

# User-Friendly Budget

DECEMBER 14, 2021



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

8750 DORSETT DRIVE, HUNTINGTON BEACH, CA 92646

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## A MESSAGE FROM

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### **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 2021-22 Revised Budget based on the Enacted State Budget and advisories from the county and state agencies. We also include information on COVID-19 related expenditures and Measure Q updates.

Huntington Beach City School District is committed to supporting student achievement and maintaining fiscal stability during these unprecedented times. 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

# ABOUT HBCSD

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 2021-2022 school year is 4,905 students.

## MISSION STATEMENT

Our Mission is to support the academic and personal development of every student so that each student becomes a responsible, well-rounded individual who achieves success and fulfillment in a global environment.

## SHARED VALUES

- H**igh academic standards;
- B**elief that each child will learn to his or her highest potential;
- C**ollaboration among staff, students, parents, and community for the benefit of all students;
- S**upportive, educational and professional environment;
- D**ata and research-based instruction.

## AT-A-GLANCE



### SCHOOLS

- 6** Elementary
- 2** Middle
- 3** Preschool Academies
- 1** State Preschool Program
- 1** Charter



### PROJECTED ENROLLMENT

- 4,900** Districtwide
- 23%** Unduplicated
- 20%** Socio-economical disadvantaged
- 12%** Students with disabilities



### ESTIMATED GENERAL FUND BUDGET

- \$74M** Revenues
- \$71M** Expenditures

*Includes COVID-19 relief funds*

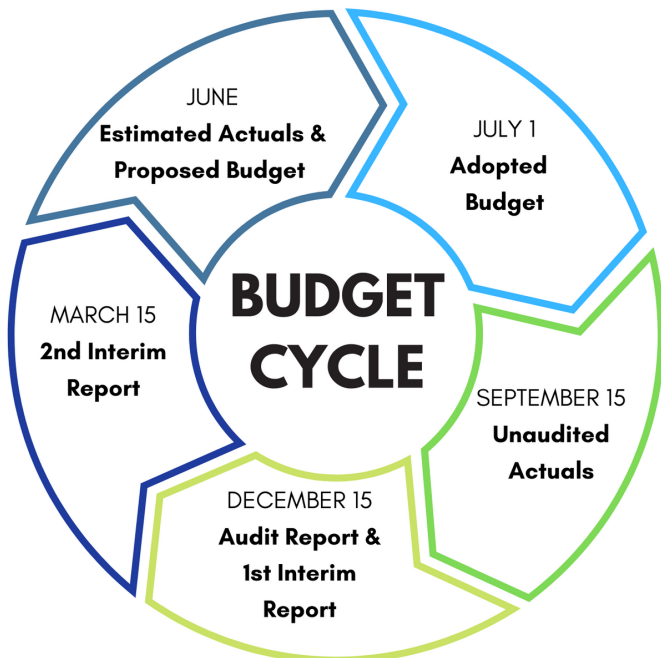
# DISTRICT BUDGET OVERVIEW

## THE PURPOSE OF THE BUDGET

The District's Budget is an expression in dollars of its educational program. The budget serves as an outline for estimated revenue and expenses for the fiscal year and is intended to serve a variety of purposes:

- A reflection of the educational goals of the District
- A statement of the District priorities
- A financial guide for the utilization of resources to meet the needs of students
- An accountability tool and a public information document

The General Fund is the primary operating fund and it is used to account for the ordinary operations of the District. The General Fund includes all transactions except those accounted for in a specialized fund, like Nutrition Services, Measure Q, or Capital Projects.



## THE BUDGET CYCLE

Education Code requires local education agencies to submit financial reports at least four times a year. The reports must follow State guidelines and meet pre-determined financial standards to measure risk factors and the overall fiscal solvency of the district.

