

**NORWALK-LA MIRADA
UNIFIED SCHOOL DISTRICT
LOS ANGELES COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2024**

(This page intentionally left blank)

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2024

Table of Contents

FINANCIAL SECTION

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

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund.....	54
Schedule of Proportionate Share of the Net Pension Liability-CalSTRS	55
Schedule of Proportionate Share of the Net Pension Liability-CalPERS	56
Schedule of Pension Contributions-CalSTRS	57
Schedule of Pension Contributions-CalPERS	58
Schedule of Changes in the District's Total OPEB Liability and Related Ratios.....	59
Schedule of the District's Proportionate Share of the Net OPEB Liability-MPP Program	60
Notes to the Required Supplementary Information	61

SUPPLEMENTARY INFORMATION

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2024

Table of Contents

OTHER INFORMATION

Page

Local Educational Agency Organization Structure	70
---	----

OTHER INDEPENDENT AUDITORS' REPORTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	71
Independent Auditors' Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	73
Independent Auditors' Report on State Compliance and on Internal Control Over Compliance	76

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results	80
Financial Statement Findings	81
Federal Award Findings and Questioned Costs.....	82
State Award Findings and Questioned Costs.....	83
Summary Schedule of Prior Audit Findings.....	87
Management Letter.....	88

Financial Section

(This page intentionally left blank)



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Norwalk-La Mirada Unified School District, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Norwalk-La Mirada Unified School District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

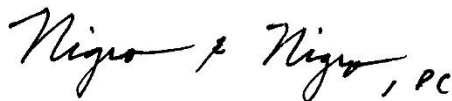
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the LEA Organization Structure but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to the materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Murrieta, California
December 6, 2024

(This page intentionally left blank)

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

This discussion and analysis of Norwalk-La Mirada Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's financial status increased overall as a result of this year's operations. Net position of governmental activities increased by \$26.5 million, or 46.5%.
- Governmental expenses were about \$347.3 million. Revenues were about \$373.8 million.
- The District acquired over \$77.1 million in new capital assets during the year.
- Governmental funds decreased by \$53.8 million, or 20.0%.

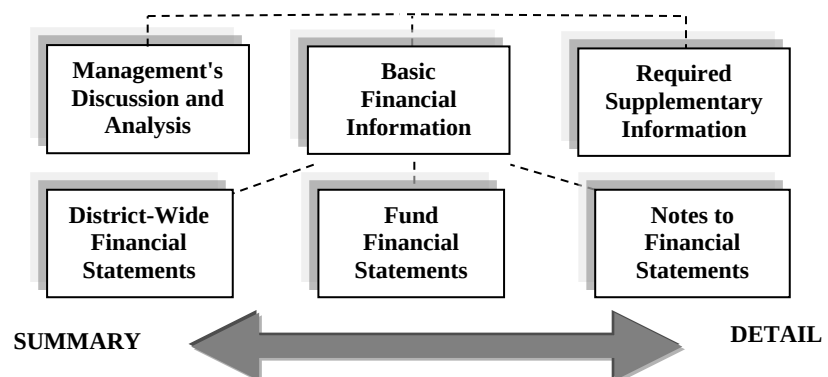
OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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



NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

District-Wide Statements

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2024, than it was the year before – increasing 46.5% to \$83.5 million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities			Business-Type Activities		
	2024	2023	Net Change	2024	2023	Net Change
Assets						
Current assets	\$ 293,295,609	\$ 362,941,528	\$ (69,645,919)	\$ 929,631	\$ 921,410	\$ 8,221
Capital assets	487,494,515	420,365,265	67,129,250	-	-	-
Total assets	780,790,124	783,306,793	(2,516,669)	929,631	921,410	8,221
Total Deferred outflows of resources	102,266,187	90,137,110	12,129,077	750,416	193,771	556,645
Liabilities						
Current liabilities	40,879,037	57,840,436	(16,961,399)	8,744	26,626	(17,882)
Long-term liabilities	705,801,063	685,489,328	20,311,735	2,286,072	391,540	1,894,532
Total liabilities	746,680,100	743,329,764	3,350,336	2,294,816	418,166	1,876,650
Total Deferred inflows of resources	52,895,698	73,113,272	(20,217,574)	450,132	113,144	336,988
Net position						
Net investment in capital assets	215,371,183	192,292,197	23,078,986	-	-	-
Restricted	109,354,417	111,409,839	(2,055,422)	-	583,871	(583,871)
Unrestricted	(241,245,087)	(246,701,169)	5,456,082	(1,064,901)	-	(1,064,901)
Total net position	\$ 83,480,513	\$ 57,000,867	\$ 26,479,646	\$ (1,064,901)	\$ 583,871	\$ (1,648,772)

Changes in net position, governmental activities. The District's total revenues decreased 3.1% to \$373.8 million (See Table A-2). The decrease is due primarily to decreased federal and state grant funds.

The total cost of all programs and services increased 5.8% to \$347.3 million. The District's expenses are predominantly related to educating and caring for students, 76.1%. The purely administrative activities of the District accounted for just 5.3% of total costs. A significant contributor to the increase in costs was increased salaries and benefits and increased pension costs.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities			Business-Type Activities		
	2024	2023	Net Change	2024	2023	Net Change
Revenues						
Program Revenues:						
Charges for services	\$ 576,971	\$ 990,848	\$ (413,877)	\$ 332,263	\$ 483,467	\$ (151,204)
Operating grants and contributions	116,570,115	142,744,280	(26,174,165)	274	781	(507)
Capital grants and contributions	1,680,690	-	1,680,690	-	-	-
General Revenues:						
Property taxes	71,358,602	68,780,358	2,578,244	-	-	-
Federal and state aid not restricted	172,715,548	170,108,112	2,607,436	-	-	-
Other general revenues	10,895,969	3,257,305	7,638,664	-	13,702	(13,702)
Total Revenues	373,797,895	385,880,903	(12,083,008)	332,537	497,950	(165,413)
Expenses						
Instruction-related	221,060,404	196,878,191	24,182,213	-	-	-
Pupil services	43,283,196	37,468,968	5,814,228	-	-	-
Administration	18,244,456	19,373,354	(1,128,898)	-	-	-
Plant services	32,968,312	33,223,596	(255,284)	-	-	-
All other activities	31,761,881	41,417,297	(9,655,416)	1,981,309	679,458	1,301,851
Total Expenses	347,318,249	328,361,406	18,956,843	1,981,309	679,458	1,301,851
Increase (decrease) in net position	\$ 26,479,646	\$ 57,519,497	\$ (31,039,851)	\$ (1,648,772)	\$ (181,508)	\$ (1,467,264)
Total Net Position	\$ 83,480,513	\$ 57,000,867		\$ (1,064,901)	\$ 583,871	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$215.0 million, which is below last year's ending fund balance of \$268.7 million. The primary cause of the decreased fund balance is ongoing construction costs from Measure G funds.

Table A-3: The District's Fund Balances

Fund	Fund Balances				
	July 1, 2023	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2024
General Fund	\$ 105,747,250	\$ 306,221,976	\$ 303,100,063	\$ 662,643	\$ 109,531,806
Adult Education Fund	1,346,392	6,095,064	5,720,574	-	1,720,882
Child Development Fund	781,291	18,376,943	17,043,128	-	2,115,106
Cafeteria Fund	7,676,952	16,172,967	14,249,930	-	9,599,989
Deferred Maintenance Fund	797,898	46,481	1,201,729	500,000	142,650
Pupil Transportation Equipment Fund	17,017	415,817	432,834	-	-
Special Reserve Fund					
(Postemployment Benefits)	4,335,329	257,463	-	(846,068)	3,746,724
Building Fund	99,347,690	6,937,372	62,004,963	-	44,280,099
Capital Facilities Fund	1,332,798	283,449	210,911	-	1,405,336
County School Facilities Fund	9,185,821	1,885,248	6,117,378	-	4,953,691
Special Reserve Fund (Capital Outlay)	13,071,017	4,784,945	4,265,026	-	13,590,936
Bond Interest and Redemption Fund	25,094,992	24,869,604	26,092,875	-	23,871,721
	\$ 268,734,447	\$ 386,347,329	\$ 440,439,411	\$ 316,575	\$ 214,958,940

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

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

- Revenues – increased by \$22.5 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – decreased \$2.5 million to reflect revised cost estimates.
- Other non-personnel expenses – increased \$17.3 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about \$2.3 million, the actual results for the year show that revenues exceeded expenditures by roughly \$3.1 million. Actual revenues were \$4.9 million less than anticipated, and expenditures were \$10.3 million less than budgeted.

That amount consists primarily of capital outlay and restricted program dollars that were not spent as of June 30, 2024, that will be carried over into the 2024-25 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2023-24 the District had acquired \$77.1 million in new capital assets, related to land, construction in progress, site improvements, and equipment purchases. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$9.5 million and amortization was \$0.4 million.

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

	Totals		
	2024	2023	Net Change
Land	\$ 9,278,310	\$ 9,278,310	\$ -
Improvement of sites	22,399,182	22,699,288	(300,106)
Buildings	305,008,613	298,256,807	6,751,806
Equipment	9,146,654	10,264,594	(1,117,940)
Construction in progress	141,317,854	79,399,943	61,917,911
Subscription assets	343,902	466,323	(122,421)
Total	\$ 487,494,515	\$ 420,365,265	\$ 67,129,250

Long-Term Debt

At year-end the District had \$708.1 million in long-term liabilities – an increase of 3.2% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

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

	Totals		
	2024	2023	Net Change
General obligation bonds	\$ 406,004,014	\$ 415,362,601	\$ (9,358,587)
Child care revolving fund loan	-	42,000	(42,000)
Subscription liability	349,792	471,840	(122,048)
Compensated absences	4,931,159	5,035,244	(104,085)
Claims liability	13,918,229	11,561,524	2,356,705
Other postemployment benefits	38,708,298	36,904,770	1,803,528
Net pension liability	244,175,643	216,502,889	27,672,754
Total	\$ 708,087,135	\$ 685,880,868	\$ 22,206,267

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget

The Legislature passed an initial budget on June 15, 2024. The main structural difference between the legislative package and the May Revision was that the legislative package started the proposed limitation on NOLs and tax credits one year earlier—resulting in roughly \$5 billion in additional revenue. The Legislature's budget used that additional budget capacity to reject some of the Governor's spending solutions and/or provide other augmentations. The legislative package also included a large number of other smaller changes across a variety of programs. The legislative package used slightly more (nearly \$1 billion) in general purpose reserves than the May Revision.

