



**NORWALK-LA MIRADA  
UNIFIED SCHOOL DISTRICT  
LOS ANGELES COUNTY  
AUDIT REPORT  
For the Fiscal Year Ended  
June 30, 2025**

**NIGRO  
& NIGRO<sup>PC</sup>**



# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

*For the Fiscal Year Ended June 30, 2025*

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*For the Fiscal Year Ended June 30, 2025*

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## *Financial Section*

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Norwalk-La Mirada Unified School District, as of and for the fiscal year ended June 30, 2025, 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, 2025, 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 *2024-25 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.

***Changes in Accounting Principle***

As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 101, *Compensated Absences*. Accordingly, prior year liabilities on the Statement of Net Position were restated to adopt this standard. Our opinion is not modified with respect to this matter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information, 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, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

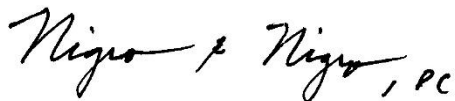
### ***Other Information***

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 10, 2025, 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 10, 2025

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# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2025

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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, 2025. 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 \$2.2 million, or 3.3%.
- Governmental expenses were about \$342.5 million. Revenues were about \$344.8 million.
- The District acquired \$39.6 million in new capital assets during the year.
- Governmental funds decreased by \$34.0 million, or 15.8%.
- Reserves for the General Fund increased by \$0.7 million or 1.1%. Revenues and other financing sources were \$290.5 million, and expenditures and other financing uses were \$301.8 million.

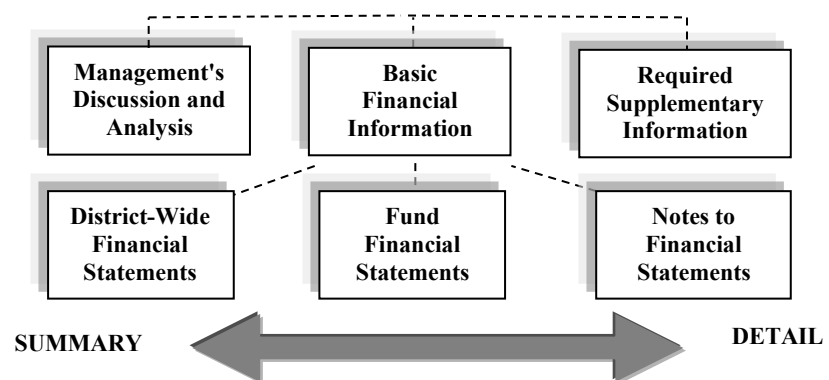
### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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



**NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2025*

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**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, 2025*

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**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.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position.** The District's combined net position was higher on June 30, 2025, than it was the year before – increasing 3.3% to \$70.1 million (See Table A-1).

**Table A-1: Statement of Net Position**

|                                             | Governmental Activities |                      |                     | Business-Type Activities |                       |                     |
|---------------------------------------------|-------------------------|----------------------|---------------------|--------------------------|-----------------------|---------------------|
|                                             | 2025                    | 2024*                | Net Change          | 2025                     | 2024                  | Net Change          |
| <b>Assets</b>                               |                         |                      |                     |                          |                       |                     |
| Current assets                              | \$ 269,696,193          | \$ 293,295,609       | \$ (23,599,416)     | \$ 69,974                | \$ 929,631            | \$ (859,657)        |
| Capital assets                              | 510,558,847             | 487,494,515          | 23,064,332          | -                        | -                     | -                   |
| <b>Total Assets</b>                         | <b>780,255,040</b>      | <b>780,790,124</b>   | <b>(535,084)</b>    | <b>69,974</b>            | <b>929,631</b>        | <b>(859,657)</b>    |
| <b>Total Deferred Outflows of Resources</b> | <b>96,565,048</b>       | <b>102,266,187</b>   | <b>(5,701,139)</b>  | <b>-</b>                 | <b>750,416</b>        | <b>(750,416)</b>    |
| <b>Liabilities</b>                          |                         |                      |                     |                          |                       |                     |
| Current liabilities                         | 49,812,171              | 40,879,037           | 8,933,134           | -                        | 8,744                 | (8,744)             |
| Long-term liabilities                       | 697,431,978             | 721,397,317          | (23,965,339)        | -                        | 2,286,072             | (2,286,072)         |
| <b>Total Liabilities</b>                    | <b>747,244,149</b>      | <b>762,276,354</b>   | <b>(15,032,205)</b> | <b>-</b>                 | <b>2,294,816</b>      | <b>(2,294,816)</b>  |
| <b>Total Deferred Inflows of Resources</b>  | <b>59,457,842</b>       | <b>52,895,698</b>    | <b>6,562,144</b>    | <b>-</b>                 | <b>450,132</b>        | <b>(450,132)</b>    |
| <b>Net Position</b>                         |                         |                      |                     |                          |                       |                     |
| Net investment in capital assets            | 227,250,921             | 215,371,183          | 11,879,738          | -                        | -                     | -                   |
| Restricted                                  | 97,673,269              | 109,354,417          | (11,681,148)        | 69,974                   | -                     | 69,974              |
| Unrestricted                                | (254,806,093)           | (256,841,341)        | 2,035,248           | -                        | (1,064,901)           | 1,064,901           |
| <b>Total Net Position</b>                   | <b>\$ 70,118,097</b>    | <b>\$ 67,884,259</b> | <b>\$ 2,233,838</b> | <b>\$ 69,974</b>         | <b>\$ (1,064,901)</b> | <b>\$ 1,134,875</b> |

\*As restated

**Changes in net position, governmental activities.** The District's total revenues decreased 7.8% to \$344.8 million (See Table A-2). The decrease is due primarily to reduced federal and state grants.

The total cost of all programs and services decreased 1.4% to \$342.5 million. The District's expenses are predominantly related to educating and caring for students, 72.7%. The purely administrative activities of the District accounted for just 6.9% of total costs. A significant contributor to the decrease in costs was reduced spending on federal and state grants.

**NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2025*

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)**

**Table A-2: Statement of Activities**

|                                      | Governmental Activities |                      |                     | Business-Type Activities |                       |                    |
|--------------------------------------|-------------------------|----------------------|---------------------|--------------------------|-----------------------|--------------------|
|                                      | 2025                    | 2024                 | Net Change          | 2025                     | 2024                  | Net Change         |
| <b>Revenues</b>                      |                         |                      |                     |                          |                       |                    |
| Program Revenues:                    |                         |                      |                     |                          |                       |                    |
| Charges for services                 | \$ 966,422              | \$ 576,971           | \$ 389,451          | \$ 1,134,875             | \$ 332,263            | \$ 802,612         |
| Operating grants and contributions   | 90,504,175              | 116,570,115          | (26,065,940)        | 92                       | 274                   | (182)              |
| Capital grants and contributions     | -                       | 1,680,690            | (1,680,690)         | -                        | -                     | -                  |
| General Revenues:                    |                         |                      |                     |                          |                       |                    |
| Property taxes                       | 72,663,991              | 71,358,602           | 1,305,389           | -                        | -                     | -                  |
| Federal and state aid not restricted | 166,521,722             | 172,715,548          | (6,193,826)         | -                        | -                     | -                  |
| Other general revenues               | 14,101,453              | 10,895,969           | 3,205,484           | -                        | -                     | -                  |
| <b>Total Revenues</b>                | <b>344,757,763</b>      | <b>373,797,895</b>   | <b>(29,040,132)</b> | <b>1,134,967</b>         | <b>332,537</b>        | <b>802,430</b>     |
| <b>Expenses</b>                      |                         |                      |                     |                          |                       |                    |
| Instruction-related                  | 202,733,699             | 221,060,404          | (18,326,705)        | -                        | -                     | -                  |
| Pupil services                       | 46,212,049              | 43,283,196           | 2,928,853           | -                        | -                     | -                  |
| Administration                       | 23,669,621              | 18,244,456           | 5,425,165           | -                        | -                     | -                  |
| Plant services                       | 33,504,117              | 32,968,312           | 535,805             | -                        | -                     | -                  |
| All other activities                 | 36,404,439              | 31,761,881           | 4,642,558           | 92                       | 1,981,309             | (1,981,217)        |
| <b>Total Expenses</b>                | <b>342,523,925</b>      | <b>347,318,249</b>   | <b>(4,794,324)</b>  | <b>92</b>                | <b>1,981,309</b>      | <b>(1,981,217)</b> |
| Increase (decrease) in net position  | \$ 2,233,838            | \$ 26,479,646        | \$ (24,245,808)     | \$ 1,134,875             | \$ (1,648,772)        | \$ 2,783,647       |
| <b>Total Net Position</b>            | <b>\$ 70,118,097</b>    | <b>\$ 67,884,259</b> |                     | <b>\$ 69,974</b>         | <b>\$ (1,064,901)</b> |                    |

**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 \$181.0 million, which is below last year's ending fund balance of \$215.0 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, 2024          | Revenues              | Expenditures          | Other Sources and (Uses) | June 30, 2025         |
| General Fund                                      | \$ 109,531,806        | \$ 287,844,860        | \$ 300,624,365        | \$ 1,445,034             | \$ 98,197,335         |
| Adult Education Fund                              | 1,720,882             | 6,172,838             | 6,634,056             | -                        | 1,259,664             |
| Child Development Fund                            | 2,115,106             | 20,326,794            | 19,103,935            | -                        | 3,337,965             |
| Cafeteria Fund                                    | 9,599,989             | 15,219,648            | 14,395,284            | -                        | 10,424,353            |
| Deferred Maintenance Fund                         | 142,650               | 11,161                | 461,463               | 500,000                  | 192,348               |
| Special Reserve Fund<br>(Postemployment Benefits) | 3,746,724             | 218,146               | -                     | (874,425)                | 3,090,445             |
| Building Fund                                     | 44,280,099            | 2,578,799             | 24,237,980            | -                        | 22,620,918            |
| Capital Facilities Fund                           | 1,405,336             | 337,958               | 209,172               | -                        | 1,534,122             |
| County School Facilities Fund                     | 4,953,691             | 325,197               | 2,980,167             | -                        | 2,298,721             |
| Special Reserve Fund (Capital Outlay)             | 13,590,936            | 4,867,248             | 1,868,250             | -                        | 16,589,934            |
| Bond Interest and Redemption Fund                 | 23,871,721            | 24,887,647            | 27,302,844            | -                        | 21,456,524            |
| <b>Totals</b>                                     | <b>\$ 214,958,940</b> | <b>\$ 362,790,296</b> | <b>\$ 397,817,516</b> | <b>\$ 1,070,609</b>      | <b>\$ 181,002,329</b> |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2025

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### 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 \$6.4 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased \$2.7 million to reflect revised cost estimates.
- Other non-personnel expenses – increased \$10.3 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that revenues would fall short of expenditures by about \$33.8 million, the actual results for the year show that revenues fell short of expenditures by roughly \$12.8 million. Actual revenues were \$8.4 million more than anticipated, and expenditures were \$12.5 million less than budgeted.

That amount consists primarily of capital outlay and restricted program dollars that were not spent as of June 30, 2025, that will be carried over into the 2025-26 budget.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

By the end of 2024-25 the District had acquired \$39.6 million in new capital assets, related to land, construction in progress, site improvements, subscription assets, and equipment purchases. (More detailed information about capital assets can be found in Note 6 to the financial statements). The total depreciation expense for the year was \$15.3 million, and amortization was \$0.6 million.

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

|                          | Totals                |                       |                      |
|--------------------------|-----------------------|-----------------------|----------------------|
|                          | 2025                  | 2024                  | Net Change           |
| Land                     | \$ 9,278,310          | \$ 9,278,310          | \$ -                 |
| Improvement of sites     | 20,773,583            | 22,399,182            | (1,625,599)          |
| Buildings                | 459,395,264           | 305,008,613           | 154,386,651          |
| Equipment                | 7,171,351             | 9,146,654             | (1,975,303)          |
| Construction in progress | 13,043,159            | 141,317,854           | (128,274,695)        |
| Subscription assets      | 897,180               | 343,902               | 553,278              |
| Total                    | <u>\$ 510,558,847</u> | <u>\$ 487,494,515</u> | <u>\$ 23,064,332</u> |

## NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2025

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#### CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

##### Long-Term Debt

At year-end the District had \$697.4 million in long-term liabilities – a decrease of 3.6% 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                |                       |                        |
|-------------------------------|-----------------------|-----------------------|------------------------|
|                               | 2025                  | 2024*                 | Net Change             |
| General obligation bonds      | \$ 395,881,254        | \$ 406,004,014        | \$ (10,122,760)        |
| Subscription liability        | 833,058               | 349,792               | 483,266                |
| Compensated absences          | 22,794,427            | 20,527,413            | 2,267,014              |
| Claims liability              | 14,681,668            | 13,918,229            | 763,439                |
| Other postemployment benefits | 44,777,194            | 38,708,298            | 6,068,896              |
| Net pension liability         | 218,464,377           | 244,175,643           | (25,711,266)           |
| Total                         | <u>\$ 697,431,978</u> | <u>\$ 723,683,389</u> | <u>\$ (26,251,411)</u> |

\* As restated

#### FACTORS BEARING ON THE DISTRICT'S FUTURE

##### California State Budget

The Budget aims to solve a \$11.8 billion General Fund deficit for 2025-26 through reductions, borrowing and fund shifts. The 2025-26 Enacted Budget relies on reserves and deferrals to meet its Proposition 98 obligations for the fiscal year, including the scheduled \$7.1 billion Budget Stabilization Act (BSA) withdrawal in 2025-26. This will leave a combined reserve balance of \$15.7 billion in 2025-26, including \$11.2 billion in the BSA and an additional \$4.5 billion in the state's discretionary reserve account (the Special Fund for Economic Uncertainties).

##### TK-12 Education

The Budget includes total funding of \$137.6 billion (\$80.5 billion General Fund and \$57.1 billion other funds) for all TK-12 education programs.

