

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
LOS ANGELES COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2022

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NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2022

Table of Contents

FINANCIAL SECTION

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
District-wide Financial Statements:	
Statement of Net Position.....	11
Statement of Activities	12
Governmental Funds Financial Statements:	
Balance Sheet.....	13
Reconciliation of the Governmental Funds Balance Sheet to the	
Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Governmental Funds Statement of Revenues,	
Expenditures, and Changes in Fund Balances to the Statement of Activities.....	16
Proprietary Funds Financial Statements:	
Statement of Net Position	17
Statement of Revenues, Expenses, and Changes in Net Position	18
Statement of Cash Flows	19
Notes to Financial Statements	20

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund.....	53
Schedule of Proportionate Share of the Net Pension Liability-CalSTRS	54
Schedule of Proportionate Share of the Net Pension Liability-CalPERS	55
Schedule of Pension Contributions-CalSTRS	56
Schedule of Pension Contributions-CalPERS	57
Schedule of Changes in the District's Total OPEB Liability and Related Ratios.....	58
Schedule of the District's Proportionate Share of the Net OPEB Liability-MPP Program	59
Notes to the Required Supplementary Information	60

SUPPLEMENTARY INFORMATION

Local Educational Agency Organization Structure	62
Schedule of Average Daily Attendance (ADA).....	63
Schedule of Instructional Time.....	64
Schedule of Financial Trends and Analysis.....	65
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	66
Schedule of Expenditures of Federal Awards.....	67
Schedule of Head Start Expenditures	68
Note to the Supplementary Information	69

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2022

Table of Contents

OTHER INDEPENDENT AUDITORS' REPORTS

Page

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.....	70
Independent Auditors' Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	72
Independent Auditors' Report on State Compliance	74

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results	76
Financial Statement Findings	77
Federal Award Findings and Questioned Costs.....	78
State Award Findings and Questioned Costs.....	79
Summary Schedule of Prior Audit Findings.....	81
Management Letter.....	82

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, 2022, 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, 2022, 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 *2021-22 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. 87, *Leases*. Accordingly, the beginning balance of lease receivables and deferred inflows of resources from leases on the Statement of Net Position have been restated to adopt this standard. 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.

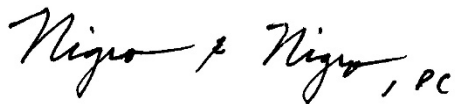
Supplementary Information

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 November 8, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.



Murrieta, California
November 8, 2022

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2022

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, 2022. 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 \$29.9 million, or 98.3%.
- Net position of business-type activities increased by \$769,728.
- Governmental expenses were about \$281.9 million. Revenues were about \$311.9 million.
- The District acquired \$10.2 million in new capital assets during the year.
- Governmental funds increased by \$2.5 million, or 1.2%.
- Reserves for the General Fund increased by \$4.7 million or 10.6%. Revenues and other financing sources were \$270.7 million, and expenditures and other financing uses were \$264.1 million.

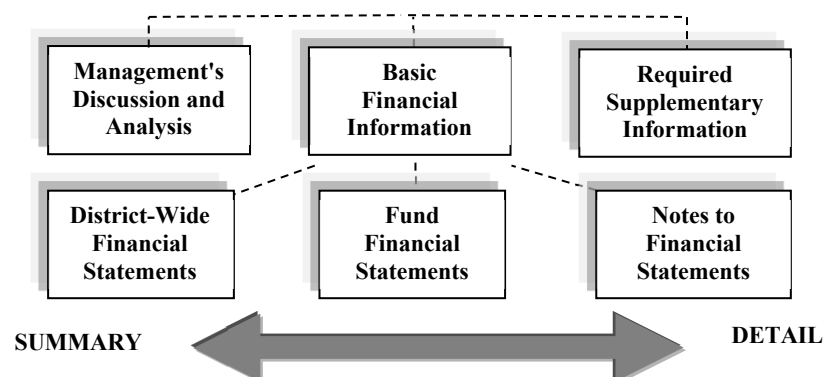
OVERVIEW OF THE FINANCIAL STATEMENTS

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, 2022

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, 2022

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, 2022, than it was the year before – increasing 98.3% to \$(518,630) (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities			Business-Type Activities		
	2022	2021*	Net Change	2022	2021	Net Change
Assets						
Current assets	\$ 285,346,803	\$ 266,130,363	\$ 19,216,440	\$ 801,934	\$ 786,860	\$ 15,074
Capital assets	399,012,484	402,763,738	(3,751,254)	-	-	-
Total assets	684,359,287	668,894,101	15,465,186	801,934	786,860	15,074
Total Deferred outflows of resources	60,577,601	68,992,394	(8,414,793)	44,497	100,233	(55,736)
Liabilities						
Current liabilities	37,017,876	30,801,736	6,216,140	12,975	8,050	4,925
Long-term liabilities	579,938,029	726,018,949	(146,080,920)	46,769	850,047	(803,278)
Total liabilities	616,955,905	756,820,685	(139,864,780)	59,744	858,097	(798,353)
Total Deferred inflows of resources	128,499,613	11,533,593	116,966,020	21,308	33,345	(12,037)
Net position						
Net investment in capital assets	194,393,012	198,358,676	(3,965,664)	-	-	-
Restricted	71,985,709	63,516,474	8,469,235	765,379	(4,349)	769,728
Unrestricted	(266,897,351)	(292,342,933)	25,445,582	-	-	-
Total net position	\$ (518,630)	\$ (30,467,783)	\$ 29,949,153	\$ 765,379	\$ (4,349)	\$ 769,728

* As restated

Changes in net position, governmental activities. The District's total governmental revenues increased 0.7% to \$311.9 million (See Table A-2). The increase is due primarily to COLA and increased LCFF sources.

The total cost of all programs and services decreased 7.8% to \$281.9 million. The District's expenses are predominantly related to educating and caring for students, 73.6%. The purely administrative activities of the District accounted for just 6.2% of total costs. A significant contributor to the decrease in costs was reduced pension expense as a result of a one-time actuarial adjustment.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities			Business-Type Activities		
	2022	2021	Net Change	2022	2021	Net Change
Revenues						
Program Revenues:						
Charges for services	\$ 635,871	\$ 466,200	\$ 169,671	\$ 335,386	\$ 172,396	\$ 162,990
Operating grants and contributions	87,249,862	85,286,849	1,963,013	2,373	342	2,031
Capital grants and contributions	5,001,802	4,059,337	942,465	-	-	-
General Revenues:						
Property taxes	62,685,336	60,100,843	2,584,493	-	-	-
Federal and state aid not restricted	155,757,071	143,235,007	12,522,064	-	-	-
Other general revenues	529,333	16,492,526	(15,963,193)	(23,717)	(1,021)	(22,696)
Total Revenues	311,859,275	309,640,762	2,218,513	314,042	171,717	142,325
Expenses						
Instruction-related	173,921,024	199,538,237	(25,617,213)	-	-	-
Pupil services	33,421,330	34,552,648	(1,131,318)	-	-	-
Administration	17,538,852	15,794,112	1,744,740	-	-	-
Plant services	28,394,375	25,661,870	2,732,505	-	-	-
All other activities	28,634,541	30,236,750	(1,602,209)	(455,686)	176,066	(631,752)
Total Expenses	281,910,122	305,783,617	(23,873,495)	(455,686)	176,066	(631,752)
Increase (decrease) in net position	\$ 29,949,153	\$ 3,857,145	\$ 26,092,008	\$ 769,728	\$ (4,349)	\$ 774,077
Total Net Position	\$ (518,630)	\$ (30,467,783)		\$ 765,379	\$ (4,349)	

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 \$211.6 million, which is above last year's ending fund balance of \$209.1 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, 2021	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2022
General Fund	\$ 57,376,987	\$ 269,558,438	\$ 262,681,555	\$ (228,396)	\$ 64,025,474
Adult Education Fund	1,060,327	5,182,262	5,101,308	-	1,141,281
Child Development Fund	225,808	14,535,617	14,481,009	-	280,416
Cafeteria Fund	3,820,822	13,299,670	11,629,618	-	5,490,874
Deferred Maintenance Fund	202,937	(18,067)	56,497	349,043	477,416
Pupil Transportation Equipment Fund	18	1,101,804	1,101,840	-	(18)
Special Reserve Fund					
(Postemployment Benefits)	5,492,202	(144,949)	-	(470,647)	4,876,606
Building Fund	100,599,634	(2,761,953)	6,892,475	-	90,945,206
Capital Facilities Fund	1,008,029	230,677	194,274	-	1,044,432
County School Facilities Fund	4,059,337	5,024,700	-	-	9,084,037
Special Reserve Fund (Capital Outlay)	7,946,377	3,224,816	1,485,953	350,000	10,035,240
Bond Interest and Redemption Fund	27,354,366	20,896,926	24,034,938	-	24,216,354
	\$ 209,146,844	\$ 330,129,941	\$ 327,659,467	\$ -	\$ 211,617,318

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2022

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 \$13.8 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – decreased \$1.7 million to reflect revised cost estimates.
- Other non-personnel expenses – increased \$22.1 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by about \$1.6 million, the actual results for the year show that revenues exceeded expenditures by roughly \$6.9 million. Actual revenues were \$1.0 million more than anticipated, and expenditures were \$4.3 million less than budgeted.

