

Agenda Item No:	A
Work Plan:	Administrative
Topic:	Financial Dashboard
Presentation Title:	Department Financial Report for March, April, and May 2023
Date of Presentation:	June 7, 2023
Contact Information:	James Short, Assistant Director for Administration (503) 945-7275, james.short@odf.oregon.gov

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 over time. 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 the introduction of 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 March 2023
- 2) Department of Forestry Financial Report for April 2023
- 3) Department of Forestry Financial Report for May 2023



April 3, 2023

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

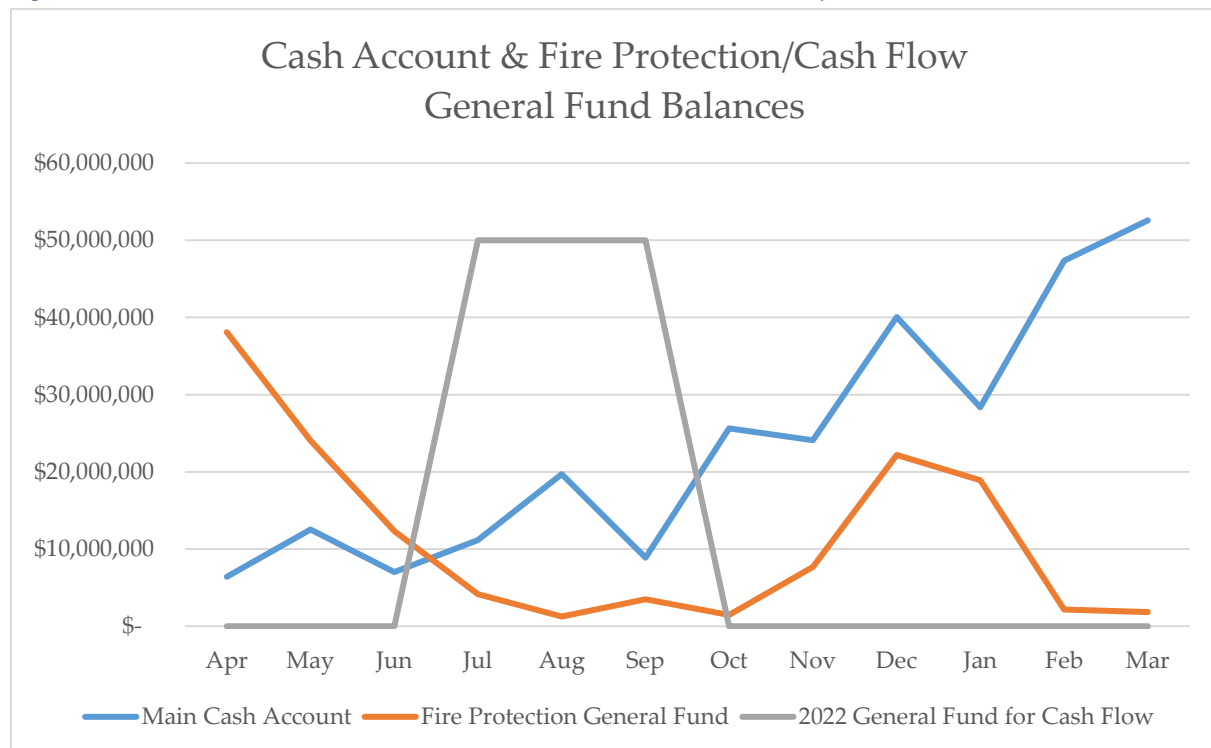
Re: Oregon Department of Forestry (ODF)—Monthly financial condition report

Dear Co-Chairs,

Cash and General Fund Balances

As of March 20, ODF's main cash account balance was \$52.6 million, and the Protection Division General Fund appropriation balance was \$1.8 million (Figure 1). Between February and March, the cash account balance had a net increase of \$5.2 million while the Protection Division General Fund balance had a net decrease of \$367,000.

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



Financial Projections

Net financial activity for February 2023 resulted in an increase of \$22.3 million to the department’s end of month cash balance; a \$16.9 million variance over the projected cash balance impact (Table 1). This variance was primarily due to the increase in General Fund appropriation approved during the December 2022 Emergency Board hearing for fire season 2022 net fire and severity costs. The expenditures, originally paid using Other Fund cash, were transferred to the General Fund once the increase in appropriation was allotted to the department, all of which took place during the fiscal month of February.

Table 1 - Financial Projections through Mar. 23, 2023 (in thousands)