# GENERAL FUND REVENUES

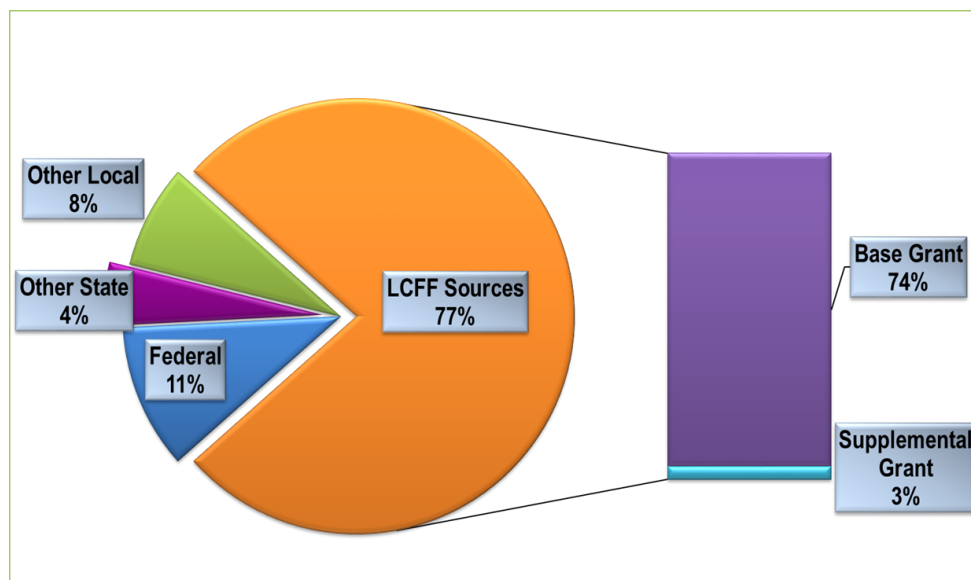
## 2021-22 REVISED BUDGET DECEMBER 14, 2021



The District receives funding from a variety of sources. The largest is the Local Control Funding Formula (LCFF), which is projected at \$56.6 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. The last factor is determined at the State level. Due to the COVID-19 Pandemic, the State enacted a hold-harmless provision to continue funding districts based on the 2019-20 ADA. The 2021-22 LCFF Revenue projections include this provision.

Federal Revenues are projected at \$7.9 million, State Revenues at \$3.4 million, and Other Local Revenues at \$5.7 million, representing 11%, and 8% respectively of total revenues.

	Unrestricted	Restricted	Total
<b>LCFF Sources</b>	\$56,649,975	\$0	\$56,649,975
<b>Federal Revenues</b>	\$0	\$7,922,679	\$7,922,679
<b>Other State Revenues</b>	\$975,398	\$2,468,606	\$3,444,004
<b>Other Local Revenue</b>	\$474,960	\$5,201,786	\$5,676,746
<b>TOTAL REVENUES</b>	\$58,100,333	\$15,593,071	\$73,693,404



# TRANSITION TO COMMUNITY-FUNDED STATUS

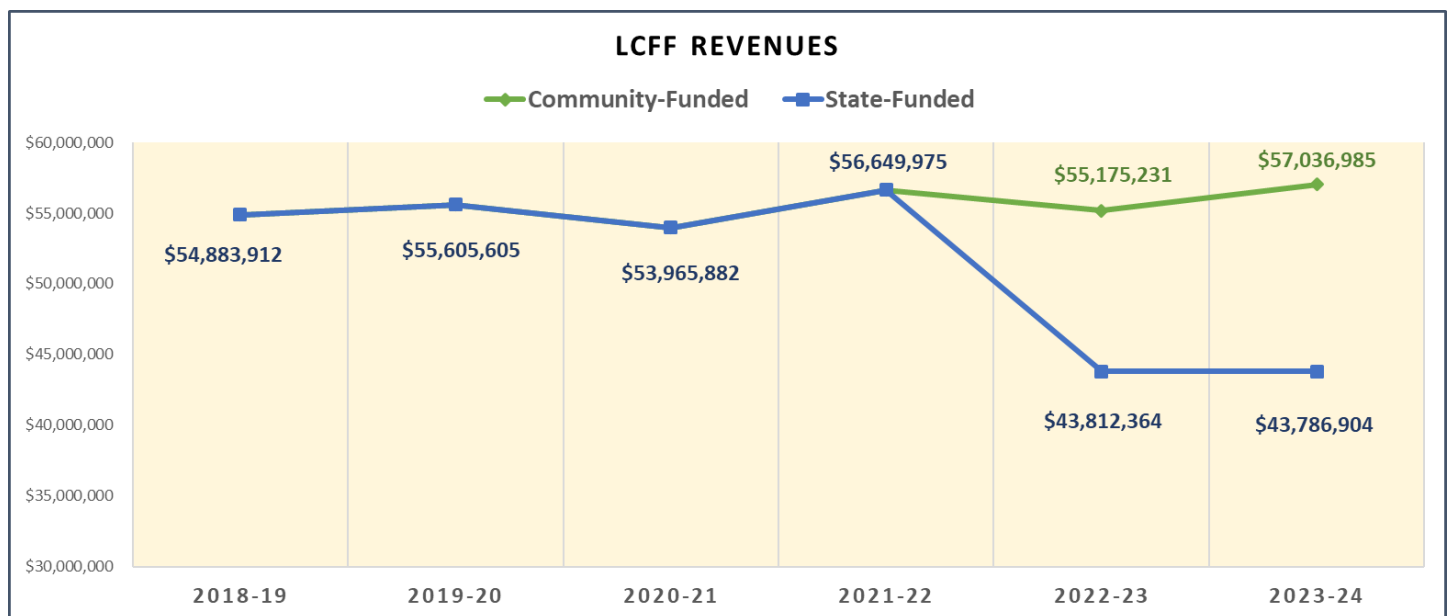
California has two types of districts based on their funding: community-funded, also known as basic aid, and state-funded. Huntington Beach City School District is currently a state-funded district. However, our staff has been monitoring a possible transition to community-funded status in the 2022-23 fiscal year.