That excess amount consists primarily of capital outlay and restricted program dollars that were not spent as of June 30, 2022, that will be carried over into the 2022-23 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2021-22 the District had acquired \$10.2 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 \$14.0 million.

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

	Totals		
	2022	2021	Net Change
Land	\$ 9,278,310	\$ 9,278,310	\$ -
Improvement of sites	25,401,606	15,753,951	9,647,655
Buildings	309,719,833	292,089,232	17,630,601
Equipment	12,082,011	12,624,389	(542,378)
Construction in progress	42,530,724	73,017,856	(30,487,132)
Total	\$ 399,012,484	\$ 402,763,738	\$ (3,751,254)

Long-Term Debt

At year-end the District had \$580.0 million in long-term liabilities – a decrease of 20.2% 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		
	2022	2021*	Net Change
General obligation bonds	\$ 381,769,549	\$ 397,399,010	\$ (15,629,461)
Child Care Revolving Fund Loan	42,000	63,000	(21,000)
SELF Workers' Comp Assessment	45,044	87,221	(42,177)
Compensated Absences	4,416,325	4,189,926	226,399
Claims Liability	11,135,580	10,481,217	654,363
Other postemployment benefits	44,338,371	41,984,814	2,353,557
Net pension liability	138,237,929	272,663,808	(134,425,879)
Total	\$ 579,984,798	\$ 726,868,996	\$ (146,884,198)

* As restated

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2022

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget

The Legislature passed a final budget package on June 29, 2022. The budget package assumes that 2022-23 will end with nearly \$28 billion in total reserves. This consists of: (1) \$23.3 billion in the Budget Stabilization Account; (2) \$3.5 billion in the Special Fund for Economic Uncertainties (SFEU); and (3) \$900 million in the Safety Net Reserve, which is available for spending on the State's safety net programs, like Medi-Cal. In addition to the general-purpose reserves described above, the Proposition 98 Reserve (dedicated to school and community college spending) would reach \$9.5 billion under the spending plan.

Federal Funds Expected to Decline Significantly Between 2021-22 and 2022-23

In the budget federal funds decline \$175 billion, or 55 percent, between 2021-22 and 2022-23. This decline is the result of several significant federal programs enacted in response to COVID-19 expiring in 2022-23. For example, the enhanced Federal Medical Assistance Percentage for the State's Medicaid program (which the administration assumes will expire in December 2022) and \$27 billion in fiscal relief funding from the American Rescue Plan. However, there are also some increases in federal funds in 2022-23 related to the Infrastructure Investment and Jobs Act.

Significant 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 2021-22, the guarantee is up \$16.5 billion (17.6 percent) compared with the estimates made in June 2021. This increase represents one of the largest upward revisions since the adoption of Proposition 98 and is due to higher General Fund revenue estimates. For 2022-23, the guarantee increases by an additional \$117 million (0.1 percent) relative to the revised 2021-22 level.

Makes Required Reserve Deposit and Funds New Programs

When the minimum funding requirement is growing quickly, the Constitution requires the State to deposit some of the available funding into a statewide reserve account for schools and community colleges. Under the adopted budget plan, the State deposits a total of \$9.5 billion into this account across the 2020-21 through 2022-23 period—an increase of \$4.5 billion compared with the estimates made in June 2021. The budget allocates the remaining funds for significant one-time and ongoing program increases. For schools, the largest ongoing augmentation is \$7.9 billion to provide a 13 percent increase to the Local Control Funding Formula and provide greater fiscal stability to school districts experiencing declining attendance. The budget plan also includes \$12.1 billion in one-time funding for two K-12 block grants—\$7.9 billion focused on learning recovery and \$3.6 billion intended for arts, music, and instructional materials. In addition, the budget plan includes \$841 million one time for facilities maintenance and instructional equipment and \$650 million one time for a COVID-19 block grant.

Adjusts Guarantee Upwards for Expansion of Transitional Kindergarten

The June 2021 budget plan established a plan to expand eligibility for transitional kindergarten beginning in 2022-23. Under the plan, all four-year old children will be eligible by 2025-26. (Previously, only children born between September 2 and December 2 were eligible.) The Legislature and Governor also agreed the State would cover the associated costs by adjusting the Proposition 98 formulas to increase the share of General Fund revenue allocated to schools. Consistent with this agreement, the budget plan includes an increase in the 2022-23 guarantee of \$614 million related to the first-year costs of the expansion.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2022

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

School Facilities Grants

The budget allocates \$1.4 billion (non-Proposition 98 General Fund) attributable to 2021-22 for school facilities grants. Of this total, \$1.3 billion is to cover the State share for new construction and modernization projects under the School Facilities Program. These funds supplement existing funds from Proposition 51, the State school bond approved by voters in 2016. (Funding from Proposition 51 will likely be exhausted in 2022-23.) The remaining \$100 million is for schools to construct or renovate State Preschool, transitional kindergarten, and full-day kindergarten classrooms.

Reserve Cap Triggered

As a result of the balance in the Public School System Stabilization Account, the statutory limitation on school district reserves has been triggered for the 2022-23 budget period, pursuant to Education Code (EC) Section 42127.01(e). Beginning with the 2022-23 fiscal year, the district reserve cap requires that a school district's adopted or revised budget pursuant to EC Section 42127 shall not contain a combined assigned or unassigned ending general fund balance of more than 10 percent of those funds. Assigned and unassigned balances within the Special Fund for Other than Capital Outlay shall also be included within the 10 percent reserve cap. The reserve cap requirement does not apply to small school districts or basic aid school districts pursuant to EC Section 42127.01(c).

All of these factors were considered in preparing the Norwalk-La Mirada Unified School District budget for the 2022-23 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, 2022

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Deposits and investments	\$ 243,799,239	\$ 763,638	\$ 244,562,877
Accounts receivable	26,653,887	38,296	26,692,183
Prepaid expenses	2,339,873	-	2,339,873
Inventories	355,572	-	355,572
Lease receivable	12,198,232	-	12,198,232
Capital assets:			
Non-depreciable capital assets	51,809,034	-	51,809,034
Depreciable capital assets	522,494,754	-	522,494,754
Less accumulated depreciation	(175,291,304)	-	(175,291,304)
Total assets	684,359,287	801,934	685,161,221
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refunding	515,211	-	515,211
Deferred outflows related to OPEB	9,417,677	3,096	9,420,773
Deferred outflows related to pensions	50,644,713	41,401	50,686,114
Total deferred outflows of resources	60,577,601	44,497	60,622,098
LIABILITIES			
Accounts payable	28,786,569	11,475	28,798,044
Accrued interest payable	3,436,070	-	3,436,070
Unearned revenue	4,795,237	1,500	4,796,737
Noncurrent liabilities:			
Due or payable within one year	17,198,068	-	17,198,068
Due in more than one year:			
Other than OPEB and pensions	380,210,430	-	380,210,430
Total OPEB liability	44,328,815	9,556	44,338,371
Net pension liability	138,200,716	37,213	138,237,929
Total liabilities	616,955,905	59,744	617,015,649
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	12,144,262	-	12,144,262
Deferred inflows related to OPEB	750,775	166	750,941
Deferred inflows related to pensions	115,604,576	21,142	115,625,718
Total deferred inflows of resources	128,499,613	21,308	128,520,921
NET POSITION			
Net investment in capital assets	194,393,012	-	194,393,012
Restricted for:			
Capital projects	10,128,469	-	10,128,469
Debt service	24,216,354	-	24,216,354
Self-insurance programs	16,867,837	-	16,867,837
Categorical programs	20,773,049	765,379	21,538,428
Unrestricted	(266,897,351)	-	(266,897,351)
Total net position	\$ (518,630)	\$ 765,379	\$ 246,749

