

**NAPA VALLEY UNIFIED SCHOOL DISTRICT**  
COUNTY OF NAPA  
NAPA, CALIFORNIA

AUDIT REPORT

June 30, 2021



**Chavan & Associates, LLP**

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Morgan Hill, CA 95037

**Napa Valley Unified School District**  
Napa County

Table of Contents

<b>TITLE</b>	<b>PAGE</b>
<b>FINANCIAL SECTION:</b>	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position .....	14
Statement of Activities.....	15
Fund Financial Statements:	
Governmental Funds Balance Sheet .....	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	17
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances .....	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	19
Statement of Net Position - Proprietary Funds .....	20
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	21
Statement of Cash Flows - Proprietary Funds .....	22
Statement of Fiduciary Net Position – Fiduciary Funds .....	23
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	24
Notes to the Basic Financial Statements .....	26
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP) - General Fund .....	61
Schedule of Pension Plan Contributions.....	62
Schedule of Proportionate Share of Net Pension Liabilities .....	63
Schedule of OPEB Contributions .....	64
Schedule of Changes in Net OPEB Liability .....	65
<b>SUPPLEMENTARY INFORMATION:</b>	
Combining Statements - Nonmajor Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds .....	68
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	70
State and Federal Award Compliance Section:	
Organization (Unaudited).....	73
Schedule of Instructional Time .....	74

**Napa Valley Unified School District**  
Napa County

Table of Contents

---

Schedule of Charter Schools (Unaudited) .....	75
Schedule of Financial Trends and Analysis (Unaudited) .....	76
Schedule of Expenditures of Federal Awards .....	77
Reconciliation of the Annual Financial Budget Report (SACS) to the Audited Financial Statements .....	78
Notes to State and Federal Award Compliance Sections .....	79
 <b>OTHER INDEPENDENT AUDITOR’S REPORTS:</b>	
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 <i>Government Auditing Standards</i> .....	82
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Uniform Guidance .....	84
Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on State Programs.....	86
 <b>FINDINGS AND RECOMMENDATIONS:</b>	
Schedule of Findings and Questioned Costs.....	89
Status of Prior Year Findings and Recommendations .....	91

**FINANCIAL  
SECTION**



## 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, 2021, 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.



## 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, 2021, 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, 2021, 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 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 *2020-21 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 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 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 January 31, 2022 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

January 31, 2022  
Morgan Hill, California

*Management's Discussion and Analysis*



**Napa Valley Unified School District**  
Management's Discussion and Analysis  
June 30, 2021

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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, 2021. 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 2020-21 are as follows:

- Total net position increased by \$46,757,469 (40%) mostly because of increases to grants and other program revenues during the year and additions to capital assets.
- The District recorded deferred outflows of resources of \$86,600,937 and deferred inflows of resources of \$23,416,525 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 \$32,398,170, 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 \$266,730,645 in government-wide expenses which was 92% of total government-wide revenues (this rate was 104% last year). Program specific revenues in the form of operating grants and contributions and charges for services accounted for \$82,646,606, or 29%, of the total revenues of \$289,183,614.
- General revenue of \$206,537,008 which includes property taxes, unrestricted federal and state grants and LCFF sources, was 71% of total revenues in 2021 versus 86% in 2020.
- The fund balances of all governmental funds increased by \$5,183,481, which is a 4% increase from 2019-20.
- Total governmental fund revenues and expenditures totaled \$292,941,382 and \$287,806,135, 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

**Napa Valley Unified School District**  
**Management's Discussion and Analysis**  
June 30, 2021

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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 2020-21?" 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 childcare program which is reported in an enterprise fund and in the government-wide financial statements.

**Napa Valley Unified School District**  
Management's Discussion and Analysis  
June 30, 2021

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**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 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.

**Napa Valley Unified School District**  
**Management's Discussion and Analysis**  
**June 30, 2021**

**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, 2021 compared to June 30, 2020:

<b>Table 1 - Summary of Net Position</b>						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current and Other Assets	\$ 173,229,896	\$ 165,357,562	\$ 34,993	\$ 160,375	\$ 173,264,889	\$ 165,517,937
Capital Assets	572,377,845	525,862,189	-	-	572,377,845	525,862,189
<b>Total Assets</b>	<b>\$ 745,607,741</b>	<b>\$ 691,219,751</b>	<b>\$ 34,993</b>	<b>\$ 160,375</b>	<b>\$ 745,642,734</b>	<b>\$ 691,380,126</b>
<b>Deferred Outflows</b>						
	\$ 86,600,937	\$ 97,924,327	\$ -	\$ -	\$ 86,600,937	\$ 97,924,327
<b>Liabilities</b>						
Current Liabilities	\$ 26,046,387	\$ 23,730,087	\$ 20,446	\$ 28,274	\$ 26,066,833	\$ 23,758,361
Long-Term Liabilities	853,122,023	857,280,405	-	-	853,122,023	857,280,405
<b>Total Liabilities</b>	<b>\$ 879,168,410</b>	<b>\$ 881,010,492</b>	<b>\$ 20,446</b>	<b>\$ 28,274</b>	<b>\$ 879,188,856</b>	<b>\$ 881,038,766</b>
<b>Deferred Inflows</b>						
	\$ 23,416,525	\$ 25,384,866	\$ -	\$ -	\$ 23,416,525	\$ 25,384,866
<b>Net Position</b>						
Net Investment in Capital Asset	\$ 106,618,145	\$ 101,084,205	\$ -	\$ -	\$ 106,618,145	\$ 101,084,205
Restricted	20,809,665	9,600,143	14,547	132,101	20,824,212	9,732,244
Unrestricted	(197,804,067)	(227,935,628)	-	-	(197,804,067)	(227,935,628)
<b>Total Net Position</b>	<b>\$ (70,376,257)</b>	<b>\$ (117,251,280)</b>	<b>\$ 14,547</b>	<b>\$ 132,101</b>	<b>\$ (70,361,710)</b>	<b>\$ (117,119,179)</b>

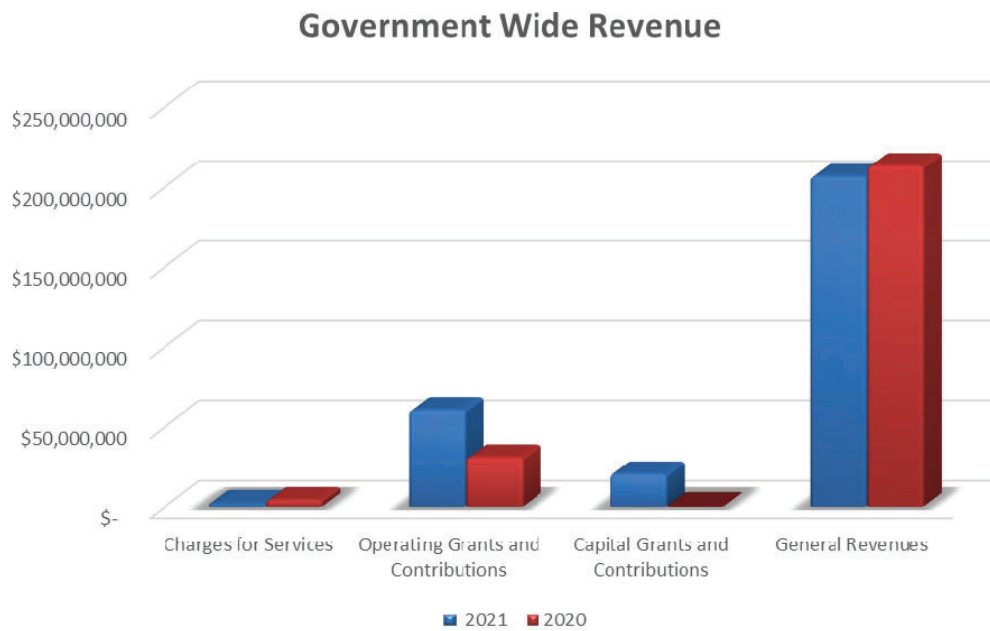
Total capital assets increased by \$46,515,656 and net position increased by 46,757,469.

**Napa Valley Unified School District  
Management's Discussion and Analysis  
June 30, 2021**

Table 2 shows the changes in net position for the fiscal year 2020-21:

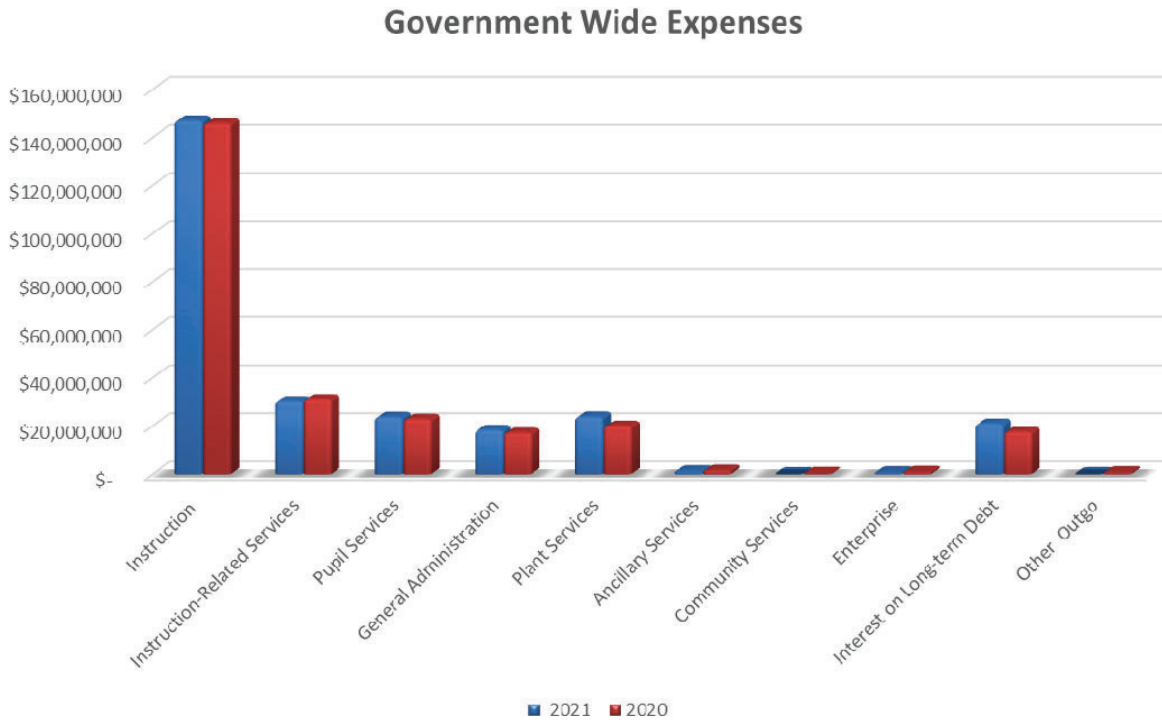
<b>Table 2 - Change in Net Position</b>						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 1,740,467	\$ 3,503,276	\$ 269,065	\$ 755,708	\$ 2,009,532	\$ 4,258,984
Operating Grants and Contributions	60,242,810	31,103,055	-	3,272	60,242,810	31,106,327
Capital Grants and Contributions	20,394,264	2,358	-	-	20,394,264	2,358
General Revenues and Special Items	206,462,008	213,244,043	75,000	5,972	206,537,008	213,250,015
<b>Total Revenues</b>	<b>288,839,549</b>	<b>247,852,732</b>	<b>344,065</b>	<b>764,952</b>	<b>289,183,614</b>	<b>248,617,684</b>
<b>Program Expenses</b>						
Instruction	147,172,958	145,996,445	-	-	147,172,958	145,996,445
Instruction-Related Services	30,304,859	31,143,457	-	-	30,304,859	31,143,457
Pupil Services	23,866,638	23,045,038	-	-	23,866,638	23,045,038
General Administration	18,366,697	17,232,807	-	-	18,366,697	17,232,807
Plant Services	23,972,921	20,173,410	-	-	23,972,921	20,173,410
Ancillary Services	1,278,697	1,619,804	-	-	1,278,697	1,619,804
Community Services	11,655	236,804	-	-	11,655	236,804
Enterprise	229,580	31,929	461,619	883,984	691,199	915,913
Interest on Long-term Debt	21,029,254	17,695,500	-	-	21,029,254	17,695,500
Other Outgo	35,767	708,556	-	-	35,767	708,556
<b>Total Expenses</b>	<b>266,269,026</b>	<b>257,883,750</b>	<b>461,619</b>	<b>883,984</b>	<b>266,730,645</b>	<b>258,767,734</b>
<b>Change in Net Position</b>	<b>22,570,523</b>	<b>(10,031,018)</b>	<b>(117,554)</b>	<b>(119,032)</b>	<b>22,452,969</b>	<b>(10,150,050)</b>
<b>Beginning Net Position</b>	<b>(117,251,280)</b>	<b>(107,220,262)</b>	<b>132,101</b>	<b>251,133</b>	<b>(117,119,179)</b>	<b>(106,969,129)</b>
Prior Period Adjustments	24,304,500	-	-	-	24,304,500	-
<b>Ending Net Position</b>	<b>\$ (70,376,257)</b>	<b>\$ (117,251,280)</b>	<b>\$ 14,547</b>	<b>\$ 132,101</b>	<b>\$ (70,361,710)</b>	<b>\$ (117,119,179)</b>

The following chart compares government-wide revenue by category for 2020-21 and 2019-20:



**Napa Valley Unified School District**  
**Management's Discussion and Analysis**  
 June 30, 2021

The next chart compares government-wide expenses by category for 2020-21 and 2019-20:



**Governmental Activities**

Direct instruction, Instruction-Related Services, and Pupil Services represent 75% of total expenses compared to 77% 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.

Function	2021	2020	Increase (Decrease)	Percent
Instruction	\$ 91,225,385	\$ 128,315,245	\$ (37,089,860)	-28.9%
Instruction-Related Services	20,868,714	23,772,727	(2,904,013)	-12.2%
Pupil Services	14,041,636	15,640,689	(1,599,053)	-10.2%
General Administration	16,106,090	16,142,695	(36,605)	-0.2%
Plant Services	20,931,291	19,674,425	1,256,866	6.4%
Ancillary Services	1,220,218	1,464,505	(244,287)	-16.7%
Community Services	11,655	25,311	(13,656)	-54.0%
Enterprise	(30,852)	(9,792)	(21,060)	215.1%
Interest on Long-term Debt	21,029,254	17,695,500	3,333,754	18.8%
Other	(1,511,906)	553,756	(2,065,662)	373.0%
<b>Total Net Cost of Services</b>	<b>\$ 183,891,485</b>	<b>\$ 223,275,061</b>	<b>\$ (39,383,576)</b>	<b>-17.6%</b>

**Napa Valley Unified School District**  
**Management's Discussion and Analysis**  
 June 30, 2021

**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.

<b>Table 4 - Change in Fund Balances</b>				
Funds	2021	2020	Increase (Decrease)	Percent
General Fund	\$ 51,855,394	\$ 20,309,163	\$ 31,546,231	155.3%
Building Fund	38,897,325	81,266,871	(42,369,546)	-52.1%
Spec. Res. Fund for Capital Outlay Proj.	20,695,472	953,913	19,741,559	2069.5%
Bond Interest and Redemption Fund	31,641,586	35,570,881	(3,929,295)	-11.0%
Nonmajor Governmental Funds	9,124,117	8,763,860	360,257	4.1%
Enterprise Fund	14,547	132,101	(117,554)	-89.0%
Internal Service Fund	1,493,615	1,541,786	(48,171)	-3.1%
<b>Total Fund Balances</b>	<b>\$ 153,722,056</b>	<b>\$ 148,538,575</b>	<b>\$ 5,183,481</b>	<b>3.5%</b>

**Capital Assets**

Table 5 shows June 30, 2021 balances compared to June 30, 2020:

<b>Table 5 - Summary of Capital Assets Net of Depreciation</b>				
Capital Asset	2021	2020	Increase (Decrease)	Percent
	Net Capital Assets	Net Capital Assets		
Land	\$ 22,387,126	\$ 25,627,921	\$ (3,240,795)	-12.6%
Site Improvements	54,897,231	63,550,134	(8,652,903)	-13.6%
Buildings and Improvements	391,661,411	380,433,136	11,228,275	3.0%
Furniture and Equipment	4,719,598	7,140,565	(2,420,967)	-33.9%
Work-in-Progress	98,712,479	49,110,433	49,602,046	101.0%
<b>Totals</b>	<b>\$ 572,377,845</b>	<b>\$ 525,862,189</b>	<b>\$ 46,515,656</b>	<b>8.8%</b>

During the year, \$39,587,581 in capital projects were completed and placed in service. See Note 4 for additional information related to the changes in capital assets.

**Napa Valley Unified School District**  
**Management's Discussion and Analysis**  
 June 30, 2021

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**Long Term Liabilities**

Table 6 reports the balance and changes of long-term liabilities during the fiscal year 2020-21.

<b>Table 6 - Long-term Liabilities</b>					
Type of Debt	2021	2020	Increase (Decrease)	Percent	
General Obligation Bonds	\$ 542,175,807	\$ 557,896,601	\$ (15,720,794)	-2.8%	
Certificates of Participation	2,220,000	2,470,000	(250,000)	-10.1%	
Net Pension Liabilities	227,835,932	220,337,925	7,498,007	3.4%	
Net OPEB Liability	76,856,609	72,216,817	4,639,792	6.4%	
Early Retirement Incentives	1,901,641	2,109,331	(207,690)	-9.8%	
Compensated absences	2,132,034	2,249,731	(117,697)	-5.2%	
<b>Total Debt</b>	<b>\$ 853,122,023</b>	<b>\$ 857,280,405</b>	<b>\$ (4,158,382)</b>	<b>-0.5%</b>	

**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 2020-21. 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**

Like many districts across California, the Napa Valley Unified School District has declining enrollment. This has been exasperated by the impact of Covid-19. The issue has impacted so many Districts in California, that the Governor's proposed budget for 2022-23, has included language to use a proceeding three-year average daily attendance for Districts. This proposal, if approved, substantially decreases the impact of declining enrollment for all LCFF districts.

