

## **Prior Year(s) Operating Budget Deficit**

Last June, the District shared an estimated deficit of approximately \$1.8 million. At that time, and going forward until October, we were very clear that this number was only an estimate, not a confirmed amount. The reason an exact figure could not be provided was that the District was undergoing a forensic-level review of its financial records, including all grants, revenues, and prior-year accounting.

From June through October, the SAU team and forensic partners worked diligently to build an accurate financial picture. This work included:

- Identifying and recording revenues that had not yet been recognized in the books.
- Collecting revenues owed to the district.
- Correcting grant expenditures to ensure that items paid with federal funds were actually charged to the correct grants.
- Moving expenses that had been incorrectly charged to grants back into the operating budget where they belonged.
- Completing a large number of adjusting journal entries so that each expense was placed in the correct fiscal year.

Because multiple issues across several years needed to be corrected, there is no single cause that explains the original estimate. The \$1.8 million figure reflected the *best information available at the time* while the deeper financial reconstruction was still underway.

After completing all necessary adjustments reconciling grants, correcting expenditures, and ensuring revenues were properly applied, we were able to determine the final, confirmed deficit, which is \$633,362.00 as reported and posted publicly on October 16, 2025.

## **Plain-Language Bullet Points**

- The \$1.8 million was an early estimate, not a final number.
- We could not give an exact number until all financial records were rebuilt and corrected.
- Several years of accounting issues meant the books were not accurate or up to date.
- We had to fix past errors, correct grant charges, and re-enter expenses in the right places.
- Some revenues had not been recorded, and some expenses were charged to the wrong account or even the wrong year.
- Until that work was done, the District could not determine the true deficit.
- After fixing everything, the confirmed deficit is \$633,362, *not* \$1.8 million.
- This was a reconstruction project, not a simple review, that's why the estimate changed.
- There was no single mistake that caused the original estimate; it was the result of multiple long-standing issues that needed correction.
- The district now has a clean, accurate financial picture for the first time in several years.

All adjusting entries will be included in the annual audit report completed by Plodzik & Sanderson.

Pittsfield School District		
Anticipated FY25 Budget Deficit		
Prepared: 10/16/25		
Fund Deficit 23/24		-\$220,278.00
Actual Revenue 24/25		\$11,637,116.00
Actual Expenditure 24/25		-\$12,050,200.00
		-\$413,084.00
Combined Fund Deficit		-\$633,362.00
Fund Deficit 23/24		-\$220,278.00
Est. Revenue	\$11,313,012.00	
Actual Revenue	\$11,637,116.00	
Revenue Balance		\$324,104.00
Est. Expenses	\$11,317,955.00	
Actual Expenses	-\$12,050,200.00	
		-\$732,245.00
*Use of Surplus 23/24		-\$4,943.00
**Deficit FY25		-\$633,362.00
<p>*In 23/24 Fund Balance was returned to taxpayers. There was no fund balance so this became an expense to the General Fund</p> <p>**Unaudited. The FY25 Annual audit will confirm this amount.</p>		

**\$220,278** - This was a deficit carried over from previous years (FY22, FY23, FY24).

**\$4,943** - This was money that was returned to taxpayers as “surplus,” but it wasn’t actually surplus, so it had to be added to the deficit.

**\$413,084** - These were special education program and special education transportation costs that were higher than budgeted.