

User-Friendly Budget

SEPTEMBER 13, 2022



WWW.HBCSD.US

8750 DORSETT DRIVE, HUNTINGTON BEACH, CA 92646

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A MESSAGE FROM

The Office of the Assistant Superintendent of Administrative Services

This 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 to the instructional programs.

This issue of the UFB reflects the District's final 2021-22 revenues and expenditures after completing the fiscal year-end closing activities. These annual statements are known as Unaudited Actuals since the financial data has not been formally audited yet.

Recently, the District adopted the Strategic Plan for 2022-2027, which will guide our work together over the next five years by establishing focus areas for our District. Focus area #4 states the District's commitment to strengthen the short and long-term financial position through the responsible use of resources. We look forward to partnering 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

2021-22 UNAUDITED ACTUALS SEPTEMBER 13, 2022

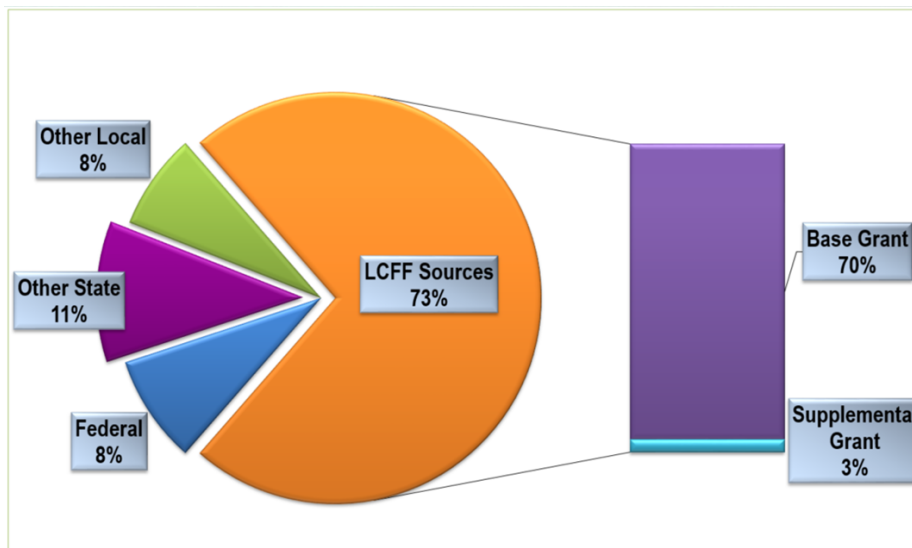


The District receives funding from a variety of sources. The largest is the Local Control Funding Formula (LCFF), which totaled approximately \$ 56.7 million, or 73% of the District's revenues. Driving factors for the LCFF apportionment calculation are Average Daily Attendance (ADA), the percentage of unduplicated English Learners, Low-Income students, and Foster Youth, and the cost of living adjustment (COLA). The COLA is determined at the State level and applies to the funding rates, but it does not mean an automatic increase in revenues and does not guarantee new revenues to all districts, especially those with significant enrollment decline.

Based on the newly enacted State funding model, the District is transitioning to community-funded status in 2024-25 as property taxes are estimated to exceed the State funding levels.

Federal Revenues are \$ 6.6 million, State Revenues \$ 8.6 million, and Other Local Revenues at \$ 5.9 million, representing 8%, 11%, and 8% respectively of total revenues.

	Unrestricted	Restricted	Total
LCFF Sources	\$56,740,516	\$0	\$56,740,516
Federal Revenues	\$0	\$6,616,521	\$6,616,521
Other State Revenues	\$1,337,350	\$7,278,584	\$8,615,934
Other Local Revenues	\$547,633	\$5,353,584	\$5,901,217
TOTAL REVENUES	\$58,625,499	\$19,248,689	\$77,874,188



