



HUNTINGTON BEACH
CITY SCHOOL DISTRICT

User-Friendly Budget

JUNE 20, 2023



WWW.HBCSD.US

8750 DORSETT DRIVE, HUNTINGTON BEACH, CA 92646

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A MESSAGE FROM 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 2023-24 Adopted 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.

The Huntington Beach City School District is committed to developing transparent and balanced budgets that reflect its priorities and the goals and actions outlined in the LCAP.

Sincerely,
Jenny Delgado, Assistant Superintendent, Administrative Services

THE BUDGET AT A GLANCE

The District's General Fund budget is a financial plan that outlines how much money the District expects to receive and spend in a year. This budget is based on the District's goals and priorities, as defined by its Strategic Plan for 2022-2027, and guides the allocation of resources for implementing the Local Control and Accountability Plan (LCAP).

However, education funding levels are subject to change each year during the State budget process, so projections are used to estimate revenue until the State budget is approved. It is important to note that the budget is subject to change and must be revised to reflect any changes. The budget should also be balanced, and if there is deficit spending, a plan must be developed to return the budget to a balanced status.

Budgeting for school districts is based on multi-year projections, and the long-term impact of current decisions must be assessed and planned in multi-year phases. The budget must also reflect the District's net ending balance and maintain a reserve for economic uncertainties throughout the budget monitoring process.

Various factors can present challenges to local district budgeting, such as uncertainty in student enrollment, costs of salaries and benefits for employees, and increased costs of serving students with disabilities. There are also several steps to ensure the District budget is approved, including review and approval by the Orange County Department of Education. State law, known as AB 1200, helps school districts avoid financial instability by providing County superintendents with fiscal oversight and a range of interventions to take when necessary.

6 elementary schools
2 middle schools
Early Childhood Program



2023-24 Projected Enrollment: 4,400
% of High-Needs Students: 27%
(English Learners, Social-Economical Disadvantage
and Foster Youth)



2023-24 Estimated Revenues: \$ 72,600,000
2023-24 Estimated Expenditures: \$ 72,500,000



