

# Budget Review 2022-23

## East Multnomah Soil & Water Conservation District



### INTRODUCTION & BACKGROUND

The East Multnomah Soil & Water Conservation District (EMSWCD) encompasses all of Multnomah County east of the Willamette River centerline, approximately 355 square miles with a population of over 700,000 residents who live, own, or manage land in East County.



The mission of the East Multnomah Soil and Water Conservation District is to help people care for land and water. To carry out that mission, the district provides educational, technical and financial assistance to landowners, land managers, and other residents so they may engage in ecologically sound land management practices. Originally intended to serve primarily farmers in response to the 1930's dust bowl, soil and water conservation districts now serve both rural and urban land owners. The EMSWCD promotes conservation objectives using a variety of programs.

- Providing conservation-related technical assistance;
- Monitoring water quality;
- Restoring riparian areas;
- Controlling noxious weeds;
- Helping new farmers establish their businesses;
- Hosting workshops on naturescaping and rain gardens;
- Implementing large-scale collaborative demonstration projects;
- Organizing conservation-related events;
- Protecting agricultural, natural, and access lands; and
- Providing grants for conservation and environmental education projects.

## STRATEGIC PLAN / PERFORMANCE OBJECTIVES

The district began the current fiscal year with a new Executive Director who has a strong background in strategic planning. She began a strategic plan revision and that effort is still in process. The results of that process will be incorporated in the FY 24 budget, so this FY 23 budget is a holding pattern budget. It includes no new initiatives or fundamental changes.

## BUDGET OVERVIEW

The district's FY 23 total approved budget is \$18.4 million, 6% over the current year budget.

## RESOURCES

<b>East Multnomah Soil &amp; Water</b>					
<b>SUMMARY OF ALL FUNDS (\$000)</b>					
	2019-20	2020-21	2021-22	2022-23	Budget
	Actual	Actual	Rev Bud	App Bud	% Change
<b>Resources:</b>					
Beginning Fund Balance	10,178	10,271	10,395	11,018	6%
Property Taxes	5,028	5,295	5,393	5,511	2%
Intergovernmental Revenue	83	97	103	103	0%
Other Income	414	240	247	217	-12%
Transfers In	1,179	1,424	1,214	1,627	34%
<b>TOTAL RESOURCES</b>	<b>16,881</b>	<b>17,327</b>	<b>17,351</b>	<b>18,476</b>	<b>6%</b>

Property taxes are the district's primary source of income. The district levies its full rate of \$0.1000 per \$1,000 of assessed value. Those taxes account for 95% of district income and the other 5% is from state grants and miscellaneous revenue. The district also carries a large fund balance which it maintains for large capital conservation purchases such as conservation easements. See the section below on the Land Conservation Fund for further information.

## REQUIREMENTS

<b>East Multnomah Soil &amp; Water</b>					
<b>SUMMARY OF ALL FUNDS (\$000)</b>					
	2019-20	2020-21	2021-22	2022-23	Budget
	Actual	Actual	Rev Bud	App Bud	% Change
<b>Requirements by Object:</b>					
Personnel Services	2,139	2,359	2,650	2,933	11%
Materials & Services	2,117	2,030	3,591	3,436	-4%
Capital Outlay	1,176	864	6,974	7,763	11%
<b>Subtotal Expenditures</b>	<b>5,432</b>	<b>5,252</b>	<b>13,215</b>	<b>14,132</b>	<b>7%</b>
Fund Transfers	1,179	1,424	1,214	1,627	34%
Contingencies	0	0	370	350	-5%
Ending Fund Balance	10,271	10,651	2,552	2,367	-7%
<b>TOTAL REQUIREMENTS</b>	<b>16,881</b>	<b>17,327</b>	<b>17,351</b>	<b>18,476</b>	<b>6%</b>

The \$18.5 million FY 23 budget includes \$14.1 million in expenditures, 76% of the total budget. This is 7% higher than the current year budget. Expenditures are broadly categorized as program expenses

(\$6.3 million) and conservation easement purchases (\$7.7 million). See the General Fund discussion below for program information. Roughly speaking, the district’s annual income (property taxes and miscellaneous income) supports the program expenses. Fund balance is used for conservation easement purchases.