K-14 Education

Funds Modest COLA and a Few Smaller Augmentations

For 2024-25, the budget provides \$1 billion to cover a 1.07 percent COLA for existing school and community college programs. For schools, the budget also provides an increase of \$300 million (\$179 million ongoing and \$121 million one time) to cover cost increases related to universal school meals. A small portion of the budget's remaining funds are allocated to cover enrollment- and caseload-driven increases in a few specific areas.

Implements Small Payment Deferral

The budget reduces spending in 2024-25 by deferring \$487 million in payments to 2025-26. Of this deferral, half applies to schools and half applies to community colleges. The state will implement the deferral by delaying a portion of the payment districts ordinarily would receive in June 2025 to July 2025. The law allows school districts to be exempt from this deferral (meaning they would receive all of their funding on time) if they can show the delay would cause fiscal insolvency. The purpose of the deferral is to reduce spending in 2024-25 to the minimum level required by Proposition 98.

Suspends Proposition 98 Requirement and Reduces Spending

For 2023-24, the budget invokes a provision allowing the state to suspend the minimum Proposition 98 requirement and reduce spending on schools and community colleges by \$8.3 billion relative to the level otherwise required that year. Separate from this action, the budget makes a \$2.6 billion reduction attributable to 2022-23. Both of these reductions lower the Proposition 98 requirement on an ongoing basis. The combined effect of these reductions is to reduce General Fund spending by \$12.7 billion over the 2022-23 through 2024-25 period. As required by the State Constitution, the budget also withdraws the entire balance from the Proposition 98 Reserve (\$8.4 billion) in 2023-24 to supplement the funding provided to schools and community colleges. In 2024-25, the budget begins to build back the Proposition 98 Reserve by making a discretionary deposit of nearly \$1.1 billion.

Bond Funds

The state is seeking approval of two bond measures on the November 2024 ballot: Proposition 2 and Proposition 4. Proposition 2 would allow the state to borrow \$10 billion to build new facilities and renovate existing facilities at school districts and community colleges. The cost to repay this bond would be about \$500 million each year for 35 years. Proposition 4 would allow the state to borrow \$10 billion to pay for various natural resources and climate activities. The cost to repay this bond would be about \$400 million each year for 40 years. The cost to repay both bonds would total about \$900 million each year.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Scores Savings Related to Attendance and a Few Other Adjustments

In response to significant declines in attendance over the past several years, the state adopted a series of policies temporarily funding school districts based on the attendance they reported prior to the COVID-19 pandemic. For 2024-25, the budget assumes savings of \$1.8 billion as these higher pre-pandemic attendance levels phase out of district funding calculations. In addition, the budget obtains \$1.2 billion in savings by (1) deferring some payments from 2024-25 to 2025-26, (2) reducing funding for State Preschool that is expected to go unused, and (3) repurposing certain unspent appropriations from previous years. Under the Constitution, the state must dedicate all of these savings to other school and community college purposes.

All of these factors were considered in preparing the Norwalk-La Mirada Unified School District budget for the 2024-25 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Statement of Net Position

June 30, 2024

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Deposits and investments	\$ 260,268,000	\$ 919,241	\$ 261,187,241
Accounts receivable	19,057,714	10,390	19,068,104
Prepaid expenses	2,671,107	-	2,671,107
Inventories	298,549	-	298,549
Lease receivable	11,000,239	-	11,000,239
Capital assets:			
Non-depreciable capital assets	150,596,164	-	150,596,164
Depreciable capital assets	540,232,963	12,795	540,245,758
Less accumulated depreciation	(203,678,514)	(12,795)	(203,691,309)
Subscription assets:	715,131	-	715,131
Less accumulated amortization	(371,229)	-	(371,229)
Total assets	780,790,124	929,631	781,719,755
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refunding	471,051	-	471,051
Deferred outflows related to OPEB	8,404,268	10,619	8,414,887
Deferred outflows related to pensions	93,390,868	739,797	94,130,665
Total deferred outflows of resources	102,266,187	750,416	103,016,603
LIABILITIES			
Accounts payable	33,246,341	8,744	33,255,085
Accrued interest payable	4,059,258	-	4,059,258
Unearned revenue	3,573,438	-	3,573,438
Noncurrent liabilities:			
Due or payable within one year	18,863,564	-	18,863,564
Due in more than one year:			
Other than OPEB and pensions	406,339,630	-	406,339,630
Total OPEB liability	38,659,291	49,007	38,708,298
Net pension liability	241,938,578	2,237,065	244,175,643
Total liabilities	746,680,100	2,294,816	748,974,916
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	10,871,299	-	10,871,299
Deferred inflows related to OPEB	8,811,785	11,432	8,823,217
Deferred inflows related to pensions	33,212,614	438,700	33,651,314
Total deferred inflows of resources	52,895,698	450,132	53,345,830
NET POSITION			
Net investment in capital assets	215,371,183	-	215,371,183
Restricted for:			
Capital projects	10,233,933	-	10,233,933
Debt service	23,871,721	-	23,871,721
Self-insurance programs	16,727,362	-	16,727,362
Categorical programs	58,521,401	-	58,521,401
Unrestricted	(241,245,087)	(1,064,901)	(242,309,988)
Total net position	\$ 83,480,513	\$ (1,064,901)	\$ 82,415,612

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities:							
Instruction	\$ 179,312,384	\$ 37,420	\$ 51,934,184	\$ 1,680,690	\$ (125,660,090)	\$ -	\$ (125,660,090)
Instruction-Related Services:							
Supervision of instruction	18,347,271	9,807	8,510,162	-	(9,827,302)	-	(9,827,302)
Instructional library, media and technology	3,851,685	-	359,435	-	(3,492,250)	-	(3,492,250)
School site administration	19,549,064	8,020	3,886,799	-	(15,654,245)	-	(15,654,245)
Pupil Support Services:							
Home-to-school transportation	7,620,169	-	236,652	-	(7,383,517)	-	(7,383,517)
Food services	14,121,255	217,786	15,602,194	-	1,698,725	-	1,698,725
All other pupil services	21,541,772	4,528	6,163,559	-	(15,373,685)	-	(15,373,685)
General Administration Services:							
Data processing services	4,054,273	-	-	-	(4,054,273)	-	(4,054,273)
Other general administration	14,190,183	7,521	3,429,231	-	(10,753,431)	-	(10,753,431)
Plant services	32,968,312	291,889	24,213,918	-	(8,462,505)	-	(8,462,505)
Ancillary services	3,466,207	-	1,770,601	-	(1,695,606)	-	(1,695,606)
Enterprise activities	302,893	-	283,600	-	(19,293)	-	(19,293)
Interest on long-term debt	17,475,180	-	-	-	(17,475,180)	-	(17,475,180)
Other outgo	534,294	-	179,780	-	(354,514)	-	(354,514)
Depreciation (unallocated)	9,544,311	-	-	-	(9,544,311)	-	(9,544,311)
Amortization (unallocated)	438,996	-	-	-	(438,996)	-	(438,996)
Total Governmental Activities	347,318,249	576,971	116,570,115	1,680,690	(228,490,473)	-	(228,490,473)
Business-Type Activities:							
Enterprise activities	1,981,309	332,263	274	-	-	(1,648,772)	(1,648,772)
Total School District	\$ 349,299,558	\$ 909,234	\$ 116,570,389	\$ 1,680,690	(228,490,473)	(1,648,772)	(230,139,245)
General Revenues:							
Property taxes					71,358,602	-	71,358,602
Federal and state aid not restricted to specific purpose					172,715,548	-	172,715,548
Interest and investment earnings					7,892,862	-	7,892,862
Miscellaneous					3,003,107	-	3,003,107
Subtotal general revenues					254,970,119	-	254,970,119
Change in net position					26,479,646	(1,648,772)	24,830,874
Net position - July 1, 2023					57,000,867	583,871	57,584,738
Net position - June 30, 2024					\$ 83,480,513	\$ (1,064,901)	\$ 82,415,612

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 122,084,190	\$ 47,308,355	\$ 13,360,043	\$ 40,681,878	\$ 223,434,466
Accounts receivable	11,206,745	647,703	292,153	6,577,273	18,723,874
Stores inventories	86,119	-	-	212,430	298,549
Lease receivables	-	-	11,000,239	-	11,000,239
Total Assets	<u>\$ 133,377,054</u>	<u>\$ 47,956,058</u>	<u>\$ 24,652,435</u>	<u>\$ 47,471,581</u>	<u>\$ 253,457,128</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 17,234,300	\$ 3,675,959	\$ 190,200	\$ 2,952,992	\$ 24,053,451
Unearned revenue	2,721,574	-	-	851,864	3,573,438
Total Liabilities	<u>19,955,874</u>	<u>3,675,959</u>	<u>190,200</u>	<u>3,804,856</u>	<u>27,626,889</u>
Deferred Inflows of Resources					
Deferred inflows related to leases	<u>-</u>	<u>-</u>	<u>10,871,299</u>	<u>-</u>	<u>10,871,299</u>
Fund Balances					
Nonspendable	215,219	-	-	212,430	427,649
Restricted	45,085,424	44,280,099	4,181,247	43,102,321	136,649,091
Assigned	3,889,374	-	9,409,689	351,974	13,651,037
Unassigned	64,231,163	-	-	-	64,231,163
Total Fund Balances	<u>113,421,180</u>	<u>44,280,099</u>	<u>13,590,936</u>	<u>43,666,725</u>	<u>214,958,940</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 133,377,054</u>	<u>\$ 47,956,058</u>	<u>\$ 24,652,435</u>	<u>\$ 47,471,581</u>	<u>\$ 253,457,128</u>

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2024

Total fund balances - governmental funds \$ 214,958,940

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

Capital assets at historical cost	690,829,127	
Accumulated depreciation	(203,678,514)	
Subscription assets at historical cost	715,131	
Accumulated amortization	<u>(371,229)</u>	
Net:		487,494,515

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was: (4,059,258)

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow. The remaining deferred amounts on refunding at the end of the period were: 471,051

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

General obligation bonds payable	406,004,014	
Subscription liability	349,792	
Compensated absences payable	4,931,159	
Other postemployment benefits	38,659,291	
Net pension liability	<u>241,938,578</u>	
Total		(691,882,834)

