

Budget Review 2023-24

Gresham-Barlow School District



BUDGET HIGHLIGHTS

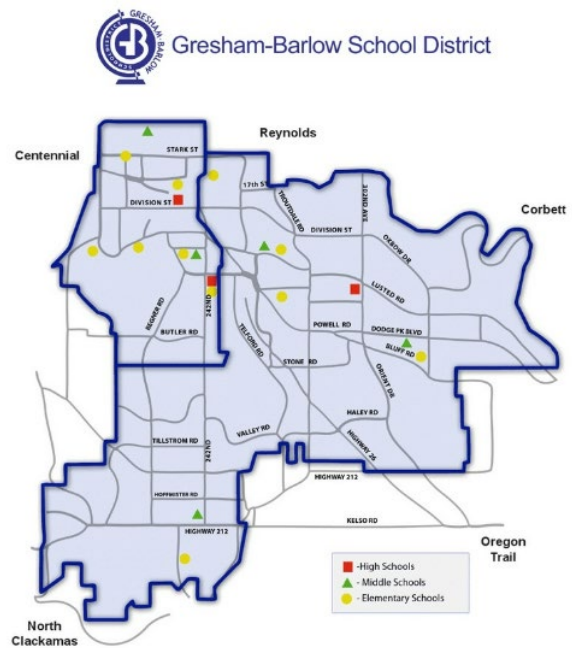
- The district's total FY 2023-24 budget is \$267 million, \$6 million (2%) higher than the current year budget.
- Budget includes spending down of fund balance to cover a gap between revenues and expenditures:
 - Fund balance still remains above board policy fund balance level of 5% and district determined "best practice" level of 8%.
 - Forecast assumes further spend down of fund balance in FY 24-25 as expenditures continue to rise faster than revenues.
- Budget assumptions include flat enrollment. Enrollment is expected to be 400 students lower than pre-pandemic levels.
- This year sees a slight decrease in FTE (net decrease of 4.26 FTE), a similar reduction to last year.
- Capital outlay increases by 52% (\$4.5 million) to a total of \$13.5 million as the district budgets for artificial turf and lighting for baseball/softball fields.

INTRODUCTION & BACKGROUND

Gresham-Barlow School District 10JT (GBSD) was established June 1, 1994 combining multiple existing districts. The district is one of the ten largest districts in the State of Oregon and covers approximately 54 square miles serving the communities of Boring, Damascus, Gresham and Orient located in Multnomah and Clackamas counties. The district area population is approximately 80,000.

Seven board members are elected, four to zoned positions and three at large from within the district, to four-year terms.

Oregon statute provides state funding for charter schools that flows through the district for schools that local boards of education have granted a charter. The district has granted charters to three schools: Gresham Arthur Academy, Lewis and Clark Montessori, and Metro East Web Academy. The Center for Advanced Learning (CAL), a charter school, is reported by the district as a joint venture.



GBSD’s aim is to be “the district of choice” by providing effective, high-quality instruction, a physically safe, emotionally safe, and culturally responsive learning environment that gives students and families a voice, and to prudently use resources using an equity lens in decision-making.

Gresham-Barlow SD 10J	2019-20	2020-21	2021-22	2022-23
Assessed Value in Billions	\$6.878	\$7.160	\$7.381	\$7.755
Real Market Value (M-5) in Billions	\$11.018	\$11.756	\$12.509	\$14.301
Property Tax Rate Extended:				
Operations	\$4.5268	\$4.5268	\$4.5268	\$4.5268
Debt Service:	\$2.8721	\$2.0293	\$2.8889	\$2.8202
Total Property Tax Rate	\$7.3989	\$6.5561	\$7.4157	\$7.3470
Measure 5 Loss	\$-235,014	\$-250,262	\$-236,572	\$-239,509
Number of Employees (FTE’s)	1,038	1,019	1,129	1,126