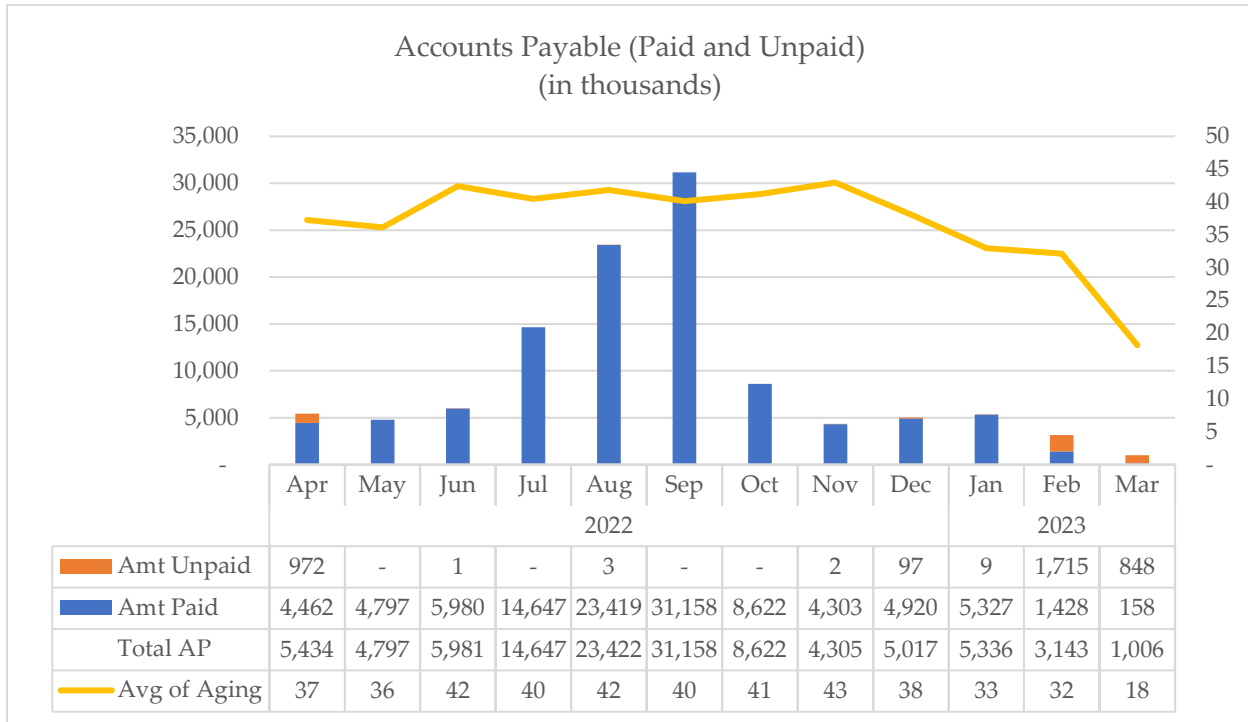
	23-Feb		23-Mar	23-Apr
	Projection	Actual	Projection	Projection
Total Revenue	\$15,711	\$44,728	\$27,303	\$13,359
Total Expenditures	(\$13,182)	(\$22,397)	(\$16,924)	(\$17,227)
Net Total Exp/Rev	\$2,529	\$22,330	\$10,378	(\$3,868)
Beginning Cash Balance	\$46,983	\$46,983	\$66,377	\$76,755
End of Month Cash Balance*	\$49,512	\$66,377	\$76,755	\$72,888
Less: Dedicated Funds	(\$19,088)	(\$18,022)	(\$18,383)	(\$18,568)
End of Month Main Cash Balance	\$30,424	\$48,355	\$58,372	\$54,320
Available GF Appr	\$57,281	\$35,479	\$30,631	\$21,831
Available Resources	\$87,705	\$83,834	\$89,003	\$76,151

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

Accounts Payable

Department-wide expenditure activity for the reporting period continues to be low, as is consistent for the department in the early spring and prior to fire season (Figure 2). The balance of unpaid accounts payable activity predominantly consists of current invoices except for one U. S. Forest Service invoice (dated April 2022 for \$972,000) which will be paid after the department receives reimbursement from FEMA for the supplemental fire suppression claim.

Figure 2 - Accounts Payable as of Mar. 22, 2023



Accounts Receivable

Between February and March, there was a net decrease of \$6.9 million in the total accounts receivable balance (Figure 3). Most notably, the department received a \$4.5 million payment from the Bureau of Land Management associated with the Western Oregon Operating Plan and a \$1.2 million reimbursement from the FEMA-Public Assistance (PA) Grant Program for one of the 2020 Holiday Farm fire suppression claims.

Accounts aged over 120 days equate to \$48.6 million, or 73.7%, of the total balances owed to ODF (Figure 4). Of these aged accounts, the majority are due from FEMA (\$35.3 million), federal partners (\$5.2 million), and private parties for cost recovery (\$6 million).

