

# Financial Oversight Committee Observations

Marysville School District  
August 5, 2024





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# Presenter Information

# Financial Oversight Committee Objectives

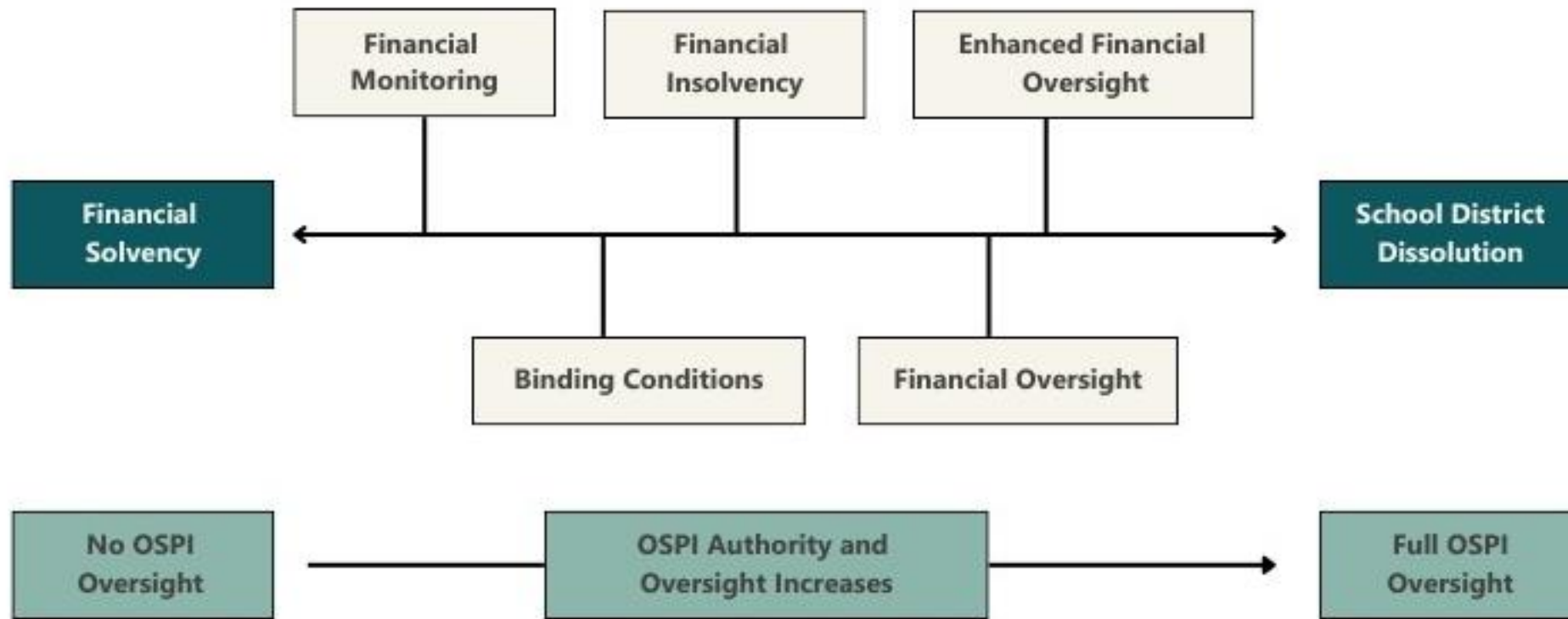
1. Assess whether the district's 2024–25 school year budget aligns with the current binding conditions agreement and the two-year plan submitted to OSPI in May.
2. Assess whether the district has the processes and structures in place to execute the proposed budget.
3. Receive feedback from the Marysville School District community.
4. Based on the Committee's observations and community feedback, make recommendations about next steps to the State Superintendent.

*Note: The Financial Oversight Committee will be referred to as the "Committee" throughout this presentation.*

# Financial Oversight Committee Members

- T.J. Kelly, Chief Financial Officer, Office of Superintendent of Public Instruction
- Ramon Alvarez, Chief Human Resources Officer, Office of Superintendent of Public Instruction
- Kassidy Probert, Assistant Superintendent, Educational Service District 101
- Lisa Matthews, Assistant Superintendent, Northwest Educational Service District 189 (*nonvoting*)

# School District Financial Insolvency: The State's Role



# Financial Oversight Committee (FOC)

## Key Dates

- FOC Meetings were held on the following dates:
  - July 10, 16, 24, 31
- Public Hearing:
  - August 5
- Public Response and Feedback Period:
  - August 5–19
- Committee Recommendation to the State Superintendent:
  - August 27
- Formal decision about next steps no later than August 30

# Background Information

Factors that led to the district originally being placed on binding conditions include:

- Loss of one year of local levy revenue (2023) without timely corresponding reductions in expenditures.
- Federal COVID relief funds will not be accessible after September 2024.
- Grant programs where funding was reduced or eliminated for the 2023–24 school year, but expenditures were not also reduced.

# Committee Observations: Areas of Progress

- The community rallied together and passed a levy in February 2023, which the district began to collect in calendar year 2024.
- District leadership has engaged experienced local consultants who are focused on budget development, financial data quality, internal controls, and effective budget implementation.
- District leadership has been responsive to all data requests of the Committee.
- The Committee and the district have a common understanding on an issue with how the district accounts for and budgets employee benefits for 2024–25.



# Committee Observations: Challenges

- Staff turnover in key Fiscal and Human Resources positions, with new staff that have no previous K–12 experience.
- The district currently lacks the process, structure, and tools needed to effectively execute a budget plan.
- Due to the fiscal staff prioritizing efforts toward identifying issues with the 2023–24 school year budget for much of the fall, staff capacity was limited when developing a cohesive budget plan for 2024–25 in a timely manner.

# Committee Observation: General Fund Borrowing

- The district continues to pay General Fund expenditures with funds from the Capital Projects fund.
  - Those funds must be returned to the Capital Projects fund to be used for their original intended purpose, as approved by voters.
- The district must achieve a 5% fund balance and have a positive sustainable fiscal plan by November 2026 to exit binding conditions.
- The only way to build fund balance is for expenditures to be less than revenue on an ongoing basis until target fund balance is achieved.

# Current Status and Next Steps

- The Committee has noted that the district's expenditures in the July 10 budget for 2024–25 are understated by a considerable amount.
- The Committee is currently waiting on updated staffing plan data from the district to confirm recent corrections.
  - That data will help identify how much the current 2024–25 budget needs to be reduced to maintain the fund balance target in the binding conditions agreement.
- The Committee cannot confidently assess the remainder of the budget until the salary and benefits information is updated.

# Public Comment and Final Decision

- The public comment period will be from August 5 through August 19.
- All public comments submitted to [FOC@k12.wa.us](mailto:FOC@k12.wa.us) by 5 pm on August 19 will be shared and read by the Committee.
- These comments will inform the final recommendation made to the State Superintendent on or before August 27.
- The State Superintendent will provide a decision about next steps for oversight of the district no later than August 30.

# Questions?

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To submit public comment:  
Financial Oversight Committee  
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