<b>East Multnomah Soil &amp; Water</b>					
<b>SUMMARY OF BUDGET - BY FUND</b>					
	2019-20	2020-21	2021-22	2022-23	Budget
	Actual	Actual	Rev Bud	App Bud	% Change
General Fund	7,612	8,441	8,814	9,178	4%
Land Conservation Fund	7,487	7,218	6,990	7,738	11%
Partner Grants Management Fund	7	0	25	25	0%
Grants & Cost Share Fund	1,775	1,669	1,522	1,535	1%
<b>GRAND TOTAL ALL FUNDS</b>	<b>16,881</b>	<b>17,327</b>	<b>17,351</b>	<b>18,476</b>	<b>6%</b>

### Expenditures

Actual expenditures for prior years have been significantly less than budgeted (about \$5.4 million annually for FY 20 and FY 21) as most of the money budgeted for capital spending on conservation easements has not been spent.

<b>East Multnomah Soil &amp; Water</b>					
<b>SUMMARY OF ALL FUNDS (\$000)</b>					
	2019-20	2020-21	2021-22	2022-23	Budget
	Actual	Actual	Rev Bud	App Bud	% Change
<b>Requirements by Function:</b>					
Administrative Services	804	817	1,378	1,385	1%
Environmental & Conservation Svcs	<u>4,628</u>	<u>4,436</u>	<u>11,838</u>	<u>12,747</u>	8%
Total Expenditures	5,432	5,252	13,215	14,132	7%

### Expenditures by Function

Actual expenditures for prior years show that administrative costs account for about 15% of total expenditures.

### Transfers

Aside from interest income, all revenue is receipted in the General Fund and then transferred to other funds as needed. For FY 23, the district is transferring \$550,000 to the Land Conservation Fund and \$1,076,815 to the Grants Fund. Interest income is allocated to all four funds prorated by fund balance.

### Contingency

The district budgets a contingency only in the General Fund. For FY 23 this contingency is \$350,000.

### Ending Fund Balance

The total FY 23 ending fund balance is \$2.4 million, and it is all in the General Fund.

## GENERAL FUND

### GENERAL FUND RESOURCES

The FY 23 General Fund budget is \$9.2 million. The beginning fund balance is \$3.4 million and income is \$5.7 million. There are no third-party restrictions on any income, so there are no special revenue funds.

<b>East Multnomah Soil &amp; Water</b>					
<b>DETAIL OF GENERAL FUND (\$000)</b>					
	2019-20	2020-21	2021-22	2022-23	Budget
	Actual	Actual	Rev Bud	App Bud	% Change
<b>Resources:</b>					
Beginning Fund Balance	2,240	2,876	3,180	3,433	8%
Property Tax	5,028	5,295	5,393	5,511	2%
Federal Revenue	0	14	15	15	0%
State Revenue	83	83	88	88	0%
Other Income	261	173	139	132	-5%
<b>TOTAL FUND RESOURCES</b>	<b>7,612</b>	<b>8,441</b>	<b>8,814</b>	<b>9,178</b>	<b>4%</b>

### GENERAL FUND REQUIREMENTS

While the total General Fund budget is increasing by only 4%, the expenditure portion of the budget is increasing by 9% due to a 34% increase in Transfers Out to other funds.

