

**NORWALK-LA MIRADA
UNIFIED SCHOOL DISTRICT
LOS ANGELES COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2023**

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2023

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NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2023

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Financial Section

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INDEPENDENT AUDITORS' REPORT

Board of Education
Norwalk-La Mirada Unified School District
Norwalk, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Norwalk-La Mirada Unified School District, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Norwalk-La Mirada Unified School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability-MPP Program, and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

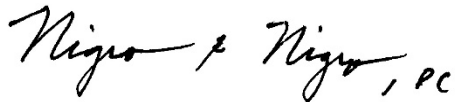
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by 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), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information, except for the LEA Organization Structure, 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 Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, except for the LEA Organization Structure, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The LEA Organization Structure has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023 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 solely 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 the effectiveness of the District's 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.

A handwritten signature in cursive script that reads "Nigro & Nigro, PC".

Murrieta, California
December 11, 2023

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2023

This discussion and analysis of Norwalk-La Mirada Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's financial status increased overall as a result of this year's operations. Net position of governmental activities increased by \$57.5 million.
- Net position of business-type activities decreased by \$181,508.
- Governmental expenses were about \$328.4 million. Revenues were about \$385.9 million.
- The District acquired \$39.7 million in new capital assets during the year.
- Governmental funds increased by \$57.1 million, or 27.0%.
- Reserves for the General Fund increased by \$8.3 million or 17.1%. Revenues and other financing sources were \$336.5 million, and expenditures and other financing uses were \$294.6 million.

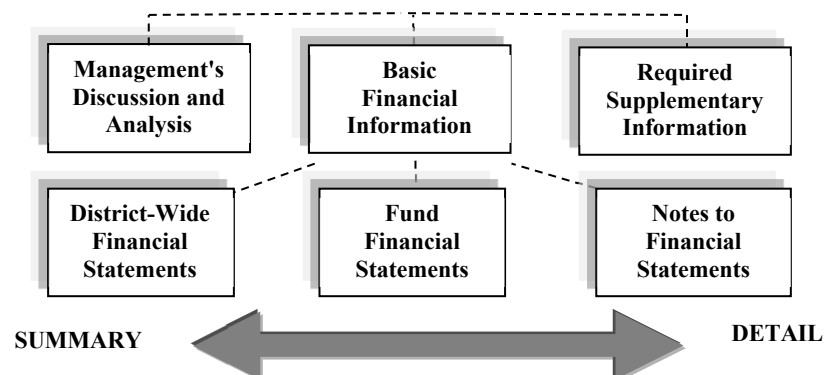
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial* statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial* statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
 - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the *proprietary funds* statements.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Norwalk-La Mirada Unified School District's Annual Financial Report



NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities* and *Business-Type Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that is properly using certain revenues.

The District has two kinds of funds:

- 1) **Governmental funds** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

- 2) **Proprietary funds** – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the District-wide statements but provide more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured programs for workers' compensation claims, health and welfare benefits, and property and liability claims. The District's Enterprise Fund is the same one as the Business-Type Activities reported in the District-wide statements, but provides more detail and more information such as cash flows. The District uses the Enterprise Fund to report activities that relate to its fee-based program for childcare.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined governmental net position was higher on June 30, 2023, than it was the year before – increasing to \$57.0 million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities			Business-Type Activities		
	2023	2022*	Net Change	2023	2022	Net Change
Assets						
Current assets	\$ 362,941,528	\$ 285,346,803	\$ 77,594,725	\$ 921,410	\$ 801,934	\$ 119,476
Capital assets	420,365,265	400,037,183	20,328,082	-	-	-
Total assets	783,306,793	685,383,986	97,922,807	921,410	801,934	119,476
Total Deferred outflows of resources	90,137,110	60,577,601	29,559,509	193,771	44,497	149,274
Liabilities						
Current liabilities	57,840,436	37,017,876	20,822,560	26,626	12,975	13,651
Long-term liabilities	685,489,328	580,962,728	104,526,600	391,540	46,769	344,771
Total liabilities	743,329,764	617,980,604	125,349,160	418,166	59,744	358,422
Total Deferred inflows of resources	73,113,272	128,499,613	(55,386,341)	113,144	21,308	91,836
Net position						
Net investment in capital assets	192,292,197	194,393,012	(2,100,815)	-	-	-
Restricted	111,409,839	71,985,709	39,424,130	583,871	765,379	(181,508)
Unrestricted	(246,701,169)	(266,897,351)	20,196,182	-	-	-
Total net position	\$ 57,000,867	\$ (518,630)	\$ 57,519,497	\$ 583,871	\$ 765,379	\$ (181,508)

* As restated

Changes in net position, governmental activities. The District's total governmental revenues increased 23.7% to \$385.9 million (See Table A-2). The increase is due primarily to one time federal and state categorical funds.

The total cost of all programs and services increased 16.5% to \$328.4 million. The District's expenses are predominantly related to educating and caring for students, 71.4%. The purely administrative activities of the District accounted for just 5.9% of total costs. A significant contributor to the increase in costs was capital outlay projects, increased expenses for state and federal categorical funds, and increased salaries, benefits, and pension costs.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities			Business-Type Activities		
	2023	2022	Net Change	2023	2022	Net Change
Revenues						
Program Revenues:						
Charges for services	\$ 990,848	\$ 635,871	\$ 354,977	\$ 483,467	\$ 335,386	\$ 148,081
Operating grants and contributions	142,744,280	87,249,862	55,494,418	781	2,373	(1,592)
Capital grants and contributions	-	5,001,802	(5,001,802)	-	-	-
General Revenues:						
Property taxes	68,780,358	62,685,336	6,095,022	-	-	-
Federal and state aid not restricted	170,108,112	155,757,071	14,351,041	-	-	-
Other general revenues	3,257,305	529,333	2,727,972	13,702	(23,717)	37,419
Total Revenues	385,880,903	311,859,275	74,021,628	497,950	314,042	183,908
Expenses						
Instruction-related	196,878,191	173,921,024	22,957,167	-	-	-
Pupil services	37,468,968	33,421,330	4,047,638	-	-	-
Administration	19,373,354	17,538,852	1,834,502	-	-	-
Plant services	33,223,596	28,394,375	4,829,221	-	-	-
All other activities	41,417,297	28,634,541	12,782,756	679,458	(455,686)	1,135,144
Total Expenses	328,361,406	281,910,122	46,451,284	679,458	(455,686)	1,135,144
Increase (decrease) in net position	\$ 57,519,497	\$ 29,949,153	\$ 27,570,344	\$ (181,508)	\$ 769,728	\$ (951,236)
Total Net Position	\$ 57,000,867	\$ (518,630)		\$ 583,871	\$ 765,379	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$268.7 million, which is above last year's ending fund balance of \$211.6 million. The primary cause of the increased fund balance is COLA and increased LCFF and State funding.

Table A-3: The District's Fund Balances

Fund	Fund Balances				
	July 1, 2022*	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2023
General Fund	\$ 63,929,241	\$ 335,139,362	\$ 293,477,750	\$ 156,397	\$ 105,747,250
Adult Education Fund	1,141,281	5,608,835	5,403,724	-	1,346,392
Child Development Fund	280,416	15,955,398	15,454,523	-	781,291
Cafeteria Fund	5,490,874	15,072,155	12,886,077	-	7,676,952
Deferred Maintenance Fund	477,416	(14,818)	189,700	525,000	797,898
Pupil Transportation Equipment Fund	(18)	17,035	-	-	17,017
Special Reserve Fund (Postemployment Benefits)	4,876,606	140,120	-	(681,397)	4,335,329
Building Fund	90,945,206	955,772	32,553,288	40,000,000	99,347,690
Capital Facilities Fund	1,044,432	477,762	189,396	-	1,332,798
County School Facilities Fund	9,084,037	101,784	-	-	9,185,821
Special Reserve Fund (Capital Outlay)	10,131,473	3,902,000	962,456	-	13,071,017
Bond Interest and Redemption Fund	24,216,354	23,254,323	24,412,219	2,036,534	25,094,992
	\$ 211,617,318	\$ 400,609,728	\$ 385,529,133	\$ 42,036,534	\$ 268,734,447

* As restated

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by \$56.9 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased \$22.6 million to reflect revised cost estimates.
- Other non-personnel expenses – increased \$23.8 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by about \$12.7 million, the actual results for the year show that revenues exceeded expenditures by roughly \$41.7 million. Actual revenues were \$6.4 million more than anticipated, and expenditures were \$22.5 million less than budgeted.

That amount consists primarily of capital outlay and restricted program dollars that were not spent as of June 30, 2023, that will be carried over into the 2023-24 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2022-23 the District had acquired \$39.7 million in new capital assets, related to land, construction in progress, site improvements, and equipment purchases. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$18.8 million and amortization was \$0.6 million.

Table A-4: Capital Assets at Year End, Net of Depreciation

	Totals		
	2023	2022*	Net Change
Land	\$ 9,278,310	\$ 9,278,310	\$ -
Improvement of sites	22,699,288	25,401,606	(2,702,318)
Buildings	298,256,807	309,719,833	(11,463,026)
Equipment	10,264,594	12,082,011	(1,817,417)
Construction in progress	79,399,943	42,530,724	36,869,219
Subscription assets	466,323	1,024,699	(558,376)
Total	\$ 420,365,265	\$ 400,037,183	\$ 20,328,082

* As restated

Long-Term Debt

At year-end the District had \$685.9 million in long-term liabilities – an increase of 18.0% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

Table A-5: Outstanding Long-Term Debt at Year-End

	Totals		
	2023	2022*	Net Change
General obligation bonds	\$ 415,362,601	\$ 381,769,549	\$ 33,593,052
Child care revolving fund loan	42,000	42,000	-
Subscription liability	471,840	1,024,699	(552,859)
SELF workers' comp assessment	-	45,044	(45,044)
Compensated absences	5,035,244	4,416,325	618,919
Claims liability	11,561,524	11,135,580	425,944
Other postemployment benefits	36,904,770	44,338,371	(7,433,601)
Net pension liability	216,502,889	138,237,929	78,264,960
Total	\$ 685,880,868	\$ 581,009,497	\$ 104,871,371

* As restated

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2023

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget

The Legislature passed an initial budget package on June 15, 2023. The Legislature's budget package adopted LAO estimates of local property tax revenues, which resulted in an increase to the Proposition 98 guarantee by \$2.1 billion across 2022-23 and 2023-24. The legislative package used this additional funding primarily to help maintain previously approved programs. Relative to the May Revision, the Legislature's budget package also: (1) reallocated projected unspent funds in child care and State Preschool programs to increase provider rates and reduce family fees beginning October 1, 2023; (2) included a slightly different mix of reductions as the Governor from climate change-related packages (although a similar overall level); (3) restored \$1 billion in 2023-24 in proposed General Fund reductions to transit capital funding and added flexibility to allow local agencies to use this funding for operations; (4) rejected the Governor's proposals to use General Fund cash to pay for certain capital outlay project costs, instead using lease revenue bond financing to pay for these costs; and (5) accelerated the time line to spend funds for MCO tax-related augmentations to around four years from eight to ten years. The Legislature passed an amended budget act and associated trailer bills on June 27, 2023 and June 29, 2023.

