

Budget Review 2024-25

Riverdale SD 51J School District



BUDGET HIGHLIGHTS

- The total Proposed budget is \$16.6 million, a slight increase from last year (0.7%). The beginning fund balance decreased by 10.8%, 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.
- Ending fund balance reduces by 50% from current year as contingencies are increased. A new board established policy outlines a minimum of 5% contingency for the General Fund, with any remaining dollars going into unappropriated fund balance.
- The budget is based on maintaining enrollment at 575 total students, in line with current year actuals. The current estimates for enrollment include 493 resident/transfer students, and 82 tuition-based students. Enrollment is anticipated to be similar as the current year and has not returned to pre-pandemic levels.
- Overall revenue (excludes beginning fund balance and transfers) increased by \$312,900, or 2.1%.
 - Tuition revenue decreased by \$174k (14%) in spite of a 3% increase in tuition (charged to out-of-district students). The district lowered the assumed number of tuition-based students in this budget in order to be conservative.
 - Optimizations to the State School Fund (SSF) resulted in a \$493k increase by streamlining and updating the reporting process. This will be an ongoing increase.
- The district continues to be in a deficit spending situation and is taking steps to manage the risk:
 - Grant writer hired;
 - Leveraging vacancies; and
 - improved contracting and quoting processes resulting in more competitive pricing to save on expenditures.
- The total budgeted FTE is 69. This is a net reduction of 1.2 FTE, due to the reduction of vacant admin assistant and teacher positions and an increase to instructional assistants to support specific educational plans.
- The district is in the final year of the bargaining agreement with Riverdale Teachers Association which will end on June 30, 2025, potentially impacting next year's budget. Funds are held in contingency for this purpose.

CHANGES FROM PROPOSED TO APPROVED

In order to review budgets within tight timelines, staff work initially from the Proposed budget. Due to scheduling timelines and given the small change in the Approved budget, this budget review was written on the Proposed budget. The Approved budget contained only one change – an increase of \$53,978 dollars in state school funding due to adjusted estimates on state funds. Those dollars are appropriated in the Special Revenue Fund for purchased services and do not make a significant change in this discussion and analysis.

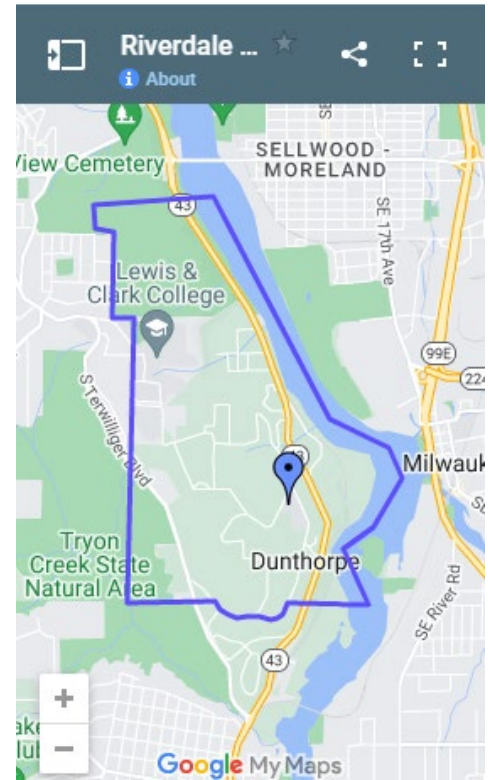
INTRODUCTION & BACKGROUND

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	2020-21	2021-22	2022-23	2023-24
Assessed Value in Millions	\$758.7	\$781.9	\$806.3	\$834.9
Real Market Value(M-5) in Millions	\$1,047.9	\$1,139.7	\$1,179.3	\$1,253.3
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	\$2.4005	\$2.2510	\$2.4321	\$2.4227
Total Property Tax Rate	\$7.5854	\$7.4359	\$7.6170	\$7.6076
Measure 5 Impact	\$-96,121	\$-58,392	\$-70,027	\$-58,172
Number of Employees (FTE's)	68	75	74	74

BUDGET OVERVIEW

The overall budget for Riverdale School District is \$16,624,692, an increase of \$107,748. The fiscal year 2025 will start with 10.8% less in the beginning fund balance than in the current year, moving from \$1.9 million to \$1.7 million.

