

EAST MULTNOMAH SOIL AND WATER  
CONSERVATION DISTRICT

Financial Statements

For the Year Ended June 30, 2021

EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT  
June 30, 2021

BOARD OF DIRECTORS

<u>Name</u>	<u>Position</u>	<u>Zone</u>
Jim Carlson	Treasurer	At-Large 1
Jasmine Zimmer-Stucky	Director	At-Large 2
Mike Guebert	Chair	Zone 3
Laura Masterson	Secretary	Zone 2
Joe Rossi	Director	Zone 1

MAILING ADDRESS

East Multnomah Soil and Water Conservation District  
5211 N. Williams Ave  
Portland, OR 97217

EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT  
Financial Statements  
For the year ended June 30, 2021

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet – Governmental Funds	8
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	9
Reconciliation of Balance Sheet – Governmental Funds to Statement of Net Position	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	10
Notes to Financial Statements	11
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	19
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Grants and Cost Share Fund	20
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Land Conservation Fund	21
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Partner Grants Management Fund	22
Schedule of Property Tax Transactions	23
AUDITOR’S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS	24

Independent Auditor's Report

Board of Directors  
East Multnomah Soil and Water Conservation District  
Multnomah County, Oregon

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the East Multnomah Soil and Water Conservation District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the East Multnomah Soil and Water Conservation District, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Richard Winkel, CPA**  
15086 NW Oakmont Loop  
Beaverton, OR 97006

tel: (503) 332-6750  
fax: (888) 739-8185  
email: [rwinkel@winkelcpa.com](mailto:rwinkel@winkelcpa.com)

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedule presented as Required Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Multnomah Soil and Water Conservation District's basic financial statements. The budgetary comparison schedules on pages 20-22 and schedule of property tax transactions on page 23 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Oregon State Regulations**

In accordance with Oregon State Regulations, we have also issued our report dated December 6, 2021 on our consideration of East Multnomah Soil and Water Conservation District's internal control over financial reporting and on our procedures to address its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is required by Oregon State Regulations.



Richard Winkel, CPA  
December 6, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2021**

Our discussion and analysis of East Multnomah Soil and Water Conservation District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. Our purposes are to assist users of these financial statements to interpret the information found in the following pages, highlight the major factors and impacts on the District's financial situation, and to explain significant changes from last year to this year. Please read it in conjunction with the District's financial statements beginning on page 6.

**FINANCIAL HIGHLIGHTS**

- Revenues were \$5,639,104 in 2021, an increase from 2021 of \$168,340. The majority of the change resulted from increases in property tax revenue, which increased by \$273,834.
- Total expenditures were \$4,481,859 in 2021, a decrease of \$387,520 over 2021, primarily related to decreases in conservation spending of \$736,535. This was offset by increase to payroll expenses of \$175,318.
- The District's net position increased by \$1,157,245 during the year ended June 30, 2021.

Government-wide Statements

The government-wide financial statements on pages 6 and 7 are designed to provide an overview of the District's finances. The government-wide statements include the District's governmental activities. Property taxes and grants finance most of these activities. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. Net position is the difference between the District's assets and liabilities. Over time, increases or decreases in the District's net position may be an indicator of whether its financial health is improving or deteriorating.

Fund Financial Statements

The fund financial statements on pages 8 and 9 focus on individual parts of the Government, reporting the District's operations in more detail than the government-wide financial statements. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the information in the financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### SUMMARY STATEMENT OF NET POSITION

	<u>FY 2021</u>	<u>FY 2020</u>
Assets:		
Current assets	\$ 11,061,775	\$ 10,857,733
Capital assets and loan fees, net	<u>7,154,431</u>	<u>6,377,827</u>
Total assets	<u>18,216,206</u>	<u>17,235,560</u>
Current liabilities	<u>445,074</u>	<u>621,673</u>
Total liabilities	<u>445,074</u>	<u>621,673</u>
NET POSITION:		
Invested in capital assets net of related debt	7,154,431	6,377,827
Restricted	811,100	735,596
Unrestricted	<u>9,805,601</u>	<u>9,500,464</u>
Total net position	<u>\$ 17,731,132</u>	<u>\$ 16,613,887</u>