K-14 Education

Funds Modest Increase in School and Community College Funding

The Proposition 98 minimum guarantee depends upon various formulas that adjust for several factors, including changes in state General Fund revenue. For 2022-23, the guarantee is down \$3 billion (2.7 percent) compared with the estimates made in June 2022. The decrease in the guarantee is primarily attributable to lower General Fund revenue estimates, somewhat offset by higher local property tax revenue. For 2023-24, the guarantee increases by \$953 million (0.9 percent) relative to the revised 2022-23 level. For 2023-24, projected increases in property tax revenue offset declines associated with lower General Fund revenue estimates.

Increase in Required Reserve Deposits

In certain circumstances, the Constitution requires the state to deposit some of the available Proposition 98 funding into a statewide reserve account for schools and community colleges. Under the adopted budget plan, the state deposits a total of \$7.5 billion into this account across the 2021-22 through 2023-24 period—an increase of \$1.3 billion compared with the estimates made in June 2022. The higher required deposits are primarily due to revenue estimates from the administration that have capital gains accounting for a larger share of General Fund revenue over the period.

Provides Large COLA to School and Community College Districts

In addition to the required reserve deposits, the budget package has several ongoing and one-time increases. The largest ongoing augmentation is \$4.8 billion to provide an 8.22 percent COLA for K-12 and community college programs. In K-12, the budget also includes \$300 million ongoing targeted to low-income schools with relatively high rates of student mobility within the school year, as well as \$250 million one time for literacy coaches and reading specialists.

Budget Has Notable K-14 Structural Gap

The 2023-24 Proposition 98 spending level is not sufficient to fully fund all ongoing spending authorized in the budget package. To cover these costs, the budget package uses \$1.9 billion in one-time, prior-year funding to fund the primary school and community college funding formulas (\$1.6 billion for schools and \$290 million for California Community Colleges). Using one-time funds to cover ongoing costs creates a deficit in the Proposition 98 budget the following year.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2023

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Funds School Facilities Grants

The 2022-23 budget package provided \$1.3 billion one-time non-Proposition 98 General Fund to cover the state share for new construction and modernization projects under the School Facility Program (SFP). The 2022-23 budget package also included intent language to provide an additional \$2.1 billion in 2023-24 and \$875 million in 2024-25. The budget provides about \$2 billion to the SFP in 2023-24, which is \$100 million less than the previously intended augmentation, and continues to assume an additional \$875 million will be provided in 2024-25. The budget also delays the intended \$550 million non-Proposition 98 General Fund increase to the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program from 2023-24 to 2024-25.

All of these factors were considered in preparing the Norwalk-La Mirada Unified School District budget for the 2023-24 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Estuardo Santillan, Assistant Superintendent, Business Services or Alva Diaz, Director of Fiscal Services at Norwalk-La Mirada Unified School District, 12820 Pioneer Blvd., Norwalk, California 90650, or e-mail at: esantillan@nlmusd.k12.ca.us and adiaz@nlmusd.k12.ca.us.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Statement of Net Position

June 30, 2023

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Deposits and investments	\$ 316,938,182	\$ 879,470	\$ 317,817,652
Accounts receivable	29,824,919	41,940	29,866,859
Prepaid expenses	3,128,641	-	3,128,641
Inventories	314,521	-	314,521
Lease receivable	12,735,265	-	12,735,265
Capital assets:			
Non-depreciable capital assets	88,678,253	-	88,678,253
Depreciable capital assets	525,354,892	12,795	525,367,687
Less accumulated depreciation	(194,134,203)	(12,795)	(194,146,998)
Subscription assets:	1,024,699	-	1,024,699
Less accumulated amortization	(558,376)	-	(558,376)
Total assets	783,306,793	921,410	784,228,203
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refunding	493,131	-	493,131
Deferred outflows related to OPEB	8,790,549	9,876	8,800,425
Deferred outflows related to pensions	80,853,430	183,895	81,037,325
Total deferred outflows of resources	90,137,110	193,771	90,330,881
LIABILITIES			
Accounts payable	50,565,549	26,626	50,592,175
Accrued interest payable	3,349,112	-	3,349,112
Unearned revenue	3,925,775	-	3,925,775
Noncurrent liabilities:			
Due or payable within one year	18,274,849	-	18,274,849
Due in more than one year:			
Other than OPEB and pensions	414,198,360	-	414,198,360
Total OPEB liability	36,865,464	39,306	36,904,770
Net pension liability	216,150,655	352,234	216,502,889
Total liabilities	743,329,764	418,166	743,747,930
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	12,637,958	-	12,637,958
Deferred inflows related to OPEB	9,485,730	10,365	9,496,095
Deferred inflows related to pensions	50,989,584	102,779	51,092,363
Total deferred inflows of resources	73,113,272	113,144	73,226,416
NET POSITION			
Net investment in capital assets	192,292,197	-	192,292,197
Restricted for:			
Capital projects	12,411,683	-	12,411,683
Debt service	25,094,992	-	25,094,992
Self-insurance programs	15,516,275	-	15,516,275
Categorical programs	58,386,889	583,871	58,970,760
Unrestricted	(246,701,169)	-	(246,701,169)
Total net position	\$ 57,000,867	\$ 583,871	\$ 57,584,738

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities:						
Instruction	\$ 159,211,510	\$ 152,615	\$ 77,004,337	\$ (82,054,558)	\$ -	\$ (82,054,558)
Instruction-Related Services:						
Supervision of instruction	16,182,716	39,171	7,729,347	(8,414,198)	-	(8,414,198)
Instructional library, media and technology	3,662,189	-	235,077	(3,427,112)	-	(3,427,112)
School site administration	17,821,776	28,852	3,212,125	(14,580,799)	-	(14,580,799)
Pupil Support Services:						
Home-to-school transportation	7,032,895	-	140,759	(6,892,136)	-	(6,892,136)
Food services	12,619,248	124,614	16,825,352	4,330,718	-	4,330,718
All other pupil services	17,816,825	14,122	5,896,969	(11,905,734)	-	(11,905,734)
General Administration Services:						
Data processing services	3,688,633	-	-	(3,688,633)	-	(3,688,633)
Other general administration	15,684,721	5,043	4,934,306	(10,745,372)	-	(10,745,372)
Plant services	33,223,596	626,431	23,515,464	(9,081,701)	-	(9,081,701)
Ancillary services	3,247,220	-	1,992,480	(1,254,740)	-	(1,254,740)
Enterprise activities	1,834,749	-	894,019	(940,730)	-	(940,730)
Interest on long-term debt	15,914,918	-	-	(15,914,918)	-	(15,914,918)
Other outgo	1,019,135	-	364,045	(655,090)	-	(655,090)
Depreciation (unallocated)	18,842,899	-	-	(18,842,899)	-	(18,842,899)
Amortization (unallocated)	558,376	-	-	(558,376)	-	(558,376)
Total Governmental Activities	328,361,406	990,848	142,744,280	(184,626,278)	-	(184,626,278)
Business-Type Activities:						
Enterprise activities	679,458	483,467	781	-	(195,210)	(195,210)
Total School District	\$ 329,040,864	\$ 1,474,315	\$ 142,745,061	(184,626,278)	(195,210)	(184,821,488)
General Revenues:						
Property taxes				68,780,358	-	68,780,358
Federal and state aid not restricted to specific purpose				170,108,112	-	170,108,112
Interest and investment earnings				(997,095)	13,702	(983,393)
Miscellaneous				4,254,400	-	4,254,400
Subtotal general revenues				242,145,775	13,702	242,159,477
Change in net position				57,519,497	(181,508)	57,337,989
Net position - July 1, 2022				(518,630)	765,379	246,749
Net position - June 30, 2023				\$ 57,000,867	\$ 583,871	\$ 57,584,738

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT*Balance Sheet – Governmental Funds**June 30, 2023*

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	\$ 120,604,138	\$ 108,100,493	\$ 56,835,511	\$ 285,540,142
Accounts receivable	24,051,990	793,823	4,675,887	29,521,700
Due from other funds	12,876	-	-	12,876
Stores inventories	87,371	-	227,150	314,521
Prepaid expenditures	200,331	-	-	200,331
Lease receivables	-	-	12,735,265	12,735,265
Total Assets	<u>\$ 144,956,706</u>	<u>\$ 108,894,316</u>	<u>\$ 74,473,813</u>	<u>\$ 328,324,835</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 30,948,352	\$ 9,546,626	\$ 2,518,801	\$ 43,013,779
Due to other funds	-	-	12,876	12,876
Unearned revenue	<u>3,925,775</u>	<u>-</u>	<u>-</u>	<u>3,925,775</u>
Total Liabilities	<u>34,874,127</u>	<u>9,546,626</u>	<u>2,531,677</u>	<u>46,952,430</u>
Deferred Inflows of Resources				
Deferred inflows related to leases	<u>-</u>	<u>-</u>	<u>12,637,958</u>	<u>12,637,958</u>
Fund Balances				
Nonspendable	416,802	-	227,150	643,952
Restricted	48,591,486	99,347,690	47,074,928	195,014,104
Assigned	4,335,329	-	12,002,100	16,337,429
Unassigned	<u>56,738,962</u>	<u>-</u>	<u>-</u>	<u>56,738,962</u>
Total Fund Balances	<u>110,082,579</u>	<u>99,347,690</u>	<u>59,304,178</u>	<u>268,734,447</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 144,956,706</u>	<u>\$ 108,894,316</u>	<u>\$ 74,473,813</u>	<u>\$ 328,324,835</u>

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2023

Total fund balances - governmental funds \$ 268,734,447

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets less accumulated depreciation and lease and subscription assets less accumulated amortization.

