
Depreciation expense	\$ (7,151,592)
Capital outlays, net of adjustment	<u>6,039,916</u>
Net Expense Adjustment	(1,111,676)
Deferred charges related to the prior refunding bonds	8,330,111
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation used was less than the amounts earned.	(200,104)
In the Statement of Activities, certain operating expenses, such as other post employment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(179,451)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.	(464,071)
Payment of principal on long-term obligations, such as for bonds (including amortization of premiums) and capital leases, is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	6,209,800
Current year interest accretion for the capital appreciation bonds.	(4,171,067)
Current year amortization of bond premiums.	1,598,973
Proceeds from issuance of bonds are recorded as revenue in the funds when received, but increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	(32,736,957)
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.	(48,676)
Change in Net Position of Governmental Activities	<u>\$ 21,285,984</u>

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2016**

	Business-Type Activities Enterprise Fund Kids First
ASSETS	
Current Assets	
Deposits and investments	\$ 566,453
Receivables	5,568
Total Current Assets	<u>572,021</u>
Total Assets	<u>572,021</u>
LIABILITIES	
Current Liabilities	
Accounts payable	2,354
Total Current Liabilities	<u>2,354</u>
NET POSITION	
Unrestricted	569,667
Total Net Position	<u>\$ 569,667</u>

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Fund Kids First
OPERATING REVENUES	
Local and intermediate sources	\$ 1,753,571
Total Operating Revenues	<u>1,753,571</u>
OPERATING EXPENSES	
Payroll costs	1,439,768
Supplies and materials	24,588
Other operating cost	124,709
Total Operating Expenses	<u>1,589,065</u>
Operating Income	<u>164,506</u>
NONOPERATING REVENUES	
Interest income	1,843
Grants	1,047
Total Nonoperating Revenues	<u>2,890</u>
Change in Net Position	167,396
Total Net Position - Beginning	<u>402,271</u>
Total Net Position - Ending	<u>\$ 569,667</u>

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Fund Kids First
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 1,755,116
Cash payments to employees for services	(1,439,768)
Cash payments to suppliers for goods and services	(148,345)
Net Cash Provided From Operating Activities	<u>167,003</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Nonoperating grants received	1,047
Net Cash Provided from Noncapital Financing Activities	<u>1,047</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	1,843
Net Cash Provided from Investing Activities	<u>1,843</u>
Net Change in Cash and Cash Equivalents	169,893
Cash and Cash Equivalents - Beginning	396,560
Cash and Cash Equivalents - Ending	<u><u>\$ 566,453</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 164,506
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Receivables	1,545
Accrued liabilities	952
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u><u>\$ 167,003</u></u>

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2016

	Retiree Benefits Trusts	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Deposits and investments	\$ 438,929	\$ 339,064
Receivables	533,495	-
Total Assets	<u>972,424</u>	<u>\$ 339,064</u>
 LIABILITIES		
Overdrafts	98,185	-
Accounts payable	457,433	-
Due to student groups	-	\$ 339,064
Total Liabilities	<u>555,618</u>	<u>\$ 339,064</u>
 NET POSITION		
Held in trust	416,806	
Total Net Position	<u>\$ 416,806</u>	

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS STATEMENT OF CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2016

	Retiree Benefits Trusts
ADDITIONS	
District contributions	\$ 457,773
Interest and investment earnings, net	534,230
Total Additions	<u>992,003</u>
DEDUCTIONS	
Benefits paid	1,168,096
Administrative costs	61,160
Total Deductions	<u>1,229,256</u>
Change in Net Position	(237,253)
Net Position - Beginning	<u>654,059</u>
Net Position - Ending	<u>\$ 416,806</u>

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

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

Component Units

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

General Fund - The General Fund is the chief operating fund for all Districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

In addition, under the flexibility provisions of current statute that allow certain formerly restricted revenues to be used for any educational purpose, Fund 11, Adult Education Fund does not currently meet the definition of a special revenue fund as this fund is no longer primarily composed of restricted or committed revenue sources.

As a result, the General Fund reflects an increase in assets, fund balance and revenues of \$933,084, \$890,061, and \$651,306, respectively.

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

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

Non-Major Governmental Funds

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

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

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

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

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

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

Proprietary Funds - Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary funds:

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

Fiduciary Funds - Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

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

The three retiree benefits trusts are as follows:

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

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

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

Basis of Accounting - Measurement Focus

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

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

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

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

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

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

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

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

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

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

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2016, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Prepaid Expenditures

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

Stores Inventories

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

Capital Assets and Depreciation

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

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

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

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Debt Issuance Costs, Premiums and Discounts

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

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items.

Pensions

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

Fund Balances – Governmental Funds

As of June 30, 2016, fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned – all other spendable amounts.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The government-wide financial statements report \$19,036,884 of restricted net position.

Operating Revenues and Expenses

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

Interfund Activity

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

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Estimates

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

Budgetary Data

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

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

Property Tax

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

Change in Accounting Principles

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

The District has implemented the provisions of this Statement as of June 30, 2016.

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

The provisions in this Statement effective as of June 30, 2016, include the provisions for assets accumulated for purposes of providing pensions through defined benefit plans and the amended provisions of Statements No. 67 and No. 68. The District has implemented these provisions as of June 30, 2016. The provisions in this Statement related to defined benefit pensions that are not within the scope of Statement No. 68 are effective for periods beginning after June 15, 2016.

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

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

The District has implemented the provisions of this Statement as of June 30, 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement No. 31, as amended.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

The District has implemented the provisions of this Statement as of June 30, 2016.

