



## A large collage of 12 small images showing various community members and activities. The images include: a person playing a double bass, a group of people in a meeting, a group of people sitting at a table, a person on a yellow school bus, a group of people holding certificates, a group of people in a classroom, a group of people in a library, a group of people in a community center, a group of people in a park, a group of people in a school, and a group of people in a community center. The text '#YOU Belong' is overlaid in the center of the collage.



## Operational Context for 2024-25 Budget Development

- Budgeting for decreasing enrollment, lower enrollment is projected regionally for the next few years
- Partnership with labor partners was **key** to a balanced budget
- Significant work done to right size budgets, and absorb increased costs
  - Increased costs for insurance, special education, utilities, attorney fees, and legal settlement reserves
- Revenues provided by the state are not keeping pace with cost increases
  - The inflationary factor is minimally 1% to 2% behind real costs
- We are not alone in these challenges, K12 is in financial crisis

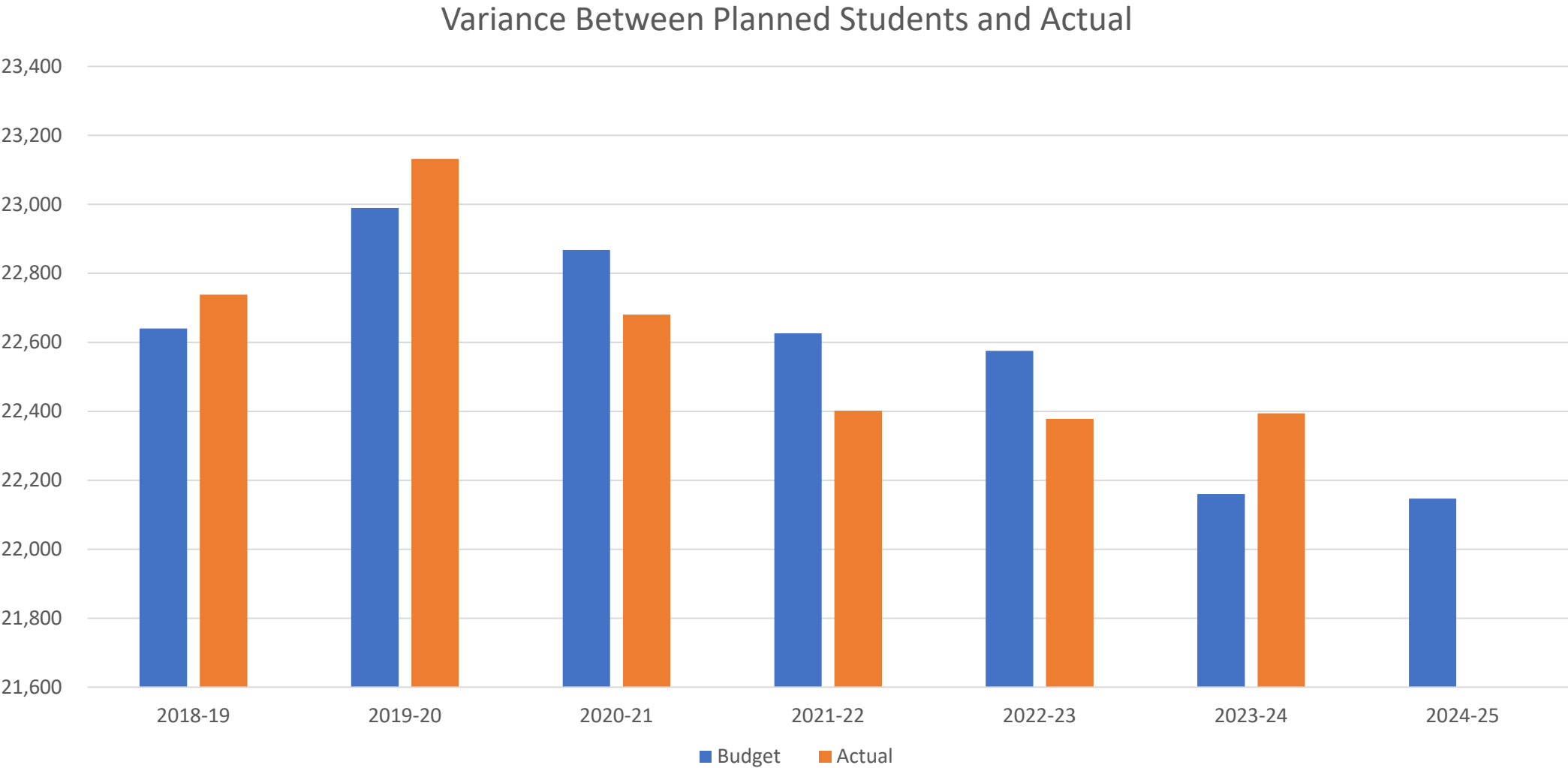


## Recommended FY 24-25 Budget Summary

Dollars in Millions	General Fund	ASB Fund	Capital Fund	Debt Service Fund	Transportation Vehicle Fund	Total All Funds
Beginning Fund Balance	\$ 7.2	\$ 2.5	\$ 383.2	\$ 29.3	\$ 4.3	\$ 426.5
Total Revenue	\$ 441.7	\$ 5.9	\$ 28.4	\$ 76.1	\$ 1.9	\$ 553.6
Other Financing Sources	\$ 11.8	\$ -	\$ 76.0	\$ -	\$ -	\$ 87.8
Total Expenditures	\$ 453.5	\$ 6.2	\$ 298.3	\$ 73.5	\$ 2.5	\$ 834.0
Transfers Out	\$ -	\$ -	\$ 11.8	\$ -	\$ -	\$ 11.8
Net Change in Fund Balance	\$ -	\$ (0.3)	\$ (205.7)	\$ 2.6	\$ (0.6)	\$ (204.4)
Ending Fund Balance	\$ 7.2	\$ 2.2	\$ 177.5	\$ 31.9	\$ 3.7	\$ 222.1



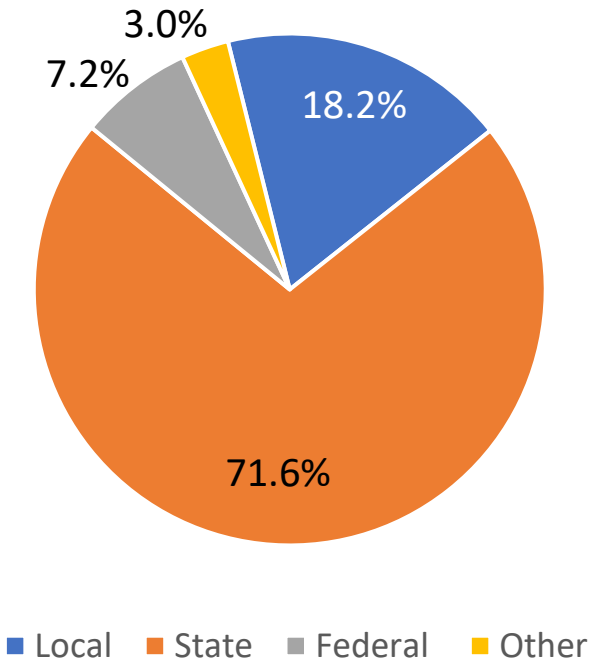
# Enrollment: Annual Average Full Time Equivalent (AAFTE)



