



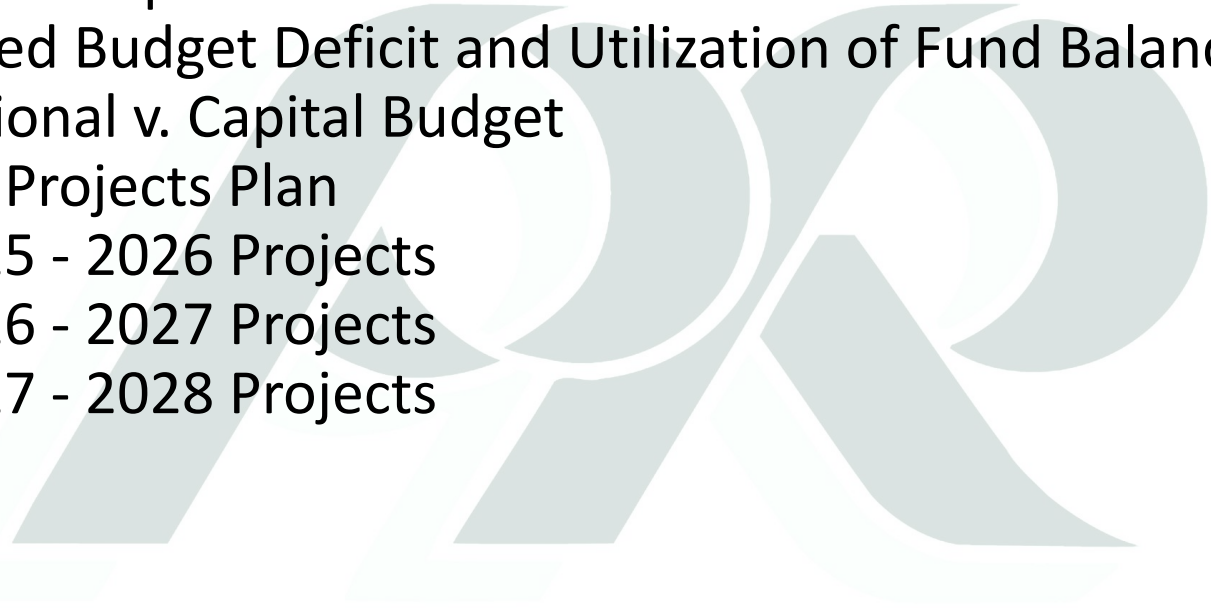
# **Finance Buildings and Grounds Joint Governance Meeting**

February 9, 2026



# Agenda

- Financial Purpose Statement
- Projected Budget Deficit and Utilization of Fund Balance
- Operational v. Capital Budget
- Capital Projects Plan
  - 2025 - 2026 Projects
  - 2026 - 2027 Projects
  - 2027 - 2028 Projects





# Purpose

- Refine a strategic approach to address the growing CLR-related structural deficit while preserving educational excellence and community value (i.e., systems perspective and future-focused).



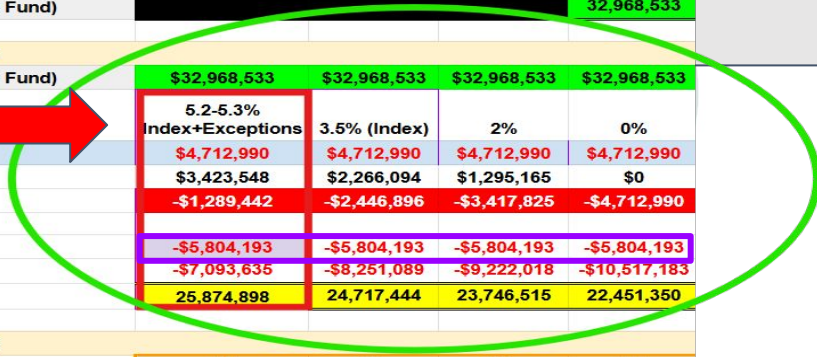
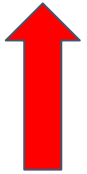