Capital assets at historical cost	614,033,145	
Accumulated depreciation	(194,134,203)	
Subscription assets at historical cost	1,024,699	
Accumulated amortization	<u>(558,376)</u>	
Net:		420,365,265

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 additional liability for unmatured interest owing at the end of the period was:

(3,349,112)

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow. The remaining deferred amounts on refunding at the end of the period were:

493,131

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds payable	415,362,601	
Child care revolving fund loan	42,000	
Subscription liability	471,840	
Compensated absences payable	5,035,244	
Other postemployment benefits	36,865,464	
Net pension liability	<u>216,150,655</u>	
Total		(673,927,804)

In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported. Deferred outflows and inflows relating to OPEB for the period were:

Deferred outflows of resources	8,790,549	
Deferred inflows of resources	<u>(9,485,730)</u>	
Total		(695,181)

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Deferred inflows and outflows relating to pensions for the period were:

Deferred outflows of resources	80,853,430	
Deferred inflows of resources	<u>(50,989,584)</u>	
Total		29,863,846

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

15,516,275

Total net position - governmental activities \$ 57,000,867

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2023

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	\$ 207,159,100	\$ -	\$ -	\$ 207,159,100
Federal sources	40,944,161	-	23,251,224	64,195,385
Other state sources	81,466,441	-	12,703,296	94,169,737
Other local sources	5,709,780	955,772	28,419,954	35,085,506
Total Revenues	335,279,482	955,772	64,374,474	400,609,728
EXPENDITURES				
Current:				
Instruction	169,518,044	-	11,873,073	181,391,117
Instruction-Related Services:				
Supervision of instruction	16,102,000	-	1,897,478	17,999,478
Instructional library, media and technology	3,593,344	-	-	3,593,344
School site administration	15,546,039	-	4,303,572	19,849,611
Pupil Support Services:				
Home-to-school transportation	7,257,504	-	-	7,257,504
Food services	652,368	-	12,536,296	13,188,664
All other pupil services	19,434,038	-	497,932	19,931,970
Ancillary services	3,317,919	-	-	3,317,919
Enterprise activities	447,026	-	-	447,026
General Administration Services:				
Data processing services	3,790,562	-	-	3,790,562
Other general administration	15,554,219	-	1,248	15,555,467
Transfers of indirect costs	(581,908)	-	581,908	-
Plant services	30,837,122	1,031,728	2,556,269	34,425,119
Capital outlay	6,850,236	31,097,744	838,100	38,786,080
Intergovernmental transfers	595,319	-	-	595,319
Debt service:				
Issuance costs	-	423,816	-	423,816
Principal	552,859	-	9,806,833	10,359,692
Interest	11,059	-	14,605,386	14,616,445
Total Expenditures	293,477,750	32,553,288	59,498,095	385,529,133
Excess (Deficiency) of Revenues Over (Under) Expenditures	41,801,732	(31,597,516)	4,876,379	15,080,595
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	-	-	525,000	525,000
Interfund transfers out	(525,000)	-	-	(525,000)
Issuance of debt - general obligation bonds	-	40,000,000	-	40,000,000
Premium on bond issuances	-	-	2,036,534	2,036,534
Total Other Financing Sources and Uses	(525,000)	40,000,000	2,561,534	42,036,534
Net Change in Fund Balances	41,276,732	8,402,484	7,437,913	57,117,129
Fund Balances, July 1, 2022, as originally stated	68,902,080	90,945,206	51,770,032	211,617,318
Adjustment for restatement (Note 13)	(96,233)	-	96,233	-
Fund Balances, July 1, 2022, as restated	68,805,847	90,945,206	51,866,265	211,617,318
Fund Balances, June 30, 2023	\$ 110,082,579	\$ 99,347,690	\$ 59,304,178	\$ 268,734,447

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the Fiscal Year Ended June 30, 2023

Total net change in fund balances - governmental funds \$ 57,117,129

Amounts reported for governmental activities in the statement of activities are different because:

In governmental funds, the costs of capital assets and lease assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets and subscription assets are allocated over their estimated useful lives and their lease terms as depreciation expense and amortization expense, respectively. The difference between capital outlay expenditures and depreciation expense and amortization expense for the period is:

Expenditures for capital outlay	39,729,357	
Depreciation expense	(18,842,899)	
Amortization expense	(558,376)	
Net:		20,328,082

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as a reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

10,359,692

In governmental funds, issuances of debt are recognized as other financing sources. In the government-wide statements, issuances from debt are reported as increases to liabilities. Amounts recognized in governmental funds, net of issue premium were:

(42,036,534)

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In governmental funds these charges are recognized as an expenditure. However, in the statement of activities these amounts are amortized over the shorter of the life of the refunded bonds or the refunding bonds. The difference between current year amounts and the current year amortization was:

(22,080)

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. Accreted interest additions less accreted interest paid during the year was:

(2,225,375)

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or an other financing use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premiums or discount for the period was:

862,024

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

86,958

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

(618,919)

In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, including workers' comp assessment. This year, expenses incurred for such obligations were:

45,044

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

16,906,939

In government funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between accrual-basis OPEB costs and actual employer contributions was:

(1,931,901)

The internal service fund is used by management to charge the cost of self-insurance activities. The net revenue (expense) of the internal service fund is reported with governmental activities.

(1,351,562)

Change in net position of governmental activities

\$ 57,519,497

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT*Statement of Net Position – Proprietary Funds**June 30, 2023*

	Governmental Activities Internal Service Funds	Business-Type Activities Child Care Enterprise Fund
ASSETS		
Current Assets		
Deposits and investments	\$ 31,398,040	\$ 879,470
Accounts receivable	303,219	41,940
Prepaid expenses	2,928,310	-
Total current assets	34,629,569	921,410
Non-Current Assets		
Depreciable capital assets	-	12,795
Less accumulated depreciation	-	(12,795)
Total non-current assets	-	-
Total Assets	34,629,569	921,410
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to OPEB	-	9,876
Deferred outflows related to pensions	-	183,895
Total deferred outflows of resources	-	193,771
LIABILITIES		
Current Liabilities		
Accrued liabilities	7,551,770	26,626
Total current liabilities	7,551,770	26,626
Non-Current Liabilities		
Claims liability	11,561,524	-
Total OPEB liability	-	39,306
Net pension liability	-	352,234
Total non-current liabilities	11,561,524	391,540
Total liabilities	19,113,294	418,166
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to OPEB	-	10,365
Deferred inflows related to pensions	-	102,779
Total deferred outflows of resources	-	113,144
NET POSITION		
Restricted for child care activities	-	583,871
Restricted for self-insurance	15,516,275	-
Total net position	\$ 15,516,275	\$ 583,871

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT*Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
For the Fiscal Year Ended June 30, 2023*

	Governmental Activities Internal Service Funds	Business-Type Activities Child Care Enterprise Fund
OPERATING REVENUES		
Charges to other funds	\$ 31,614,139	\$ -
STRS on-behalf contributions	-	781
All other fees and contracts	2,212,000	449,758
Other local revenues	3,214,130	33,709
Total operating revenues	37,040,269	484,248
OPERATING EXPENSES		
Salaries and benefits	285,649	676,420
Supplies and materials	33,691	-
Services and other operating expenses	38,768,382	3,038
Total operating expenses	39,087,722	679,458
Operating Income (Loss)	(2,047,453)	(195,210)
NON-OPERATING REVENUES		
Interest income	859,073	25,390
Net decrease in the fair value of investments	(163,182)	(11,688)
Total non-operating revenues (expenses)	695,891	13,702
Change in net position	(1,351,562)	(181,508)
Net position, July 1, 2022	16,867,837	765,379
Net position, June 30, 2023	\$ 15,516,275	\$ 583,871

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2023

	Governmental Activities Internal Service Funds	Business-Type Activities Child Care Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from assessments made to other funds	\$ 31,614,139	\$ -
Cash received from all other sources	5,426,130	486,140
Cash payments for payroll, insurance and operating costs	(39,141,997)	(376,974)
Net cash provided (used) by operating activities	(2,101,728)	109,166
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	477,363	6,666
Net increase (decrease) in cash and cash equivalents	(1,624,365)	115,832
Cash, July 1, 2022	33,022,405	763,638
Cash, June 30, 2023	\$ 31,398,040	\$ 879,470
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (2,047,453)	\$ (195,210)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	-	3,392
(Increase) decrease in prepaid expenses	(776,452)	-
(Increase) decrease in deferred outflows of resources	-	(149,274)
Increase (decrease) in accounts payable	296,233	15,151
Increase (decrease) in unearned revenue	-	(1,500)
Increase (decrease) in claims liability	425,944	-
Increase (decrease) in long-term liabilities	-	344,771
Increase (decrease) in deferred inflows of resources	-	91,836
Net cash provided (used) by operating activities	\$ (2,101,728)	\$ 109,166

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Norwalk-La Mirada Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds (and blended component units). Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Proprietary fund operating revenues, such as charges for services, 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, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund. The District also maintains a Special Reserve Fund for Postemployment Benefits. This fund does not meet the definition of special revenue funds as it is not primarily composed of restricted or committed revenue sources. Because this fund does not meet the definition of special revenue funds under GASB 54, the activity in this fund is being reported within the General Fund.

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

Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

Special Revenue Funds: Special revenue funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* sections 38090 and 38093).

Deferred Maintenance Fund: This fund is used to account for separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

Pupil Transportation Equipment Fund: The Pupil Transportation Equipment Fund is used to account separately for State and local revenues specifically for the acquisition, rehabilitation, or replacement of equipment used to transport students (*Education Code* Section 41852(b)).

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Capital Projects Funds: Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* sections 17620-17626 and *Government Code* Section 65995 et seq.).

County School Facilities Fund: This fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49.

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund This fund is used for the repayment of bonds issued for the District (*Education Code* Sections 15125-15262).

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary funds:

Enterprise Fund: The Enterprise Funds may be used to account for any activity for which a fee is charged to external users for good or services. The only enterprise fund of the District accounts for the financial transactions related to the fee-based child care program of the District.

Internal Service Funds: These funds are used to account for services rendered on a cost-reimbursement basis within the District. The District operates workers' compensation and property and liability insurance programs that are accounted for in the Internal Service Fund. In addition, the District's health and welfare benefit programs are accounted for in the Internal Service Fund.

Health and Welfare Fund: The Health and Welfare Fund is used to account for resources committed to the District's medical insurance program.

Workers' Compensation Fund: The Workers' Compensation Fund is used to account for resource committed to the District's self-insurance program for workers' compensation.

Property and Liability Fund: The Property and Liability Fund is used to account for resources committed to the District's self-insurance program for property and liability insurance.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

2. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the District's proprietary funds and various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

3. Revenues - Exchange and Non-Exchange Transactions

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

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Data

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

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

D. 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 as of June 30.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

3. Capital Assets

Purchased or constructed capital assets are reported at 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. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings	20-50 years
Improvements/Infrastructure	5-50 years
Equipment	5-20 years

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

4. Unearned Revenue

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report 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 and will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

The liability for compensated absences reported in the District-wide statements consists of unpaid, accumulated vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

7. Leases

Lessee:

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

7. Leases (continued)

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor:

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

8. Subscription-Based Information Technology Arrangements

A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which the District has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend or to terminate.

The District recognizes a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The District recognizes the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the District which may be implicit, or the District's incremental borrowing rate if the interest rate is not readily determinable. The District recognizes amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. 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.

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

11. Fund Balances

The fund balance for Governmental Funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

12. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets**

This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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.

