

Budget Review 2023-24

Riverdale SD 51J School District



BUDGET HIGHLIGHTS

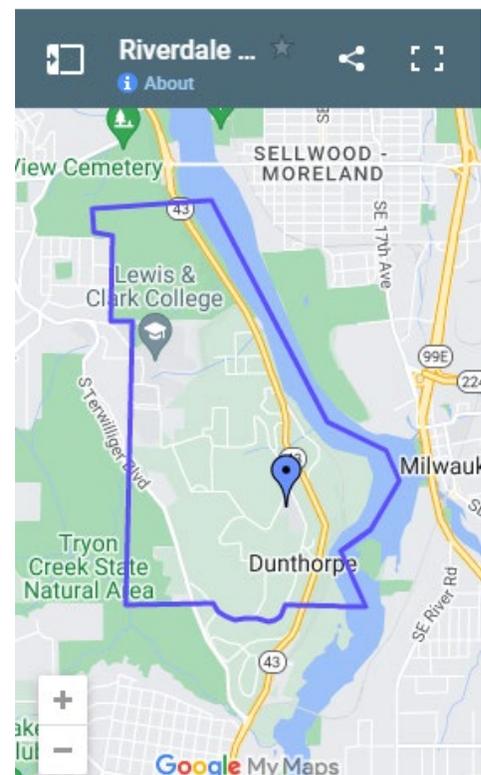
- The total budget is decreasing by 1.6% to \$16,218,902.
 - The beginning fund balance decreased by 18%, as the district uses reserves to support expenditures in the current year. This need is driven by declining enrollment, Cost of Living Adjustment (COLA) increases, and inflation impacts across the district.
- The budget is based on maintaining enrollment at the current level of 595 total students.
 - The current estimates for enrollment include 254 resident students, 247 transfer students, and 93 tuition-based students.
 - Enrollment is anticipated to be the same as the current year and has not returned to pre-pandemic levels.
- Overall revenue increased by \$218,249, or 2%.
 - Tuition revenue increased \$139,162 (2%) due to a 4% increase in tuition charged to out-of-district students.
 - Foundation grants and other gifts increased by \$190K or 11%.
- The district has been in deficit spending for six of the last eight years. This is not sustainable.
 - The district is working to reduce spending in the current year to help fill the funding gap.
 - A subcommittee was created to help determine ways to generate revenue and cut expenditures.

INTRODUCTION & BACKGROUND

Riverdale School District boundaries encompass a two-square-mile area. The district serves an estimated population of 2,100, primarily in the unincorporated area between the cities of Portland and Lake Oswego. Boundaries also include a minor portion of the City of Portland and extend into Clackamas County.

The five directors that govern the district serve without compensation and are elected at large to four-year terms. Education programs are conducted at one elementary school (K-8) and one high school facility (grades 9-12). Riverdale High School is located on land leased from the Portland School District.

Riverdale serves many students who do not live within the district's boundaries. If these students receive a release from their home district, the funding from the state will follow the student. Students not released from their home district can attend Riverdale on a tuition basis.



Riverdale SD 51J	2019-20	2020-21	2021-22	2022-23
Assessed Value in Millions	\$736.1	\$758.7	\$781.9	\$806.3
Real Market Value(M-5) in Millions	\$1,084.9	\$1,047.9	\$1,139.7	\$1,179.3
Property Tax Rate Extended:				
Operations	\$3.8149	\$3.8149	\$3.8149	\$3.8149
Local Option	\$1.3700	\$1.3700	\$1.3700	\$1.3700
Debt Service	\$2.2672	\$2.4005	\$2.2510	\$2.4321
Total Property Tax Rate	\$7.4521	\$7.5854	\$7.4359	\$7.6170
Measure 5 Loss	\$-49,440	\$-96,121	\$-58,392	\$-70,027
Number of Employees (FTE's)	69	68	75	74

BUDGET OVERVIEW

The overall budget for Riverdale School District is \$16,218,902, a decrease of \$270,988 driven by the district's need to spend down the reserves to balance the expenditures in the current year. The fiscal year 2024 will start with 18% less in the beginning fund balance than in the current year, moving from \$2.3 million to \$1.9 million. Enrollment numbers have not returned to pre-pandemic levels.

