

Financial Update & Board Budget Development Guidelines

Board Meeting
November 13th 2025

Martin Turney, Chief of Finance & Operations
Moriah Banasick, Executive Director of Finance & Budget

Why We're Here

Purpose

- Provide a clear and transparent update on 2024-25 financial outcomes
- Highlight key trends driving 2026-27 budget development
- Discuss enrollment changes and their fiscal implications
- Gather Board feedback for updates to the 2026-27 Budget Development Guidelines

Fiscal Health Overview



2024-25 Year-End – Fund Balance

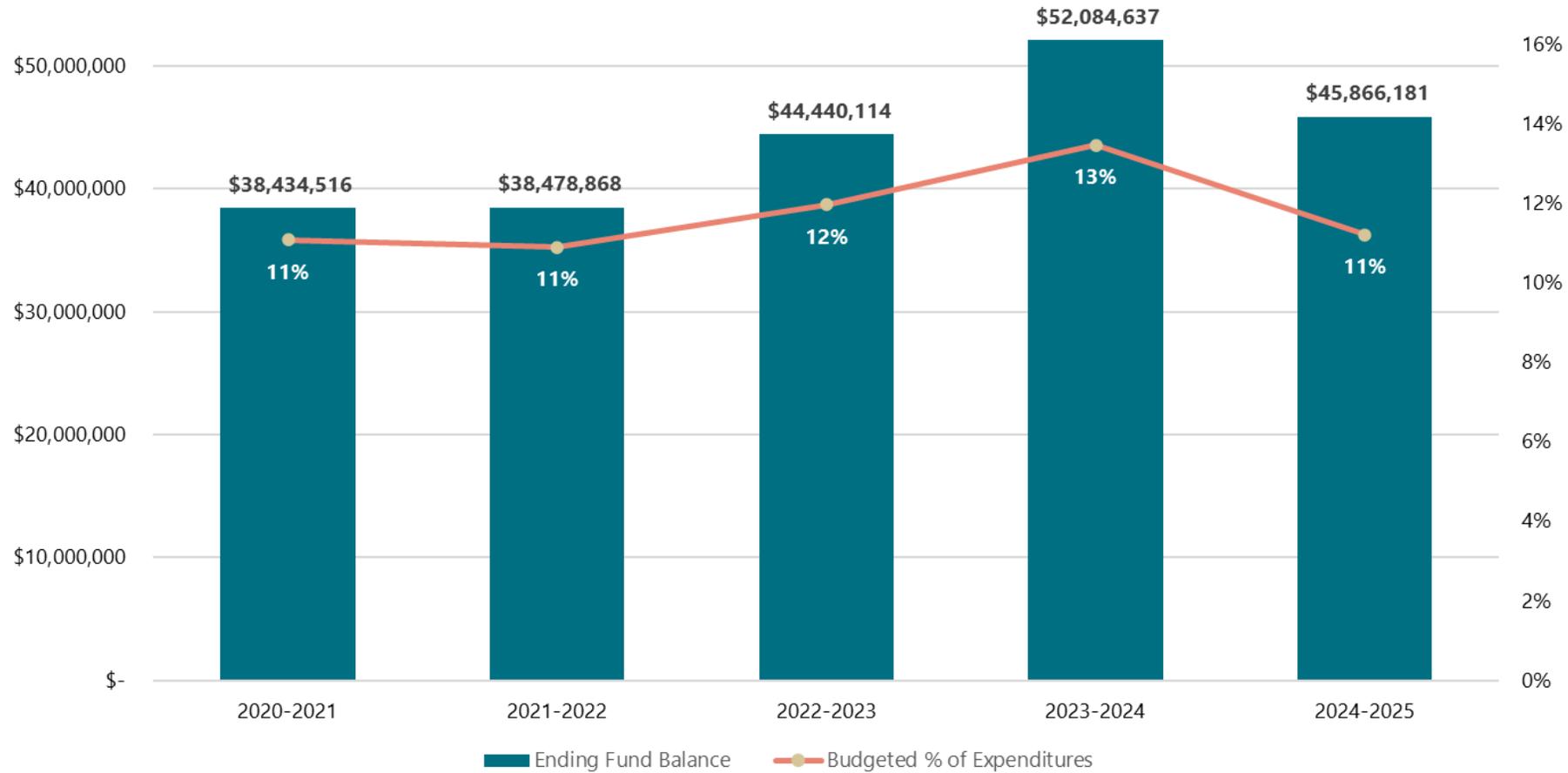
Beginning Fund Balance: **\$52.1M**

Projected 2023-24 Ending Fund Balance **\$46.3M**
As of last budget development update

Actual Ending Fund Balance: **\$45.9M**

- Total fund balance of 11% of budgeted expenditures
- Unassigned, unrestricted fund balance of 4.5%
- **Decrease of \$6.2M**