BUDGET OVERVIEW

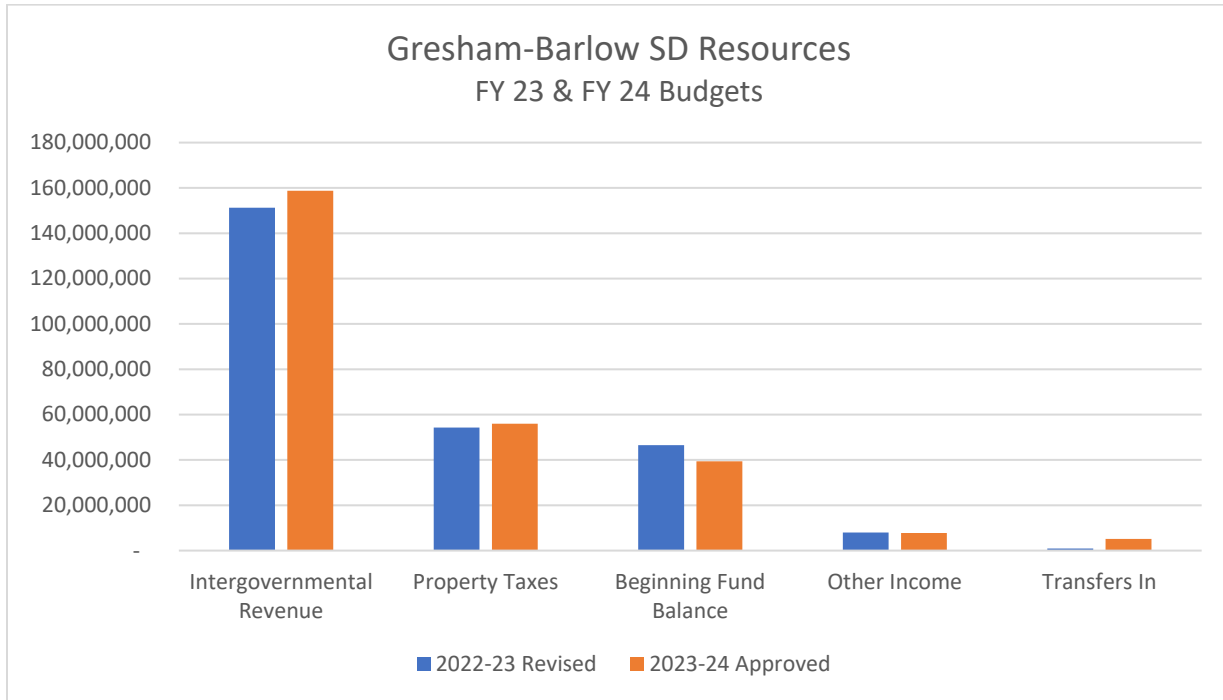
The district’s total FY 2023-24 budget is \$267 million, \$6 million (2%) higher than the current year budget. Increasing intergovernmental revenues, especially in state revenues, are a primary driver of increased revenues which will grow by \$8.9 million. This \$8.9 million in growth includes a \$1 million increase in federal ESSR (Elementary and Secondary School Emergency Relief Fund) funds, the last payment of which will be available this FY 2023-24. Total ESSR funds are \$13 million and will be focused on one-time expenses.

A notable shift is a \$7 million decline (15%) in beginning fund balance from last year’s budget. The district’s current forecast shows fund balance spend down continuing into future fiscal years. Board policy states that ending fund balance must be at least 5% of expenditures; this year it is at 8% and the district estimates fund balance will be down to 7% of expenditures by FY 26-27.

The district had been building up their fund balance to improve their rate prior to a planned bond sale, and now they plan is to start transferring funds out of the ending fund balance to spend down that higher balance closer to board policy levels. Spending down the fund balance strategically allows them to keep staffing in schools at current levels even in the face of lower enrollment, but would not be sustainable in the long term.

Resources

Overall, district resources increase by 2.3% from last fiscal year; revenues (all resources except for beginning fund balance and transfers) increase 4.2%, with the largest revenue increases happening in intergovernmental revenue (increase of \$7 million, 5%) and property tax (increase of \$1.7 million, 3%). The primary revenue sources are property taxes and the state school revenues.