# Projected Deficit and Fund Balance

Future-Focused Financial Comparison Chart (1.12.26)

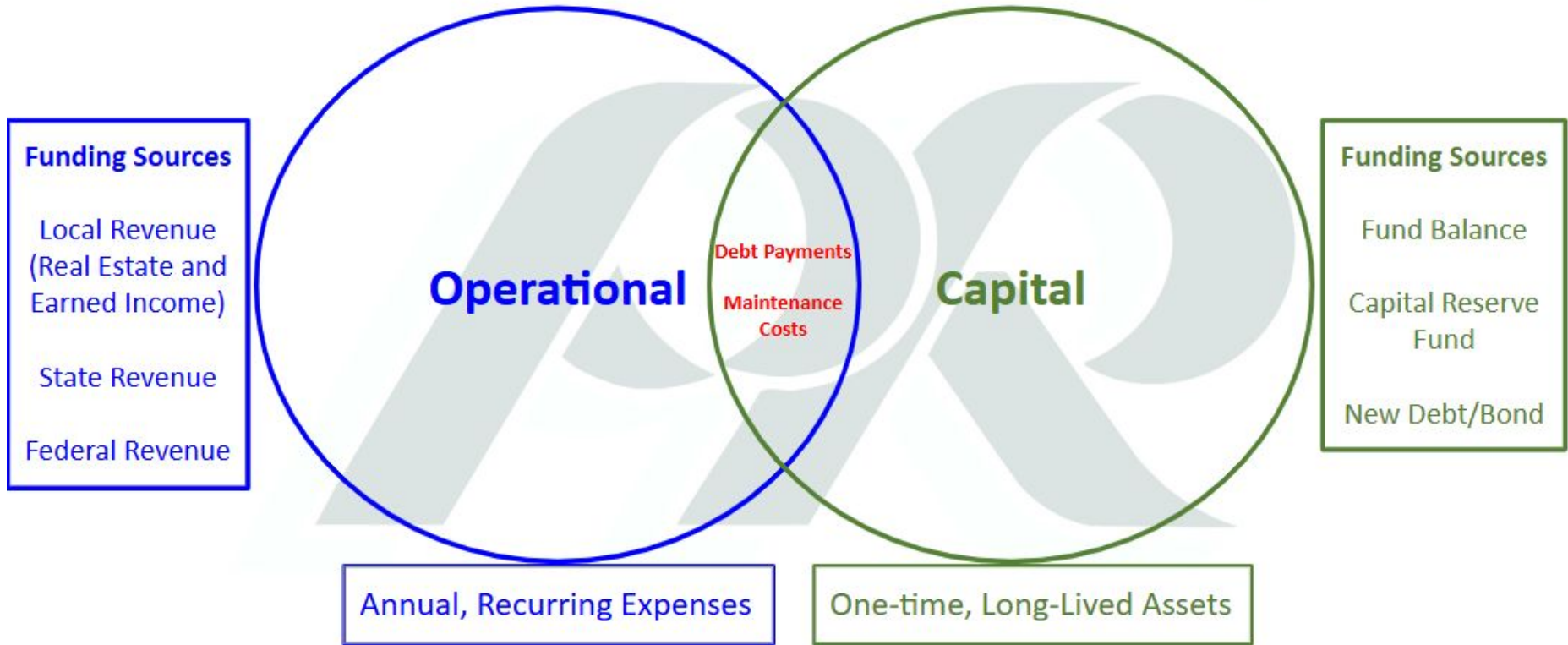
2025 - 2026				
Total Reserves on June 30, 2025 (Combined Fund Balance and Capital Reserve Fund)				\$46,352,249
Outstanding Capital Projects carried to 2025-2026				\$6,236,550
2025-2026 Final Budget Operating Deficit				\$1,225,334
Millage Adjustment for 2025 - 2026				0%
<b>Use/Addition of Reserves (Fund Balance Use for Operations)</b>				<b>-\$1,225,334</b>
Additional Millage Revenue				\$0
Use of Reserves (Capital Funding Plan Projects)				-\$6,921,832
Total Use of Reserves (Combined Fund Balance and Capital Reserve Fund)				-\$8,147,166
Projected Total Reserves on June 30, 2026 (Combined Fund Balance and Capital Reserve Fund)				32,968,533
2026 - 2027				
Projected Total Reserves on June 30, 2026 (Combined Fund Balance and Capital Reserve Fund)	\$32,968,533	\$32,968,533	\$32,968,533	\$32,968,533
Future Millage Adjustment	5.2-5.3% Index+Exceptions	3.5% (Index)	2%	0%
Projected Starting Operating Deficit (9% Healthcare Increase and Stable FTEs)	\$4,712,990	\$4,712,990	\$4,712,990	\$4,712,990
Additional Millage Revenue	\$3,423,548	\$2,266,094	\$1,295,165	\$0
Use/Addition of Reserves (Fund Balance Use for Operations)	-\$1,289,442	-\$2,446,896	-\$3,417,825	-\$4,712,990
Use of Reserves (Capital Funding Plan Projects)	-\$5,804,193	-\$5,804,193	-\$5,804,193	-\$5,804,193
Total Use of Reserves (Combined Fund Balance and Capital Reserve Fund)	-\$7,093,635	-\$8,251,089	-\$9,222,018	-\$10,517,183
Total Reserve Balance Projection (Combined Fund Balance and Capital Reserve Fund)	25,874,898	24,717,444	23,746,515	22,451,350
2027 - 2028				
Future Millage Adjustment (Held at 0% in Future to Illustrate Impact of Current Decision)	0%	0%	0%	0%
Projected Starting Operating Deficit (9% Healthcare Increase and Stable FTEs)	\$5,053,306	\$6,210,760	\$7,181,689	\$8,476,854
Additional Millage Revenue	\$0	\$0	\$0	\$0
Use/Addition of Reserves (Fund Balance Use for Operations)	-\$5,053,306	-\$6,210,760	-\$7,181,689	-\$8,476,854
Use of Reserves (Capital Funding Plan Projects)	-\$7,388,040	-\$7,388,040	-\$7,388,040	-\$7,388,040
Total Use of Reserves (Combined Fund Balance and Capital Reserve Fund)	-\$12,441,346	-\$13,598,800	-\$14,569,729	-\$15,864,894
Total Reserve Balance Projection (Combined Fund Balance and Capital Reserve Fund)	13,433,552	11,118,644	9,176,786	6,586,456