**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, 2021

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 139,340,119	\$ 34,993	\$ 139,375,112
Accounts receivable	33,479,860	-	33,479,860
Inventory	359,861	-	359,861
Prepaid expenses	50,056	-	50,056
Capital assets - net	572,377,845	-	572,377,845
Total Assets	<u>\$ 745,607,741</u>	<u>\$ 34,993</u>	<u>\$ 745,642,734</u>
<b>Deferred Outflows of Resources</b>			
Deferred loss on early retirement of long-term debt	\$ 32,398,170	\$ -	\$ 32,398,170
OPEB plan adjustments	6,707,265	-	6,707,265
Pension plan adjustments	47,495,502	-	47,495,502
Total Deferred Outflows of Resources	<u>\$ 86,600,937</u>	<u>\$ -</u>	<u>\$ 86,600,937</u>
<b>Liabilities</b>			
Accounts payable	\$ 18,870,108	\$ 20,446	\$ 18,890,554
Unearned revenue	652,279	-	652,279
Accrued interest	6,524,000	-	6,524,000
Long-term liabilities:			
Due within one year	17,067,783	-	17,067,783
Due after one year	836,054,240	-	836,054,240
Total Liabilities	<u>\$ 879,168,410</u>	<u>\$ 20,446</u>	<u>\$ 879,188,856</u>
<b>Deferred Inflows of Resources</b>			
Pension plan adjustments	\$ 23,416,525	\$ -	\$ 23,416,525
Total Deferred Inflows of Resources	<u>\$ 23,416,525</u>	<u>\$ -</u>	<u>\$ 23,416,525</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 106,618,145	\$ -	\$ 106,618,145
Restricted for:			
Educational programs	17,239,778	-	17,239,778
Adult education	842,995	-	842,995
Debt service	976,896	-	976,896
Capital projects	-	-	-
Cafeteria programs	1,702,338	-	1,702,338
Child development	47,658	-	47,658
Child care program	-	14,547	14,547
Unrestricted	(197,804,067)	-	(197,804,067)
Total Net Position	<u>\$ (70,376,257)</u>	<u>\$ 14,547</u>	<u>\$ (70,361,710)</u>

*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, 2021**

	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	\$ 147,172,958	\$ 546,445	\$ 35,006,864	\$ 20,394,264	\$ (91,225,385)	\$ -	\$ (91,225,385)
Instruction-related services:							
Supervision of instruction	12,628,741	169,110	6,917,727	-	(5,541,904)	-	(5,541,904)
Instruction library, media and technology	1,237,512	547	281,968	-	(954,997)	-	(954,997)
School site administration	16,438,606	43,088	2,023,705	-	(14,371,813)	-	(14,371,813)
Pupil services:							
Home-to-school transportation	4,982,311	20,470	252,509	-	(4,709,332)	-	(4,709,332)
Food services	4,901,601	121,239	5,936,638	-	1,156,276	-	1,156,276
All other pupil services	13,982,726	102,564	3,391,582	-	(10,488,580)	-	(10,488,580)
General administration:							
Data processing	2,570,423	-	116,538	-	(2,453,885)	-	(2,453,885)
All other general administration	15,796,274	35,407	2,108,662	-	(13,652,205)	-	(13,652,205)
Plant services	23,972,921	79,879	2,961,751	-	(20,931,291)	-	(20,931,291)
Ancillary services	1,278,697	4,858	53,621	-	(1,220,218)	-	(1,220,218)
Enterprise	229,580	5,817	254,615	-	30,852	-	30,852
Community services	11,655	-	-	-	(11,655)	-	(11,655)
Other outgo	35,767	611,043	936,630	-	1,511,906	-	1,511,906
Interest on long-term debt	21,029,254	-	-	-	(21,029,254)	-	(21,029,254)
<b>Total governmental activities</b>	<b>\$ 266,269,026</b>	<b>\$ 1,740,467</b>	<b>\$ 60,242,810</b>	<b>\$ 20,394,264</b>	<b>(183,891,485)</b>		<b>(183,891,485)</b>
Business-type activities:							
Enterprise activities	\$ 461,619	\$ 269,065	\$ -	\$ -		(192,554)	(192,554)
General revenues and special item:							
Taxes and subventions:							
Taxes levied for general purposes					121,098,321	-	121,098,321
Taxes levied for debt service					30,162,533	-	30,162,533
Taxes levied for other specific purposes					871,282	-	871,282
Federal and state aid not restricted to specific purposes					55,036,419	-	55,036,419
Interest and investment earnings					1,787,304	-	1,787,304
Interagency revenue					249,054	-	249,054
Miscellaneous					1,358,927	-	1,358,927
Internal transfers					(75,000)	75,000	-
Special item:							
Gain (loss) on disposal of capital assets					(4,026,832)	-	(4,026,832)
<b>Total general revenues and special items</b>					<b>206,462,008</b>	<b>75,000</b>	<b>206,537,008</b>
<b>Change in net position</b>					<b>22,570,523</b>	<b>(117,554)</b>	<b>22,452,969</b>
Net position beginning					(117,251,280)	132,101	(117,119,179)
Prior period adjustments					24,304,500	-	24,304,500
Net position beginning, as adjusted					(92,946,780)	132,101	(92,814,679)
<b>Net position ending</b>					<b>\$ (70,376,257)</b>	<b>\$ 14,547</b>	<b>\$ (70,361,710)</b>

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

**Napa Valley Unified School District**

Governmental Funds

Balance Sheet

June 30, 2021

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$ 31,949,494	\$ 44,569,466	\$ 21,491,773	\$ 31,424,029	\$ 8,409,304	\$ 137,844,066
Accounts receivable	32,422,559	14,215	-	217,557	825,529	33,479,860
Due from other funds	-	-	-	-	22,703	22,703
Inventory	286,913	-	-	-	72,948	359,861
Prepaid expenses	976	-	-	-	49,080	50,056
<b>Total Assets</b>	<b>\$ 64,659,942</b>	<b>\$ 44,583,681</b>	<b>\$ 21,491,773</b>	<b>\$ 31,641,586</b>	<b>\$ 9,379,564</b>	<b>\$ 171,756,546</b>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 12,129,566	\$ 5,686,356	\$ 796,301	\$ -	\$ 255,447	\$ 18,867,670
Due to other funds	22,703	-	-	-	-	22,703
Unearned revenue	652,279	-	-	-	-	652,279
<b>Total Liabilities</b>	<b>12,804,548</b>	<b>5,686,356</b>	<b>796,301</b>	<b>-</b>	<b>255,447</b>	<b>19,542,652</b>
Fund balances:						
Nonspendable:						
Revolving fund	89,200	-	-	-	1,460	90,660
Inventory	286,913	-	-	-	72,948	359,861
Prepaid expenditures	976	-	-	-	49,080	50,056
Restricted for:						
Educational programs	17,239,778	-	-	-	-	17,239,778
Adult education	-	-	-	-	842,995	842,995
Cafeteria programs	-	-	-	-	1,702,338	1,702,338
Debt service	-	-	-	31,641,586	-	31,641,586
Capital projects	-	38,897,325	-	-	-	38,897,325
Child development	-	-	-	-	47,658	47,658
Assigned for:						
Educational programs	19,302,420	-	-	-	-	19,302,420
Capital projects	-	-	18,221,679	-	-	18,221,679
Facilities projects	-	-	-	-	6,337,019	6,337,019
Adult education	-	-	-	-	70,619	70,619
Unassigned:						
Reserve for economic uncertainties	14,936,107	-	-	-	-	14,936,107
<b>Total Fund Balances</b>	<b>51,855,394</b>	<b>38,897,325</b>	<b>20,695,472</b>	<b>31,641,586</b>	<b>9,124,117</b>	<b>152,213,894</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 64,659,942</b>	<b>\$ 44,583,681</b>	<b>\$ 21,491,773</b>	<b>\$ 31,641,586</b>	<b>\$ 9,379,564</b>	<b>\$ 171,756,546</b>

*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, 2021

Total fund balances - governmental funds		\$ 152,213,894
<p>Capital assets for governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>		
Cost of capital assets	792,668,534	
Accumulated depreciation	<u>(220,290,689)</u>	572,377,845
<p>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:</p>		
		(6,524,000)
<p>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.</p>		
		1,493,615
<p>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.</p>		
		47,495,502
<p>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.</p>		
		(23,416,525)
<p>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:</p>		
<p>OPEB adjustments:</p>		
Difference between actual and expected earnings		1,461
Change in assumptions		6,705,804
<p>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:</p>		
General obligation bonds	\$ 542,175,807	
Certificates of participation	2,220,000	
Deferred loss on defeasance on long-term debt	(32,398,170)	
Net pension liabilities	227,835,932	
Net OPEB liability	76,856,609	
Early retirement incentives	1,901,641	
Compensated absences	<u>2,132,034</u>	<u>(820,723,853)</u>
Total net position - governmental activities		<u>\$ (70,376,257)</u>

*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, 2021**

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
LCFF Sources	171,836,925	\$ -	\$ -	\$ -	\$ -	\$ 171,836,925
Federal	19,635,274	-	-	730,504	5,736,630	26,102,408
Other state	32,958,691	12,548	-	117,758	23,542,010	56,631,007
Other local	5,036,410	706,914	460,338	30,288,353	1,879,027	38,371,042
<b>Total revenues</b>	<b>229,467,300</b>	<b>719,462</b>	<b>460,338</b>	<b>31,136,615</b>	<b>31,157,667</b>	<b>292,941,382</b>
<b>Expenditures:</b>						
Instruction	119,811,699	-	-	-	1,029,031	120,840,730
Instruction-related services:						
Supervision of instruction	10,773,967	-	-	-	734,402	11,508,369
Instruction library, media and technology	1,127,725	-	-	-	-	1,127,725
School site administration	13,244,201	-	-	-	1,066,896	14,311,097
Pupil services:						
Home-to-school transportation	3,168,553	-	-	-	-	3,168,553
Food services	168,385	-	-	-	4,231,450	4,399,835
All other pupil services	12,495,392	-	-	-	246,842	12,742,234
General administration:						
Data processing	2,342,385	-	-	-	-	2,342,385
All other general administration	12,474,524	-	-	-	329,382	12,803,906
Plant services	21,689,379	512,332	997	-	8,355	22,211,063
Facility acquisition and construction	66,124	42,598,717	767,888	-	1,438,383	44,871,112
Ancillary services	1,278,400	-	-	-	-	1,278,400
Enterprise	229,527	-	-	-	-	229,527
Community services	11,652	-	-	-	-	11,652
Other outgo	35,759	-	-	-	-	35,759
Debt service:						
Principal	207,690	-	250,000	14,215,000	-	14,672,690
Interest and fees	-	-	400,188	20,850,910	-	21,251,098
<b>Total expenditures</b>	<b>199,125,362</b>	<b>43,111,049</b>	<b>1,419,073</b>	<b>35,065,910</b>	<b>9,084,741</b>	<b>287,806,135</b>
Excess (deficiency) of revenues over (under) expenditures	30,341,938	(42,391,587)	(958,735)	(3,929,295)	22,072,926	5,135,247
<b>Other financing sources (uses):</b>						
Transfers in	37,255	22,041	20,500,294	-	22,703	20,582,293
Transfers out	(22,703)	-	-	-	(21,735,372)	(21,758,075)
Transfer of funds for charter reorganization	1,100,782	-	-	-	-	1,100,782
Sale of capital asset	-	-	200,000	-	-	200,000
<b>Total other financing sources (uses)</b>	<b>1,115,334</b>	<b>22,041</b>	<b>20,700,294</b>	<b>-</b>	<b>(21,712,669)</b>	<b>125,000</b>
Changes in fund balances	31,457,272	(42,369,546)	19,741,559	(3,929,295)	360,257	5,260,247
Fund balances beginning	20,309,163	81,266,871	953,913	35,570,881	8,763,860	146,864,688
Prior period adjustments	88,959	-	-	-	-	88,959
Fund balances beginning - as adjusted	20,398,122	81,266,871	953,913	35,570,881	8,763,860	146,953,647
Fund balances ending	\$ 51,855,394	\$ 38,897,325	\$ 20,695,472	\$ 31,641,586	\$ 9,124,117	\$ 152,213,894

