



*Oregon Health Authority*

# Safe Drinking Water Revolving Loan Fund Agreed Upon Procedures

*For Fiscal Years Ended June 30, 2023 and  
June 30, 2024*

May 2025

Report 2025-15



Oregon  
Secretary of State



**Steve Bergmann**  
Division Director

## Independent Accountant's Report

To the Director and Management of the Oregon Health Authority:

As required by the U.S. Environmental Protection Agency (EPA), the State of Oregon submits financial statements for the Safe Drinking Water Revolving Loan Fund. Oregon's financial statements include three agencies: Oregon Business Development Department (OBDD), Oregon Health Authority (OHA), and the Department of Environmental Quality (DEQ).

We have performed the procedures enumerated below on OHA's column of the Safe Drinking Water Revolving Loan Fund financial statements for the years ended June 30, 2023 and June 30, 2024. OHA is responsible for the preparation of the financial statements and has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting OHA in demonstrating to EPA that OHA's financial information was reported in accordance with generally accepted accounting principles. No procedures were performed related to OBDD or DEQ financial information. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

### 1. Financial Statements

- a. Obtained the working trial balance (WTB), any adjusting/reclassification journal entries and the financial statements prepared by OHA for the years ended June 30, 2023 and June 30, 2024 for federal expenditures.
- b. Obtained report from the accounting system (SFMA) of balances for June 30, 2023 and June 30, 2024.
- c. Agreed WTB beginning balances to the accounting system report(s).
- d. Traced adjustments to reverse June 30, 2022 adjustments to prior audit support.
- e. Compared current year adjusting/reclassification journal entries to agency support.
- f. Agreed ending WTB amounts to the balances reported in the Balance Sheet and the Statement of Revenues, Expenditures and Changes Fund Balance financial statements.

We found no exceptions as a result of the procedures performed.

### 2. Federal Revenue

- a. Obtained from OHA a cash draw report from federal system ASAP of all draws during fiscal years 2023 and 2024. Agreed cash draws recorded in accounting system to ASAP report by grant award and set-aside.

- b. Calculated expected federal accounts receivable balance based on negative cash, expected accounts payable and due to other funds (see below) and compared the calculation to final balance reported by OHA in the financial statement and ensured no difference greater than \$25,000.

We found no exceptions as a result of the procedures performed.

### 3. Expenditures

- a. For employees, whose payroll and benefits were charged to the program, obtained support that the employee worked for OHA's Safe Drinking Water program.
- b. Selected 25 non-payroll expenditure disbursements and verified the disbursement agreed to the contract or invoice supporting the amount and payee is supported, for an allowable activity/cost and coded to a proper set-aside.
- c. For related payable accounts, queried SFMA data to identify transactions paid in July, August, or September for services/good provided prior to June 30, 2024 and compared the calculation to final balances reported by OHA in the financial statements and ensured no differences greater than \$25,000.

For one contract, \$46,913 of expenditures were recorded to the incorrect set-aside. The transactions were recorded to State Program Management when they should have been recorded to Administration. These expenditures were associated with FAIN award number 98009022. The agency plans to adjust the accounting records.

### 4. Transfers

- a. Selected 25 transactions and verified the transfer was supported by request from transfer agency, correct amount transferred and coded to a proper set-aside.
- b. For related due to other funds, queried SFMA data to identify transactions paid in July, August, or September for services/good provided prior to June 30, 2024 and compared calculation to final balance reported by OHA in the financial statements and ensured no difference greater than \$25,000.

We found no exceptions as a result of the procedures performed.

### 5. Cash

- a. Obtained grant awards and amendments for open grants. Compared cash draws report from ASAP to SFMA cash revenues and cash expenditures by grant award and by set-aside to verify no cash expenditures exceed grant award and negative cash was due to expenditures incurred at year-end but not drawn.

For the 2021 grant award, the cash expenditures exceeded the grant award by a total of \$125,993 at June 30, 2024 for four set-asides. The agency corrected the overages when closing out the grant in January 2025.

We were engaged by OHA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on

the Safe Drinking Water financial statements for the year ended June 30, 2024, and June 30, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to OHA.