Figure 3 – Total Accounts Receivable as of Mar. 20, 2023

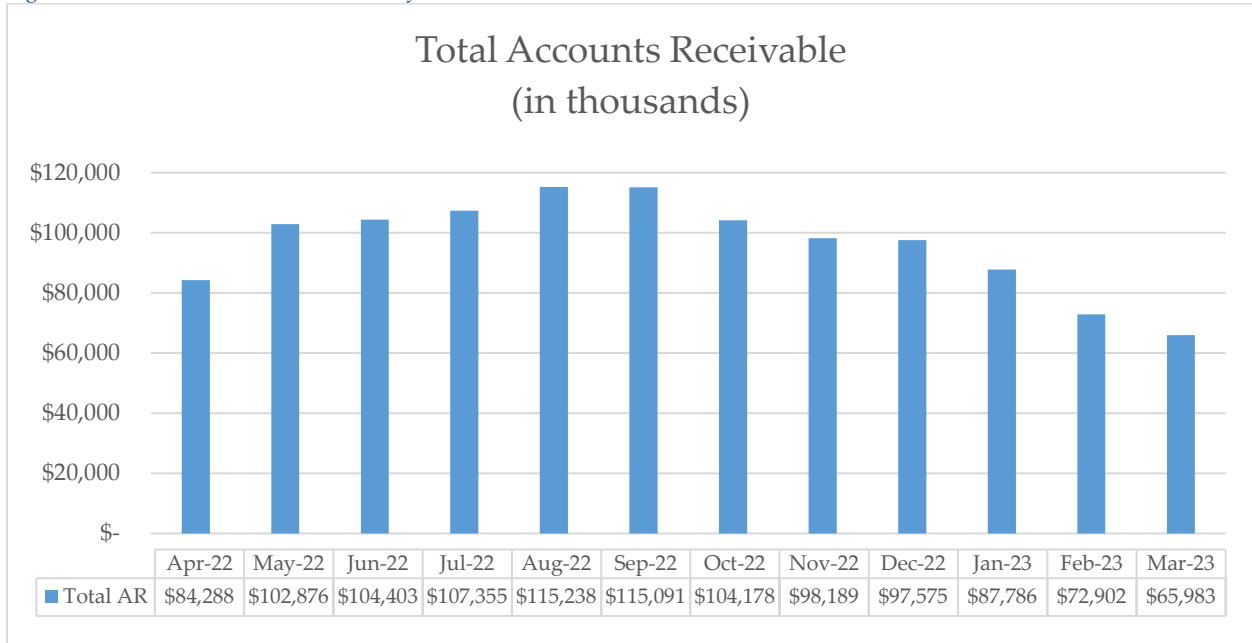
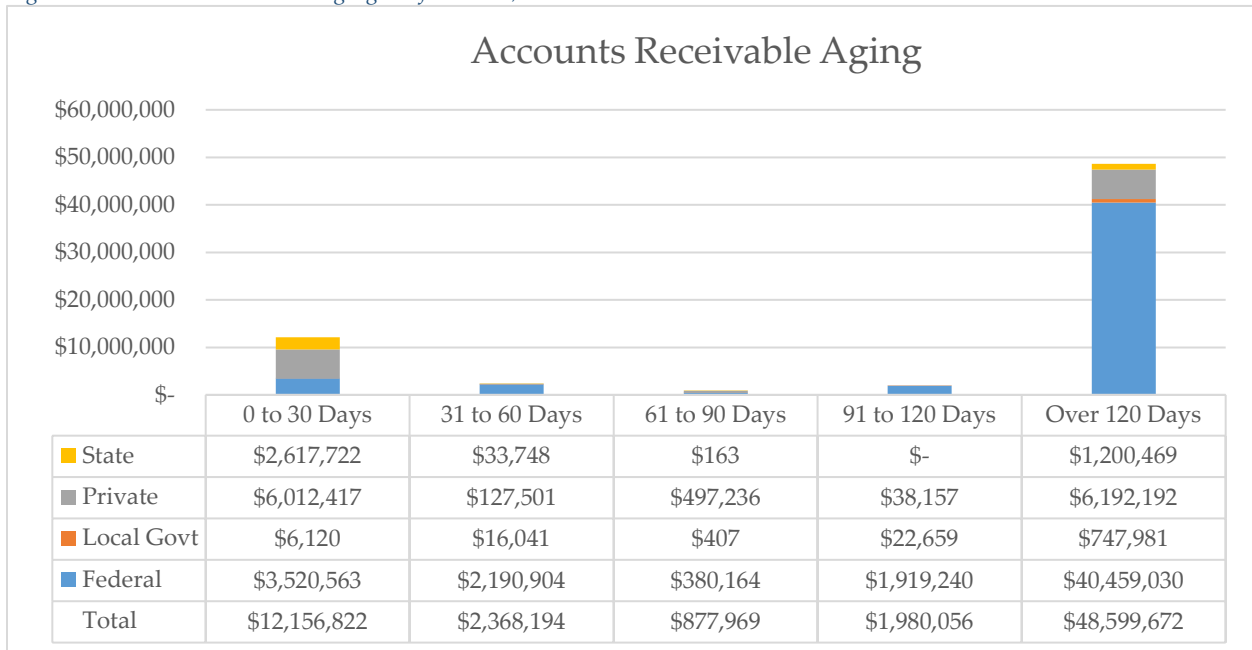


Figure 4 – Accounts Receivable Aging as of Mar. 20, 2023



Fire Costs

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

Gross Fire Cost Summary							
Fire Season	2017	2018	2019	2020	2021	2022	Total
Fire Costs	61.35	108.09	33.66	138.80	147.64	49.11	538.65
Currently Invoiced	(0.29)	(0.22)	(0.24)	(35.58)	(4.89)	(5.04)	(46.26)
Outstanding to Invoice	(0.00)	(0.38)	(0.43)	(2.46)	(32.62)	(23.29)	(59.18)

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-FMAG grants are awarded directly to ODF, and the department has immediate access to the funds once obligated.

FEMA grant applications submitted

As of March 24, 41 grant applications totaling \$40.6 million have been submitted to FEMA, \$36.4 million of which are FEMA-PA grants. Of that, \$35.4 million for 35 grants has been obligated to the department by FEMA and is pending ODEM audit/review and distribution to ODF. An additional six grants (\$1.1 million) are pending final review by FEMA.

The remaining \$4.1 million is through the FEMA-FMAG program (17 grant applications. Of the 17 grant applications submitted, 15 are at some stage of FEMA review (\$3.6 million) and two have been obligated to the department by FEMA (\$546,000).

FEMA grant applications not yet submitted

An additional \$7.3 million in estimated FEMA-PA and FMAG grant applications (22) 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 9 grant applications associated with estimated suppression costs will be submitted to FEMA after all cost-share reconciliations have been completed. This includes five FEMA-PA grants totaling \$689,000 and four FEMA-FMAG grants totaling \$5.5 million.

MGO Update

The department is continuing its collaboration with Macias, Gini & O'Connell (MGO) on improving our cash flow projection tools. This work builds upon incremental improvements occurring in our financial accounting practices and harnesses the value of having external professional expertise assessing our processes. Two reference materials were recently published documenting progress in implementing MGO's 28 recommendations. The [department's Implementation Management Plan v5](#) provides detailed updates across all recommendations and associated deliverables while [MGO's third interim assessment review](#) provides an evaluation of risks mitigated and completion status. MGO and the department will continue to perform subsequent reviews and reporting to the Board of Forestry through mid-2023.