##### Proposition 98

The Budget revised estimates of General Fund revenues resulting in notable adjustments to the Proposition 98 Guarantee. The revised Guarantee for TK-14 schools is calculated to be \$98.5 billion in 2023-24, \$119.9 billion in 2024-25, and \$114.6 billion in 2025-26. These revised Proposition 98 levels represent an increase of approximately \$3.9 billion over the three-year period relative to the 2024 Budget Act. The Budget appropriates the 2024-25 Guarantee at \$118 billion, instead of the currently calculated level of \$119.9 billion. The difference between the appropriated and the calculated levels is \$1.9 billion, which is referred to as "settle-up." The 2024-25 Guarantee level will not be finalized until that fiscal year is certified—a process that will occur throughout 2026.

The Budget shifts the full TK expansion funding to the TK-12 education side of the Proposition 98 budget, beginning in the 2025-26 fiscal year. This shifts \$232.9 million in ongoing resources from community colleges to TK-12 schools. The purpose of re-benching Proposition 98 for the cost of TK expansion is to ensure that the implementation of universal TK does not create a fiscal burden on existing TK-12 programs.

**NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2025*

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**FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)**

***Proposition 98 (continued)***

The Budget includes a LCFF cost-of-living adjustment of 2.3 percent. When combined with population growth adjustments, these baseline adjustments will increase discretionary funds for local educational agencies (LEAs) by \$2.1 billion compared to the 2024 Budget Act. To fully fund the LCFF, the Budget uses \$405.3 million from the Proposition 98 Rainy Day Fund to support LCFF costs in 2025-26.

Budgetary deferrals of \$246.6 million for TK-12 education from 2024-25 will be fully repaid in 2025-26. However, to fully fund the LCFF and maintain the level of 2025-26 principal apportionments, the Budget defers \$1.9 billion in LCFF funding from June 2026 to July 2026.

***Funding Results for Education Programs***

In the 2025-26 school year, the Budget provides a total of \$2.1 billion ongoing Proposition 98 General Fund (inclusive of all prior years' investments) to support the full implementation of universal TK. The Budget also provides an additional \$1.2 billion ongoing Proposition 98 General Fund to support further lowering the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom.

The Budget provides \$515.1 million ongoing for the full implementation of the Expanded Learning Opportunities Program by increasing the number of elementary schools that offer universal access to students. Additionally, the Budget includes \$10.4 million to increase the minimum grant amount from \$50,000 to \$100,000 per LEA.

The Budget provides \$480 million to support literacy instruction aligned with the ELA/ELD Framework and includes multiple investments intended to support teachers and improve access to the educator pipeline. In addition, the Budget allocates \$1.7 billion one-time Proposition 98 General Fund for the Student Support and Professional Development Discretionary Block Grant, as well as numerous one-time grants for various new and ongoing program support.

***Federal Implications***

Because the State Budget was approved in late June, it does not reflect the impact of the cuts in federal spending included in the federal omnibus tax and spending bill signed in early July. The bill does not make any statutory or direct funding adjustments to TK-12 federal education programs, including Title I and the Individuals with Disabilities Education Act. However, the bill allocates \$100 million to the OMB to conduct reviews across the executive branch aimed at identifying "budget and accounting efficiencies."

All of these factors were considered in preparing the Norwalk-La Mirada Unified School District budget for the 2025-26 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](mailto:esantillan@nlmusd.k12.ca.us) and [adiaz@nlmusd.k12.ca.us](mailto:adiaz@nlmusd.k12.ca.us).

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Statement of Net Position

June 30, 2025

|                                       | Governmental<br>Activities | Business-Type<br>Activities | Totals         |
|---------------------------------------|----------------------------|-----------------------------|----------------|
| <b>ASSETS</b>                         |                            |                             |                |
| Deposits and investments              | \$ 240,794,291             | \$ 61,566                   | \$ 240,855,857 |
| Accounts receivable                   | 19,362,239                 | 8,408                       | 19,370,647     |
| Inventories                           | 287,202                    | -                           | 287,202        |
| Lease receivable                      | 9,252,461                  | -                           | 9,252,461      |
| Capital assets:                       |                            |                             |                |
| Non-depreciable capital assets        | 22,321,469                 | -                           | 22,321,469     |
| Depreciable capital assets            | 706,364,017                | 12,795                      | 706,376,812    |
| Less accumulated depreciation         | (219,023,819)              | (12,795)                    | (219,036,614)  |
| Subscription assets:                  | 1,504,058                  | -                           | 1,504,058      |
| Less accumulated amortization         | (606,878)                  | -                           | (606,878)      |
| Total assets                          | 780,255,040                | 69,974                      | 780,325,014    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                            |                             |                |
| Deferred amounts on refunding         | 448,971                    | -                           | 448,971        |
| Deferred outflows related to OPEB     | 9,834,878                  | -                           | 9,834,878      |
| Deferred outflows related to pensions | 86,281,199                 | -                           | 86,281,199     |
| Total deferred outflows of resources  | 96,565,048                 | -                           | 96,565,048     |
| <b>LIABILITIES</b>                    |                            |                             |                |
| Accounts payable                      | 44,817,567                 | -                           | 44,817,567     |
| Accrued interest payable              | 3,951,445                  | -                           | 3,951,445      |
| Unearned revenue                      | 1,043,159                  | -                           | 1,043,159      |
| Noncurrent liabilities:               |                            |                             |                |
| Due or payable within one year        | 15,712,820                 | -                           | 15,712,820     |
| Due in more than one year:            |                            |                             |                |
| Other than OPEB and pensions          | 418,477,587                | -                           | 418,477,587    |
| Total OPEB liability                  | 44,777,194                 | -                           | 44,777,194     |
| Net pension liability                 | 218,464,377                | -                           | 218,464,377    |
| Total liabilities                     | 747,244,149                | -                           | 747,244,149    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                            |                             |                |
| Deferred inflows related to leases    | 9,104,640                  | -                           | 9,104,640      |
| Deferred inflows related to OPEB      | 8,945,439                  | -                           | 8,945,439      |
| Deferred inflows related to pensions  | 41,407,763                 | -                           | 41,407,763     |
| Total deferred inflows of resources   | 59,457,842                 | -                           | 59,457,842     |
| <b>NET POSITION</b>                   |                            |                             |                |
| Net investment in capital assets      | 227,250,921                | -                           | 227,250,921    |
| Restricted for:                       |                            |                             |                |
| Capital projects                      | 9,648,777                  | -                           | 9,648,777      |
| Debt service                          | 21,456,524                 | -                           | 21,456,524     |
| Self-insurance programs               | 19,046,830                 | -                           | 19,046,830     |
| Categorical programs                  | 47,521,138                 | 69,974                      | 47,591,112     |
| Unrestricted                          | (254,806,093)              | -                           | (254,806,093)  |
| Total net position                    | \$ 70,118,097              | \$ 69,974                   | \$ 70,188,071  |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Statement of Activities

For the Fiscal Year Ended June 30, 2025

| Functions/Programs                                       | Expenses       | Program Revenues     |                                    | Net Revenue (Expense) and Changes in Net Position |                          |                  |
|----------------------------------------------------------|----------------|----------------------|------------------------------------|---------------------------------------------------|--------------------------|------------------|
|                                                          |                | Charges for Services | Operating Grants and Contributions | Governmental Activities                           | Business-Type Activities | Totals           |
| <b>Governmental Activities:</b>                          |                |                      |                                    |                                                   |                          |                  |
| Instruction                                              | \$ 164,797,704 | \$ 595,563           | \$ 45,408,555                      | \$ (118,793,586)                                  | \$ -                     | \$ (118,793,586) |
| Instruction-Related Services:                            |                |                      |                                    |                                                   |                          |                  |
| Supervision of instruction                               | 15,101,466     | 38,844               | 8,569,875                          | (6,492,747)                                       | -                        | (6,492,747)      |
| Instructional library, media and technology              | 3,441,966      | -                    | 132,486                            | (3,309,480)                                       | -                        | (3,309,480)      |
| School site administration                               | 19,392,563     | 33,698               | 6,854,197                          | (12,504,668)                                      | -                        | (12,504,668)     |
| Pupil Support Services:                                  |                |                      |                                    |                                                   |                          |                  |
| Home-to-school transportation                            | 7,734,781      | -                    | 221,497                            | (7,513,284)                                       | -                        | (7,513,284)      |
| Food services                                            | 13,743,733     | 226,811              | 13,399,850                         | (117,072)                                         | -                        | (117,072)        |
| All other pupil services                                 | 24,733,535     | 25,907               | 7,532,496                          | (17,175,132)                                      | -                        | (17,175,132)     |
| General Administration Services:                         |                |                      |                                    |                                                   |                          |                  |
| Data processing services                                 | 4,612,289      | -                    | -                                  | (4,612,289)                                       | -                        | (4,612,289)      |
| Other general administration                             | 19,057,332     | 9,932                | 2,769,977                          | (16,277,423)                                      | -                        | (16,277,423)     |
| Plant services                                           | 33,504,117     | 29,833               | 3,028,058                          | (30,446,226)                                      | -                        | (30,446,226)     |
| Ancillary services                                       | 3,755,334      | -                    | 1,948,442                          | (1,806,892)                                       | -                        | (1,806,892)      |
| Enterprise activities                                    | (1,649,677)    | 5,834                | 391,794                            | 2,047,305                                         | -                        | 2,047,305        |
| Interest on long-term debt                               | 17,119,328     | -                    | -                                  | (17,119,328)                                      | -                        | (17,119,328)     |
| Other outgo                                              | 1,199,944      | -                    | 246,948                            | (952,996)                                         | -                        | (952,996)        |
| Depreciation (unallocated)                               | 15,345,305     | -                    | -                                  | (15,345,305)                                      | -                        | (15,345,305)     |
| Amortization (unallocated)                               | 634,205        | -                    | -                                  | (634,205)                                         | -                        | (634,205)        |
| Total Governmental Activities                            | 342,523,925    | 966,422              | 90,504,175                         | (251,053,328)                                     | -                        | (251,053,328)    |
| <b>Business-Type Activities:</b>                         |                |                      |                                    |                                                   |                          |                  |
| Enterprise activities                                    | 92             | 1,134,875            | 92                                 | -                                                 | 1,134,875                | 1,134,875        |
| Total School District                                    | \$ 342,524,017 | \$ 2,101,297         | \$ 90,504,267                      | (251,053,328)                                     | 1,134,875                | (249,918,453)    |
| <b>General Revenues:</b>                                 |                |                      |                                    |                                                   |                          |                  |
| Property taxes                                           |                |                      |                                    | 72,663,991                                        | -                        | 72,663,991       |
| Federal and state aid not restricted to specific purpose |                |                      |                                    | 166,521,722                                       | -                        | 166,521,722      |
| Interest and investment earnings                         |                |                      |                                    | 11,165,480                                        | -                        | 11,165,480       |
| Interagency revenues                                     |                |                      |                                    | 2,935,973                                         | -                        | 2,935,973        |
| Subtotal general revenues                                |                |                      |                                    | 253,287,166                                       | -                        | 253,287,166      |
| Change in net position                                   |                |                      |                                    | 2,233,838                                         | 1,134,875                | 3,368,713        |
| Net position - July 1, 2024, as originally reported      |                |                      |                                    | 83,480,513                                        | (1,064,901)              | 82,415,612       |
| Adjustments for restatements (Note 13)                   |                |                      |                                    | (15,596,254)                                      | -                        | (15,596,254)     |
| Net position - July 1, 2024, as restated                 |                |                      |                                    | 67,884,259                                        | (1,064,901)              | 66,819,358       |
| Net position - June 30, 2025                             |                |                      |                                    | \$ 70,118,097                                     | \$ 69,974                | \$ 70,188,071    |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Balance Sheet – Governmental Funds

June 30, 2025

|                                                             | General<br>Fund       | Building Fund        | Special Reserve<br>Fund for Capital<br>Outlay Projects | Non-Major<br>Governmental<br>Funds | Total Governmental<br>Funds |
|-------------------------------------------------------------|-----------------------|----------------------|--------------------------------------------------------|------------------------------------|-----------------------------|
| <b>ASSETS</b>                                               |                       |                      |                                                        |                                    |                             |
| Deposits and investments                                    | \$ 123,566,889        | \$ 27,716,840        | \$ 16,273,263                                          | \$ 37,032,675                      | \$ 204,589,667              |
| Accounts receivable                                         | 13,991,585            | 268,288              | 264,640                                                | 4,522,138                          | 19,046,651                  |
| Stores inventories                                          | 75,687                | -                    | -                                                      | 211,515                            | 287,202                     |
| Lease receivables                                           | -                     | -                    | 9,252,461                                              | -                                  | 9,252,461                   |
| Total Assets                                                | <u>\$ 137,634,161</u> | <u>\$ 27,985,128</u> | <u>\$ 25,790,364</u>                                   | <u>\$ 41,766,328</u>               | <u>\$ 233,175,981</u>       |
| <b>LIABILITIES, DEFERRED INFLOWS,<br/>AND FUND BALANCES</b> |                       |                      |                                                        |                                    |                             |
| <b>Liabilities</b>                                          |                       |                      |                                                        |                                    |                             |
| Accounts payable                                            | \$ 35,248,116         | \$ 5,364,210         | \$ 95,790                                              | \$ 1,317,737                       | \$ 42,025,853               |
| Unearned revenue                                            | 905,917               | -                    | -                                                      | 137,242                            | 1,043,159                   |
| Total Liabilities                                           | <u>36,154,033</u>     | <u>5,364,210</u>     | <u>95,790</u>                                          | <u>1,454,979</u>                   | <u>43,069,012</u>           |
| <b>Deferred Inflows of Resources</b>                        |                       |                      |                                                        |                                    |                             |
| Deferred inflows related to leases                          | -                     | -                    | 9,104,640                                              | -                                  | 9,104,640                   |
| <b>Fund Balances</b>                                        |                       |                      |                                                        |                                    |                             |
| Nonspendable                                                | 204,787               | -                    | -                                                      | 211,515                            | 416,302                     |
| Restricted                                                  | 33,055,567            | 20,042,119           | 6,518,669                                              | 38,840,688                         | 98,457,043                  |
| Assigned                                                    | 3,282,793             | 2,578,799            | 10,071,265                                             | 1,259,146                          | 17,192,003                  |
| Unassigned                                                  | 64,936,981            | -                    | -                                                      | -                                  | 64,936,981                  |
| Total Fund Balances                                         | <u>101,480,128</u>    | <u>22,620,918</u>    | <u>16,589,934</u>                                      | <u>40,311,349</u>                  | <u>181,002,329</u>          |
| Total Liabilities, Deferred Inflows, and<br>Fund Balances   | <u>\$ 137,634,161</u> | <u>\$ 27,985,128</u> | <u>\$ 25,790,364</u>                                   | <u>\$ 41,766,328</u>               | <u>\$ 233,175,981</u>       |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2025

