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August 23, 2016

Mr. Howard Goldstein, Board President
Beverly Hills Unified School District
255 S. Lasky Drive
Beverly Hills, CA 90212

Dear Mr. Goldstein:

Under Education Code (EC) Section 52070(d), the Los Angeles County Superintendent of Schools (County Superintendent) has completed the review of the Beverly Hills Unified School District's (District) Local Control and Accountability Plan (LCAP) for fiscal year 2016-17. The three criteria for LCAP approval per EC Section 52070(d) include:

1. Adherence to the State Board of Education (SBE) Template
2. Sufficient Expenditures in Budget to Implement LCAP
3. Adherence to SBE Expenditure Regulations

Through the review and oversight process it has been determined that your District's LCAP has met all three criteria. **This letter serves as your District's notification of approval.**

We remind districts that Supplemental and Concentration (S&C) grant funding is included in the Local Control Funding Formula to increase and/or improve services to targeted student populations. It may be difficult for a district to meet the Minimum Proportionality Percentage at full implementation if S&C grant dollars have not been expended in each fiscal year to serve the targeted students who generated the funding.

BUDGET APPROVAL

Under EC Section 42127, the County Superintendent has completed the review of your District's budget for fiscal year 2016-17. **That review has resulted in approving the District's budget** with the following comments.

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CONSTRUCTION MANAGEMENT LITIGATION AWARD

In our letter dated April 13, 2016, we requested the District provide an update and plan that would address how the litigation award would be paid while maintaining overall fiscal solvency. We have received the District's written response, which describes its options if and when the award would be due. **We request the District continue to provide updates to our office regarding this matter as information becomes available.**

DEFICIT SPENDING

The District is projecting operating deficits of \$3.1 million and \$0.5 million for 2016-17 and 2017-18, representing 5.98 percent and 1.01 percent, respectively. According to our review, and as confirmed by the District, the projected deficit is primarily due to restricted program encroachment. While the District projects it will maintain the required level of reserves, we request that the District monitor the projected deficit to ensure that it remains manageable.

LABOR CONTRACT NEGOTIATIONS

According to the information provided in the District's Budget, labor contract negotiations which are based on assessed property valuations and property tax receipts, for 2016-17 are settled, and potential compensation increases have been calculated and incorporated into the budgeted salary and benefit expenditures. This letter is a reminder that, before the District's Board of Education takes any action on a proposed compensation increase resulting from the collective bargaining agreements, 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 Informational Bulletin No. 4385, dated July 13, 2016, and is titled "2016-17 Forms for Assembly Bill (AB) 1200: Public Disclosure of Proposed Collective Bargaining Agreements." This document can be found at the following website:

<http://www.lacoe.edu/BusinessServices/DocumentsForms.aspx>

2016-17 BUDGET REVISIONS AFTER STATE BUDGET ADOPTION

Since the District's budget assumptions may have changed from the Board adopted budget as a result of the State Adopted Budget and trailer legislation, this is a reminder that EC 42127(i)(4) states:

"Not later than 45 days after the Governor signs the annual Budget Act, the school district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect the funding made available by that Budget Act"

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Districts should take steps to make any necessary adjustments to their adopted budget. The adjustments should be submitted to the Los Angeles County Office of Education upon Governing Board approval. Please refer to Informational Bulletin No. 4386 dated July 13, 2016, for additional information. This document can be found at the following website:

<http://www.lacoe.edu/BusinessServices/DocumentsForms.aspx>

CONCLUSION

We wish to express our appreciation to the District's staff for their cooperation during the review of the District's LCAP and budget for fiscal year 2016-17. If you have questions regarding your District's budget approval, please call me at (562) 922-6133.

Sincerely,



Dionisio Brache
Business Services Consultant
Division of Business Advisory Services

DB:jj

cc: Mr. Kessler, Superintendent
Ms. Kirk-Carter, Chief Administrative Officer
Dr. Tedford, Chief Academic Officer
Ms. Villaflor, Director of Fiscal Services
Dr. Price, Los Angeles County Office of Education (LACOE)
Dr. Gilleland, LACOE
Mr. Crafton, LACOE
Mr. Faulkner, LACOE
Mr. Burdy, LACOE
Mr. Young, LACOE
Ms. Smith, LACOE
Ms. Minor, LACOE
Ms. Fuentes, LACOE
Ms. McFarland, LACOE
Ms. Keith, LACOE