We are required to be independent of OHA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of OHA and EPA, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Office of the Secretary of State, Audits Division*

State of Oregon Secretary of State

May 5, 2025

State of Oregon  
OBDD, OHA, DEQ  
Safe Drinking Water Revolving Loan Fund  
Statement of Net Position  
June 30, 2024

	OBDD	OHA <sup>1</sup>	DEQ	TOTAL
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash	\$111,907,871	\$ (668,432)	\$ (265,704)	\$110,973,735
Interest Receivable	22,280	-	-	22,280
Loans Receivable – Net	23,330,723	-	-	23,330,723
Securities Lending Collateral	175,550	-	-	175,550
Accounts Receivable - Federal	-	9,399,831	-	9,399,831
Due From Other Funds	9,689,799	-	269,956	9,959,755
<b>Total Current Assets</b>	<b>145,126,223</b>	<b>8,731,399</b>	<b>4,252</b>	<b>153,861,874</b>
<b>Noncurrent Assets:</b>				
Net OPEB Asset	3,355	-	-	3,355
Loans Receivable - Net	206,671,349	-	-	206,671,349
<b>Total Noncurrent Assets</b>	<b>206,674,704</b>	<b>-</b>	<b>-</b>	<b>206,674,704</b>
<b>Total Assets</b>	<b>351,800,927</b>	<b>8,731,399</b>	<b>4,252</b>	<b>360,536,578</b>
<b>Deferred Outflows of Resources:</b>				
Related to Pensions	79,557	-	-	79,557
Related to OPEB	120	-	-	120
<b>Total Deferred Outflows of Resources</b>	<b>79,677</b>	<b>-</b>	<b>-</b>	<b>79,677</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	246,753	277,483	4,252	528,487
Obligations Under Securities Lending	175,550	-	-	175,550
Due to Other Governments	46	-	-	46
Due to Other Funds	108,663	8,453,916	-	8,562,580
Compensated Absences Payable	5,207	-	-	5,207
Contracts, Mortgages, and Notes Payable	4,529	-	-	4,529
<b>Total Current Liabilities</b>	<b>540,748</b>	<b>8,731,399</b>	<b>4,252</b>	<b>9,276,399</b>
<b>Noncurrent Liabilities:</b>				
Compensated Absences Payable	2,804	-	-	2,804
Total OPEB Liability	1,426	-	-	1,426
Contracts, Mortgages, and Notes Payable	12,761	-	-	12,761
Net Pension Liability	181,143	-	-	181,143
<b>Total Noncurrent Liabilities</b>	<b>198,133</b>	<b>-</b>	<b>-</b>	<b>198,133</b>
<b>Total Liabilities</b>	<b>738,881</b>	<b>8,731,399</b>	<b>4,252</b>	<b>9,474,532</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pensions	14,323	-	-	14,323
Related to OPEB	1,433	-	-	1,433
<b>Total Deferred Inflows of Resources</b>	<b>15,756</b>	<b>-</b>	<b>-</b>	<b>15,756</b>
<b>Net Position</b>				
Restricted Net Position for OPEB	3,355	-	-	3,355
Unrestricted Net Position	351,122,613	-	-	351,122,613
<b>Total Net Position</b>	<b>\$351,125,968</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$351,125,968</b>

<sup>1</sup> Agreed upon procedures performed only on OHA column.

**State of Oregon**  
**OBDD, OHA, DEQ**  
**Safe Drinking Water Revolving Loan Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**June 30, 2024**