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|                                                                                                                                                                                                                                                                                                                                                                                                                     |                     |                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------|
| <b>Total Fund Balances - Governmental Funds</b>                                                                                                                                                                                                                                                                                                                                                                     |                     | \$ 181,002,329       |
| 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                                                                                                                                                                                                                                                                                                                                                                                   | 728,685,486         |                      |
| Accumulated depreciation                                                                                                                                                                                                                                                                                                                                                                                            | (219,023,819)       |                      |
| Subscription assets at historical cost                                                                                                                                                                                                                                                                                                                                                                              | 1,504,058           |                      |
| Accumulated amortization                                                                                                                                                                                                                                                                                                                                                                                            | <u>(606,878)</u>    |                      |
| Net:                                                                                                                                                                                                                                                                                                                                                                                                                |                     | 510,558,847          |
| In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:                                                                                                       |                     |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                     |                     | (3,951,445)          |
| 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:                                                                              |                     |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                     |                     | 448,971              |
| 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                                                                                                                                                                                                                                                                                                                                                                                    | 395,881,254         |                      |
| Subscription liability                                                                                                                                                                                                                                                                                                                                                                                              | 833,058             |                      |
| Compensated absences payable                                                                                                                                                                                                                                                                                                                                                                                        | 22,794,427          |                      |
| Other postemployment benefits                                                                                                                                                                                                                                                                                                                                                                                       | 44,777,194          |                      |
| Net pension liability                                                                                                                                                                                                                                                                                                                                                                                               | <u>218,464,377</u>  |                      |
| Total                                                                                                                                                                                                                                                                                                                                                                                                               |                     | (682,750,310)        |
| In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported. Deferred outflows and inflows relating to OPEB for the period were:                                                                                  |                     |                      |
| Deferred outflows of resources                                                                                                                                                                                                                                                                                                                                                                                      | 9,834,878           |                      |
| Deferred inflows of resources                                                                                                                                                                                                                                                                                                                                                                                       | <u>(8,945,439)</u>  |                      |
| Total                                                                                                                                                                                                                                                                                                                                                                                                               |                     | 889,439              |
| 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                                                                                                                                                                                                                                                                                                                                                                                      | 86,281,199          |                      |
| Deferred inflows of resources                                                                                                                                                                                                                                                                                                                                                                                       | <u>(41,407,763)</u> |                      |
| Total                                                                                                                                                                                                                                                                                                                                                                                                               |                     | 44,873,436           |
| 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: |                     |                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                     |                     | <u>19,046,830</u>    |
| <b>Total Net Position - Governmental Activities</b>                                                                                                                                                                                                                                                                                                                                                                 |                     | <u>\$ 70,118,097</u> |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2025

|                                                              | General<br>Fund | Building Fund | Special Reserve<br>Fund for Capital<br>Outlay Projects | Non-Major<br>Governmental<br>Funds | Total Governmental<br>Funds |
|--------------------------------------------------------------|-----------------|---------------|--------------------------------------------------------|------------------------------------|-----------------------------|
| <b>REVENUES</b>                                              |                 |               |                                                        |                                    |                             |
| LCFF sources                                                 | \$ 205,976,089  | \$ -          | \$ -                                                   | \$ -                               | \$ 205,976,089              |
| Federal sources                                              | 13,346,797      | -             | -                                                      | 24,287,893                         | 37,634,690                  |
| Other state sources                                          | 56,126,189      | -             | -                                                      | 16,108,884                         | 72,235,073                  |
| Other local sources                                          | 12,625,092      | 2,578,799     | 4,867,248                                              | 26,873,305                         | 46,944,444                  |
| Total Revenues                                               | 288,074,167     | 2,578,799     | 4,867,248                                              | 67,270,082                         | 362,790,296                 |
| <b>EXPENDITURES</b>                                          |                 |               |                                                        |                                    |                             |
| Current:                                                     |                 |               |                                                        |                                    |                             |
| Instruction                                                  | 171,281,188     | -             | -                                                      | 14,444,773                         | 185,725,961                 |
| Instruction-Related Services:                                |                 |               |                                                        |                                    |                             |
| Supervision of instruction                                   | 14,281,965      | -             | -                                                      | 2,367,905                          | 16,649,870                  |
| Instructional library, media and technology                  | 3,043,974       | -             | -                                                      | -                                  | 3,043,974                   |
| School site administration                                   | 16,692,062      | -             | -                                                      | 4,422,197                          | 21,114,259                  |
| Pupil Support Services:                                      |                 |               |                                                        |                                    |                             |
| Home-to-school transportation                                | 7,610,008       | -             | -                                                      | -                                  | 7,610,008                   |
| Food services                                                | 873,306         | -             | -                                                      | 13,938,425                         | 14,811,731                  |
| All other pupil services                                     | 25,611,907      | -             | -                                                      | 880,521                            | 26,492,428                  |
| Ancillary services                                           | 3,867,368       | -             | -                                                      | -                                  | 3,867,368                   |
| Enterprise activities                                        | (1,508,788)     | -             | -                                                      | -                                  | (1,508,788)                 |
| General Administration Services:                             |                 |               |                                                        |                                    |                             |
| Data processing services                                     | 4,892,931       | -             | -                                                      | -                                  | 4,892,931                   |
| Other general administration                                 | 14,187,405      | -             | -                                                      | 62,262                             | 14,249,667                  |
| Transfers of indirect costs                                  | (982,706)       | -             | -                                                      | 982,706                            | -                           |
| Plant services                                               | 31,998,746      | 716,398       | 878,601                                                | 1,984,563                          | 35,578,308                  |
| Capital outlay                                               | 7,939,738       | 23,521,582    | 989,649                                                | 4,239,262                          | 36,690,231                  |
| Intergovernmental transfers                                  | 684,404         | -             | -                                                      | -                                  | 684,404                     |
| Debt service:                                                |                 |               |                                                        |                                    |                             |
| Principal                                                    | 587,343         | -             | -                                                      | 10,047,885                         | 10,635,228                  |
| Interest                                                     | 24,977          | -             | -                                                      | 17,254,959                         | 17,279,936                  |
| Total Expenditures                                           | 301,085,828     | 24,237,980    | 1,868,250                                              | 70,625,458                         | 397,817,516                 |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (13,011,661)    | (21,659,181)  | 2,998,998                                              | (3,355,376)                        | (35,027,220)                |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                 |               |                                                        |                                    |                             |
| Proceeds from SBITAs                                         | 1,070,609       | -             | -                                                      | -                                  | 1,070,609                   |
| Net Change in Fund Balances                                  | (11,941,052)    | (21,659,181)  | 2,998,998                                              | (3,355,376)                        | (33,956,611)                |
| Fund Balances, July 1, 2024                                  | 113,421,180     | 44,280,099    | 13,590,936                                             | 43,666,725                         | 214,958,940                 |
| Fund Balances, June 30, 2025                                 | \$ 101,480,128  | \$ 22,620,918 | \$ 16,589,934                                          | \$ 40,311,349                      | \$ 181,002,329              |

# 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, 2025

**Total Net Change in Fund Balances - Governmental Funds** \$ (33,956,611)

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

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

|                                 |              |            |
|---------------------------------|--------------|------------|
| Expenditures for capital outlay | 39,581,414   |            |
| Depreciation expense            | (15,345,305) |            |
| Amortization expense            | (634,205)    |            |
| Net:                            |              | 23,601,904 |

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:

10,635,228

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:

(1,070,609)

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

(22,080)

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss was:

(537,572)

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:

(857,173)

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:

107,813

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).

(2,267,014)

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:

8,162,133

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:

(4,813,697)

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.

2,319,468

**Change in Net Position of Governmental Activities**

\$ 2,233,838

**NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT***Statement of Net Position – Proprietary Funds**June 30, 2025*

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|                                      | Governmental<br>Activities<br>Internal Service<br>Funds | Business-Type<br>Activities<br>Child Care<br>Enterprise Fund |
|--------------------------------------|---------------------------------------------------------|--------------------------------------------------------------|
| <b>ASSETS</b>                        |                                                         |                                                              |
| <b>Current Assets</b>                |                                                         |                                                              |
| Deposits and investments             | \$ 36,204,624                                           | \$ 61,566                                                    |
| Accounts receivable                  | 315,588                                                 | 8,408                                                        |
| Total current assets                 | 36,520,212                                              | 69,974                                                       |
| <b>Non-Current Assets</b>            |                                                         |                                                              |
| Depreciable capital assets           | -                                                       | 12,795                                                       |
| Less accumulated depreciation        | -                                                       | (12,795)                                                     |
| Total non-current assets             | -                                                       | -                                                            |
| Total Assets                         | 36,520,212                                              | 69,974                                                       |
| <b>LIABILITIES</b>                   |                                                         |                                                              |
| <b>Current Liabilities</b>           |                                                         |                                                              |
| Accrued liabilities                  | 2,791,714                                               | -                                                            |
| <b>Non-Current Liabilities</b>       |                                                         |                                                              |
| Claims liability                     | 14,681,668                                              | -                                                            |
| Total Liabilities                    | 17,473,382                                              | -                                                            |
| <b>NET POSITION</b>                  |                                                         |                                                              |
| Restricted for child care activities | -                                                       | 69,974                                                       |
| Restricted for self-insurance        | 19,046,830                                              | -                                                            |
| Total Net Position                   | \$ 19,046,830                                           | \$ 69,974                                                    |

**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, 2025*

|                                               | Governmental<br>Activities<br>Internal Service<br>Funds | Business-Type<br>Activities<br>Child Care<br>Enterprise Fund |
|-----------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------|
| <b>OPERATING REVENUES</b>                     |                                                         |                                                              |
| Charges to other funds                        | \$ 35,772,372                                           | \$ 1,064,901                                                 |
| STRS on-behalf contributions                  | -                                                       | 92                                                           |
| All other fees and contracts                  | 4,157,000                                               | -                                                            |
| Other local revenues                          | 3,240,960                                               | 69,974                                                       |
| Total operating revenues                      | 43,170,332                                              | 1,134,967                                                    |
| <b>OPERATING EXPENSES</b>                     |                                                         |                                                              |
| Salaries and benefits                         | 434,502                                                 | 92                                                           |
| Supplies and materials                        | 27,540                                                  | -                                                            |
| Services and other operating expenses         | 42,203,263                                              | -                                                            |
| Total operating expenses                      | 42,665,305                                              | 92                                                           |
| Operating Income (Loss)                       | 505,027                                                 | 1,134,875                                                    |
| <b>NON-OPERATING REVENUES</b>                 |                                                         |                                                              |
| Interest income                               | 1,273,896                                               | -                                                            |
| Net decrease in the fair value of investments | 540,545                                                 | -                                                            |
| Total non-operating revenues (expenses)       | 1,814,441                                               | -                                                            |
| Change in net position                        | 2,319,468                                               | 1,134,875                                                    |
| Net position, July 1, 2024                    | 16,727,362                                              | (1,064,901)                                                  |
| Net position, June 30, 2025                   | \$ 19,046,830                                           | \$ 69,974                                                    |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2025

|                                                                                                       | Governmental<br>Activities<br>Internal Service<br>Funds | Business-Type<br>Activities<br>Child Care<br>Enterprise Fund |
|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                           |                                                         |                                                              |
| Cash received from assessments made to other funds                                                    | \$ 35,772,372                                           | \$ 1,064,901                                                 |
| Cash received from all other sources                                                                  | 7,397,960                                               | 72,048                                                       |
| Cash payments for payroll, insurance and operating costs                                              | (45,631,935)                                            | (1,994,624)                                                  |
| Net cash provided (used) by operating activities                                                      | (2,461,603)                                             | (857,675)                                                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                           |                                                         |                                                              |
| Interest received                                                                                     | 1,832,693                                               | -                                                            |
| Net increase (decrease) in cash and cash equivalents                                                  | (628,910)                                               | (857,675)                                                    |
| Cash, July 1, 2024                                                                                    | 36,833,534                                              | 919,241                                                      |
| Cash, June 30, 2025                                                                                   | \$ 36,204,624                                           | \$ 61,566                                                    |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b> |                                                         |                                                              |
| Operating income (loss)                                                                               | \$ 505,027                                              | \$ 1,134,875                                                 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                                                         |                                                              |
| Changes in assets and liabilities:                                                                    |                                                         |                                                              |
| (Increase) decrease in accounts receivable                                                            | -                                                       | 1,982                                                        |
| (Increase) decrease in prepaid expenses                                                               | 2,671,107                                               | -                                                            |
| (Increase) decrease in deferred outflows of resources                                                 | -                                                       | 750,416                                                      |
| Increase (decrease) in accounts payable                                                               | (6,401,176)                                             | (8,744)                                                      |
| Increase (decrease) in claims liability                                                               | 763,439                                                 | -                                                            |
| Increase (decrease) in long-term liabilities                                                          | -                                                       | (2,286,072)                                                  |
| Increase (decrease) in deferred inflows of resources                                                  | -                                                       | (450,132)                                                    |
| Net cash provided (used) by operating activities                                                      | \$ (2,461,603)                                          | \$ (857,675)                                                 |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### 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*, and *proprietary* - 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, 2025

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### 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).

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### 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 childcare 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, 2025*

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### **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 resources 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, 2025

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. 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.

#### D. 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      |

##### 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.

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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

#### 5. Deferred Outflows/Inflows of Resources (continued)

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 District has implemented GASB Statement No. 101, *Compensated Absences*. A liability is reported for unused vacation leave. Although sick leave is not paid out upon separation, a liability is recorded for the portion of sick leave that is more likely than not to be used for paid time off. The liability is measured using current pay rates and includes applicable salary-related costs.

