

## **STAFF REPORT**

Agenda Item No:	A
Work Plan:	Administrative
Topic:	Financial Dashboard
Presentation Title:	Department Financial Report for March, April and May 2024
Date of Presentation:	June 6, 2024
Contact Information:	James Short, Department Chief Financial Officer (503) 302-8478, <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 March 2024
- 2) Department of Forestry Financial Report for April 2024
- 3) Department of Forestry Financial Report for May 2024 (available before meeting)



April 1, 2024

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

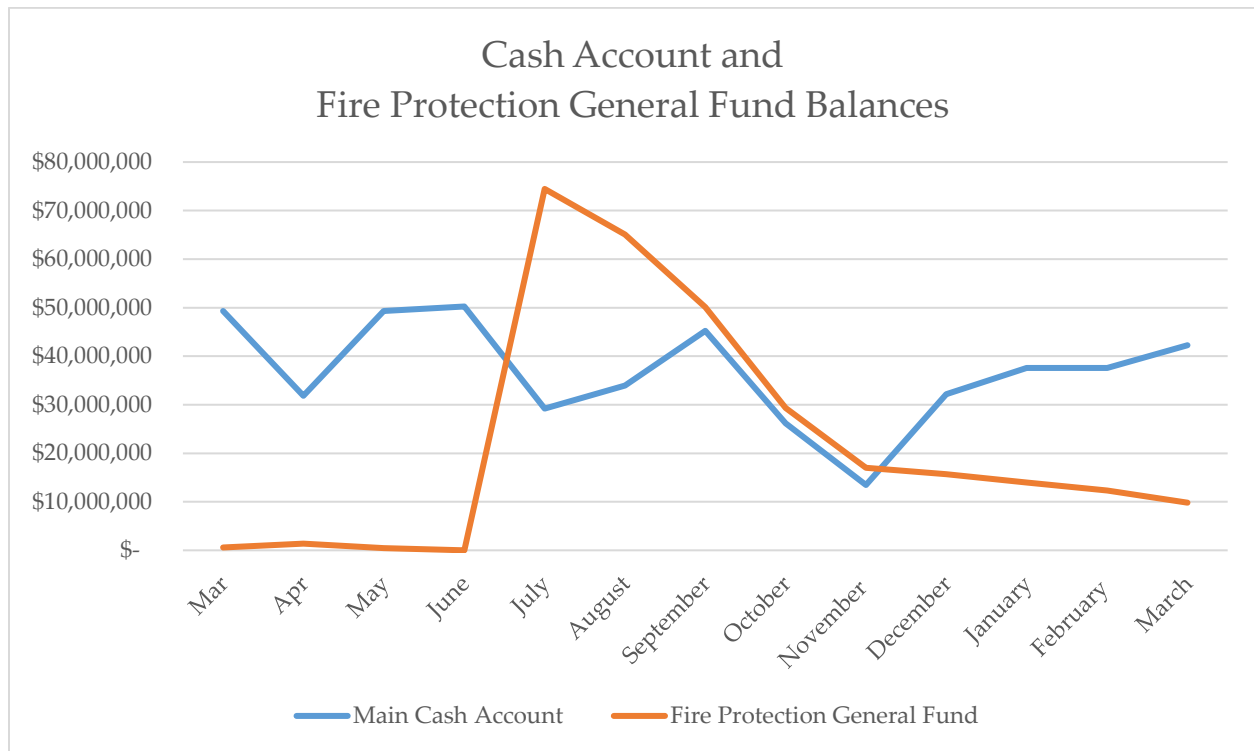
Re: Oregon Department of Forestry (ODF)—Monthly financial condition report

Dear Co-Chairs,

### Cash and General Fund Balances

As of March 22, ODF's principal cash account balance was \$42.3 million, and the 2023-25 Protection Division General Fund appropriation balance was \$9.8 million (Figure 1). Between February and March, there was an increase of 4.7 million to the cash account balance, and the Protection Division General Fund balance had a net reduction of \$2.5 million.

Figure 1 - Cash Account and Fire Protection/Cash Flow General Fund Balances as of March 22, 2024.



## Financial Projections

Net financial activity for February 2024 resulted in a net decrease of \$6 million to the department’s available resources (Table 1).

The quarterly distribution to counties for their respective portion of timber sales revenue occurred in January causing a decrease to the department’s available resources. However, the department received partial payment of the fire season 2021 insurance claim, which helped offset the decrease.

