



Financial Statements
June 30, 2021

Norwalk-La Mirada Unified School District

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Norwalk-La Mirada Unified School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Norwalk-La Mirada Unified School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 16 to the financial statements, Norwalk-La Mirada Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, budgetary comparison information on page 72, schedule of changes in the District's total OPEB liability and related ratios on page 73, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 74, schedule of the District's proportionate share of the net pension liability on page 75, and the schedule of District contributions on page 76, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Norwalk-La Mirada Unified School District's financial statements. The combining non-major governmental fund financial statements, 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.

The combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 18, 2022 on our consideration of Norwalk-La Mirada Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Norwalk-La Mirada Unified School 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 Norwalk-La Mirada Unified School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
January 18, 2022



This section of Norwalk-La Mirada Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021, with comparative information for the year ending June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and proprietary.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.
- The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

The Primary unit of the government is the Norwalk-La Mirada Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we separate the District activities as follows:

Governmental Activities - Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

Business - Type Activities - The District charges fees to help it cover the costs of certain services it provides. The District's child-care program is included here.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS A WHOLE

Net Position

The District's net deficit was \$(33,214,699) for the fiscal year ended June 30, 2021. Of this amount, \$(291,689,014) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's activities.

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2021	2020, as Restated	2021	2020	2021	2020, as Restated
Assets						
Current and other assets	\$ 266,130,363	\$ 190,242,677	\$ 786,860	\$ 676,396	\$ 266,917,223	\$ 190,919,073
Capital assets	402,763,738	379,312,466	-	-	402,763,738	379,312,466
Total assets	668,894,101	569,555,143	786,860	676,396	669,680,961	570,231,539
Deferred outflows of resources	68,992,394	65,060,371	100,233	163,603	69,092,627	65,223,974
Liabilities						
Current liabilities	30,801,736	33,486,852	8,050	16,690	30,809,786	33,503,542
Long-term liabilities other than OPEB and Pensions	414,967,290	338,217,082	-	-	414,967,290	338,217,082
Other postemployment benefits (OPEB) liability	41,864,834	30,067,305	119,980	80,063	41,984,814	30,147,368
Aggregate net pension liability	271,933,741	252,352,145	730,067	715,133	272,663,808	253,067,278
Total liabilities	759,567,601	654,123,384	858,097	811,886	760,425,698	654,935,270
Deferred inflows of resources	11,533,593	17,563,974	33,345	28,113	11,566,938	17,592,087
Net Position						
Net investment in capital assets	194,957,841	192,891,552	-	-	194,957,841	192,891,552
Restricted	63,516,474	45,427,431	(4,349)	-	63,512,125	45,427,431
Unrestricted (deficit)	(291,689,014)	(275,390,827)	-	-	(291,689,014)	(275,390,827)
Total net deficit	\$ (33,214,699)	\$ (37,071,844)	\$ (4,349)	\$ -	\$ (33,219,048)	\$ (37,071,844)

The \$(291,689,014) in unrestricted net deficit represents the accumulated results of all past years' operations. This unrestricted net deficit now includes the long-term liabilities from pension benefits as required under GASB 67/68, impacting the overall net position. The unrestricted net deficit - the part of net deficit that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased by \$16,298,187, or 5.9 percent, from the previous year (\$(275,390,827) compared to \$(291,689,014)).

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 16. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020*	2021	2020	2021	2020*
Revenues						
Program revenues						
Charges for services and sales	\$ 466,200	\$ 1,276,559	\$ 172,396	\$ 705,017	\$ 638,596	\$ 1,981,576
Operating grants and contributions	85,286,849	54,107,310	342	1,428	85,287,191	54,108,738
Capital grants and contributions	4,059,337	-	-	-	4,059,337	-
General revenues						
Federal and State aid not restricted	143,235,007	153,685,250	-	-	143,235,007	153,685,250
Property taxes	60,100,843	56,435,328	-	-	60,100,843	56,435,328
Other general revenues	16,492,526	19,212,321	(1,021)	11,048	16,491,505	19,223,369
Total revenues	309,640,762	284,716,768	171,717	717,493	309,812,479	285,434,261
Expenses						
Instruction-related	199,538,237	196,033,170	-	-	199,538,237	196,033,170
Pupil services	34,552,648	34,514,067	-	-	34,552,648	34,514,067
Administration	15,794,112	13,939,242	-	-	15,794,112	13,939,242
Plant services	25,661,870	24,928,162	-	-	25,661,870	24,928,162
All other services	30,236,750	28,007,031	176,066	856,689	30,412,816	28,863,720
Total expenses	305,783,617	297,421,672	176,066	856,689	305,959,683	298,278,361
Transfers	-	(139,196)	-	139,196	-	-
Change in net position	\$ 3,857,145	\$ (12,844,100)	\$ (4,349)	\$ -	\$ 3,852,796	\$ (12,844,100)

*The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB Statement No. 84 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was \$305,783,617, an increase of \$8,361,945 or 2.8 percent over the prior year. However, the amount that our taxpayers ultimately financed for these activities through local taxes is only a small portion equating to 19.7 percent of overall expenditures and the vast majority of expenditures were paid by those who benefited from the programs (\$466,200) or by other governments and organizations who subsidized certain programs with grants and contributions (\$89,346,186). We paid for the remaining "public benefit" portion of our governmental activities with \$159,727,533 from Federal and State unrestricted funds and from other revenue sources, such as interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction, including special instruction programs and other instruction-related programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2021	2020*	2021	2020*
Instruction-related	\$ 199,538,237	\$ 196,033,170	\$ (135,935,105)	\$ (155,030,884)
Pupil services	34,552,648	34,514,067	(19,785,760)	(22,639,032)
Administration	15,794,112	13,939,242	(8,044,861)	(12,638,653)
Plant services	25,661,870	24,928,162	(22,544,147)	(24,380,089)
All other services	30,236,750	28,007,031	(29,661,358)	(27,349,145)
Total	<u>\$ 305,783,617</u>	<u>\$ 297,421,672</u>	<u>\$ (215,971,231)</u>	<u>\$ (242,037,803)</u>

*The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB Statement No. 84 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$209,146,844, which is an increase of \$77,449,907 or 58.8 percent from last year. An itemized chart is provided below labeled as Table 4.

Table 4

Governmental Fund	Balances and Activity			June 30, 2021
	July 1, 2020, as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	
General	\$ 45,685,090	\$ 252,046,409	\$ 234,862,310	\$ 62,869,189
Building	49,812,649	80,222,093	29,435,108	100,599,634
Bond Interest and Redemption	23,722,911	25,597,498	21,966,043	27,354,366
Adult Education	149,516	4,987,237	4,076,426	1,060,327
Child Development	88,158	13,162,110	13,024,460	225,808
Cafeteria	3,286,425	10,877,108	10,342,711	3,820,822
Deferred Maintenance	-	347,618	144,681	202,937
Pupil Transportation Equipment	-	30,177	30,159	18
Capital Facilities	5,650	1,246,857	244,478	1,008,029
County School Facilities	-	4,059,337	-	4,059,337
Special Reserve Fund for Capital Outlay Projects	8,946,538	2,925,104	3,925,265	7,946,377
Total	\$ 131,696,937	\$ 395,501,548	\$ 318,051,641	\$ 209,146,844

General Fund Budgetary Highlights

Total 2020-2021 General Fund revenues are projected at \$252 M, and expenditures at \$234 M. This difference between revenues and expenditures results in a projected General Fund surplus of \$17.5 M in 2020-2021.

Declining enrollment and attendance has an estimated loss of over \$3.0 million. However, in the current year the LCFF includes a hold-harmless provision that provides some intermediate protection in 2021-2022 from average daily attendance changes caused during the pandemic.

Since 2002-2003 the District has been experiencing declining enrollment and current trends and estimates anticipate this decline to continue. Following the hold-harmless safety-net provisions, the estimated continued decline creates a funding-cliff in the 2022-2023 LCFF.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had \$402,763,738 in a broad range of capital assets (net of depreciation), including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$23,451,272, or 6.2 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 82,296,166	\$ 63,557,333
Buildings and improvements	307,843,183	306,070,707
Equipment	12,624,389	9,684,426
Total	<u>\$ 402,763,738</u>	<u>\$ 379,312,466</u>

Significant increases to capital assets included the La Mirada High School gymnasium and Norwalk High School stadium project which consists of new athletic fields, concession stands, synthetic tracks, lighting, landscaping, and various other land & building improvements currently underway.

We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Liabilities Other Than Other Postemployment Benefits (OPEB) and Pension

At the end of this year, the District had \$414,967,290 in long-term liabilities other than OPEB and pension versus \$338,217,082 last year, an increase of \$76,750,208, or 22.7 percent. Those liabilities consisted of:

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 381,994,039	\$ 308,605,002
Premium on issuance	18,805,806	12,349,694
Certificates of participation (Qualified Academy Zone Bonds)	-	2,770,165
Capital leases	63,000	84,000
Compensated absences	3,536,007	3,029,431
Claims liability	10,481,217	11,246,525
SELF workers' compensation assessment	87,221	132,265
Total	<u>\$ 414,967,290</u>	<u>\$ 338,217,082</u>

The District's general obligation bond rating is Aa3 assigned by Moody's Investors Service. The State limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the district's boundaries. The District's long-term liabilities decrease was primarily from payments on maturing general obligation bonds.

We present more detailed information regarding our long-term liabilities in Note 8 of the financial statements.

OPEB and Pension Liabilities

At year-end, the District had an OPEB liability of \$41,864,834 in the governmental activities and \$119,980 in the business-type activities versus \$30,067,305 and \$80,063 in the previous year. This represents change of \$11,797,529, or 39.2 percent, and \$39,917, or 49.9 percent, for the governmental activities and business-type activities, respectively.

We present more detailed information regarding our OPEB liability in Note 9 of the financial statements.

At year-end, the District had an aggregate net pension liability of \$271,933,741 in the governmental activities and \$730,067 in the business-type activities versus \$252,352,145 and \$715,133 in the previous year. This represents change of \$19,581,596, or 7.8 percent, and \$14,934, or 2.1 percent, for the governmental activities and business-type activities, respectively.

