

User-Friendly Budget

JUNE 21, 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. It is our intent 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 2022-23 Adopted Budget based on advisories from the County and State agencies. The budget is an expression in dollars of the District's educational programs.

Huntington Beach City School District is committed to supporting student achievement and maintaining fiscal stability. Your support for our students is vital to their education and makes our schools and our community strong.

Sincerely,

Jenny Delgado
Assistant Superintendent, Administrative Services

GENERAL FUND REVENUES

2022-23 ADOPTED BUDGET JUNE 21, 2022

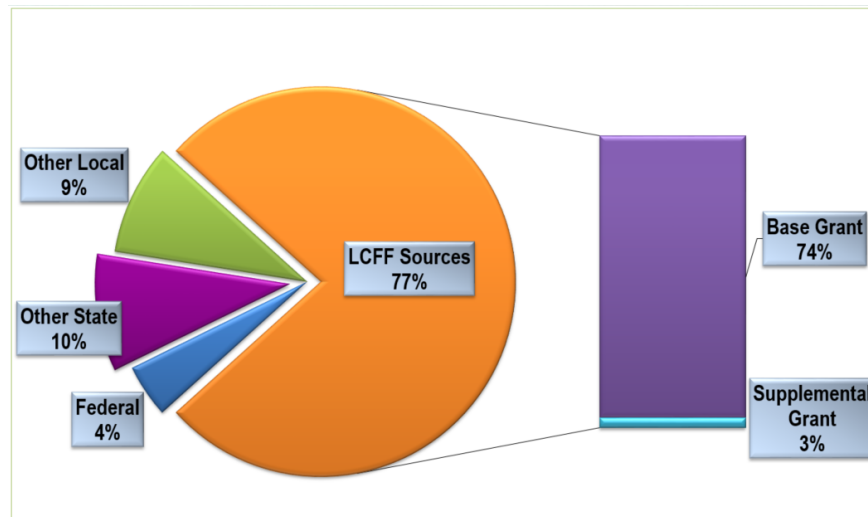


The District receives funding from a variety of sources. The largest is the Local Control Funding Formula (LCFF), which is projected at \$ 54.7 million, or 77% of the District's total revenues. Driving factors for the LCFF apportionment calculation are Average Daily Attendance (ADA), the percentage of 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 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 current funding model, the District is transitioning to community-funded status as property taxes are estimated to exceed the State funding levels. Please see page 4 for additional information.

Federal Revenues are projected at \$ 3.2 million, State Revenues at \$ 6.9 million, and Other Local Revenues at \$ 6.6 million, representing 4%, 10%, and 9% respectively of total revenues.

	Unrestricted	Restricted	Total
LCFF Sources	\$54,749,963	\$0	\$54,749,963
Federal Revenues	\$0	\$3,146,307	\$3,146,307
Other State Revenues	\$907,887	\$6,051,835	\$6,959,722
Other Local Revenues	\$662,400	\$5,901,037	\$6,563,437
TOTAL REVENUES	\$56,320,250	\$15,099,179	\$71,419,429



TRANSITION TO COMMUNITY-FUNDED STATUS

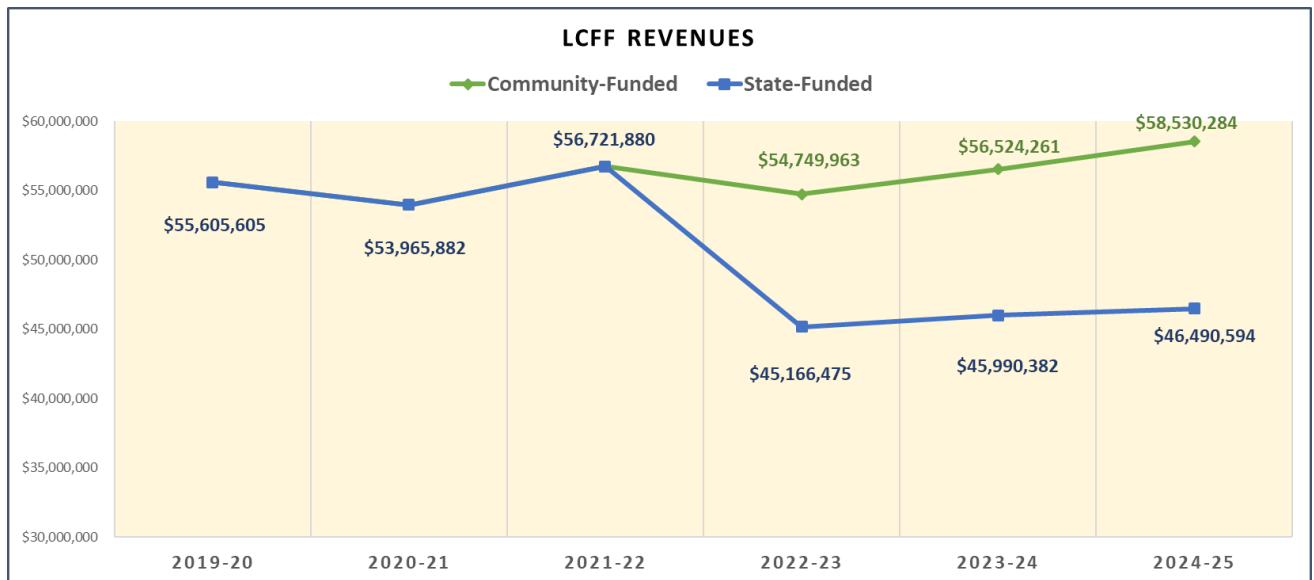
California has two types of districts based on their funding: community-funded, also known as basic aid, and State-funded. Huntington Beach City School District has been a State-funded district. However, we have been monitoring a possible transition to community-funded status in recent years.

