

Agenda Item No:	A
Work Plan:	Administrative
Topic:	Financial Dashboard
Presentation Title:	Department Financial Report for June, July, and August 2023
Date of Presentation:	September 6, 2023
Contact Information:	James Short, Assistant Director for Administration (503) 945-7275, <a href="mailto:james.short@odf.oregon.gov">james.short@odf.oregon.gov</a>

### **SUMMARY AND CONTEXT**

An executive financial report and summary will be submitted monthly to ensure the Board of Forestry (Board) has up-to-date information for oversight of the Department's financial condition. This report will include the financial and budgetary status of the Department as well as other ancillary topics as appropriate.

### **BACKGROUND AND ANALYSIS**

This consent item is transparent publishing of the Department's transmittal of monthly financial reports to the Board of Forestry. While executive-level in nature, the financial report provides information on various topics that are either germane, or have direct impacts on the financial status of the agency, or other administrative functions of the organization during any given month.

This financial report will continue to evolve. As the Department's reporting ability matures and insights into its operational and administrative work improve, this financial report will reflect those improvements. These improvements could include operational or process improvements or introducing new systems and technologies that enhance the Department's administrative capabilities. In addition, Board input will be factored in as the report evolves.

### **NEXT STEPS**

The Board will receive the Department's Financial Report the third week of every month, whether a Board meeting is occurring or not. This will allow the Department to report on the previous month while allowing for the fiscal month closing process to conclude.

### **ATTACHMENTS**

- 1) Department of Forestry Financial Report for June 2023
- 2) Department of Forestry Financial Report for July 2023
- 3) Department of Forestry Financial Report for August 2023 (available before meeting)



July 3, 2023

Sen. Elizabeth Steiner, Co-Chair  
Rep. Tawna Sanchez, Co-Chair  
Joint Committee on Ways and Means  
900 Court St. NE, H-178  
Salem, OR 97301

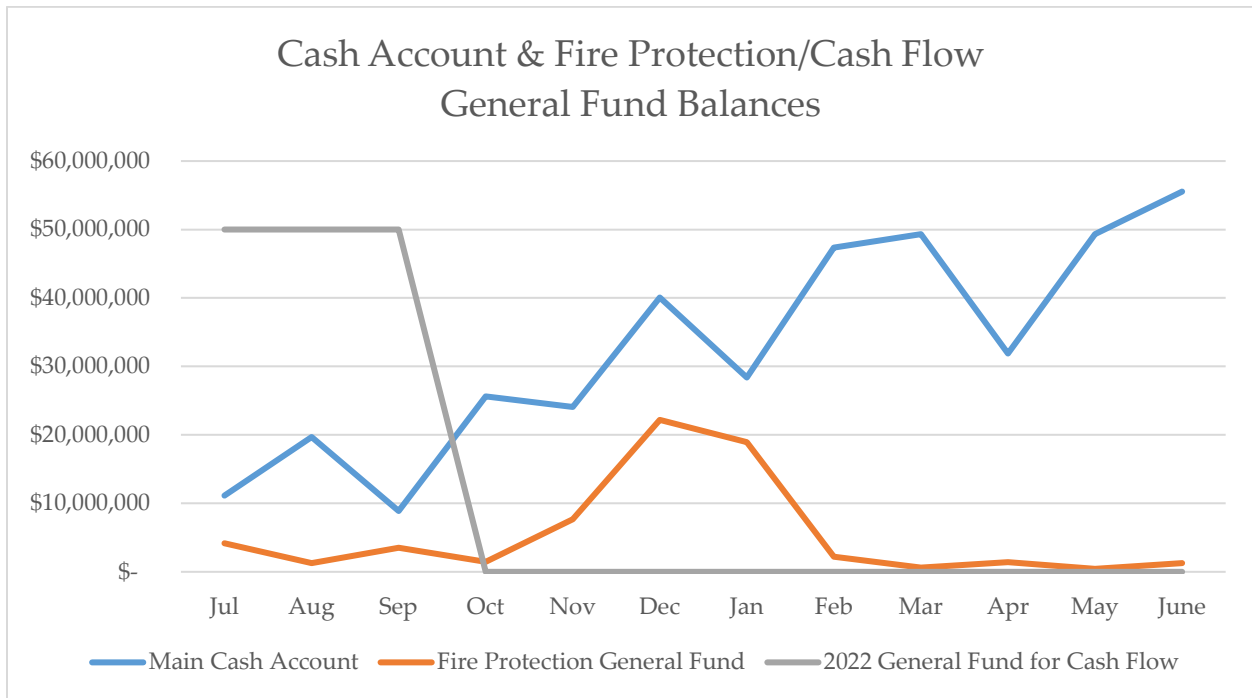
Re: Oregon Department of Forestry (ODF)—Monthly financial condition report

Dear Co-Chairs,

### Cash and General Fund Balances

As of June 27, ODF's principal cash account balance was \$55.5 million, and the Protection Division, General Fund appropriation balance, was \$1.3 million (Figure 1). Between May and June, the cash account balance had a net increase of \$6.2 million, and the Protection Division, General Fund balance, had a net gain of \$858,000.

Figure 1 - Cash Account and Fire Protection/Cash Flow General Fund Balances as of Jun. 27, 2023



### Financial Projections

Net financial activity for May 2023 resulted in a net increase of \$13.2 million to the department’s end-of-month cash balance (Table 1). The net increase was primarily attributable to a \$10.8 million FEMA-Public Assistance grant reimbursement for the 2020 South Obenchain fire.

The projected available General Fund balance for June 2023 only includes some expenditures that may be posted to the 2021–23 biennium. This balance will be refined over the next few months as the department completes the fiscal year-end close activities. Furthermore, since the Governor’s Office has not approved the department’s 2023–25 biennium budget, the available General Fund projected for July 2023 is unavailable.

