



DESERT SANDS UNIFIED SCHOOL DISTRICT
The Future Is Here!

2021-2022

Second Interim
Narrative Report

March 15, 2022

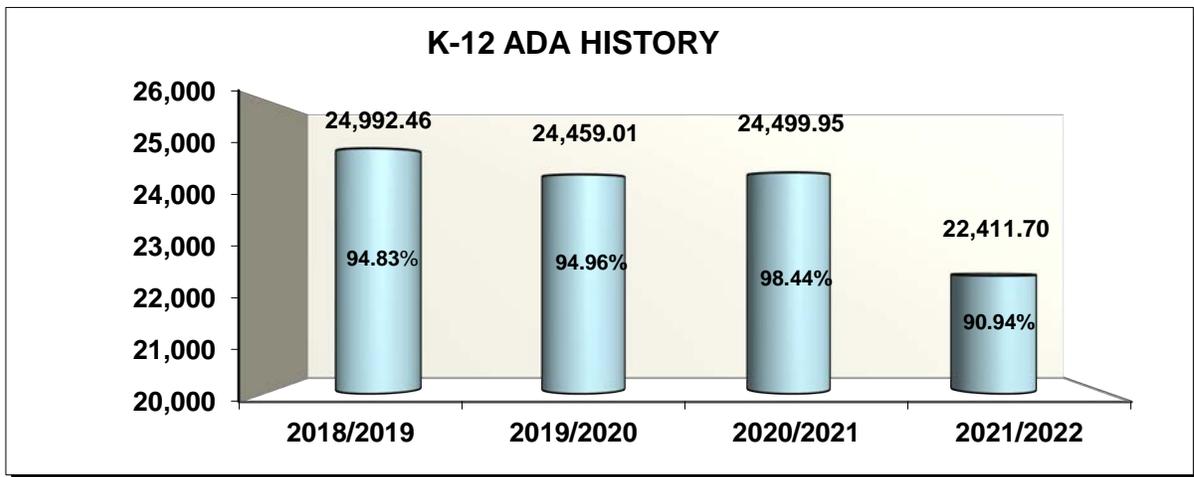
DESERT SANDS UNIFIED SCHOOL DISTRICT
 2021/2022 SECOND INTERIM FINANCIAL REPORT
Key Elements

The District’s Budget is formed around a set of basic assumptions and formulas.

Enrollment

Although enrollment projections are used to estimate the facilities and staffing needs, the state funding, Local Control Funding Formula (LCFF), is now provided to the District based on average daily attendance per grade span.

K-12 Average Daily Attendance



K-12 ADA HISTORY BY GRADE SPAN

YEAR	TK-3	4-6	7-8	9-12	TOTAL
2021/22	6,268.03	4,654.10	2,964.11	8,525.46	22,411.70
2020/21	7,236.21	5,026.63	3,439.26	8,797.85	24,499.95
2019/20	7,236.21	5,026.63	3,439.26	8,756.91	24,459.01
2018/19	7,304.92	5,327.55	3,481.49	8,878.50	24,992.46

Average Daily Attendance for K-12 is projected to be 90.94% of enrollment. This is significantly lower than our prior year averages due to the effects of the Covid-19 pandemic.

The Average Daily Attendance (ADA) for the current year is projected to be **22,411.70**. This projection includes regular education, special education, and community school ADA. ADA is used to project the LCFF revenues for the District. However, attendance was held harmless for the 2020-21 fiscal year, and for declining enrollment districts, the 2021-22 attendance figure will be based on 2019-20 Second Principal Apportionment and Annual Principal Apportionment figures.

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Local Control Funding Formula

The 2013/2014 state budget package, Chapter 47, Statutes of 2013, replaced the previous finance system for K-12 education with a new Local Control Funding Formula (LCFF). For school districts and charter schools, the LCFF creates base, supplemental, and concentration grants in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs.

The LCFF Revenue is funded by property tax receipts (local sources), the Education Protection Account (EPA), tax collections (Proposition 30), and the balance is provided to the District as a state apportionment.

LCFF Target Rates

The adopted state budget includes 5.07% COLA.

Grade Span	Base	Grade Span Adjust	Supplemental	Concentration
K-3*	\$8,093	842**	1,355	1,209
4-6	\$8,215		1,246	1,111
7-8	\$8,458		1,282	1,144
9-12	\$9,802	255	1,525	1,360

*Transitional kindergarten included.