### SUMMARY STATEMENT OF ACTIVITIES

	<u>FY 2021</u>	<u>FY 2020</u>
Program revenues:		
Operating grants and contributions	\$ 97,315	\$ 83,315
Charges for services	<u>60,121</u>	<u>102,800</u>
Total program revenues	157,436	186,115
General revenues:		
Property taxes	5,301,898	5,028,064
Other income	88,213	19,833
Interest income	<u>91,557</u>	<u>236,752</u>
Total general revenues	<u>5,481,668</u>	<u>5,284,649</u>
Total revenues	5,639,104	5,470,764
Expenditures		
Soil and water conservation	<u>4,481,859</u>	<u>4,869,379</u>
Total expenses	<u>4,481,859</u>	<u>4,869,379</u>
Change in net position	1,157,245	601,385
Net position, beginning of year	<u>16,613,887</u>	<u>16,012,502</u>
Net position, end of year	<u>\$ 17,771,132</u>	<u>\$ 16,613,887</u>



## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental fund balances totaled \$10,650,566 at June 30, 2021. A summary of changes in governmental fund balances on the budgetary basis follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
General fund	\$ 3,471,719	\$ 2,875,535	\$ 596,184
Grants and cost share fund	811,100	735,596	75,504
Land conservation fund	6,367,747	6,659,977	(292,230)
Partner grants management fund	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,650,566</u>	<u>\$ 10,271,108</u>	<u>\$ 379,458</u>

Revenues for the General Fund were \$5,565,220, which was \$47,307 over budget. Expenditures for the General Fund were \$3,544,717, which was \$830,788 under budget.

The increase in the Grants and Cost Share Fund was due to receiving a larger transfer in from the General Fund during the year ended June 30, 2021. The decrease in Land Conservation Fund was due to the purchase of land for \$849,970 during the year ended June 30, 2021.

### BUDGETARY HIGHLIGHTS

See the supplemental information for detailed schedules of budget to actual variances for the fiscal year ended June 30, 2021. Total expenditures were under budget for the year in each fund.

### CAPITAL ASSETS

At June 30, 2021 the District had \$7,154,431 invested in capital assets net of accumulated depreciation. More detailed information about the District's capital assets is presented in the notes to the financial statements.

### ECONOMIC FACTORS

Property tax revenue is the main source of the District's operating revenue and represents approximately 94% of total revenues. The District also receives operating grants and contributions. All expenses for soil and water conservation must be paid for by these sources.

### FINANCIAL CONTACT

The District's financial statements are designed to give the public a general overview of the District's accountability. If you have questions about financial matters please contact the District at 5211 N. Williams Ave, Portland, OR 97217. The District telephone number is (503) 935-5353.

## **FINANCIAL SECTION**

## **BASIC FINANCIAL STATEMENTS**

EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT

Statement of Net Position

June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and investments	\$ 10,902,729
Property taxes receivable	139,137
Accounts receivable	14,377
Prepaid assets	<u>5,532</u>
Total current assets	11,061,775
Noncurrent assets:	
Land	5,741,336
Capital assets, net of accumulated depreciation	<u>1,413,095</u>
Total assets	<u>18,216,206</u>
LIABILITIES	
Current liabilities:	
Accounts payable	234,560
Accrued payroll	60,221
Other current liabilities	2,700
Accrued compensated absences	<u>147,593</u>
Total liabilities	<u>445,074</u>
NET POSITION:	
Invested in capital assets	7,154,431
Restricted	811,100
Unrestricted	<u>9,805,601</u>
Total net position	<u>\$ 17,771,132</u>

The accompanying notes are an integral part of these financial statements

EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT

Statement of Activities

For the Year Ended June 30, 2021

	<u>Governmental Activities</u>
Expenditures	
Soil and water conservation	<u>\$ 4,481,859</u>
Program revenues:	
Operating grants and contributions	97,315
Charges for services	<u>60,121</u>
Total program revenues	<u>157,436</u>
Net program expenses	(4,324,423)
General revenues:	
Property taxes	5,301,898
Other income	88,213
Interest income	<u>91,557</u>
Total general revenues	<u>5,481,668</u>
Change in net position	1,157,245
Net Position - beginning of year	<u>16,613,887</u>
Net Position - end of year	<u><u>\$ 17,771,132</u></u>

