



Budget Study Session

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Budget Study Session

2024-25 Annual Financial Report

Date: December 10, 2025

Dept: Finance

Presenter(s): Dr. Kurt Buttleman, Asst. Superintendent of Finance



2024-25 Annual Financial Report



Board Policy 6030



Board Policy 6030 requires an Annual Financial Report to the Board:

“ At the close of each fiscal year, the Superintendent, as Board Secretary, will submit to the Board an annual financial report. The report will include at least a summary of financial operations for the year.

The Annual Financial Report shall include at a minimum:

- 1) a budget status report for each fund containing the most current approved budget amounts and the fund balance at the beginning and end of the year and an explanation of any significant variances in revenue and/or expenditures that may affect the financial status of the district;
- 2) an annual statement of financial conditions, including revenues expenditures, and changes in fund balance.”

Board Policy 0061



“Reporting

The Superintendent shall ensure that the *Accounting Manual for Public School Districts in the State of Washington* compliant financial statements are presented on a multi-year comparative basis accessible for general public consumption and analysis and shall express alignment with the Board’s goals and resulting District strategic plan as well as fiscal health. Without limiting the above, the Superintendent shall not:

- Omit historical spending on a per building, line-item basis with year-over-year comparison.
- Fail to provide historical actual spending and enrollment data in conjunction with year-over-year trends in student outcomes at the building, grade, District, and demographic levels. [can be found in [OSPI Report Card](#)]
- Fail to provide publicly available data on three years year-over-year District spending.
- Fail to keep complete and accurate financial records by funds and accounts in accordance with established fiscal accounting procedures as reflected in the *Accounting Manual for Public School Districts in the State of Washington*.
- Allow reports or filings required by any state or federal agency to be overdue, inaccurately filed, or unavailable to the public.”

Notes about Financial Reports



- The district's fiscal year runs from September 1 through August 31.
- The following Annual Report comes from the data provided to the state in the annual F-196 financial statements, covering the period of September 1, 2024 through August 31, 2025. The F-196 report is prepared annually by the district Accounting Office starting in mid-September and submitted to OSPI no later than November 15.
- The District's F-196 report was filed on time with OSPI, conformed to district review procedures, and was certified by the Superintendent.
- SPS budgets and accounts for funds according to OSPI standards, which are used for school and district comparability, providing information to the Legislature and other stakeholders, and is used for policy making at the state, local, and federal levels.
- Requiring all school districts to report information in the same way allows for like-to-like comparisons.

Notes about Financial Reports (cont.)



- **Data is organized by program, object, and activity – categories defined by the state, not the district. These categories do not necessarily match the district's organizational structure.**
 - **Program Codes** – State programs (Basic Education, Special Education, Food Services, etc.)
 - **Activity Codes** – State activities (teaching, counseling, maintenance, utilities, etc.)
 - **Object Codes** – State objects (salaries, benefits, supplies and materials, contract services, travel, etc.)

Financial Information Transparency



Reports available on SPS [Business and Finance Webpage/Financial Reports](#)

Financial Statement Audit Reports

- [Seattle School District Financial Statement Audit Report FY 2023-24](#)
- [Seattle School District Financial Statement Audit Report FY 2022-2023](#)
- [Seattle School District Financial Statement Audit Report FY 2021-2022](#)

F-195 Budget

- [Fiscal Year 2025-2026](#)
- [Fiscal Year 2024-2025](#)
- [Fiscal Year 2023-2024](#)

F-196 Annual Year-End Financial Statements

- [Fiscal Year 2024-25](#)
- [Fiscal Year 2023-2024](#)
- [Fiscal Year 2022-2023](#)

General Fund Budget Status Reports

- [August 2025](#)
- [July 2025](#)
- [June 2025](#)

Individual School Reports can be found on [OSPI's Washington State Report Card](#) and via [SPS' "School Reports" page](#)

Key Takeaways from 2024-25 Annual Report

- Teaching and teaching support continues to increase as a percentage of total spending, from 70.8% in 2021-22 to 71.4% in 2023-24 to 72.3% in 2024-25.
- State underfunding remains a significant issue.
- Fund balance continues to decrease.
- Student and family needs continue to increase.
- Inflation continues to be a challenge.
- Fund Balance and the makeup of Fund Balance is becoming increasingly important.

Seattle Public Schools' Four Funds



The District operates four distinct funds as required by Governmental Accounting Standards.

- **General Fund** – accounts for all financial activity of the district except those required to be accounted for in another fund. This fund is used for normal and recurring operations of the district.
- **Capital Projects Fund** – accounts for all financial activity used for the acquisition or construction of major capital facilities and technology as approved by voters through the building excellence (BEX) and building technology (BTA) levies.
- **Debt Service Fund** – this is a required fund to account for financial activity related to payment of long-term debt, specifically outstanding bonds.
- **Associated Student Body Fund** – accounts for all financial activity related to fundraising and fees for students' optional noncredit extracurricular activities.