We present more detailed information regarding our aggregate net pension liability in Note 13 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2021-2022 year, the governing board and management used the following criteria:

The income revenues for the 2021-2022 Budget includes the following assumptions:

Income	2021-2022	2022-2023	2023-2024
COLA (as projected)	5.070%	2.480%	3.110%
Total Projected Enrollment	15,754	15,311	14,881
Declining per year	(455)	(443)	(430)
Total Projected Unduplicated Count	11,541	11,301	11,061
Unduplicated Count Percentage (rolling avg.)	74.02%	73.24%	73.79%
* Total LCFF ADA	16,351	** 15,180	14,815

*Hold harmless

**Hold harmless ends

The general fund expected revenues is as follows:

Revenues	Unrestricted	Restricted	Total
LCFF / Revenue Limit	188,145,106	0	188,145,106
Federal	-	10,375,882	10,375,882
State	3,065,476	50,718,962	53,784,438
Other Local Revenues	438,000	1,919,514	2,357,514
Transfers In	1,018,093	0	1,018,093
Other Financing Sources	-27,303,982	27,303,982	-
Total Revenues	165,362,693	90,318,340	255,681,033

The general fund expenditures include the following assumptions:

Expenditures	2021-2022	2022-2023	2023-2024
Step and Column Adj. (on-going)	\$997,789	\$1,005,276	\$1,008,437
Benefits - Insurance Cap (on-going)			
\$10,350 per employee	\$17,874,450	\$17,874,450	\$17,874,450
On-going H/W Yearly Contribution	\$1,000,000	\$1,000,000	\$1,000,000
CalSTRS Rates (on-going)	16.92%	19.10%	19.10%
	\$184,817	\$1,664,656	\$33,654
CalPERS Rates (on-going)	22.910%	26.100%	27.100%
	\$839,350	\$796,886	\$274,854
LCAP Supp/Conc Increased/Improved Serv	\$1,262,141	(\$2,477,165)	\$776,730
Utilities Increase (on-going)	3.8%	2.4%	2.2%
	50,378	53,970	53,970

The general fund expenditures include the following expenditures:

Expenditures	Unrestricted	Restricted	Total
Certificated	75,648,928	32,149,938	107,798,866
Classified	27,047,671	14,063,607	41,111,278
Benefits	41,875,701	28,589,747	70,465,448
Books, Supplies	3,093,308	5,501,007	8,594,315
Services	11,160,243	7,031,601	18,191,844
Capital Outlay	-	20,800	20,800
Other Outgo	260,000	860,000	1,120,000
Indirect Costs	(1,939,379)	1,197,308	(742,071)
Transfers Out	764,569	500,000	1,264,569
Total Expenditures	157,911,041	89,914,008	247,825,049

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 show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Estuardo Santillan, Assistant Superintendent, Business Services or Manuel Cardoso, 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 mcardoso@nlmusd.k12.ca.us.

Norwalk-La Mirada Unified School District
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	\$ 247,424,258	\$ 770,775	\$ 248,195,033
Receivables	16,195,930	16,085	16,212,015
Prepaid expense	2,271,963	-	2,271,963
Stores inventories	238,212	-	238,212
Capital assets not depreciated	82,296,166	-	82,296,166
Capital assets, net of accumulated depreciation	320,467,572	-	320,467,572
Total assets	668,894,101	786,860	669,680,961
Deferred Outflows of Resources			
Deferred charge on refunding	537,291	-	537,291
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	9,855,770	26,974	9,882,744
Deferred outflows of resources related to pensions	58,599,333	73,259	58,672,592
Total deferred outflows of resources	68,992,394	100,233	69,092,627
Liabilities			
Accounts payable	21,345,431	2,739	21,348,170
Accrued interest payable	2,422,034	-	2,422,034
Unearned revenue	7,034,271	5,311	7,039,582
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	19,391,614	-	19,391,614
Long-term liabilities other than OPEB and pensions due in more than one year	395,575,676	-	395,575,676
OPEB liability	41,864,834	119,980	41,984,814
Aggregate net pension liability	271,933,741	730,067	272,663,808
Total liabilities	759,567,601	858,097	760,425,698
Deferred Inflows of Resources			
Deferred inflows of resources related to other OPEB liability	830,941	2,464	833,405
Deferred inflows of resources related to pensions	10,702,652	30,881	10,733,533
Total deferred inflows of resources	11,533,593	33,345	11,566,938
Net Position			
Net investment in capital assets	194,957,841	-	194,957,841
Restricted for			
Debt service	24,932,332	-	24,932,332
Capital projects	5,067,366	-	5,067,366
Educational programs	10,531,132	-	10,531,132
Other activities	22,985,644	(4,349)	22,981,295
Unrestricted (deficit)	(291,689,014)	-	(291,689,014)
Total net position (deficit)	\$ (33,214,699)	\$ (4,349)	\$ (33,219,048)

Norwalk-La Mirada Unified School District

Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
Instruction	\$ 163,747,201	\$ 254,976	\$ 51,074,899	\$ 4,059,337	\$ (108,357,989)	\$ -	\$ (108,357,989)
Instruction-related activities							
Supervision of instruction	14,727,727	72,199	5,685,577	-	(8,969,951)	-	(8,969,951)
Instructional library, media, and technology	3,006,427	-	259,398	-	(2,747,029)	-	(2,747,029)
School site administration	18,056,882	60,637	2,136,109	-	(15,860,136)	-	(15,860,136)
Pupil services							
Home-to-school transportation	6,123,981	-	20,889	-	(6,103,092)	-	(6,103,092)
Food services	10,460,505	3,685	9,406,017	-	(1,050,803)	-	(1,050,803)
All other pupil services	17,968,162	23,040	5,313,257	-	(12,631,865)	-	(12,631,865)
Administration							
Data processing	3,782,543	-	2,851,550	-	(930,993)	-	(930,993)
All other administration	12,011,569	1,544	4,896,157	-	(7,113,868)	-	(7,113,868)
Plant services	25,661,870	50,119	3,067,604	-	(22,544,147)	-	(22,544,147)
Ancillary services	1,012,771	-	39,803	-	(972,968)	-	(972,968)
Enterprise services	822,754	-	309,579	-	(513,175)	-	(513,175)
Interest on long-term liabilities	14,757,426	-	-	-	(14,757,426)	-	(14,757,426)
Other outgo	701,570	-	226,010	-	(475,560)	-	(475,560)
Depreciation (unallocated) ¹	12,942,229	-	-	-	(12,942,229)	-	(12,942,229)
Total governmental activities	305,783,617	466,200	85,286,849	4,059,337	(215,971,231)	-	(215,971,231)
Business-Type Activities							
Enterprise services	176,066	172,396	342	-	-	(3,328)	(3,328)
Total School District	\$ 305,959,683	\$ 638,596	\$ 85,287,191	\$ 4,059,337	(215,971,231)	(3,328)	(215,974,559)

¹ This amount excludes any depreciation that is included in the direct expenses of the various programs.

Norwalk-La Mirada Unified School District

Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
General Revenues and Subventions							
Property taxes, levied for general purposes					\$ 40,083,574	\$ -	\$ 40,083,574
Property taxes, levied for debt service					18,456,481	-	18,456,481
Taxes levied for other specific purposes					1,560,788	-	1,560,788
Federal and State aid not restricted to specific purposes					143,235,007	-	143,235,007
Interest and investment earnings					(150,630)	3,328	(147,302)
Miscellaneous					16,643,156	(4,349)	16,638,807
Subtotal, general revenues and subventions					219,828,376	(1,021)	219,827,355
Change in Net Position					3,857,145	(4,349)	3,852,796
Net Position - Beginning, as restated					(37,071,844)	-	(37,071,844)
Net Position - Ending					\$ (33,214,699)	\$ (4,349)	\$ (33,219,048)

Norwalk-La Mirada Unified School District

Balance Sheet – Governmental Funds

June 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 66,610,061	\$ 103,278,259	\$ 27,354,366	\$ 16,819,668	\$ 214,062,354
Receivables	13,869,993	101,871	-	2,160,854	16,132,718
Due from other funds	3,198	-	-	-	3,198
Prepaid expenditures	184,459	-	-	-	184,459
Stores inventories	81,520	-	-	156,692	238,212
Total assets	\$ 80,749,231	\$ 103,380,130	\$ 27,354,366	\$ 19,137,214	\$ 230,620,941
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 10,983,602	\$ 2,780,496	\$ -	\$ 672,530	\$ 14,436,628
Due to other funds	-	-	-	3,198	3,198
Unearned revenue	6,896,440	-	-	137,831	7,034,271
Total liabilities	17,880,042	2,780,496	-	813,559	21,474,097
Fund Balances					
Nonspendable	395,079	-	-	156,692	551,771
Restricted	10,531,132	100,599,634	27,354,366	10,017,649	148,502,781
Committed	-	-	-	202,937	202,937
Assigned	8,133,145	-	-	7,946,377	16,079,522
Unassigned	43,809,833	-	-	-	43,809,833
Total fund balances	62,869,189	100,599,634	27,354,366	18,323,655	209,146,844
Total liabilities and fund balances	\$ 80,749,231	\$ 103,380,130	\$ 27,354,366	\$ 19,137,214	\$ 230,620,941

Norwalk-La Mirada Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balance - Governmental Funds		\$ 209,146,844
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 564,349,872	
Accumulated depreciation is	<u>(161,586,134)</u>	
Net capital assets		402,763,738
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(2,422,034)
An Internal Service Fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities.		18,035,379
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Deferred charge on refunding	537,291	
Other postemployment benefits (OPEB) liability	9,855,770	
Aggregate net pension liability	<u>58,599,333</u>	
Total deferred outflows of resources		68,992,394
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
OPEB liability	(830,941)	
Aggregate net pension liability	<u>(10,702,652)</u>	
Total deferred inflows of resources		(11,533,593)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(271,933,741)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(41,864,834)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
General obligation bonds	(290,074,016)	
Premium on issuance	(18,805,806)	
Capital leases	(63,000)	
Compensated absences	(3,536,007)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	<u>(91,920,023)</u>	
Total long-term liabilities		<u>(404,398,852)</u>
Total net position - governmental activities		<u>\$ (33,214,699)</u>

Norwalk-La Mirada Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund
Revenues			
Local Control Funding Formula	\$ 179,714,400	\$ -	\$ -
Federal sources	29,544,625	-	-
Other State sources	40,831,762	-	123,043
Other local sources	1,955,622	(322,907)	18,321,343
Total revenues	<u>252,046,409</u>	<u>(322,907)</u>	<u>18,444,386</u>
Expenditures			
Current			
Instruction	140,948,038	-	-
Instruction-related activities			
Supervision of instruction	11,941,522	-	-
Instructional library, media, and technology	2,730,890	-	-
School site administration	13,104,364	-	-
Pupil services			
Home-to-school transportation	5,612,397	-	-
Food services	2,010	-	-
All other pupil services	16,000,465	-	-
Administration			
Data processing	6,299,690	-	-
All other administration	13,153,153	-	-
Plant services	21,817,677	448,745	-
Ancillary services	962,383	-	-
Other outgo	701,570	-	-
Enterprise services	320,361	-	-
Facility acquisition and construction	568,747	28,441,363	-
Debt service			
Principal	-	-	16,500,000
Interest and other	-	545,000	5,466,043
Total expenditures	<u>234,163,267</u>	<u>29,435,108</u>	<u>21,966,043</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>17,883,142</u>	<u>(29,758,015)</u>	<u>(3,521,657)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Other sources - proceeds from issuance of general obligation bonds	-	80,545,000	-
Other sources - premium from issuance of general obligation bonds	-	-	7,153,112
Transfers out	(699,043)	-	-
Net Financing Sources (Uses)	<u>(699,043)</u>	<u>80,545,000</u>	<u>7,153,112</u>
Net Change in Fund Balances	17,184,099	50,786,985	3,631,455
Fund Balance - Beginning, as restated	<u>45,685,090</u>	<u>49,812,649</u>	<u>23,722,911</u>
Fund Balance - Ending	<u>\$ 62,869,189</u>	<u>\$ 100,599,634</u>	<u>\$ 27,354,366</u>

Norwalk-La Mirada Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	Non-Major Governmental Funds	Total Governmental Funds
Revenues		
Local Control Funding Formula	\$ -	\$ 179,714,400
Federal sources	21,297,204	50,841,829
Other State sources	11,383,704	52,338,509
Other local sources	4,255,597	24,209,655
Total revenues	<u>36,936,505</u>	<u>307,104,393</u>
Expenditures		
Current		
Instruction	9,821,720	150,769,758
Instruction-related activities		
Supervision of instruction	1,486,469	13,427,991
Instructional library, media, and technology	5,010	2,735,900
School site administration	3,421,543	16,525,907
Pupil services		
Home-to-school transportation	30,159	5,642,556
Food services	10,046,215	10,048,225
All other pupil services	579,985	16,580,450
Administration		
Data processing	-	6,299,690
All other administration	424,952	13,578,105
Plant services	1,976,058	24,242,480
Ancillary services	-	962,383
Other outgo	-	701,570
Enterprise services	1,606	321,967
Facility acquisition and construction	1,203,298	30,213,408
Debt service		
Principal	2,791,165	19,291,165
Interest and other	-	6,011,043
Total expenditures	<u>31,788,180</u>	<u>317,352,598</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,148,325</u>	<u>(10,248,205)</u>
Other Financing Sources (Uses)		
Transfers in	699,043	699,043
Other sources - proceeds from issuance of general obligation bonds	-	80,545,000
Other sources - premium from issuance of general obligation bonds	-	7,153,112
Transfers out	-	(699,043)
Net Financing Sources (Uses)	<u>699,043</u>	<u>87,698,112</u>
Net Change in Fund Balances	5,847,368	77,449,907
Fund Balance - Beginning	<u>12,476,287</u>	<u>131,696,937</u>
Fund Balance - Ending	<u>\$ 18,323,655</u>	<u>\$ 209,146,844</u>

Norwalk-La Mirada Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds \$ 77,449,907

Amounts Reported for Governmental Activities in the Statement of
Activities are Different Because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which capital outlays exceeds depreciation expense in the period.