*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, 2021

Total net change in fund balances - governmental funds		\$ 5,260,247
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, 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.</p>		
Capital asset additions	45,271,563	
Depreciation expense	(18,744,616)	26,526,947
<p>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.</p>		
		(4,226,832)
<p>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:</p>		
General obligation bond principal payments	\$ 14,215,000	
Accreted Interest	(1,166,469)	
General obligation bond proceeds	-	
Bond premium capitalized	-	
Certificates of participation principal payments	250,000	
Amortization of loss from bond defeasances	(1,538,950)	
Amortization of bond premiums	2,672,263	14,431,844
<p>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.</p>		
		207,690
<p>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.</p>		
		255,000
<p>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:</p>		
		117,696
<p>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.</p>		
		(13,717,017)
<p>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.</p>		
		(48,171)
<p>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.</p>		
		(6,236,881)
Change in net position of governmental activities		\$ 22,570,523

*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, 2021

	Enterprise Fund	Internal Service Fund
	Child Care Program	Self Insurance Programs
<b>Assets</b>		
Current Assets:		
Cash and investments	\$ 34,993	\$ 1,496,053
Total Assets	<u>\$ 34,993</u>	<u>\$ 1,496,053</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	\$ 20,446	\$ 2,438
Total Liabilities	<u>\$ 20,446</u>	<u>\$ 2,438</u>
<b>Net Position</b>		
Restricted	\$ 14,547	\$ 1,493,615
Total Net Position	<u>\$ 14,547</u>	<u>\$ 1,493,615</u>

*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, 2021

	Enterprise Fund	Internal Service Fund
	Child Care Program	Self Insurance Programs
<b>Operating Revenues</b>		
Local revenue	\$ 269,065	\$ 3,654
Total Operating Revenue	<u>269,065</u>	<u>3,654</u>
<b>Operating Expenses</b>		
Classified salaries	327,729	-
Employee benefits	120,604	66,776
Books and supplies	1,703	-
Services and other operating expenses	11,583	-
Total Operating Expenses	<u>461,619</u>	<u>66,776</u>
Operating Income (Loss)	<u>(192,554)</u>	<u>(63,122)</u>
<b>Nonoperating Revenues (Expenses):</b>		
Interest income	-	14,951
Transfers from Other Funds	75,000	-
Transfers to Other Funds	-	-
<b>Change in Net Position</b>	(117,554)	(48,171)
<b>Beginning Net Position</b>	<u>132,101</u>	<u>1,541,786</u>
<b>Ending Net Position</b>	<u>\$ 14,547</u>	<u>\$ 1,493,615</u>

*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, 2021

	Enterprise Fund	Internal Service Fund
	Child Care Program	Self Insurance Programs
<b>Cash Flows from Operating Activities</b>		
Cash received from services	\$ 269,065	\$ -
Cash paid for employees	(448,333)	(66,776)
Cash paid for supplies and services	(21,114)	3,766
Net cash provided by (used for) operating activities	(200,382)	(63,010)
 <b>Cash Flows from Noncapital Financing Activities</b>		
Transfers from Other Funds	75,000	-
 <b>Cash Flows from Investing Activities</b>		
Interest income	-	14,951
Increase (Decrease) in Cash and Cash Equivalents	(125,382)	(48,059)
Cash and Cash Equivalents - Beginning	160,375	1,544,112
Cash and Cash Equivalents - Ending	\$ 34,993	\$ 1,496,053
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating income (loss)	\$ (192,554)	\$ (63,122)
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 payable	(7,828)	112
Net cash provided by operating activities	\$ (200,382)	\$ (63,010)

*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, 2021

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	Private Purpose Trust Scholarship Fund
<b>Assets</b>	
Cash and investments	<u>\$ 890,270</u>
Total Assets	<u><u>\$ 890,270</u></u>
<b>Liabilities</b>	
Accounts payable	<u>400</u>
Total Liabilities	<u><u>\$ 400</u></u>
<b>Net Position</b>	
Restricted for scholarships	<u>\$ 889,870</u>
Total Net Position	<u><u>\$ 889,870</u></u>

*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, 2021

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	<u>Private Purpose Trust Scholarship Fund</u>
Additions:	
Donations and gifts	310,842
Interest and investment earnings	8,603
Total additions	<u>319,445</u>
Deductions:	
Financial assistance to students	<u>216,324</u>
Changes in net position	103,121
Net position beginning	<u>786,749</u>
Net position ending	<u><u>\$ 889,870</u></u>

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

*Notes to the Basic Financial Statements*

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**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.

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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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.

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

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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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.



**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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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.

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

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.

**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.

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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- 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 custodial 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 custodial 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.

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.

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

**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.

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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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.

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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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-

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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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) Net Position

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 \$572,377,845 was reduced by related debt of \$465,759,700, which excluded accreted interest of \$9,074,092 and premiums attributed to cash reserves for debt service of \$30,664,690. 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 \$38,897,325 that are restricted for debt service payments by debt covenants, reduced by outstanding bond premiums of \$30,664,690.

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

*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.

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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*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.



**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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J. Implemented Accounting Pronouncements

*GASB Statement No. 84, "Fiduciary Activities."* Issued in January 2017, this statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and describes four fiduciary funds that should be reported, if applicable. The statement is effective beginning fiscal year 2021. Items previously reported as part of the agency fund classification of the Fiduciary Funds statements were reviewed to evaluate if they met the new custodial funds criteria. The District reclassified \$857,828 related to student body funds previously reported as Agency funds. The student body funds were evaluated to determine if they were custodial funds as identified by GASB 84, but did not meet the definition of custodial funds and were identified as non-fiduciary.

K. Upcoming Accounting and Reporting Changes

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

*GASB Statement No. 87, "Leases."* Issued in June 2017, this statement establishes standards of accounting and financial reporting for leases by lessees and lessors. It provides guidance on accounting treatment of lease assets, lease liability, short-term leases, certain regulated leases, measurement for leases other than short-term leases and contracts that transfer ownership, subleases, lease-leaseback transactions, intra-entity leases, and leases between related parties. The statement will be effective beginning fiscal year 2022.

*GASB Statement No. 91, "Conduit Debt Obligations."* Issued in May 2019, this statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement will be effective beginning fiscal year 2023.

*GASB Statement No. 92, "Omnibus 2020."* Issued in January 2020, this statement was issued for clarity and consistency by addressing practice issues identified from the implementation and application of certain GASB statements. The statement will be effective beginning fiscal year 2022.

*GASB Statement No. 93, "Replacement of Interbank Offered Rates."* Issued in March 2020, this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) such as the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. The statement will be effective beginning fiscal year 2022.

*GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements."* Issued in March 2020, this statement is to improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and available payment arrangement (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The statement will be effective beginning fiscal year 2023.

*GASB Statement No. 96, "Subscription-Based Information Technology Arrangements."* Issued in May 2020, the statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for governments by (1) defining a SBITA, (2) establishing that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability, (3) providing the capitalization criteria for outlays other than

**Napa Valley Unified School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

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subscription payments, including implementation costs of a SBITA, and (4) requiring note disclosures regarding a SBITA. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32." Issued in June 2020, the statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (e.g., certain Section 457 plans), while mitigating the costs associated with reporting those plans. The statement will be effective beginning fiscal year 2022.

## 2. CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2021 is as follows:

Description	Carrying Amount	Fair Value
<b>Government-Wide Statements:</b>		
Cash on hand and in banks	\$ 606,813	\$ 606,813
Cash with fiscal agent	97,063	97,063
Cash in revolving fund	90,660	90,660
Cash with County	138,580,576	138,382,646
Total Cash and Investments	\$ 139,375,112	\$ 139,177,182
<b>Fiduciary Funds:</b>		
Cash with County	890,679	889,407
Cash in Banks	\$ 890,679	\$ 889,407

### *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, 2021, the bank balances of the District's accounts with banks was \$914,328 which included \$164,328 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.