Fund Balance Five-Year Trend



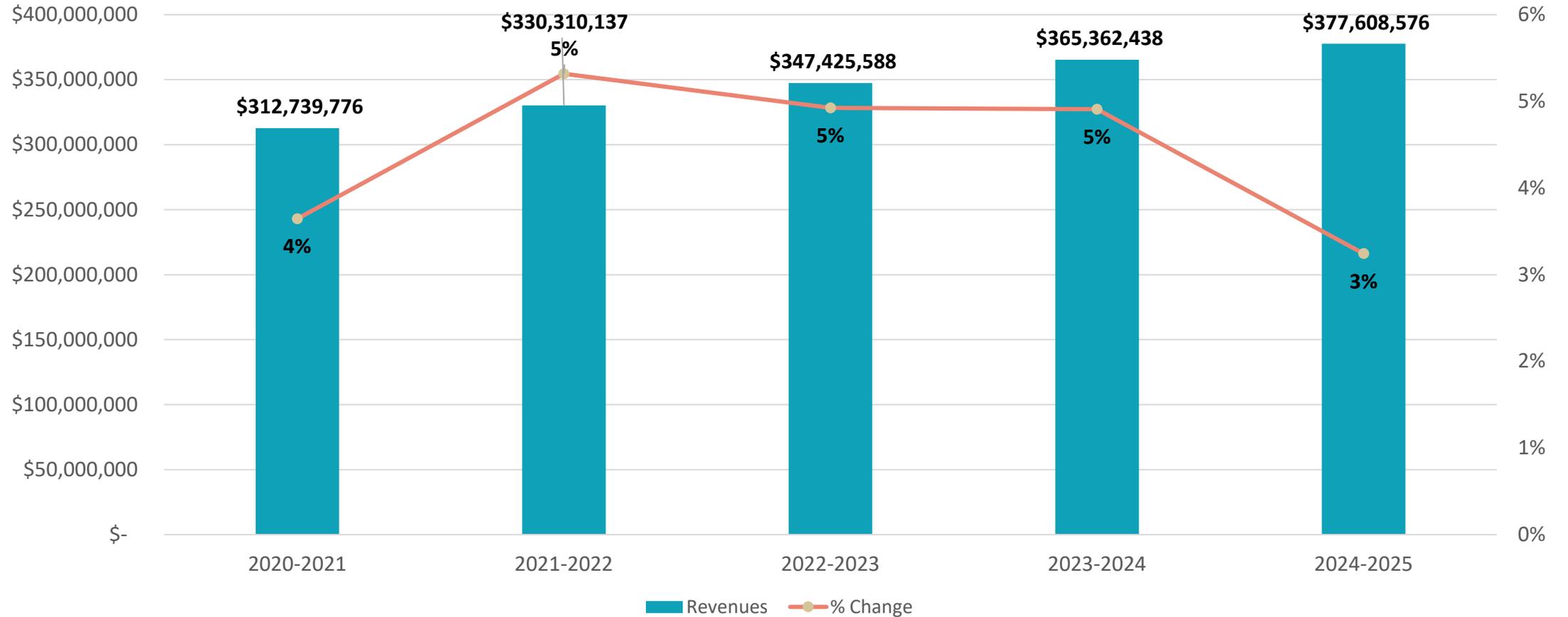
2024-25 fund balance decline of \$6.2M

2024-25 Ending Fund Balance

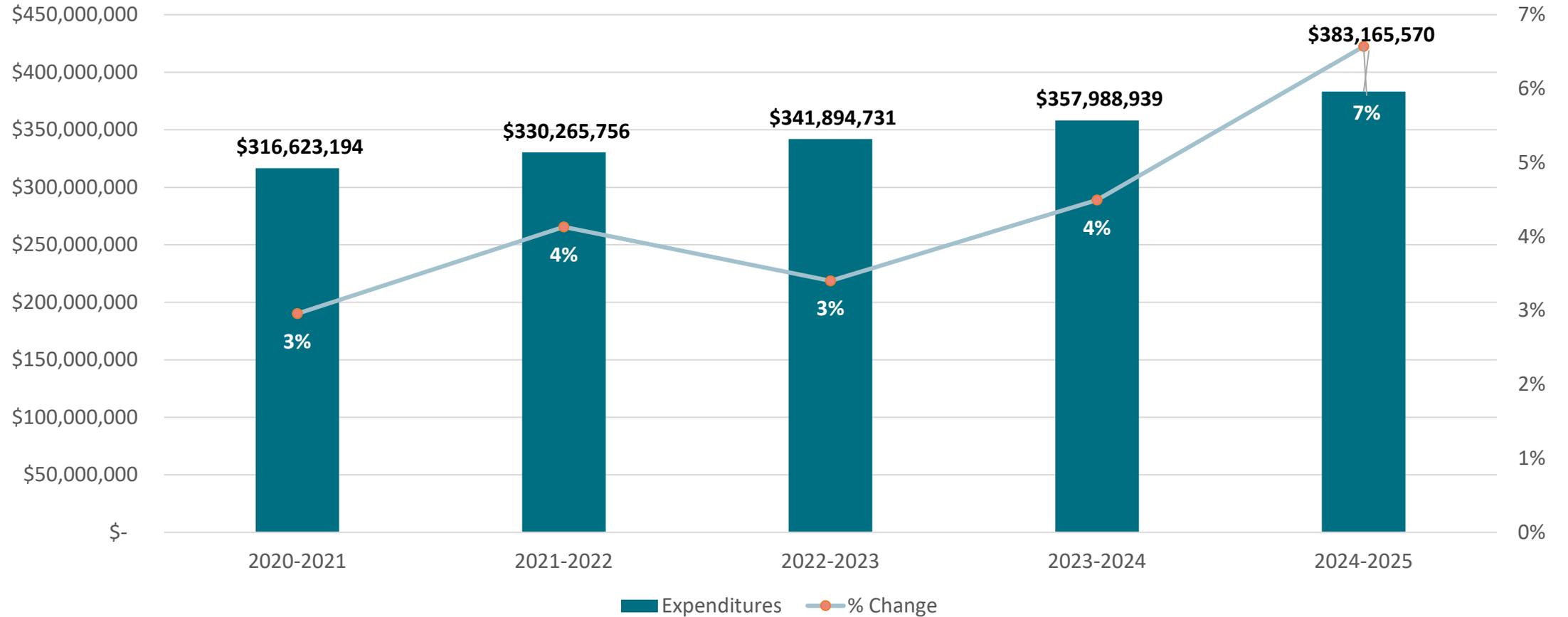
Designations

2024-25 Budgeted Expenditures		\$ 409,230,859	
Ending 8-31-25		45,901,205	% of Estimated Budget 24-25
			11.22%
Restricted for Program Carryover Revenue	569,637	Restricted	1.24%
Reserved for Inventory (pre-paid items & Inventory)	3,138,139	Reserved for Inventory	0.77%
Reserved for uninsured risks	500,000	Reserved for uninsured risks	0.12%
Food Service Carry Over	0	Restricted	0.00%
Board Reserve	1,500,000	Committed	0.37%
Imprest Fund	108,720	Committed	0.03%
Reserved for other contingencies	500,000	Assigned for Contingencies	0.12%
Building Carryover	1,000,000	Assigned	0.24%
Reserve for Future School Facilities	20,000,000	Assigned	4.89%
Total Non-Spendable	3,138,139		0.77%
Total Restricted	1,069,637		0.26%
Total Committed	1,608,720		0.39%
Total Assigned	21,500,000		5.25%
Total Designated Fund Balance	\$ 27,316,496		6.68%
Unreserved Fund Balance	\$ 18,584,709	Unassigned (Undesignated)	4.54%