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2022

Program Revenues					Net Revenue (Expense) and Changes in Net Position		
Functions/Programs	Expenses	Charges for	Operating	Capital	Governmental	Business-Type	Totals
		Services	Grants and Contributions	Grants and Contributions			
Governmental Activities:							
Instruction	\$ 140,991,998	\$ 218,430	\$ 42,307,073	\$ 5,001,802	\$ (93,464,693)	\$ -	\$ (93,464,693)
Instruction-Related Services:							
Supervision of instruction	14,485,680	55,180	5,648,481	-	(8,782,019)	-	(8,782,019)
Instructional library, media and technology	2,968,620	-	137,620	-	(2,831,000)	-	(2,831,000)
School site administration	15,474,726	45,765	1,133,271	-	(14,295,690)	-	(14,295,690)
Pupil Support Services:							
Home-to-school transportation	6,517,306	-	251,300	-	(6,266,006)	-	(6,266,006)
Food services	10,961,576	65,681	13,428,603	-	2,532,708	-	2,532,708
All other pupil services	15,942,448	16,845	4,841,065	-	(11,084,538)	-	(11,084,538)
General Administration Services:							
Data processing services	3,664,891	-	32,419	-	(3,632,472)	-	(3,632,472)
Other general administration	13,873,961	264	5,638,437	-	(8,235,260)	-	(8,235,260)
Plant services	28,394,375	233,706	7,391,733	-	(20,768,936)	-	(20,768,936)
Ancillary services	2,582,375	-	6,170,246	-	3,587,871	-	3,587,871
Enterprise activities	2,002,184	-	49,921	-	(1,952,263)	-	(1,952,263)
Interest on long-term debt	9,441,593	-	-	-	(9,441,593)	-	(9,441,593)
Other outgo	641,566	-	219,693	-	(421,873)	-	(421,873)
Depreciation (unallocated)	13,966,823	-	-	-	(13,966,823)	-	(13,966,823)
Total Governmental Activities	281,910,122	635,871	87,249,862	5,001,802	(189,022,587)	-	(271,270,647)
Business-Type Activities:							
Enterprise activities	(455,686)	335,386	2,373	-	-	793,445	793,445
Total School District	\$ 281,454,436	\$ 971,257	\$ 87,252,235	\$ 5,001,802	(189,022,587)	793,445	(188,229,142)
General Revenues:							
Property taxes					62,685,336	-	62,685,336
Federal and state aid not restricted to specific purpose					155,757,071	-	155,757,071
Interest and investment earnings					(2,621,939)	(23,717)	(2,645,656)
Miscellaneous					3,151,272	-	3,151,272
Subtotal general revenues					218,971,740	(23,717)	218,948,023
Change in net position					29,949,153	769,728	30,718,881
Net position - July 1, 2021, as originally stated					(33,214,699)	(4,349)	(33,219,048)
Adjustments for restatements (Note 13)					2,746,916	-	2,746,916
Net position - July 1, 2021, as restated					(30,467,783)	(4,349)	(30,472,132)
Net position - June 30, 2022					\$ (518,630)	\$ 765,379	\$ 246,749

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Balance Sheet – Governmental Funds

June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 73,687,489	\$ 91,668,804	\$ 24,216,354	\$ 21,204,187	\$ 210,776,834
Accounts receivable	16,098,335	268,039	-	10,202,822	26,569,196
Due from other funds	1,958,167	-	-	-	1,958,167
Stores inventories	130,402	-	-	225,170	355,572
Prepaid expenditures	188,015	-	-	-	188,015
Lease receivables	12,198,232	-	-	-	12,198,232
Total Assets	<u>\$ 104,260,640</u>	<u>\$ 91,936,843</u>	<u>\$ 24,216,354</u>	<u>\$ 31,632,179</u>	<u>\$ 252,046,016</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 18,419,061	\$ 991,637	\$ -	\$ 2,120,334	\$ 21,531,032
Due to other funds	-	-	-	1,958,167	1,958,167
Unearned revenue	4,795,237	-	-	-	4,795,237
Total Liabilities	<u>23,214,298</u>	<u>991,637</u>	<u>-</u>	<u>4,078,501</u>	<u>28,284,436</u>
Deferred Inflows of Resources					
Deferred inflows related to leases	<u>12,144,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,144,262</u>
Fund Balances					
Nonspendable	447,517	-	-	225,170	672,687
Restricted	13,860,478	90,945,206	24,216,354	16,815,870	145,837,908
Committed	-	-	-	477,416	477,416
Assigned	6,132,505	-	-	10,035,240	16,167,745
Unassigned	48,461,580	-	-	(18)	48,461,562
Total Fund Balances	<u>68,902,080</u>	<u>90,945,206</u>	<u>24,216,354</u>	<u>27,553,678</u>	<u>211,617,318</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 104,260,640</u>	<u>\$ 91,936,843</u>	<u>\$ 24,216,354</u>	<u>\$ 31,632,179</u>	<u>\$ 252,046,016</u>

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2022

Total fund balances - governmental funds \$ 211,617,318

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 assets less accumulated amortization.

Capital assets at historical cost:	574,303,788	
Accumulated depreciation:	<u>(175,291,304)</u>	
Net:		399,012,484

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: (3,436,070)

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: 515,211

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	381,769,549	
Child Care Revolving Fund Loan	42,000	
SELF Workers' Comp Assessment	45,044	
Compensated absences payable	4,416,325	
Other postemployment benefits	44,328,815	
Net pension liability	<u>138,200,716</u>	
Total		(568,802,449)

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	9,417,677	
Deferred inflows of resources	<u>(750,775)</u>	
Total		8,666,902

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

Deferred outflows of resources	50,644,713	
Deferred inflows of resources	<u>(115,604,576)</u>	
Total		(64,959,863)

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: 16,867,837

Total net position - governmental activities \$ (518,630)

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 190,414,442	\$ -	\$ -	\$ -	\$ 190,414,442
Federal sources	24,604,889	-	-	24,316,599	48,921,488
Other state sources	52,913,253	-	144,162	14,505,246	67,562,661
Other local sources	1,480,905	(2,761,953)	20,752,764	3,759,634	23,231,350
Total Revenues	269,413,489	(2,761,953)	20,896,926	42,581,479	330,129,941
EXPENDITURES					
Current:					
Instruction	157,886,991	-	-	10,951,301	168,838,292
Instruction-Related Services:					
Supervision of instruction	14,826,066	-	-	1,722,275	16,548,341
Instructional library, media and technology	3,023,245	-	-	-	3,023,245
School site administration	14,241,145	-	-	3,763,602	18,004,747
Pupil Support Services:					
Home-to-school transportation	6,834,081	-	-	1,101,840	7,935,921
Food services	98,487	-	-	11,320,563	11,419,050
All other pupil services	17,958,396	-	-	545,396	18,503,792
Ancillary services	2,679,652	-	-	-	2,679,652
Enterprise activities	54,622	-	-	-	54,622
General Administration Services:					
Data processing services	3,795,681	-	-	-	3,795,681
Other general administration	14,324,706	-	-	9,126	14,333,832
Transfers of indirect costs	(455,433)	-	-	455,433	-
Plant services	26,772,350	555,993	-	2,081,587	29,409,930
Capital outlay	-	6,336,482	-	2,078,376	8,414,858
Intergovernmental transfers	641,566	-	-	-	641,566
Debt service:					
Principal	-	-	11,937,909	21,000	11,958,909
Interest	-	-	12,097,029	-	12,097,029
Total Expenditures	262,681,555	6,892,475	24,034,938	34,050,499	327,659,467
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,731,934	(9,654,428)	(3,138,012)	8,530,980	2,470,474
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	-	-	-	699,043	699,043
Interfund transfers out	(699,043)	-	-	-	(699,043)
Total Other Financing Sources and Uses	(699,043)	-	-	699,043	-
Net Change in Fund Balances	6,032,891	(9,654,428)	(3,138,012)	9,230,023	2,470,474
Fund Balances, July 1, 2021	62,869,189	100,599,634	27,354,366	18,323,655	209,146,844
Fund Balances, June 30, 2022	\$ 68,902,080	\$ 90,945,206	\$ 24,216,354	\$ 27,553,678	\$ 211,617,318

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, 2022

Total net change in fund balances - governmental funds	\$	2,470,474
Amounts reported for governmental <i>activities</i> 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 lease 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	10,229,920	
Depreciation expense	<u>(13,966,823)</u>	(3,736,903)
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:		
		11,958,909
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, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss was:		
		(14,351)
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:		
		2,829,528
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:		
		(1,014,037)
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).		
		(226,399)
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 early retirement incentives. This year, expenses incurred for such obligations were:		
		42,177
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:		
		20,787,990
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:		
		(2,820,637)
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.		
		<u>(1,167,542)</u>
Change in net position of governmental activities	\$	29,949,153