General Fund

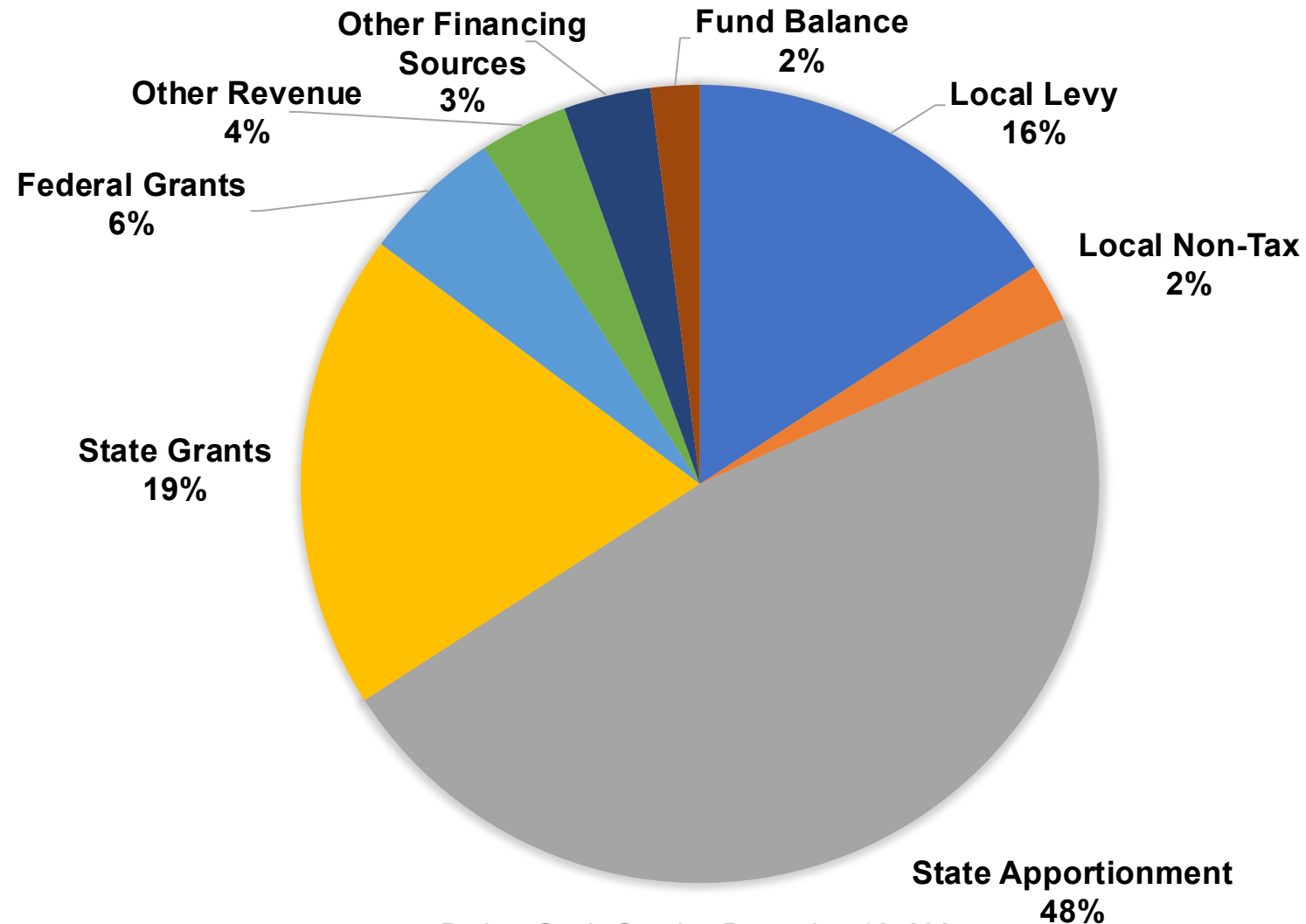


General Fund Resources



	2022-23		2023-24		2024-25		% Change 2023-24 to 2024-25
Local Levy	\$185,094,825	16.50%	\$189,277,084	16.60%	\$189,422,954	15.84%	0.08%
Local Non-Tax	\$21,557,878	1.90%	\$25,775,010	2.30%	\$28,564,625	2.39%	10.82%
State Apportionment	\$533,088,625	47.40%	\$541,643,729	47.60%	\$569,843,061	47.65%	5.21%
State Grants	\$169,692,878	15.10%	\$207,352,189	18.20%	\$231,823,132	19.39%	11.80%
Federal Grants	\$77,610,300	6.90%	\$75,933,215	6.70%	\$67,549,636	5.65%	-11.04%
Other Revenue	\$40,418,921	3.60%	\$40,969,643	3.60%	\$42,670,618	3.57%	4.15%
Other Financing Sources	\$55,146,510	4.90%	\$44,384,802	3.90%	\$42,274,718	3.54%	-4.75%
Fund Balance	<u>\$41,605,012</u>	3.70%	<u>\$12,952,459</u>	1.10%	<u>\$23,706,321</u>	1.98%	83.03%
Total GF Resources	\$1,124,214,950	100.00%	\$1,138,288,131	100.00%	\$1,195,855,065	100.00%	5.06%

