NAPA VALLEY UNIFIED SCHOOL DISTRICT
COUNTY OF NAPA
NAPA, CALIFORNIA

AUDIT REPORT

June 30, 2020

Chavan & Associates, LLP
Certified Public Accountants
1475 Saratoga Ave, Suite 180
San Jose, CA 95129

Napa Valley Unified School District
Napa County

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FINANCIAL SECTION

Chavan and Associates, llp
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
Napa Valley Unified School District
Napa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Napa Valley Unified School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Napa Valley Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's 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. 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, 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 a Matter

Deficit Net Position

As of June 30, 2020, the District's net position in its Government-wide financial statements was at a deficit mostly because of the long-term pension and OPEB liabilities and deferrals as reported in Notes 11 and 13. 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 information, schedule of pension plan contributions, schedule of proportionate share of net pension liabilities, schedule of OPEB contributions and schedule of changes in net OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, as required by the Governmental Accounting Standards Board, organization schedule, schedule of average daily attendance, schedule of instructional time, schedule of charter schools, schedule of financial trends and analysis, and the reconciliation of the Annual Financial and Budget Report (SACS) to the audited financial statements, as required by the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for*

Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of average daily attendance, schedule of instructional time, the reconciliation of the Annual Financial and Budget Report (SACS) to the audited financial statement, and schedule of expenditures of federal awards are the responsibility of management and were 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 combining and individual nonmajor fund financial statements, schedule of average daily attendance, schedule of instructional time, the reconciliation of the Annual Financial and Budget Report (SACS) to the audited financial statement, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The organization schedule, schedule of charter schools, and schedule of financial trends and analysis included have not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 5, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the District's internal control over financial reporting and compliance.

C & A LLP

March 5, 2021
San Jose, California

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Management's Discussion and Analysis

This discussion and analysis of Napa Valley Unified School District's (the District's) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2019-20 are as follows:

- Total net position decreased by $10,150,050 (9%) mostly because of increases to long-term liabilities and general obligation bonds.

- The District recorded deferred outflows of resources of $97,924,327 and deferred inflows of resources of $25,384,866 in order to record the different components required by GASB for benefit accounting and reporting and to recognize the deferred loss from the refunding of long-term debt. While the refunding of debt resulted in millions of dollars in actual cash savings for the District, the current recognition of the amounts placed in trust accounts to cover the refunded capital appreciation bonds and other general obligation bonds, resulted in a deferred loss of $35 million, which is amortized over the remaining life of the debt refunded. Deferred outflows of resources are technically not assets but increase the Statement of Net Position similar to an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position similar to liabilities. See Note 1 in the notes to financial statements for a definition.

- The District had $257,883,750 in government-wide expenses which was 104% of total government-wide revenues (this rate was 106% last year). Program specific revenues in the form of operating grants and contributions and charges for services accounted for $35,367,669, or 14%, of the total revenues of $247,852,732.

- General revenue of $213,244,043 which includes property taxes, unrestricted federal and state grants and LCFF sources, was 86% of total revenues in 2020 versus 85% in 2019.

- The fund balances of all governmental funds increased by $69,902,835, which is a 91% increase from 2018-19.

- Total governmental fund revenues and expenditures totaled $246,984,757 and $312,299,120, respectively.

Using the Annual Report

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand Napa Valley Unified School District as a financial whole, an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Napa Valley Unified School District, the General Fund is by far the most significant fund.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Overview of the Financial Statements

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management Discussion and Analysis. These three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, Government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.

- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

Government-wide Financial Statements - Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2019-20?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, and required educational programs.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District has business-type activities for its child care program which is reported in an enterprise fund and in the government-wide financial statements.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins with the Balance Sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, the Building Fund and the Bond Interest and Redemption Fund.

Governmental Funds

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

Proprietary Funds

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. The District has two proprietary funds, an Internal Service Fund and an Enterprise Fund, which are reported with the Governmental Funds. The Internal Service Fund is used to account for the activities of the workers' compensation and property and liability self-insurance programs. The Enterprise Fund is used to account for fee-based Child Care Program operations.

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship and student activity funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary 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.

The District as a Whole

Recall that the Statement of Net Position provides a perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2020 compared to June 30, 2019:

Table 1 - Summary of Net Position

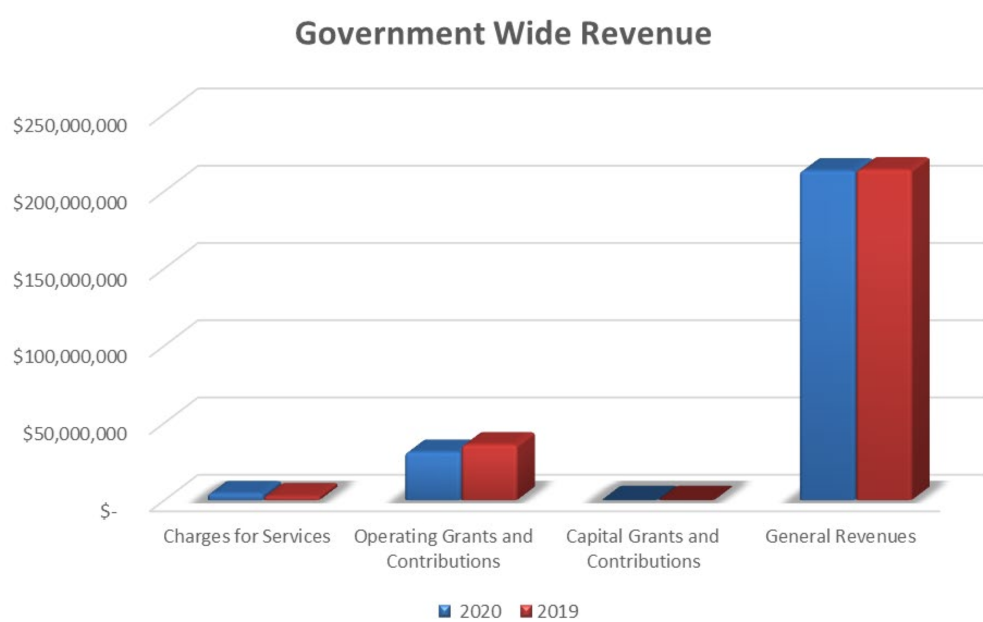
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and Other Assets	$ 165,357,562	$ 96,383,950	$ 160,375	$ 298,480	$ 165,517,937	$ 96,682,430
Capital Assets	525,862,189	468,947,865	-	-	525,862,189	468,947,865
Total Assets	$ 691,219,751	$ 565,331,815	$ 160,375	$ 298,480	$ 691,380,126	$ 565,630,295
Deferred Outflows	$ 97,924,327	$ 96,043,152	$ -	$ -	$ 97,924,327	$ 96,043,152
Liabilities						
Current Liabilities	$ 23,730,087	$ 25,740,349	$ 28,274	$ 47,347	$ 23,758,361	$ 25,787,696
Long-Term Liabilities	857,280,405	720,628,883	-	-	857,280,405	720,628,883
Total Liabilities	$ 881,010,492	$ 746,369,232	$ 28,274	$ 47,347	$ 881,038,766	$ 746,416,579
Deferred Inflows	$ 25,384,866	$ 22,225,997	$ -	$ -	$ 25,384,866	$ 22,225,997
Net Position						
Net Investment in Capital Asset	$ 101,084,205	$ 97,248,633	$ -	$ -	$ 101,084,205	$ 97,248,633
Restricted	9,600,143	9,889,106	132,101	251,133	9,732,244	10,140,239
Unrestricted	(227,935,628)	(214,358,001)	-	-	(227,935,628)	(214,358,001)
Total Net Position	$ (117,251,280)	$ (107,220,262)	$ 132,101	$ 251,133	$ (117,119,179)	$ (106,969,129)

Total liabilities of governmental activities increased by $134,622,187 and net position decreased by $10,150,050.

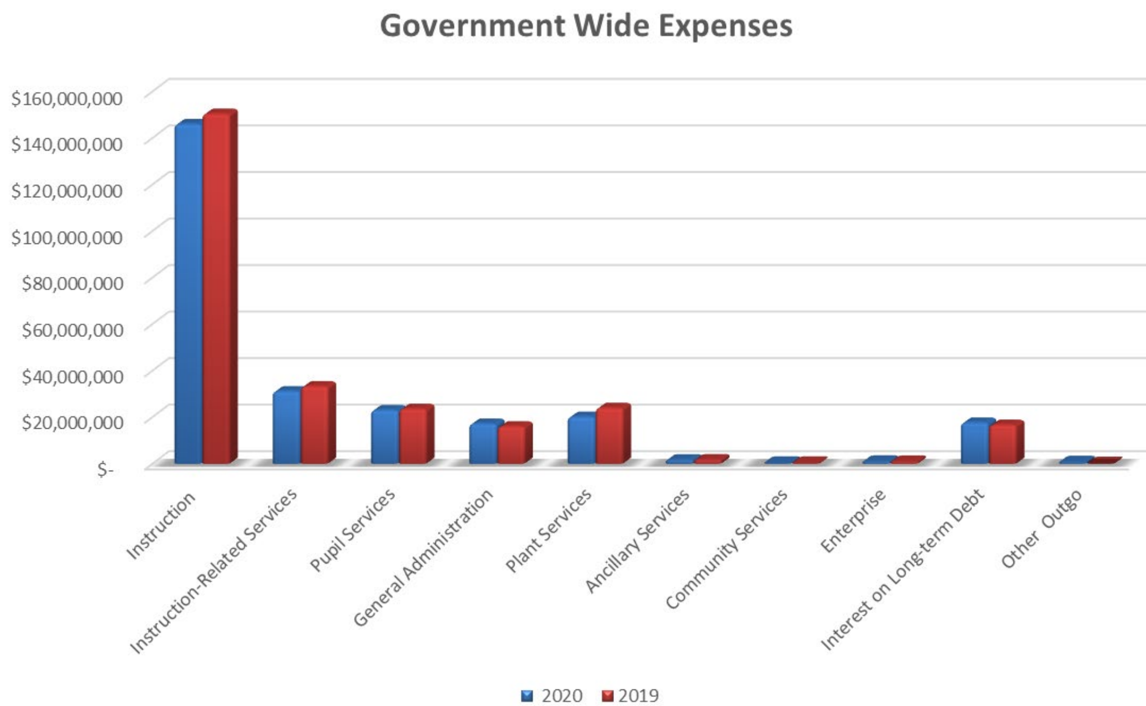
Table 2 shows the changes in net position for the fiscal year 2019-20:

Table 2 - Change in Net Position	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for Services	$ 3,503,276	$ 1,771,756	$ 755,708	$ 801,823	$ 4,258,984	$ 2,573,579
Operating Grants and Contributions	31,103,055	35,899,802	3,272	2,195	31,106,327	35,901,997
Capital Grants and Contributions	2,358	1,766	-	-	2,358	1,766
General Revenues and Special Items	213,244,043	213,978,561	5,972	4,792	213,250,015	213,983,353
Total Revenues	247,852,732	251,651,885	764,952	808,810	248,617,684	252,460,695
Program Expenses						
Instruction	145,996,445	150,446,717	-	-	145,996,445	150,446,717
Instruction-Related Services	31,143,457	33,290,567	-	-	31,143,457	33,290,567
Pupil Services	23,045,038	23,613,211	-	-	23,045,038	23,613,211
General Administration	17,232,807	16,069,897	-	-	17,232,807	16,069,897
Plant Services	20,173,410	24,025,171	-	-	20,173,410	24,025,171
Ancillary Services	1,619,804	1,686,384	-	-	1,619,804	1,686,384
Community Services	236,804	236,764	-	-	236,804	236,764
Enterprise	31,929	128,159	883,984	755,979	915,913	884,138
Interest on Long-term Debt	17,695,500	16,736,878	-	-	17,695,500	16,736,878
Other Outgo	708,556	34,525	-	-	708,556	34,525
Total Expenses	257,883,750	266,268,273	883,984	755,979	258,767,734	267,024,252
Change in Net Position	(10,031,018)	(14,616,388)	(119,032)	52,831	(10,150,050)	(14,563,557)
Beginning Net Position	(107,220,262)	(99,228,600)	251,133	198,302	(106,969,129)	(99,030,298)
Prior Period Adjustments	-	6,624,726	-	-	-	6,624,726
Ending Net Position	$ (117,251,280)	$ (107,220,262)	$ 132,101	$ 251,133	$ (117,119,179)	$ (106,969,129)

The following chart compares government-wide revenue by category for 2019-20 and 2018-19:



The next chart compares government-wide expenses by category for 2019-20 and 2018-19:



Governmental Activities

Direct instruction, Instruction-Related Services, and Pupil Services represent 77% of total expenses compared to 78% last year. The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services, and identifies the cost of these services supported by revenues.

