Northshore School District

Proposed 2026-27 FY Budget and Financial Plan - *June 22, 2026*



Operational Context for 2026-27 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

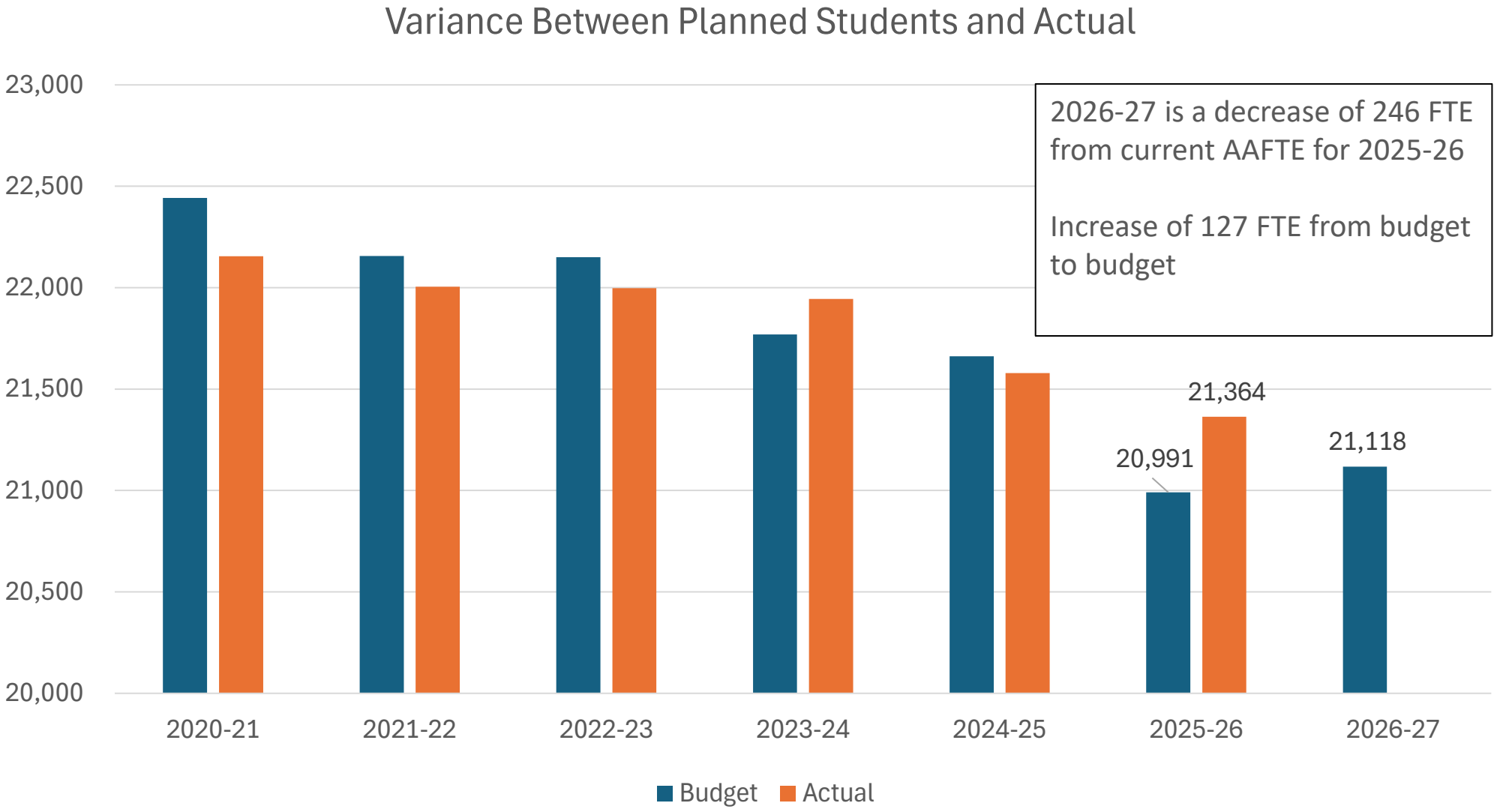
- Revenues provided by the state are not keeping pace with cost increases
  - The inflationary factor is minimally 1% to 2% behind real costs

- We are not alone in these challenges, K12 is in financial crisis

Recommended FY 26-27 Budget Summary

Dollars in Millions	General Fund	ASB Fund	Capital Fund	Debt Service Fund	Transportation Vehicle Fund	Total All Funds
Beginning Fund Balance	$ 25.0	$ 2.9	$ 127.7	$ 41.7	$ 5.0	**$ 202.3**
Total Revenue	$ 484.1	$ 8.1	$ 59.4	$ 90.8	$ 2.1	**$ 644.5**
Other Financing Sources	$ 14.8	$ -	$ 175.0	$ -	$ -	**$ 189.8**
Total Expenditures	$ 497.6	$ 8.5	$ 242.9	$ 100.0	$ 2.1	**$ 851.1**
Transfers Out	$ -	$ -	$ 14.8	$ -	$ -	**$ 14.8**
Net Change in Fund Balance	$ 1.3	$ (0.4)	$ (23.3)	$ (9.2)	$ -	**$ (31.6)**
Ending Fund Balance	**$ 26.3**	**$ 2.5**	**$ 104.4**	**$ 32.5**	**$ 5.0**	$ 170.7

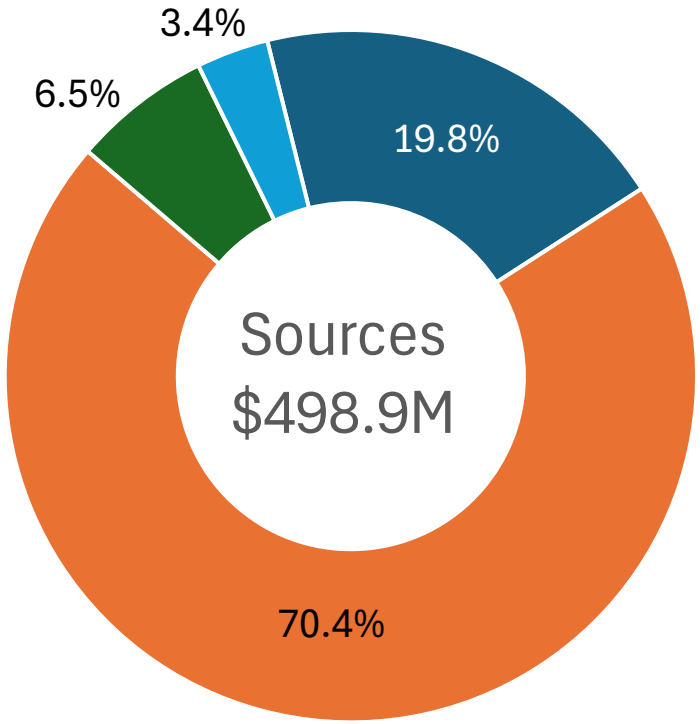
Enrollment: Annual Average Full Time Equivalent (AAFTE) **Excludes** Running Start and Open Doors

