

The background of the cover features a photograph of the Oregon State Capitol building in Salem, Oregon. The building is a large, light-colored stone structure with a prominent central dome topped by a golden statue. In the foreground, there is a modern, multi-tiered fountain with water cascading over dark, angular stone blocks. The scene is set against a clear blue sky with some light clouds. The entire image is framed by a dark teal border.

Oregon Health Authority Safe Drinking Water Revolving Loan Fund Agreed Upon Procedures

For Fiscal Years Ended June 30, 2021 and
June 30, 2022

July 2023
2023-20



Secretary of State
LaVonne Griffin-Valade



Audits Director
Kip Memmott

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 the OHA's column of the Safe Drinking Water Revolving Loan Fund financial statements for the years ended June 30, 2021 and June 30, 2022. The OHA is responsible for 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, 2021 and June 30, 2022 for federal expenditures.
 - b. Obtained report from the accounting system (SFMA) of balances for June 30, 2021 and June 30, 2022.
 - c. Agreed WTB beginning balances to the accounting system report(s).
 - d. Traced adjustments to reverse June 30, 2020 adjustments to prior audit support.
 - e. Compared current year adjusting/reclassification journal entries to agency support.
 - f. Agreed ending WTB amount 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 2021 and 2022. Agreed cash draws recorded in accounting system to ASAP report by grant award and set-aside.
 - b. Auditor calculated expected federal accounts receivable balance based on negative cash, expected accounts payable and due to other funds (see below). Auditor compared auditor 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 the 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, auditor queried SFMA data to identify transactions paid in July, August, or September for services/good provided prior to June 30, 2022. Auditor compared auditor calculation to final balances reported by OHA in the financial statements and ensured no differences greater than \$25,000.

The auditor calculation for accounts payable did not agree to the balance reported by OHA in the financial statements by \$81,443. OHA incorrectly adjusted accounts payable instead of due from other funds causing an overstatement in both accounts. The agency revised the financial statements to correct this error. We found no other exceptions as a result of the procedures performed.

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, auditor queried SFMA data to identify transactions paid in July, August, or September for services/good provided prior to June 30, 2022. Auditor compared auditor 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.

We found 4 grant awards by set-aside where the cash expenditures exceeded the grant award by a total of \$207,587 at June 30, 2022. The agency was aware of this and will be adjusting the accounting records.

We were engaged by the 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, 2022, and June 30, 2021. 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 the OHA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Office of the Secretary of State, Audits Division

State of Oregon Secretary of State
July 18, 2022

State of Oregon
OBDD, OHA, DEQ
Safe Drinking Water Revolving Loan Fund
Statement of Net Position
June 30, 2022

	OBDD	OHA ¹	DEQ	TOTAL
ASSETS				
Current Assets:				
Cash	\$127,747,328	\$ (388,824)	\$ (339,835)	\$127,018,669
Interest Receivable	2,609,084	-	-	2,609,084
Loans Receivable - Net	15,858,874	-	-	15,858,874
Securities Lending Collateral	742,459	-	-	742,459
Accounts Receivable - Federal	-	542,451	-	542,451
Due From Other Funds	101,687	-	384,938	486,625
Total Current Assets	147,059,432	153,627	45,104	147,258,162
Noncurrent Assets:				
Net OPEB Asset	11,503	-	-	11,503
Loans Receivable - Net	178,920,334	-	-	178,920,334
Total Noncurrent Assets	178,931,837	-	-	178,931,837
Total Assets	325,991,269	153,627	45,104	326,189,999
Deferred Outflows of Resources:				
Related to Pensions	99,168	-	-	99,168
Related to OPEB	1,260	-	-	1,260
Total Deferred Outflows of Resources	100,428	-	-	100,428
LIABILITIES				
Current Liabilities:				
Accounts Payable	1,798	51,940	45,074	98,811
Obligations Under Securities Lending	742,459	-	-	742,459
Due to Other Funds	-	101,687	30	101,717
Compensated Absences Payable	11,360	-	-	11,360
Contracts, Mortgages, and Notes Payable	4,441	-	-	4,441
Total Current Liabilities	760,057	153,627	45,104	958,788
Noncurrent Liabilities:				
Compensated Absences Payable	16,875	-	-	16,875
Total OPEB Liability	4,710	-	-	4,710
Contracts, Mortgages, and Notes Payable	24,173	-	-	24,173
Net Pension Liability	179,830	-	-	179,830
Total Noncurrent Liabilities	225,588	-	-	225,588
Total Liabilities	985,646	153,627	45,104	1,184,376
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	140,399	-	-	140,399
Related to OPEB	8,045	-	-	8,045
Total Deferred Inflows of Resources	148,444	-	-	148,444
Net Position				
Restricted Net Position for OPEB	11,503	-	-	11,503
Unrestricted Net Position	324,946,103	-	-	324,946,103
Total Net Position	\$324,957,606	\$ -	\$ -	\$324,957,606