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

Deferred outflows of resources	8,404,268	
Deferred inflows of resources	<u>(8,811,785)</u>	
Total		(407,517)

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

Deferred outflows of resources	93,390,868	
Deferred inflows of resources	<u>(33,212,614)</u>	
Total		60,178,254

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

16,727,362

Total net position - governmental activities \$ 83,480,513

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2024

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 210,427,250	\$ -	\$ -	\$ -	\$ 210,427,250
Federal sources	27,478,739	-	-	24,075,530	51,554,269
Other state sources	56,417,864	-	-	17,252,324	73,670,188
Other local sources	12,202,067	6,937,372	4,784,945	26,771,238	50,695,622
Total Revenues	306,525,920	6,937,372	4,784,945	68,099,092	386,347,329
EXPENDITURES					
Current:					
Instruction	177,254,778	-	-	13,133,071	190,387,849
Instruction-Related Services:					
Supervision of instruction	17,395,381	-	-	2,087,721	19,483,102
Instructional library, media and technology	3,533,654	-	-	-	3,533,654
School site administration	16,007,588	-	-	4,494,732	20,502,320
Pupil Support Services:					
Home-to-school transportation	7,584,823	-	-	432,834	8,017,657
Food services	260,446	-	-	13,850,083	14,110,529
All other pupil services	21,893,482	-	-	652,581	22,546,063
Ancillary services	3,521,301	-	-	-	3,521,301
Enterprise activities	247,774	-	-	-	247,774
General Administration Services:					
Data processing services	4,329,070	-	-	-	4,329,070
Other general administration	17,662,709	-	-	1,811	17,664,520
Transfers of indirect costs	(633,146)	-	-	633,146	-
Plant services	30,751,731	623,921	853,121	2,150,236	34,379,009
Capital outlay	3,510,618	61,381,042	3,411,905	6,296,540	74,600,105
Intergovernmental transfers	534,294	-	-	-	534,294
Debt service:					
Principal	438,623	-	-	10,032,828	10,471,451
Interest	8,666	-	-	16,102,047	16,110,713
Total Expenditures	304,301,792	62,004,963	4,265,026	69,867,630	440,439,411
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,224,128	(55,067,591)	519,919	(1,768,538)	(54,092,082)
OTHER FINANCING SOURCES (USES)					
Proceeds from SBITAs	316,575	-	-	-	316,575
Total Other Financing Sources and Uses	316,575	-	-	-	316,575
Net Change in Fund Balances	2,540,703	(55,067,591)	519,919	(1,768,538)	(53,775,507)
Fund Balances, July 1, 2023, as originally reported	110,880,477	99,347,690	-	58,506,280	268,734,447
Change in financial reporting entity (nonmajor fund to major fund)	-	-	13,071,017	(13,071,017)	-
Fund Balances, July 1, 2023, as restated	110,880,477	99,347,690	13,071,017	45,435,263	268,734,447
Fund Balances, June 30, 2024	\$ 113,421,180	\$ 44,280,099	\$ 13,590,936	\$ 43,666,725	\$ 214,958,940

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the Fiscal Year Ended June 30, 2024

Total net change in fund balances - governmental funds \$ (53,775,507)

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

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

Expenditures for capital outlay	77,112,557	
Depreciation expense	(9,544,311)	
Amortization expense	(438,996)	
Net:		67,129,250

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

10,471,451

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

(316,575)

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

(22,080)

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

(1,564,289)

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

932,048

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

(710,146)

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

104,085

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

4,536,510

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

(1,516,188)

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

1,211,087

Change in net position of governmental activities

\$ 26,479,646

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Statement of Net Position – Proprietary Funds

June 30, 2024

	Governmental Activities Internal Service Funds	Business-Type Activities Child Care Enterprise Fund
ASSETS		
Current Assets		
Deposits and investments	\$ 36,833,534	\$ 919,241
Accounts receivable	333,840	10,390
Prepaid expenses	2,671,107	-
Total current assets	39,838,481	929,631
Non-Current Assets		
Depreciable capital assets	-	12,795
Less accumulated depreciation	-	(12,795)
Total non-current assets	-	-
Total Assets	39,838,481	929,631
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to OPEB	-	10,619
Deferred outflows related to pensions	-	739,797
Total deferred outflows of resources	-	750,416
LIABILITIES		
Current Liabilities		
Accrued liabilities	9,192,890	8,744
Total current liabilities	9,192,890	8,744
Non-Current Liabilities		
Claims liability	13,918,229	-
Total OPEB liability	-	49,007
Net pension liability	-	2,237,065
Total non-current liabilities	13,918,229	2,286,072
Total liabilities	23,111,119	2,294,816
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to OPEB	-	11,432
Deferred inflows related to pensions	-	438,700
Total deferred outflows of resources	-	450,132
NET POSITION		
Restricted for child care activities	-	(1,064,901)
Restricted for self-insurance	16,727,362	-
Total net position	\$ 16,727,362	\$ (1,064,901)

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT**Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds**
For the Fiscal Year Ended June 30, 2024

	Governmental Activities Internal Service Funds	Business-Type Activities Child Care Enterprise Fund
OPERATING REVENUES		
Charges to other funds	\$ 37,938,971	\$ -
STRS on-behalf contributions	-	274
All other fees and contracts	3,463,000	204,995
Other local revenues	3,003,719	127,268
Total operating revenues	44,405,690	332,537
OPERATING EXPENSES		
Salaries and benefits	295,225	1,981,289
Supplies and materials	17,765	-
Services and other operating expenses	44,211,371	20
Total operating expenses	44,524,361	1,981,309
Operating Income (Loss)	(118,671)	(1,648,772)
NON-OPERATING REVENUES		
Interest income	1,206,012	-
Net decrease in the fair value of investments	123,746	-
Total non-operating revenues (expenses)	1,329,758	-
Change in net position	1,211,087	(1,648,772)
Net position, July 1, 2023	15,516,275	583,871
Net position, June 30, 2024	\$ 16,727,362	\$ (1,064,901)

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2024

	Governmental Activities Internal Service Funds	Business-Type Activities Child Care Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from assessments made to other funds	\$ 37,938,971	\$ -
Cash received from all other sources	6,466,719	364,087
Cash payments for payroll, insurance and operating costs	(40,269,333)	(324,316)
Net cash provided (used) by operating activities	4,136,357	39,771
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,299,137	-
Net increase (decrease) in cash and cash equivalents	5,435,494	39,771
Cash, July 1, 2023	31,398,040	879,470
Cash, June 30, 2024	\$ 36,833,534	\$ 919,241
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (118,671)	\$ (1,648,772)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	-	31,550
(Increase) decrease in prepaid expenses	257,203	-
(Increase) decrease in deferred outflows of resources	-	(556,645)
Increase (decrease) in accounts payable	1,641,120	(17,882)
Increase (decrease) in unearned revenue	-	-
Increase (decrease) in claims liability	2,356,705	-
Increase (decrease) in long-term liabilities	-	1,894,532
Increase (decrease) in deferred inflows of resources	-	336,988
Net cash provided (used) by operating activities	\$ 4,136,357	\$ 39,771

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

Major Governmental Funds

The District maintains the following major governmental funds:

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

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

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

Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

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

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

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

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

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

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

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

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

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

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

Proprietary Funds

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

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

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

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

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

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Measurement Focus, Basis of Accounting

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

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

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

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

3. Revenues - Exchange and Non-Exchange Transactions

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

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Data

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

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

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

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

1. Cash and Cash Equivalents

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

2. Inventories

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

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4. Unearned Revenue

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

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

7. Leases

Lessee:

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

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

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Leases (continued)

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

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

Lessor:

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

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

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

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

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

8. Subscription-Based Information Technology Arrangements

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

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

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

10. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Fund Balances

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

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

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

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

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

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. Net Position

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

- **Net investment in capital assets**

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

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

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Minimum Fund Balance Policy

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

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

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property Tax Calendar

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

H. Use of Estimates

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

I. Change in Accounting Principle

For the fiscal year ended June 30, 2024, the District implemented GASB Statement No. 100, *Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62*. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net positions, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

Governmental funds	\$ 223,434,466
Proprietary funds	<u>37,752,775</u>
Total deposits and investments	<u>\$ 261,187,241</u>

Deposits and investments as of June 30, 2024 consist of the following:

Cash on hand and in banks	\$ 961,445
Cash in revolving fund	469,100
Investments	<u>259,756,696</u>
Total deposits and investments	<u>\$ 261,187,241</u>

Pooled Funds

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

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

As of June 30, 2024, \$869,671 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

Investments - Interest Rate Risk

The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Trustees. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2024, consist of the following:

	Rating	Reported Amount	Maturity		Fair Value Measurement
			Less Than One Year	One Year Through Five Years	
Investment maturities:					
Los Angeles County Investment Pool	N/A	\$ 259,756,696	\$ 259,756,696	\$ -	Uncategorized

Investments - Credit Risk

The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by *State Government Code* Section 53600. At June 30, 2024, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2024, the District had no investments other than the County Pool.

Fair Value Measurements

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

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurements (continued)

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

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

Uncategorized – Investments in the Los Angeles County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

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

NOTE 3 – RECEIVABLES

A. Accounts Receivables

Accounts receivable as of June 30, 2024, consisted of the following:

	Governmental Activities					Self-Insurance Funds	Enterprise Fund
	General Fund	Building Fund	Special Reserve Fund for Capital Outlay	Non-Major Governmental Funds	Total Governmental Funds		
Federal Government:							
Categorical aid programs	\$ 6,862,114	\$ -	\$ -	\$ 4,634,973	\$ 11,497,087	\$ -	\$ -
State Government:							
Lottery	960,626	-	-	-	960,626	-	-
Categorical aid programs	1,217,498	-	-	1,578,455	2,795,953	-	-
Local:							
Interest	1,258,607	647,703	174,528	249,131	2,329,969	333,840	10,230
Other local	907,900	-	117,625	114,714	1,140,239	-	160
Total	<u>\$ 11,206,745</u>	<u>\$ 647,703</u>	<u>\$ 292,153</u>	<u>\$ 6,577,273</u>	<u>\$ 18,723,874</u>	<u>\$ 333,840</u>	<u>\$ 10,390</u>

B. Lease Receivable

In accordance with GASB No. 87, the District recognizes a lease receivable and a deferred inflow of resources for a lease the District maintains with the City of Norwalk. For this lease, the District is reporting lease receivables of \$11,000,239 and deferred inflows of \$10,871,299 at June 30, 2024. For the fiscal year ended June 30, 2024, the District reported lease revenue of \$1,735,025 and interest revenue of \$95,895 related to lease payments received.

