



New Haven Unified School District

# **Unaudited Actuals Financial Reports 2017-18**

Presented: September 4, 2018

**NEW HAVEN UNIFIED SCHOOL DISTRICT**

**34200 Alvarado Niles Road**

**Union City, CA 94587**

**BOARD OF EDUCATION**

**President**

*Sarabjit Cheema*

**Clerk**

*Sharan Kaur*

**Members**

*Linda Canlas*

*Lance Nishihira*

*Jeff Wang*

**Superintendent**

*Dr. Arlando Smith*

**Chief Business Officer**

*Annette Heldman*

**Director, Fiscal Services**

*Mei Chan*

UNAUDITED ACTUAL FINANCIAL REPORT:

To the County Superintendent of Schools:

2017-18 UNAUDITED ACTUAL FINANCIAL REPORT. This report was prepared in accordance with Education Code Section 41010 and is hereby approved and filed by the governing board of the school district pursuant to Education Code Section 42100.

Signed: \_\_\_\_\_  
Clerk/Secretary of the Governing Board  
(Original signature required)

Date of Meeting: Sept 4, 2018

To the Superintendent of Public Instruction:

2017-18 UNAUDITED ACTUAL FINANCIAL REPORT. This report has been verified for accuracy by the County Superintendent of Schools pursuant to Education Code Section 42100.

Signed: \_\_\_\_\_  
County Superintendent/Designee  
(Original signature required)

Date: \_\_\_\_\_

For additional information on the unaudited actual reports, please contact:

For County Office of Education:

For School District:

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Unaudited Actuals  
FINANCIAL REPORTS  
2017-18 Unaudited Actuals  
Summary of Unaudited Actual Data Submission

Following is a summary of the critical data elements contained in your unaudited actual data. Since these data may have fiscal implications for your agency, please verify their accuracy before filing your unaudited actual financial reports.

Form	Description	Value
CEA	Percent of Current Cost of Education Expended for Classroom Compensation Must equal or exceed 60% for elementary, 55% for unified, and 50% for high school districts or future apportionments may be affected. (EC 41372)	65.30%
	CEA Deficiency Amount Applicable to districts not exempt from the requirement and not meeting the minimum classroom compensation percentage - see Form CEA for further details.	\$0.00
ESMOE	Every Student Succeeds Act (ESSA) Maintenance of Effort (MOE) Determination If MOE Not Met, the 2019-20 apportionment may be reduced by the lesser of the following two percentages: MOE Deficiency Percentage - Based on Total Expenditures MOE Deficiency Percentage - Based on Expenditures Per ADA	MOE Met
GANN	Adjustments to Appropriations Limit Per Government Code Section 7902.1 If this amount is not zero, it represents an increase to your Appropriations Limit. The Department of Finance must be notified of increases within 45 days of budget adoption.	\$0.00
	Adjusted Appropriations Limit	\$70,832,237.06
	Appropriations Subject to Limit These amounts represent the board approved Appropriations Limit and Appropriations Subject to Limit pursuant to Government Code Section 7906 and EC 42132.	\$70,832,237.06
ICR	Preliminary Proposed Indirect Cost Rate Fixed-with-carry-forward indirect cost rate for use in 2019-20, subject to CDE approval.	5.30%

NEW HAVEN UNIFIED SCHOOL DISTRICT  
 UNAUDITED ACTUALS FINANCIAL REPORT  
 FISCAL YEAR: 2017-18

The District's Unaudited Actuals report represents the actual revenues, expenses, and ending balances for all District funds for fiscal year 2017/18. This report will be examined by the independent audit firm of Vavrinek, Trine, Day & Company LLP over the course of the next few months. The audit will be completed in December 2018, the results of which will be presented to the Board in January 2019.

The following pages provide highlights of the District's finances for year-ended June 30, 2018.

Combined General Fund revenues amounted to \$126.0 million, and combined expenditures were \$131.2 million. The shortfall of \$5 million was offset with the beginning balance carried over from prior year. This is also referred to as "deficit spending".