Intergovernmental Revenues: The district has budgeted \$159 million in FY 24 for revenues from other governments. The state provides the largest portion (\$126 million), the majority of which is the district’s portion of the State School Fund (\$105 million, an increase from last year’s budgeted amount of \$101 million).

Fiscal year 2024 also includes \$13 million in ESSER funds to be focused on one-time expenses and temporary positions, up from the \$12 million budgeted last year. This year will be the last year of ESSER funds, and although the work is temporary, the loss of service will still be felt.

Intergovernmental Revenue	2022-23 Revised	2023-24 Approved	% Change
Federal Revenue	27,304,847	30,186,098	10.6%
Local Revenue	2,180,100	2,256,307	3.5%
State Revenue	121,776,117	126,273,394	3.7%
Total	151,261,064	158,715,799	4.9%

Property Taxes: The district has budgeted \$56 million in FY 24 property tax receipts. The district has only a permanent rate levy and a GO Bond levy, no local option levy. The permanent rate levy is \$4.5268 per \$1,000 of assessed value. The GO Bond levy covers bonds issued in 2017 and 2019. The district clearly breaks out how they calculated property taxes for General Obligation Debt as well as their permanent rate (p.158 of Budget Document PDF); see next page. The property tax estimates are reasonable for the purposes considered.

Projected Levy Requirements - All Funds

Fund Description Fund Number(s)	General Fund 100's	Debt Service 305	Debt Service 306	Debt Service 303	Special Revenue 200's	Capital Projects 400's	TOTAL
Estimated Expenditures	\$155,923,850	\$19,157,825	\$2,505,850	\$185,700	\$57,152,654	\$11,571,489	\$246,497,368
Unappropriated EFB & Contingency	\$10,514,970	\$1,066,142	\$271,286	\$0	\$8,637,730	\$0	\$20,490,128
Total Requirements	\$166,438,820	\$20,223,967	\$2,777,136	\$185,700	\$65,790,384	\$11,571,489	\$266,987,496
Less: Estimated Int & PY Taxes Revenue	\$705,249	\$240,550	\$17,815				\$963,614
Other Estimated Revenues	\$111,348,044			\$185,700	\$55,879,571	\$3,919,873	\$171,333,188
Beginning Fund Balance	\$20,645,304	\$906,400	\$270,890	\$0	\$9,910,813	\$7,651,616	\$39,385,023
Total Other Revenues	\$132,698,597	\$1,146,950	\$288,705	\$185,700	\$65,790,384	\$11,571,489	\$211,681,825
Amount to Balance Fund	\$33,740,223	\$19,077,017	\$2,488,431	\$0	\$0	\$0	\$55,305,671
Est. Tax Levy	\$35,107,050	\$19,871,893	\$2,592,116				
Less: 3.9% Taxes Not Received	(\$1,366,827)	(\$794,876)	(\$103,685)				
Loss Due to Limitation	\$0	\$0	\$0				
Estimated Tax Resources	\$33,740,223	\$19,077,017	\$2,488,431				
Imposed Taxes		\$19,871,893	\$2,592,116	Total Bond Levy			
Imposed Tax Rate	\$4.5268			\$22,464,008			

