



HOOD RIVER COUNTY SCHOOL DISTRICT

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Finance Advisory and Capital Projects Oversight Committee Minutes

December 18, 2025 – 4:00 P.M.

Committee Members:

Present: Mark DeMoss, Bill Newton, Garrett Appland, Rolland Hayden, Chrissy Reitz, Brandi Sheppard

Absent: Nancy Rowley-OSEA Rep, Michael McElwee, Ted Cramer-HREA Rep, Rich Truax

The following HRCSD staff/community members present:

Tod Hilstad, Meghan West

1. Welcome & Call to Order – 4:01 P.M.

Superintendent Bill Newton called the meeting to order at 4:01 pm on December 18, 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

Weather and Emergency Response

Superintendent Bill Newton thanked attendees for meeting virtually despite severe weather conditions and reported that students were dismissed early after the county declared a state of emergency due to flooding concerns. He noted that the district planned to participate in an 8:00 p.m. call with the county that evening to review weather conditions and water levels in order to inform decisions for the following day.

Weather-Related Damage and Building Issues

Bill Newton provided an update on damage and facility issues resulting from recent high winds and heavy rain. At Westside Elementary, two trees were uprooted, causing damage to fencing and a driveway. Contractors were hired for tree removal, though additional work is still needed to address the remaining stumps. Pine Grove Elementary experienced significant flooding on the lower floor, which required staff to work remotely and resulted in the cancellation of preschool the following day. The district is in the process of securing a contractor for water removal and cleanup. Newton noted that severe weather events frequently place stress on aging facilities, often leading to these types of issues.

Mid Valley Fire Panel and Fire Watch Costs

Newton reported that the fire panel at Mid Valley is no longer functioning and cannot be replaced due to its age. The required solution involves a week-long reconfiguration and replacement process. During this period, the school must employ a fire watch to walk the building nightly after the night custodian leaves, resulting in increased costs. These costs are especially high over Christmas Eve and Christmas Day, when time-and-a-half wages apply.

Capital Projects and Audit Update

Newton shared that the Long-Range Facilities Planning Committee has not met since the last Finance Advisory meeting, but the

next LRFPC meeting is scheduled for January 21. He also recognized CFO Mark DeMoss and the business team for receiving a clean audit opinion, attributing the outcome to their diligent work since the previous spring.

B. Financial Report

Overview and Budget Context

Chief Financial Officer Mark DeMoss presented the financial advisory report, which included an overview of the supplemental budget and projections for future years. He reported no significant changes to the 2024-25 budget and stated that the district continues to project a 5% ending fund balance for the 2025-26 fiscal year, despite ongoing fluctuations in enrollment counts and property tax revenues. A supplemental budget is required because certain accounts, including contingency, are being adjusted by more than 10 percent, which requires governing board approval.

Supplemental Budget Revenue Adjustments

DeMoss reported that the beginning fund balance increased from \$3.3 million to \$3.8 million. He explained that higher Hood River County property tax collections in the prior year resulted in an additional \$468,000 in State School Fund revenue. This amount must now be deducted from the current year's State School Fund appropriation, with the adjustment scheduled to occur in May 2026. The supplemental budget also includes an additional \$160,000 in planned expenditures for SIS Synergy implementation costs.

Supplemental Budget Appropriation Adjustments

DeMoss outlined several key appropriation changes included in the supplemental budget. These adjustments include reducing the State School Fund to reflect the property tax reconciliation and reallocating \$500,000 in staffing contingency back to individual cost centers. In addition, a \$512,000 PERS legislative reduction was distributed across all accounts, resulting in approximately 400 individual budget adjustments. Overall, the net change in total resources, including revenue and beginning fund balance, reflects an increase of \$75,000 within a \$67 million budget, which DeMoss characterized as minimal.

Budgeting Strategy and Financial Risk Factors

DeMoss stated that the district's budgeting strategy continues to emphasize a long-term, multi-year approach, with a focus on increasing support for transportation and facilities. He noted ongoing challenges related to hard-to-fill positions, such as bus drivers, and emphasized the importance of planning for rising operational costs. He identified three major variables that will significantly affect the district's financial capacity over the next several years: the expiration of the PERS side account, reductions in federal Title funding, and changes to State School Fund allocations.