**District must maintain a K-3 school-site class size average of 24.

The LCFF provides supplemental funding for particular student groups. Under the formula, each English Learner (EL), free or reduced-price meal (FRPM) student and foster youth generates an additional 20% of the qualifying students' adjusted grade span target base rate. Students who are in more than one of the student groups listed above are only counted once (known as an unduplicated count).

The 2021/2022 Enacted State Budget included ongoing funding to School Districts and Charter Schools that receive LCFF Concentration grant dollars, increasing the base grant augmentation from 50% to 65%. LEA's that receive these additional funds will be required to demonstrate how the funds are used to increase staff to pupil ratios at its high-poverty schools.

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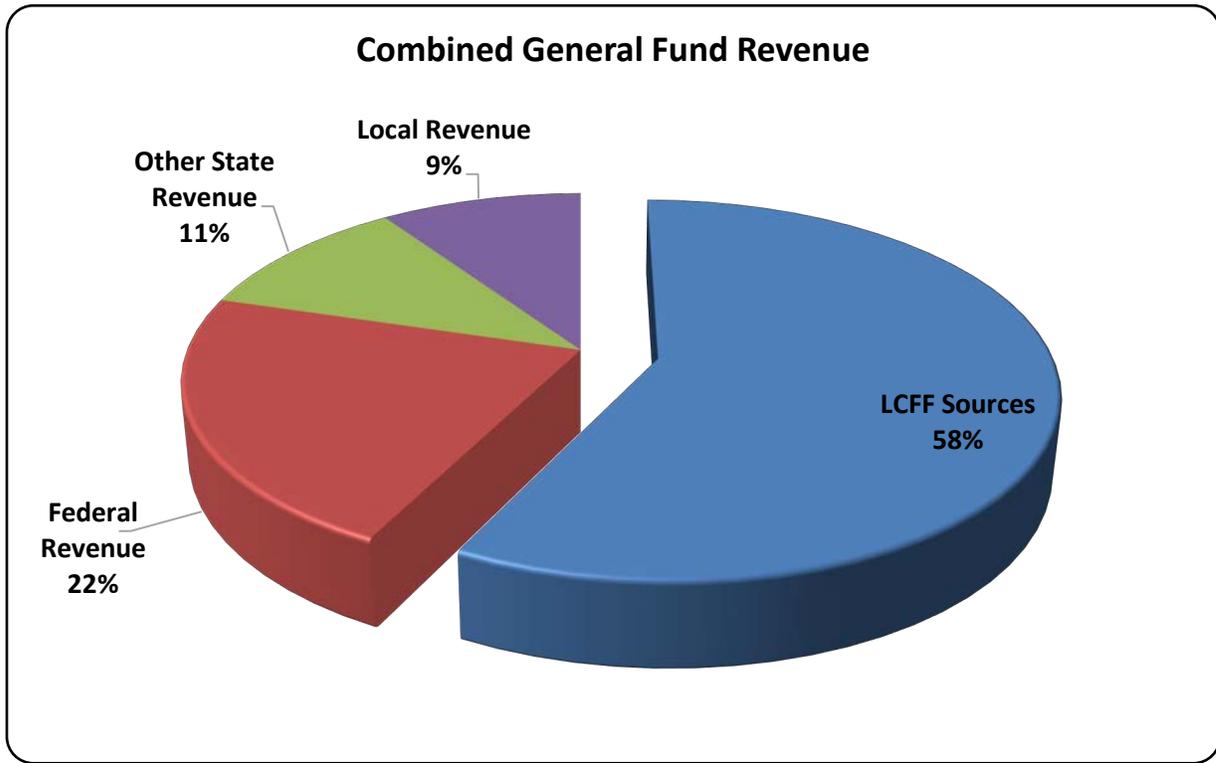
Key Elements

Districts whose EL/FRPM/Foster Youth populations exceed 55% of their enrollment receive concentration funding. The formula for concentration funding adds an additional 65% of the adjusted target base grant for EL/FRPM students above the 55% threshold.

The LCFF funds include two pre-existing programs – Targeted Instructional Improvement Block Grant (TIIG) and Home-to-School (HTS) Transportation as add-ons to the base rate funding. The add-on amount will be equivalent to the same amount received in 2012/2013. Districts receiving the HTS add-on will be required to spend the same amount of those funds for HTS as they spent in 2012/2013.