The FY 24 budget assumptions are purposely conservative. When preparing the budget, the district used the ODE State School Fund recommended total allocation for state schools, \$9.9 billion, a 6.45% increase over the last biennium. Based on the state's budget released in January, Riverdale would receive \$6.4 million, which will not meet the current service level for the school district. The board requested additional funding from the school’s foundation, increased tuition, and increased facility use rentals to offset some of the deficit.

Resources

The district has five primary revenue sources, transfers, and the beginning fund balance that make up the resources to balance with requirements. In FY 24, revenue will total \$14.3 million, a slight increase compared to the current year.

Property taxes are the most significant resource for the district. The district has three tax levy collections. All tax estimates are reasonable for the purposes considered:

1. The permanent rate is \$3.8149 per 1,000 AV and is expected to yield (\$3.0 million), a modest increase of 1.6%.
2. The five-year local option rate is \$1.3700 per 1,000 AV and will land the district \$1.0 million even after compression. This is an increase of \$22,000. The revenue received from the Local Option Tax Levy does not decrease state funding.
3. The General Obligation Bond will raise \$1.9 million to cover the debt service and enough to carry forward to use for the December 2024 interest payment.



Intergovernmental Revenue is budgeted to add \$4.4 million to Riverdale School District's resources. The amount is six percent less than the current year due to fewer dollars from both Federal and State grants. In the current year, the district had some balance remaining in one-time ESSER funds, which will be missed in FY 24, as well as a total reduction of \$191K in Special Revenue Funds from federal funds. The SSF is budgeted to drop \$213,198, partially offset by an increase of \$108K in state grant funding for Special Revenue Funds.

Fees and Charges contribute \$1.9 million to the FY 24 budget, with tuition making up 75% of this resource.

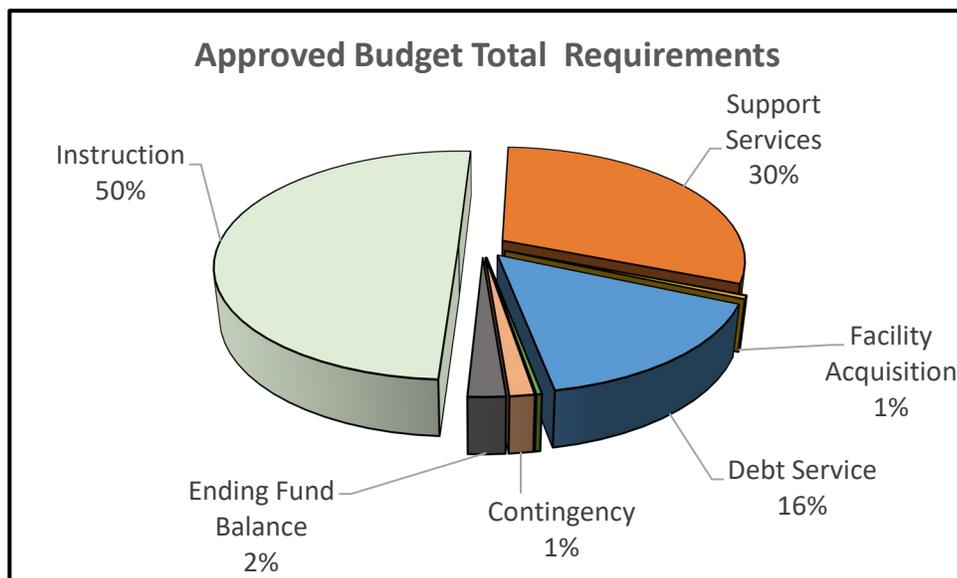
Students at Riverdale schools either live within the district, transfer in from other districts, or choose to attend on a tuition basis. When students transfer to the district, the State School Funding follows the student. However, when students participate on a tuition basis, it does not. Tuition is predicted to yield \$1.3 million in revenue for the district. Tuition charged to out-of-district students will increase by four percent this year. This increase is the first bump-up since 2021. The chart shows the tiered rates the district will be charging the various grades and the comparison to the previous rates.

Riverdale School District Tuition Charges		
Grades	FY 2021	FY 2024
Kindergarten	\$12,038	\$12,520
Grades 1-4	\$13,108	\$13,640
Grades 5-8	\$13,518	\$14,060
Grades 9-12	\$14,000	\$14,560

Other Income includes funding from the Foundation and other donations (\$1.9 million), Interest (\$67K), and miscellaneous income.

