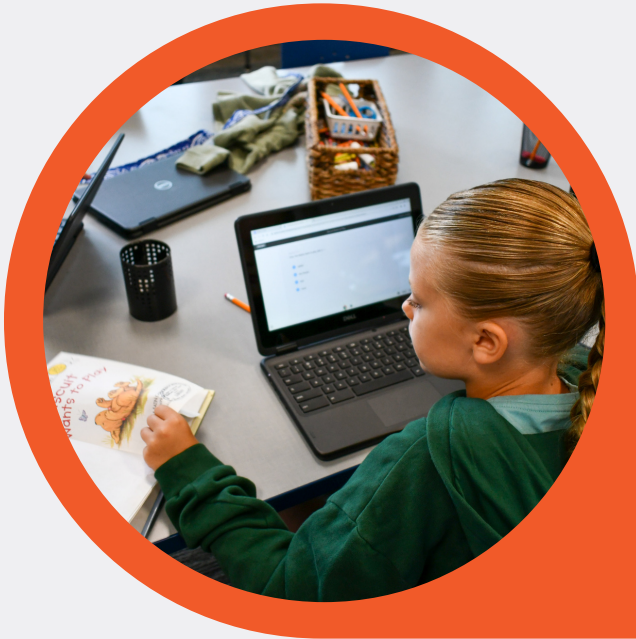


User-Friendly Budget

DECEMBER 13, 2022



WWW.HBCSD.US

8750 DORSETT DRIVE, HUNTINGTON BEACH, CA 92646

INSIDE THIS ISSUE



DISTRICT FOCUS AREAS	3
GENERAL FUND REVENUES	4
COMMUNITY-FUNDED STATUS	5
GENERAL FUND EXPENDITURES	6
MEASURE Q PROJECTS	7

A MESSAGE FROM

The Office of the Assistant Superintendent of Administrative Services

The User-Friendly Budget (UFB) has been created as a tool to improve the level of transparency and communication with parents and community members. Our goal is to assist our educational partners in understanding the District's financial commitments aligned with the instructional programs.

This issue of the UFB reflects the District's 2022-23 Revised Budget based on the Enacted State Budget and advisories from the County and State agencies. The General Fund Budget is the guiding financial plan for meeting the District's goals and objectives. It represents how much the District estimates it will receive in revenues, the maximum expenditures authorized by the Board, and the balance when the year is done.

Last year, the District adopted the Strategic Plan for 2022-2027, guiding our work together over the next five years by establishing focus areas for our District. Focus area #4 states the District's commitment to strengthening the short and long-term financial position through the responsible use of resources. We look forward to working with our educational partners to reach our goals, and thank you for your continued support.

Sincerely,
Jenny Delgado, Assistant Superintendent, Administrative Services

FOCUS AREAS

1

Academic Achievement

HBCSD will build capacity in our staff to maximize student learning outcomes.

2

Supportive School Environments

HBCSD will provide students with the resources and tools necessary to develop their social-emotional skills and support learning and well-being.

3

Engaged Community

HBCSD will enhance communication and trust with all stakeholders.

4

Responsible Use of Resources

HBCSD will strengthen the District's short and long-term financial position through the responsible use of resources.

5

Leadership Development

HBCSD will build leadership capacity at all levels of the organization to support data-informed decision-making, strategic foresight, and proactive response to change.