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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*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 statutes, 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 \$893 million and an amortized book value of \$894 million. The average days to maturity for the County pool was 527 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

**Napa Valley Unified School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

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, 2021:

Receivables	General Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Funds	Total
Federal	\$ 4,109,114	\$ -	\$ -	\$ 686,772	\$ 4,795,886
State	7,659,616	-	-	72,715	7,732,331
Local	20,653,829	14,215	217,557	66,042	20,951,643
Totals	<u>\$ 32,422,559</u>	<u>\$ 14,215</u>	<u>\$ 217,557</u>	<u>\$ 825,529</u>	<u>\$ 33,479,860</u>

**4. CAPITAL ASSETS AND DEPRECIATION**

Capital asset activities for the year ended June 30, 2021 were as follows:

Capital Assets	Balance June 30, 2020	Additions	Transfers & Adjustments	Deletions	Balance June 30, 2021
Land - nondepreciable	\$ 25,627,921	\$ -	\$ -	\$ (3,240,795)	\$ 22,387,126
Site improvements	101,776,845	45,000	(862,619)	-	100,959,226
Buildings and improvements	530,499,678	5,110,326	18,112,312	-	553,722,316
Furniture and equipment	30,407,885	528,656	-	(14,049,154)	16,887,387
Work-in-progress	49,110,433	39,587,581	10,014,465	-	98,712,479
Total capital assets	<u>737,422,762</u>	<u>45,271,563</u>	<u>27,264,158</u>	<u>(17,289,949)</u>	<u>792,668,534</u>
Less accumulated depreciation for:					
Site improvements	38,226,711	4,786,667	3,048,617	-	46,061,995
Buildings and improvements	150,066,542	12,949,957	-	(955,594)	162,060,905
Furniture and equipment	23,267,320	1,007,992	-	(12,107,523)	12,167,789
Total accumulated depreciation	<u>211,560,573</u>	<u>18,744,616</u>	<u>3,048,617</u>	<u>(13,063,117)</u>	<u>220,290,689</u>
Total capital assets - net depreciation	<u>\$ 525,862,189</u>	<u>\$ 26,526,947</u>	<u>\$ 24,215,541</u>	<u>\$ (4,226,832)</u>	<u>\$ 572,377,845</u>

During the year, the District increased beginning net position by \$24,215,541 to account for adjustment to beginning capital assets and related depreciation.

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

Instruction	\$ 14,685,740
School site administration	734,284
Home-to-school transportation	1,505,290
Food services	73,429
All other general administration	<u>1,745,873</u>
Total depreciation expense	<u>\$ 18,744,616</u>

**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, 2021:

	Due From	Due to
General Fund	\$ -	\$ 22,703
Nonmajor Funds	22,703	-
Totals	<u>\$ 22,703</u>	<u>\$ 22,703</u>

*Interfund Transfers*

Interfund transfers included the following during the year:

	Transfers In	Transfers Out
General Fund	\$ 1,138,037	\$ 22,703
Building Fund	22,041	-
Spec. Res. Fund for Cap. Proj.	20,500,294	-
Child Care Program Fund	75,000	-
Nonmajor Funds	<u>22,703</u>	<u>21,735,372</u>
Totals	<u>\$ 21,758,075</u>	<u>\$ 21,758,075</u>

During the year, the District transferred a facilities grant received from the state plus residual cash totaling \$20,500,294 from the County School Facilities Fund to the Special Reserve Fund for Capital Projects to reimburse other resources that were used to construct, remodel, and upgrade facilities.

**Napa Valley Unified School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

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**6. TAX AND REVENUE ANTICIPATION NOTES**

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. There are no contractual obligations related to the issuance other than the TRAN agreement.

**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, 2021:

Long-term Debt	Balance July 01, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
General Obligation Bonds	\$ 557,896,601	\$ 1,166,469	\$ 16,887,263	\$ 542,175,807	\$ 15,785,000
Certificates of Participation	2,470,000	-	250,000	2,220,000	-
Net pension liabilities	220,337,925	74,402,524	66,904,517	227,835,932	-
Net OPEB liability	72,216,817	14,089,798	9,450,006	76,856,609	-
Early Retirement Incentives	2,109,331	-	207,690	1,901,641	216,766
Compensated Absences	2,249,731	1,177,802	1,295,499	2,132,034	1,066,017
<b>Total Long-term Debt</b>	<b>\$ 857,280,405</b>	<b>\$ 90,836,593</b>	<b>\$ 94,994,975</b>	<b>\$ 853,122,023</b>	<b>\$ 17,067,783</b>

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.

**Napa Valley Unified School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

The following summarizes the bonds outstanding as of June 30, 2021:

GOB/Series	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds Outstanding June 30, 2021
				Outstanding July 01, 2020	Additions	Redemptions	
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	12,130,000	-	1,490,000	10,640,000
2012 Refunding	2027	3-3.13%	26,060,000	15,275,000	-	2,045,000	13,230,000
2013 Refunding	2030	6-5%	48,515,000	42,565,000	-	1,900,000	40,665,000
2016 A/B Refunding	2034	1.05-5%	47,130,000	43,815,000	-	1,355,000	42,460,000
2016 C/D/E Refunding	2047	.67-5%	93,245,000	90,060,000	-	2,420,000	87,640,000
2016A	2038	3-3.54%	115,000,000	115,000,000	-	-	115,000,000
2016B	2022	.7-1.35%	35,000,000	11,380,000	-	5,005,000	6,375,000
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			567,010,000	503,574,855	-	14,215,000	489,359,855
Bond Premiums				46,414,123	-	2,672,263	43,741,860
Accreted Interest				7,907,623	1,166,469	-	9,074,092
Total General Obligation Bonds			<u>\$ 567,010,000</u>	<u>\$ 557,896,601</u>	<u>\$ 1,166,469</u>	<u>\$ 16,887,263</u>	<u>\$ 542,175,807</u>

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

Year Ending June 30	Principal	Interest	Total
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	14,810,588	19,954,091	34,764,679
2027-2031	89,209,920	98,685,983	187,895,903
2032-2036	78,254,347	84,167,755	162,422,102
2035-2039	109,475,000	42,232,864	151,707,864
2040-2044	131,035,000	11,490,061	142,525,061
2045-2047	4,505,000	92,875	4,597,875
Total Debt Service	<u>\$ 489,359,855</u>	<u>\$ 333,944,596</u>	<u>\$ 823,304,451</u>

**Napa Valley Unified School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

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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, 2021 are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 255,000	\$ 51,685	\$ 306,685
2023	260,000	45,325	305,325
2024	265,000	38,841	303,841
2025	275,000	32,172	307,172
2026	280,000	25,318	305,318
2027-2031	885,000	29,331	914,331
Total Debt Service	<u>\$ 2,220,000</u>	<u>\$ 222,671</u>	<u>\$ 2,442,671</u>

**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.



**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**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, 2021, the District had a remaining commitments of \$43,098,501 towards capital projects. These commitments are not a liability of the District's until services or goods have been rendered.

**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.

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<b>CalPERS</b>	
	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	20.700%	20.700%

(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, 2021, 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, 2021 the District's contributions were as follows:

	<b>CalPERS</b>
Employer Contributions	\$ 6,503,892

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<b>Proportionate Share of Net Pension Liability/(Asset)</b>
CalPERS	\$ 69,874,262

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, 2020, 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, 2019 rolled forward to June 30, 2020 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.

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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The District's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

	<b>CalPERS</b>
Proportion - June 30, 2020	0.23850%
Proportion - June 30, 2021	0.22773%
Change - Increase/(Decrease)	-0.01078%

For the year ended June 30, 2021, the District recognized pension expense of \$11,691,810 for the Plan.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>CalPERS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions	\$ 256,232	\$ -
Differences between Expected and Actual Experience	3,465,549	-
Differences between Projected and Actual Investment Earnings	1,454,560	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	1,589,984
Change in Employer's Proportion	-	3,485,102
Pension Contributions Made Subsequent to Measurement Date	6,503,892	-
<b>Total</b>	<b>\$ 11,680,233</b>	<b>\$ 5,075,086</b>

The District reported \$6,503,892 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, 2022.

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

	<b>Deferred Outflows/ (Inflows) of Resources</b>
<b>Fiscal Year Ending June 30:</b>	<b>CalPERS</b>
2022	\$ (597,080)
2023	154,902
2024	(32,334)
2025	575,765
2026	-
Thereafter	-
<b>Total</b>	<b>\$ 101,253</b>

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**Actuarial Assumptions** - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
<b>Actuarial Assumptions:</b>	
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 entry 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.

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

**Napa Valley Unified School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

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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	<u>100.00%</u>		

- (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 2.00% 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:

	<u>CalPERS</u>
1% Decrease	6.15%
Net Pension Liability	\$ 100,456,994
Current	7.15%
Net Pension Liability	\$ 69,874,262
1% Increase	8.15%
Net Pension Liability	\$ 44,492,130

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

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**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, 2021, 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	16.150%	16.150%
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, 2021, the District's contributions were as follows:

	CalSTRS
Employer Contributions	\$ 13,933,079
State Contributions	9,216,737
Total	\$ 23,149,816

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<b>Proportionate Share of Net Pension Liability/(Asset)</b>
District	\$ 157,961,670
State	81,429,241
<b>Total</b>	<b>\$ 239,390,911</b>

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, 2020, 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, 2019 rolled forward to June 30, 2020 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 10.46 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year. 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, 2020 and 2021 was as follows:

	<b>CalSTRS</b>
Proportion - June 30, 2020	0.16700%
Proportion - June 30, 2021	0.16300%
Change - Increase/(Decrease)	-0.00400%

For the year ended June 30, 2021, the District recognized pension expense of \$31,678,914 for the Plan, of which, a total of \$9,216,737 came from state contributions.

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>CalSTRS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions	\$ 15,403,500	\$ -
Differences between Expected and Actual Experience	278,730	4,454,790
Differences between Projected and Actual Investment Earnings	3,752,260	-
Differences between Employer's Contributions and Proportionate Share of Contributions	98,614	4,192,756
Change in Employer's Proportion	2,349,086	9,693,891
Pension Contributions Made Subsequent to Measurement Date	13,933,079	-
<b>Total</b>	<b>\$ 35,815,269</b>	<b>\$ 18,341,437</b>

The District reported \$13,933,079 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, 2022.