Table 1 - Financial Projections through Jun. 20, 2023 (in thousands)

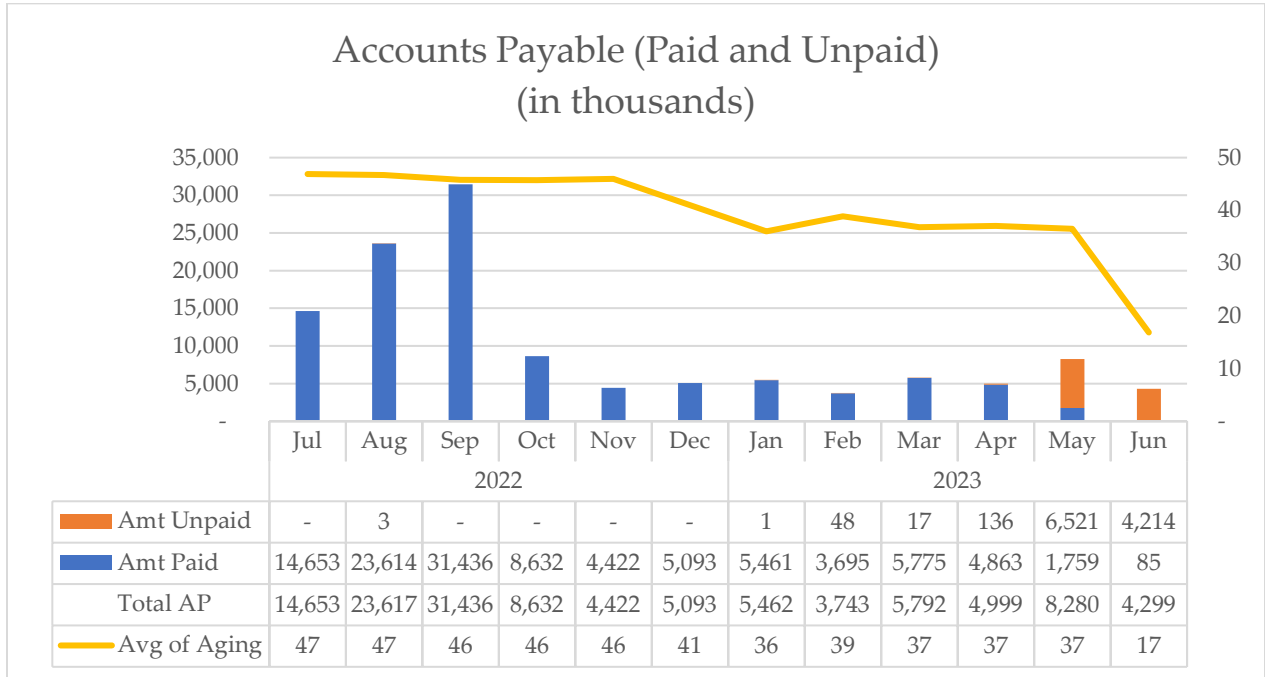
	23-May		23-Jun	23-Jul
	Projection	Actual	Projection	Projection
<b>Total Revenue</b>	\$34,119	\$29,881	\$31,596	\$16,186
<b>Total Expenditures</b>	(\$20,896)	(\$17,212)	(\$19,135)	(\$18,553)
<b>Net Total Exp/Rev</b>	\$13,223	\$12,669	\$12,461	(\$2,367)
<b>Beginning Cash Balance</b>	\$53,945	\$53,945	\$70,139	\$82,600
<b>End of Month Cash Balance*</b>	\$67,168	\$70,139	\$82,600	\$80,233
Less: Dedicated Funds	(\$21,473)	(\$20,865)	(\$21,149)	(\$21,736)
<b>End of Month Main Cash Balance</b>	\$45,695	\$49,274	\$61,451	\$58,497
<b>Available GF Appr</b>	\$12,814	\$19,276	\$12,918	N/A
<b>Available Resources</b>	\$58,508	\$68,550	\$74,369	\$58,497

\* Includes reconciliation for non-cash revenue and expenditure transactions.

### Accounts Payable

Department-wide expenditure activity increased from April to May as costs associated with fire season 2023 preparations started to post to OregonBuys (Figure 2).

Figure 2 - Accounts Payable as of Jun. 27, 2023



### Accounts Receivable

Between May and June, there was a net decrease of \$414,000 in the total accounts receivable balance (Figure 3).

Accounts aged over 120 days equate to \$38.5 million, or 65.1%, of the total balances owed to ODF (Figure 4). Of these aged accounts, the majority are due from FEMA (\$24.1 million), federal partners (\$7.6 million), and private parties for cost recovery (\$5 million).