New Accounting Pronouncements

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

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

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

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

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

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement

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

In December 2015, the GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement No. 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Early implementation is encouraged.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Early implementation is encouraged.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 92,513,044
Business-type activities	566,453
Fiduciary funds	777,993
Total Deposits and Investments	<u>\$ 93,857,490</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Deposits and investments as of June 30, 2016, consist of the following:

Cash on hand and in banks	\$ 811,516
Cash in revolving	50,500
Investments	<u>92,995,474</u>
Total Deposits and Investments	<u><u>\$ 93,857,490</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.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool. The fair value of the County Cash Pool was \$93,244,503 and the weighted average maturity was 376 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the County pool are not required to be rated, nor have they been rated as of June 30, 2016.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2016, approximately \$215,000 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 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Alameda County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2016:

Investment Type	Fair Value	Fair Value Measurements Using			Uncategorized
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
County Pool	\$ 93,244,503	\$ -	\$ -	\$ -	\$93,244,503

All assets have been valued using a market approach, with quoted market prices.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 4 - RECEIVABLES

Receivables at June 30, 2016, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total	Proprietary Funds	Fiduciary Funds
Federal Government							
Categorical aid	\$ 2,462,571	\$ -	\$ -	\$ 89,261	\$ 2,551,832	\$ -	\$ -
State Government							
Categorical aid	851,784	-	-	4,456	856,240	-	-
Lottery	1,186,320	-	-	-	1,186,320	-	-
Other State	215,834	-	-	-	215,834	-	-
Local Government							
Interest	30,781	20,793	12,991	5,864	70,429	424	50
Other local sources	1,383,990	-	-	-	1,383,990	5,144	533,445
Total	<u>\$ 6,131,280</u>	<u>\$ 20,793</u>	<u>\$ 12,991</u>	<u>\$ 99,581</u>	<u>\$ 6,264,645</u>	<u>\$ 5,568</u>	<u>\$ 533,495</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 20,297,373	\$ -		\$ 20,297,373
Construction in Progress	259,892	4,762,697	252,042	4,770,547
Total Capital Assets Not Being Depreciated	20,557,265	4,762,697	252,042	25,067,920
Capital Assets Being Depreciated:				
Land Improvements	25,254,978	97,165		25,352,143
Buildings and Improvements	274,955,678	1,016,383		275,972,061
Furniture and Equipment	8,325,266	415,713		8,740,979
Total Capital Assets Being Depreciated	308,535,922	1,529,261	-	310,065,183
Total Capital Assets	329,093,187	6,291,958	252,042	335,133,103
Less Accumulated Depreciation:				
Land Improvements	22,278,415	439,679		22,718,094
Buildings and Improvements	91,954,289	6,122,185		98,076,474
Furniture and Equipment	5,852,915	589,728		6,442,643
Total Accumulated Depreciation	120,085,619	7,151,592	-	127,237,211
Governmental Activities Capital Assets, Net	<u>\$ 209,007,568</u>	<u>\$ (859,634)</u>	<u>\$ 252,042</u>	<u>\$ 207,895,892</u>

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

Governmental Activities	
Instruction	\$ 4,302,893
Supervision of Instruction	492,357
Instructional Library Media and Technology	82,726
School Administration	447,072
Pupil Transportation	140,239
Food Services	213,301
Other Pupil Services	338,280
Ancillary Services	65,452
Community Services	5,127
Enterprise	156,860
Other General Administration	221,869
Data Processing Services	83,920
Plant Maintenance and Operations	601,497
Total Depreciation Expenses Governmental Activities	<u>\$ 7,151,592</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 6 – 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, 2016, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

Due To	Due From			Total
	General Fund	Building Fund	Non-Major Governmental Funds	
General Fund	\$ 11,620	\$ 210,636	\$ 723,395	\$ 945,651
Building Fund	1,670	-	-	1,670
Non-Major Governmental Funds	230,677	-	-	230,677
Total	<u>\$ 243,967</u>	<u>\$ 210,636</u>	<u>\$ 723,395</u>	<u>\$ 1,177,998</u>

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

Operating Transfers

Interfund transfers for the year ended June 30, 2016, consisted of the following:

Transfer To	Transfer From			Total
	General Fund	Building Fund	Non-Major Funds	
General Fund	\$ -	\$ 100,000	\$ 832,712	\$ 932,712
Non-Major Governmental Funds	514,373	-	-	514,373
Total	<u>\$ 514,373</u>	<u>\$ 100,000</u>	<u>\$ 832,712</u>	<u>\$ 1,447,085</u>

The General Fund transferred to the Adult Education Fund for CDE Corrective Action.	\$ 33,150
The Special Reserve Fund transferred to the General Fund for 2016-17 Fiscal Year Health and Welfare contribution from Cabello Sale Proceeds.	457,774
The Adult Fund transferred to the Special Reserve Funds to pay back the June 2015 temporary borrowed amount.	200,000
The General Fund transferred to the Child Nutrition Fund for the CACFP Audit Response.	537,963
The General Fund transferred to the Building Fund for the Comcast JLHS CTE Project.	100,000
The General Fund transferred to the Child Nutrition Fund for the 2016-2017 Fiscal Year Student Unpaid Meals.	61,600
The Child Development Fund transferred to the General Fund for Indirect Costs.	56,599
Total	<u>\$ 1,447,085</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2016, consisted of the following:

	General Fund	Building Fund	Non-Major Funds	Total Governmental Funds	Proprietary Funds	Fiduciary Funds
Vendor payables	\$ 2,470,955	\$ 1,318,980	\$ 206,219	\$ 3,996,154	\$ 2,354	\$ 457,433
Salaries and benefits	5,405,030	-	-	5,405,030	-	-
Total	<u>\$ 7,875,985</u>	<u>\$ 1,318,980</u>	<u>\$ 206,219</u>	<u>\$ 9,401,184</u>	<u>\$ 2,354</u>	<u>\$ 457,433</u>

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2016, consists of Federal financial assistance of \$94,732