*Table 1 - Financial Projections through March 18, 2024(in thousands)*

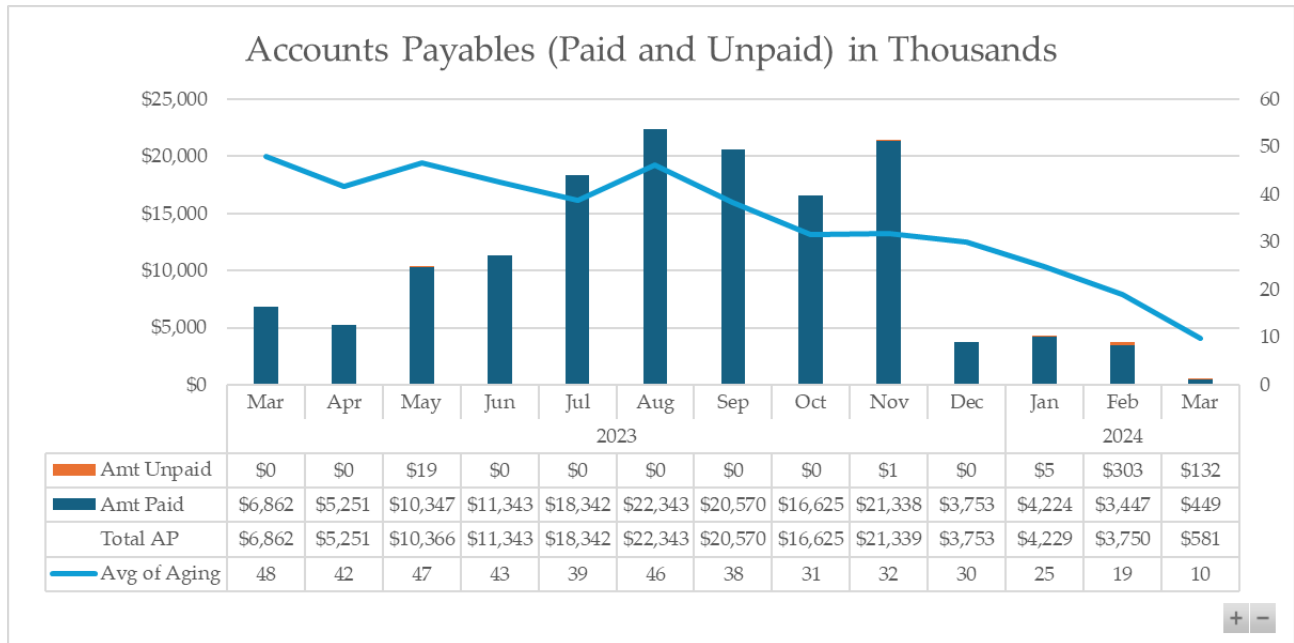
	24-Feb		24-Mar	24-Apr
	Projection	Actual	Projection	Projection
<b>Total Revenue</b>	\$23,940	\$21,093	\$20,357	\$24,496
<b>Total Expenditures</b>	(\$19,531)	(\$23,594)	(\$21,317)	(\$36,277)
<b>Net Total Exp/Rev</b>	\$4,409	(\$2,501)	(\$961)	(\$11,781)
<b>Beginning Cash Balance</b>	\$54,592	\$54,592	\$51,950	\$50,990
<b>End of Month Cash Balance*</b>	\$59,001	\$51,950	\$50,990	\$39,209
Less: Dedicat ed Funds	(\$17,677)	(\$18,218)	(\$17,177)	(\$17,177)
<b>End of Month Main Cash Balance</b>	\$41,324	\$33,733	\$33,813	\$22,032
<b>Available GF Appr</b>	\$72,464	\$74,263	\$67,272	\$60,280
<b>Available Resources</b>	\$113,788	\$107,996	\$101,084	\$82,312

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

### Accounts Payable

Department-wide expenditure activity decreased since the last reporting period (Figure 2), which is consistent with the department’s fire season activity. The fire season was slower this year therefore seeing less invoices for payment and invoices were paid earlier in the year.

Figure 2 - Accounts Payable as of March 18, 2024



### Accounts Receivable

Between February and January, there was a net increase of \$2 million in the total accounts receivable balance (Figure 3).

Accounts older than 120 days equate to \$26.8 million, or 56% of the total balances owed to ODF (Figure 4). Of these accounts, the majority are due from FEMA (\$12 million), federal partners (\$16.8 million), and private parties for cost recovery (\$18.2 million).

