



A large collage of 12 images showing diverse students and staff in various school settings, with the text '#YOU Belong' overlaid in the center. The images include: a student playing a double bass; a group of students in a classroom; a group of students sitting at a table; a group of students standing outdoors; a group of students holding certificates; a group of students in a classroom; a group of students in a library; a group of students in a classroom; a group of students in a classroom; a group of students in a classroom; a group of students in a classroom; a group of students in a classroom.

A horizontal collage of various community scenes. On the left, a person in a red t-shirt with a graphic. Next to them, a man in a white shirt and tie. Then, a woman in a blue polo shirt. In the center, a person in a yellow safety vest. To the right, a yellow school bus with 'SCHOOL BUS' written on it. Further right, a man in a suit. The background includes other smaller images of people and buildings. Overlaid on the collage is the text '#YOU Belong' in large, white, sans-serif font.



Operational Context for 2025-26 Budget Development

- Budgeting for decreasing enrollment, lower enrollment is projected regionally for the next few years
- Significant work continues to be 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



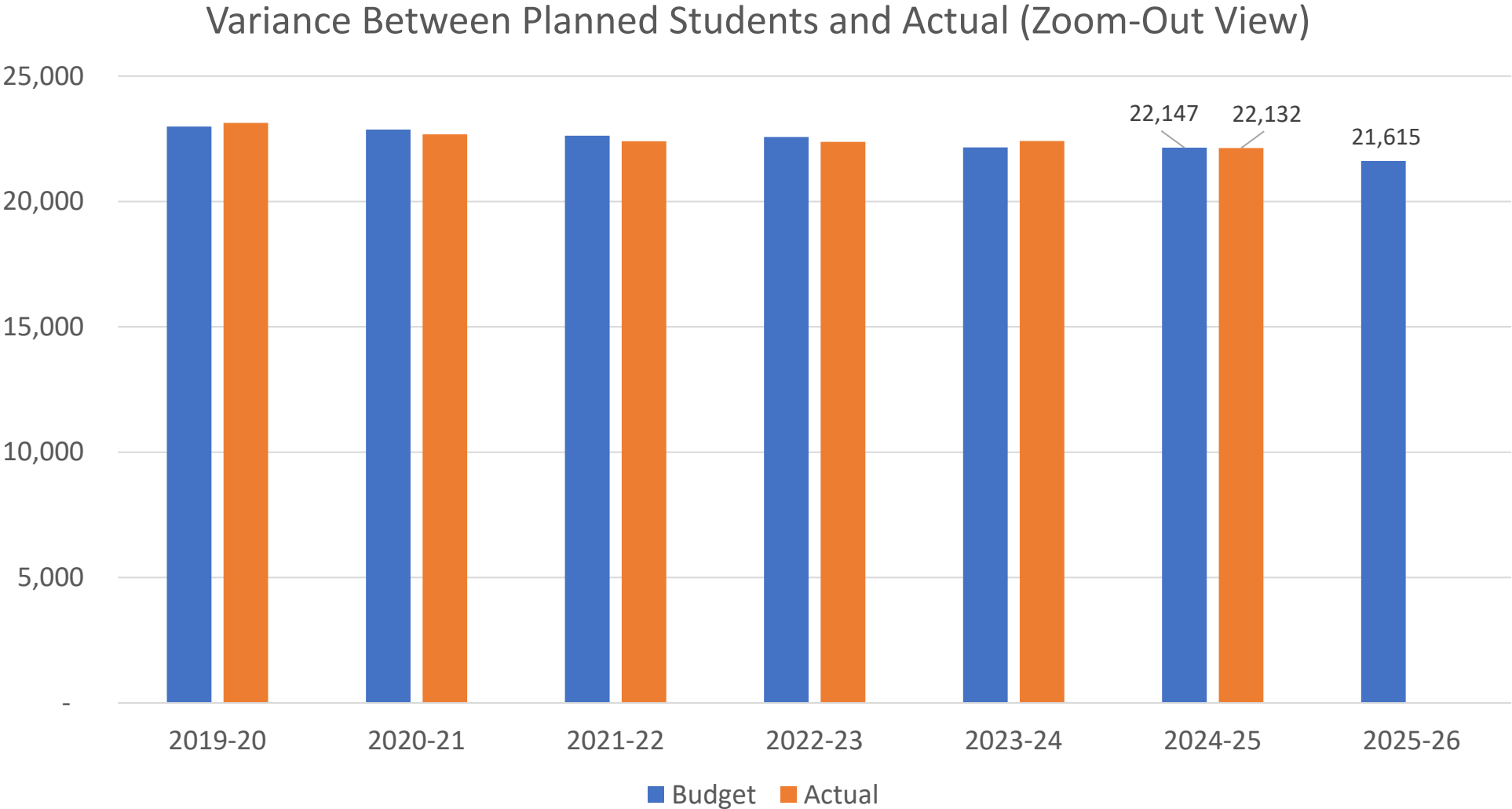
Recommended FY 25-26 Budget Summary

| Dollars in Millions | General Fund | ASB Fund | Capital Fund | Debt Service Fund | Transportation Vehicle Fund | Total All Funds |
|----------------------------|--------------|----------|--------------|-------------------|-----------------------------|-----------------|
| Beginning Fund Balance | \$ 12.5 | \$ 2.7 | \$ 211.5 | \$ 34.2 | \$ 4.0 | \$ 264.4 |
| Total Revenue | \$ 451.6 | \$ 6.7 | \$ 54.5 | \$ 94.4 | \$ 2.2 | \$ 609.4 |
| Other Financing Sources | \$ 12.8 | \$ - | \$ 76.0 | \$ - | \$ - | \$ 88.8 |
| Total Expenditures | \$ 464.4 | \$ 7.0 | \$ 245.0 | \$ 82.0 | \$ 3.8 | \$ 802.2 |
| Transfers Out | \$ - | \$ - | \$ 12.8 | \$ - | \$ - | \$ 12.8 |
| Net Change in Fund Balance | \$ 0.0 | \$ (0.3) | \$ (127.3) | \$ 12.4 | \$ (1.6) | \$ (116.8) |
| Ending Fund Balance | \$ 12.5 | \$ 2.4 | \$ 84.2 | \$ 46.6 | \$ 2.4 | \$ 148.1 |



Enrollment: Annual Average Full Time Equivalent (AAFTE)