Capital outlays	\$ 36,397,822	
Depreciation expense	(12,942,229)	

Net expense adjustment		23,455,593
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Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (4,321)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) 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). This year, vacation earned was less than the amount used by \$506,576. (506,576)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year. (18,079,004)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. (3,302,137)

Proceeds received from sale of General Obligation Bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. This year the District issued the following debt:

General obligation bonds		(80,545,000)
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Norwalk-La Mirada Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2021

Governmental funds report the effect of premiums and deferred charges on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. This is the net effect of these related items:

Premium on issuance	\$ (7,153,112)
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Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities:

General obligation bonds	16,500,000
Certificates of participation (QZAB program)	2,770,165
Capital leases	21,000

Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances:

Amortization of premium on issuance	697,000
Amortization of deferred charge on refunding	(35,580)

Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds and the certificates of participation increased by \$63,766, and second, \$9,344,037 of accumulated interest was accreted on the District's capital appreciation general obligation bonds.

(9,407,803)

An Internal Service Fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.

1,997,013

Change in net position of governmental activities

\$ 3,857,145

Norwalk-La Mirada Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2021

	Business-Type Activities Enterprise Fund Child Care Enterprise	Governmental Activities Internal Service Fund
Assets		
Current assets		
Deposits and investments	\$ 770,775	\$ 33,361,904
Receivables	16,085	63,212
Prepaid expenses	-	2,087,504
Total current assets	<u>786,860</u>	<u>35,512,620</u>
Deferred Outflows of Resources		
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	26,974	-
Deferred outflows of resources related to pensions	<u>73,259</u>	<u>-</u>
Total deferred outflows of resources	<u>100,233</u>	<u>-</u>
Liabilities		
Current liabilities		
Accounts payable	2,739	6,908,803
Unearned revenue	5,311	-
Current portion of SELF assessment	-	45,044
Current portion of claims liability	<u>-</u>	<u>2,500,570</u>
Total current liabilities	<u>8,050</u>	<u>9,454,417</u>
Noncurrent liabilities		
Long-term liabilities other than OPEB and pensions due in more than one year	-	8,022,824
OPEB liability	119,980	-
Aggregate net pension liability	<u>730,067</u>	<u>-</u>
Total noncurrent liabilities	<u>850,047</u>	<u>8,022,824</u>
Total liabilities	<u>858,097</u>	<u>17,477,241</u>
Deferred Inflows of Resources		
Deferred inflows of resources related to OPEB liability	2,464	-
Deferred inflows of resources related to pensions	<u>30,881</u>	<u>-</u>
Total deferred outflows of resources	<u>33,345</u>	<u>-</u>
Net Position		
Restricted	<u>\$ (4,349)</u>	<u>\$ 18,035,379</u>

Norwalk-La Mirada Unified School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2021

	Business-Type Activities Enterprise Fund <u>Child Care Enterprise</u>	Governmental Activities <u>Internal Service Fund</u>
Operating Revenues		
Local and intermediate sources	\$ 172,396	\$ 35,320,147
Operating Expenses		
Payroll costs	171,351	235,862
Professional and contract services	4,715	33,055,514
Supplies and materials	<u>-</u>	<u>4,735</u>
Total operating expenses	<u>176,066</u>	<u>33,296,111</u>
Operating Income (Loss)	<u>(3,670)</u>	<u>2,024,036</u>
Nonoperating Revenues (Expenses)		
Grants	342	-
Fair market value adjustments	(4,349)	(186,684)
Interest income	<u>3,328</u>	<u>159,661</u>
Total nonoperating revenues (expenses)	<u>(679)</u>	<u>(27,023)</u>
Change in Net Position	(4,349)	1,997,013
Total Net Position - Beginning	<u>-</u>	<u>16,038,366</u>
Total Net Position - Ending	<u>\$ (4,349)</u>	<u>\$ 18,035,379</u>

Norwalk-La Mirada Unified School District

Statement of Cash Flows – Proprietary Funds

Year Ended June 30, 2021

	Business-Type Activities Enterprise Fund Child Care Enterprise	Governmental Activities Internal Service Fund
Operating Activities		
Cash receipts from customers	\$ 152,392	\$ -
Cash received from assessments made to other funds	-	35,352,527
Cash payments to employees for services	(47,898)	(235,862)
Cash payments to suppliers of goods or services	(1,116)	(33,969,626)
Other operating cash payments	(4,715)	(600)
Net Cash Provided by Operating Activities	<u>98,663</u>	<u>1,146,439</u>
Noncapital Financing Activities		
Non-operating grants received	<u>342</u>	<u>-</u>
Investing Activities		
Interest on investments	<u>(420)</u>	<u>(10,913)</u>
Net Change in Cash and Cash Equivalents	98,585	1,135,526
Cash and Cash Equivalents, Beginning	<u>672,190</u>	<u>32,226,378</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 770,775</u></u>	<u><u>\$ 33,361,904</u></u>
Reconciliation of Operating Income (loss) to Net		
Cash Provided by Operating Activities		
Operating income (loss)	\$ (3,670)	\$ 2,024,036
Adjustments to reconcile operating income (loss)		
to net cash provided by (used for) operating activities		
Receivables	(12,480)	32,380
Deferred outflows of resources related to other		
postemployment benefits (OPEB) liability	(22,814)	-
Deferred outflows of resources related to pensions	86,184	-
Prepaid expenses	-	23,132
Accounts payable	(1,116)	(122,757)
Unearned revenue	(7,524)	-
Deferred inflows of resources related to other		
postemployment benefits (OPEB) liability	(72)	-
Deferred inflows of resources related to pensions	5,304	-
Claims liability and self workers' compensation		
assessment	-	(810,352)
Net other postemployment benefits (OPEB) liability	39,917	-
Aggregate net pension liability	<u>14,934</u>	<u>-</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ 98,663</u></u>	<u><u>\$ 1,146,439</u></u>

Note 1 - Summary of Significant Accounting Policies**Financial Reporting Entity**

The Norwalk-La Mirada Unified School District (the District) was unified on July 1, 1965 under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. 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. The District operates 17 elementary schools, six middle schools, three high schools, a continuation high school, and two adult education schools.

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, boards, and agencies that are not legally separate from the District. For Norwalk-La Mirada Unified School District, this includes general operations, food service, and student related activities of the District.

Other Related Entities

Public Property Financing Corporation of California (the Corporation) is a California non-profit, public benefit corporation duly organized on April 15, 1991, and existing under the laws of the State. The Corporation was formed for the specific and primary purposes of benefitting California governmental agencies, including, but not limited to, school district, by participating with such governmental agencies in projects to maintain, improve, and assist the activities of such governmental agencies by acquiring, purchasing, selling, leasing, or otherwise transferring real and personal property in connection with such projects, and assisting the governmental agencies in financing, acquiring and constructing of such projects, as well as other purposes as specified in the Corporation's articles of incorporation. The District has been granted authorization from the State Superintendent of Public Instruction to issue securities in an aggregate principal amount not to exceed \$3,069,000 in accordance with the qualified zone academy bonds tax credit program found in Section 1397E of the Internal Revenue Code of 1986 and State regulations. The District and the Corporation, in order to facilitate the financing of projects qualified under the QZAB Program, entered into a lease arrangement, by which the District will lease to the Corporation those certain parcels of real property located in within the District and pursuant to a sublease the Corporation will sublease the property to the District. The Corporation is not considered a component unit of the District.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and proprietary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. 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.

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 20, Special Reserve Fund for Postemployment Benefits, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund function effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$5,492,202, a decrease in revenues and other financing sources of \$1,011,681, and a decrease in expenditures and other financing uses of \$667,065, as of June 30, 2021.

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

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue Funds are used 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** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account 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)).

Capital Project Funds The Capital Project Funds are used 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** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board 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 et seq.).

- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Proprietary Funds Proprietary Funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and 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 goods 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 Fund** The Internal Service Funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a self-insurance program that is accounted for in an internal service fund. The Internal Service Fund consists of three sub-funds as follows:
 - **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 resources 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.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the District and for each governmental function and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from the special revenue funds and the internal service fund, and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the Statement of Net Position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.
- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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 or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. 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 restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial statement of net position. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the capital assets of governmental funds.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 20 to 50 years; equipment, tow to 15 years; and vehicles, eight years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to contributions subsequent to measurement date, change in proportions and differences between contributions and the District's proportionate share of contributions, differences between expected and actual experience, differences between projected and actual earnings on pension plan investments, and changes of assumptions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and for OPEB related items. The deferred amounts related to pension and OPEB relate to change in proportions and differences between contributions and the District's proportionate share of contributions, differences between expected and actual experiences, change in proportions and differences between contributions and the District's proportionate share of contributions, and changes of assumptions.

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 California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions 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. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund" depending on District and situation.

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 CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the MPP's fiduciary net position have been determined on the same basis as they are reported by the MPP. For this purpose, the MPP recognizes 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. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances - Governmental Funds

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

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 governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Enabling legislation relates to laws passed that create a revenue source to be used for specific purposes. The government-wide financial statements report \$63,516,474 restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds related to the self-insurance program and child care fees. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental and business-type activities columns of the Statement of Activities, except for the net residual amounts transferred between governmental and business-type activities.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Los Angeles bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles**Implementation of GASB Statement No. 84**

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 16.

New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

Note 2 - Deposits and Investments**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 247,424,258
Proprietary funds	<u>770,775</u>
Total deposits and investments	<u><u>\$ 248,195,033</u></u>

Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	\$ 742,743
Cash in revolving	404,100
Investments	<u>247,048,190</u>
Total deposits and investments	<u><u>\$ 248,195,033</u></u>

Policies and Practices

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is reported at amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County Investment Pool. The District maintains an investment of \$247,048,190 with the Los Angeles County Investment Pool that has an average weighted maturity of 1,045 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Los Angeles County Investment Pool is not required to be rated, nor has it been rated as of June 30, 2021.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. 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, 2021, the District's cash in banks were either insured or collateralized by securities held by the pledging financial institution's trust department, but not in the name of the District.