Requirements

Not surprisingly, instruction is 50% of the Riverdale School District's total budget, with support services following at 30%. Instruction bumped up slightly from \$7.8 million to \$8.1 million. At the same time, support services fell slightly from \$5.0 million to \$4.9 million as the district worked on rearranging expenditures to decrease the deficit, cutting back on such things as counseling services and areas provided by the Special Revenue Funds as mandated by the funding.



As the funding gap is expected to persist through FY 24, the ending fund balance and contingency requirements decrease between FY 23 and FY 24, a decrease of \$217K (-39%) and \$184K (-45%) respectively.

Summary of Total Budget by Object Classification					
(\$ Thousands)					
	FY 21	FY 22	FY 23	FY 24	Budget
	Actual	Actual	Rev. Budget	App. Budget	Change
Personnel Services	8,845.6	8,645.0	9,166.9	9,356.2	2.1%
Materials & Services	1,950.9	2,276.8	3,774.5	3,737.2	-1.0%
Debt Service	2,302.5	2,375.7	2,459.3	2,512.7	2.2%
Fund Transfers	0.0	0.0	124.2	50.0	-59.7%
Contingencies	0.0	111.9	625.6	224.0	-64.2%
Ending Fund Balance	2,480.0	1,996.0	339.4	338.9	-0.1%
Total Requirements	15,579.0	15,405.3	16,489.9	16,218.9	-1.6%

Personnel Services

The overall personnel service expenditure is \$9.4 million, a 2% increase over the current year expenditure. The total budgeted FTE is 70. This is a reduction of four FTE, with two custodian positions moved to contracted positions, and two vacancies were eliminated.

The budget includes a 3% Cost-of-Living-Adjustment for the fiscal year 2024, step increases where applicable, and a 4% increase on the insurance cap for all staff.

PERS rates for the biennium will go into effect on July 1, 2023, and remain in place through June 30, 2025. The rates decreased slightly. Riverdale School District participates in the pension bond pool to offset the unfunded actuarial liability with PERS.

Materials and Services

Materials and Services are budgeted to decrease slightly from the current year level of \$3.8 million to \$3.7 million in FY 24. Due to inflation, transportation expenditures are increasing substantially, from \$224K to \$286K, a 28% increase.

As stated earlier, district expenditures are outpacing revenues. This is not sustainable. In the current year, the district created a subcommittee to review revenue-generating and cost-saving measures and make recommendations to the board. Some suggestions have already been implemented in this budget, such as increasing the tuition rate, optimizing investments, and increasing facility use rentals. They also recommended hiring a Grant Writer, bringing back preschool, and restricting transfers out of the district.

District's Revenue vs. Expenditures				
	FY 21	FY 22	FY 23	FY 24
Revenue	11,171,226	11,526,403	12,298,953	12,326,928
Expenditures	13,098,993	13,297,403	15,400,702	15,605,981
Gain/Loss	(1,927,766)	(1,771,000)	(3,101,749)	(3,279,053)
Percentage Gain/Loss	-17.3%	-15.4%	-25.2%	-26.6%

GENERAL FUND

For the 2023-24 fiscal year, General Fund revenue is projected to be \$ 10.5 million, an increase of \$238,510 or 2.3% from the current year's revised budget. This increase is due to the Foundation contributing \$255,000 in additional funding to balance resources with requirements.

State revenue is the primary source of revenue for the district. That revenue is directly tied to student enrollment and is adjusted periodically during the year and trued-up at the end of the year.

Riverdale School District Enrollment					
Schools	FY 19	FY 20	FY 21	FY 22	FY 23
Grade School	400	414	377	372	410
High School	236	233	221	190	185
Total Enrollment	636	647	598	562	595

So, the number presented in the budget is just an approximation based on projected student enrollment. As mentioned above, the district has projected FY 24 enrollment at the same level as the current year. The previous chart shows the Fall Membership enrollment count from the Oregon DOE website for the past five years.

District 2023-24 Enrollment Projections				
Grade	Resident	Tuition	Transfer	Total Enrollment
Kindergarten	12	4	20	36
Grades 1-4	97	21	59	177
Grades 5-8	93	30	76	199
Grades 9-12	52	38	92	182
Total all Grades	254	93	247	594

Riverdale school district has an unusual enrollment mix of students who are residents of the district, those who attend by choice through transfers, or tuition payments; see above chart for comparison.