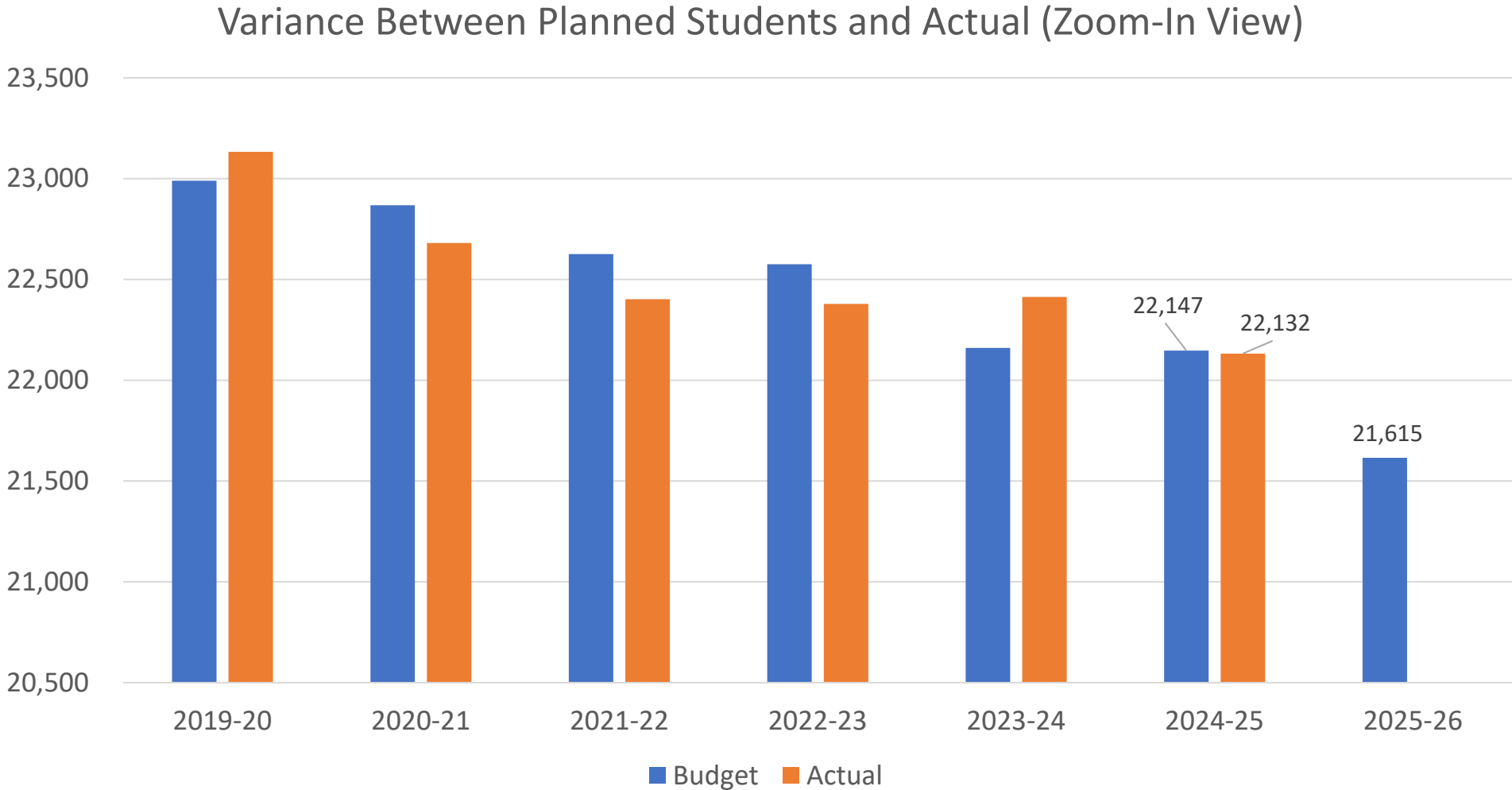
Includes Running Start and Open Doors





Enrollment: Annual Average Full Time Equivalent (AAFTE)