Table 3 - Net Cost of Services

Function	2020	2019	Increase (Decrease)	Percent
Instruction	$ 128,315,245	$ 129,177,162	$ (861,917)	-0.7%
Instruction-Related Services	23,772,727	26,537,891	(2,765,164)	-10.4%
Pupil Services	15,640,689	16,187,099	(546,410)	-3.4%
General Administration	16,142,695	15,090,040	1,052,655	7.0%
Plant Services	19,674,425	23,578,035	(3,903,610)	-16.6%
Ancillary Services	1,464,505	1,207,555	256,950	21.3%
Community Services	25,311	82,649	(57,338)	-69.4%
Enterprise	(9,792)	9,777	(19,569)	-200.2%
Interest on Long-term Debt	17,695,500	16,736,878	958,622	5.7%
Other	553,756	(12,137)	565,893	4662.5%
Total Net Cost of Services	$ 223,275,061	$ 228,594,949	$ (5,319,888)	-2.3%

The District's Funds

Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 4 - Change in Fund Balances

Funds	2020	2019	Increase (Decrease)	Percent
General Fund	$ 20,309,163	$ 15,115,504	$ 5,193,659	34.4%
Building Fund	81,266,871	26,354,734	54,912,137	208.4%
Bond Interest and Redemption Fund	35,570,881	24,227,033	11,343,848	46.8%
Nonmajor Governmental Funds	9,717,774	11,264,583	(1,546,809)	-13.7%
Enterprise Fund	132,101	251,133	(119,032)	-47.4%
Internal Service Fund	1,541,786	806,747	735,039	91.1%
Total Fund Balances	$ 148,538,576	$ 78,019,734	$ 70,518,842	90.4%

Capital Assets

Table 5 shows June 30, 2020 balances compared to June 30, 2019:

Table 5 - Summary of Capital Assets Net of Depreciation

	2020	2019		
Capital Asset	Net Capital Assets	Net Capital Assets	Increase (Decrease)	Percent
Land	$ 25,627,921	$ 23,814,572	$ 1,813,349	7.6%
Site Improvements	63,550,134	66,716,418	(3,166,284)	-4.7%
Buildings and Improvements	380,433,136	274,059,337	106,373,799	38.8%
Furniture and Equipment	7,140,565	5,135,308	2,005,257	39.0%
Work-in-Progress	49,110,433	99,222,230	(50,111,797)	-50.5%
Totals	$ 525,862,189	$ 468,947,865	$ 56,914,324	12.1%

During the year, $94,686,074 in capital projects were completed and placed in service. See Note 4 for additional information related to the changes in capital assets.

Long Term Liabilities

Table 6 reports the balance and changes of long-term liabilities during the fiscal year 2019-20.

Table 6 - Long-term Liabilities				
Type of Debt	2020	2019	Increase (Decrease)	Percent
General Obligation Bonds	$ 557,896,601	$ 441,039,211	$ 116,857,390	26.5%
Certificates of Participation	2,470,000	2,710,000	(240,000)	-8.9%
Net Pension Libilities	220,337,925	214,213,245	6,124,680	2.9%
Net OPEB Liability	72,216,817	58,431,865	13,784,952	23.6%
Early Retirement Incentives	2,109,331	2,326,097	(216,766)	-9.3%
Compensated absences	2,249,731	1,908,465	341,266	17.9%
Total Debt	$ 857,280,405	$ 720,628,883	$ 136,651,522	19.0%

General Fund Budgetary Highlights

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revised its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revised its budget at First and Second Interim. The Original budget presented in the required supplementary information section includes only new revenues for 2019-2020. During the budget revision process the District accounts for prior year ending balances by budgeting to use the carryover.

Factors Bearing on the District's Future

The Local Control Funding Formula (LCFF) is aimed at correcting historical inequities while decreasing previous constraints on restricted program expenses. LCFF has been fully funded for the 2019-2020 school year, two years ahead of the State's target. That being said, LCFF and Proposition 98 continue to leave California school districts woefully underfunded, in the bottom 10-15% nationally. With "full" LCFF funding, increases in LCFF will be limited to the Prop 98 cost of living adjustment.

While future funding under LCFF is a large unknown for the District, the greater risk on the funding side is the local impact of declining enrollment. This District has identified proactive measures to manage declining enrollment, including closing under enrolled schools and reductions to both certificated and classified employees. They also regularly advertise and recruit students from other districts and allow them to attend through the inter district transfer process. This helps offset the decline in enrollment. Student enrollment has a direct impact on financial health and operations of the District, thus, enrollment fluctuations are constantly monitored by management. Since 2014-2015, the District's enrollment has dropped 561 students, with demographic projections showing continuous declines over the next decade. Such declines will inform required discussions and decisions around the operation of facilities and the availability of program offerings. In the last two years, two charter schools have returned to the district. This has also helped to offset declining enrollment. The District will need to continue to make both certificated and classified cuts to address declining enrollment.

Regarding legally required expenditures, the planned employer contribution increases in the California State Teachers' Retirement System (CalSTRS) and the Public Employees' Retirement System (CalPERS) will continue to impact District expenses in the $2-3 million range in future years. While the state has provided one-time money to offset this additional cost for 2020-21 and proposes additional one-time money for 2021-2022, there has not been a commitment beyond 2022. Any projected increase in LCFF funding based on a Prop 98 COLA will be more than offset by the decline in enrollment and the increase in STRS and PERS for theirs beyond 2022. As a result of District cost containment, reserves are now above the Board adopted policy of 7.5%. The District should continue to keep reserves above 7.5%.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, 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 regarding this report or need additional financial information, contact Rob Mangewala, Assistant Superintendent of Business Services, Napa Valley Unified School District, 2425 Jefferson Street, Napa, California 94558.

Basic Financial Statements

Napa Valley Unified School District
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	$ 152,107,218	$ 160,375	$ 152,267,593
Accounts receivable	12,482,862	-	12,482,862
Inventory	496,152	-	496,152
Prepaid expenses	271,330	-	271,330
Capital assets - net	525,862,189	-	525,862,189
Total Assets	$ 691,219,751	$ 160,375	$ 691,380,126
Deferred Outflows of Resources			
Deferred loss on early retirement of long-term debt	$ 33,937,120	$ -	$ 33,937,120
OPEB plan adjustments	8,304,354	-	8,304,354
Pension plan adjustments	55,682,853	-	55,682,853
Total Deferred Outflows of Resources	$ 97,924,327	$ -	$ 97,924,327
Liabilities			
Accounts payable	$ 16,148,527	$ 28,274	$ 16,176,801
Unearned revenue	802,560	-	802,560
Accrued interest	6,779,000	-	6,779,000
Long-term liabilities:			
Due within one year	17,290,600	-	17,290,600
Due after one year	839,989,805	-	839,989,805
Total Liabilities	$ 881,010,492	$ 28,274	$ 881,038,766
Deferred Inflows of Resources			
Pension plan adjustments	$ 25,384,866	$ -	$ 25,384,866
Total Deferred Inflows of Resources	$ 25,384,866	$ -	$ 25,384,866
Net Position			
Net investment in capital assets	$ 101,084,205	$ -	$ 101,084,205
Restricted for:			
Educational programs	5,656,100	-	5,656,100
Adult education	856,499	-	856,499
Debt service	2,151,271	-	2,151,271
Capital projects	719,450	-	719,450
Charter school activities	147,500	-	147,500
Cafeteria programs	34,093	-	34,093
Child development	35,230	-	35,230
Child care program	-	132,101	132,101
Unrestricted	(227,935,628)	-	(227,935,628)
Total Net Position	$ (117,251,280)	$ 132,101	$ (117,119,179)

The notes to basic financial statements are an integral part of this statement

Napa Valley Unified School District
Statement of Activities
For the Fiscal Year Ended June 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction	$ 145,996,445	$ 766,019	$ 16,468,845	$ 2,358	$ (128,759,223)	$ -	$ (128,759,223)
Instruction-related services:							
Supervision of instruction	13,344,047	438,058	4,625,734	-	(8,280,255)	-	(8,280,255)
Instruction library, media and technology	913,232	7,340	31,729	-	(874,163)	-	(874,163)
School site administration	16,886,178	76,090	2,191,779	-	(14,618,309)	-	(14,618,309)
Pupil services:							
Home-to-school transportation	4,527,468	378,077	310,023	-	(3,839,368)	-	(3,839,368)
Food services	4,690,057	652,765	2,723,648	-	(1,313,644)	-	(1,313,644)
All other pupil services	13,827,514	172,920	3,166,916	-	(10,487,678)	-	(10,487,678)
General administration:							
Data processing	2,959,703	184	52,764	-	(2,906,755)	-	(2,906,755)
All other general administration	14,273,104	131,783	905,381	-	(13,235,940)	-	(13,235,940)
Plant services	20,173,410	135,945	363,040	-	(19,674,425)	-	(19,674,425)
Ancillary services	1,619,804	59,444	95,855	-	(1,464,505)	-	(1,464,505)
Enterprise	31,929	23,674	18,047	-	9,792	-	9,792
Community services	236,804	62,199	149,294	-	(25,311)	-	(25,311)
Other outgo	708,556	598,778	-	-	(109,778)	-	(109,778)
Interest on long-term debt	17,695,499	-	-	-	(17,695,499)	-	(17,695,499)
Total governmental activities	$ 257,883,750	$ 3,503,276	$ 31,103,055	$ 2,358	(223,275,061)		(223,275,061)
Business-type activities:							
Enterprise activities	$ 883,984	$ 755,708	$ 3,272	$ -		(125,004)	(125,004)
General revenues and special item:							
Taxes and subventions:							
Taxes levied for general purposes					120,794,983	-	120,794,983
Taxes levied for debt service					28,918,784	-	28,918,784
Taxes levied for other specific purposes					790,093	-	790,093
Federal and state aid not restricted to specific purposes					57,257,550	-	57,257,550
Interest and investment earnings					2,812,650	5,972	2,818,622
Interagency revenue					135,398	-	135,398
Miscellaneous					1,666,610	-	1,666,610
Special item:							
Gain (loss) on disposal of capital assets					867,975	-	867,975
Total general revenues and special items					213,244,043	5,972	213,250,015
Change in net position					(10,031,018)	(119,032)	(10,150,050)
Net position beginning					(107,220,262)	251,133	(106,969,129)
Net position ending					$ (117,251,280)	$ 132,101	$ (117,119,179)