Note 3 - Receivables

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Enterprise Funds
Federal Government						
Categorical aid	\$ 5,089,003	\$ -	\$ 1,789,765	\$ -	\$ 6,878,768	\$ -
State Government						
LCFF apportionment	4,755,541	-	-	-	4,755,541	-
Categorical aid	77,254	-	244,439	-	321,693	-
Lottery	1,185,919	-	-	-	1,185,919	-
Special education	2,285,583	-	-	-	2,285,583	-
Local Government						
Interest	98,437	101,871	23,477	63,212	286,997	1,365
Other local sources	378,256	-	103,173	-	481,429	14,720
Total	<u>\$ 13,869,993</u>	<u>\$ 101,871</u>	<u>\$ 2,160,854</u>	<u>\$ 63,212</u>	<u>\$ 16,195,930</u>	<u>\$ 16,085</u>

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 9,278,310	\$ -	\$ -	\$ 9,278,310
Construction in progress	54,279,023	28,162,852	(9,424,019)	73,017,856
Total capital assets not being depreciated	63,557,333	28,162,852	(9,424,019)	82,296,166
Capital assets being depreciated				
Land improvements	23,292,363	713,098	-	24,005,461
Buildings and improvements	410,997,981	11,705,079	-	422,703,060
Furniture and equipment	30,356,959	5,240,812	(252,586)	35,345,185
Total capital assets being depreciated	464,647,303	17,658,989	(252,586)	482,053,706
Total capital assets	528,204,636	45,821,841	(9,676,605)	564,349,872
Accumulated depreciation				
Land improvements	(7,243,068)	(1,008,442)	-	(8,251,510)
Buildings and improvements	(120,976,569)	(9,637,259)	-	(130,613,828)
Furniture and equipment	(20,672,533)	(2,296,528)	248,265	(22,720,796)
Total accumulated depreciation	(148,892,170)	(12,942,229)	248,265	(161,586,134)
Governmental activities capital assets, net	\$ 379,312,466	\$ 32,879,612	\$ (9,428,340)	\$ 402,763,738
Business-Type Activities				
Furniture and equipment	\$ 12,795	\$ -	\$ -	\$ 12,795
Less accumulated depreciation	(12,795)	-	-	(12,795)
Business-type activities capital assets, net	\$ -	\$ -	\$ -	\$ -

Depreciation expense was excluded as a direct expense to governmental functions.

Note 5 - Interfund Transactions**Interfund Receivables/Payables (Due to/Due from)**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2021, between major and non-major governmental funds as follows:

A balance of \$3,198 due to the General Fund from the Pupil Transportation Equipment Non-Major Governmental Fund resulted from a temporary cash borrowing to be repaid.

Operating Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following:

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund for deferred maintenance projects.	\$ 349,043
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for future capital equipment purchases.	<u>350,000</u>
Total	<u><u>\$ 699,043</u></u>

Note 6 - Accounts Payable

Accounts payable at June 30, 2021, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Enterprise Fund
Salaries and benefits	\$ 4,052,910	\$ -	\$ 210,908	\$ -	\$ 4,263,818	\$ 2,235
LCFF apportionment	2,277,809	-	-	-	2,277,809	-
Supplies	999,242	-	43,401	-	1,042,643	-
Services	1,843,105	27,047	139,542	6,800,707	8,810,401	504
Capital outlay	128,924	2,753,449	274,873	-	3,157,246	-
Employee withholdings	1,509,320	-	-	-	1,509,320	-
Other vendor payables	172,292	-	3,806	108,096	284,194	-
Total	<u>\$ 10,983,602</u>	<u>\$ 2,780,496</u>	<u>\$ 672,530</u>	<u>\$ 6,908,803</u>	<u>\$ 21,345,431</u>	<u>\$ 2,739</u>

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2021, consists of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities	Enterprise Fund
Federal financial assistance	\$ 1,135,481	\$ -	\$ 1,135,481	\$ -
State categorical aid	5,331,471	137,831	5,469,302	-
Other local	429,488	-	429,488	5,311
Total	<u>\$ 6,896,440</u>	<u>\$ 137,831</u>	<u>\$ 7,034,271</u>	<u>\$ 5,311</u>

Note 8 - Long-Term Liabilities Other than OPEB and Pensions**Summary**

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 308,605,002	\$ 89,889,037	\$ (16,500,000)	\$ 381,994,039	\$ 16,825,000
Premium on issuance	12,349,694	7,153,112	(697,000)	18,805,806	-
Certificates of participation (Qualified Academy Zone Bonds)	2,770,165	-	(2,770,165)	-	-
Capital leases	84,000	-	(21,000)	63,000	21,000
Compensated absences	3,029,431	506,576	-	3,536,007	-
Claims liability	11,246,525	1,735,262	(2,500,570)	10,481,217	2,500,570
SELF workers' compensation assessment	132,265	-	(45,044)	87,221	45,044
Total	<u>\$ 338,217,082</u>	<u>\$ 99,283,987</u>	<u>\$ (22,533,779)</u>	<u>\$ 414,967,290</u>	<u>\$ 19,391,614</u>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. The certificates of participation (Qualified Academy Zone Bonds) will be paid by the Special Reserve Fund for Capital Outlay of Projects. The Child Development Fund makes the payments for the capital leases. The compensated absences will be paid by the General Fund, Adult Education Fund, Child Development Fund, Cafeteria Fund, Building Fund, Special Reserve Fund for Capital Outlay of Projects, Internal Service Fund, and Child Care Enterprise Fund. Claims liability for workers' compensation and the SELF assessment are paid out of the Internal Service Fund.

Norwalk-La Mirada Unified School District

Notes to Financial Statements

June 30, 2021

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2021
04/20/05	08/01/29	3.00-5.31%	\$ 44,995,644	\$ 84,283,697	\$ -	\$ 3,948,011	\$ (8,460,000)	\$ 79,771,708
11/27/07	08/01/32	3.50-5.22%	29,200,602	24,640,157	-	1,265,649	-	25,905,806
07/14/09	02/01/34	6.16-7.36%	9,410,103	20,455,017	-	1,497,177	-	21,952,194
07/14/09	08/01/21	1.28-4.68%	13,580,000	2,130,000	-	-	(1,040,000)	1,090,000
10/08/09	08/01/38	5.50-6.47%	21,392,349	40,536,131	-	2,633,200	-	43,169,331
11/19/15	08/01/45	2.00-5.00%	24,000,000	4,990,000	-	-	-	4,990,000
11/19/15	08/01/25	2.00-5.00%	7,855,000	6,905,000	-	-	(960,000)	5,945,000
08/03/17	08/01/47	3.00-5.00%	59,000,000	52,970,000	-	-	(3,780,000)	49,190,000
08/03/17	08/01/21	3.00-4.00%	1,460,000	1,445,000	-	-	(705,000)	740,000
06/07/18	08/01/47	3.00-5.00%	10,250,000	10,250,000	-	-	(820,000)	9,430,000
06/27/19	08/01/48	3.00-5.00%	60,000,000	60,000,000	-	-	(735,000)	59,265,000
05/26/21	08/01/50	2.125-4.00%	80,545,000	-	80,545,000	-	-	80,545,000
				<u>\$ 308,605,002</u>	<u>\$80,545,000</u>	<u>\$ 9,344,037</u>	<u>\$ (16,500,000)</u>	<u>\$ 381,994,039</u>

2002 General Obligation Bonds, Series 2005B

On April 20, 2005, the District issued \$44,995,644 of 2002 General Obligation Bonds, Series 2005B. The Series 2005B bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting \$70,089,356, and an aggregate principal debt service balance of \$115,085,000. The bonds have a final maturity to occur on August 1, 2029, with interest rates ranging from 3.00 to 5.31 percent. Proceeds from the sale of the bonds were used to renovate, construct and modernize classrooms and school facilities and to pay all necessary legal, financial, engineering and contingent costs in connection with the issuance of the bonds. At June 30, 2021, the principal balance outstanding of the 2002 General Obligation Bonds, Series 2005B was \$79,771,708. Unamortized premium received on issuance of the bonds amounted to \$221,932 as of June 30, 2021.

2002 General Obligation Bonds, Series 2007C

On November 27, 2007, the District issued \$29,200,602 of 2002 General Obligation Bonds, Series 2007C. The Series 2007C bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting \$29,734,398, and an aggregate principal debt service balance of \$58,935,000. The bonds have a final maturity to occur on August 1, 2032, with interest rates ranging from 3.50 to 5.22 percent. Proceeds from the sale of the bonds were used to prepay a portion of the District's outstanding obligation related to the 2006 Certificates of Participations (School Facility Bridge Funding) and to pay all necessary legal, financial and contingent costs in connection with the issuance of the bonds. At June 30, 2021, the principal balance outstanding of the 2002 General Obligation Bonds, Series 2007C was \$25,905,806. Unamortized premium received on issuance of the bonds amounted to \$300,082 as of June 30, 2021.

2002 General Obligation Bonds, Series 2009D

On July 14, 2009, the District issued \$9,410,103 of General Obligation Bonds, Series 2009D. The Series 2009D bonds were issued as capital appreciation bonds, with the value of the capital appreciation bonds accreting to \$43,775,000. The bonds have a final maturity to occur on February 1, 2034, with interest rates ranging from 6.16 to 7.36 percent. Proceeds from the sale of the bonds were used to renovate, construct, and modernize classrooms and school facilities; to prepay a portion of the District's 2006 Certificates of Participation; and pay certain costs of issuance associated with the bonds. At June 30, 2021, the principal balance outstanding of the 2002 General Obligation Bonds, Series 2009D was \$21,952,194. Unamortized premium received on issuance of the bonds amounted to \$228,383 as of June 30, 2021.

2009 General Obligation Refunding Bonds

On July 14, 2009, the District issued \$13,580,000 of 2009 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2021, with interest rates ranging from 1.28 to 4.68 percent. Proceeds from the issuance were used to advance refund a portion of the District's outstanding 2002 General Obligation Bonds, Series 2007C and 2005 Refunding General Obligation Bonds and to pay the costs of issuance associated with the refunding bonds. At June 30, 2021, the principal balance outstanding on the 2009 General Obligation Refunding Bonds was \$1,090,000.

2002 General Obligation Bonds, Series 2009E

On October 8, 2009, the District issued \$21,392,349 of General Obligation Bonds, Series 2009E. The Series 2009E bonds were issued as both capital appreciation bonds and convertible capital appreciation bonds, with the value of the bonds accreting to \$102,175,000. The bonds have a final maturity to occur on August 1, 2038, with interest rates ranging from 5.50 to 6.47 percent. Proceeds from the sale of bonds were used to renovate, construct and modernize classrooms and school facilities; prepay a portion of the District's 2006 Certificates of Participation; and pay certain costs of issuance associated with the bonds. At June 30, 2021, the principal balance outstanding on the 2002 General Obligation Bonds, Series 2009E was \$43,169,331. Unamortized premium received on issuance of the bonds amounted to \$732,281 as of June 30, 2021.

