

Three-Year Fiscal Recovery Plan

Progress Update & Path Forward

Comprehensive status report on corrective actions taken to restore fiscal stability and ensure long-term sustainability for our District.

Presented by:
Acting Assistant for Business and Management Services
December 3, 2025



Understanding the Challenge

The Financial Reality

The District faces significant fiscal challenges stemming from the 2024-2025 school year, requiring immediate and sustained corrective action.

This recovery plan represents our commitment to transparency, accountability, and the financial health necessary to support educational excellence.



Budget Overspending

2024-25 voter-approved budget exceeded, creating structural deficit (\$3.5M)



Depleted Reserves

Significant drawdown of Fund Balance and reserve accounts (\$16.2M)



Revenue Constraints

Limited revenue sources available to address shortfall

Three-Pillar Recovery Strategy

Expenditure Controls

Implementing rigorous budgetary oversight and spending restrictions

Revenue Enhancement

Maximizing existing revenue sources and pursuing new opportunities

Structural Adjustments

Long-term systemic changes to ensure sustained fiscal health

Each pillar includes specific measurable actions, accountability mechanisms, and defined timelines to track our progress toward full recovery.





Pillar One

Expenditure Controls & Assessments

Strengthening Internal Controls

We've partnered with leading auditing firms to identify weaknesses and implement robust financial management systems.

External Audit Completion

Finalized 2024-25 audited financial statements with Cullen & Danowski, LLP. Prepared Management Responses to Material Weaknesses.

Audit Committee Review

Scheduled for December 3, 2025, with subsequent Board of Education review and adoption.