Figure 3 - Accounts Payable as of March 18, 2024

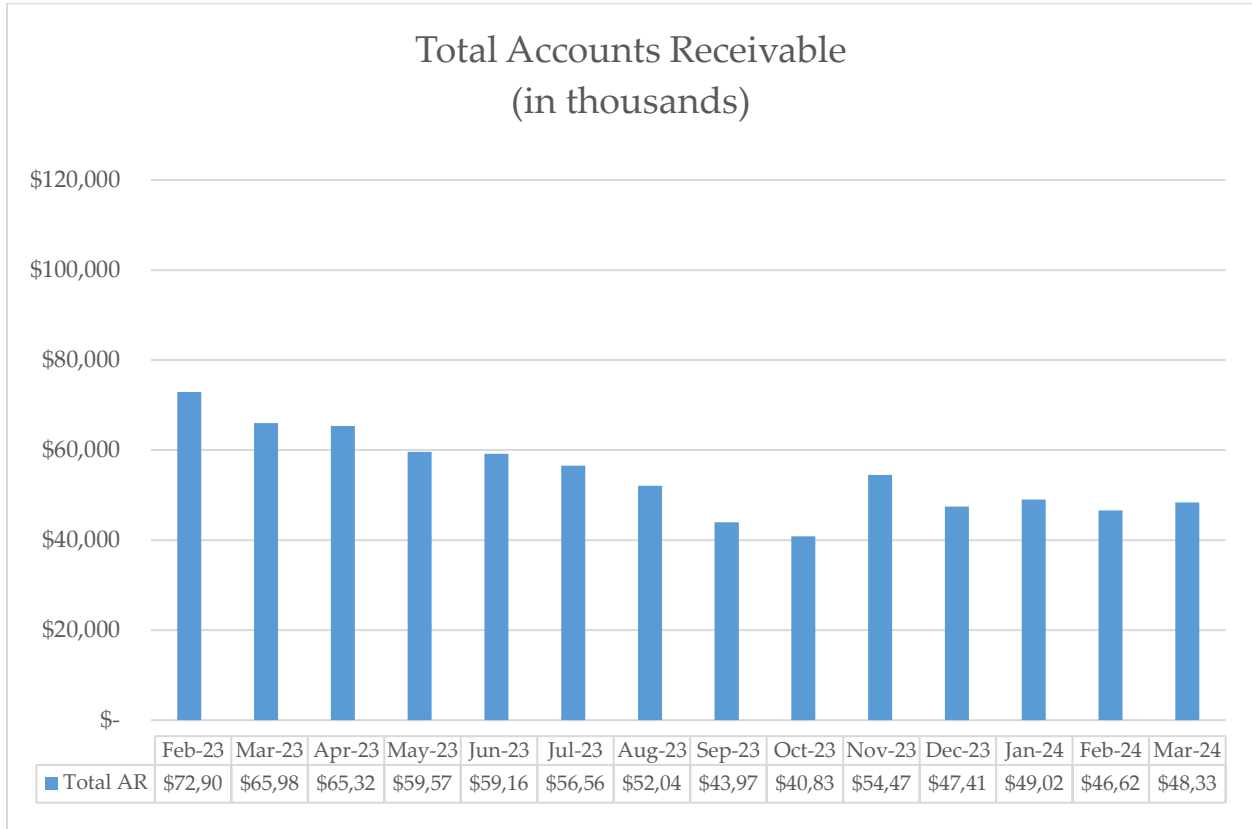
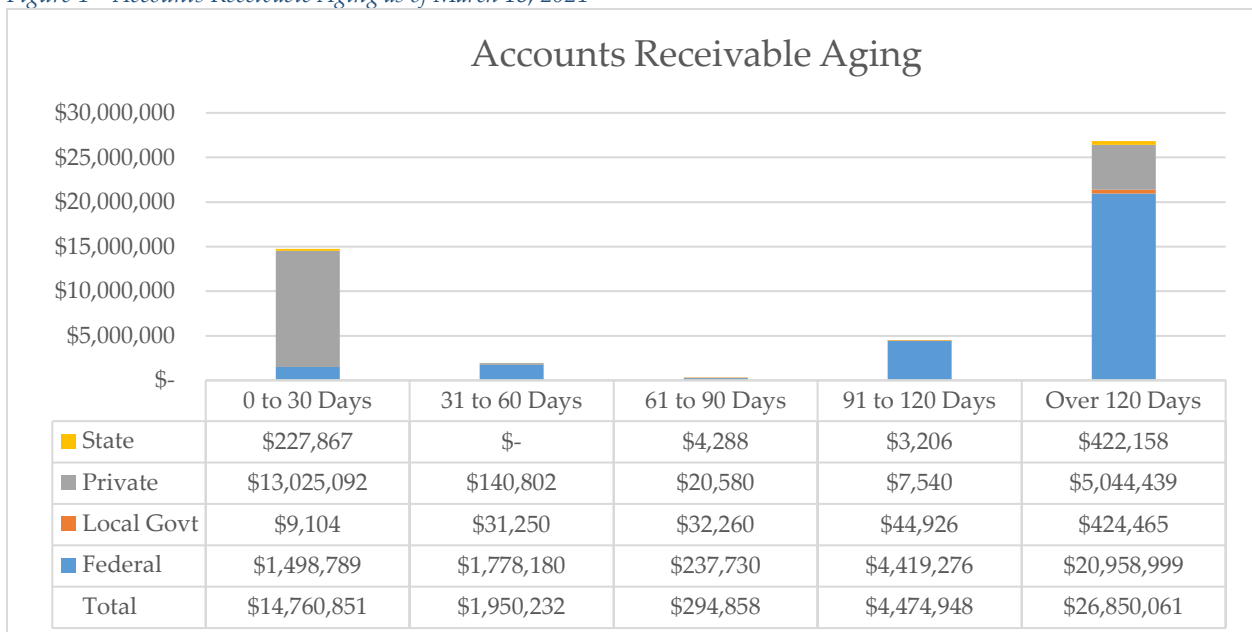


Figure 4 – Accounts Receivable Aging as of March 18, 2024



**Fire Costs**

*Table 2 – Gross Fire Cost Summary (red indicates estimates – in millions) as of March 18, 2024*

<b>Fire Protection Large Fire Cost Summary</b>							
<b>Fire Season</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
<b>Fire Costs</b>	<b>108.12</b>	<b>33.66</b>	<b>139.85</b>	<b>149.18</b>	<b>53.82</b>	<b>91.85</b>	<b>576.48</b>
<b>Currently Invoiced</b>	<b>(0.16)</b>	<b>(0.16)</b>	<b>(11.06)</b>	<b>(5.12)</b>	<b>(4.47)</b>	<b>(0.65)</b>	<b>(21.62)</b>
<b>Outstanding to Invoice</b>	<b>(0.06)</b>	<b>(0.49)</b>	<b>(1.59)</b>	<b>(3.81)</b>	<b>(19.31)</b>	<b>(52.78)</b>	<b>(78.04)</b>

The department recovers some fire costs through two FEMA grant programs; however, not all fire costs are recovered through FEMA. Fire costs may also be collected via the fire funding framework, cost-share agreements, and cooperative agreements, which are all included in the numbers provided in Table 2.

FEMA-Public Assistance (PA) grants are awarded to the 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 March 25, 2024, 19 grant applications totaling \$9.8 million have been submitted to FEMA, of which \$9.8 million are obligated grant applications pending ODEM audit/review and distribution to ODF.

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

An additional \$6.3 million in estimated FEMA-PA and FMAG grant applications (18) have yet to be submitted to FEMA. This includes estimated fire costs for the 2023 fire season. Nine FEMA-FMAG applications associated with administrative costs (\$325,000) cannot be forwarded to FEMA until all ODF and subrecipient grants have been obligated by FEMA.

Nine FEMA grant applications (\$5.9 million) are associated with estimated suppression costs. They will be submitted to FEMA after completing all cost-share and fire payment reconciliations.