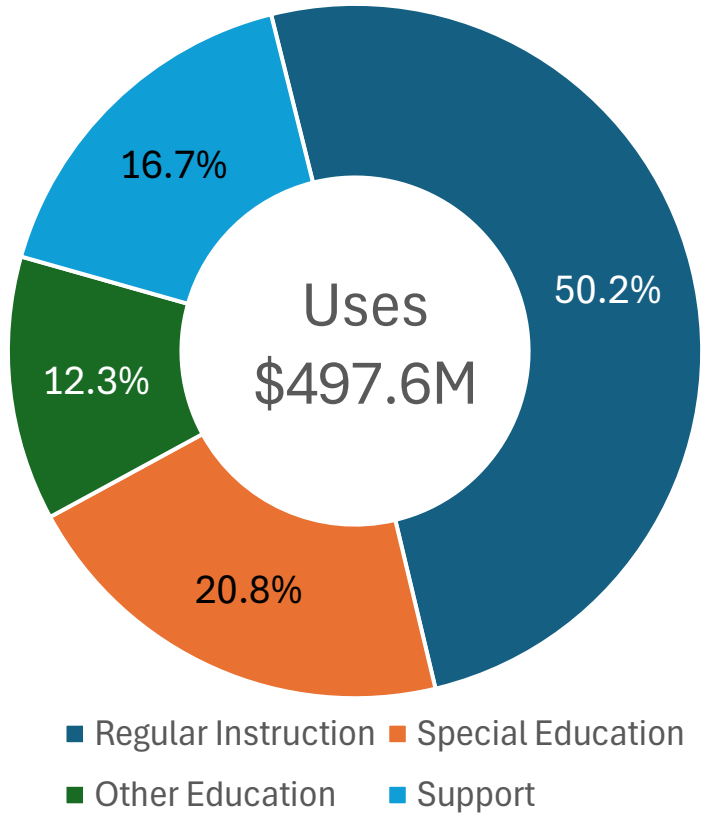


Financial Context

Expenditure capacity is included in Federal revenue, without capacity federal revenue is 2.5%.

Sources and Uses – General Fund Only FY 2026-27



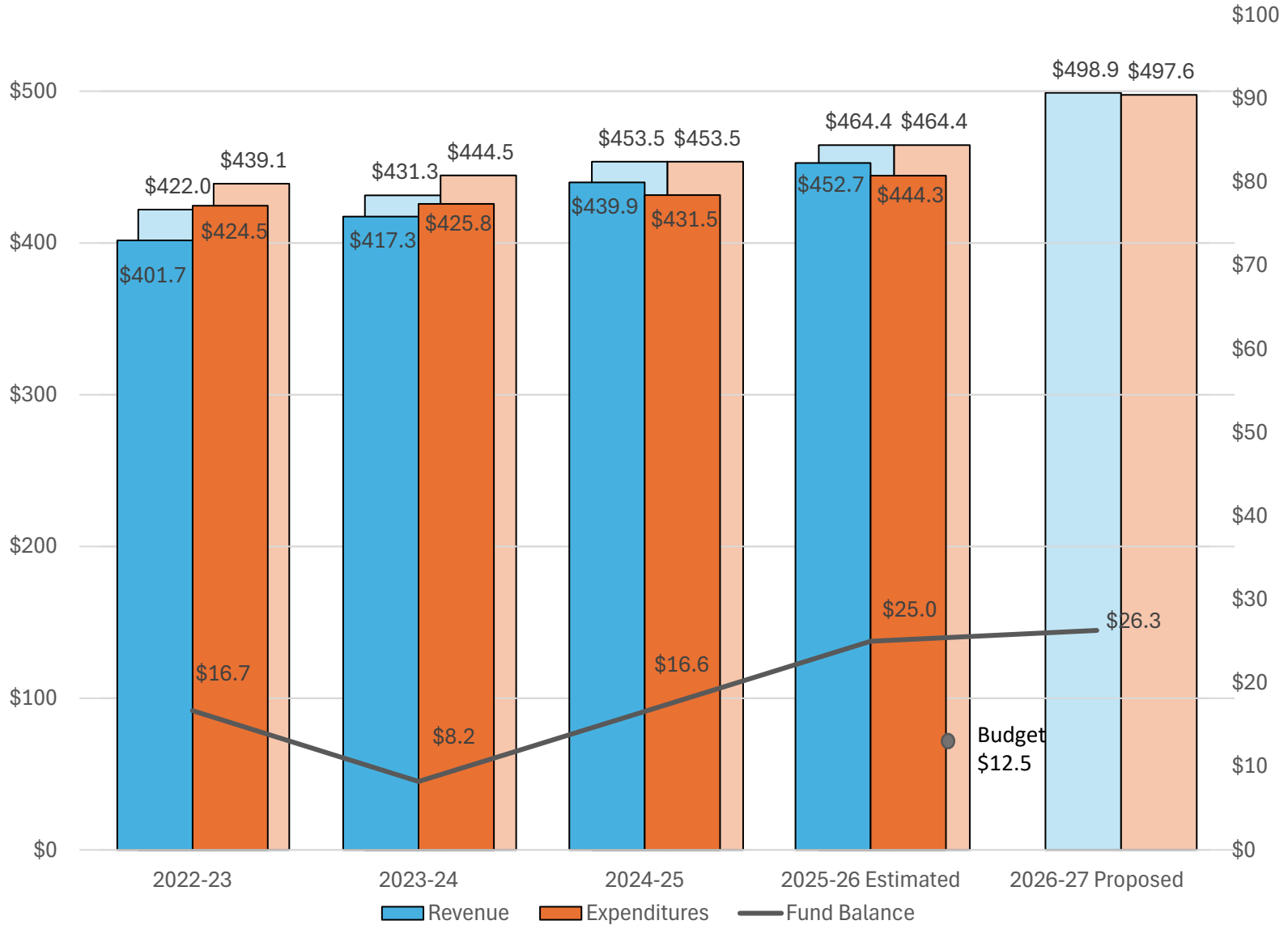


Financial Context: General Fund Resources

Resource Types (in millions)	**2024-25 Actual**	**2025-26 Budget**	**2026-27 Proposed**	**$ Change**	**% Change**
State	$ 330.6	$ 331.5	$ 351.1	$ 20.0	6.0%
Local	$ 80.9	$ 86.0	$ 98.7	$ 12.7	14.8%
Federal	$ 13.8	$ 32.6	$ 32.3	$ (0.3)	-0.9%
Other Revenues	$ 3.5	$ 1.9	$ 2.0	$ 0.1	5.3%
Total Revenues	$ 428.8	$ 451.6	$ 484.1	$ 32.5	7.2%
Other Resources	$ 11.1	$ 12.8	$ 14.8	$ 2.0	15.6%
Beginning Fund Balance	$ 8.2	$ 12.5	$ 25.0	$ 12.5	100.0%
Total Resources	**$ 448.1**	**$ 476.9**	**$ 523.9**	**$ 47.0**	**9.9%**