#### 7. Leases

##### Lessee:

The District recognizes a lease liability and an intangible right-to-use leased asset in the government-wide financial statements. At the commencement of the lease term, the District 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 leased asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over the lease term or useful life of the underlying assets.

##### Lessor:

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. 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.

#### 8. Subscription-Based Information Technology Arrangements

The District recognizes a subscription liability and an intangible right-to-use subscriptions IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the lease liability, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over the subscription term or useful life of the underlying asset. The amortization period varies from 2 to 4 years.

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### D. 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, 2025

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### D. 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.
- **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, 2025

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### 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

During the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This standard requires the recognition of accrued compensated absences as a liability in the financial statements. The implementation resulted in a cumulative effect adjustment to beginning net position to reflect the recognition of accumulated leave liabilities previously unrecorded. The impact on the District's beginning net position was a decrease of \$15,596,254.

### NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2025, are classified in the accompanying financial statements as follows:

|                                |                       |
|--------------------------------|-----------------------|
| Governmental funds             | \$ 204,589,667        |
| Proprietary funds              | 36,266,190            |
| Total Deposits and Investments | <u>\$ 240,855,857</u> |

Deposits and investments as of June 30, 2025, consist of the following:

|                                |                       |
|--------------------------------|-----------------------|
| Cash on hand and in banks      | \$ 946,533            |
| Cash in revolving fund         | 469,100               |
| Investments                    | 239,440,224           |
| Total Deposits and Investments | <u>\$ 240,855,857</u> |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

### NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

#### 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.

#### 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, 2025, \$993,039 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, 2025, consist of the following:

|                                    | Rating | Reported<br>Amount | Maturity              |                                   | Fair Value<br>Measurement |
|------------------------------------|--------|--------------------|-----------------------|-----------------------------------|---------------------------|
|                                    |        |                    | Less Than<br>One Year | One Year<br>Through<br>Five Years |                           |
| Investment maturities:             |        |                    |                       |                                   |                           |
| Los Angeles County Investment Pool | N/A    | \$ 239,440,224     | \$ 239,440,224        | \$ -                              | 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, 2025, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

### NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

#### Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2025, the District had no investments other than the County Pool.

#### Fair Value Measurements

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

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

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

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

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

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

### NOTE 3 – RECEIVABLES

#### A. Accounts Receivables

Accounts receivable as of June 30, 2025, consisted of the following:

|                          | Governmental Activities |               |                                                  |                              |                          |                      |                 |
|--------------------------|-------------------------|---------------|--------------------------------------------------|------------------------------|--------------------------|----------------------|-----------------|
|                          | General Fund            | Building Fund | Special Reserve Fund for Capital Outlay Projects | Non-Major Governmental Funds | Total Governmental Funds | Self-Insurance Funds | Enterprise Fund |
| Federal Government:      |                         |               |                                                  |                              |                          |                      |                 |
| Categorical aid programs | \$ 1,673,322            | \$ -          | \$ -                                             | \$ 3,347,651                 | \$ 5,020,973             | \$ -                 | \$ -            |
| Special Education        | 3,794,346               | -             | -                                                | -                            | 3,794,346                | -                    | -               |
| State Government:        |                         |               |                                                  |                              |                          |                      |                 |
| Special education        | 1,012,781               | -             | -                                                | -                            | 1,012,781                | -                    | -               |
| Lottery                  | 1,083,563               | -             | -                                                | -                            | 1,083,563                | -                    | -               |
| Categorical aid programs | 4,791,702               | -             | -                                                | 1,022,747                    | 5,814,449                | -                    | -               |
| Local:                   |                         |               |                                                  |                              |                          |                      |                 |
| Interest                 | 1,057,938               | 268,288       | 147,015                                          | 148,941                      | 1,622,182                | 315,588              | 8,408           |
| Other local              | 577,933                 | -             | 117,625                                          | 2,799                        | 698,357                  | -                    | -               |
| Total                    | \$ 13,991,585           | \$ 268,288    | \$ 264,640                                       | \$ 4,522,138                 | \$ 19,046,651            | \$ 315,588           | \$ 8,408        |

## NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2025

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#### NOTE 3 – RECEIVABLES (continued)

##### B. Lease Receivable

In accordance with GASB No. 87, the District recognizes a lease receivable and a deferred inflow of resources for leases the District maintains. For these leases, the District is reporting lease receivables of \$9,252,461 and deferred inflows of \$9,104,640 at June 30, 2025. For the fiscal year ended June 30, 2025, the District reported lease revenue of \$1,747,778 and interest revenue of \$83,143 related to lease payments received.

The leases held by the District do 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 contain 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.D.7.

##### *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, 2025, are as follows:

| Fiscal Year | Principal           | Interest          | Total               |
|-------------|---------------------|-------------------|---------------------|
| 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            | 1,586,258           |
| 2028-2029   | 1,379,595           | 31,905            | 1,411,500           |
| 2029-2030   | 1,392,063           | 19,437            | 1,411,500           |
| 2030-2031   | 1,404,643           | 6,857             | 1,411,500           |
| Totals      | <u>\$ 9,252,461</u> | <u>\$ 230,139</u> | <u>\$ 9,482,600</u> |

#### NOTE 4 – INTERFUND TRANSACTIONS

##### Interfund Transfers In/Out

Interfund transfers in/out of other funds during the 2024-25 year consisted of the following:

The District made interfund transfers from the General Fund to the Special Reserve Fund for Postemployment Benefits of \$692,741, from the Special Reserve Fund for Postemployment Benefits to the General Fund of \$1,567,166, 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, 2025*

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**NOTE 5 – FUND BALANCES**

At June 30, 2025, fund balances of the District’s governmental funds were classified as follows:

|                                    | General<br>Fund | Building<br>Fund | Special Reserve<br>Fund for<br>Capital Outlay | Non-Major<br>Governmental<br>Funds | Total          |
|------------------------------------|-----------------|------------------|-----------------------------------------------|------------------------------------|----------------|
| Nonspendable:                      |                 |                  |                                               |                                    |                |
| Revolving cash                     | \$ 129,100      | \$ -             | \$ -                                          | \$ -                               | \$ 129,100     |
| Stores inventories                 | 75,687          | -                | -                                             | 211,515                            | 287,202        |
| Total Nonspendable                 | 204,787         | -                | -                                             | 211,515                            | 416,302        |
| Restricted:                        |                 |                  |                                               |                                    |                |
| Categorical programs               | 33,055,567      | -                | -                                             | -                                  | 33,055,567     |
| Adult education program            | -               | -                | -                                             | 1,140,594                          | 1,140,594      |
| Child development program          | -               | -                | -                                             | 3,287,445                          | 3,287,445      |
| Child nutrition program            | -               | -                | -                                             | 9,826,017                          | 9,826,017      |
| Capital projects                   | -               | 20,042,119       | 6,518,669                                     | 3,130,108                          | 29,690,896     |
| Debt service                       | -               | -                | -                                             | 21,456,524                         | 21,456,524     |
| Total Restricted                   | 33,055,567      | 20,042,119       | 6,518,669                                     | 38,840,688                         | 98,457,043     |
| Assigned:                          |                 |                  |                                               |                                    |                |
| Deferred maintenance projects      | 192,348         | -                | -                                             | -                                  | 192,348        |
| Other postemployment benefits      | 3,090,445       | -                | -                                             | -                                  | 3,090,445      |
| School facility projects           | -               | -                | 10,071,265                                    | 631,538                            | 10,702,803     |
| Other assignments                  | -               | 2,578,799        | -                                             | 627,608                            | 3,206,407      |
| Total Assigned                     | 3,282,793       | 2,578,799        | 10,071,265                                    | 1,259,146                          | 17,192,003     |
| Unassigned:                        |                 |                  |                                               |                                    |                |
| Reserve for economic uncertainties | 9,022,395       | -                | -                                             | -                                  | 9,022,395      |
| Remaining unassigned balances      | 55,914,586      | -                | -                                             | -                                  | 55,914,586     |
| Total Unassigned                   | 64,936,981      | -                | -                                             | -                                  | 64,936,981     |
| Total                              | \$ 101,480,128  | \$ 22,620,918    | \$ 16,589,934                                 | \$ 40,311,349                      | \$ 181,002,329 |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

### NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2025, was as follows:

|                                             | GOVERNMENTAL ACTIVITIES  |                |                           |
|---------------------------------------------|--------------------------|----------------|---------------------------|
|                                             | Balance,<br>July 1, 2024 | Additions      | Balance,<br>June 30, 2025 |
| Capital assets not being depreciated:       |                          |                |                           |
| Land                                        | \$ 9,278,310             | \$ -           | \$ 9,278,310              |
| Construction in progress                    | 141,317,854              | 12,515,599     | 13,043,159                |
| Total capital assets not being depreciated  | 150,596,164              | 12,515,599     | 22,321,469                |
| Capital assets being depreciated:           |                          |                |                           |
| Improvement of sites                        | 35,100,536               | -              | 35,100,536                |
| Buildings                                   | 465,596,474              | 166,113,729    | 631,710,203               |
| Equipment                                   | 39,535,953               | 554,897        | 39,553,278                |
| Total capital assets being depreciated      | 540,232,963              | 166,668,626    | 706,364,017               |
| Accumulated depreciation for:               |                          |                |                           |
| Improvement of sites                        | (12,701,354)             | (1,625,599)    | (14,326,953)              |
| Buildings                                   | (160,587,861)            | (11,727,078)   | (172,314,939)             |
| Equipment                                   | (30,389,299)             | (1,992,628)    | (32,381,927)              |
| Total accumulated depreciation              | (203,678,514)            | (15,345,305)   | (219,023,819)             |
| Total capital assets being depreciated, net | 336,554,449              | 151,323,321    | 487,340,198               |
| Capital assets, net                         | 487,150,613              | 163,838,920    | 509,661,667               |
| Subscription assets:                        |                          |                |                           |
| Subscription assets                         | 715,131                  | 1,187,483      | 1,504,058                 |
| Less accumulated amortization               | (371,229)                | (634,205)      | (606,878)                 |
| Subscription assets, net                    | 343,902                  | 553,278        | 897,180                   |
| Governmental capital assets                 | \$ 487,494,515           | \$ 164,392,198 | \$ 510,558,847            |
|                                             |                          |                |                           |
|                                             | BUSINESS-TYPE ACTIVITIES |                |                           |
|                                             | Balance,<br>July 1, 2024 | Additions      | Balance,<br>June 30, 2025 |
| Equipment                                   | \$ 12,795                | \$ -           | \$ 12,795                 |
| Accumulated depreciation                    | (12,795)                 | -              | (12,795)                  |
| Business-type activity capital assets, net  | \$ -                     | \$ -           | \$ -                      |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

### 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, 2025, were as follows:

|                           | Balance<br>July 1, 2024 | Additions     | Deductions    | Balance,<br>June 30, 2025 | Amount Due<br>Within One Year |
|---------------------------|-------------------------|---------------|---------------|---------------------------|-------------------------------|
| General Obligation Bonds: |                         |               |               |                           |                               |
| Principal Payments        | \$ 298,338,446          | \$ -          | \$ 10,047,885 | \$ 288,290,561            | \$ 7,102,843                  |
| Accreted Interest         | 89,479,324              | 8,499,288     | 7,642,115     | 90,336,497                | 7,307,193                     |
| Unamortized Premium       | 18,186,244              | -             | 932,048       | 17,254,196                | 837,753                       |
| Total G.O. Bonds          | 406,004,014             | 8,499,288     | 18,622,048    | 395,881,254               | 15,247,789                    |
| Subscription Liability    | 349,792                 | 1,070,609     | 587,343       | 833,058                   | 465,031                       |
| Compensated Absences      |                         |               |               |                           |                               |
| Vacation Leave            | 4,931,159               | -             | 444,928       | 4,486,231                 | -                             |
| Sick Leave*               | 15,596,254              | 2,711,942     | -             | 18,308,196                | -                             |
| Claims Liability          | 13,918,229              | 3,939,867     | 3,176,428     | 14,681,668                | -                             |
| Sub-Totals                | \$ 440,799,448          | \$ 16,221,706 | \$ 22,830,747 | \$ 434,190,407            | \$ 15,712,820                 |

\* Beginning balance of sick leave restated due to implementation of GASB Statement No.101

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund with local revenues. The subscription liability will be paid from the General Fund. Additions and deductions for compensated absences are reported net of their cumulative change in the current year. 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, 2025, 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, 2025, deferred outflows on refunding were \$448,971.