Figure 3 – Total Accounts Receivable as of Jun. 23, 2023

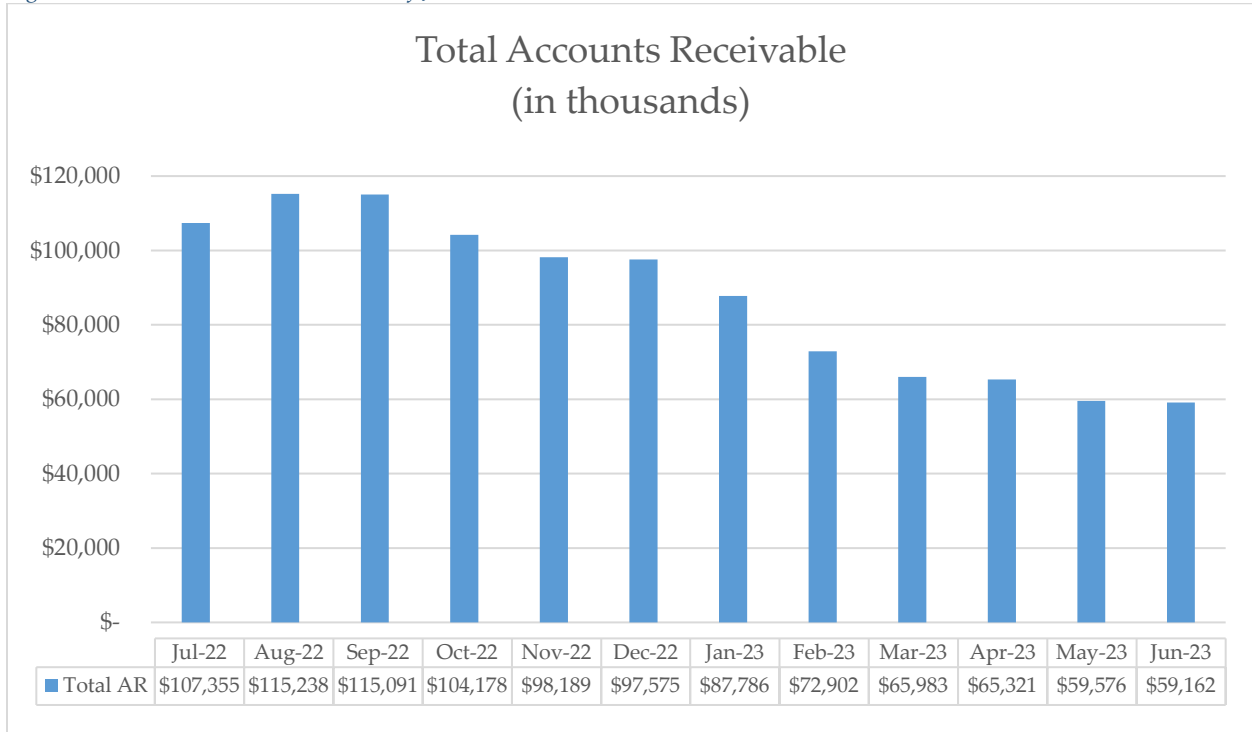
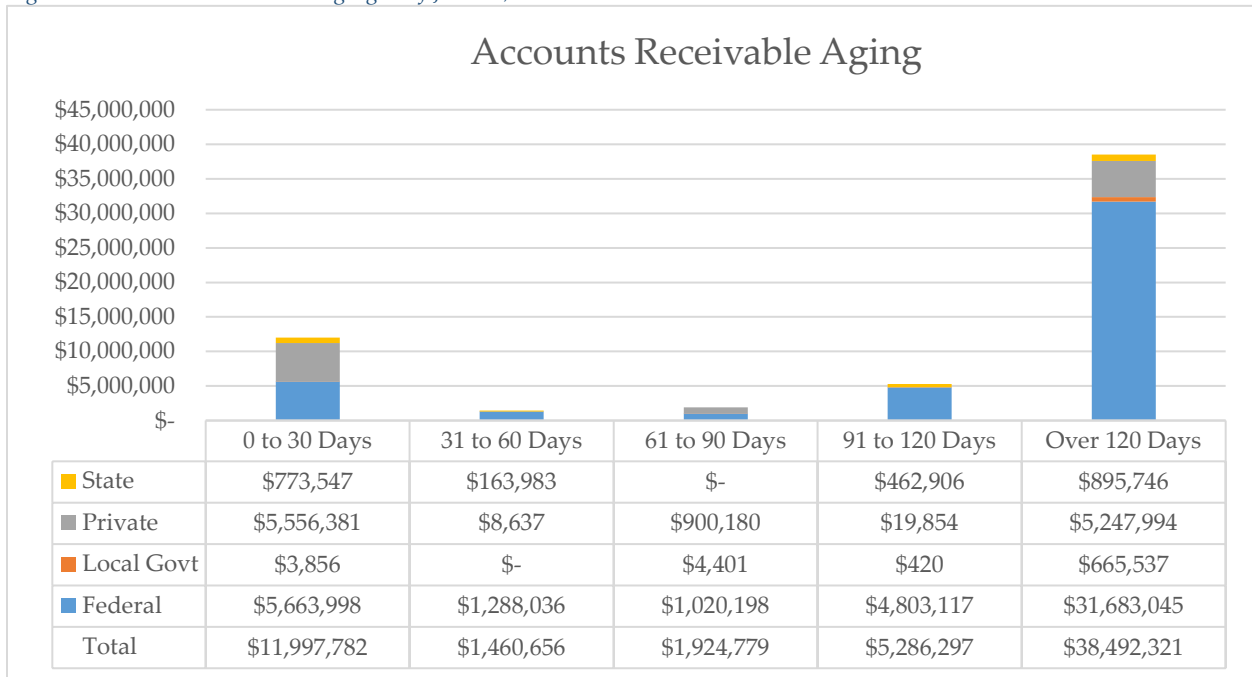


Figure 4 – Accounts Receivable Aging as of Jun. 23, 2023



**Fire Costs**

The department recovers some fire costs through two FEMA grants programs; however, not all fire costs are recovered through FEMA. Fire costs may also be collected via cost-share agreements, cooperative agreements, and private-party cost recovery. All cost recovery types are included in the numbers provided in Table 2.

*Table 2 – Gross Fire Cost Summary (red indicates estimates – in millions) as of Jun. 22, 2023*

Gross Fire Cost Summary							
Fire Season	2017	2018	2019	2020	2021	2022	Total
Fire Costs	61.35	108.09	33.66	139.85	148.77	50.86	542.58
Currently Invoiced	(0.29)	(0.22)	(0.18)	(24.09)	(8.53)	(6.13)	(39.44)
Outstanding to Invoice	(0.00)	(0.49)	(0.47)	(2.12)	(28.44)	(22.29)	(53.81)

FEMA-Public Assistance (PA) grants are awarded to the Oregon Department of Emergency Management (ODEM), which, in turn, passes the funds through to ODF. FEMA-FMAG grants are awarded directly to ODF, and the department has immediate access to the funds once obligated.

***FEMA grant applications submitted***

As of Jun. 27, 52 grant applications totaling \$32.1 million have been submitted to FEMA, \$25.7 million (38 grants) of which were FEMA-PA grants. FEMA has obligated all 38 FEMA-PA grant applications pending ODEM audit/review and distribution to ODF.

The 12 grant applications totaling \$6.5 million submitted through the FEMA-FMAG program are in various stages of FEMA review: four (\$158,000) have been obligated, one (\$81,000) is pending FEMA final review and nine (\$6.2 million) are in the initial FEMA review stage.

***FEMA grant applications not yet submitted***

An additional \$1.8 million in estimated FEMA-PA and FMAG grant applications (18) have yet to be submitted to FEMA. The 13 FEMA-FMAG applications associated with administrative costs (\$1.1 million) cannot be forwarded to FEMA until all ODF and sub-recipient grants have been obligated by FEMA.

The remaining five FEMA-PA grant applications (\$698,000) associated with estimated suppression costs will be submitted to FEMA after completing all cost-share reconciliations.

## MGO Update

The department continues to engage with Macias, Gini & O'Connell (MGO) on improvements to our cash flow projection tools providing valuable external expertise and insight into our financial accounting practices. Internally, work has focused on completing deliverables associated with our internal policy organization as defined in the department's [Implementation Management Plan v5](#). In the coming months, the department will collaborate with MGO on an update to [MGO's third interim assessment review](#) providing an overall evaluation of risks mitigated and their completion status. The department and MGO will continue to perform subsequent studies and reporting to the Board of Forestry through 2023.