The notes to basic financial statements are an integral part of this statement

Napa Valley Unified School District
Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 17,726,727	$ 86,787,782	$ 35,202,374	$ 10,846,223	$ 150,563,106
Accounts receivable	11,021,601	25,830	368,507	1,066,924	12,482,862
Due from other funds	1,325,000	-	-	-	1,325,000
Inventory	467,682	-	-	28,470	496,152
Prepaid expenses	214,352	-	-	56,978	271,330
Total Assets	$ 30,755,362	$ 86,813,612	$ 35,570,881	$ 11,998,595	$ 165,138,450
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 9,747,343	$ 5,546,741	$ -	$ 852,117	$ 16,146,201
Due to other funds	-	-	-	1,325,000	1,325,000
Unearned revenue	698,856	-	-	103,704	802,560
Total Liabilities	10,446,199	5,546,741	-	2,280,821	18,273,761
Fund balances:					
Nonspendable:					
Revolving fund	90,100	-	-	3,294	93,394
Inventory	467,682	-	-	28,470	496,152
Prepaid expenditures	214,352	-	-	56,978	271,330
Restricted for:					
Educational programs	5,656,100	-	-	-	5,656,100
Adult education	-	-	-	856,499	856,499
Cafeteria programs	-	-	-	34,093	34,093
Debt service	-	-	35,570,881	-	35,570,881
Capital projects	-	81,266,871	-	719,450	81,986,321
Charter school activities	-	-	-	147,500	147,500
Child development	-	-	-	35,230	35,230
Assigned for:					
Charter school activities	-	-	-	953,283	953,283
Capital projects	-	-	-	340,493	340,493
Facilities projects	-	-	-	6,498,895	6,498,895
Adult education	-	-	-	126,551	126,551
Unassigned:					
Reserve for economic uncertainties	15,787,794	-	-	-	15,787,794
Unappropriated	(1,906,865)	-	-	(82,962)	(1,989,827)
Total Fund Balances	20,309,163	81,266,871	35,570,881	9,717,774	146,864,689
Total Liabilities and Fund Balances	$ 30,755,362	$ 86,813,612	$ 35,570,881	$ 11,998,595	$ 165,138,450

The notes to basic financial statements are an integral part of this statement

Napa Valley Unified School District
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2020

Total fund balances - governmental funds		$ 146,864,689
Capital assets for governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of capital assets	737,422,762	
Accumulated depreciation	(211,560,573)	525,862,189
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The accrued interest at the end of the period was:		(6,779,000)
An internal service fund is used by management to charge the costs of self insurance benefits to individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		1,541,786
Deferred outflows of resources include amounts that will not be included in the calculation of the District's net pension liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements.		55,682,853
The differences from pension plan assumptions in actuarial valuations are not included in the plans' actuarial study until the next fiscal year and are reported as deferred inflows of resources in the Statement of Net Position.		(25,384,866)
The differences between projected and actual amounts in the OPEB plan are not included in the plan actuarial study until the next fiscal year and are reported as deferred outflows or inflows of resources in the statement of net position as follows:		
OPEB adjustments:		
Difference between actual and expected earnings		1,930
Change in assumptions		8,302,424
Long-term liabilities 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:		
General obligation bonds	$ 557,896,601	
Certificates of participation	2,470,000	
Deferred loss on defeasance on long-term debt	(33,937,120)	
Net pension liabilities	220,337,925	
Net OPEB liability	72,216,817	
Early retirement incentives	2,109,331	
Compensated absences	2,249,731	(823,343,285)
Total net position - governmental activities		$ (117,251,280)

The notes to basic financial statements are an integral part of this statement

Napa Valley Unified School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

	General Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
LCFF Sources	$ 164,253,518	$ -	$ -	$ 5,908,951	$ 170,162,469
Federal	9,635,869	-	1,014,211	2,980,188	13,630,268
Other state	19,267,880	14,171	118,815	3,843,748	23,244,614
Other local	5,863,301	1,388,394	29,183,676	3,512,035	39,947,406
Total revenues	199,020,568	1,402,565	30,316,702	16,244,922	246,984,757
Expenditures:					
Instruction	118,300,613	-	-	4,982,107	123,282,720
Instruction-related services:					
Supervision of instruction	11,135,155	-	-	1,099,676	12,234,831
Instruction library, media and technology	803,583	-	-	33,737	837,320
School site administration	13,371,732	-	-	1,597,547	14,969,279
Pupil services:					
Home-to-school transportation	3,098,965	-	-	-	3,098,965
Food services	429,144	-	-	3,819,730	4,248,874
All other pupil services	12,311,847	-	-	366,263	12,678,110
General administration:					
Data processing	2,712,715	-	-	964	2,713,679
All other general administration	9,611,656	-	-	2,254,684	11,866,340
Plant services	19,764,004	465,508	-	2,558,757	22,788,269
Facility acquisition and construction	29,548	67,981,920	-	921,184	68,932,652
Ancillary services	1,625,457	-	-	-	1,625,457
Enterprise	32,040	-	-	-	32,040
Community services	73,371	-	-	164,259	237,630
Other outgo	45,455	303,000	395,375	-	743,830
Debt service:					
Principal	216,766	-	13,055,000	240,000	13,511,766
Interest and fees	-	-	18,429,677	67,681	18,497,358
Total expenditures	193,562,051	68,750,428	31,880,052	18,106,589	312,299,120
Excess (deficiency) of revenues over (under) expenditures	5,458,517	(67,347,863)	(1,563,350)	(1,861,667)	(65,314,363)
Other financing sources (uses):					
Transfers in	-	-	-	333,452	333,452
Transfers out	(264,858)	-	-	(68,594)	(333,452)
Bond issuance	-	119,000,000	-	-	119,000,000
Premium from debt issuance	-	-	12,907,198	-	12,907,198
Sale of capital asset	-	3,260,000	-	50,000	3,310,000
Total other financing sources (uses)	(264,858)	122,260,000	12,907,198	314,858	135,217,198
Changes in fund balances	5,193,659	54,912,137	11,343,848	(1,546,809)	69,902,835
Fund balances beginning	15,115,504	26,354,734	24,227,033	11,264,583	76,961,854
Fund balances ending	$ 20,309,163	$ 81,266,871	$ 35,570,881	$ 9,717,774	$ 146,864,689

The notes to basic financial statements are an integral part of this statement

Napa Valley Unified School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Total net change in fund balances - governmental funds		$ 69,902,835
Capital outlays are reported in governmental funds as expenditures. However, in the statement of actvities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets additions were greater or less than depreciation expense during the period.		
Capital asset additions	73,613,507	
Depreciation expense	(14,289,845)	59,323,662
Governmental funds do not report gains (losses) on disposal of capital assets. However, in the government-wide statement of activities and changes in net position, the cost to dispose of capital assets, net any proceeds, is accounted for as a special item.		(2,409,338)
The governmental funds report long-term debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Also, governmental funds report the effect of prepaid issuance cost and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental when it is due. The net effect of these differences in the treatment of long-term debt and related items is as follows:		
General obligation bond principal payments	$ 13,460,000	
Accreted Interest	(1,082,455)	
General obligation bond proceeds	(119,000,000)	
Bond premium capitalized	(12,907,198)	
Certificates of participation principal payments	240,000	
Amortization of loss from bond defeasances	(1,538,950)	
Amortization of bond premiums	2,672,263	(118,156,340)
Payments for early retirement incentive programs are expenditures in the governmental funds and liabilities amortized over the life of the program in the statement of activities.		216,766
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		346,000
In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation earned was less than vacation used by:		(341,266)
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		(14,167,778)
An internal service fund is used by management to charge the costs of self insurance benefits to individual funds. The net revenue of the internal service fund is reported with governmental activities.		735,039
In governmental funds, actual contributions to OPEB plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year OPEB expense as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		(5,480,598)
Change in net position of governmental activities		$ (10,031,018)

The notes to basic financial statements are an integral part of this statement

Napa Valley Unified School District
Statement of Net Position
Proprietary Funds
June 30, 2020

	Enterprise Fund	Internal Service Fund
	Child Care Program	Self Insurance Programs
Assets		
Current Assets:		
Cash and investments	$ 160,375	$ 1,544,112
Total Assets	$ 160,375	$ 1,544,112
Liabilities		
Current Liabilities:		
Accounts payable	$ 28,274	$ 2,326
Total Liabilities	$ 28,274	$ 2,326
Net Position		
Restricted	$ 132,101	$ 1,541,786
Total Net Position	$ 132,101	$ 1,541,786

The notes to basic financial statements are an integral part of this statement

Napa Valley Unified School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	Enterprise Fund	Internal Service Fund
	Child Care Program	Self Insurance Programs
Operating Revenues		
Other state revenue	$ 3,272	$ -
Local revenue	755,708	811,590
Total Operating Revenue	758,980	811,590
Operating Expenses		
Certificated salaries	14,924	-
Classified salaries	597,646	-
Employee benefits	208,978	97,095
Books and supplies	32,154	-
Services and other operating expenses	30,282	-
Total Operating Expenses	883,984	97,095
Operating Income (Loss)	(125,004)	714,495
Nonoperating Revenues (Expenses):		
Interest income	5,972	20,544
Change in Net Position	(119,032)	735,039
Beginning Net Position	251,133	806,747
Ending Net Position	$ 132,101	$ 1,541,786

The notes to basic financial statements are an integral part of this statement

Napa Valley Unified School District
Statement of Cash Flows
Proprietary Funds
June 30, 2020

	Enterprise Fund	Internal Service Fund
	Child Care Program	Self Insurance Programs
Cash Flows from Operating Activities		
Cash received from services	$ 769,057	$ -
Cash paid for employees	(821,548)	(97,095)
Cash paid for supplies and services	(81,509)	(130,234)
Net cash provided by (used for) operating activities	(134,000)	(227,329)
Cash Flows from Investing Activities		
Interest income	5,972	20,544
Increase (Decrease) in Cash and Cash Equivalents	(128,028)	(206,785)
Cash and Cash Equivalents - Beginning	288,403	1,750,897
Cash and Cash Equivalents - Ending	$ 160,375	$ 1,544,112
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income (loss)	$ (125,004)	$ 714,495
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	9,264	-
(Increase) decrease in prepaid expenses	813	-
Increase (decrease) in accounts payable	(19,073)	(941,824)
Net cash provided by operating activities	$ (134,000)	$ (227,329)

The notes to basic financial statements are an integral part of this statement

Napa Valley Unified School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private Purpose Trust Scholarship Fund	Student Body Agency Fund
Assets		
Cash and investments	$ 786,449	$ 857,828
Accounts receivable	300	-
Total Assets	$ 786,749	$ 857,828
Liabilities		
Due to student groups	$ -	$ 857,828
Total Liabilities	$ -	$ 857,828
Net Position		
Restricted for scholarships	$ 786,749	$ -
Total Net Position	$ 786,749	$ -

The notes to basic financial statements are an integral part of this statement

Napa Valley Unified School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private Purpose Trust Scholarship Fund
Additions:	
Donations and gifts	253,073
Interest and investment earnings	14,370
Total additions	267,443
Deductions:	
Financial assistance to students	269,451
Changes in net position	(2,008)
Net position beginning	788,757
Net position ending	$ 786,749

The notes to basic financial statements are an integral part of this statement

Notes to the Basic Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

Napa Valley Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The account policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the U. S. Governmental Accounting Standards Board ("GASB") and the American Institute of Certified Public Accountants ("AICPA").

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of seven elected officials who, together, constitute the Board of Trustees. The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements using the criteria established by GASB. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

The District does not have any component units and is not a component unit of any reporting entity for the fiscal year ended June 30, 2020.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Eliminations have been made to minimize the effect of interfund activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include the reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for the governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. 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. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as 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 of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. The Enterprise Fund and the Internal Service Fund is presented on the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary fund operating revenues result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues result from non-exchange transactions or ancillary activities.

Fiduciary funds are reported using the economic resources measurement focus except for agency fund, which have no measurement focus.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 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. To achieve comparability of reporting among California districts, and so as not to distort normal revenue patterns with specific respect to reimbursement grants and correction to state-aid apportionments, the California Department of Education has defined available for district as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The District applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued Statement No. 62*, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 also amends GASB 62 and AICPA Pronouncements paragraphs 64, 74, and 82. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply.

The sources of authoritative GAAP are categorized in descending order of authority as follows:

a. Officially established accounting principles—Governmental Accounting Standards Board (GASB) Statements (Category A)
b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B).

If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

Deferred Outflow of Resources and Deferred Inflow of Resources:

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding which is reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported which is in the Statement of Net Position.

Unearned Revenue:

Unearned revenue arises when assets (such as cash) are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements (such as qualified expenditures) are met are recorded as liabilities from unearned revenue.

Unavailable Revenue:

In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows of resources as unavailable revenue.

Expenses/Expenditures:

Using the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into governmental major and nonmajor, proprietary and fiduciary funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund and includes transactions accounted for in the Deferred Maintenance Fund.

The *Building Fund* is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

The *Bond Interest and Redemption Fund* is used to account for the interest and redemption of principal of general obligation bonds.

Non-major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund.