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT*Statement of Net Position – Proprietary Funds**June 30, 2022*

	Governmental Activities Internal Service Funds	Business-Type Activities Child Care Enterprise Fund
ASSETS		
Current Assets		
Deposits and investments	\$ 33,022,405	\$ 763,638
Accounts receivable	84,691	38,296
Prepaid expenses	2,151,858	-
Total current assets	35,258,954	801,934
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to OPEB	-	3,096
Deferred outflows related to pensions	-	41,401
Total deferred outflows of resources	-	44,497
LIABILITIES		
Current Liabilities		
Accrued liabilities	7,255,537	11,475
Unearned revenue	-	1,500
Total current liabilities	7,255,537	12,975
Non-Current Liabilities		
Claims liability	11,135,580	-
Total OPEB liability	-	9,556
Net pension liability	-	37,213
Total non-current liabilities	11,135,580	46,769
Total liabilities	18,391,117	59,744
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to OPEB	-	166
Deferred inflows related to pensions	-	21,142
Total deferred outflows of resources	-	21,308
NET POSITION		
Restricted for self-insurance	\$ 16,867,837	\$ 765,379

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, 2022*

	Governmental Activities Internal Service Funds	Business-Type Activities Child Care Enterprise Fund
OPERATING REVENUES		
Charges to other funds	\$ 29,924,995	\$ -
STRS on-behalf contributions	-	2,373
All other fees and contracts	1,400,000	321,716
Other local revenues	4,139,887	13,670
Total operating revenues	35,464,882	337,759
OPERATING EXPENSES		
Salaries and benefits	252,034	(458,689)
Supplies and materials	7,834	-
Services and other operating expenses	35,332,310	3,003
Total operating expenses	35,592,178	(455,686)
Operating Income (Loss)	(127,296)	793,445
NON-OPERATING REVENUES		
Interest income	187,089	4,908
Net decrease in the fair value of investments	(1,227,335)	(28,625)
Total non-operating revenues (expenses)	(1,040,246)	(23,717)
Change in net position	(1,167,542)	769,728
Net position, July 1, 2021	18,035,379	(4,349)
Net position, June 30, 2022	\$ 16,867,837	\$ 765,379

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2022

	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	\$ 29,924,995	\$ -
Cash received from all other sources	5,539,887	317,908
Cash payments for payroll, insurance and operating costs	(34,742,656)	(300,468)
Net cash provided (used) by operating activities	722,226	17,440
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	(1,061,725)	(24,577)
Net increase (decrease) in cash and cash equivalents	(339,499)	(7,137)
Cash, July 1, 2021	33,361,904	770,775
Cash, June 30, 2022	\$ 33,022,405	\$ 763,638
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (127,296)	\$ 793,445
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	-	(21,351)
(Increase) decrease in prepaid expenses	(64,354)	-
(Increase) decrease in deferred outflows of resources	-	55,736
Increase (decrease) in accounts payable	301,690	3,425
Increase (decrease) in unearned revenue	-	1,500
Increase (decrease) in claims liability	612,186	-
Increase (decrease) in long-term liabilities	-	(803,278)
Increase (decrease) in deferred inflows of resources	-	(12,037)
Net cash provided (used) by operating activities	\$ 722,226	\$ 17,440

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (con

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.

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

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, 2022

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.

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, 2022

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, 2022

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, 2022

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, 2022

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. 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.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. 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.

10. 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.

11. 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.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Net Position (continued)

- **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.

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.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

Governmental funds	\$ 210,776,834
Proprietary funds	<u>33,786,043</u>
Total deposits and investments	<u>\$ 244,562,877</u>

Deposits and investments as of June 30, 2022 consist of the following:

Cash on hand and in banks	\$ 2,103,583
Cash in revolving fund	404,100
Investments	<u>242,055,194</u>
Total deposits and investments	<u>\$ 244,562,877</u>

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2022, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

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, 2022, \$931,482 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.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

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, 2022, 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	\$ 242,055,194	\$ 242,055,194	\$ -	Uncategorized
Total Investments		\$ 242,055,194	\$ 242,055,194	\$ -	

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, 2022, 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, 2022, 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.

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.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 3 – ACCOUNTS RECEIVABLE

A. Accounts receivable as of June 30, 2022, 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	\$ 11,442,552	\$ -	\$ 5,407,002	\$ 16,849,554	\$ -	\$ -
State Government:						
LCFF sources	1,405,197	-	-	1,405,197	-	-
Lottery	969,179	-	-	969,179	-	-
Categorical aid programs	1,471,666	-	4,742,824	6,214,490	-	-
Local:						
Interest	176,863	268,039	49,469	494,371	84,691	2,225
Other local	632,878	-	3,527	636,405	-	36,071
Total	<u>\$ 16,098,335</u>	<u>\$ 268,039</u>	<u>\$ 10,202,822</u>	<u>\$ 26,569,196</u>	<u>\$ 84,691</u>	<u>\$ 38,296</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 \$12,198,232 and deferred inflows of \$12,144,262 at June 30, 2022. For the fiscal year ended June 30, 2022, the District reported lease revenue of \$1,295,392 and interest revenue of \$116,108 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.

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, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
2022-2023	\$ 1,307,099	\$ 104,401	\$ 1,411,500
2023-2024	1,318,911	92,589	1,411,500
2024-2025	1,330,831	80,669	1,411,500
2025-2026	1,342,858	68,642	1,411,500
2026-2027	1,354,993	56,507	1,411,500
2027-2031	5,543,540	102,460	5,646,000
Totals	<u>\$ 12,198,232</u>	<u>\$ 505,268</u>	<u>\$ 12,703,500</u>

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 4 – INTERFUND TRANSACTIONS

Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2022, consisted of the following:

Child Development Fund due to General Fund for indirect costs	\$ 853,129
Pupil Transportation Equipment Fund due to General Fund for indirect costs	1,105,038
Total due from/to other funds	<u>\$ 1,958,167</u>

Interfund Transfers In/Out

During the 2021-22 fiscal year, the District made the following interfund transfers:

Transfer from the General Fund to the Deferred Maintenance Fund for deferred maintenance projects	\$ 349,043
Transfer from the General Fund to the Special Reserve Fund for Capital Outlay for capital projects	350,000
Total interfund transfers in/out	<u>\$ 699,043</u>

The District also made interfund transfers from the General Fund to the Special Reserve Fund for Postemployment Benefits of \$693,877 and from the Special Reserve Fund for Postemployment Benefits to the General Fund of \$1,164,524. 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.

NOTE 5 – FUND BALANCES

At June 30, 2022, fund balances of the District's governmental funds were classified as follows:

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	\$ 129,100	\$ -	\$ -	\$ -	\$ 129,100
Stores inventories	130,402	-	-	225,170	355,572
Prepaid expenditures	188,015	-	-	-	188,015
Total Nonspendable	<u>447,517</u>	<u>-</u>	<u>-</u>	<u>225,170</u>	<u>672,687</u>
Restricted:					
Categorical programs	13,860,478	-	-	1,421,697	15,282,175
Child nutrition program	-	-	-	5,265,704	5,265,704
Capital projects	-	90,945,206	-	10,128,469	101,073,675
Debt service	-	-	24,216,354	-	24,216,354
Total Restricted	<u>13,860,478</u>	<u>90,945,206</u>	<u>24,216,354</u>	<u>16,815,870</u>	<u>145,837,908</u>
Committed:					
Deferred maintenance program	-	-	-	477,416	477,416
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>477,416</u>	<u>477,416</u>
Assigned:					
Lottery allocation reserve	1,255,899	-	-	-	1,255,899
Postemployment benefits	4,876,606	-	-	-	4,876,606
Capital improvement projects	-	-	-	10,035,240	10,035,240
Total Assigned	<u>6,132,505</u>	<u>-</u>	<u>-</u>	<u>10,035,240</u>	<u>16,167,745</u>
Unassigned:					
Reserve for economic uncertainties	7,922,235	-	-	-	7,922,235
Remaining unassigned balances	40,539,345	-	-	(18)	40,539,327
Total Unassigned	<u>48,461,580</u>	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>48,461,562</u>
Total	<u>\$ 68,902,080</u>	<u>\$ 90,945,206</u>	<u>\$ 24,216,354</u>	<u>\$ 27,553,678</u>	<u>\$ 211,617,318</u>

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2022, was as follows:

	GOVERNMENTAL ACTIVITIES			
	Balance, July 1, 2021	Additions	Retirements	Balance, June 30, 2022
Capital assets not being depreciated:				
Land	\$ 9,278,310	\$ -	\$ -	\$ 9,278,310
Construction in progress	73,017,856	5,021,074	35,508,206	42,530,724
Total capital assets not being depreciated	82,296,166	5,021,074	35,508,206	51,809,034
Capital assets being depreciated:				
Improvement of sites	24,005,461	10,916,256	-	34,921,717
Buildings	422,703,060	27,707,891	-	450,410,951
Equipment	35,345,185	2,092,905	276,004	37,162,086
Total capital assets being depreciated	482,053,706	40,717,052	276,004	522,494,754
Accumulated depreciation for:				
Improvement of sites	(8,251,510)	(1,268,601)	-	(9,520,111)
Buildings	(130,613,828)	(10,077,290)	-	(140,691,118)
Equipment	(22,720,796)	(2,620,932)	(261,653)	(25,080,075)
Total accumulated depreciation	(161,586,134)	(13,966,823)	(261,653)	(175,291,304)
Total capital assets being depreciated, net	320,467,572	26,750,229	14,351	347,203,450
Governmental activity capital assets, net	\$ 402,763,738	\$ 31,771,303	\$ 35,522,557	\$ 399,012,484
	BUSINESS-TYPE ACTIVITIES			
	Balance, July 1, 2021	Additions	Retirements	Balance, June 30, 2022
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, 2022

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, 2022, were as follows:

	Audited Balance, July 1, 2021	Adjustments for Restatements	Balance July 1, 2021 as restated	Additions	Deductions	Balance, June 30, 2022	Amount Due Within One Year
General Obligation Bonds:							
Principal Payments	\$ 290,074,016	\$ -	\$ 290,074,016	\$ -	\$ 11,937,909	\$ 278,136,107	\$ 9,806,833
Accreted Interest	91,920,023	(3,400,835)	88,519,188	9,081,538	11,911,066	85,689,660	6,463,167
Unamortized Premium	18,805,806	-	18,805,806	-	862,024	17,943,782	862,024
Total G.O. Bonds	400,799,845	(3,400,835)	397,399,010	9,081,538	24,710,999	381,769,549	17,132,024
Child Care Revolving Fund Loan	63,000	-	63,000	-	21,000	42,000	21,000
SELF Workers' Comp Assessment	87,221	-	87,221	-	42,177	45,044	45,044
Compensated Absences	3,536,007	653,919	4,189,926	226,399	-	4,416,325	-
Claims Liability	10,481,217	-	10,481,217	3,062,334	2,407,971	11,135,580	-
Totals	\$ 414,967,290	\$ (2,746,916)	\$ 412,220,374	\$ 12,370,271	\$ 27,182,147	\$ 397,408,498	\$ 17,198,068

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 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, 2022, 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, 2022, deferred outflows on refunding were \$515,211.

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, 2022

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, 2022.

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2021*	Issuances	Redemptions	Balance, June 30, 2022
Election of 2002 (Measure S)								
2005B	5/5/2005	8/1/2029	3.00% - 5.31%	\$ 44,995,644	\$ 34,990,962	\$ -	\$ 4,007,909	\$ 30,983,053
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	-	-	9,410,103
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	-	-	4,990,000
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	59,265,000	-	5,005,000	54,260,000
Series E	5/26/2021	8/1/2050	2.125% - 4.00%	80,545,000	80,545,000	-	-	80,545,000
Refunding Bonds								
2009 Ref.	7/9/2009	8/1/2021	4.00% - 5.00%	13,580,000	1,090,000	-	1,090,000	-
2015 Ref.	12/17/2015	8/1/2025	2.00% - 5.00%	7,855,000	5,945,000	-	1,095,000	4,850,000
2017 Ref.	8/24/2017	8/1/2021	3.00% - 4.00%	1,460,000	740,000	-	740,000	-
Totals					\$ 290,074,016	\$ -	\$ 11,937,909	\$ 278,136,107
Accreted Interest:					Balance, July 1, 2021*	Additions	Deductions	Balance, June 30, 2022
Election of 2002, Series 2005B					\$ 42,782,151	\$ 3,828,413	\$ 4,887,091	\$ 41,723,473
Election of 2002, Series 2007C					12,179,405	1,297,829	-	13,477,234
Election of 2002, Series 2009D					11,780,650	1,551,954	-	13,332,604
Election of 2002, Series 2009E					21,776,982	2,403,342	7,023,975	17,156,349
Totals					\$ 88,519,188	\$ 9,081,538	\$ 11,911,066	\$ 85,689,660

* As restated (see Note 13)

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

Fiscal Year	Principal	Interest	Total
2022-2023	\$ 9,806,833	\$ 14,605,386	\$ 24,412,219
2023-2024	9,990,828	14,990,166	24,980,994
2024-2025	6,997,885	15,443,109	22,440,994
2025-2026	6,497,843	15,740,001	22,237,844
2026-2027	6,558,174	16,614,719	23,172,893
2027-2032	40,256,161	97,345,242	137,601,403
2032-2037	41,234,025	98,199,405	139,433,430
2037-2042	43,984,358	46,096,882	90,081,240
2042-2047	58,625,000	14,661,425	73,286,425
2047-2051	54,185,000	3,303,500	57,488,500
Totals	\$ 278,136,107	\$ 336,999,835	\$ 615,135,942

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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 as follows:

Fiscal Year	Payment
2022-2023	\$ 21,000
2023-2024	21,000
Total	<u>\$ 42,000</u>

C. SELF Workers' Compensation Assessment

The District was a member of School Excess Liability Fund (SELF), a cost sharing Joint Powers Authority (JPA) for the purpose of providing the District excess workers' compensation insurance. The SELF board of directors declared an entity assessment to the member districts. At June 30, 2022, the District's outstanding obligation to their pro-rata share of equity assessed was \$45,044.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2022, 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	\$ 43,248,299	\$ 9,420,773	\$ 750,941	\$ 4,215,025
MPP Program	1,090,072	-	-	(319,830)
Totals	<u>\$ 44,338,371</u>	<u>\$ 9,420,773</u>	<u>\$ 750,941</u>	<u>\$ 3,895,195</u>

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.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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

District Plan

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, 2020 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	202
Active employees	1,811
Total	<u>2,013</u>

Total OPEB Liability

The District's total OPEB liability of \$43,248,299 for the Plan was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2020 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, 2020
Inflation	2.50%
Salary increases	2.75%
Healthcare cost trend rates	4.00%

Discount Rate

In accordance with GASB 75, the discount rate as of June 30, 2021 is the Bond Buyer 20 Index. As of June 30, 2021, a rate of 2.16% was used.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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, 2020	\$ 40,574,912
Changes for the year:	
Service cost	2,606,724
Interest	910,461
Differences between expected and actual experience	25,259
Changes of assumptions	143,611
Benefit payments	(1,012,668)
Net changes	2,673,387
Balance at June 30, 2021	\$ 43,248,299

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	\$ 46,616,791
Current discount rate	\$ 43,248,299
1% increase	\$ 40,059,099

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	\$ 37,978,044
Current trend rate	\$ 43,248,299
1% increase	\$ 49,488,556

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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, 2022, the District recognized OPEB expense of \$4,215,025. In addition, at June 30, 2022, 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	\$ 1,162,131	\$ -
Differences between expected and actual experience	3,245,802	362,329
Changes of assumptions	5,012,840	388,612
Totals	<u>\$ 9,420,773</u>	<u>\$ 750,941</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
2023	\$ 780,304	\$ 82,464
2024	780,304	82,464
2025	780,304	82,464
2026	780,304	82,464
2027	780,304	82,464
Thereafter	4,357,122	338,621
Totals	<u>\$ 8,258,642</u>	<u>\$ 750,941</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, 2020 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, 2022

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, 2021, 5,096 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 25930, contributions that would otherwise be credited to the Defined Benefit 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, 2022, the District reported a liability of \$1,090,072 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, 2021, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total OPEB liability to June 30, 2021. 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, 2022</u>	<u>Fiscal Year Ending June 30, 2021</u>	
Measurement Date	<u>June 30, 2021</u>	<u>June 30, 2020</u>	
Proportion of the Net OPEB Liability	0.273294%	0.289359%	-0.016065%

For the year ended June 30, 2022, the District reported OPEB expense of \$(319,830).

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2020 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, 2021
Valuation Date	June 30, 2020
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.16%
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, 2022

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

Medicare Premium Payment (MPP) Program (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 245 or an average of 0.16% of the potentially eligible population of 152,062.

