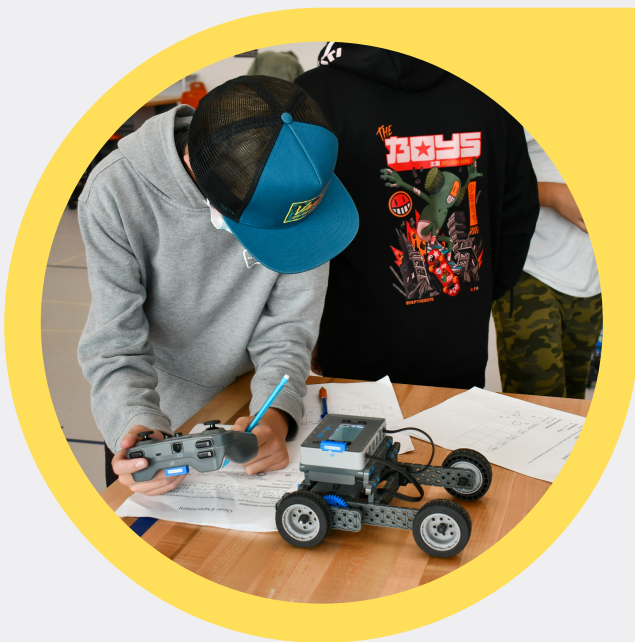




HUNTINGTON BEACH  
CITY SCHOOL DISTRICT

# User-Friendly Budget

MARCH 7, 2023



[WWW.HBCSD.US](http://WWW.HBCSD.US)

8750 DORSETT DRIVE, HUNTINGTON BEACH, CA 92646

# INSIDE THIS ISSUE



<b>DISTRICT FOCUS AREAS</b>	<b>3</b>
<b>GENERAL FUND REVENUES</b>	<b>4</b>
<b>COMMUNITY-FUNDED STATUS</b>	<b>5</b>
<b>GENERAL FUND EXPENDITURES</b>	<b>6</b>
<b>FACILITIES, M&amp;O, AND TRANSPORTATION</b>	<b>7</b>

## 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 advisories from the County and State agencies. The multiyear projections incorporate the Governor's Budget Proposal for the 2023-24 fiscal year. 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

# Our Vision

Igniting young minds to reach for a bright future



## Resourceful

Finding creative ways to adapt to challenges

## Self Aware

Identifying emotions and managing actions

## Caring

Displaying kindness and empathy

## Responsible

Taking ownership for commitments, actions and decisions

## Curious

Eager to learn and ask questions

## Globally Conscious

Showing care and concern for the good of humanity

# Our Mission

Create a community where learners thrive

# GENERAL FUND REVENUES

## 2022-23 REVISED BUDGET MARCH 7, 2023

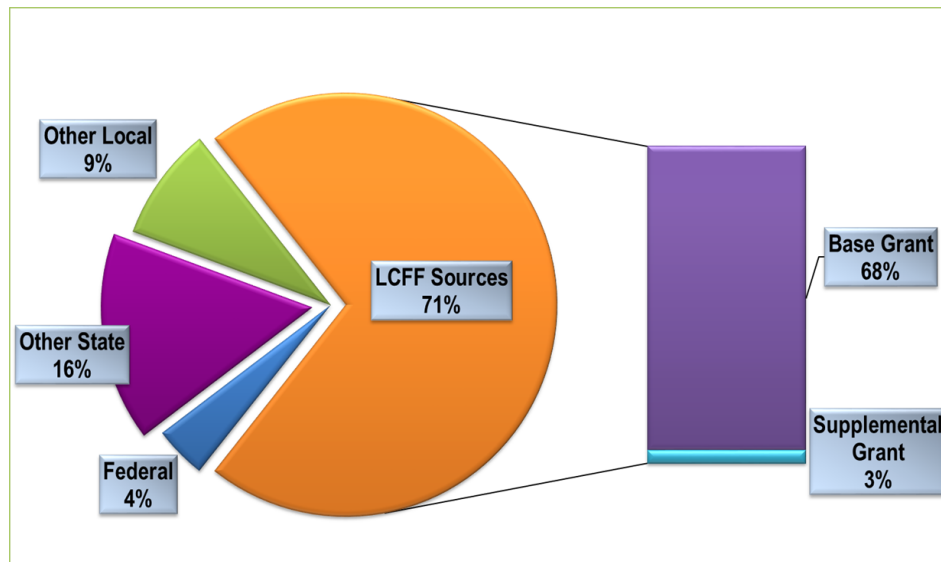


The District receives funding from a variety of sources. The largest is the Local Control Funding Formula (LCFF), which totals approximately \$ 59.5 million, or 71% of the District's revenues. Driving factors of the LCFF apportionment calculation are Average Daily Attendance (ADA), the percentage of 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 6.56% COLA and an increase to the base grant funding of 6.70%. However, HBCSD revenues increased by only 4.45%, or \$ 2.8 million, from \$ 56.7 million in 2021-22 to \$ 59.5 million in 2022-23.