The District maintains the following nonmajor special revenue funds:

- The *Charter Schools Special Revenue Fund* is used by the District to account separately for the activities of LEA-operated charter schools that would otherwise be reported in the District's general fund.

- The *Adult Education Fund* is used to account for resources committed to adult education programs maintained by the District.

- The *Child Development Fund* is used to account for revenues received and expenditures made to operate the child development programs.

- The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's food service programs.

Capital Projects Funds are used to account for resources restricted, committed or assigned for capital outlays. The District maintains the following nonmajor capital projects funds:

- The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act ("CEQA").

- The *County Schools Facilities Fund* was established to receive apportionments from the State School Facilities Fund authorized by the State Allocation Board for new school facility construction, modernization projects and facility hardship grants.

- The *Special Reserve Fund for Capital Outlay Projects* was established to provide for the accumulation of General Fund monies for capital outlay purposes.

Non-major Governmental Funds:

Proprietary funds encompass an Enterprise Fund, which is intended to be a self-supporting entity, and an Internal Service Fund that used to account for services rendered on a cost reimbursement basis within the District. The District has the following proprietary funds:

- The *Enterprise Fund* is used to account for revenue and expenses for a fee-based Child Care Program.

- The Self-Insurance Fund is used to account for the activities of the workers' compensation and property and liability self-insurance program.

Fiduciary Funds:

Fiduciary Fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

- *Private Purpose Trust Funds* are used to account for assets held by the District as trustee for individuals, private organizations or other governments and are therefore not available to support the District's own programs. The District maintains private purpose trust funds to account for transactions relating to the Scholarship Fund. The District has elected to combine all private-purpose trust funds into a single fund for financial reporting purposes.

- *Agency Funds* are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for the student body accounts. The student body funds are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body.

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

G. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated on June 30.

H. Benefit Plans

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 District's California

Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* requires that the reported results must pertain to liability and asset information within certain defined time frames. For this period, the following time frames were used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

Other Postemployment Benefits Other Than Pensions (OPEB):

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions are based on the when they are due and payable in accordance with the benefit terms for the measurement period included in the OPEB plan's actuarial reports. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Valuation Date	July 1, 2018
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

I. Assets, Liabilities, and Equity

a) Cash and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation.

In accordance with *Education Code* Section 41001, the district maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

The county is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

b) Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

c) Inventories

Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts and are charged as expenditures when used. Reported inventories are equally offset by nonspendable fund balance, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets. The District's central warehouse and cafeteria inventory valuation is First-in First-out (FIFO).

d) Prepaid expenditures

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period, thus recording a prepaid expense in the Statement of Net Position.

e) Capital Assets

Capital assets are those purchased or acquired with an original cost of $5,000 or more and are reported at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset’s lives are not capitalized, but are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over an estimated useful life of 5 to 50 years depending on the asset class.

f) Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires. At retirement, each classified 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.

g) Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts as well as issuance costs if related to prepaid insurance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs, not related to prepaid insurance costs, are expensed in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

h) Fund Balance Classifications

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District' minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts, of 3 percent of general fund operating expenditures and other financing uses.

In accordance with Government Accounting Standards Board 54*, Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.

- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent and Assistant Superintendent of Business.

- Unassigned includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

i) <u>Net Position</u>

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets 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. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. As of June 30, 2020, capital assets net of accumulated depreciation totaling $525,862,189 was increased by unspent debt proceeds of $81,266,871 and reduced by related debt of $506,044,855, which excluded accreted interest of $7,907,623 and premiums attributed to cash reserves for debt service of $33,419,610. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Educational Program restrictions reflect the amounts to be expended for federal and state funded educational programs.

Adult Education restrictions reflect the cash balances in the adult education fund that are restricted for the adult education program.

Debt Service restrictions reflect the cash balances in the debt service funds of $35,570,881 that are restricted for debt service payments by debt covenants, reduced by outstanding bond premiums of $33,419,610.

Capital Projects restrictions will be used for the acquisition and construction of capital facilities.

Charter School Activities restrictions will be used for the educational programs at the dependent Charter Schools.

Cafeteria Program restrictions reflect the amounts to be expended for federal and state funded cafeteria programs.

Child Development Program restrictions reflect the amounts to be expended for federal and state funded child development programs.

Child Care Program restrictions reflect the amounts to be expended for child care services earned from the enterprise fund Child Care Program.

Unrestricted net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

j) Local Control Funding Formula and Property Taxes

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. The revenue limit was a combination of local property taxes, state apportionments, and other local sources.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on August 31 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year. The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

k) Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated and reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

l) Accounting Estimates

The presentation of 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 reported amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

J. Upcoming Accounting and Reporting Changes

GASB Statement No. 84, *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2018 but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB issued Statement No. 87, *Leases*

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2019 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of the Construction Period*

This Statement addresses interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2019 but have been delayed to periods beginning after December 15, 2020, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*

The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement also requires that a component unit in which a government has 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2018, but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*

The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitment and voluntary commitments extended by issuers and arrangements associated with the debt obligations; and improving required note disclosures. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2020 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 92, *Omnibus 2020*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*

This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements**.**

GASB Statement No. 94, *Public-Private Partnerships and Public-Public Partnerships and Availability Payment Arrangements*

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are to be effective for financial statements for periods beginning after June 15, 2022. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements**.**

2. CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2020 is as follows:

Description	Carrying Amount	Fair Value	Investment Rating
Government-Wide Statements:			
Cash on hand and in banks	$ 606,813	$ 606,813	Not Rated
Cash in revolving fund	93,394	93,394	Not Rated
Cash with County	151,567,386	152,845,503	Not Rated
Total Cash and Investments	$ 152,267,593	$ 153,545,710	
Fiduciary Funds:			
Cash on hand and in banks	$ 857,828	$ 857,828	Not Rated
Cash with County	786,449	793,081	Not Rated
Cash in Banks	$ 1,644,277	$ 1,650,909	

Cash in Banks and in Revolving Funds

Cash balances in banks and revolving funds are insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2020, the bank balances of the District's accounts with banks was $1,040,812 which included $290,812 that was not insured by FDIC, but was collateralized in California as required by Government Code.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

Investments in the Napa Valley 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.

Cash in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to maintain substantially all of its cash with the County Treasurer in accordance with 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.

Policies and Practices

The District is authorized under California Government Code Section 53635 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; repurchase or reverse repurchase agreements; 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.

The Policy, in addition to State statues, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall (1) have maximum maturity not to exceed five years, (2) be laddered and based on cash flow forecasts; and (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments. The District's investments comply with the established policy.

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 the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains cash with the Napa County Investment Pool. The pool has a fair value of approximately $789 million and an amortized book value of $782.4 million. The average days to maturity for the County pool was 477 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 investment with the Napa County Investment Pool is governed by the County's general investment policy. The investment with the Napa County Investment Pool is exempt from rating requirements.

Custodial Credit Risk – Deposits

Custodial credit risk 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 agencies. 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.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2020:

Receivables	General Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Funds	Total	Fiduciary Fund
Federal	$ 3,589,916	$ -	$ -	$ 635,936	$ 4,225,852	$ -
State	955,059	-	-	242,988	1,198,047	-
Local	414,727	-	-	1,745	416,472	300
Unsrestricted:						
LCFF	1,911,360	-	-	-	1,911,360	-
EPA	797,176	-	-	-	797,176	
Property taxes	1,820,805	-	-	-	1,820,805	
Other resources	1,532,558	25,830	368,507	186,255	2,113,150	-
Totals	$ 11,021,601	$ 25,830	$ 368,507	$ 1,066,924	$ 12,482,862	$ 300

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activities for the year ended June 30, 2020 were as follows:

Capital Assets	Balance June 30, 2019	Additions	Transfers & Deletions	Balance June 30, 2020
Land - nondepreciable	$ 23,814,572	$ 4,222,687	$ (2,409,338)	$ 25,627,921
Site improvements	100,605,553	470,360	700,932	101,776,845
Buildings and improvements	415,220,186	21,294,350	93,985,142	530,499,678
Furniture and equipment	27,356,052	3,051,833	-	30,407,885
Work-in-progress	99,222,230	44,574,277	(94,686,074)	49,110,433
Total capital assets	666,218,593	73,613,507	(2,409,338)	737,422,762
Less accumulated depreciation for:				
Site improvements	33,889,135	4,337,576	-	38,226,711
Buildings and improvements	141,160,849	8,905,693	-	150,066,542
Furniture and equipment	22,220,744	1,046,576	-	23,267,320
Total accumulated depreciation	197,270,728	14,289,845	-	211,560,573
Total capital assets - net depreciation	$ 468,947,865	$ 59,323,662	$ (2,409,338)	$ 525,862,189

During the year, the District traded 2.36 acres of land and paid $962,687 in cash for 2.74 acres of land that is more conducive to future facilities construction and district modernization plans. The cost of the land was $ 2,409,338 and effectively sold for $3,260,000. The acquisition price of the new land was $4,190,000.

Depreciation expense was charged to governmental activities during the year as follows:

Instruction	$ 11,195,585
School site administration	559,777
Home-to-school transportation	1,147,549
Food services	55,978
All other general administration	1,330,956
Total depreciation expense	$ 14,289,845

5. INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables (Due From/To), as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Receivables/Payables (Due From/Due To)

Interfund receivables and payables consisted of the following as of June 30, 2020:

	Due From	Due to
General Fund	$ 1,325,000	$ -
Nonmajor Funds	-	1,325,000
Totals	$ 1,325,000	$ 1,325,000

Interfund Transfers

Interfund transfers included the following during the year:

	Transfers In	Transfers Out
General Fund	$ -	$ 264,858
Nonmajor Funds	333,452	68,594
Totals	$ 333,452	$ 333,452

6. TAX AND REVENUE ANTICIPATION NOTES

On June 14, 2019, the District issued $37,000,000 in TRANs maturing on June 30, 2020, with an interest rate of 2.1%. The TRANs are a general obligation of the District and are payable from revenues and cash receipts to be generated by the District. There are no contractual obligations related to the issuance other than the TRAN agreement. The funds will be used to supplement cash flow

7. LONG-TERM LIABILITIES

Schedule of Changes in Long-term Liabilities

The following is a summary of the changes in long-term liabilities for the fiscal year ended June 30, 2020:

Long-term Debt	Balance July 01, 2019	Additions	Deletions	Adjustments	Balance June 30, 2020	Due Within One Year
General Obligation Bonds	$ 441,039,211	$ 132,989,653	$ 15,727,263	$ (405,000)	$ 557,896,601	$ 14,215,000
Certificates of Participation	2,710,000	-	240,000	-	2,470,000	-
Net pension liabilities	214,213,245	78,029,214	71,904,534	-	220,337,925	-
Net OPEB liability	58,431,865	14,759,305	974,353	-	72,216,817	-
Early Retirement Incentives	2,326,097	-	216,766	-	2,109,331	216,766
Compensated Absences	1,908,465	1,348,948	1,007,682	-	2,249,731	2,249,731
Total Long-term Debt	$ 720,628,883	$ 227,127,120	$ 90,070,598	$ (405,000)	$ 857,280,405	$ 16,681,497

The other post-employment benefits, compensated absences and net pension obligations will be paid by the General Fund. Payments on the general obligation bonds, which includes accreted interest, will be paid by the Bond Interest and Redemption Fund from local revenues.

General Obligation Bonds Payable

The Bonds are general obligations of the District. The Board of Supervisors of Napa County is empowered and is obligated to levy ad valorem taxes, without limitation of rate or amount, upon all property within the District subject to taxation by the District for the payment of interest on and principal of the Bonds when due. The District has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. Government Securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the advance refunding met the requirements of an in-substance debt defeasance and therefore the deferred debt removed as a liability from the District's government-wide financial statements.