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

<b>Fiscal Year Ending June 30:</b>	<b>Deferred Outflows/ (Inflows) of Resources CalSTRS</b>
2022	\$ (1,331,309)
2023	2,539,941
2024	4,415,185
2025	(136,548)
2026	(1,214,867)
Thereafter	(731,649)
<b>Total</b>	<b>\$ 3,540,753</b>



**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**Actuarial Assumptions** - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
<b>Actuarial Assumptions:</b>	
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 Real Rate of Return (a) (b)
Global Equity	42.00%	4.75%
Private Equity	13.00%	6.25%
Real Estate	15.00%	3.55%
Inflation Sensitive	6.00%	3.25%
Fixed Income	12.00%	1.25%
Risk Mitigation Strategies	10.00%	1.75%
Liquidity	2.00%	-0.35%
Total	100.00%	

- (a) Real return is net of assumed 2.75% inflation.
- (b) 20-year geometric average.

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**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:

	<b>CalSTRS</b>
1% Decrease	6.10%
Net Pension Liability	\$ 238,658,080
Current	7.10%
Net Pension Liability	\$ 157,961,670
1% Increase	8.10%
Net Pension Liability	\$ 91,335,420

**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, 2021:

Year Ending June 30	Payment
2022	\$ 950,821
2023	950,821
Total Payments	\$1,901,641

**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 monthly 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

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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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	<u>622</u>
<b>Total employees</b>	<u><u>2,262</u></u>

**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 \$1,145,652. The actuarially determined contribution for the measurement period was \$4,740,775. The District's contributions were 1% of covered employee payroll during the measurement period June 30, 2020 (reporting period June 30, 2021). Employees are not required to contribute to the plan.

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**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.

**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:

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

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**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, 2021 (reporting date). The following summarizes the changes in the net OPEB liability during the year ended June 30, 2021.

<b>Fiscal Year Ended June 30, 2021</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability (Asset)</b>
<b>Balance at June 30, 2020</b>	\$ 72,270,746	\$ 53,929	\$ 72,216,817
Service cost	2,743,085	-	2,743,085
Interest in Total OPEB Liability	3,042,598	-	3,042,598
Employer contributions	-	1,145,652	(1,145,652)
Actual investment income	-	539	(539)
Administrative expenses	-	(300)	300
Benefit payments	(1,145,652)	(1,145,652)	-
<b>Net changes</b>	<b>4,640,031</b>	<b>239</b>	<b>4,639,792</b>
<b>Balance at June 30, 2021</b>	<b>\$ 76,910,777</b>	<b>\$ 54,168</b>	<b>\$ 76,856,609</b>

Covered Employee Payroll	\$ 109,799,876
Total OPEB Liability as a % of Covered Employee Payroll	70.05%
Plan Fid. Net Position as a % of Total OPEB Liability	0.07%
Service Cost as a % of Covered Employee Payroll	2.50%
Net OPEB Liability as a % of Covered Employee Payroll	70.00%

**Deferred Inflows and Outflows of Resources** - At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between actual and expected earnings	\$ 1,461	\$ -
Change in assumptions	6,705,804	-
<b>Totals</b>	<b>\$ 6,707,265</b>	<b>\$ -</b>

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,	
2022	\$ 1,597,107
2023	1,597,107
2024	1,597,103
2025	1,596,620
2026	319,324
Thereafter	4
<b>Total</b>	<b>\$ 6,707,265</b>

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**OPEB Expense** - The following summarizes the OPEB expense by source during the year ended June 30, 2021.

Service cost	\$ 2,743,085
Interest in TOL	3,042,598
Expected investment income	(539)
Other	(18)
Difference between actual and expected earnings	487
Change in assumptions	1,596,620
Administrative expenses	300
<b>OPEB Expense</b>	<b><u>\$ 7,382,533</u></b>

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2021.

Net OPEB liability ending	\$ 76,856,609
Net OPEB liability beginning	<u>(72,216,817)</u>
Change in net OPEB liability	4,639,792
Changes in deferred outflows	1,597,089
Employer contributions and implicit subsidy	<u>1,145,652</u>
<b>OPEB Expense</b>	<b><u>\$ 7,382,533</u></b>

**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:

	<b>Discount Rate</b>		
	<b>(1% Decrease )</b>	<b>2.45%</b>	<b>(1% Increase )</b>
Net OPEB Liability (Asset)	\$ 88,099,204	\$ 76,856,609	\$ 67,721,759

**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:

	<b>Trend Rate</b>		
	<b>(1% Decrease )</b>	<b>5.25%</b>	<b>(1% Increase )</b>
Net OPEB Liability (Asset)	\$ 66,273,780	\$ 76,856,609	\$ 90,387,579

**Napa Valley Unified School District**  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**14. COVID-19 PANDEMIC IMPACT**

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. 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 2021-2022 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. At the date of the issuance of these financial statements, the future impact of the CV19 Crisis cannot be reasonably estimated.

**15. SUBSEQUENT EVENTS**

On July 27, 2021, the District issued \$8,170,000 in Series A and \$46,225,000 in Series B 2021 General Obligation Refunding Bonds to refund the District's outstanding 2012 General Obligation Refunding Bonds and 2013 General Obligation Refunding Bonds, and to pay the costs associated with the issuance of the new Bonds.

**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, 2021

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
LCFF sources	\$ 158,518,575	\$ 170,968,526	\$ 171,836,925	\$ 868,399
Federal	8,451,097	29,640,498	19,635,274	(10,005,224)
Other state	14,252,903	34,988,534	32,958,691	(2,029,843)
Other local	3,524,015	5,185,372	5,036,410	(148,962)
Total revenues	<u>184,746,590</u>	<u>240,782,930</u>	<u>229,467,300</u>	<u>(11,315,630)</u>
Expenditures:				
Certificated salaries	87,105,798	92,807,597	90,206,644	2,600,953
Classified salaries	31,789,822	31,656,751	30,916,858	739,893
Employee benefits	42,945,492	45,678,734	43,225,983	2,452,751
Books and supplies	5,664,987	35,103,224	8,962,128	26,141,096
Services and other operating expenditures	24,922,607	33,599,974	25,908,587	7,691,387
Capital outlay	87,808	586,981	194,987	391,994
Transfers of indirect/direct support costs	(259,399)	(405,079)	(289,825)	(115,254)
Total expenditures	<u>192,257,115</u>	<u>239,028,182</u>	<u>199,125,362</u>	<u>39,902,820</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,510,525)</u>	<u>1,754,748</u>	<u>30,341,938</u>	<u>28,587,190</u>
Other financing sources (uses):				
Transfers in	(500,000)	(1,100,782)	37,255	1,138,037
Transfers out	-	-	(22,703)	(22,703)
Transfer of funds for charter reorganization	-	-	1,100,782	1,100,782
Total other financing sources (uses)	<u>(500,000)</u>	<u>(1,100,782)</u>	<u>1,115,334</u>	<u>2,216,116</u>
Changes in fund balance	<u>\$ (8,010,525)</u>	<u>\$ 653,966</u>	31,457,272	<u>\$ 30,803,306</u>
Fund balance beginning			20,309,163	
Prior period adjustments			88,959	
Fund balance beginning, as adjusted			<u>20,398,122</u>	
Fund balance ending			<u>\$ 51,855,394</u>	

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.

**Napa Valley Unified School District**  
**Schedule of Pension Plan Contributions**  
**For the Fiscal Year Ended June 30, 2021**

**Schedule of Contributions - Pension Plans**  
**Last 10 Fiscal Years**

<b>CalPERS</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Contractually Required Contributions	\$ 3,457,603	\$ 3,806,986	\$ 4,662,274	\$ 4,990,815	\$ 6,000,076	\$ 6,505,967	\$ 6,503,892
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	6,503,892
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 29,373,910</b>	<b>\$ 32,133,786</b>	<b>\$ 33,570,521</b>	<b>\$ 32,134,537</b>	<b>\$ 33,219,333</b>	<b>\$ 33,253,655</b>	<b>\$ 31,419,768</b>
<b>Contributions as a % of Covered Payroll</b>	<b>11.77%</b>	<b>11.85%</b>	<b>13.89%</b>	<b>15.53%</b>	<b>18.06%</b>	<b>19.56%</b>	<b>20.70%</b>

**Notes to Schedule:**

Valuation Date: June 30, 2019  
Assumptions Used: Entry Age Method used for Actuarial Cost Method  
Level Percentage of Payroll and Direct Rate Smoothing  
4.1 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 percent of Scale MP 2016 published by the Society of Actuaries.