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 calculation. Community-funded districts are allowed to retain all of 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), which shows a significant reduction in 2022-23 due to enrollment decline and the expiration of the State hold-harmless funding provision established during the COVID 19 Pandemic. The green line depicts the estimated funding under community-funded status, assuming an annual property tax growth of 4%.

The Governor and Legislature are proposing to use the average of the prior three years of attendance to fund districts starting 2022-23. If the proposal is approved, the State funding could surpass the local property tax revenues in 2022-23, delaying this transition a year.

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.



Transition to Community-Funded Status

GENERAL FUND EXPENDITURES

2022-23 ADOPTED BUDGET JUNE 21, 2022

The General Fund Expenditures for 2022-23 are projected at \$ 70.3 million, with approximately 89% 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.

	Total
Certificated Salaries	\$31,506,866
Classified Salaries	\$10,691,821
Employee Benefits	\$20,341,523
Books and Supplies	\$1,103,904
Services and Other Operating	\$5,025,924
Capital Outlay	\$550,784
Other/Transfers Out	\$1,159,300
TOTAL EXPENSES	\$70,380,122

The 2022-23 budgeted expenditures also include about \$ 2 million of the remaining Federal and State COVID-19 relief funds.

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.

The Adopted Budget also includes allocations to each school site on a per-student basis to cover operational costs like instructional materials, postage, printing, office and library supplies.

Our educational partners often inquire about the use of Lottery funds, which represent 1% of our annual General Fund budget, or approximately \$ 1 million (\$228 per ADA). The District uses the funds to purchase textbooks, other instructional materials, and to support site administrators.

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.

GENERAL FUND MULTI-YEAR PROJECTIONS

At each reporting period, multi-year projections are included with the financial statements. Therefore District staff regularly estimates the current, plus two subsequent years, based on the latest economic indicators and advisories provided by State agencies and the Orange County Department of Education. Based on current projections, the District is on a trajectory to becoming a basic aid or community-funded District in the 2022-23 fiscal year as property taxes are estimated to exceed the current funding entitlement established by the State.

These Multi-Year Projections are a snapshot as of June 2022 and will be updated after the State Budget is enacted.

	2021-22	2022-23	2023-24	2024-25
TOTAL REVENUES	79,932,220	71,419,429	70,458,977	72,465,000
TOTAL EXPENDITURES	72,182,777	70,380,122	68,118,722	68,993,939
CHANGE IN FUND BALANCE	5,749,443	1,039,307	2,340,255	3,471,061
BEGINNING BALANCE	12,808,855	18,558,299	19,597,606	21,937,861
PROJECTED ENDING BALANCE	18,558,299	19,597,606	21,937,861	25,408,922
Components of the Ending Fund Balance				
Stores, Revolving Cash, and Restricted Reserves	(6,835,188)	(7,203,343)	(8,255,576)	(9,812,673)
Other Committed Reserves	(2,286,995)	(3,297,294)	(3,816,805)	(3,452,816)
Board Policy Additional Reserve 4%	(2,887,311)	(2,815,205)	(2,724,749)	(2,759,758)
Reserve for Economic Uncertainty 3%	(2,165,484)	(2,111,404)	(2,043,562)	(2,069,818)
UNASSIGNED AMOUNT	4,383,321	4,170,360	5,097,169	7,313,857

BUDGET OVERVIEW FOR PARENTS

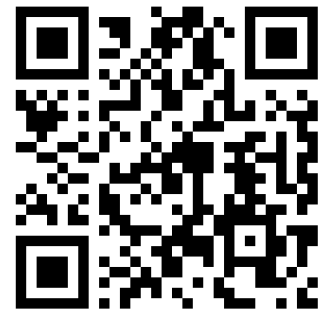
The Local Control and Accountability Plan (LCAP) is a tool for local educational agencies to set goals, plan actions, and leverage resources to meet those goals to improve student outcomes. The LCAP provides an opportunity for districts to share their stories of how, what, and why programs and services 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 along with the LCAP at the June 21, 2022 Board Meeting. The full copy of the LCAP is available on the District's website.

Sowers Reconstruction

The Measure Q team continues to work swiftly, fast-tracking the project through the design phase into the construction facing rising construction costs and labor shortages. The project is currently in review with DSA, which gives the team the opportunity to review the drawings for constructability challenges that would lead to future change orders. Simultaneously, the drawings are running through another estimation exercise with our Lease Leaseback partner, architects estimator, and third-party estimation company. This level of effort and expertise helps clear the crystal ball that holds the Sowers Reconstruction cost. Visit the [Sowers reconstruction webpage](#) or scan the QR code below to access the Sowers Reconstruction feature video.



Eader & Peterson Phase 2

The countdown is on for the summer construction at Eader and Peterson. Construction crews are on site working on the prefabrication of walls prior to summer break. During the school year between Phase 1 and Phase 2, the projects have evolved significantly in the landscaping and parking lot areas to beautify our campuses and improve drop off and pick up. More minor changes were implemented to enhance the security of the campuses and the ability of our M&O crews to keep the sites in tip-top shape. These changes allow the projects to maximize the bond funding to create the best impact for our students, sites and community.





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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