Sincerely,



Cal Mukumoto  
Oregon State Forester

c:  
Legislative Fiscal Office  
Chief Financial Officer  
Oregon State Treasury  
Board of Forestry  
Governor's Office



August 1, 2023

Sen. Elizabeth Steiner, Co-Chair  
Rep. Tawna Sanchez, Co-Chair  
Joint Committee on Ways and Means  
900 Court St. NE, H-178  
Salem, OR 97301

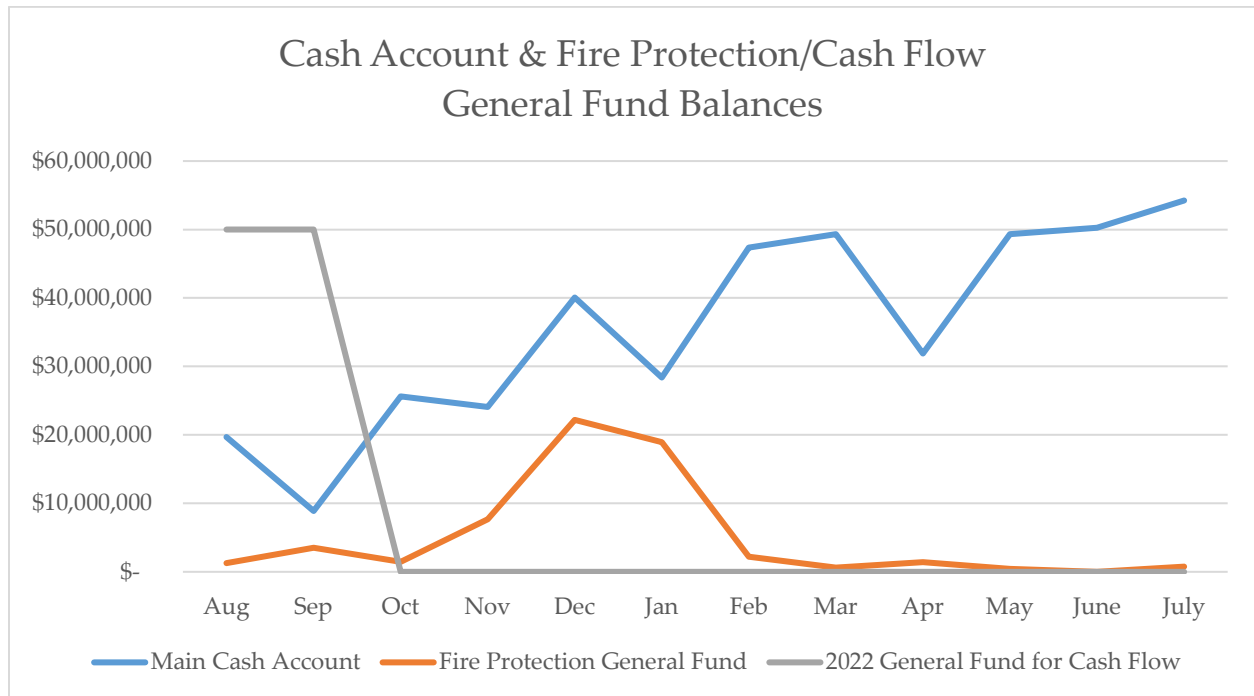
Re: Oregon Department of Forestry (ODF)—Monthly financial condition report

Dear Co-Chairs,

### Cash and General Fund Balances

As of July 20, ODF's main cash account balance was \$54.2 million, and the Protection Division General Fund appropriation balance was \$741,000 (Figure 1). Between June and July, the cash account balance had a net increase of \$4 million and the Protection Division General Fund balance had a net increase of \$741,000.

Figure 1 - Cash Account and Fire Protection/Cash Flow General Fund Balances as of Jul. 20, 2023





### Financial Projections

The revenue and expenditure activity for June 2023 resulted in a net increase of \$22 million; however, since much of the revenue activity was related to non-cash transactions the net activity did not result in an equivalent increase to the department’s end of month cash balance (Table 1).

The actual available General Fund balance for June 2023 does not include all expenditures that may be posted to the 2021–23 biennium. This balance will be further refined over the next few months as the department completes the fiscal year end close activities. Furthermore, since the department’s 2023–25 biennium budget has not been approved by the Governor’s Office, the available General Fund projected for July and August 2023 is listed as unavailable.

*Table 1 - Financial Projections through Jul. 17, 2023 (in thousands)*

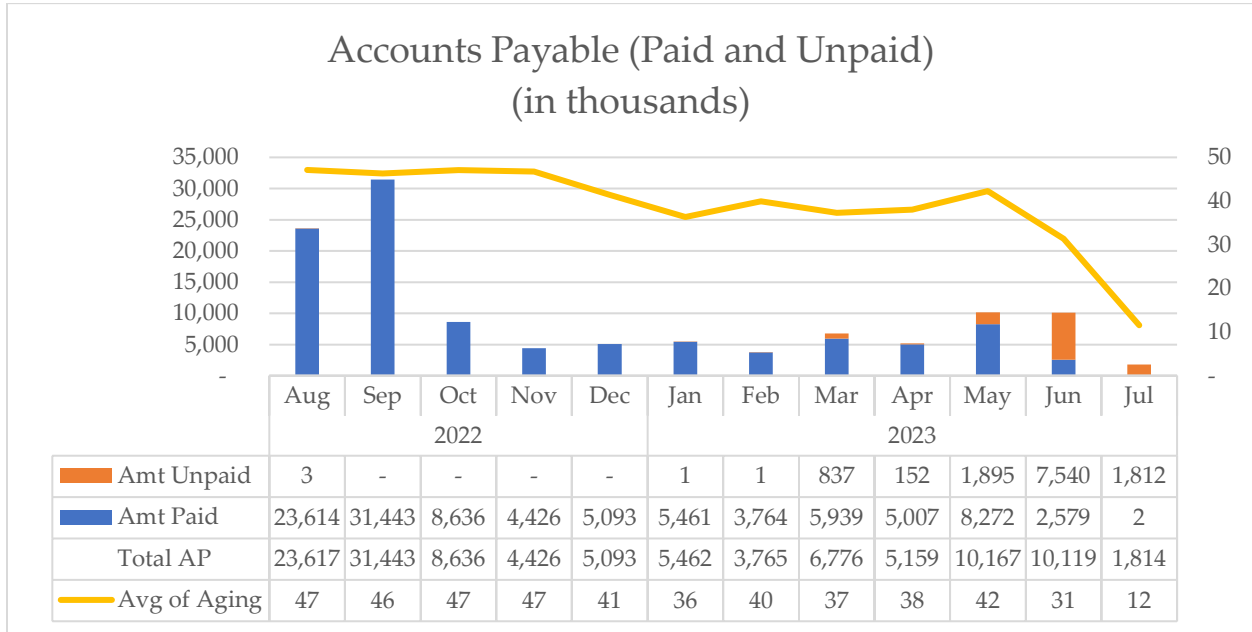
	23-Jun		23-Jul	23-Aug
	Projection	Actual	Projection	Projection
<b>Total Revenue</b>	\$31,596	\$41,980	\$20,496	\$32,425
<b>Total Expenditures</b>	(\$19,135)	(\$19,935)	(\$18,830)	(\$20,119)
<b>Net Total Exp/Rev</b>	\$12,461	\$22,046	\$1,666	\$12,306
<b>Beginning Cash Balance</b>	\$70,139	\$70,139	\$73,122	\$74,788
<b>End of Month Cash Balance*</b>	\$82,600	\$73,122	\$74,788	\$87,095
Less: Dedicated Funds	(\$21,149)	(\$21,193)	(\$21,751)	(\$22,078)
<b>End of Month Main Cash Balance</b>	\$61,451	\$51,929	\$53,037	\$65,016
<b>Available GF Appr</b>	\$12,918	\$13,708	N/A	N/A
<b>Available Resources</b>	\$74,369	\$65,637	\$53,037	\$65,016

\* Includes reconciliation for non-cash revenue and expenditure transactions.