As far as the **Unrestricted** General Fund is concerned, factoring in the total revenues, expenditures, contributions to other programs, and prior year carryover results to \$26.1 million in ending balance. This is \$1.2 million higher than what was projected at Second Interim, mostly and typically derived from unfilled positions and unused purchase order balances and/or encumbrances that are released at year-end. However, it must be noted that there are new expenditure commitments that transpired after budget adoption, including \$200,000 for a second School Resource Officer (SRO), as agreed between the City and the District at the August 21 board meeting. These new commitments, netted with the adjusted amounts for the required reserve designations, reduced the year-end savings from \$1.2 million to \$892,000.

The \$26.1 million overall ending balance allows the District to set aside \$9.2 million as committed towards the 7% fiscal stabilization fund and \$600,000 towards the 3% State required reserve for economic uncertainties (REU). These two amounts total to \$9.8 million, which is in accordance to the approved disposition of that portion of the sale of Cabello property. To meet the State required REU, an additional \$3.3 million is allocated. Netted with these required reserve designations, the remaining \$12.5 million allows the District to absorb rising costs with no new revenues in the out years.

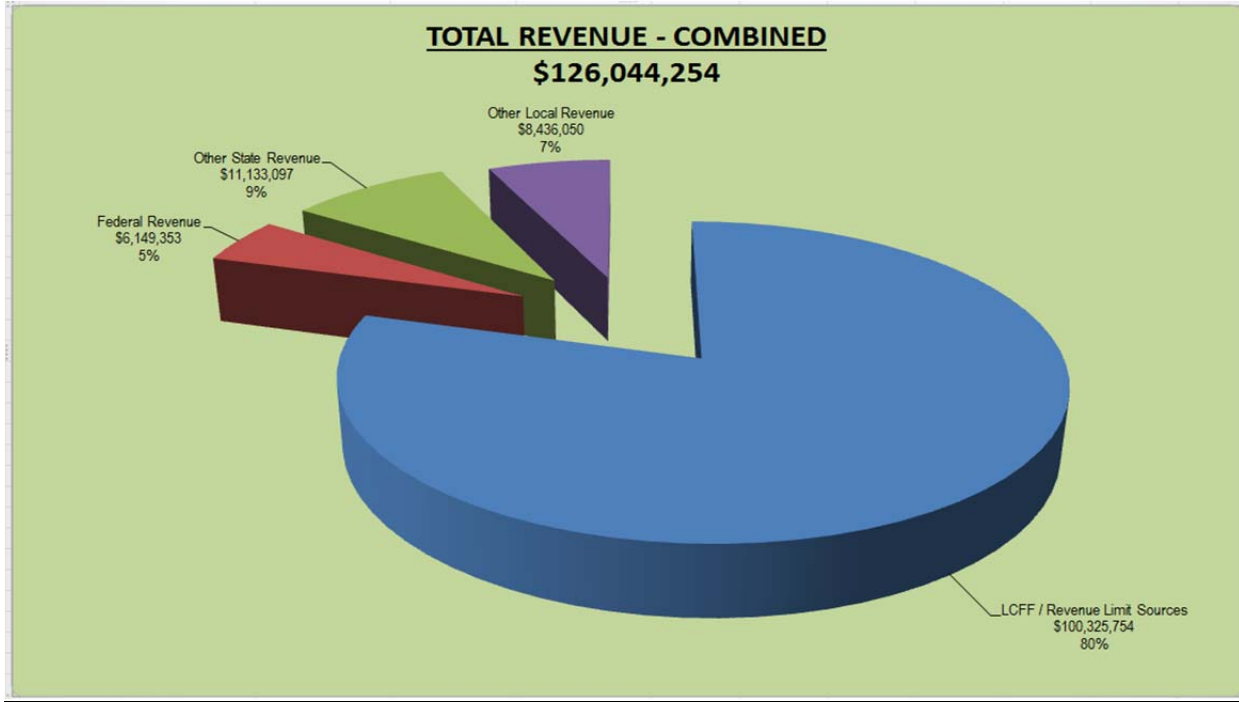
On the **Restricted** side of the General Fund, the ending balance is approximately \$2.3 million and is committed to specific programs and project needs.