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, 2025

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**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, 2025.

| Series                              | Issue Date | Maturity Date | Interest Rate  | Original Issue | Balance, July 1, 2024 | Issuances           | Redemptions          | Balance, June 30, 2025 |
|-------------------------------------|------------|---------------|----------------|----------------|-----------------------|---------------------|----------------------|------------------------|
| <b>Election of 2002 (Measure S)</b> |            |               |                |                |                       |                     |                      |                        |
| 2005B                               | 5/5/2005   | 8/1/2029      | 3.00% - 5.31%  | \$ 44,995,644  | \$ 23,041,512         | \$ -                | \$ 3,927,825         | \$ 19,113,687          |
| 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      | 7,663,983             | -                   | 780,060              | 6,883,923              |
| 2009E                               | 10/21/2009 | 8/1/2038      | 5.50% - 6.47%  | 21,392,349     | 21,392,349            | -                   | -                    | 21,392,349             |
| <b>Election of 2014 (Measure G)</b> |            |               |                |                |                       |                     |                      |                        |
| Series A                            | 12/17/2015 | 8/1/2045      | 2.00% - 5.00%  | 24,000,000     | 4,950,000             | -                   | 35,000               | 4,915,000              |
| Series B                            | 8/24/2017  | 8/1/2047      | 3.00% - 5.00%  | 59,000,000     | 49,190,000            | -                   | 135,000              | 49,055,000             |
| Series C                            | 6/28/2018  | 8/1/2047      | 3.00% - 5.00%  | 10,250,000     | 9,430,000             | -                   | 60,000               | 9,370,000              |
| 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     | 76,770,000            | -                   | 500,000              | 76,270,000             |
| Series F                            | 6/29/2023  | 8/1/2052      | 4.00% - 5.00%  | 40,000,000     | 40,000,000            | -                   | 3,050,000            | 36,950,000             |
| <b>Refunding Bonds</b>              |            |               |                |                |                       |                     |                      |                        |
| 2015 Ref.                           | 12/17/2015 | 8/1/2025      | 2.00% - 5.00%  | 7,855,000      | 2,215,000             | -                   | 1,560,000            | 655,000                |
| <b>Totals</b>                       |            |               |                |                | <u>\$ 298,338,446</u> | <u>\$ -</u>         | <u>\$ 10,047,885</u> | <u>\$ 288,290,561</u>  |
| <b>Accreted Interest:</b>           |            |               |                |                | Balance, July 1, 2024 | Additions           | Deductions           | Balance, June 30, 2025 |
| Election of 2002, Series 2005B      |            |               |                |                | \$ 37,302,482         | \$ 2,917,737        | \$ 6,422,175         | \$ 33,798,044          |
| Election of 2002, Series 2007C      |            |               |                |                | 16,276,452            | 1,508,240           | -                    | 17,784,692             |
| Election of 2002, Series 2009D      |            |               |                |                | 14,285,421            | 1,594,712           | 1,219,940            | 14,660,193             |
| Election of 2002, Series 2009E      |            |               |                |                | 21,614,969            | 2,478,599           | -                    | 24,093,568             |
| <b>Totals</b>                       |            |               |                |                | <u>\$ 89,479,324</u>  | <u>\$ 8,499,288</u> | <u>\$ 7,642,115</u>  | <u>\$ 90,336,497</u>   |

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

| Fiscal Year   | Principal             | Interest              | Total                 |
|---------------|-----------------------|-----------------------|-----------------------|
| 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     | 7,637,204             | 19,647,190            | 27,284,394            |
| 2029-2030     | 8,407,930             | 20,010,164            | 28,418,094            |
| 2030-2035     | 42,456,131            | 117,205,731           | 159,661,862           |
| 2035-2040     | 41,920,193            | 79,002,674            | 120,922,867           |
| 2040-2045     | 51,965,000            | 26,966,200            | 78,931,200            |
| 2045-2050     | 75,675,000            | 14,953,850            | 90,628,850            |
| 2050-2053     | 38,820,000            | 2,188,650             | 41,008,650            |
| <b>Totals</b> | <u>\$ 288,290,561</u> | <u>\$ 334,604,924</u> | <u>\$ 622,895,485</u> |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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

#### B. 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.D. The related asset disclosures are presented in Note 6.

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

| Fiscal<br>Year | Principal         |
|----------------|-------------------|
| 2025-2026      | \$ 465,031        |
| 2026-2027      | 368,027           |
| Totals         | <u>\$ 833,058</u> |

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

For the fiscal year ended June 30, 2025, 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<br>of Resources | Deferred Inflows<br>of Resources | OPEB Expense        |
|---------------|----------------------|-----------------------------------|----------------------------------|---------------------|
| District Plan | \$ 44,045,549        | \$ 9,834,878                      | \$ 8,945,439                     | \$ 6,488,827        |
| MPP Program   | 731,645              | -                                 | -                                | (153,032)           |
| Totals        | <u>\$ 44,777,194</u> | <u>\$ 9,834,878</u>               | <u>\$ 8,945,439</u>              | <u>\$ 6,335,795</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, 2025

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

##### District Plan (continued)

###### **Benefits Provided**

The 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.

|                             | <b><u>Certificated</u></b>    | <b><u>Classified</u></b>      | <b><u>Management</u></b>      |
|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| 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 the valuation date, the following employees were covered by the benefit terms:

|                                                                          |              |
|--------------------------------------------------------------------------|--------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 199          |
| Active employees                                                         | 1,930        |
| Total                                                                    | <u>2,129</u> |

###### **Total OPEB Liability**

The District’s total OPEB liability of \$44,045,549 for the Plan was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2024.

###### **Actuarial Assumptions and Other Inputs**

The total OPEB liability in the June 30, 2024, 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, 2024 |
| Valuation interest rate     | 3.93%         |
| Salary increases            | 2.75%         |
| Healthcare cost trend rates | 4.00%         |
| Inflation                   | 2.50%         |

###### **Discount Rate**

In accordance with GASB 75, the discount rate of 3.93% as of June 30, 2024, is the Bond Buyer 20 Index. As of June 30, 2023, a rate of 3.65% was used.

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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

#### District Plan (continued)

##### *Mortality Rates*

Mortality rates are based on the 2020 CalSTRS and the 2021 CalPERS mortality tables.

##### **Changes in the Total OPEB Liability**

|                                                       | <b>Total<br/>OPEB Liability</b> |
|-------------------------------------------------------|---------------------------------|
| <b>Balance at July 1, 2023</b>                        | <b>\$ 37,823,622</b>            |
| <b>Changes for the year:</b>                          |                                 |
| Service cost                                          | 1,991,697                       |
| Interest                                              | 1,390,952                       |
| Changes in benefit terms                              | 3,202,569                       |
| Differences between expected<br>and actual experience | 2,413,978                       |
| Changes in assumptions                                | (1,242,963)                     |
| Benefit payments                                      | (1,534,306)                     |
| Net changes                                           | 6,221,927                       |
| <b>Balance at June 30, 2024</b>                       | <b>\$ 44,045,549</b>            |

##### *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<br>Liability |
|-----------------------|-------------------|
| 1% decrease           | \$ 47,358,988     |
| Current discount rate | \$ 44,045,549     |
| 1% increase           | \$ 40,931,563     |

##### *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<br>Trend Rate | OPEB<br>Liability |
|-------------------------------|-------------------|
| 1% decrease                   | \$ 39,437,481     |
| Current trend rate            | \$ 44,045,549     |
| 1% increase                   | \$ 49,395,532     |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

### 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, 2025, the District recognized OPEB expense of \$6,488,827. In addition, at June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                                        | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|----------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                                     | \$ 4,680,224                      | \$ 4,474,822                     |
| Changes in assumptions                                                                 | 3,589,985                         | 4,470,617                        |
| District contributions subsequent to the measurement<br>date of the net OPEB liability | 1,564,669                         | -                                |
| Totals                                                                                 | <u>\$ 9,834,878</u>               | <u>\$ 8,945,439</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<br>of Resources | Deferred Inflows<br>of Resources |
|---------------------|-----------------------------------|----------------------------------|
| 2026                | \$ 1,024,350                      | \$ 1,120,741                     |
| 2027                | 1,024,350                         | 1,120,741                        |
| 2028                | 1,024,350                         | 1,120,741                        |
| 2029                | 1,024,350                         | 1,120,741                        |
| 2030                | 1,024,350                         | 1,120,741                        |
| Thereafter          | 3,148,459                         | 3,341,734                        |
| Totals              | <u>\$ 8,270,209</u>               | <u>\$ 8,945,439</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, 2023, 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, 2025

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### 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, 2024, 4,121 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, 2025, the District reported a liability of \$731,645 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, 2024, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total OPEB liability to June 30, 2024. 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:

|                                      | <b>Percentage Share of MPP Program</b>          |                                                 | <b>Change<br/>Increase/<br/>(Decrease)</b> |
|--------------------------------------|-------------------------------------------------|-------------------------------------------------|--------------------------------------------|
|                                      | <b>Fiscal Year<br/>Ending<br/>June 30, 2025</b> | <b>Fiscal Year<br/>Ending<br/>June 30, 2024</b> |                                            |
| Measurement Date                     | June 30, 2024                                   | June 30, 2023                                   |                                            |
| Proportion of the Net OPEB Liability | 0.274489%                                       | 0.291552%                                       | (0.017063%)                                |

For the year ended June 30, 2025, the District reported OPEB expense of \$(153,032).

##### ***Actuarial Assumptions and Other Inputs***

The total OPEB liability in the June 30, 2023, 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, 2024                                             |
| Valuation Date              | June 30, 2023                                             |
| Experience Study            | July 1, 2007 through June 30, 2022                        |
| Actuarial Cost Method       | Entry age actuarial cost method                           |
| Investment Rate of Return   | 3.93%                                                     |
| Healthcare Cost Trend Rates | 5.0% for Medicare Part A, and<br>6.5% for Medicare Part B |

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 154 or an average of 0.12% of the potentially eligible population of 132,333.

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale.

*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, 2024, 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, 2024, 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, 2024, was 3.93%, which is an increase of 0.28% from 3.65% as of June 30, 2023.

*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<br>Liability |
|-----------------------|-----------------------|
| 1% decrease           | \$ 789,427            |
| Current discount rate | \$ 731,645            |
| 1% increase           | \$ 680,837            |

## NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2025

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

##### Medicare Premium Payment (MPP) Program (continued)

###### *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<br>Trend Rates | MPP OPEB<br>Liability |
|------------------------------|-----------------------|
| 1% decrease                  | \$ 677,790            |
| Current trend rate           | \$ 731,645            |
| 1% increase                  | \$ 791,772            |

#### 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, 2025, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses for each of the above plans as follows:

| Pension Plan | Net<br>Pension Liability | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources | Pension Expense      |
|--------------|--------------------------|-----------------------------------|----------------------------------|----------------------|
| CalSTRS      | \$ 126,374,132           | \$ 50,035,536                     | \$ 26,913,250                    | \$ 7,141,777         |
| CalPERS      | 92,090,245               | 36,245,663                        | 14,494,513                       | 13,175,294           |
| Totals       | <u>\$ 218,464,377</u>    | <u>\$ 86,281,199</u>              | <u>\$ 41,407,763</u>             | <u>\$ 20,317,071</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, 2023, 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>.

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 9 – PENSION PLANS

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

##### Benefits Provided

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

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

The STRP provisions and benefits in effect at June 30, 2025, are summarized as follows:

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

##### 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, 2025, are presented above, and the District's total contributions were \$23,169,642.

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

### 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**

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

|                                                                                       |    |             |
|---------------------------------------------------------------------------------------|----|-------------|
| District's proportionate share of net pension liability                               | \$ | 126,374,132 |
| State's proportionate share of the net pension liability associated with the District |    | 57,980,887  |
| Total                                                                                 | \$ | 184,355,019 |

The net pension liability was measured as of June 30, 2024. 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<br>Increase/<br>(Decrease) |
|-----------------------------------------|----------------------------------------|----------------------------------------|-----------------------------------|
|                                         | Fiscal Year<br>Ending<br>June 30, 2025 | Fiscal Year<br>Ending<br>June 30, 2024 |                                   |
| Measurement Date                        | June 30, 2024                          | June 30, 2023                          |                                   |
| Proportion of the Net Pension Liability | 0.188160%                              | 0.197111%                              | (0.008950%)                       |

For the year ended June 30, 2025, the District recognized pension expense of \$7,141,777. In addition, the District recognized pension expense and revenue of \$(5,539,765) for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                 | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date                            | \$ 23,169,642                     | \$ -                             |
| Net change in proportionate share of net pension liability                      | 12,018,161                        | 12,246,151                       |
| Difference between projected and actual earnings<br>on pension plan investments | -                                 | 509,915                          |
| Changes of assumptions                                                          | 553,192                           | 8,630,915                        |
| Differences between expected and actual experience                              | 14,294,541                        | 5,526,269                        |
| Totals                                                                          | \$ 50,035,536                     | \$ 26,913,250                    |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

### 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 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 (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 7 years.

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<br>June 30, | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|------------------------|-----------------------------------|----------------------------------|
| 2026                   | \$ 2,538,670                      | \$ 11,393,291                    |
| 2027                   | 12,674,394                        | 2,918,549                        |
| 2028                   | 2,720,712                         | 3,788,416                        |
| 2029                   | 3,305,399                         | 4,364,187                        |
| 2030                   | 3,749,457                         | 1,813,871                        |
| Thereafter             | 1,877,262                         | 2,634,936                        |
| Totals                 | \$ 26,865,894                     | \$ 26,913,250                    |

##### **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, 2023, and rolling forward the total pension liability to June 30, 2024. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability as of June 30, 2024, include:

|                           |                                     |
|---------------------------|-------------------------------------|
| Valuation Date            | June 30, 2023                       |
| Experience Study          | July 1, 2007, through June 30, 2022 |
| Actuarial Cost Method     | Individual Entry Age                |
| Investment Rate of Return | 7.00%                               |
| Inflation                 | 2.75%                               |
| Payroll Growth            | 3.50%                               |

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality amongst our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP-2021 Ultimate Projection Scale.

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

### NOTE 9 – PENSION PLANS (continued)

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

##### Actuarial Methods and Assumptions (continued)

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 are developed for each major asset class/strategy. Expected real rates of return are net of the 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2024 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. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table:

| Asset Class                | Assumed<br>Asset<br>Allocation | Long-Term<br>Expected Rate<br>of Return | Long-Term<br>Expected Real<br>Rate of Return |
|----------------------------|--------------------------------|-----------------------------------------|----------------------------------------------|
| Public Equity              | 38.0%                          | 8.00%                                   | 5.25%                                        |
| Real Estate                | 15.0%                          | 6.80%                                   | 4.05%                                        |
| Private Equity             | 14.0%                          | 9.50%                                   | 6.75%                                        |
| Fixed Income               | 14.0%                          | 5.20%                                   | 2.45%                                        |
| Risk Mitigating Strategies | 10.0%                          | 5.00%                                   | 2.25%                                        |
| Inflation Sensitive        | 7.0%                           | 6.40%                                   | 3.65%                                        |
| Cash/Liquidity             | 2.0%                           | 2.80%                                   | 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<br>Liability |
|-------------------------------|--------------------------|
| 1% decrease (6.10%)           | \$ 224,778,229           |
| Current discount rate (7.10%) | \$ 126,374,132           |
| 1% increase (8.10%)           | \$ 44,202,628            |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 9 – PENSION PLANS (continued)

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

##### 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 \$11,707,560.

#### 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, 2023, 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 members' 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, 2025, are summarized as follows:

|                                     | Schools Pool (CalPERS)            |                                |
|-------------------------------------|-----------------------------------|--------------------------------|
|                                     | On or before<br>December 31, 2012 | On or after<br>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 | 27.05%                            | 27.05%                         |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

### NOTE 9 – PENSION PLANS (continued)

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

##### 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, 2025, are presented above, and the total District contributions were \$12,792,543.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$92,090,245. The net pension liability was measured as of June 30, 2024. 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<br>Increase/<br>(Decrease) |
|-----------------------------------------|----------------------------------------|----------------------------------------|-----------------------------------|
|                                         | Fiscal Year<br>Ending<br>June 30, 2025 | Fiscal Year<br>Ending<br>June 30, 2024 |                                   |
| Measurement Date                        | June 30, 2024                          | June 30, 2023                          |                                   |
| Proportion of the Net Pension Liability | 0.257676%                              | 0.259826%                              | (0.002150%)                       |

For the year ended June 30, 2025, the District recognized pension expense of \$13,175,294. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                 | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date                            | \$ 12,792,543                     | \$ -                             |
| Net change in proportionate share of net pension liability                      | -                                 | 3,715,407                        |
| Difference between projected and actual earnings<br>on pension plan investments | 13,697,194                        | 10,120,020                       |
| Changes of assumptions                                                          | 2,035,505                         | -                                |
| Differences between expected and actual experience                              | 7,720,421                         | 659,086                          |
| Totals                                                                          | \$ 36,245,663                     | \$ 14,494,513                    |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

### 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)**

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 (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 3.9 years.