GENERAL FUND REVENUES

2022-23 REVISED BUDGET DECEMBER 13, 2022

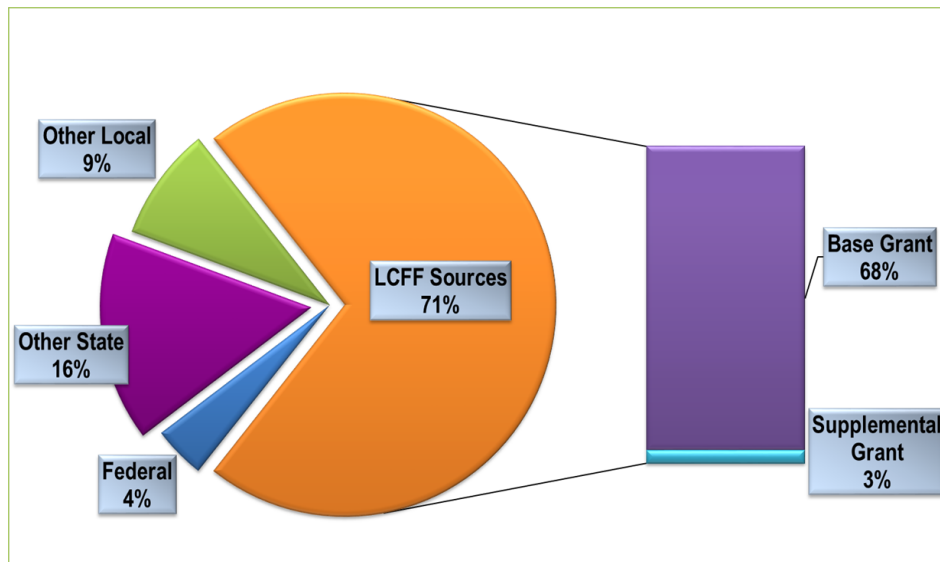


The District receives funding from a variety of sources. The largest is the Local Control Funding Formula (LCFF), which totals approximately \$ 59.2 million, or 71% of the District's revenues. Driving factors of the LCFF apportionment calculation are Average Daily Attendance (ADA), the percentage of unduplicated English Learners, Low-Income Students, Foster Youth, and the cost of living adjustment (COLA).

COLA, an important component of the calculation, is determined at the State level, but it does not translate to an automatic increase in revenues and does not guarantee new revenues to all districts, especially those with significant enrollment decline. For example, the 2022-23 State Enacted Budget included a 13.26% COLA; however, HBCSD revenues increased by only 4.45% or \$2.5 million, from \$56.7 million in 2021-22 to \$59.2 million in 2022-23.

Federal Revenues are \$ 3.3 million, State Revenues \$ 13.3 million, and Other Local Revenues at \$ 7.2 million, representing 4%, 16%, and 9%, respectively of total revenues.

	Unrestricted	Restricted	Total
LCFF Sources	\$59,275,479	\$0	\$59,275,479
Federal Revenues	\$0	\$3,318,905	\$3,318,905
Other State Revenues	\$879,380	\$12,396,005	\$13,275,385
Other Local Revenues	\$670,480	\$6,559,001	\$7,229,481
TOTAL REVENUES	\$60,825,339	\$22,273,911	\$83,099,250



