



Riverside County
Board of Education

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DATE: September 14, 2017

TO: Mrs. Susan Scott, District Superintendent
Mr. Dean Primmer, Board President
Desert Center Unified School District

FROM: Judy D. White, Ed.D., Riverside County Superintendent of Schools

BY: Teresa Hyden  Chief Business Official
(951) 826-6790

Cynthia Glover Woods  Chief Academic Officer
(951) 826-6648

SUBJECT: 2017-18 ADOPTED BUDGET and LCAP – APPROVAL

The County Superintendent of Schools is required to review and approve the district's Local Control and Accountability Plan or the annual update to an existing Local Control and Accountability Plan prior to the approval of the district's Adopted Budget [Education Code Section 42127(d)(2)].

Adopted Local Control and Accountability Plan

In accordance with California Education Code (EC) Section 52070, our office has completed its review of the district's 2017-18 Local Control and Accountability Plan (LCAP) to determine whether it adheres to the guidelines adopted by the State Board of Education (SBE).

The district's adopted LCAP has been analyzed to determine whether:

- The plan adheres to the template adopted by the State Board of Education;
- The budget includes sufficient expenditures to implement the actions and strategies included in the plan, based on the projected costs included in the plan; and
- The plan adheres to the expenditure requirements for funds apportioned on the basis of the number and concentration of unduplicated pupils.

The district's adopted LCAP has been analyzed in the context of the guidance provided by the California County Superintendents Educational Services Association (CCSESA) and the California Department of Education (CDE). Based on our analysis, the district's Local Control and Accountability Plan for the 2017-18 fiscal year has been approved by the Riverside County Superintendent of Schools. Our goal is to further enhance the performance of students by providing feedback and inquiry questions that will support your refinement of the 2017-18 Local Control and Accountability Plan to close the achievement gap in metrics that impact student preparedness for college and career.

Student Achievement

The purpose of the LCAP is to ensure that all students graduate from high school with the skills needed to be successful in both college and career. Riverside County Office of Education conducted a review of research on K-12 college readiness indicators to identify those that would align with the LCAP purpose and have greatest impact. We offer the following commendations and inquiry questions to consider for the implementation of the 2017-18 Local Control and Accountability Plan and the refinement of the plan in the years 2018-19 and 2019-20.

Standards Met or Exceeded in English Language Arts (ELA) and Mathematics

The district is to be commended for an increase in the percent of students that meet or exceed standards in ELA and mathematics. Additional dialogue related to the questions below may support the achievement of the expected annual measurable outcomes and goals aligned to student achievement in ELA and mathematics:

- What are some ways you could monitor and evaluate implementation of ELA and mathematics state standards and achievement of students throughout the year?
- How might a progress monitoring system and data be utilized to track the effectiveness of the implementation of the focused professional development?

Course Access and Student Enrollment in Rigorous Coursework and Career Technical Education (CTE) Pathways

The district is to be commended for expanding Science, Technology, Engineering, and Mathematics (STEM) learning with curated Next Generation Science Standards (NGSS) materials and curricula. Additional dialogue related to the question below may support the achievement of the expected annual measurable outcomes and goals aligned to course access and student enrollment in rigorous coursework and CTE pathways:

- What impact might student career exploration have on pupil achievement and course access metrics?

Pupil Engagement and School Climate

The district is to be commended for a high rate of parent participation. Additional dialogue related to the question below may support the achievement of the expected annual measurable outcomes and goals aligned to pupil engagement and school climate:

- How might actions related to the parent and community partnership goal (Goal 3) be implemented to also support the academic achievement goal (Goal 2)?

Monitoring Progress

It is recommended that the district utilize a process that continually assesses the progress of each planned action and its effectiveness in achieving the expected annual measurable outcomes related to each goal specified in the Local Control and Accountability Plan (LCAP). Identifying leading indicators for progress on goals and developing a system to monitor those indicators throughout the year is encouraged. The information received from progress monitoring can support communication with stakeholders and provide information the district will need to clearly articulate, in the *Annual Update* section of the plan, the effectiveness of the planned actions/services.

To access resources and tools that will support future LCAP development, please go to <http://www.rcoe.us/educational-services/assessment-accountability-continuous-improvement/lcap-support/>.

Fiscal Recommendations

Supplemental and Concentration grant funding is included in the Local Control Funding Formula to increase and/or improve services to targeted student populations. If supplemental and concentration grant funds have been underinvested each fiscal year, it may be difficult for the district to demonstrate compliance with the LCFF spending regulations at full implementation.

During our review of the district's LCAP, we noted the following:

- Total projected Local Control Funding Formula (LCFF) revenues for the LCAP year listed in the *LCAP Budget Summary* did not correspond to the district's LCFF calculator. We recommended that the total be updated to correspond to the district's LCFF calculator. The district implemented our recommendation.
- Certain goals, actions, and services listed within the district's LCAP did not contain a source or a budget reference. We recommended that all goals, actions, and services contain all required items in accordance with the LCAP template. The district implemented our recommendation.
- The Percentage to Increase or Improve Services in the *Demonstration of Increased or Improved Services for Unduplicated Pupils* section did not correspond with the district's LCFF Minimum Proportionality calculation. It was our recommendation that the percentage be modified to 20.04 percent. The district implemented our recommendation.