The FY 25 budget assumptions are purposely conservative. When preparing the budget, the district used the ODE State School Fund (SSF) recommended total allocation for state schools of \$10.2 billion in their assumptions. The board's subcommittee formed to address anticipated shortfalls has been able to

increase revenues through investments, increased tuition and facility rentals. They have also reduced expenditures through staffing optimization, leveraging vacancies and improved contracting and quoting processes resulting in more competitive pricing. The largest savings impact is the State School Fund (SSF) optimizations – a \$500k increase. The district reports likeability to receive further revenue from the state based on the numbers for English language learners, teacher experience, and high-cost disability.

Resources

The district has five primary revenue sources. These revenues, along with transfers and the beginning fund balance make up total resources. In FY 2025, revenue will total \$14.9 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 (\$3.1 million), a modest increase of 2%.
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 \$29,000. The revenue received from the Local Option Tax Levy does not decrease state funding.
3. The General Obligation Bond will raise \$2.1 million to cover the debt service and enough to carry forward to use for the December 2025 interest payment.

Intergovernmental Revenue is budgeted at \$5.2 million. The amount is 10.9% more than the current year. The SSF is budgeted to increase \$493k as optimizations in the State School Funding Formula have been made. This increase will carry on into future years.

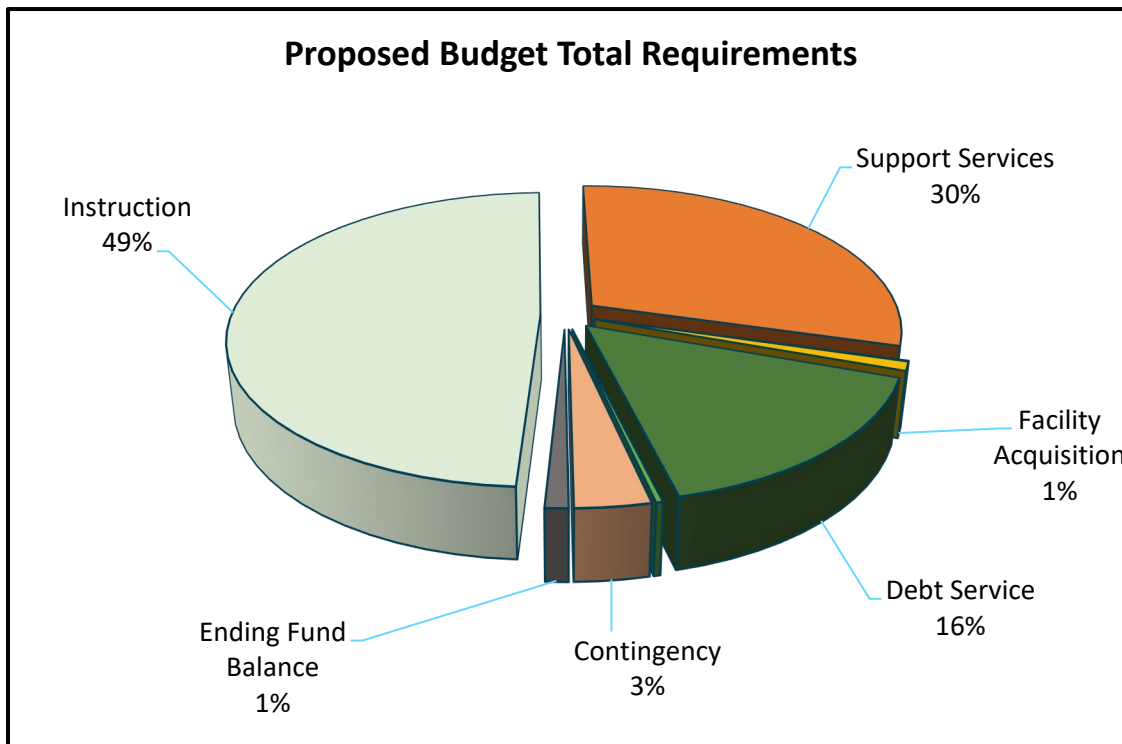
Fees and Charges contribute \$1.8 million to the FY 25 budget, with tuition making up 71% of this resource. Students at Riverdale schools either live within the district, transfer in from other districts, or choose to attend on a tuition basis. When students transfer to the district, the State School 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 the board approved three percent this year. This is the second year in a row that Riverdale School District is increasing rates after a several years maintaining zero increases. 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 2024	FY 2025	% Change
Kindergarten	\$ 12,520	\$ 12,900	3%
Grades 1-4	\$ 13,640	\$ 14,050	3%
Grades 5-8	\$ 14,060	\$ 14,480	3%
Grades 9-12	\$ 14,560	\$ 14,990	3%



Other Income includes funding from the Riverdale Schools Foundation and other donations (\$1.5 million); excluded this year is a one-time payment by the Foundation of \$362k in the current year. Other Income includes interest (\$101 thousand) and miscellaneous income (\$85 thousand).

