

Appendix 1: Budgeting Processes and Requirements

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1.1 The Budget Officer

As a taxing entity subject to Oregon Local Budget Law, the District must appoint a budget officer to prepare (or supervise the preparation of) the budget document, as described in Oregon Revised Statutes (“ORS”) chapter 294.331:

... The budget officer...shall prepare or supervise the preparation of the budget document. The budget officer shall act under the direction of the executive officer of the municipal corporation, or where no executive officer exists, under the direction of the governing body.

In fiscal year 2016-2017 (July 1, 2016 through June 30, 2017), the District’s Board of Directors added the role of Budget Officer to the General Manager’s job description.

Overview

- ✓ *Budget Officer appointed*
- ✓ *This Budget Message communicates the proposed budget*
- ✓ *Budget Committee established*
- ✓ *Budget Committee approves (or modifies and approves) proposed budget*
- ✓ *Board of Directors adopts (or modifies and adopts) approved budget*

Budget Message for Fiscal Year 2018-2019
Clackamas Soil and Water Conservation District

1.2 The Budget Message

A cornerstone of the public budgeting process is communicating the annual budget to the Budget Committee and to the public. The budget message identifies significant changes from the previous budget and identifies significant new initiatives and changes in District programs and operations. The budget message also communicates how the District will continue to implement the District's long-range plan in the coming fiscal year.

According to Oregon Revised States chapter 294.403:

A budget message shall be prepared by or under the direction of the executive officer of the municipal corporation or, where no executive officer exists, by or under the direction of the presiding officer of the governing body. The budget message shall be delivered at a meeting of the budget committee as provided in ORS 294.426 (1). The budget message shall:

- (1) Explain the budget document;*
- (2) Contain a brief description of the proposed financial policies of the municipal corporation for the ensuing year or ensuing budget period;*
- (3) Describe in connection with the financial policies of the municipal corporation, the important features of the budget document;*
- (4) Set forth the reason for salient changes from the previous year or budget period in appropriation and revenue items;*
- (5) Explain the major changes in financial policy; and*
- (6) Set forth any change contemplated in the municipal corporation's basis of accounting and explain the reasons for the change and the effect of the change on the operations of the municipal corporation.*

1.3 The Budget Committee

Oregon Revised Statute chapter 294 requires public taxing entities to prepare a budget consistent with Oregon Local Budget Law.

1.3.1 District is a special district with a voter-approved property tax levy

The Clackamas Soil and Water Conservation District is a special district of the State of Oregon and a local unit of government, formed under the authority of ORS chapter 568, with the powers and duties described in that law. The current district was formed by combining the North Clackamas and South Clackamas district boards on March 22, 1974; the two original districts go back to 1958.

In 2006, Clackamas County voters passed Measure 3-221, granting a permanent property tax rate limit to the District, making the District a public taxing entity subject to Oregon Local Budget Law. The language of Measure 3-221 as approved by voters is shown below:

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This permanent rate limit will enable Clackamas Soil and Water Conservation District to provide education and technical assistance to urban and rural residents, farmers, businesses, municipalities, and others to meet rising legal and public expectations for healthy and sustainable management of our land, air and water. The District does not make or enforce regulations.

The permanent rate limit will support current District programs including conservation technical assistance, help for landowners navigating regulations, and cost-share funding for conservation projects to improve the quality of our streams, working lands and natural habitat for fish, wildlife, and people. The District is also responding to citizen demands to implement a countywide weed program focused on education and sustainable control methods.

This measure establishes a permanent rate limit of \$0.05 per \$1,000 assessed valuation. It will cost a property owner a maximum of \$10.00 per year on property valued at \$200,000 and yield an estimated \$1,400,000 to the District. The District may levy a lower rate. This permanent rate is an upper limit that by law can never be raised.

1.3.2 District must establish a Budget Committee

The District must establish a Budget Committee and must hold at least one public meeting to review and approve the upcoming year’s budget. The Budget Committee consists of the District’s governing body and an equal number of local registered voters appointed by the governing body.

1.3.3 Budget Committee members

In 2018, the Budget Committee consists of 14 members: seven electors and the seven-member Board of Directors. This group provides wide representation on natural resources issues and opportunities throughout the District.