Sincerely,



Cal Mukumoto
Oregon State Forester

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



May 1, 2023

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

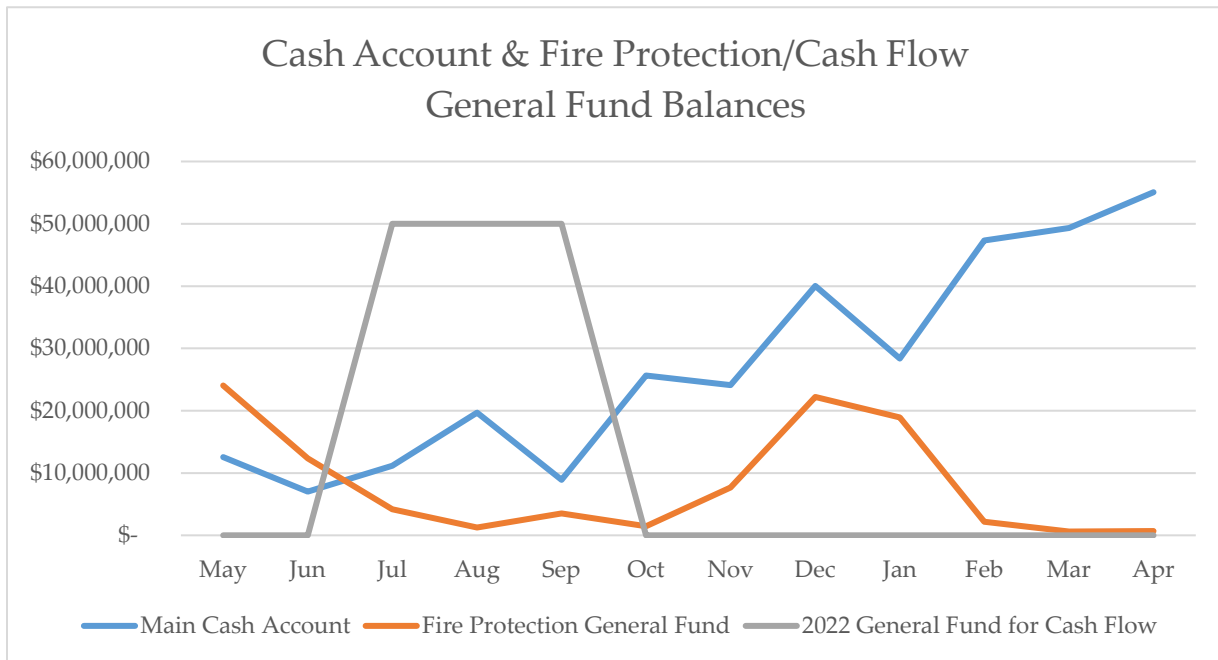
Re: Oregon Department of Forestry (ODF)—Monthly financial condition report

Dear Co-Chairs,

Cash and General Fund Balances

As of April 24, ODF's main cash account balance was \$55.1 million, and the Protection Division General Fund appropriation balance was \$690,000 (Figure 1). Between March and April, the cash account balance had a net increase of \$5.8 million while the Protection Division General Fund balance had a net increase of \$82,000.

Figure 1 - Cash Account and Fire Protection/Cash Flow General Fund Balances as of Apr. 24, 2023



Financial Projections

Net financial activity for March 2023 resulted in an increase of \$4.2 million to the department’s end of month cash balance (Table 1). The cash balance includes amounts pending distribution to counties for the quarter ending March 31, 2023, projected at \$16.5 million.

Table 1 - Financial Projections through Apr. 24, 2023 (in thousands)

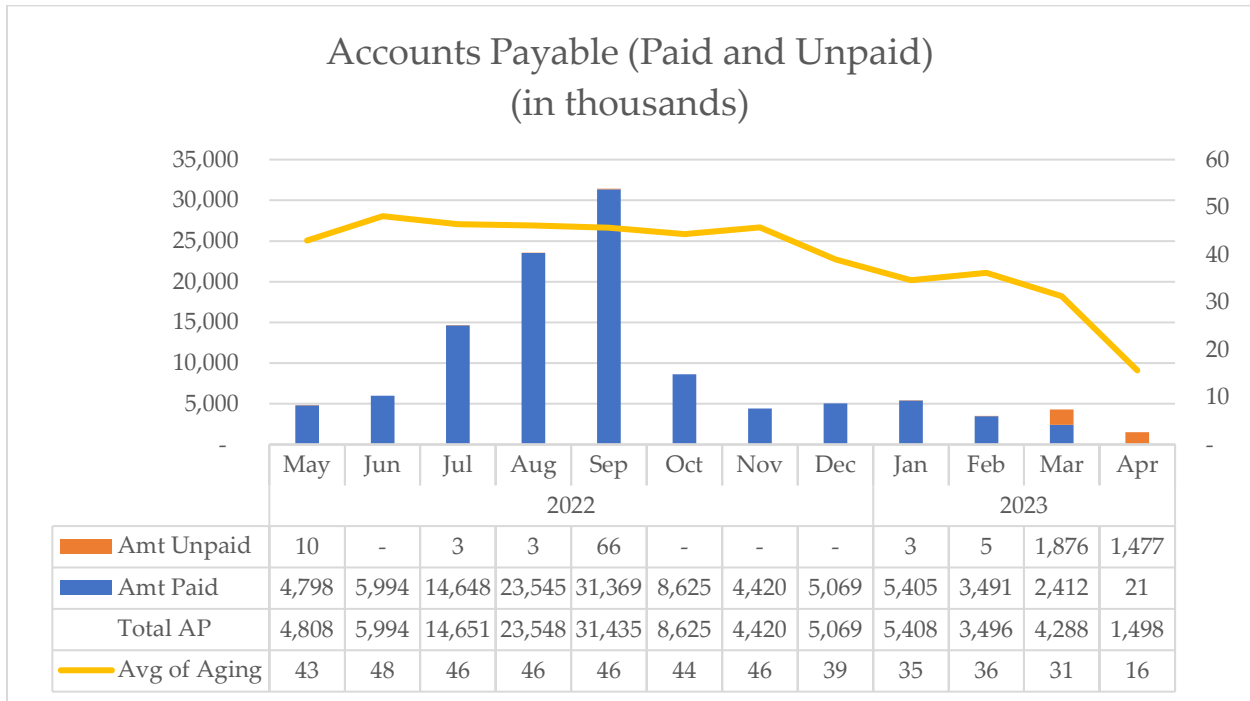
	23-Mar		23-Apr	23-May
	Projection	Actual	Projection	Projection
Total Revenue	\$27,303	\$27,254	\$13,069	\$38,243
Total Expenditures	(\$16,924)	(\$23,024)	(\$19,159)	(\$22,711)
Net Total Exp/Rev	\$10,378	\$4,230	(\$6,090)	\$15,532
Beginning Cash Balance	\$66,377	\$66,377	\$70,184	\$64,094
End of Month Cash Balance*	\$76,755	\$70,184	\$64,094	\$79,626
Less: Dedicated Funds	(\$18,383)	(\$20,693)	(\$20,859)	(\$21,549)
End of Month Main Cash Balance	\$58,372	\$49,490	\$43,235	\$58,077
Available GF Appr	\$30,631	\$29,405	\$21,513	\$7,546
Available Resources	\$89,003	\$78,895	\$64,748	\$65,624

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

Accounts Payable

Department-wide expenditure activity for the reporting period continues to reflect early spring trends (Figure 2). Accounts payable invoices associated with prior periods have been loaded into OregonBuys over the past month, which accounts for the change in average aging as well as the unpaid balances in May, July, August, and September.