Five-Year Revenue Trend



Five-Year Expenditure Trend



2025-26 Fund Balance Outlook

- The 2024–25 unreserved fund balance closed at 4.54%, within Board Policy (3–7%).
- With continued expenditure growth and declining enrollment, the 2025–26 unreserved balance is projected to drop below 3% once the \$20 million facility reserve is applied.
- The district will preserve as much fund balance as possible while maintaining policy compliance and preparing for future facility needs.

Enrollment Trends and Impacts



Enrollment Forecast Cycle

Annual enrollment projections begin after the Oct. 1st count to ensure alignment with verified enrollment data

- Each school and grade is analyzed based on historical patterns, housing developments, and birth rates
- We compare district projections with the demographer, **FloAnalytics**, to validate variances and ensure external benchmarking accuracy.

Key Milestones

- March: Initial staffing allocations
- Spring–Summer: Finance & HR collaborates with schools for adjustments
- August: Final updates based on confirmed enrollments

Largest One-Year Enrollment Decline Since the Pandemic

October Count

2024-25 Actual Enrollment	17,978
2025-26 Actual Enrollment	17,419

- Total Enrollment is down 559 FTE (3.1%) from prior year

The following enrollment analysis focuses on the primary reasons for the 2025-26 enrollment decline.

2025-26 Enrollment Decline

Family Migration

The largest driver of the 2025-26 enrollment decline was limited in-migration of young families and families relocating out of district.

- Birth rates in King County dropped 14% since 2016
Source: Department of Health
- Number of kindergarten students entering the district was 7.2% below birth rate
- Trend of families relocating to more affordable areas within WA or out of state has continued
 - Top locations: Phoenix, Spokane, Aberdeen, Ellensburg, Wenatchee, Las Vegas
Source: Western Demographics

Lower birth rates and continued net migration out of the district are reducing enrollment. Additional detailed enrollment analysis, prepared by the Budget and Finance team, will be included in a future enrollment update.