	Unrestricted	Restricted	Total
<b>COMPONENTS OF FUND BALANCE</b>			
a) Non-Spendable			
Revolving Cash	\$ 48,000	\$ -	\$ 48,000
Stores	\$ -	\$ -	\$ -
Prepaid Expenditures	\$ 6,847	\$ 466	\$ 7,313
All Others			
b) Restricted	\$ -	\$ 2,329,478	\$ 2,329,478
c) Committed	\$ 9,185,812		\$ 9,185,812
d) Assigned *	\$ 411,643		\$ 411,643
e) Unassigned/Unappropriated	\$ -	\$ -	\$ -
For Economic Uncertainties	\$ 3,936,777	\$ -	\$ 3,936,777
Unassigned/Unappropriated	\$ 12,546,171	\$ -	\$ 12,546,171
<b>Ending Fund Balance</b>	<b>\$ 26,135,250</b>	<b>\$ 2,329,945</b>	<b>\$ 28,465,194</b>
* 2018-19 New Position/Adjustments to salary	\$ 146,933		
School Resource Officer (SRO) contract	\$ 200,000		
Increased rates on misc. contracts	\$ 64,710		
<b>TOTAL ASSIGNED</b>	<b>\$ 411,643</b>		

**NEW HAVEN UNIFIED SCHOOL DISTRICT  
UNAUDITED ACTUALS FINANCIAL REPORT  
FISCAL YEAR: 2017-18**

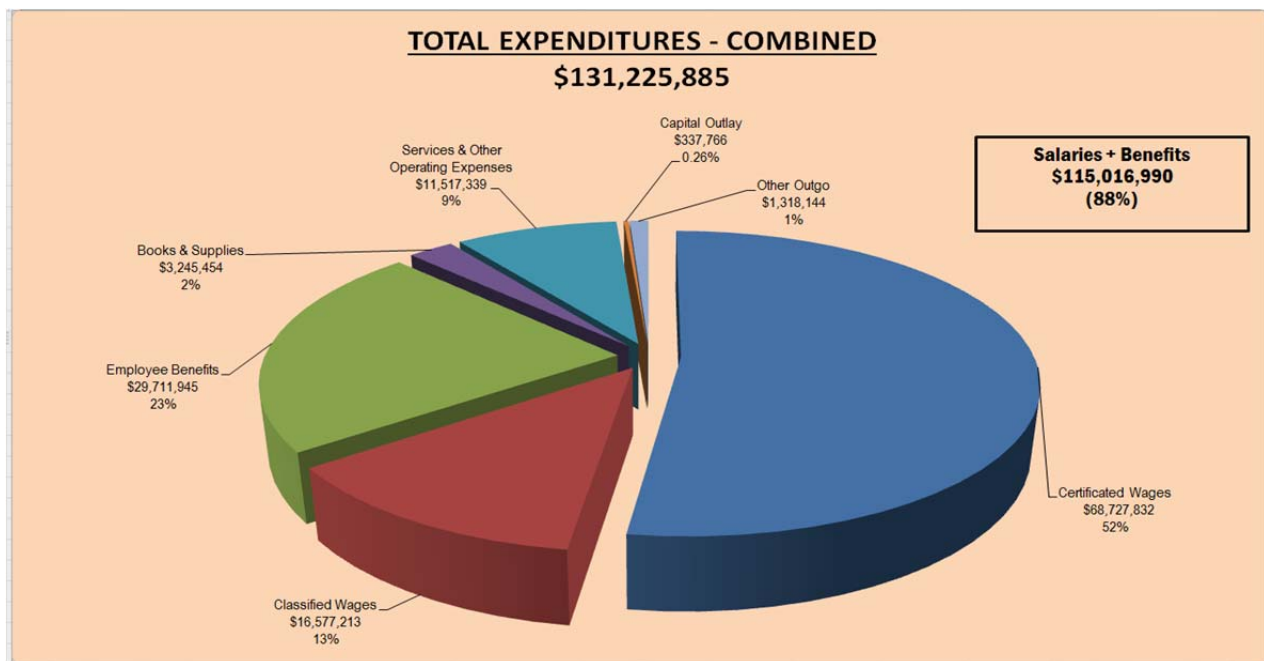
**REVENUES**

From the estimated actuals to the close of the year, total **Combined General Fund** revenues are higher by \$2.7 million. This includes the required CalSTRS On-Behalf adjustment for the State for \$1.9 million and \$800,000 in prior year adjustments as well as tuition reimbursements from other Districts for Special Education funding.



**EXPENSES**

From the estimated actuals to the close of the year, including the offset to the CalSTRS On-Behalf adjustment for the State in the amount of \$1.9 million, the total **Combined General Fund** expenditures are lower by \$376,006, mostly due to unused encumbrances that are released at year-end.



**NEW HAVEN UNIFIED SCHOOL DISTRICT  
UNAUDITED ACTUALS FINANCIAL REPORT  
FISCAL YEAR: 2017-18**

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**CONTRIBUTIONS TO RESTRICTED, MANDATED PROGRAMS**

Program	Amount
Special Educational Education Program	\$14,957,969
Special Ed Transportation	\$2,499,794
Routine Restricted Maintenance Account (RRMA)	\$2,642,874

In addition to the above, the Unrestricted General Fund provides support towards sustaining other programs: \$503,192 to Union City Family Center (Kids Zone) from LCFF Supplemental funds, and \$301,399 to Adult School programs from LCFF Base funds.