Sincerely,



Cal Mukumoto  
 Oregon State Forester

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



May 1, 2024

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

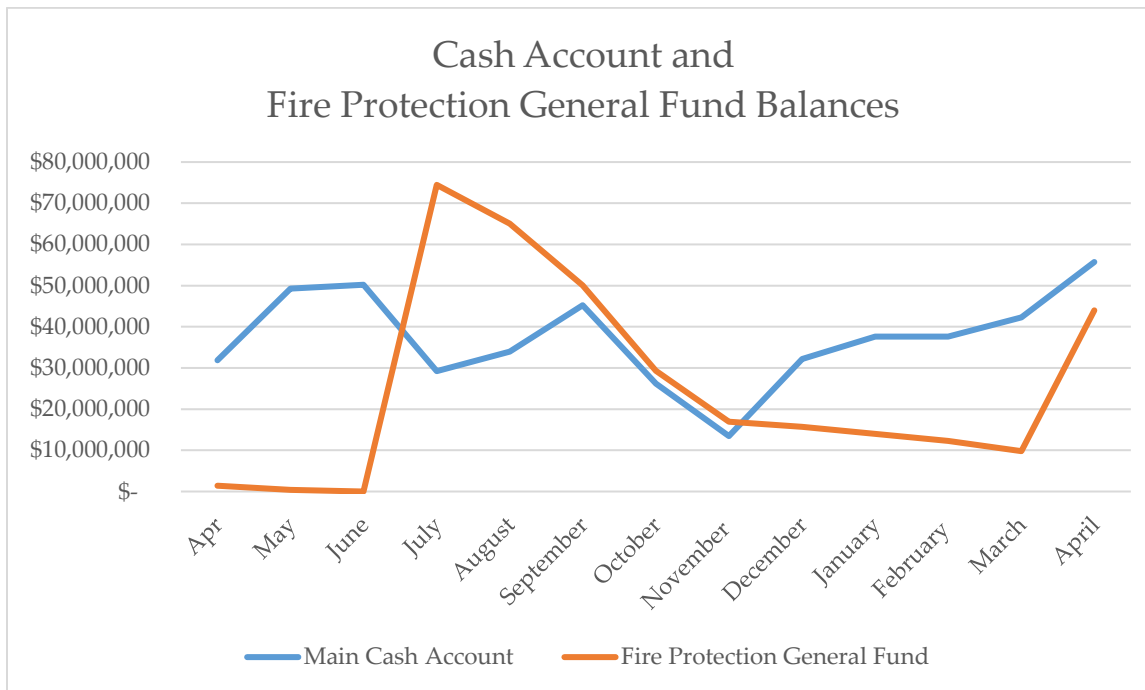
Re: Oregon Department of Forestry (ODF)—Monthly financial condition report

Dear Co-Chairs,

### Cash and General Fund Balances

As of April 24, ODF's principal cash account balance was \$55.73 million, and the 2023-25 Protection Division General Fund appropriation balance was \$43.99 million (Figure 1). Between March and April, there was an increase of 13.45 million to the cash account balance, and the Protection Division General Fund balance had a net increase of \$34.19 million.

Figure 1 - Cash Account and Fire Protection/Cash Flow General Fund Balances as of April 24, 2024.



### Financial Projections

Net financial activity for March 2024 resulted in a net increase of \$7 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, 2024, projected at \$19.5 million.

Table 1 - Financial Projections as of April 22, 2024(in thousands)

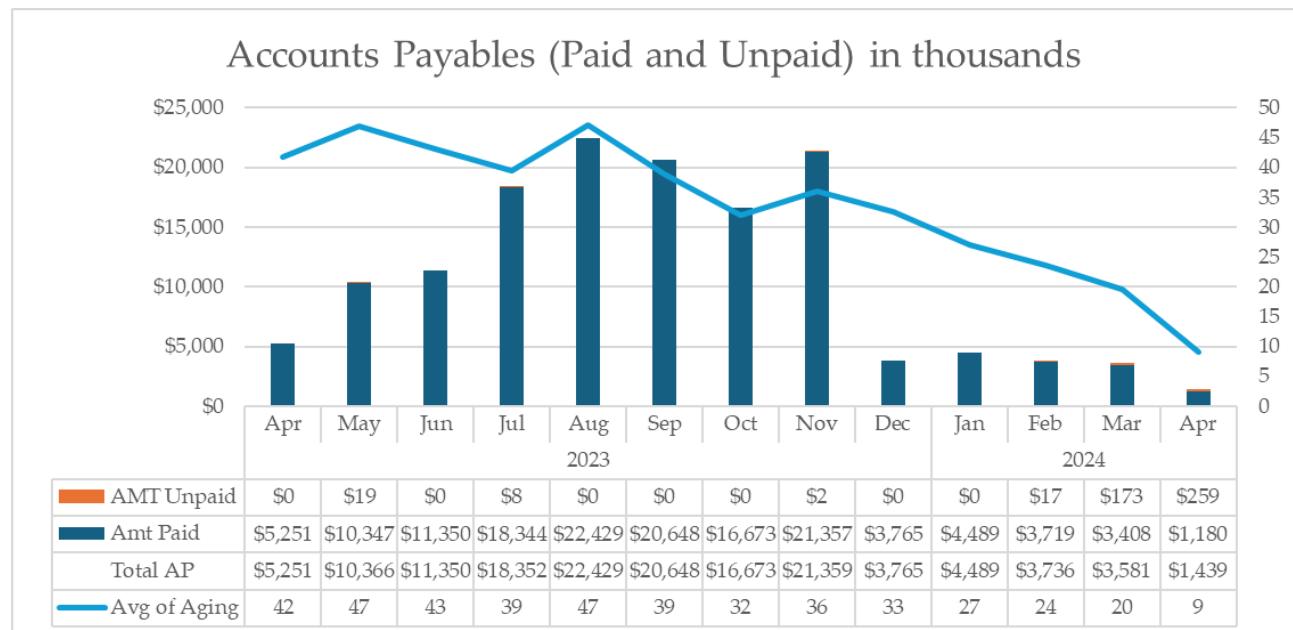
	24-Mar		24-Apr	24-May
	Projection	Actual	Projection	Projection
<b>Total Revenue</b>	\$20,357	\$24,313	\$24,816	\$39,008
<b>Total Expenditures</b>	(\$21,317)	(\$17,218)	(\$40,910)	(\$20,907)
<b>Net Total Exp/Rev</b>	(\$961)	\$7,095	(\$16,094)	\$18,101
<b>Beginning Cash Balance</b>	\$51,950	\$51,950	\$58,577	\$42,483
<b>End of Month Cash Balance*</b>	\$50,990	\$58,577	\$42,483	\$60,584
Less: Dedicat ed Funds	(\$17,177)	(\$17,389)	(\$18,177)	(\$18,177)
<b>End of Month Main Cash Balance</b>	\$33,813	\$41,189	\$24,306	\$42,407
<b>Available GF Appr</b>	\$67,272	\$70,275	\$95,883	\$73,891
<b>Available Resources</b>	\$101,084	\$111,464	\$120,189	\$116,299