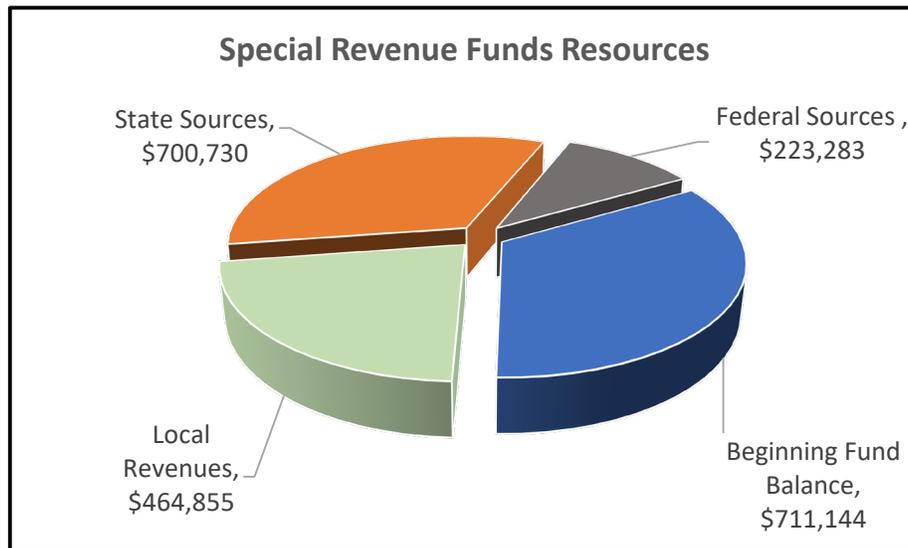
Expenditures in the General Fund are estimated at \$10.8 million, an increase of \$336K or 3.2% over the current year's adopted budget. As a result, both contingency and ending fund balances will decrease (45% and 24%, respectively) as these reserves are needed to balance the budget. Furlough days are another option to help offset a portion of the deficit. The decision to proceed with furlough takes will take some additional analysis before any action is taken. The most notable increases in the General Fund are:

- Associated Payroll Costs (+\$270.6K) due in part to Family Leave Benefits going into effect in FY 24
- Repairs & Maintenance (+\$138.7K) driven by landscaping and field maintenance, HVAC, Boiler, Pest Control, and gym floors
- Transportation (+ \$62.6K)
- Cost of substitute services (+\$53.8K) due in part to aligning the budget with the actual spending

OTHER FUNDS

Other Fund Highlights

The **Special Revenue Funds** are supported by federal, state, and local grants and specific revenue sources for stated activities.



These resources are used for instruction (76%) and support services (24%).

The district also uses two capital funds. The 2010 Grade School Bond Proceeds Fund has a small remaining balance that will be used only for the original proposed use. The second fund is the Construction Excise Tax Fund, which accounts for all resources and expenditures related to the construction excise tax (CTE). Resources (\$222.6K) in this fund will be held for projects that meet the requirements.

DEBT STATUS

The district is budgeting \$2.5 million in debt service, which will reduce outstanding debt by \$2 million to \$2,029,453 by the end of FY 24. Riverdale School District debt information correlates TSCC Information on file.

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 GO 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 deficiencies in the District's FY 2023-24 budget development process.