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<br>June 30, | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|------------------------|-----------------------------------|----------------------------------|
| 2026                   | \$ 11,848,551                     | \$ 9,471,369                     |
| 2027                   | 9,571,942                         | 2,180,856                        |
| 2028                   | 2,032,627                         | 1,562,043                        |
| 2029                   | -                                 | 1,280,245                        |
| 2030                   | -                                 | -                                |
| Thereafter             | -                                 | -                                |
| Totals                 | \$ 23,453,120                     | \$ 14,494,513                    |

##### **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, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

|                       |                                 |
|-----------------------|---------------------------------|
| Valuation Date        | June 30, 2023                   |
| Experience Study      | 2000-2019                       |
| Actuarial Cost Method | Individual 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.

## NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

### Notes to Financial Statements

June 30, 2025

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#### NOTE 9 – PENSION PLANS (continued)

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

###### Actuarial Methods and Assumptions (continued)

In determining the long-term expected rate of return, CalPERS took into account 20-year 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. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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%)           | \$ 136,800,827        |
| Current discount rate (6.9%) | \$ 92,090,245         |
| 1% increase (7.9%)           | \$ 55,155,745         |

##### 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 Social Security as its alternative plan.

## **NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT**

### *Notes to Financial Statements*

*June 30, 2025*

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#### **NOTE 9 – PENSION PLANS (continued)**

##### **D. Payables to the Pension Plans**

At June 30, 2025, the District reported payables of \$5.0 million and \$2.3 million for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2025.

#### **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, 2025, the District had commitments with respect to unfinished capital projects of approximately \$8.9 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, 2025.

#### **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.

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 12 – RISK MANAGEMENT (continued)

#### 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 the fiscal year ending June 30, 2025, the District participated in the ASCIP public entity risk pool for property and liability insurance coverage in excess of self-insured limits. Settled claims have not exceeded the insured coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. In addition, the District purchases commercial insurance for property and liability claims in excess of coverage provided by the Internal Service Fund and for all other risks of loss.

#### Workers' Compensation and Property and Liability

Since 1985, the District has self-insured itself for workers' compensation coverage, retaining the risk of loss. The District has established an Internal Service Fund to account for and finance its uninsured risks of loss for workers' compensation coverage. Under this program, the Internal Service Fund provides coverage for up to a maximum of \$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, 2023, to June 30, 2025:

|                                                 | Workers'<br>Compensation | Property and<br>Liability | Total                |
|-------------------------------------------------|--------------------------|---------------------------|----------------------|
| Liability Balance, July 1, 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                | 13,653,391               | 264,838                   | 13,918,229           |
| Claims and changes in estimates                 | 3,760,599                | 179,268                   | 3,939,867            |
| Claims payments                                 | (2,997,160)              | (179,268)                 | (3,176,428)          |
| Liability Balance, June 30, 2025                | <u>\$ 14,416,830</u>     | <u>\$ 264,838</u>         | <u>\$ 14,681,668</u> |
| Assets available to pay claims at June 30, 2025 | <u>\$ 25,458,625</u>     | <u>\$ 280,505</u>         | <u>\$ 25,739,130</u> |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 13 – ADJUSTMENT FOR RESTATEMENT

The District has implemented the provisions of GASB Statement No. 101, *Compensated Absences*. Accordingly, prior year liabilities on the State of Net Position were restated to adopt this standard.

|                                                  | <u>Statement of Activities</u> |
|--------------------------------------------------|--------------------------------|
|                                                  | <u>Governmental Activities</u> |
| Net position, July 1, 2024, as originally stated | \$ 83,480,513                  |
| Implementation of GASB 101                       | <u>(15,596,254)</u>            |
| Net position, July 1, 2024, as restated          | <u>\$ 67,884,259</u>           |

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*Required Supplementary Information*

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# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Budgetary Comparison Schedule – General Fund

For the Fiscal Year Ended June 30, 2025

|                                           | Budgeted Amounts |                | Actual            | Variance with            |
|-------------------------------------------|------------------|----------------|-------------------|--------------------------|
|                                           | Original         | Final          | (Budgetary Basis) | Final Budget - Pos (Neg) |
| <b>Revenues</b>                           |                  |                |                   |                          |
| LCFF Sources                              | \$ 206,922,715   | \$ 206,099,169 | \$ 205,976,089    | \$ (123,080)             |
| Federal                                   | 11,560,091       | 14,370,333     | 13,346,797        | (1,023,536)              |
| Other State                               | 50,088,880       | 51,681,856     | 56,126,189        | 4,444,333                |
| Other Local                               | 4,428,450        | 7,220,772      | 12,395,785        | 5,175,013                |
| Total Revenues                            | 273,000,136      | 279,372,130    | 287,844,860       | 8,472,730                |
| <b>Expenditures</b>                       |                  |                |                   |                          |
| Current:                                  |                  |                |                   |                          |
| Certificated Salaries                     | 116,956,892      | 120,519,549    | 118,606,911       | 1,912,638                |
| Classified Salaries                       | 52,785,441       | 54,150,491     | 51,825,817        | 2,324,674                |
| Employee Benefits                         | 85,216,115       | 82,980,892     | 79,708,871        | 3,272,021                |
| Books and Supplies                        | 16,402,842       | 17,306,108     | 12,464,050        | 4,842,058                |
| Services and Other Operating Expenditures | 26,952,465       | 30,914,804     | 28,728,991        | 2,185,813                |
| Transfers of indirect costs               | (891,895)        | (1,110,414)    | (982,706)         | (127,708)                |
| Capital Outlay                            | 2,059,639        | 7,746,153      | 8,975,707         | (1,229,554)              |
| Other Outgo                               | 630,000          | 630,000        | 1,296,724         | (666,724)                |
| Total Expenditures                        | 300,111,499      | 313,137,583    | 300,624,365       | 12,513,218               |
| Excess (Deficiency) of Revenues           |                  |                |                   |                          |
| Over (Under) Expenditures                 | (27,111,363)     | (33,765,453)   | (12,779,505)      | 20,985,948               |
| <b>Other Financing Sources and Uses</b>   |                  |                |                   |                          |
| Interfund Transfers In                    | 1,570,156        | 1,651,865      | 1,567,166         | (84,699)                 |
| Interfund Transfers Out                   | (1,182,411)      | (1,192,741)    | (1,192,741)       | -                        |
| Proceeds from SBITAs                      | -                | -              | 1,070,609         | 1,070,609                |
| Total Other Financing Sources and Uses    | 387,745          | 459,124        | 1,445,034         | 985,910                  |
| Excess (Deficiency) of Revenues and Other |                  |                |                   |                          |
| Financing Sources Over (Under)            |                  |                |                   |                          |
| Expenditures and Other Financing Uses     | (26,723,618)     | (33,306,329)   | (11,334,471)      | 21,971,858               |
| Fund Balance, July 1, 2024                | 103,877,344      | 109,531,806    | 109,531,806       | -                        |
| Fund Balance, June 30, 2025               | \$ 77,153,726    | \$ 76,225,477  | 98,197,335        | \$ 21,971,858            |

### Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:

|                                                  |           |
|--------------------------------------------------|-----------|
| Deferred Maintenance Fund                        | 192,348   |
| Special Reserve Fund for Postemployment Benefits | 3,090,445 |

### Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:

\$ 101,480,128

**NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT**  
*Schedule of Proportionate Share of the Net Pension Liability-CalSTRS*  
*For the Fiscal Year Ended June 30, 2025*

| <i>Last Ten Fiscal Years</i>                                                                                |                |                |                |                |                |
|-------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Employer's Fiscal Year</b>                                                                               | <b>2024-25</b> | <b>2023-24</b> | <b>2022-23</b> | <b>2021-22</b> | <b>2020-21</b> |
| <b>Measurement Period</b>                                                                                   | <b>2023-24</b> | <b>2022-23</b> | <b>2021-22</b> | <b>2020-21</b> | <b>2019-20</b> |
| District's proportion of the net pension liability                                                          | 0.1882%        | 0.1971%        | 0.1807%        | 0.1818%        | 0.1909%        |
| District's proportionate share of the net pension liability                                                 | \$ 126,374,132 | \$ 150,121,455 | \$ 125,577,640 | \$ 82,739,435  | \$ 185,031,388 |
| State's proportionate share of the net pension liability associated with the District                       | 57,980,887     | 71,927,411     | 62,888,791     | 41,631,275     | 95,383,702     |
| Totals                                                                                                      | \$ 184,355,019 | \$ 222,048,866 | \$ 188,466,431 | \$ 124,370,710 | \$ 280,415,090 |
| District's covered-employee payroll                                                                         | \$ 122,224,430 | \$ 120,641,073 | \$ 112,111,561 | \$ 98,222,130  | \$ 104,051,655 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 103.40%        | 124.44%        | 112.01%        | 84.24%         | 177.83%        |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 84%            | 81%            | 81%            | 87%            | 72%            |
|                                                                                                             |                |                |                |                |                |
| <b>Employer's Fiscal Year</b>                                                                               | <b>2019-20</b> | <b>2018-19</b> | <b>2017-18</b> | <b>2016-17</b> | <b>2015-16</b> |
| <b>Measurement Period</b>                                                                                   | <b>2018-19</b> | <b>2017-18</b> | <b>2016-17</b> | <b>2015-16</b> | <b>2014-15</b> |
| District's proportion of the net pension liability                                                          | 0.1872%        | 0.1895%        | 0.1844%        | 0.1819%        | 0.1850%        |
| District's proportionate share of the net pension liability                                                 | \$ 169,065,724 | \$ 174,132,397 | \$ 170,562,493 | \$ 147,115,885 | \$ 124,524,676 |
| State's proportionate share of the net pension liability associated with the District                       | 92,236,639     | 99,698,941     | 100,903,330    | 83,750,449     | 65,859,826     |
| Totals                                                                                                      | \$ 261,302,363 | \$ 273,831,338 | \$ 271,465,823 | \$ 230,866,334 | \$ 190,384,502 |
| District's covered-employee payroll                                                                         | \$ 101,843,034 | \$ 100,592,405 | \$ 99,865,095  | \$ 91,741,538  | \$ 89,594,302  |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 166.01%        | 173.11%        | 170.79%        | 160.36%        | 138.99%        |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 73%            | 71%            | 69%            | 70%            | 74%            |

**NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT**  
*Schedule of Proportionate Share of the Net Pension Liability-CalPERS*  
*For the Fiscal Year Ended June 30, 2025*

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|                                                                                                                | <i>Last Ten Fiscal Years</i> |                            |                            |                            |                            |
|----------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Employer's Fiscal Year<br/>Measurement Period</b>                                                           | <b>2024-25<br/>2023-24</b>   | <b>2023-24<br/>2022-23</b> | <b>2022-23<br/>2021-22</b> | <b>2021-22<br/>2020-21</b> | <b>2020-21<br/>2019-20</b> |
| District's proportion of the net pension liability                                                             | 0.2577%                      | 0.2598%                    | 0.2642%                    | 0.2729%                    | 0.2856%                    |
| District's proportionate share of the net pension liability                                                    | \$ 92,090,245                | \$ 94,054,188              | \$ 90,925,249              | \$ 55,498,493              | \$ 87,632,420              |
| District's covered-employee payroll                                                                            | \$ 50,420,885                | \$ 50,076,098              | \$ 43,095,509              | \$ 39,235,343              | \$ 41,634,030              |
| District's proportionate share of the net pension liability<br>as a percentage of its covered-employee payroll | 182.64%                      | 187.82%                    | 210.99%                    | 141.45%                    | 210.48%                    |
| Plan fiduciary net position as a percentage of the<br>total pension liability                                  | 72%                          | 70%                        | 70%                        | 70%                        | 70%                        |
| <b>Employer's Fiscal Year<br/>Measurement Period</b>                                                           | <b>2019-20<br/>2018-19</b>   | <b>2018-19<br/>2017-18</b> | <b>2017-18<br/>2016-17</b> | <b>2016-17<br/>2015-16</b> | <b>2015-16<br/>2014-15</b> |
| District's proportion of the net pension liability                                                             | 0.2882%                      | 0.2945%                    | 0.3075%                    | 0.2956%                    | 0.2912%                    |
| District's proportionate share of the net pension liability                                                    | \$ 84,001,554                | \$ 78,515,038              | \$ 73,407,676              | \$ 58,376,415              | \$ 42,919,072              |
| District's covered-employee payroll                                                                            | \$ 40,360,868                | \$ 39,636,430              | \$ 39,124,071              | \$ 35,234,321              | \$ 32,288,947              |
| District's proportionate share of the net pension liability<br>as a percentage of its covered-employee payroll | 208.13%                      | 198.09%                    | 187.63%                    | 165.68%                    | 132.92%                    |
| Plan fiduciary net position as a percentage of the<br>total pension liability                                  | 70%                          | 71%                        | 72%                        | 74%                        | 79%                        |

**NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT**  
*Schedule of Pension Contributions-CalSTRS*  
*For the Fiscal Year Ended June 30, 2025*