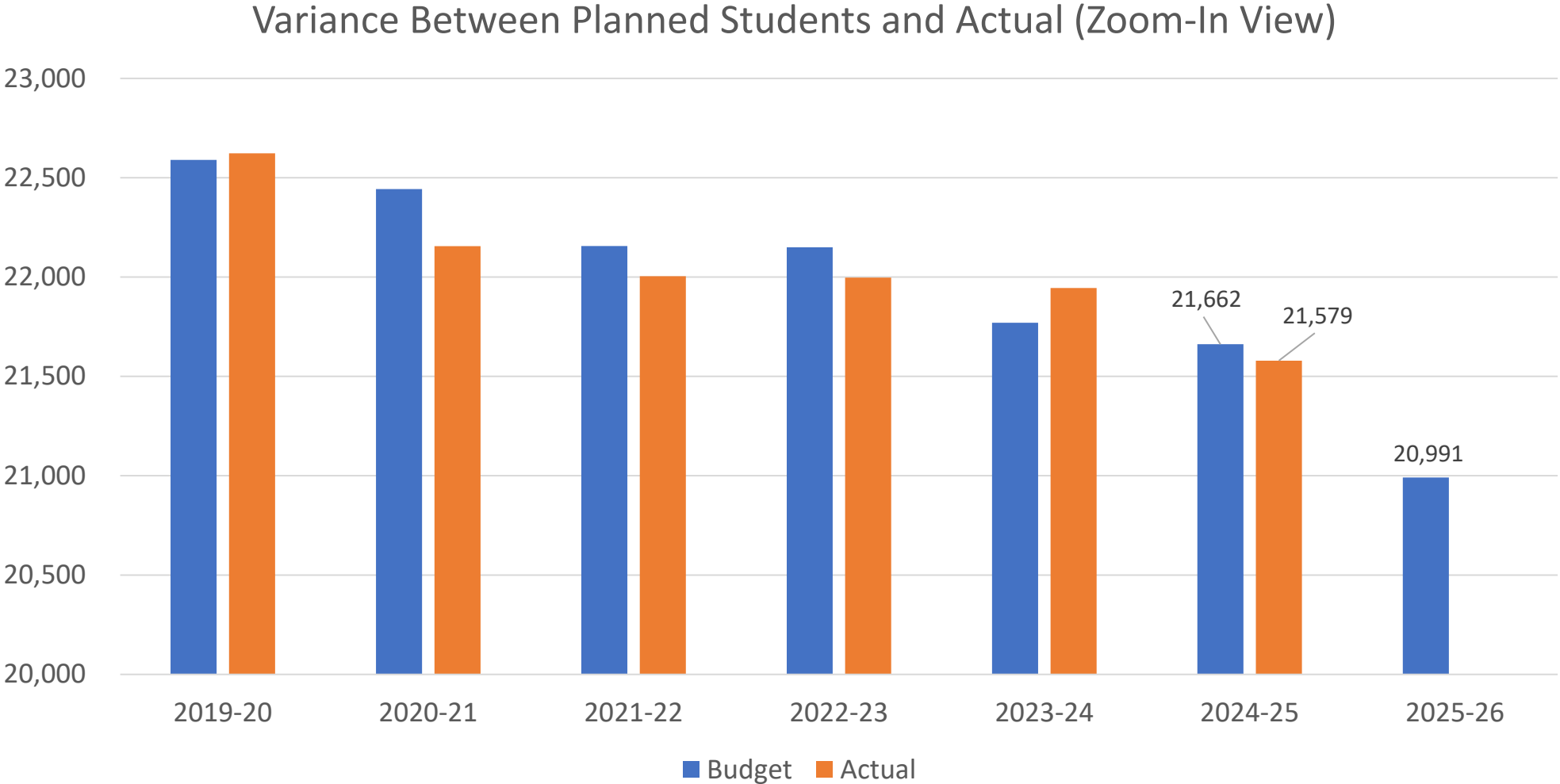
Includes Running Start and Open Doors





Enrollment: Annual Average Full Time Equivalent (AAFTE)

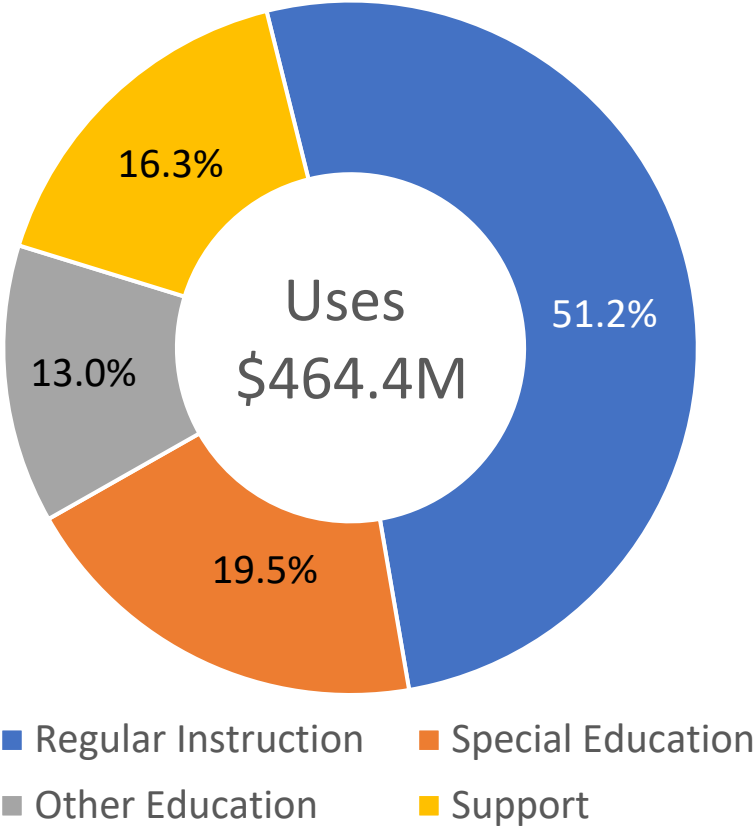
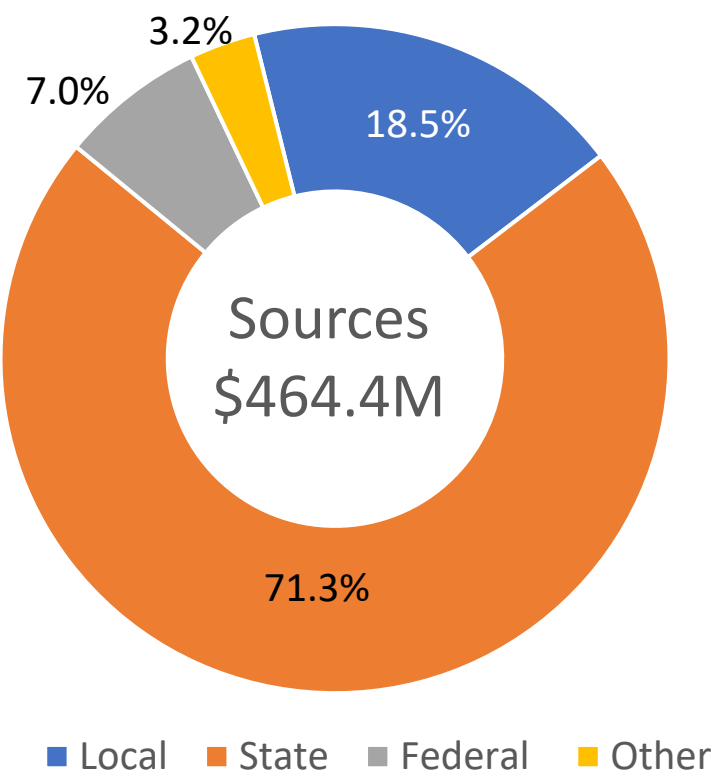
Excludes Running Start and Open Doors





Sources and Uses – General Fund Only
FY 2025-26

Expenditure capacity is included in Federal revenue, without capacity federal revenue is 2.7%.

