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Debra Duardo
Superintendent

April 21, 2025

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Mr. Julian Del Real-Calleros, Board President
Lynwood Unified School District
11321 Bullis Road
Lynwood, CA 90262

Dear Mr. Del Real-Calleros:

Pursuant to Education Code (EC) Section 42131, the Los Angeles County Superintendent of Schools (County Superintendent) has completed our review of the Lynwood Unified School District's (District) 2024-25 Second Interim Report (Report). Our analysis of the data provided indicates that the District should be able to meet its financial obligations for the current fiscal year and the subsequent two fiscal years. **We therefore concur with the District's positive certification** and offer our comments and concerns below.

FISCAL STABILIZATION PLAN

In our review of the District's Report, we noted that the District submitted an updated Fiscal Stabilization Plan (FSP) that commits the District to implementing budget reductions of \$4.60 million in 2025-26 and \$2.75 million in 2026-27. We appreciate the District's continued efforts to address its structural deficit spending.

DEFICIT SPENDING

With the implementation of the FSP, the District still projects operating deficits in the Unrestricted General Fund for 2024-25, 2025-26 and 2026-27, as shown in the table below. While the District projects it will maintain the required level of reserves, this level of deficit spending should be recognized and monitored so that it remains manageable and to prevent further erosion of the fund balance.

**Unrestricted General Fund Projections
 (\$ millions)**

| | <u>2024-25</u> | <u>2025-26</u> | <u>2026-27</u> |
|----------------------------|----------------|----------------|----------------|
| Beginning Fund Balance | \$72.89 | \$72.88 | \$58.75 |
| Projected Deficit Spending | (\$0.01) | (\$14.13) | (\$7.92) |
| Ending Fund Balance | <u>\$72.88</u> | <u>\$58.75</u> | <u>\$50.83</u> |
| Reserve Amount | \$29.37 | \$23.38 | \$15.46 |
| Reserve Percent | 10.70% | 8.18% | 5.70% |

ENROLLMENT/ATTENDANCE AND STATE FUNDING

The District's Report reflects declining enrollment. The District used a computed average of the prior three years' ADA to calculate its LCFF entitlement, which reduces the impact of declining enrollment on projected revenues.

Declining Enrollment and Funded ADA

| | <u>2024-25</u> | <u>2025-26</u> | <u>2026-27</u> | <u>2-Year Decline</u> | <u>Percent Decline</u> |
|---------------|----------------|----------------|----------------|---------------------------|----------------------------|
| Enrollment | 10,838 | 10,405 | 9,988 | (850) | (7.84%) |
| Funded ADA | 10,766 | 10,276 | 9,860 | (906) | (8.42%) |

Continued declines in enrollment and attendance will result in a loss of revenue for the District in future years. We recommend the District carefully monitor its enrollment and attendance trends and adjust financial projections for the current and subsequent fiscal years accordingly to reflect the resulting impact. Staffing needs and facilities planning should also be assessed and adjusted based on the projected rate of decline in enrollment.

Declining enrollment districts with charter schools must consider the effect of the movement of district ADA to district-authorized charter schools. ADA for students who attended a district non charter the previous year, and who now attend a district-authorized charter, is deducted from prior year ADA for purposes of calculating declining enrollment ADA. Conversely, ADA for students

Mr. Julian Del Real-Calleros, Board President
Lynwood Unified School District
April 21, 2025
Page 3

who attended a district-authorized charter the previous year, and who now attend a district, is added to prior year ADA for purposes of calculating declining enrollment ADA.

LABOR CONTRACT NEGOTIATIONS

According to our review of the District's Report, both certificated and classified labor contract negotiations for 2024-25 are not settled, and potential changes have not been calculated and incorporated into projected salary and benefit expenditures. As a reminder, 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 is included in Informational Bulletin No. 6887, dated August 1, 2024, and titled "2024-25 Forms for Assembly Bill 1200: Public Disclosure of Proposed Collective Bargaining Agreements." This document can be found at the following website:

<https://www.lacoe.edu/Portals/0/zBulletins/6887.pdf>

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 and in verifying the District's financial condition. The information provided reflects the District's financial position and assumptions as of January 31, 2025, and further adjustments will be made during the year as additional data becomes available.

We hope these comments are helpful to the District's administration and Board as you plan for the remainder of 2024-25 and develop your 2025-26 Budget multiyear projections. We express our appreciation to the District staff for their cooperation during our review. If our office may be of further assistance, please call me at (562) 922-6802.

Sincerely,

Dionisio Brache

Dionisio Brache
Business Services Consultant
Business Advisory Services

DB:lm

Mr. Julian Del Real-Calleros, Board President
Lynwood Unified School District
April 21, 2025
Page 4

cc: Gudiel Crosthwaite, Ph.D., Superintendent
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