Financial Context: General Fund Historical

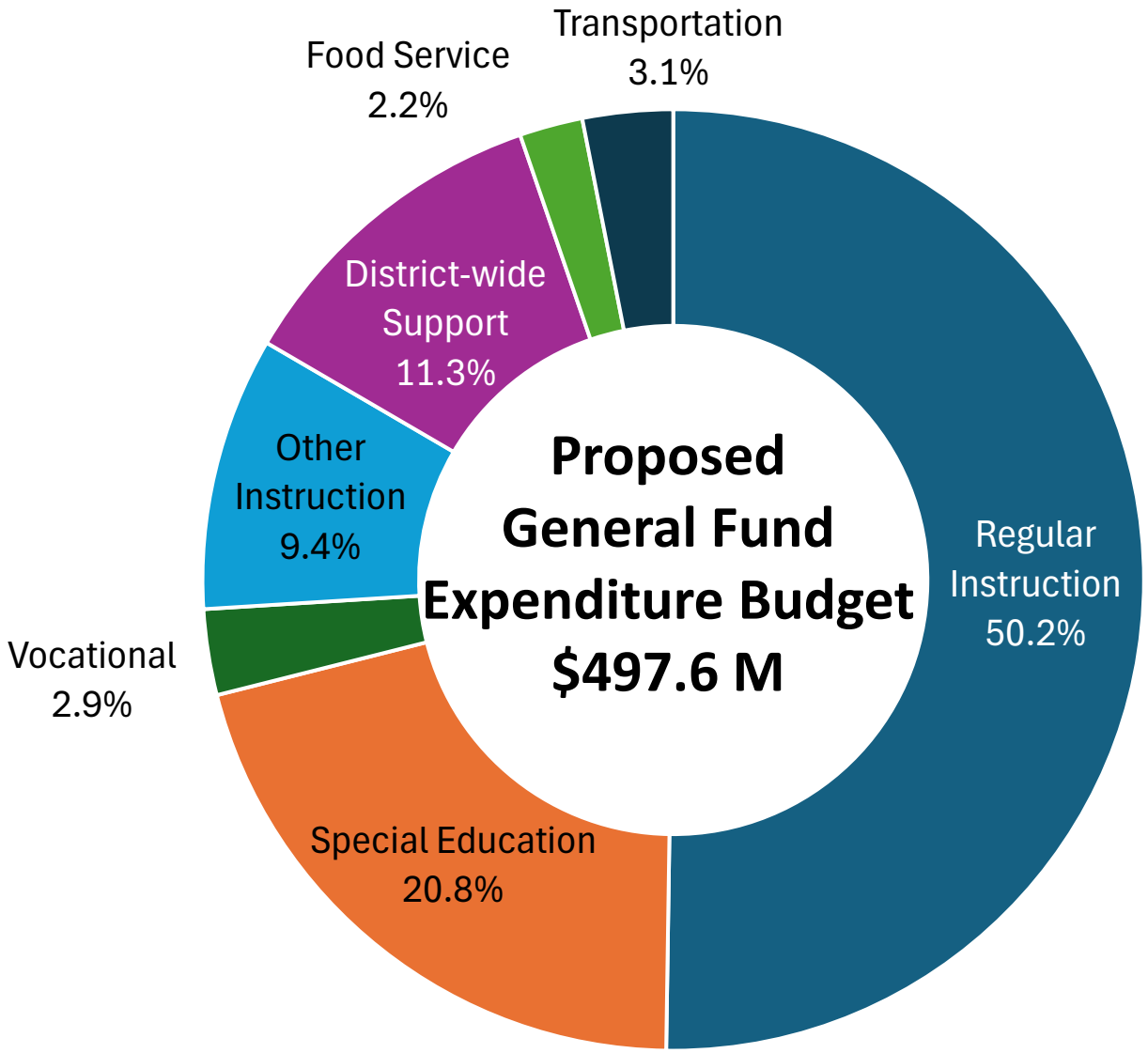
Transparent bars(in the background) represent budget, which includes $25M of capacity in both the revenue and expenditure amounts.



Financial Context: General Fund Expenditures by Program

Dollars in Millions	2024-25 Actual	2025-26 Budget	2026-27 Proposed	Change 2025-26 vs 2026-27	% Change
Regular Instruction	$ 228.7	$ 237.7	$ 249.6	$ 11.9	5.0%
Special Education	$ 86.6	$ 90.5	$ 103.5	$ 13.0	14.4%
Vocational Education	$ 13.6	$ 14.4	$ 14.6	$ 0.2	1.4%
Compensatory Education	$ 15.0	$ 14.9	$ 15.5	$ 0.6	4.0%
Other Instructional Progs	$ 12.1	$ 31.0	$ 31.2	$ 0.2	0.6%
Community Services	$ 0.7	$ 0.7	$ 0.8	$ 0.1	14.3%
Food Services	$ 10.0	$ 10.6	$ 10.8	$ 0.2	1.9%
Pupil Transportation	$ 14.3	$ 14.6	$ 15.4	$ 0.8	5.5%
Support Services	$ 50.6	$ 50.0	$ 56.2	$ 6.2	12.4%
Total Expenditures	**$ 431.8**	**$ 464.4**	**$ 497.6**	**$ 33.2**	**7.1%**