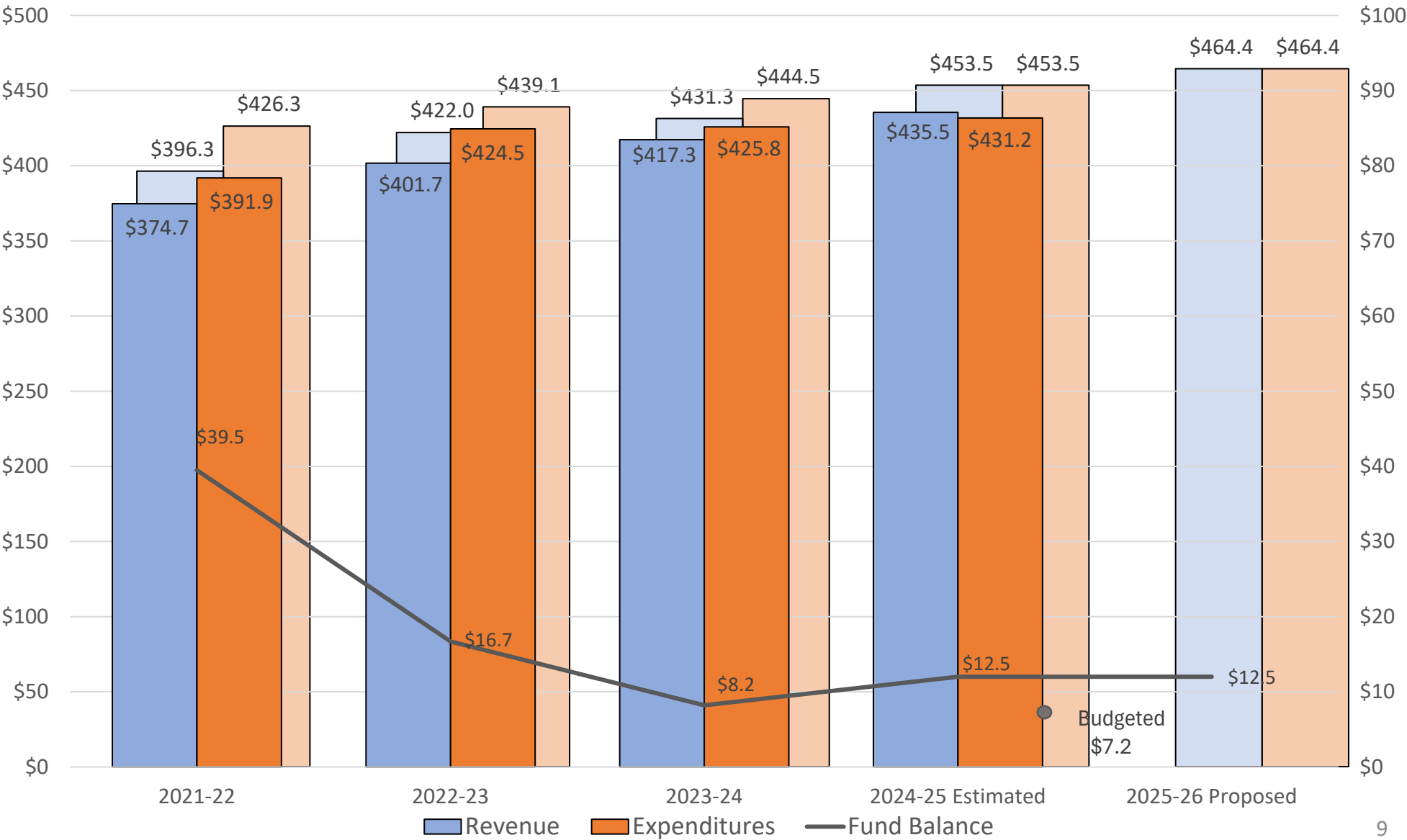


| Resource Types (in millions) | 2023-24 Actual | 2024-25 Budget | 2025-26 Proposed | \$ Change | % Change |
|---------------------------------|-------------------|-------------------|---------------------|-----------|----------|
| State | \$ 298.0 | \$ 324.5 | \$ 331.1 | \$ 6.6 | 2.0% |
| Local | \$ 74.2 | \$ 82.7 | \$ 86.0 | \$ 3.3 | 4.0% |
| Federal | \$ 14.2 | \$ 32.7 | \$ 32.6 | \$ (0.1) | -0.3% |
| Other Revenues | \$ 2.0 | \$ 1.8 | \$ 1.9 | \$ 0.1 | 5.6% |
| Total Revenues | \$ 388.4 | \$ 441.7 | \$ 451.6 | \$ 9.9 | 2.2% |
| Other Resources | \$ 13.3 | \$ 11.8 | \$ 12.8 | \$ 1.0 | 8.5% |
| Fund Balance | \$ 39.5 | \$ 7.2 | \$ 12.5 | \$ 5.3 | 73.6% |
| Total Resources | \$ 441.2 | \$ 460.7 | \$ 476.9 | \$ 16.2 | 3.5% |