The following summarizes the bonds outstanding as of June 30, 2020:

GOB/Series	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2019	Additions	Redemptions	Adjustments	Bonds Outstanding June 30, 2020
2009A	2044	8.1%	21,515,000	$ 405,000	$ -	$ -	$ (405,000)	$ -
2009C	2049	6.36-6.85%	21,877,730	7,682,585	-	-	-	7,682,585
2010A	2033	5.78-6.29%	7,122,270	7,122,270	-	-	-	7,122,270
2010B	2043	6.51%	34,000,000	34,000,000	-	-	-	34,000,000
2010 Refunding	2024	4-5%	14,405,000	13,220,000	-	1,090,000	-	12,130,000
2012 Refunding	2027	3-3.13%	26,060,000	17,190,000	-	1,915,000	-	15,275,000
2013 Refunding	2030	6-5%	48,515,000	44,350,000	-	1,785,000	-	42,565,000
2016 A/B Refunding	2034	1.05-5%	47,130,000	44,980,000	-	1,165,000	-	43,815,000
2016 C/D/E Refunding	2047	.67-5%	93,245,000	91,985,000	-	1,925,000	-	90,060,000
2016A	2038	3-3.54%	115,000,000	115,000,000	-	-	-	115,000,000
2016B	2022	.7-1.35%	35,000,000	16,555,000	-	5,175,000	-	11,380,000
2018 Refunding	2046	1.4-3.61%	5,655,000	5,545,000	-	-	-	5,545,000
2019C	2044	4-5%	119,000,000	-	119,000,000	-	-	119,000,000
Subtotal General Obligation Bonds			588,525,000	398,034,855	119,000,000	13,055,000	(405,000)	503,574,855
Bond Premiums				36,179,188	12,907,198	2,672,263	-	46,414,123
Accreted Interest				6,825,168	1,082,455	-	-	7,907,623
Total General Obligation Bonds			$ 588,525,000	$ 441,039,211	$ 132,989,653	$ 15,727,263	$ (405,000)	$ 557,896,601

The District increased beginning net position by $10,500,663 to reflect the refunding general obligation bonds series 2007 and series 2018.

The annual debt service requirements of the bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2021	$ 14,215,000	$ 20,841,841	$ 35,056,841
2022	15,785,000	20,158,478	35,943,478
2023	16,400,000	19,308,461	35,708,461
2024	14,060,000	18,670,548	32,730,548
2025	15,825,000	19,183,480	35,008,480
2026-2030	88,746,103	98,600,276	187,346,379
2031-2035	78,063,752	93,307,617	171,371,369
2035-2039	98,300,000	46,703,213	145,003,213
2040-2044	153,355,000	17,644,848	170,999,848
2045-2047	8,825,000	367,675	9,192,675
Total Debt Service	$ 503,574,855	$ 354,786,437	$ 858,361,292

Certificates of Participation (COP's)

On June 1, 2019, in order to finance the purchase of various trucks and vehicles, the District has agreed to lease the building located on the District's Napa Junction Magnet Elementary School (leased property) to Public Property Financing Corporation of California (Lessor) in a lease-leaseback agreement. In order to raise the funds for the financing, the Lessor assigned certain of its rights under the leased property to DNT Asset Trust. The proceeds, in the amount of $2,710,000, were deposited and applied on the closing date as follows; $124,646 for cost of issuance and $2,585,354 deposited in the project fund held by the County of Napa in the District's name.

The annual debt service requirements of the COP's as of June 30, 2020 are as follows:

Year Ending June 30	Principal	Interest	Total
2021	$ -	$ -	$ -
2022	250,000	57,922	307,922
2023	255,000	51,685	306,685
2024	260,000	45,325	305,325
2025	265,000	38,841	303,841
2026-2030	1,440,000	86,821	1,526,821
Total Debt Service	$ 2,470,000	$ 280,592	$ 2,750,592

8. SELF INSURANCE AND 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, 2014, the District's membership in the North Bay Schools Insurance Authority (NBSIA) provided excess coverage through the Bay Area Schools Insurance Cooperative (BASIC). Settlement claims have not exceeded this coverage in any of the past three years.

9. JOINT POWERS AGREEMENTS

The Napa Valley Unified School District participates in two Joint Power Agreements (JPA): The North Bay Schools Insurance Authority (NBSIA) for Workers' Compensation and Property and Liability Insurance and the Schools Self Insurance of Contra Costa County (SSICCC) for Dental. The relationship between the Napa Valley Unified School District and the JPAs is such that the JPAs are not a component unit of the Napa Valley Unified School District for financial reporting purposes.

The JPA's arrange for and provides coverage for their members. Each JPA is governed by a board consisting of a representative from each member district. Each board controls the operations of their JP A, including selection of management and approval of operating budgets independent of any influence by the members beyond their representation on the Board. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in each JPA.

10. COMMITMENTS AND CONTINGENCIES

Litigation

The District may be exposed various claims and litigation. Management believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District’s financial position or results of operations.

Federal and State Allowances, Award, and Grants

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

Commitments

The District has entered into operating leases for relocatable buildings and other equipment with lease terms in excess of one year. The agreements do not contain purchase options. The agreements contain termination clauses providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel the agreements prior to expiration.

As of June 30, 2020, the District had a remaining commitment of $21,677,967 towards capital projects. These commitments are not a liability of the District’s until services or goods have been rendered. The expected date of completion is June 2020.

11. EMPLOYEE RETIREMENT SYSTEMS

California Public Employees Retirement System (CalPERS/PERS) Pension Plan

General Information about the PERS Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	CalPERS	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age: minimum	50	52
Monthly benefits as a % of eligible compensation	(1)	(1)
Required employee contribution rates	7.000%	7.000%
Required employer contribution rates	19.721%	19.721%

(1) Monthly benefit is a product of benefit factor, years of service, and final compensation

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. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. 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. For fiscal year ending June 30, 2020, the State enacted Senate Bill No. 90 which appropriated funding to the Public Employees' Retirement Fund on behalf of the District.

For the year ended June 30, 2019 the District's contributions were as follows:

	CalPERS
Employer Contributions	$ 6,505,967

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to PERS

As of June 30, 2020, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
CalPERS	$ 69,510,205

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. 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 employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

	CalPERS
Proportion - June 30, 2019	0.24155%
Proportion - June 30, 2020	0.23850%
Change - Increase/(Decrease)	-0.00305%

For the year ended June 30, 2020, the District recognized pension expense of $13,949,049 for the Plan.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 3,308,902	$ -
Differences between Expected and Actual Experience	5,049,231	-
Differences between Projected and Actual Investment Earnings	-	644,720
Differences between Employer's Contributions and Proportionate Share of Contributions	-	35,525
Change in Employer's Proportion	-	2,754,847
Pension Contributions Made Subsequent to Measurement Date	6,505,967	-
Total	$ 14,864,100	$ 3,435,092

The District reported $6,505,967 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources CalPERS
2021	$ 4,505,400
2022	(292,559)
2023	446,114
2024	264,086
Total	$ 4,923,041

Actuarial Assumptions - The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

(1) Varies by age and service
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2019 based on June 30, 2018 Valuations, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

In the December 2016 and April 2017 meetings, the Board voted to lower the funding discount rates used for the PERF. In making its decision, the Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies and school districts.

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.

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (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 the Plan. 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 table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(b) An expected inflation of 2.0% used for this period.
(c) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	CalPERS
1% Decrease	6.15%
Net Pension Liability	$ 100,194,391
Current	7.15%
Net Pension Liability	$ 69,510,205
1% Increase	8.15%
Net Pension Liability	$ 44,055,554

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

California State Teachers' Retirement System (CalSTRS) Pension Plan

General Information about the CalSTRS Pension Plan

Plan Description - The District contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the CalSTRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information.

Benefits Provided - STRS 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 credited service, equal to one year of full time employment. The cost of living adjustments for the Plan are applied as specified by the retirement Law.

The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	CalSTRS	
	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a % of eligible compensation	2%	2%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	18.130%	18.130%
Required State contribution rates	10.328%	10.328%

Contributions - As part of the annual valuation process, the Normal Cost rate is determined as the basis for setting the base member contribution rate for the following fiscal year. Generally, the base member contribution rate is one-half of the Normal Cost rate within certain parameters. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2020, the District's contributions were as follows:

	CalSTRS
Employer Contributions	$ 15,288,105
State Contributions	11,444,577
Total	$ 26,732,682

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to CalSTRS

As of June 30, 2020, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
District	$ 150,827,720
State	82,287,079
Total	$ 233,114,799

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. 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 employers, actuarially determined. The state contributed 8.49 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year plus an additional $2,874,644 as required by SB90. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

	CalSTRS
Proportion - June 30, 2019	0.16300%
Proportion - June 30, 2020	0.16700%
Change - Increase/(Decrease)	0.00400%

For the year ended June 30, 2020, the District recognized pension expense of $33,267,238 for the Plan, of which, a total of $11,444,577 came from state contributions.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalSTRS	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Changes of Assumptions	$ 19,076,410	$ -
Differences between Expected and Actual Experience	380,760	4,250,150
Differences between Projected and Actual Investment Earnings	-	5,809,930
Differences between Employer's Contributions and Proportionate Share of Contributions	133,418	3,106,948
Change in Employer's Proportion	5,940,060	8,782,746
Pension Contributions Made Subsequent to Measurement Date	15,288,105	-
Total	$ 40,818,753	$ 21,949,774

The District reported $15,288,105 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	**Deferred Outflows/ (Inflows) of Resources CalSTRS**
2021	$ 2,766,053
2022	(1,261,987)
2023	1,140,090
2024	3,053,614
2025	(1,622,999)
Thereafter	(493,898)
Total	$ 3,580,873

Actuarial Assumptions - The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Wage Growth	3.50%
Postretirement Benefit Increases	(1)
Investment Rate of Return	7.10% (2)
Mortality	(3)

(1) 2% simple for DB (annually), maintain 85% purchasing power level for DB. Not applicable for DBS/CBB
(2) Net of investment expense but gross of administrative expenses.
(3) Based on 110% of the MP-2016 Ultimate Projection

Discount Rate - The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the plan’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 the total pension liability.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Long-Term Expected Rate of Return [(1)]
Global Equity	47.00%	6.30%
Fixed Income	12.00%	0.30%
Real Estate	13.00%	5.20%
Private Equity	13.00%	9.30%
Risk Mitigating Strategies	9.00%	2.90%
Inflation Sensitive	4.00%	3.80%
Cash/Liquidity	2.00%	-1.00%
Total	100.00%	

[(1)] 20 year average

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	CalSTRS
1% Decrease	6.10%
Net Pension Liability	$ 224,594,960
Current	7.10%
Net Pension Liability	$ 150,827,720
1% Increase	8.10%
Net Pension Liability	$ 9,500,630

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS financial reports.

12. EARLY RETIREMENT INCENTIVE PLAN

In addition to the retirement benefits described from PERS, STRS and OPEB, an early retirement incentive is available on a voluntary basis to classified employees who have been employed by the District for a minimum of ten (10) continuous years, are below the age of sixty (60), and are eligible for Public Employee Retirement Service benefits at time of their retirement. The early retirement incentive will be twelve percent 12% of the average base wages of the employee's last three (3) years of employment. Qualified retirees may elect to receive cash payments or contributions to retirement or deferred compensation account.

The following is summary of the District's early retirement incentive plan liabilities and future estimated payments as of June 30, 2020:

Year Ending June 30	Payment
2021	$ 1,054,665
2022	1,054,665
Total Payments	$ 2,109,331

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. Participation in PEMHCA is financed in part by the District through an optional benefits plan, with contributions made to the plan.

Benefits - The District contributes $102.00 per month for calendar 2019 to PEMHCA on behalf of each retiree eligible for PEMHCA. This contribution is increased each year pursuant to the "unequal contribution method" under PEMHCA, whereby the District contribution for retirees equals 5% of the District's contribution for active employees multiplied by the number of years the District has participated in PEMHCA. The District also pays the PEMHCA admin fee of 0.33% of premium for all retirees participating in PEMHCA. Furthermore, the District will make additional contributions towards certain eligible retirees' premiums until age 65 according to provisions of the District's MOUs with its various employee associations, as described below.

A retiree will be eligible for a District contribution of up to $425.00 per month towards retiree medical premiums under one of the PEMHCA options if the retiree meets the applicable age and service requirement:

Certificated (including Management and Pupil Services)

- Hired before July 1, 2016: Age 55 and completed 10 years of service with District.
- Hired on or after July 1, 2016: Age 55 and completed 20 years of service with District.