Requirements



Summary of Total Budget by Object Classification					
(\$ Thousands)					
	FY 22	FY 23	FY 24	FY 25	Budget
	Actual	Actual	Rev. Budget	Prop. Budget	Change
Personnel Services	8,645.0	9,265.0	9,506.50	9,556.81	0.5%
Materials & Services	2,276.8	2,711.3	3,826.17	3,425.11	-10.5%
Debt Service	2,375.7	2,459.3	2,512.65	2,618.33	4.2%
Fund Transfers	-	124.28	50.00	50.00	0.0%
Capital Outlay	-	15.10	-	254.63	0.0%
Contingencies	-	-	282.70	550.74	94.8%
Ending Fund Balance	2,107.88	2,203.45	338.92	169.07	-50.1%
Total Requirements	15,405.28	16,778.39	16,516.95	16,624.69	0.7%

Riverdale School District's total expenditures sit at \$15.8 million, only a slight increase from the FY 2024 budget. By leveraging vacant positions (non-classroom staff) and finding contract process efficiencies for competitive bidding, the district was able to keep expenses relatively close to expenditures. **Contingency** is higher this year due to board policy increasing contingency for the General Fund to 5% of expenditures (last year General Fund contingency was 3%). Any remaining balance after the 5% is met goes to

unappropriated fund balance in order to mitigate current and future risks (e.g. enrollment decline, union negotiations, unanticipated expenditures). **Unappropriated fund balance** totals \$169 million, a decrease of 50%. However, much of that ending fund balance reduction moves due to contingency requirements, an increase of 268k (94.8%) as required by the new contingency policy.

Instruction requirements are 51% of the Riverdale School District's total budget, with support services following at 31%. Instruction dropped slightly from \$8.21 million to \$8.12 million. Meanwhile, support services increased \$64 thousand from \$4.88 million to \$4.94 million.

Personnel Services

The overall personnel service expenditure is \$9.5 million, half a percentage increase over the current year expenditure. The total budgeted FTE is 69. This is a net reduction of 1.2 FTE, due to reduction of vacant Admin Assistant and Teacher positions and an increase to Instructional Assistant to support required IEP's and 504's.

The budget includes a 3% Cost-of-Living-Adjustment for FY 25, step increases where applicable, and a 4% increase on the insurance cap for all staff. The district is in the final year of the bargaining agreement with Riverdale Teachers Association which will end on June 30, 2025.

PERS rates for the biennium went 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 (UAL) with PERS.

Materials and Services

Materials and Services are budgeted to decrease from the current year level of \$3.8 million to \$3.4 million in FY 25. Some changes from last year include: contract escalation for transportation increases 8% over current year (22k), legal services increases 30k, Free and Reduced Lunch program increases 21k and increased costs related to utilities (29k). These increases were offset by the districts diligence to reduce in other areas like the reduction of the contract with MESD for Payroll Services (28k) and removal of conditional use one-time allocations (40k).

Revenues vs. Expenditures

As stated earlier, budgeted expenditures are outpacing revenues. The districts subcommittee continues to review revenue-generating and cost-saving measures and to make recommendations to the board. Some suggestions have already been implemented and will provide ongoing relief in future years.

District's Revenue vs. Expenditures				
	FY 22	FY 23	FY 24	FY 25
Revenue	12,925,280	14,412,208	14,563,326	14,876,226
Expenditures	13,297,403	14,450,670	15,845,328	15,854,888
Gain/Loss	-372,123	-38,462	-1,282,002	-978,662

GENERAL FUND

For FY 25, General Fund revenue is projected to be \$ 10.8 million, an increase of \$141,346 or 1.3% from the current year's revised budget.