GENERAL FUND REVENUES

2023-24 ADOPTED BUDGET JUNE 20, 2023

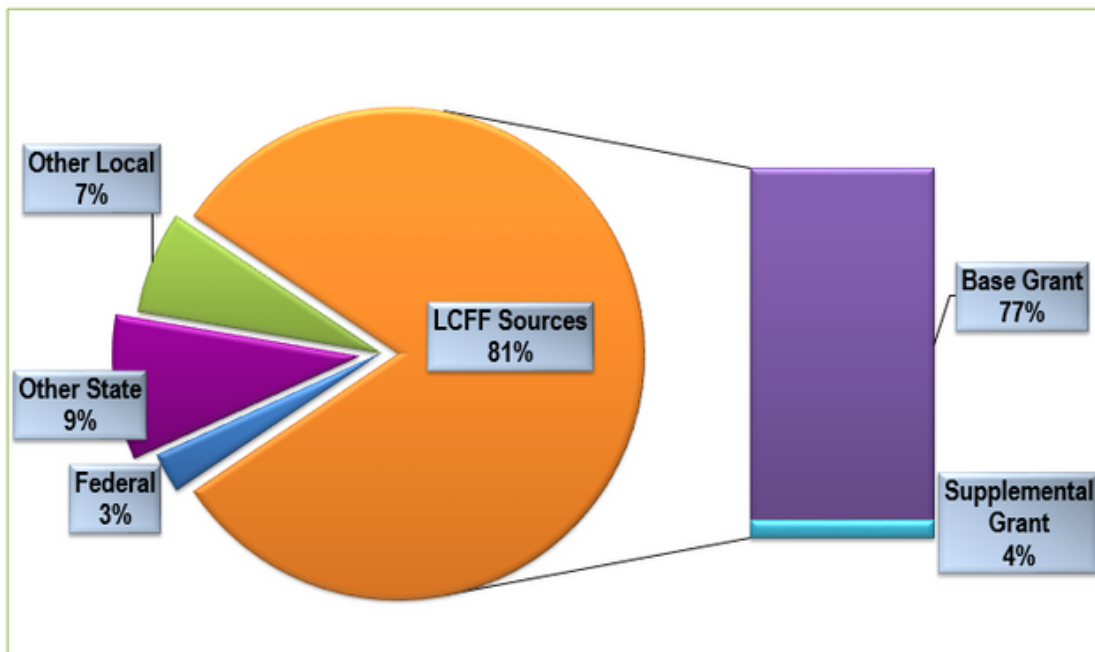


The District receives funding from a variety of sources. The largest is the Local Control Funding Formula (LCFF), which totals approximately \$ 58.9 million, or 81% of the District's revenues. Driving factors of the LCFF apportionment calculation are Average Daily Attendance (ADA), the percentage of 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 2023-24 State Proposed Budget includes an 8.22% COLA. However, HBCSD revenues are decreasing by 1%, or \$ 0.6 million, from \$ 59.5 million in 2022-23 to \$ 58.9 million in 2023-24.

Federal Revenues are \$ 1.9 million, State Revenues \$ 6.9 million, and Other Local Revenues \$ 4.8 million, representing 3%, 9%, and 7% respectively of total revenues.

	Unrestricted	Restricted	Total
LCFF Sources	\$58,924,262	\$0	\$58,924,262
Federal Revenues	\$0	\$1,911,007	\$1,911,007
Other State Revenues	\$1,044,464	\$5,836,839	\$6,881,303
Other Local Revenues	\$576,910	\$4,287,548	\$4,864,458
TOTAL REVENUES	\$60,545,636	\$12,035,394	\$72,581,030



TRANSITION TO COMMUNITY-FUNDED STATUS

HBCSD is and has historically been funded by State revenues, but in recent years, we have been monitoring our status as the local property taxes will likely continue to outpace State funding in upcoming years.

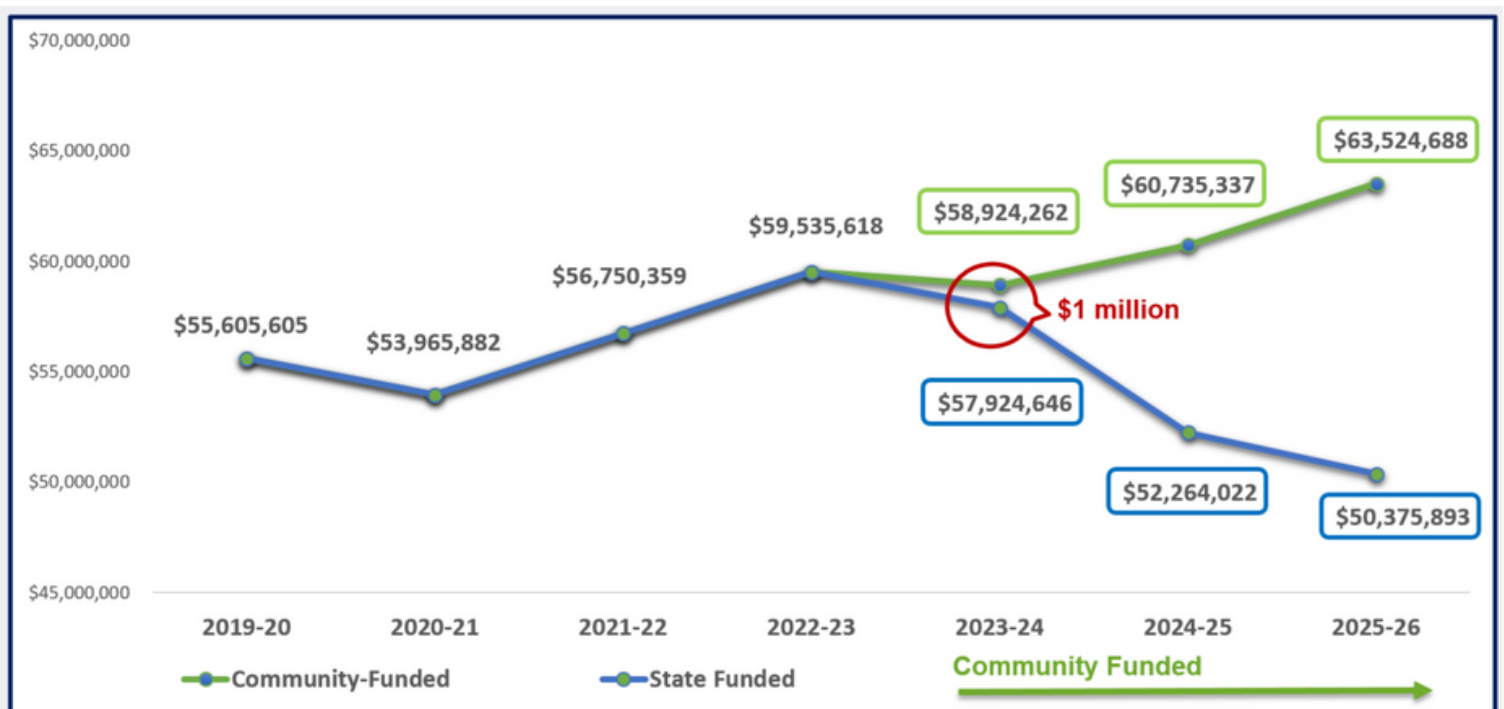
About 100 out of the 1,000 school districts in California are funded primarily through local property taxes, also known as "community-funded" or "basic aid" districts.