<b>East Multnomah Soil &amp; Water</b>					
<b>DETAIL OF GENERAL FUND (\$000)</b>					
<b>Requirements:</b>					
Personnel Services	2,139	2,359	2,650	2,922	10%
Materials and Services	1,070	1,172	1,894	1,726	-9%
Capital Outlay	349	14	134	176	31%
Transfers Out	<u>1,179</u>	<u>1,424</u>	<u>1,214</u>	<u>1,627</u>	<u>34%</u>
<b>Expenditures Only</b>	<b>4,737</b>	<b>4,969</b>	<b>5,892</b>	<b>6,451</b>	<b>9%</b>
Contingencies	0	0	370	350	-5%
Ending Fund Balance	2,876	3,472	2,552	2,367	-7%
<b>TOTAL FUND REQUIREMENTS</b>	<b>7,612</b>	<b>8,441</b>	<b>8,814</b>	<b>9,178</b>	<b>4%</b>

#### Personnel Services

Personnel Services are budgeted to increase by 10%, from \$2.7 to \$2.9 million due to the wage adjustments and benefit cost increases. There are no new positions in the budget.

#### Materials & Services

Materials and Services costs are budgeted to decrease 1% from \$1.9 to \$1.7 million mostly due to a reduction in contracted professional services.

#### Expenditures by Program

There is no significant change in any program budget for FY 23.

<b>East Multnomah Soil &amp; Water</b>					
General Fund Expenditures by Program (\$000)					
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>Percent</b>
	<b>Actual</b>	<b>Actual</b>	<b>Rev. Bud</b>	<b>Apv. Bud</b>	<b>Change</b>
Finance and Operations	804	817	1,378	1,385	1%
Conservation Legacy Program	487	528	635	648	2%
Rural Lands Program	1,037	1,156	1,269	1,365	8%
Urban Lands Program	690	711	933	935	0%
Headwaters Farm Incubator Program	540	333	463	500	8%
<b>TOTAL PROGRAM EXPENDITURES</b>	<b>7,612</b>	<b>8,441</b>	<b>8,814</b>	<b>9,178</b>	<b>4%</b>

In news of interest to TSCC Commissioners, the Incubator Farm has achieved two sustainability goals.

- The farm received an electric tractor through a PGE grant program. It will arrive in May.
- Overage from solar production on the farm is donated to back to PGE pool for to be given to individuals that cannot afford their power.



Solar panels atop the barn at the EMSWCD Incubator Farm

## OTHER SIGNIFICANT BUDGET AREAS

### Land Conservation Fund

The budget message describes the purpose of the fund as follows.

“EMSWCD is concerned about the future of agriculture in the district as well as the health and continued function of key ecosystem processes and access to nature for residents of the district. EMSWCD is therefore pursuing land conservation through a variety of avenues. Resources budgeted in this fund are primarily for the purchase of easements, development rights, or real property with high agricultural and/or conservation value... And the Land Legacy program uses conservation easements and land acquisition (to be held by EMSWCD or by partners) to ensure farmland is protected for current and future generations of farmers, to protect priority natural areas, and to provide urban access to nature opportunities for marginalized urban communities.”

The district transfers property tax revenue from the General Fund to the Land Conservation Fund annually. The transfer is \$550,000 in the FY 23 budget. Expenditures have been limited historically to

less than a million dollars annually, so the fund balance has grown to over \$7 million. The district is actively seeking conservation projects to fulfill the goal of this fund.

<b>East Multnomah Soil &amp; Water</b>					
Land Conservation Fund (\$000)					
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>Percent</b>
	<b>Actual</b>	<b>Actual</b>	<b>Rev. Bud</b>	<b>Apv. Bud</b>	<b>Change</b>
<b>Resources:</b>					
Interest on Investments	123	58	70	50	
Interfund Transfers In	500	500	500	550	
Beginning Fund Balance	6,864	6,660	6,420	7,138	
<b>TOTAL RESOURCES</b>	<b>7,487</b>	<b>7,218</b>	<b>6,990</b>	<b>7,738</b>	<b>11%</b>
<b>Requirements by Function:</b>					
Land Conservation Program	827	850	6,990	7,738	
Ending Fund Balance	6,660	6,368	0	0	
<b>TOTAL REQUIREMENT</b>	<b>7,487</b>	<b>7,218</b>	<b>6,990</b>	<b>7,738</b>	<b>11%</b>

### Grants Fund

This fund contains resources set aside to support conservation and environmental education projects. The budget message states that these projects include on-the-ground installation of conservation practices as well as outreach and educational efforts in support of EMSWCD’s mission. With the intention of being flexible and responsive and at the same time ensuring accountability and the strategic investment of public funds, projects are funded through several mechanisms, each with a specific goal.