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

### Accounts Payable

Department-wide expenditure activity decreased since the last reporting period (Figure 2), which is consistent with the time of year. As the department prepares for the 2024 fire season, an increase in accounts payable balances is anticipated.

Figure 2 - Accounts Payable as of April 22, 2024





### Accounts Receivable

Between March and April, there was a net decrease of \$9.5 million in the total accounts receivable balance (Figure 3).

Accounts older than 120 days equate to \$23.98 million, or 62% of the total balances owed to ODF (Figure 4). Of these accounts, the majority are due from FEMA (\$10 million), other federal partners (\$8.57 million), and private parties for cost recovery (\$4.5 million).

Figure 3 - Accounts Receivable as of April 22, 2024

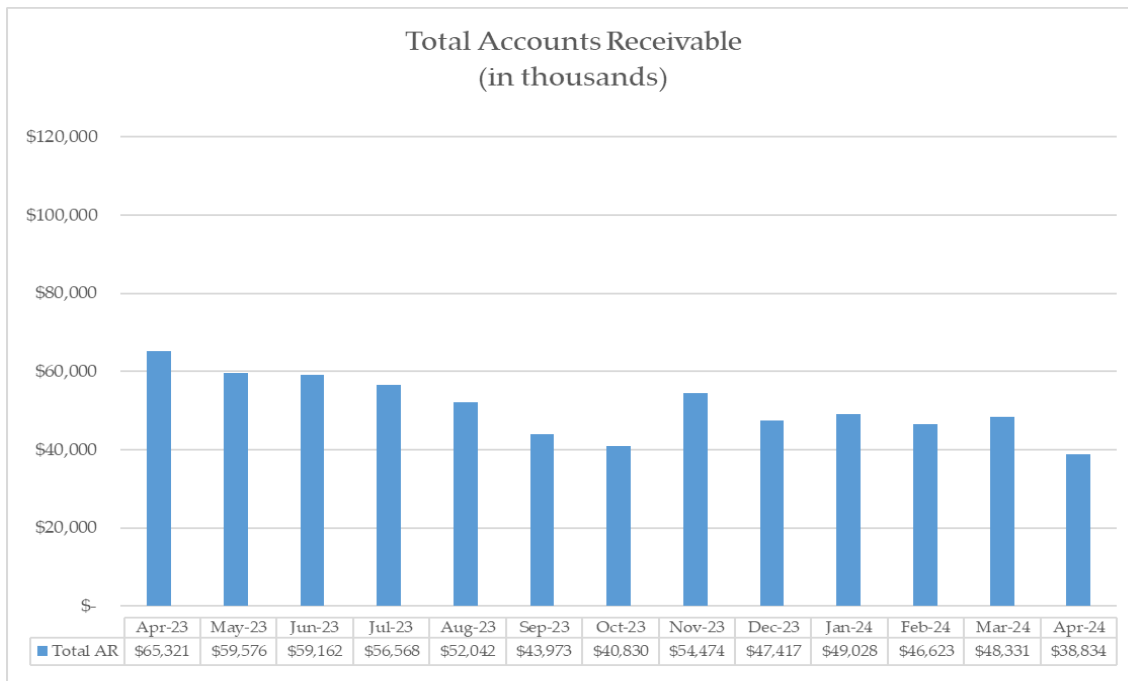


Figure 4 – Accounts Receivable Aging as of April 22, 2024



**Fire Costs**

*Table 2 – Gross Fire Cost Summary (red indicates estimates – in millions) as of April 22, 2024*

<b>Fire Protection Large Fire Cost Summary</b>							
<b>Fire Season</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
<b>Fire Costs</b>	<b>108.12</b>	<b>33.66</b>	<b>139.85</b>	<b>149.18</b>	<b>53.49</b>	<b>92.20</b>	<b>576.50</b>
<b>Currently Invoiced</b>	<b>(0.08)</b>	<b>(0.16)</b>	<b>(10.03)</b>	<b>(3.22)</b>	<b>(4.55)</b>	<b>(1.07)</b>	<b>(19.11)</b>
<b>Outstanding to Invoice</b>	<b>(0.04)</b>	<b>(0.49)</b>	<b>(1.56)</b>	<b>(3.77)</b>	<b>(18.64)</b>	<b>(52.09)</b>	<b>(76.59)</b>

The department recovers some fire costs through two FEMA grant programs; however, not all fire costs are recovered through FEMA. Fire costs may also be collected via the fire funding framework, cost-share agreements, and cooperative agreements, which are all included in the numbers provided in Table 2.

FEMA-Public Assistance (PA) grants are awarded to the 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 April 22, 2024, 23 grant applications totaling \$10.86 million have been submitted to FEMA, of which \$9.8 million are obligated grant applications pending ODEM audit/review and distribution to ODF.