<b>CalSTRS</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Contractually Required Contributions	\$ 7,453,402	\$ 9,499,982	\$ 11,567,541	\$ 12,613,510	\$ 14,710,157	\$ 15,288,105	\$ 13,933,079
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	13,933,079
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 83,934,707</b>	<b>\$ 88,536,645</b>	<b>\$ 91,951,836</b>	<b>\$ 87,411,712</b>	<b>\$ 90,357,230</b>	<b>\$ 89,420,428</b>	<b>\$ 86,272,935</b>
<b>Contributions as a % of Covered Payroll</b>	<b>8.88%</b>	<b>10.73%</b>	<b>12.58%</b>	<b>14.43%</b>	<b>16.28%</b>	<b>17.10%</b>	<b>16.15%</b>

**Notes to Schedule:**

Valuation Date: June 30, 2019  
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-2019 Ultimate Projection Scale table issued by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only seven 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, 2021

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

<b>CalPERS</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
District's Proportion of Net Pension Liability	0.24920%	0.25337%	0.25705%	0.26326%	0.24155%	0.23850%	0.22773%
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	\$ 69,874,262
District's Covered Payroll	\$ 26,164,403	\$ 29,373,910	\$ 32,133,786	\$ 33,570,521	\$ 32,134,537	\$ 33,219,333	\$ 32,990,046
<b>District's Proportionate Share of NPL as a % of Covered Payroll</b>	<b>108.13%</b>	<b>127.14%</b>	<b>157.99%</b>	<b>187.21%</b>	<b>200.42%</b>	<b>209.25%</b>	<b>211.80%</b>
<b>Plan's Fiduciary Net Position as a % of the TPL</b>	<b>83.38%</b>	<b>79.43%</b>	<b>73.90%</b>	<b>71.87%</b>	<b>70.85%</b>	<b>70.05%</b>	<b>70.00%</b>
<b>CalSTRS</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
District's Proportion of Net Pension Liability	0.16600%	0.15859%	0.16184%	0.17300%	0.16300%	0.16700%	0.16300%
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	\$ 157,961,670
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	81,429,241
Total	<u>\$ 155,781,481</u>	<u>\$ 163,236,476</u>	<u>\$ 205,418,161</u>	<u>\$ 254,636,616</u>	<u>\$ 235,581,215</u>	<u>\$ 233,114,799</u>	<u>\$ 239,390,911</u>
District's Covered Payroll	\$ 74,054,594	\$ 83,934,707	\$ 88,536,645	\$ 91,951,836	\$ 87,411,712	\$ 90,357,230	\$ 89,404,123
<b>District's Proportionate Share of NPL as a % of Covered Payroll</b>	<b>130.99%</b>	<b>127.20%</b>	<b>147.85%</b>	<b>173.99%</b>	<b>171.38%</b>	<b>166.92%</b>	<b>176.68%</b>
<b>Plan's Fiduciary Net Position as a % of the TPL</b>	<b>76.52%</b>	<b>74.02%</b>	<b>70.04%</b>	<b>69.46%</b>	<b>70.99%</b>	<b>72.56%</b>	<b>71.82%</b>

Fiscal year 2015 was the first year of implementation, therefore only seven 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, 2021

<b>Fiscal Year Ended</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Actuarially determined contribution (ADC)	\$ 4,740,775	\$ 4,563,403	\$ 4,700,305	\$ 4,700,305
Less: actual contribution in relation to ADC	(984,540)	(925,974)	(974,353)	(1,145,652)
Contribution deficiency (excess)	<u>\$ 3,756,235</u>	<u>\$ 3,637,429</u>	<u>\$ 3,725,952</u>	<u>\$ 3,554,653</u>
Covered employee payroll	\$ 100,301,653	\$ 103,403,766	\$ 106,601,821	\$ 109,799,876
Contrib. as a % of covered employee payroll	0.98%	0.90%	0.91%	1.04%

**Notes to Schedule:**

*Assumptions and Methods*

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%
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 approximately \$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, 2021

Fiscal Year Ended	2018	2019	2020	2021
<b>Total OPEB liability</b>				
Service cost	\$ 2,679,219	\$ 2,679,219	\$ 2,663,189	\$ 2,743,085
Interest	1,947,212	1,947,212	2,196,826	3,042,598
Changes of assumptions	-	-	9,899,044	-
Benefit payments	(984,540)	(925,974)	(974,353)	(1,145,652)
Net change in Total OPEB Liability	3,641,891	3,700,457	13,784,706	4,640,031
Total OPEB Liability - beginning	51,143,692	54,785,583	58,486,040	72,270,746
Total OPEB Liability - ending	<u>\$ 54,785,583</u>	<u>\$ 58,486,040</u>	<u>\$ 72,270,746</u>	<u>\$ 76,910,777</u>
<b>Plan fiduciary net position</b>				
Employer contributions	\$ -	\$ 50,000	\$ -	\$ -
Net investment income	-	4,240	22	539
Administrative expense	-	(65)	(268)	(300)
Net change in plan fiduciary net position	-	54,175	(246)	239
Plan fiduciary net position - beginning	-	-	54,175	53,929
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ 54,175</u>	<u>\$ 53,929</u>	<u>\$ 54,168</u>
Net OPEB liability (asset)	\$ 54,785,583	58,431,865	72,216,817	76,856,609
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.09%	0.07%	0.00%
Covered Employee Payroll	\$ 97,292,604	\$ 100,301,653	\$ 103,403,766	\$ 106,601,821
Net OPEB liability as a percentage of covered employee payroll	56.31%	58.26%	69.84%	72.10%
Total OPEB liability as a percentage of covered employee payroll	56.31%	58.31%	69.89%	72.15%

*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 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**

*Nonmajor Governmental Funds  
Combining Schedules*

**Napa Valley Unified School District**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021

	Special Revenue Funds			
	Charter School Special Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund
<b>Assets</b>				
Cash and investments	\$ -	\$ 730,707	\$ 48,674	\$ 1,266,263
Accounts receivable	-	289,118	-	536,411
Due from other funds	-	-	-	22,703
Inventory	-	-	-	72,948
Prepaid expenses	-	-	-	49,080
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 1,019,825</b>	<b>\$ 48,674</b>	<b>\$ 1,947,405</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 106,211	\$ 1,016	\$ 121,579
<b>Total Liabilities</b>	<b>-</b>	<b>106,211</b>	<b>1,016</b>	<b>121,579</b>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Revolving fund	-	-	-	1,460
Inventory	-	-	-	72,948
Prepaid expenditures	-	-	-	49,080
<b>Restricted for:</b>				
Adult education	-	842,995	-	-
Cafeteria programs	-	-	-	1,702,338
Child development	-	-	47,658	-
<b>Assigned for:</b>				
Facilities projects	-	-	-	-
Adult education	-	70,619	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>913,614</b>	<b>47,658</b>	<b>1,825,826</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 1,019,825</b>	<b>\$ 48,674</b>	<b>\$ 1,947,405</b>

Cont'd



**Napa Valley Unified School District**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021

	Capital Projects Funds		Totals
	Capital Facilities Fund	County Schools Facilities Fund	
<b>Assets</b>			
Cash and investments	\$ 6,363,660	\$ -	\$ 8,409,304
Accounts receivable	-	-	825,529
Due from other funds	-	-	22,703
Inventory	-	-	72,948
Prepaid expenses	-	-	49,080
<b>Total Assets</b>	<b>\$ 6,363,660</b>	<b>\$ -</b>	<b>\$ 9,379,564</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 26,641	\$ -	\$ 255,447
<b>Total Liabilities</b>	<b>26,641</b>	<b>-</b>	<b>255,447</b>
<b>Fund balances:</b>			
<b>Nonspendable:</b>			
Revolving fund	-	-	1,460
Inventory	-	-	72,948
Prepaid expenditures	-	-	49,080
<b>Restricted for:</b>			
Adult education	-	-	842,995
Cafeteria programs	-	-	1,702,338
Child development	-	-	47,658
<b>Assigned for:</b>			
Facilities projects	6,337,019	-	6,337,019
Adult education	-	-	70,619
<b>Total Fund Balances</b>	<b>6,337,019</b>	<b>-</b>	<b>9,124,117</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,363,660</b>	<b>\$ -</b>	<b>\$ 9,379,564</b>

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, 2021

	Special Revenue Funds			
	Charter School Special Revenue Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund
Revenues:				
Federal	\$ -	\$ 279,033	\$ -	\$ 5,457,597
Other state	-	2,653,825	635	560,826
Other local	-	267,111	36,835	189,981
Total revenues	-	3,199,969	37,470	6,208,404
Expenditures:				
Instruction	-	1,026,746	2,285	-
Instruction-related services:				
Supervision of instruction	-	726,674	7,728	-
School site administration	-	1,051,867	15,029	-
Pupil services:				
Food services	-	-	-	4,231,450
All other pupil services	-	246,842	-	-
General administration:				
All other general administration	-	126,014	-	199,570
Plant services	-	-	-	8,355
Facilities acquisition and construction	-	-	-	-
Total expenditures	-	3,178,143	25,042	4,439,375
Excess (deficiency) of revenues over (under) expenditures	-	21,826	12,428	1,769,029
Other financing sources (uses):				
Transfers in	-	-	-	22,703
Transfers out	(1,100,782)	(97,041)	-	-
Total other financing sources (uses)	(1,100,782)	(97,041)	-	22,703
Changes in fund balances	(1,100,782)	(75,215)	12,428	1,791,732
Fund balances beginning	1,100,782	988,829	35,230	34,094
Fund balances ending	\$ -	\$ 913,614	\$ 47,658	\$ 1,825,826

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, 2021

	<u>Capital Projects Funds</u>		<u>Totals</u>
	<u>Capital Facilities Fund</u>	<u>County Schools Facilities Fund</u>	
Revenues:			
Federal	\$ -	\$ -	\$ 5,736,630
Other state	-	20,326,724	23,542,010
Other local	1,317,560	67,540	1,879,027
Total revenues	<u>1,317,560</u>	<u>20,394,264</u>	<u>31,157,667</u>
Expenditures:			
Instruction	-	-	1,029,031
Instruction-related services:			
Supervision of instruction	-	-	734,402
School site administration	-	-	1,066,896
Pupil services:			
Food services	-	-	4,231,450
All other pupil services	-	-	246,842
General administration:			
All other general administration	3,798	-	329,382
Plant services	-	-	8,355
Facilities acquisition and construction	1,438,383	-	1,438,383
Total expenditures	<u>1,442,181</u>	<u>-</u>	<u>9,084,741</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(124,621)</u>	<u>20,394,264</u>	<u>22,072,926</u>
Other financing sources (uses):			
Transfers in	-	-	22,703
Transfers out	(37,255)	(20,500,294)	(21,735,372)
Total other financing sources (uses)	<u>(37,255)</u>	<u>(20,500,294)</u>	<u>(21,712,669)</u>
Changes in fund balances	(161,876)	(106,030)	360,257
Fund balances beginning	<u>6,498,895</u>	<u>106,030</u>	<u>8,763,860</u>
Fund balances ending	<u>\$ 6,337,019</u>	<u>\$ -</u>	<u>\$ 9,124,117</u>