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, 2015	Addition	Accretion	Deductions	Balance June 30, 2016	Due in One Year
General obligation bonds	\$ 224,777,009	\$ 30,000,000	\$ 4,171,068	\$ 6,209,800	\$ 252,738,277	\$ 9,464,341
Add: Premium	24,232,422	2,736,957	-	1,598,973	25,370,406	1,598,973
Subtotal general obligation bonds	249,009,431	32,736,957	4,171,068	7,808,773	278,108,683	11,063,314
Accumulated vacation - net	693,264	200,104	-	-	893,368	-
OPEB liability	1,313,499	1,255,000	-	1,075,549	1,492,950	-
Net pension liability	93,380,085	18,950,586	-	-	112,330,671	-
	<u>\$ 344,396,279</u>	<u>\$ 53,142,647</u>	<u>\$ 4,171,068</u>	<u>\$ 8,884,322</u>	<u>\$ 392,825,672</u>	<u>\$ 11,063,314</u>

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

On October 8, 2014, the District issued the 2014 Refunding Bonds Series A and B in the amounts of \$50,375,000 and \$9,315,000. The proceeds were used to advance refund a portion of the outstanding 2003 Series A and B Bonds and a portion of the outstanding 2005 Refunding Bonds. The net proceeds were used to purchase U.S. securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for partial future debt service payments on the 2003 Series A and B refunding Bonds. At June 30, 2016, the balance in the escrow account was \$25.7 million.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds	
				Outstanding July 1, 2015	Issued	Interest Accretion	Redeemed	Outstanding June 30, 2016
2002	2020	3.0-12.0%	\$53,785,000	\$ 16,050,000	\$ -	\$ -	\$ 3,905,000	\$ 12,145,000
2003	2030	4.0-8.0%	29,999,985	24,592,247	-	6,059,865	209,409	30,442,703
2006	2030	4.6-6.0%	16,745,000	5,380,000	-	-	555,000	4,825,000
2006	2033	3.9-8.0%	29,999,346	1,060,000	-	(535,410)	490,391	34,199
2008	2031	3.9-8.0%	29,999,522	34,635,740	-	(1,188,117)	150,000	33,297,623
2009	2034	5.91-7.18%	25,000,928	41,966,024	-	(1,183,645)	-	40,782,379
2009	2021	3.0-5.0%	17,290,000	16,865,000	-	-	900,000	15,965,000
2012	2030	3.0-5.0%	21,688,104	24,537,998	-	1,018,375	-	25,556,373
2014	2032	3.0-5.0%	50,375,000	50,375,000	-	-	-	50,375,000
2014	2021	5.0%	9,315,000	9,315,000	-	-	-	9,315,000
2015	2045	3.0-5.0%	30,000,000	-	30,000,000	-	-	30,000,000
				<u>\$ 224,777,009</u>	<u>\$ 30,000,000</u>	<u>\$ 4,171,068</u>	<u>\$ 6,209,800</u>	<u>\$ 252,738,277</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Debt Service Requirements to Maturity

The bonds mature through 2045 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2017	\$ 9,464,341	\$ 7,927,345	\$ 17,391,686
2018	11,085,000	7,319,494	18,404,494
2019	10,370,000	6,471,393	16,841,393
2020	11,210,000	5,732,495	16,942,495
2021	12,550,000	5,077,319	17,627,319
2022-2026	45,139,858	19,695,119	64,834,977
2027-2031	62,506,567	12,012,951	74,519,518
2032-2036	37,392,664	4,633,959	42,026,623
2037-2041	6,635,000	2,980,625	9,615,625
2042-2045	8,475,000	1,100,625	9,575,625
Total	<u>214,828,430</u>	<u>\$ 72,951,325</u>	<u>\$ 287,779,755</u>
Accreted Interest	<u>37,909,846</u>		
	<u>\$ 252,738,276</u>		

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2016, amounted to \$893,368.

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2016, was \$1,271,000, and contributions made by the District during the year were \$1,075,549. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$66,000 and \$(82,000), respectively, which resulted in an increase to the net OPEB obligation of \$179,451. As of June 30, 2016, the net OPEB obligation was \$1,492,950. See Note 10 for additional information regarding the OPEB obligation and the postemployment benefits plan.

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

Plan Description

The Postemployment Benefits Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the New Haven Unified School District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 431 retirees and beneficiaries currently receiving benefits and 1,187 active plan members. The Plan is presented in these financial statements as the Retiree Benefits Trust Fund. Separate financial statements are not prepared for the Trust.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District and the bargaining units. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements between the District and the bargaining units. For fiscal year 2015-2016, the District contributed \$1,075,549 to the plan, all of which was used for current premiums.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 1,271,000
Interest on net OPEB obligation	66,000
Adjustment to annual required contribution	(82,000)
Annual OPEB cost (expense)	<u>1,255,000</u>
Contributions made	<u>(1,075,549)</u>
Increase in net OPEB obligation	179,451
Net OPEB obligation, beginning of year	1,313,499
Net OPEB obligation, end of year	<u><u>\$ 1,492,950</u></u>

Trend Information

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

Year Ended June 30	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2016	\$ 1,255,000	\$ 1,075,549	86%	\$ 1,492,950
2015	1,107,000	454,200	41%	1,313,499
2014	748,000	771,820	103%	600,699

Funded Status and Funding Progress

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

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, 2015	\$ 4,441,000	\$ 18,158,000	\$ 13,717,000	24%	\$ 74,276,113	18%

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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 July 1, 2015, actuarial valuation, the Projected Unit Credit cost method was used. The actuarial assumptions included a 4.0 percent, 6.2 percent, and 7.0 percent investment rates of return (net of administrative expenses) for the Superintendent and the Board, Management, and Classified groups. The UAAL is being amortized at a level dollar method over 30 years on an open basis for the Management and Classified groups, 20 years on an open basis for the Board and Superintendent group. The actuarial value of assets was determined at \$4,441,000 in this actuarial valuation. At June 30, 2016, the Trust held net position in the amount of \$416,806 which consisted of \$533,495 in receivables with the Trust.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 11 - FUND BALANCES