The fund has a status quo budget for FY 23.

<b>East Multnomah Soil &amp; Water</b>					
Grants Fund (\$000)					
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>Percent</b>
	<b>Actual</b>	<b>Actual</b>	<b>Rev. Bud</b>	<b>Apv. Bud</b>	<b>Change</b>
<b>Resources:</b>					
Interest on Investments	23	9	13	10	
Interfund Transfers In	679	924	714	1,077	
Beginning Fund Balance	1,074	736	795	448	
<b>TOTAL RESOURCES</b>	<b>1,775</b>	<b>1,669</b>	<b>1,522</b>	<b>1,535</b>	<b>1%</b>
<b>Requirements by Function:</b>					
Grants & Cost Share Program	1,039	858	1,522	1,535	
Ending Fund Balance	736	811	0	0	
<b>TOTAL REQUIREMENTS</b>	<b>1,775</b>	<b>1,669</b>	<b>1,522</b>	<b>1,535</b>	<b>1%</b>

### DEBT STATUS

The district has no debt.

### BUDGET/STRATEGIC PLAN ALIGNMENT

The budget does not elaborate on how the budget aligns with the strategic plan. In her budget message, the Executive Director put things this way:

“This next fiscal year will launch as we are steeped in our strategic planning process. Because of this, you will see a bit of a holding pattern in our budget recommendations. I expect that after our strategic planning work is completed, the ‘23-‘24 budget could be substantively different, depending on what that process identifies and how that is reflected in our goals and subsequent work plans.”

## HIGHLIGHTS

- The district’s FY 23 total approved budget is \$18.4 million, an increase of 6% over the current year budget.
- The district is updating its strategic plan, so the FY 23 budget has no new initiatives: it is a holding pattern budget.
- Personnel Services are budgeted to increase by 10%, from \$2.7 to \$2.9 million mostly due to the implementation of wage adjustments based on a salary survey and increased benefit costs.

## BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
X		Did the district meet publication requirements?
X		Do resources equal requirements in every fund?
N/A		Does the G.O. Debt Service Fund show only principal and interest payments?
X		Are contingencies shown only in operating funds?
X		Did the budget committee approve the budget?
X		Did the budget committee set the levy?
	X	Does the audit show the district was in compliance with budget law?

### LOCAL BUDGET LAW COMPLIANCE

The FY 2022-23 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

The audit report for FY 2020-21 notes one exception: the district exceeded the FY21 Rural Lands Program appropriation by \$3,425, due to a miscoded FY22 invoice. Staff has addressed this issue with TSCC and provided written comments as to the reason for the error and the plan for avoiding such errors in the future.

### CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff notes no deficiencies in the district’s FY 2022-23 budget development process.