2014 General Obligation Bonds, Series A

On November 19, 2015, the District issued \$24,000,000 of 2014 General Obligation Bonds, Series A. The Bonds have a final maturity to occur on August 1, 2045, with interest rates ranging from 2.00 to 5.00 percent. Proceeds from the issuance were used to finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities and to pay the costs of issuing the bonds. At June 30, 2021, the principal balance outstanding on the 2014 General Obligation Bonds, Series A was \$4,990,000. Unamortized premium received on issuance of the bonds amounted to \$836,788 as of June 30, 2021.

2015 General Obligation Refunding Bonds

On November 19, 2015, the District issued \$7,855,000 of 2015 General Obligation Refunding Bonds. The Bonds have a final maturity to occur on August 1, 2025, with interest rates ranging from 2.00 to 5.00 percent. Proceeds from the issuance were used to advance refund a portion of the District's outstanding General Obligation Bonds, Election of 2002, Series 2007C and to pay the costs of issuing the refunding bonds. At June 30, 2021, the principal balance outstanding on the 2015 General Obligation Refunding Bonds was \$5,945,000. Unamortized premium received on issuance of the bonds amounted to \$612,900 as of June 30, 2021.

2014 General Obligation Bonds, Series B

On August 3, 2017, the District issued \$59,000,000 of 2014 General Obligation Bonds, Series B. The Bonds have a final maturity to occur on August 1, 2047, with interest rates ranging from 3.00 to 5.00 percent. Proceeds from the issuance will be used to finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities and to pay the costs of issuing the bonds. At June 30, 2021, the principal balance outstanding on the 2014 General Obligation Bonds, Series B was \$49,190,000. Unamortized premium received on issuance of the bonds amounted to \$3,884,301 as of June 30, 2021.

2017 General Obligation Refunding Bonds

On August 3, 2017, the District issued \$1,460,000 of 2017 General Obligation Refunding Bonds. The Bonds have a final maturity to occur on August 1, 2021, with interest rates ranging from 3.00 to 4.00 percent. Proceeds from the issuance were used to advance refund a portion of the District's outstanding 2009 General Obligation Refunding Bonds and to pay the costs of issuing the refunding bonds. At June 30, 2021, the principal balance outstanding on the 2017 General Obligation Refunding Bonds was \$740,000.

2014 General Obligation Bonds, Series C

On June 7, 2018, the District issued \$10,250,000 of 2014 General Obligation Bonds, Series C. The Bonds have a final maturity to occur on August 1, 2047, with interest rates ranging from 3.00 to 5.00 percent. Proceeds from the issuance will be used to finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities and to pay the costs of issuing the bonds. At June 30, 2021, the principal balance outstanding on the 2014 General Obligation Bonds, Series C was \$9,430,000. Unamortized premium received on issuance of the bonds amounted to \$826,029 as of June 30, 2021.

2014 General Obligation Bonds, Series D

On June 27, 2019, the District issued \$60,000,000 of 2014 General Obligation Bonds, Series D. The Bonds have a final maturity to occur on August 1, 2048, with interest rates ranging from 3.00 to 5.00 percent. Proceeds from the issuance will be used to finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities and to pay the costs of issuing the bonds. At June 30, 2021, the principal balance outstanding on the 2014 General Obligation Bonds, Series D was \$59,265,000. Unamortized premium received on issuance of the bonds amounted to \$4,030,553 as of June 30, 2021.

2014 General Obligation Bonds, Series E

On May 26, 2021, the District issued \$80,545,000 of 2014 General Obligation Bonds, Series E. The Bonds have a final maturity to occur on August 1, 2050, with interest rates ranging from 2.125 to 4.000 percent. The net proceeds from the issuance will be used to finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities and to pay the costs of issuing the bonds. At June 30, 2021, the principal balance outstanding on the 2014 General Obligation Bonds, Series E was \$80,545,000. Unamortized premium received on issuance of the bonds amounted to \$7,132,557 as of June 30, 2021.

Debt Service Requirements to Maturity

The bonds mature through 2051 as follows:

<u>Fiscal Year</u>	<u>Principal Including Accreted Interest to Date</u>	<u>Accreted Interest</u>	<u>Interest to Maturity</u>	<u>Total</u>
2022	\$ 16,825,000	\$ -	\$ 7,209,938	\$ 24,034,938
2023	15,700,569	569,431	8,142,219	24,412,219
2024	15,866,961	1,168,039	7,945,994	24,980,994
2025	12,846,576	1,793,424	7,800,994	22,440,994
2026	12,414,777	2,155,223	7,667,844	22,237,844
2027-2031	69,711,595	24,108,405	35,038,956	128,858,956
2032-2036	66,320,452	50,095,647	30,151,378	146,567,477
2037-2041	50,038,109	26,356,642	24,885,980	101,280,731
2042-2046	54,730,000	-	16,758,850	71,488,850
2047-2051	67,540,000	-	5,327,875	72,867,875
Total	<u>\$ 381,994,039</u>	<u>\$ 106,246,811</u>	<u>\$ 150,930,028</u>	<u>\$ 639,170,878</u>

2005 Certificates of Participation (Qualified Academy Zone Bonds Program)

On December 29, 2005, the District, pursuant to a sublease agreement with the Public Property Financing Corporation of California (the Financing Corporation), issued the \$2,770,165 of 2005 Certificates of Participation (Qualified Academy Zone Bonds). The District had been granted authorization from the State Superintendent of Public Instruction to issue securities in an aggregate principal amount not to exceed \$3,069,000 in accordance with the qualified zone academy bonds tax credit program found in Section 1397E of the Internal Revenue Code of 1986 and State regulations, to finance certain projects at qualified zone academies within the District. The District and the Financing Corporation, in order to facilitate the financing of projects qualified under the QZAB Program, entered into a lease arrangement, by which the District will lease to the Financing Corporation those certain parcels of real property located in within the District and pursuant to a sublease the Corporation will sublease the property to the District, with the District required to pay base rental to the Corporation (an initial lease payment of \$600,000 was made December 29, 2005). The annual base rental payment of \$95,722, to begin December 29, 2006, will be deposited with the Bank of America into an interest generating investment to produce sufficient income to repay the \$2,770,165 certificates upon maturity on December 29, 2020. As of June 30, 2021, the 2005 Certificates of Participation (Qualified Academy Zone Bonds) were fully defeased.

Capital Lease

The District has entered into agreements to lease equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

Balance, July 1, 2020	\$ 84,000
Payments	<u>(21,000)</u>
Balance, July 1, 2021	<u><u>\$ 63,000</u></u>

Future payments on capital leases are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2022	\$ 21,000
2023	21,000
2024	<u>21,000</u>
Total	<u><u>\$ 63,000</u></u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$3,536,007.

Claims Liability

Liabilities associated with workers' compensation claims are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are based upon estimated ultimate cost of settling the claims, considering recent claim settlement trends including the frequency and amounts of payouts and other economic and social factors. The liability for workers' compensation claims is reported in the Internal Service Fund. The outstanding claims liability at June 30, 2021, amounted to \$10,481,217.

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, 2021, the District's outstanding obligation to their pro-rata share of equity assessed was \$87,221.

Note 9 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2021, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 40,574,912	\$ 9,882,744	\$ 833,405	\$ 4,973,852
Medicare Premium Payment (MPP) Program	1,409,902	-	-	176,718
Total	<u>\$ 41,984,814</u>	<u>\$ 9,882,744</u>	<u>\$ 833,405</u>	<u>\$ 5,150,570</u>

The details of each plan are as follows:

District Plan**Plan Administration**

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2020, the valuation date, the Plan membership consisted of the following:

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

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Teacher Association of the Norwalk-La Mirada Area (TANLA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, TANLA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2020, the District paid \$818,734 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$40,574,912 was measured as of June 30, 2020. The total OPEB liability was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent, average, including inflation
Discount rate	2.20 percent for 2020
Healthcare cost trend rates	4.00 percent

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Mortality for Miscellaneous Employees and Schools Employees table. Mortality rates vary by age and sex. Mortality rates varying by age and sex (and sometimes retirement or disability status). If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actual experience study for the period July 1, 2019 to June 30, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2019	\$ 28,914,184
Service cost	2,429,920
Interest	1,040,761
Differences between expected and actual experience in the measurement of the total OPEB liability	3,830,576
Changes of assumptions	5,178,205
Benefit payments	(818,734)
Net change in total OPEB liability	11,660,728
Balance, June 30, 2020	\$ 40,574,912

Changes of assumptions reflect a change in the discount rate from 3.50 percent to 2.20 percent.

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 percent lower or higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (1.20%)	\$ 43,851,133
Current discount rate (2.20%)	40,574,912
1% increase (3.20%)	37,503,574

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 percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.00%)	\$ 35,805,543
Current healthcare cost trend rate (4.00%)	40,574,912
1% increase (5.00%)	46,198,099

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$4,973,852. At June 30, 2021, 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
OPEB contributions subsequent to measurement date	\$ 1,012,668	\$ -
Differences between expected and actual experience in the measurement of the total OPEB liability	3,526,562	402,087
Changes of assumptions	5,343,514	431,318
Total	<u>\$ 9,882,744</u>	<u>\$ 833,405</u>

The deferred outflows of resources related to net other postemployment benefits (OPEB) liability resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net other postemployment benefits (OPEB) liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 684,437
2023	684,437
2024	684,437
2025	684,437
2026	684,437
Thereafter	4,614,486
Total	<u>\$ 8,036,671</u>

Medicare Premium Payment (MPP) Program**Plan Description**

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits 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, 2019 annual actuarial valuation report, Medicare Premium Payment 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: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (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. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of \$1,409,902 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. 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, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.3327 percent, and 0.3311 percent, resulting in a net increase in the proportionate share of 0.0016 percent.

For the year ended June 30, 2021, the District recognized OPEB expense of \$176,718.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	June 30, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, 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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because 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' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18 percent of the potentially eligible population (159,339).

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, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2020, is 2.21 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29 percent from 3.50 percent as of June 30, 2019.

Sensitivity of the District's 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 calculated using the current discount rate, as well as what the net OPEB 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 OPEB Liability
1% decrease (1.21%)	\$ 1,559,039
Current discount rate (2.21%)	1,409,902
1% increase (3.31%)	1,282,997

Sensitivity of the District's 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 calculated using the Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 1,278,406
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	1,409,902
1% increase (5.50% Part A and 6.40% Part B)	1,561,278

Norwalk-La Mirada Unified School District

Notes to Financial Statements

June 30, 2021

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 129,100	\$ -	\$ -	\$ -	\$ 129,100
Stores inventories	81,520	-	-	156,692	238,212
Prepaid expenditures	184,459	-	-	-	184,459
Total nonspendable	395,079	-	-	156,692	551,771
Restricted					
Legally restricted programs	10,531,132	-	-	4,950,283	15,481,415
Capital projects	-	100,599,634	-	5,067,366	105,667,000
Debt service	-	-	27,354,366	-	27,354,366
Total restricted	10,531,132	100,599,634	27,354,366	10,017,649	148,502,781
Committed					
Deferred maintenance program	-	-	-	202,937	202,937
Assigned					
Lottery allocation reserve	912,315	-	-	-	912,315
LCAP minimum proportionality	1,728,628	-	-	-	1,728,628
Postemployment benefits	5,492,202	-	-	-	5,492,202
Capital projects	-	-	-	7,946,377	7,946,377
Total assigned	8,133,145	-	-	7,946,377	16,079,522
Unassigned					
Reserve for economic uncertainties	7,065,881	-	-	-	7,065,881
Remaining unassigned	36,743,952	-	-	-	36,743,952
Total unassigned	43,809,833	-	-	-	43,809,833
Total	\$ 62,869,189	\$ 100,599,634	\$ 27,354,366	\$ 18,323,655	\$ 209,146,844

Note 11 - Lease Revenue

Lease agreements have been entered into with various lessees for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessees but is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease payments expected to be received under these agreements are as follows:

Year Ending June 30,	Lease Revenue
2022	\$ 392,721
2023	198,852
Total	<u>\$ 591,573</u>

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, 2021, 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.