General Fund Resources FY 2024-25



Budget Study Session December 10, 2025

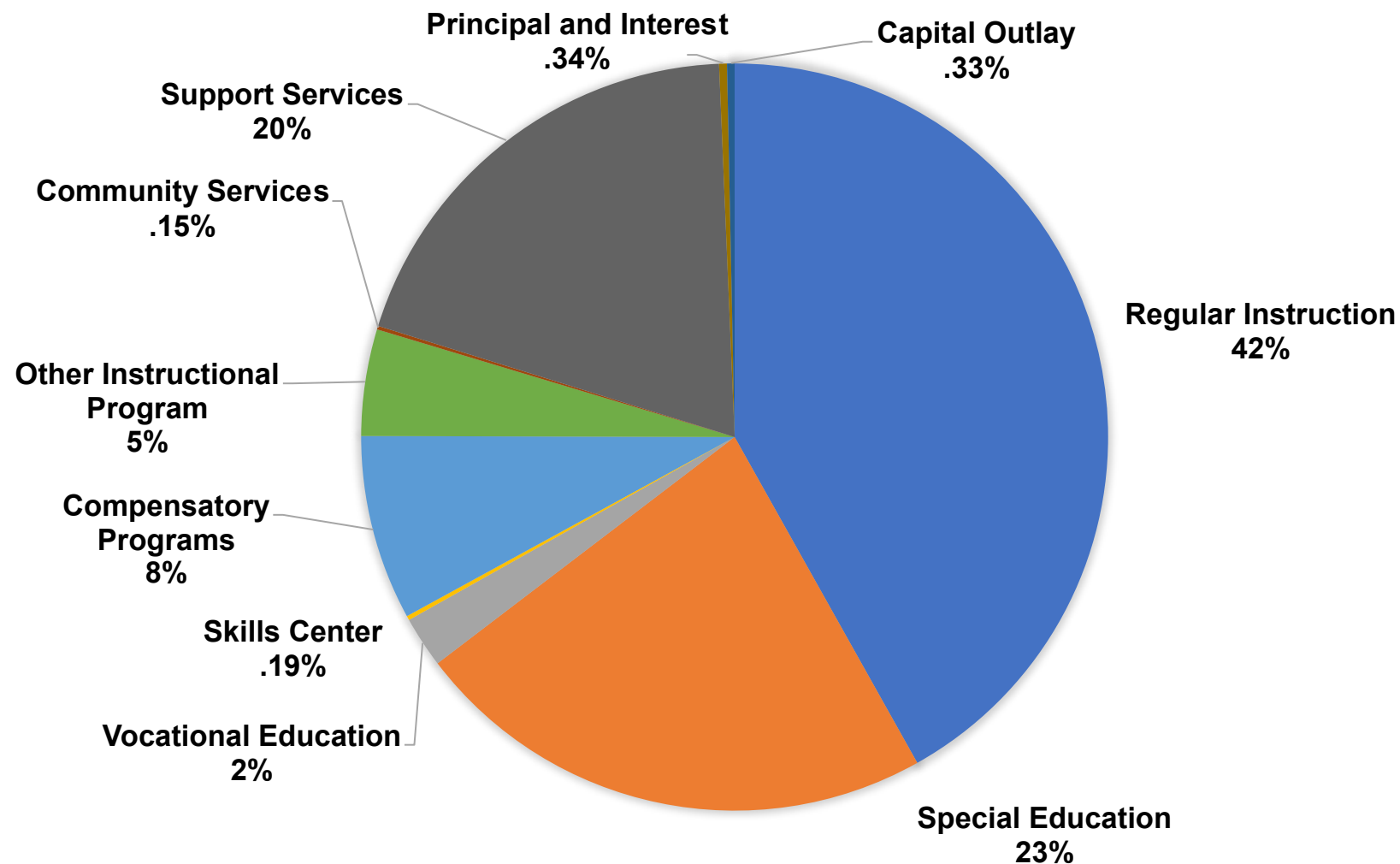
General Fund Expenditures by Program



Program Codes	2022-23		2023-24		2024-25		% Change 2023-24 to 2024-25
Regular Instruction	\$496,355,209	44.15%	\$475,654,431	41.80%	\$500,665,308	41.87%	5.26%
Special Education	\$211,456,692	18.81%	\$243,484,057	21.40%	\$272,339,063	22.77%	11.85%
Vocational Education	\$20,578,153	1.83%	\$21,617,573	1.90%	\$26,474,125	2.21%	22.47%
Skills Center	\$1,456,416	0.13%	\$1,773,211	0.20%	\$2,243,287	0.19%	26.51%
Compensatory Programs	\$86,338,057	7.68%	\$87,366,835	7.70%	\$95,685,962	8.00%	9.52%
Other Instructional Program	\$48,249,017	4.29%	\$53,726,468	4.70%	\$55,104,385	4.61%	2.56%
Federal Stimulus COVID-19	\$21,934,151	1.95%	\$15,419,961	1.40%	\$21,047	0.00%	-99.86%
Community Services	\$1,840,829	0.16%	\$1,629,382	0.10%	\$1,845,085	0.15%	13.24%
Support Services	\$226,594,376	20.16%	\$225,889,910	19.80%	\$233,515,377	19.53%	3.38%
Principal and Interest	\$848,471	0.08%	\$3,216,337	0.30%	\$4,064,558	0.34%	26.37%
Capital Outlay	\$8,563,578	0.76%	\$8,509,967	0.70%	\$3,896,870	0.33%	-54.21%
Total Expenditures	\$1,124,214,949	100%	\$1,138,288,131	100%	\$1,195,855,065	100%	5.06%