2022-23 Assessed Values

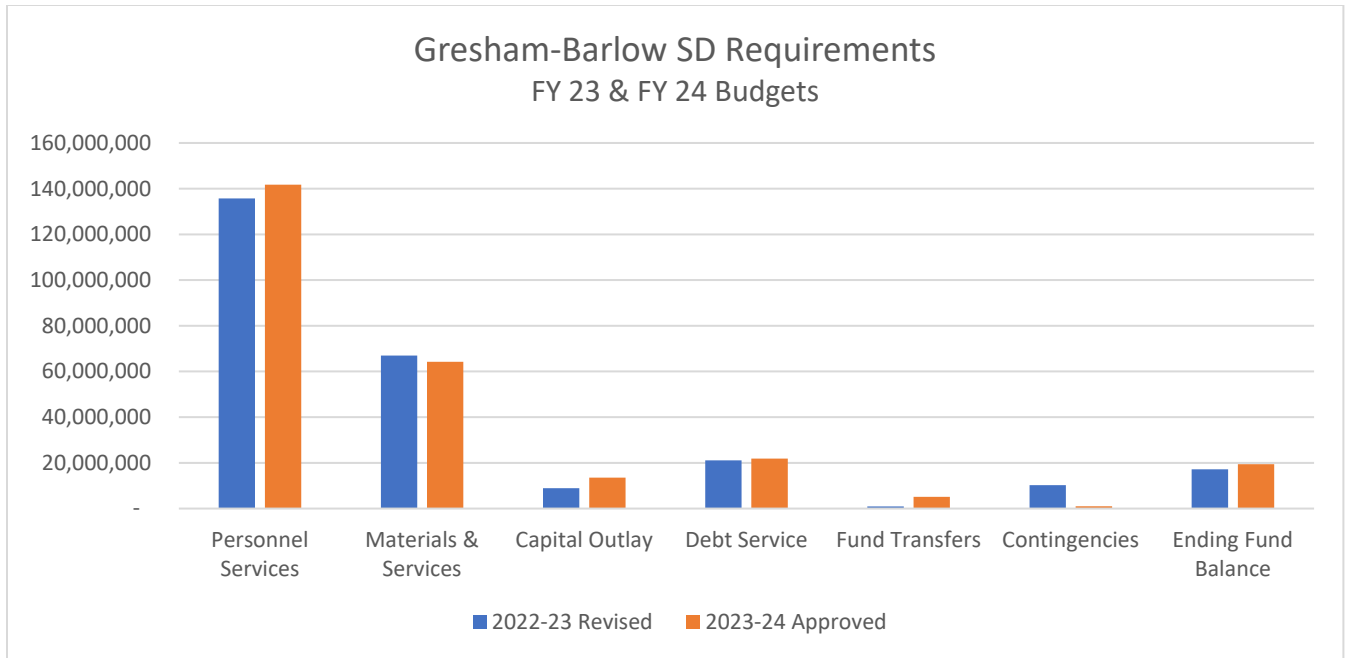
	GBSD	AV
Multnomah County	\$6,465,753,240	
Clackamas County	\$1,289,625,761	
	<u>\$7,755,379,001</u>	
Increase from Previous Year		5.1%

Beginning Fund Balance: A notable shift in the budget is a \$7 million decline (15%) in beginning fund balance from last year’s adopted budget. Spending down the fund balance strategically allows them to keep staffing in schools at current levels even in the face of low enrollment.

Other Income (a combination of fees and charges, interest, etc.) stays nearly flat, with a slight 2.6% decrease (-\$208,000), and **transfers in** increase substantially due to a \$3.5 million transfer from the General Fund to the Capital Projects fund for planned capital projects (see **Other Fund Highlights** for details).

Requirements

Budgeted requirements balance to budgeted resources. The largest increases in expenditures are in Capital Outlay, which increases by \$4.6 million, and Personnel Services, which increases by \$6 million. These increases are partially offset by a \$2.6 million decrease in Material & Services. Total expenditures (not including contingencies, fund balance, or transfers) grow by 3.7%.



Personnel Services: Total budgeted FTE is 1,121, roughly 4 FTE fewer than the current year. Last year positions decreased by 4 FTE as well. General Fund Instruction staff is decreasing by 5 FTE (last year’s decrease was 10 FTE) and special revenue funds increase by 1.0. This action moves some staffing funding from the general fund to special revenue funds as GF resources stay stagnant and federal revenue increases (for the time being – see ESSR discussion in *Significant Budget Areas* section).

The district has one PERS pension obligation bond and contributes to a side account when possible. It last made a \$3 million contribution in FY 2021-22.

Materials and Services: Materials and Services are budgeted to decrease from the current year level of \$69 million to \$64 million in FY 2023-24. Most of the decrease is in the General Fund, driven by a one-time purchase of textbooks in FY 23.

Capital Outlay: Capital outlay increases by 52% (\$4.5 million) to \$13.5 million as the district budgets for artificial turf and lighting for baseball/softball fields.

Debt service increases only slightly, and fund **transfers** grow with the increased transfer from the General Fund to the Capital Fund.

