

Overview: Financial Oversight Revenue and Expenditures

Budget Advisory Team Meeting
February 10, 2025



Welcome!

Introductions:

Superintendent: Dr. Susana Reyes

Assistant Superintendent: Angela Von Essen

Director of Finance and Business Services: Art Clarke

Land Acknowledgement

The Shoreline School District acknowledges the Coast Salish peoples of this land, the land which touches the shared waters of all tribes and bands within the Duwamish, Puyallup, Suquamish, Tulalip, Snoqualmie and Muckleshoot nations.

Land Acknowledgement Resources: [#HonorNativeLand](#) & [Native Land](#)

[Understanding Coast Salish Design](#)



Race and Equity Decision-Making Tool

Before a Decision:

A. Pause and examine YOU - Who are you?

- Who is involved in making a decision? (race, gender, class etc.)
- What inherent biases do you bring to the table?

B. Who is affected?

- What dimensions of diversity (race, gender, class, sexuality, gender identity, culture, age, ability, immigrant status, etc.) are in the impacted group?
- In which ways is the impacted group involved in the decision-making?

C. What are the impacts?

- How will the decision of this group advance equity in our system?
- What evaluation tools and measures do we need to determine the impacts of our decision?
- What are the potential challenges, structural barriers, or unexpected blind spots?

D. What do you think happened?

- Did you succeed in advancing equity?
 - To what degree?
 - How do you know? (What evaluation tools and measures were used to determine the impacts of our decision?)
- If no, what steps are we taking to ensure equity is still achieved?

The purpose of this tool is to engage everyone involved in Shoreline Schools to learn, think, and address how race and equity impacts choices in instruction, programming, staffing, funding, and policy. All members of the Shoreline Schools community should strive to improve anti-racist practices and equity awareness through all of our activities and choices. We encourage the application of this tool in decisions that impact students, staff, and families.

Committee Norms

We will...

- start and end on time
- listen carefully and participate in discussions
- not interrupt others
- consider the thoughts and ideas of those who are not represented/present
- assume positive intent
- be respectful of others
- encourage all voices, especially those who do not speak up
- all be treated as peers
- keep students at the center of our work

Committee Purpose and Meeting Outcomes

Committee Purpose: The BAT is an advisory group of community members who receive detailed information about the school district's finances, provide feedback to district leadership from their perspectives, monitor the progress of our annual budget, ask questions, and serve as budget ambassadors within their schools and community networks.

Meeting Outcomes: Gain an understanding of the District finances and engage in conversations regarding financial oversight, revenue sources and options, and district spending and constraints

Agenda Topics:

1. Financial Oversight
2. Comparison of Revenue and Expenditures Categories
3. Questions from Previous Meeting

Financial Oversight

Financial Accountability and Oversight

Audits:

- State Auditor's Office
 - Financial Statement
 - Federal Programs
 - Accountability
- OSPI
 - In-depth, specific Program Reviews

Oversight/Reviews:

- Education Service District

Financial Indicators:

- OSPI [School District Financial Health Indicators](#)
- State Auditor's Office [Financial Intelligence Tool](#)
- Moody's Rating [November 14, 2024 Report](#)

Office of the Superintendent of Public Instruction (OSPI) Monitors the financial health of school districts through tools like a financial health indicators model, budget and financial statement reviews, and election result monitoring. OSPI's preference is for local leaders to resolve financial challenges, but its authority to dictate financial actions increases as a district's financial situation worsens. OSPI provides guidance until district in binding conditions.

Washington State Auditor's Office (SAO) is an independent agency that audits state agencies and local governments to ensure accountability of public funds.

Educational Service Districts (ESDs) play a crucial role in providing fiscal oversight to local school districts by acting as a regional support system, reviewing district budgets, ensuring compliance with state financial regulations, and offering financial consulting services to help districts manage their finances effectively, particularly when facing challenges like budget deficits or potential financial instability; essentially acting as a liaison between the state (OSPI) and individual school districts within their region to monitor and guide financial health.