Financial Context

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



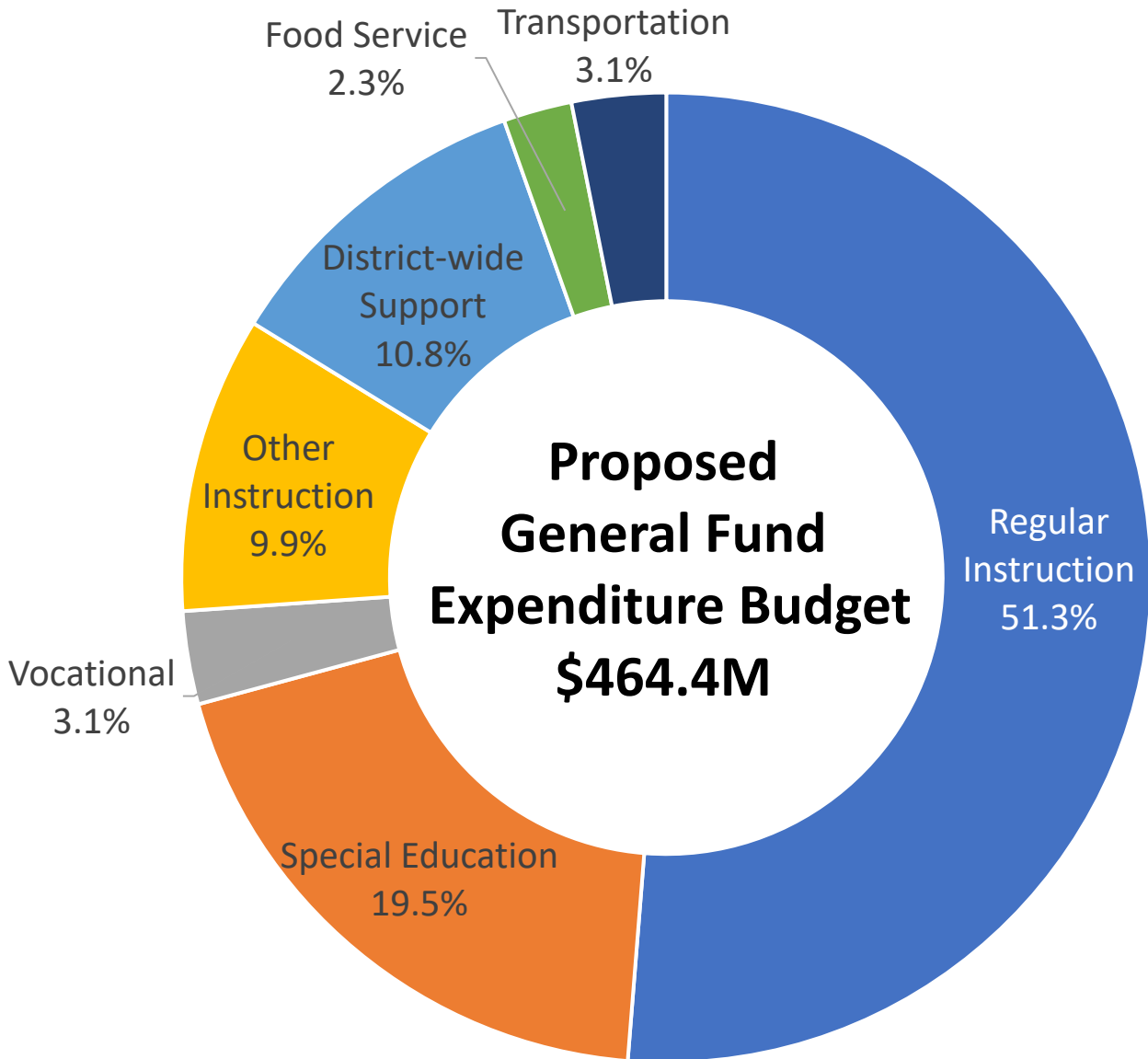


Financial Context: General Fund Expenditures by Program

| Dollars in Millions | Change | | | | | % Change |
|---------------------------|-------------------|-------------------|---------------------|-----------------------|--|-------------|
| | 2023-24 Actual | 2024-25 Budget | 2025-26 Proposed | 2024-25 vs 2025-26 | | |
| Regular Instruction | \$ 230.0 | \$ 238.6 | \$ 237.7 | \$ (0.9) | | -0.4% |
| Federal Recovery (ESSER) | \$ 0.1 | \$ - | \$ - | \$ - | | 0.0% |
| Special Education | \$ 80.6 | \$ 81.4 | \$ 90.5 | \$ 9.1 | | 11.2% |
| Vocational Education | \$ 13.1 | \$ 12.4 | \$ 14.4 | \$ 2.0 | | 16.1% |
| Compensatory Education | \$ 16.9 | \$ 17.5 | \$ 14.9 | \$ (2.6) | | -14.9% |
| Other Instructional Progs | \$ 13.2 | \$ 30.5 | \$ 31.0 | \$ 0.5 | | 1.6% |
| Community Services | \$ 1.0 | \$ 0.5 | \$ 0.7 | \$ 0.2 | | 40.0% |
| Food Services | \$ 9.7 | \$ 9.6 | \$ 10.6 | \$ 1.0 | | 10.4% |
| Pupil Transportation | \$ 13.6 | \$ 13.7 | \$ 14.6 | \$ 0.9 | | 6.6% |
| Support Services | \$ 47.6 | \$ 49.3 | \$ 50.0 | \$ 0.7 | | 1.4% |
| Total Expenditures | \$ 425.8 | \$ 453.5 | \$ 464.4 | \$ 10.9 | | 2.4% |



