

NAPA VALLEY UNIFIED SCHOOL DISTRICT

JUNE 30, 2019 AUDIT RESULTS



CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

AUDIT PHASE I

- **RISK ANALYSIS**
- **DOCUMENT CONTROLS**
- **TEST CONTROLS**
- **ANALYTICS**



AUDIT PHASE II

Substantive Tests

Compliance

Analytics

GENERAL AUDIT

- **STANDARDS**
 - **AICPA'S STATEMENTS ON AUDITING STANDARDS**
 - **GAO/GAGAS**
 - **EAAP AUDIT GUIDE**
 - **SINGLE AUDIT**



PENSIONS

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

CalSTRS Plan	2015	2016	2017	2018	2019
District's Proportion of Net Pension Liability	0.16600%	0.15859%	0.16184%	0.17300%	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
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
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>
District's Covered Payroll	\$ 74,054,594	\$ 83,934,707	\$ 88,536,645	\$ 91,951,836	\$ 87,411,712
District's Proportionate Share of NPL as a % of Covered Payroll	130.99%	127.20%	147.85%	173.99%	171.38%
Plan's Fiduciary Net Position as a % of the TPL	76.52%	74.02%	70.04%	69.46%	70.99%

PENSIONS

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

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

CHANGES IN BENEFIT PLAN OBLIGATIONS

Plan	Balance			Balance June 30, 2019	Net Change
	July 01, 2018	Additions	Deletions		
CalPERS	\$ 62,847,110	\$ 26,351,622	\$ 24,793,897	\$ 64,404,835	\$ 1,557,725
CalSTRS	159,988,670	47,850,280	58,030,540	149,808,410	(10,180,260)
OPEB	54,785,583	4,622,256	975,974	58,431,865	3,646,282
Early Retirement Incentives	4,218,662	-	1,892,565	2,326,097	(1,892,565)
Total Benefit Plan Liabilities	\$ 749,787,283	\$ 85,025,748	\$ 107,902,147	\$ 720,628,883	\$ (6,868,818)

CHANGE IN NET POSITION

Change in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for Services	\$ 1,771,756	\$ 1,127,750	\$ 801,823	\$ 692,789	\$ 2,573,579	\$ 1,820,539
Operating Grants and Contributions	35,899,802	27,302,357	2,195	1,119	35,901,997	27,303,476
Capital Grants and Contributions	1,766	4,453	-	-	1,766	4,453
General Revenues and Special Items	213,978,561	208,315,107	4,792	2,069	213,983,353	208,317,176
Total Revenues	251,651,885	236,749,667	808,810	695,977	252,460,695	237,445,644
Program Expenses						
Instruction	150,446,717	136,422,235	-	-	150,446,717	136,422,235
Instruction-Related Services	33,290,567	28,718,585	-	-	33,290,567	28,718,585
Pupil Services	23,613,211	21,647,162	-	-	23,613,211	21,647,162
General Administration	16,069,897	13,610,100	-	-	16,069,897	13,610,100
Plant Services	24,025,171	20,168,776	-	-	24,025,171	20,168,776
Ancillary Services	1,686,384	1,350,136	-	-	1,686,384	1,350,136
Community Services	236,764	234,985	-	-	236,764	234,985
Enterprise	128,159	-	755,979	651,653	884,138	651,653
Interest on Long-term Debt	16,736,878	19,470,965	-	-	16,736,878	19,470,965
Other Outgo	34,525	18,524	-	-	34,525	18,524
Total Expenses	266,268,273	241,641,468	755,979	651,653	267,024,252	242,293,121
Change in Net Position	(14,616,388)	(4,891,801)	52,831	44,324	(14,563,557)	(4,847,477)
Beginning Net Position	(99,228,600)	(67,584,122)	198,302	153,978	(99,030,298)	(67,430,144)
Prior Period Adjustments	6,624,726	(26,752,677)	-	-	6,624,726	(26,752,677)
Ending Net Position	\$ (107,220,262)	\$ (99,228,600)	\$ 251,133	\$ 198,302	\$ (106,969,129)	\$ (99,030,298)

CHANGE IN FUND BALANCES

Change in Fund Balances				
Funds	2019	2018	Increase (Decrease)	Percent
General Fund	\$ 15,115,504	\$ 12,330,229	\$ 2,785,275	22.6%
Building Fund	26,354,734	104,219,317	(77,864,583)	-74.7%
Bond Interest and Redemption Fund	24,227,033	28,042,529	(3,815,496)	-13.6%
Nonmajor Governmental Funds	11,264,583	8,639,379	2,625,204	30.4%
Enterprise Fund	251,133	198,302	52,831	26.6%
Internal Service Fund	806,747	562,216	244,531	43.5%
Total Fund Balances	\$ 78,019,734	\$ 153,991,972	\$ (75,972,238)	-49.3%

FINANCIAL TRENDS AND ANALYSIS

General Fund	2019	2018	2017
Revenues and other financial sources	\$ 204,012,371	\$ 182,284,028	\$ 181,177,227
Expenditures	199,059,103	179,433,727	182,884,379
Other uses and transfers (out)	2,029,241	1,127,220	383,910
Total outgo	201,088,344	180,560,947	183,268,289
Change in fund balance	\$ 2,924,027	\$ 1,723,081	\$ (2,091,062)
Adjustments to fund balance	\$ (138,752)	\$ -	\$ 750
Ending fund balance	\$ 15,115,504	\$ 12,330,229	\$ 10,607,148
Available reserves	\$ 10,283,146	\$ 9,059,690	\$ 6,761,940
Available reserves as a percentage of total outgo	5.11%	5.02%	3.69%
Total long-term debt	\$ 720,628,883	\$ 749,787,283	\$ 689,621,033
Average daily attendance at P-2	15,722	15,942	16,152

AUDIT RESULTS

- **NO EXCEPTIONS IN AUDIT OPINIONS**
- **NO MATERIAL WEAKNESSES**
- **NO DISAGREEMENTS WITH MANAGEMENT**
- **NO SIGNIFICANT PASSED ON ADJUSTMENTS**



FACTORS BEARING ON THE DISTRICT'S FUTURE

- **SINCE 2014-2015, THE DISTRICT'S ENROLLMENT HAS DROPPED 777 STUDENTS, WITH DEMOGRAPHIC PROJECTIONS SHOWING CONTINUOUS DECLINES OVER THE NEXT DECADE. SUCH DECLINES WILL INFORM REQUIRED DISCUSSIONS AND DECISIONS AROUND THE OPERATION OF FACILITIES AND THE AVAILABILITY OF PROGRAM OFFERINGS. THE DISTRICT WILL NEED TO CONTINUE TO MAKE BOTH CERTIFICATED AND CLASSIFIED CUTS TO ADDRESS DECLINING ENROLLMENT.**