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

An additional \$4.89 million in estimated FEMA-PA and FMAG grant applications (14) have yet to be submitted to FEMA. This includes estimated fire costs for the 2023 fire season. Nine FEMA-FMAG applications associated with administrative costs (\$325,000) cannot be forwarded to FEMA until all ODF and subrecipient grants have been obligated by FEMA.

Five FEMA grant applications (\$4.57 million) are associated with estimated suppression costs. They will be submitted to FEMA after completing all cost-share and fire payment reconciliations.

Sincerely,



Cal Mukumoto  
 Oregon State Forester

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



June 3, 2024

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

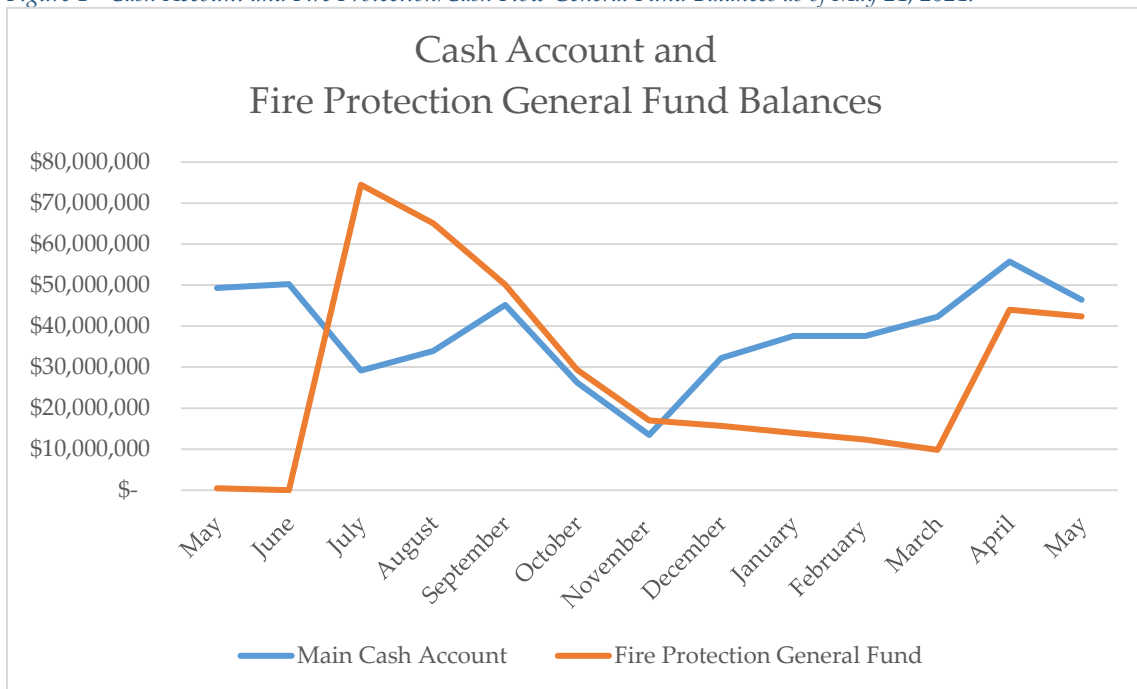
Re: Oregon Department of Forestry (ODF)—Monthly financial condition report

Dear Co-Chairs,

### Cash and General Fund Balances

As of May 24, ODF's principal cash account balance was \$46.45 million, and the 2023-25 Protection Division General Fund appropriation balance was \$42.38 million (Figure 1). Between April and May, there was a decrease of 9.28 million to the cash account balance, and the Protection Division General Fund balance had a net decrease of \$1.60 million.

Figure 1 - Cash Account and Fire Protection/Cash Flow General Fund Balances as of May 24, 2024.



## Financial Projections

Net financial activity for April 2024 resulted in a net decrease of \$4.8 million to the department’s end of month cash balance (Table 1). In April, ODF received additional GF funding related to the 2023 fire season. In May, eligible expenditures will be moved to fire protection GF appropriation causing an increase to the end of month cash balance.

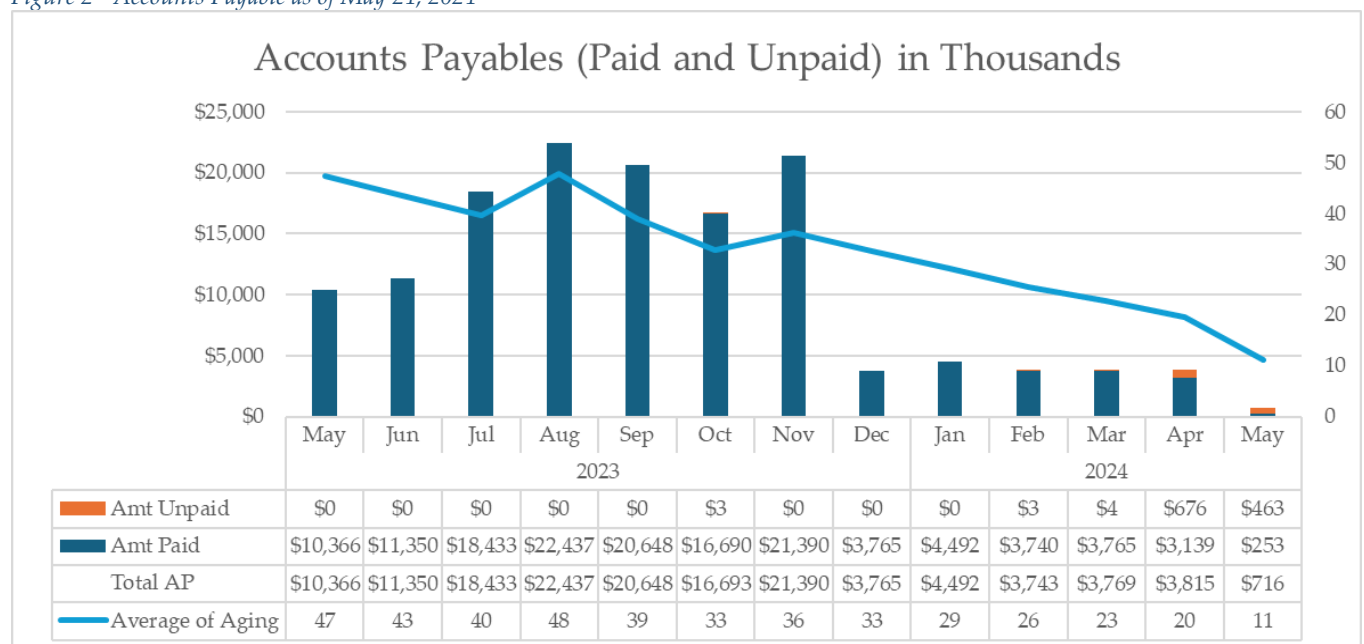
Table 1 - Financial Projections as of May 24, 2024(in thousands)