Classified (including Management, Charter, Confidential, and Supervisory)

- Hired before August 15, 2016: Age 50 and completed 10 years of service with District, provided age plus service equals at least 65.
- Hired on or after August 15, 2016 and before July 1, 2017: Age 50 and completed 17 years of service with District.
- Hired on or after July 1, 2017: Age 55 and completed 18 years of service with District.

The District provides continued coverage for eligible retirees until age 65 or the death of the retiree, if earlier. Coverage for spouses and eligible dependent children may be provided by the retiree paying the required additional premium. Surviving spouse and dependent coverage is provided if the surviving spouse pays the premium for such coverage.

In addition to the medical premiums described above, the District will pay the single retiree Delta Dental premium for non-Certificated retirees until age 65, and up to the two-party dental premium for Certificated retirees until age 65.

Employees Covered by Benefit Terms - At July 1, 2018 (the valuation date), the benefit terms covered the following employees:

Active employees	1,640
Inactive employees	622
Total employees	2,262

Contributions - The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions to the OPEB plan during the year were $974,353. The actuarially determined contribution for the measurement period was $4,740,775. The District's contributions were 0% of covered employee payroll during the measurement period June 30, 2020 (reporting period June 30, 2020). Employees are not required to contribute to the plan.

Actuarial Assumptions - The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	July 1, 2018
Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry-Age, Level Percent of Pay
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	2.45%
Inflation	3.00%
Salary Increases	3.00%
Healthcare Trend Rate	5.25%
Investment Rate of Return	7.0%, Net of OPEB plan investment expenses
Mortality	RP-2014 Employee Mortality, without projection
Retirement	Hired <1/1/2016: Certificated Age 55 and completed 10 years of service with District. Hired >1/1/2016: Certificated Age 55 and completed 20 years of service with District. Hired <8/15/2016: Classified Age 50 and completed 10 years of service with District. Provided age plus service equals at least 65 Hired >8/15/2016 & <1/1/17: Certificated Age 50 and completed 17 years of service with District. Hired >1/1/17: Certificated Age 55 and completed 18 years of service with District.

Discount Rate - The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set to be equal to the long-term expected rate of return which was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate was decreased from 3.62% to 2.45% from June 30, 2019 to June 3, 2020.

Long-Term Expected Rate of Return - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage of Portfolio	Long-Term Expected Rate of Return
Equities	60.00%	4.400%
Fixed Income	40.00%	1.500%
Total	100.00%	

Changes in the Net OPEB Liability - The District's net OPEB liability was measured as of June 30, 2020 (measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018 (valuation date) for the fiscal year ended June 30, 2020 (reporting date). The following summarizes the changes in the net OPEB liability during the year ended June 30, 2020.

Fiscal Year Ended June 30, 2020 (Measurement Date June 30, 2020)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2019	$ 58,486,040	$ 54,175	$ 58,431,865
Service cost	2,663,189	-	2,663,189
Interest in Total OPEB Liability	2,196,826	-	2,196,826
Employer contributions	-	974,353	(974,353)
Balance of changes in assumptions	9,899,044	-	9,899,044
Actual investment income	-	22	(22)
Administrative expenses	-	(268)	268
Benefit payments	(974,353)	(974,353)	-
Net changes	13,784,706	(246)	13,784,952
Balance at June 30, 2020	$ 72,270,746	$ 53,929	$ 72,216,817

Covered Employee Payroll	$ 1,368,066
Total OPEB Liability as a % of Covered Employee Payroll	5282.69%
Plan Fid. Net Position as a % of Total OPEB Liability	0.07%
Service Cost as a % of Covered Employee Payroll	194.67%
Net OPEB Liability as a % of Covered Employee Payroll	5278.75%

Deferred Inflows and Outflows of Resources - At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected earnings	$ 1,930	$ -
Change in assumptions	8,302,424	-
Totals	$ 8,304,354	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2021	$ 1,597,103
2022	1,597,103
2023	1,597,103
2024	1,597,103
2025	1,596,620
Thereafter	319,322
Total	$ 8,304,354

OPEB Expense - The following summarizes the OPEB expense by source during the year ended June 30, 2020.

Service cost	$ 2,663,189
Interest in TOL	2,196,826
Expected investment income	(2,435)
Difference between actual and expected earnings	483
Change in assumptions	1,596,620
Administrative expenses	268
OPEB Expense	**$ 6,454,951**

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2020.

Net OPEB liability ending	$ 72,216,817
Net OPEB liability beginning	(58,431,865)
Change in net OPEB liability	13,784,952
Changes in deferred outflows	(8,304,354)
Employer contributions and implicit subsidy	974,353
OPEB Expense	**$ 6,454,951**

Sensitivity to Changes in the Discount Rate - The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	Discount Rate		
	(1% Decrease)	**2.45%**	**(1% Increase)**
Net OPEB Liability (Asset)	$ 82,781,145	$ 72,216,817	$ 63,633,072

Sensitivity to Changes in the Healthcare Cost Trend Rates - The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	(1% Decrease)	**5.25%**	**(1% Increase)**
Net OPEB Liability (Asset)	$ 62,272,450	$ 72,216,817	$ 84,931,462

14. COVID-19 PANDEMIC IMPACT

December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. In response to the pandemic, and in compliance with various state and local ordinances, the District closed physical campuses and transitioned to a distance learning model. On March 13, 2020, the Governor of California issued Executive Order N-26 – 20, guaranteeing state funding to support the continued payment of salaries and benefits to all employees through June 30, 2020.

The operations and business results of the District could be materially and adversely affected in the future, including a reduction in the level of funding and potential impacts from the timing of cash flows. In addition, significant estimates may be materially and adversely impacted by national, state and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2020-2021 school year, the District is offering instruction in formats consistent with local health guidelines. Throughout the pandemic the District has put into practice a number of safety measures to protect students and employees and will continue to revise them as needed.

15. SUBSEQUENT EVENTS

The District issued $37,400,000 of Series A tax and revenue anticipation notes dated July 7, 2020. The notes mature on February 26, 2021 and yield .28% interest. The notes were sold to supplement cash flow requirements. Both the principal and interest on the notes are payable in full by June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

Napa Valley Unified School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (GAAP)
General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts			Variance with
			Actual	Final Budget Positive -
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
LCFF sources	$ 165,271,015	$ 164,553,464	$ 164,253,518	$ (299,946)
Federal	8,825,729	13,388,494	9,635,869	(3,752,625)
Other state	14,156,298	16,432,121	19,267,880	2,835,759
Other local	4,875,242	6,848,403	5,863,301	(985,102)
Total revenues	193,128,284	201,222,482	199,020,568	(2,201,914)
Expenditures:				
Certificated salaries	87,258,840	90,957,395	88,432,175	2,525,220
Classified salaries	30,842,455	31,299,964	31,000,860	299,104
Employee benefits	42,674,898	43,368,970	45,960,565	(2,591,595)
Books and supplies	6,642,656	6,983,675	4,161,119	2,822,556
Services and other operating expenditures	24,690,175	26,036,141	23,976,834	2,059,307
Capital outlay	75,000	456,799	308,653	148,146
Transfers of indirect/direct support costs	(383,385)	(391,161)	(278,155)	(113,006)
Total expenditures	191,800,639	198,711,783	193,562,051	5,149,732
Excess (deficiency) of revenues over (under) expenditures	1,327,645	2,510,699	5,458,517	2,947,818
Other financing sources (uses):				
Transfers in	900,000	-	-	-
Transfers out	(635,622)	(345,240)	(264,858)	80,382
Total other financing sources (uses)	264,378	(345,240)	(264,858)	80,382
Changes in fund balance	$ 1,592,023	$ 2,165,459	5,193,659	$ 3,028,200
Fund balance beginning			15,115,504	
Fund balance ending			$ 20,309,163	

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP. Employee benefits exceeded budget as noted above because of unanticipated onbehalf payments for STRS and PERS from the state, which is offset by revenue.

Napa Valley Unified School District
Schedule of Pension Plan Contributions
For the Fiscal Year Ended June 30, 2020

Schedule of Contributions - Pension Plans
Last 10 Fiscal Years

CalPERS	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Contractually Required Contributions	$ 3,457,603	$ 3,806,986	$ 4,662,274	$ 4,990,815	$ 6,000,076	$ 6,505,967
Contributions in Relation to Contractually Required Contributions	3,457,603	3,806,986	4,662,274	4,990,815	6,000,076	6,505,967
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 29,373,910**	**$ 32,133,786**	**$ 33,570,521**	**$ 32,134,537**	**$ 33,219,333**	**$ 33,253,655**
Contributions as a % of Covered Payroll	**11.77%**	**11.85%**	**13.89%**	**15.53%**	**18.06%**	**19.56%**

Notes to Schedule:

Valuation Date: June 30, 2018

Assumptions Used:
Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
4 Years Remaining Amortization Period
Inflation Assumed at 2.5%
Investment Rate of Returns set at 7.15%
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90

CalSTRS	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Contractually Required Contributions	$ 7,453,402	$ 9,499,982	$ 11,567,541	$ 12,613,510	$ 14,710,157	$ 15,288,105
Contributions in Relation to Contractually Required Contributions	7,453,402	9,499,982	11,567,541	12,613,510	14,710,157	15,288,105
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 83,934,707**	**$ 88,536,645**	**$ 91,951,836**	**$ 87,411,712**	**$ 90,357,230**	**$ 89,420,428**
Contributions as a % of Covered Payroll	**8.88%**	**10.73%**	**12.58%**	**14.43%**	**16.28%**	**17.10%**

Notes to Schedule:

Valuation Date: June 30, 2018

Assumptions Used:
Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll Basis
7 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.10%
Mortality tables are based on 110% of the MP-2016 Ultimate Projection Scale table issued by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from 7.65% to 7.15% in the District's fiscal year 2018.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.
This schedule provides information about the District's required and actual contributions to CalPERS during the year.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.
This schedule provides information about the District's required and actual contributions to CalSTRS during the year.

Napa Valley Unified School District
Schedule of Proportionate Share of Net Pension Liabilities
For the Fiscal Year Ended June 30, 2020

Schedule of Proportionate Share of Net Pension Liability
Last 10 Fiscal Years

CalPERS	2015	2016	2017	2018	2019	2020
District's Proportion of Net Pension Liability	0.24920%	0.25337%	0.25705%	0.26326%	0.24155%	0.23850%
District's Proportionate Share of Net Pension Liability	$ 28,290,268	$ 37,346,642	$ 50,768,334	$ 62,847,110	$ 64,404,835	$ 69,510,205
District's Covered Payroll	$ 26,164,403	$ 29,373,910	$ 32,133,786	$ 33,570,521	$ 32,134,537	$ 33,219,333
District's Proportionate Share of NPL as a % of Covered Payroll	**108.13%**	**127.14%**	**157.99%**	**187.21%**	**200.42%**	**209.25%**
Plan's Fiduciary Net Position as a % of the TPL	**83.38%**	**79.43%**	**73.90%**	**71.87%**	**70.85%**	**70.05%**

CalSTRS	2015	2016	2017	2018	2019	2020
District's Proportion of Net Pension Liability	0.16600%	0.15859%	0.16184%	0.17300%	0.16300%	0.16700%
District's Proportionate Share of Net Pension Liability	$ 97,005,420	$ 106,767,983	$ 130,899,443	$ 159,988,670	$ 149,808,410	$ 150,827,720
State's Proportionate Share of Net Pension Liability Associated with the District	58,776,061	56,468,493	74,518,718	94,647,946	85,772,805	82,287,079
Total	$ 155,781,481	$ 163,236,476	$ 205,418,161	$ 254,636,616	$ 235,581,215	$ 233,114,799
District's Covered Payroll	$ 74,054,594	$ 83,934,707	$ 88,536,645	$ 91,951,836	$ 87,411,712	$ 90,357,230
District's Proportionate Share of NPL as a % of Covered Payroll	**130.99%**	**127.20%**	**147.85%**	**173.99%**	**171.38%**	**166.92%**
Plan's Fiduciary Net Position as a % of the TPL	**76.52%**	**74.02%**	**70.04%**	**69.46%**	**70.99%**	**72.56%**

Fiscal year 2015 was the first year of implementation, therefore only six years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from 7.65% to 7.15% in the District's fiscal year 2018.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.
This schedule presents information on the District's portion of the net pension liability of CalPERS in compliance with GASB 68.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.
This schedule presents information on the District's portion of the net pension liability of CalSTRS in compliance with GASB 68.