Components of LCFF (2021/2022) Entitlement	
Base Grant	\$215,319,289
TK-3 Grade Span Adjustment	6,098,219
9-12 Grade Span Adjustment	2,245,077
Supplemental Grant	33,911,720
Concentration Grant	30,253,720
Add-Ons (TIIG & HTS)	<u>2,539,269</u>
Total	\$290,367,294

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GENERAL FUND REVENUES

LCFF revenue sources provide **58%** of the funding received by our District within the General Fund. The Second Interim Financial Report increases the current year LCFF funding in the amount of **\$4,866,898**.

In addition to LCFF revenues, new or adjusted grant award letters have been received for the following federal, state, and locally funded programs:

Federal Revenue

- Title I – Basic Grant
- Migrant Ed
- Medi-Cal Administrative Activities (MAA)
- Elementary and Secondary School Relief Fund (ESSER)
- Elementary and Secondary School Relief Fund (ESSER II & III)
- Expanded Learning Opportunities (ELO) Grant (ESSER II & III)
- Expanded Learning Opportunities (ELO) Grant (GEER II)

An increase of **\$279,818** to federal revenues and corresponding expenditure accounts is reflected in this financial statement. This major increase is due to funds expected in response to the COVID-19 pandemic.

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Other State Revenue

Lottery
Career Technical Education Incentive Grant (GTEIG)
A-G Access Grant
A-G Learning Loss Mitigation Grant
Universal Pre-K Implementation/Planning Grant

The increase of **\$4,556,320** to other state revenue and corresponding expenditure accounts is reflected in this financial statement.

Local Revenue

Donations/Local Grants
Redevelopment
Medi-Cal Billing Option
Special Education

The increase of **\$5,818,642** to local revenue and corresponding expenditure accounts is reflected in this financial statement.

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GENERAL FUND EXPENDITURES

Employees

Desert Sands Teachers Association (DSTA) represents the certificated bargaining unit employees.

California School Employees Association (CSEA) represents the classified bargaining unit employees.

Certificated Staffing Ratios

Regular Classroom Teachers – Staffing goals for classroom teachers are listed below:

TK-3	One classroom teacher for each 24 students enrolled*
4-5	One classroom teacher for each 30 students enrolled
6-8	One classroom teacher for each 31 students enrolled
9-12	One classroom teacher for each 32 students enrolled

*LCFF grade span funding for TK-3 includes adjustments that require districts to reduce class size proportionate to target funding rate percentage by school site. The 2021/2022 average elementary school K-3 Grade Span Target is now 24:1 at full implementation.

Elementary School Prep Period

In addition to the regular classroom teacher allocation, the elementary schools are provided full time equivalent (FTE) funding allocations for preparation period coverage. The General Fund cost associated with providing elementary school prep periods is estimated to be **\$3,422,901**.

Classified Staffing Ratios

Classified School Support – The clerical support staffing ratios for the full time equivalent (FTE) classified positions per child enrolled at CBEDS are as follows:

Elementary School Ratio	-	.0040 FTE positions
Middle School Ratio	-	.0066 FTE positions
High School Ratio	-	.0070 FTE positions

Custodial Allocation: An additional 22 Custodians were added at First Interim to provide an additional .5 FTE at the elementary and 1 extra FTE at the middle and high schools.

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School Site Monitor Allocation:

Assembly Bill (AB) 670 (Chapter 582/2017) was signed into law and became effective January 1, 2018. This bill removed the exemption for part-time playground positions, essentially placing them into the classified service.

An MOU between DSUSD and CSEA was board approved on November 16, 2021 to place School Site Monitors at Range 61 of the Salary Schedule effective 1/1/2022. This is an increased ongoing cost to the District.

Step/Column Increases

The cost for step/column increases has not changed since the budget was adopted. The cost of step/column increases to all funds, including fixed charges, is **\$3,226,882, including fixed charges.**

Step/Column increases are salary increases afforded to employees based on years of service and/or credit for professional growth.