Contingency is budgeted only in the General Fund and drops by \$9 million dollars to \$1 million. Unlike last year, all employee groups' contracts are settled, so the district’s level of uncertainty related to expenses is reduced significantly, and to a lower level than in the FY 22 budget. District staff are budgeting staffing to include a built-in contingency by assuming no vacancies or attrition throughout the year. Combined **contingency and ending fund balance** decrease \$7 million from \$27 million in FY 23 to \$20 million in FY 24.

SIGNIFIGANT BUDGET AREAS

The district has four distinct fund types:

BUDGET SUMMARY BY FUND			
Fund Name	2022-23 Revised	2023-24 Approved	% Change
Capital Projects Funds	10,458,875	11,571,489	10.6%
Debt Service Funds	22,370,198	23,186,803	3.7%
General Fund	166,156,659	166,438,820	0.2%
Special Revenue Funds	61,985,199	65,790,384	6.1%
Grand Total	260,970,931	266,987,496	2.3%

General Fund

The district's FY 2023-24 general fund budget is \$166 million, virtually unchanged from last fiscal year. Roughly 96% of GF revenue comes from state school fund (this is local share. State revenue is the primary source of revenue for the district. That revenue is directly tied to the student enrollment and is adjusted periodically during the year and trued-up at the end of the year. So, the number presented in the budget is just an approximation based on projected student enrollment.

Per the district, the General Fund revenue is just enough to fund basic legally required work.

GENERAL FUND RESOURCES	2020 - 2021 Actual	2021 - 2022 Actual	2022 - 2023 Revised	2023 - 2024 Approved	% Change
Beginning Fund Balance	21,393,671	26,829,419	26,085,240	20,645,304	-20.9%
Property Tax	31,238,790	32,284,640	33,088,008	34,212,999	3.4%
Intergovernmental Revenue	102,123,145	102,831,158	104,847,372	109,875,895	4.80%
Other Revenue	1,247,728	1,981,510	2,136,039	1,704,622	-20.20%
TOTAL FUND RESOURCES	156,003,334	163,926,727	166,156,659	166,438,820	0.2%

On the requirements side, transfers increase, largely due to a \$3.5 million transfer to the Capital fund. Support Services increases are balanced by decreases to Instruction, driven by FTE changes. Ending fund balance increases by \$2.8 million. These increases are offset by a large decrease (\$9 million) in General Fund contingency.

GENERAL FUND REQUIREMENTS	2020 - 2021 Actual	2021 - 2022 Actual	2022 - 2023 Revised	2023 - 2024 Approved	% Change
Instruction	83,481,547	85,132,805	95,089,577	94,643,894	-0.5%
Support Services	44,945,271	48,911,102	52,670,291	55,452,581	5.3%
Other	177,096	275,753	505,759	879,775	74.0%
PERS Side Account	-	3,000,000	-	-	0.0%
Transfers	570,000	640,000	920,000	4,947,600	437.8%
Contingency	-	-	10,247,461	1,034,970	-89.9%
Ending fund balance	26,829,420	25,967,065	6,723,571	9,480,000	41.0%
TOTAL FUND REQUIREMENTS	156,003,334	163,926,725	166,156,659	166,438,820	0.2%

Other Fund Highlights

Special Revenue Funds: The funds grow over \$3.8 million due to growth in federal, local, and state revenues, with the largest increases happening in state revenues, specifically SIA / SAA funds (designed by the State of Oregon to improve schools and outcomes by advancing equity through a focus on early learning, mental and behavioral health, and increasing academic achievement advancement). The additional dollars will increase instruction and support services spending.

Federal ESSER dollars are currently funding mental health services, permanent subs, health assistants, tech repair and replacements, air quality equipment and materials, and more. However, 2023-24 is the final year of this grant, and no ESSER funds will be available to the district after June 30, 2024.

Capital Projects Funds: The capital projects funds increase by \$1.1 million dollars, a 10% increase. The change is driven by \$3.5 million transfer from the General Fund to complete planned construction on softball and baseball fields artificial turf and lighting projects at both large high schools.