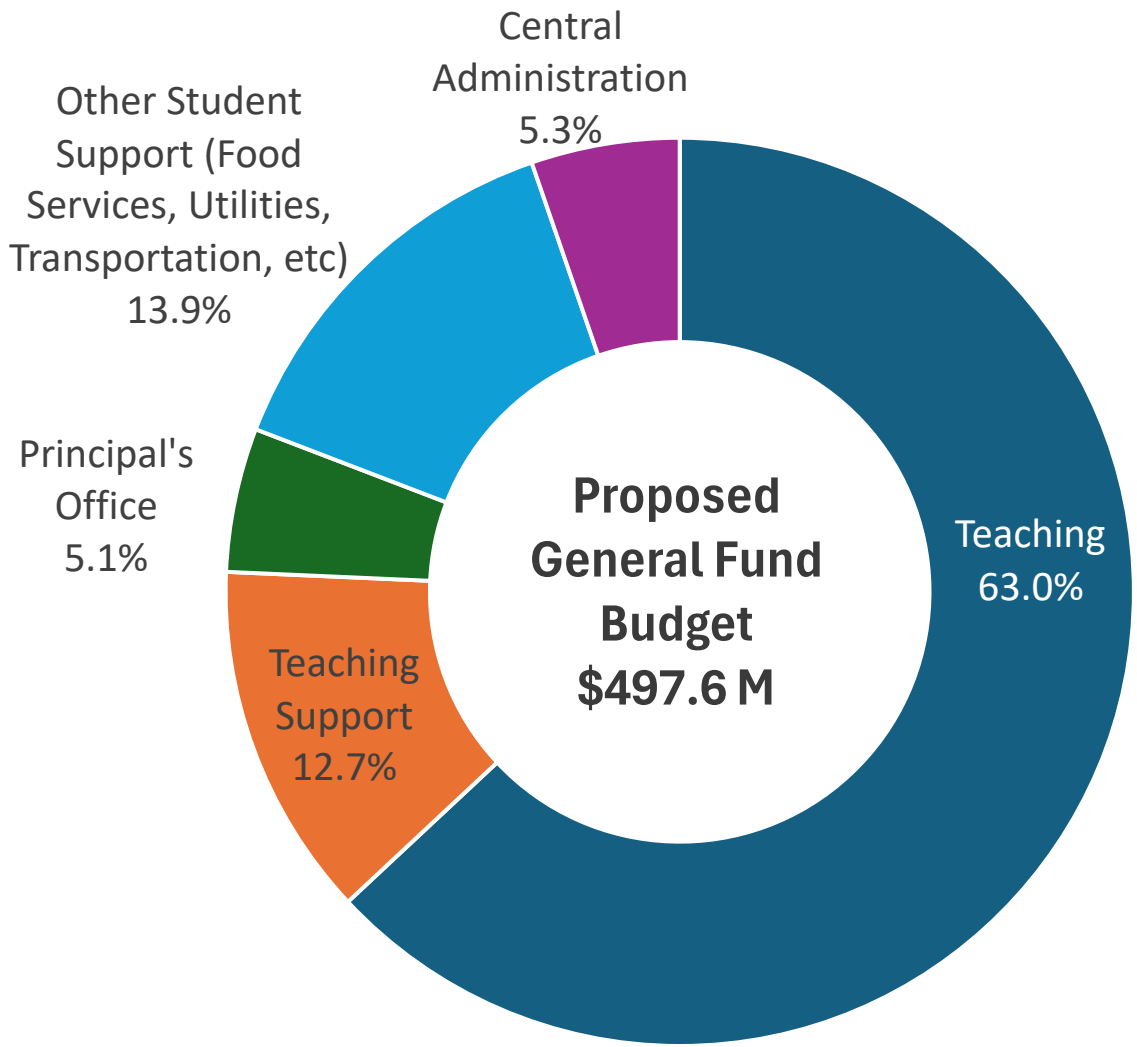
Financial Context: General Fund Expenditures by Program



Financial Context: General Fund Expenditures by Activity

Dollars in Millions	2024-25 Actual	2025-26 Budget	2026-27 Proposed	Change 2025-26 vs 2026-27	% Change
Teaching	$ 261.2	$ 291.5	$ 313.7	$ 22.2	7.6%
Teaching Support	$ 60.8	$ 61.3	$ 63.0	$ 1.7	2.8%
Principal's Office	$ 24.4	$ 24.1	$ 25.5	$ 1.4	5.8%
Other Student Support (Food Services, Utilities, Transportation, etc)	$ 60.9	$ 62.5	$ 69.1	$ 6.6	10.6%
Central Administration	$ 24.2	$ 25.0	$ 26.3	$ 1.3	5.2%
Total Expenditures	**$ 431.5**	**$ 464.4**	**$ 497.6**	**$ 33.2**	**7.1%**

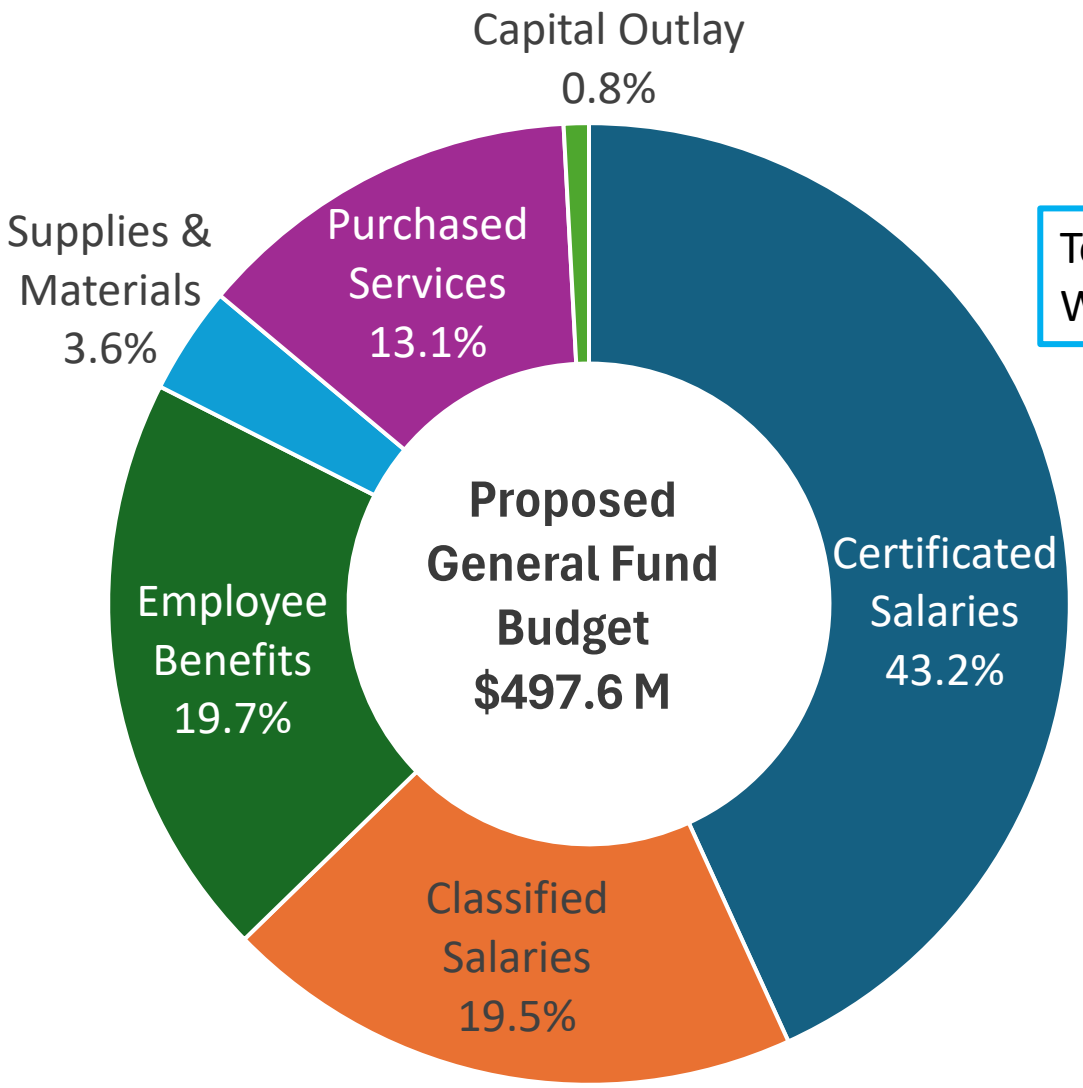
Financial Context: General Fund Expenditures by Activity