**SALE OF PROPERTY/IMPACT TO GENERAL FUND RESERVE**

The sale of Cabello property was finalized in January 2015. A portion of the sale proceeds allowed the District to stabilize its reserves and fiscal position. Board Resolution No. 005-1314, approved by the State Allocation Board (SAB), directs the District to allocate \$9.8 million from the Cabello sale revenues to the District's Fiscal Stabilization Fund. Board Policy #3100.1 requires the district to maintain a total 10% reserve between Fiscal Stabilization Funds (7%) and the Minimum Fund Balance (3%).

Following is the allocation of the total *net* revenue proceeds received from the sale of Cabello:

Fiscal Stabilization funds:	\$9,185,812
Allocation towards minimum fund balance:	\$614,188
Funds allocated for Retiree post-employment benefits:	\$2,800,000
Funds for facilities projects:	\$1,163,115
<b>TOTAL</b>	<b>\$13,763,115</b>

*\*Please note that funds from the Retiree post-employment benefits allocation and facilities projects allocation will be drawn down on an as needed basis. As of June 30, 2018 funds allocated for Facilities Projects had a current balance of \$853,192. Retiree post-employment benefits had a current balance of \$919,818. This balance was transferred to the Trust accounts held by Morgan Stanley as per Board approval on 6/5/18. The intent of this transfer is to help generate a higher return to help offset increasing retiree benefit costs.*

To be in compliance with Board Policy #3100.1 and SAB regulations, the district has allocated \$9.2 million of the Cabello sale proceeds towards the Fiscal Stabilization Fund, and allocated \$614,188 towards the Minimum Fund Balance, for a total of \$9.8 million allocation from Cabello sale proceeds.

This means that the Minimum Fund Balance of 3%, which is \$3.9 million, consists of \$614,188 from the Cabello sale proceeds, and the remainder \$3.3 million from the district's General Fund.

**NEW HAVEN UNIFIED SCHOOL DISTRICT  
UNAUDITED ACTUALS FINANCIAL REPORT  
FISCAL YEAR: 2017-18**

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**ENDING BALANCE TRENDS AND FISCAL OUTLOOK:**

The year-end savings of \$892,000 will mitigate the budget shortfall to an extent. This could help the District in terms of a slight improvement on an essential data point by which we are evaluated by oversight agencies including the County Office of Education.