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 48,000	\$ -	\$ -	\$ 2,500	\$ 50,500
Stores inventories	-	-	-	95,762	95,762
Prepaid expenditures	13,946	-	-	-	13,946
Total Nonspendable	61,946	-	-	98,262	160,208
Restricted					
Legally restricted programs	5,221,596	-	-	369,815	5,591,411
Capital projects	-	28,184,565	-	3,768,391	31,952,956
Debt services	-	-	15,987,089	-	15,987,089
Total Restricted	5,221,596	28,184,565	15,987,089	4,138,206	53,531,456
Committed					
Other	8,369,977	-	-	3,087,193	11,457,170
Total Committed	8,369,977	-	-	3,087,193	11,457,170
Assigned					
Deferred maintenance	-	-	-	870,488	870,488
Other	1,655,834	-	-	17,021	1,672,855
Total Assigned	1,655,834	-	-	887,509	2,543,343
Unassigned					
Reserve for economic uncertainties	3,587,133	-	-	-	3,587,133
Undesignated	18,112,171	-	-	-	18,112,171
Total Unassigned	21,699,304	-	-	-	21,699,304
Total	\$ 37,008,657	\$ 28,184,565	\$ 15,987,089	\$ 8,211,170	\$ 89,391,481

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 12 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2016, 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 2016, the District participated in the Alameda County Schools Insurance Group (ACSIG), an insurance purchasing pool. The intent of the ACSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the ACSIG. The workers' compensation experience of the participating Districts is calculated as one experience and a common premium rate is applied to all Districts in the ACSIG. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of each participated school districts. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the ACSIG. Participation in the ACSIG is limited to Districts that can meet the ACSIG selection criteria.

Employee Medical Benefits

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

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

For the fiscal year ended June 30, 2016, the District reported net pension liabilities, deferred outflows of resources, deferred inflow of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	Collective			Collective Pension Expense
	Collective Net Pension Liability	Deferred Outflows of Resources	Collective Deferred Inflows of Resources	
CalSTRS	\$ 90,337,442	\$ 15,910,143	\$ 15,991,273	\$ 7,225,215
CalPERS	21,993,229	6,968,355	5,745,734	1,993,554
Total	<u>\$ 112,330,671</u>	<u>\$ 22,878,498</u>	<u>\$ 21,737,007</u>	<u>\$ 9,218,769</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The STRP provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	9.20%	8.56%
Required employer contribution rate	10.73%	10.73%
Required state contribution rate	7.12589%	7.12589%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 8.88 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2016, are presented above and the District's total contributions were \$6,656,354.

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

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$90,337,442
State's proportionate share of the net pension liability associated with the District	<u>47,778,548</u>
Total	<u><u>\$ 138,115,990</u></u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2015 and June 30, 2014, respectively was 0.1342 percent and 0.1308 percent, resulting in a net increase in the proportionate share of 0.0034 percent.

For the year ended June 30, 2016, the District recognized pension expense of \$7,225,215. In addition, the District recognized pension expense and revenue of \$4,206,933 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 6,656,354	\$ -
Net change in proportionate share of net pension liability	2,136,046	-
Difference between projected and actual earnings on pension plan investments	7,117,743	14,481,713
Differences between expected and actual experience in the measurement of the total pension liability	-	1,509,560
Total	<u>\$ 15,910,143</u>	<u>\$ 15,991,273</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
<u>2017</u>	<u>\$ (3,047,802)</u>
2018	(3,047,802)
2019	(3,047,802)
2020	1,779,436
Total	<u>\$ (7,363,970)</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is 7 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ 104,414
2018	104,414
2019	104,414
2020	104,414
2021	104,414
Thereafter	104,414
Total	<u>\$ 626,484</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

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

Discount Rate

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.60%)	\$ 136,402,506
Current discount rate (7.60%)	\$ 90,337,442
1% increase (8.6%)	\$ 52,053,657

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) the Safety Risk Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014 annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety, 2014. These reports and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2016, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.847%	11.847%

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2016, are presented above and the total District contributions were \$2,099,256.

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

As of June 30, 2016, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$21,993,229. The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2015 and June 30, 2014, respectively was 0.1492 percent and 0.1495 percent, resulting in a net decrease in the proportionate share of 0.0003 percent.

For the year ended June 30, 2016, the District recognized pension expense of \$1,993,554. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,099,256	\$ -
Net change in proportionate share of net pension liability	-	29,188
Difference between projected and actual earnings on pension plan investments	3,612,154	4,365,221
the measurement of the total pension liability	1,256,945	-
Changes of assumptions	-	1,351,325
Total	<u>\$ 6,968,355</u>	<u>\$ 5,745,734</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows of Resources
<u>2017</u>	\$ (552,035)
2018	(552,035)
2019	(552,035)
2020	903,038
Total	<u>\$ (753,067)</u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows of Resources
<u>2017</u>	\$ (42,610)
2018	(42,610)
2019	(38,348)
Total	<u>\$ (123,568)</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.65%
Investment rate of return	7.65%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	51%	5.25%
Global fixed income	19%	0.99%
Private equity	10%	6.83%
Real estate	10%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	2%	4.50%
Liquidity	2%	-0.55%

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

<u>Discount rate</u>	<u>Net Pension Liability</u>
1% decrease (6.65%)	\$ 3,579,581
Current discount rate (7.65%)	\$ 21,993,229
1% increase (8.65%)	\$ 10,515,459

Tax Deferred Annuity/Social Security

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

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

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$4,206,933 (7.12589 percent of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budget amounts reported in the General Fund Budgetary Comparison Schedule.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 14 - 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, 2016.