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 21	FY 22	FY 23	FY 24
Grade School	377	372	410	400
High School	221	190	185	164
	598	562	595	564

The number presented in the budget is an approximation based on projected student enrollment. As mentioned above, the district has projected FY 25 enrollment a similar 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 2024-25 Enrollment Projections			
Grade	Resident/Transfer	Tuition	Total Enrollment
Grades K-8	369	51	420
Grades 9-12	124	31	155
Total Enrollment	493	82	575

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 \$11.0 million, an increase of \$116k (1.1%) over the current year's adopted budget. The most notable increases in the General Fund are:

- Associated Payroll Costs (+\$70k) as an increase in PERS Unfunded Actuarial Liability (UAL) is up to 8.5%, up from 7.5% current year and an insurance increase of 4% on CAP per RTA agreement.
- Repairs & Maintenance (-\$6k) removes a one-time expense from FY 2024 for updates to a Conditional Use Permit (\$40k) and increases costs Facility Department including landscaping and field maintenance, HVAC, Boiler, Pest Control, and gym floors
- Transportation (+\$23k) increases directly related to staff and inflation costs across the state for transportation providers.

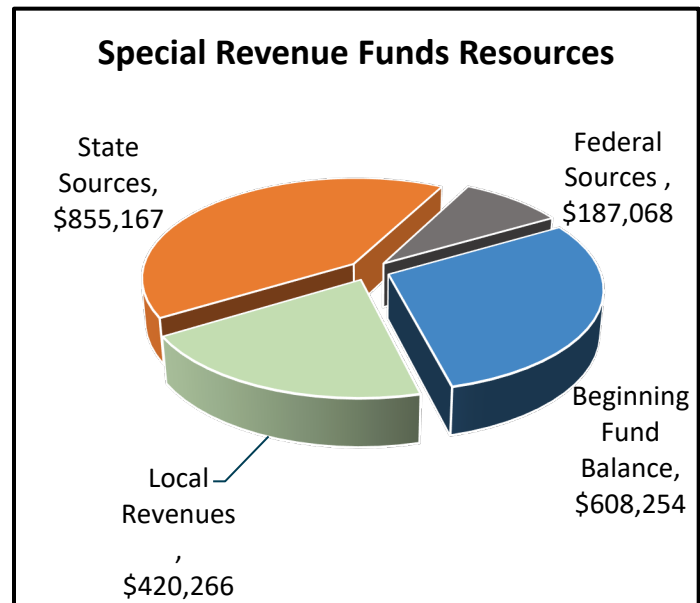


OTHER FUNDS

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 (74%) 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 (\$147K) in this fund will be held for projects that meet the requirements related to the tax.



The two remaining funds are debt funds for repaying general obligation bonds and pension bonds.

DEBT STATUS

The district holds general obligation (GO) bond debt for capital outlay purposes. The district budgets \$2.1 million in debt service for these bonds. As of 6/30/23, the district held \$9.6 million remaining in debt. The district also has PERS (pension) bonds with \$2 million in debt remaining as of 6/30/23.

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 2024-25 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

The audit report for FY 2022-23 notes no issues of budgetary noncompliance.

CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff notes no deficiencies in the district's FY 2024-25 budget development process.