Financial Context: General Fund Expenditures by Program



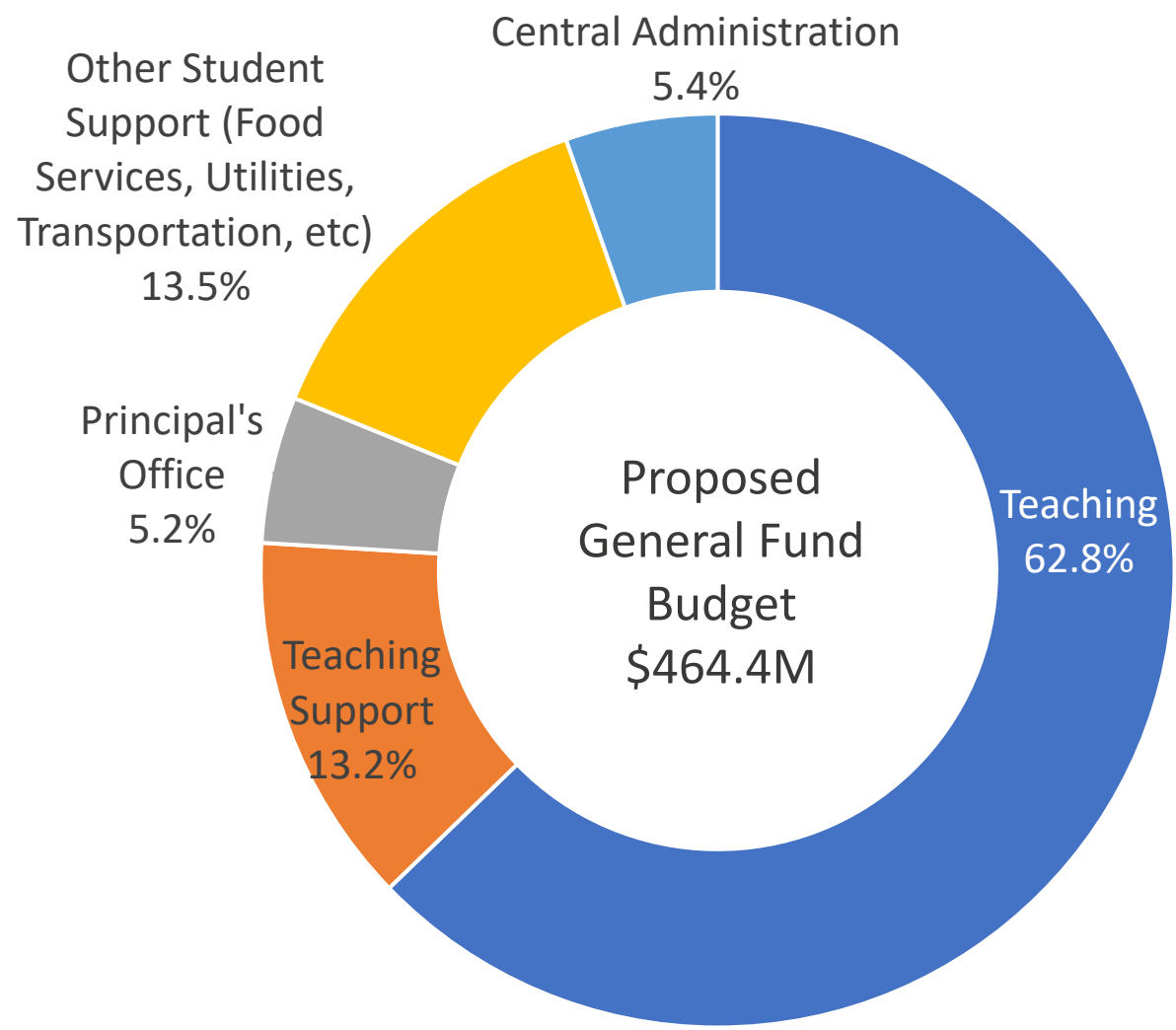


Financial Context: General Fund Expenditures by Activity

| Dollars in Millions | 2023-24 Actual | 2024-25 Budget | 2025-26 Proposed | Change 2024-25 vs 2025-26 | % Change |
|---|-------------------|-------------------|---------------------|---------------------------------|-------------|
| Teaching | \$ 258.2 | \$ 286.3 | \$ 291.5 | \$ 5.2 | 1.8% |
| Teaching Support | \$ 59.8 | \$ 59.5 | \$ 61.3 | \$ 1.8 | 3.0% |
| Principal's Office | \$ 24.5 | \$ 24.0 | \$ 24.1 | \$ 0.1 | 0.4% |
| Other Student Support (Food Services, Utilities, Transportation, etc) | \$ 59.1 | \$ 57.8 | \$ 62.5 | \$ 4.7 | 8.1% |
| Central Administration | \$ 24.2 | \$ 25.9 | \$ 25.0 | \$ (0.9) | -3.5% |
| Total Expenditures | \$ 425.8 | \$ 453.5 | \$ 464.4 | \$ 10.9 | 2.4% |