### Accounts Payable

Department-wide expenditure activity increased during May and June as costs associated with fire season 2023 started to post to OregonBuys (Figure 2). The Financial Services Program is prioritizing all financial activity associated with goods and services received on or before June 30 for fiscal year end reporting and the 2021–23 biennium closeout.

Figure 2 - Accounts Payable as of Jul. 20, 2023



**Accounts Receivable**

Between June and July, there was a net decrease of \$2.6 million in the total accounts receivable balance (Figure 3).

Accounts aged over 120 days equate to \$40.2 million, or 71.1%, of the total balances owed to ODF (Figure 4). Of these aged accounts, the majority are due from FEMA (\$24.9 million), federal partners (\$8.2 million), and private parties for cost recovery (\$5 million).

Figure 3 – Total Accounts Receivable as of Jul. 17, 2023

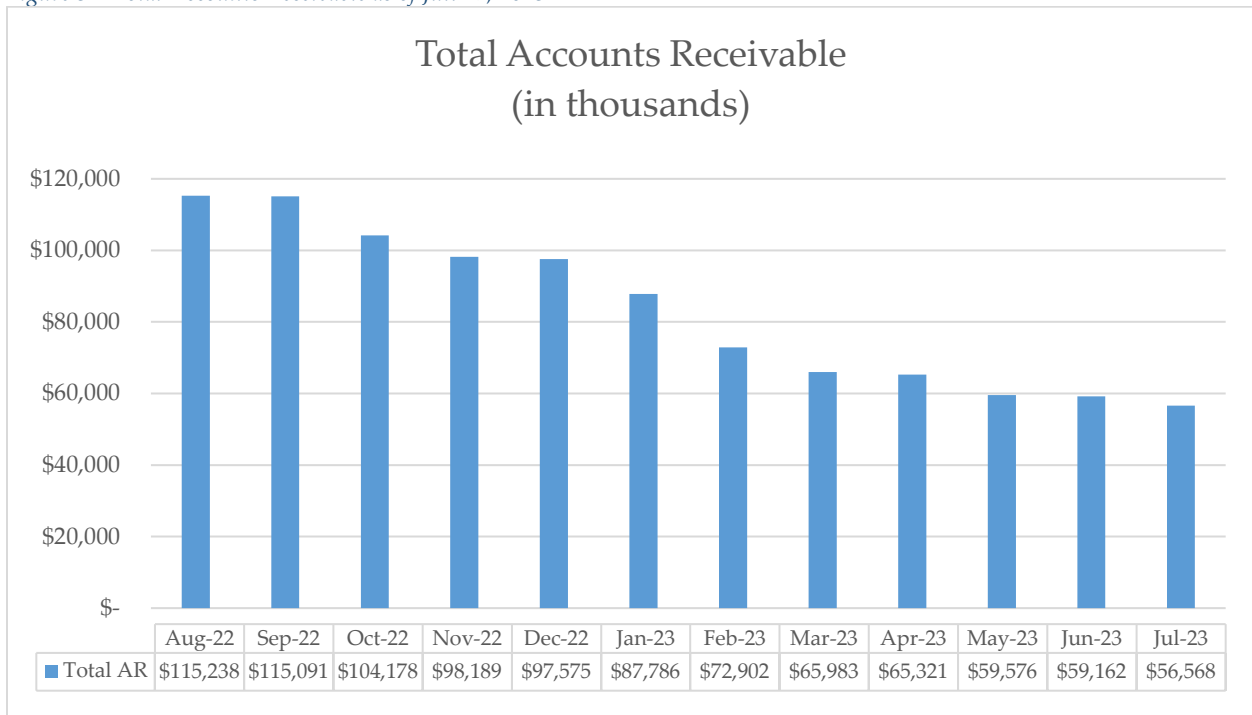
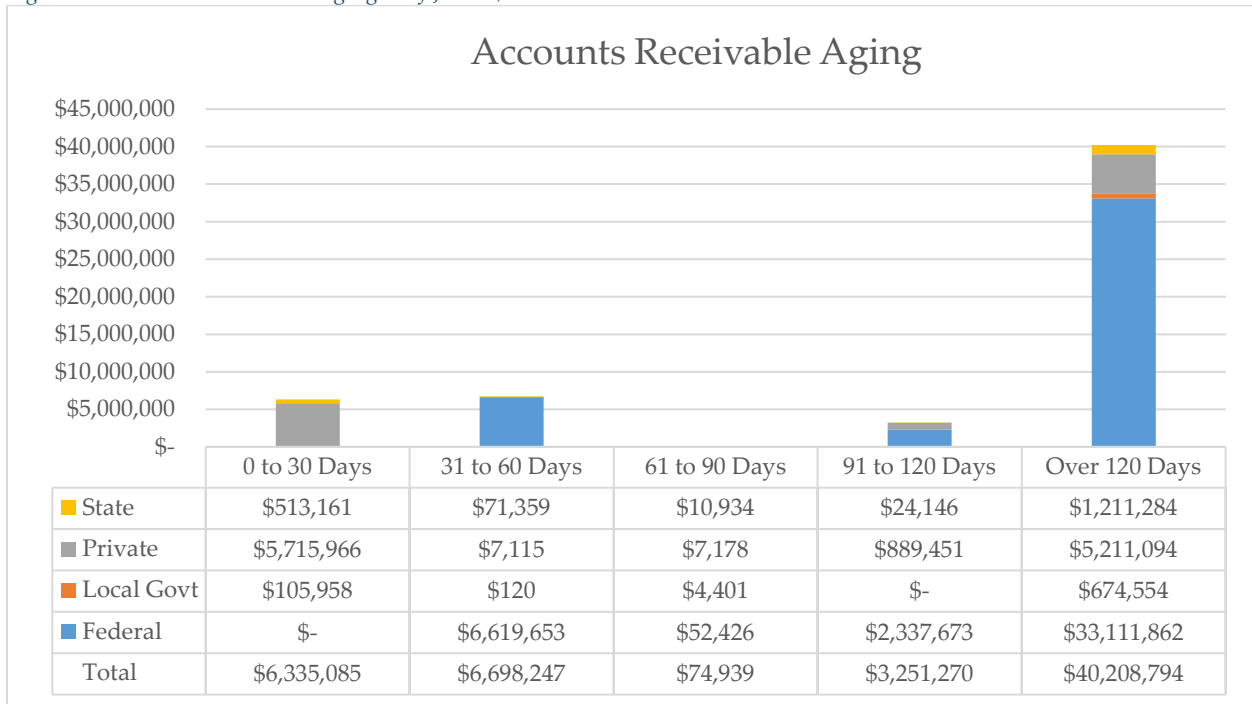


Figure 4 – Accounts Receivable Aging as of Jul. 17, 2023



**Fire Costs**

The department recovers some fire costs through two FEMA grants programs; however, not all fire costs are recovered through FEMA. Fire costs may also be collected via cost share agreements, cooperative agreements, and/or private party cost recovery. All cost recovery types are included in the numbers provided in Table 2.