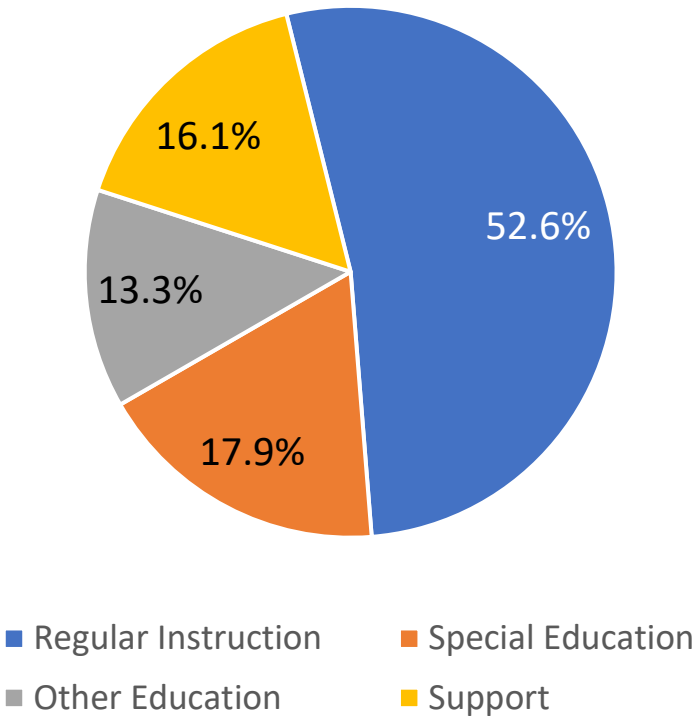


# Sources and Uses – General Fund Only FY 2024-25

Sources - \$453.5M



Uses - \$453.5M





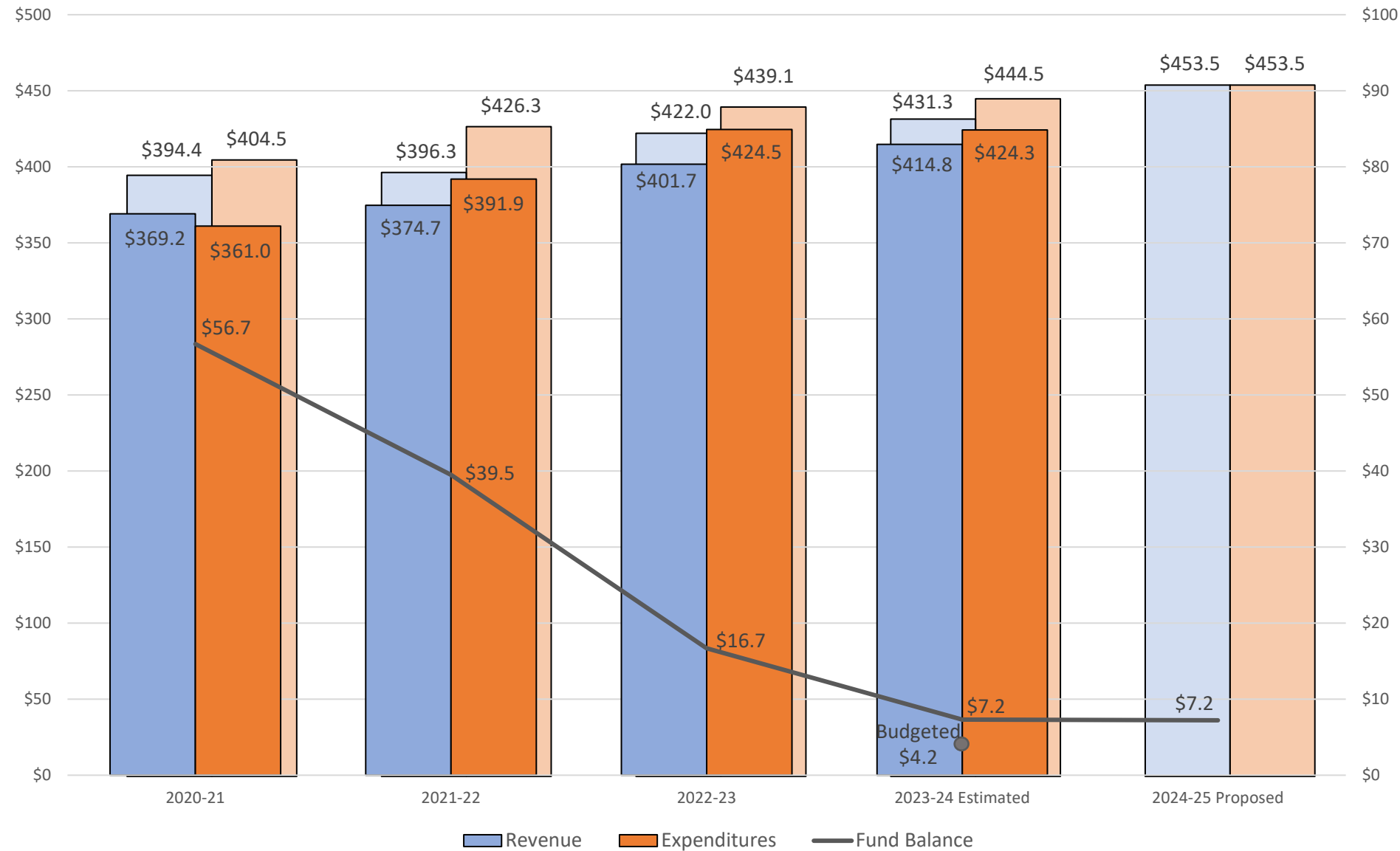
## Financial Context: General Fund Resources

Resource Types (in millions)	2022-23 Actual	2023-24 Budget	2024-25 Proposed	\$ Change	% Change
State	\$ 298.0	\$ 305.2	\$ 324.5	\$ 19.3	6.3%
Local	\$ 74.2	\$ 79.6	\$ 82.7	\$ 3.1	3.9%
Federal	\$ 14.2	\$ 33.1	\$ 32.7	\$ (0.4)	-1.2%
Other Revenues	\$ 2.0	\$ 1.5	\$ 1.8	\$ 0.3	20.0%
Total Revenues	\$ 388.4	\$ 419.4	\$ 441.7	\$ 22.3	5.3%
Other Resources	\$ 13.3	\$ 11.9	\$ 11.8	\$ (0.1)	-0.8%
Fund Balance	\$ 39.5	\$ 17.4	\$ 7.2	\$ (10.2)	-58.6%
Total Resources	\$ 441.2	\$ 448.7	\$ 460.7	\$ 19.2	4.3%



# Financial Context

Transparent bars(in the background) represent budget, which includes \$25M of capacity in both the revenue and expenditure amounts.