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 fund 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 changes in approximate aggregate liabilities for the District from July 1, 2019 to June 30, 2021:

	Workers' Compensation	Property and Liability	Total
Liability Balance, July 1, 2019	\$ 10,885,242	\$ 439,900	\$ 11,325,142
Claims and changes in estimates	2,433,764	(3,090)	2,430,674
Claims payments	(2,436,006)	(73,285)	(2,509,291)
Liability Balance, June 30, 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	<u>\$ 10,057,576</u>	<u>\$ 423,641</u>	<u>\$ 10,481,217</u>
Assets available to pay claims at June 30, 2021	<u>\$ 26,846,097</u>	<u>\$ 462,074</u>	<u>\$ 27,308,171</u>

The claims are discounted at annual rate of 2.0 percent.

Note 13 - Employee Retirement Systems

Qualified employees are covered under multiple employer defined benefit pension plans maintained by agencies of the State of California. Academic 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, 2021, the District reported its proportionate share of 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	\$ 185,031,388	\$ 44,058,998	\$ 7,059,040	\$ 25,463,098
CalPERS	87,632,420	14,613,594	3,674,493	16,706,918
Total	<u>\$ 272,663,808</u>	<u>\$ 58,672,592</u>	<u>\$ 10,733,533</u>	<u>\$ 42,170,016</u>

The details of each plan are as follows:

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, 2019, 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:

<http://www.calstrs.com/member-publications>.

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 percent 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 nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

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

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$15,862,874.

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

At June 30, 2021, 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:

Total net pension liability, including State share

Proportionate share of net pension liability	\$ 185,031,388
State's proportionate share of the net pension liability	<u>95,383,702</u>
Total	<u><u>\$ 280,415,090</u></u>

The net pension liability was measured as of June 30, 2020. 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 proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.1909 percent and 0.1872 percent, resulting in a net increase in the proportionate share of 0.0037 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$25,463,098. In addition, the District recognized pension expense and revenue of \$13,362,321 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 15,862,874	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	5,431,166	1,840,838
Differences between projected and actual earnings on pension plan investments	4,395,281	-
Differences between expected and actual experience in the measurement of the total pension liability	326,496	5,218,202
Changes of assumptions	<u>18,043,181</u>	<u>-</u>
Total	<u><u>\$ 44,058,998</u></u>	<u><u>\$ 7,059,040</u></u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (2,681,974)
2023	1,497,552
2024	2,987,785
2025	2,591,918
Total	<u>\$ 4,395,281</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions 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 seven years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 5,345,784
2023	5,329,038
2024	5,981,871
2025	142,650
2026	(399,808)
Thereafter	342,268
Total	<u>\$ 16,741,803</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price 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 its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input 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. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these 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 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%)	\$ 279,556,653
Current discount rate (7.10%)	185,031,388
1% increase (8.10%)	106,987,470

California Public Employees Retirement System (CalPERS)**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system 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, 2019 annual actuarial valuation report, Schools Pool Actuarial Valuation. 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/forms-publications>.

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, 2021, are summarized as follows:

	School Employer 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
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.700%	20.700%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were \$8,121,716.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$87,632,420. The net pension liability was measured as of June 30, 2020. 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 proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.2856 percent and 0.2882 percent, resulting in a net decrease in the proportionate share of 0.0026 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$16,706,918. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 8,121,716	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	3,674,493
Differences between projected and actual earnings on pension plan investments	1,824,228	-
Differences between expected and actual experience in the measurement of the total pension liability	4,346,299	-
Changes of assumptions	321,351	-
Total	<u>\$ 14,613,594</u>	<u>\$ 3,674,493</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (682,664)
2023	608,913
2024	1,058,389
2025	839,590
Total	<u>\$ 1,824,228</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions 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 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 1,227,747
2023	201,709
2024	(390,653)
2025	(45,646)
Total	<u>\$ 993,157</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

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 returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten 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. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 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%)	\$ 125,987,584
Current discount rate (7.15%)	87,632,420
1% increase (8.15%)	55,799,559

Alternative Retirement Program

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 CalPERS to act as their administrators and Wells Fargo Bank to act as trustee and investment manager for the District's alternative plan. The plan is a defined benefit plan in which all contributions are made by the District. The District contributes 5.0 percent of an employee's gross earnings. The District contributed \$221,507 in the 2020-2021 fiscal year.

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 in the amount of \$10,794,608 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves but have not been included in the original budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

Note 14 - Commitments and Contingencies**Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2021.

Construction Commitments

As of June 30, 2021, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Ramona Head Start Playground Project	\$ 2,289	July 2021
Norwalk H.S. New Synthetic Turf Sports Fields & Accessory Bldgs	717,883	August 2021
Benton M.S. & Hutchinson M.S. Modular Classroom Bldgs	35,415	August 2021
La Mirada HS Gym & Locker Room Renovation/Expansion Phase 1A	1,403,939	March 2022
Sanchez Room 21 & Playground Project	7,309	March 2022
Norwalk Adult School Fire Alarm Upgrade	30,296	April 2022
La Mirada New Synthetic Football Field & Acc. Bldgs	1,817,723	March 2023
Norwalk H.S. Gym Locker Room / Athletic Facility	1,612,166	February 2024
La Mirada H.S. 1C New Baseball, Softball Practice Fields	2,642,727	April 2024
Total	<u>\$ 8,269,747</u>	

Note 15 - Participation in Joint Powers Agreements

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.

During the year ended June 30, 2021, the District made payments of \$312,988 and \$3,509,449 to SELF and ASCIP, respectively.

Note 16 - Restatement of Prior Year Net Position and Fund Balance

As of June 30, 2021, the District adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity and scholarship activity previously reported as fiduciary funds to a governmental fund – General Fund. The following table describes the effects of the implementation on beginning fund balance/net position.

	General Fund	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2020	\$ 44,576,322	\$ 130,588,169
Reclassified student activity from fiduciary to governmental fund	867,264	867,264
Reclassified scholarship fund from fiduciary to governmental fund	241,504	241,504
Fund Balance - Beginning as Restated July 1, 2020	<u>\$ 45,685,090</u>	<u>\$ 131,696,937</u>
Government-Wide Financial Statements		
Beginning Government-Wide Net Position previously reported at June 30, 2020		\$ (38,180,612)
Reclassified student activity from fiduciary to governmental fund		867,264
Reclassified scholarship fund from fiduciary to governmental fund		241,504
Net Position - Beginning as Restated July 1, 2020		<u>\$ (37,071,844)</u>



Required Supplementary Information
June 30, 2021

Norwalk-La Mirada Unified School District

Norwalk-La Mirada Unified School District

Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 165,793,894	\$ 179,711,816	\$ 179,714,400	\$ 2,584
Federal sources	11,955,380	30,716,416	29,544,625	(1,171,791)
Other State sources	28,472,505	32,874,686	40,831,762	7,957,076
Other local sources	1,540,457	1,745,463	1,955,622	210,159
Total revenues ¹	207,762,236	245,048,381	252,046,409	6,998,028
Expenditures				
Current				
Certificated salaries	96,635,712	95,952,406	95,415,380	537,026
Classified salaries	37,937,120	36,142,541	35,256,911	885,630
Employee benefits	61,475,325	60,972,798	61,507,893	(535,095)
Books and supplies	7,708,829	27,159,753	24,121,269	3,038,484
Services and operating expenditures	16,308,051	17,188,467	16,317,000	871,467
Other outgo	832,841	812,641	315,740	496,901
Capital outlay	275,000	974,155	1,229,074	(254,919)
Total expenditures ¹	221,172,878	239,202,761	234,163,267	5,039,494
Excess (Deficiency) of Revenues Over Expenditures	(13,410,642)	5,845,620	17,883,142	12,037,522
Other Financing Sources (Uses)				
Transfers in	925,771	1,012,219	-	(1,012,219)
Transfers out	(1,326,167)	(1,366,108)	(699,043)	667,065
Net financing sources (uses)	(400,396)	(353,889)	(699,043)	(345,154)
Net Change in Fund Balances	(13,811,038)	5,491,731	17,184,099	11,692,368
Fund Balance - Beginning, as restated	45,685,090	45,685,090	45,685,090	-
Fund Balance - Ending	\$ 31,874,052	\$ 51,176,821	\$ 62,869,189	\$ 11,692,368

¹ Due to the consolidation of Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

Norwalk-La Mirada Unified School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 2,429,920	\$ 2,244,208	\$ 2,117,150	\$ 2,005,340
Interest	1,040,761	930,380	887,834	812,326
Differences between expected and actual experience in the measurement of the total OPEB liability	3,830,576	(7,221)	(513,588)	-
Changes of assumptions	5,178,205	680,114	(559,436)	-
Benefit payments	(818,734)	(794,184)	(758,366)	(729,198)
Net change in total OPEB liability	11,660,728	3,053,297	1,173,594	2,088,468
Total OPEB Liability - Beginning	28,914,184	25,860,887	24,687,293	22,598,825
Total OPEB Liability - Ending	\$ 40,574,912	\$ 28,914,184	\$ 25,860,887	\$ 24,687,293
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ 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.

Note: In the future, as data becomes available, ten years of information will be presented.

Norwalk-La Mirada Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.3327%	0.3311%	0.3401%	0.3339%
Proportionate share of the net OPEB liability	\$ 1,409,902	\$ 1,233,184	\$ 1,301,688	\$ 1,404,744
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ 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.

Note : In the future, as data becomes available, ten years of information will be presented.

Norwalk-La Mirada Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.1909%	0.1872%	0.1895%	0.1844%	0.1819%	0.1850%	0.1813%
Proportionate share of the net pension liability	\$ 185,031,388	\$ 169,065,724	\$ 174,132,397	\$ 170,562,493	\$ 147,115,885	\$ 124,524,676	\$ 105,955,286
State's proportionate share of the net pension liability	95,383,702	92,236,639	99,698,941	100,903,330	83,750,449	65,859,826	63,980,377
Total	<u>\$ 280,415,090</u>	<u>\$ 261,302,363</u>	<u>\$ 273,831,338</u>	<u>\$ 271,465,823</u>	<u>\$ 230,866,334</u>	<u>\$ 190,384,502</u>	<u>\$ 169,935,663</u>
Covered payroll	<u>\$ 104,051,655</u>	<u>\$ 101,843,034</u>	<u>\$ 100,592,405</u>	<u>\$ 99,865,095</u>	<u>\$ 91,741,538</u>	<u>\$ 89,594,302</u>	<u>81,438,009</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	178%	166%	173%	171%	160%	139%	130%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS							
Proportion of the net pension liability	0.2856%	0.2882%	0.2945%	0.3075%	0.2956%	0.2912%	0.2985%
Proportionate share of the net pension liability	\$ 87,632,420	\$ 84,001,554	\$ 78,515,038	\$ 73,407,676	\$ 58,376,415	\$ 42,919,072	\$ 33,889,275
Covered payroll	<u>\$ 41,634,030</u>	<u>\$ 40,360,868</u>	<u>\$ 39,636,430</u>	<u>\$ 39,124,071</u>	<u>\$ 35,234,321</u>	<u>\$ 32,288,947</u>	<u>31,390,027</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	210%	208%	198%	188%	166%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note : In the future, as data becomes available, ten years of information will be presented.

