



ACTION

MT. HOOD COMMUNITY COLLEGE DISTRICT BOARD OF EDUCATION

DATE: *February 14, 2024*

ITEM TITLE: 4.1

CONTACT PERSON: *Roxanne Richardson, Executive Assistant to the Board of Education*

SUBJECT: APPROVAL OF MINUTES – January 17, 2024

Session 1096

****AMENDED AGENDA DUE TO WEATHER****

A meeting of the Mt. Hood Community College District Board of Education was held on January 17, 2024, with a Regular Board Meeting at 6:30 pm, held via Zoom.

4.0 CONVENE REGULAR SESSION/CALL TO ORDER / DECLARATION OF A QUORUM

Members present: Andrew Speer, board chair, Diane McKeel, board vice chair, Diane Noriega, Annette Mattson, Marie Teune

Additional Attendees: Lisa Skari, president, Jennifer DeMent, vice president, Finance and Administration, John Hamblin, vice president, Student Development, Al Sigala, vice president, College Advancement, Dan Miley, partner at Talbot, Korvola & Warwick, LLP

Speer called the board meeting to order at 6:34 p.m. and declared a quorum was present.

4.1 Approval to Amend Agenda

Mattson motioned to approve to amend the agenda. Noriega seconded the motion and it passed unanimously.

4.2 Approval of Amended Agenda

Mattson motioned to approve the amended agenda. Noriega seconded the motion and it passed unanimously.

5.0 PUBLIC INPUT

There was no public comment.

6.0 REPORTS



6.1 Correspondence

January is schoolboard recognition month, and Dr. Skari thanked Board members for their service and recognized them for being “Our Superhero’s,” which is this year’s theme set by the Oregon School Board Association (OSBA). A surprise for the Board was planned, but had to be postponed for a later date due to weather.

6.2 Receive Annual Comprehensive Financial Report /Report from Audit Committee
Dan Miley from Talbot, Korvola & Warwick (TKW) presented a summary of the Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2023.

Fahey provided details of the financial audit, which was a remote virtual audit consisting of three separate weeks of interim fieldwork during June, July, and August. They returned in November for three weeks to complete their final fieldwork. As a result, they issued financial statements and an independent auditors report December 21, 2023. A single audit was also performed due to the fact that the district spent \$29.6 million in federal expenditures. The over expenditure resulted in four major programs being audited.

Miley provided an overview of the audit results and reporting and stated the Independent Auditor’s Report reflected a clean, unmodified opinion, and the district’s financial statements were presented fairly in accordance with U.S. GAAP. The Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Oregon State Regulations showed there were four instances of noncompliance, which were related to non-cash items; either the closing out of the college bookstore or the implementation of a new accounting standard that changed how certain IT agreements were accounted for.

The first report was the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with Government Auditing Standards, which had an unmodified opinion. This year, there was one finding reported as a material weakness and related to the recording of long-term debt that resulted in an audit adjustment.

The second report was the Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance, which had an unmodified opinion. There were four major programs audited, to include: Workforce Data Quality Initiative, Adult Education - Basic Grants to States, Student Financial Assistance Cluster, and Education Stabilization Fund, all to be found in compliance. There was, however, one compliance finding related to reporting on withdrawal dates for student financial aid. Management has already developed a corrective action plan to address these findings and was included in the Board packet for this meeting to go forth for Board approval.

He provided highlights of the required communications from 2023:



1. Significant accounting practices, including policies, estimates, and disclosures

- Implementation of GASB 96 – Subscription-Based Information Technology Agreements

The college now records a right to use assets that are included within capital assets and a subscription payable that's reported along with other long-term debt; for IT agreements, that are within the scope of the new standard.

- Significant accounting estimates

Board was encouraged to review significant accounting estimates for reasonableness as they are based on management's judgement for the college. These estimates include scholarship allowances, depreciation, compensated absences, pension related balances, other post-employment related balances, leases, and subscriptions.

2. One auditor proposed adjusting journal entry

One audit adjustment was recorded by the college related to long-term debt.

3. One uncorrected misstatements

The uncorrected misstatement was related to the recording of leases. TKW agrees with managements determination that that the uncorrected misstatement is not material as the net impact to the college was less than \$4000 dollars.

4. Not aware of any consultations with other accountants

Management did not have consultations with other accounts.

5. Recently issued GASB standards

There are two new accounting standards that will be implemented in the coming years. One involves accounting changes in error corrections and the other relates to compensated absences.

6. Shared responsibility for independence

Standards require TKW to maintain their independence and they also request that the college inform them of any relationships or transactions that may impair that.

7. Management representation letter

College management provided a representation letter December 20, 2023.

Miley expressed his appreciation to college staff, Jennifer DeMent, Jamie Simms, Michelle Solberg and the rest of the Finance team for their time and effort with the financial audit.