	24-Apr		24-May	24-Jun
	Projection	Actual	Projection	Projection
<b>Total Revenue</b>	\$24,816	\$31,584	\$39,312	\$28,452
<b>Total Expenditures</b>	(\$40,910)	(\$36,419)	(\$19,224)	(\$17,768)
<b>Net Total Exp/Rev</b>	(\$16,094)	(\$4,835)	\$20,088	\$10,684
<b>Beginning Cash Balance</b>	\$58,577	\$58,577	\$54,992	\$75,079
<b>End of Month Cash Balance*</b>	\$42,483	\$54,992	\$75,079	\$85,763
Less: Dedicat ed Funds	(\$18,177)	(\$18,969)	(\$18,177)	(\$18,177)
<b>End of Month Main Cash Balance</b>	\$24,306	\$36,022	\$56,902	\$67,586
<b>Available GF Appr</b>	\$95,883	\$99,026	\$79,034	\$72,042
<b>Available Resources</b>	\$120,189	\$135,048	\$135,936	\$139,628

## Accounts Payable

Department-wide expenditure activity decreased since the last reporting period (Figure 2), which is consistent with the time of year. As the department prepares for the 2024 fire season, an increase in accounts payable balances is anticipated.

Figure 2 - Accounts Payable as of May 24, 2024



### Accounts Receivable

Between April and May, there was a net increase of \$519,158 in the total accounts receivable balance (Figure 3).

Accounts older than 120 days equate to \$18.65 million, or 47% of the total balances owed to ODF (Figure 4). Of these accounts, the majority are due from FEMA (\$5 million), other federal partners (\$8.2 million), and private parties for cost recovery (\$4.5 million).

Figure 3 - Accounts Receivable as of May 20, 2024

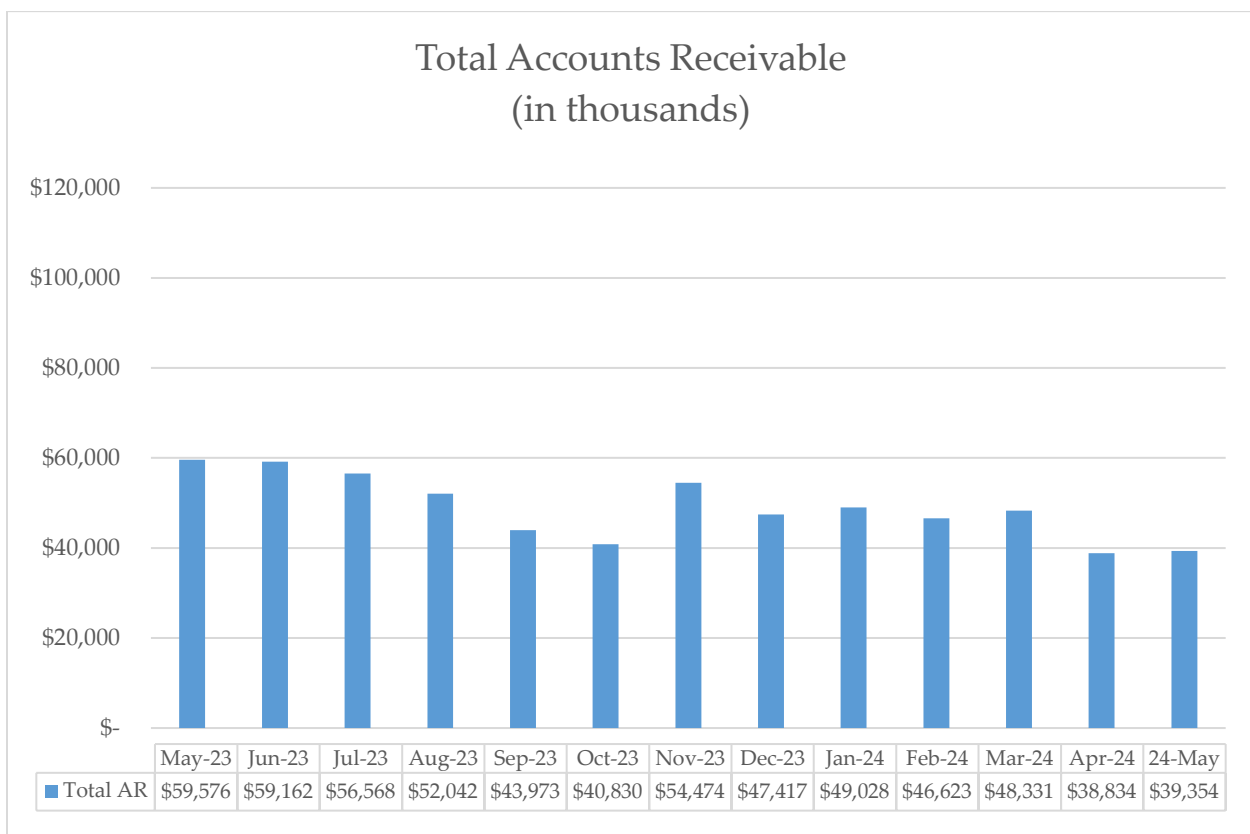
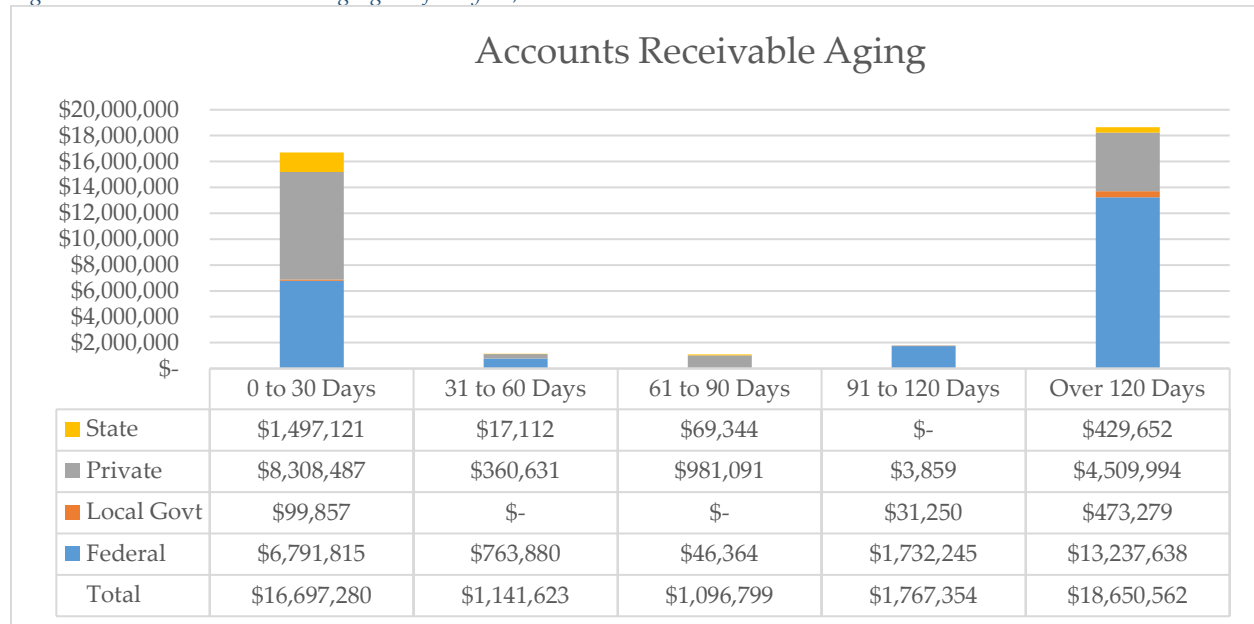