Financial Context: General Fund Expenditures by Activity



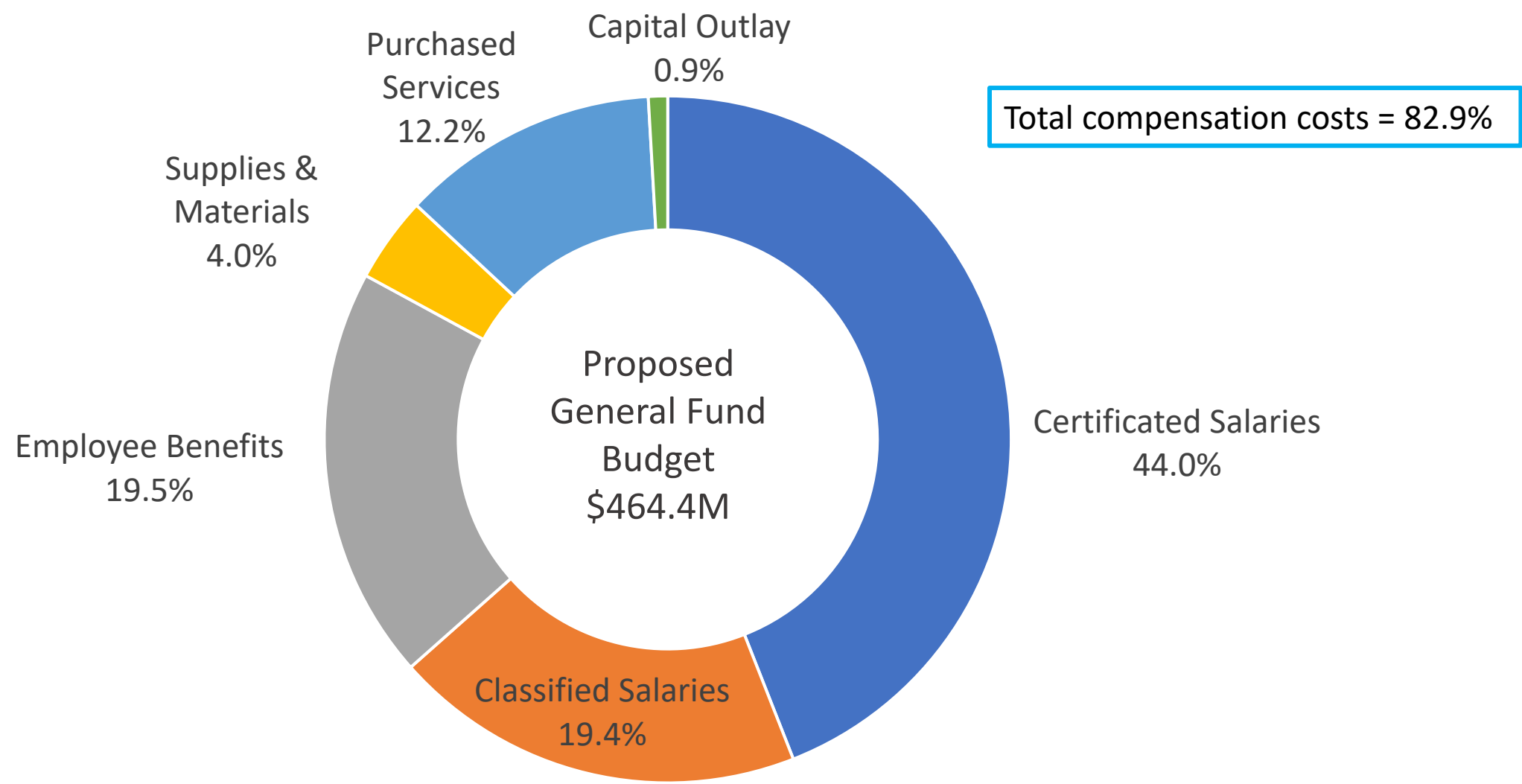


Financial Context: General Fund Expenditures by Object

| Dollars in Millions | 2023-24 Actual | 2024-25 Budget | 2025-26 Proposed | Change 2024-25 vs 2025-26 | % Change |
|---------------------------|-------------------|-------------------|---------------------|---------------------------------|-------------|
| Certificated Salaries | \$ 197.1 | \$ 201.2 | \$ 204.4 | \$ 3.2 | 1.6% |
| Classified Salaries | \$ 77.5 | \$ 85.2 | \$ 90.1 | \$ 4.9 | 5.8% |
| Employee Benefits | \$ 95.4 | \$ 92.5 | \$ 90.3 | \$ (2.2) | -2.4% |
| Supplies & Materials | \$ 18.6 | \$ 17.4 | \$ 18.7 | \$ 1.3 | 7.5% |
| Purchased Services | \$ 35.2 | \$ 52.7 | \$ 56.4 | \$ 3.7 | 7.0% |
| Travel | \$ 0.3 | \$ 0.3 | \$ 0.3 | \$ - | 0.0% |
| Capital Outlay | \$ 0.4 | \$ 4.2 | \$ 4.2 | \$ - | 0.0% |
| Debit Transfers | \$ 1.6 | \$ 1.2 | \$ 1.8 | \$ 0.6 | 50.0% |
| Credit Transfers | \$ (1.6) | \$ (1.2) | \$ (1.8) | \$ (0.6) | -50.0% |
| Total Expenditures | \$ 424.5 | \$ 453.5 | \$ 464.4 | \$ 10.9 | 2.4% |



Financial Context: General Fund Expenditures by Object





Four-Year Budgets

- In these projections revenues and expenditures are trended based on historical trends, experience and expectations.
- Inflationary factors are those currently provided by OSPI for the implicit price deflator.
- The forecasts reflects are expected changes 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.
- Revenue projections assume the district is able to collect the maximum levy allowed under the changes from the 2025 legislative session.



Financial Context: Fund Balance

General Fund 4-Year Budget Summary

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|---|--------------------|--------------------|--------------------|--------------------|
| REVENUE TOTAL | 464,400,000 | 479,600,000 | 497,200,000 | 508,700,000 |
| EXPENDITURE TOTAL | 464,400,000 | 476,500,000 | 491,500,000 | 504,000,000 |
| Net Increase (Decrease) to Fund Balance | - | 3,100,000 | 5,700,000 | 4,700,000 |
| BEGINNING FUND BALANCE | | | | |
| 810 Restricted for Other Items | 400,000 | 400,000 | 400,000 | 400,000 |
| 821 Restricted for Carryover of Restricted Revenue | 300,000 | 300,000 | 300,000 | 300,000 |
| 828 Restricted for Carryover of Food Services Revenue | - | - | - | - |
| 840 Nonspendable FB - Inventory & Prepaid Items | 3,200,000 | 3,200,000 | 3,200,000 | 3,200,000 |
| 850 Restricted for Uninsured Risks | 600,000 | 600,000 | 600,000 | 600,000 |
| 888 Assigned to Other Purposes | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| 890 Unassigned Fund Balance | - | - | - | 555,000 |
| 891 Unassigned to Minimum Fund Balance Policy | 6,500,000 | 6,500,000 | 9,600,000 | 14,745,000 |
| TOTAL BEGINNING FUND BALANCE | 12,500,000 | 12,500,000 | 15,600,000 | 21,300,000 |
| ENDING FUND BALANCE | | | | |
| 810 Restricted for Other Items | 400,000 | 400,000 | 400,000 | 400,000 |
| 821 Restricted for Carryover of Restricted Revenue | 300,000 | 300,000 | 300,000 | 300,000 |
| 828 Restricted for Carryover of Food Services Revenue | - | - | - | - |
| 840 Nonspendable FB - Inventory & Prepaid Items | 3,200,000 | 3,200,000 | 3,200,000 | 3,200,000 |
| 850 Restricted for Uninsured Risks | 600,000 | 600,000 | 600,000 | 600,000 |
| 888 Assigned to Other Purposes | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| 890 Unassigned Fund Balance | - | - | 555,000 | 4,880,000 |
| 891 Unassigned to Minimum Fund Balance Policy | 6,500,000 | 9,600,000 | 14,745,000 | 15,120,000 |
| TOTAL ENDING FUND BALANCE | 12,500,000 | 15,600,000 | 21,300,000 | 26,000,000 |
| % of Unassigned to Minimum Fund Balance Policy | 1.4% | 2.0% | 3.0% | 3.0% |



Financial: Four-Year Budgets

General Fund

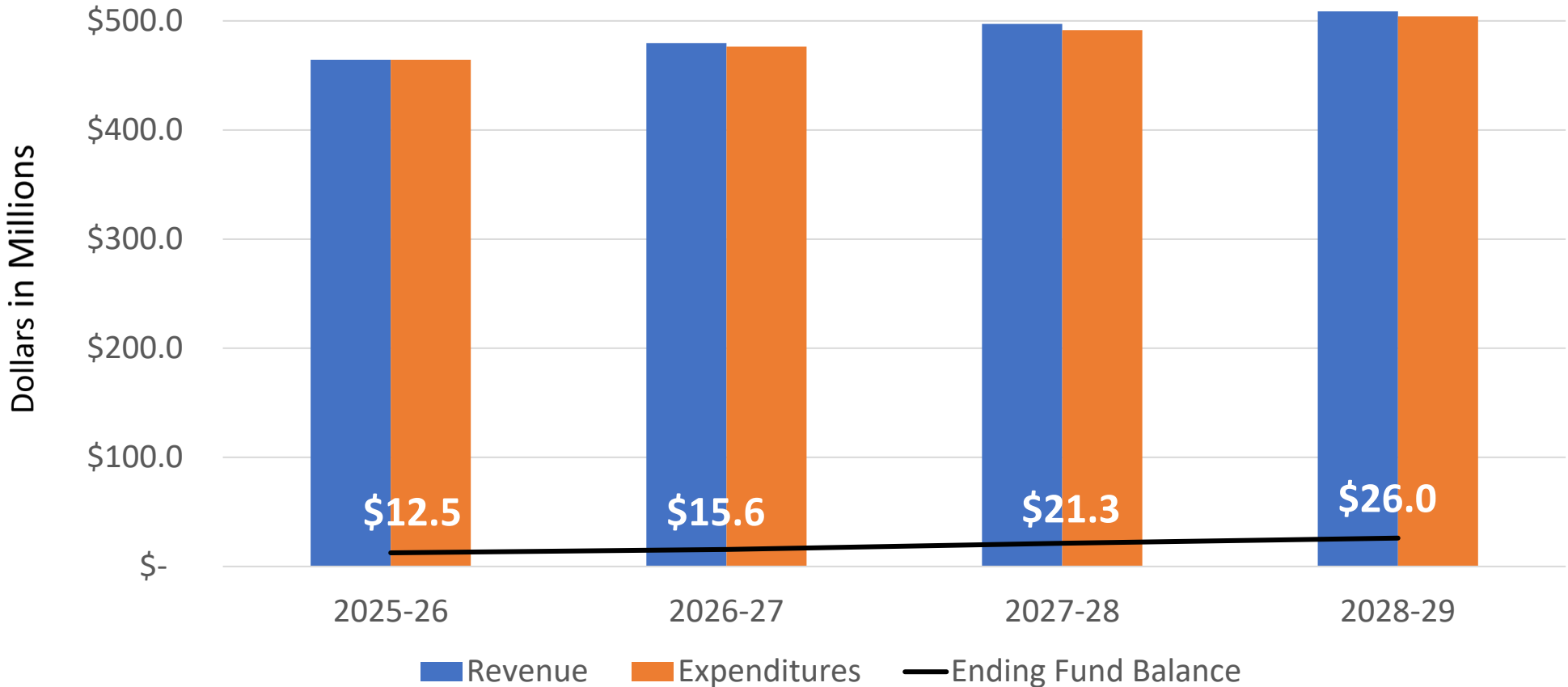
| | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|----------------------------|----------|----------|----------|----------|
| Beginning Fund Balance | \$ 12.5 | \$ 12.5 | \$ 15.6 | \$ 21.3 |
| Revenue | \$ 464.4 | \$ 479.6 | \$ 497.2 | \$ 508.7 |
| Expenditures | \$ 464.4 | \$ 476.5 | \$ 491.5 | \$ 504.0 |
| Net Change to Fund Balance | \$ - | \$ 3.1 | \$ 5.7 | \$ 4.7 |
| Ending Fund Balance | \$ 12.5 | \$ 15.6 | \$ 21.3 | \$ 26.0 |