The State calculates annual allocations for school districts using the Local Control Funding Formula (LCFF). Local property taxes are counted first, and if local property taxes are less than the LCFF funding target, the State provides the difference to meet the district's funding target. However, with community-funded districts, local property tax revenues are enough to cover the district's funding target. These districts keep their local property tax revenues for education purposes. Also worth noting, community-funded districts still receive some money from the State - about \$120 per student - the minimum funding required by the State Constitution.*

Typically, community-funded districts have relatively higher property tax bases. Still, it is important to note that districts determine their property tax revenue well into the fiscal year, and future projections are volatile. Community-funded districts usually maintain a reserve level higher than 3%, and HBCSD Board policy requires an additional 4% of annual expenditures to ensure financial stability and meet its obligations.

The chart below is a historical comparison of HBCSD's LCFF revenues. The blue line represents the State-funded status, and the green line depicts the estimated revenues under the community-funded status. Based on the latest projections, the District is transitioning to community-funded status in 2023-24 as local property taxes exceed the State funding by approximately \$1 million.

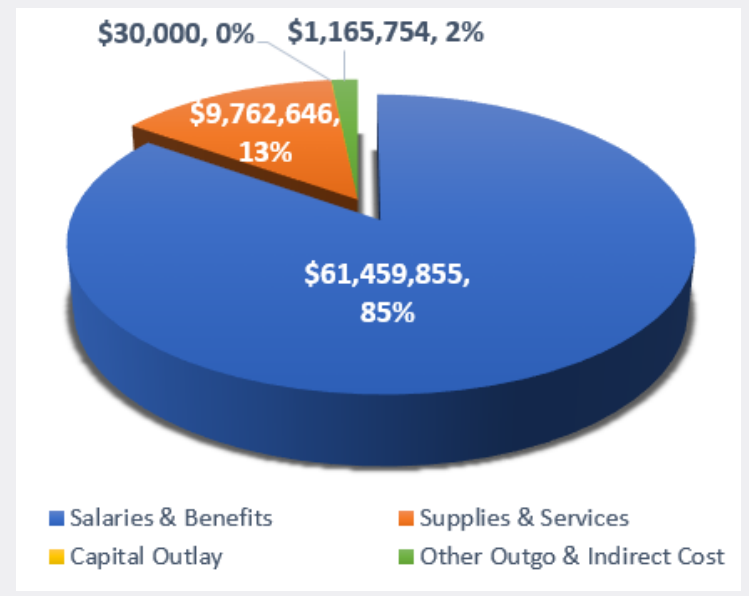
*Source: School Services of California



GENERAL FUND EXPENDITURES

2023-24 ADOPTED BUDGET JUNE 20, 2023

The General Fund Expenditures for 2023-24 are \$ 72.4 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 \$ 9.1 million.