Financial Context: General Fund Expenditures by Object

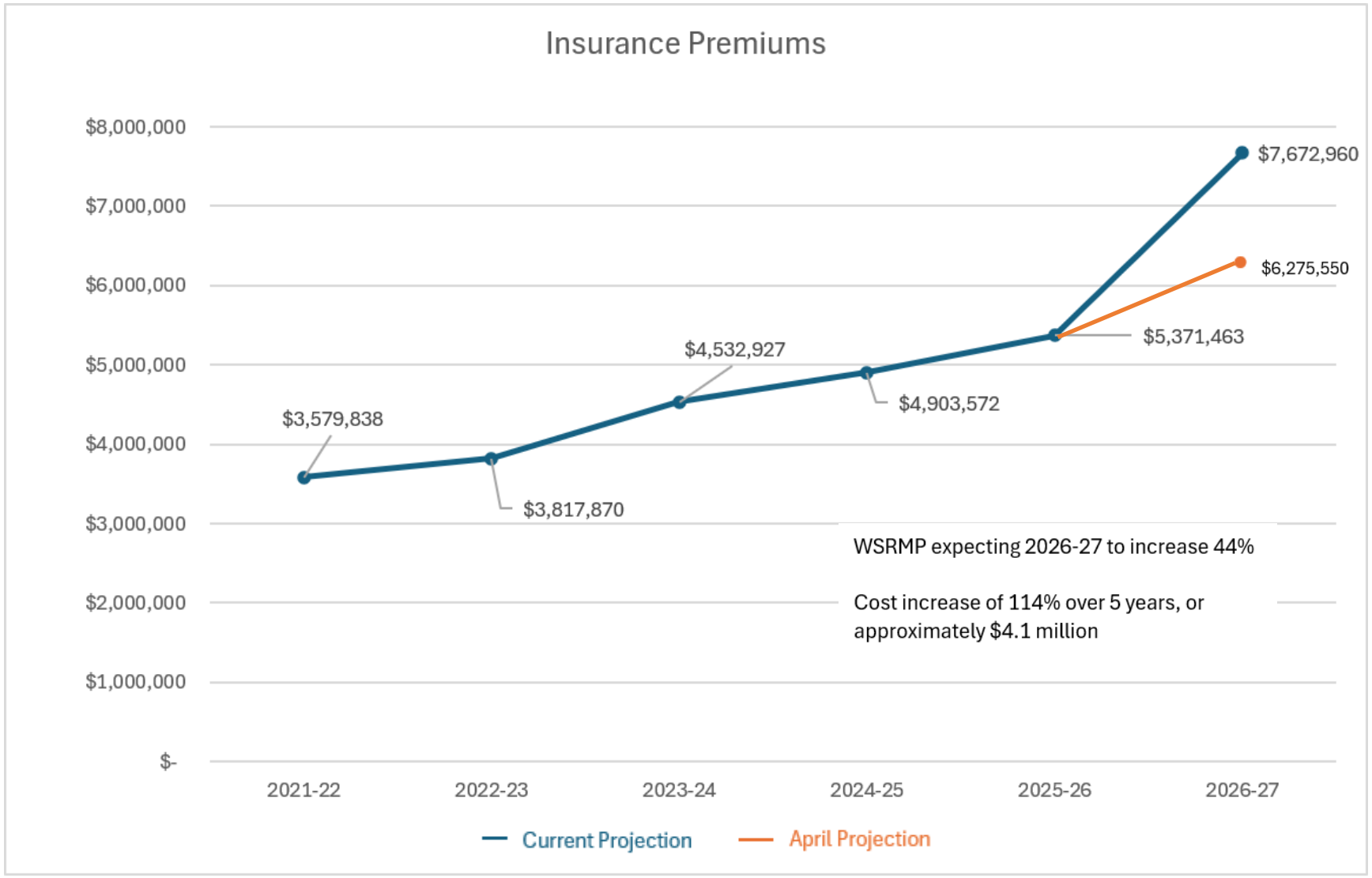
Dollars in Millions	2024-25 Actual	2025-26 Budget	2026-27 Proposed	Change 2025-26 vs 2026-27	% Change
Certificated Salaries	$ 200.1	$ 204.4	$ 214.8	$ 10.4	5.1%
Classified Salaries	$ 85.2	$ 90.1	$ 97.1	$ 7.0	7.8%
Employee Benefits	$ 92.1	$ 90.3	$ 98.2	$ 7.9	8.7%
Supplies & Materials	$ 11.7	$ 18.7	$ 18.0	$ (0.7)	-3.7%
Purchased Services	$ 40.7	$ 56.4	$ 65.0	$ 8.6	15.2%
Travel	$ 0.4	$ 0.3	$ 0.3	$ -	0.0%
Capital Outlay	$ 1.3	$ 4.2	$ 4.2	$ -	0.0%
Debit Transfers	$ 1.2	$ 1.8	$ 1.9	$ 0.1	5.6%
Credit Transfers	$ (1.2)	$ (1.8)	$ (1.9)	$ (0.1)	5.6%
Total Expenditures	**$ 431.5**	**$ 464.4**	**$ 497.6**	**$ 33.2**	**7.1%**

Financial Context: General Fund Expenditures by Object



Total compensation costs = 82.4%,
Without $25 M Capacity = 86.8%

Insurance Premiums



Financial: Four-Year Budgets

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 the 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

