



Los Angeles County Office of Education

Leading Educators • Supporting Students • Serving Communities

Darline P. Robles, Ph.D.
Superintendent

January 11, 2006

Los Angeles County
Board of Education

Angie Papadakis
President

Thomas A. Saenz
Vice President

Joan Paton Acosta

Rudell S. Freer

Leslie K. Gilbert-Lurie

Mary Anne O'Neal

Phyllis Waugh

Dr. Suja Lowenthal, Board President
Long Beach Unified School District
1515 Hughes Way
Long Beach, CA 90810

Dear Dr. Lowenthal:

In accordance with the provisions of Education Code (EC) Section 42131, a review of the Long Beach Unified School District's (District) First Interim Report for fiscal year 2005-06 has been completed by the Los Angeles County Superintendent of Schools (County Superintendent). Our analysis of the data provided indicates that the District should be able to meet its financial obligations for the current and two subsequent years. **We therefore concur with the District's positive certification** and offer our comments regarding the following issues.

LABOR CONTRACT NEGOTIATIONS

According to the information provided in the District's First Interim Report, certificated and classified labor contract negotiations for 2005-06 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 7, 2005, and is titled "2005-06 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/orgs/101/index.cfm

SPECIAL RESERVE FOR CAPITAL OUTLAY FUND

In our October 21, 2005 letter, we requested that the District submit a budget adjustment for the Special Reserve Fund for Capital Outlay to restore a positive fund balance by year end 2005-06. The District has submitted the Board approved budget adjustment to our office.

Dr. Suja Lowenthal, Board President
Long Beach Unified School District
January 11, 2006
Page 2

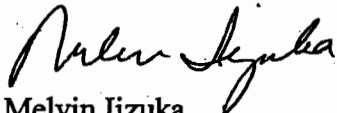
SELF INSURANCE FUND

We had also noted that the Self Insurance Fund ended 2004-05 with a negative fund balance of \$22.7 million which reflected the impact of a long term liability recorded for potential unpaid Worker Compensation claims as a result of an actuarial study. The District has indicated that it has increased its contribution rate for workers compensation from 3.5 percent to 5 percent in July 2005. This will restore a positive fund balance in approximately five years. We recommend that the District carefully monitor the fund balance to ensure that the fund will become fiscally solvent within that period.

CONCLUSION

We are aware that the information provided reflects the District's financial position and assumptions as of October 31, 2005, and that further adjustments will be made during the year as additional data becomes available. We hope that these comments will be helpful to the District administration and board as you plan for the remainder of 2005-06 and develop your projections for 2006-07 and 2007-08. We wish to express our appreciation to the District staff for their cooperation during the review of the 2005-06 First Interim Report. 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:pj

cc: Mr. Steinhauser, Superintendent
Mr. Stallings, Chief Business and Financial Officer
Mr. Bozanich, Financial Services Officer
Ms. Livesay, Budget Director
Ms. Thorpe, Accounting Director
Mr. Shelton, Los Angeles County Office of Education (LACOE)
Ms. Simons, LACOE
Mr. Ogunji, LACOE
Mr. Burdy, LACOE
Ms. Lomack, LACOE