Growth/Restoration Positions

The following positions have been added to the budget since First Interim:

<u>Site</u>	<u>Position</u>	<u>Funding Source</u>
Carrillo Ranch	TOSA (1)	General Fund
Shadow Hills	Counselor (1)	General Fund
Horizon	Alternative Education Teacher (4)	General Fund
LQHS	Secondary Classroom Teacher (1)	General Fund
Adams ECLC	Special Day Class Teacher (1)	General Fund
Fiscal Services	Payroll Specialist (2)	General Fund
Security Services	Office Specialist/Bilingual (1)	General Fund
Indio High School	Career Guidance Specialist (1)	General Fund
Various	School Site Monitor (1)	General Fund
Various	Paraeducators (1)	General Fund

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School Site Formulas

School site formulas for discretionary allocations were budgeted at the following rates per CBEDS enrollment:

Fiscal Year	2021/2022	2013/2014	2009/2010
Elementary	\$42.65	\$48.46	\$60.00
Middle	\$53.31	\$60.58	\$73.40
Continuation/Alt Ed	\$57.79	\$65.67	\$77.26
High Schools*	\$104.58	\$106.85	\$125.71

**Includes athletic transportation allocation*

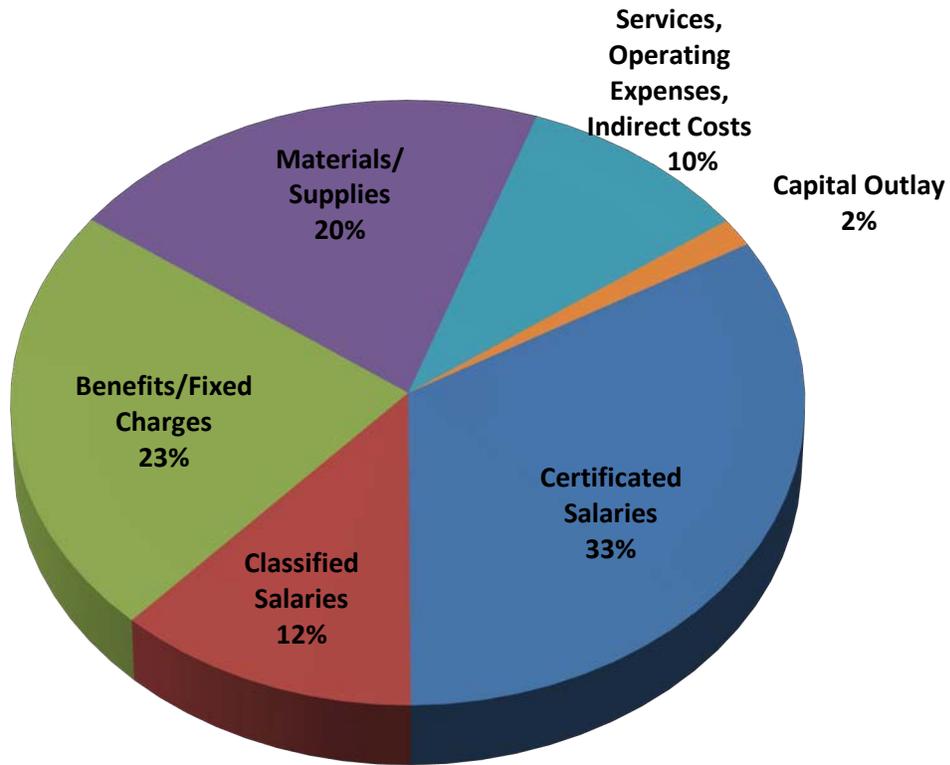
In addition to the discretionary allocations listed above, each comprehensive high school receives flat rate allocations for maintenance, operations, and extra-duty security personnel as well as equipment replacement.

Textbooks

The budget includes **\$3,725,142** towards the purchase of textbooks. This allocation is a combination of lottery funds, committed funds, and supplemental funding.

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General Fund Expenditure Summary



Expenditure Budget Summary

Salaries and employee benefits account for 68% of the General Fund operating budget.

Although the previous chart indicates that 68% of the General Fund budget is allocated to salaries and benefits, the following data is provided to show the difference between the unrestricted General Fund and the restricted General Fund commitments.