2025-26 Enrollment Projection

October Count

2024-25 Projected Enrollment	17,634
2024-25 Actual Enrollment	17,419

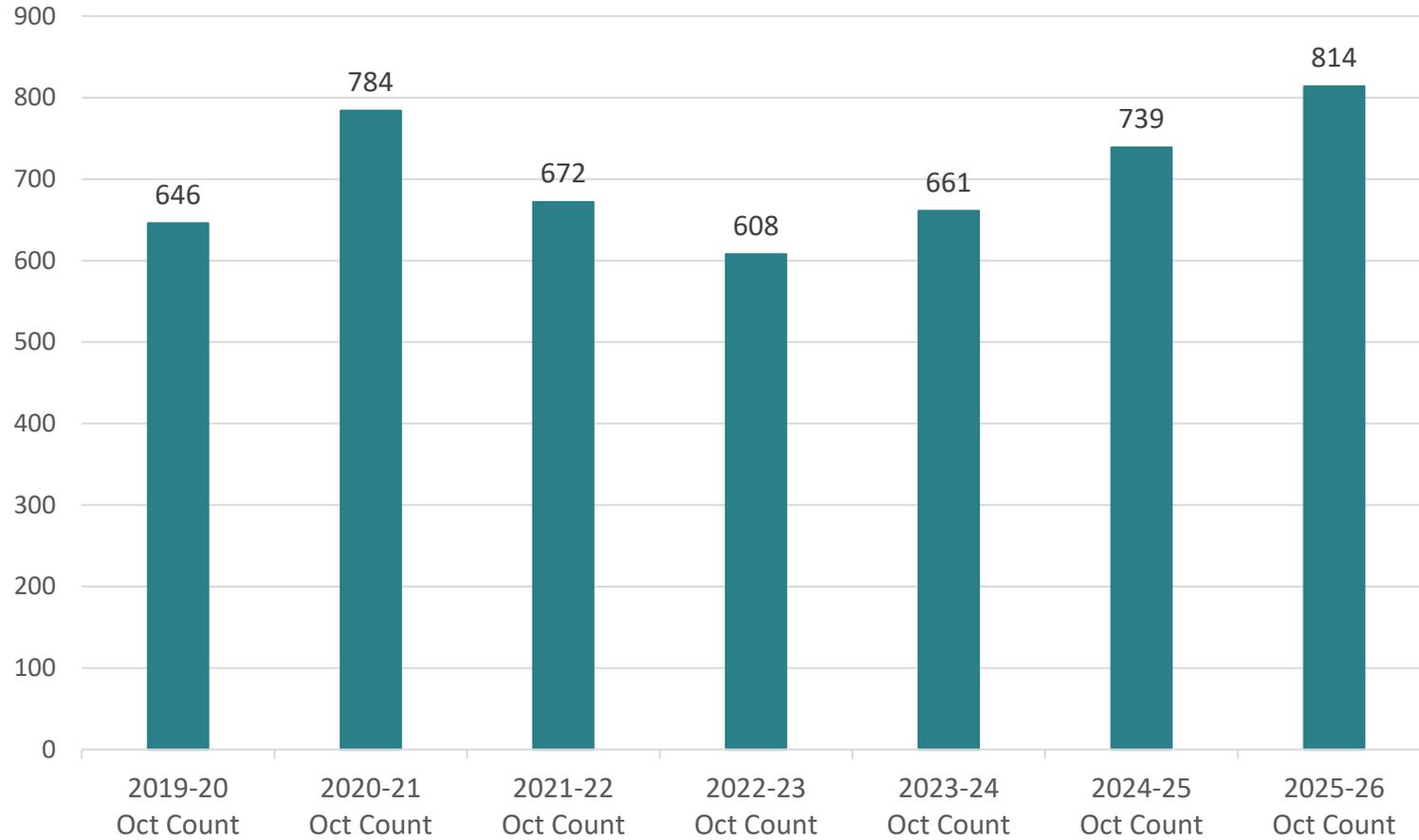
Enrollment is down from projection by 215FTE (1.2%)

Major Reasons:

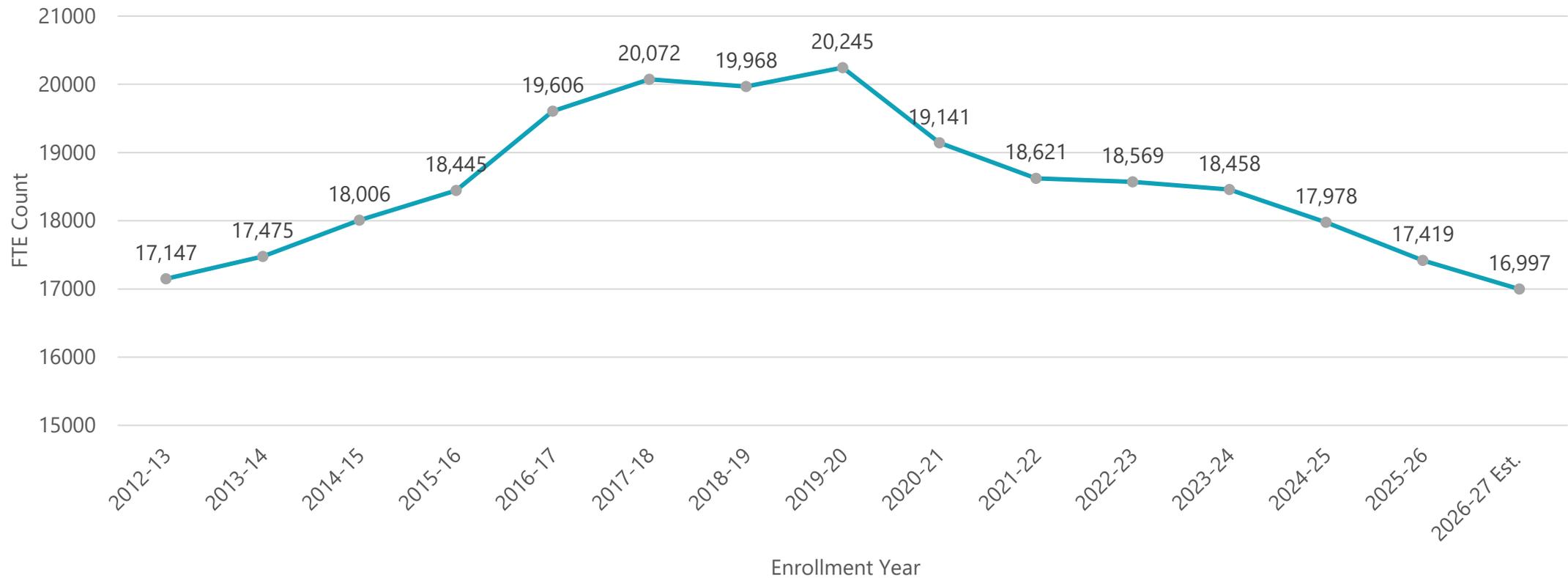
- Running Start enrollment increase is one of the primary drivers - up from projection by 84 FTE (11%)
- Kindergarten enrollment is 7.2% below expected birth rates

Despite the historic enrollment decline, the net staffing impact was minimal. The district was less than three school-based teaching FTE above projection (under 0.3% of total). This reflects proactive staffing management that began last spring from Budget and Human Resources.