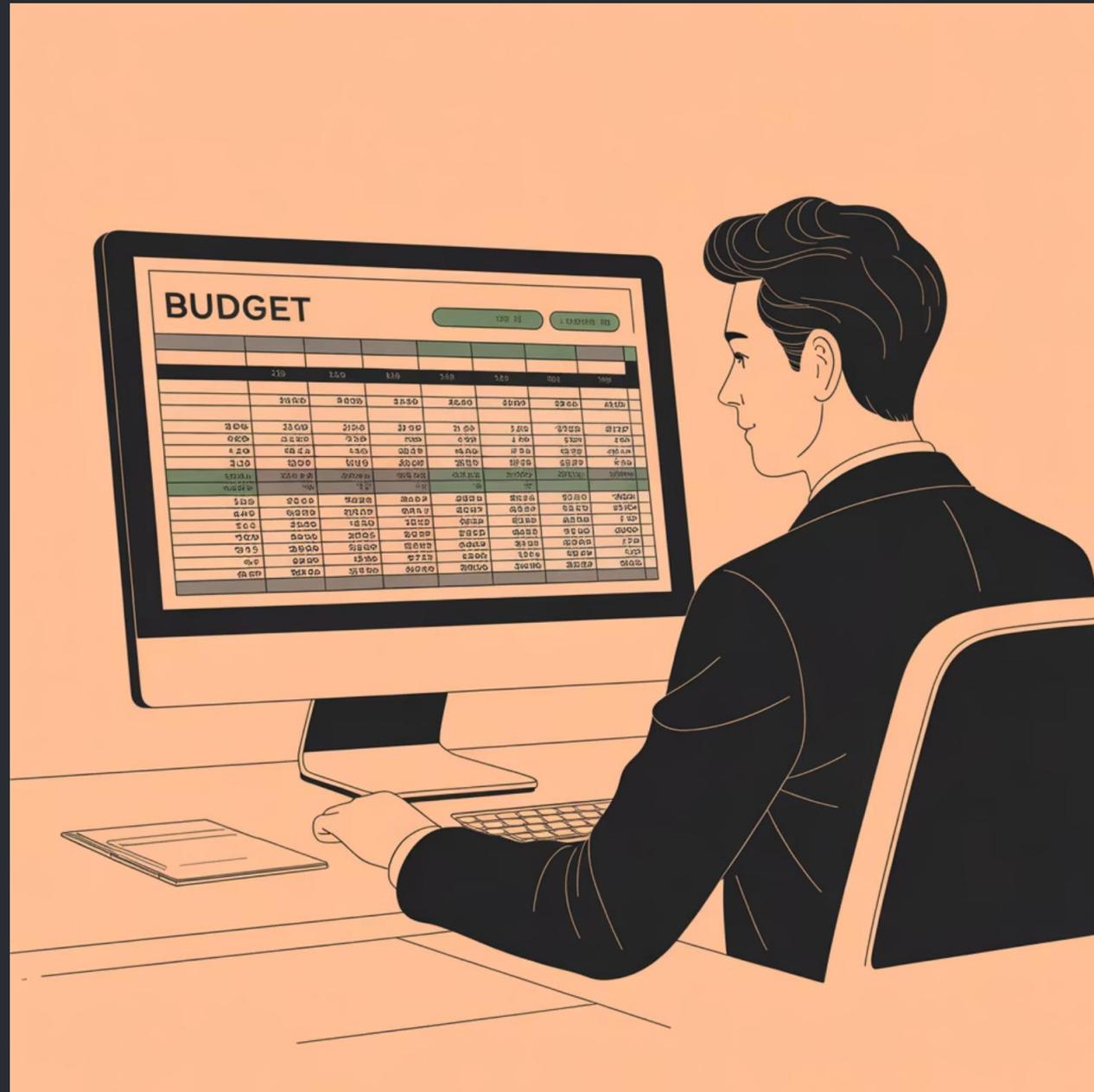
Internal Audit Reviews

Completed two critical reports with Nawrocki Smith: Annual Risk Assessment and Payroll Cycle Internal Controls.

Forensic Auditors

Contracted on September 9, 2025 to determine the root cause(s) of the 2024-25 over-spending.

Daily Budget Management



Real-Time Monitoring

Budget document reviewed daily, weekly, and bi-weekly to prevent overspending and ensure sufficient appropriations

Zero Negative Balances

All necessary budgetary transfers executed to eliminate negative balances in Detailed Appropriation Status Reports

Enhanced Purchasing Controls

Purchase orders only encumbered when budgetary funds are available; transfers required for shortfalls

Payroll & Reporting Improvements

Payroll Function Overhaul

All salary budget codes now properly encumbered against available budgets. This process identifies staff charged to incorrect areas, enabling proper re-alignment and improving budget accuracy and credibility.

Treasurer Reports Current

Completed all outstanding reports for June through October 2025. Our commitment: no monthly appropriation status report will be presented to the Board with negative balances.

Identifying Budget Gaps

Comprehensive review of 2025-26 budget underway. Areas of concern identified include transportation and special education services, with continued monitoring of potential revenue shortfalls.

Immediate Spending Restrictions

November 14, 2025

All discretionary spending immediately suspended. Only essential expenditures necessary for core instruction, support programs, and health and safety will be approved.

November 21, 2025

District-wide directive issued requiring all pending vendor invoices be submitted to Business Office for processing. Goal: maintain vendor relationships, avoid credit holds, and ensure accurate expenditure tracking.

Mid-Year Review

Comprehensive staffing analysis initiated to identify possible budget reductions. Essential to align expenditures with revenues and prevent overspending the \$147M voter-approved budget.



Pillar Two

Revenue Status &
Enhancement



Revenue Challenges & Gaps

Facing Reality

Multiple revenue shortfalls have been identified through comprehensive analysis. Addressing these gaps is critical to our recovery strategy.

\$5M

Fund Balance Shortfall

Anticipated

Unappropriated Fund Balance does not exist due to prior year deficit

-\$1.8M

Negative Position

6/30/2025 Unassigned Fund Balance in deficit position

Revenue Recovery Actions

Despite significant challenges, we've already identified and secured multiple revenue enhancements and cost savings.



Summer Transportation Aid

Finalized 2023 summer STAC forms submitted, securing approximately **\$169,000** in transportation aid for current year



Records Retention Savings

Renegotiated consultant contract by Jenna Restivo, achieving **\$91,000** in annual savings