Index Plus  
Referendum  
Exceptions if  
approved.





# Operational v. Capital (Simple View)



**Funding Sources**

Local Revenue  
(Real Estate and  
Earned Income)

State Revenue

Federal Revenue

**Operational**

Debt Payments  
Maintenance  
Costs

**Capital**

**Funding Sources**

Fund Balance

Capital Reserve  
Fund

New Debt/Bond

Annual, Recurring Expenses

One-time, Long-Lived Assets



# Overlap Relevance

- After personnel costs (salary, healthcare, and pension), our **annual debt payment is the next largest expenditure category.**
- PRSD has managed debt in an expert manner as evidenced by a Standard & Poor's rating upgrade, elimination of variable debt, timely refundings to capitalize on low interest rates, and the reduction of debt as a percentage of budget (i.e., from 14.5% in 2013 to approximately 8% today).
- Given the type and scope of projects, our strong reserve position (general fund and capital reserve fund) is ideal for the “pay as you go” approach to using one-time monies for long-lived assets.



# Overlap Relevance

- There is an appropriate time to consider adding new debt. Similar to a mortgage, that decision brings both principal and interest payments which increase the total cost of projects for the community.
- New, additional debt will increase the operational costs by adding to the overall debt burden of the district (i.e., exacerbates structural deficit).
- Delaying necessary projects in the short-term both increases the cost of those eventual projects AND increases maintenance costs in the operational budget (i.e., exacerbates structural deficit). Completing HVAC and roof projects will help control utility costs in the operational budget.