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, 2016.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Construction Commitments

As of June 30, 2016, the District had following commitments with respect to the unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Deferred Maintenance - Roofing JLHS	\$ 64,159	2017
Energy Mgmt System	10,864	2017
JLHS Artificial Track Field	108,746	2017
Modernization - Parking Lot AES	63,012	2017
Modernization - Parking Lot HVC	23,291	2017
Solar Project - Corp. Yard	16,655	2017
Solar Project - Adult	54,179	2017
Solar Project - AES	176,910	2017
Solar Project - BERNARD WHITE	528,693	2017
Solar Project - BW	1,127	2017
Solar Project - CCMS	590,616	2017
Solar Project - EAS	201,383	2017
Solar Project - EAS	8,854	2017
Solar Project - EMA	105,058	2017
Solar Project - ESC	81,058	2017
Solar Project - HVC	323,805	2017
Solar Project - IVC	380,528	2017
Solar Project - JLHS	2,749,923	2017
Solar Project - MCC	135,971	2017
Technology - Board Room	25,100	2017
JLHS Roof repairs	14,935	2017
EMA - Security Gates	8,982	2017
JLHS CTE	619,338	2017
Security Gates -IVC	7,344	2017
Total	<u>\$ 6,300,531</u>	

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWER AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

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

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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 MVROP.

During the year ended June 30, 2016, the District made payments of \$3,125,211, and \$674,142 to ACSIG and Northern California ReLiEF respectively for risk management, workers compensation, and transportation.

REQUIRED SUPPLEMENTARY INFORMATION

NEW HAVEN UNIFIED SCHOOL DISTRICT

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variances -
	Original	Final		Positive (Negative)
				Final to Actual
REVENUES				
Federal revenue	\$ 9,896,614	\$ 14,471,840	\$ 13,093,621	\$ (1,378,219)
State and local revenue included in				
Local Control Funding Formula	99,170,786	99,264,629	96,785,333	(2,479,296)
Other state sources	10,358,564	15,339,580	15,358,932	19,352
Other local sources	8,279,548	9,289,780	8,955,272	(334,508)
Total Revenues¹	127,705,512	138,365,829	134,193,158	(4,172,671)
EXPENDITURES		138,880,202		
Current				
Certificated salaries	66,270,928	66,470,662	63,983,485	2,487,177
Classified salaries	15,303,134	15,684,712	15,276,363	408,349
Employee benefits	24,113,331	25,507,957	24,406,627	1,101,330
Books and supplies	3,598,238	4,546,398	3,161,356	1,385,042
Services and operating expenditures	11,641,309	14,743,269	11,532,090	3,211,179
Other outgo	985,461	1,129,903	1,135,327	(5,424)
Capital outlay	100,000	663,294	79,888	583,406
Debt service				
Interest and other	80,000	4,040	4,040	-
Total Expenditures¹	122,092,401	128,750,235	119,579,176	9,171,059
Excess (Deficiency) of Revenues Over Expenditures	5,613,111	9,615,594	14,613,982	4,998,388
Other Financing Sources (Uses):				
Transfers in	470,000	514,373	514,372	(1)
Transfers out	(80,000)	(892,713)	(892,711)	2
Net Financing Sources (Uses)	390,000	(378,340)	(378,339)	1
NET CHANGE IN FUND BALANCES	6,003,111	9,237,254	14,235,643	4,998,389
Fund Balance - Beginning	21,882,953	21,882,953	21,882,953	-
Fund Balance - Ending	\$ 27,886,064	\$ 31,120,207	\$ 36,118,596	\$ 4,998,389

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

See accompanying note to required supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016**

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)
6/30/2010	\$ 401,300	\$ 4,676,500	\$ 4,275,200	9%	\$ 74,011,590	6%
7/1/2013	\$ 4,651,000	\$ 16,099,000	\$ 11,448,000	29%	\$ 74,944,256	15%
7/1/2015	\$ 4,441,000	\$ 18,158,000	\$ 13,717,000	24%	\$ 74,276,113	18%

See accompanying note to required supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2016

Measurement Date	<u>June 30, 2015</u>	<u>June 30, 2014</u>
CalSTRS		
District's proportion of the net pension liability (asset)	<u>0.1342%</u>	<u>0.1308%</u>
District's proportionate share of the net pension liability (asset)	\$ 90,337,442	\$ 76,412,944
State's proportionate share of the net pension liability (asset) associated with the District	<u>47,778,548</u>	<u>46,141,434</u>
Total	<u>\$ 138,115,990</u>	<u>\$ 122,554,378</u>
District's covered - employee payroll	<u>\$ 61,821,077</u>	<u>\$ 59,037,291</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	<u>146.13%</u>	<u>129.43%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74%</u>	<u>77%</u>
CalPERS		
District's proportion of the net pension liability (asset)	<u>0.1492%</u>	<u>0.1495%</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 21,993,229</u>	<u>\$ 16,967,142</u>
District's covered - employee payroll	<u>\$ 16,511,517</u>	<u>\$ 15,723,529</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	<u>133.20%</u>	<u>107.91%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>79%</u>	<u>83%</u>

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

See accompanying note to required supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2016</u>	<u>2015</u>
CalSTRS		
Contractually required contribution	\$ 6,656,354	\$ 5,379,775
Contributions in relation to the contractually required contribution	<u>6,656,354</u>	<u>5,379,775</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 63,370,128</u>	<u>\$ 61,821,077</u>
Contributions as a percentage of covered - employee payroll	<u>10.50%</u>	<u>8.70%</u>
CalPERS		
Contractually required contribution	\$ 2,099,256	\$ 1,921,842
Contributions in relation to the contractually required contribution	<u>2,099,256</u>	<u>1,921,842</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 17,134,656</u>	<u>\$ 16,511,517</u>
Contributions as a percentage of covered - employee payroll	<u>12.25%</u>	<u>11.64%</u>

See accompanying note to required supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Other Postemployment Benefits (OPEB) Funding Progress

This schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for either CalSTRS and CalPERS.

Changes in Assumptions

The CalSTRS plan rate of investment return assumption was not changed from the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.50 percent to 7.65 percent since the previous valuation.