OSPI - School District Financial Health Indicator

- Six districts in binding conditions in 2024; one recently exited; a couple more are expected to be added
 - What does this mean to be on binding conditions? Financial monitoring, insolvency, and advanced financial oversight [Marysville letter dated September 16, 2024](#)
- Districts with a financial indicator of 1.95 or lower
 - **2021-22** 10 districts of 295 school districts in Washington state
 - **2022-23** 34 districts; 19 districts with a score of 1.85 or below are considered by OSPI of having financial difficulties
 - **2023-24** scores have not been posted

ESD	CCDD	SCHOOL DISTRICT	1516	1617	1718	1819	1920	20-21	21-22	22-23
189	29103	Anacortes	3.10	3.25	2.35	2.80	3.00	3.00	1.90	1.50
189	31016	Arlington	3.10	3.10	3.15	3.85	3.70	3.35	2.75	1.55
121	17405	Bellevue	3.10	3.10	3.15	3.30	2.80	2.45	2.80	1.90
189	29100	Burlington Edison	2.70	2.50	2.05	2.95	2.80	2.80	3.00	1.90
171	04228	Cascade	2.95	2.55	2.25	2.25	2.60	3.00	3.00	1.90
101	32356	Central Valley	3.10	3.10	2.80	2.25	3.00	1.90	2.60	1.50
113	21302	Chehalis	3.70	3.30	2.50	2.50	2.95	3.05	2.95	1.45
121	27402	Franklin Pierce	3.55	3.40	3.45	3.40	2.45	2.45	2.30	1.90
189	31332	Granite Falls	2.10	2.10	1.85	1.45	2.20	2.60	2.25	1.85
189	31063	Index	4.00	3.60	4.00	3.90	2.60	3.70	3.20	1.75
112	08402	Kalama	3.70	3.70	3.85	3.85	3.85	3.50	2.75	1.45
105	19403	Kittitas	3.10	3.10	3.35	2.15	1.60	2.95	3.15	1.60
189	29311	La Conner	3.70	3.85	2.85	2.60	2.95	2.45	3.00	0.40
189	28144	Lopez	3.10	2.70	3.55	3.50	1.90	3.55	2.45	1.70
189	37504	Lynden	3.10	3.10	2.80	3.05	3.15	2.70	2.65	1.95
171	04019	Manson	2.10	2.50	2.25	3.00	3.00	2.80	3.15	1.90
189	31025	Marysville	2.50	2.95	3.15	3.15	2.30	3.15	3.00	1.55
189	37507	Mount Baker	2.50	2.10	2.90	2.95	2.45	2.70	2.70	1.60
189	31006	Mukilteo	3.25	3.25	2.80	3.70	3.35	3.20	2.45	1.90
121	17417	Northshore	3.40	3.40	2.95	3.45	3.30	3.70	2.60	1.55
101	38324	Oakesdale	2.95	3.55	3.55	3.55	3.20	3.55	3.70	1.95
113	34111	Olympia	2.50	2.50	2.90	2.50	2.90	3.00	2.65	1.95
113	21300	Onalaska	3.70	3.70	3.55	3.70	3.55	3.15	3.30	1.60
123	36402	Prescott	4.00	4.00	4.00	3.90	4.00	4.00	2.50	0.30
123	03400	Richland	3.25	1.85	3.15	2.40	2.60	2.25	2.60	1.50
113	34401	Rochester	3.85	3.85	2.70	3.50	3.70	3.85	2.10	1.90
113	23309	Shelton	3.10	3.10	2.25	1.50	2.20	2.20	1.45	1.80
121	17412	Shoreline	3.85	3.45	2.60	3.15	2.45	3.00	2.65	1.90
121	27001	Steilacoom Hist.	3.70	3.30	3.55	3.15	3.15	2.80	1.90	1.90
121	27010	Tacoma	3.40	2.45	2.80	3.30	2.80	3.15	2.45	1.65
113	21237	Toledo	3.10	3.10	3.15	2.65	3.00	3.55	2.65	1.55
121	17406	Tukwila	1.85	1.70	2.15	2.95	2.85	2.50	1.90	0.65
112	06037	Vancouver	3.25	2.85	2.80	3.15	3.00	3.00	3.00	1.90
112	06112	Washougal	3.85	3.85	3.85	3.00	3.15	2.80	2.65	1.55

Source: [OSPI School District Financial Health Indicator](#)