	OBDD	OHA <sup>1</sup>	DEQ	TOTAL
<b>Operating Revenues</b>				
Grant Income	\$ -	\$19,257,530	\$ -	\$19,257,530
Interest Income	853,009	-	-	853,009
Charges for Services	5,120	-	-	5,120
<b>Total Operating Revenues</b>	<b>858,129</b>	<b>19,257,530</b>	<b>-</b>	<b>20,115,659</b>
<b>Operating Expenses</b>				
Personal Services	307,881	-	-	307,881
Services and Supplies	31,678	-	-	31,678
Special Payments	4,604,477	-	-	4,604,477
Distributions to Other Governments	319,106	-	-	319,106
Administrative Expenses	-	319,219	-	319,219
Technical Assistance	-	287,557	-	287,557
State Program Management	-	822,405	-	822,405
Local Assistance/Other State Programs:				
Implementation of Protection	-	510,626	-	510,626
Implementation of Protection--DEQ	-	-	633,454	633,454
Water System Capacity Program	-	861,710	-	861,710
<b>Total Operating Expenses</b>	<b>5,263,143</b>	<b>2,801,517</b>	<b>633,454</b>	<b>8,698,114</b>
<b>Operating Income (Loss)</b>	<b>(4,405,014)</b>	<b>16,456,013</b>	<b>(633,454)</b>	<b>11,417,545</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Income (Loss)	5,509,403	-	-	5,509,403
Other Interest Expense	(11,079)	-	-	(11,079)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>5,498,324</b>	<b>-</b>	<b>-</b>	<b>5,498,324</b>
Income (Loss) Before Transfers	1,093,310	16,456,013	(633,454)	16,915,868
Transfers From Other Funds (State Match)	3,843,649	-	-	3,843,649
Transfers in from OHA	15,822,559	-	633,454	16,456,013
Transfers Out – To DEQ	-	(633,454)	-	(633,454)
Transfers Out – To OBDD	-	(15,822,559)	-	(15,822,559)
Transfers Out – Other Fund	(300)	-	-	(300)
<b>Change in Net Position</b>	<b>20,759,217</b>	<b>-</b>	<b>-</b>	<b>20,759,217</b>
Net Position – Beginning	330,366,751	-	-	330,366,751
<b>Net Position – Ending</b>	<b>\$351,125,968</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$351,125,968</b>

<sup>1</sup> Agreed upon procedures performed only on OHA column.

State of Oregon  
OBDD, OHA, DEQ  
Safe Drinking Water Revolving Loan Fund  
Statement of Net Position  
June 30, 2023

	OBDD	OHA <sup>1</sup>	DEQ	TOTAL
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash	\$112,826,843	\$(953,469)	\$(399,165)	\$111,474,209
Interest Receivable	3,029,668	-	63	3,029,731
Loans Receivable – Net	18,427,547	-	-	18,427,547
Securities Lending Collateral	46,647	-	-	46,647
Accounts Receivable - Federal	-	1,210,091	-	1,210,091
Due From Other Funds	580,368	775,574	408,570	1,764,511
<b>Total Current Assets</b>	<b>134,911,073</b>	<b>1,032,195</b>	<b>9,468</b>	<b>135,952,736</b>
<b>Noncurrent Assets:</b>				
Net OPEB Asset	6,738	-	-	6,738
Loans Receivable - Net	195,678,560	-	-	195,678,560
<b>Total Noncurrent Assets</b>	<b>195,685,299</b>	<b>-</b>	<b>-</b>	<b>195,685,299</b>
<b>Total Assets</b>	<b>330,596,372</b>	<b>1,032,195</b>	<b>9,468</b>	<b>331,638,034</b>
<b>Deferred Outflows of Resources:</b>				
Related to Pensions	70,683	-	-	70,683
Related to OPEB	855	-	-	855
<b>Total Deferred Outflows of Resources</b>	<b>71,539</b>	<b>-</b>	<b>-</b>	<b>71,539</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	14,165	8,677	2,864	25,706
Obligations Under Securities Lending	46,647	-	-	46,647
Due to Other Funds	-	1,023,518	6,604	1,030,122
Contracts, Mortgages, and Notes Payable	4,410	-	-	4,410
<b>Total Current Liabilities</b>	<b>65,222</b>	<b>1,032,195</b>	<b>9,468</b>	<b>1,106,884</b>
<b>Noncurrent Liabilities:</b>				
Total OPEB Liability	4,788	-	-	4,788
Contracts, Mortgages, and Notes Payable	18,017	-	-	18,017
Net Pension Liability	160,196	-	-	160,196
<b>Total Noncurrent Liabilities</b>	<b>183,001</b>	<b>-</b>	<b>-</b>	<b>183,001</b>
<b>Total Liabilities</b>	<b>248,223</b>	<b>1,032,195</b>	<b>9,468</b>	<b>1,289,885</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pensions	47,995	-	-	47,995
Related to OPEB	4,941	-	-	4,941
<b>Total Deferred Inflows of Resources</b>	<b>52,936</b>	<b>-</b>	<b>-</b>	<b>52,936</b>
<b>Net Position</b>				
Restricted Net Position for OPEB	6,738	-	-	6,738
Unrestricted Net Position	330,360,013	-	-	330,360,013
<b>Total Net Position</b>	<b>\$330,366,751</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$330,366,751</b>

<sup>1</sup> Agreed upon procedures performed only on OHA column.