Napa Valley Unified School District
Schedule of OPEB Contributions
For the Fiscal Year Ended June 30, 2020

Fiscal Year Ended	2018	2019	2020
Actuarially determined contribution (ADC)	$ 4,740,775	$ 4,563,403	$ 4,700,305
Less: actual contribution in relation to ADC	(984,540)	(925,974)	(974,353)
Contribution deficiency (excess)	$ 3,756,235	$ 3,637,429	$ 3,725,952
Covered employee payroll	$ 100,301,653	$ 103,403,766	$ 106,601,821
Contrib. as a % of covered employee payroll	0.98%	0.90%	0.91%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	July 1, 2018
Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry Age, Level Percent ofPay
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	2.45%
Healthcare Trend Rate	5.25%
Inflation	3.00%
Payroll Increases	3.00%
Investment Rate of Return	7.00%
Mortality	RP-2014 Employee Mortality, without projection
Retirement	Hired <1/1/2016: Certificated Age 55 and completed 10 years of service with District. Hired >1/1/2016: Certificated Age 55 and completed 20 years of service with District. Hired <8/15/2016: Classified Age 50 and completed 10 years of service with District. Provided age plus service equals at least 65 Hired >1/1/2017: Certificated Age 55 and completed 18 years of service with District.

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

There were not changes in benefit terms.

The discount rate decreased from 4% to 2.45%.

The trend rate decreased from 6.00% to 5.25%

The actuarial study increased the covered payroll as previously reported by apporximately $73M in this unaudited schedule.

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Napa Valley Unified School District
Schedule of Changes in Net OPEB Liability
For the Fiscal Year Ended June 30, 2020

Fiscal Year Ended	**2018**	**2019**	**2020**
Total OPEB liability			
Service cost	$ 2,679,219	$ 2,679,219	$ 2,663,189
Interest	1,947,212	1,947,212	2,196,826
Changes of assumptions	-	-	9,899,044
Benefit payments	(984,540)	(925,974)	(974,353)
Net change in Total OPEB Liability	3,641,891	3,700,457	13,784,706
Total OPEB Liability - beginning	51,143,692	54,785,583	58,486,040
Total OPEB Liability - ending	$ 54,785,583	$ 58,486,040	$ 72,270,746
Plan fiduciary net position			
Employer contributions	$ 984,540	$ 975,974	$ 974,353
Net investment income	-	4,240	22
Benefit payments	(984,540)	(925,974)	(974,353)
Administrative expense	-	(65)	(268)
Net change in plan fiduciary net position	-	54,175	(246)
Plan fiduciary net position - beginning	-	-	54,175
Plan fiduciary net position - ending	$ -	$ 54,175	$ 53,929
Net OPEB liability (asset)	$ 54,785,583	58,431,865	72,216,817
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.09%	0.07%
Covered Employee Payroll	$ 97,292,604	$ 100,301,653	$ 103,403,766
Net OPEB liability as a percentage of covered employee payroll	56.31%	58.26%	69.84%
Total OPEB liability as a percentage of covered employee payroll	56.31%	58.31%	69.89%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years

There were no changes in benefit terms.

The discount rate decreased from 4% to 2.45%.

The trend rate decreased from 6.00% to 5.25%

SUPPLEMENTARY INFORMATION

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Nonmajor Governmental Funds
Combining Schedules

Napa Valley Unified School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	Charter School Special Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund
Assets				
Cash and investments	$ 1,160,729	$ 631,038	$ 47,096	$ 1,077,263
Accounts receivable	142,676	451,748	-	472,500
Inventory	-	-	-	28,470
Prepaid expenses	-	5,779	-	51,199
Total Assets	$ 1,303,405	$ 1,088,565	$ 47,096	$ 1,629,432
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 202,622	$ 99,736	$ 11,866	$ 166,634
Due to other funds	-	-	-	1,325,000
Unearned revenue	-	-	-	103,704
Total Liabilities	202,622	99,736	11,866	1,595,338
Fund balances:				
Nonspendable:				
Revolving fund	-	-	-	3,294
Inventory	-	-	-	28,470
Prepaid expenditures	-	5,779	-	51,199
Restricted for:				
Adult education	-	856,499	-	-
Cafeteria programs	-	-	-	34,093
Capital projects	-	-	-	-
Charter school activities	147,500	-	-	-
Child development	-	-	35,230	-
Assigned for:				
Charter school activities	953,283	-	-	-
Capital projects	-	-	-	-
Cafeteria programs	-	-	-	-
Facilities projects	-	-	-	-
Adult education	-	126,551	-	-
Unassigned:	-	-	-	(82,962)
Total Fund Balances	1,100,783	988,829	35,230	34,094
Total Liabilities and Fund Balances	$ 1,303,405	$ 1,088,565	$ 47,096	$ 1,629,432

Cont'd

Napa Valley Unified School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Capital Projects Funds			
	Capital Facilities Fund	County Schools Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Totals
Assets				
Cash and investments	$ 6,539,969	$ 111,590	$ 1,278,538	$ 10,846,223
Accounts receivable	-	-	-	1,066,924
Inventory	-	-	-	28,470
Prepaid expenses	-	-	-	56,978
Total Assets	$ 6,539,969	$ 111,590	$ 1,278,538	$ 11,998,595
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 41,074	$ 5,560	$ 324,625	$ 852,117
Due to other funds	-	-	-	1,325,000
Unearned revenue	-	-	-	103,704
Total Liabilities	41,074	5,560	324,625	2,280,821
Fund balances:				
Nonspendable:				
Revolving fund	-	-	-	3,294
Inventory	-	-	-	28,470
Prepaid expenditures	-	-	-	56,978
Restricted for:				
Adult education	-	-	-	856,499
Cafeteria programs	-	-	-	34,093
Capital projects	-	106,030	613,420	719,450
Charter school activities	-	-	-	147,500
Child development	-	-	-	35,230
Assigned for:				
Charter school activities	-	-	-	953,283
Capital projects	-	-	340,493	340,493
Cafeteria programs	-	-	-	-
Facilities projects	6,498,895	-	-	6,498,895
Adult education	-	-	-	126,551
Unassigned:	-	-	-	(82,962)
Total Fund Balances	6,498,895	106,030	953,913	9,717,774
Total Liabilities and Fund Balances	$ 6,539,969	$ 111,590	$ 1,278,538	$ 11,998,595

Concluded

Napa Valley Unified School District
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020

	Special Revenue Funds			
	Charter School Special Revenue Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund
Revenues:				
LCFF Sources	$ 5,908,951	$ -	$ -	$ -
Federal	108,939	276,500	3,625	2,591,124
Other state	721,508	2,907,937	6,268	206,447
Other local	56,592	113,940	78,475	735,204
Total revenues	6,795,990	3,298,377	88,368	3,532,775
Expenditures:				
Instruction	3,733,978	1,139,513	108,616	-
Instruction-related services:				
Supervision of instruction	341,207	732,452	26,017	-
Instruction library, media and technology	33,737	-	-	-
School site administration	499,421	1,068,739	29,387	-
Pupil services:				
Food services	144	-	-	3,819,586
All other pupil services	118,796	245,967	1,500	-
General administration:				
Data processing	964	-	-	-
All other general administration	1,861,590	130,102	-	186,859
Plant services	134,131	-	-	-
Facilities acquisition and construction	-	-	-	-
Community services	-	76,783	87,476	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	6,723,968	3,393,556	252,996	4,006,445
Excess (deficiency) of revenues over (under) expenditures	72,022	(95,179)	(164,628)	(473,670)
Other financing sources (uses):				
Transfers in	-	-	68,594	264,858
Transfers out	-	(68,594)	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	(68,594)	68,594	264,858
Changes in fund balances	72,022	(163,773)	(96,034)	(208,812)
Fund balances beginning	1,028,761	1,152,602	131,264	242,906
Fund balances ending	$ 1,100,783	$ 988,829	$ 35,230	$ 34,094

Cont'd

Napa Valley Unified School District
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020

	Capital Projects Funds			
	Capital Facilities Fund	County Schools Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Totals
Revenues:				
LCFF Sources	$ -	$ -	$ -	$ 5,908,951
Federal	-	-	-	2,980,188
Other state	1,588	-	-	3,843,748
Other local	2,236,369	2,358	289,097	3,512,035
Total revenues	2,237,957	2,358	289,097	16,244,922
Expenditures:				
Instruction	-	-	-	4,982,107
Instruction-related services:				
Supervision of instruction	-	-	-	1,099,676
Instruction library, media and technology	-	-	-	33,737
School site administration	-	-	-	1,597,547
Pupil services:				
Food services	-	-	-	3,819,730
All other pupil services	-	-	-	366,263
General administration:				
Data processing	-	-	-	964
All other general administration	76,133	-	-	2,254,684
Plant services	356	-	2,424,270	2,558,757
Facilities acquisition and construction	793,717	15,350	112,117	921,184
Community services	-	-	-	164,259
Debt service:				
Principal	-	-	240,000	240,000
Interest	-	-	67,681	67,681
Total expenditures	870,206	15,350	2,844,068	18,106,589
Excess (deficiency) of revenues over (under) expenditures	1,367,751	(12,992)	(2,554,971)	(1,861,667)
Other financing sources (uses):				
Transfers in	-	-	-	333,452
Transfers out	-	-	-	(68,594)
Sale of capital assets	-	-	50,000	50,000
Total other financing sources (uses)	-	-	50,000	264,858
Changes in fund balances	1,367,751	(12,992)	(2,504,971)	(1,546,809)
Fund balances beginning	5,131,144	119,022	3,458,884	11,264,583
Fund balances ending	$ 6,498,895	$ 106,030	$ 953,913	$ 9,717,774

Concluded

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STATE AND FEDERAL AWARD COMPLIANCE SECTION

Napa Valley Unified School District
Organization (Unaudited)
June 30, 2020

The Napa Valley Unified School District was established on July 1, 1965 and encompasses an area of approximately 259 square miles in the County of Napa, California. There were no changes in the boundaries of the District during the current year. The District operates seventeen elementary schools, five middle schools, three high schools and two charter schools. The District also operates a continuation high school, an adult education school, and one community day high school.

The Board of Education for the fiscal year ended June 30, 2020, was comprised of the following members:

Governing Board

Name	Office	Term Expires
Icela Martin	President	2020
Elba Gonzalez-Mares	Vice President	2020
Jose Hurtado	Member	2022
David T. Garcia	Member	2020
Cindy Watter	Member	2022
Robin Jankiewicz	Member	2022
Joe Schunk	Member	2020

Administration

Rosanna G. Mucetti
Superintendent

Rabinder Mangelwala
Assistant Superintendent
Business Services

Pat Andry-Jennings
Assistant Superintendent
Instructional Services

Dana Page
Assistant Superintendent
Human Resources

Mike Pearson
Assistant Superintendent
Operational Services

Napa Valley Unified School District
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2020

	Second Period Report	Annual Report
ADA for Napa Valley Unified School District:		
Grades TK/K through three	4,248.08	4,248.08
Grades four through six	3,304.69	3,304.69
Grades seven and eight	2,624.04	2,624.04
Grades nine through twelve	5,792.67	5,792.67
Special education	35.60	35.60
ADA Totals Elementary	16,005.08	16,005.08

	Second Period Report		Annual Report	
Charter Schools:	Regular ADA	Classroom Based	Regular ADA	Classroom Based
Napa Valley Language Academy				
Grades TK/K through three	379.87	378.72	379.87	378.72
Grades four through six	253.53	252.64	253.53	252.64
Total	633.40	631.36	633.40	631.36

On March 16, 2020, the California Legislature passed and, on March 17, 2020, Governor Newsom signed, Senate Bill (SB) 117. This bill is a companion to Governor Newsom’s Executive Order N-26-20 and mitigates the effect of lost attendance due to COVID-19 that occurred after February 29, 2020. For the purpose of preventing losses of attendance-based funding as a result of reductions in average daily attendance (ADA) due to COVID-19, this legislation provides that the ADA used for both the second period (P-2) and the Annual period apportionment includes all full school months from July 1, 2019 to February 29, 2020 for all local educational agencies (LEAs).