OSPI - Financial Health Indicator for Shoreline

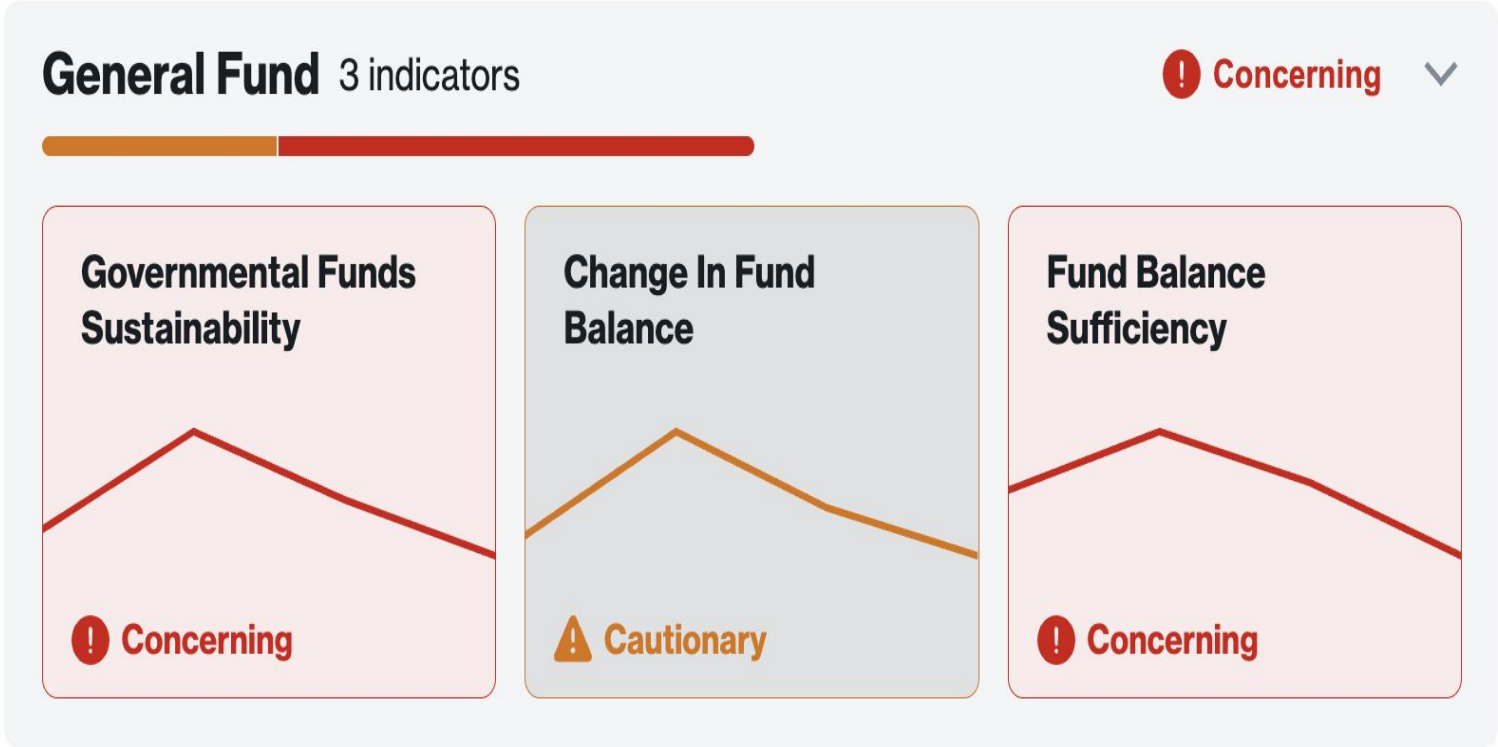
Financial Indicators:	2017-18	2018-19	2019-20	2020-21	2021-22	2022-2023
Fund Balance to Revenue Ratio:						
"Unrestricted" Fund Balance divided by	\$ 13,441,948	\$ 13,863,487	\$ 10,730,211	\$ 12,695,372	\$ 10,244,989	\$ 6,016,497
Total Revenues and Other Financing Sources	\$ 124,224,958	\$ 151,490,152	\$ 155,596,756	\$ 151,831,193	\$ 160,832,270	\$ 163,225,570
<u>Ratio</u>	<u>10.82%</u>	<u>9.15%</u>	<u>6.90%</u>	<u>8.36%</u>	<u>6.37%</u>	<u>3.69%</u>
<i>Score</i>	3	3	3	3	3	2
Expenditure to Revenue Ratio:						
Total Expenditures divided by	\$ 126,848,269	\$ 150,531,197	\$ 159,681,488	\$ 149,215,094	\$ 162,704,199	\$ 167,618,200
Total Revenues and Other Financing Sources	\$ 124,224,958	\$ 151,490,152	\$ 155,596,756	\$ 151,831,193	\$ 160,832,270	\$ 163,225,570
<u>Ratio</u>	<u>102.11%</u>	<u>99.37%</u>	<u>102.63%</u>	<u>98.28%</u>	<u>101.16%</u>	<u>102.69%</u>
<i>Score</i>	2	4	2	4	3	2
Days Cash on Hand						
Average Monthly Cash on Hand divided by	\$ 18,889,437	\$ 18,285,474	\$ 15,108,357	\$ 11,903,274	\$ 12,164,507	\$ 9,919,816
Expenditures per day	\$ 352,356	\$ 418,142	\$ 443,560	\$ 414,486	\$ 451,956	\$ 465,606
<u>Days Cash on Hand</u>	<u>53.61</u>	<u>43.73</u>	<u>34.06</u>	<u>28.72</u>	<u>26.92</u>	<u>21.31</u>
<i>Score</i>	2	1	1	0	0	0
4-Year Budget Summary Plan						
<u>Number of Years with Negative Fund Balance Deficit</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Score</i>	4	4	4	4	4	4
Weighted Scores						
Fund Balance to Revenue Ratio	1.20	1.20	1.20	1.20	1.20	0.80
Expenditure to Revenue Ratio	0.70	1.40	0.70	1.40	1.05	0.70
Days Cash on Hand	0.30	0.15	0.15	0.00	0.00	0.00
4-Year Budget Summary Plan	0.40	0.40	0.40	0.40	0.40	0.40
Total Profile Score	2.60	3.15	2.45	3.00	2.65	1.90