¹ 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
For the Fiscal Year Ended June 30, 2022

	OBDD	OHA ¹	DEQ	TOTAL
Operating Revenues				
Grant Income	\$ -	\$ 13,447,712	\$ -	\$ 13,447,712
Interest Income	3,090,507	-	-	3,090,507
Total Operating Revenues	3,090,507	13,447,712	-	16,538,219
Operating Expenses				
Personal Services	248,572	-	-	248,572
Services and Supplies	10,132	-	-	10,132
Special Payments	3,865,011	-	-	3,865,011
Administrative Expenses	-	193,948	-	193,948
Technical Assistance	-	284,721	-	284,721
State Program Management	-	2,403,260	-	2,403,260
Local Assistance/Other State Programs:				
Implementation of Protection	-	428,708	-	428,708
Implementation of Protection--DEQ	-	-	421,066	421,066
Water System Capacity Program	-	514,026	-	514,026
Total Operating Expenses	4,123,894	3,824,663	421,066	8,369,623
Operating Income (Loss)	(1,033,387)	9,623,049	(421,066)	8,168,595
Nonoperating Revenues (Expenses)				
Investment Income (Loss)	733,868	-	-	733,868
Other Interest Expense	(1,667)	-	-	(1,667)
Other Nonoperating Items	(1,410)	-	-	(1,410)
Total Nonoperating Revenues (Expenses)	730,790	-	-	730,790
Income (Loss) Before Transfers	(302,597)	9,623,049	(421,066)	8,899,385
Transfers From Other Funds (State Match)	2,894,800	-	-	2,894,800
Transfers Out - To DEQ	-	(421,066)	-	(421,066)
Transfers Out - To OBDD	-	(9,201,982)	-	(9,201,982)
Transfers Out - Other Fund	(9,086)	-	-	(9,086)
Transfers In - From Public Health	9,201,982	-	421,066	9,623,049
Change in Net Position	11,785,099	-	-	11,785,099
Net Position - Beginning	312,775,375	-	-	312,775,375
Prior Period Adjustments	397,132	-	-	397,132
Net Position - Beginning - As Restated	313,172,507	-	-	313,172,507
Net Position - Ending	\$ 324,957,606	\$ -	\$ -	\$ 324,957,606