General Fund Expenditures by Program

FY 2024-25

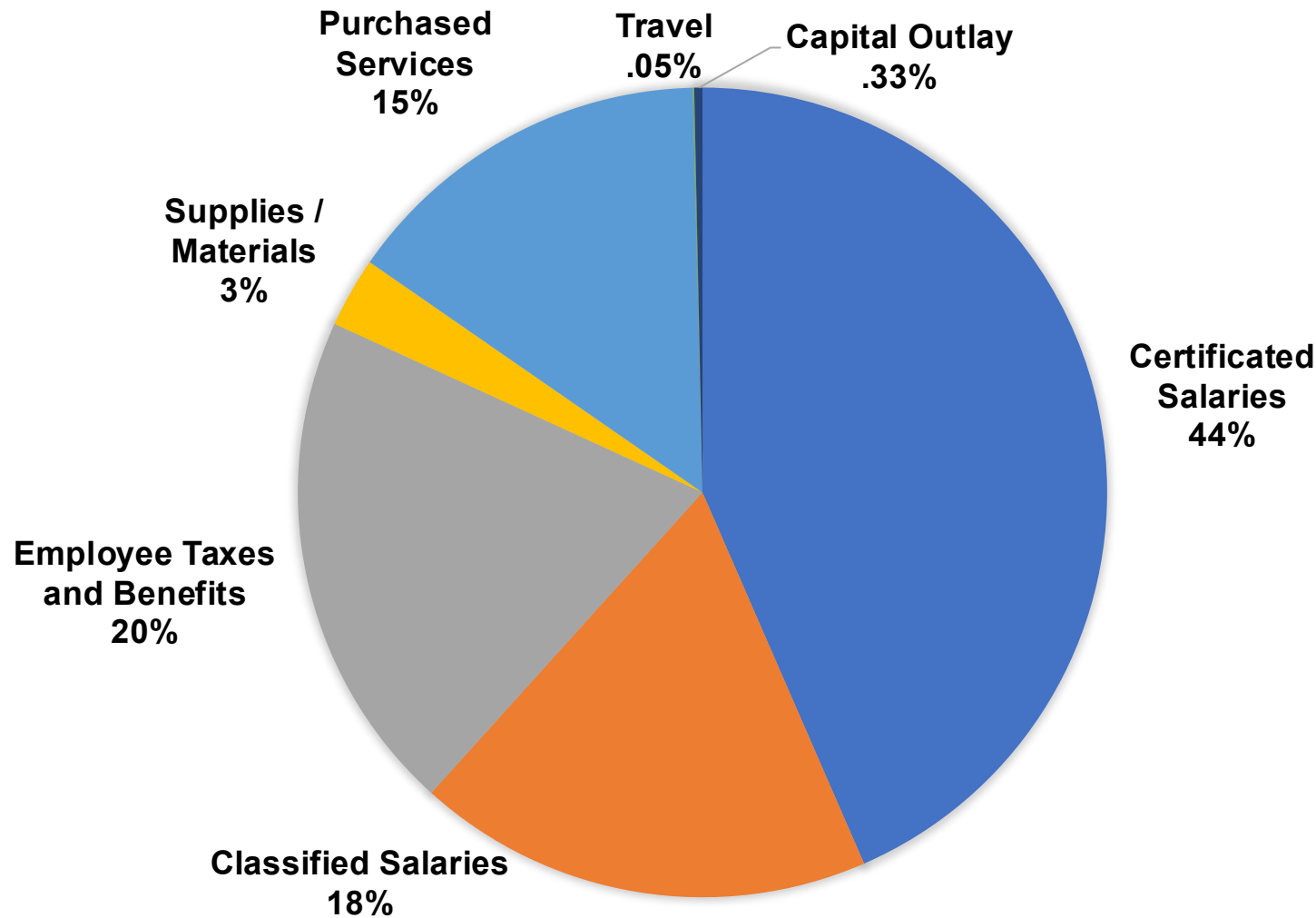


General Fund Expenditures by Object



Object Codes	2022-23		2023-24		2024-25		% Change 2023-24 to 2024-25
Certificated Salaries	\$485,619,966	43.20%	\$495,867,085	43.56%	\$519,721,722	43.46%	4.81%
Classified Salaries	\$198,524,220	17.66%	\$211,394,279	18.57%	\$218,001,654	18.23%	3.13%
Employee Taxes and Benefits	\$240,105,016	21.36%	\$226,635,858	19.91%	\$240,895,971	20.14%	6.29%
Total Personnel Expenditures	\$924,249,202	82.21%	\$933,897,222	82.04%	\$978,619,347	81.83%	4.79%
Supplies / Materials	\$38,806,258	3.45%	\$28,562,870	2.51%	\$33,463,781	2.80%	17.16%
Purchased Services	\$151,988,571	13.52%	\$166,796,465	14.65%	\$179,233,306	14.99%	7.46%
Travel	\$607,339	0.05%	\$521,608	0.05%	\$641,761	0.05%	23.04%
Capital Outlay	\$8,563,579	0.76%	\$8,509,967	0.75%	\$3,896,870	0.33%	-54.21%
Total Non-Staff Expenditures	\$199,965,747	17.79%	\$204,390,909	17.96%	\$217,235,718	18.17%	6.28%
Total General Fund Expenditures	<u>\$1,124,214,949</u>	100.00%	<u>\$1,138,288,131</u>	100.00%	<u>\$1,195,855,065</u>	100.00%	5.06%