Source: [OSPI School District Financial Health Indicator](#)

State Auditor's Office (SAO) Financial Intelligence Tool

Financial Health ⓘ

7 indicators ✓ 2 ⚠ 2 ❗ 3



- The tool indicates data on an annual basis and reflects the 2022-23 financial statement (FY23)
- Posted January 2024
- Not timely
- SAO uses the tool in their planning of that year's financial audit

Source: [Financial Intelligence Tool](#)

Moody's Rating Report

Rating Action: Moody's Ratings downgrades King County S.D. 412 (Shoreline), WA to A2 from A1; outlook revised to negative

15 Nov 2024

New York, November 15, 2024 -- Moody's Ratings (Moody's) has downgraded King County School District 412 (Shoreline), WA's issuer and general obligation unlimited tax (GOULT) ratings to A2 from A1. Concurrently, we have revised the outlook to negative. As of August 31, 2024, the district had \$343 million in debt outstanding. This action concludes a review for possible downgrade initiated on October 1, 2024.

The downgrade and outlook revision is primarily driven by the district's narrow reserves which are not expected to materially improve and will likely remain below the district's 4% minimum fund balance policy for the next several years.

RATINGS RATIONALE

The A2 issuer rating reflects the district's narrow financial position which, though expected to modestly improve in fiscal 2024 (year-end August 31), will decline further in fiscal 2025. Based on unaudited figures, the general fund available fund balance increased slightly to 5% in fiscal 2024 but is budgeted to drop to 2% in fiscal 2025 as personnel and insurance costs rise. We expect that the district's general fund reserves will remain below its 4% fund balance policy through at least fiscal 2025,

Governance is a key driver of this rating action. District management has not adequately controlled expenditures in the wake of a declining regionalization factor, resulting in a weakened financial position that provides limited budgetary flexibility.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Maintenance of available general fund balance above 5%
- Enrollment growth that materially improves the district's financial profile

Revenues and Expenditures

K-12 General Fund Revenues by Source

Revenue Group by School Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Budgeted 2024-25
State, General Purpose	61,333,623	68,043,647	90,504,599	95,041,812	92,859,939	89,572,111	95,323,958	98,002,571	102,952,478
State, Special Purpose	13,713,588	15,627,448	22,375,038	24,199,246	19,544,395	21,635,595	23,752,068	28,859,836	31,426,804
Federal, General Purpose		6,393	2,659	2,578	2,265	3,117	2,713		2,713
Federal, Special Purpose	5,924,748	5,788,399	5,994,505	6,394,893	12,652,006	17,262,375	8,546,015	8,148,477	8,054,634
Local Taxes	24,949,574	25,581,142	23,167,468	22,147,218	24,100,073	25,388,794	25,968,345	26,035,157	26,795,017
Local Nontax	7,484,025	8,164,881	8,415,359	6,582,112	1,204,142	5,501,703	6,952,373	7,820,601	5,875,354
Revenues from Other Agencies & Assoc	13,439	18,245	15,450	40,150	28,120	54,526	59,374	17,286	
Other Financing Sources	790,432	994,803	1,015,074	1,188,747	1,440,252	1,414,050	2,620,724	2,832,069	3,038,000
Total	114,209,429	124,224,958	151,490,152	155,596,756	151,831,193	160,832,270	163,225,570	171,715,997	178,145,000

75%

15%

Source: [Washington State Fiscal Information](https://www.fiscal.wa.gov/)