PERS Side Account Expiration

DeMoss projected that the expiration of the PERS side account could result in a one-time cash flow impact of approximately \$2.6 million in the 2027-28 fiscal year. He noted that the minimum impact could be closer to \$500,000 if new side accounts were established and only the legislative reduction reverses. The exact timing of the expiration remains uncertain, and a more detailed analysis is expected from Piper Sandler in February 2026. DeMoss also noted that a potential mitigating strategy would be the creation of a new side account, an effort currently being led by OASBO and dependent on favorable economic conditions and interest rates.

Federal Title Funding Reductions

DeMoss discussed potential reductions in federal Title funding, outlining a likely scenario in which Title I funding is reduced to 80 percent and Title II and Title III funding are eliminated, resulting in an estimated \$600,000 impact. If Title IC migrant program funding were also eliminated, the total potential impact could increase to approximately \$1.25 million. He noted that the district has been working to mitigate these risks by shifting personnel funded through Title grants into the general fund where possible.

State School Funding and Legislative Impacts

DeMoss addressed the volatility of State School Fund increases, noting that the historical average increase since 2000 is 7.28 percent, with annual changes ranging from a decrease of 1.7 percent to an increase of 15 percent. He reported that the state legislature has requested potential reductions of 2.5 percent and 5 percent from the Oregon Department of Education. Bill Newton and DeMoss also described ongoing advocacy efforts opposing the proposed elimination of the local option equalization grant, which would have a significant financial impact on the district.

Advocacy and Legislative Engagement

Newton confirmed that he, the school board, and CFOs from other affected districts, including Sweet Home, Philomath, and Beaverton, are working collaboratively to urge the legislature not to adopt the proposed reduction to the local option equalization grant. He reported that a letter was sent to Representative Helfrich arguing that the proposal undermines the original incentive provided to communities that passed local levies. The advocacy effort is being supported by COSA lobbyists, and Newton expressed cautious optimism due to the Ways and Means co-chair representing Beaverton.

Education Stability Fund and Legislative Outlook

Newton noted that school districts statewide, in collaboration with COSA, are advocating for the use of the \$1.2 billion Education Stability Fund to stabilize school funding during the current biennium. He explained that the fund has been accessed nine times in prior budget downturns to protect districts from significant cuts. DeMoss stated that greater clarity on state funding levels is expected following the February economic forecast and subsequent legislative discussions in March.

Forecasting and Scenario Planning

DeMoss explained that the range of potential budget reductions remains wide, with a minimum projected impact of approximately 3 percent over two years and a maximum potential reduction of up to 15 percent if substantial State School Fund cuts occur. Given this uncertainty, he plans to prepare multiple budget scenarios at varying reduction levels, similar to the approach taken in the previous year.

Athletic Fees and Program Costs

DeMoss shared information regarding high school athletic fees, noting that the district collected approximately \$64,000 in athletic fees in the previous year, with 57 percent of participating students receiving financial assistance. He reported that the cost per athletic registration is nearly \$900, while the per-sport fee is \$150, meaning the general fund absorbs the majority of program costs. He emphasized that this reflects a district value decision to maximize student participation and noted that athletic fees do not cover capital equipment costs, which may have to be considered as part of long-range facilities planning.

Financial Summary and Closing Remarks

DeMoss concluded the financial report by reiterating that, despite the need for a supplemental budget, the district continues to project a 5 percent ending fund balance. He also reported that grant funding remains in a healthy position due to recent bus grant purchases and the recovery of summer school costs. Board member Brandi Sheppard expressed appreciation for the finance team's proactive planning and preparation of multiple budget scenarios. Superintendent Bill Newton adjourned the meeting at 4:50 p.m. and wished everyone a safe and relaxing holiday.

All reports and supporting materials are available upon request.

4. Adjourn – 4:51. P.M.