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, 2021, 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, 2021, 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, 2021, was 2.16%, which is a decrease from 2.21% as of June 30, 2020.

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	\$ 1,201,560
Current discount rate	\$ 1,090,072
1% increase	\$ 994,818

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	\$ 991,293
Current trend rate	\$ 1,090,072
1% increase	\$ 1,203,320

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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, 2022, 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	\$ 82,739,435	\$ 36,331,008	\$ 84,095,198	\$ (5,814,920)
CalPERS	55,498,493	14,355,107	31,530,520	5,853,770
Totals	<u>\$ 138,237,929</u>	<u>\$ 50,686,114</u>	<u>\$ 115,625,718</u>	<u>\$ 38,850</u>

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, 2020, 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 comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. 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 of the STRP 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, 2022

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, 2022, 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	16.15%	16.15%
Required Employer Contribution Rate	10.328%	10.328%
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, 2022, are presented above, and the District's total contributions were \$18,969,276.

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

At June 30, 2022, 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	\$	82,739,435
State's proportionate share of the net pension liability associated with the District		41,631,275
Total	\$	124,370,710

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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, 2021. 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, 2022	Fiscal Year Ending June 30, 2021	
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net Pension Liability	0.181813%	0.190933%	-0.009120%

For the year ended June 30, 2022, the District recognized pension expense of \$(5,814,920). In addition, the District recognized pension expense and revenue of \$(7,256,391) for support provided by the State. At June 30, 2022, 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	\$ 18,969,276	\$ -
Net change in proportionate share of net pension liability	5,431,166	9,840,973
Difference between projected and actual earnings on pension plan investments	-	65,449,024
Changes of assumptions	11,723,299	-
Differences between expected and actual experience	207,267	8,805,201
Totals	\$ 36,331,008	\$ 84,095,198

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, 2022

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
2023	\$ 7,042,268	\$ 20,199,712
2024	6,668,204	18,468,854
2025	1,471,991	18,628,050
2026	1,194,654	21,064,344
2027	625,937	2,535,784
Thereafter	358,678	3,198,454
Totals	\$ 17,361,732	\$ 84,095,198

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, 2020 and rolling forward the total pension liability to June 30, 2021. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price of Inflation	2.75%
Wage 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, 2022

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%)	\$ 168,427,877
Current discount rate (7.10%)	82,739,435
1% increase (8.10%)	11,619,665

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 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 \$11,692,842.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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, 2020 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, 2022, 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%	7.00%
Required Employer Contribution Rate	20.91%	20.91%

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, 2022 are presented above, and the total District contributions were \$9,873,181.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$55,498,493. The net pension liability was measured as of June 30, 2021. 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, 2022	Fiscal Year Ending June 30, 2021	
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net Pension Liability	0.272929%	0.285605%	-0.012676%

For the year ended June 30, 2022, the District recognized pension expense of \$5,853,770. At June 30, 2022, 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	\$ 9,873,181	\$ -
Net change in proportionate share of net pension liability	-	7,275,864
Difference between projected and actual earnings on pension plan investments	2,825,153	24,123,823
Changes of assumptions	-	-
Differences between expected and actual experience	1,656,773	130,833
Totals	\$ 14,355,107	\$ 31,530,520

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 4.0 years.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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
2023	\$ 2,243,758	\$ 9,003,235
2024	1,405,722	7,955,400
2025	832,446	7,670,803
2026	-	6,901,082
2027	-	-
Thereafter	-	-
Totals	\$ 4,481,926	\$ 31,530,520

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, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Inflation Rate	2.50%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries. 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 both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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 Years 1-10	Real Return Years 11+
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	(0.92%)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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 (6.15%)	\$ 93,578,252
Current discount rate (7.15%)	55,498,493
1% increase (8.15%)	23,884,122

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, 2022, the District reported payables of \$1,558,670 and \$280,544 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2022.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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, 2022, the District had commitments with respect to unfinished capital projects of approximately \$27.0 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, 2022.

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, 2022, 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, 2022

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 \$350,000 for each workers' compensation claim. The District purchases insurance for workers' compensation claims in excess of coverage provided by the Fund from Schools Excess Liability Fund (SELF) JPA.

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, 2020 to June 30, 2022:

	Workers' Compensation	Property and Liability	Total
Liability Balance, July 1, 2020	\$ 10,883,000	\$ 363,525	\$ 11,246,525
Claims and changes in estimates	1,587,594	147,668	1,735,262
Claims payments	(2,413,018)	(87,552)	(2,500,570)
Liability Balance, June 30, 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	<u>\$ 10,783,711</u>	<u>\$ 351,869</u>	<u>\$ 11,135,580</u>
Assets available to pay claims at June 30, 2022	<u>\$ 27,047,156</u>	<u>\$ 626,132</u>	<u>\$ 27,673,288</u>

NOTE 13 – ADJUSTMENT FOR RESTATEMENTS

The District has recognized an adjustment for restatements related to the recognition of salary-related benefits on its compensated absences liability and an adjustment to the accreted interest on capital appreciation bonds. The net result of these adjustments was to restate net position in the Statement of Activities by \$2,746,916.

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Pos (Neg)
Revenues				
LCFF Sources	\$ 188,145,106	\$ 190,025,656	\$ 190,414,442	\$ 388,786
Federal	10,375,882	32,462,964	24,604,889	(7,858,075)
Other State	53,784,438	43,142,862	52,913,253	9,770,391
Other Local	2,357,514	2,878,522	1,625,854	(1,252,668)
Total Revenues	254,662,940	268,510,004	269,558,438	1,048,434
Expenditures				
Current:				
Certificated Salaries	107,798,866	105,895,767	109,929,938	(4,034,171)
Classified Salaries	41,111,278	43,011,079	41,597,895	1,413,184
Employee Benefits	70,465,448	68,775,116	69,136,215	(361,099)
Books and Supplies	8,594,315	21,255,614	17,292,138	3,963,476
Services and Other Operating Expenditures	18,191,844	21,244,862	24,232,419	(2,987,557)
Transfers of indirect costs	(742,071)	(508,716)	(455,433)	(53,283)
Capital Outlay	20,800	6,158,136	306,817	5,851,319
Other Outgo	1,120,000	1,120,000	641,566	478,434
Total Expenditures	246,560,480	266,951,858	262,681,555	4,270,303
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	8,102,460	1,558,146	6,876,883	5,318,737
Other Financing Sources and Uses				
Interfund Transfers In	1,018,093	1,018,093	1,164,524	146,431
Interfund Transfers Out	(1,264,569)	(1,264,569)	(1,392,920)	(128,351)
Total Other Financing Sources and Uses	(246,476)	(246,476)	(228,396)	18,080
Excess (Deficiency) of Revenues and Other				
Financing Sources Over (Under)				
Expenditures and Other Financing Uses	7,855,984	1,311,670	6,648,487	5,336,817
Fund Balance, July 1, 2021	44,231,235	57,376,987	57,376,987	-
Fund Balance, June 30, 2022	\$ 52,087,219	\$ 58,688,657	64,025,474	\$ 5,336,817
Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:				
Special Reserve Fund for Postemployment Benefits			4,876,606	
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:			\$ 68,902,080	

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
District's proportion of the net pension liability	0.1818%	0.1909%	0.1872%	0.1895%
District's proportionate share of the net pension liability	\$ 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	41,631,275	95,383,702	92,236,639	99,698,941
Totals	<u>\$ 124,370,710</u>	<u>\$ 280,415,090</u>	<u>\$ 261,302,363</u>	<u>\$ 273,831,338</u>
District's covered payroll	<u>\$ 98,222,130</u>	<u>\$ 104,051,655</u>	<u>\$ 101,843,034</u>	<u>\$ 100,592,405</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	84.24%	177.83%	166.01%	173.11%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%
	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
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	<u>\$ 271,465,823</u>	<u>\$ 230,866,334</u>	<u>\$ 190,384,502</u>	<u>\$ 169,935,663</u>
District's covered payroll	<u>\$ 99,865,095</u>	<u>\$ 91,741,538</u>	<u>\$ 89,594,302</u>	<u>\$ 81,438,009</u>
District's proportionate share of the net pension liability as a percentage of its covered 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, 2022

*Last Ten Fiscal Years**

	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.2729%	0.2856%	0.2882%	0.2945%
District's proportionate share of the net pension liability	\$ 55,498,493	\$ 87,632,420	\$ 84,001,554	\$ 78,515,038
District's covered payroll	\$ 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 payroll	141.45%	210.48%	208.13%	198.09%
Plan fiduciary net position as a percentage of the total pension liability	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 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 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, 2022