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 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 current state-funded status (blue line), which shows a significant reduction in 2022-23 due to enrollment decline and the expiration of the ADA hold-harmless provision. The green line depicts the estimated funding under community-funded status, assuming an annual property tax growth of 4%.

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 the main reason why community-funded districts usually maintain a reserve level higher than the state-required minimum of 3%. HBCSD has a board policy to maintain reserves of at least 7% of annual expenditures.

To find more information about this transition, please visit our Administrative Services webpage.



Transition to Community-Funded Status

# GENERAL FUND EXPENDITURES

## 2021-22 REVISED BUDGET DECEMBER 14, 2021

The General Fund Expenditures for 2021-22 are projected at \$ 70.6 million, with approximately 82% 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.

	<b>Total</b>
Certificated Salaries	\$31,427,581
Classified Salaries	\$11,001,007
Employee Benefits	\$15,762,444
Books and Supplies	\$4,157,890
Services and Other Operating	\$5,112,947
Capital Outlay	\$1,151,938
Other/Transfers Out	\$1,981,357
<b>TOTAL EXPENSES</b>	<b>\$70,595,164</b>

The 2021-22 budgeted expenditures also include \$ 8.7 million of pandemic-related costs funded by Federal and State COVID-19 relief funds, as described on Page 7.

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 Revised 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 represents 2% of our annual General Fund budget, or approximately \$1.2 million (\$199 per ADA). The District uses the funds to purchase textbooks, other instructional materials, and support site administrators.

## A PEOPLE BUSINESS

Education is a service-oriented business where students are served by teachers and support service providers. Approximately 82% of General Fund expenditures are for employees, including those who directly serve the children of this District.

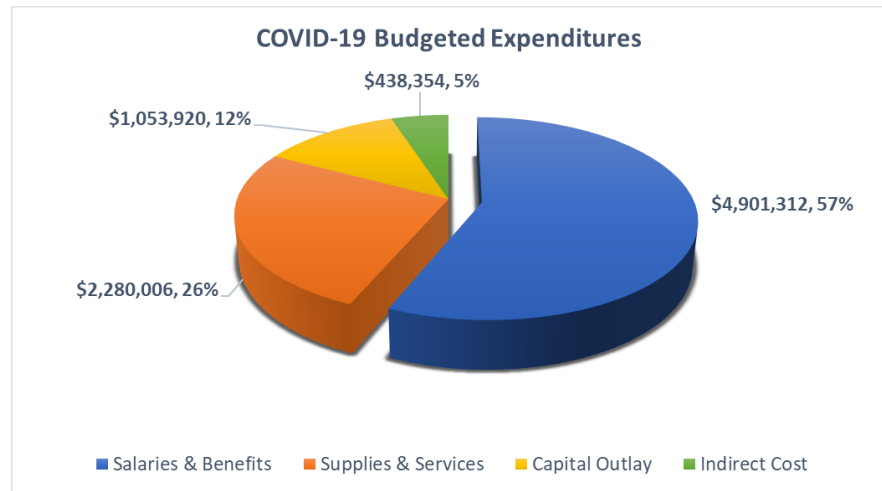
Services are provided by teachers, nurses, counselors, librarians, psychologists, speech therapists, custodians, secretaries, clerks, maintenance workers, bus drivers, technical support personnel, instructional aides, substitutes, principals, supervisors, and other administrative and support staff.