Running Start

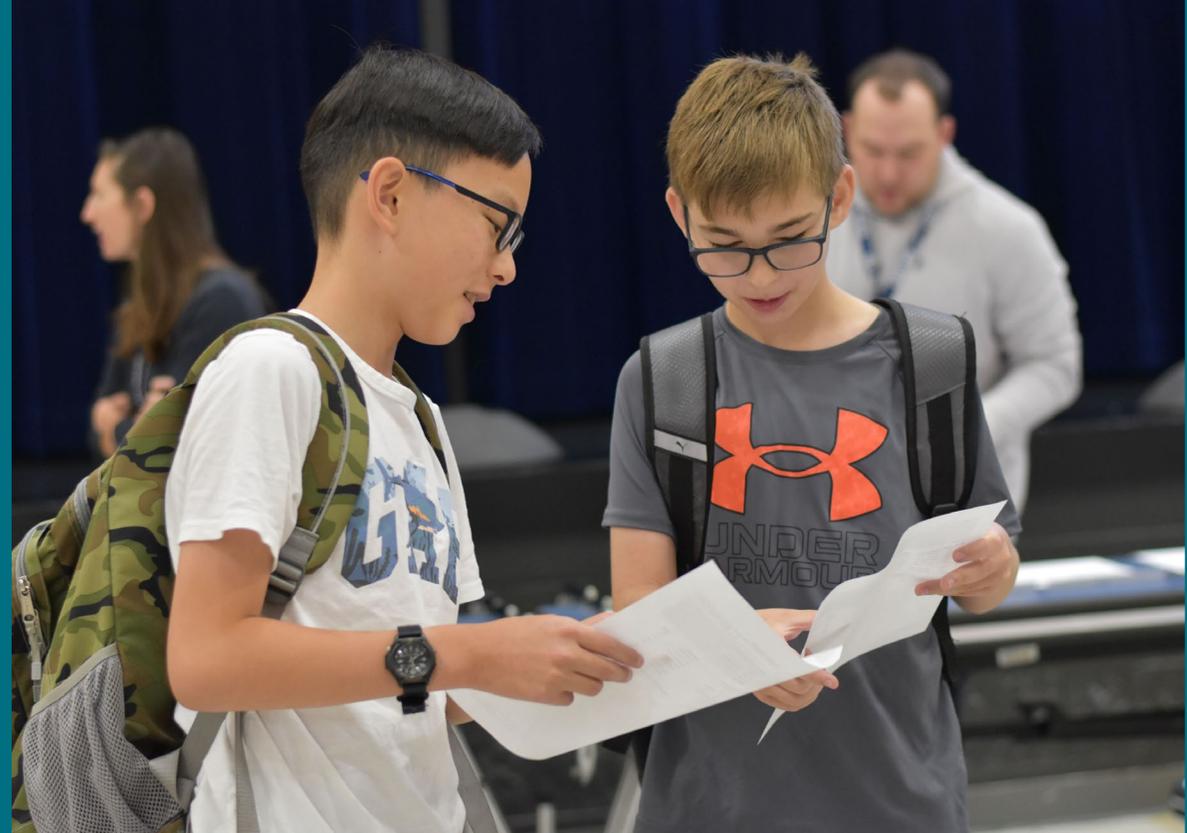


FTE Enrollment 2012-2025



*This **does not** include Transition to Kindergarten and Running Start Students*

Moving Forward Together



Financial Sustainability

2026-27 Budget Context and Considerations:

- Fund balance declined \$6.2M; continued drawdown in 2025-26
- Enrollment decreased by 559 FTE (3.1%), largest drop since pandemic
- Structural imbalance persists despite some state funding increases
- Strategic alignment and cost containment will be needed in 2026-27 and beyond
- Leveraging attrition and efficiencies to minimize impacts
- Expect future enrollment decline
- Long-range financial planning will be key to sustainability

Financial Analysis Core Team

Parents, community, and staff

Apply to be part of the expanded **Financial Analysis Core Team (FACT)** this month

- Open application process
- Broader, more diverse membership
- Four annual meetings aligned with key budget milestones
- Provides feedback and insight – Reviews budget impacts, enrollment and financial information to inform planning (FACT provides input, not formal recommendations)

Board Budget Development Guidelines

- Prior year guidelines provided for feedback and direction.
- Board feedback will be incorporated into final draft
- Draft Critical Steps and Target Dates also provided for feedback.

Budget Development Guidelines

Recommendations

- Reduce \$20M for future school facilities to \$10M given the project's continued progress and proximity to the construction phase
- Preservation of Equity Based Budget investments
- Enhance multi-year budget forecasting to support sustainable financial planning
- Prepare proactive strategies to mitigate potential impacts of any revenue loss

Thank you

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Appendix: Critical Steps & Target Dates

Board of Director's Budget Development Guidelines Input & Adoption	Nov - Dec
Financial Advisory Core Team Meetings	Dec – Aug
Budget Process with Updates on District Website	Dec - Aug
Legislature Session Begins	Jan 12
Board of Directors' Meetings and Retreat	Jan – Apr
Legislature Regular Session Ends	Mar 12
Superintendent's Budget Review and Program Changes Announced, as needed	By Apr 30
District Budget and Budget Guide Completed	Jun – Jul
Public Hearing – Proposed 2026-27 Budget	Aug 13
Budget Adoption	Aug 27