DEBT STATUS

The district is budgeting a total of \$22 million in principal and interest payments, which will reduce outstanding debt by \$19 million to \$270 million by the end of FY 24.

2023-24/GBSD

Debt Service

ISSUE DATE	ORIGINAL ISSUE	Outstanding JULY 1, 2023	ADDITIONS	REDUCTIONS	Outstanding JULY 1, 2024	PAYOFF DATE	INTEREST RATE
General Obligation Bonds							
February 28, 2017	241,165,714	210,508,133	-	11,570,000	198,938,133	June 15, 2037	1.23 - 1.37%
April 18, 2019	50,000,227	46,662,138	-	1,690,000	44,972,138	June 15, 2039	1.85 - 3.65%
		257,170,271	-	13,260,000	243,910,271		
Limited Tax Pension Obligation Bonds							
October 31, 2002	35,758,403	18,490,000	-	3,425,000	15,065,000	June 30, 2028	5.55 - 6.10%
April 21, 2003	25,307,539	13,344,999	-	2,465,000	10,879,999	June 30, 2028	5.24 - 5.71%
		31,834,999	-	5,890,000	25,944,999		
Full Faith and Credit Obligations							
August 12, 2012	2,185,000	690,000	-	165,000	525,000	June 1, 2027	3.0 - 4.0%
		690,000	-	165,000	525,000		
TOTAL LONG TERM OBLIGATION		\$289,695,270	\$0	\$19,315,000	\$270,380,270		

BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
X		Did the district meet publication requirements?
X		Do resources equal requirements in every fund?
X		Does the G.O. Debt Service Fund show only principal and interest payments?
X		Are contingencies shown only in operating funds?
X		Did the budget committee approve the budget?
X		Did the budget committee set the levy?
X		Does the audit show the district was in compliance with budget law?

LOCAL BUDGET LAW COMPLIANCE

The FY 2023-24 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

The audit report for FY 2021-22 notes no exceptions.

CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff notes no major deficiencies in the district's FY 2023-24 budget development process and is has no recommendations or objections for the Certification letter.

Gresham-Barlow School District

Budget Summary

	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	%
<u>SUMMARY OF ALL FUNDS</u>	Actual	Actual	Revised	Approved	Change
PROPERTY TAX BREAKDOWN:					
Permanent Rate Property Taxes	30,723,134	31,799,483	32,630,777	33,740,223	3.4%
GO Debt Property Taxes	20,006,000	20,738,979	21,193,198	21,766,813	2.7%
Prior Years Property Taxes	515,656	485,157	457,231	472,776	3.4%
TOTAL PROPERTY TAX	51,244,790	53,023,619	54,281,206	55,979,812	3.1%
RESOURCES:					
Beginning Fund Balance	71,240,176	55,146,570	46,526,896	39,385,023	-15.3%
Property Taxes	51,244,790	53,023,619	54,281,206	55,979,812	3.1%
Other Taxes	121,482	44,716	145,500	45,000	-69.1%
Intergovernmental Revenue	123,131,963	135,482,425	151,261,064	158,715,799	4.9%
Fees and Charges	2,343,583	3,032,699	3,597,208	3,518,654	-2.2%
Other Income	3,643,243	2,404,599	4,239,057	4,209,908	-0.7%
Transfers In	570,000	640,000	920,000	5,133,300	458.0%
TOTAL RESOURCES	252,295,237	249,774,627	260,970,931	266,987,496	2.3%
REQUIREMENTS BY FUNCTION:					
Instruction	91,657,832	102,721,637	119,991,219	120,138,710	0.1%
Support Services	54,696,935	61,107,933	77,161,692	78,879,015	2.2%
Enterprises and Community Services	3,240,312	3,853,596	8,110,559	8,575,516	5.7%
Facilities Acquisition and Construction	27,032,164	5,736,079	6,322,231	11,921,452	88.6%
Administrative Services	0	3,000,000	0	0	0.0%
Debt Service	19,951,426	20,631,325	21,071,725	21,849,375	3.7%
Transfers Out	570,000	640,000	920,000	5,133,300	458.0%
Contingencies	0	0	10,247,461	1,034,970	-89.9%
Ending Fund Balance	55,146,569	52,084,058	17,146,044	19,455,158	13.5%
TOTAL REQUIREMENTS BY FUNCTION	252,295,238	249,774,627	260,970,931	266,987,496	2.3%
REQUIREMENTS BY OBJECT:					
Personnel Services	109,063,696	116,229,741	135,751,500	141,743,890	4.4%
Materials & Services	44,446,103	55,877,779	66,931,303	64,263,656	-4.0%
Capital Outlay	23,117,443	4,265,150	8,902,898	13,507,150	51.7%
Debt Service	19,951,426	20,631,325	21,071,725	21,849,375	3.7%
Fund Transfers	570,000	640,000	920,000	5,133,300	458.0%
Contingencies	0	0	10,247,461	1,034,970	-89.9%
Ending Fund Balance	55,146,570	52,130,632	17,146,044	19,455,158	13.5%
TOTAL REQUIREMENTS BY OBJECT	252,295,238	249,774,627	260,970,931	266,987,496	2.3%
SUMMARY OF BUDGET - BY FUND					
General Fund	156,003,334	163,926,725	166,156,659	166,438,820	0.2%
Special Revenues Combined	31,678,280	46,661,044	61,985,199	65,790,384	6.1%

