

# 2024-25 YEAR-END FINANCIAL REPORT

November 13, 2025

# WHAT DRIVES FUNDING ISSUES FOR SCHOOL DISTRICTS

- Enrollment fluctuations – Tacoma is in line with projections but still a slight decline from prior year
- Inflation and escalated costs continue
  - Nutrition - increase cost of food items, reimbursement rates not able to keep up with costs
  - Benefits are more costly
  - Tacoma places a high value on employees and uses a market driven package to support competitive salaries and wages
- Legislative agenda is critical for Tacoma – Federal and State Impacts are unknown
  - Transportation Costs – McKinney Vento students, route efficiency, antiquated funding model
  - Special Education – Per student costs far exceed state’s allocation, more students are funded but at the same low rate and costs aren’t fully covered
  - Basic Education Prototypical Model – the state’s allocation model only covers about 66% of the costs of staff that they allocate to districts
  - Limits local levy collections

## 2024-25 YEAR END UPDATE GENERAL FUND

- Revenues –98.9% of budget
- Expenditures –1.01% of budget
- Required Reserves – 5% or \$28,137,376

	2024-25 Budget	2024-25 Year End Actuals	Variance
Beginning Fund Balance	\$ 17,500,000	\$ 11,139,188	\$ (6,360,812)
Plus Revenues	\$ 577,888,444	\$ 571,675,876	\$ (6,212,568)
Less Expenditures <sup>^</sup>	\$ 572,408,012	\$ 579,575,652	\$ 7,167,640
Equals Ending Fund Balance	\$ 22,980,432	\$ 3,239,412	\$ (19,741,020)
Fund Balance Reserve Target		\$ 28,137,376	
* Fund Balance Reserve %	5.0%	0.6%	

\* Fund Balance Reserve percent calculated from Ending Fund Balance vs. adjusted Revenues (Revenues minus Other Financing Sources).

<sup>^</sup>Budget Extension was completed to bring total expenditure authority to \$583,000,836 in August 2025

## IMPORTANCE OF FUND BALANCE

- Reserves have fallen below 5% requirement
- What are reserves used for?
  - Planned usage
  - Emergencies
  - Bond ratings
  - Extraordinary events
- Policy requires CFO and Superintendent to develop a financial action plan
  - Increase the fund balance by 1% in 2025-26 and 3% in 2026-27, and 1% in 2027-28

	<b>Associated Student Body</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Transportation Vehicle Funds</b>
Beginning Fund Balance	\$2,301,127	\$36,020,396	\$246,902,791	\$4,079,246
Plus Revenues	\$2,019,918	\$75,421,509	\$64,383,415	\$1,239,267
Less Expenditures	\$1,782,280	\$79,185,144	\$151,336,228	\$902,793
Plus Other Financing Sources			\$ 156,012,058	
Ending Fund Balance	\$2,538,765	\$32,256,761	\$315,962,037	\$4,415,719

