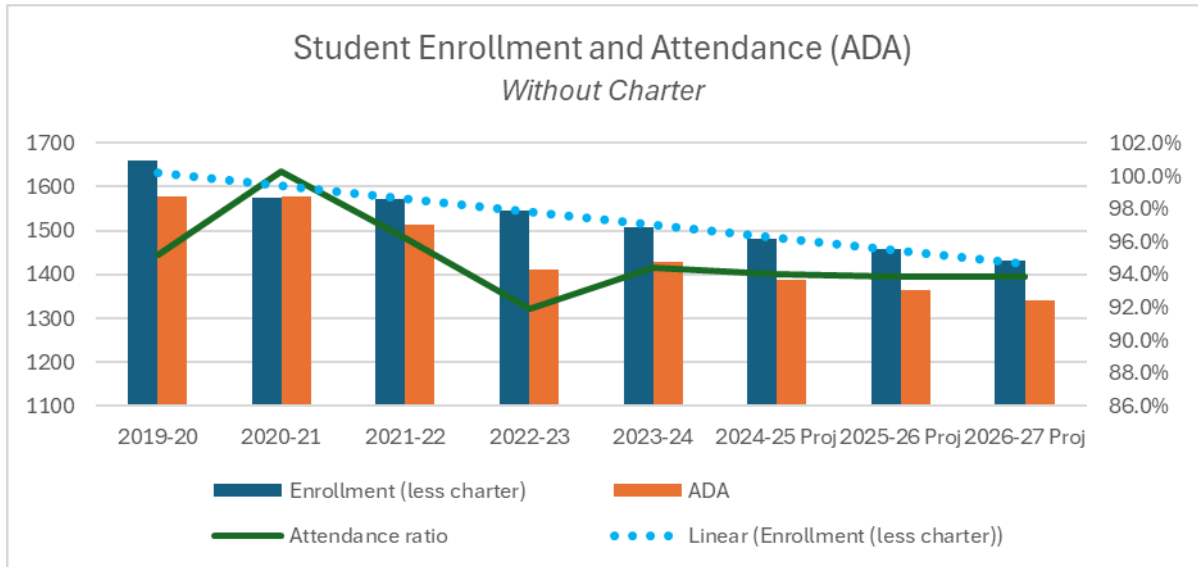


Frequently Asked Questions

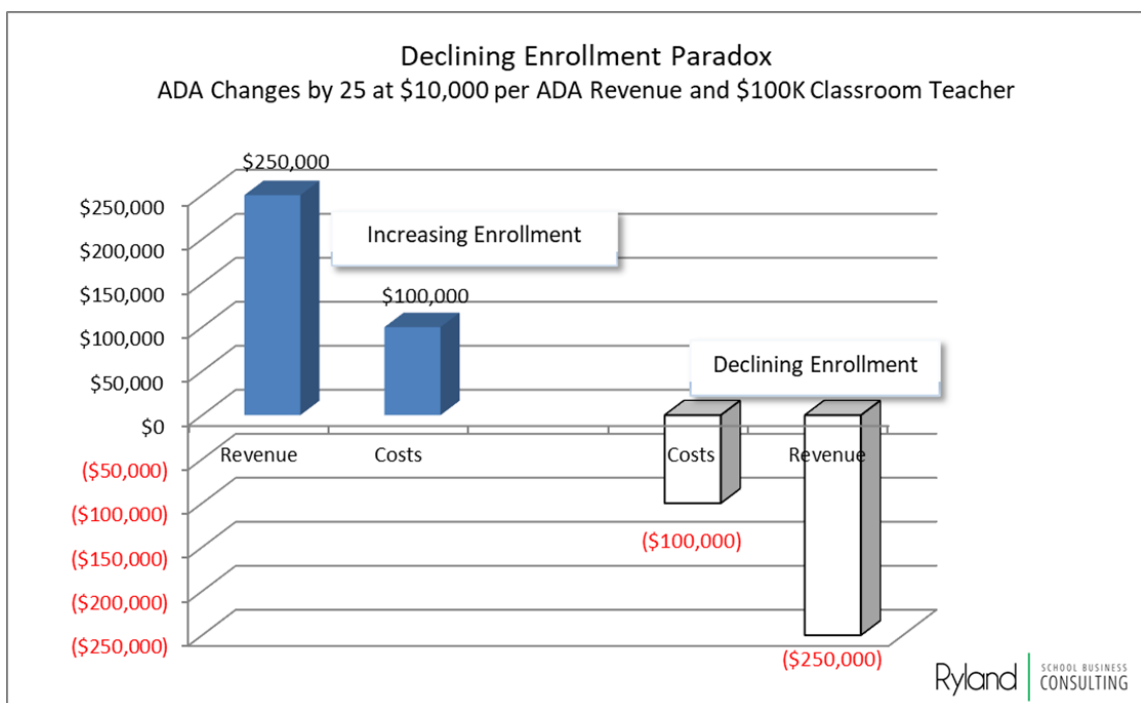
1. How many students does the district serve?