Assumptions:

- Enrollment continues to decline and gradually flattens
 - 2025-26 (671), 2026-27 (250), 2027-28 (100), 2028-29 (50)
- Maximum Levy Authority starting in 2027
- IPD for 2025-26 at 2.5%, 2026-27 at 2.6%, 2027-28 at 2.9%, 2027-28 at 2.1%



GF Revenue & Expenditure Projections





Associated Student Body

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|----------------------------|----------|----------|----------|----------|
| Beginning Fund Balance | \$ 2.7 | \$ 2.4 | \$ 2.1 | \$ 1.8 |
| Revenue | \$ 6.7 | \$ 6.8 | \$ 7.0 | \$ 7.1 |
| Expenditures | \$ 7.0 | \$ 7.1 | \$ 7.3 | \$ 7.4 |
| Net Change to Fund Balance | \$ (0.3) | \$ (0.3) | \$ (0.3) | \$ (0.3) |
| Ending Fund Balance | \$ 2.4 | \$ 2.1 | \$ 1.8 | \$ 1.5 |

- 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

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|----------------------------|---------|-----------|----------|---------|
| Beginning Fund Balance | \$ 34.2 | \$ 46.6 | \$ 24.0 | \$ 20.0 |
| Revenue | \$ 94.4 | \$ 80.3 | \$ 53.4 | \$ 50.2 |
| Expenditures | \$ 82.0 | \$ 102.9 | \$ 57.4 | \$ 48.6 |
| Net Change to Fund Balance | \$ 12.4 | \$ (22.6) | \$ (4.0) | \$ 1.6 |
| Ending Fund Balance | \$ 46.6 | \$ 24.0 | \$ 20.0 | \$ 21.6 |

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



Transportation Vehicle Fund

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|----------------------------|----------|---------|---------|---------|
| Beginning Fund Balance | \$ 4.0 | \$ 2.4 | \$ 3.2 | \$ 3.4 |
| Revenue | \$ 2.2 | \$ 2.5 | \$ 1.9 | \$ 1.9 |
| Expenditures | \$ 3.8 | \$ 1.7 | \$ 1.7 | \$ 1.8 |
| Net Change to Fund Balance | \$ (1.6) | \$ 0.8 | \$ 0.2 | \$ 0.1 |
| Ending Fund Balance | \$ 2.4 | \$ 3.2 | \$ 3.4 | \$ 3.5 |

- Restricted for the purchase of student transportation vehicles.



Capital Projects Fund

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|----------------------------|------------|-----------|-----------|-----------|
| Beginning Fund Balance | \$ 211.5 | \$ 84.2 | \$ 57.5 | \$ 35.0 |
| Revenue | \$ 130.5 | \$ 17.9 | \$ 4.5 | \$ 4.5 |
| Expenditures | \$ 245.0 | \$ 32.8 | \$ 15.2 | \$ 9.2 |
| Transfers Out | \$ 12.8 | \$ 11.8 | \$ 11.8 | \$ 11.8 |
| Net Change to Fund Balance | \$ (127.3) | \$ (26.7) | \$ (22.5) | \$ (16.5) |
| Ending Fund Balance | \$ 84.2 | \$ 57.5 | \$ 35.0 | \$ 18.5 |

- 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 5167, Section 504(8)(a)(iii) 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 operating costs; (C) the difference between these two amounts; and (D) if (a) (ii) (A) of this subsection (8) exceeds (a) (ii) (B) of this subsection (8), any proposed use of this difference and how this use will improve student achievement."

| Northshore School District No. 17417 | |
|---|---------------------------|
| 2025-2026 Materials, Supplies, and Operation Costs (MSOC) Disclosure | |
| F-203 State Revenue for MSOCs: | |
| Regular Instruction MSOC | \$ 31,246,004 |
| Grades 9-12 Additional MSOC | \$ 1,369,820 |
| (A) Total MSOC Allocation | \$ 32,615,824 |
| (B) F-195 Budgeted Expenditures for MSOCs: | \$ 37,954,737 |
| (C) Difference | \$ (5,338,913) |
| (D) Not applicable | |
| As required, any increase allocation for MSOCs beyond maintenance levels is being used towards increased costs in utilities and insurance, instructional professional development, security and central office administration. | |



Next Steps

Begin 2026-27 budget development

- Will request Board Study Sessions

Communication Plan

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

Questions and Discussion