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 June 2023 and will be updated in December - 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.

	2023-24	2024-25	2025-26
TOTAL REVENUES	72,581,030	74,364,243	77,153,595
TOTAL EXPENDITURES	72,418,255	71,888,243	72,983,741
CHANGE IN FUND BALANCE	162,775	2,476,000	4,169,854
BEGINNING BALANCE	23,589,102	23,751,877	26,227,877
PROJECTED ENDING BALANCE	23,751,877	26,227,877	30,397,731
Components of the Ending Fund Balance			
Stores, Revolving Cash, and Restricted Reserves	(8,629,006)	(9,075,110)	(9,521,214)
Assigned Reserves	(6,240,772)	(9,424,376)	(12,607,980)
Other Committed Reserves	(3,353,098)	(2,239,109)	(2,450,722)
Board Policy Additional Reserve 4%	(2,896,730)	(2,875,530)	(2,919,350)
State Required Reserve 3%	(2,172,548)	(2,156,647)	(2,189,512)
UNASSIGNED AMOUNT	459,723	457,105	708,953

LCAP AND BUDGET OVERVIEW FOR PARENTS

The Local Control and Accountability Plan (LCAP) is a tool for local educational agencies to set goals, plan actions, and leverage resources to meet those goals to improve student outcomes. The LCAP provides an opportunity for districts to share their stories of how, what, and why programs and services are selected to meet their local needs. The LCAP is a three year plan that describes the District's goals, actions, services, and expenditures to support positive student outcomes and address State and local priorities.

HBCSD engaged stakeholders to gather feedback and input through surveys and focus groups as well as site and department meetings. Through this engagement process, the District has established five goals that align and support the eight California State priorities.

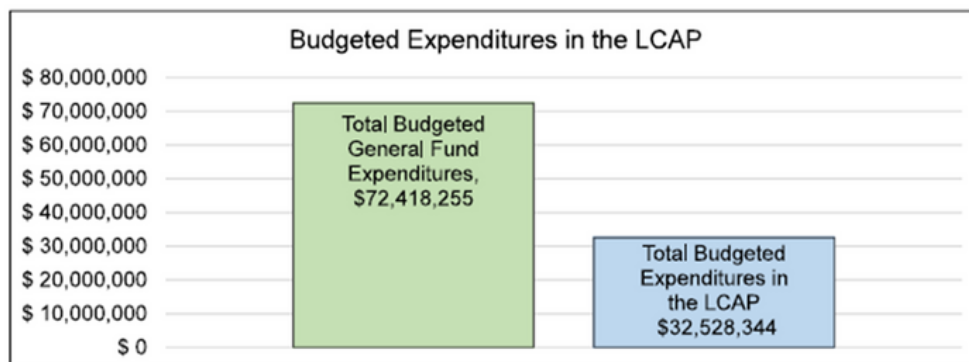
In addition, school districts are required to develop the Budget Overview for Parents (BOP) along with the LCAP. The BOP was developed by the California Department of Education to provide fiscal transparency to stakeholders. The 2022-23 BOP was adopted with the LCAP at the June 20, 2023 Board Meeting. The full copy of the LCAP is available on the District's website.

LCAP GOALS

- Goal #1 Best First Instruction**
- Goal #2 Community Engagement**
- Goal #3 21st Century Skills**
- Goal #4 Achievement for Subgroups**
- Goal #5 Continuity goal**



BOP EXPENDITURES CHART



This chart provides a quick summary of how much Huntington Beach City School District plans to spend for 2023-24. It shows how much of the total is tied to planned actions and services in the LCAP.

The General Fund expenditures of approximately \$ 39.8 million not included in the LCAP are associated with the core activities of the District. Approximately, \$ 25.5 million is related to instruction and services provided to all students, such as library and media, health services, and transportation. The remaining \$ 14.3 million is the cost of running the district, including maintenance, operations, custodial, utilities, data processing, general administrative services, and debt service payments.



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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 2023-2024 school year is projected at 4,400 students.

FOR MORE INFORMATION VISIT THE URL BELOW

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