Concluded

**STATE AND FEDERAL  
AWARD COMPLIANCE  
SECTION**

**Napa Valley Unified School District**  
Organization (Unaudited)  
June 30, 2021

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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 was comprised of the following members:

Governing Board

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Robin Jankiewicz	President	2022
David T. Garcia	Vice President	2024
Cindy Watter	Clerk	2022
Lisa Chu	Member	2024
Elba Gonzalez-Mares	Member	2022
Jason Dooley	Member	2024
Eve Ryser	Member	2024

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 Instructional Time  
 For the Fiscal Year Ended June 30, 2021

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Grade Level	Minutes Requirements	Actual Minutes	Actual Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	n/a	n/a	180	0	In Compliance
Grade 1	n/a	n/a	180	0	In Compliance
Grade 2	n/a	n/a	180	0	In Compliance
Grade 3	n/a	n/a	180	0	In Compliance
Grade 4	n/a	n/a	180	0	In Compliance
Grade 5	n/a	n/a	180	0	In Compliance
Grade 6	n/a	n/a	180	0	In Compliance
Grade 7	n/a	n/a	180	0	In Compliance
Grade 8	n/a	n/a	180	0	In Compliance
Grade 9	n/a	n/a	180	0	In Compliance
Grade 10	n/a	n/a	180	0	In Compliance
Grade 11	n/a	n/a	180	0	In Compliance
Grade 12	n/a	n/a	180	0	In Compliance

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. However, for fiscal year 2021, districts are only required to offer a minimum number of days based on Education Code Section 46200, chapter 2, part 26. This schedule reports the District's compliance with this Ed. Code Section.

**Napa Valley Unified School District**  
Schedule of Charter Schools (Unaudited)  
June 30, 2021

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

<u>Charter School</u>	<u>Charter School Number</u>	<u>Included in Audit</u>
Stone Bridge Charter	0679	No

**Napa Valley Unified School District**  
 Schedule of Financial Trends and Analysis (Unaudited)  
 For the Fiscal Year Ended June 30, 2021

	(Budget) <sup>(1)</sup>			
	2022	2021	2020	2019
<b>General Fund</b>				
Revenues and other financial sources	\$ 208,475,992	\$ 230,605,337	\$ 199,020,568	\$ 204,012,371
Expenditures	206,017,337	199,125,362	193,562,051	199,059,103
Other uses and transfers (out)	-	22,703	264,858	2,029,241
Total outgo	206,017,337	199,148,065	193,826,909	201,088,344
Change in fund balance	\$ 2,458,655	\$ 31,457,272	\$ 5,193,659	\$ 2,924,027
Adjustments to fund balance	\$ -	\$ 88,959	\$ -	\$ (138,752)
Ending fund balance	\$ 54,314,049	\$ 51,855,394	\$ 20,309,163	\$ 15,115,504
Available reserves <sup>(2)</sup>	\$ 14,936,105	\$ 14,936,107	\$ 13,880,929	\$ 10,283,146
Reserved for economic uncertainty	\$ 14,936,105	\$ 14,936,107	\$ 15,787,794	\$ -
Unassigned fund balance	\$ -	\$ -	\$ (1,906,865)	\$ 10,283,146
Available reserves as a percentage of total outgo	7.25%	7.50%	7.16%	5.11%
Total long-term liabilities	\$ 836,054,240	\$ 853,122,023	\$ 857,280,405	\$ 720,628,883
Average daily attendance at P-2	15,787	16,638	16,005	15,722

Average daily attendance has increased by 916 over the past three years. The district anticipates a decrease of 851 ADA for 2022.

The general fund balance has increased by \$36,739,890 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 liabilities has increased by \$132,493,140 over the past three years.

<sup>(1)</sup> Budget numbers are based on the first adopted budget of the fiscal year 2021/22

<sup>(2)</sup> 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, 2021**

Program Name	Federal Catalog Number		Pass-Through Entity Identifying Number	Program Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Direct Aid:				
Indian Education (from Federal Government)	84.060		10011	\$ 15,876
Magnet School Assistance Programs	84.165A		U165A170039-18	1,397,764
Passed Through California Department of Education				
Department of Rehabilitation: Workability II, Transitions Partnership Program	84.126		10006	165,948
ESSA School Improvement (CSI) Funding for LEAs	84.010		15438	319,697
Title I, Part A, Basic Grants Low-Income & Neglected	84.010	(1)	14329	1,685,173
Title II: Supporting Effective Instruction Local Grants	84.367		14341	137,740
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424		15396	210,041
Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.424C	(1)	15517	1,014,785
Elementary and Secondary School Emergency Relief (ESSER) Func	84.425D	(1)	15536	1,358,902
Elementary and Secondary School Emergency Relief II (ESSER II) Func	84.425D		15547	121,915
<b>Special Education Cluster</b>				
IDEA Basic Local Assistance	84.027		13379	3,046,313
IDEA Private School ISP's	84.027		10115	68,915
IDEA Mental Health Average Daily Attendance (ADA) Allocation	84.027A		15197	208,091
<b>Total Special Education Cluster</b>				<u>3,323,319</u>
<b>Adult Education</b>				
Adult Education: Adult Secondary Education (Section 231)	84.002		13978	125,164
Adult Education: English Literacy & Civics Education - Local Grant	84.002A		14109	7,728
Adult Education: Adult Basic Education & ESL (Section 231)	84.002A		14508	146,141
<b>Total Adult Education</b>				<u>279,033</u>
<b>Title III</b>				
Title III, English Learning Student Program	84.365	(1)	14346	664,258
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>				<u>10,694,451</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Passed Through California Governor's Office of Emergency Services				
Bulling & Violence in School Advocacy Program	16.575		XB16011142	123,826
<b>TOTAL U.S. DEPARTMENT OF DEPARTMENT OF JUSTICE</b>				<u>123,826</u>
<b>U. S. DEPARTMENT OF TREASURY</b>				
Passed Through California Department of Education				
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	(1)	25516	8,880,831
<b>TOTAL U. S. DEPARTMENT OF TREASURY</b>				<u>8,880,831</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Passed Through California Department of Education				
Child Nutrition: Summer Food Service Program Operations	10.559		13004	3,887,000
<b>Child Nutrition Cluster</b>				
National School Lunch Program	10.555		13524	303,966
School Noncash Commodities Program	10.555		N/A	157,455
<b>Total Child Nutrition Cluster</b>				<u>461,421</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<u>4,348,421</u>
<b>TOTAL FEDERAL PROGRAMS</b>				<u>\$ 24,047,529</u>

(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, 2021**

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	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Other Nonmajor Governmental Funds
June 30, 2021 Annual Financial and Budget Report (SACS) Fund Balances	\$ 51,855,394	\$ 38,897,325	\$ 18,221,679	\$ 31,641,586	\$ 9,124,117
Adjustments and Reclassifications:					
Cash	-	-	-	-	-
June 30, 2021 Audited Financial Statements Fund Balances	<u>\$ 51,855,394</u>	<u>\$ 38,897,325</u>	<u>\$ 18,221,679</u>	<u>\$ 31,641,586</u>	<u>\$ 9,124,117</u>

**Napa Valley Unified School District**  
Notes to State and Federal Award Compliance Sections  
For the Fiscal Year Ended June 30, 2021

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**1. PURPOSE OF SCHEDULES**

A. 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.

B. 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.

C. 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.

D. 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.

E. 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).

**Napa Valley Unified School District**  
Notes to State and Federal Award Compliance Sections  
For the Fiscal Year Ended June 30, 2021

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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:	\$23,045,368
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.	(730,504)
Coronavirus Relief Fund (CRF): Learning Loss Mitigation, Resource Code 3220, PCA 25516	1,732,665
Total Schedule of Expenditures of Federal Awards	\$24,047,529

**4. SUMMARY OF SIGNIFICANT ACCOUNTING 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**



**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, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 31, 2022.

**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.



### 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

January 31, 2022  
Morgan Hill, California



**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, 2021. 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, 2021.





### 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

January 31, 2022  
Morgan Hill, California



**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 *2020-21 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, 2021.

**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, *2020-21 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 *2020-21 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:

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	N/A
Continuation Education	N/A
Instructional Time	Yes



<u>Description</u>	<u>Procedures Performed</u>
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	N/A
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	N/A
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	N/A
Independent Study-Course Based	N/A
Charter Schools:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study for Charter Schools	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
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, 2021.

*C & A LLP*

January 31, 2022  
 Morgan Hill, California

**FINDINGS AND  
RECOMMENDATIONS**

**Napa Valley Unified School District**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

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**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? \_\_\_ Yes   x   No

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:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
84.010	Title I, Part A, Basic Grants Low-Income & Neglected
84.424C	Governor's Emergency Education Relief (GEER) Fund
84.424D	Elementary and Secondary School Emergency Relief (ESSER) Fund
84.365	Title III, English Learning Student Program
21.019	Passed Through California Department of Education

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low risk auditee? \_\_\_ Yes   x   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

**Napa Valley Unified School District**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

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**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

**Section IV - State Award Findings and Questioned Costs**

None

**Napa Valley Unified School District**  
Status of Prior Year Findings and Recommendations  
For the Fiscal Year Ended June 30, 2021

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**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

**Section IV - State Award Findings and Questioned Costs**

None