	2026-27	2027-28	2028-29	2029-30
REVENUE TOTAL	**498,900,000**	**517,100,000**	**527,100,000**	**538,800,000**
EXPENDITURE TOTAL	**497,600,000**	**511,400,000**	**523,500,000**	**537,200,000**
Net Increase (Decrease) to Fund Balance	**1,300,000**	**5,700,000**	**3,600,000**	**1,600,000**
BEGINNING FUND BALANCE				
810 Restricted for Other Items	700,000	700,000	700,000	700,000
821 Restricted for Carryover of Restricted Revenue	-	-	-	-
828 Restricted for Carryover of Food Services Revenue		-	-	-
840 Nonspendable FB - Inventory & Prepaid Items	4,000,000	4,000,000	4,000,000	4,000,000
850 Restricted for Uninsured Risks	600,000	600,000	600,000	600,000
888 Assigned to Other Purposes	1,900,000	1,900,000	1,900,000	1,900,000
890 Unassigned Fund Balance	3,868,000	4,172,000	9,458,000	12,695,000
891 Unassigned to Minimum Fund Balance Policy	13,932,000	14,928,000	15,342,000	15,705,000
TOTAL BEGINNING FUND BALANCE	**25,000,000**	**26,300,000**	**32,000,000**	**35,600,000**
ENDING FUND BALANCE				
810 Restricted for Other Items	700,000	700,000	700,000	700,000
821 Restricted for Carryover of Restricted Revenue	-	-	-	-
828 Restricted for Carryover of Food Services Revenue				
840 Nonspendable FB - Inventory & Prepaid Items	4,000,000	4,000,000	4,000,000	4,000,000
850 Restricted for Uninsured Risks	600,000	600,000	600,000	600,000
888 Assigned to Other Purposes	1,900,000	1,900,000	1,900,000	1,900,000
890 Unassigned Fund Balance	4,172,000	9,458,000	12,695,000	13,884,000
891 Unassigned to Minimum Fund Balance Policy	14,928,000	15,342,000	15,705,000	16,116,000
TOTAL ENDING FUND BALANCE	**26,300,000**	**32,000,000**	**35,600,000**	**37,200,000**
% of Unassigned to Minimum Fund Balance Policy	**3.0%**	**3.0%**	**3.0%**	**3.0%**

Financial: Four-Year Budgets

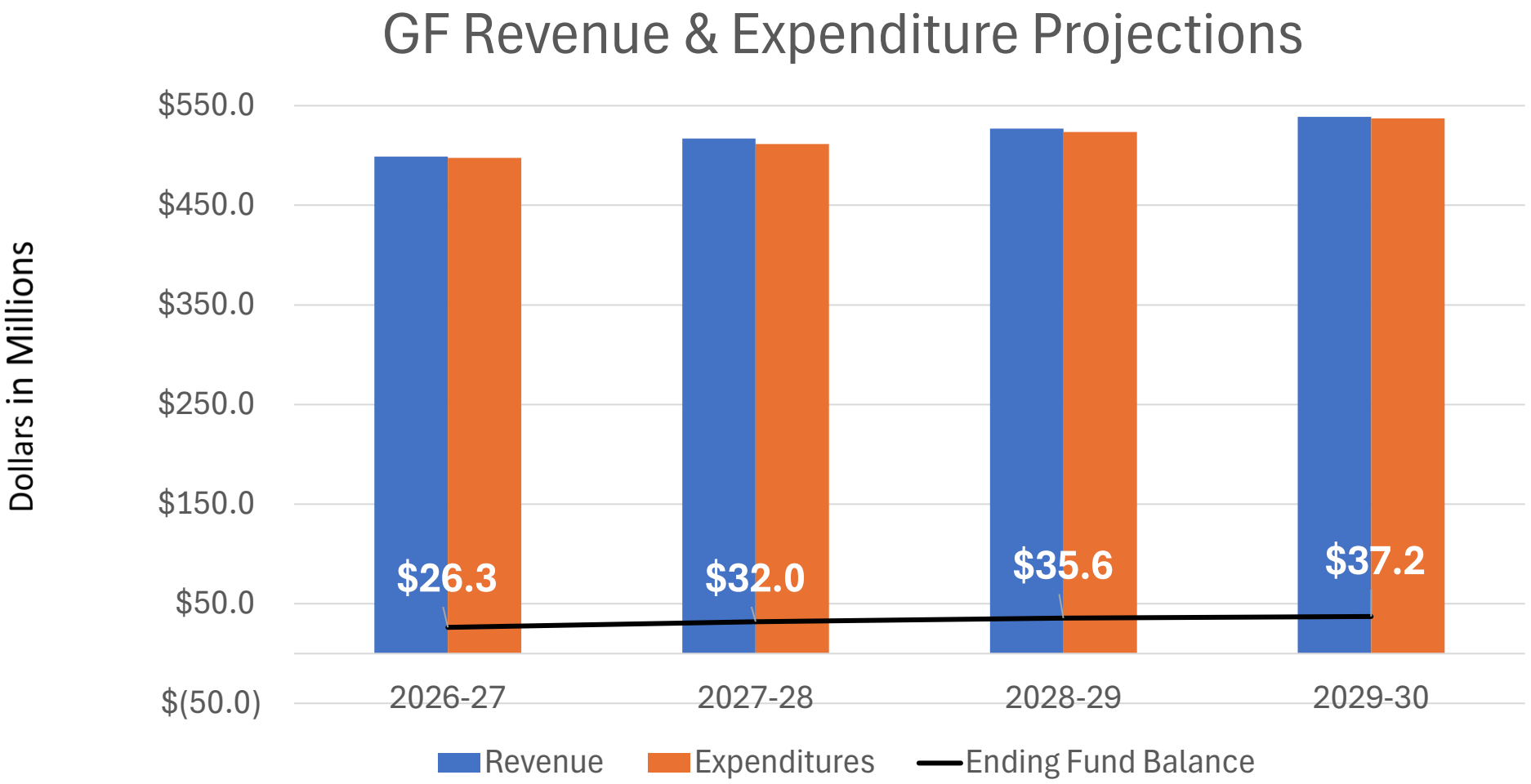
General Fund

	2026-27	2027-28	2028-29	2029-30
Beginning Fund Balance	$ 25.0	$ 26.3	$ 32.0	$ 35.6
Revenue	$ 498.9	$ 517.1	$ 527.1	$ 538.8
Expenditures	$ 497.6	$ 511.4	$ 523.5	$ 537.2
Net Change to Fund Balance	$ 1.3	$ 5.7	$ 3.6	$ 1.6
Ending Fund Balance	$ 26.3	$ 32.0	$ 35.6	$ 37.2

Assumptions:

- K-12 Enrollment continues to decline steadily through 2030, then potentially starts to flatten
  - 2026-27 (246), 2027-28 (162), 2028-29 (215), 2029-30 (103)
- Special Ed enrollment continues to increase
- Maximum Levy Authority starting in 2027
- IPD for 2026-27 at 2.6%, 2027-28 at 2.7%, 2028-29 at 2.4%, 2029-30 at 2.4%
- No assumptions for legislative increases in funding or new expenditures