SUPPLEMENTARY INFORMATION

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Adult Education - State Grant Programs			
Adult Basic Education and ESL	84.002A	14508	\$ 64,291
Adult Secondary Education	84.002	13978	37,127
English Literacy and Civics Education	84.002A	14109	39,640
No Child Left Behind			
Title I, Part A, Basic Grants-Low Income	84.010	14329	1,795,776
Title I, Part C, Migrant Education, Regular	84.011	14838	133,126
Title I, Migrant Education Summer Program	84.011	10005	44,149
Title I - Migrant Education Even Start	84.011	14768	30,496
Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341	392,075
Title III - Limited English Proficiency (LEP)	84.365	14346	173,111
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	498,126
Special Education IDEA (PL 94-142) Cluster			
Basic Local Assistance Entitlement	84.027	13379	1,770,525
Local Assistance, Part B, Section 611, Private school	84.027	10115	15,842
Mental Health Allocation Plan, Part B, Section 611	84.027A	14468	136,929
Preschool School Grant, Part B	84.173	13430	89,163
Preschool Local Entitlement, Part B, Section 611	84.027A	13682	156,314
Preschool Staff Development, Part B, Section 619	84.173A	13431	669
Total Special Education Cluster			<u>2,169,442</u>
Mathematics and Science Partnership	84.366	14512	3,846
Vocational Educational (Carl Perkins Act)			
Technology Secondary IIC, Section 131	84.048	14508	72,213
Race to the Top - District	84.395	¹	7,472,572
Total U.S. Department of Education			<u>12,925,990</u>

¹ Pass-Through Entity Identifying Number not available

² Amount not included in the financial statements

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Education (CDE):			
Medical Assistance Program - Administrative Activities (MAA)	93.778	10060	123,971
Medical Assistance Program - Medi-Cal Billing Option	93.778	10013	164,382
Total U.S. Department of Health and Human Services			<u>288,353</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education (CDE):			
Child Nutrition Cluster			
National School Lunch Program	10.555	13524	1,881,810
Meal Supplements	10.555	13396	33,791
Especially Needy Breakfast	10.553	13526	242,521
Subtotal Child Nutrition Cluster			<u>2,158,122</u>
Child Nutrition - Child and Adult Care Food Program	10.558	13393	449,476
Fair Market Value of Commodities ²	10.565	13396	220,858
Total U.S. Department of Agriculture			<u>2,828,456</u>
Total Expenditures of Federal Awards			<u>\$ 16,042,799</u>

¹ Pass-Through Entity Identifying Number not available

² Amount not included in the financial statements

NEW HAVEN UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2016

ORGANIZATION

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

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Michelle Parnala	President	2016
Michael Ritchie	Member	2016
Jonas Dino	Member	2016
Linda Canlas	Member	2018
Sarabjit Cheema	Member	2018

ADMINISTRATION

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

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2016**

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	3,325.27	3,320.86
Fourth through sixth	2,637.09	2,633.28
Seventh and eighth	1,752.33	1,749.23
Ninth through twelfth	3,844.28	3,829.64
Total Regular ADA	<u>11,558.97</u>	<u>11,533.01</u>
Extended Year Special Education		
Transitional kindergarten through third	3.59	3.59
Fourth through sixth	2.91	2.91
Seventh and eighth	1.71	1.71
Ninth through twelfth	5.90	5.90
Total Extended Year Special Education	<u>14.11</u>	<u>14.11</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.44	1.72
Fourth through sixth	1.23	1.64
Seventh and eighth	4.00	4.20
Ninth through twelfth	10.66	11.46
Total Special Education, Nonpublic, Nonsectarian Schools	<u>17.33</u>	<u>19.02</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.26	0.26
Fourth through sixth	0.14	0.14
Seventh and eighth	0.72	0.72
Ninth through twelfth	2.36	2.36
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>3.48</u>	<u>3.48</u>
Total ADA	<u>11,593.89</u>	<u>11,569.62</u>

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2016**

Grade Level	1986-87	2015-2016	Number of Days		Status
	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	36,000	180	N/A	Complied
Grades 1 - 3					
Grade 1	50,400	52,470	180	N/A	Complied
Grade 2	50,400	52,470	180	N/A	Complied
Grade 3	50,400	52,470	180	N/A	Complied
Grades 4 - 6					
Grade 4	54,000	55,930	180	N/A	Complied
Grade 5	54,000	55,930	180	N/A	Complied
Grade 6	54,000	57,175	180	N/A	Complied
Grades 7 - 8					
Grade 7	54,000	57,175	180	N/A	Complied
Grade 8	54,000	57,305	180	N/A	Complied
Grades 9 - 12					
Grade 9	64,800	64,889	180	N/A	Complied
Grade 10	64,800	64,889	180	N/A	Complied
Grade 11	64,800	64,889	180	N/A	Complied
Grade 12	64,800	64,889	180	N/A	Complied

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

Total Liabilities, June 30, 2016, Unaudited Actuals	<u>Form Debt</u> \$ 329,960,816
Increase in:	
General obligation bonds	18,212,232
Bond premium	25,370,406
Accumulated Vacation	152,181
Postemployment benefit liability (OPEB)	179,451
Net pension liability	18,950,586
Total Liabilities, June 30, 2016, Audited Financial Statement	<u><u>\$ 392,825,672</u></u>

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

	(Budget) 2017 ¹	2016	2015	2014
GENERAL FUND ⁴				
Revenues	\$ 128,785,526	\$ 134,193,158	\$ 120,339,124	\$ 114,470,179
Other sources	577,539	514,372	9,341,755	50,324
Total Revenues and Other Sources	129,363,065	134,707,530	129,680,879	114,520,503
Expenditures	133,256,220	119,579,176	113,837,960	111,521,633
Other uses and transfers out	50,000	892,711	2,309,840	1,591,933
Total Expenditures and Other Uses	133,306,220	120,471,887	116,147,800	113,113,566
INCREASE (DECREASE) IN FUND BALANCE	\$ (3,943,155)	\$ 14,235,643	\$ 13,533,079	\$ 1,406,937
ENDING FUND BALANCE	\$ 32,175,441	\$ 36,118,596	\$ 21,878,208	\$ 8,345,129
AVAILABLE RESERVES ²	\$ 17,490,359	22,465,077	\$ 9,245,783	\$ 3,298,339
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO ³	13.12%	18.65%	7.96%	3.00%
LONG-TERM OBLIGATIONS	\$ 381,762,358	\$ 392,825,672	\$ 344,396,279	\$ 249,024,314
K-12 AVERAGE DAILY ATTENDANCE AT P-2	11,594	11,559	11,834	12,152

The General Fund balance has increased by \$27.8 million over the past two years. The fiscal year 2016-2017 budget projects a decrease of \$3.9 million, or 11 percent. For a district of this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating surplus in the past three years and anticipates incurring an operating surplus during the 2016-2017 fiscal year. The District has incurred an operating surplus in the past three years and anticipates incurring an operating deficit during the 2016-2017 fiscal year. Total long-term debt has increased by \$143.8 million over the past two years, primarily as result of recognizing unfunded pension liabilities.