¹ 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, 2021

	OBDD	OHA ¹	DEQ	TOTAL
ASSETS				
Current Assets:				
Cash	\$128,930,620	\$ (707,430)	\$ (195,452)	\$128,027,738
Interest Receivable	1,972,086	-	-	1,972,086
Loans Receivable - Net	14,744,190	-	-	14,744,190
Securities Lending Collateral	394,316	-	-	394,316
Accounts Receivable - Federal	958,718	1,025,396	-	1,984,114
Due From Other Funds	(397,132)	-	248,593	(148,539)
Total Current Assets	146,602,798	317,966	53,141	146,973,905
Noncurrent Assets:				
Net OPEB Asset	1,501	-	-	1,501
Loans Receivable - Net	166,928,006	-	-	166,928,006
Total Noncurrent Assets	166,929,507	-	-	166,929,507
Total Assets	313,532,305	317,966	53,141	313,903,412
Deferred Outflows of Resources:				
Related to Pensions	106,157	-	-	106,157
Related to OPEB	1,836	-	-	1,836
Total Deferred Outflows of Resources	107,993	-	-	107,993
LIABILITIES				
Current Liabilities:				
Accounts Payable	63,138	123,353	366	186,857
Obligations Under Securities Lending	394,316	-	-	394,316
Payroll Payable	-	(12,438)	52,447	40,009
Due to Other Funds	22,553	207,051	328	229,932
Compensated Absences Payable	11,179	-	-	11,179
Contracts, Mortgages, and Notes Payable	4,188	-	-	4,188
Total Current Liabilities	495,374	317,966	53,141	866,481
Noncurrent Liabilities:				
Compensated Absences Payable	16,640	-	-	16,640
Net OPEB Liability	565	-	-	565
Total OPEB Liability	7,408	-	-	7,408
Contracts, Mortgages, and Notes Payable	29,491	-	-	29,491
Net Pension Liability	306,704	-	-	306,704
Total Noncurrent Liabilities	360,808	-	-	360,808
Total Liabilities	856,182	317,966	53,141	1,227,289
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	6,968	-	-	6,968
Related to OPEB	1,772	-	-	1,772
Total Deferred Inflows of Resources	8,740	-	-	8,740
Net Position				
Restricted Net Position for OPEB	1,501	-	-	1,501
Unrestricted Net Position	312,773,875	-	-	312,773,875
Total Net Position	\$312,775,376	\$ -	\$ -	\$312,775,376

¹ 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
For the Fiscal Year Ended June 30, 2021

	OBDD	OHA ¹	DEQ	TOTAL
Operating Revenues				
Grant Income	\$ -	\$ 14,435,719	\$ -	\$ 14,435,719
Interest Income	2,846,898	-	-	2,846,868
Total Operating Revenues	2,846,868	14,135,719	-	17,282,617
Operating Expenses				
Personal Services	330,944	-	-	330,944
Services and Supplies	6,915	-	-	6,915
Special Payments	4,717,179	-	-	4,717,179
Administrative Expenses	-	190,828	-	190,818
Technical Assistance	-	219,525	-	219,525
State Program Management	-	2,472,649	-	2,472,649
Local Assistance/Other State Programs:				
Implementation of Protection	-	263,051	-	263,051
Implementation of Protection--DEQ	-	-	817,082	817,082
Water System Capacity Program	-	516,321	-	516,321
Total Operating Expenses	5,055,038	3,662,374	817,082	9,534,494
Operating Income (Loss)	(2,208,140)	10,773,345	(817,082)	7,748,123
Nonoperating Revenues (Expenses)				
Investment Income (Loss)	4,571,758	-	-	4,571,758
Other Interest Expense	(2,646)	-	-	(2,646)
Other Nonoperating Items	(728)	-	-	(748)
Total Nonoperating Revenues (Expenses)	4,568,384	-	-	4,568,384
Income (Loss) Before Transfers	2,360,244	10,773,345	(817,082)	12,316,507
Transfers From Other Funds (State Match)	2,923,800	-	-	2,923,800
Transfers Out - To DEQ	-	(817,082)	-	(817,082)
Transfers Out - To OBDD	-	(9,956,263)	-	(9,956,263)
Transfers Out - Other Fund	(12,111)	-	-	(12,111)
Transfers In - From Public Health	9,956,263	-	817,082	10,773,345
Change in Net Position	15,228,196	-	-	15,228,196
Net Position - Beginning	297,547,180	-	-	297,547,180
Net Position - Ending	\$ 312,775,376	\$ -	\$ -	\$ 312,775,376

¹ Agreed upon procedures performed only on OHA column

About the Engagement

The courtesies and cooperation extended by officials and employees of the OHA during the course of this engagement were commendable and sincerely appreciated.

Audit team

Kelly Olson, CPA, Audit Manager

Michelle Rock, CPA, Lead Auditor

Amey Macomber, CPA, Staff Auditor

Emily Axtell, 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 elected Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The division has constitutional authority to audit all state officers, agencies, boards and commissions as well as administer municipal audit law.



Secretary of State
LaVonne Griffin-Valade



Audits Director
Kip Memmott

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