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 3 – RECEIVABLES (continued)

B. Lease Receivable (continued)

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

Real Property

The District leases real property to the City of Norwalk, which in turn subleases the property to Costco. The term of the lease is for ten years through June 30, 2031. The District also leases real property to Heights Christian Schools, which is due to expire in December 2027.

The annual payments receivable as of June 30, 2024 are as follows:

Fiscal Year	Principal	Interest	Total
2024-2025	\$ 1,747,778	\$ 83,143	\$ 1,830,921
2025-2026	1,760,639	70,282	1,830,921
2026-2027	1,773,611	57,310	1,830,921
2027-2028	1,541,910	44,348	1,586,259
2028-2029	1,379,595	31,905	1,411,500
2029-2031	2,796,706	26,294	2,823,000
Totals	<u>\$ 11,000,239</u>	<u>\$ 313,282</u>	<u>\$ 11,313,521</u>

NOTE 4 – INTERFUND TRANSACTIONS

Interfund Transfers In/Out

Interfund transfers in/out of other funds during the 2023-24 year consisted of the following:

The District made interfund transfers from the General Fund to the Special Reserve Fund for Postemployment Benefits of \$691,598, from the Special Reserve Fund for Postemployment Benefits to the General Fund of \$1,537,666, and from the General Fund to the Deferred Maintenance Fund of \$500,000. These transfers have been eliminated in the financial statements because the financial activity of the three funds is reported within the General Fund, in accordance with GASB Statement No.54.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 5 – FUND BALANCES

At June 30, 2024, fund balances of the District’s governmental funds were classified as follows:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	\$ 129,100	\$ -	\$ -	\$ -	\$ 129,100
Stores inventories	86,119	-	-	212,430	298,549
Total Nonspendable	215,219	-	-	212,430	427,649
Restricted:					
Categorical programs	45,085,424	-	-	-	45,085,424
Adult education program	-	-	-	1,682,765	1,682,765
Child development program	-	-	-	2,107,590	2,107,590
Child nutrition program	-	-	-	9,387,559	9,387,559
Capital projects	-	44,280,099	4,181,247	6,052,686	54,514,032
Debt service	-	-	-	23,871,721	23,871,721
Total Restricted	45,085,424	44,280,099	4,181,247	43,102,321	136,649,091
Assigned:					
Deferred maintenance projects	142,650	-	-	-	142,650
Other postemployment benefits	3,746,724	-	-	-	3,746,724
School facility projects	-	-	9,409,689	306,341	9,716,030
Other assignments	-	-	-	45,633	45,633
Total Assigned	3,889,374	-	9,409,689	351,974	13,651,037
Unassigned:					
Reserve for economic uncertainties	9,119,253	-	-	-	9,119,253
Remaining unassigned balances	55,111,910	-	-	-	55,111,910
Total Unassigned	64,231,163	-	-	-	64,231,163
Total	\$ 113,421,180	\$ 44,280,099	\$ 13,590,936	\$ 43,666,725	\$ 214,958,940

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2024, was as follows:

	GOVERNMENTAL ACTIVITIES			
	Balance, July 1, 2023	Additions	Retirements	Balance, June 30, 2024
Capital assets not being depreciated:				
Land	\$ 9,278,310	\$ -	\$ -	\$ 9,278,310
Construction in progress	79,399,943	68,016,397	6,098,486	141,317,854
Total capital assets not being depreciated	88,678,253	68,016,397	6,098,486	150,596,164
Capital assets being depreciated:				
Improvement of sites	35,008,395	92,141	-	35,100,536
Buildings	452,165,851	13,430,623	-	465,596,474
Equipment	38,180,646	1,355,307	-	39,535,953
Total capital assets being depreciated	525,354,892	14,878,071	-	540,232,963
Accumulated depreciation for:				
Improvement of sites	(12,309,107)	(392,247)	-	(12,701,354)
Buildings	(153,909,044)	(6,678,817)	-	(160,587,861)
Equipment	(27,916,052)	(2,473,247)	-	(30,389,299)
Total accumulated depreciation	(194,134,203)	(9,544,311)	-	(203,678,514)
Total capital assets being depreciated, net	331,220,689	5,333,760	-	336,554,449
Capital assets, net	419,898,942	73,350,157	6,098,486	487,150,613
Subscription assets:				
Subscription assets	1,024,699	316,575	626,143	715,131
Less accumulated amortization	(558,376)	(438,996)	(626,143)	(371,229)
Subscription assets, net	466,323	(122,421)	-	343,902
Governmental capital assets	<u>\$ 420,365,265</u>	<u>\$ 73,227,736</u>	<u>\$ 6,098,486</u>	<u>\$ 487,494,515</u>
	BUSINESS-TYPE ACTIVITIES			
	Balance, July 1, 2023	Additions	Retirements	Balance, June 30, 2024
Equipment	\$ 12,795	\$ -	\$ -	\$ 12,795
Accumulated depreciation	(12,795)	-	-	(12,795)
Business-type activity capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

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

Changes in long-term liabilities other than OPEB or pensions for the fiscal year ended June 30, 2024, were as follows:

	Balance July 1, 2023	Additions	Deductions	Balance, June 30, 2024	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	\$ 308,329,274	\$ -	\$ 9,990,828	\$ 298,338,446	\$ 10,047,885
Accreted Interest	87,915,035	8,608,461	7,044,172	89,479,324	7,642,115
Unamortized Premium	19,118,292	-	932,048	18,186,244	932,048
Total G.O. Bonds	415,362,601	8,608,461	17,967,048	406,004,014	18,622,048
Child Care Revolving Fund Loan	42,000	-	42,000	-	-
Subscription Liability	471,840	316,575	438,623	349,792	241,516
Compensated Absences	5,035,244	-	104,085	4,931,159	-
Claims Liability	11,561,524	5,996,546	3,639,841	13,918,229	-
Sub-Totals	\$ 432,473,209	\$ 14,921,582	\$ 22,191,597	\$ 425,203,194	\$ 18,863,564

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

A. General Obligation Bonds

Election of 2002 (Measure S)

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

Election of 2014 (Measure G)

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

Defeasance of Debt

The District has defeased certain general obligation bonds by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, any trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2024, no principal balance is outstanding on the defeased debt.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2024, deferred outflows on refunding were \$471,051.

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

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

A. General Obligation Bonds (continued)

Below is a schedule of bonds issued and outstanding as of June 30, 2024.

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2023	Issuances	Redemptions	Balance, June 30, 2024
Election of 2002 (Measure S)								
2005B	5/5/2005	8/1/2029	3.00% - 5.31%	\$ 44,995,644	\$ 26,996,700	\$ -	\$ 3,955,188	\$ 23,041,512
2007C	12/12/2007	8/1/2032	3.50% - 5.22%	29,200,602	13,085,602	-	-	13,085,602
2009D	7/9/2009	8/1/2034	6.16% - 7.36%	9,410,103	8,504,623	-	840,640	7,663,983
2009E	10/21/2009	8/1/2038	5.50% - 6.47%	21,392,349	21,392,349	-	-	21,392,349
Election of 2014 (Measure G)								
Series A	12/17/2015	8/1/2045	2.00% - 5.00%	24,000,000	4,975,000	-	25,000	4,950,000
Series B	8/24/2017	8/1/2047	3.00% - 5.00%	59,000,000	49,190,000	-	-	49,190,000
Series C	6/28/2018	8/1/2047	3.00% - 5.00%	10,250,000	9,430,000	-	-	9,430,000
Series D	6/27/2019	8/1/2048	3.00% - 5.00%	60,000,000	50,600,000	-	-	50,600,000
Series E	5/26/2021	8/1/2050	2.125% - 4.00%	80,545,000	80,545,000	-	3,775,000	76,770,000
Series F	6/29/2023	8/1/2052	4.00% - 5.00%	40,000,000	40,000,000	-	-	40,000,000
Refunding Bonds								
2015 Ref.	12/17/2015	8/1/2025	2.00% - 5.00%	7,855,000	3,610,000	-	1,395,000	2,215,000
Totals					<u>\$ 308,329,274</u>	<u>\$ -</u>	<u>\$ 9,990,828</u>	<u>\$ 298,338,446</u>
Accreted Interest:					Balance, July 1, 2023	Additions	Deductions	Balance, June 30, 2024
Election of 2002, Series 2005B					\$ 39,922,252	\$ 3,265,041	\$ 5,884,812	\$ 37,302,481
Election of 2002, Series 2007C					14,841,677	1,434,775	-	16,276,452
Election of 2002, Series 2009D					13,844,170	1,600,611	1,159,360	14,285,421
Election of 2002, Series 2009E					19,306,936	2,308,033	-	21,614,969
Totals					<u>\$ 87,915,035</u>	<u>\$ 8,608,461</u>	<u>\$ 7,044,172</u>	<u>\$ 89,479,324</u>

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

Fiscal Year	Principal	Interest	Total
2024-2025	\$ 10,047,885	\$ 17,254,959	\$ 27,302,844
2025-2026	7,102,843	17,460,476	24,563,319
2026-2027	7,363,174	18,299,944	25,663,118
2027-2028	6,943,086	18,870,045	25,813,131
2028-2029	7,637,203	19,647,190	27,284,393
2029-2034	43,208,313	118,953,908	162,162,221
2034-2039	41,685,942	90,877,261	132,563,203
2039-2044	47,830,000	28,767,675	76,597,675
2044-2049	71,580,000	17,695,775	89,275,775
2049-2053	54,940,000	4,032,650	58,972,650
Totals	<u>\$ 298,338,446</u>	<u>\$ 351,859,883</u>	<u>\$ 650,198,329</u>

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

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

B. Childcare Revolving Loan

The District had entered into an agreement to purchase equipment through the State's Childcare Revolving Loan Program. This loan was paid off during the fiscal year, and no future obligations exist.