The cut-off for First Interim budget update is October 31. Staff has already begun the process of reviewing and refining revenue and expenditure projections for the current budget year. A full report will be presented to the Board in December 2018, in which several important budget issues will need to be addressed, including the following:

- Budget revisions that may be necessary based on changes in expenditure plans due to Board actions or other conditions.
- Impact of student enrollment.
- Other related revenue and expenditure updates.
- Budget reductions to maintain the required reserves and a three-year balanced budget as per Assembly Bill 1200.

Fiscal Year 2017/18 absorbed a significant share of program costs from the Race to the Top transition. Additionally, there are other fiscal pressures and concerns that are of importance due to their impact to not only the current fiscal conditions, but to the outlook as well:

- Enrollment Decline – enrollment has dropped by over 1,300 from 2010/11 to 2017/18.
- CalSTRS/CalPERS pension fund rate increases.
- Full implementation of LCFF in 2018/19.
- Employee Retiree Benefits Trust liability.

**SUMMARY:**

As the District closes the year with the required reserves, staff recommends the approval of the District's Unaudited Actuals Report for 2017/18, as presented.



New Haven Unified School District

2017/18

Budget Comparison: Adopted Budget - Estimated Actuals - Unaudited Actuals

TOTAL GENERAL FUND													
DESCRIPTION	Object Code Range	Adopted Budget 2017/18			Estimated Actuals 2017/18			Unaudited Actuals 2017/18			Changes from 2017/18 Estimated Actuals to 2017/18 Unaudited Actuals Favorable (Unfavorable)		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>A. REVENUES:</b>													
1) LCFF / Revenue Limit Sources	8000-8099	\$ 99,181,710	\$ 600,432	\$ 99,782,142	\$ 99,802,102	\$ 623,194	\$ 100,425,296	\$ 99,695,119	\$ 630,635	\$ 100,325,754	\$ (106,983)	\$ 7,441	\$ (99,542)
2) Federal Revenue	8100-8299	\$ 3,000	\$ 5,966,498	\$ 5,969,498	\$ 3,000	\$ 6,445,567	\$ 6,448,567	\$ -	\$ 6,149,353	\$ 6,149,353	\$ (3,000)	\$ (296,214)	\$ (299,214)
3) Other State Revenue	8300-8599	\$ 2,263,370	\$ 5,071,142	\$ 7,334,512	\$ 3,915,394	\$ 5,163,577	\$ 9,078,971	\$ 4,023,118	\$ 7,109,978	\$ 11,133,097	\$ 107,724	\$ 1,946,401	\$ 2,054,126
4) Other Local Revenue	8600-8799	\$ 770,400	\$ 6,308,340	\$ 7,078,740	\$ 941,241	\$ 6,450,833	\$ 7,392,074	\$ 1,218,793	\$ 7,217,257	\$ 8,436,050	\$ 277,552	\$ 766,424	\$ 1,043,976
5) TOTAL REVENUES		\$ 102,218,480	\$ 17,946,412	\$ 120,164,892	\$ 104,661,737	\$ 18,683,171	\$ 123,344,908	\$ 104,937,031	\$ 21,107,224	\$ 126,044,254	\$ 275,294	\$ 2,424,053	\$ 2,699,346
<b>B. EXPENDITURES:</b>													
