



Finance Advisory and Capital Projects Oversight Committee Minutes

March 19, 2026 – 4:00 P.M.

Committee Members:

Present: Bill Newton, Mark DeMoss, Rich Truax, Garrett Appland, Chrissy Reitz, Brandi Sheppard, Ted Cramer-HREA Rep, Michael McElwee

Absent: Nancy Rowley-OSEA Rep, Rolland Hayden

The following HRCSD staff/community members present:

Tod Hilstad, Meghan West

1. Welcome & Call to Order – 4:00 P.M.

Superintendent Bill Newton called the meeting to order at 4:00 p.m. on March 19, 2026, in a virtual Google Meet.

2. Public Comment

Superintendent Bill Newton shared no one had signed up for public comment.

3. Reports & Discussions

A. HRCSD & Capital Projects Update

Superintendent Bill Newton provided a brief update on district facilities and long-range planning efforts. The district continues to work through Long-Range Facilities Planning (LRFP) priorities, focusing on aligning building capacity with projected enrollment declines and addressing ongoing deferred maintenance needs. These discussions remain ongoing, with future recommendations expected as part of the LRFP process.

Mark DeMoss and Superintendent Newton provided a detailed overview of Pine Grove and the ongoing insurance claim and reconstruction process. DeMoss began by reviewing the project's scope and costs, explaining how the scale of the work might influence future insurance premiums while distinguishing between the expenses covered by the insurance provider and those incurred directly by the district. His report covered the specific logistics of moving building contents, the necessity of testing for mold and asbestos, and the procurement of a content contractor to handle the removal of items. Newton and DeMoss also walked through the chronological series of events, starting with the initial flood and the subsequent dry out and demolition phases.

The timeline has faced several complications, as DeMoss explained that the claim stalled due to issues with contents removal, consultants and the transition of the project into prevailing wage requirements. However, final estimates and releases have now been pushed through insurance approval, and a definitive schedule for reopening is expected to be available tomorrow. In response to the community's concerns, Newton acknowledged the widespread frustration regarding the delays. DeMoss added that projects of this magnitude, particularly within the Gorge, are inherently time-consuming due to the extensive paperwork involved and the requirement to use specific approved contractors, which limits the district's flexibility in speeding up the process.

B. Financial Report

Overview and Current Year Status

Chief Financial Officer Mark DeMoss reported that FY25–26 financials remain on track with the adopted budget. Current revenue projections are slightly above budget due primarily to timing differences, including State School Fund revenue appearing higher as a result of a prior-year adjustment that will occur in May, as well as local property tax revenue trending above projections, which is expected to be offset by future SSF adjustments. Payroll expenditures are currently slightly over the Forecast 5 projection by approximately \$446,697, or 0.8%, while total encumbered salaries remain under budget. Supply projections are higher due to planned software purchases and implementation costs; however, year-to-date spending remains consistent with prior years. The district continues to anticipate meeting the 5% ending fund balance target.

Budgeting Strategy for Long-Term Sustainability

DeMoss shared that the district continues to focus on closing the structural gap between revenues and expenditures, which has largely been achieved in the current budget cycle. Ongoing efforts include managing PERS liabilities and preparing for the expiration of side accounts, maintaining budget buffers such as staffing contingency and targeted reserves, and planning for long-term enrollment declines. The district is also monitoring increasing costs in Special Education, transportation, and facilities, along with inflationary impacts on labor and operations. In addition, the district is prioritizing the development of targeted reserves to address major future needs such as field turf replacement and deferred maintenance, including boilers and roofs.

Enrollment Decline Impact

DeMoss reviewed updated enrollment data and its impact on future funding, noting that enrollment declined approximately 1.5% year-over-year, with ADMw declining by 1.63% and the English Learner population declining by 3.3%. These changes are expected to reduce State School Fund revenue by approximately \$904,990 and equate to an estimated reduction of 6.65 FTE based on current class size assumptions. Newton spoke to students passing the ELPA test and how that could be affecting the EL decline along with migrant student travel.

Legislative and Funding Considerations

The district continues to monitor several external variables, including potential legislative reductions to the State School Fund, the timing and outcomes of the current legislative session, federal Title funding levels, future PERS rate changes, and collective bargaining timelines. Despite these uncertainties, current projections remain relatively stable.

Financial Summary

As of February 28, 2026, total operating revenues are slightly above forecast, and expenditures are generally tracking close to budget, with some variance in supplies and payroll-related costs. The General Fund ending balance is projected to remain within the target range, and Special Revenue, Debt Service, and Capital Funds remain stable with no major concerns noted.

All reports and supporting materials are available upon request.

4. Adjourn – 4:36. P.M.