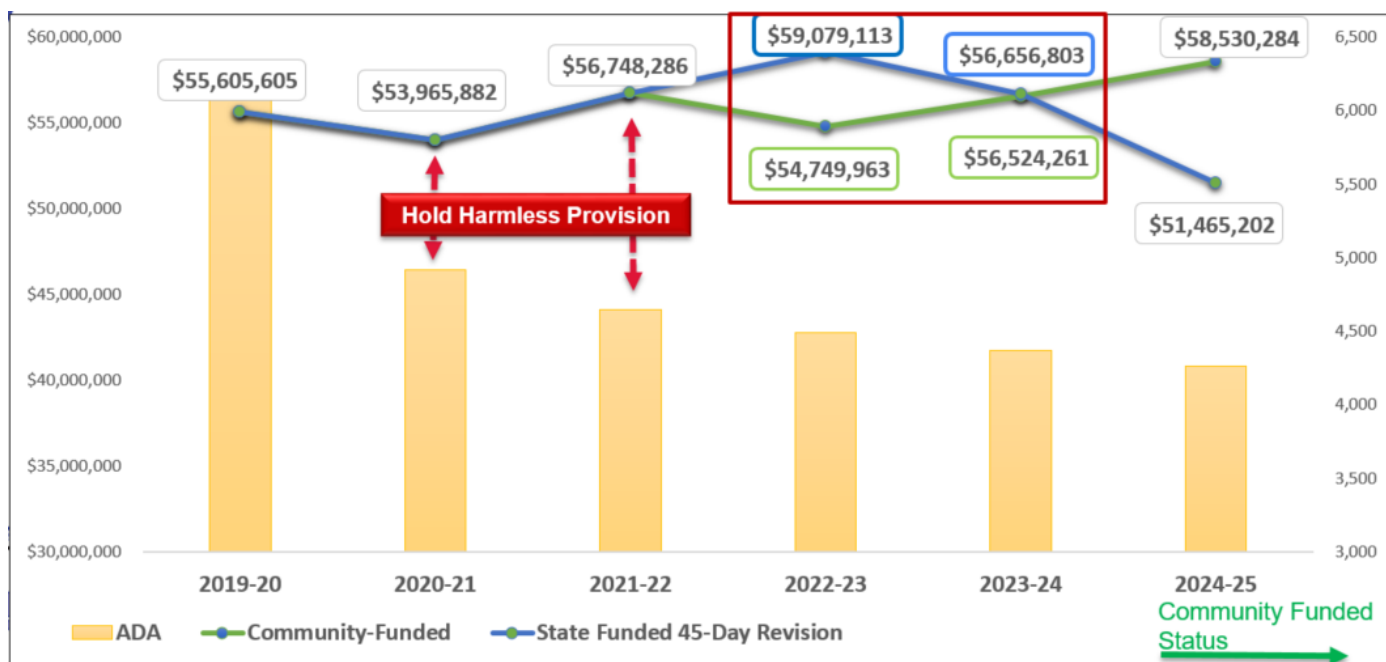
TRANSITION TO COMMUNITY-FUNDED STATUS

California has two types of districts based on their funding: community-funded, also known as basic aid, and State-funded. Huntington Beach City School District is a State-funded district. However, we have been monitoring a possible transition to community-funded status in recent years.

A community-funded district receives most of its funding from local property taxes because local property taxes exceed the State's guaranteed per-student funding under the LCFF (Local Control Funding Formula) calculation. Community-funded districts are allowed to retain all their allotted property tax revenue, and State contributions to a community-funded district's budget are minimal.

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%. When the District budget was adopted in June, the projections showed HBCSD transitioning to community-funded status as property taxes were estimated to exceed the State funding levels. However, in July, when the State Budget was enacted, the Governor and Legislature approved additional LCFF funding, including the use of an average of the prior three years of attendance to fund districts starting 2022-23 and an allocation for transitional kindergarten students. These provisions would increase the state revenues by approximately \$ 4 million, surpassing the local property tax revenues in 2022-23, delaying the transition to community funded status for possibly two years.

While community-funded districts typically have relatively higher property tax bases, districts do not know their estimated property tax revenue until well into the fiscal year, and future year projections are subject to volatility. 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.



GENERAL FUND EXPENDITURES

2021-22 UNAUDITED ACTUALS SEPTEMBER 13, 2022

The General Fund Expenditures for 2021-22 are \$ 71.6 million, with approximately 87% 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, since the apportioned State funds are inadequate to meet the needs of students served. The General Fund contribution to categorical programs including Special Education and Routine Restricted Maintenance totals \$ 7 million.

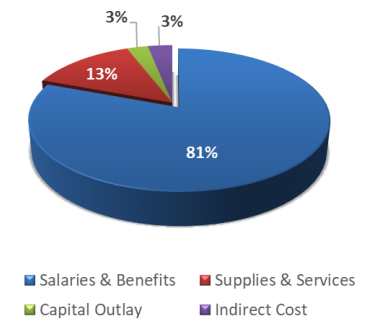
	Total
Certificated Salaries	\$31,868,070
Classified Salaries	\$11,518,784
Employee Benefits	\$19,222,064
Books and Supplies	\$1,907,032
Services and Other Operating	\$5,372,192
Capital Outlay	\$245,444
Other/Transfers Out	\$1,466,742
TOTAL EXPENSES	\$71,600,328

The 2021-22 total expenditures also include about \$ 5.8 million of pandemic-related expenditures funded by Federal and State COVID-19 relief funds.

COVID 19 Related Expenditures:

- Class-size reduction
- Additional support staff – supervision
- Social-emotional support
- Summer Enrichment Program
- Student and staff devices
- Educational software
- Connectivity software and hotspots
- Personal protective equipment
- Cleaning and disinfecting measures

COVID-19 Expenditures



A PEOPLE BUSINESS

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.

Services are provided by teachers, nurses, counselors, librarians, psychologists, speech therapists, custodians, secretaries, clerks, maintenance workers, bus drivers, technical support personnel, instructional aides, substitutes, principals, supervisors, and other administrative and support staff.

Since our business relies so heavily on people, our budget is impacted by increasing costs of employee benefits and by the cost to attract and retain quality employees who are qualified to serve our children.

FACILITIES, MAINTENANCE & OPERATIONS

Eader and Peterson begin the school year with another campus facelift, completing Phase 2 of modernizations. Our students will now experience our 21st century learning environments on both campuses, as well as improvements to the operations of the site. Completion of the modernization at the last two elementary schools provides a short break before the Sowers Reconstruction project begins.



M&O SUMMER PROJECTS

Our Maintenance and Operations team got to enjoy the summer sunshine by completing over 300 work orders and larger projects around the District including:

- Testing and repairs to water fountains
- Patching play surfacing at playgrounds
- Preventative maintenance, service, and filter replacement on all HVAC
- Upgrading old light fixtures to energy efficient LED lighting

The grounds team worked hard in the heat of summer to keep our schools well kempt and beautify our sites, highlighted by the replacement of the Dwyer gymnasium area trees with palm trees.

At the sites, our custodial staff worked diligently cleaning up and preparing for student return. The team gathered for an "all hands" training on the proper care and maintenance of flooring and furniture to enhance the lifespan of these products.

As the new school year settles in, the team will prioritize work orders related to health and safety.

CENTRAL KITCHEN

Aside from the Measure Q construction, the Central Kitchen project at the District Office was completed this summer allowing for the District Central Kitchen to relocate from the Peterson site.

This dance of timing allowed a smooth transition for our food services team to get into the space at the District Office while the Measure Q construction team repurposed the space at Peterson into offices, storage, and a new serving kitchen.



BOARD OF TRUSTEES

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Ann Sullivan | Member

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