General Fund Expenditures by Object FY 2024-25



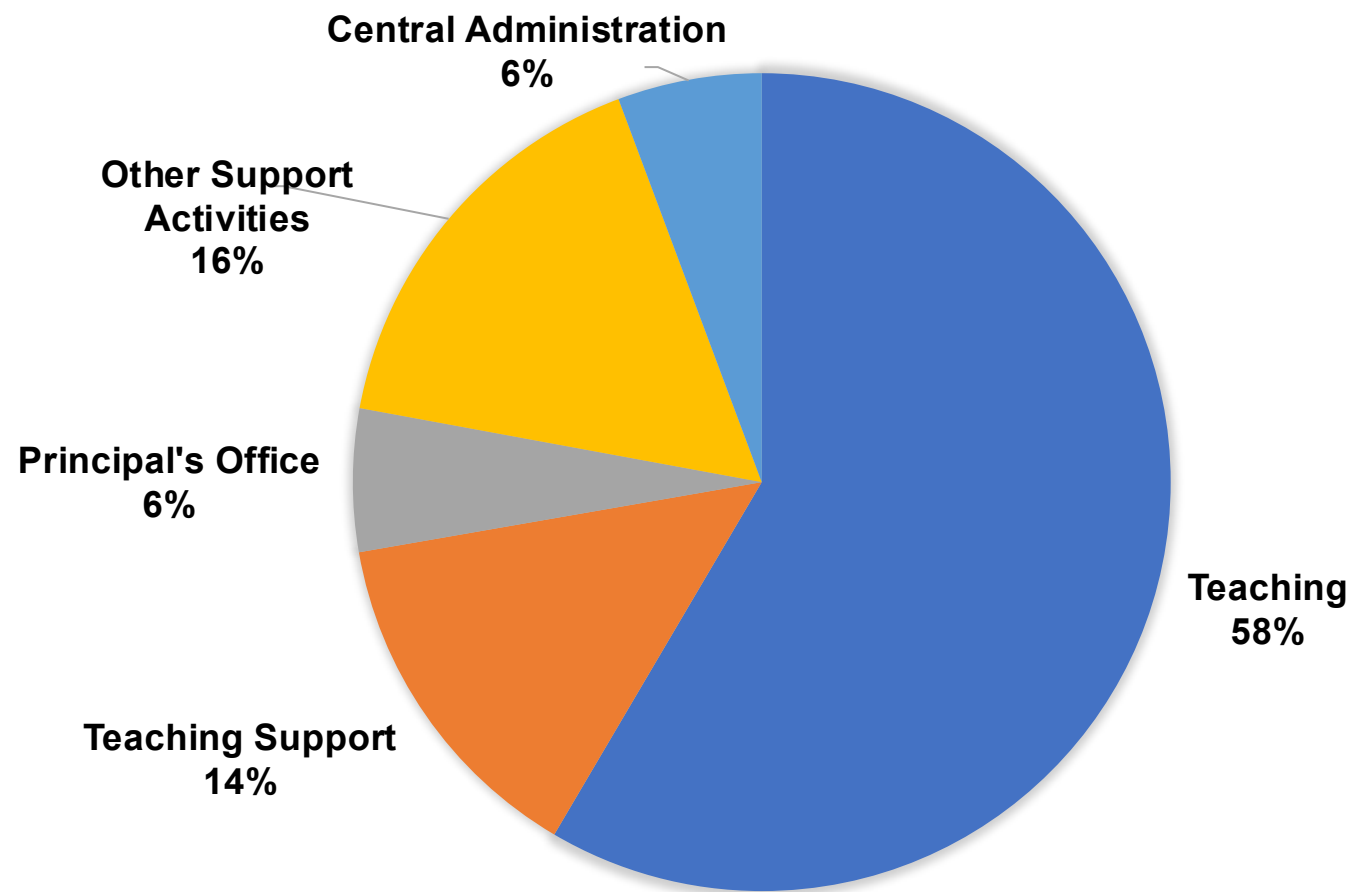
General Fund Expenditures by Activity



	2022-23		2023-24		2024-25		% Change 2023-24 to 2024-25
Teaching	\$641,635,862	57.10%	\$658,133,516	57.82%	\$699,200,966	58.47%	6.24%
Teaching Support	\$150,237,286	13.40%	\$154,249,538	13.55%	\$164,864,220	13.79%	6.88%
Principal's Office	\$63,702,546	5.70%	\$64,050,689	5.63%	\$67,500,840	5.64%	5.39%
Other Support Activities	\$198,959,781	17.70%	\$196,110,383	17.23%	\$196,182,828	16.41%	0.04%
Central Administration	<u>\$69,679,476</u>	<u>6.20%</u>	<u>\$65,744,007</u>	<u>5.78%</u>	<u>\$68,106,212</u>	<u>5.70%</u>	3.59%
TOTAL	\$1,124,214,951	100.00%	\$1,138,288,131	100.00%	\$1,195,855,065	100.00%	5.06%

General Fund Expenditures by Activity

FY 2024-25



General Fund Balance



	FY23	FY24	FY25
Nonspendable / Inventory	\$2,462,576	\$3,117,126	\$3,537,343
Restricted Revenues for Carryover	\$9,840,884	\$10,840,539	\$9,995,943
Committed to Economic Stabilization	-	\$7,000,000	-
Assigned - School Carryforward	\$6,665,571	\$7,278,579	\$ 6,863,964
Assigned - Seattle Levy Performance	\$11,320,627	\$9,946,413	\$ 9,016,439
Assigned - Central Carryforward	\$4,069,330	\$3,584,662	\$ 3,005,414
Assigned - Legal Reserve	\$3,923,972	\$4,749,500	\$ 11,445,000