Average daily attendance has decreased by 593 over the past two years. The District anticipates an increase of 35 ADA in 2016-2017.

1 Budget 2017 is included for analytical purposes only and has not been subjected to audit.

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

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

4 General Fund amounts do not include activities related to the consolidation of other funds as required by GASB Statement No. 54.

See accompanying note to supplementary information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016**

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
ASSETS			
Deposits and investments	\$ 194,215	\$ 454,733	\$ 869,823
Receivables	263	93,791	665
Due from other funds	401	61,686	-
Stores inventories	-	95,762	-
Total Assets	\$ 194,879	\$ 705,972	\$ 870,488
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 137,879	\$ 47,394	\$ -
Due to other funds	57,000	173,480	-
Total Liabilities	194,879	220,874	-
Fund Balances:			
Nonspendable	-	98,262	-
Restricted	-	369,815	-
Committed	-	-	-
Assigned	-	17,021	870,488
Total Fund Balance	-	485,098	870,488
Total Liabilities and Fund Balances	\$ 194,879	\$ 705,972	\$ 870,488

See accompanying note to supplementary information.

Capital Facilities Fund	County School Facilities Fund	Special Reserve Capital Outlay Fund	Non Major Governmental Funds
\$ 1,821,312	\$ -	\$ 4,389,245	\$ 7,729,328
1,362	197	3,303	99,581
-	-	661,308	723,395
-	-	-	95,762
<u>\$ 1,822,674</u>	<u>\$ 197</u>	<u>\$ 5,053,856</u>	<u>\$ 8,648,066</u>

\$ 7,477	\$ -	\$ 13,469	\$ 206,219
-	197	-	230,677
<u>7,477</u>	<u>197</u>	<u>13,469</u>	<u>436,896</u>

-	-	-	98,262
1,815,197		1,953,194	4,138,206
-		3,087,193	3,087,193
-	-	-	887,509
<u>1,815,197</u>	<u>-</u>	<u>5,040,387</u>	<u>8,211,170</u>

<u>\$ 1,822,674</u>	<u>\$ 197</u>	<u>\$ 5,053,856</u>	<u>\$ 8,648,066</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, 2016**

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
REVENUES			
Federal sources	\$ -	\$ 2,607,598	\$ -
Other state sources	1,699,544	160,797	-
Other local sources	1,364	1,022,815	7,141
Total Revenues	1,700,908	3,791,210	7,141
EXPENDITURES			
Current			
Instruction	1,644,309	-	-
Pupil services:			
Food services	-	3,833,205	-
General administration:			
All other general administration	-	173,173	-
Plant services	-	308,816	40,615
Facility acquisition and construction	-	350,197	97,165
Total Expenditures	1,644,309	4,665,391	137,780
Excess (Deficiency) of Revenues Over Expenditures	56,599	(874,181)	(130,639)
Other Financing Sources (Uses):			
Transfers in	-	632,713	-
Transfers out	(56,599)	-	-
Net Financing Sources (Uses)	(56,599)	632,713	-
NET CHANGE IN FUND BALANCES	-	(241,468)	(130,639)
Fund Balance - Beginning	-	726,566	1,001,127
Fund Balance - Ending	\$ -	\$ 485,098	\$ 870,488

See accompanying note to supplemental information.

Capital Facilities Fund	County School Facilities Fund	Special Reserve Capital Fund	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 2,607,598
-	394,342	-	2,254,683
666,980	197	680,899	2,379,396
<u>666,980</u>	<u>394,539</u>	<u>680,899</u>	<u>7,241,677</u>
-	-	-	1,644,309
-	-	-	3,833,205
2,871	-	-	176,044
9,201	-	154,939	513,571
45,454	394,539	13,469	900,824
<u>57,526</u>	<u>394,539</u>	<u>168,408</u>	<u>7,067,953</u>
<u>609,454</u>	<u>-</u>	<u>512,491</u>	<u>173,724</u>
-	-	200,000	832,713
-	-	(457,774)	(514,373)
-	-	(257,774)	318,340
609,454	-	254,717	492,064
1,205,743	-	4,785,670	7,719,106
<u>\$ 1,815,197</u>	<u>\$ -</u>	<u>\$ 5,040,387</u>	<u>\$ 8,211,170</u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

**WELFARE BENEFIT PLANS
STATEMENTS OF PLAN NET POSITION
JUNE 30, 2015 AND 2016**

	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	
	2016	2015	2016	2015	2016	2015	2016	2015
ASSETS								
Cash in county treasury	\$ -	\$ -	\$ -	\$ -	\$ 438,929	\$ 667,231	\$ 438,929	\$ 667,231
Plan sponsor receivable	458,810	447,335	74,635	62,831	50	424	533,495	510,590
Total Assets	<u>458,810</u>	<u>447,335</u>	<u>74,635</u>	<u>62,831</u>	<u>438,979</u>	<u>861,782</u>	<u>972,424</u>	<u>1,177,821</u>
LIABILITIES								
Overdrafts	49,625	307,307	48,560	168,172	-	-	98,185	475,479
Accounts payable	409,185	25,218	26,075	9,469	22,173	13,596	457,433	48,283
Total Liabilities	<u>458,810</u>	<u>332,525</u>	<u>74,635</u>	<u>177,641</u>	<u>22,173</u>	<u>13,596</u>	<u>555,618</u>	<u>523,762</u>
Net position held in trust for OPEB	<u>\$ -</u>	<u>\$ 114,810</u>	<u>\$ -</u>	<u>\$ (114,810)</u>	<u>\$ 416,806</u>	<u>\$ 654,059</u>	<u>\$ 416,806</u>	<u>\$ 654,059</u>