Riverdale School District

Budget Summary

	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	%
<u>SUMMARY OF ALL FUNDS</u>	Actual	Actual	Revised	Proposed	Change
PROPERTY TAX BREAKDOWN:					
Permanent Rate Property Taxes	2,860,261	2,930,273	3,024,000	3,099,000	2.5%
Local Option Levy Property Taxes	971,518	989,006	1,008,000	1,037,000	2.9%
GO Debt Property Taxes	1,713,136	1,892,498	1,941,600	2,095,000	7.9%
Prior Years Property Taxes	51,878	53,291	61,000	61,000	0.0%
TOTAL PROPERTY TAX	5,596,794	5,865,068	6,034,600	6,292,000	4.3%
RESOURCES:					
Beginning Fund Balance	2,480,002	2,232,032	1,903,618	1,698,466	-10.8%
Property Taxes	5,596,794	5,865,068	6,034,600	6,292,000	4.3%
Other Taxes	49,946	252	10,000	10,000	0.0%
Intergovernmental Revenue	4,324,530	4,773,984	4,634,318	5,138,678	10.9%
Fees and Charges	1,555,133	1,688,815	1,901,053	1,778,732	-6.4%
Other Income	1,398,878	2,208,241	2,033,355	1,706,816	-16.1%
TOTAL RESOURCES	15,405,283	16,768,393	16,516,944	16,624,692	0.7%
REQUIREMENTS BY FUNCTION:					
Instruction	6,526,250	7,190,421	8,217,311	8,125,195	-1.1%
Support Services	4,395,501	4,786,763	4,880,639	4,944,724	1.3%
Enterprises and Community Services	0	4,958	12,077	12,077	0.0%
Facilities Acquisition and Construction	0	9,399	222,648	154,561	-30.6%
Debt Service	2,375,653	2,459,253	2,512,653	2,618,332	4.2%
Transfers Out	0	124,153	50,000	50,000	0.0%
Contingencies	0	0	282,695	550,737	94.8%
Ending Fund Balance	2,107,878	2,193,446	338,922	169,066	-50.1%
TOTAL REQUIREMENTS BY FUNCTION	15,405,282	16,768,393	16,516,945	16,624,692	0.7%
REQUIREMENTS BY OBJECT:					
Personnel Services	8,644,957	9,265,003	9,506,502	9,556,811	0.5%
Materials & Services	2,276,793	2,711,314	3,826,173	3,425,111	-10.5%
Capital Outlay	0	15,100	0	254,634	0.0%
Debt Service	2,375,653	2,459,253	2,512,653	2,618,332	4.2%
Fund Transfers	0	124,278	50,000	50,000	0.0%
Contingencies	0	0	282,695	550,737	94.8%
Ending Fund Balance	2,107,879	2,203,446	338,922	169,066	-50.1%
TOTAL REQUIREMENTS BY OBJECT	15,405,282	16,778,394	16,516,945	16,624,691	0.7%
SUMMARY OF BUDGET - BY FUND					
General Fund	10,658,159	11,688,095	11,494,097	11,630,443	1.2%
Special Revenues Combined	1,753,652	2,123,466	2,207,820	2,070,755	-6.2%
Debt Service Fund	1,988,117	2,045,025	2,005,374	2,186,700	9.0%

Pension Obligation Bonds Fund	793,130	699,203	587,006	589,732	0.5%
Capital Projects Fund	67,497	67,625	67,668	67,919	0.4%
Construction Excise Tax Fund	144,727	144,979	154,980	79,143	-48.9%
GRAND TOTAL ALL FUNDS	15,405,282	16,768,393	16,516,945	16,624,692	0.7%

DETAIL OF GENERAL FUND

RESOURCES:

Beginning Fund Balance	1,177,227	809,581	805,000	800,000	-0.6%
Property Tax	3,883,658	3,972,571	4,093,000	4,197,000	2.5%
State Revenue	3,351,166	3,832,136	3,535,067	4,028,443	14.0%
Local Revenue	64,933	79,719	67,430	68,000	0.8%
Fees and Charges	968,630	1,249,232	1,431,600	1,257,000	-12.2%
Other Income	1,212,545	1,744,856	1,562,000	1,280,000	-18.1%
Transfers In	0	0	0	0	0.0%
TOTAL FUND RESOURCES	10,658,159	11,688,095	11,494,097	11,630,443	1.2%

REQUIREMENTS:

Instruction	5,974,467	6,263,206	6,545,201	6,594,007	0.7%
Support Services	3,874,111	4,352,077	4,357,006	4,424,733	1.6%
Transfers Out	0	124,153	50,000	50,000	0.0%
Contingencies	0	0	282,695	550,737	94.8%
Ending Fund Balance	809,581	948,659	259,195	10,966	-95.8%
TOTAL FUND REQUIREMENTS	10,658,159	11,688,095	11,494,097	11,630,443	1.2%

DETAIL OF GENERAL OBLIGATION DEBT SERVICE FUND

RESOURCES:

Beginning Fund Balance	268,630	113,518	63,774	91,700	43.8%
GO Debt Property Taxes	1,713,136	1,892,498	1,941,600	2,095,000	7.9%
Interest on Investments	5,009	37,110	0	0	0.0%
TOTAL FUND RESOURCES	1,986,775	2,043,125	2,005,374	2,186,700	9.0%

REQUIREMENTS:

Debt Services	1,874,600	1,938,200	1,991,600	2,095,000	5.2%
Ending Fund Balance	113,517	106,825	13,774	91,700	565.7%
TOTAL FUND RESOURCES	1,988,117	2,045,025	2,005,374	2,186,700	9.0%