Description	Unrestricted	Restricted
Salaries, Benefits & Fixed Charges	83%	50%
Materials & Supplies.....	9%	35%
Services, Operating Expenses, Indirect	8%	12%
Capital Outlay	0%	3%
Total Second Interim Budget.....	100%	100%

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Cash

The greatest single revenue source in the General Fund is the LCFF funding. At the current reporting, the LCFF projection is \$290,367,294. The amount received is dependent on Average Daily Attendance (ADA), but received by the District in three distinct revenue streams and at different times during the year.

Property taxes (secured and unsecured), supplemental taxes and community redevelopment taxes provide approximately \$69.7 million after passing in-lieu taxes to the charter schools or 24% of the LCFF funding. Property taxes are received in full by June 30th of each year based on the tax assessor's calendar of distribution.

The second stream of revenue is the Education Protection Account (EPA). The Education Protection Account was established by the passage of Proposition 30 as a temporary tax initiative. The amount projected to be received as of this report is \$59.5 million or 20% of the LCFF funding. The funds received from the EPA cannot be used for salaries or benefits of the administrators or administrative costs.

The third revenue stream is termed as "State Aid" and is received from the state in timed increments for the remaining funds due.

The Second Interim Cash Flow projections are included in the state documents.

Multi-Year Projections

The Multi-Year projections are developed based on the planning factors provided by the Fiscal Crisis & Management Assistance Team, School Services of California, and/or recommendations by the Riverside County Superintendent of Schools.

Under LCFF funding, the fluctuation in revenues can be attributable to the variation in grade span enrollment, the unduplicated percentage for District students, the decline in enrollment and the projected Cost of living adjustments.

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Criteria & Standards

- ✓ Based upon the current projections, the cash balance will be **positive** at the end of the current year.
- ✓ Based upon current projections, the fund balance will be **positive** at the end of the current year and subsequent two years.
- ✓ The District’s required percentage reserve is **3%**. The recommended minimum reserve amount is **\$14,567,407**.
- ✓ The certificated employee bargaining unit negotiations are settled for 2021/2022.
- ✓ The classified employee bargaining unit negotiations are not settled for 2021/2022.
- ✓ Total FTE’s included in this report: **2,730.87**

	General Fund	All Other Funds
Administrative	5.00	0
Certificated	1,324.10	94.21
Classified	979.95	165.12
Confidential	11.00	0
Management	138.45	13.05
Totals	2458.50	272.38

Multi-year Commitments

Type of Commitment	#Yrs	Balance	2021/2022
General Obligation Bonds	24	\$451,464,209	\$35,940,388
Certificates of Participation	8	\$27,395,770	\$6,567,631
Early Retirement Incentive	1	\$30,621	\$30,621

DESERT SANDS UNIFIED SCHOOL DISTRICT
2021/2022 SECOND INTERIM FINANCIAL REPORT
Washington Charter School

The following is an overview of the finances for Washington Charter School. A complete report is provided to their Charter Board and available upon request.

Enrollment

Washington Charter School is projecting an enrollment of 741 with a 91% ADA of 681.72 that was based on October 2021 Unverified CBEDS.

Local Control Funding Formula (LCFF)

The State Budget funds charter schools through the LCFF. Charter schools will receive a per-ADA amount for the base grant by grade level, a supplemental grant, and a concentration grant. The supplemental and concentration grant allocations are funded based on the percent of the unduplicated count of students eligible for Free or Reduced Price Meals and those identified as English Learners. The concentration grant for charter schools is awarded to those agencies that have in excess of 55% unduplicated count. However, the unduplicated count at the Charter is limited to no more than the school district’s unduplicated count where the charter school is physically located. Projected unduplicated count for Washington Charter School is 44.06%. Desert Sands Unified School District’s unduplicated count has historically been over 71%.

Calculated LCFF Target:

<u>Grade Level</u>	<u>Base</u>	<u>Grade Span</u>	<u>Supplemental</u>	<u>Concentration</u>
TK-3	\$8,093	\$842	\$787	\$0.00
4-5	\$8,215		\$724	\$0.00

Washington Charter School’s Total LCFF Funding is projected to be **\$6,379,071** for the 2021/2022 school year. Included in this total is the Education Protection Account Funding in the amount of \$1,724,597.

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The following is funding utilized for the 2021/2022 school year at Washington Charter.