# Capital Funding Plan (2.3.26)

Major Projects	Major Projects	Major Projects
Wexford Elem. HVAC - Phase 2	Richland Elem Roof Payment Cycle 1	Hance Elem Roof Payment Cycle 1
Richland Elem. HVAC - Phase 2		Richland Elem Roof Payment Cycle 2
Wexford Elem. Roof Project 52% funding	Wexford Elem. Roof Project 48% funding	Eden Hall HVAC Equip. (Air H/Temp)
Paving & Concrete funded in 2026-2027 Phase 1	Paving & Concrete Phase 2	Pool Repairs and Maint. Phase 1
Hance Elem HVAC 28% funded. Phase 1 starting to 2026-2027	Hance HVAC Begins. Remaining Funding in 2027-2028	Paving & Concrete Phase 3
MS Flooring - Phase 1	MS Flooring - Phase 2	Hance Elem HVAC 72% funded. Phase 2
High School Terrazzo Flooring - Phase 2	High School Terrazzo Flooring - Phase 3	MS Flooring - Phase 3
<b>2025-2026</b>	<b>2026-2027</b>	<b>2027-2028</b>
\$ 352,000.00	\$ 226,000.00	\$ 249,000.00
\$ 913,250.00	\$ 1,560,500.00	\$ 1,952,300.00
<b>\$ 3,102,082.00</b>	<b>\$ 1,124,693.00</b>	<b>\$ 2,975,740.00</b>
<b>\$ 1,625,000.00</b>	<b>\$ 2,482,000.00</b>	<b>\$ 1,000,000.00</b>
\$ 495,000.00	\$ 335,000.00	\$ 575,000.00
\$ 434,500.00	\$ 76,000.00	\$ 636,000.00
\$ 6,921,832.00	\$ 5,804,193.00	\$ 7,388,040.00

Shifted approximately \$2.9M from 2026 - 2027



# 2025 - 2026 Projects (\*Bid Pricing)

- **HVAC Projects** - Richland Elem. and Wexford Elem. (Phase 2 of 2)\*
- **Roofing** - Wexford Elem. Roof Replacement\*
- **Flooring**
  - HS Terrazzo Flooring Replacement (Phase 2 of 3)
  - MS Asbestos Abatement / Floor Replacement (Phase 1 of 3) (partially funded by \$326K grant)\*
  - Richland Elem. Classroom Carpeting Replacement
- **Paving and Concrete** - District-wide (Phase 1 of 3)\*
- **MS Locker Replacements**
- **HS Auditorium Stage Rigging Replacement**
- **Wexford Elem. Restroom Replacement\***



# 2026 - 2027 Projects (\*Bid Pricing)

- **HVAC Project** - Hance Elem. (Phase 1 of 2)\*
- **Roofing** - Richland Elem. Roof Replacement\*
- **Flooring**
  - HS Terrazzo Flooring Replacement (Phase 3 of 3)
  - MS Asbestos Abatement / Floor Replacement (Phase 2 of 3) (partially funded by \$326K grant)\*
- **Paving and Concrete** - District-wide (Phase 2 of 3)\*
- **Hance Elem. Restroom Replacement\***
- **Maintenance Vehicle Replacement** - July 2026



# 2027 - 2028 Projects (\*Bid Pricing)

- **HVAC Projects**
  - Hance Elem. (Phase 2 of 2)\*
  - Eden Hall Temp Control Replacement
- **Roofing** - Hance Elem. Roof Replacement\*
- **Flooring**
  - MS Asbestos Abatement / Floor Replacement (Phase 3 of 3) (partially funded by \$326K grant)\*
  - Eden Hall Classroom Carpeting Replacement
- **Paving and Concrete** - District-wide (Phase 3 of 3)\*
- **Pool Major Repairs and Replacements** (Phase 1 of 2)
- **Maintenance Vehicle Replacement** - July 2027
- **MS Restroom Replacement\***



PINE-RICHLAND SCHOOL DISTRICT

# Additional Discussion/Questions