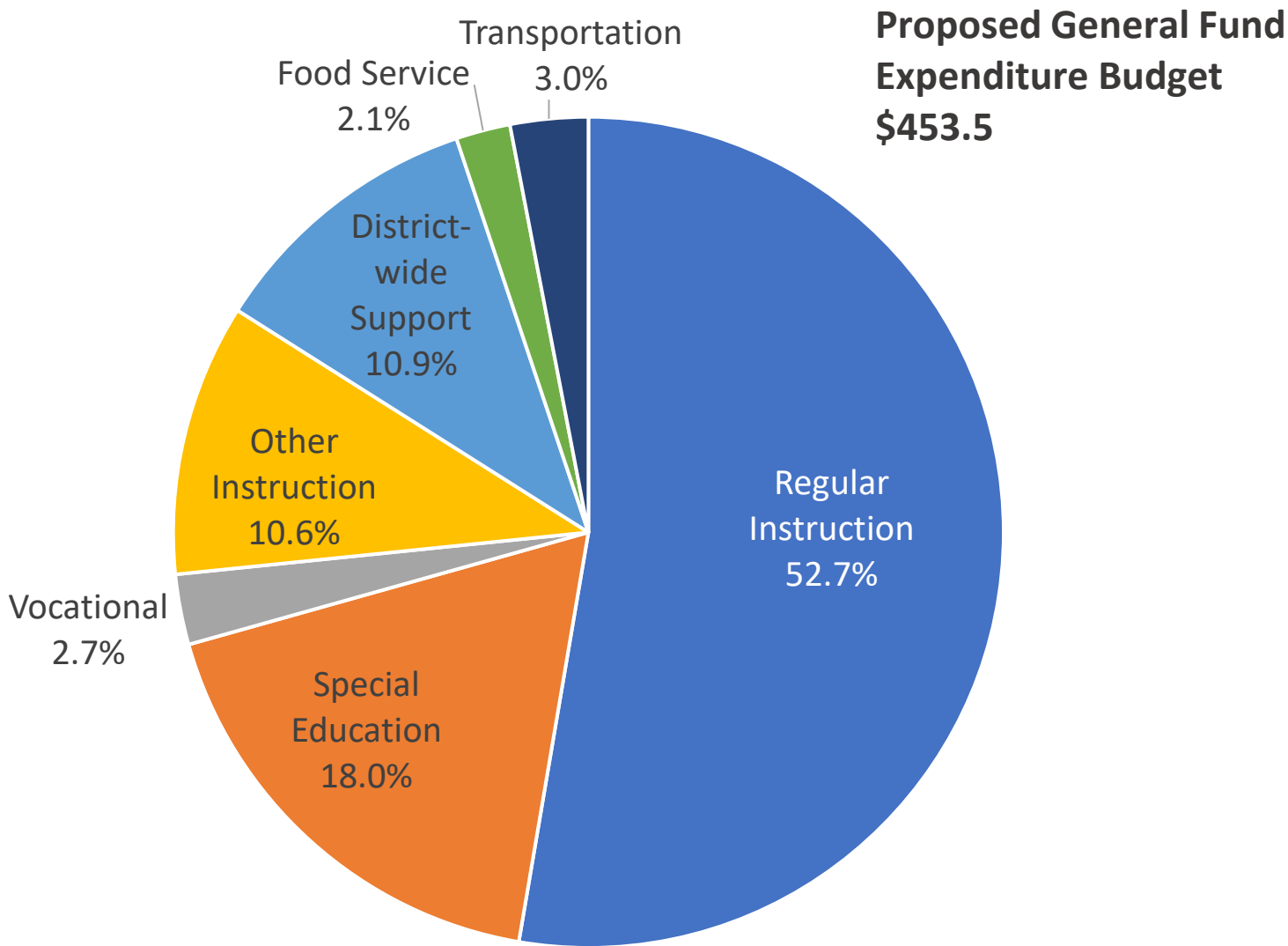
## Financial Context: General Fund Expenditures by Program

Dollars in Millions	Change					
	2022-23 Actual	2023-24 Budget	2024-25 Proposed	2023-24 vs 2024-25	% Change	
Regular Instruction	\$ 237.8	\$ 241.8	\$ 238.6	\$ (3.2)	-1.3%	
Federal Recovery (ESSER)	\$ 0.3	\$ -	\$ -	\$ -	0.0%	
Special Education	\$ 76.9	\$ 77.5	\$ 81.4	\$ 3.9	5.0%	
Vocational Education	\$ 13.0	\$ 12.4	\$ 12.4	\$ -	0.0%	
Compensatory Education	\$ 14.7	\$ 15.9	\$ 17.5	\$ 1.5	9.4%	
Other Instructional Progs	\$ 12.6	\$ 31.4	\$ 30.5	\$ (0.9)	-2.9%	
Community Services	\$ 1.4	\$ 2.0	\$ 0.5	\$ (1.5)	-75.0%	
Food Services	\$ 9.3	\$ 9.3	\$ 9.6	\$ 0.3	3.2%	
Pupil Transportation	\$ 12.8	\$ 13.2	\$ 13.7	\$ 0.5	3.8%	
Support Services	\$ 45.9	\$ 41.0	\$ 49.3	\$ 8.3	20.2%	
<b>Total Expenditures</b>	<b>\$ 424.7</b>	<b>\$ 444.5</b>	<b>\$ 453.5</b>	<b>\$ 8.9</b>	<b>2.0%</b>	