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*Last Ten Fiscal Years*

| <b>Employer's Fiscal Year</b>                                        | <b>2024-25</b>        | <b>2023-24</b>        | <b>2022-23</b>        | <b>2021-22</b>        | <b>2020-21</b>       |
|----------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| Contractually required contribution                                  | \$ 23,169,642         | \$ 23,344,866         | \$ 23,042,445         | \$ 18,969,276         | \$ 15,862,874        |
| Contributions in relation to the contractually required contribution | <u>23,169,642</u>     | <u>23,344,866</u>     | <u>23,042,445</u>     | <u>18,969,276</u>     | <u>15,862,874</u>    |
| Contribution deficiency (excess)                                     | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>          |
| District's covered-employee payroll                                  | <u>\$ 121,307,025</u> | <u>\$ 122,224,430</u> | <u>\$ 120,641,073</u> | <u>\$ 112,111,561</u> | <u>\$ 98,222,130</u> |
| Contributions as a percentage of covered-employee payroll            | <u>19.10%</u>         | <u>19.10%</u>         | <u>19.10%</u>         | <u>16.92%</u>         | <u>16.15%</u>        |

| <b>Employer's Fiscal Year</b>                                        | <b>2019-20</b>        | <b>2018-19</b>        | <b>2017-18</b>        | <b>2016-17</b>       | <b>2015-16</b>       |
|----------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
| Contractually required contribution                                  | \$ 17,792,833         | \$ 16,580,046         | \$ 14,515,484         | \$ 12,563,029        | \$ 9,843,867         |
| Contributions in relation to the contractually required contribution | <u>17,792,833</u>     | <u>16,580,046</u>     | <u>14,515,484</u>     | <u>12,563,029</u>    | <u>9,843,867</u>     |
| Contribution deficiency (excess)                                     | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>          | <u>\$ -</u>          |
| District's covered-employee payroll                                  | <u>\$ 104,051,655</u> | <u>\$ 101,843,034</u> | <u>\$ 100,592,405</u> | <u>\$ 99,865,095</u> | <u>\$ 91,741,538</u> |
| Contributions as a percentage of covered-employee payroll            | <u>17.10%</u>         | <u>16.28%</u>         | <u>14.43%</u>         | <u>12.58%</u>        | <u>10.73%</u>        |

**NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT**  
*Schedule of Pension Contributions-CalPERS*  
*For the Fiscal Year Ended June 30, 2025*

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*Last Ten Fiscal Years*

| <b>Employer's Fiscal Year</b>                                        | <b>2024-25</b> | <b>2023-24</b> | <b>2022-23</b> | <b>2021-22</b> | <b>2020-21</b> |
|----------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution                                  | \$ 12,792,543  | \$ 13,452,292  | \$ 12,704,306  | \$ 9,873,181   | \$ 8,121,716   |
| Contributions in relation to the contractually required contribution | 12,792,543     | 13,452,292     | 12,704,306     | 9,873,181      | 8,121,716      |
| Contribution deficiency (excess)                                     | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           |
| District's covered-employee payroll                                  | \$ 47,292,211  | \$ 50,420,885  | \$ 50,076,098  | \$ 43,095,509  | \$ 39,235,343  |
| Contributions as a percentage of covered-employee payroll            | 27.050%        | 26.680%        | 25.370%        | 22.910%        | 20.700%        |

| <b>Employer's Fiscal Year</b>                                        | <b>2019-20</b> | <b>2018-19</b> | <b>2017-18</b> | <b>2016-17</b> | <b>2015-16</b> |
|----------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution                                  | \$ 8,210,647   | \$ 7,289,980   | \$ 6,155,934   | \$ 5,433,551   | \$ 4,174,210   |
| Contributions in relation to the contractually required contribution | 8,210,647      | 7,289,980      | 6,155,934      | 5,433,551      | 4,174,210      |
| Contribution deficiency (excess)                                     | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           |
| District's covered-employee payroll                                  | \$ 41,634,030  | \$ 40,360,868  | \$ 39,636,430  | \$ 39,124,071  | \$ 35,234,321  |
| Contributions as a percentage of covered-employee payroll            | 19.721%        | 18.062%        | 15.531%        | 13.888%        | 11.847%        |

# 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, 2025

*Last Ten Fiscal Years\**

| Employer's Fiscal Year<br>Measurement Period                   | 2024-25<br>2023-24   | 2023-24<br>2022-23   | 2022-23<br>2021-22   | 2021-22<br>2020-21   |
|----------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Service cost                                                   | \$ 1,991,697         | \$ 1,975,191         | \$ 2,695,324         | \$ 2,606,724         |
| Interest                                                       | 1,390,952            | 1,289,918            | 949,117              | 910,461              |
| Changes in benefit terms                                       | 3,202,569            | -                    | -                    | -                    |
| Differences between expected and actual experience             | 2,413,978            | 200,987              | (5,838,771)          | 25,259               |
| Changes in assumptions                                         | (1,242,963)          | (331,698)            | (3,880,527)          | 143,611              |
| Benefit payments                                               | (1,534,306)          | (1,322,087)          | (1,162,131)          | (1,012,668)          |
| <b>Net change in total OPEB liability</b>                      | <b>6,221,927</b>     | <b>1,812,311</b>     | <b>(7,236,988)</b>   | <b>2,673,387</b>     |
| <b>Total OPEB liability - beginning</b>                        | <b>37,823,622</b>    | <b>36,011,311</b>    | <b>43,248,299</b>    | <b>40,574,912</b>    |
| <b>Total OPEB liability - ending</b>                           | <b>\$ 44,045,549</b> | <b>\$ 37,823,622</b> | <b>\$ 36,011,311</b> | <b>\$ 43,248,299</b> |
| <b>Covered payroll</b>                                         | <b>N/A</b>           | <b>N/A</b>           | <b>N/A</b>           | <b>N/A</b>           |
| <b>Total OPEB liability as a percentage of covered payroll</b> | <b>N/A</b>           | <b>N/A</b>           | <b>N/A</b>           | <b>N/A</b>           |
| Employer's Fiscal Year<br>Measurement Period                   | 2020-21<br>2019-20   | 2019-20<br>2018-19   | 2018-19<br>2017-18   | 2017-18<br>2016-17   |
| Service cost                                                   | \$ 2,429,920         | \$ 2,244,208         | \$ 2,117,150         | \$ 2,005,340         |
| Interest                                                       | 1,040,761            | 930,380              | 887,834              | 812,326              |
| Changes of benefit terms                                       | -                    | -                    | -                    | -                    |
| Differences between expected and actual experience             | 3,830,576            | (7,221)              | (513,588)            | -                    |
| Changes in assumptions                                         | 5,178,205            | 680,114              | (559,436)            | -                    |
| Benefit payments                                               | (818,734)            | (794,184)            | (758,366)            | (729,198)            |
| <b>Net change in total OPEB liability</b>                      | <b>11,660,728</b>    | <b>3,053,297</b>     | <b>1,173,594</b>     | <b>2,088,468</b>     |
| <b>Total OPEB liability - beginning</b>                        | <b>28,914,184</b>    | <b>25,860,887</b>    | <b>24,687,293</b>    | <b>22,598,825</b>    |
| <b>Total OPEB liability - ending</b>                           | <b>\$ 40,574,912</b> | <b>\$ 28,914,184</b> | <b>\$ 25,860,887</b> | <b>\$ 24,687,293</b> |
| <b>Covered payroll</b>                                         | <b>N/A</b>           | <b>N/A</b>           | <b>N/A</b>           | <b>N/A</b>           |
| <b>Total OPEB liability as a percentage of covered payroll</b> | <b>N/A</b>           | <b>N/A</b>           | <b>N/A</b>           | <b>N/A</b>           |

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, 2025

*Last Ten Fiscal Years\**

| Employer's Fiscal Year<br>Measurement Period                              | 2024-25<br>2023-24 | 2023-24<br>2022-23 | 2022-23<br>2021-22 | 2021-22<br>2020-21 |
|---------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| District's proportion of net OPEB liability                               | 0.2745%            | 0.2916%            | 0.2712%            | 0.2733%            |
| District's proportionate share of net OPEB liability                      | \$ 731,645         | \$ 884,676         | \$ 893,459         | \$ 1,090,072       |
| Covered-employee payroll                                                  | 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                |
| Plan fiduciary net position as a percentage of the total OPEB liability   | (1.02%)            | (0.96%)            | (0.94%)            | (0.80%)            |

| Employer's Fiscal Year<br>Measurement Period                              | 2020-21<br>2019-20 | 2019-20<br>2018-19 | 2018-19<br>2017-18 | 2017-18<br>2016-17 |
|---------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| District's proportion of net OPEB liability                               | 0.3327%            | 0.3311%            | 0.3401%            | 0.3339%            |
| District's proportionate share of net OPEB liability                      | \$ 1,409,902       | \$ 1,233,184       | \$ 1,301,688       | \$ 1,404,744       |
| Covered-employee payroll                                                  | 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                |
| Plan fiduciary net position as a percentage of the total OPEB liability   | (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, 2025

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

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

*Change of assumptions* – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 3.65 percent to 3.93 percent since the previous valuation.

## **NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT**

*Notes to the Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2025*

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### **NOTE 1 – PURPOSE OF SCHEDULES (continued)**

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

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

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

*Change of assumptions* – The discount rate was changed from 3.65 percent to 3.93 percent since the previous valuation.

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*Supplementary Information*

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**NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT***Schedule of Average Daily Attendance**For the Fiscal Year Ended June 30, 2025*

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|                                                                 | <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>           |
| <b>Regular ADA &amp; Extended Year:</b>                         |                             |                         |
| Grades TK-3                                                     | 3,924.51                    | 3,925.34                |
| Grades 4-6                                                      | 2,937.52                    | 2,937.62                |
| Grades 7-8                                                      | 2,201.75                    | 2,204.59                |
| Grades 9-12                                                     | <u>4,526.97</u>             | <u>4,498.93</u>         |
| Total Regular ADA                                               | <u>13,590.75</u>            | <u>13,566.48</u>        |
| <b>Special Education, Nonpublic, Nonsectarian Schools:</b>      |                             |                         |
| Grades 4-6                                                      | 0.09                        | 0.43                    |
| Grades 7-8                                                      | 1.76                        | 1.74                    |
| Grades 9-12                                                     | <u>11.28</u>                | <u>11.69</u>            |
| Total Special Education, Nonpublic,<br>Nonsectarian Schools ADA | <u>13.13</u>                | <u>13.86</u>            |
| Total ADA                                                       | <u><u>13,603.88</u></u>     | <u><u>13,580.34</u></u> |

**NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT***Schedule of Instructional Time**For the Fiscal Year Ended June 30, 2025*

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| Grade Level  | Instructional<br>Minutes<br>Requirement | Instructional<br>Minutes<br>Offered | Instructional<br>Days<br>Offered | Status   |
|--------------|-----------------------------------------|-------------------------------------|----------------------------------|----------|
| Kindergarten | 36,000                                  | 57,744                              | 180                              | Complied |
| Grade 1      | 50,400                                  | 54,168                              | 180                              | Complied |
| Grade 2      | 50,400                                  | 54,168                              | 180                              | Complied |
| Grade 3      | 50,400                                  | 54,168                              | 180                              | Complied |
| Grade 4      | 54,000                                  | 54,168                              | 180                              | Complied |
| Grade 5      | 54,000                                  | 54,168                              | 180                              | Complied |
| Grade 6      | 54,000                                  | 55,095                              | 180                              | Complied |
| Grade 7      | 54,000                                  | 55,095                              | 180                              | Complied |
| Grade 8      | 54,000                                  | 55,095                              | 180                              | Complied |
| Grade 9      | 64,800                                  | 65,640                              | 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, 2025

| General Fund                                         | (Budget)<br>2026 <sup>2</sup> | 2025 <sup>3</sup> | 2024           | 2023           |
|------------------------------------------------------|-------------------------------|-------------------|----------------|----------------|
| Revenues and other financing sources                 | \$ 275,377,745                | \$ 290,482,635    | \$ 308,076,217 | \$ 336,464,419 |
| Expenditures and other financing uses                | 299,943,682                   | 301,817,106       | 304,291,661    | 294,646,410    |
| Change in fund balance (deficit)                     | (24,565,937)                  | (11,334,471)      | 3,784,556      | 41,818,009     |
| Adjustments for restatement                          | -                             | -                 | -              | (96,233)       |
| Ending fund balance                                  | \$ 73,631,398                 | \$ 98,197,335     | \$ 109,531,806 | \$ 105,747,250 |
| Available reserves <sup>1</sup>                      | \$ 53,069,112                 | \$ 64,936,981     | \$ 64,231,163  | \$ 56,738,962  |
| Available reserves as a percentage<br>of total outgo | 17.7%                         | 21.5%             | 21.1%          | 19.3%          |
| Total long-term debt*                                | \$ 690,124,256                | \$ 697,431,978    | \$ 723,683,389 | \$ 685,880,868 |
| Average daily attendance at P-2                      | 13,124                        | 13,604            | 13,953         | 14,079         |

\*As restated

The General Fund balance has decreased by \$7.5 million over the past two years. The fiscal year 2025-26 adopted budget projects a decrease of \$24.6 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 two of the past three years, but anticipates incurring an operating deficit during the 2025-26 fiscal year. Long-term debt has increased by \$11.6 million over the past two years.

Average daily attendance has decreased by 475 over the past two years. In 2025-26, ADA is projected to decrease by 480.

<sup>1</sup> Available reserves consist of all unassigned fund balances in the General Fund.