Norwalk-La Mirada Unified School District
Schedule of the District Contributions
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Contractually required contribution	\$ 15,862,874	\$ 17,792,833	\$ 16,580,046	\$ 14,515,484	\$ 12,563,029	\$ 9,843,867	\$ 7,955,974
Less contributions in relation to the contractually required contribution	15,862,874	17,792,833	16,580,046	14,515,484	12,563,029	9,843,867	7,955,974
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 98,222,130	\$ 104,051,655	\$ 101,843,034	\$ 100,592,405	\$ 99,865,095	\$ 91,741,538	\$ 89,594,302
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS							
Contractually required contribution	\$ 8,121,716	\$ 8,210,647	\$ 7,289,980	\$ 6,155,934	\$ 5,433,551	\$ 4,174,210	\$ 3,800,732
Less contributions in relation to the contractually required contribution	8,121,716	8,210,647	7,289,980	6,155,934	5,433,551	4,174,210	3,800,732
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 39,235,343	\$ 41,634,030	\$ 40,360,868	\$ 39,636,430	\$ 39,124,071	\$ 35,234,321	\$ 32,288,947
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

Note : In the future, as data becomes available, ten years of information will be presented.

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 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.

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 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. In the future, as data becomes available, ten years of information will be presented.

- *Change in Benefit Terms* – There were not changes in benefit terms.
- *Change of Assumptions* – The District's Plan discount rate changed from 3.50 percent to 2.20 percent.

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.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.50 percent to 2.21 percent since the previous valuation.

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.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

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.



Supplementary Information
June 30, 2021

Norwalk-La Mirada Unified School District

Norwalk-La Mirada Unified School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of the Treasury			
Passed Through California Department of Education (CDE)			
COVID-19: Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516	\$ 15,167,359
Total U.S. Department of the Treasury			15,167,359
U.S. Department of Education			
Passed Through CDE			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	3,564,969
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	8,150
Preschool Grants, Part B, Sec 619	84.173	13430	100,228
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	169,495
Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,000
Total Special Education (IDEA) Cluster			3,843,842
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	3,313,348
School Improvement Funding for LEAs	84.010	15438	195,803
Subtotal			3,509,151
COVID-19: Elementary and Secondary School Emergency			
Relief (ESSER) Fund	84.425D	15536	3,292,398
COVID-19: Elementary and Secondary School Emergency			
Relief II (ESSER II) Fund	84.425D	15547	677,894
COVID-19: CARES Act Supplemental Meal Reimbursement	84.425D	15535	433,094
COVID-19: Governor's Emergency Education Relief Fund:			
Learning Loss Mitigation	84.425C	15517	1,034,896
Subtotal			5,438,282
Adult Basic Education & ELA	84.002A	14508	191,327
Adult Secondary Education	84.002	13978	129,108
English Literacy & Civics Education	84.002A	14109	42,868
Subtotal			363,303
Title II, Part A, Supporting Effective Instruction	84.367	14341	546,513
Title III, English Learner Student Program	84.365	14346	248,819
Title IV, Part A, Student Support and Academic			
Enrichment Grants	84.424	15396	292,542
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332	272,233
Early Intervention Grants	84.181	23761	44,364

Norwalk-La Mirada Unified School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	\$ 135,514
Passed through Paramount Unified School District			
Carl D. Perkins Career and Technical Education: Adult, Section 132	84.048	14893	56,498
Subtotal			192,012
Passed Through Los Angeles County Office of Education			
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	244,104
Title I, Migrant Ed Summer Program	84.011	10005	54,005
Title I, Part C, Migrant Education (MESRP)	84.011	10144	30,300
Subtotal			328,409
Passed through California Department of Rehabilitation Workability II, Transition Partnership	84.126	10006	94,192
Total U.S. Department of Education			15,173,662
U.S. Department of Health and Human Services Human Services			
Passed Through Los Angeles County Office of Education			
Head Start: Basic [1]	93.600	10016	7,661,018
Head Start: Quality Improvement	93.600	10016	128,969
Head Start: Basic Carryover [1]	93.600	10016	87,351
Head Start: Training & Technical Assistance (T&TA) [1]	93.600	10016	19,452
Head Start: Early Head Start Basic [1]	93.600	10016	1,509,451
Head Start: Early Head Start Quality Improvement	93.600	10016	20,254
Head Start: Early Head Start Basic Carryover [1]	93.600	10016	205,917
Head Start: Dosage [1]	93.600	10016	339,909
COVID-19: Head Start: CARES OTS	93.600	10016	580,226
Subtotal			10,552,547
Total U.S. Department of Health and Human Services			10,552,547
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
School Lunch - Section 4	10.555	13523	449,278
School Lunch - Section 11	10.555	13524	3,401,678
School Breakfast Program	10.553	13525	414
School Breakfast Program Severe Need	10.553	13526	2,355,935
Commodities	10.555	13524	1,087,999
Total Child Nutrition Cluster			7,295,304

Norwalk-La Mirada Unified School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes	10.558	13529	\$ 2,387,311
CCFP Cash in Lieu of Commodities	10.558	13534	<u>130,038</u>
Subtotal			<u>2,517,349</u>
Total U.S. Department of Agriculture			<u>9,812,653</u>
Total Expenditures of Federal Awards			<u>\$ 50,706,221</u>
[1] Does not include District in-kind contributions of \$1,459,019 to meet federal match requirements. Contributions by program are as follows:			
Head Start: Basic			\$ 1,414,538
Head Start: Training & Technical Assistance (T&TA)			1,428
Head Start: Early Head Start Basic			41,029
Head Start: Dosage			<u>2,024</u>
Total In-Kind Contributions			<u>\$ 1,459,019</u>

ORGANIZATION

The Norwalk-La Mirada Unified School District was established on July 1, 1965. 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 two adult education schools. 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.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Karen Morrison	President	2024
Norma Amezcua	Vice President	2022
Jose Rios	Member	2024
Chris Staples	Member	2024
Jorge Tirado	Member	2022
Vacant	Member	Vacant
Vacant	Member	Vacant

ADMINISTRATION

John Lopez	Superintendent
Michael Gotto	Assistant Superintendent, Human Resources
Estuardo Santillan	Assistant Superintendent, Business Services
Patricio Vargas	Assistant Superintendent, Educational Services

Norwalk-La Mirada Unified School District

Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	180	N/A	-	180	Complied
Grades 1 - 3					
Grade 1	180	N/A	-	180	Complied
Grade 2	180	N/A	-	180	Complied
Grade 3	180	N/A	-	180	Complied
Grades 4 - 6					
Grade 4	180	N/A	-	180	Complied
Grade 5	180	N/A	-	180	Complied
Grade 6	180	N/A	-	180	Complied
Grades 7 - 8					
Grade 7	180	N/A	-	180	Complied
Grade 8	180	N/A	-	180	Complied
Grades 9 - 12					
Grade 9	180	N/A	-	180	Complied
Grade 10	180	N/A	-	180	Complied
Grade 11	180	N/A	-	180	Complied
Grade 12	180	N/A	-	180	Complied

Norwalk-La Mirada Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2021

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2021.

Norwalk-La Mirada Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2021

	(Budget) 2022 ¹	2021	2020	2019
General Fund ³				
Revenues	\$ 254,662,940	\$ 252,045,422	\$ 230,333,876	\$ 238,944,923
Other sources	1,018,093	1,012,668	934,949	804,184
Total Revenues and Other Sources	<u>255,681,033</u>	<u>253,058,090</u>	<u>231,268,825</u>	<u>239,749,107</u>
Expenditures	246,560,480	234,163,267	225,835,217	238,713,000
Other uses	1,264,569	1,366,108	1,822,762	2,911,222
Total Expenditures and Other Uses	<u>247,825,049</u>	<u>235,529,375</u>	<u>227,657,979</u>	<u>241,624,222</u>
Increase/(Decrease) in Fund Balance	<u>7,855,984</u>	<u>17,528,715</u>	<u>3,610,846</u>	<u>(1,875,115)</u>
Ending Fund Balance ⁵	<u>\$ 65,232,971</u>	<u>\$ 57,376,987</u>	<u>\$ 39,848,272</u>	<u>\$ 35,128,658</u>
Available Reserves ²	<u>\$ 49,298,995</u>	<u>\$ 43,809,833</u>	<u>\$ 37,035,622</u>	<u>\$ 32,910,935</u>
Available Reserves as a Percentage of Total Outgo ⁴	<u>19.89%</u>	<u>18.60%</u>	<u>16.50%</u>	<u>14.17%</u>
Long-Term Liabilities including OPEB and Pension	<u>N/A</u>	<u>\$ 728,765,865</u>	<u>\$ 620,636,532</u>	<u>\$ 626,191,694</u>
K-12 Average Daily Attendance at P-2	<u>16,331</u>	<u>16,331</u>	<u>16,331</u>	<u>16,720</u>

The General Fund balance has increased by \$22,248,329 over the past two years. The fiscal year 2021-2022 budget projects an increase of \$7,855,984 (13.7 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surplus in two of the past three years and anticipates incurring an operating surplus during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$102,574,171 over the past two years.

Average daily attendance has decreased by 389 over the past two years. No change in ADA is anticipated during fiscal year 2021-2022.

¹ Budget 2022 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Postemployment Benefits.

³ General Fund amounts do not include activity related to the consolidation of the Fund 20, Special Reserve Fund for Other Postemployment Benefits as required by GASB Statement No. 54.

⁴ On behalf payments of \$3,231,706 and \$9,355,306 relating to Senate Bill 90 have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2020 and 2019, respectively.

⁵ Ending fund balance as of June 30, 2020 has been restated as a result of the District implementing GASB Statement No. 84; however, prior year revenue and expenses were not restated to show the effects of GASB Statement No. 84 for comparative purposes.