In closing, Miley opened up the floor to questions from the Board regarding the audit. Speer asked for clarification on reporting on withdrawal dates for student financial aid. In response, Miley stated that when a student withdraws, it must be reported to the federal government. The system and the date of reporting was not the actual date of withdrawal,



resulting in the student receiving a F grade versus a withdraw for reporting purposes which led to errors in reporting. The reports used to calculate financial aid had the correct dates on them, it was just a reporting issue rather than a calculation problem. The college was still in compliance, but there was a discrepancy between the districts records and what was in one of the systems that the Department of Education requires.

Mattson expressed her appreciation for the hard work of the auditors and to DeMent and all the others that participated in the audit. As a member of the audit committee, Noriega also expressed her appreciation for the information provided to the committee on audit and fiancé which was very helpful. Speer acknowledged Miley, Dement, and the audit team for their work.

A copy of the PowerPoint presentation is attached to the minutes.

7.0 BUSINESS / ACTION

7.1 Consent Agenda: Approvals & Information

- a) Minutes – Board Work Session 1094, December 6, 2023
- b) Minutes – Board Regular Session 1095, December 13, 2023
- c) Monthly Personnel Report
- d) Monthly Financial Report
- e) Monthly Head Start Report
- f) Approval to Utilize Goods and/or Service Contracts in Excess of \$150,000 - Brockamp & Jaeger Inc.
- g) Approval to Utilize Goods and/or Service Contracts in Excess of \$150,000 - EcoBrite & Dynatechnology Inc.
- h) Approve Audit Corrective Action Plan

Mattson motioned to approve the consent agenda. Noriega seconded the motion and it passed unanimously.

8.0 BOARD MEMBER & COMMITTEE/ LIAISON REPORTS

Board members reported on their community engagement outreach visits to the City of Cascade Locks, City of Fairview, and the Corbett School District and about their experiences and the feedback received.

9.0 CLOSING REPORTS

9.1 Executive Leadership

There were no additional items to report from the Executive Leadership. Hamblin answered a follow-up question, from Mattson, that arose from his report regarding financial aid and the number of a students who were awarded the Oregon Opportunity Grant and college Foundation scholarships.



9.2 President's Report

Lisa Skari provided her President's Report to the board:

Skari began her report by thanking Jennifer Dement, Jaime Simms, Michelle Solberg, and the rest of the Finance team for their great work on the audit. She also thanked the Facilities team for their extra work to keep the college in operation.

To comment on an item from her written report, regarding funding for higher education, related to the CHIPS Act., and in support of the semiconductor industry, she worked alongside Microchip and several other colleges, in Salem, and their work resulted in gaining thirty-two sponsors of the CHIPS bill, with eleven of those being co-chief sponsors. The bill number was not available and Skari stated she would provide that information when available.

Skari closed by discussing enrollment and stated that fall closed at just under 7.5% and for winter term 2024 the college is a little over 8% up in enrollment, which resulted in this year (summer, fall, and winter) being up a little over 7%, which is higher than the projected 4.5%. Mattson asked a question regarding where the college is now, compared to pre-pandemic enrollment numbers. Skari responded saying that she will provide an answer to the question at the next Board meeting.

10.0 ADJOURNMENT

Noriega motioned to adjourn. Teune seconded the motion and it passed unanimously. The board meeting was adjourned at 7:07 p.m.

Clerk

Board Chair

Board Minutes recorded by Roxanne Richardson, Executive Assistant to the Board of Education.

Mt. Hood Community College

*AUDIT RESULTS FOR THE YEAR ENDED
JUNE 30, 2023*

JANUARY 17, 2024



The Audit

- Mostly remote
- Interim fieldwork – one week in June, July & August
- Final fieldwork – occurring in November (3 weeks)
- Single Audit
 - ✓ Spent \$29.6 million of federal expenditures
 - ✓ Audited 4 major programs
- Met with the Audit Committee in October 2023 and January 2024

Audit Results and Reporting

- ✓ **Independent Auditor's Report - Unmodified opinion**
 - Financial statements are presented fairly in accordance with U.S. GAAP
- ✓ **Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Oregon State Regulations**

Single Audit Report

- ✓ **Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* – Unmodified opinion**
- ✓ **Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance – Unmodified opinion**
 - ✓ Workforce Data Quality Initiative
 - ✓ Adult Education – Basic Grants to States
 - ✓ Student Financial Assistance Cluster
 - ✓ Education Stabilization Fund

Required Communications

- ✓ Significant accounting practices, including policies, estimates, and disclosures
 - ✓ Implementation of GASB 96, *Subscription-Based Information Technology Arrangements*
 - ✓ Significant accounting estimates
- ✓ One auditor proposed adjusting journal entry
- ✓ One uncorrected misstatements

Required Communications

- ✓ Not aware of any consultations with other accountants
- ✓ Recently issued GASB standards
- ✓ Shared responsibility for independence
- ✓ Management representation letter

Thank You

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