# Financial Context: General Fund Expenditures by Program



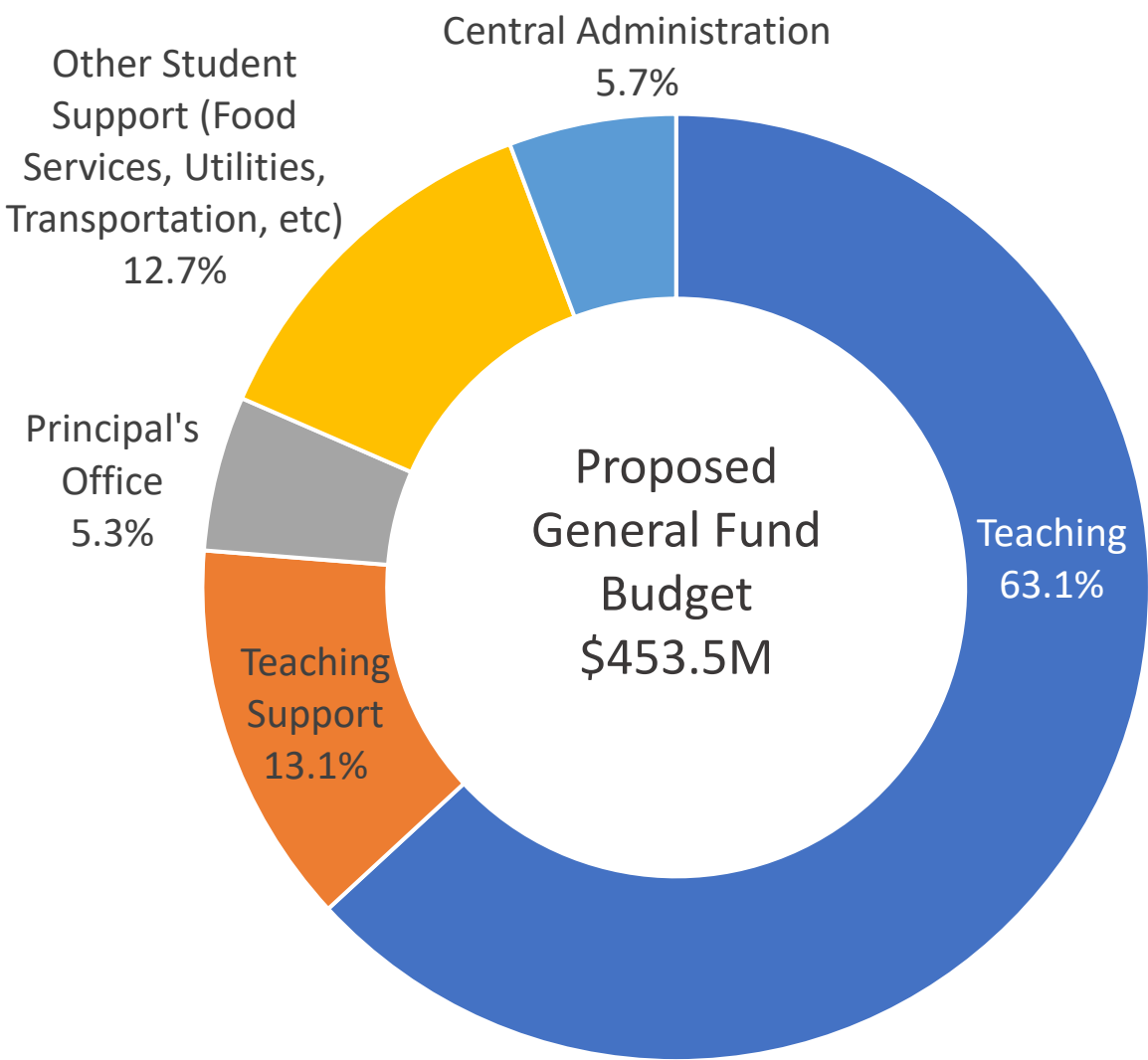


## Financial Context: General Fund Expenditures by Activity

Dollars in Millions	2022-23 Actual	2023-24 Budget	2024-25 Proposed	Change 2023-24 vs 2024-25	2024-25 % of Total Expenditures
Teaching	\$ 259.6	\$ 287.0	\$ 286.3	\$ (0.7)	63.1%
Teaching Support	\$ 60.4	\$ 56.9	\$ 59.5	\$ 2.6	13.1%
Principal's Office	\$ 24.6	\$ 23.8	\$ 24.0	\$ 0.2	5.3%
Other Student Support (Food Services, Utilities, Transportation, etc)	\$ 55.3	\$ 51.4	\$ 57.8	\$ 6.4	12.7%
Central Administration (increase due to insurance and legal costs)	\$ 24.6	\$ 25.4	\$ 25.9	\$ 0.5	5.7%
<b>Total Expenditures</b>	<b>\$ 424.5</b>	<b>\$ 444.5</b>	<b>\$ 453.5</b>	<b>\$ 9.0</b>	<b>100.0%</b>