Federal Revenues are \$ 3.3 million, State Revenues \$ 13.4 million, and Other Local Revenues at \$ 7.4 million, representing 4%, 16%, and 9% respectively of total revenues.

	Unrestricted	Restricted	Total
LCFF Sources	\$59,538,310	\$0	\$59,538,310
Federal Revenues	\$0	\$3,338,495	\$3,338,495
Other State Revenues	\$1,031,212	\$12,396,005	\$13,427,217
Other Local Revenues	\$713,071	\$6,719,424	\$7,432,495
<b>TOTAL REVENUES</b>	<b>\$61,282,593</b>	<b>\$22,453,924</b>	<b>\$83,736,517</b>



# TRANSITION TO COMMUNITY-FUNDED STATUS

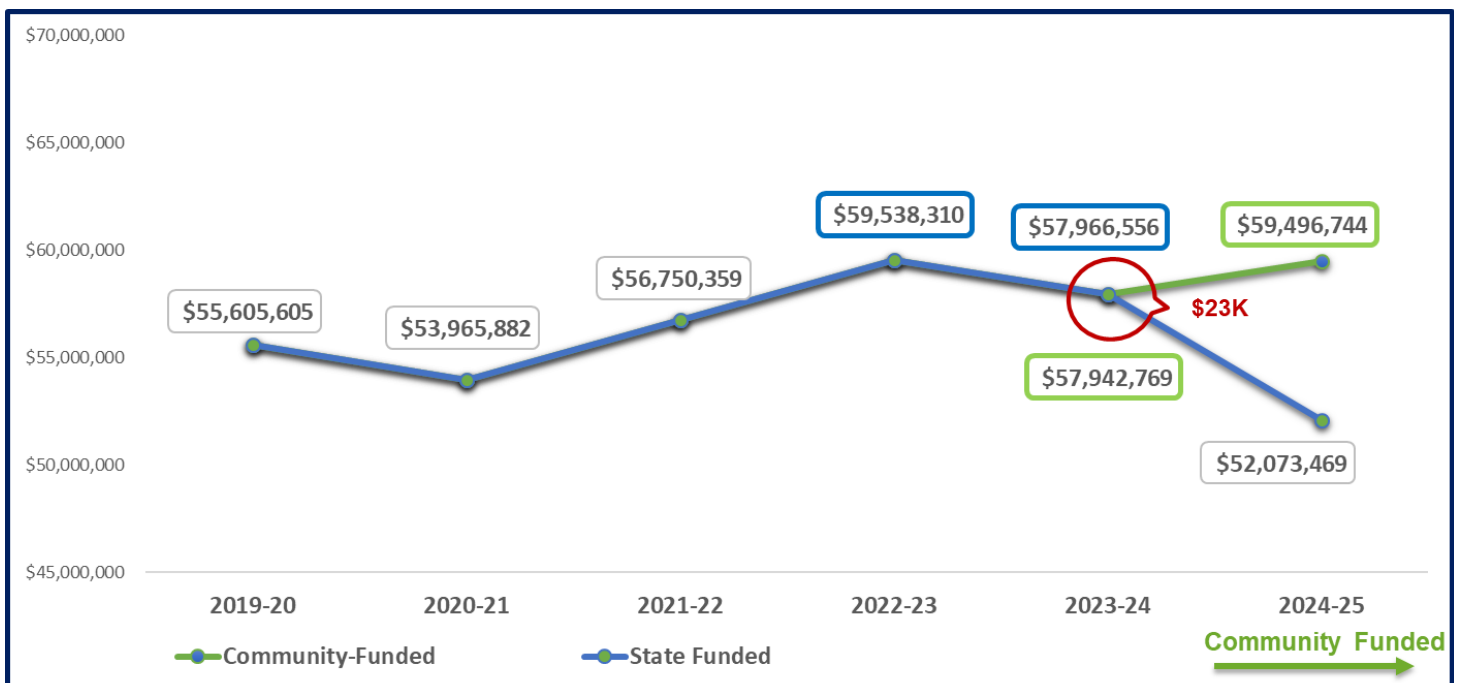
HBCSD is a State-funded district, but in recent years, we have been monitoring the possible transition to community-funded status as local property taxes seem to outpace the State funds in the upcoming years.

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 Governor's proposed cost of living adjustment of 8.13% for 2023-24, the District would stay one more year as State-funded. However, the difference between the estimated local taxes and the State funding proposal in 2023-24 is less than \$25,000. Therefore, any increases to the estimated property taxes could flip the funding back to community-funded status.