C. Subscription Based Information Technology Arrangements

The District is involved in several arrangements for subscription based software. The initial terms for these subscriptions range from 12 to 36 months. There are no variable payments not included in the measurement of the lease liability, no residual value guarantees provided and no commitments before the commencement of the lease term. The District used either the stated interest rate or the State's incremental borrowing rate at inception to discount the subscription payments to the net present value. Other key assumptions and policies can be found in Note 1.E. The related asset disclosures are presented in Note 6.

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

Fiscal Year	Principal	Interest	Total
2024-2025	\$ 241,516	\$ 2,775	\$ 244,291
2025-2026	108,276	-	108,276
Totals	<u>\$ 349,792</u>	<u>\$ 2,775</u>	<u>\$ 352,567</u>

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2024, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 37,823,622	\$ 8,414,887	\$ 8,823,217	\$ 3,059,277
MPP Program	884,676	-	-	(8,783)
Totals	<u>\$ 38,708,298</u>	<u>\$ 8,414,887</u>	<u>\$ 8,823,217</u>	<u>\$ 3,050,494</u>

The details of each plan are as follows:

District Plan

Plan Description

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

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

District Plan (continued)

Benefits Provided

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

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

Employees Covered by Benefit Terms

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

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

Total OPEB Liability

The District’s total OPEB liability of \$37,823,622 for the Plan was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions and Other Inputs

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

Valuation Date	June 30, 2022
Inflation	2.50 percent
Salary increases	2.75 percent
Healthcare cost trend rates	4.00 percent

Discount Rate

In accordance with GASB 75, the discount rate of 3.65% as of June 30, 2023 is the Bond Buyer 20 Index. As of June 30, 2022, a rate of 3.54% was used.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

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

District Plan (continued)

Mortality Rates

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2022	\$ 36,011,311
Changes for the year:	
Service cost	1,975,191
Interest	1,289,918
Differences between expected and actual experience	200,987
Changes of assumptions	(331,698)
Benefit payments	(1,322,087)
Net changes	1,812,311
Balance at June 30, 2023	\$ 37,823,622

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

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

Discount Rate	OPEB Liability
1% decrease	\$ 40,684,197
Current discount rate	\$ 37,823,622
1% increase	\$ 35,201,420

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

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

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	\$ 33,624,627
Current trend rate	\$ 37,823,622
1% increase	\$ 42,705,579

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

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

District Plan (continued)

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$3,059,277. In addition, at June 30, 2024, 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
Differences between expected and actual experience	\$ 2,816,311	\$ 5,050,248
Changes of assumptions	4,064,270	3,772,969
District contributions subsequent to the measurement date of the net OPEB liability	1,534,306	-
Totals	<u>\$ 8,414,887</u>	<u>\$ 8,823,217</u>

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

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	\$ 798,744	\$ 1,004,576
2026	798,744	1,004,576
2027	798,744	1,004,576
2028	798,744	1,004,576
2029	798,744	1,004,576
Thereafter	2,886,861	3,800,337
Totals	<u>\$ 6,880,581</u>	<u>\$ 8,823,217</u>

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

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

Medicare Premium Payment (MPP) Program (continued)

Benefits Provided

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

As of June 30, 2023, 4,457 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

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

Total OPEB Liability

At June 30, 2024, the District reported a liability of \$884,676 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2023, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total OPEB liability to June 30, 2023. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	<u>Percentage Share of MPP Program</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2024</u>	<u>Fiscal Year Ending June 30, 2023</u>	
Measurement Date	<u>June 30, 2023</u>	<u>June 30, 2022</u>	
Proportion of the Net OPEB Liability	0.291552%	0.271229%	0.020323%

For the year ended June 30, 2024, the District reported OPEB expense of \$(8,783).

Actuarial Assumptions and Other Inputs

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

Measurement Date	June 30, 2023
Valuation Date	June 30, 2022
Experience Study	June 30, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.65%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

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

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs (continued)

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 179 or an average of 0.13% of the potentially eligible population of 138,780.

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

Discount Rate

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2023, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2023, was 3.65%, which is an increase of 0.11% from 3.54% as of June 30, 2022.

Sensitivity of the Proportionate Share of The Net OPEB Liability to Changes in the Discount Rate

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

	Discount Rate	MPP OPEB Liability
	1% decrease	\$ 961,462
	Current discount rate	\$ 884,676
	1% increase	\$ 817,911

Sensitivity of the Proportionate Share of The Net OPEB Liability to Changes in the Medicare Costs Trend Rates

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

	Medicare Cost Trend Rates	MPP OPEB Liability
	1% decrease	\$ 813,990
	Current trend rate	\$ 884,676
	1% increase	\$ 964,480

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS

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

For the fiscal year ended June 30, 2024, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 150,121,455	\$ 51,588,297	\$ 15,206,789	\$ 19,156,221
CalPERS	94,054,188	42,542,368	18,444,525	13,734,771
Totals	<u>\$ 244,175,643</u>	<u>\$ 94,130,665</u>	<u>\$ 33,651,314</u>	<u>\$ 32,890,992</u>

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

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

The STRP is a multiple-employer, cost-sharing defined benefit plan composed of four programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits (RB) Program. A Supplemental Benefit Maintenance Account (SBMA) exists within the STRP and provides purchasing power protection for DB Program benefits. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

Benefits Provided (continued)

The STRP provisions and benefits in effect at June 30, 2024, are summarized as follows:

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

Contributions

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046.

The contribution rates for each program for the year ended June 30, 2024, are presented above, and the District's total contributions were \$23,344,866.

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

At June 30, 2024, 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:

District's proportionate share of net pension liability	\$	150,121,455
State's proportionate share of the net pension liability associated with the District		71,927,411
Total	\$	222,048,866

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

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

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2024	Fiscal Year Ending June 30, 2023	
Measurement Date	June 30, 2023	June 30, 2022	
Proportion of the Net Pension Liability	0.197111%	0.180724%	0.016387%

For the year ended June 30, 2024, the District recognized pension expense of \$19,156,221. In addition, the District recognized pension expense and revenue of \$(1,044,533) for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	\$ 23,344,866	\$ -
Net change in proportionate share of net pension liability	14,934,519	7,174,529
Difference between projected and actual earnings on pension plan investments	642,581	-
Changes of assumptions	869,258	-
Differences between expected and actual experience	11,797,073	8,032,260
Totals	\$ 51,588,297	\$ 15,206,789

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

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

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	\$ 2,437,050	\$ 4,200,922
2026	2,159,715	6,842,205
2027	14,038,536	1,505,433
2028	2,450,400	1,267,035
2029	2,473,186	1,267,035
Thereafter	4,684,544	124,159
Totals	<u>\$ 28,243,431</u>	<u>\$ 15,206,789</u>

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability as of June 30, 2023, include:

Valuation Date	June 30, 2022
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.00%
Inflation	2.75%
Payroll Growth	3.50%

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

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

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 current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	38.0%	5.25%
Real Estate	15.0%	4.05%
Private Equity	14.0%	6.75%
Fixed Income	14.0%	2.45%
Risk Mitigating Strategies	10.0%	2.25%
Inflation Sensitive	7.0%	3.65%
Cash/Liquidity	2.0%	0.05%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 251,816,762
Current discount rate (7.10%)	\$ 150,121,455
1% increase (8.10%)	\$ 65,651,650

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954, 22955, and 22955.1 of the *Education Code* and *Public Resources Code* Section 6217.5. Under accounting principles generally accepted in the United States of America, these contributions are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$11,504,899.

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Required Employee Contribution Rate	7.00%	8.00%
Required Employer Contribution Rate	26.68%	26.68%

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024 are presented above, and the total District contributions were \$13,452,292

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$94,054,188. The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2024	Fiscal Year Ending June 30, 2023	
	June 30, 2023	June 30, 2022	
Measurement Date	June 30, 2023	June 30, 2022	
Proportion of the Net Pension Liability	0.259826%	0.264248%	(0.004422%)

For the year ended June 30, 2024, the District recognized pension expense of \$13,734,771. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	\$ 13,452,292	\$ -
Net change in proportionate share of net pension liability	-	5,721,589
Difference between projected and actual earnings on pension plan investments	21,324,734	11,278,402
Changes of assumptions	4,333,039	-
Differences between expected and actual experience	3,432,303	1,444,534
Totals	\$ 42,542,368	\$ 18,444,525

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

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

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	\$ 11,038,036	\$ 9,068,281
2026	10,017,499	8,226,809
2027	7,721,890	884,125
2028	312,651	265,311
2029	-	-
Thereafter	-	-
Totals	\$ 29,090,076	\$ 18,444,526

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2022
Experience Study	2000-2019
Actuarial Cost Method	Entry age normal
Discount Rate	6.9%
Inflation Rate	2.3%
Salary Increases	Varies by entry age and service

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

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.9%)	\$ 135,978,043
Current discount rate (6.9%)	\$ 94,054,188
1% increase (7.9%)	\$ 59,405,075

C. Social Security

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

D. Payables to the Pension Plans

At June 30, 2024, the District reported payables of \$2.8 million and \$2.2 million for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2024.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 10 – JOINT VENTURES

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

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

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Construction Commitments

As of June 30, 2024, the District had commitments with respect to unfinished capital projects of approximately \$23.0 million.

C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2024.