Figure 2 - Accounts Payable as of Apr. 24, 2023



Accounts Receivable

Between March and April, there was a net decrease of \$662,000 in the total accounts receivable balance (Figure 3).

The negative receivable balance of (\$479,000) reported as due from State in the 61 to 90 Days aged column relates to a receivable due from Washington Department of Natural Resources (WDNR) that was paid by both WDNR and the United States Forest Service (Figure 4). ODF Revenue Unit staff are coordinating with both entities to resolve the overpayment.

Accounts aged over 120 days equate to \$49.9 million, or 76.4%, of the total balances owed to ODF (Figure 4). Of these aged accounts, the majority are due from FEMA (\$36.2 million), federal partners (\$5.6 million), and private parties for cost recovery (\$6.2 million).

Figure 3 – Total Accounts Receivable as of Apr. 24, 2023

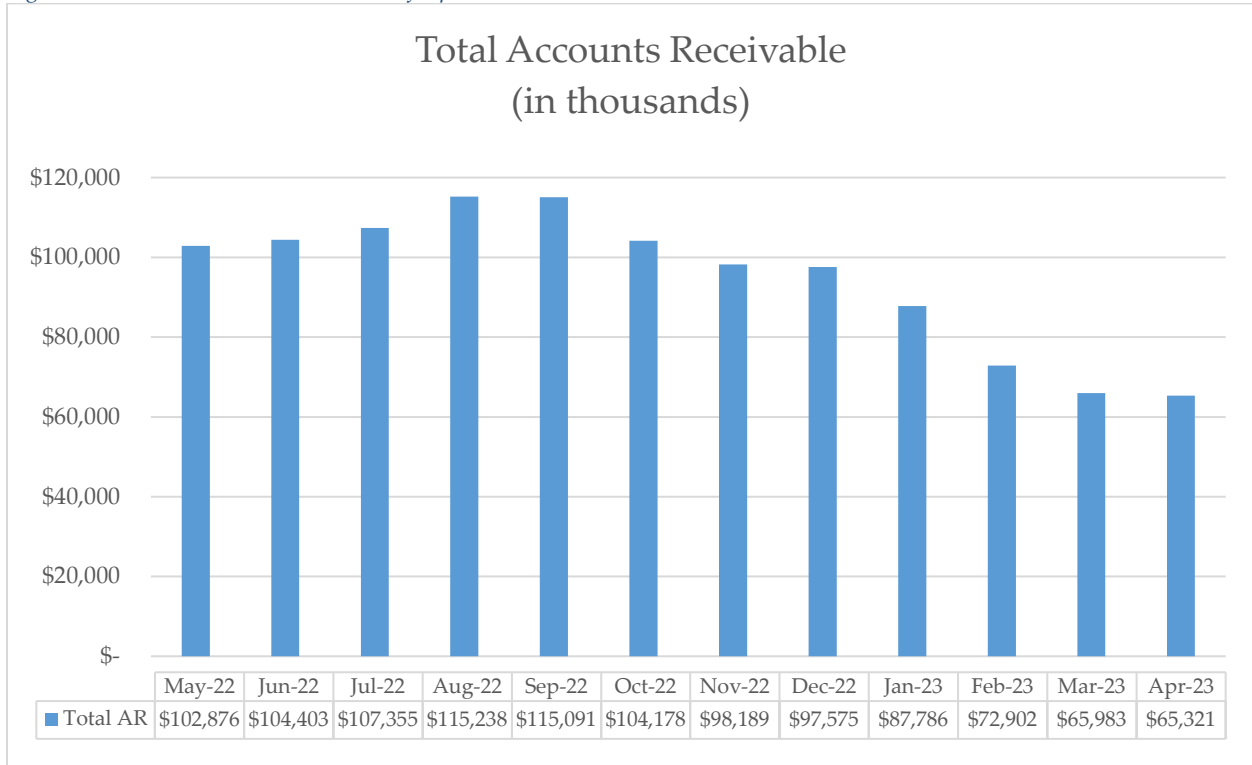
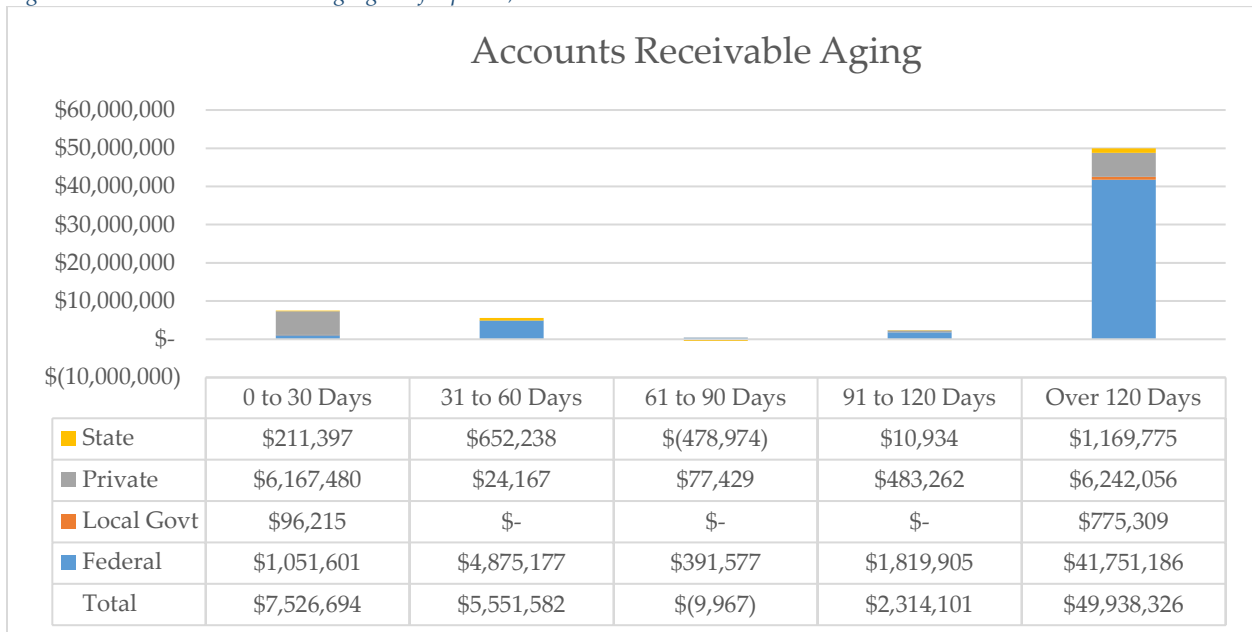