The accompanying notes are an integral part of these financial statements

**FUND FINANCIAL STATEMENTS**

**EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT**

**Balance Sheet – Governmental Funds**

**June 30, 2021**

	<u>General Fund</u>
<b>ASSETS:</b>	
Cash and investments	\$ 10,902,729
Property taxes receivable	139,137
Accounts receivable	<u>14,377</u>
 Total assets	 <u><u>\$ 11,056,243</u></u>
 <b>LIABILITIES:</b>	
Accounts payable	\$ 234,560
Accrued payroll	60,221
Other current liabilities	<u>2,700</u>
 Total liabilities	 <u><u>297,481</u></u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred property tax revenue	<u>108,196</u>
 Total deferred inflows of resources	 108,196
 <b>FUND BALANCES:</b>	
Restricted (grants for conservation projects)	811,100
Assigned (land conservation)	6,367,747
Unassigned	<u>3,471,719</u>
 Total fund balances	 <u><u>10,650,566</u></u>
 Total liabilities and fund balances	 <u><u>\$ 11,056,243</u></u>

The accompanying notes are an integral part of these financial statements

**EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT**

**Statement of Revenues, Expenditures and Changes in  
Fund Balances – Governmental Funds**

**For the Year Ended June 30, 2021**

	<u>General Fund</u>
REVENUES:	
Property tax income	\$ 5,294,637
Grant income	97,315
Interest income	91,557
Rental income	60,121
Miscellaneous	<u>88,213</u>
Total revenues	<u>5,631,843</u>
EXPENDITURES:	
Current:	
Personnel services	2,348,565
Materials and services	2,033,858
Capital outlay	<u>869,962</u>
Total expenditures	<u>5,252,385</u>
Change in fund balances	<u>379,458</u>
Fund balance, beginning of year	<u>10,271,108</u>
Fund balance, end of year	<u><u>\$ 10,650,566</u></u>

The accompanying notes are an integral part of these financial statements



**EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT**

**Reconciliation of Balance Sheet – Governmental Funds to Statement of Net Position**

**June 30, 2021**

Fund balance	\$ 10,650,566
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,154,431
Prepaid assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,532
Deferred revenues are not due and payable in the current period and, therefore, are not reported in the governmental funds.	108,196
Accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(147,593)</u>
Net position	<u>\$ 17,771,132</u>

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities**

**For the Year Ended June 30, 2021**

Total changes in fund balances – Governmental Funds	\$ 379,458
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. This is the effect of the change in the deferred property tax revenue during the year.	7,261
Capital asset and prepaid asset additions are reported in the governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.	
Current year capital outlay expenditures capitalized as additions	869,962
Less depreciation expense	(93,357)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Prepaid expenses	4,295
Accrued paid time off	<u>(10,374)</u>
Change in net position	<u>\$ 1,157,245</u>

The accompanying notes are an integral part of these financial statements

# EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT

## Notes to Financial Statements

June 30, 2021

### 1. Summary of Significant Accounting Policies

#### Reporting Entity

East Multnomah Soil and Water Conservation District (the “District”) is a subdivision of state government and functions as a local unit under the direction of a five member board of directors. The District was organized under the authority of Oregon Revised Statutes Chapter 568. The District’s work involves prevention and control of soil erosion, conservation of natural resources and water quality management.

The District is a primary government. The reporting entity consists of the primary government, any organization for which the primary government is financially accountable, and any other organizations that, because of the nature and significance of their relationship with the primary government, may not be excluded from the financial reporting entity.

All significant activities have been included in the basic financial statements. The District is financially independent of other state and local governmental units. Based on these criteria, the District is not a component unit of another entity, nor is any other entity required to be included in the financial statements of the District.

#### Measurement Focus and Basis of Accounting

All financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the governmental activities of the District in one column using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities reports the District’s activities by function. The District’s sole function is soil and water conservation. The statement of activities demonstrates the degree to which the expenses of each function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues includes 1) charges to those who use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operating requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues. Expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

#### Fund Financial Statements

Separate fund financial statements are also provided for governmental funds. Major governmental funds are reported as separate columns in the fund financial statements.

# EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT

## Notes to Financial Statements – Continued

June 30, 2021

### 1. Summary of Significant Accounting Policies (continued)

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum level of funds is maintained consistent with legal and managerial requirements.

The fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Non-grant revenues are recognized when they become measurable and available as net current assets. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this period, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred. Capital outlay is an expenditure when purchased and debt service is an expenditure when paid.

#### Fund Accounting

The District has the following major funds:

- The General Fund accounts for all activities except those required to be accounted for in other funds. The principal revenue sources are property taxes, grants, charges for services and interest.
- The Grants and Cost Share Fund accounts for resources to be expended for grants to others and the District's cost share program. Resources for this fund are transferred from the General Fund and are restricted for specific purposes based on the grant requirements.
- The Land Conservation Fund accounts for resources to be spent on land conservation and conservation easement projects. Resources for this fund are transferred from the General Fund and are assigned for land conservation projects.

The effect of interfund activity has been eliminated from the government-wide financial statements.

#### Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or regulations of other governments. Net position is classified in the following three categories:

Invested in capital assets, net of related debt – consists of capital assets net of accumulated depreciation, reduced by the outstanding borrowings of any debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net position with constraints placed on them by entities outside of the District.

Unrestricted net position – all other net positions that do not meet either of the criteria above.

# EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT

## Notes to Financial Statements – Continued

June 30, 2021

### 1. Summary of Significant Accounting Policies (continued)

#### Fund Equity

The District follows the guidance in Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. Under this standard, the fund balances are classified as nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts constrained to specific purpose by their providers (such as grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds constrained to specific purposes by a government itself, using its highest level of decision-making authority (Board of Directors); to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level authority action to remove or change the constraint.
- Assigned fund balance represents amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority, assignments are approved by the Board of Directors.
- Unassigned fund balance represents amounts that are available for any purpose; these amounts are reported only in the General Fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

#### Cash and Investments

The District has defined cash and cash equivalents to include cash on hand, demand deposits and short term investments with original maturities of three months or less. Investments maintained in the Oregon Local Government Investment Pool (LGIP) are carried at cost, which approximates fair value, and are classified as a cash equivalent. Fair value of the investments in the LGIP are the same as the value of the pool shares. The carrying amount of the cash and cash equivalents approximate fair value due to the short term maturities of these instruments.

#### Property Taxes

Real property taxes are levied and attached as an enforceable lien on property as of July 1 of each fiscal year. Real property taxes may be paid in full by November 15 with a 3% discount, or paid in three equal payments on November 15, February 15, and May 15. Multnomah County, Oregon, makes all assessments of property value and levies and collects property taxes for all levying districts within the County. The District considers all property taxes to be fully collectible and therefore, no allowance for uncollectible property taxes has been made.

EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT

Notes to Financial Statements - Continued

June 30, 2021

1. Summary of Significant Accounting Policies (continued)

Receivables

Grants and accounts receivable consist of amounts due from grantor agencies and charges for services and miscellaneous reimbursements. The District considers all grants receivable to be fully collectible and therefore, no allowance has been made.

Capital Assets

Capital assets, which include property, plant and equipment, are stated at historical cost on the government-wide financial statements. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Donated assets are recorded at their estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	30 years
Furniture and Equipment	5 years
Vehicles	10 years

Compensated Absence Payable

The District's policies permit employees vacation and compensatory time credits. Accumulated unpaid vacation and compensatory time cannot exceed limits established by the Board of Directors and is accrued as earned.

Long-Term Obligations

In the government-wide financial statements long-term debt is reported as a liability in the governmental activities. Bond premiums and discounts, as well as other issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as issuance costs, in the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Transfers

The District makes transfers between funds when approved by the Board. Transfers are used to reserve for future use for certain special revenue funds.

Transfers for the year ended June 30, 2021 are presented in the fund financial statements, but have been eliminated from the statement of activities.

EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT

Notes to Financial Statements - Continued

June 30, 2021

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense). Actual results could differ from those estimates.

2. Stewardship, Compliance and Accountability

The District is subject to the budget requirements of state law. The resolution authorizing appropriations of each fund sets the level by which expenditures cannot legally exceed appropriations for the major object class. The legal level of appropriation for the General Fund is at the organizational unit level. The detail budget document, however, is required to contain more specific detailed information for expenditure categories including total personnel services, materials and services, capital outlay, debt service, interfund transactions, operating contingency and unappropriated balances.