Financial: Four-Year Budgets



Multi-year Projections

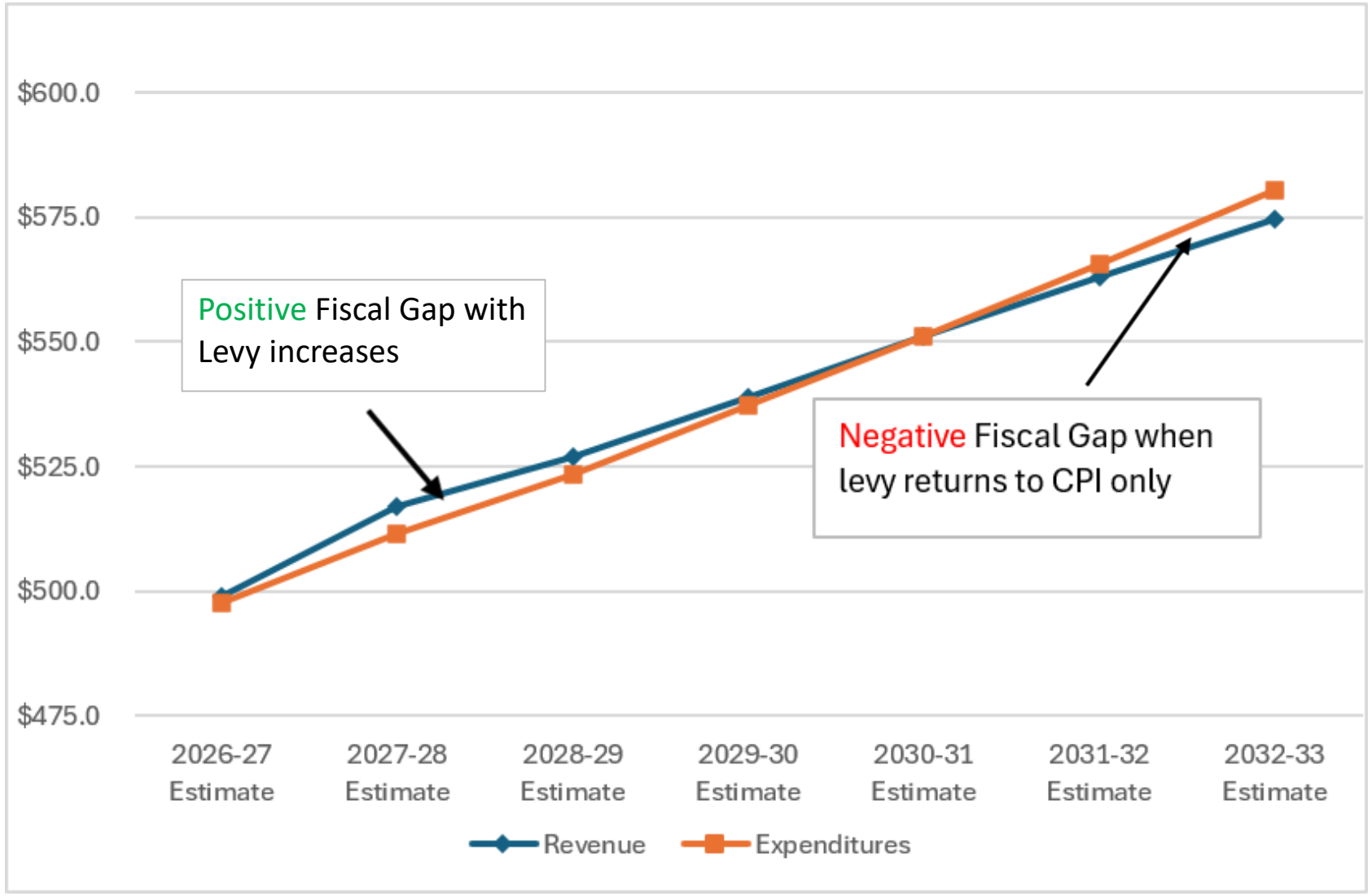
General Fund

1st full year of new levy funds

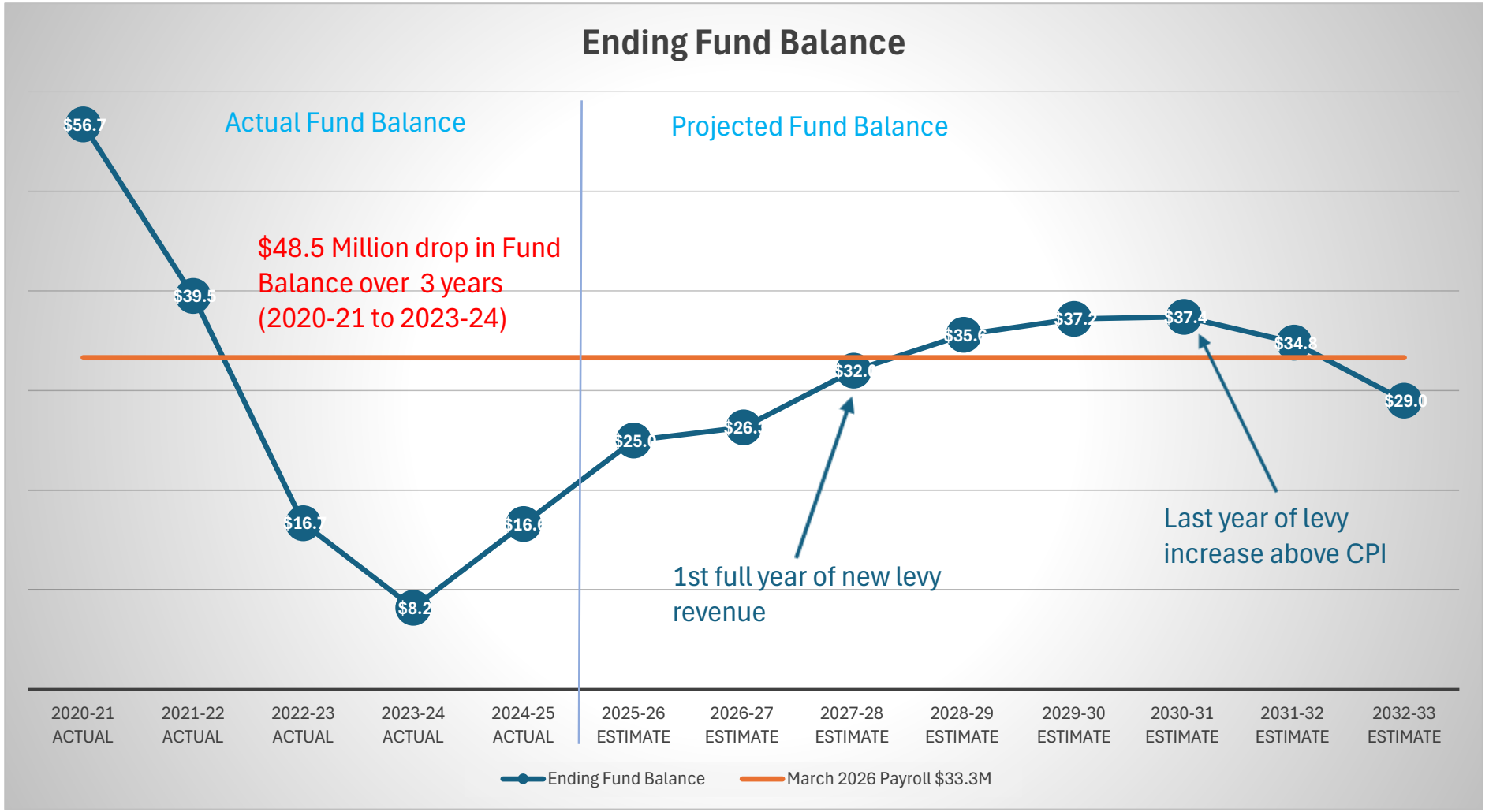
Last year of levy increases beyond CPI, CPI only starting CY 2032