*Last Ten Fiscal Years**

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Contractually required contribution	\$ 18,969,276	\$ 15,862,874	\$ 17,792,833	\$ 16,580,046
Contributions in relation to the contractually required contribution	<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>
District's covered payroll	<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 payroll	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
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 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 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, 2022

*Last Ten Fiscal Years**

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
CalPERS				
Contractually required contribution	\$ 9,873,181	\$ 8,121,716	\$ 8,210,647	\$ 7,289,980
Contributions in relation to the contractually required contribution	<u>9,873,181</u>	<u>8,121,716</u>	<u>8,210,647</u>	<u>7,289,980</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 47,217,508</u>	<u>\$ 39,235,343</u>	<u>\$ 41,634,030</u>	<u>\$ 40,360,868</u>
Contributions as a percentage of covered payroll	<u>20.910%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>
	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually required contribution	\$ 6,155,934	\$ 5,433,551	\$ 4,174,210	\$ 3,800,732
Contributions in relation to the contractually required contribution	<u>6,155,934</u>	<u>5,433,551</u>	<u>4,174,210</u>	<u>3,800,732</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 39,636,430</u>	<u>\$ 39,124,071</u>	<u>\$ 35,234,321</u>	<u>\$ 32,288,947</u>
Contributions as a percentage of covered payroll	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</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 Changes in the District's Total OPEB Liability and Related Ratios

For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

Employer's Fiscal Year Measurement Period	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	\$ 2,606,724	\$ 2,429,920	\$ 2,244,208	\$ 2,117,150	\$ 2,005,340
Interest	910,461	1,040,761	930,380	887,834	812,326
Differences between expected and actual experience	25,259	3,830,576	(7,221)	(513,588)	-
Changes in assumptions	143,611	5,178,205	680,114	(559,436)	-
Benefit payments	(1,012,668)	(818,734)	(794,184)	(758,366)	(729,198)
Net change in total OPEB liability	2,673,387	11,660,728	3,053,297	1,173,594	2,088,468
Total OPEB liability - beginning	40,574,912	28,914,184	25,860,887	24,687,293	22,598,825
Total OPEB liability - ending	<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 payroll	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	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, 2022*

Employer's Fiscal Year Measurement Period	<i>Last Ten Fiscal Years*</i>				
	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	0.2733%	0.3327%	0.3311%	0.3401%	0.3339%
District's proportionate share of net OPEB liability	\$ 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
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(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, 2022

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 2.20 percent to 2.16 percent since the previous valuation.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2022

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 2.21 percent to 2.16 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, 2022

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 21,000 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
Norma Amezcua	President	2022
Jorge A. Tirado, P.E.	Vice President	2022
Narcis Brasov, Esq.	Member	2022
Dr. Robert Cancio	Member	2022
Karen Morrison	Member	2024
Jose Rios	Member	2024
Chris Staples	Member	2024

ADMINISTRATION

Dr. John Lopez,
Superintendent

Dr. Michael Gotto,
Assistant Superintendent, Human Resources

Estuardo Santillan,
Assistant Superintendent, Business Services

Dr. Patricio Vargas¹
Assistant Superintendent, Educational Services

¹ Resigned effective July 1, 2022. The current position has been split into Assistant Superintendent of Elementary (Dr. Kristina Cvar) and Secondary (Dr. Jessica Medrano).

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT*Schedule of Average Daily Attendance**For the Fiscal Year Ended June 30, 2022*

	As reported to CDE	
	Second Period Report	Annual Report
Regular ADA & Extended Year:		
Grades TK-3	3,921.75	3,928.71
Grades 4-6	3,332.31	3,335.59
Grades 7-8	2,260.06	2,264.53
Grades 9-12	4,682.09	4,675.44
Total Regular ADA	14,196.21	14,204.27
Special Education, Nonpublic, Nonsectarian Schools:		
Grades TK-3	1.72	1.63
Grades 4-6	1.80	1.73
Grades 7-8	5.02	5.34
Grades 9-12	16.34	16.34
Total Special Education, Nonpublic, Nonsectarian Schools ADA	24.88	25.04
Total ADA	14,221.09	14,229.31

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT*Schedule of Instructional Time**For the Fiscal Year Ended June 30, 2022*

Grade Level	Instructional Minutes Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Kindergarten	36,000	56,389	180	Complied
Grade 1	50,400	54,076	180	Complied
Grade 2	50,400	54,076	180	Complied
Grade 3	50,400	54,076	180	Complied
Grade 4	54,000	54,076	180	Complied
Grade 5	54,000	54,076	180	Complied
Grade 6	54,000	55,995	180	Complied
Grade 7	54,000	55,995	180	Complied
Grade 8	54,000	55,995	180	Complied
Grade 9	64,800	65,550	180	Complied
Grade 10	64,800	65,550	180	Complied
Grade 11	64,800	65,550	180	Complied
Grade 12	64,800	65,550	180	Complied

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Schedule of Financial Trends and Analysis

For the Fiscal Year Ended June 30, 2022

General Fund	(Budget) 2023 ²	2022 ³	2021	2020
Revenues and other financing sources	\$ 272,809,655	\$ 270,722,962	\$ 253,058,090	\$ 231,268,825
Expenditures and other financing uses	270,864,435	264,074,475	235,529,375	227,657,979
Change in fund balance (deficit)	1,945,220	6,648,487	17,528,715	3,610,846
Ending fund balance	\$ 65,970,694	\$ 64,025,474	\$ 57,376,987	\$ 39,848,272
Available reserves ¹	\$ 17,862,038	\$ 48,461,580	\$ 43,809,833	\$ 37,035,622
Available reserves as a percentage of total outgo	6.6%	18.4%	18.6%	16.3%
Total long-term debt	\$ 571,475,272	\$ 579,984,798	\$ 728,765,865	\$ 620,636,532
Average daily attendance at P-2	13,492	14,221	N/A	16,331

The General Fund balance has increased by \$24.2 million over the past two years. The fiscal year 2022-23 adopted budget projects an increase of \$1.9 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, and anticipates incurring an operating surplus during the 2022-23 fiscal year. Long-term debt has decreased by \$40.7 million over the past two years.

ADA decreased by 2,110 compared to 2019-20. Budgeted ADA projects a decrease of 729 for 2022-23.

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

² Revised budget September, 2022.

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, 2022*

	<u>General Fund*</u>	<u>Building Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Child Care Enterprise Fund</u>
June 30, 2022, annual financial and budget report (SACS) fund balance	\$ 67,702,472	\$ 90,362,485	\$ 24,062,014	\$ 27,458,816	\$ 16,681,153	\$ 761,030
Adjustments and reclassifications:						
Increasing (decreasing) the fund balance:						
Investment in county treasury understated	370,864	582,721	154,340	94,862	186,684	4,349
Accounts receivable understated	774,774	-	-	-	-	-
Lease receivable understated	12,198,232	-	-	-	-	-
Deferred inflows understated	(12,144,262)	-	-	-	-	-
Net adjustments and reclassifications	<u>1,199,608</u>	<u>582,721</u>	<u>154,340</u>	<u>94,862</u>	<u>186,684</u>	<u>4,349</u>
June 30, 2022, audited financial statement fund balance	<u>\$ 68,902,080</u>	<u>\$ 90,945,206</u>	<u>\$ 24,216,354</u>	<u>\$ 27,553,678</u>	<u>\$ 16,867,837</u>	<u>\$ 765,379</u>

* Reported amounts include the Special Reserve Fund for Postemployment Benefits, in accordance with GASB 54.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2022