<i>Funding</i>	<i>Allocation</i>	<i>Purpose</i>
Lottery	\$158,218	Counselor Salary and Instructional Materials
Title II	\$20,969	Instructional Professional Development
Title III	\$24,438	Support English Language Learners
Educator Effectiveness Block Grant	\$115,736	Provide professional learning for teachers, administrators, paraprofessionals and classified staff to promote educator equity, quality and effectiveness.
Title IV	\$13,627	Support the effective use of technology to improve the academic achievement and digital literacy of all students
Elementary and Secondary School Emergency Relief II (ESSER II)	\$223,507	COVID-19 Support
Local Revenue Funding	\$63,267	
In-Person Instruction (IPI) Grant	\$144,720	
Mandate Block Grant	\$13,270	
Expanded Learning Opportunities Grants	\$212,937	

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Palm Desert Charter Middle School

The following is an overview of the finances for Palm Desert Charter Middle School. A complete report is provided to their Charter Board and available upon request.

Enrollment

Palm Desert Charter Middle School is projecting an enrollment of 1,298 with a 93% ADA of 1,207 that was based on October 2021 Unverified CBEDS.

Local Control Funding Formula (LCFF)

The State Budget funds charter schools through the LCFF. Charter schools will receive a per-ADA amount for the base grant by grade level, a supplemental grant, and a concentration grant. The supplemental and concentration grant allocations are funded based on the percent of the unduplicated count of students eligible for Free or Reduced Price Meals and those identified as English Learners. The concentration grant for charter schools is awarded to those agencies that have in excess of 55% unduplicated count over a 3-year average. However, the unduplicated count at the Charter is limited to no more than the school district's unduplicated count where the charter school is physically located. The 3-year average unduplicated count for Palm Desert Charter Middle School is 53.83%. Desert Sands Unified School District's unduplicated count has historically been over 71%.

Calculated LCFF Target:

<u>Grade Level</u>	<u>Base</u>	<u>Supplemental</u>	<u>Concentration</u>
6	\$8,215	\$884	\$0.00
7-8	\$8,458	\$911	\$0.00

Palm Desert Charter Middle School's Total LCFF Funding is projected to be **\$11,206,817** for the 2021/2022 school year. Included in this total is the Education Protection Account Funding in the amount of \$3,210,077.

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The following is funding utilized for the 2021/2022 school year at Palm Desert Charter Middle School.

<i>Funding</i>	<i>Allocation</i>	<i>Purpose</i>
Mandate Block Grant	\$20,775	Mandate Reimbursement
Expanded Learning Opportunities Grant	\$375,590	Extending instructional learning time, learning recovery, supports for credit-deficient students, additional academic services and professional development.
Title II	\$39,830	Lower Class Size
Title III	\$19,920	Support English Learners
Lottery	\$253,229	School Counselor/Materials and Supplies and Core Curriculum Materials
City of Palm Desert	\$75,000	BRIDGES After School Program
Elementary and Secondary School Emergency Relief (ESSER II)	\$396,088	COVID-19 Support
In Person Instruction Grant	\$428,844.97	Any purpose consistent with providing in-person instruction.
Educator Effectiveness Grant	\$213,465	Support professional development
Donations	\$5,000	
Interest Earnings	\$35,000	
Title IV	\$25,960	Update School Wireless Internet System

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Capital Facilities Funds

Prepared by: Patrick Cisneros, Director of Facilities Services
and Yolanda Garcia, Budget Technician

Capital Facilities Fund

Developer Fees

- The budgeted amount of \$2,700,000 reflects a conservative estimate for the 2021/2022 revenues. The total fees collected through January 31, 2022, are \$2,609,030.94.

Measure KK Projects

2019 Series - \$99,335,000

- 2019-2022
 - Indio Middle School Modernization
 - Kennedy Elementary School Modernization
 - Madison Elementary School Modernization
 - Ford Elementary School Modernization
 - Lincoln Elementary School Modernization
 - Monroe Elementary School Modernization

2020 Series - \$49,620,000

- Carter Elementary School Modernization
- Truman Elementary School Modernization
- Adams Early Childhood Learning Center Modernization

Special Reserve Fund for Capital Outlay Projects

- \$6.5 million in “pass-thru” revenue budgeted for the fiscal year 2021/2022
- \$6.5 million budgeted for debt service payments
- 2021-2022
 - Miscellaneous Capital Outlay Projects
 - La Quinta High School Scoreboard Project
 - La Quinta High School Baseball Fields
 - La Quinta Middle School Site Improvements
 - Indio High School Greenhouse Project
 - DEC Single Point of Entry
 - Eisenhower CEC Shade Shelters Project
 - Amistad Portable Demolition Project
 - John Glenn Middle School Interior Improvements

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Fund Classifications

General Fund – Unrestricted – This fund is used to account for the ordinary operations of the school district. Examples of expenditures reported in this account are direct classroom instruction, school administration, counseling, district administration, custodial, grounds, transportation, and security.

