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Olympia, WA 98504-7200



Washington Office of Superintendent of
PUBLIC INSTRUCTION
Chris Reykdal, Superintendent

k12.wa.us

August 18, 2023

Zachary Robbins, Superintendent
Marysville School District
4220 80th Street NE
Marysville, Washington 98270

Re: Approval of Request to Budget Future Receivables with Binding Conditions

Dear Superintendent Robbins:

In accordance with Chapter 392-123 of the Washington Administrative Code (WAC), Northwest Educational Service District (NWESD) 189 and the Office of Superintendent of Public Instruction (OSPI) have completed the review of Marysville School District's proposed budget for the 2023–24 school year. The school board has acknowledged that the district will end then 2023–24 school year with a negative ending general fund balance of (\$17,500,637).

To approve the request submitted to OSPI through Board Resolution #2023-11, OSPI must require the district be placed on Binding Conditions. The Binding Conditions outlined below are intended to give OSPI and NWESD an opportunity to more closely review and potentially recommend school district decisions related to their current financial condition. The goal is to ensure the district restores a healthy financial position as quickly and efficiently as possible. Given the status of the district budget, the district may need to remain on Binding Conditions for three school years. This is only allowable if OSPI deems that continuous progress is being made toward restoring the district to meeting its own minimum fund balance policy, currently 8%. If the policy is revised, the state will not release from Binding Conditions unless a fund balance of at least 3% of general fund balance expenditures is achieved. Without satisfactory progress and/or approval from OSPI to continue in Binding Conditions, the district may be referred to the Enhanced Financial Oversight Committee (EFOC). If Enhanced Financial Oversight is required, the EFOC can exercise more aggressive financial remedies up to and including school district dissolution.

For approval of Marysville's 2023–24 school year budget, each of the conditions outlined below must be met. These conditions include benchmarks for the next three school years.

1. The ending general fund balance reported in the F-196 in November 2024 must not be less than the current amount budgeted of \$(17,500,637).
2. Monthly budget status reports presented to the school board must be shared with NWESD 189 and OSPI within one week of the board meeting.
3. A quarterly meeting to review current financial status will be held with NWESD 189 and OSPI to include review of the following: budgeted to actual expenditures and revenues, enrollment trends, current staffing levels, and current multi-year cash flow projection. These meetings will be scheduled by OSPI after considering the required individuals' calendar availability no later than September 30, 2023. These meetings must include, at a minimum, the Superintendent and Business Official of the school district. The President of the School Board is recommended but not required to attend these meetings.
4. No later than April 15, 2024, the district must present to NWESD 189 and OSPI a comprehensive budget plan, inclusive of expenditures and revenues, enrollment trends, staffing levels, and multi-year cash flow projections for the entire time frame that the district projects to be on Binding Conditions (currently through August 31, 2026).
5. The budgeted ending general fund balance in the F-195, adopted by August 31, 2024, for the 2024–25 school year, is equal to or greater than \$0.
6. The actual general fund balance in the F-196, submitted in November 2025, equal to or greater than \$0.
7. The budgeted general fund balance in the F-195, adopted by August 31, 2025, for the 2025–26 school year, is greater than or equal to an amount to be specified later which will be in accordance with the district's current general fund balance policy of 8% of general fund expenditures.
8. The actual general fund balance in the F-196, submitted in November 2026, is greater than or equal to an amount to be specified later which will be in accordance with the district's current general fund balance policy of 8% of general fund expenditures.

OSPI and NWESD 189 will continuously review the district's fiscal projections and adherence to the stated conditions above. We, collectively, reserve the right to update any of the conditions stated above, if the financial situation of the district changes significantly from what is currently projected.

Background

The district has experienced several events over the last few years leading to its current fiscal position, including, but not limited to the following:

- Double levy failure during the 2022 calendar year, leaving the district with no levy revenue in calendar year 2023.
- Deadlines for using federal ESSER COVID relief funds rapidly approaching (ESSER cliff).
- Grant programs where funding was reduced or eliminated in the upcoming school year, where corresponding expenditure reductions were not made.
- Providing the state IPD to all staff as a pass through.

Superintendent Zachary Robbins
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The above challenges were amplified by the district experiencing staffing transitions in key decision-making roles.

Sincerely,

T.J. Kelly
Chief Financial Officer
Office of Superintendent of Public Instruction

Larry Francois
Superintendent
Educational Service District 189

Acknowledgement of Acceptance of Conditions

X

School District Superintendent

X

School Board President