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 - Especially Needy	10.553	13526	\$ 2,681,130	
National School Lunch Program	10.555	13523	7,421,198	
COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.555	15637	374,958	
USDA Donated Foods	10.555	N/A	772,099	
Subtotal Child Nutrition Cluster				\$ 11,249,385
NSLP Equipment Assistance Grants	10.579	14906		37,510
Child and Adult Care Food Program				
Child and Adult Care Food Program	10.558	13393	258,754	
Cash in Lieu of Commodities	10.558	N/A	83,967	
Subtotal Child and Adult Care Food Program				342,721
Total U.S. Department of Agriculture				11,629,616
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	193,247	
Adult Secondary Education	84.002	13978	129,888	
English Literacy and Civics Education	84.002A	14109	43,064	
Total Adult Education - State Grants Cluster				366,199
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	4,420,017	
ESSA: ESSA School Improvement Funding for LEAs	84.010	15438	243,452	
Total Title I Fund				4,663,469
Title II, Part A, Supporting Effective Instruction	84.367	14341		574,714
Title III, Limited English Proficiency	84.365	14346		436,586
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		220,624
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332		249,429
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	143,343	
Carl D. Perkins Career and Technical Education: Adult, Sec. 132	84.048	14893	49,797	
Total Career and Technical Education - Basic Grants to States Cluster				193,140
Department of Rehabilitation: Workability II, Transition Partnership	84.126	10006		99,626
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	225,354	
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	3,800,217	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425D	15559	1,218,756	
Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	439	
Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15618	2,469,423	
Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	566,755	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425D	15620	953,776	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425D	15621	2,105,171	
American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	84.425U	15564	76,157	
Subtotal Education Stabilization Fund				11,416,048
Individuals with Disabilities Education Act (IDEA):				
Basic Local Assistance Entitlement	84.027	13379	3,530,781	
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10119	11,576	
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	99,537	
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	205,685	
Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,000	
Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	1,295	
Total Special Education (IDEA) Cluster				3,849,874
Passed through Los Angeles County Office of Education:				
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	348,387	
Title I, Migrant Ed Summer Program	84.011	10005	48,951	
Title I, Part C, Migrant Education (MESRP)	84.011	10144	26,698	
Subtotal				424,036
Total U.S. Department of Education				22,538,109
U.S. Department of Health & Human Services:				
Passed through Los Angeles County Office of Education:				
Head Start	93.600	10016		11,411,110
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	N/A		2,717,022
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	15555	14,535	
COVID-19: ARP California State Preschool Program One-time Stipend	93.575	15640	163,800	
Subtotal				178,335
Total U.S. Department of Health & Human Services				14,306,467
Total Expenditures of Federal Awards				\$ 48,474,192

Of the federal expenditures presented in the schedule, the District provided no awards to recipients.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT*Schedule of Head Start Expenditures**For the Fiscal Year Ended June 30, 2022*

	Federal Expenditures	Local In-Kind Match
Head Start: Basic	\$ 8,525,376	\$ 2,111,862
Head Start: Basic Carryover	170,401	-
Head Start: Training & Technical Assistance (T&TA)	23,131	-
Head Start: Early Head Start Basic	1,674,471	167,465
Head Start: Dosage	472,831	8,550
COVID-19: Head Start: CARES OTS	544,900	-
2021-22 Federal Expenditures, per audit	<u>\$ 11,411,110</u>	<u>\$ 2,287,877</u>

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2022

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 amounts represent revenues recognized in these financial statements from federal awards that have not yet been expended as of June 30, 2022:

	Assistance Listing Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 48,921,488
Differences between Federal Revenues and Expenditures:		
Child Nutrition Cluster	10.553/10.555	(447,296)
Total Schedule of Expenditures of Federal Awards		\$ 48,474,192

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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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2022.

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.

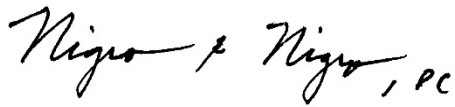
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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

Murrieta, California
November 8, 2022



**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

We have audited Norwalk-La Mirada Unified School District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Norwalk-La Mirada Unified School District's major federal programs for the year ended June 30, 2022. Norwalk-La Mirada Unified School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Norwalk-La Mirada Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Norwalk-La Mirada Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Norwalk-La Mirada Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, 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, 2022.

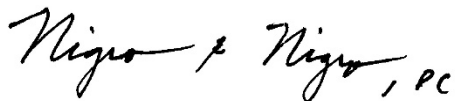
Report on Internal Control Over Compliance

Management of Norwalk-La Mirada Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Norwalk-La Mirada Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



Murrieta, California
November 8, 2022



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

Report on State Compliance

We have audited Norwalk-La Mirada Unified School District's compliance with the types of compliance requirements described in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Norwalk-La Mirada Unified School District's state government programs as noted on the following page for the fiscal year ended June 30, 2022.

Management's Responsibility

Management is responsible for compliance with state laws, regulations, and the terms and conditions of its State programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Norwalk-La Mirada Unified School District's state programs based on our audit of the types of compliance requirements referred to on the following page. 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 *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Norwalk-La Mirada Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state program. However, our audit does not provide a legal determination of Norwalk-La Mirada Unified School District's compliance.

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes

Description	Procedures Performed
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
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable
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
In Person Instruction Grant	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

Unmodified Opinion on Compliance with State Programs

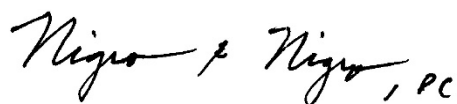
In our opinion, Norwalk-La Mirada Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2022.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the compliance requirements referred to previously, which are required to be reported in accordance with the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and which are described in the accompanying schedule of findings and questioned costs as Findings 2022-001 and 2022-002. Our opinion on each state program is not modified with respect to these matters.

District's Response to Findings

Norwalk-La Mirada Unified School District's response to the compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Norwalk-La Mirada Unified School District's response was not subjected to the auditing procedures in the audit of compliance and, accordingly, we express no opinion on the response.



Murrieta, California
November 8, 2022

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, 2022

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>None reported</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>No</u>
Identification of major programs:	

Assistance Listing	
<u>Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425C, 84.425D & 84.425U	Education Stabilization Fund
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,454,226</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, 2022

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 2021-22.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Federal Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2022

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).

There were no federal award findings or questioned costs in 2021-22.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2022

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

Finding 2022-001: School Accountability Report Card (72000)

Criteria: 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.

Condition: 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.

Context: The error was noted at four of the six schools selected.

Cause: The District did not have staff assigned to compare the SARC to the FIT.

Effect: None

Recommendation: 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.

District Response: School Accountability Report Card – Staff from the District's Educational Services department is working closely with the Maintenance and Operations department to ensure that all current information reported in the FIT forms is accurately reported in the SARC's that are published online.

Finding 2022-002: Expanded Learning Opportunity Grant Plan Submission (40000)

Criteria: If the Local Educational Agency (LEA) received the Expanded Learning Opportunities Grant apportionment, the LEA governing board is required to adopt 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 section 43522 and submit the plan within five days of adoption pursuant to subdivision (e) of Education Code section 43522.

Condition: 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.

Context: Not applicable.

Cause: The District was behind schedule in submitting this report.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs (continued)

For the Fiscal Year Ended June 30, 2022

Finding 2022-002: Expanded Learning Opportunity Grant Plan Submission (40000) (continued)

Effect: None

Recommendation: Not applicable because this is a one-time reporting requirement.

District Response: ELO-G Plan Submission – The District acknowledges that staff submitted the plan to the county office of education after adoption.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2022

There were no findings or questioned costs in 2020-21.

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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, 2022, 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 November 8, 2022 on the financial statements of Norwalk-La Mirada Unified School District.

ASSOCIATED STUDENT BODY FUNDS

Observation: In our testing of cash receipts at Norwalk High, we found six out of ten deposits sampled lacked sufficient supporting documentation. In all cases, the only documentation was a signed cash count sheet. There were no tally sheets, individual pre-numbered receipts, or other point of collection documentation, which made it impossible to tie the cash collected by advisors to the actual amount turned in to the bookkeeper.

Recommendation: Supporting documentation such as order forms, ticket control worksheets, pre-numbered receipts, and/or other point of sale documentation should be maintained for all transactions. Sound internal controls for handling cash discourage theft of ASB funds and protect those who handle the cash. It is important to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are turned in and properly accounted for. We recommend that before any events are held, control procedures should be established that will allow for the reconciliation between money collected and fundraiser sales.

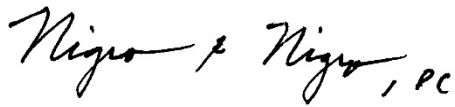
Observation: In our testing of cash receipts at Norwalk High and Waite Middle, we found that most deposits sampled were not deposited in a timely manner. Deposits ranged from 11 to 19 days after the point of collection.

Recommendation: We recommend that the District emphasize to the advisors and teachers that deposits should be made to the bookkeeper and bank deposits made on a weekly basis, or more often as needed. Money should never be left over the weekend or holidays because thefts are more likely to occur during these times.

Observation During our testing of cash disbursements, we noted that purchases were shipped to personal addresses, rather than to the school site or District office. We noted this on 4 of 25 disbursements tested at Norwalk High.

Recommendation: We recommend that items purchased for ASB should be shipped directly to the school site rather than a home address to ensure the items are properly received by the ASB and used for the benefit of the students.

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

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

Murrieta, California
November 8, 2022