Figure 4 – Accounts Receivable Aging as of May 20, 2024



### Fire Costs

Table 2 – Gross Fire Cost Summary (red indicates estimates – in millions) as of May 24, 2024

Fire Protection Large Fire Cost Summary							
Fire Season	2018	2019	2020	2021	2022	2023	Total
Fire Costs	108.12	33.66	139.85	149.18	53.49	92.2	576.5
Currently Invoiced	(0.08)	(0.15)	(5.25)	(3.22)	(4.97)	(1.74)	(15.41)
Outstanding to Invoice	(0.04)	(0.49)	(1.16)	(3.77)	(18.00)	(50.82)	(74.28)

The department recovers some fire costs through two FEMA grant programs; however, not all fire costs are recovered through FEMA. Fire costs may also be collected via the fire funding framework, cost-share agreements, and cooperative agreements, which are all included in the numbers provided in Table 2.

FEMA-Public Assistance (PA) grants are awarded to the 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 May 24, 2024, 14 grant applications totaling \$5.2 million have been submitted to FEMA, of which \$4.2 million are obligated grant applications pending ODEM audit/review and distribution to ODF.

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

An additional \$4.89 million in estimated FEMA-PA and FMAG grant applications (14) have yet to be submitted to FEMA. This includes estimated fire costs for the 2023 fire season. Nine FEMA-FMAG applications associated with administrative costs (\$325,000) cannot be forwarded to FEMA until all ODF and subrecipient grants have been obligated by FEMA.

Five FEMA grant applications (\$4.57 million) are associated with estimated suppression costs. They will be submitted to FEMA after completing all cost-share and fire payment reconciliations.

**MGO Update**

ODF previously provided updates on the department’s progress implementing the 28 recommendations defined by Macias, Gini, and O’Connell (MGO) in areas of budgeting, financial resources, information technology, oversight, and policies and procedures. MGO recently joined the department in a final presentation to the Board of Forestry at their March 7, 2024 meeting referencing [MGO’s final Implementation Management Plan Review](#) and [ODF’s final Implementation Management Plan](#).

The department is pleased to report implementation occurring across all 28 recommendations with 21 fully implemented, 3 more substantially completed, and 4 remaining in progress for technical advancement. Highlights from MGO’s presentation indicate ODF has improved its accounts receivable and accounts payable practices while reorganizing the department structure to better utilize existing resources in addressing the recommendations. MGO defined the next steps for the department requiring automation of key processes and procedures with advanced levels of organizational maturity requiring investment in technology solutions. The department has greatly valued working with MGO, gleaning from their expertise and insight into our financial accounting practices, and the opportunity to collaborate on constructive improvements to our business processes. This final assessment from MGO served as a concluding presentation and closeout for our joint engagement on these 28 recommendations.

Sincerely,



Cal Mukumoto  
Oregon State Forester

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