F. Minimum Fund Balance Policy

This Fund Balance Policy establishes the procedures for reporting unrestricted fund balance in the General Fund financial statements. Certain commitments and assignments of fund balance will help ensure that there will be adequate financial resources to protect the District against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures. The policy also authorizes and directs the Chief Financial Officer to prepare financial reports which accurately categorize fund balance as per Governmental Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In fiscal year 2017-2018, the governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Governmental funds	\$ 285,540,142
Proprietary funds	<u>32,277,510</u>
Total deposits and investments	<u>\$ 317,817,652</u>

Deposits and investments as of June 30, 2023 consist of the following:

Cash on hand and in banks	\$ 1,041,153
Cash in revolving fund	469,100
Investments	<u>316,307,399</u>
Total deposits and investments	<u>\$ 317,817,652</u>

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Los Angeles County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Los Angeles 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 Los Angeles County Treasurer, which is recorded on the amortized basis.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

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. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2023, \$967,704 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

Investments - Interest Rate Risk

The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Trustees. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2023, consist of the following:

	Rating	Reported Amount	Maturity		Fair Value Measurement
			Less Than One Year	One Year Through Five Years	
Investment maturities:					
Los Angeles County Investment Pool	N/A	\$ 316,307,399	\$ 316,307,399	\$ -	Uncategorized

Investments - Credit Risk

The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by *State Government Code* Section 53600. At June 30, 2023, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2023, the District had no investments other than the County Pool.

Fair Value Measurements

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

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurements (continued)

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

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

Uncategorized – Investments in the Los Angeles 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.

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

NOTE 3 – RECEIVABLES

A. Accounts Receivables

Accounts receivable as of June 30, 2023, consisted of the following:

	Governmental Activities					
	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds	Self-Insurance Funds	Enterprise Fund
Federal Government:						
Categorical aid programs	\$ 15,652,873	\$ -	\$ 2,763,780	\$ 18,416,653	\$ -	\$ -
State Government:						
Lottery	928,492	-	-	928,492	-	-
Categorical aid programs	5,226,881	-	1,455,894	6,682,775	-	-
Local:						
Interest	1,071,677	793,823	310,048	2,175,548	303,219	9,261
Other local	1,172,067	-	146,165	1,318,232	-	32,679
Total	<u>\$ 24,051,990</u>	<u>\$ 793,823</u>	<u>\$ 4,675,887</u>	<u>\$ 29,521,700</u>	<u>\$ 303,219</u>	<u>\$ 41,940</u>

B. Lease Receivable

In accordance with GASB No. 87, the District recognizes a lease receivable and a deferred inflow of resources for a lease the District maintains with the City of Norwalk. For this lease, the District is reporting lease receivables of \$12,735,265 and deferred inflows of \$12,637,958 at June 30, 2023. For the fiscal year ended June 30, 2023, the District reported lease revenue of \$1,884,132 and interest revenue of \$110,108 related to lease payments received.

The lease held by the District does not have an implicit rate of return, therefore the District used the State's incremental borrowing rate of 0.9% to discount the lease revenue to the net present value. The leases reported under GASB 87 contains a termination clause, which requires the lessee or lessor to show cause to terminate the lease. Measurement policies and key estimates related to leases can be found in Note 1.E.7.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 3 – RECEIVABLES (continued)

B. Lease Receivable (continued)

The GASB No. 87 included lease is summarized as follows:

Real Property

The District leases real property to the City of Norwalk, which in turn subleases the property to Costco. The term of the lease is for ten years through June 30, 2031.

The annual payments receivable as of June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2023-2024	\$ 1,735,025	\$ 95,895	\$ 1,830,920
2024-2025	1,747,778	83,143	1,830,921
2025-2026	1,760,639	70,282	1,830,921
2026-2027	1,773,611	57,309	1,830,920
2027-2028	1,541,910	44,348	1,586,258
2028-2031	4,176,302	58,199	4,234,501
Totals	<u>\$ 12,735,265</u>	<u>\$ 409,176</u>	<u>\$ 13,144,441</u>

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2023, consisted of the following:

Pupil Transportation Equipment Fund due to General Fund for indirect costs	<u>\$ 12,876</u>
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B. Interfund Transfers In/Out

Interfund transfers in/out of other funds during the 2022-23 year consisted of the following:

Transfer from the General Fund to the Deferred Maintenance Fund for deferred maintenance projects	<u>\$ 525,000</u>
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The District also made interfund transfers from the General Fund to the Special Reserve Fund for Postemployment Benefits of \$643,660 and from the Special Reserve Fund for Postemployment Benefits to the General Fund of \$1,325,057. These transfers have been eliminated in the financial statements because the financial activity of both funds is reported within the General Fund, in accordance with GASB Statement No.54.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT*Notes to Financial Statements**June 30, 2023*

NOTE 5 – FUND BALANCES

At June 30, 2023, fund balances of the District's governmental funds were classified as follows:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable:				
Revolving cash	\$ 129,100	\$ -	\$ -	\$ 129,100
Stores inventories	87,371	-	227,150	314,521
Prepaid expenditures	200,331	-	-	200,331
Total Nonspendable	416,802	-	227,150	643,952
Restricted:				
Categorical programs	48,591,486	-	-	48,591,486
Adult education program	-	-	1,339,193	1,339,193
Child development program	-	-	779,258	779,258
Child nutrition program	-	-	7,449,802	7,449,802
Capital projects	-	99,347,690	12,411,683	111,759,373
Debt service	-	-	25,094,992	25,094,992
Total Restricted	48,591,486	99,347,690	47,074,928	195,014,104
Assigned:				
Deferred maintenance projects	-	-	797,898	797,898
Transportation vehicles/equipment	-	-	17,017	17,017
Other postemployment benefits	4,335,329	-	-	4,335,329
School facility projects	-	-	11,177,953	11,177,953
Other assignments	-	-	9,232	9,232
Total Assigned	4,335,329	-	12,002,100	16,337,429
Unassigned:				
Reserve for economic uncertainties	8,839,392	-	-	8,839,392
Remaining unassigned balances	47,899,570	-	-	47,899,570
Total Unassigned	56,738,962	-	-	56,738,962
Total	\$ 110,082,579	\$ 99,347,690	\$ 59,304,178	\$ 268,734,447

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2023, was as follows:

	GOVERNMENTAL ACTIVITIES			
	Balance, July 1, 2022*	Additions	Retirements	Balance, June 30, 2023
Capital assets not being depreciated:				
Land	\$ 9,278,310	\$ -	\$ -	\$ 9,278,310
Construction in progress	42,530,724	37,938,134	1,068,915	79,399,943
Total capital assets not being depreciated	51,809,034	37,938,134	1,068,915	88,678,253
Capital assets being depreciated:				
Improvement of sites	34,921,717	86,678	-	35,008,395
Buildings	450,410,951	1,754,900	-	452,165,851
Equipment	37,162,086	1,018,560	-	38,180,646
Total capital assets being depreciated	522,494,754	2,860,138	-	525,354,892
Accumulated depreciation for:				
Improvement of sites	(9,520,111)	(2,788,996)	-	(12,309,107)
Buildings	(140,691,118)	(13,217,926)	-	(153,909,044)
Equipment	(25,080,075)	(2,835,977)	-	(27,916,052)
Total accumulated depreciation	(175,291,304)	(18,842,899)	-	(194,134,203)
Total capital assets being depreciated, net	347,203,450	(15,982,761)	-	331,220,689
Capital assets, net	399,012,484	21,955,373	1,068,915	419,898,942
Subscription assets:				
Subscription assets	1,024,699	-	-	1,024,699
Less accumulated amortization	-	(558,376)	-	(558,376)
Subscription assets, net	1,024,699	(558,376)	-	466,323
Governmental capital assets	\$ 400,037,183	\$ 21,396,997	\$ 1,068,915	\$ 420,365,265

* As restated for the implementation of GASB 96

	BUSINESS-TYPE ACTIVITIES			
	Balance, July 1, 2022	Additions	Retirements	Balance, June 30, 2023
Equipment	\$ 12,795	\$ -	\$ -	\$ 12,795
Accumulated depreciation	(12,795)	-	-	(12,795)
Business-type activity capital assets, net	\$ -	\$ -	\$ -	\$ -

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term liabilities other than OPEB or pensions for the fiscal year ended June 30, 2023, were as follows:

	Balance July 1, 2022*	Additions	Deductions	Balance, June 30, 2023	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	\$ 278,136,107	\$ 40,000,000	\$ 9,806,833	\$ 308,329,274	\$ 9,990,828
Accreted Interest	85,689,660	8,688,542	6,463,167	87,915,035	7,044,172
Unamortized Premium	17,943,782	2,036,534	862,024	19,118,292	862,024
Total G.O. Bonds	381,769,549	50,725,076	17,132,024	415,362,601	17,897,024
Child Care Revolving Fund Loan	42,000	-	-	42,000	42,000
Subscription Liability	1,024,699	-	552,859	471,840	335,825
SELF Workers' Comp Assessment	45,044	-	45,044	-	-
Compensated Absences	4,416,325	618,919	-	5,035,244	-
Claims Liability	11,135,580	425,944	-	11,561,524	-
Sub-Totals	\$ 398,433,197	\$ 51,769,939	\$ 17,729,927	\$ 432,473,209	\$ 18,274,849

* As restated for the implementation of GASB 96

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund with local revenues. The Child Care revolving loan is paid from the Child Development Fund. The subscription liability will be paid from the General Fund. The compensated absences will be paid by the fund where the employees' wages are charged. Claims liability for workers' compensation and the SELF assessment are paid out of the Internal Service Fund.

A. General Obligation Bonds

Election of 2002 (Measure S)

On November 5, 2002, the voters of the District approved, by more than a 55% majority, Measure "S", authorizing the District to issue up to \$165 million in bonds with revenue going to renovate, construct and modernize classrooms and school facilities.

Election of 2014 (Measure G)

On November 4, 2014, the voters of the District approved, by more than a 55% majority, Measure "G", authorizing the District to issue up to \$375 million in bonds with revenue going to finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities.

Defeasance of Debt

The District has defeased certain general obligation bonds by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, any trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2023, no principal balance is outstanding on the defeased debt.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2023, deferred outflows on refunding were \$493,131.

The Bonds are general obligations of the District, payable solely from ad valorem property taxes. The County Board is empowered and obligated to annually levy such ad valorem property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

Below is a schedule of bonds issued and outstanding as of June 30, 2023.