Riverdale School District

Budget Summary

	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	%
SUMMARY OF ALL FUNDS	Actual	Actual	Revised	Approved	Change
PROPERTY TAX BREAKDOWN:					
Permanent Rate Property Taxes	2,804,831	2,860,261	2,975,000	3,024,000	1.6%
Local Option Levy Property Taxes	865,013	971,518	986,000	1,008,000	2.2%
GO Debt Property Taxes	1,765,769	1,713,136	1,938,200	1,941,600	0.2%
Prior Years Property Taxes	54,992	51,878	57,700	61,000	5.7%
TOTAL PROPERTY TAX	5,490,605	5,596,794	5,956,900	6,034,600	1.3%
RESOURCES:					
Beginning Fund Balance	2,744,513	2,480,002	2,273,703	1,858,619	-18.3%
Property Taxes	5,490,605	5,596,794	5,956,900	6,034,600	1.3%
Other Taxes	2,045	49,946	10,000	10,000	0.0%
Intergovernmental Revenue	4,354,648	4,324,530	4,655,255	4,381,275	-5.9%
Fees and Charges	1,323,928	1,555,133	1,676,798	1,901,053	13.4%
Other Income	1,663,257	1,398,873	1,793,081	1,983,355	10.6%
Transfers In	0	0	124,153	50,000	-59.7%
TOTAL RESOURCES	15,578,996	15,405,278	16,489,890	16,218,902	-1.6%
REQUIREMENTS BY FUNCTION:					
Instruction	6,770,037	6,526,249	7,839,566	8,083,697	3.1%
Support Services	4,026,503	4,395,501	5,013,763	4,929,885	-1.7%
Enterprises and Community Services	0	0	20,535	12,077	-41.2%
Facilities Acquisition and Construction	0	0	67,586	67,668	0.1%
Debt Service	2,302,453	2,375,653	2,459,252	2,512,653	2.2%
Transfers Out	0	0	124,153	50,000	-59.7%
Contingencies	0	0	408,644	224,000	-45.2%
Ending Fund Balance	2,480,003	2,107,873	556,391	338,922	-39.1%
TOTAL REQUIREMENTS BY FUNCTION	15,578,996	15,405,276	16,489,890	16,218,903	-1.6%
REQUIREMENTS BY OBJECT:					
Personnel Services	8,845,599	8,644,957	9,166,911	9,356,159	2.1%
Materials & Services	1,950,941	2,276,793	3,774,538	3,737,168	-1.0%
Debt Service	2,302,453	2,375,653	2,459,252	2,512,653	2.2%
Fund Transfers	0	0	124,153	50,000	-59.7%
Contingencies	0	111,865	625,627	224,000	-64.2%
Ending Fund Balance	2,480,003	1,996,014	339,408	338,922	-0.1%
TOTAL REQUIREMENTS BY OBJECT	15,578,996	15,405,282	16,489,889	16,218,902	-1.6%

SUMMARY OF BUDGET - BY FUND

General Fund	11,253,035	10,658,159	11,302,352	11,300,862	0.0%
Special Revenues Combined	1,327,093	1,753,646	2,331,935	2,103,013	-9.8%
Debt Service Fund	2,090,030	1,988,117	2,059,624	2,005,374	-2.6%
Pension Obligation Bonds Fund	746,585	793,130	616,611	587,006	-4.8%
Capital Projects Fund	67,472	67,497	67,586	67,668	0.1%
Construction Excise Tax Fund	94,781	144,727	111,782	154,980	38.6%
GRAND TOTAL ALL FUNDS	15,578,996	15,405,276	16,489,890	16,218,903	-1.6%

DETAIL OF GENERAL FUND**RESOURCES:**

Beginning Fund Balance	1,482,071	1,177,227	1,000,000	760,000	24.0%
Property Tax	3,724,836	3,883,658	4,018,700	4,093,000	1.8%
Federal Revenue	29,732	0	0	0	0.0%
State Revenue	3,571,821	3,351,166	3,600,030	3,386,832	-5.9%
Local Revenue	116,077	64,933	45,000	67,430	49.8%
Fees and Charges	810,120	968,630	1,292,438	1,431,600	10.8%
Other Income	1,518,377	1,212,545	1,346,184	1,562,000	16.0%
Transfers In	0	0	0	0	0.0%
TOTAL FUND RESOURCES	11,253,035	10,658,159	11,302,352	11,300,862	0.0%

REQUIREMENTS:

Instruction	6,216,939	5,974,467	6,202,833	6,488,713	4.6%
Support Services	3,858,868	3,874,111	4,227,314	4,278,953	1.2%
Transfers Out	0	0	124,153	50,000	59.7%
Contingencies	0	0	408,644	224,000	45.2%
Ending Fund Balance	1,177,228	809,581	339,408	259,195	23.6%
TOTAL FUND REQUIREMENTS	11,253,035	10,658,159	11,302,352	11,300,862	0.0%

DETAIL OF GENERAL OBLIGATION DEBT SERVICE FUND**RESOURCES:**

Beginning Fund Balance	316,944	268,630	121,424	63,774	47.5%
GO Debt Property Taxes	1,765,769	1,713,136	1,938,200	1,941,600	0.2%
Interest on Investments	6,147	5,009	0	0	0.0%
TOTAL FUND RESOURCES	2,088,860	1,986,775	2,059,624	2,005,374	-2.6%

REQUIREMENTS:

Debt Services	1,821,400	1,874,600	1,938,200	1,991,600	2.8%
Ending Fund Balance	268,630	113,517	121,424	13,774	88.7%
TOTAL FUND RESOURCES	2,090,030	1,988,117	2,059,624	2,005,374	-2.6%