



Finance Advisory and Capital Projects Oversight Committee Minutes

November 20, 2025 – 4:00 P.M.

Committee Members:

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

Absent: Nancy Rowley-OSEA Rep,

The following HRCSD staff/community members present:

Tod Hilstad, Meghan West

1. Welcome & Call to Order – 4:04 P.M.

Superintendent Bill Newton called the meeting to order at 4:04 pm on November 20, 2025 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

Capital Projects and Enrollment Trends

Superintendent Newton provided an update on the long-range facilities planning committee meeting, which included Tod Hilstad, Mark DeMoss, Rich Truax, and Chrissy Reitz. Discussions focused on current enrollment and trends over the next 10 years, using reports from Flow Analytics, which showed a projected trend of declining enrollment due to lower incoming kindergarten populations compared to graduating classes

School Capacity and Planning Focus

Newton reported that Steve Nelson from Opsis Architecture presented data on school capacity and current utilization rates. The committee engaged in an exercise to prioritize future facilities planning, with the majority focusing on maintenance and facilities upgrades, although some arguments were made for remodels and new schools. Reitz noted that the capacity percentages highlighted which schools are serving the most children.

Broader Enrollment Context

Truax and Cramer discussed that the declining enrollment trend is not unique to Hood River County School District, as other county schools, private schools, and homeschool populations are also experiencing declines or stagnation. Newton confirmed that the local situation mirrors trends seen across the state and nation due to birth rate declines.

Alternative Education Enrollment

Reitz clarified that online schools were the only option not seeing a decline, showing a slight uptick, a trend seen nationwide. Newton presented specific data on homeschool, virtual charter, Horizon, inter-district, and paid tuition enrollment, noting that

the reported homeschool numbers were adjusted this year because the previous years data was incorrect and the district had to manually remove double counts.

Oregon State Enrollment Decline

It was noted that personal research suggests that Oregon personal research suggested that Oregon, second only to Hawaii, has one of the highest per capita reductions in student enrollment, looking at about a 6% reduction per year statewide.

Historical and Projected Enrollment Data

Cramer inquired about historical enrollment data to better predict future trends. Newton presented a slide showing enrollment from 2013 on, noting a drop from above 4,000 students to the current 3,706 students, with projections to reach about 3,330 students by 2034-35, averaging a loss of about 37 students per year over 10 years.

Grade Level Enrollment Details

Newton provided a breakdown of current daily counts, showing higher numbers of students exiting (9th–12th grades) compared to lower numbers of students enrolling (K–3rd grades). They noted that the district typically sees an increase in enrollment at first grade and ninth grade due to students transitioning from homeschool/private school and Wildwood/New School, respectively.

B. Financial Report

CFO Mark DeMoss presented the financial advisory report.

Financial Update and Audit Progress

CFO DeMoss began the financial update by announcing that the district is anticipating a closing conference with their auditor on Friday, suggesting an earlier completion of the audit than in previous years. He noted that the fund balance is expected to be above the 5% revenue requirement, with an almost \$3.8 million book balance of the transfer due to Hood River property taxes exceeding the forecast which will be taken back from the State School Fund Formula in the May 2026 final reconciliation..

Supplemental Budget and Expenditure Forecast

DeMoss stated that a supplemental budget is anticipated in January to incorporate the new fund balance, expense changes, and reallocate the \$500,000 staffing reserve from contingency, as well as account for PERS cost adjustments. The forecast projection for expenditure overruns has been reduced from a negative \$483,000 (September) to \$248,000 (October), which DeMoss sees as an improvement over the previous year.

IGA Grant Revenue Erosion

McElwee asked for clarification on IGA grants, which DeMoss identified as High School Success and Student Investment Account funds, collectively totaling about \$6 million. DeMoss noted a collective erosion of about \$150,000 in those grants due to changes in state allocations, which he stated had changed three times since the spring.

Revenue Variances and Adjustments

DeMoss projected a total revenue of \$578,000 over budget, largely due to increases in the Hood River property tax base, but anticipates ending the year only about \$101,000 over total projected revenue. The Hood River County property taxes increased by about 7.5% due to the expiration of some enterprise zone activity, but this revenue increase is largely offset by a corresponding reduction in the State School Fund formula payments.