Napa Valley Unified School District

Schedule of Instructional Time

For the Fiscal Year Ended June 30, 2020

Grade Level	Minutes Requirements	Actual Minutes	(Unaudited) Original Scheduled Minutes	Actual Number of Days Traditional Calendar	(Unaudited) Scheduled Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	31,170	44,640	126	180	0	In Compliance[(1)]
Grade 1	50,400	36,915	52,635	126	180	0	In Compliance[(1)]
Grade 2	50,400	36,915	52,965	126	180	0	In Compliance[(1)]
Grade 3	50,400	36,915	52,965	126	180	0	In Compliance[(1)]
Grade 4	54,000	37,985	54,510	126	180	0	In Compliance[(1)]
Grade 5	54,000	37,985	54,510	126	180	0	In Compliance[(1)]
Grade 6	54,000	40,818	57,708	126	180	0	In Compliance[(1)]
Grade 7	54,000	40,818	57,708	126	180	0	In Compliance[(1)]
Grade 8	54,000	40,818	57,708	126	180	0	In Compliance[(1)]
Grade 9	64,800	45,424	64,838	126	180	0	In Compliance[(1)]
Grade 10	64,800	45,424	64,838	126	180	0	In Compliance[(1)]
Grade 11	64,800	45,424	64,838	126	180	0	In Compliance[(1)]
Grade 12	64,800	45,424	64,838	126	180	0	In Compliance[(1)]
Napa Valley Language Academy							
Kindergarten	36,000	40,105	55,860	126	180	0	In Compliance[(1)]
Grade 1	50,400	37,685	53,835	126	180	0	In Compliance[(1)]
Grade 2	50,400	37,685	53,835	126	180	0	In Compliance[(1)]
Grade 3	50,400	37,685	53,835	126	180	0	In Compliance[(1)]
Grade 4	54,000	38,040	54,510	126	180	0	In Compliance[(1)]
Grade 5	54,000	38,040	54,510	126	180	0	In Compliance[(1)]
Grade 6	54,000	44,890	66,510	126	180	0	In Compliance[(1)]

(1) On March 13, 2020, the California Governor issued an Executive Order regarding the physical closure of schools by local educationl agencies (LEAs) in response to the COVID-19 pandemic. Executive Order N-26-20 established a streamlined process for school closures (COVID-19 School Closure Certification) in lieu of the existing process for submitting Requests for Allowance of Attendance Due to Emergency Conditions (Form J-13A).

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts and charter schools, including basic aid districts.

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

The following charter schools are chartered by Napa Valley Unified School District.

Charter School	Charter School Number	Included in Audit
Napa Valley Language Academy	0167	Yes
Stone Bridge Charter	0679	No

Napa Valley Unified School District
Schedule of Financial Trends and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2020

	(Budget) [1] 2021	2020	2019	2018
General Fund				
Revenues and other financial sources	$ 195,252,466	$ 199,020,568	$ 204,012,371	$ 182,284,028
Expenditures	202,133,180	193,562,051	199,059,103	179,433,727
Other uses and transfers (out)	-	264,858	2,029,241	1,127,220
Total outgo	202,133,180	193,826,909	201,088,344	180,560,947
Change in fund balance	$ (6,880,714)	$ 5,193,659	$ 2,924,027	$ 1,723,081
Adjustments to fund balance	$ -	$ -	$ (138,752)	$ -
Ending fund balance	$ 13,428,449	$ 20,309,163	$ 15,115,504	$ 12,330,229
Available reserves [2]	$ 8,445,160	$ 13,880,929	$ 10,283,146	$ 9,059,690
Reserved for economic uncertainty	$ 10,351,875	$ 15,787,794	$ -	$ 6,806,089
Unassigned fund balance	$ (1,906,715)	$ (1,906,865)	$ 10,283,146	$ 2,253,601
Available reserves as a percentage of total outgo	4.18%	7.16%	5.11%	5.02%
Total long-term debt	$ 839,989,805	$ 857,280,405	$ 720,628,883	$ 749,787,283
Average daily attendance at P-2	16,442	16,005	15,722	15,942

Average daily attendance has increased by 63 over the past three years. The district anticipates an increase of 437 ADA for 2020.

The general fund balance has increased by $7,978,934 over the past three years. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo).

Total long-term debt has increased by $107,493,122 over the past three years.

(1) Budget numbers are based on the first adopted budget of the fiscal year 2020/21

(2) Available reserves consist of all unassigned fund balances in the general fund, which includes the reserve for economic uncertainties.

Napa Valley Unified School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

Program Name	Federal Catalog Number		Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION				
Direct Aid:				
Indian Education (from Federal Government)	84.060		10011	$ 14,856
Magnet School Assistance Programs	84.165A		U165A170039-18	1,775,017
Passed Through California Department of Education				
Department of Rehabilitation: Workability II, Transitions Partnership Program	84.126		10006	185,340
ESSA School Improvement (CSI) Funding for LEAs	84.010		15438	30,984
Title I, Part A, Basic Grants Low-Income & Neglected	84.010		14329	1,484,109
Title II: Supporting Effective Instruction Local Grants	84.367		14341	269,114
Title IV, Part A, Student Support and Academic Enrichment Grant Program	84.424		15391	470,087
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424		15396	98,516
Special Education Cluster				
IDEA Basic Local Assistance	84.027	(1)	13379	3,025,072
IDEA Private School ISP's	84.027	(1)	10115	55,328
IDEA Mental Health Average Daily Attendance (ADA) Allocation	84.027A	(1)	15197	198,913
Total Special Education Cluster				3,279,313
Adult Education				
Adult Education: Adult Secondary Education (Section 231)	84.002		13978	113,300
Adult Education: English Literacy & Civics Education - Local Grant	84.002A		14109	55,545
Adult Education: Adult Basic Education & ESL (Section231)	84.002A		14508	106,005
Adult Education: Institutionalized Adults (Section 225)	84.002		13971	1,650
Total Adult Education				276,500
Title III				
Title III, English Learning Student Program	84.365		14346	217,166
Title III, Immigrant Student Program	84.365		15146	39,857
Total Title III				257,023
TOTAL U.S. DEPARTMENT OF EDUCATION				8,140,859
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through California Department of Education:				
MediCaid Cluster				
Medi-Cal Administrative Activities (MAA)	93.778		10060	1,026,619
Medi-Cal Billing Option	93.778		10013	603,998
Total MediCaid Cluster				1,630,617
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				1,630,617
U.S. DEPARTMENT OF JUSTICE				
Passed Through California Governor's Office of Emergency Services				
Bulling & Violence in School Advocacy Program	16.575		XB16011142	59,731
TOTAL U.S. DEPARTMENT OF DEPARTMENT OF JUSTICE				59,731
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through California Department of Education				
Child Nutrition: Summer Food Service Program Operations	10.559		13004	489,421
Child Nutrition: CACFP Claims - Centers and Family Day Care Homes	10.558		13529	3,625
Fresh Fruit and Vegetable Program	10.582		14968	49,542
Child Nutrition Cluster				
School Breakfast Program	10.553		13526	1,341,794
National School Lunch Program	10.555		13524	571,237
School Noncash Commodities Program	10.555		N/A	139,130
Total Child Nutrition Cluster				2,052,161
TOTAL U.S. DEPARTMENT OF AGRICULTURE				2,594,749
TOTAL FEDERAL PROGRAMS				$ 12,425,956

(1) Audited as major program

Note: There were no federal grants passed through to subrecipients

Napa Valley Unified School District
Reconciliation of Annual Financial and Budget Report (SACS) to the Audited Financial Statements
For the Fiscal Year Ended June 30, 2020

	General Fund	Building Fund	Bond Interest & Redemption Fund	Other Nonmajor Governmental Funds
June 30, 2020 Annual Financial and Budget Report (SACS) Fund Balances	$ 20,398,117	$ 81,266,871	$ 35,570,881	$ 9,717,774
Adjustments and Reclassifications:				
Cash	(88,954)	-	-	-
June 30, 2020 Audited Financial Statements Fund Balances	$ 20,309,163	$ 81,266,871	$ 35,570,881	$ 9,717,774

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and Longer Instructional Year. 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 46201 through 46206 and whether the Charter Schools complied with Education Code Sections 47612 and 47612.5.

C. Schedule of Charter Schools

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

D. 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.

E. Schedule of Expenditures of Federal Awards

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Uniform Guidance requirements.

F. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds reported on the SACS report to the audited financial statements.

2. RESULTS OF RECONCILIATIONS OF EXPENDITURES PER SCHEDULE OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEM

There were no material unreconciled differences between the District's records and the Schedule of Federal Grant Activity as shown on the Schedule of Expenditures of Federal Awards.

3. BASIS OF PRESENTATION – 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 Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The following schedule provides reconciliation between expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

Description	Amount
Federal expenditures as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance:	$ 15,362,933
Rebated interest on qualified Build America Bonds is not included in the Schedule of Expenditures of Federal Awards, but are included in the financial statements:	(1,014,211)
Coronavirus Relief Fund (CRF): Learning Loss Mitigation, Resource Code 3220, PCA 25516	(1,732,665)
Unspent federal awards as of June 30, 2020	(190,101)
Total Schedule of Expenditures of Federal Awards	$ 12,425,956

4. SUMMARY OF SIGNIFICANT ACCOUNTNG POLICIES – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Expenditures reported on the schedule are reported on the modified basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

5. EARLY RETIREMENT INCENTIVE PROGRAM

The District has not adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, whereby the service credit to eligible employees is increased to two years.

OTHER INDEPENDENT AUDITOR'S REPORTS

Chavan and Associates, llp
Certified Public Accountants

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*

Board of Trustees
Napa Valley Unified School District
Napa, California

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Napa Valley Unified School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 5, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Chavan and Associates, llp
Certified Public Accountants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.*

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.

C & A LLP

March 5, 2021
San Jose, California

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Chavan and Associates, llp
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees
Napa Valley Unified School District
Napa, California

Report on Compliance for Each Major Federal Program

We have audited Napa Valley Unified School District's (the District) compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The 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 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 the 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and 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 the 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 the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2020.

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Chavan and Associates, llp
Certified Public Accountants

Report on Internal Control over Compliance

Management of the 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 the 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 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 the 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

C & A LLP

March 5, 2021
San Jose, California

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON STATE PROGRAMS

The Honorable Board of Trustees
Napa Valley Unified School District
Napa, California

Compliance

We have audited the Napa Valley Unified School District (the District)'s compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the District's state programs identified below for the year ended June 30, 2020.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. 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 *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards, and state audit, guide 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 compliance with the state laws and regulations described in the schedule below, occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Description	Procedures Performed
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

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Description	Procedures Performed
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Yes
Comprehensive School Safety Plan	Yes
District of Choice	N/A
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	N/A

Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2020.

C & A LLP

March 5, 2021
San Jose, California

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FINDINGS AND RECOMMENDATIONS

Napa Valley Unified School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	**Unmodified**
Internal control over financial reporting:	
Material weaknesses?	____ Yes x No
Significant deficiencies identified not considered to be material weaknesses?	x Yes ____
Non-compliance material to financial statements noted?	____ Yes x No

Federal Awards

Internal control over major programs:	
Material weaknesses?	____ Yes x No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes x None Reported
Type of auditor's report issued on compliance over major programs	**Unmodified**
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	____ Yes x No

Identification of Major Programs:

CFDA Numbers	Name of Federal Program
84.027	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low risk auditee?	x Yes ____ No

State Awards

Internal control over state programs:	
Material weaknesses?	____ Yes x No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes x None Reported
Type of auditor's report issued on compliance over state programs:	**Unmodified**

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

None

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

None