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, 2024, the District participated in the ASCIP public entity risk pool for property and liability insurance coverage in excess of self-insured limits. Settled claims have not exceeded the insured coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. In addition, the District purchases commercial insurance for property and liability claims in excess of coverage provided by the Internal Service Fund and for all other risks of loss.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 12 – RISK MANAGEMENT (continued)

Workers' Compensation and Property and Liability

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

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

Unpaid Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the change in approximate aggregate liabilities for the District from July 1, 2022 to June 30, 2024:

	Workers' Compensation	Property and Liability	Total
Liability Balance, July 1, 2022	\$ 10,783,711	\$ 351,869	\$ 11,135,580
Claims and changes in estimates	4,310,652	16,792	4,327,444
Claims payments	(3,894,464)	(7,036)	(3,901,500)
Liability Balance, June 30, 2023	11,199,899	361,625	11,561,524
Claims and changes in estimates	5,970,910	25,636	5,996,546
Claims payments	(3,517,418)	(122,423)	(3,639,841)
Liability Balance, June 30, 2024	<u>\$ 13,653,391</u>	<u>\$ 264,838</u>	<u>\$ 13,918,229</u>
Assets available to pay claims at June 30, 2024	<u>\$ 25,488,212</u>	<u>\$ (2,155,790)</u>	<u>\$ 23,332,422</u>

Required Supplementary Information

(This page intentionally left blank)

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Pos (Neg)
Revenues				
LCFF Sources	\$ 210,016,918	\$ 212,990,481	\$ 210,427,250	\$ (2,563,231)
Federal	23,414,660	43,863,722	27,478,739	(16,384,983)
Other State	51,727,117	46,902,285	56,417,864	9,515,579
Other Local	3,396,901	7,335,808	11,898,123	4,562,315
Total Revenues	288,555,596	311,092,296	306,221,976	(4,870,320)
Expenditures				
Current:				
Certificated Salaries	123,073,238	116,922,265	120,655,818	(3,733,553)
Classified Salaries	49,535,226	51,106,372	50,309,090	797,282
Employee Benefits	82,017,147	84,095,851	83,172,765	923,086
Books and Supplies	17,402,234	25,279,944	19,520,949	5,758,995
Services and Other Operating Expenditures	25,014,339	30,712,602	26,711,480	4,001,122
Transfers of indirect costs	(628,347)	(751,261)	(633,146)	(118,115)
Capital Outlay	1,276,000	5,441,220	2,381,524	3,059,696
Other Outgo	985,000	630,000	981,583	(351,583)
Total Expenditures	298,674,837	313,436,993	303,100,063	10,336,930
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,119,241)	(2,344,697)	3,121,913	5,466,610
Other Financing Sources and Uses				
Interfund Transfers In	1,164,524	1,570,156	1,537,666	(32,490)
Interfund Transfers Out	(1,223,357)	(1,191,598)	(1,191,598)	-
All other financing sources	-	-	316,575	316,575
Total Other Financing Sources and Uses	(58,833)	378,558	662,643	284,085
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(10,178,074)	(1,966,139)	3,784,556	5,750,695
Fund Balance, July 1, 2023	76,693,942	105,747,250	105,747,250	-
Fund Balance, June 30, 2024	<u>\$ 66,515,868</u>	<u>\$ 103,781,111</u>	109,531,806	<u>\$ 5,750,695</u>
Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:				
		Deferred Maintenance Fund	142,650	
		Special Reserve Fund for Postemployment Benefits	3,746,724	
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:			<u>\$ 113,421,180</u>	

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2024

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years				
	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19
District's proportion of the net pension liability	0.1971%	0.1807%	0.1818%	0.1909%	0.1872%
District's proportionate share of the net pension liability	\$ 150,121,455	\$ 125,577,640	\$ 82,739,435	\$ 185,031,388	\$ 169,065,724
State's proportionate share of the net pension liability associated with the District	71,927,411	62,888,791	41,631,275	95,383,702	92,236,639
Totals	<u>\$ 222,048,866</u>	<u>\$ 188,466,431</u>	<u>\$ 124,370,710</u>	<u>\$ 280,415,090</u>	<u>\$ 261,302,363</u>
District's covered-employee payroll	<u>\$ 120,641,073</u>	<u>\$ 112,111,561</u>	<u>\$ 98,222,130</u>	<u>\$ 104,051,655</u>	<u>\$ 101,843,034</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	124.44%	112.01%	84.24%	177.83%	166.01%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%
Employer's Fiscal Year Measurement Period	2018-19 2017-18	2017-18 2016-17	2016-17 2015-16	2015-16 2014-15	2014-15 2013-14
	2018-19 2017-18	2017-18 2016-17	2016-17 2015-16	2015-16 2014-15	2014-15 2013-14
District's proportion of the net pension liability	0.1895%	0.1844%	0.1819%	0.1850%	0.1813%
District's proportionate share of the net pension liability	\$ 174,132,397	\$ 170,562,493	\$ 147,115,885	\$ 124,524,676	\$ 105,955,286
State's proportionate share of the net pension liability associated with the District	99,698,941	100,903,330	83,750,449	65,859,826	63,980,377
Totals	<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>
District's covered-employee payroll	<u>\$ 100,592,405</u>	<u>\$ 99,865,095</u>	<u>\$ 91,741,538</u>	<u>\$ 89,594,302</u>	<u>\$ 81,438,009</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	173.11%	170.79%	160.36%	138.99%	130.11%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalPERS
For the Fiscal Year Ended June 30, 2024

	<i>Last Ten Fiscal Years</i>				
Employer's Fiscal Year	2023-24	2022-23	2021-22	2020-21	2019-20
Measurement Period	2022-23	2021-22	2020-21	2019-20	2018-19
District's proportion of the net pension liability	0.2598%	0.2642%	0.2729%	0.2856%	0.2882%
District's proportionate share of the net pension liability	\$ 94,054,188	\$ 90,925,249	\$ 55,498,493	\$ 87,632,420	\$ 84,001,554
District's covered-employee payroll	\$ 50,076,098	\$ 43,095,509	\$ 39,235,343	\$ 41,634,030	\$ 40,360,868
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	187.82%	210.99%	141.45%	210.48%	208.13%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	70%	70%	70%
Employer's Fiscal Year	2018-19	2017-18	2016-17	2015-16	2014-15
Measurement Period	2017-18	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.2945%	0.3075%	0.2956%	0.2912%	0.2985%
District's proportionate share of the net pension liability	\$ 78,515,038	\$ 73,407,676	\$ 58,376,415	\$ 42,919,072	\$ 33,889,275
District's covered-employee payroll	\$ 39,636,430	\$ 39,124,071	\$ 35,234,321	\$ 32,288,947	\$ 31,390,027
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	198.09%	187.63%	165.68%	132.92%	107.96%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions-CalSTRS
For the Fiscal Year Ended June 30, 2024

<i>Last Ten Fiscal Years</i>					
Employer's Fiscal Year	2023-24	2022-23	2021-22	2020-21	2019-20
Contractually required contribution	\$ 23,344,866	\$ 23,042,445	\$ 18,969,276	\$ 15,862,874	\$ 17,792,833
Contributions in relation to the contractually required contribution	23,344,866	23,042,445	18,969,276	15,862,874	17,792,833
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 122,224,430	\$ 120,641,073	\$ 112,111,561	\$ 98,222,130	\$ 104,051,655
Contributions as a percentage of covered-employee payroll	19.10%	19.10%	16.92%	16.15%	17.10%
Employer's Fiscal Year	2018-19	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	\$ 16,580,046	\$ 14,515,484	\$ 12,563,029	\$ 9,843,867	\$ 7,955,974
Contributions in relation to the contractually required contribution	16,580,046	14,515,484	12,563,029	9,843,867	7,955,974
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 101,843,034	\$ 100,592,405	\$ 99,865,095	\$ 91,741,538	\$ 89,594,302
Contributions as a percentage of covered-employee payroll	16.28%	14.43%	12.58%	10.73%	8.88%

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions-CalPERS
For the Fiscal Year Ended June 30, 2024

	<i>Last Ten Fiscal Years</i>				
Employer's Fiscal Year	2023-24	2022-23	2021-22	2020-21	2019-20
Contractually required contribution	\$ 13,452,292	\$ 12,704,306	\$ 9,873,181	\$ 8,121,716	\$ 8,210,647
Contributions in relation to the contractually required contribution	13,452,292	12,704,306	9,873,181	8,121,716	8,210,647
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 50,420,885</u>	<u>\$ 50,076,098</u>	<u>\$ 43,095,509</u>	<u>\$ 39,235,343</u>	<u>\$ 41,634,030</u>
Contributions as a percentage of covered-employee payroll	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>
Employer's Fiscal Year	2018-19	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	\$ 7,289,980	\$ 6,155,934	\$ 5,433,551	\$ 4,174,210	\$ 3,800,732
Contributions in relation to the contractually required contribution	7,289,980	6,155,934	5,433,551	4,174,210	3,800,732
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<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>
Contributions as a percentage of covered-employee payroll	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2024

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years*						
	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17
Total OPEB liability							
Service cost	\$ 1,975,191	\$ 2,695,324	\$ 2,606,724	\$ 2,429,920	\$ 2,244,208	\$ 2,117,150	\$ 2,005,340
Interest	1,289,918	949,117	910,461	1,040,761	930,380	887,834	812,326
Differences between expected and actual experience	200,987	(5,838,771)	25,259	3,830,576	(7,221)	(513,588)	-
Changes in assumptions	(331,698)	(3,880,527)	143,611	5,178,205	680,114	(559,436)	-
Benefit payments	(1,322,087)	(1,162,131)	(1,012,668)	(818,734)	(794,184)	(758,366)	(729,198)
Net change in total OPEB liability	1,812,311	(7,236,988)	2,673,387	11,660,728	3,053,297	1,173,594	2,088,468
Total OPEB liability - beginning	36,011,311	43,248,299	40,574,912	28,914,184	25,860,887	24,687,293	22,598,825
Total OPEB liability - ending	<u>\$ 37,823,622</u>	<u>\$ 36,011,311</u>	<u>\$ 43,248,299</u>	<u>\$ 40,574,912</u>	<u>\$ 28,914,184</u>	<u>\$ 25,860,887</u>	<u>\$ 24,687,293</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2024

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years*						
	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17
District's proportion of net OPEB liability	0.2916%	0.2712%	0.2733%	0.3327%	0.3311%	0.3401%	0.3339%
District's proportionate share of net OPEB liability	\$ 884,676	\$ 893,459	\$ 1,090,072	\$ 1,409,902	\$ 1,233,184	\$ 1,301,688	\$ 1,404,744
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)	(0.71%)	(0.81%)	(0.40%)	0.01%

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the *Governmental Accounting Standards Board* and provisions of the *California Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoptions with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

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

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

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

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

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability.

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

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 3.54 percent to 3.65 percent since the previous valuation.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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

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

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

Change of assumptions – The discount rate was changed from 3.54 percent to 3.65 percent since the previous valuation.

