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

January 5, 2018

**Los Angeles County
Board of Education**

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Mr. William A. Hinz, Board President
Lowell Joint School District
11019 Valley Home Avenue
Whittier, CA 90603-3098

Dear Mr. Hinz:

Under Education Code (EC) Section 42131, the Los Angeles County Superintendent of Schools (County Superintendent) has completed a review of the Lowell Joint School District's (District) 2017-18 First Interim Report. 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.

DEFICIT SPENDING

The District is projecting an operating deficit of approximately \$602,000 for 2017-18. This level of deficit spending represents 2.4 percent of the unrestricted General Fund's budgeted outgo. The District is also projecting operating deficits of \$747,000 and \$1.3 million for 2018-19 and 2019-20, representing 3.0 percent and 5.0 percent, respectively. According to our review, and as confirmed by the District, the projected deficits are primarily due increasing health and welfare and PERS/STRS benefit costs. While the District projects to maintain the required level of reserves in all three years, this trend of deficit spending should be recognized and monitored so it remains manageable.

LABOR CONTRACT NEGOTIATIONS

According to the information provided in the District's First Interim Report, certificated labor contract negotiations for 2017-18 and classified for 2016-17, 2017-18 remain unsettled and potential changes have not been calculated and incorporated into projected 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.

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The document used for this analysis was included in Informational Bulletin No. 46195, dated July 11, 2017, and is titled "2017-18 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>

CONCLUSION

Thank you for providing documentation that supports the District's positive certification. The multiyear projections, with narrative and assumptions, were helpful in our analysis of the 2017-18 First Interim Report and in verifying the District's fiscal condition.

The information provided reflects the District's financial position and assumptions as of October 31, 2017, and further adjustments will be made during the year as additional data becomes available. We hope these comments will be helpful to the District administration and board as you plan for the remainder of 2017-18 and develop your projections for 2018-19 and 2019-20. We wish to express our appreciation to the District staff for their cooperation during the review of the 2017-18 First Interim Report. If our office can be of further assistance, please call me at (562) 922-6802.

Sincerely,



Michael Jamshidi
Business Services Consultant
Business Advisory Services

MJ

cc: Jim Coombs, Superintendent
Andrea Reynolds, Assistant Superintendent, Administrative Services
Dr. Candi Clark, Los Angeles County Office of Education (LACOE)
Keith D. Crafton, LACOE
Charles Faulkner, LACOE
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