There are 1,496 students enrolled in the district for 2024-25, which is a decline of 4 students from 2023-24. The district has been declining in enrollment for many years now as shown in the chart below.



2. Can you explain the impact of declining enrollment?

Using very round numbers, a district generates about \$10,000 per student in attendance and the cost of a teacher for salary and benefits is about \$100,000. If the district declines by 25 students, revenue will decline by 25 x \$10,000 or \$250,000 but the district will only be able to reduce teaching staff by one teacher for savings of \$100,000. As a result, the district has a \$150,000 net loss of resources.



3. Are districts funded on current year enrollment?

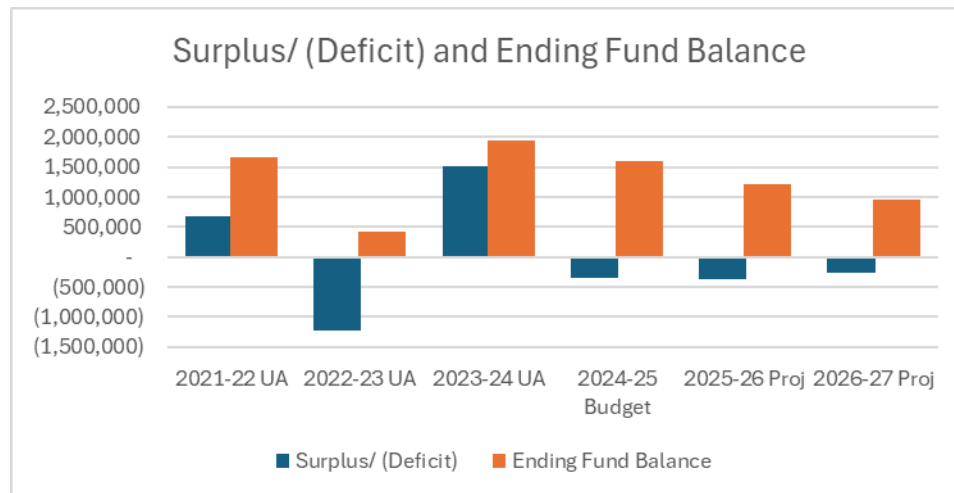
No, districts are funded on ‘average daily attendance’ (ADA) which counts the number of days enrolled students actually attend school. At Live Oak Elementary School District, students attend approximately 94% of all school days so one student generates 0.94 ADA. To provide some relief to districts in declining enrollment, districts are funded on the greater of current year ADA, prior year ADA or the three most recent prior years average ADA. The district projects it will be funded on the three most recent prior years average ADA for the foreseeable future.

4. How many students from outside our district are attending our district? And how many students leave our district to attend school elsewhere?

To be provided pending data collection

5. Can you summarize the district’s current budget outlook?

The district’s Adopted Budget for 2024-25 projected a structural deficit in the unrestricted general fund which means that costs are higher than revenues. As a result, the district’s fund balance reserves (equivalent to a savings account) are used to pay the shortfall. By the end of 2026-27 the district projected the ending fund balance will be barely sufficient to meet the minimum state required reserve level of 3% of all expenditures. Since the board adopted the budget, the district has experienced some unanticipated cost increases without seeing any improvement to budgeted revenues. As a result, the district has convened a budget advisory committee to make recommendations to the board for solutions to balance the budget and restore reserves.



6. Last year, we weren’t really spending down all of the restricted funds. How are we doing in that area now?

The district received significant amounts of restricted funding over the last few years to support managing and recovering from the pandemic. These one-time funding sources have now all been used and there are no additional rounds of funding from either the federal or state government. The District’s ongoing restricted funding is displayed in the table below. Current financial activity indicates the district will expend current year awards in the current fiscal year.

To be provided pending data collection

7. What is the purpose of all the separate funds in the district’s budget and can any of these funds be used to help with budget solutions?

The following chart shows the District’s Adopted Budget by fund:

Fund	Beginning			Ending
	Balance	Revenues	Expenditures	Balance
General	3,229,798	25,233,997	25,785,258	2,678,537
Child Development	122,193	2,249,912	2,181,998	190,107
Cafeteria	1,649,755	2,232,596	2,048,938	1,833,413
Other Post Employment Benefits	588,834	17,543	-	606,377
Capital Facilities	5,574,705	2,712,199	2,740,665	5,546,239
Blended Capital Projects	1,168,473	150,232	335,748	982,957
Grand TotalAll Funds	12,333,758	32,596,479	33,092,607	11,837,630