# Financial Context: General Fund Expenditures by Activity



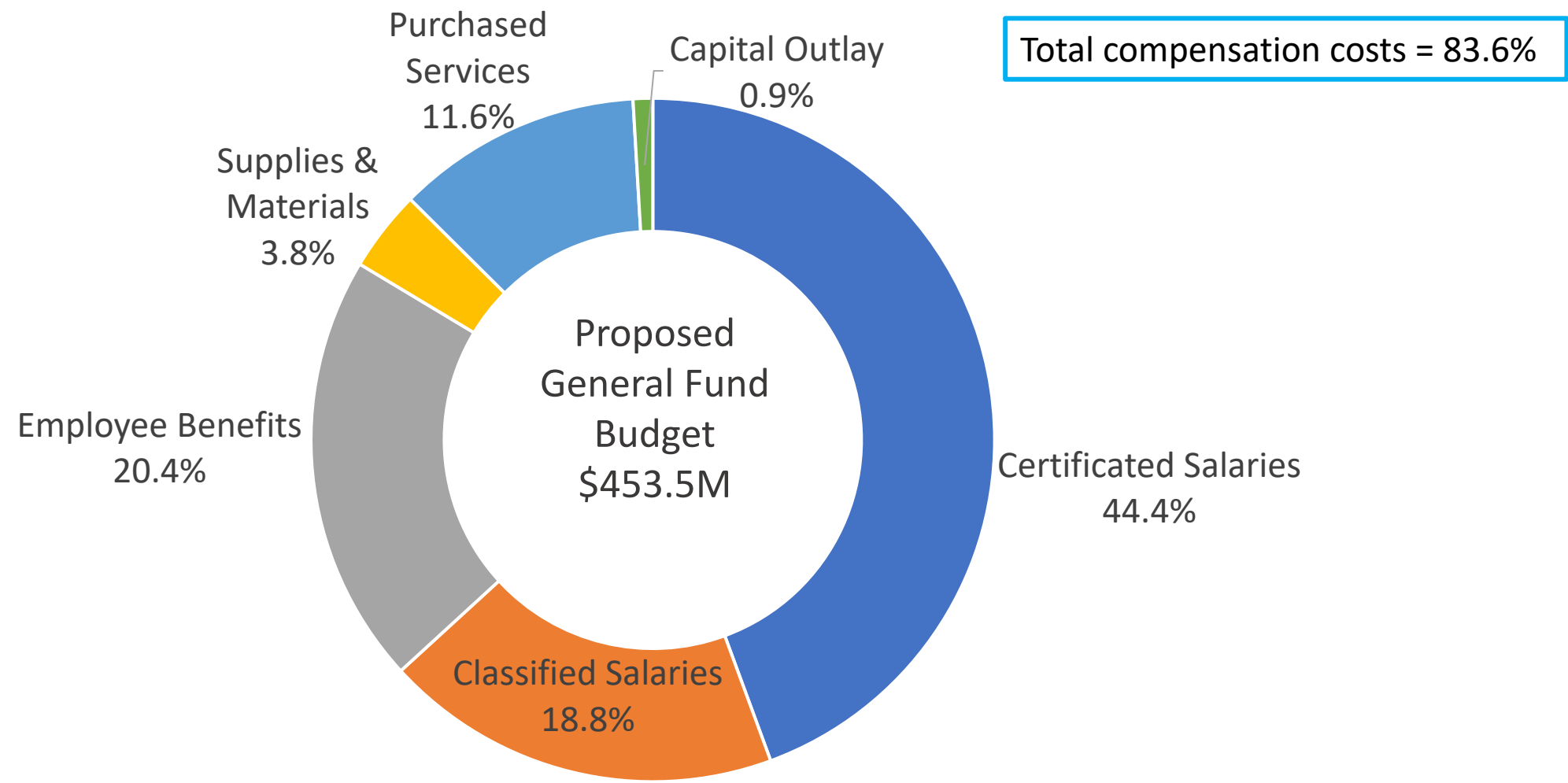


## Financial Context: General Fund Expenditures by Object

Dollars in Millions	2022-23 Actual	2023-24 Budget	2024-25 Proposed	Change 2023-24 vs 2024-25	2024-25 % of Total Expenditures
Certificated Salaries	\$ 197.1	\$ 207.2	\$ 201.2	\$ (6.0)	44.4%
Classified Salaries	\$ 77.5	\$ 81.3	\$ 85.2	\$ 3.9	18.8%
Employee Benefits	\$ 95.4	\$ 91.4	\$ 92.5	\$ 1.1	20.4%
Supplies & Materials	\$ 18.6	\$ 15.8	\$ 17.4	\$ 1.6	3.8%
Purchased Services	\$ 35.2	\$ 44.3	\$ 52.7	\$ 8.4	11.6%
Travel	\$ 0.3	\$ 0.3	\$ 0.3	\$ -	0.1%
Capital Outlay	\$ 0.4	\$ 4.2	\$ 4.2	\$ -	0.9%
Debit Transfers	\$ 1.6	\$ 1.3	\$ 1.2	\$ (0.1)	0.3%
Credit Transfers	\$ (1.6)	\$ (1.3)	\$ (1.2)	\$ 0.1	-0.3%
<b>Total Expenditures</b>	<b>\$ 424.5</b>	<b>\$ 444.5</b>	<b>\$ 453.5</b>	<b>\$ 9.0</b>	<b>100.0%</b>



# Financial Context: General Fund Expenditures by Object





## Financial: Four-Year Budgets

### A change in approach for the Four-Year Budgets

- In past years the district projected budgets that maintained fund balance targets and footnoted the assumptions and actions that might be necessary to achieve these targets.  
(e.g. increasing enrollment projections, the need to reduce expenditures, etc.)
- In these projections revenues and expenditures are trended based on experience and expectations.
- The forecasts reflect no change in enrollment for future years.
  - We have not adjusted either revenues or expenditures as would be necessary to meet fund balance targets found in board policy.



# Financial Context: Fund Balance

## General Fund 4-Year Budget Summary

REVENUE	2024-25	2025-26	2026-27	2027-28