Assigned - One-time	\$63,595,740	\$32,300,676	\$ 49,409,422
Assigned – Budget Balancing	\$32,300,676	\$42,409,422	-
Unassigned Fund Balance	<u>-</u>	<u>-</u>	<u>\$ 4,247,070</u>
Total Ending Fund Balance	\$134,179,376	\$121,226,917	\$97,520,596

Fund Balance Descriptions



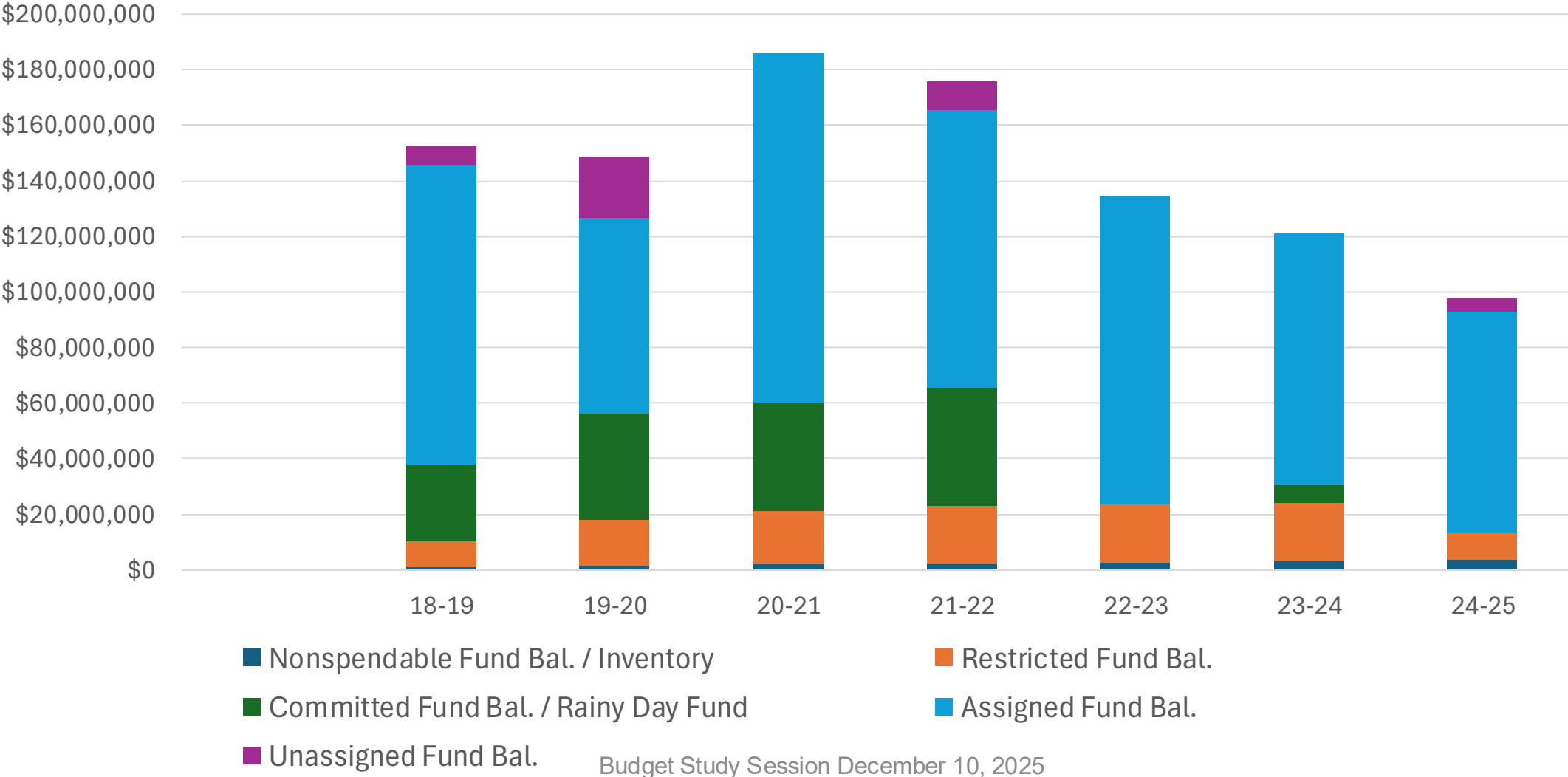
- **Nonspendable / Inventory (\$3.5M)** – prepaid food or supplies in our warehouse at year end.
- **Restricted Revenues for Carryover (\$10M)** – cash received but not spent that has legal restrictions from labor contracts or government agencies.
- **Committed to Economic Stabilization (\$0)** – school board's reserve for unanticipated expenses.
- **Assigned - School Carryforward (\$6.9M)** – consists of balances in self-help accounts, small donations, and WSS discretionary allocations.
- **Assigned - Seattle Levy Performance (\$9M)** – cash received but not spent related to the Families, Education, Preschool, and Promise Levy.
- **Assigned - Central Carryforward (\$3M)** – consists of balances in self-help accounts and major equipment and contracts for items purchased but not physically received by August 31st.
- **Assigned - Legal Reserve (\$11.4M)** – potential obligations for legal settlements and outside counsel for current claims.