Figure 4 – Accounts Receivable Aging as of Apr. 24, 2023



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 Apr. 24, 2023

Gross Fire Cost Summary							
Fire Season	2017	2018	2019	2020	2021	2022	Total
Fire Costs	61.35	108.09	33.66	138.80	147.53	49.15	538.58
Currently Invoiced	(0.29)	(0.22)	(0.24)	(35.58)	(5.02)	(5.41)	(46.76)
Outstanding to Invoice	(0.00)	(0.38)	(0.43)	(2.46)	(32.33)	(20.98)	(56.58)

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 April 24, 57 grant applications totaling \$40.5 million have been submitted to FEMA, \$36.4 million (41 grants) of which were FEMA-PA grants. All 41 FEMA-PA grant applications have been obligated by FEMA and are pending ODEM audit/review and distribution to ODF.

The 16 grant applications totaling \$4.1 million submitted through the FEMA-FMAG program are in various stages of FEMA review: three (\$596,000) have been obligated, three (\$1.4 million) are pending FEMA final review and ten (\$2.1 million) are in the initial FEMA review stage.

FEMA grant applications not yet submitted

An additional \$7.3 million in estimated FEMA-PA and FMAG grant applications (22) 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 9 grant applications associated with estimated suppression costs will be submitted to FEMA after all cost-share reconciliations have been completed. This includes five FEMA-PA grants totaling \$689,000 and four FEMA-FMAG grants totaling \$5.5 million.

MGO Update

This month, the department focused on several internal policy-related deliverables defined in the [Implementation Management Plan v5](#). A meeting is also scheduled this month for continued direct work with Macias, Gini & O'Connell (MGO) on our cash flow projection tools. [MGO's third interim assessment review](#) provides an evaluation of risks mitigated and 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



June 1, 2023

Sen. Elizabeth Steiner, Co-Chair
Rep. Tawna Sanchez, Co-Chair
Joint Committee on Ways and Means
900 Court St. NE, H-178
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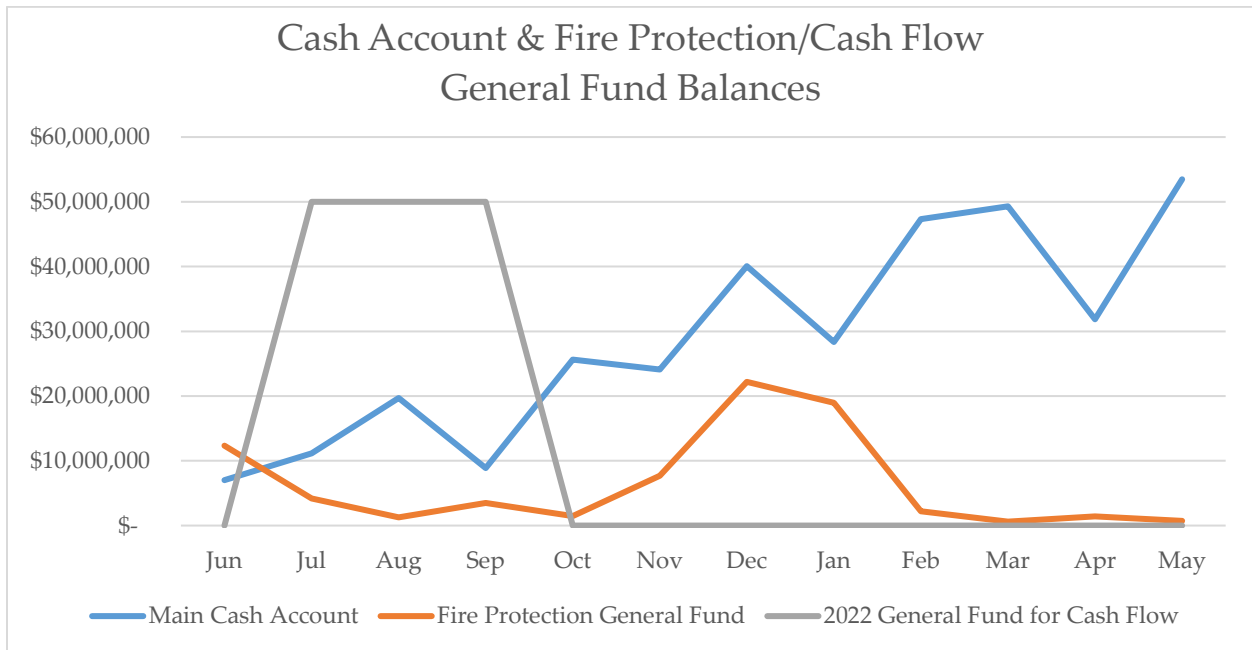
Re: Oregon Department of Forestry (ODF)—Monthly financial condition report

Dear Co-Chairs,

Cash and General Fund Balances

As of May 24, ODF's main cash account balance was \$53.5 million, and the Protection Division General Fund appropriation balance was \$709,000 (Figure 1). Between April and May, the cash account balance had a net increase of \$21.6 million while the Protection Division General Fund balance had a net decrease of \$689,000.