Adopted Budget

In accordance with California Education Code (EC) Section 42127, our office has completed its review of the district's 2017-18 Adopted Budget to determine whether it complies with the criteria and standards adopted by the (SBE) and whether it allows the district to meet its financial obligations for the 2017-18 fiscal year, as well as satisfy its multi-year financial commitments.

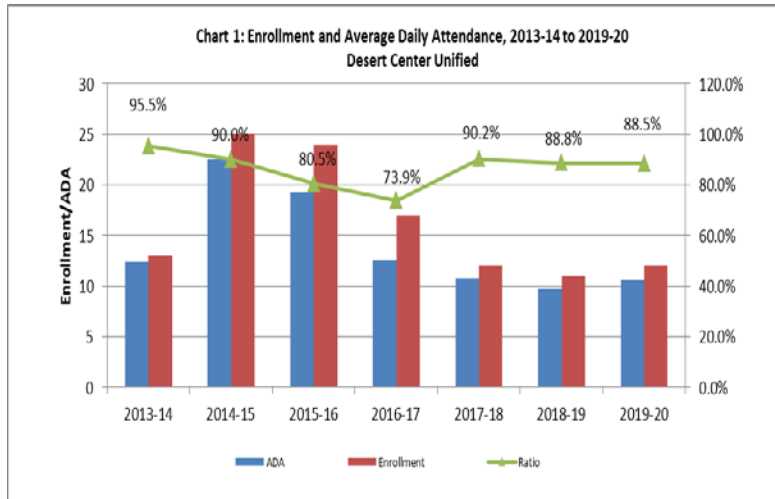
Based on our analysis of the information submitted, we approve the district's budget, but note the following concern:

- *Declining Enrollment* – The district's projections indicate declining enrollment for the current and first subsequent fiscal year.

Assumptions and Other Considerations

The district's adopted budget was developed prior to adoption of the 2017-18 Adopted State Budget. Actual state budget data should be reviewed and incorporated into the district operating budget and multi-year projections during the First Interim Reporting process.

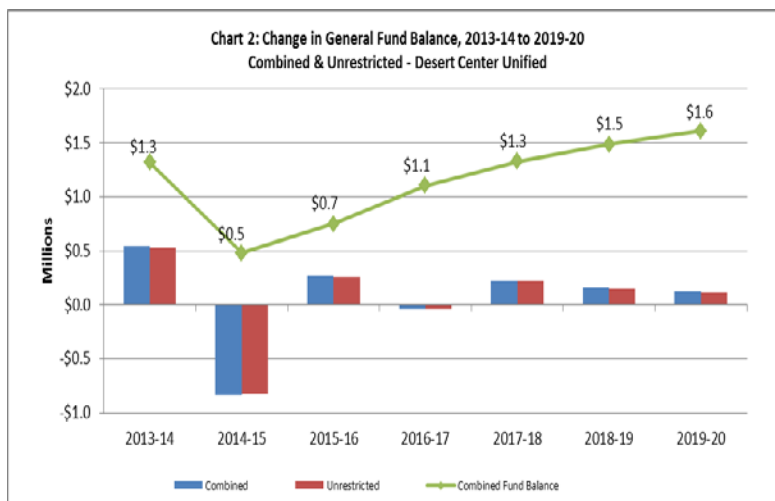
Average Daily Attendance (ADA) – The district estimates 10.82 ADA for the current fiscal year. The district projects 9.77 ADA for the 2018-19 fiscal year and 10.62 ADA for the 2019-20 fiscal year.



Unduplicated Pupil Percentage – The district reports an unduplicated pupil percentage of 67.92 percent for 2017-18, 65.00 percent for 2018-19, and 57.14 percent for 2019-20. The district’s unduplicated pupil percentage included in the 2016-17 P-2 certification by the California Department of Education was 67.69 percent.

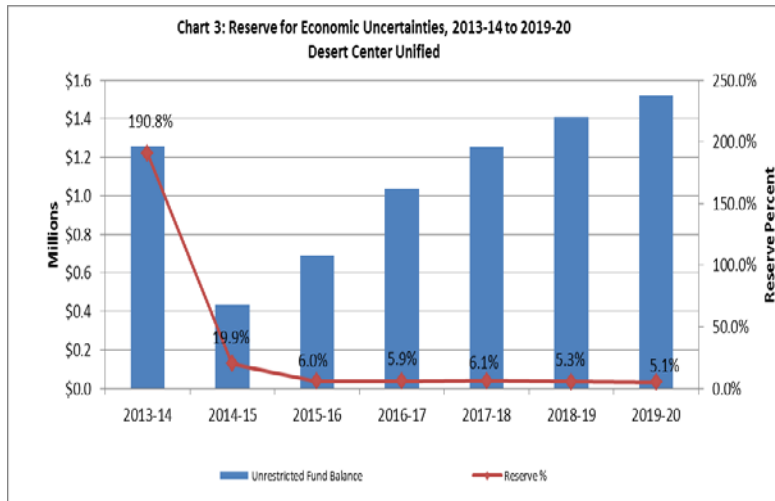
Property Taxes – As a “basic aid” district, the district’s primary revenue source is property taxes. Our office recommends the district closely monitor actual property tax receipts throughout the year and revise its budget and multi-year financial projections accordingly.