Fund Balance Descriptions (cont.)



- **Assigned One-time (\$49.4M)** – balance represents approved prior year budget balancing choices. The one-time balance has been approved to cover expenses for a future budget year.
 - Example: at the end of FY23, there was a surplus of \$32.3M which was then assigned to cover expenses in the next budget year, FY25. Since these funds are planned to be spent in FY25, they would continue to be in the fund balance at the end of FY24.
- **Assigned Budget Balancing (\$0)** – balance represents an approved total to balance a future year budget. This amount becomes an "assigned one-time" in the following year's ending fund balance.
- **Unassigned Fund Balance (\$4.2M)** – fund balance remaining after all amounts are set aside for restrictions, commitments, and assignments.

General Fund Balance – 7 Year Trend



General Fund Balance FY23 – FY25



	FY23	FY24	FY25	Change by Category from FY24 to FY25
Beginning Fund Balance	\$175,784,388	\$134,179,376	\$121,226,917	(\$12,952,459)
Total Revenues	\$1,027,463,427	\$1,080,950,870	\$1,129,874,026	\$48,923,156
Other Financing Sources/(Uses)	<u>\$55,146,510</u>	<u>\$44,384,802</u>	<u>\$42,274,718</u>	<u>(\$2,110,084)</u>
Total Beg FB, Rev & Other Financing Sources	\$1,258,394,325	\$1,259,515,048	\$1,293,375,661	\$33,860,613
Less: Total Expenditures	<u>\$1,124,214,949</u>	<u>\$1,138,288,131</u>	<u>\$1,195,855,065</u>	<u>\$57,566,934</u>
Ending Fund Balance	\$134,179,376	\$121,226,917	\$97,520,596	(\$23,706,321)



How Does SPS Project a Deficit?



What is a Structural Deficit?



What does Seattle Public Schools (SPS) mean when it says it has a Structural Deficit?



It means SPS expects to spend more money than it brings in over time — like a family planning to spend more than it earns in a year.

What's Causing the Structural Deficit?



Costs are increasing faster than revenue sources

Compensation, Inflation, Legal expenses, Student needs, Facility needs, Transportation, Security, Substitute costs, etc.



Insufficient State and Federal Funding

Special Education, Transportation, Culinary Services, Compensation, Bilingual Services, etc.



Declining Enrollment

Flat or slight declines in enrollment



District Choices (examples from [ERS Diagnostic Analysis](#))

Transportation, elementary school portfolio, configuration of schools, Instructional Assistants

How does SPS Project the Deficit?



- Entering the Budget Development Process for 2024-25, the ***projected*** deficit for Seattle Public Schools was \$104M.
 - This is the difference between anticipated revenues (including capital fund transfers) and planned expenses.
- **This is the starting point.**
- Then, the Budget Development Process begins and strategies for increasing revenues, utilizing one-time resources, and/or reducing expenses are developed.

Balancing the Budget



- **For 2024-25**, the Budget Development Process resulted in a “balanced budget.” This is a requirement of all school districts in Washington.
- In order for SPS to meet this requirement, the 2024-25 budget relied on a mix of solutions including an interfund loan, utilization of fund balance, reductions in central office and school staffing, additional state funding, delayed repayment of the “Rainy Day Fund” (aka ESA Account), etc.
- This process resulted in a budget that projected usage of **\$78.9M** of fund balance (gap between projected revenue and planned expenses).