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Debt Service Fund	21,067,248	22,105,786	22,370,198	23,186,803	3.7%
Capital Projects Fund	43,546,376	17,081,072	10,458,875	11,571,489	10.6%
GRAND TOTAL ALL FUNDS	252,295,238	249,774,627	260,970,931	266,987,496	2.3%

DETAIL OF GENERAL FUND

RESOURCES:

Beginning Fund Balance	21,393,671	26,829,419	26,085,240	20,645,304	-20.9%
Property Tax	31,238,790	32,284,640	33,088,008	34,212,999	3.4%
Federal Revenue	30,339	38,503	54,000	50,000	-7.4%
State Revenue	100,206,285	100,821,674	102,805,772	107,759,395	4.8%
Local Revenue	1,886,521	1,970,981	1,987,600	2,066,500	4.0%
Fees and Charges	577,287	1,284,206	1,073,708	919,449	-14.4%
Other Income	670,441	697,304	1,062,331	785,173	-26.1%
Transfers In	0	0	0	0	0.0%
TOTAL FUND RESOURCES	156,003,334	163,926,727	166,156,659	166,438,820	0.2%

REQUIREMENTS:

Instruction	83,481,547	85,132,805	95,089,577	94,643,894	-0.5%
Support Services	44,945,271	48,911,102	52,670,291	55,452,581	5.3%
Enterprises and Community Services	177,096	275,753	355,759	379,775	6.8%
Facilities Acquisition and Construction	0	0	150,000	500,000	233.3%
PERS Side Account Contribution	0	3,000,000	0	0	0.0%
Transfers Out	570,000	640,000	920,000	4,947,600	437.8%
Contingencies	0	0	10,247,461	1,034,970	-89.9%
Ending Fund Balance	26,829,420	25,967,065	6,723,571	9,480,000	41.0%
TOTAL FUND REQUIREMENTS	156,003,334	163,926,725	166,156,659	166,438,820	0.2%

DETAIL OF GENERAL OBLIGATION DEBT SERVICE FUND

RESOURCES:

Beginning Fund Balance	1,002,554	1,298,472	1,143,000	1,177,290	3.0%
GO Debt Property Taxes	20,006,000	20,738,979	21,193,198	21,766,813	2.7%
Interest on Investments	58,694	68,335	34,000	57,000	67.6%
Interfund Transfers In	0	0	0	185,700	0.0%
TOTAL FUND RESOURCES	21,067,248	22,105,786	22,370,198	23,186,803	3.7%

REQUIREMENTS:

Debt Services	19,768,776	20,460,100	21,071,725	21,849,375	3.7%
Ending Fund Balance	1,298,472	1,645,686	1,298,473	1,337,428	3.0%
TOTAL FUND RESOURCES	21,067,248	22,105,786	22,370,198	23,186,803	3.7%