Table 2 – Gross Fire Cost Summary (red indicates estimates – in millions) as of Jul. 17, 2023

Gross Fire Cost Summary							
Fire Season	2017	2018	2019	2020	2021	2022	Total
Fire Costs	61.35	108.09	33.66	139.85	148.81	51.61	543.37
Currently Invoiced	(0.16)	(0.21)	(0.18)	(24.29)	(8.65)	(6.36)	(39.85)
Outstanding to Invoice	(0.00)	(0.49)	(0.47)	(2.08)	(28.32)	(21.97)	(53.33)

FEMA-Public Assistance (PA) grants are awarded to Oregon Department of Emergency Management (ODEM) who, in turn, passes the funds through to ODF. FEMA-FMAG grants are awarded directly to ODF, and the department has immediate access to the funds once obligated.

***FEMA grant applications submitted***

As of Jul. 17, 48 grant applications totaling \$30 million have been submitted to FEMA, \$24.6 million (39 grants) of which were FEMA-PA grants. All 39 FEMA-PA grant applications have been obligated by FEMA and are pending ODEM audit/review and distribution to ODF.

The 8 grant applications totaling \$5.4 million submitted through the FEMA-FMAG program are in various stages of FEMA review: one (\$81,000) is pending FEMA final review and seven (\$5.3 million) are in the initial FEMA review stage.

***FEMA grant applications not yet submitted***

An additional \$2.8 million in estimated FEMA-PA and FMAG grant applications (18) have yet to be submitted to FEMA. The 13 FEMA-FMAG applications associated with administrative costs (\$1.1 million) cannot be submitted to FEMA until all ODF and subrecipient grants have been obligated by FEMA.

The remaining five FEMA-PA grant applications (\$1.7 million) associated with estimated suppression costs will be submitted to FEMA after all cost-share reconciliations have been completed.

**MGO Update**

The department is continuing to engage with Macias, Gini & O'Connell (MGO) on improvements to our cash flow projection tools providing valuable external expertise and insight into our financial accounting practices. To support our continued collaboration needs, the department has extended the work order agreement with MGO through the end of 2023. Internally, work has shifted from a focus on internal policy organization to re-evaluating deliverables and potential alternatives in our approach to implementing the information technology recommendations defined in the department's [Implementation Management Plan v5](#). In coming months the department will collaborate with MGO on an update to [MGO's third interim assessment review](#) providing an overall evaluation of risks mitigated and their completion status. The department and MGO will continue to perform subsequent reviews and reporting to the Board of Forestry through 2023.

Sincerely,



Cal Mukumoto  
Oregon State Forester

c:  
Legislative Fiscal Office  
Chief Financial Office  
Oregon State Treasury  
Board of Forestry  
Governor's Office



August 30, 2023

Sen. Elizabeth Steiner, Co-Chair  
Rep. Tawna Sanchez, Co-Chair  
Joint Committee on Ways and Means  
900 Court St. NE, H-178  
Salem, OR 97301

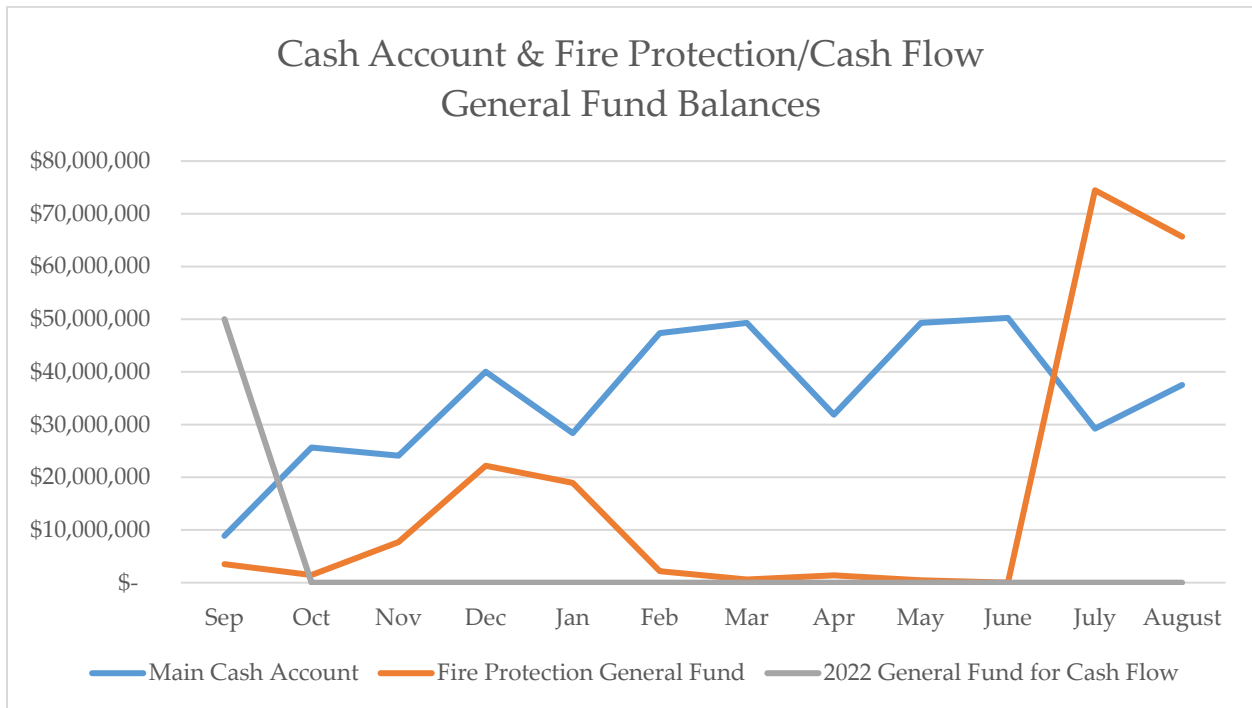
Re: Oregon Department of Forestry (ODF)—Monthly financial condition report

Dear Co-Chairs,

### Cash and General Fund Balances

As of Aug. 25, ODF's main cash account balance was \$37.5 million, and the 2023-25 Protection Division General Fund appropriation balance was \$65.7 million (Figure 1). Between July and August, the cash account balance had a net increase of \$8.3 million and the Protection Division General Fund balance had a net decrease of \$8.8 million.