1) Certificated Wages	1000-1999	\$ 58,013,625	\$ 12,332,067	\$ 70,345,692	\$ 55,901,910	\$ 12,216,356	\$ 68,118,266	\$ 56,434,098	\$ 12,293,734	\$ 68,727,832	\$ (532,188)	\$ (77,378)	\$ (609,566)
2) Classified Wages	2000-2999	\$ 9,646,749	\$ 7,395,638	\$ 17,042,387	\$ 9,490,031	\$ 7,324,065	\$ 16,814,096	\$ 9,499,498	\$ 7,077,715	\$ 16,577,213	\$ (9,467)	\$ 246,350	\$ 236,883
3) Employee Benefits	3000-3999	\$ 17,721,299	\$ 11,078,236	\$ 28,799,535	\$ 17,385,707	\$ 11,008,861	\$ 28,394,568	\$ 17,357,371	\$ 12,354,574	\$ 29,711,945	\$ 28,336	\$ (1,345,713)	\$ (1,317,377)
4) Books & Supplies	4000-4999	\$ 1,374,460	\$ 1,151,298	\$ 2,525,758	\$ 1,082,355	\$ 2,747,848	\$ 3,830,203	\$ 963,322	\$ 2,282,131	\$ 3,245,454	\$ 119,033	\$ 465,717	\$ 584,749
5) Services & Other Operating Expenses	5000-5999	\$ 7,955,207	\$ 3,866,588	\$ 11,821,795	\$ 8,378,623	\$ 4,685,816	\$ 13,064,439	\$ 7,551,038	\$ 3,966,301	\$ 11,517,339	\$ 827,585	\$ 719,515	\$ 1,547,100
6) Capital Outlay	6000-6999	\$ 17,300	\$ -	\$ 17,300	\$ 20,223	\$ 232,200	\$ 252,423	\$ 16,755	\$ 321,011	\$ 337,766	\$ 3,468	\$ (88,811)	\$ (85,343)
7) Other Outgo	7100-7299	\$ 1,318,144	\$ -	\$ 1,318,144	\$ 1,318,144	\$ -	\$ 1,318,144	\$ 1,318,144	\$ -	\$ 1,318,144	\$ -	\$ -	\$ -
8) Indirect Cost	7300-7399	\$ (1,455,228)	\$ 1,263,334	\$ (191,894)	\$ (1,444,254)	\$ 1,254,006	\$ (190,248)	\$ (1,415,414)	\$ 1,205,607	\$ (209,807)	\$ (28,840)	\$ 48,399	\$ 19,559
9) TOTAL EXPENDITURES		\$ 94,591,556	\$ 37,087,161	\$ 131,678,717	\$ 92,132,739	\$ 39,469,152	\$ 131,601,891	\$ 91,724,812	\$ 39,501,074	\$ 131,225,885	\$ 407,927	\$ (31,922)	\$ 376,006
<b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER SOURCES/USES (A5 - B9)</b>		\$ 7,626,924	\$ (19,140,749)	\$ (11,513,825)	\$ 12,528,998	\$ (20,785,981)	\$ (8,256,983)	\$ 13,212,219	\$ (18,393,850)	\$ (5,181,631)	\$ 683,221	\$ 2,392,131	\$ 3,075,352
<b>D. OTHER FINANCING SOURCES:</b>													
1) Interfund Transfers													
a) Interfund Transfers In	8910-8929	\$ 511,124	\$ -	\$ 511,124	\$ 564,899	\$ -	\$ 564,899	\$ 494,899	\$ -	\$ 494,899	\$ (70,001)	\$ -	\$ (70,001)
b) Interfund Transfers Out	7610-7629	\$ (465,000)	\$ -	\$ (465,000)	\$ (665,000)	\$ -	\$ (665,000)	\$ (1,512,886)	\$ -	\$ (1,512,886)	\$ 847,886	\$ -	\$ 847,886
2) Other Sources/Uses													
a) Other Sources	8930-8979	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b) Other Uses	7630-7699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3) Contributions	8980-8999	\$ (18,070,749)	\$ 18,070,749	\$ -	\$ (19,042,679)	\$ 19,042,679	\$ -	\$ (17,600,843)	\$ 17,600,843	\$ -	\$ 1,441,836	\$ (1,441,836)	\$ -
4) TOTAL OTHER SOURCES/USES		\$ (18,024,625)	\$ 18,070,749	\$ 46,124	\$ (19,142,780)	\$ 19,042,679	\$ (100,101)	\$ (18,618,830)	\$ 17,600,843	\$ (1,017,987)	\$ 2,219,721	\$ (1,441,836)	\$ 777,885