Fund Balance – The district’s Adopted Budget indicates a positive ending balance for all funds in the 2017-18 fiscal year. Chart 2 shows the district’s deficit spending historical trends and projections.

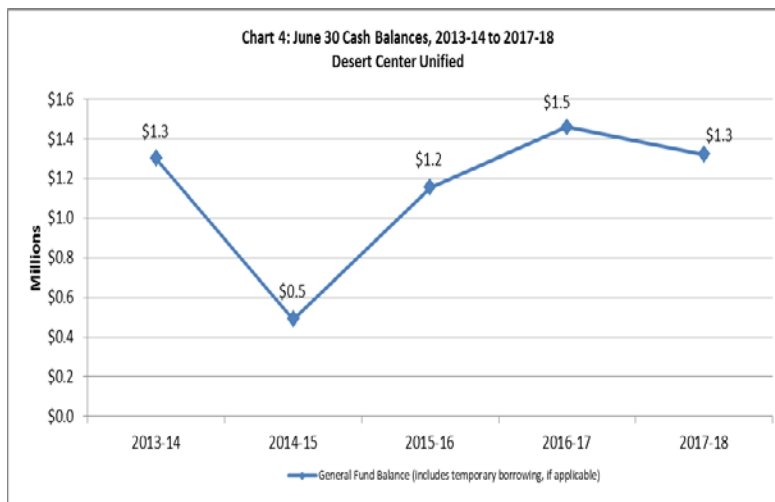


Employee Negotiations – As of the board date, June 19, 2017, the district reports salary and benefit negotiations are complete with both the certificated and classified bargaining units for the 2017-18 fiscal year. The agreements provided for a 6.0 percent increase to the district’s existing certificated and classified salary schedules in the 2017-18 fiscal year.

Reserve for Economic Uncertainties – The minimum state-required reserve for a district of Desert Center Unified School District’s size is \$66,000. Chart 3 displays a summary of the district’s actual and projected unrestricted General Fund balance and reserves. The district projects to meet the minimum reserve requirement in the current and subsequent fiscal years.

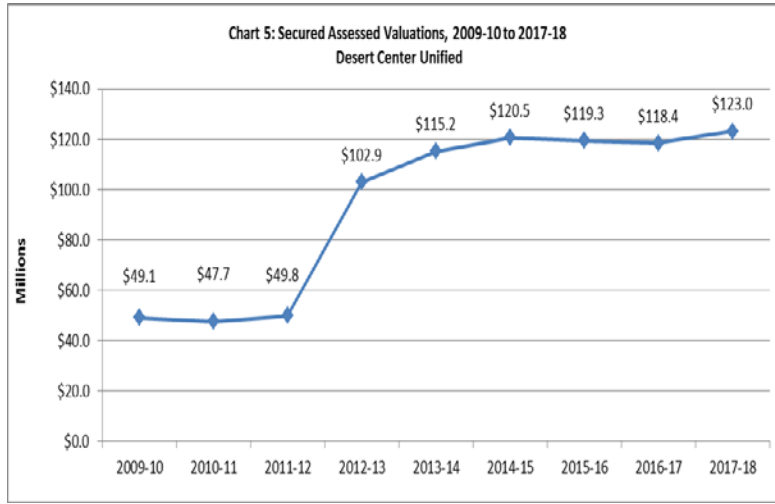


Cash Management – Chart 4 provides a historical summary of the district’s June 30th General Fund cash balance. Based on the budget’s cash flow analysis, the district projects a positive General Fund cash balance of \$1.3 million as of June 30, 2018. This balance does not include any temporary borrowings, and the district’s internal cash resources appear sufficient to address cash flow needs in the current year.



AB 2756 – Current law, as enacted through AB 2756 (Chapter 52, Statutes of 2004), requires the County Superintendent to review and consider any studies, reports, evaluations, or audits that may contain evidence a district is showing fiscal distress. Our office did not receive any such reports for the district.

Assessed Valuations – The Riverside County Assessor’s Office has estimated secured assessed valuations will increase by 5.53 percent countywide in 2017-18. Chart 5 displays a historical summary of the district’s secured property tax assessed valuations.



Conclusion

As the State rapidly approaches full implementation of the LCFF, it is vital that districts exercise sound fiscal judgement and remain cognizant of the rapidly changing environment in which we currently operate. Districts should maintain cautious regard when planning future programs and preparing multi-year financial projections. Our office is committed to supporting districts in maintaining quality educational programs, while preserving fiscal solvency. If we can be of any further assistance, please do not hesitate to contact our office.