- a. General Fund – all activities are budgeted and accounted for in the general fund unless required by law, regulation, covenant, or local board policy to be accounted for in a separate fund. The general fund is further defined as unrestricted resources to be used at the district’s discretion for K-12 education and restricted resources which must be used for specific purposes and/or within a specific time period.
- b. Child Development Fund – this fund is required by education code to account for pre-school funding sources. The district’s pre-school activities are self-supporting with revenues covering all costs. Any additional costs would need to be directly related to pre-school activities.
- c. Cafeteria Fund – this fund is required by education code to account for school nutrition programs. The cafeteria program has been generating a surplus since the implementation of the Universal Meals program, however the district is reviewing the budget to ensure the cafeteria is paying for all costs it incurs including custodial and utilities.
- d. Other Post Employment Benefits (OPEB) Reserve – this fund is required by board policy. The district provides retiree health benefits when employees meet specific eligibility criteria. This fund provides a reserve to pay for the district’s liability for these retiree health benefits and projects an ending fund balance reserve of \$0.6 million on June 30, 2024 against a liability of \$1.95 million.
- e. Building Fund – this fund is required by the official statement accompanying the district’s issuance of general obligation bonds. The fund was not included in the District’s Adopted Budget but will be added with the First Interim Budget report. The fund is used to account for general obligation bond proceeds and must be used in accordance with the authorizing measure approved by the voters. The district will be convening a Bond Oversight Committee to oversee the expenditures in the fund.
- f. Capital Facilities Fund – this fund is required by education code to account for developer fees that are generated by new construction and additions to existing buildings. The district also uses this fund to account for Redevelopment Agency property tax distributions restricted for use on school facilities. The district has budgeted a transfer of \$900,000 in RDA revenues to the general fund to provide the funding for the district’s required contribution to Routine Maintenance. The district does

not have any costs in the general fund outside Routine Maintenance that this funding source could be used to pay for.

- g. Blended Capital Projects – this fund is required by law to account for the district’s Mello-Roos Community Facilities District. The fund is used for pay-as-you go facilities projects and for the debt service payments on the district’s certificates of participation.

8. Are there ways for the district to generate additional revenue?

- a. Can we improve ADA?

District staff are looking at the implementation of an attendance recovery program beginning in 2025-26 that, if successful, should help to increase ADA over the long term.

- b. Facility rentals?

The district’s facilities fee schedule is being reviewed as it does not appear to have been updated in many years. Additionally, the district is looking at the various leases held with outside agencies to ensure facility fees are being charged appropriately.

- c. Fundraising?

Community fundraising supports the district in countless ways, however, these efforts are usually directed towards specific projects or additional services.

9. Is the district receiving all funds it should from the COE and Tierra Pacifica Charter?

- a. The district receives multiple streams of pass-thru funding from the Santa Cruz COE and the COE also operates certain special education programs on behalf of the district’s students which results in a payment from the district to the COE.

- b. District staff are currently working with the Charter and legal counsel to review the various memorandums of agreement between the district and charter which includes a review of any associated fees including facility rental and associated utilities as well as special education services provided by the district.

10. What is an early retirement incentive program, how does it work and would it generate savings for our district?

An early retirement incentive program provides a financial incentive to existing staff to retire allowing the district to save costs as the replacement staff would likely be of lesser experience and therefore lower on the salary schedule. The program is most beneficial in terms of cost savings when a district has a high number of long tenured staff.

11. How does the district account for unanticipated costs that have not been included in the budget?

To be provided pending data collection

12. How are big expenditures like purchasing classroom furniture, or hiring employees approved? Is there a process, is it the squeaky wheel, first come first served?

To be provided pending data collection

13. Can the Capital Facilities Fund be used to purchase school furniture?

Yes, school furniture could be purchased using the resources in the capital facilities fund.

14. How can the district reduce Special Education costs?

The district will be conducting a thorough review of the special education program to better understand why such a high percentage of the district's students are identified for services and what services are being provided and how. The study will also analyze why so many students are in out of district placements and if it makes sense to develop additional programs either at the district or regionally with the Santa Cruz County SELPA.

15. Is there a way to reduce utility costs?

Utility costs have been increasing at a faster rate than most other costs and there are few ways to impact this trend. Many districts have installed solar facilities to generate energy thereby saving costs in the long run, but experience shows that in many instances the costs simply shift from paying the utility company to paying for the solar installation. The district is, however, looking at the cafeteria's use of utilities as the program does not currently contribute towards these costs and is similarly looking at the expanded learning opportunity program and the early childhood program and ensuring that all facility leases include an adequate amount for the associated utility costs.

16. What areas can we reduce costs?

All areas of the budget are being analyzed for potential cost savings. As ideas are presented, staff have been following up with the necessary work to assess feasibility, any necessary mitigation, and a cost analysis. All potential solutions are then brought back to the budget advisory committee for review.