TRANSITION TO COMMUNITY-FUNDED STATUS

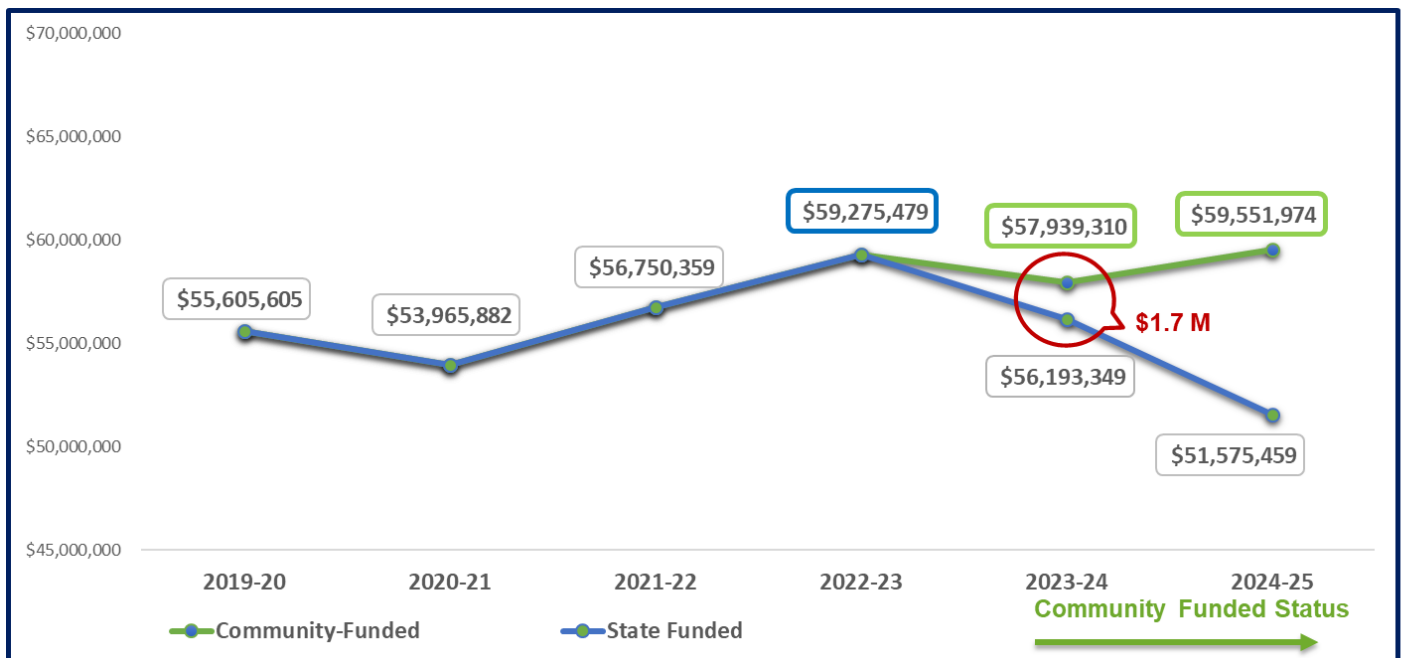
HBCSD is a state-funded district, but in recent years, we have been monitoring the possible transition to community-funded status as local property taxes seem to outpace the state funds in the upcoming years.

Some school districts, about 10% of the 1,000 districts in California, are funded primarily through local property taxes rather than state funds. These are called community-funded or basic aid districts. Here's how they work: Once the state calculates the annual allocation for school districts using the Local Control Funding Formula (LCFF), local property taxes are counted first, then the state makes up the rest to meet the district's funding target. Some districts' local property tax revenues are sufficient to meet their local LCFF amount. These districts keep all their local property tax revenues for education purposes. From the state, they receive only the minimum funding required by the State Constitution; about \$120 per student.*

While community-funded districts typically have relatively higher property tax bases, districts only know their estimated property tax revenue well into the fiscal year, and future year projections are volatile. This is why community-funded districts usually maintain a reserve level higher than the State-required minimum of 3%. HBCSD has a Board policy for an additional reserve of 4% of annual expenditures.

The chart below is a historical comparison of HBCSD's LCFF revenues under the State-funded status (blue line). The green line depicts the estimated funding under community-funded status, assuming an annual property tax growth of 4%. Based on the funding provisions of the 2022-23 State Enacted Budget, the District is transitioning to community-funded status in 2023-24 as property taxes are estimated to exceed the state funding target by \$1.7 million.

*Source: School Services of California



GENERAL FUND EXPENDITURES

2022-23 REVISED BUDGET DECEMBER 13, 2022

The General Fund Expenditures for 2022-23 are \$ 75.8 million, with approximately 85% of those expenses covering the salaries and benefits of teachers and support service providers. Salaries and benefits are budgeted based on established staffing ratios and Board approved positions. Expenses associated with State and Federal categorical programs are projected not-to-exceed program revenues, except for Special Education and Transportation, since the apportioned State funds are inadequate to meet the needs of students served. The General Fund's contribution to those categorical programs and to the restricted maintenance account totals \$ 7.4 million.