2024-2025 YEAR END UPDATE  
OTHER FUNDS

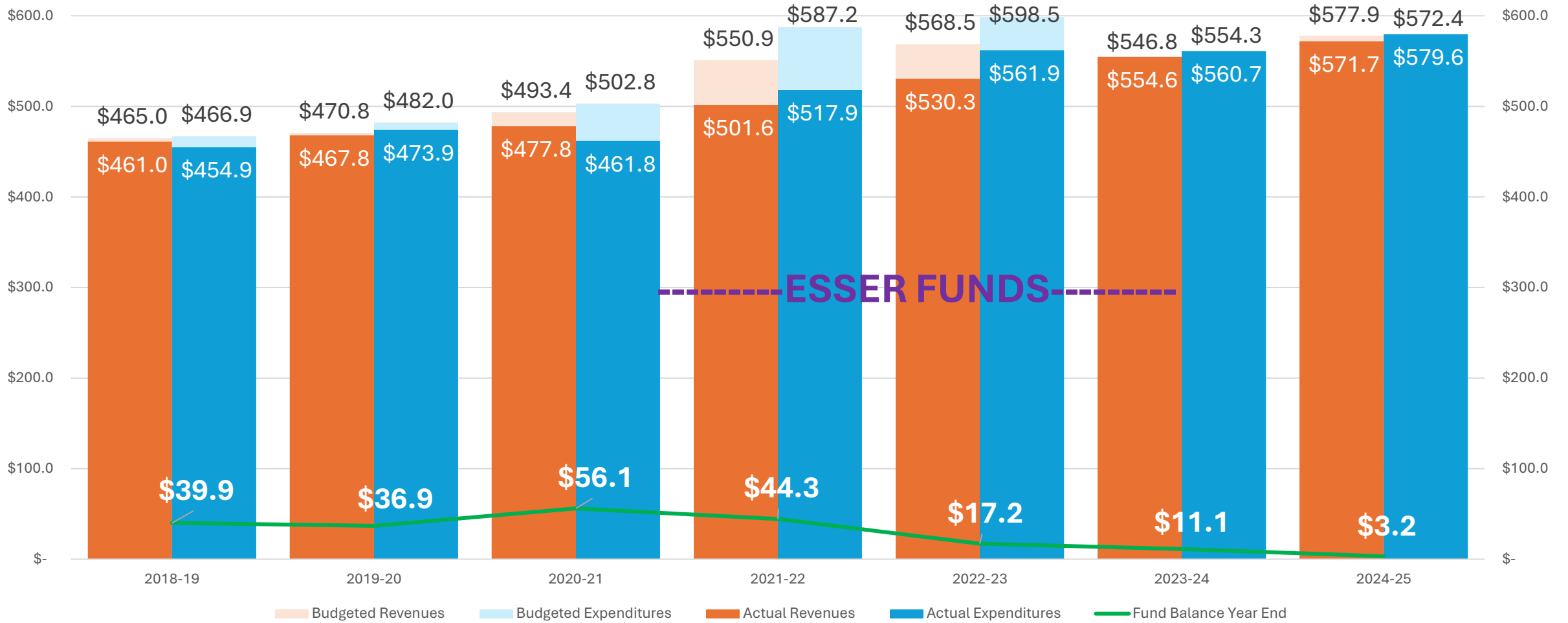
# ONGOING MITIGATION AND NEXT STEPS

- Ongoing Mitigations
  - Monitoring spending to budget plans – current budget plan increases fund balance 1%
  - Continued scrutinizing of all positions
  - Mid-year position eliminations, if needed
  - Evaluate programming needs and adjust
  - Implement Lean efficiency practices – find ways to work smarter not harder
  - Monitoring financial implications at the Federal level
  - Seek Legislative assistance for full-funding in alignment with our Legislative Agenda
- Next Steps
  - Elevate fund balance to the 5% reserve requirement over coming years

# APPENDIX

# POLICY AND REGULATION LINKS

- Policy 6015 - Debt and Fiscal Management
  - Requires annual status report to the board of actual versus projected reserve balances
- Policy 6015.1R - Fiscal Management
  - Identifies reserve accounts targeted at 5% of revenues to economic uncertainties
  - Fund balance reserves will be reviewed annually by the Chief Financial Officer and Superintendent
  - Should reserves fall below the 5% reserve requirements, the Superintendent and Chief Financial Officer will prepare a financial plan identifying how to return fund balance reserves to their minimum amounts.
- Annual Financial Statements required by WAC 392.117.035



# HISTORICAL FINANCES

## 2023-24 YEAR END UPDATE GENERAL FUND

- Revenues –100.5% of budget
- Expenditures –101.2% of budget
- Fund Balance Reserves –2%
- Required Reserves – 5% or \$27,445,588
- Reserve Variance –3% or \$16,306,400

	2023-24 Budget	2023-24 Year End Actuals	Variance
Beginning Fund Balance	\$29,298,928	\$ 17,243,053	\$ (12,055,875)
Plus Revenues	\$552,327,748	\$555,093,933	\$ 2,766,185
Less Expenditures ^	\$554,285,289	\$561,197,798	\$ (6,912,509)
Equals Ending Fund Balance	\$27,341,387	\$11,139,188	\$ (16,202,199)
Fund Balance Reserve Target		\$27,445,588	
Fund Balance Reserve % *	5.0%	2.0%	

\*Fund Balance Reserve percent calculated from Ending Fund Balance vs. adjusted Revenues (Revenues minus Other Financing Sources).

^Budget Extension was completed to bring total expenditure authority to \$561,720,648 in July 2024.