TOTAL	453,500,000	462,570,000	471,821,400	481,257,828
EXPENDITURES				
TOTAL	453,500,000	464,837,500	478,782,625	493,146,104
Net Increase (Decrease) to Fund Balance	-	(2,267,500)	(6,961,225)	(11,888,276)
BEGINNING FUND BALANCE				
810 Restricted for Other Items	306,000	306,000	306,000	-
821 Restricted for Carryover of Restricted Rev	-	-	-	-
828 Restricted for Carryover of Food Services Rev	-	-	-	-
840 Nonspendable FB-Inventory & Prepaid Items	2,400,000	2,400,000	2,400,000	-
850 Restricted for Uninsured Risks	600,000	600,000	600,000	-
888 Assigned to Other Purposes	1,300,000	1,300,000	1,300,000	-
890 Unassigned Fund Balance	-	-	-	-
891 Unassigned to Minimum Fund Balance Policy	2,594,000	2,594,000	326,500	(2,028,725)
TOTAL BEGINNING FUND BALANCE	7,200,000	7,200,000	4,932,500	(2,028,725)
ENDING FUND BALANCE				
810 Restricted for Other Items	306,000	306,000	-	-
821 Restricted for Carryover of Restricted Rev	-	-	-	-
828 Restricted for Carryover of Food Service Rev	-	-	-	-
840 Nonspendable FB-Inventory & Prepaid Items	2,400,000	2,400,000	-	-
850 Restricted for Uninsured Risks	600,000	600,000	-	-
888 Assigned to Other Purposes	1,300,000	1,300,000	-	-
890 Unassigned Fund Balance	-	-	-	-
891 Unassigned to Minimum Fund Balance Policy	2,594,000	326,500	(2,028,725)	(13,917,001)
TOTAL ENDING FUND BALANCE	7,200,000	4,932,500	(2,028,725)	(13,917,001)



# General Fund

	2024-25	2025-26	2026-27	2027-28
Beginning Fund Balance	\$ 7.2	\$ 7.2	\$ 4.9	\$ (2.0)
Revenue	\$ 453.5	\$ 462.5	\$ 471.8	\$ 481.2
Expenditures	\$ 453.5	\$ 464.8	\$ 478.7	\$ 493.1
Net Change to Fund Balance	\$ -	\$ (2.3)	\$ (6.9)	\$ (11.9)
Ending Fund Balance	\$ 7.2	\$ 4.9	\$ (2.0)	\$ (13.9)

Assumptions:

- Enrollment assumptions held “flat” (no change from year to year in forecast)
- Revenues grow 2% annually (based on history and expectations)
- Expenditures grow 2.5% for 25-26 then 3% annually (based on history) with current staff levels





# Associated Student Body

	2024-25	2025-26	2026-27	2027-28
Beginning Fund Balance	\$ 2.5	\$ 2.2	\$ 1.9	\$ 1.7
Revenue	\$ 5.9	\$ 6.0	\$ 6.1	\$ 6.1
Expenditures	\$ 6.2	\$ 6.3	\$ 6.3	\$ 6.4
Net Change to Fund Balance	\$ (0.3)	\$ (0.3)	\$ (0.2)	\$ (0.3)
Ending Fund Balance	\$ 2.2	\$ 1.9	\$ 1.7	\$ 1.4

- The Associated Student Body (ASB) Fund is used to account for funds raised by students to support optional extra-curricular activities that promote the cultural, athletic, recreational, or social (CARS) growth of students.
- All ASB revenues are restricted to the extracurricular benefit of students.



# Debt Service

	2024-25	2025-26	2026-27	2027-28
Beginning Fund Balance	\$ 29.3	\$ 31.9	\$ 38.4	\$ 17.1
Revenue	\$ 76.1	\$ 88.3	\$ 70.3	\$ 50.0
Expenditures	\$ 73.5	\$ 81.8	\$ 91.6	\$ 48.2
Net Change to Fund Balance	\$ 2.6	\$ 6.5	\$ (21.3)	\$ 1.8
Ending Fund Balance	\$ 31.9	\$ 38.4	\$ 17.1	\$ 18.9

- The Debt Service Fund is limited to the collection of voter approved property taxes for the purpose of redeeming principle and interest on District debt.
- All debt is related funding of capital projects as defined by state law.



# Transportation Vehicle Fund

	2024-25	2025-26	2026-27	2027-28
Beginning Fund Balance	\$ 4.3	\$ 3.7	\$ 3.7	\$ 3.9
Revenue	\$ 1.9	\$ 2.0	\$ 2.2	\$ 1.5
Expenditures	\$ 2.5	\$ 2.0	\$ 2.0	\$ 2.0
Net Change to Fund Balance	\$ (0.6)	\$ -	\$ 0.2	\$ (0.5)
Ending Fund Balance	\$ 3.7	\$ 3.7	\$ 3.9	\$ 3.4

- Restricted for the purchase of student transportation vehicles.



# Capital Projects Fund

	2024-25	2025-26	2026-27	2027-28
Beginning Fund Balance	\$ 383.2	\$ 177.6	\$ 70.6	\$ 35.4
Revenue	\$ 104.5	\$ 28.9	\$ 16.9	\$ 5.2
Expenditures	\$ 298.3	\$ 124.1	\$ 40.3	\$ 10.5
Transfers Out	\$ 11.8	\$ 11.8	\$ 11.8	\$ 11.8
Net Change to Fund Balance	\$ (205.6)	\$ (107.0)	\$ (35.2)	\$ (17.1)
Ending Fund Balance	\$ 177.6	\$ 70.6	\$ 35.4	\$ 18.3

- The Capital Projects Fund is solely for the purpose of collecting resources and accounting for expenditures related to capital improvements to District facilities.



# Required Materials, Supplies, and Operation Costs Disclosure

**MSOC BUDGET PROVISIO LANGUAGE**  
**ESSB 5950, Section 504(8)(a)(ii) states:**

"As part of the budget development, hearing, and review process required by chapter 28A.505 RCW, each school district must disclose; (A) the amount of state funding to be received by the district under (a) and (d) of this subsection (8); (B) the amount the district proposes to spend for materials, supplies and operation costs, (C ) the difference between these two amounts; and (D) if (A) of this subsection (8)(a)(ii) exceeds (B) of this subsection (8)(a)(ii), any proposed use of this difference and how this use will improve student achievement."

Northshore School District No. 17417	
2024-25 Materials, Supplies, and Operation Costs (MSOC) Disclosure	
<b>F-203 State Revenue for MSOCs:</b>	
Regular Education MSOC	\$ 30,743,183
Grades 9-12 Additional MSOC	\$ 1,339,253
<b>(A) MSOC Allocation</b>	<b>\$ 32,082,436</b>
 <b>(B) F-195 Budgeted Expenditures for MSOCs:</b>	 <b>\$ 36,386,107</b>
 <b>(C ) Difference</b>	 <b><u>(\$ 4,303,671)</u></b>
 <b>(D) Not applicable</b>	



## Next Steps

### Board Involvement

- Will request Board Study Sessions

### Budget Preparation

- Starting this summer

### Communication Plan

- To involve
  - Stakeholders
  - Public
  - Labor Partners
  - Finance Advisory Committee

# Questions and Discussion