	Total
Certificated Salaries	\$33,151,894
Classified Salaries	\$11,019,644
Employee Benefits	\$20,194,760
Books and Supplies	\$3,448,158
Services and Other Operating	\$6,265,702
Capital Outlay	\$613,993
Other/Transfers Out	\$1,138,890
TOTAL EXPENSES	\$75,833,041

Education is a service-oriented business where students are served by teachers and support service providers. Approximately 85% of General Fund expenditures are for employees, including those who directly serve the children of this District. Since our business relies so heavily on people, our budget is impacted by increasing costs of employee benefits and by the cost of attracting and retaining employees who are qualified to serve our children.

MULTI-YEAR PROJECTIONS

Budgeting in school districts is based on multi-year projections, which are revised throughout the year. The following Multi-Year Projections are a snapshot as of December 2022 and will be updated in March - the next reporting period. The projections reflect the District's ability to meet its financial obligations for the current and the two subsequent fiscal years and to maintain reserves for economic uncertainties.

	2022-23	2023-24	2024-25
TOTAL REVENUES	83,099,250	73,557,048	75,149,712
TOTAL EXPENDITURES	75,833,041	71,206,383	72,432,380
CHANGE IN FUND BALANCE	7,266,209	2,350,665	2,717,332
BEGINNING BALANCE	19,082,716	26,348,925	28,699,590
PROJECTED ENDING BALANCE	26,348,925	28,699,590	31,416,922
Components of the Ending Fund Balance			
Stores, Revolving Cash, and Restricted Funds	(11,616,454)	(11,968,456)	(12,857,261)
Committed Reserves (includes 4% Board reserve)	(6,786,889)	(7,121,333)	(6,806,384)
Required Reserve for Economic Uncertainties	(2,274,991)	(2,136,191)	(2,172,971)
Unassigned/Unappropriated Amount	5,670,591	7,473,610	9,580,306

FACILITIES, MAINTENANCE & OPERATIONS

The ground for the Sowers Reconstruction Project is broken and the team is ramping up! On site, the Measure Q team is working to install 3 test piles that will provide the necessary structural data to move forward with over three hundred piles that will make up the foundation system of the project. A few hours north, the AMS buildings are running along the assembly line, being prepared for their installation at the Sowers campus. As shown in the photos below, having the building prefabricated in a factory results in ideal building conditions. The modular buildings are safe from weather and vandalism throughout the construction process.



EADER AND PETERSON MODERNIZATIONS

The punchlist has been completed and the final paperwork is being filed as the Eader and Peterson modernization projects have been completed on time and under budget. These projects resulted in a combined contingency return of over \$500,000. During the course of the projects, changes were implemented to provide a better finished result with a major focus on parking lots, traffic flow and safety. Witnessing nearly half a year of operations, these changes proved to be significant improvements for our students, staff, and surrounding community!

M&O AND GROUNDS PROJECTS

Our Grounds, Maintenance, and Operations teams are diligently working on preventative maintenance and addressing items when they arise from the site. Every now and again, the team has the opportunity to provide improvements above and beyond the standard day-to-day operations. At Smith, a beautiful, mature tree was lost due to an invasive species resulting in the tree having to come down. Over the holiday break, the grounds team replanted two trees in its place that will provide shade and beauty for our students for years to come.





BOARD OF TRUSTEES

Paul Morrow, Ed.D.

Diana Marks

Bridget Kaub

Ann Sullivan

Meghan Willis

EXECUTIVE MANAGEMENT

Leisa Winston, Ed.D. | Superintendent of Schools

ADMINISTRATIVE SERVICES

Jenny Delgado | Assistant Superintendent, Administrative Services

Mark Manstof | Director, Facilities & MOT

VISION

Igniting young minds to reach for a bright future

MISSION

To create a community where learners thrive

The Huntington Beach City School District, established in 1903, is located in the western coastal area of Orange County, approximately 35 miles southeast of Los Angeles. The District currently operates six elementary and two middle schools. The projected enrollment for the 2022-2023 school year is projected at 4,700 students.

FOR MORE INFORMATION VISIT THE URL BELOW

(714) 964-8888 | www.hbcasd.us/AdministrativeServices