



# Los Angeles County Office of Education

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Debra Duardo, M.S.W., Ed.D.  
Superintendent

August 21, 2018

## Los Angeles County Board of Education

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Ms. Lisa Korbatov, Board President  
Beverly Hills Unified School District  
255 S. Lasky Drive  
Beverly Hills, CA 90212

Dear Ms. Korbatov:

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 (FY) 2018-19. 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 low-income, English learner and foster youth student populations. To properly serve these targeted student groups who generated the funding, it is expected that S&C grant dollars be fully expended each fiscal year.

## BUDGET APPROVAL

Under EC Section 42127, the County Superintendent has completed the review of your District's budget for FY 2018-19. **That review has resulted in approving the District's budget** with the following comments.

## FISCAL STABILIZATION PLAN

The District submitted a 2017-18 Second Interim Report that projected the combined unrestricted General and Special Reserve Funds' ending balance would decrease from \$15.8 million to \$3.4 million from 2017-18 to 2019-20; a decline of 78 percent. As a result, our letter dated April 10, 2018, required the District to take steps to address deficit spending in a board approved fiscal stabilization plan (FSP), along with a board resolution for the plan,

On June 21, 2018, the Board took action to approve the District's FSP and resolution that constitutes eight fiscal stabilization options. The 2018-19 Adopted Budget includes revenue increases for 2018-19 and 2019-20 of \$1.8 million in each year based on higher actual 2017-18 property tax receipts. In addition, projections for Other Services expenditures for 2018-19 and 2019-20 have decreased by \$1.3 million in each year, and the District projects reserves of 6.00 percent for 2018-19, 16.54 percent for 2019-20, and 12.98 percent for 2020-21.

## **DEFICIT SPENDING**

The District is projecting an operating deficit of \$1.4 million for 2018-19. This level of deficit spending represents 2.54 percent of the unrestricted General Fund's budgeted outgo. The District is also projecting an operating deficit of \$2.4 million and \$1.9 million for 2019-20 and 2020-21, representing 4.13 percent and 3.14 percent, respectively. According to our review, and as confirmed by the District, the projected deficits are primarily due to restricted program encroachment and increasing CalSTRS and CalPERS retirement contributions. While the District also projects that it will maintain the required level of reserves, we request that the District monitor the projected deficit spending to ensure that it remains manageable.

## **LABOR CONTRACT NEGOTIATIONS**

According to the information provided in the District's Budget, labor contract negotiations for 2018-19 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 Informational Bulletin (IB) No. 4845, dated July 2, 2018, and is titled "2018-19 Forms for Assembly Bill (AB) 1200: Public Disclosure of Proposed Collective Bargaining Agreements." This document can be found at the following website:

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

## **2018-19 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"

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 IB No. 4843 titled "Budget and 45 Day Revision Process for 2018-19 and County Office of Education Budget Approval" dated July 3, 2018, for additional information. This bulletin can be found at the following website:

<https://www.lacoe.edu/Bulletins.aspx>

Ms. Lisa Korbato, Board President  
Beverly Hills Unified School District  
August 20, 2018  
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## 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 2018-19. If you have questions regarding your District's LCAP, please call Jeanne Keith at (562) 922-6354. If you have questions regarding your District's budget approval, please call Dio Brache at (562) 922-6133.

Sincerely,



Keith D. Crafton, Director  
Business Advisory Services



Dina Wilson (Aug 21, 2018)

Dina Wilson, Director III  
Division of Accountability, Support and Monitoring

KDC/DW/DB

cc: Michael Bregy, Ed D, Superintendent  
LaTanya Kirk-Carter Latham, Assistant Superintendent of Business Services  
Dustin M. Seeman, Assistant Superintendent of Educational Services  
Angeli Villaflor, Director of Fiscal Services  
Dr. Candi Clark, Los Angeles County Office of Education (LACOE)  
Arturo Valdez, LACOE  
Jeff Young, LACOE  
Chris Burdy, LACOE  
Dionisio Brache, LACOE  
Patricia Smith, LACOE  
Tracy Minor, LACOE  
Bonnie McFarland, LACOE  
Jeanne Keith, LACOE