See accompanying note to supplemental information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**WELFARE BENEFIT PLANS
STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2016**

	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	
	2016	2015	2016	2015	2016	2015	2016	2015
ADDITIONS TO NET POSITION								
Employer contributions	\$ 307,136		\$ 150,637	\$ 19,621	\$ -		\$ 457,773	\$ 19,621
Transfers from investments	458,810	447,335	74,635	62,830	-		533,445	510,165
Investment income (loss)	(117)	(5,832)	8	(1,056)	894	12,697	785	5,809
Total Additions	<u>765,829</u>	<u>441,503</u>	<u>225,280</u>	<u>81,395</u>	<u>894</u>	<u>12,697</u>	<u>992,003</u>	<u>535,595</u>
DEDUCTIONS FROM NET POSITION								
Benefits paid to participants	727,569	689,233	202,380	184,365	238,147	214,726	1,168,096	1,088,324
Administrative costs	38,260	37,460	22,900	11,840	-		61,160	49,300
Total Deductions	<u>765,829</u>	<u>726,693</u>	<u>225,280</u>	<u>196,205</u>	<u>238,147</u>	<u>214,726</u>	<u>1,229,256</u>	<u>1,137,624</u>
Net Increase	-	(285,190)	-	(114,810)	(237,253)	(202,029)	(237,253)	(602,029)
NET POSITION HELD IN TRUST FOR OPEB								
Beginning of Year	-	400,000	-	-	654,059	856,088	654,059	1,256,088
End of Year	<u>\$ -</u>	<u>\$ 114,810</u>	<u>\$ -</u>	<u>\$ (114,810)</u>	<u>\$ 416,806</u>	<u>\$ 654,059</u>	<u>\$ 416,806</u>	<u>\$ 654,059</u>

See accompanying note to supplemental information.

NEW HAVEN UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2016

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

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

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balances:		\$ 15,842,277
Commodities Received	10.555	220,858
AP test fee	N/A	(20,336)
Total Schedule of Expenditures of Federal Awards		<u>\$ 16,042,799</u>

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirement as required by *Education Code* Section 46201.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**NOTES TO SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2016**

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

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

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

Behavioral Health Care Funding Grant

The Behavioral Health Care grant funds, as listed below, are included within the scope of this report.

<u>Program Name</u>	<u>County Department</u>	<u>Master & Procurement Contract Number(s) MC-PC#</u>	<u>Contract Period</u>	<u>Contract Amount</u>	<u>Expenditures</u>	<u>Amount Received</u>
ERMHS	BHCS	900752	2015-2017	\$56,150	\$ 56,150	\$56,150

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, 2016**

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

Secured	\$ 9,929,859,842
Unsecured	588,585,811
State Utility	<u>2,268,380</u>
Total 2015-16 Assessed Valuation	<u><u>\$ 10,520,714,033</u></u>

NEW HAVEN UNIFIED SCHOOL DISTRICT

**NOTE TO SUPPLEMENTARY INFORMATION - UNAUDITED
JUNE 30, 2016**

NOTE 1 - PURPOSE OF SCHEDULES - UNAUDITED

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

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

INDEPENDENT AUDITOR'S REPORTS



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

Governing Board
New Haven Unified School District
Union City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Haven Unified School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise New Haven Unified School District's basic financial statements, and have issued our report thereon dated December 12, 2016

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2016, the District adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Haven Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of New Haven Unified School District in a separate letter dated December 12, 2016.

Purpose of This Report

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

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 12, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Governing Board
New Haven Unified School District
Union City, California

Report on Compliance for Each Major Federal Program

We have audited New Haven Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of New Haven Unified School District's (the District) major Federal programs for the year ended June 30, 2016. New Haven Unified School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of New Haven Unified School District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about New Haven Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of New Haven Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, New Haven Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of New Haven Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered New Haven Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of New Haven Unified School District's internal control over compliance.

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

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

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

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 12, 2016



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
New Haven Unified School District
Union City, California

Report on State Compliance

We have audited New Haven Unified School District's compliance with the types of compliance requirements as identified in the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the New Haven Unified School District's State government programs as noted below for the year ended June 30, 2016.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the New Haven Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about New Haven Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of New Haven Unified School District's compliance with those requirements.

Unmodified Opinion on Each of the Programs

In our opinion, New Haven Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2016.

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

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No (see below)
Middle or Early College High Schools	No (see below)
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	No (see below)
After School	No (see below)
Before School	No (see below)
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No (see below)
Immunizations	Yes
CHARTER SCHOOLS	
Attendance	No (see below)
Mode of Instruction	No (see below)
Non Classroom-Based Instruction/Independent Study for Charter Schools	No (see below)
Determination of Funding for Non Classroom-Based Instruction	No (see below)
Annual Instruction Minutes Classroom-Based	No (see below)
Charter School Facility Grant Program	No (see below)

The District did not have any employees retire under the CalSTRS Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the program.

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

The District does not offer any Middle or Early College High Schools program; therefore, we did not perform any procedures related to Middle or Early High School Programs.

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

The District did not offer Independent Study-Course Based program, therefore, we did not perform any procedures related to the program.

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

Vavinek, Time, Day & Co., LLP

Pleasanton, California

December 12, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>No</u>

Identification of major Federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.395</u>	<u>Race to the Top District</u>
<u>84.027, 84.027A, 84.173A</u>	<u>Special Education Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
---	-------------------

NEW HAVEN UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.

NEW HAVEN UNIFIED SCHOOL DISTRICT

**SUMMARY OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.