Bus Replacement Fund Transfer

DeMoss noted a change in budgeting practices, as the bus replacement fund transfer, which comes from the State School Fund formula, was not previously forecasted but needs to be accounted for as a reduction in general fund revenue. He stated that a prior year State School Fund adjustment will occur due to higher taxes last year, leading to the state taking back some money.

Budget Reduction Scenarios and Local Option Equalization Grant

DeMoss reported on the economic forecast, noting that the Oregon Department of Education (ODE) had been requested to prepare budget reduction scenarios of 2.5% and 5% at the state level. The ODE's proposals included cuts to the Education Advancement Council and youth engagement programs, and at the 5% level, reductions to High School Success and Student Investment Account. The biggest surprise was the advocacy to eliminate the local option equalization grant, which the state matches to the district's local option levy.

Concern Over Local Option Equalization Grant Elimination

McElwee, Reitz, and Cramer expressed serious concern over the proposal to eliminate the local option equalization grant. Reitz stated that the grant is included in the district's bond language, making its removal a "non-negotiable" trust issue with the community. Newton, Reitz, and Truax agreed on the necessity of advocating against this cut to legislators, given it was communicated as an incentive to the public during the vote.

PERS Update and Long-Term Projections

DeMoss provided a PERS update, noting that the employer rate for school districts is anticipated to remain almost the same for the next biennium, which is positive news. However, this projection does not account for the expiration of the side account (6.54%) or the legislative reduction (1.68%), maintaining the projection of a potentially large reduction scenario starting in 2027-28.

Side Account Bonds and Economic Assessment

DeMoss mentioned that side account bonds are still not financially viable due to the current borrowing rate of 5.25%. The district may participate in a series of economic assessments maintained by Econ Northwest starting in 2026, which would keep the option of a side account bond available to districts if interest rates change.

Enrollment Decline and Budget Impacts

Mark DeMoss included the Flow Analytics chart, highlighting that over five years, the district's enrollment decline is comparable to the state average of approximately 6.9%. He emphasized that the overall decline in student demand should be considered alongside any necessary financial reduction scenarios, as it impacts both facilities and the overall budget.

Proposed PBAM Change to School District Accounting

DeMoss introduced the proposed ODE change to the Program Budgeting and Accounting Manual (PBAM), which would significantly alter the chart of accounts by adding numerous new detail fields to every transaction, such as program, grade level, and curriculum. This complex change, intended for greater transparency and accountability, was postponed by ODE for a year but is viewed by business managers as a major undertaking akin to changing the accounting system.

Employee Base and Critical Staffing

DeMoss noted an uptick in expenses and billing in grant funds, largely due to a summer school grant and upcoming payments for electric buses. He highlighted that the need for classified jobs, particularly in transportation and SPED areas, continues to increase, and efforts are needed for recruitment and retention in those critical areas.

Rationale for New Accounting Standards

Truax questioned the rationale for the ODE's complex PBAM change. DeMoss stated that the state attributes the change to an accountability initiative, grant reporting requirements, and an attempt to standardize data upload, though he expressed concern that increased detail without consistency would not improve the quality of information.

Licensed Staff Salaries and Grant Funding

Cramer questioned the smaller proportional licensed salary expenditures shown in the general fund report. DeMoss explained that this is partly due to the period reported (July through October) and the allocation of a significant number of licensed staff to

grant-funded programs like SIA and High School Success. He estimated that 50 to 60 FTEs, largely licensed and classified positions, are funded outside of the general fund, concluding that these grants have become almost an integrated part of the organization's operation.

Risk of Losing Community Trust

Cramer and Reitz discussed the risk of losing good faith with the community regarding the promised equalization grant. Cramer emphasized that they risked losing good faith with the community since they had promised the grant, which required the state to follow through. Reitz added that the state would lose State trust if they had pledged funds for them to get a levy passed and then "just come and take it away".

Conclusion

Newton asked for any further questions, Newton stated that since there were no further questions, they would adjourn the meeting. Newton thanked everyone for meeting and wished them a great rest of the week, weekend, and happy Thanksgiving.

All reports and supporting materials are available upon request.

4. Adjourn – 4:59. P.M.