EPC Contractor Agreement

Negotiated with ESG to absorb all soft costs, saving the District **\$32,000**



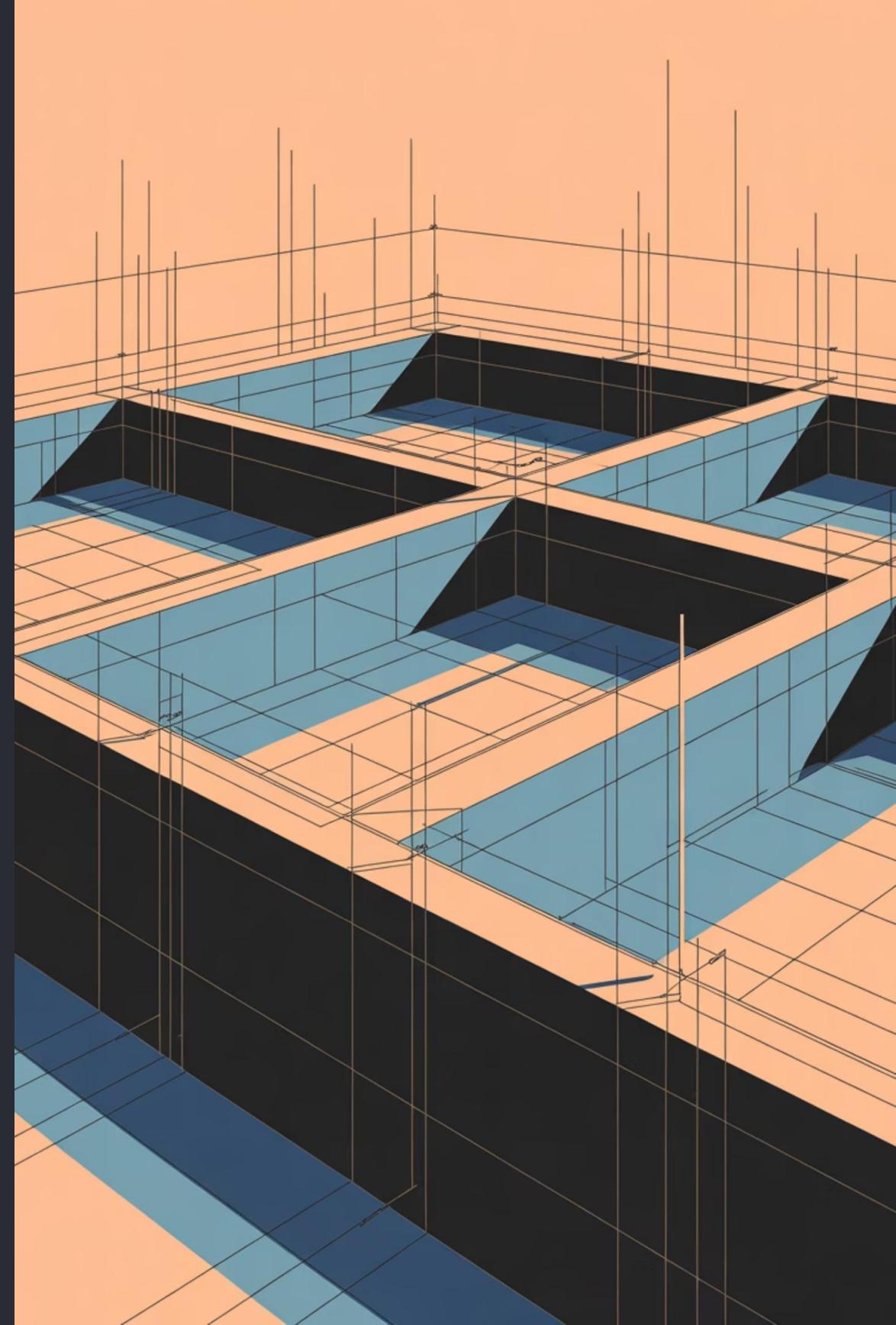
Bond Counsel Reduction

Renegotiated TAN billing structure with Bond Counsel, securing **\$3,000** in savings

Additionally, we're reviewing and updating our building use policy to properly implement revenue requirements and maximize facility rental income.

Pillar Three

Long-Term Structural
Modifications



Financial Stabilization Roadmap

Sustainable recovery requires systemic change. Our multi-faceted approach addresses immediate needs while building long-term fiscal resilience.

-  **Multi-Year Financial Plan**
Comprehensive three-year Financial Recovery and Sustainability Plan (FY 2026–28) will be presented to the Board by **March 2026**. Includes fund balance restoration targets, expenditure reduction strategies, and reserve rebuilding roadmap.
-  **Cost Containment Measures**
Immediate controls on discretionary spending effective November 2025. Review of staffing models, program efficiencies, and contract services to identify savings while preserving instructional integrity.
-  **Revenue Enhancement Initiatives**
Aggressive pursuit of increased state aid, shared service agreements with neighboring districts, and facility rentals. Evaluation of grant funding to support programs without depleting general fund reserves.
-  **Reserve & Fund Balance Policy**
Board will adopt formal Fund Balance Restoration Policy establishing annual goal of achieving minimum **4% unassigned fund balance** of ensuing year's budget by FY 2028.
-  **Fiscal Transparency**
Monthly "Fiscal Health Reports" presented to Board and community beginning November 2025, detailing progress toward stabilization benchmarks.

Commitment to Accountability



Transparency & Progress

We recognize that restoring trust requires consistent communication and demonstrated results. Every stakeholder deserves clear visibility into our financial position and recovery efforts.

Monthly reporting will provide real-time updates on expenditure controls, revenue enhancement, and progress toward fund balance restoration.

The Business Office remains committed to implementing best practices in financial management while maintaining the educational excellence our community expects and deserves.

Path to Fiscal Sustainability



Immediate Stabilization

Controls in place to prevent further deterioration and manage FY 2025-26 within approved budget



Strategic Recovery

Multi-year plan implementation with measurable benchmarks and community transparency



Long-Term Health

Restored reserves, structural balance, and sustainable framework for educational excellence

The District is committed to fiscal responsibility while preserving the quality education our students deserve. Through disciplined execution of this Three-Year Fiscal Recovery Plan, we will restore financial stability and build a sustainable foundation for the future.