

Board Finance Committee

Thursday, January 8, 2026



2023-2028 Agency Goals

- #1 – Creating a high-quality learning experience for all
- #2 – Operationalizing systems that engage and empower communities
- #3 – Building a culturally responsive workforce

MESD Board Equity Lens-<https://www.multnomahesd.org/board-equity.html>

The meeting was called to order at 1:00 p.m. p.m. on Thursday, January 8, 2026.

1. CALL TO ORDER

- Present:** Susie Jones-Committee Chair
Renee Anderson, Board member
Jessica Arzate, Board member
- Absent:** None
- Administration:** Doana Anderson- Chief Financial Officer
Sara Bottomley-Budget Manager
Heather Severns-Board Secretary
- Guests:** Daniel Miley-TKW

1. Call to Order

Susie called the meeting to order and proposed beginning with **Agenda Items 3 and 4** while waiting for the auditor to join. The committee agreed.

Agenda Item 3: Review Supplemental Budget Resolution Attachments (First Amendment – FY 2025–26)

Discussion

- Doana Anderson presented the **first budget amendment of FY 2025–26**. Typically, the first amendment occurs in the fall after the audit to “true up” beginning fund balances based on audited ending balances.
- Timing was delayed due to staffing availability and Doana’s preference to confirm details with Sara Bottomley before finalizing.
- Doana confirmed the amendment was primarily a “cleanup” and that the delayed timing is not an issue as our expenditures have not yet **exceeded appropriations** approved in the adopted budget.

-

Key adjustment

- The largest change was in the **Risk Management Fund**:
 - A **tax anticipation note** was originally anticipated to be treated as a debt expense.
 - Accounting treatment required it to be recorded as **short-term borrowing (asset/liability on the balance sheet)**, so the related expense appropriation was not needed.
 - This correction also resulted in an unappropriated ending fund balance for insurance costs due in July.
 - The debt service payment was confirmed as **paid as of December 31**.

Questions/Committee input

- Committee members indicated the amendment was straightforward; no concerns were raised.
- Jessica Arzate clarified that audit timing delays were separate from the appropriation adjustments and transfers (confirmed).

Outcome/Next step

- Doana confirmed the **resolution will go to the full Board for approval**.

Agenda Item 4: Audit Presentation Review (with Attachments)

Auditor attendance

- Daniel Miley joined the meeting. It was noted the meeting was not on his calendar; Heather Severns acknowledged the lack of confirmation and took responsibility.

Audit scope and work

- Audit conducted under **Generally Accepted Auditing Standards (GAAS)** and **Government Auditing Standards**.
- Interim fieldwork occurred **late May/early June**, and final fieldwork began in **August**.
- A **Single Audit** was performed due to approximately **\$3.8 million in federal funds**, including two major programs representing about **41%** of the schedule of federal awards.

Audit results

- The auditor issued an **unmodified opinion** on the financial statements.
- Oregon Minimum Standards (OMS) report contained **two exceptions** related to the **Student Investment Fund**:
 - Requirement to return unspent funds to ODE within **45 days**

- A required report that was not filed timely

Significant deficiencies (financial reporting)

1. GASB 101 – Compensated absences

- Prior-year understatement of approximately **\$2.6 million** (with about **\$2.5 million** impact before correction in the current year).
- Clarified as an **estimate issue** (did not change actual cash payout obligations).
- Recommendation: strengthen understanding of requirements and implement a **review process/compensating controls** (second set of eyes).
- Doana reported hiring an accountant with governmental audit experience to support review and preparation.

2. Grant revenue recognition and Schedule of Federal Awards

- Understatement of federal expenditures for a couple grants (corrected).
- Issue tied to timing: revenue recognized when **earned/spent** rather than when **cash received**.
Considered a significant deficiency because it impacts both **single audit** processes and financial statement revenue recognition.

Corrective action plan

- Doana developed a **corrective action plan**, included in the committee packet and to be approved by the Board. Heather confirmed it was attached for Board materials.

Additional notes

- Auditor confirmed **unmodified opinion on compliance** for the Single Audit.
- Audit complexity increased due to delayed release of the federal compliance supplement by OMB.
- New accounting standard noted: **GASB 102 (risk disclosures)**; no disclosures were identified as necessary.
- The auditor highlighted key estimates for governance review (e.g., depreciation, leases, compensated absences, OPEB, pensions).

Audit adjustments mentioned

- Compensated absences adjustments (as above); expense reduced by approximately **\$140,000** on the statement of activities.
- A grant-related adjustment of approximately **\$94,000**, recorded as receivable/unavailable revenue at the fund level due to the district's **90-day availability** policy for non-property tax revenues; recorded as revenue on the full accrual (entity-wide) basis.

Committee Q&A (audit-related)

- Susie asked about a roughly **\$10 million negative change in net position**, attributed largely to **PERS and OPEB liabilities**, and asked about strategies to mitigate PERS debt

through side accounts.

- Doana explained side accounts are a common mitigation tool, but new side accounts typically require debt issuance and involve risk.
 - Daniel added that the key budget impact is the tradeoff between **bond debt service** and **reduced PERS contribution rates** due to the side account.
 - Daniel referenced a side account relief rate of approximately **11.7%** for the audited year (rate changed July 1, 2025).
 - Susie confirmed understanding that no immediate action is required.
- Susie asked about the **Resolution Services Fund** and whether it reflects component district funds held by MESD.
 - Doana explained MESD treats it as district funds held for regional services, accounted for as a special revenue fund (some ESDs hold these in a trust structure).
 - Doana confirmed the amounts are reflected in net position and that balances impact cash and fund balance.
- Susie asked about a **25% increase in instructional costs** year-over-year.
 - Doana and Sara indicated they needed to research the specific drivers and determine whether it was government-wide or fund-level reporting.
 - Susie requested that the question be answered at the upcoming Board meeting; Doana agreed.

Closing

- The auditor thanked Doana and the team for their responsiveness and support during the audit.
- Doana thanked the auditor and invited him to attend the **Board meeting next Tuesday** for the audit presentation.

Agenda Item 4 (continued): Review Financial Report with Attachments (November)

Discussion

- Doana presented the **November financial report** and noted a quarterly report would be provided the following month.
- Renee asked about the financial update summary showing expenditures **\$775,000 (2.3%) less than last year**.
 - Doana and Sara explained this was primarily due to **ESSER spending in the prior year** (through early fall), while **no ESSER dollars** were available this year.

- Renee also asked if staffing levels were lower; Doana indicated it was likely due to reductions/attrition but could not confirm without a staffing report.

Agenda Item 5: Scholarship Update

- Susie reported no updates to share.
- Heather Severns reported that Denyse had mailed a **cashier's check** (funds provided by Mary) to be deposited into the scholarship fund upon Heather's return to the office (anticipated the next day or early the following week).
- Renee noted supply needs for "bags," and Heather shared that she had ordered more and was restocking that week. Denyse reportedly had additional bags to turn in.

Adjournment

Susie thanked Doana and her team for the clean audit and their work. No further business was raised, and the meeting concluded.

Adjourned: 1:56pm

Next Meeting/Next Steps: Board meeting scheduled for **next Tuesday**; audit presentation expected. Susie's question on instructional cost increase to be addressed at the Board meeting.