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2022	Issuances	Redemptions	Balance, June 30, 2023
Election of 2002 (Measure S)								
2005B	5/5/2005	8/1/2029	3.00% - 5.31%	\$ 44,995,644	\$ 30,983,053	\$ -	\$ 3,986,353	\$ 26,996,700
2007C	12/12/2007	8/1/2032	3.50% - 5.22%	29,200,602	13,085,602	-	-	13,085,602
2009D	7/9/2009	8/1/2034	6.16% - 7.36%	9,410,103	9,410,103	-	905,480	8,504,623
2009E	10/21/2009	8/1/2038	5.50% - 6.47%	21,392,349	21,392,349	-	-	21,392,349
Election of 2014 (Measure G)								
Series A	12/17/2015	8/1/2045	2.00% - 5.00%	24,000,000	4,990,000	-	15,000	4,975,000
Series B	8/24/2017	8/1/2047	3.00% - 5.00%	59,000,000	49,190,000	-	-	49,190,000
Series C	6/28/2018	8/1/2047	3.00% - 5.00%	10,250,000	9,430,000	-	-	9,430,000
Series D	6/27/2019	8/1/2048	3.00% - 5.00%	60,000,000	54,260,000	-	3,660,000	50,600,000
Series E	5/26/2021	8/1/2050	2.125% - 4.00%	80,545,000	80,545,000	-	-	80,545,000
Series F	6/29/2023	8/1/2052	4.00% - 5.00%	40,000,000	-	40,000,000	-	40,000,000
Refunding Bonds								
2015 Ref.	12/17/2015	8/1/2025	2.00% - 5.00%	7,855,000	4,850,000	-	1,240,000	3,610,000
Totals					\$ 278,136,107	\$ 40,000,000	\$ 9,806,833	\$ 308,329,274
Accreted Interest:					Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023
Election of 2002, Series 2005B					\$ 41,723,473	\$ 3,567,426	\$ 5,368,647	\$ 39,922,252
Election of 2002, Series 2007C					13,477,234	1,364,443	-	14,841,677
Election of 2002, Series 2009D					13,332,604	1,606,086	1,094,520	13,844,170
Election of 2002, Series 2009E					17,156,349	2,150,587	-	19,306,936
Totals					\$ 85,689,660	\$ 8,688,542	\$ 6,463,167	\$ 87,915,035

The annual requirements to amortize general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2023-2024	\$ 9,990,828	\$ 16,102,047	\$ 26,092,875
2024-2025	10,047,885	17,254,959	27,302,844
2025-2026	7,102,843	17,460,476	24,563,319
2026-2027	7,363,173	18,299,944	25,663,117
2027-2028	6,943,087	18,870,045	25,813,132
2028-2033	42,863,360	111,922,269	154,785,629
2033-2038	40,409,628	99,536,486	139,946,114
2038-2043	45,678,470	41,738,255	87,416,725
2043-2048	66,495,000	20,321,275	86,816,275
2048-2053	71,435,000	6,456,175	77,891,175
Totals	\$ 308,329,274	\$ 367,961,931	\$ 676,291,205

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

B. Childcare Revolving Loan

The District has entered into an agreement to purchase equipment through the State's Childcare Revolving Loan Program. Future payments under this agreement are \$42,000.

C. Subscription-Based Information Technology Arrangements

A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which the District has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend or to terminate.

The District recognizes a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The District recognizes the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the District which may be implicit, or the District's incremental borrowing rate if the interest rate is not readily determinable. The District recognizes amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

Below is a schedule of future payments on the subscription liability:

Fiscal Year	Principal	Interest	Total
2023-2024	\$ 335,825	\$ 3,189	\$ 339,014
2024-2025	136,015	-	136,015
Totals	<u>\$ 471,840</u>	<u>\$ 3,189</u>	<u>\$ 475,029</u>

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2023, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 36,011,311	\$ 8,800,425	\$ 9,496,095	\$ 3,450,601
MPP Program	893,459	-	-	(196,613)
Totals	<u>\$ 36,904,770</u>	<u>\$ 8,800,425</u>	<u>\$ 9,496,095</u>	<u>\$ 3,253,988</u>

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

The details of each plan are as follows:

District Plan

Plan Description

The District's single-employer defined benefit OPEB plan provides OPEB for eligible certificated, classified, and management employees of the District. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

Following is a description of the current retiree benefit plan. Those who do not qualify for or who exhaust the benefits shown below are eligible for statutory minimum benefits under Government Code Section 22892 under the "unequal contribution method" although a 50-year vesting requirement applies.

	<u>Certificated</u>	<u>Classified</u>	<u>Management</u>
Benefit Types Provided	Medical only	Medical only	Medical only
Duration of Benefits	5 years but not beyond age 65	5 years but not beyond age 65	5 years but not beyond age 65
Required Service	6 years	15 years	6 years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
Distribution Contribution %	100% to the cap	100% to the cap	100% to the cap
District Cap	Active cap	Active cap	Active cap

Employees Covered by Benefit Terms

At June 30, 2022 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	201
Active employees	1,798
Total	1,999

Total OPEB Liability

The District's total OPEB liability of \$36,011,311 for the Plan was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2022
Inflation	2.50 percent
Projected Payroll Growth	2.75 percent
Long-Term Medical Trend Rate	4.00 percent

Discount Rate

In accordance with GASB 75, the discount rate as of June 30, 2022 is the Bond Buyer 20 Index. As of June 30, 2022, a rate of 3.54% was used.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Mortality Rates

Mortality rates are based on the 2020 CalSTRS and the 2017 CalPERS mortality tables.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2021	\$ 43,248,299
Changes for the year:	
Service cost	2,695,324
Interest	949,117
Differences between expected and actual experience	(5,838,771)
Changes of assumptions	(3,880,527)
Benefit payments	(1,162,131)
Net changes	(7,236,988)
Balance at June 30, 2022	\$ 36,011,311

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

Discount Rate	OPEB Liability
1% decrease	\$ 38,790,389
Current discount rate	\$ 36,011,311
1% increase	\$ 33,410,774

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total 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 the current healthcare cost trend rates:

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	\$ 32,181,075
Current trend rate	\$ 36,011,311
1% increase	\$ 40,474,538

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$3,450,601. In addition, at June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date of the net OPEB liability	\$ 1,322,087	\$ -
Differences between expected and actual experience	2,939,783	5,625,674
Changes of assumptions	4,538,555	3,870,421
Totals	<u>\$ 8,800,425</u>	<u>\$ 9,496,095</u>

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

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ 780,304	\$ 974,144
2025	780,304	974,144
2026	780,304	974,144
2027	780,304	974,144
2028	780,304	974,144
Thereafter	3,576,818	4,625,375
Totals	<u>\$ 7,478,338</u>	<u>\$ 9,496,095</u>

Medicare Premium Payment (MPP) Program

Plan Description

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2022, 4,770 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with Education Code section 22950, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Total OPEB Liability

At June 30, 2023, the District reported a liability of \$893,459 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2022, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	<u>Percentage Share of MPP Program</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2023</u>	<u>Fiscal Year Ending June 30, 2022</u>	
Measurement Date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	
Proportion of the Net OPEB Liability	0.271229%	0.273294%	(0.002065%)

For the year ended June 30, 2023, the District reported OPEB expense of \$(196,613).

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2022
Valuation Date	June 30, 2021
Experience Study	June 30, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.54%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs (continued)

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population of 145,282.

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

Discount Rate

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2022, was 3.54%, which is an increase of 1.38% from 2.16% as of June 30, 2021.

Sensitivity of the proportionate share of the net OPEB liability to changes in the discount rate

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

Discount Rate	MPP OPEB Liability
1% decrease	\$ 1,192,482
Current discount rate	893,459
1% increase	823,686

Sensitivity of the proportionate share of the net OPEB liability to changes in the Medicare costs trend rates

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	\$ 819,783
Current trend rate	893,459
1% increase	976,976

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLANS

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

For the fiscal year ended June 30, 2023, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 125,577,640	\$ 33,254,659	\$ 24,561,080	\$ 4,719,256
CalPERS	90,925,249	47,782,666	26,531,283	9,704,266
Totals	\$ 216,502,889	\$ 81,037,325	\$ 51,092,363	\$ 14,423,522

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

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

The STRP is a multiple-employer, cost-sharing defined benefit plan composed of four programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits (RB) Program. A Supplemental Benefit Maintenance Account (SBMA) exists within the STRP and provides purchasing power protection for DB Program benefits. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Benefits Provided (continued)

The STRP provisions and benefits in effect at June 30, 2023, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	2% at 60	2% at 62
Benefit Formula	5 years of service	5 years of service
Benefit Vesting Schedule	Monthly for life	Monthly for life
Benefit Payments	60	62
Retirement Age	2.0%-2.4%	2.0%-2.4%
Monthly Benefits as a Percentage of Eligible Compensation	10.25%	10.205%
Required Member Contribution Rate	19.10%	19.10%
Required Employer Contribution Rate	10.828%	10.828%
Required State Contribution Rate		

Contributions

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. California Senate Bill 90 (Chapter 33, Statutes of 2019) and California Assembly Bill 84 (Chapter 16, Statutes of 2020) (collectively, special legislation)—signed into law in June 2019 and June 2020, respectively—provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

The contribution rates for each program for the year ended June 30, 2023, are presented above, and the District's total contributions were \$23,042,445.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of net pension liability	\$	125,577,640
State's proportionate share of the net pension liability associated with the District		62,888,791
Total	\$	188,466,431

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net Pension Liability	0.180724%	0.181813%	(0.001089%)

For the year ended June 30, 2023, the District recognized pension expense of \$4,719,256. In addition, the District recognized pension expense and revenue of \$(4,703,624) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	\$ 23,042,445	\$ -
Net change in proportionate share of net pension liability	3,881,464	9,004,387
Difference between projected and actual earnings on pension plan investments	-	6,140,990
Changes of assumptions	6,227,737	-
Differences between expected and actual experience	103,013	9,415,703
Totals	<u>\$ 33,254,659</u>	<u>\$ 24,561,080</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ 6,618,095	\$ 8,309,705
2025	1,453,014	8,466,005
2026	1,175,679	10,887,702
2027	606,961	(7,531,653)
2028	341,297	2,589,029
Thereafter	17,168	1,840,292
Totals	\$ 10,212,214	\$ 24,561,080

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.00%
Inflation	2.75%
Payroll Growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Methods and Assumptions (continued)

For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	42.0%	4.8%
Real Estate	15.0%	3.6%
Private Equity	13.0%	6.3%
Fixed Income	12.0%	1.3%
Risk Mitigating Strategies	10.0%	1.8%
Inflation Sensitive	6.0%	3.3%
Cash/Liquidity	2.0%	(0.4%)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 213,277,408
Current discount rate (7.10%)	125,577,640
1% increase (8.10%)	52,760,464

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954, 22955, and 22955.1 of the Education Code and Public Resources Code Section 6217.5. Through the special legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately \$2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$10,088,668.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Required Employee Contribution Rate	7.00%	8.00%
Required Employer Contribution Rate	25.37%	25.37%

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023 are presented above, and the total District contributions were \$12,704,306.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$90,925,249. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net Pension Liability	0.264248%	0.272929%	(0.008681%)

For the year ended June 30, 2023, the District recognized pension expense of \$9,704,266. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	\$ 12,704,306	\$ -
Net change in proportionate share of net pension liability	-	7,063,447
Difference between projected and actual earnings on pension plan investments	27,941,298	17,205,499
Changes of assumptions	6,726,133	-
Differences between expected and actual experience	410,929	2,262,337
Totals	\$ 47,782,666	\$ 26,531,283

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

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

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ 10,226,680	\$ 9,130,473
2025	9,671,636	8,845,880
2026	8,633,732	8,002,445
2027	6,546,312	552,485
2028	-	-
Thereafter	-	-
Totals	<u>\$ 35,078,360</u>	<u>\$ 26,531,283</u>

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Experience Study	2000-2019
Actuarial Cost Method	Entry age normal
Discount Rate	6.9%
Inflation Rate	2.3%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS' experience and include generational mortality improvement using 80 percent of Scale MP 2020 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Actuarial Methods and Assumptions (continued)

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return
Global Equity Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (5.9%)	\$ 131,346,127
Current discount rate (6.9%)	90,925,249
1% increase (7.9%)	57,518,880

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

D. Payables to the Pension Plans

At June 30, 2023, the District reported payables of \$3.0 million and \$2.3 million for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2023.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 10 – JOINT VENTURES

The Norwalk-La Mirada Unified School District is a member of the Schools Excess Liability Fund (SELF) JPA and Alliance of Schools for Cooperative Insurance Programs (ASCIP). Payments are made to ASCIP for dental benefits for District employees and for property and liability insurance. Payments are made to SELF for excess liability coverage for workers' compensation.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants

The District has received state and federal 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.