The budget is adopted and appropriations are made no later than June 30<sup>th</sup>. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget requires hearings before the public, publication in newspapers, and approval by the Board of Directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of controls. Such transfers require the approval of the Board of Directors.

3. Cash and Investments

Cash and investments of the District consisted of the following at June 30, 2021:

Local Government Investment Pool	\$ 10,813,650
Checking account	<u>89,079</u>
Total	<u>\$ 10,902,729</u>

**Deposits**

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal Deposit Insurance Corporation (FDIC) insurance of \$250,000 applies to total deposits at each financial institution. When balances exceed \$250,000, ORS 295.002 requires the bank depository to enter into an agreement described in ORS 295.008(2)(b) and to deposit securities pursuant to ORS 295.015(1). The Oregon State Treasurer's Office facilitates these agreements and maintains a list of qualified depositories. Well capitalized depository banks must pledge securities with a value of at least 10 percent of their quarter-end public fund deposits, unless otherwise directed by the Oregon State Treasurer. Adequately capitalized or undercapitalized bank depositories are required to pledge collateral valued at 110 percent of their uninsured public fund deposits. The securities are held by a custodian for the benefit of the State of Oregon. Any balances in excess of the FDIC insurance plus 10 percent are considered exposed to custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of bank failure, the District will be unable to recover deposits or collateral securities in the hands of an outside party. At June 30, 2021, deposits per the bank statements were \$204,015, which did not exceed the custodial credit risk threshold.

# EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT

## Notes to Financial Statements - Continued

June 30, 2021

### 3. Cash and Investments (continued)

#### Investments

Oregon Revised Statutes 294.035 authorizes the District to invest in general obligations of the U.S. government and its agencies, bankers' acceptances, commercial paper rated A-2 or better by Standard & Poor's Corporation or P-2 by Moody's Investors Service, and the state of Oregon Local Government Investment Pool (LGIP), among others.

The only investments held by the District at June 30, 2021 were amounts deposited with the state of Oregon LGIP. The District's investment in the LGIP is carried at cost, which approximates fair value. The state of Oregon's investment policies used in administering the LGIP are governed by statute and the Oregon Investment Council (the Council). The State Treasurer is the investment officer for the Council and is responsible for the funds on deposit in the State Treasury. The State Treasury's investments in short-term securities are limited by the portfolio rules established by the Oregon Short-term Fund Board and the Council. In accordance with Oregon statutes, the investment funds are invested and the investments are those funds managed, as a prudent investor would do, exercising reasonable care, skill, and caution.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk that its fair value will decline if interest rates rise. In order to manage the interest rate risk of its investments, the District only invests in the LGIP. The LGIP has rules that require at least 50 percent of its investments to mature within 93 days, not more than 25 percent may mature in over a year, and all other investments must mature in no more than three years.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Investments in the LGIP are not required to be rated for credit risk.

*Custodial Credit Risk – Investments.* Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The LGIP's portfolio rules provide that broker/dealers meet certain qualifications and that investments are delivered to and held by a third-party custodian which holds the securities in the state of Oregon's name.

EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT

Notes to Financial Statements - Continued

June 30, 2021

4. Capital Assets

The following is a summary of changes in capital assets during the fiscal year:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Land	\$ 4,891,366	\$ 849,970	\$ -	\$ 5,741,336
Buildings and improvements	1,828,630	11,020	-	1,839,650
Equipment and furniture	325,359	8,971	-	334,330
Total depreciable capital assets	2,153,989	19,991	-	2,173,980
Less: accumulated depreciation				
Buildings and improvements	(452,332)	(76,873)	-	(529,205)
Equipment and furniture	(215,196)	(16,484)	-	(231,680)
Total accumulated depreciation	(667,528)	(93,357)	-	(760,885)
Net depreciable capital assets	1,486,461	(73,366)	-	1,413,095
Net capital assets	\$ 6,377,827	\$ 776,604	\$ -	\$ 7,154,431

Depreciation expense of \$93,357 is recorded as a program expense in the accompanying Statement of Activities for the year ended June 30, 2021.

5. Retirement Plan

The District sponsors a 457(b) retirement plan allowing eligible employees to contribute a portion of their compensation to the Plan. The District will match up to 6 percent of the employees' compensation and contribute it to a 401(a) retirement plan for eligible employees. During the year ended June 30, 2021 the District contributed \$84,804 to the Plan.

6. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District participates in the Special District Association of Oregon.

No losses were incurred during the prior three years ended June 30, 2021 that exceeded the District's insurance coverage.



# EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT

## Notes to Financial Statements - Continued

June 30, 2021

### 7. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

### 8. Subsequent Events

The District did not have any subsequent events through December 6, 2021 which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT**

**Schedule of Revenues, Expenditures and  
Changes in Fund Balance – Budget and Actual  
General Fund**

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Budgetary Basis	Variance to Final Budget Over/Under
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES:</b>				
Property tax income	\$ 5,195,372	\$ 5,195,372	\$ 5,294,637	\$ 99,265
Grant income	153,881	153,881	97,315	(56,566)
Native plant sale	50,000	50,000	-	(50,000)
Interest income	80,000	80,000	24,934	(55,066)
Rental income	33,660	33,660	60,121	26,461
Miscellaneous	5,000	5,000	88,213	83,213
Total revenues	<u>5,517,913</u>	<u>5,517,913</u>	<u>5,565,220</u>	<u>47,307</u>
<b>EXPENDITURES:</b>				
Finance and operations	1,106,838	1,106,838	816,611	290,227
Rural lands program	1,152,999	1,152,999	1,156,424	(3,425)
Urban lands program	801,155	801,155	710,715	90,440
Conservation legacy program	563,259	563,259	528,354	34,905
Headwaters farm incubator program	348,824	348,824	332,613	16,211
Contingency	402,430	402,430	-	402,430
Total expenditures	<u>4,375,505</u>	<u>4,375,505</u>	<u>3,544,717</u>	<u>830,788</u>
Excess of revenues over expenditures	<u>1,142,408</u>	<u>1,142,408</u>	<u>2,020,503</u>	<u>878,095</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(1,424,319)</u>	<u>(1,424,319)</u>	<u>(1,424,319)</u>	<u>-</u>
Change in fund balances	<u>(281,911)</u>	<u>(281,911)</u>	<u>596,184</u>	<u>878,095</u>
Fund balance, beginning of year	<u>2,268,448</u>	<u>2,268,448</u>	<u>2,875,535</u>	<u>607,087</u>
Fund balance, end of year	<u>\$ 1,986,537</u>	<u>\$ 1,986,537</u>	<u>\$ 3,471,719</u>	<u>\$ 1,485,182</u>

Reconciliation to Governmental Fund Balance as required by GASB 54

Ending Fund Balance:

Grants and Cost Share Fund  
Land Conservation Fund

811,100

6,367,747

Total

\$ 10,650,566

**OTHER SUPPLEMENTARY INFORMATION**

**EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT**

**Schedule of Revenues, Expenditures and  
Changes in Fund Balance – Budget and Actual  
Grants and Cost Share Fund**

For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance to Final Budget Over/Under</u>
<b>REVENUES:</b>				
Interest	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 8,883</u>	<u>\$ (11,117)</u>
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>8,883</u>	<u>(11,117)</u>
<b>EXPENDITURES:</b>				
Materials and services	<u>1,382,352</u>	<u>1,382,352</u>	<u>857,698</u>	<u>524,654</u>
Total expenditures	<u>1,382,352</u>	<u>1,382,352</u>	<u>857,698</u>	<u>524,654</u>
Excess of revenues over (under) expenditures	<u>(1,362,352)</u>	<u>(1,362,352)</u>	<u>(848,815)</u>	<u>513,537</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>924,319</u>	<u>924,319</u>	<u>924,319</u>	<u>-</u>
Change in fund balance	<u>(438,033)</u>	<u>(438,033)</u>	<u>75,504</u>	<u>513,537</u>
Beginning fund balance	<u>438,033</u>	<u>438,033</u>	<u>735,596</u>	<u>297,563</u>
Ending fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 811,100</u></u>	<u><u>\$ 811,100</u></u>

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 because there are no substantial restricted or committed revenue inflows.

**EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT**

**Schedule of Revenues, Expenditures and  
Changes in Fund Balance – Budget and Actual  
Land Conservation Fund**

For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance to Final Budget Over/Under</u>
<b>REVENUES:</b>				
Interest	\$ 100,000	\$ 100,000	\$ 57,740	\$ (42,260)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>57,740</u>	<u>(42,260)</u>
<b>EXPENDITURES:</b>				
Materials and services	150,000	150,000	-	150,000
Capital outlay	<u>7,264,196</u>	<u>7,264,196</u>	<u>849,970</u>	<u>6,414,226</u>
Total expenditures	<u>7,414,196</u>	<u>7,414,196</u>	<u>849,970</u>	<u>6,564,226</u>
Excess of revenues over (under) expenditures	<u>(7,314,196)</u>	<u>(7,314,196)</u>	<u>(792,230)</u>	<u>6,521,966</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Change in fund balance	<u>(6,814,196)</u>	<u>(6,814,196)</u>	<u>(292,230)</u>	<u>6,521,966</u>
Beginning fund balance	<u>6,814,496</u>	<u>6,814,496</u>	<u>6,659,977</u>	<u>(154,219)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,367,747</u>	<u>\$ 6,367,747</u>

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 because there are no substantial restricted or committed revenue inflows.

**EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT**

**Schedule of Revenues, Expenditures and  
Changes in Fund Balance – Budget and Actual  
Partner Grants Management Fund**

For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance to Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Partner grant	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ (25,000)</u>
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
<b>EXPENDITURES:</b>				
Materials and services	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 because there are no substantial restricted or committed revenue inflows.

**EAST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT**

Schedule of Property Tax Collections and Taxes Receivable

For the year ended June 30, 2021

<u>Transactions by Year</u>	<u>Property Taxes Uncollected, Beginning</u>	<u>Levy as Extended by Assessor</u>	<u>Discounts</u>	<u>Collections</u>	<u>Adjustments</u>	<u>Property Taxes Uncollected, Ending</u>
2020-2021	\$ -	\$ 5,460,217	\$ (143,162)	\$ (5,225,254)	\$ (18,613)	\$ 73,188
2019-2020	79,238	-	139	(42,426)	(6,551)	30,400
2018-2019	31,703	-	28	(13,467)	(1,213)	17,052
2017-2018	17,180	-	10	(9,494)	(542)	7,153
2016-2017	7,083	-	-	(5,302)	(177)	1,605
2015-2016	1,478	-	-	(584)	(90)	803
2014-2015	698	-	-	(215)	(77)	406
2013-2014	433	-	-	(40)	(34)	359
2012-2013	518	-	-	(30)	(17)	471
2011-Prior	7,801	-	-	(103)	2	7,700
	<u>\$ 146,132</u>	<u>\$ 5,460,217</u>	<u>\$ (142,985)</u>	<u>\$ (5,296,915)</u>	<u>\$ (27,311)</u>	<u>\$ 139,137</u>



**INDEPENDENT AUDITOR'S REPORT REQUIRED BY  
OREGON STATE REGULATIONS**

**Independent Auditor's Report  
Required by Oregon State Regulations**

To the Board of Directors  
East Multnomah Soil and Water Conservation District  
Portland, Oregon

We have audited the accompanying basic financial statements of East Multnomah Soil and Water Conservation District (the District) as of and for the year ended June 30, 2021 and have issued our report thereon dated December 6, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether East Multnomah Soil and Water Conservation District's financial statements are free of material misstatement we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of Public Funds with Financial Institutions (ORS Chapter 295)
- Indebtedness limitations, restrictions and repayment
- Budgets legally required (ORS Chapter 294)
- Insurance and fidelity bonds in force or required by law
- Programs funded from outside sources
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)
- Authorized investment of surplus funds (ORS Chapter 294)

**Richard Winkel, CPA**  
15086 NW Oakmont Loop  
Beaverton, OR 97006

tel: (503) 332-6750  
fax: (888) 739-8185  
email: [rwinkel@winkelcpa.com](mailto:rwinkel@winkelcpa.com)

In connection with our testing nothing came to our attention that caused us to believe East Multnomah Soil and Water Conservation District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

General Fund Budget Variances:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Rural lands program	\$ 1,152,999	\$ 1,156,424	\$ (3,425)

**OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered East Multnomah Soil and Water Conservation District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of East Multnomah Soil and Water Conservation District internal control over financial reporting.

This report is intended for the information of East Multnomah Soil and Water Conservation District's board of directors and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Richard Winkel, CPA  
December 6, 2021