Norwalk-La Mirada Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Pupil Transportation Equipment Fund
Assets					
Deposits and investments	\$ 997,279	\$ 363,989	\$ 2,156,790	\$ 252,625	\$ 18
Receivables	168,496	330,833	1,585,686	-	3,198
Stores inventories	-	-	156,692	-	-
Total assets	<u>\$ 1,165,775</u>	<u>\$ 694,822</u>	<u>\$ 3,899,168</u>	<u>\$ 252,625</u>	<u>\$ 3,216</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 105,448	\$ 331,183	\$ 78,346	\$ 49,688	\$ -
Due to other funds	-	-	-	-	3,198
Unearned revenue	-	137,831	-	-	-
Total liabilities	<u>105,448</u>	<u>469,014</u>	<u>78,346</u>	<u>49,688</u>	<u>3,198</u>
Fund Balances					
Nonspendable	-	-	156,692	-	-
Restricted	1,060,327	225,808	3,664,130	-	18
Committed	-	-	-	202,937	-
Assigned	-	-	-	-	-
Total fund balances	<u>1,060,327</u>	<u>225,808</u>	<u>3,820,822</u>	<u>202,937</u>	<u>18</u>
Total liabilities and fund balances	<u>\$ 1,165,775</u>	<u>\$ 694,822</u>	<u>\$ 3,899,168</u>	<u>\$ 252,625</u>	<u>\$ 3,216</u>

Norwalk-La Mirada Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 1,030,722	\$ 4,058,502	\$ 7,959,743	\$ 16,819,668
Receivables	1,415	835	70,391	2,160,854
Stores inventories	-	-	-	156,692
Total assets	\$ 1,032,137	\$ 4,059,337	\$ 8,030,134	\$ 19,137,214
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 24,108	\$ -	\$ 83,757	\$ 672,530
Due to other funds	-	-	-	3,198
Unearned revenue	-	-	-	137,831
Total liabilities	24,108	-	83,757	813,559
Fund Balances				
Nonspendable	-	-	-	156,692
Restricted	1,008,029	4,059,337	-	10,017,649
Committed	-	-	-	202,937
Assigned	-	-	7,946,377	7,946,377
Total fund balances	1,008,029	4,059,337	7,946,377	18,323,655
Total liabilities and fund balances	\$ 1,032,137	\$ 4,059,337	\$ 8,030,134	\$ 19,137,214

Norwalk-La Mirada Unified School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental
Funds
Year Ended June 30, 2021

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Pupil Transportation Equipment Fund
Revenues					
Federal sources	\$ 363,303	\$ 10,688,155	\$ 10,245,746	\$ -	\$ -
Other State sources	4,495,163	2,175,539	601,442	-	30,159
Other local sources	128,771	298,416	29,920	(1,425)	18
Total revenues	4,987,237	13,162,110	10,877,108	(1,425)	30,177
Expenditures					
Current					
Instruction	1,806,742	8,014,978	-	-	-
Instruction-related activities					
Supervision of instruction	3,188	1,483,281	-	-	-
Instructional library, media, and technology	5,010	-	-	-	-
School site administration	1,682,457	1,739,086	-	-	-
Pupil services					
Home-to-school transportation	-	-	-	-	30,159
Food services	-	105,860	9,940,355	-	-
All other pupil services	115,317	464,668	-	-	-
Administration					
All other administration	-	80,280	305,550	-	-
Plant services	434,913	784,296	74,614	12,142	-
Enterprise services	-	1,606	-	-	-
Facility acquisition and construction	28,799	329,405	22,192	132,539	-
Debt service					
Principal	-	21,000	-	-	-
Total expenditures	4,076,426	13,024,460	10,342,711	144,681	30,159
Excess (Deficiency) of Revenues Over Expenditures	910,811	137,650	534,397	(146,106)	18
Other Financing Sources					
Transfers in	-	-	-	349,043	-
Net Change in Fund Balances	910,811	137,650	534,397	202,937	18
Fund Balance - Beginning	149,516	88,158	3,286,425	-	-
Fund Balance - Ending	\$ 1,060,327	\$ 225,808	\$ 3,820,822	\$ 202,937	\$ 18

Norwalk-La Mirada Unified School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental
Funds
Year Ended June 30, 2021

	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ 21,297,204
Other State sources	-	4,081,401	-	11,383,704
Other local sources	1,246,857	(22,064)	2,575,104	4,255,597
Total revenues	1,246,857	4,059,337	2,575,104	36,936,505
Expenditures				
Current				
Instruction	-	-	-	9,821,720
Instruction-related activities				
Supervision of instruction	-	-	-	1,486,469
Instructional library, media, and technology	-	-	-	5,010
School site administration	-	-	-	3,421,543
Pupil services				
Home-to-school transportation	-	-	-	30,159
Food services	-	-	-	10,046,215
All other pupil services	-	-	-	579,985
Administration				
All other administration	39,122	-	-	424,952
Plant services	185,148	-	484,945	1,976,058
Enterprise services	-	-	-	1,606
Facility acquisition and construction	20,208	-	670,155	1,203,298
Debt service				
Principal	-	-	2,770,165	2,791,165
Total expenditures	244,478	-	3,925,265	31,788,180
Excess (Deficiency) of Revenues Over Expenditures	1,002,379	4,059,337	(1,350,161)	5,148,325
Other Financing Sources				
Transfers in	-	-	350,000	699,043
Net Change in Fund Balances	1,002,379	4,059,337	(1,000,161)	5,847,368
Fund Balance - Beginning	5,650	-	8,946,538	12,476,287
Fund Balance - Ending	\$ 1,008,029	\$ 4,059,337	\$ 7,946,377	\$ 18,323,655

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Norwalk-La Mirada Unified School District (the District) under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the Norwalk-La Mirada Unified School District, it is not intended to and does not present the financial position of Norwalk-La Mirada Unified School District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District did not report any commodities in inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of COVID-19: Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend funds have been recorded in the current period as revenues that have not been expended as of June 30, 2021. These unspent balances are reported as legally restricted ending balances within the Child Development Non-Major Governmental Fund.

	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		\$ 50,841,829
COVID-19: Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	(135,608)
Total Schedule of Expenditures of Federal Awards		<u>\$ 50,706,221</u>

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated members of the governing board, and members of the administration.

Schedule of Instructional Time

This schedule presents information on the amount of instructional days offered by the District and whether the District complied with the provisions of *Education Code* Section 43504.

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 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.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.



Independent Auditor's Reports
June 30, 2021

Norwalk-La Mirada Unified School District



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Norwalk-La Mirada Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Norwalk-La Mirada Unified School District's basic financial statements and have issued our report thereon dated January 18, 2022.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 16 to the financial statements, Norwalk-La Mirada Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Norwalk-La Mirada Unified School 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 Norwalk-La Mirada Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Norwalk-La Mirada Unified School 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Norwalk-La Mirada Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

We noted certain matters that we reported to management of Norwalk-La Mirada Unified School District in a separate letter dated January 18, 2022.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
January 18, 2022



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
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, 2021. Norwalk-La Mirada Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of 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 Norwalk-La Mirada Unified School 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.

Eide Bailly LLP

Rancho Cucamonga, California
January 18, 2022



Independent Auditor's Report on State Compliance

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

Report on State Compliance

We have audited Norwalk-La Mirada Unified School District's (the District) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 the *2020-2021 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 compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

Compliance Requirements Tested

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	No, see below

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not offer an Apprenticeship: Related and Supplemental Instruction Program; therefore, we did not perform procedures related to the Apprenticeship: Related and Supplemental Instruction Program.

The District did not elect to operate as a District of Choice; therefore, we did not perform procedures related to the District of Choice Program.

The District did not have any expenditures related to California Clean Energy Jobs Act nor was the District required to file a final project completion report during the fiscal year; therefore, we did not perform procedures related to the California Clean Energy Jobs Act.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

The District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

Unmodified Opinion

In our opinion, Norwalk-La Mirada Unified School District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 18, 2022



Schedule of Findings and Questioned Costs
June 30, 2021

Norwalk-La Mirada Unified School District

Norwalk-La Mirada Unified School District

Summary of Auditor's Results

Year Ended June 30, 2021

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/Federal CFDA Number
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation	21.019
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 CARES Act Supplemental Meal Reimbursement	84.425D
COVID-19 Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C
Child Nutrition Cluster	10.553 and 10.555
Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes	10.558
CCFP Cash in Lieu of Commodities	10.558
Dollar threshold used to distinguish between Type A and Type B programs	\$1,521,187
Auditee qualified as low-risk auditee?	Yes

State Compliance

Type of auditor's report issued on compliance for programs	Unmodified
--	------------

None reported.

None reported.

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

State Compliance Findings

2020-001 Code 40000

Criteria or Specific Requirements

According to Education Code Section 46200, a District must offer 180 school days per year for traditional calendar schools to be eligible to receive long-year incentive funding. In addition, *Education Code* Section 46117 states that the minimum school days for kindergarten is 180 minutes and *Education Code* Section 46114(c) allows the minimum school day minutes to be computed using an average of 10 consecutive school days to arrive at the minimum school day, as long as the number of minutes in any one school day is never less than 60 minutes. In order to count a school day as a day of instruction for incentive funding under Education Code Section 42600, the District must meet the minimum daily minute requirements of Education Code Section 46117 and 46114(c).

Condition

The District did not meet the minimum daily requirement for kindergarten at two of its elementary schools for two day, and as a result, only offered 178 school days during the fiscal year of 2019-2020. The following schedule summarizes the non-compliance:

Site	Grade Level	Days Required	Days Offered	Days Short
Anna M. Glazier Elementary	Kindergarten	180	178	2
Loretta Lampton Elementary	Kindergarten	180	178	2

Questioned Costs

Using the California Department of Education's latest published Audit Penalty Calculator "*Estimating the Cost of an Instructional Time Audit Penalty*" worksheet, the penalty calculation is as follows:

ADA for grade levels affected (Kindergarten ADA as reported on Second Period Report of Attendance) – 1,182 ADA

Derived Value of ADA - \$10,634.70

Days Non-Compliant – 2 day

Calculation – $0.0056 \times 1,182 \text{ ADA} \times \$10,634.70 \times 2 = \$140,786$

Context

The condition was found during our review of the instructional minute calculation performed for a sample of sites. We selected seven out of 28 school sites to perform a recalculation of the instructional minutes. We obtained the calculations from the District and using bell schedules and school calendars received from the sites, the auditor re-performed the calculations. During this process, the auditor identified that one school (Loretta Lampton Elementary School) had scheduled 10 training days at the beginning of the year with 150 instructional minutes per day. Upon performing ten-day average, it was noted that days two through 12 average yielded 189 average minutes offered, which indicates of the 1 days the first two days are not in compliance. Upon further review of the calendars for the remaining elementary school sites, it was noted that Anna M. Glazier Elementary School utilized the same calendar; therefore, resulting in two days of noncompliance.

Effect

As a result of the condition identified, the District did not comply with Education Code Section 46200 and will be penalized by the State for a total of \$140,786.

Cause

The cause may be a result of the lack of review over site instructional minute calculation.

Repeat Finding (Yes or No)

No.

Recommendation

On a go-forward basis, the District should revamp its instructional minute review procedures to include a more stringent review of the calculations submitted by the sites. Additionally, we also recommend the District to provide a general overview of instructional minute requirement to all site administrators to ensure that similar shortfalls are not repeated in the future.

Current status

Implemented.



Management
Norwalk-La Mirada Unified School District
Norwalk, California

In planning and performing our audit of the financial statements of Norwalk-La Mirada Unified School District (the District) for the year ended June 30, 2021, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities 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 January 18, 2022, on the government-wide financial statements of the District.

Associated Student Body

Los Alisos Middle school

Observation

Three of three deposits tested were not deposited in a timely manner. The delay in deposit ranged from approximately 62 to 185 days from the date of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets.

Recommendation

The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.

John Glenn High School

Observation

Two of three deposits tested were not deposited in a timely manner. The delay in deposit ranged from approximately 18 to 21 days from the date of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets.

Recommendation

The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.

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

Eide Bailly LLP

Rancho Cucamonga, California
January 18, 2022