# East Multnomah Soil & Water

## Approved Budget Summary Sheet

	2019-20 Actual	2020-21 Actual	2021-22 Rev Bud	2022-23 App Bud	Budget % Change
<b>SUMMARY OF ALL FUNDS</b>					
<b>Property Tax Breakdown:</b>					
Permanent Rate Property Taxes	5,027,587	5,294,637	5,292,568	5,411,306	2%
Prior Years Property Taxes	0	0	100,000	100,000	0%
<b>Total Property Taxes</b>	<b>5,027,587</b>	<b>5,294,637</b>	<b>5,392,568</b>	<b>5,511,306</b>	<b>2%</b>
<b>Resources:</b>					
Beginning Fund Balance	10,177,766	10,271,108	10,394,599	11,018,472	6%
Property Taxes	5,027,587	5,294,637	5,392,568	5,511,306	2%
Intergovernmental Revenue	83,315	97,315	102,907	102,907	0%
Other Income	414,049	239,891	246,960	216,520	-12%
Transfers In	1,178,523	1,424,319	1,214,085	1,626,815	34%
<b>TOTAL RESOURCES</b>	<b>16,881,240</b>	<b>17,327,270</b>	<b>17,351,119</b>	<b>18,476,020</b>	<b>6%</b>
<b>Requirements by Function:</b>					
Administrative Services	803,751	816,611	1,377,685	1,385,305	1%
Environmental and Conservation Services	4,627,858	4,435,774	11,837,744	12,746,772	8%
Transfers Out	1,178,523	1,424,319	1,214,085	1,626,815	34%
Contingencies	0	0	370,000	350,000	-5%
Ending Fund Balance	10,271,108	10,650,566	2,551,606	2,367,128	-7%
<b>TOTAL REQUIREMENTS</b>	<b>16,881,240</b>	<b>17,327,270</b>	<b>17,351,120</b>	<b>18,476,020</b>	<b>6%</b>
<b>Requirements by Object:</b>					
Personnel Services	2,138,592	2,358,936	2,650,287	2,933,061	11%
Materials & Services	2,116,788	2,029,508	3,590,763	3,435,769	-4%
Capital Outlay	1,176,229	863,941	6,974,377	7,763,247	11%
Fund Transfers	1,178,523	1,424,319	1,214,085	1,626,815	34%
Contingencies	0	0	370,000	350,000	-5%
Ending Fund Balance	10,271,108	10,650,566	2,551,606	2,367,128	-7%
<b>TOTAL REQUIREMENTS</b>	<b>16,881,240</b>	<b>17,327,270</b>	<b>17,351,118</b>	<b>18,476,020</b>	<b>6%</b>
<b>SUMMARY OF BUDGET - BY FUND</b>					
General Fund	7,612,316	8,440,755	8,814,143	9,178,273	4%
Land Conservation Fund	7,486,801	7,217,717	6,989,977	7,737,747	11%
Partner Grants Management Fund	7,172	0	25,000	25,000	0%
Grants Fund	1,774,951	1,668,798	1,522,000	1,535,000	1%
<b>GRAND TOTAL ALL FUNDS</b>	<b>16,881,240</b>	<b>17,327,270</b>	<b>17,351,120</b>	<b>18,476,020</b>	<b>6%</b>
<b>DETAIL OF GENERAL FUND</b>					
<b>Resources:</b>					
Beginning Fund Balance	2,240,060	2,875,535	3,179,707	3,432,540	8%
Property Tax	5,027,587	5,294,637	5,392,568	5,511,306	2%
Federal Revenue	0	14,000	15,000	15,000	0%
State Revenue	83,315	83,315	87,907	87,907	0%
Other Income	261,354	173,268	138,960	131,520	-5%
<b>TOTAL FUND RESOURCES</b>	<b>7,612,316</b>	<b>8,440,755</b>	<b>8,814,142</b>	<b>9,178,273</b>	<b>4%</b>
<b>Requirements:</b>					
Administrative Services	803,751	816,611	1,377,685	1,385,305	1%
Environmental and Conservation Services	2,754,507	2,728,106	3,300,767	3,449,025	4%
Transfers Out	1,178,523	1,424,319	1,214,085	1,626,815	34%
Contingencies	0	0	370,000	350,000	-5%
Ending Fund Balance	2,875,535	3,471,719	2,551,606	2,367,128	-7%
<b>TOTAL FUND REQUIREMENTS</b>	<b>7,612,316</b>	<b>8,440,755</b>	<b>8,814,143</b>	<b>9,178,273</b>	<b>4%</b>