B. Construction Commitments

As of June 30, 2023, the District had commitments with respect to unfinished capital projects of approximately \$48.8 million.

C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2023.

NOTE 12 – RISK MANAGEMENT

Employee Medical Benefits

The District has contracted with the Alliance of Schools for Cooperative Insurance Programs (ASCIP) public entity risk pool to provide employee dental benefits. The District also purchases medical, vision, and life insurance from various vendors for health care coverage. The District is not self-funded for employee medical benefits but has chosen to report the costs of health and welfare payments for all employees plus retirees in the Internal Service Fund.

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To mitigate this potential loss, the District has established an Internal Service Fund to account for and finance its uninsured risks of loss for property and liability coverage. Under this program, the Internal Service Fund provides coverage for up to a maximum of \$50,000 for each general liability claim and \$25,000 for each property damage claim. During fiscal year ending June 30, 2023, the District participated in the ASCIP public entity risk pool for property and liability insurance coverage in excess of self-insured limits. Settled claims have not exceeded the insured coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. In addition, the District purchases commercial insurance for property and liability claims in excess of coverage provided by the Internal Service Fund and for all other risks of loss.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 12 – RISK MANAGEMENT (continued)

Workers' Compensation and Property and Liability

Since 1985, the District has self-insured itself for workers' compensation coverage, retaining the risk of loss. The District has established an Internal Service Fund to account for and finance its uninsured risks of loss for workers' compensation coverage. Under this program, the Internal Service Fund provides coverage for up to a maximum of \$750,000 for each workers' compensation claim. The District purchases insurance for workers' compensation claims in excess of coverage provided by the Fund from Star Insurance.

Funding of the Internal Service Fund is based on estimates of the amounts needed to pay prior and current year claims. Workers' Compensation claims are charged to the respective funds which generate the liability and the Property and Liability claims are paid by the General Fund.

Unpaid Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the change in approximate aggregate liabilities for the District from July 1, 2021 to June 30, 2023:

	Workers' Compensation	Property and Liability	Total
Liability Balance, July 1, 2021	\$ 10,057,576	\$ 423,641	\$ 10,481,217
Claims and changes in estimates	3,062,334	-	3,062,334
Claims payments	(2,336,199)	(71,772)	(2,407,971)
Liability Balance, June 30, 2022	10,783,711	351,869	11,135,580
Claims and changes in estimates	4,310,652	16,792	4,327,444
Claims payments	(3,894,464)	(7,036)	(3,901,500)
Liability Balance, June 30, 2023	<u>\$ 11,199,899</u>	<u>\$ 361,625</u>	<u>\$ 11,561,524</u>
Assets available to pay claims at June 30, 2023	<u>\$ 25,932,115</u>	<u>\$ 753,010</u>	<u>\$ 26,685,125</u>

NOTE 13 – ADJUSTMENTS FOR RESTATEMENTS

The District implemented the provisions of GASB Statement No.96, which resulted in restatements to the beginning balance at July 1, 2022 to both capital assets and long term liabilities in the amount of \$1,024,699.

The District has recognized an adjustment for restatements related to the reclassification of a lease receivable and deferred inflows of resources in Special Reserve Fund for Capital Outlay Projects and an adjustment to lease receivable and deferred inflow of resources in the General Fund. The net result of these adjustments was to restate July 1, 2022 in the Statement of Revenues, Expenditures, and Charges in Fund Balance by \$96,233.

Required Supplementary Information

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NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Pos (Neg)
Revenues				
LCFF Sources	\$ 196,124,184	\$ 206,039,303	\$ 207,159,100	\$ 1,119,797
Federal	35,391,565	44,457,022	40,944,161	(3,512,861)
Other State	37,385,928	74,042,351	81,466,441	7,424,090
Other Local	2,889,885	4,179,469	5,569,660	1,390,191
Total Revenues	271,791,562	328,718,145	335,139,362	6,421,217
Expenditures				
Current:				
Certificated Salaries	109,413,759	121,336,149	118,878,085	2,458,064
Classified Salaries	44,108,856	49,037,110	47,497,085	1,540,025
Employee Benefits	75,331,343	81,062,831	75,959,933	5,102,898
Books and Supplies	11,353,697	26,669,574	17,420,682	9,248,892
Services and Other Operating Expenditures	22,708,566	28,421,316	26,236,148	2,185,168
Transfers of indirect costs	(538,349)	(643,554)	(581,908)	(61,646)
Capital Outlay	6,117,520	9,093,072	6,908,490	2,184,582
Other Outgo	1,120,000	995,000	1,159,235	(164,235)
Total Expenditures	269,615,392	315,971,498	293,477,750	22,493,748
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,176,170	12,746,647	41,661,612	28,914,965
Other Financing Sources and Uses				
Interfund Transfers In	1,018,093	1,164,524	1,325,057	160,533
Interfund Transfers Out	(1,249,043)	(1,242,703)	(1,168,660)	74,043
Total Other Financing Sources and Uses	(230,950)	(78,179)	156,397	234,576
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,945,220	12,668,468	41,818,009	29,149,541
Fund Balance, July 1, 2022	58,688,657	63,929,241	63,929,241	-
Fund Balance, June 30, 2023	\$ 60,633,877	\$ 76,597,709	105,747,250	\$ 29,149,541
Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:				
Special Reserve Fund for Postemployment Benefits			4,335,329	
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:			<u>\$ 110,082,579</u>	

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2023

	<i>Last Ten Fiscal Years*</i>				
	2021-22	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.1807%	0.1818%	0.1909%	0.1872%	0.1895%
District's proportionate share of the net pension liability	\$ 125,577,640	\$ 82,739,435	\$ 185,031,388	\$ 169,065,724	\$ 174,132,397
State's proportionate share of the net pension liability associated with the District	62,888,791	41,631,275	95,383,702	92,236,639	99,698,941
Totals	\$ 188,466,431	\$ 124,370,710	\$ 280,415,090	\$ 261,302,363	\$ 273,831,338
District's covered-employee payroll	\$ 112,111,561	\$ 98,222,130	\$ 104,051,655	\$ 101,843,034	\$ 100,592,405
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	112.01%	84.24%	177.83%	166.01%	173.11%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
	2016-17	2015-16	2014-15	2013-14	
District's proportion of the net pension liability	0.1844%	0.1819%	0.1850%	0.1813%	
District's proportionate share of the net pension liability	\$ 170,562,493	\$ 147,115,885	\$ 124,524,676	\$ 105,955,286	
State's proportionate share of the net pension liability associated with the District	100,903,330	83,750,449	65,859,826	63,980,377	
Totals	\$ 271,465,823	\$ 230,866,334	\$ 190,384,502	\$ 169,935,663	
District's covered-employee payroll	\$ 99,865,095	\$ 91,741,538	\$ 89,594,302	\$ 81,438,009	
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	170.79%	160.36%	138.99%	130.11%	
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%	

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalPERS
For the Fiscal Year Ended June 30, 2023

	<i>Last Ten Fiscal Years*</i>				
	2021-22	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.2642%	0.2729%	0.2856%	0.2882%	0.2945%
District's proportionate share of the net pension liability	\$ 90,925,249	\$ 55,498,493	\$ 87,632,420	\$ 84,001,554	\$ 78,515,038
District's covered-employee payroll	\$ 43,095,509	\$ 39,235,343	\$ 41,634,030	\$ 40,360,868	\$ 39,636,430
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	210.99%	141.45%	210.48%	208.13%	198.09%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	70%	70%	71%
		2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability		0.3075%	0.2956%	0.2912%	0.2985%
District's proportionate share of the net pension liability		\$ 73,407,676	\$ 58,376,415	\$ 42,919,072	\$ 33,889,275
District's covered-employee payroll		\$ 39,124,071	\$ 35,234,321	\$ 32,288,947	\$ 31,390,027
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		187.63%	165.68%	132.92%	107.96%
Plan fiduciary net position as a percentage of the total pension liability		72%	74%	79%	83%

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions-CalSTRS
For the Fiscal Year Ended June 30, 2023

	<i>Last Ten Fiscal Years*</i>				
	2022-23	2021-22	2020-21	2019-20	2018-19
Contractually required contribution	\$ 23,042,445	\$ 18,969,276	\$ 15,862,874	\$ 17,792,833	\$ 16,580,046
Contributions in relation to the contractually required contribution	<u>23,042,445</u>	<u>18,969,276</u>	<u>15,862,874</u>	<u>17,792,833</u>	<u>16,580,046</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 120,641,073</u>	<u>\$ 112,111,561</u>	<u>\$ 98,222,130</u>	<u>\$ 104,051,655</u>	<u>\$ 101,843,034</u>
Contributions as a percentage of covered-employee payroll	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>
	2017-18	2016-17	2015-16	2014-15	
Contractually required contribution	\$ 14,515,484	\$ 12,563,029	\$ 9,843,867	\$ 7,955,974	
Contributions in relation to the contractually required contribution	<u>14,515,484</u>	<u>12,563,029</u>	<u>9,843,867</u>	<u>7,955,974</u>	
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered-employee payroll	<u>\$ 100,592,405</u>	<u>\$ 99,865,095</u>	<u>\$ 91,741,538</u>	<u>\$ 89,594,302</u>	
Contributions as a percentage of covered-employee payroll	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>	

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions-CalPERS
For the Fiscal Year Ended June 30, 2023

	<i>Last Ten Fiscal Years*</i>				
	2022-23	2021-22	2020-21	2019-20	2018-19
Contractually required contribution	\$ 12,704,306	\$ 9,873,181	\$ 8,121,716	\$ 8,210,647	\$ 7,289,980
Contributions in relation to the contractually required contribution	12,704,306	9,873,181	8,121,716	8,210,647	7,289,980
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 50,076,098	\$ 43,095,509	\$ 39,235,343	\$ 41,634,030	\$ 40,360,868
Contributions as a percentage of covered-employee payroll	25.370%	22.910%	20.700%	19.721%	18.062%
		2017-18	2016-17	2015-16	2014-15
Contractually required contribution		\$ 6,155,934	\$ 5,433,551	\$ 4,174,210	\$ 3,800,732
Contributions in relation to the contractually required contribution		6,155,934	5,433,551	4,174,210	3,800,732
Contribution deficiency (excess):		\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll		\$ 39,636,430	\$ 39,124,071	\$ 35,234,321	\$ 32,288,947
Contributions as a percentage of covered-employee payroll		15.531%	13.888%	11.847%	11.771%