State of Oregon  
OBDD, OHA, DEQ  
Safe Drinking Water Revolving Loan Fund  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
June 30, 2023

	OBDD	OHA <sup>1</sup>	DEQ	TOTAL
<b>Operating Revenues</b>				
Grant Income	\$ -	\$4,955,316	\$ -	\$4,955,316
Interest Income	3,308,850	-	-	3,308,850
Charges for Services	79,796	-	-	79,796
Other Income	2,809	-	-	2,809
<b>Total Operating Revenues</b>	<b>3,391,455</b>	<b>4,955,316</b>	<b>-</b>	<b>8,346,770</b>
<b>Operating Expenses</b>				
Personal Services	173,652	-	-	173,652
Services and Supplies	15,683	-	-	15,683
Special Payments	4,265,980	-	-	4,265,980
Distributions to Other Governments	216,725	-	-	216,725
Administrative Expenses	-	154,652	-	154,652
Technical Assistance	-	170,986	-	170,986
State Program Management	-	911,077	-	911,077
Local Assistance/Other State Programs:				
Implementation of Protection	-	547,743	-	547,743
Implementation of Protection--DEQ	-	-	1,288,019	1,288,019
Water System Capacity Program	-	566,090	-	566,090
<b>Total Operating Expenses</b>	<b>4,672,040</b>	<b>2,350,548</b>	<b>1,288,019</b>	<b>8,310,608</b>
<b>Operating Income (Loss)</b>	<b>(1,280,586)</b>	<b>2,604,768</b>	<b>(1,288,019)</b>	<b>36,163</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Income (Loss)	3,549,276	-	-	3,549,276
Other Interest Expense	(11,043)	-	-	(11,043)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>3,538,233</b>	<b>-</b>	<b>-</b>	<b>3,538,233</b>
<b>Income (Loss) Before Transfers</b>	<b>2,257,648</b>	<b>2,604,768</b>	<b>(1,288,019)</b>	<b>3,574,396</b>
Transfers From Other Funds (State Match)	1,889,359	-	-	1,889,359
Transfers In from OHA	1,316,749	-	1,288,019	2,604,768
Transfers Out – To DEQ	-	(1,288,019)	-	(1,288,019)
Transfers Out – To OBDD	-	(1,316,749)	-	(1,316,749)
Transfers Out – Other Fund	(54,611)	-	-	(54,611)
<b>Change in Net Position</b>	<b>5,409,145</b>	<b>-</b>	<b>-</b>	<b>5,409,145</b>
Net Position – Beginning	324,856,506	-	-	324,856,506
Prior Period Adjustments	101,100	-	-	101,100
Net Position – Beginning – As Restated	324,957,606	-	-	324,957,606
<b>Net Position – Ending</b>	<b>\$330,366,751</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$330,366,751</b>

<sup>1</sup> Agreed upon procedures performed only on OHA column.

# About the Engagement

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We sincerely appreciate the courtesies and cooperation extended by officials and employees of OHA during the course of this audit.

## **Audit team**

Kelly Olson, CPA, Audit Manager  
Synthea Russell, CPA, Lead Auditor  
Rose Bravo, CPA, Staff Auditor

## **ABOUT THE SECRETARY OF STATE AUDITS DIVISION**

The Oregon Constitution provides that the Secretary of State shall be, by virtue of the office, Auditor of Public Accounts. The Audits Division performs this duty. The division reports to the Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The Secretary of State has constitutional authority to audit all state officers, agencies, boards and commissions as well as administer municipal audit law.



Secretary of State **Tobias Read**  
Audits Director **Steve Bergmann**

This report is intended to promote the best possible management of public resources.

Copies may be obtained from:

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