Comparison of Expenditures by Object Type

Objects by School Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Budgeted 2024-25	
Salaries - Certificated	51,484,671	55,580,253	69,453,919	74,663,721	74,642,073	77,223,704	78,225,202	81,475,842	87,228,324	87%
Salaries - Classified	23,051,828	24,992,526	28,317,632	29,736,729	22,908,665	29,495,241	31,464,324	30,771,859	32,364,541	
Employee Benefits	26,659,861	30,195,790	35,148,699	38,254,276	37,364,086	37,438,999	39,340,680	36,267,690	39,146,144	
Supplies/Instr Resources	4,800,933	5,314,006	6,014,573	5,610,805	4,774,929	6,102,878	5,949,100	5,673,340	6,479,756	9%
Purchased Services	9,651,792	10,441,379	11,316,711	11,056,269	9,502,558	12,134,634	12,412,621	15,554,696	16,784,678	
Travel	144,964	117,090	140,856	88,245	9,875	150,992	138,050	160,696	151,665	
Capital Outlay	356,292	207,223	138,806	271,442	12,909	157,751	88,222	23,114	104,892	0%
Debit Transfer	468,696	472,593	538,019	828,304	180,255	264,237	505,646	503,758	442,895	
Credit Transfer	-468,696	-472,593	-538,019	-828,304	-180,255	-264,237	-505,646	-503,758	-442,895	
Total	116,150,340	126,848,269	150,531,197	159,681,488	149,215,094	162,704,199	167,618,200	169,927,237	182,260,000	

Source: [Washington State Fiscal Information](https://www.wa.gov/education/finance)

The Detail

Questions from Previous Meeting

Since **Basic Ed funding and property tax revenue makes up 90%** of the District's budget, the remaining 10% consists of local revenues, facility use fees, transfers for bonds and capital levy, and federal grants.

1. What can be funded by:
 - levy
 - community donations
 - fees
 - grants
2. Pockets of money - What could it be spent on and why? "We spend a lot of money on taxes."
3. What are the limitations on funding?
4. How is the General Fund funded, if enrollment doesn't help?
5. Prototypical school funding model - What does that look like?
6. High class sizes - What are the student/teacher ratios?

2025-26 Budget Timeline

Board meeting dates are aligned with major budget milestones. The timeline for the development of the 2025-26 Budget does not include the following crucial work:

- Labor Partner Meetings and Collaboration
- Community Meetings and Presentations
- Staff Meetings and Presentations
- Student Meetings and Presentations
- Budget Advisory Team (BAT) Meetings
- District Leadership Team Meetings

November 12, 2024	<ul style="list-style-type: none"> ● 2024-25 Financial Update and 2025-26 Budget Planning ● Board Guidance for Budget Development Planning
December 2, 2024	<ul style="list-style-type: none"> ● Updated Demographer Report - Study Session
December 10, 2024	<ul style="list-style-type: none"> ● 2023-24 Year-End Fiscal Financial Report (F-196)
January 14, 2025	<ul style="list-style-type: none"> ● Preliminary 2025-26 Enrollment Projections
March 18, 2025	<ul style="list-style-type: none"> ● 2024-25 Mid-Year Financial Update ● 2025-26 Enrollment Projections and Staffing
April 1, 2025	<ul style="list-style-type: none"> ● Preliminary Review of 2025-26 Reduced Educational Plan (REP)
April 15, 2025	<ul style="list-style-type: none"> ● Resolution to Approve 2025-26 REP
May 20, 2025	<ul style="list-style-type: none"> ● Legislative Update
June 17, 2025	<ul style="list-style-type: none"> ● Review of 2025-26 Preliminary Budget ● 2024-24 Financial Update
July 22, 2025	<ul style="list-style-type: none"> ● 2025-26 Budget Hearing and Budget Adoption

Future BAT Meetings

2025 Meeting Dates and Tentative Topics	
January 27	<ul style="list-style-type: none">● Overview of 2024-25 Budget and 2025-26 Budget Projections
February 10	<ul style="list-style-type: none">● Brief Overview of Revenue and Expenditures● Financial Oversight
February 24	<ul style="list-style-type: none">● Q&A; Staffing, Programs, and Efficiencies
March 31	<ul style="list-style-type: none">● Enrollment and Staffing Projections● Draft REP
April 28	<ul style="list-style-type: none">● Revenue and Program Planning; REP
May 19	<ul style="list-style-type: none">● Legislative Update● 2024-25 Financial Update

Questions and Feedback

Thank you!

