



# Los Angeles County Office of Education

Leading Educators • Supporting Students • Serving Communities

Darline P. Robles, Ph.D.  
Superintendent

July 30, 2007

Los Angeles County  
Board of Education

Rudell S. Freer  
President

Mr. Felton Williams, Board President  
Long Beach Unified School District  
1515 Hughes Way  
Long Beach, CA 90810

Leslie K. Gilbert-Lurie  
Vice President

Sandra Jones Anderson

Dear Mr. Williams:

Sharon R. Beauchamp

In accordance with the provisions of Education Code Section 42127, a review of the Long Beach Unified School District's (District) budget for fiscal year 2007-08 has been completed by the Los Angeles County Superintendent of Schools. **That review has resulted in the approval of the District's budget** with comments regarding the declining enrollment, deficit spending, the status of labor negotiations, and the Self-Insurance-Fund.

Angie Papadakis

Thomas A. Saenz

Sophia Waugh

## DECLINING ENROLLMENT AND REDUCED REVENUE LIMIT FUNDING

The District's 2007-08 Budget projects the average daily attendance (ADA) for 2007-08 at 85,308, a reduction of 2,308 ADA from 2006-07. The District's multiyear projections also forecast ADA declines, with a reduction of 2,491 ADA in 2008-09, and a reduction of 2,483 ADA in 2009-10. While the District is able to use the previous year's higher ADA for revenue limit funding, it will continue to lose state funding over time as the decline in enrollment continues. We encourage the District to continue monitoring the projected enrollment trends and keep our office informed of any changes that materially affect the multiyear projections.

## LABOR CONTRACT NEGOTIATIONS

According to the information provided in the District's Budget, certificated and classified labor contract negotiations for 2007-08 remain unsettled and potential increases have not been calculated and incorporated into budgeted salary and benefit expenditures. This letter is a reminder that, before the District's Board of Education takes any action on a proposed collective bargaining agreement, the District must meet the public disclosure requirements of Government Code Section 3547.5 and the California Code of Regulations Title V, Section 15449. The document used for this analysis was included in Urgent Bulletin No. 2, dated July 10, 2007, and is titled "2007-08 Forms for Assembly Bill (AB) 1200: Public Disclosure of Proposed Collective Bargaining Agreements." This document can be found at the following Web site:

[www.lacoe.edu/bas](http://www.lacoe.edu/bas)



## DEFICIT SPENDING

The District is projecting an operating deficit of \$4.3 million. While this level of deficit spending represents less than one percent of the total budgeted outgo for 2007-08, the District projects that it will maintain the required level of reserves. We request that the District monitor the projected deficit to ensure that it remains manageable, since the District is projecting unrestricted revenue loss due to declining enrollment and labor negotiations for 2007-08 are not settled and not budgeted.

## SELF-INSURANCE FUND

We had requested that the District provide an update on the status of the Workers Compensation sub-fund to the Self-Insurance Fund with the 2007-08 Board adopted budget. The District's corrective action plan includes funding of the projected liability through increased payroll deductions, and the District projects that the sub-fund will have a positive fund balance of \$4.2 million by June, 2009. We note that the District regularly monitors the fund's status and we request that the District provide this office with updates of the Self-Insurance Fund balance as changes occur.

## CONCLUSION

We wish to express our appreciation to the District's staff for their cooperation during the review of the District's budget for fiscal year 2007-08. If our office can be of further assistance, please call me at (562) 940-1704.

Sincerely,

Melvin Iizuka  
Business Services Consultant  
Division of Business Advisory Services

MI:lc

cc: Mr. Steinhauser, Superintendent  
✓ Mr. Stallings, Chief Business and Financial Officer  
Ms. Thorpe, Budget Director  
Ms. Ginder, Accounting Director  
Mr. Shelton, Los Angeles County Office of Education (LACOE)  
Ms. Simons, LACOE  
Mr. Villanueva, LACOE  
Mr. Burdy, LACOE  
Ms. Fees, LACOE