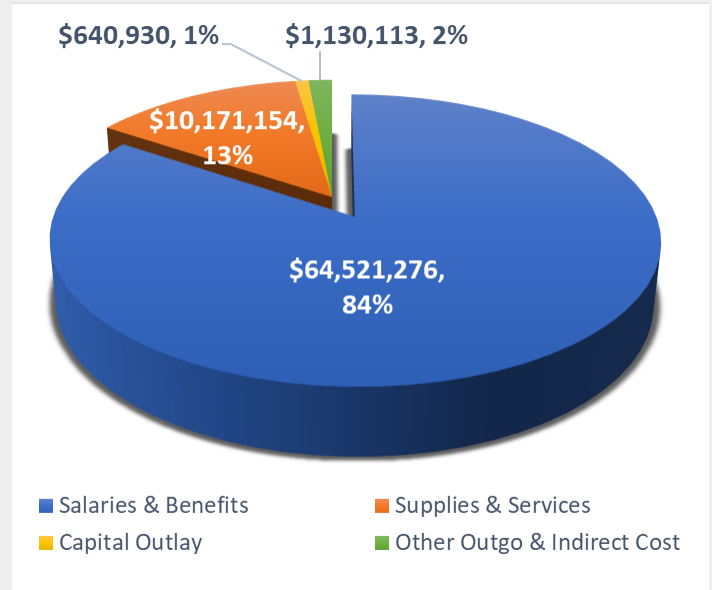
\*Source: School Services of California



# GENERAL FUND EXPENDITURES

## 2022-23 REVISED BUDGET MARCH 7, 2023

The General Fund Expenditures for 2022-23 are \$ 76.5 million, with approximately 84% 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 \$ 7.5 million.



Education is a service-oriented business where students are served by teachers and support service providers. Approximately 84% 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 March 2022 and will be updated in June - 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
<b>TOTAL REVENUES</b>	<b>83,736,517</b>	<b>73,758,729</b>	<b>75,268,918</b>
<b>TOTAL EXPENDITURES</b>	<b>76,463,473</b>	<b>71,682,379</b>	<b>73,092,607</b>
<b>CHANGE IN FUND BALANCE</b>	<b>7,273,044</b>	<b>2,076,350</b>	<b>2,176,311</b>
BEGINNING BALANCE	19,082,716	26,355,760	28,432,110
<b>PROJECTED ENDING BALANCE</b>	<b>26,355,760</b>	<b>28,432,110</b>	<b>30,608,421</b>
Components of the Ending Fund Balance			
Stores, Revolving Cash, and Restricted Reserves	(11,392,527)	(11,520,602)	(12,185,480)
Committed Reserves (includes 4% Board Reserve)	(6,812,106)	(7,140,373)	(6,832,793)
Required Reserve for Economic Uncertainties 3%	(2,293,904)	(2,150,471)	(2,192,778)
<b>Unassigned Amount</b>	<b>5,857,223</b>	<b>7,620,664</b>	<b>9,397,370</b>

## SOWERS RECONSTRUCTION



The Sowers Reconstruction project is well underway with the heavy equipment working long days to get the piles installed for the building foundations. Due to the liquefaction of the soils at the Sowers site, concrete piles are being drilled and connected to the bedrock approximately ninety feet into the earth. During the first phase of the reconstruction project consisting of the classroom buildings, administration, and STEM building, 180 of the 311 piles will be installed. Currently working alongside the piles are underground utilities such as sewer, water and electrical.



## TRANSPORTATION PLAN

As a condition of receiving apportionments under Education Code Section 41850.1, the District developed a Transportation Plan describing the transportation services it will offer to its pupils, and how it will prioritize planned transportation services for pupils in transitional kindergarten through sixth grade, inclusive of pupils who are low income. District staff provided a stakeholder meeting for various user groups inclusive of the Parent-Teacher Association, Unions, and bus drivers. Funding from the State will be utilized to maintain the six-hour guarantee for the bus drivers and to offset the operational cost increases.

### Annual Transportation Service Plan



Include priority for planned services for students in grades TK-6 and low-income students

Describe how transportation will be accessible to students with disabilities and homeless youth

Describe how unduplicated students may access free transportation

Develop in consultation with staff, regional transit authorities, local air pollution control districts, air quality management districts, parents, and students

- Plan is required only for LEAs seeking reimbursement
- Adopted by governing board by April 1, 2023, in an open meeting with opportunity for in-person and remote public comment
- Updated annually



## **BOARD OF TRUSTEES**

Paul Morrow, Ed.D. | President

Diana Marks | Vice President

Bridget Kaub | Clerk

Ann Sullivan | Member

Meghan Willis | Member

## **EXECUTIVE MANAGEMENT**

Leisa Winston, Ed.D. | Superintendent of Schools

## **ADMINISTRATIVE SERVICES**

Jenny Delgado | Assistant Superintendent, Administrative Services

Marie Nguyen | Director, Fiscal 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](http://www.hbcasd.us/AdministrativeServices)