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Superintendent

April 11, 2007

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Mr. Jon Meyer, Board President
Long Beach Unified School District
1515 Hughes Way
Long Beach, CA 90810

Dear Mr. Meyer:

In accordance with the provisions of Education Code (EC) Section 42131, a review of the Long Beach Unified School District's (District) Second Interim Report for fiscal year 2006-07 has been completed by the Los Angeles County Superintendent of Schools. 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 the following comments.

DECLINING ENROLLMENT AND REDUCED REVENUE LIMIT FUNDING

The District's 2006-07 Second Interim Report projects Revenue Limit average daily attendance (ADA) for 2006-07, 2007-08, and 2008-09 at 87,627.25, 84,986.25, and 82,435.39 respectively. This represents an approximate 3.0 percent annual decline in projected attendance. 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 to monitor the projected enrollment trends and to keep our office informed of any changes that materially affect the multi-year projections.

SELF-INSURANCE FUND

In our First Interim letter dated January 16, 2007, we requested that the District provide an update to the District's plan for offsetting the Self-Insurance Fund's negative fund balance in the Worker's Compensation sub-fund. The District's corrective action plan includes increased General Fund contributions to the Self-Insurance Fund over a five year period, beginning in fiscal year 2005-06, to offset the negative fund liability. As a result of the District's increased contributions, 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.

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CONCLUSION

Thank you for providing documentation that supports the District's positive certification. The multiyear projections, with accompanying narrative and assumptions, were extremely helpful in our analysis of the 2006-07 Second Interim Report and in verifying the District's fiscal condition.

We are aware that the information provided reflects the District's financial position and assumptions as of January 31, 2007, 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 2006-07 and develop your projections for 2007-08 and 2008-09. We wish to express our appreciation to the District staff for their cooperation during the review of the 2006-07 Second 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: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