Figure 1 - Cash Account and Fire Protection/Cash Flow General Fund Balances as of May 24, 2023



Financial Projections

Net financial activity for April 2023 resulted in a decrease of \$13.2 million to the department's end of month cash balance (Table 1). The net decrease was primarily attributable to the quarterly county distribution for the period ending March 31, 2023.

Though timber sales revenue has been consistently received over the past four months, reimbursements associated with cooperative agreements and large fire activities were less than anticipated. This is due in part to ongoing financial reporting challenges associated with payroll costing issues.

Table 1 - Financial Projections through May 24, 2023 (in thousands)

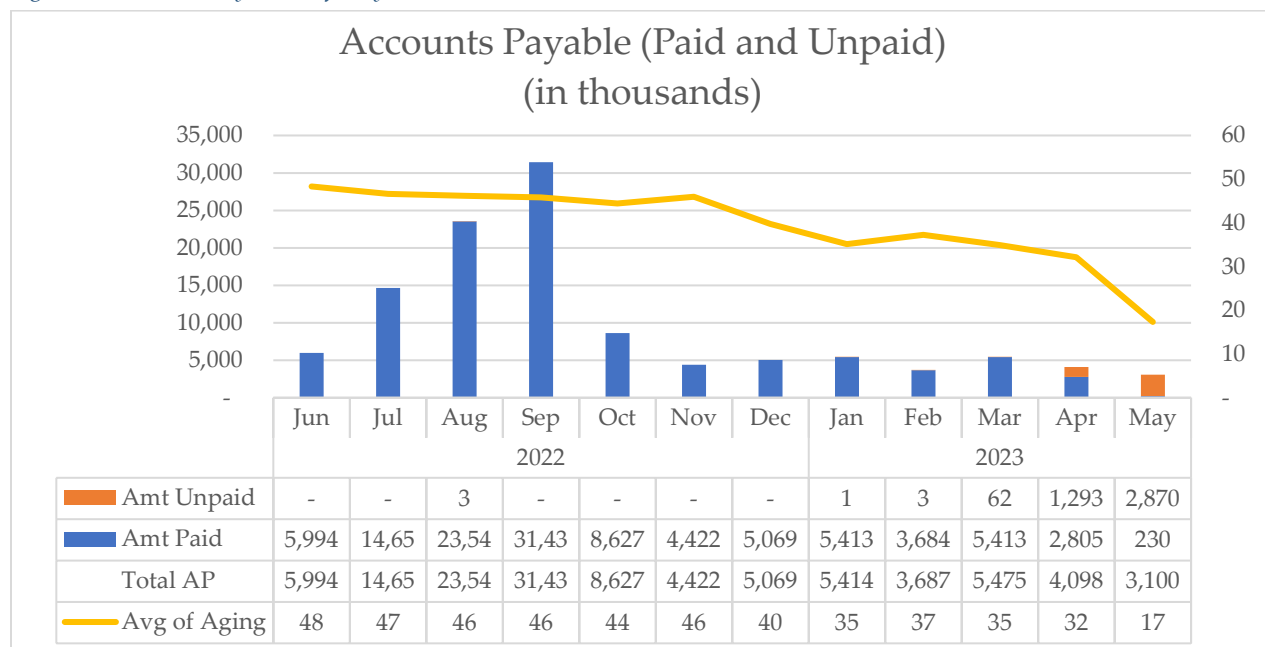
	23-Apr		23-May	23-Jun
	Projection	Actual	Projection	Projection
Total Revenue	\$13,069	\$4,122	\$34,119	\$27,826
Total Expenditures	(\$19,159)	(\$17,274)	(\$20,896)	(\$20,145)
Net Total Exp/Rev	(\$6,090)	(\$13,152)	\$13,223	\$7,681
Beginning Cash Balance	\$70,184	\$70,184	\$53,945	\$67,168
End of Month Cash Balance*	\$64,094	\$53,945	\$67,168	\$74,849
Less: Dedicated Funds	(\$20,859)	(\$20,806)	(\$21,473)	(\$21,783)
End of Month Main Cash Balance	\$43,235	\$33,139	\$45,695	\$53,066
Available GF Appr	\$21,513	\$23,945	\$12,814	\$6,086
Available Resources	\$64,748	\$57,084	\$58,508	\$59,152

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

Accounts Payable

Department-wide expenditure activity for the reporting period continues to reflect early spring trends (Figure 2). While total accounts payable amounts are low, the volume of corresponding activity remains high (e.g., high volume of low dollar value invoices). As the department prepares for the 2023 fire season, an increase in accounts payable balances is anticipated.

Figure 2 - Accounts Payable as of May 25, 2023



Accounts Receivable

Between April and May, there was a net decrease of \$5.7 million in the total accounts receivable balance (Figure 3). This decrease is due in part to the department receiving \$11 million in FEMA fire suppression and preposition reimbursements associated with the 2020 fire season.

Accounts aged over 120 days equate to \$40.7 million, or 68.4%, of the total balances owed to ODF (Figure 4). Of these aged accounts, the majority are due from FEMA (\$25.1 million), federal partners (\$7.3 million), and private parties for cost recovery (\$5.9 million).