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

For the Fiscal Year Ended June 30, 2023

Last Ten Fiscal Years*

Employer's Fiscal Year Measurement Period	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17
Total OPEB liability						
Service cost	\$ 2,695,324	\$ 2,606,724	\$ 2,429,920	\$ 2,244,208	\$ 2,117,150	\$ 2,005,340
Interest	949,117	910,461	1,040,761	930,380	887,834	812,326
Differences between expected and actual experience	(5,838,771)	25,259	3,830,576	(7,221)	(513,588)	-
Changes in assumptions	(3,880,527)	143,611	5,178,205	680,114	(559,436)	-
Benefit payments	(1,162,131)	(1,012,668)	(818,734)	(794,184)	(758,366)	(729,198)
Net change in total OPEB liability	(7,236,988)	2,673,387	11,660,728	3,053,297	1,173,594	2,088,468
Total OPEB liability - beginning	43,248,299	40,574,912	28,914,184	25,860,887	24,687,293	22,598,825
Total OPEB liability - ending	<u>\$ 36,011,311</u>	<u>\$ 43,248,299</u>	<u>\$ 40,574,912</u>	<u>\$ 28,914,184</u>	<u>\$ 25,860,887</u>	<u>\$ 24,687,293</u>
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

The OPEB plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

For the Fiscal Year Ended June 30, 2023

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years*					
	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17
District's proportion of net OPEB liability	0.2712%	0.2733%	0.3327%	0.3311%	0.3401%	0.3339%
District's proportionate share of net OPEB liability	\$ 893,459	\$ 1,090,072	\$ 1,409,902	\$ 1,233,184	\$ 1,301,688	\$ 1,404,744
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)	(0.81%)	(0.40%)	0.01%

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2023

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

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

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

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

Change in benefit terms – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Change of assumptions - There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of District Contributions

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

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 2.16 percent to 3.54 percent since the previous valuation.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2023

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented. As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP program; therefore, the covered payroll disclosure is not applicable.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – The discount rate was changed from 2.16 percent to 3.54 percent since the previous valuation.

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Supplementary Information

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NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Local Educational Agency Organization Structure

For the Fiscal Year Ended June 30, 2023

The Norwalk-La Mirada Unified School District was established in 1965 under the laws of the State of California. The District conducts a kindergarten through twelfth grade educational program for approximately 15,320 students through 17 elementary schools, six middle schools, three high schools, a continuation high school, and an adult education school. The District is located in Los Angeles County and occupies the cities of Norwalk and La Mirada, in addition to smaller portions of the cities of Santa Fe Springs, Whittier, and unincorporated areas of Los Angeles County. There were no boundary changes during the year.

BOARD OF TRUSTEES

Member	Office	Term Expires
Chris Staples	President	2024
Jose Rios	Vice President	2024
Norma Amezcua	Member	2026
Narcis Brasov, Esq.	Member	2026
Dr. Robert Cancio	Member	2026
Karen Morrison	Member	2024
Dr. Lorena Vidaurre	Member	2026

ADMINISTRATION

Dr. John Lopez,
Superintendent

Dr. Michael Gotto,
Assistant Superintendent, Human Resources

Estuardo Santillan,
Assistant Superintendent, Business Services

Dr. Kristine Cvar,
Assistant Superintendent, Educational Services (Elementary)

Dr. Jessica Medrano,
Assistant Superintendent, Educational Services (Secondary)

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT*Schedule of Average Daily Attendance**For the Fiscal Year Ended June 30, 2023*

	Second Period Report		Annual Report	
	As Reported To CDE	Audited	As Reported To CDE	Audited
Regular ADA & Extended Year:				
Grades TK-3	3,896.19	3,896.19	3,926.28	3,926.28
Grades 4-6	3,189.19	3,189.19	3,198.02	3,198.02
Grades 7-8	2,342.18	2,342.06	2,348.39	2,348.39
Grades 9-12	4,628.89	4,628.89	4,620.95	4,620.95
Total Regular ADA	14,056.45	14,056.33	14,093.64	14,093.64
Special Education, Nonpublic, Nonsectarian Schools:				
Grades 4-6	3.51	3.51	3.73	3.73
Grades 7-8	1.30	1.30	1.46	1.46
Grades 9-12	18.02	18.02	19.34	19.34
Total Special Education, Nonpublic, Nonsectarian Schools ADA	22.83	22.83	24.53	24.53
Total ADA	14,079.28	14,079.16	14,118.17	14,118.17

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT*Schedule of Instructional Time**For the Fiscal Year Ended June 30, 2023*

Grade Level	Instructional Minutes Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Kindergarten	36,000	56,389	180	Complied
Grade 1	50,400	54,168	180	Complied
Grade 2	50,400	54,168	180	Complied
Grade 3	50,400	54,168	180	Complied
Grade 4	54,000	54,168	180	Complied
Grade 5	54,000	54,168	180	Complied
Grade 6	54,000	55,095	180	Complied
Grade 7	54,000	55,095	180	Complied
Grade 8	54,000	55,095	180	Complied
Grade 9	64,800	65,750	180	Complied
Grade 10	64,800	65,750	180	Complied
Grade 11	64,800	65,750	180	Complied
Grade 12	64,800	65,750	180	Complied

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Schedule of Financial Trends and Analysis

For the Fiscal Year Ended June 30, 2023

General Fund	(Budget) 2024 ²	2023 ³	2022	2021
Revenues and other financing sources	\$ 289,720,120	\$ 336,464,419	\$ 270,722,962	\$ 253,058,090
Expenditures and other financing uses	299,898,194	294,646,410	264,074,475	235,529,375
Change in fund balance (deficit)	(10,178,074)	41,818,009	6,648,487	17,528,715
Adjustments for restatement	-	(96,233)	-	-
Ending fund balance	\$ 95,569,176	\$ 105,747,250	\$ 64,025,474	\$ 57,376,987
Available reserves ¹	\$ 39,914,020	\$ 56,738,962	\$ 48,461,580	\$ 43,809,833
Available reserves as a percentage of total outgo	13.3%	19.3%	18.4%	18.6%
Total long-term debt	\$ 676,214,480	\$ 685,880,868	\$ 579,984,798	\$ 728,765,865
Average daily attendance at P-2	13,597	14,079	14,221	N/A

The General Fund balance has increased by \$48.4 million over the past two years. The fiscal year 2023-24 adopted budget projects a decrease of \$10.2 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has experienced an operating surplus in each of the past three years, but anticipates incurring an operating deficit during the 2023-24 fiscal year. Long-term debt has decreased by \$42.9 million over the past two years.

ADA decreased by 142 compared to 2021-22. Budgeted ADA projects a decrease of 482 for 2023-24.

¹ Available reserves consist of all unassigned fund balances in the General Fund.

² Adopted budget June, 2023.

³ The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2023*

	General Fund	Special Reserve Fund for Capital Outlay
June 30, 2023, annual financial and budget report (SACS) fund balance	\$ 105,843,483	\$ 12,973,710
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
Lease receivable understated/(overstated)	(10,891,133)	12,735,265
Deferred inflows (understated)/overstated	10,794,900	(12,637,958)
Net adjustments and reclassifications	(96,233)	97,307
June 30, 2023, audited financial statement fund balance	<u>\$ 105,747,250</u>	<u>\$ 13,071,017</u>

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
School Breakfast Program - Basic	10.553	13525	\$ 39,442	
School Breakfast Program - Especially Needy	10.553	13526	2,213,298	
National School Lunch Program	10.555	13523	5,728,026	
Supply Chain Assistance (SCA) Funds	10.555	15655	366,384	
USDA Donated Foods	10.555	N/A	788,223	
Subtotal Child Nutrition Cluster				\$ 9,135,373
COVID-19 Pandemic EBT Local Administrative Grant	10.649	15644		5,814
Child and Adult Care Food Program				
Child and Adult Care Food Program	10.558	13393	56,220	
Cash in Lieu of Commodities	10.558	N/A	24,094	
Subtotal Child and Adult Care Food Program				80,314
Total U.S. Department of Agriculture				9,221,501
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Adult Education - State Grants Cluster:				
Adult Basic Education and ELA	84.002A	14508	227,580	
Adult Secondary Education	84.002	13978	138,590	
English Literacy and Civics Education	84.002A	14109	44,570	
Total Adult Education - State Grants Cluster				410,740
Every Student Succeeds Act (ESSA):				
Title I Grants to Local Educational Agencies Fund:				
Title I, Part A, Basic Grants, Low-Income and Neglected	84.010	14329	4,500,318	
ESSA: ESSA School Improvement Funding for LEAs	84.010	15438	194,682	
Total Title I Fund				4,695,000
Title II, Part A, Supporting Effective Instruction	84.367	14341		588,422
Title III, Limited English Proficiency	84.365	14346		371,851
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		316,395
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332		252,846
Early Intervention Grants	84.181	23761		44,364
Career and Technical Education - Basic Grants to States Cluster:				
Carl D. Perkins Career and Technical Education: Adult, Sec. 131	84.048	14893	156,057	
Carl D. Perkins Career and Technical Education: Adult, Sec. 132	84.048	14893	34,197	
Total Career and Technical Education - Basic Grants to States Cluster				190,254
Department of Rehabilitation: Workability II, Transition Partnership	84.126	10006		92,136
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	4,853	
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	7,969,379	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425D	15559	11,757,423	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425D	10155	6,237,145	
Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	1,531	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425D	15620	656,002	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425D	15621	669,806	
American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	84.425U	15564	120,297	
American Rescue Plan-Homeless Children and Youth (ARP-HCY II)	84.425U	15564	81,724	
Subtotal Education Stabilization Fund				27,498,160
Individuals with Disabilities Education Act (IDEA):				
COVID-19 ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	703,114	
COVID-19 ARP IDEA Part B, Sec. 611, Local Assistance Private School ISPs	84.027	10169	2,305	
COVID-19 ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	60,445	
Basic Local Assistance Entitlement	84.027	13379	3,553,788	
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10119	11,652	
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	98,911	
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	187,590	
Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,000	
Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	72,262	
Total Special Education (IDEA) Cluster				4,691,067
Passed through Los Angeles County Office of Education:				
Migrant Education Cluster				
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	332,368	
Title I, Migrant Ed Summer Program	84.011	10005	61,580	
Title I, Part C, Migrant Education (MESRP)	84.011	10144	20,381	
Total Migrant Education Cluster				414,329
Mental Health Service Professional Demonstration Grant Program	84.184X	N/A		47,718
Total U.S. Department of Education				39,613,282
U.S. Department of Health & Human Services:				
Passed through Los Angeles County Office of Education:				
Head Start				
Child Care and Development Block Grant				
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act -				
One-time Stipend	93.575	15555	14,421	
COVID-19: ARP California State Preschool Program One-time Stipend	93.575	15640	92,395	
Total Child Care and Development Block Grant				106,816
Total U.S. Department of Health & Human Services				11,228,079
Total Expenditures of Federal Awards				\$ 60,062,862