General Fund – Restricted – This fund is used to account for restricted projects or activities within the General Fund that must be identified and reported separately from unrestricted projects or activities. Examples of programs accounted for in this fund are special education, plant maintenance, federal, state, and local grants.

Charter School Fund – This fund is used to account for the activities of Washington Charter School and Palm Desert Charter Middle School.

Adult Education Fund – This fund is used to account specifically for educational programs that serve adults.

Child Development Fund – This fund can only be used to account for expenditures of operating early childhood education programs. The District currently operates a State Preschool Program and a Child Development Program within this fund.

Cafeteria Special Revenue Fund – This fund shall only be used to account for the revenues and expenditures of operating a food service program.

Capital Project Funds – These funds are used to account for the financial resources and expenditures (as designated by education code) for the acquisition or construction of major capital facilities projects. The following is a summary of the District funds:

- **Building Fund** – Proceeds from the sale of bonds
- **Capital Facilities Fund** – Developer fee collections
- **County School Facilities Fund** - State apportionments for construction
- **Special Reserve Fund** - Redevelopment Pass-thru
- **Capital Project Fund** – For projects financed by Community Facilities Districts

Bond Interest & Redemption Fund – This fund is used to accumulate property tax payments for the repayment of bonds issued for the District.

Self-Insurance Fund – This fund is used to account for the activities involved with managing the District’s self-insured workers’ compensation program and retiree benefits.

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Expenditure Classifications

Certificated Personnel Salaries

Certificated salaries are salaries that require a credential or permit issued by the Commission on Teacher Credentialing. Examples of certificated personnel:

Teachers	Principals	Librarians	Counselors
Nurses	Psychologists	Coordinators	Superintendent

Classified Personnel Salaries

Classified salaries are salaries that do not require a credential or permit. Examples of classified personnel:

Para-educators	Accountants	Supervisors	Cafeteria Workers
Carpenters	Clerks	Plumbers	Admin. Assistants
Electricians	Custodians	Security Agents	Delivery Drivers
Bus Drivers	Mechanics	Community Aides	Computer Technicians

Employee Benefits

This classification is used to account for contributions to employee retirement plans, health and welfare benefits, state unemployment insurance, social security, Medicare and workers' compensation associated with certificated and classified personnel salaries.

Books & Supplies

Expenditures for the purchase of instructional materials, books, fuel, tools, paper, pencils, Chromebooks, and magazine subscriptions are recorded in this category.

Site carryover funds are often placed in this category until they are allocated to their specific line item object code series.

Services & Other Operating Expenditures

This classification is used to record expenditures for services, rents, leases, software licenses, contracts, dues, repairs by vendors, travel, insurance, utilities, and legal expenses.

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Expenditure Classifications

Capital Outlay

Expenditures for the purchase of sites, buildings, and capitalized equipment, such as school buses are recorded in this classification.

Other Outgo

This classification is used to account for debt service, tuition payments to non-public schools (severely handicapped students) as well as other transfers to outside educational agencies (County Community Schools).

Program/Fund Support

This classification is used to account for the indirect cost that can be charged to categorical programs or other funds for the support provided by the General Fund. The indirect cost rate for **2021/2022 is 5.37%**.

Interfund Transfers Out

This classification is used to account for any contribution from the General Fund (restricted or unrestricted) to another fund maintained by the District.

One example of this classification is the transfer for the flow-through funds of the redevelopment agency agreements; funds are received in the Restricted General Fund and transferred out to the Special Reserve Fund as required.

The following is a table of the budgeted General Fund Interfund Transfers Out:

<u>Program</u>	<u>Amount</u>
Child Development Center Support	\$110,120
Cafeteria Support	\$2,350,253
Redevelopment Pass-thru	<u>\$6,567,632</u>
Total Interfund Transfers Out	<u>\$9,028,005</u>