Figure 3 – Total Accounts Receivable as of May 24, 2023

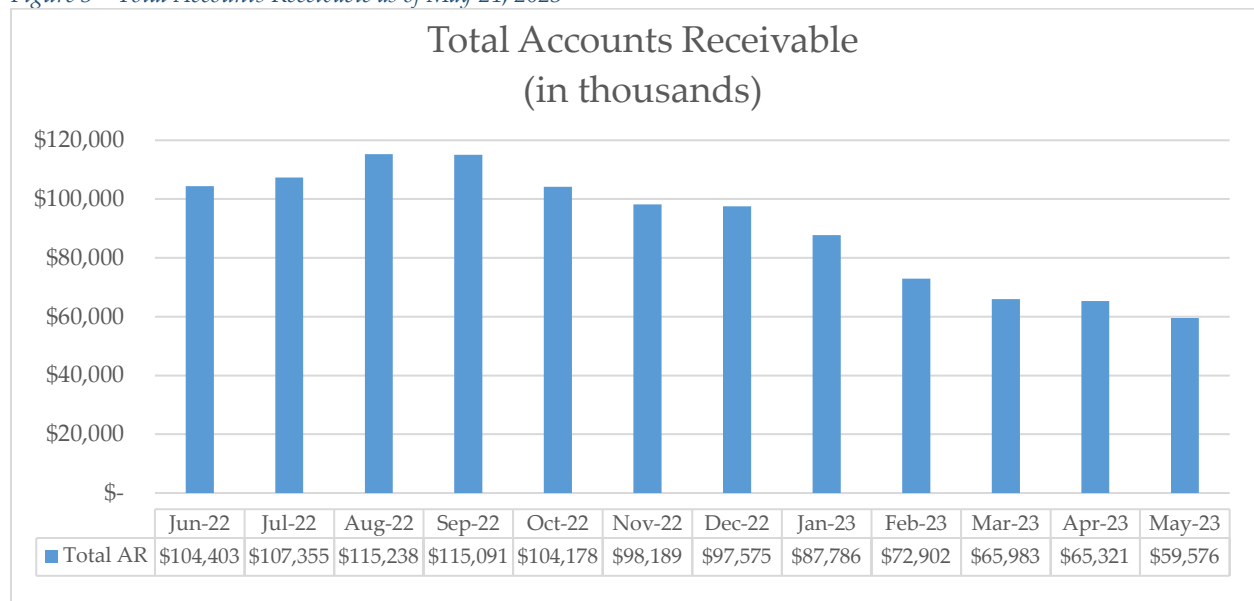
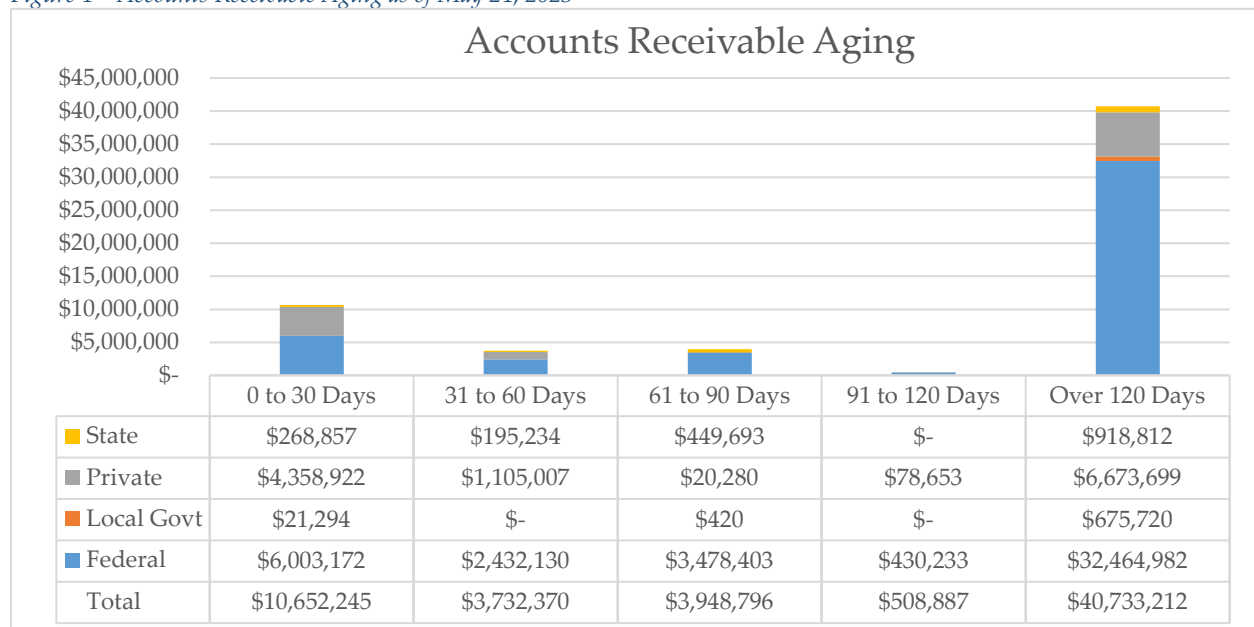


Figure 4 – Accounts Receivable Aging as of May 24, 2023



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 May 19, 2023

Gross Fire Cost Summary							
Fire Season	2017	2018	2019	2020	2021	2022	Total
Fire Costs	61.35	108.09	33.66	138.82	147.42	49.28	538.62
Currently Invoiced	(0.29)	(0.22)	(0.19)	(34.83)	(5.79)	(5.32)	(46.64)
Outstanding to Invoice	(0.00)	(0.49)	(0.47)	(2.26)	(30.68)	(21.87)	(55.77)

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 May 24, 52 grant applications totaling \$29.4 million have been submitted to FEMA, \$25.7 million (40 grants) of which were FEMA-PA grants. All 40 FEMA-PA grant applications have been obligated by FEMA and are pending ODEM audit/review and distribution to ODF.

The 12 grant applications totaling \$3.8 million submitted through the FEMA-FMAG program are in various stages of FEMA review: one (\$477,000) has been obligated, two (\$1.3 million) are pending FEMA final review and nine (\$2 million) are in the initial FEMA review stage.

FEMA grant applications not yet submitted

An additional \$7.1 million in estimated FEMA-PA and FMAG grant applications (21) 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 eight grant applications associated with estimated suppression costs will be submitted to FEMA after all cost-share reconciliations have been completed. This includes five FEMA-PA grants totaling \$698,000 and three FEMA-FMAG grants totaling \$5.4 million.

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. Internally, work has focused on completing deliverables associated with our internal policy organization as 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
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