See accompanying note to supplementary information.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT*Schedule of Head Start Expenditures**For the Fiscal Year Ended June 30, 2023*

	Federal Expenditures	Local In-Kind Match
Head Start: Basic	\$ 7,905,100	\$ 3,525,371
Head Start: Basic Carryover	56,862	-
Head Start: Training & Technical Assistance (T&TA)	21,510	5,378
Head Start: Early Head Start Basic	2,288,365	444,067
Head Start: Dosage	368,272	8,488
COVID-19: Head Start: CARES OTS	481,154	-
2022-23 Federal Expenditures, per audit	<u>\$ 11,121,263</u>	<u>\$ 3,983,304</u>

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2023

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

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.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Expenditures of Federal Awards

The 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 the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

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

	Assistance Listing Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 64,195,385
Differences between Federal Revenues and Expenditures:		
School Breakfast Program - Basic	10.553	(9,387)
School Breakfast Program - Especially Needy	10.553	(526,782)
National School Lunch Program	10.555	(1,355,662)
Coronavirus Response and Relief Supplemental Appropriations	93.575	2,377
ARP California State Preschool Program One-time Stipend	93.575	91,273
ARP California State Preschool Program - Rate Supplements	93.575	(598,534)
Emergency Connectivity Fund	32.009	(1,735,808)
Total Schedule of Expenditures of Federal Awards		<u>\$ 60,062,862</u>

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Other Independent Auditors' Reports

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**INDEPENDENT AUDITORS' 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 Education
Norwalk-La Mirada Unified School District
Norwalk, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norwalk-La Mirada Unified School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2023.

Report on 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) as a basis for designing 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

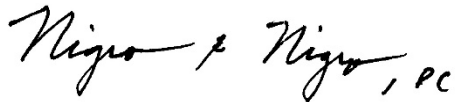
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 financial statements. 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.

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Murrieta, California
December 11, 2023



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

Board of Education
Norwalk-La Mirada Unified School District
Norwalk, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Norwalk-La Mirada Unified School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Norwalk-La Mirada Unified School District's major federal programs for the year ended June 30, 2023. The Norwalk-La Mirada Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Norwalk-La Mirada Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Norwalk-La Mirada Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Norwalk-La Mirada Unified School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Norwalk-La Mirada Unified School District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Norwalk-La Mirada Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Norwalk-La Mirada Unified School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Norwalk-La Mirada Unified School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Norwalk-La Mirada Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Norwalk-La Mirada Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Norwalk-La Mirada Unified School District's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Norwalk-La Mirada Unified School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

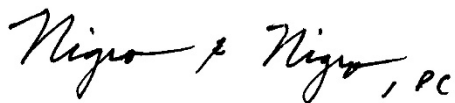
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a *compliance* 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance. Accordingly, we express no opinion on the response.

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

A handwritten signature in black ink that reads "Nigro & Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California
December 11, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Norwalk-La Mirada Unified School District
Norwalk, California

Report on Compliance

Opinion

We have audited the Norwalk-La Mirada Unified School District's (District) compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2023.

In our opinion, Norwalk-La Mirada Unified School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Norwalk-La Mirada Unified School District's state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2022-23 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the 2022-23 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the 2022-23 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Areas marked as “Not Applicable” were not operated by the District.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify in the audit.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying schedule of findings and questioned costs as Finding 2023-002.

Government Auditing Standards requires the auditor to perform limited procedures on the District’s response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

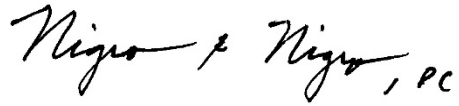
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

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Murrieta, California
December 11, 2023

Schedule of Findings and Questioned Costs

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NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2023

Financial Statements

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516 (a)?	<u>Yes</u>
Identification of major programs:	

Assistance Listing	
Numbers	Name of Federal Program or Cluster
84.425C, 84.425D & 84.425U	<u>Education Stabilization Fund</u>
84.010	<u>Title I, Grants to Local Education Agencies</u>
84.027, 84.173, 84.027A, & 84.173A	<u>Individuals with Disabilities Education Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,801,886</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

State Awards

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2023

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2022-23.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Federal Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2023

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

Finding 2023-001: Annual Report Card, High School Graduation Rate (50000)

Program Identification:

Federal Agency: U.S. Department of Education

Pass-through Entity: California Department of Education

Program Names: Title I, Part A Grants:

Title I, Part A, Basic Grants Local-Income and Neglected (CFDA No. 84.010)

ESEA, School Improvement Grant Funding for LEAs (CFDA No. 84.010)

Criteria: ESEA Sections 1111(h)(1)(C)(iii)(II) and 8101(23), (25) (20 USC 6311(h)(1)(C)(iii)(II) and 7801(23), (25)) require a local educational agency to have official written documentation that a student enrolled in another school or in a educational program that culminates in the award of a regular high school diploma in order to remove a student from the graduation cohort. A student who is retained in grade, enrolled in a GED program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort.

Condition: During our testing of compliance and controls over the graduation cohort, we identified one instance in which the District was unable to provide supporting documentation to demonstrate that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma.

Context: Exceptions were noted in one out of the six pupils sampled.

Questioned Costs: None.

Cause: Lack of review process to ensure that when a student is removed from the graduation cohort proper documentation is obtained and maintained to support the student's removal from the graduation cohort.

Effect: School sites' graduation rate will be overstated on the school sites' annual report cards.

Recommendation: We recommend the District train school site staff on allowable documentation to remove students from a graduation cohort as well as other cohort codes. Subsequently, the District should assist school sites in developing the record retention process to ensure documentation is available upon request.

Views of Responsible Officials: The district will persist in actively involving staff in ongoing training sessions focused on protocols aiming to enhance their ability to identify and address issues that may lead to the removal of students from graduation cohorts.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2023

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

Finding 2023-002: Attendance Accounting (10000)

Criteria: California Education Code Section 46000 states: Attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education, subject to the provisions of this chapter. Good internal controls require the District to review its pupil attendance reporting processes and ensure that attendance policies and procedures are maintained and followed at all school sites.

Condition: During our review of ADA totals reported by the District to CDE, we noted the following misstatement:
Period Two (P2) Report of Attendance

Regular ADA & Extended Year:

- Based on our recalculation, the District overstated ADA by 0.12 in grades 7-8.

Context: The error is limited to the P2 reporting period and the fiscal year ending June 30, 2023. This is not a repeat finding.

Effect: Based on the derived value of ADA, the penalty is \$1,417.55.

Cause: The District noted this error during the audit process, and attempted to make revisions but was unable to do so because of a closure in the reporting window.

Recommendation: We recommend that the District develop procedures and implement controls to ensure pupil attendance is recorded and reported consistently and accurately.

Views of Responsible Officials: This is an isolated incidence. 2022-23 P2 ADA will be re-submitted in January 2024 when the CDE reporting window for this period re-opens.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2023

Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding 2022-001: School Accountability Report Card</i>	In accordance with Education Code §33126, each school is to provide an accountability report card to include safety, cleanliness, and adequacy of school facilities, to include any needed maintenance to ensure good repair. The condition reported should be supported by the school's Facilities Inspection Tool (FIT), School Facilities Condition Evaluation as required by Education Code §17002. In addition, according to Education Code §35256, the governing board must publish the School Accountability Report Card (SARC) for each school by February 1 of each year. It was noted that the School Facility Repair Status on the SARC did not match the FIT form as follows: • At Edmondson Elementary, the FIT shows Interior Surfaces and Restrooms rated as fair, while the SARC reports them as good. • At Nuffer Elementary, the FIT shows Cleanliness, Electrical, and Safety rated as good, while the SARC reports it as being fair. • At Moffitt Elementary, the FIT shows Interior Surfaces rated as good, while the SARC reports it as fair. • At Norwalk High, the FIT shows Electrical rated as good, while the SARC reports it as being fair.	72000	We recommend that an employee verify the information presented in the SARC. This information is essential to present the required information about the school fairly to the public.	Implemented
<i>Finding 2022-002: Expanded Learning Opportunity Grant Plan Submission</i>	If the Local Educational Agency (LEA) received the Expanded Learning Opportunities Grant apportionment, the LEA governing board is required to adopted on or before June 1, 2021, in a public meeting, a plan describing how the apportioned funds would be used in accordance with Education Code §43522 and submit the plan within five days of adoption pursuant to subdivision (e) of Education Code §43522.	40000	Not applicable because this is a one-time reporting requirement.	Implemented

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2023

Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding 2022-002: Expanded Learning Opportunity Grant Plan Submission (Continued)</i>	The District adopted the ELO-G Plan on May 24, 2021 but did not submit this plan to the plan to the county office of education until June 1, 2021, which is eight days after adoption.			

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To the Board of Education
Norwalk-La Mirada Unified School District
Norwalk, California

In planning and performing our audit of the basic financial statements of Norwalk-La Mirada Unified School District for the year ending June 30, 2023, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 11, 2023 on the financial statements of Norwalk-La Mirada Unified School District.

ASSOCIATED STUDENT BODY FUNDS

Observation: In our test of cash disbursements at La Mirada High School, we noted that 4 of the 25 disbursements selected in our sample were not approved by the District representative, the ASB advisor, and/or the student representative until after the expenditure had been incurred.

Recommendation: Education Code Section 48933(b) requires all expenditures from ASB funds be authorized by a student representative, an advisor, and a district representative (usually a principal or vice-principal) prior to disbursing the funds. As a “best practice”, approval by required parties should be obtained before the actual commitment to purchase the items in order to ensure the expense is a proper use of student-body funds and falls within budgetary guidelines. We recommend that the site adopt a procedure for compliance with the Education Code in obtaining the required approvals/preapprovals.

Observation: During our testing at La Mirada High School and Hutchinson Middle School, all reconciliations viewed had stale dated checks still outstanding. We also identified that bank reconciliations were not prepared in a timely manner. Of the eight bank reconciliations at Hutchinson Middle School, one was completed more than two months after receiving statements, and four were completed more than a month after receiving the statement.

Recommendation: Principals or District employees who review monthly bank reconciliations should inquire about any stale dated uncleared checks that are more than six months old. Timely and accurate bank reconciliations are prudent and necessary to ensure that the accounting records match the amounts held on deposit. We recommend the bookkeeper perform monthly bank reconciliations within two weeks after the statement arrives. Furthermore, the Principal or ASB Advisor should review the bank reconciliation and initial and date the bank statement and reconciliation as evidence they were reviewed. Review of the bank reconciliations by someone other than the ASB Bookkeeper is an important internal control to detect errors and possible questionable or suspicious activity.

We will review the status of the current year comments during our next audit engagement.

Nigro & Nigro, PC

Murrieta, California
December 11, 2023