Figure 1 - Cash Account and Fire Protection/Cash Flow General Fund Balances as of Aug. 25, 2023



### Financial Projections

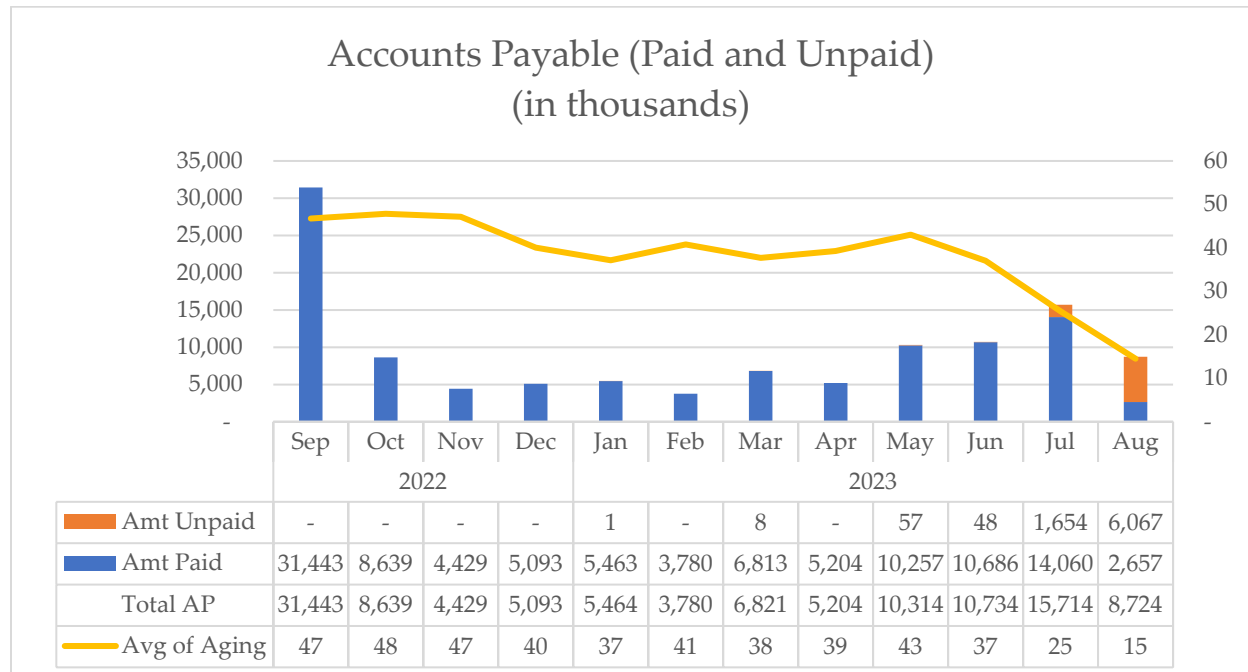
Each of the previous monthly financial condition reports included financial projections compared to actuals associated with the last fiscal month close. Unfortunately, due to fiscal year end processes, July fiscal month close data is not yet available.

During fiscal year end, an extra reporting period is added to the calendar to allow accounting professionals to record year end entries for financial reporting (e.g., financial statement accruals, journal entries for debt, etc.). This extra reporting period is referred to as Month 13. To accommodate Month 13, July fiscal month will close on September 1. As a result, the next monthly financial condition report will include financial projections compared to actuals for the fiscal months of July and August accompanied by highlights from each reporting period.

### Accounts Payable

Department-wide expenditure activity continued to increase between June and July due to costs associated with fire season 2023 (Figure 2). With new fire business processes in place, payment teams have been entering fire-related invoices into OregonBuys timelier than in years past. This process improvement contributes to paying vendors faster for fire season support and spreads the cash flow requirements of the department out over several months as opposed to all at once.

Figure 2 - Accounts Payable as of Aug. 25, 2023



**Accounts Receivable**

Between July and August, there was a net decrease of \$4.5 million in the total accounts receivable balance (Figure 3).

Accounts aged over 120 days equate to \$41.8 million, or 80.4%, of the total balances owed to ODF (Figure 4). Of these aged accounts, the majority are due from FEMA (\$24.9 million), federal partners (\$10.1 million), and private parties for cost recovery (\$4.7 million).