What actually happened over the course of the 2024-25 school year?

- Enrollment for 2024-25 was higher than anticipated
- Some planned expenses were lower than projected (vacant positions, sick leave, etc.)
- Some planned expenses were higher than projected
- Unanticipated one-time legislative funding
- Interfund Loan does not contribute to Fund Balance
- Other changes (Interest, Capital & Grant impacts, emerging needs, Legal costs, etc.)
- Instead of needing to utilize \$78 million in fund balance to pay our bills for 2024-25, SPS utilized **\$23 million** in fund balance.



SPS hasn't run out of money yet because:

- Reductions in expenditures have been made each year;
- Investments have been made by the State of WA and local taxpayers;
- Actual results have been slightly better than projected; and
- SPS has used savings to cover shortfalls.
 - **But, those savings (fund balances) are shrinking, so this isn't sustainable.**

Family Budget Example



Projected Deficit (Gap)

- Imagine a family originally thought they'd need **\$10,000** from savings to cover their annual budget.
 - Their salaries totaled \$100,000, but they anticipated (projected) expenses of \$110,000 for the coming year.

Budget Development Process

- They decided to trim expenses by **\$3,000**. In doing so, their “gap” is now **\$7,000**.

Actual Results

- During the year, a family member got an unanticipated **\$2,000** bonus at work.
- They still spent more than they earned, but not as much as expected and they still needed to spend **\$5,000** out of their savings to make ends meet.

SPS Department Budget Example



Projected Deficit (Gap)

- Transportation anticipated having an increase of expenditures of **\$3.0M** in 24-25 based on contract cost increases, fuel, etc. which increased the projected gap between expenditures and revenue from \$19.6M in 23-24 to \$22.6M in 24-25.

Budget Development Process

- During the budget development process, savings from routing efficiencies were projected to save \$6.7M, which resulted in net projected savings in transportation costs of \$3.7M (\$6.7M - **\$3.0M**).

Actual Results

- During the year, additional preschool locations were added and the district received less in transportation safety net funding than anticipated. Therefore, instead of saving \$3.7M in costs, the district saved \$300K.



Capital Projects, Debt Service, and ASB Funds



Capital Projects Fund FY 2024-25

Budget vs Actual



	FY25 Budget	Actuals	Variance over/(under)
Beginning Fund Balance	\$251,046,738	\$217,509,083	(\$33,537,655)
Revenues	<u>\$381,755,647</u>	<u>\$382,601,595</u>	\$845,948
Total Beginning FB and Revenue	\$632,802,385	\$600,110,679	(\$32,691,706)
Expenditures:			
Building	\$477,545,583	\$347,253,885	(\$130,291,698)
Equipment	\$3,950,000	\$8,469,052	\$4,519,052
Instructional Technology	\$108,315,866	\$58,534,439	(\$49,781,427)
Principal and Interest	\$0	\$0	\$0
Other financing uses	<u>\$41,826,498</u>	<u>\$29,378,235</u>	(\$12,448,263)
Total Expenditures/Other Uses	<u>\$631,637,947</u>	<u>\$443,635,611</u>	(\$188,002,336)
Ending Fund Balance	<u>\$1,164,438</u>	<u>\$156,475,068</u>	\$155,310,630

Debt Service Fund FY 2024-25

Budget vs Actual



	FY25 Budget	Actuals	Variance over/(under)
Beginning Fund Balance	\$1,412,000	\$1,497,127	\$85,127
Revenues	\$12,000	\$71,625	\$59,625
Transfers in	<u>\$3,158,783</u>	<u>\$3,118,115</u>	(\$40,668)
Total Beginning Fund Balance, Revenue & Other Financing Sources	\$4,582,783	\$4,686,867	\$104,084
Expenditures:			
Principal	\$3,059,000	\$3,059,000	\$0
Interest	<u>\$109,783</u>	<u>\$99,783</u>	(\$10,000)
Total Expenditures	\$3,168,783	\$3,158,783	(\$10,000)
Ending Fund Balance	<u>\$1,414,000</u>	<u>\$1,528,084</u>	\$114,084

ASB Fund FY 2024-25 Budget vs Actual



	FY25 Budget	Actuals	Variance over/(under)
Beginning Fund Balance	\$3,192,942	\$3,654,942	\$462,000
Revenues	<u>\$6,660,000</u>	<u>\$6,093,864</u>	(\$566,136)
Total Beginning Fund Balance & Revenue	<u>\$9,852,942</u>	<u>\$9,748,806</u>	(\$104,136)
Expenditures:			
Student Activities	<u>\$6,198,000</u>	<u>\$5,269,658</u>	(\$928,342)
Ending Fund Balance	<u>\$3,654,942</u>	<u>\$4,479,148</u>	\$824,206

Thank you!

Date: December 10, 2025

Dept: Finance

Presenter(s): Dr. Kurt Buttleman, Assistant Superintendent of Finance