<sup>2</sup> Adopted budget, June 2025

<sup>3</sup> 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 and Deferred Maintenance Fund, 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, 2025*

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*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, 2025*

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title      | Federal<br>Assistance<br>Listing<br>Number | Pass-Through<br>Entity<br>Identifying<br>Number | Sub-total<br>Expenditures | Federal<br>Expenditures |
|-----------------------------------------------------------------------|--------------------------------------------|-------------------------------------------------|---------------------------|-------------------------|
| <b>Federal Programs:</b>                                              |                                            |                                                 |                           |                         |
| U.S. Department of Agriculture:                                       |                                            |                                                 |                           |                         |
| Passed through California Dept. of Education (CDE):                   |                                            |                                                 |                           |                         |
| School Breakfast Program - Especially Needy                           | 10.553                                     | 13526                                           | \$ 2,874,264              |                         |
| National School Lunch Program                                         | 10.555                                     | 13523                                           | 6,815,865                 |                         |
| Local Food for Schools                                                | 10.555                                     | 15708                                           | 23,435                    |                         |
| USDA Donated Foods                                                    | 10.555                                     | N/A                                             | 785,206                   |                         |
| Subtotal Child Nutrition Cluster                                      |                                            |                                                 |                           | \$ 10,498,770           |
| Passed through California Dept. of Social Services (CDSS):            |                                            |                                                 |                           |                         |
| Child and Adult Care Food Program                                     | 10.558                                     | 13393                                           | 59,187                    |                         |
| Cash in Lieu of Commodities                                           | 10.558                                     | N/A                                             | 22,121                    |                         |
| Subtotal Child and Adult Care Food Program                            |                                            |                                                 |                           | 81,308                  |
| Total U.S. Department of Agriculture                                  |                                            |                                                 |                           | 10,580,078              |
| U.S. Department of Education:                                         |                                            |                                                 |                           |                         |
| Equitable Access to Esports Education and Career                      | 84.215K                                    | N/A                                             |                           | 705,037                 |
| Mental Health Service Professional Demonstration Grant Program        | 84.184X                                    | N/A                                             |                           | 1,446,575               |
| Passed through California Dept. of Education (CDE):                   |                                            |                                                 |                           |                         |
| Adult Education - State Grants:                                       |                                            |                                                 |                           |                         |
| Adult Basic Education and ELA                                         | 84.002A                                    | 14508                                           | 218,875                   |                         |
| Adult Secondary Education                                             | 84.002                                     | 13978                                           | 73,826                    |                         |
| English Literacy and Civics Education                                 | 84.002A                                    | 14109                                           | 61,524                    |                         |
| Total Adult Education - State Grants                                  |                                            |                                                 |                           | 354,225                 |
| 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                                           | 3,826,442                 |                         |
| ESSA: ESSA School Improvement Funding for LEAs                        | 84.010                                     | 15438                                           | 162,002                   |                         |
| Total Title I Fund                                                    |                                            |                                                 |                           | 3,988,444               |
| Title II, Part A, Supporting Effective Instruction                    | 84.367                                     | 14341                                           |                           | 321,736                 |
| Title III, Limited English Proficiency                                | 84.365                                     | 14346                                           |                           | 281,000                 |
| Title IV, Part A, Student Support and Academic Enrichment Grants      | 84.424                                     | 15396                                           |                           | 368,813                 |
| Title IX, Part A, McKinney-Vento Homeless Assistance Grants           | 84.196                                     | 14332                                           |                           | 254,060                 |
| 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                                           | 151,455                   |                         |
| Carl D. Perkins Career and Technical Education: Adult, Sec. 132       | 84.048                                     | 14893                                           | 46,314                    |                         |
| Total Career and Technical Education - Basic Grants to States         |                                            |                                                 |                           | 197,769                 |
| Department of Rehabilitation: Workability II, Transition Partnership  | 84.126                                     | 10006                                           |                           | 86,390                  |
| COVID-19 Education Stabilization Fund:                                |                                            |                                                 |                           |                         |
| ASES Rate Increase: ESSER III State Reserve Summer Learning Programs  | 84.425                                     | 15652                                           | 829,551                   |                         |
| American Rescue Plan-Homeless Children and Youth (ARP-HCY II)         | 84.425U                                    | 15564                                           | 419,514                   |                         |
| Subtotal Education Stabilization Fund                                 |                                            |                                                 |                           | 1,249,065               |
| Individuals with Disabilities Education Act (IDEA):                   |                                            |                                                 |                           |                         |
| Basic Local Assistance Entitlement                                    | 84.027                                     | 13379                                           | 3,778,110                 |                         |
| Local Assistance, Part B, Sec 611, Private School ISPs                | 84.027                                     | 10119                                           | 16,236                    |                         |
| Preschool Grants, Part B, Section 619 (Age 3-4-5)                     | 84.173                                     | 13430                                           | 98,762                    |                         |
| Mental Health Allocation Plan, Part B, Sec 611                        | 84.027A                                    | 15197                                           | 176,490                   |                         |
| Preschool Staff Development, Part B, Sec 619                          | 84.173A                                    | 13431                                           | 1,000                     |                         |
| Alternate Dispute Resolution, Part B, Sec 611                         | 84.173A                                    | 13007                                           | 15,157                    |                         |
| Total Special Education (IDEA) Cluster                                |                                            |                                                 |                           | 4,085,755               |
| Passed through Los Angeles County Office of Education:                |                                            |                                                 |                           |                         |
| Migrant Education Grants:                                             |                                            |                                                 |                           |                         |
| Title I, Part C, Migrant Ed (Regular and Summer Program)              | 84.011                                     | 14326                                           | 265,986                   |                         |
| Title I, Migrant Ed Summer Program                                    | 84.011                                     | 10005                                           | 35,092                    |                         |
| Title I, Part C, Migrant Education (MESRP)                            | 84.011                                     | 10144                                           | 16,711                    |                         |
| Total Migrant Education Grants                                        |                                            |                                                 |                           | 317,789                 |
| Total U.S. Department of Education                                    |                                            |                                                 |                           | 13,701,022              |
| U.S. Department of Health & Human Services:                           |                                            |                                                 |                           |                         |
| Passed through Los Angeles County Office of Education:                |                                            |                                                 |                           |                         |
| Head Start Cluster                                                    | 93.600                                     | 10016                                           |                           | 13,343,560              |
| Child Care and Development Block Grant Cluster:                       |                                            |                                                 |                           |                         |
| COVID-19: Coronavirus Response and Relief Supplemental Appropriations |                                            |                                                 |                           |                         |
| (CRRSA) Act - One-time Stipend                                        | 93.575                                     | 15555                                           | 7,290                     |                         |
| COVID-19: ARP California State Preschool Program One-time Stipend     | 93.575                                     | 15640                                           | 2,740                     |                         |
| Total Child Care and Development Block Grant Cluster                  |                                            |                                                 |                           | 10,030                  |
| Total U.S. Department of Health & Human Services                      |                                            |                                                 |                           | 13,353,590              |
| Total Expenditures of Federal Awards                                  |                                            |                                                 |                           | \$ 37,634,690           |

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, 2025*

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|                                                          | Federal<br>Expenditures | Local<br>In-Kind Match |
|----------------------------------------------------------|-------------------------|------------------------|
| Head Start: Basic                                        | \$ 6,906,074            | \$ 1,978,516           |
| Head Start: Basic Extension                              | 534,956                 | -                      |
| Head Start: CO I Extension                               | 117,982                 | -                      |
| Head Start: Training & Technical Assistance (T&TA)       | 14,217                  | 3,480                  |
| Head Start: Early Head Start Basic                       | 5,408,896               | 1,359,242              |
| Head Start: Early Head Start Basic Carryover [1]         | 198,918                 | -                      |
| Early Head Start: Training & Technical Assistance (T&TA) | 18,512                  | 5,500                  |
| EHS CCP Expansion CO I                                   | 144,005                 | -                      |
| 2024-25 Federal Expenditures, per audit                  | <u>\$ 13,343,560</u>    | <u>\$ 3,346,738</u>    |

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## *Note to the Supplementary Information*

*June 30, 2025*

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### **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.

#### **Schedule of Head Start Expenditures**

This schedule presents the financial activity for the District's different Head Start grants received from Los Angeles County Office of Education (LACOE).

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## *Other Information*

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## NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

### *Local Educational Agency Organization Structure*

*For the Fiscal Year Ended June 30, 2025*

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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 seventeen 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**

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| <b>Member</b>           | <b>Office</b>  | <b>Term Expires</b> |
|-------------------------|----------------|---------------------|
| Dr. Narcis Brasov, Esq. | President      | 2026                |
| Dr. Rob Cancio          | Vice President | 2026                |
| Esperanza “Espie” Free  | Member         | 2028                |
| Norma Amezcua           | Member         | 2026                |
| Jose Rios               | Member         | 2028                |
| Dr. Lorena Vidaurre     | Member         | 2026                |
| Becky Langenwalter      | Member         | 2028                |

#### **ADMINISTRATION**

Dr. Natasha Baker,  
*Superintendent*

Dr. Michael Gotto,  
*Assistant Superintendent, Human Resources*

Estuardo Santillan,  
*Assistant Superintendent, Business Services*

Tania Magaña,  
*Assistant Superintendent, Educational Services*

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*Other Independent Auditors' Reports*

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norwalk-La Mirada Unified School District as of and for the year ended June 30, 2025, 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 10, 2025.

**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.

Murrieta, California  
December 10, 2025



**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, 2025. 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, 2025.

***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.

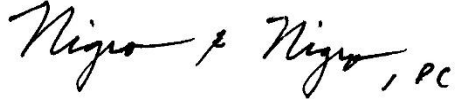
### **Report on Internal Control Over Compliance**

*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 10, 2025

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## 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 *2024-25 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, 2025.

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, 2025.

#### *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 *2024-25 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 *2024-25 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 *2024-25 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 *2024-25 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:

| <b>Description</b>                                          | <b>Procedures Performed</b> |
|-------------------------------------------------------------|-----------------------------|
| <b>Local Education Agencies Other Than Charter Schools:</b> |                             |
| Attendance                                                  | Yes                         |
| Teacher Certification and Misassignments                    | 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                         |

| <b>Description</b>                                                         | <b>Procedures Performed</b> |
|----------------------------------------------------------------------------|-----------------------------|
| <b>School Districts, County Offices of Education, and Charter Schools:</b> |                             |
| 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                         |
| Kindergarten Continuance                                                   | Yes                         |
| <b>Charter Schools:</b>                                                    |                             |
| 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              |

Areas marked as not applicable were not operated by the District.

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

#### ***Other Matter***

The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying schedule of findings and questioned costs as Finding 2025-001. Our opinion on each state program is not modified with respect to this matter.

*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.

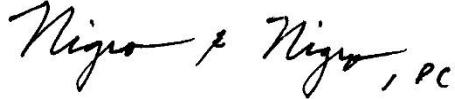
#### ***Report on Internal Control over Compliance***

*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 *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

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Murrieta, California  
December 10, 2025

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*Schedule of Findings and Questioned Costs*

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# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2025

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### 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> |
|----------------|-------------------------------------------|
|                | Mental Health Service Professional        |
| <u>84.184X</u> | <u>Demonstration Grant Program</u>        |
| <u>93.600</u>  | <u>Head Start Cluster</u>                 |

|                                                                          |                     |
|--------------------------------------------------------------------------|---------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$ 1,129,041</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, 2025*

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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 2024-25.*

## **NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT**

### *Federal Award Findings and Questioned Costs*

*For the Fiscal Year Ended June 30, 2025*

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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 2024-25.*

## NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

### *State Award Findings and Questioned Costs*

*For the Fiscal Year Ended June 30, 2025*

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

#### **Finding 2025-001: Comprehensive Safety Plan (40000)**

**Repeat Finding?** Yes

**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 the Norwalk High School comprehensive school safety plan, it was noted that the plan was reviewed, updated, and adopted on March 13.

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

**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.

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

**Views of Responsible Officials:** The finding was addressed with the Principal of Norwalk High School (NHS), who confirmed that the Comprehensive School Safety Plan was reviewed and adopted by the NHS Site Council. We will ensure that the NHS Comprehensive School Safety Plan is reviewed, updated, adopted, and properly dated in accordance with Education Code section 32286.

# NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

## Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2025

| Original<br>Finding No.                                   | Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Code  | Recommendation                                                                                                                                                        | Current Status                              |
|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| <i>Finding 2024-001<br/>Attendance<br/>Accounting</i>     | <p>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.</p> <p>During our review of ADA totals reported by the District to CDE, we noted the following misstatement:<br/><i>Period Annual (P-Annual) Report of Attendance</i><br/>Regular ADA &amp; Extended Year:<br/>Based on our recalculation, the District understated ADA by 0.05 in grades 9-12.</p>                                                           | 10000 | We recommend that the District develop procedures and implement controls to ensure pupil attendance is recorded and reported consistently and accurately.             | Implemented.                                |
| <i>Finding 2024-002<br/>Comprehensive<br/>Safety Plan</i> | <p>Education Code Section 32286 requires LEAs to have their comprehensive school safety plans reviewed, updated and adopted by March 1.</p> <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 40000 | 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. | Partially Implemented. See Finding 2025-001 |
| <i>Finding 2024-003<br/>Instructional<br/>Materials</i>   | <p>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.</p> <p>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.</p> | 70000 | 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.       | Implemented.                                |

## NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

### Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2025

| Original<br>Finding No.                                               | Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Code  | Recommendation                                                                                                                                                                                      | Current Status |
|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| <i>Finding 2024-004<br/>School<br/>Accountability<br/>Report Card</i> | <p>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.</p> <p>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.</p> | 72000 | 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. | Implemented.   |
| <i>Finding 2024-005<br/>ELOP Staff to Pupil<br/>Ratio</i>             | <p>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.</p> <p>Four of the sites tested were noted to be out of compliance with required ratios in one or more classes.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 40000 | 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.                                    | Implemented.   |

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

In planning and performing our audit of the basic financial statements of Norwalk-La Mirada Unified School District for the year ending June 30, 2025, 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 10, 2025, on the financial statements of Norwalk-La Mirada Unified School District.

#### ***ASSOCIATED STUDENT BODY FUNDS***

***Observation:*** It was noted that three of the twenty-five disbursements tested at Norwalk High School were 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 Norwalk High School, we noted that eight clubs 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 a 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 overdrafted accounts before the end of the fiscal year.

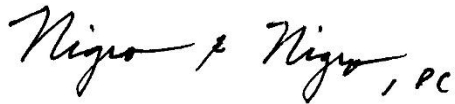
**Observation:** During our cash receipts testing we noted five of the ten cash receipts sampled at Norwalk High School were not deposited in a timely manner. Collected receipts were dated up to three months prior to being deposited in the bank.

**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 Norwalk High School, we noted that seven of ten 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's 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 10, 2025