	2025-26 Budget (includes $25M Contingency)	2025-26 Estimate (removes $25M Contingency)	2026-27 Estimate (includes $25M Contingency)	2027-28 Estimate (includes $25M Contingency)	2028-29 Estimate (includes $25M Contingency)	2029-30 Estimate (includes $25M Contingency)	2030-31 Estimate (includes $25M Contingency)	2031-32 Estimate (includes $25M Contingency)	2032-33 Estimate (includes $25M Contingency)
	in millions								
Beginning Fund Balance	$ 12.5	$ 16.6	$ 25.0	$ 26.3	$ 32.0	$ 35.6	$ 37.2	$ 37.4	$ 34.8
Revenue	$ 464.4	$ 452.7	$ 498.9	$ 517.1	$ 527.1	$ 538.8	$ 551.2	$ 563.1	$ 574.7
Expenditures	$ 464.4	$ 444.3	$ 497.6	$ 511.4	$ 523.5	$ 537.2	$ 551.0	$ 565.7	$ 580.5
Difference Revenues v Expenditures	$ -	$ 8.40	$ 1.3	$ 5.7	$ 3.6	$ 1.6	$ 0.2	$ (2.6)	$ (5.8)
Ending Fund Balance	**$ 12.5**	**$ 25.0**	**$ 26.3**	**$ 32.0**	**$ 35.6**	**$ 37.2**	**$ 37.4**	**$ 34.8**	**$ 29.0**
Restricted/Reserved Fund Balance	$ 6.0	$ 7.2	$ 7.2	$ 7.2	$ 7.2	$ 7.2	$ 7.2	$ 7.2	$ 7.2
Unreserved Fund Balance	**$ 6.5**	**$ 17.8**	**$ 19.1**	**$ 24.8**	**$ 28.4**	**$ 30.0**	**$ 30.2**	**$ 27.6**	**$ 21.8**
% unreserverd FB	**1.4%**	**3.8%**	**3.8%**	**4.8%**	**5.4%**	**5.6%**	**5.5%**	**4.9%**	**3.8%**
Minimum Fund Balance Policy 3%	$ 13.9	$ 13.9	$ 14.9	$ 15.3	$ 15.7	$ 16.1	$ 16.5	$ 17.0	$ 17.4
Over/(Under) 3% Policy	**$ (7.4)**	**$ 3.9**	**$ 4.2**	**$ 9.5**	**$ 12.7**	**$ 13.9**	**$ 13.7**	**$ 10.6**	**$ 4.4**

Projected Revenues and Expenditures



Projected Ending Fund Balance



Associated Student Body

	2026-27	2027-28	2028-29	2029-30
Beginning Fund Balance	$ 2.9	$ 2.5	$ 2.1	$ 1.7
Revenue	$ 8.1	$ 8.3	$ 8.4	$ 8.6
Expenditures	$ 8.5	$ 8.7	$ 8.8	$ 9.0
Net Change to Fund Balance	$ (0.4)	$ (0.4)	$ (0.4)	$ (0.4)
Ending Fund Balance	$ 2.5	$ 2.1	$ 1.7	$ 1.3

- 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

	2026-27	2027-28	2028-29	2029-30
Beginning Fund Balance	$ 41.7	$ 32.5	$ 32.1	$ 29.5
Revenue	$ 90.8	$ 87.8	$ 92.0	$ 96.0
Expenditures	$ 100.0	$ 88.2	$ 94.6	$ 94.5
Net Change to Fund Balance	$ (9.2)	$ (0.4)	$ (2.6)	$ 1.5
Ending Fund Balance	$ 32.5	$ 32.1	$ 29.5	$ 31.0

- 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

	2026-27	2027-28	2028-29	2029-30
Beginning Fund Balance	$ 5.0	$ 5.0	$ 5.1	$ 5.0
Revenue	$ 2.1	$ 1.6	$ 1.5	$ 1.7
Expenditures	$ 2.1	$ 1.5	$ 1.6	$ 1.7
Net Change to Fund Balance	$ -	$ 0.1	$ (0.1)	$ -
Ending Fund Balance	$ 5.0	$ 5.1	$ 5.0	$ 5.0

- Restricted for the purchase of student transportation vehicles.

Capital Projects Fund

	2026-27	2027-28	2028-29	2029-30
Beginning Fund Balance	$ 127.7	$ 104.4	$ 234.8	$ 177.8
Revenue	$ 234.4	$ 372.6	$ 242.1	$ 43.3
Expenditures	$ 242.9	$ 225.5	$ 281.2	$ 119.4
Transfers Out	$ 14.8	$ 16.7	$ 17.9	$ 19.2
Net Change to Fund Balance	$ (23.3)	$ 130.4	$ (57.0)	$ (95.3)
Ending Fund Balance	$ 104.4	$ 234.8	$ 177.8	$ 82.5

- 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 PROVISO 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 fundingto 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

Northshore School District No. 17417

2025-2026 Materials, Supplies, and Operation Costs (MSOC) Disclosure

F-203 State Revenue for MSOCs:	
Regular Instruction MSOC	$32,172,656
Grades 9-12 Additional MSOC	$ 1,425,300
(A) Total MSOC Allocation	**$33,597,956**
(B) F-195 Budgeted Expenditures for MSOCs:	**$41,900,414**
(C) Difference	**$(8,302,458)**
(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

Next Steps

- 1st hearing today at the Board Meeting
- Budget Adoption planned for Monday, July 13th
- Begin 2027-28 budget development
  - Will request Board Study Sessions
- Communication Plan
  - To involve
    - Stakeholders
    - Public
    - Labor Partners
    - Finance Advisory Committee

Questions and Discussion