(This page intentionally left blank)

Supplementary Information

(This page intentionally left blank)

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT*Schedule of Average Daily Attendance**For the Fiscal Year Ended June 30, 2024*

	<u>Second Period Report</u>	<u>Annual Report</u>	
	<u>As Reported</u>	<u>As Reported</u>	
	<u>To CDE</u>	<u>To CDE</u>	<u>Audited</u>
Regular ADA & Extended Year:			
Grades TK-3	4,030.68	4,021.43	4,021.43
Grades 4-6	3,069.21	3,062.55	3,062.55
Grades 7-8	2,332.78	2,334.74	2,334.74
Grades 9-12	4,499.32	4,476.53	4,476.58
Total Regular ADA	13,931.99	13,895.25	13,895.30
Special Education, Nonpublic, Nonsectarian Schools:			
Grades TK-3	1.00	0.78	0.78
Grades 4-6	3.03	3.07	3.07
Grades 7-8	1.88	1.90	1.90
Grades 9-12	15.32	15.31	15.31
Total Special Education, Nonpublic, Nonsectarian Schools ADA	21.23	21.06	21.06
Total ADA	13,953.22	13,916.31	13,916.36

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT*Schedule of Instructional Time**For the Fiscal Year Ended June 30, 2024*

Grade Level	Instructional Minutes Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Kindergarten	36,000	56,389	180	Complied
Grade 1	50,400	54,168	180	Complied
Grade 2	50,400	54,168	180	Complied
Grade 3	50,400	54,168	180	Complied
Grade 4	54,000	54,168	180	Complied
Grade 5	54,000	54,168	180	Complied
Grade 6	54,000	55,995	180	Complied
Grade 7	54,000	55,995	180	Complied
Grade 8	54,000	55,995	180	Complied
Grade 9	64,800	65,640	180	Complied
Grade 10	64,800	65,640	180	Complied
Grade 11	64,800	65,640	180	Complied
Grade 12	64,800	65,640	180	Complied

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Schedule of Financial Trends and Analysis

For the Fiscal Year Ended June 30, 2024

General Fund	(Budget) 2025 ²	2024 ³	2023	2022
Revenues and other financing sources	\$ 274,570,292	\$ 308,076,217	\$ 336,464,419	\$ 270,722,962
Expenditures and other financing uses	301,293,910	304,291,661	294,646,410	264,074,475
Change in fund balance (deficit)	(26,723,618)	3,784,556	41,818,009	6,648,487
Adjustments for restatement	-	-	(96,233)	-
Ending fund balance	\$ 82,808,188	\$ 109,531,806	\$ 105,747,250	\$ 64,025,474
Available reserves ¹	\$ 36,839,777	\$ 64,231,163	\$ 56,738,962	\$ 48,461,580
Available reserves as a percentage of total outgo	12.2%	21.1%	19.3%	18.4%
Total long-term debt	\$ 697,722,859	\$ 708,087,135	\$ 685,880,868	\$ 579,984,798
Average daily attendance at P-2	13,484	13,953	14,079	14,221

The General Fund balance has increased by \$45.5 million over the past two years. The fiscal year 2024-25 adopted budget projects a decrease of \$26.7 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has experienced an operating surplus in each of the past three years, but anticipates incurring an operating deficit during the 2024-25 fiscal year. Long-term debt has increased by \$128.1 million over the past two years.

Average daily attendance has decreased by 268 over the past two years. In 2024-25, ADA is projected to decrease by 469.

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

² Adopted budget, June 2024

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2024*

*There were no differences between the Annual Financial and Budget Report and the
Audited Financial Statements in any funds.*

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Sub-total Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
School Breakfast Program - Especially Needy	10.553	13526	\$ 2,751,979	
National School Lunch Program	10.555	13523	6,844,850	
Supply Chain Assistance (SCA) Funds	10.555	15655	923,288	
Local Food for Schools	10.555	15708	93,741	
USDA Donated Foods	10.555	N/A	875,995	
Subtotal Child Nutrition Cluster				\$ 11,489,853
Passed through California Dept. of Social Services (CDSS):				
Child and Adult Care Food Program	10.558	13393	61,066	
Cash in Lieu of Commodities	10.558	N/A	21,374	
Subtotal Child and Adult Care Food Program				82,440
Total U.S. Department of Agriculture				11,572,293
U.S. Department of Education:				
Equitable Access to Esports Education and Career	84.215K	N/A		1,127,601
Mental Health Service Professional Demonstration Grant Program	84.184X	N/A		460,253
Passed through California Dept. of Education (CDE):				
Adult Education - State Grants:				
Adult Basic Education and ELA	84.002A	14508	202,882	
Adult Secondary Education	84.002	13978	105,860	
English Literacy and Civics Education	84.002A	14109	65,029	
Total Adult Education - State Grants				373,771
Every Student Succeeds Act (ESSA):				
Title I Grants to Local Educational Agencies Fund:				
Title I, Part A, Basic Grants, Low-Income and Neglected	84.010	14329	3,977,337	
ESSA: ESSA School Improvement Funding for LEAs	84.010	15438	193,291	
Total Title I Fund				4,170,628
Title II, Part A, Supporting Effective Instruction	84.367	14341		500,234
Title III, Limited English Proficiency	84.365	14346		295,926
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		302,139
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332		269,154
Early Intervention Grants	84.181	23761		44,364
Career and Technical Education - Basic Grants to States:				
Carl D. Perkins Career and Technical Education: Adult, Sec. 131	84.048	14893	164,011	
Carl D. Perkins Career and Technical Education: Adult, Sec. 132	84.048	14893	66,444	
Total Career and Technical Education - Basic Grants to States				230,455
Department of Rehabilitation: Workability II, Transition Partnership	84.126	10006		77,568
COVID-19 Education Stabilization Fund:				
ASES Rate Increase: ESSER III State Reserve Summer Learning Programs	84.425	15652	80,449	
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	1,425,528	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	12,020,582	
American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	84.425U	15564	55,653	
American Rescue Plan-Homeless Children and Youth (ARP-HCY II)	84.425U	15564	342,727	
Subtotal Education Stabilization Fund				13,924,939
Individuals with Disabilities Education Act (IDEA):				
Basic Local Assistance Entitlement	84.027	13379	3,789,369	
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10119	10,141	
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	98,795	
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	179,845	
Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,000	
Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	29,729	
Total Special Education (IDEA) Cluster				4,108,879
Passed through Los Angeles County Office of Education:				
Migrant Education Grants:				
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	302,172	
Title I, Migrant Ed Summer Program	84.011	10005	61,264	
Title I, Part C, Migrant Education (MESRP)	84.011	10144	23,429	
Total Migrant Education Grants				386,865
Total U.S. Department of Education				26,272,776
U.S. Department of Health & Human Services:				
Passed through Los Angeles County Office of Education:				
Head Start	93.600	10016		11,939,648
Child Care and Development Block Grant Cluster				
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act -				
One-time Stipend	93.575	15555	155,618	
COVID-19: ARP California State Preschool Program One-time Stipend	93.575	15640	34,200	
Total Child Care and Development Block Grant Cluster				189,818
Total U.S. Department of Health & Human Services				12,129,466
Total Expenditures of Federal Awards				\$ 49,974,535

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT*Schedule of Head Start Expenditures**For the Fiscal Year Ended June 30, 2024*

	Federal Expenditures	Local In-Kind Match
Head Start: Basic	\$ 6,911,708	\$ 3,076,324
Head Start: HS Basic CO I	41,916	-
Head Start: Training & Technical Assistance (T&TA)	15,390	3,847
Head Start: Early Head Start Basic	4,096,352	485,833
Head Start: Dosage	436,032	7,144
EHS CCP Expansion CO I	90,000	-
COVID-19: Head Start: CARES OTS	348,250	-
2023-24 Federal Expenditures, per audit	<u>\$ 11,939,648</u>	<u>\$ 3,573,148</u>

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2024

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Expenditures of Federal Awards

The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

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

	Assistance Listing Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 51,554,269
Differences between Federal Revenues and Expenditures:		
Emergency Connectivity Fund	32.009	<u>(1,579,734)</u>
Total Schedule of Expenditures of Federal Awards		<u>\$ 49,974,535</u>

(This page intentionally left blank)

Other Information

(This page intentionally left blank)

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Local Educational Agency Organization Structure

For the Fiscal Year Ended June 30, 2024

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

BOARD OF TRUSTEES

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

ADMINISTRATION

Dr. John Lopez,
Superintendent

Dr. Michael Gotto,
Assistant Superintendent, Human Resources

Estuardo Santillan,
Assistant Superintendent, Business Services

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

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

(This page intentionally left blank)

Other Independent Auditors' Reports

(This page intentionally left blank)



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norwalk-La Mirada Unified School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

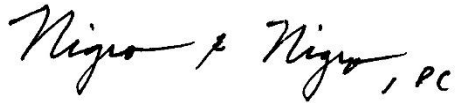
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Murrieta, California
December 6, 2024



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Norwalk-La Mirada Unified School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Norwalk-La Mirada Unified School District's major federal programs for the year ended June 30, 2024. The Norwalk-La Mirada Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Norwalk-La Mirada Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

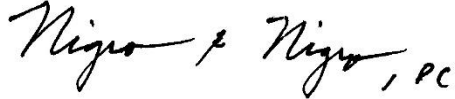
Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

Murrieta, California
December 6, 2024

(This page intentionally left blank)



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance

Opinion

We have audited the Norwalk-La Mirada Unified School District's (District) compliance with the requirements specified in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2024.

In our opinion, Norwalk-La Mirada Unified School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

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

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings 2024-001 through 2024-005. Our opinion on each state program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Murrieta, California
December 6, 2024

Schedule of Findings and Questioned Costs

(This page intentionally left blank)

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2024

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516 (a)?	<u>No</u>

Identification of major programs:

Assistance Listing	
<u>Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425U, 84.425D & 84.425	Education Stabilization Fund
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,499,236</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

State Awards

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
---	-------------------

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2024

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

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

There were no financial statement findings in 2023-24.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
Federal Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

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

There were no federal award findings or questioned costs in 2023-24.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2024

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

Finding 2024-001: Attendance Accounting (10000)

Repeat Finding? Yes

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

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

Regular ADA & Extended Year:

- Based on our recalculation, the District understated ADA by 0.05 in grades 9-12.

Context: The error is limited to the P-Annual reporting period and the fiscal year ending June 30, 2024. This is not a repeat finding.

Effect: Based on the derived value of ADA, the penalty is \$761.48.

Cause: The District noted this error during the audit process, and attempted to make revisions but was unable to do so because the County did not allow districts to revise.

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

Views of Responsible Officials: The affected ADA field is Extended Year Special Education ADA for grades 9-12. At P-2 reporting, the correct amount of 5.55 ADA was entered. However, at Annual reporting, "5.5" was erroneously entered instead of "5.55". The Los Angeles County Office of Education did not allow us to make the correction of this minor error, at the time that we noticed the discrepancy. They will allow us to make the correction in January 2025.