<b>E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)</b>		\$ (10,397,701)	\$ (1,070,000)	\$ (11,467,701)	\$ (6,613,782)	\$ (1,743,302)	\$ (8,357,084)	\$ (5,406,611)	\$ (793,007)	\$ (6,199,618)	\$ 2,902,942	\$ 950,295	\$ 3,853,237
<b>F. FUND BALANCE, RESERVES</b>													
1) Beginning Fund Balance													
a) As of July 1 - Unaudited		\$ 29,744,315	\$ 1,775,720	\$ 31,520,035	\$ 31,541,861	\$ 3,122,952	\$ 34,664,813	\$ 31,541,861	\$ 3,122,952	\$ 34,664,813	\$ 0	\$ 0	\$ 0
b) Audit Adjustments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
c) As of July 1 - Audited (F1a + F1b)		\$ 29,744,315	\$ 1,775,720	\$ 31,520,035	\$ 31,541,861	\$ 3,122,952	\$ 34,664,813	\$ 31,541,861	\$ 3,122,952	\$ 34,664,813	\$ 0	\$ 0	\$ 0
d) Other Restatements		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
e) Adjusted Beginning Balance (F1c + F1d)		\$ 29,744,315	\$ 1,775,720	\$ 31,520,035	\$ 31,541,861	\$ 3,122,952	\$ 34,664,813	\$ 31,541,861	\$ 3,122,952	\$ 34,664,813	\$ 0	\$ 0	\$ 1
2) Ending Balance, June 30 (E + F1e)		\$ 19,346,614	\$ 705,720	\$ 20,052,334	\$ 24,928,079	\$ 1,379,650	\$ 26,307,729	\$ 26,135,250	\$ 2,329,945	\$ 28,465,194	\$ 1,207,171	\$ 950,295	\$ 2,157,465
<b>COMPONENTS OF ENDING FD BAL</b>													
a) Non-Spendable													
Revolving Cash	9711	\$ 48,000	\$ -	\$ 48,000	\$ 48,000	\$ -	\$ 48,000	\$ 48,000	\$ -	\$ 48,000	\$ -	\$ -	\$ -
Stores	9712	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Expenditures	9713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,847	\$ 466	\$ 7,313	\$ 6,847	\$ 466	\$ 7,313
All Others	9719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b) Restricted	9740	\$ -	\$ 705,720	\$ 705,720	\$ -	\$ 1,379,650	\$ 1,379,650	\$ -	\$ 2,329,478	\$ 2,329,478	\$ -	\$ 949,828	\$ 949,828
c) Committed	9750-9760	\$ 9,250,060	\$ -	\$ 9,250,060	\$ 9,258,682	\$ -	\$ 9,258,682	\$ 9,185,812	\$ -	\$ 9,185,812	\$ (72,870)	\$ -	\$ (72,870)
d) Assigned *	9780	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 411,643	\$ -	\$ 411,643	\$ 411,643	\$ -	\$ 411,643
e) Unassigned/Unappropriated													
For Economic Uncertainties	9789	\$ 3,964,312	\$ -	\$ 3,964,312	\$ 3,968,007	\$ -	\$ 3,968,007	\$ 3,936,777	\$ -	\$ 3,936,777	\$ (31,231)	\$ -	\$ (31,231)
<b>Unassigned/Unappropriated Amount</b>	<b>9790</b>	<b>\$ 6,084,242</b>	<b>\$ -</b>	<b>\$ 6,084,242</b>	<b>\$ 11,653,389</b>	<b>\$ -</b>	<b>\$ 11,653,389</b>	<b>\$ 12,546,171</b>	<b>\$ -</b>	<b>\$ 12,546,171</b>	<b>\$ 892,782</b>	<b>\$ -</b>	<b>\$ 892,782</b>

** 2018-19 New Position/Adjustments to salary	\$ 146,933
School Resource Officer (SRO) contract	\$ 200,000
Increased rates on misc. contracts	\$ 64,710
<b>TOTAL ASSIGNED</b>	<b>\$ 411,643</b>

<b>* Committed 2017-18</b>		<b>* Reserve For Economic Uncertainties 2017-18</b>
		General Fund
		\$ 3,322,588.54
Fiscal Stabilization	\$ 9,185,812	Sale of Site Alloc
		\$ 614,188.02
		<b>\$ 3,936,777</b>