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.

The 2021-22 Federal and State expenditures include approximately \$ 8.7 million of budgeted COVID-19 relief funds to cover pandemic-related costs, such as learning acceleration, providing social-emotional support, independent study instruction, personal protective equipment, cleaning and disinfecting measures, and providing all students with access to meals among other strategies. Below is a breakdown of the 2021-22 projected COVID- 19 expenditures by category. These funds are considered restricted and subject to audits and ongoing reporting requirements.

## 2021-22 COVID-19 RELATED EXPENDITURES

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



## 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 funding entitlement established by the State. These Multi-Year Projections are a snapshot as of December 2021 and will be updated in March, the next reporting period.

	2021-22	2022-23	2023-24
<b>TOTAL REVENUES</b>	<b>73,693,404</b>	<b>64,882,769</b>	<b>66,726,549</b>
<b>TOTAL EXPENDITURES</b>	<b>70,595,164</b>	<b>66,401,152</b>	<b>66,999,950</b>
<b>CHANGE IN FUND BALANCE</b>	<b>3,098,240</b>	<b>(1,518,383)</b>	<b>(273,401)</b>
BEGINNING BALANCE	12,808,855	15,907,095	14,388,712
<b>PROJECTED ENDING BALANCE</b>	<b>15,907,095</b>	<b>14,388,712</b>	<b>14,115,311</b>
Components of the Ending Fund Balance			
Stores, Revolving Cash, Restricted and Supplemental Funds	(4,793,067)	(2,715,660)	(1,090,577)
Reserve for Property Tax Fluctuations	(1,500,000)	(1,500,000)	(1,500,000)
Reserve for Economic Uncertainty 7%	(4,941,661)	(4,648,081)	(4,689,997)
<b>Assigned Reserves above 7%</b>	<b>4,672,367</b>	<b>5,524,971</b>	<b>6,834,737</b>



# MEASURE Q UPDATE

**At the November 8th, 2016 Election, Voters approved HBCSD Bond Measure Q.**

**Measure Q** will provide \$159,850,000 in locally controlled funds to repair and upgrade HBCSD schools across the District.

**Measure Q** will cost approximately \$27 per \$100,000 of the assessed property value (not market value) annually, or about \$175 per year for the average residence.

## UPCOMING CONSTRUCTION SCHEDULE

Winter 2021-22 – Selective construction of the Eader campus will continue during the school year in areas that are not being occupied due to the change in location of administration.

Summer 2022 – Eader Classroom Modernization, Peterson Site Improvements.

## CONSTRUCTION

Phase 2 construction is being evaluated at the Eader and Peterson campuses to align site needs and District priorities to design and construction. Items being evaluated are traffic flow improvements, site work modifications, and adapting to hidden interior conflicts such as the identification of shear walls.

## SOWERS MIDDLE SCHOOL

At the October 19, 2021 Board meeting, the Board approved the “New Construction - Modular” option for the campus reconstruction project at Sowers. The Measure Q team got to work approving various contracts at the following Board meeting. Through multiple stakeholder meetings, the project will be transitioning from schematic design to design development over the new year.

## CITIZENS’ BOND OVERSIGHT COMMITTEE (CBOC)

The 7-member committee acts independently from the Board of Education to promote transparency and provide assurances to the District taxpayers. The last CBOC meeting was held on October 20, 2021 at Peterson Elementary School. The Committee discussed the state of the various District projects and the draft annual report.

Find more info about Measure Q at [HBCSDMeasureQ.com](https://www.hbcisd.net/MeasureQ)





## **BOARD OF TRUSTEES**

Ann Sullivan | President

Bridget Kaub | Vice President

Paul Morrow, Ed.D. | Clerk

Diana Marks | Member

Shari Kowalke | Member

## **EXECUTIVE MANAGEMENT**

Leisa Winston, Ed.D. | Superintendent of Schools

## **ADMINISTRATIVE SERVICES**

Jenny Delgado | Assistant Superintendent, Administrative Services

Thoraia Soliman | Executive Director, Fiscal Services

Mark Manstof | Director, Facilities & MOT

**FOR MORE INFORMATION SCAN THE QR CODE OR VISIT THE URL BELOW**



(714) 964-8888 | [www.hbcasd.us/AdministrativeServices](http://www.hbcasd.us/AdministrativeServices)