Finding 2024-002: Comprehensive Safety Plan (40000)

Repeat Finding? No

Criteria: Education Code Section 32286 requires LEAs to have their comprehensive school safety plans reviewed, updated and adopted by March 1.

Condition: During our review of Southeast Academy High School's comprehensive school safety plan, it was noted that the plan was reviewed, updated, and adopted on March 14.

Context: The noncompliance was noted in only one of the seven schools that we selected for sampling.

Cause: Lack of oversight resulted in the comprehensive school plan not being reviewed, updated and adopted by the required date.

Effect: This noncompliance finding does not have a financial impact on the District.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
State Award Findings and Questioned Costs (continued)
For the Fiscal Year Ended June 30, 2024

Finding 2024-002: Comprehensive Safety Plan (40000) (Continued)

Recommendation: We recommend that the District should implement oversight procedures to ensure that all school sites review, update and adopt their school safety plans by March 1st.

Views of Responsible Officials: The completion of Comprehensive School Site Safety Plans and meeting minutes will be relayed to all school sites moving forward by the Chief of School Safety. Additionally, the Chief will work with the district Educational Services department to ensure our school site administrators are aware of and meet the state required deadline moving forward.

Finding 2024-003: Instructional Materials (70000)

Repeat Finding? No

Criteria: California Education Code Section 60119 requires the District to hold a public hearing prior to making a determination through a resolution as to the sufficiency of textbooks and instructional materials. The public hearing must be held on or before the 8th week of school. In addition, the District should provide a 10-day notice of the required public hearing. The notice must include the time, place, and purpose of the hearing and the notice must be posted in a minimum of three public locations in the school district.

Condition: The District's sufficiency of instructional materials public hearing was held on September 11, 2023, and the public notice was posted on September 5, 2023. As a result, the notice was posted 6 days prior to the required public hearing.

Context: The exception is limited to the 2023-24 school year.

Cause: The District failed to post the notice of public hearing 10 days prior to September 11, 2023.

Effect: The District is out of compliance with Education Code section 60119.

Recommendation: We recommend that the District implement oversight procedures to ensure the public hearing notice is posted 10 days prior to the actual public hearing meeting.

Views of Responsible Officials: The district's failure to post the notice of public hearing for a 10-day period prior to September 11, 2023, stemmed from an internal miscommunication among team members. The incident was used as a growth opportunity and will be used to avoid violating the requirement in the future.

Finding 2024-004: School Accountability Report Card (72000)

Repeat Finding? No

Criteria: According to Education Code section 33126(b)(8) the District is required to report the facility inspection tool on to the information on safety, cleanliness, and adequacy of school facilities contained in the School Accountability Cards.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2024

Finding 2024-004: School Accountability Report Card (72000) (continued)

Condition: The information in the School Accountability Report Card was inconsistent with the information in the facility inspection tool at John Glenn High, Garden Hill Elementary, and Escalona Elementary. At John Glenn High, the SARC reported GOOD in all categories, but the facility inspection tool reported the interior surface as being FAIR. At Gardenhill Elementary, the SARC reported GOOD on all categories, but the facility inspection tool reported POOR interior surface, drinking fountains, and playground/school grounds. At Escalona Elementary, the SARC reported GOOD on all categories, but the facility inspection tool reported POOR interior surface, drinking fountains, restrooms, and playground/school grounds.

Context: The discrepancies were noted in three of the seven schools that we selected for testing.

Cause: Lack of oversight resulted in conditions of school facilities conditions being misreported.

Effect: This noncompliance finding does not have a financial impact on the District.

Recommendation: We recommend that the District ensure that school accountability report cards are reviewed to ensure information being reported is consistent with the information in the facility inspection tool.

Views of Responsible Officials: After reviewing the data entered into the SARC FIT Reports we have determined that the inconsistencies found during the audit were a result of data entry error. We have put into place more robust protocols to prevent any further errors of this sort in the future.

Finding 2024-005: ELOP Staff to Pupil Ratio (40000)

Repeat Finding? No

Criteria: EC Section 46120(b)(2)(D) requires the program to maintain a ratio of 10 to 1 pupil to staff for grades TK and kindergarten and a ratio of 20 to 1 pupil to staff for grades first through six.

Condition: Four of the sites tested were noted to be out of compliance with required ratios in one or more classes.

Context: Four of the seven school sites tested were found to be out of compliance.

Cause: Deficient attendance tracking software.

Effect: There is no financial penalty associated with noncompliance with ratio requirements.

Recommendation: We recommend that an employee review enrollment for the program and assign the proper number of staff to that location in order to be in compliance with ratios.

Views of Responsible Officials: Enrollment numbers for TK/K students are monitored during the registration and enrollment process and every effort is made to provide services to the greatest number of students possible, given our staffing at the time. Enrollments are maximized with the expectation that if a staff member is absent on a given day, substitute coverage will be provided to maintain proper student-to-staff ratios.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2024

Finding 2024-005: ELOP Staff to Pupil Ratio (40000) (continued)

Views of Responsible Officials: (continued)

Our SACC program, in conjunction with our Expanded Learning program, does employ a limited number of qualified substitutes, who are utilized to support afterschool programming, at our various 21 school sites, every day. These are afterschool-only program subs, who under most daily situations, will be assigned to sites to ensure that sufficient student-to-staff ratios are maintained. On occasion, we have had to have either our Afterschool Supervisor or Francisco Ramirez assist with coverage at sites when available subs have been fully assigned. Currently, we are continuing our efforts to hire-on additional staffing at all of our school sites. In addition, we have hired on two Lead Regional Managers, whose duties will not only consist of assisting to closely monitor the daily logistics of each site program, including daily attendance counts, but will also be two additional "floating" staff members that will be available to step in and cover at sites that may find themselves in need of additional supervision support.

We are also restructuring the manner in which our EZ-Reports daily attendance tracker is set up to ensure that student groupings (TK/K & 1-5) are kept within ratios and that specific staff members are assigned their student rosters and take attendance for their assigned students accordingly. This will eliminate the large grouping attendance counts and instead assign staff members with either a 10:1 or 20:1 daily enrollment roster.

It is our expectation that these changes will adequately address the concerns noted in the Findings.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2024

Original Finding No.	Finding	Code	Recommendation	Current Status
2023-001 Annual Report Card, High School Graduation Rate	ESEA Sections 1111(h)(1)(C)(iii)(II) and 8101(23), (25) (20 USC 6311(h)(1)(C)(iii)(II) and 7801(23), (25)) require a local educational agency to have official written documentation that a student enrolled in another school or in a educational program that culminates in the award of a regular high school diploma in order to remove a student from the graduation cohort. A student who is retained in grade, enrolled in a GED program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort. During our testing of compliance and controls over the graduation cohort, we identified one instance in which the District was unable to provide supporting documentation to demonstrate that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma.	50000	We recommend the District train school site staff on allowable documentation to remove students from a graduation cohort as well as other cohort codes. Subsequently, the District should assist school sites in developing the record retention process to ensure documentation is available upon request.	Implemented.
2023-002 Attendance Accounting	California Education Code Section 46000 states: Attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education, subject to the provisions of this chapter. Good internal controls require the District to review its pupil attendance reporting processes and ensure that attendance policies and procedures are maintained and followed at all school sites. During our review of ADA totals reported by the District to CDE, we noted the following misstatement: <i>Period Two (P2) Report of Attendance</i> Regular ADA & Extended Year: Based on our recalculation, the District overstated ADA by 0.12 in grades 7-8.	10000	We recommend that the District develop procedures and implement controls to ensure pupil attendance is recorded and reported consistently and accurately.	Not Implemented. See Finding 2024-001

(This page intentionally left blank)



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

In planning and performing our audit of the basic financial statements of Norwalk-La Mirada Unified School District for the year ending June 30, 2024, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 6, 2024 on the financial statements of Norwalk-La Mirada Unified School District.

ASSOCIATED STUDENT BODY FUNDS

Observation: In our test of cash disbursements at John Glenn High School, we noted that 2 of the 26 disbursements selected in our sample were not approved by the District representative, the ASB advisor, and/or the student representative until after the expenditure had been incurred.

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

Observation: It was noted that one of the 26 disbursements tested at John Glenn High School was shipped to a personal address.

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

Observation: During our testing at John Glenn High School, we noted that the Athletics club had a negative trust balance. The club accounts should not only be monitored by the club and respective advisor, but also the bookkeeper. The Governing Board allows ASBs to operate in schools to provide an opportunity for students to learn how an organization’s finances operate. Clubs with negative balance are not being managed effectively, which increases the risk for fraud to occur, and can be used to disguise fraudulent activity. Additionally, clubs with negative balances are encroaching on positive account balances from other clubs.

Recommendation: We recommend that the bookkeeper follow up with the clubs to ensure that a plan is in place to remedy the over drafted account before the end of the fiscal year.

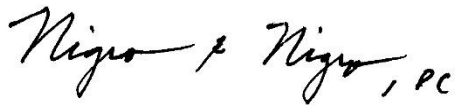
Observation: During our cash receipts testing we noted that each of the four cash receipts sampled at Corvallis Middle School were not deposited in a timely manner. Collected receipts were dated up to three months prior to being deposited in the bank.

Recommendation: We recommend that the sites emphasize to the advisors and teachers that deposits should be made to the bookkeeper daily as they typically do not have proper safeguards such as a safe to keep cash collections. Additionally, bookkeepers should be making deposits on a weekly basis or more often as needed. Money should never be left over the weekend or holidays because thefts often occur during these times.

Observation: During our cash receipts testing at John Glenn High School, we noted that 2 of 10 collections could not be tied to support. Without supporting documentation, we could not verify whether all cash collected had been deposited intact and into the correct ASB account on a timely basis. Sound internal controls for handling cash discourage theft of ASB funds and protect those who handle the cash. It is important to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are turned in and properly accounted for.

Recommendation: We recommend that before any events are held, control procedures should be established by the club advisors that will allow for the reconciliation between money collected and fundraiser sales. In the event that pre-numbered receipt books are utilized, it is important that bookkeepers keep a log of receipt numbers, account for all receipts issued, and reconcile the receipts to the funds collected to ensure that all funds are accounted for.

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

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

Murrieta, California
December 6, 2024