Figure 3 – Total Accounts Receivable as of Aug. 21, 2023

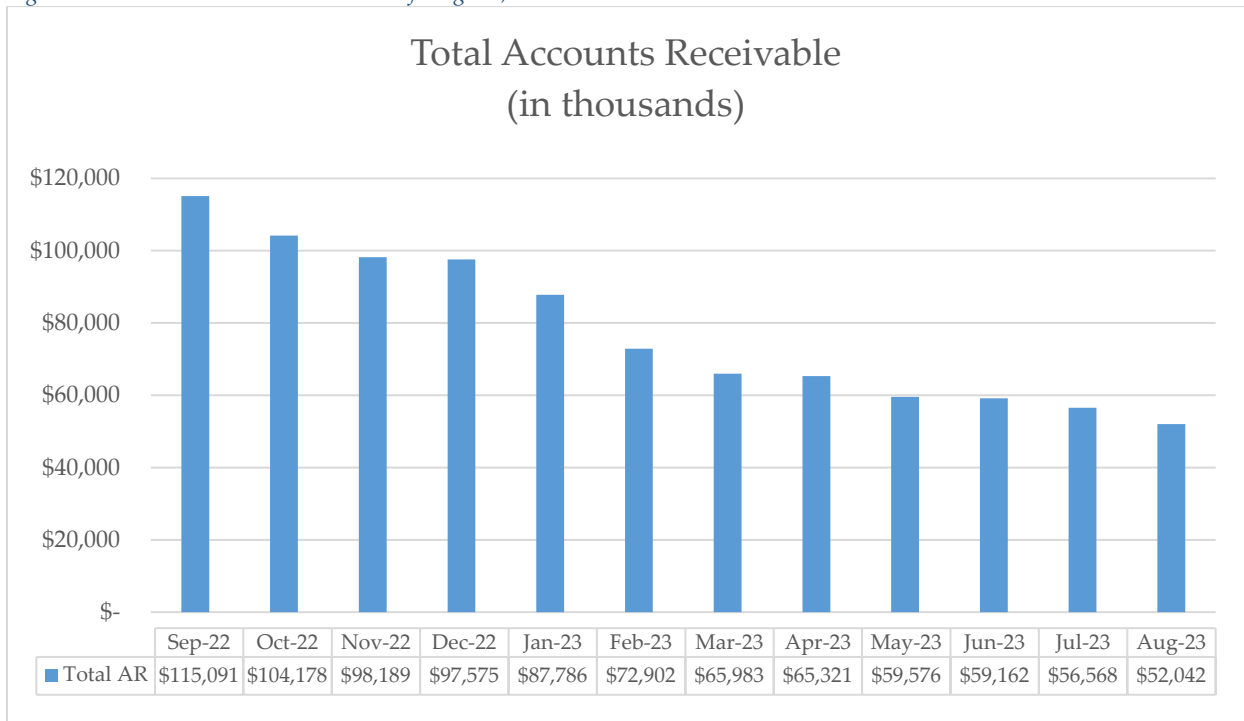
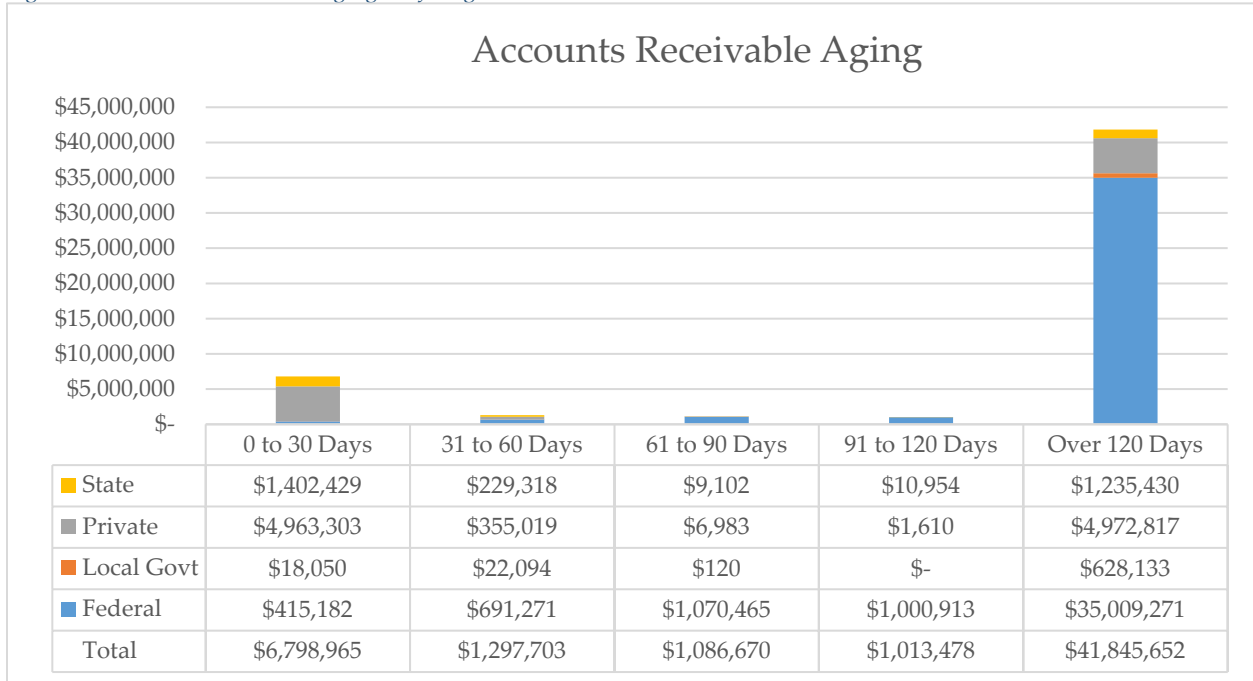




Figure 4 – Accounts Receivable Aging as of Aug. 21, 2023



## Fire Costs

Table 2 – Gross Fire Cost Summary (red indicates estimates – in millions) as of Aug. 21, 2023

Gross Fire Cost Summary							
Fire Season	2017	2018	2019	2020	2021	2022	Total
Fire Costs	61.35	108.12	33.66	139.85	148.81	52.24	544.03
Currently Invoiced	(0.16)	(0.21)	(0.18)	(22.87)	(4.78)	(7.35)	(35.55)
Outstanding to Invoice	(0.00)	(0.49)	(0.47)	(2.08)	(17.27)	(20.64)	(40.95)

The department recovers some fire costs through two FEMA grants programs; however, not all fire costs are recovered through FEMA. Fire costs may also be collected via cost share agreements, cooperative agreements, and/or private party cost recovery. All cost recovery types are included in the numbers provided in Table 2.

FEMA-Public Assistance (PA) grants are awarded to Oregon Department of Emergency Management (ODEM) who, in turn, passes the funds through to ODF. FEMA-Fire Management Assistance grants (FMAG) are awarded directly to ODF, and the department has immediate access to the funds once obligated.

***FEMA grant applications submitted***

As of Aug. 25, 46 grant applications totaling \$24.2 million have been submitted to FEMA, \$23.1 million (39 grants) of which were FEMA-PA grants. All 39 FEMA-PA grant applications have been obligated by FEMA and are pending ODEM audit/review and distribution to ODF.

The 7 grant applications totaling \$1.1 million submitted through the FEMA-FMAG program are in the initial FEMA review stage.

***FEMA grant applications not yet submitted***

An additional \$2.8 million in estimated FEMA-PA and FMAG grant applications (18) have yet to be submitted to FEMA. The 13 FEMA-FMAG applications associated with administrative costs (\$1.1 million) cannot be submitted to FEMA until all ODF and subrecipient grants have been obligated by FEMA.

The remaining five FEMA-PA grant applications (\$1.7 million) associated with estimated suppression costs will be submitted to FEMA after all cost-share reconciliations have been completed.

**MGO Update**

The department is continuing to engage with Macias, Gini & O'Connell (MGO) on improvements to our business processes. To support our continued collaboration needs, the department has extended the work order agreement with MGO through the end of 2023.

Internally, work has shifted from a focus on internal policy organization to re-evaluating deliverables and potential alternatives in our approach to implementing the information technology recommendations defined in the department's [Implementation Management Plan v5](#). In coming months the department will collaborate with MGO on an update to [MGO's third interim assessment review](#) providing an overall evaluation of risks mitigated and their completion status. The department and MGO will continue to perform subsequent reviews and reporting to the Board of Forestry through 2023.

Sincerely,



Cal Mukumoto  
Oregon State Forester

c:

Legislative Fiscal Office  
Chief Financial Office  
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Board of Forestry  
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