Name	Board or Elector	Status
Dave Albrecht	Elector	Re-appointed in 2016, in third year of term
John Borden	Elector	Re-appointed in 2016, in third year of term
Jessica Collins	Elector	Appointed in 2017, in second year of term
Steve Fedje	Elector	Re-appointed in 2018, in first year of term
Terry Muilenberg	Elector	Appointed in 2017, in second year of term
Rennie Squier	Elector	Re-appointed in 2016, in third year of term
Jim Toops	Elector	Re-appointed in 2018, in first year of term
Jeff Becker	Board	Serves while a Board member
Roger Fantz	Board	Serves while a Board member
Don Guttridge	Board	Serves while a Board member
Jim Johnson	Board	Serves while a Board member
Jan Lee	Board	Serves while a Board member
Jesse Nelson	Board	Serves while a Board member
Joan Zuber	Board	Serves while a Board member

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1.3.4 Term of service for Budget Committee members

Citizen members are appointed by the District's Board of Directors to serve three-year terms. Terms of citizen members are staggered to help provide continuity from year to year and to allow new ideas and perspectives to be included in the Committee's deliberations.

1.3.5 Duties of the Budget Committee

The role of the Budget Committee is to review the proposed budget submitted by the Budget Officer, and either approve it as proposed or modify it. The Committee elects a presiding officer to help the Committee reach an affirmative vote in approving the budget.

Specifically, the Budget Committee:

1. Receives the budget document.
2. Hears the budget message.
3. Considers public comment.
4. Discusses and revises the budget as needed.
5. Approves the budget.
6. Approves the property taxes to be levied.

All meetings of the Budget Committee are subject to Oregon's Public Meetings Law (ORS 192.610 through ORS 192.690). A quorum of the Committee is required to conduct business and a majority of the Committee members is required to take action. This year a quorum and simple majority are the same: eight Committee members.

The Committee may request and receive additional information from District officials.

The District anticipates holding two meetings of the Budget Committee in April 2018. The proposed budget and budget message will be presented by the Budget Officer at the first Budget Committee meeting. At the second meeting, any changes requested by the Committee will be presented, and public testimony on the proposed budget will be accepted. The Budget Committee is scheduled to vote on the proposed budget at the second meeting.

1.3.6 Duties of the Board of Directors

Following approval of the budget by the Budget Committee, the District's Board of Directors will hold a budget hearing on the budget as approved by the Committee. Any person may comment on the approved budget at the hearing.

After the hearing, the Board of Directors can change the budget estimates and the tax levy approved by the Budget Committee. However, if the Board increases the tax by any amount, or if the Board increases expenditures in any fund by 10% or more, the District must republish the amended budget summary and hold another budget hearing.

The deadline for the Board of Directors to enact a resolution that adopts the budget, makes appropriations, imposes tax levies, and categorizes each tax is June 30, 2018.

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1.4 Budgeting

Oregon Revised Statute chapter 294 requires public taxing entities to prepare a budget consistent with Oregon Local Budget Law. The budget is a one-year financial plan that balances resources and needs to help accomplish the District's mission and goals. Appropriations identified in the adopted budget are spending limits.

1.4.1 What are funds?

The budget is prepared by fund. Each fund in the budget must balance, i.e., resources and requirements must match. The District has three kinds of funds: general fund, special revenue fund, and reserve fund.

The Oregon Department of Revenue describes a general fund as shown below:

The purpose of a general fund is to record financial transactions relating to all activities for which specific types of funds are not required. It is the general operating fund for the local government. Most local governments have a general fund. Many small districts have only a general fund.

The Oregon Department of Revenue describes a special revenue fund as shown below:

Special revenue funds should be set up for dedicated local option tax levies, specific purpose grants and other revenues when required by statute, charter provision, or the terms of a grant. The number of such funds depends upon the activities of the local government and how it is funded...The general requirement is that dedicated revenues must be used for the specific purpose authorized, and separate funds should be established for them (ORS 311.350).

The Oregon Department of Revenue describes a reserve fund as shown below:

A local government may set up a reserve fund to accumulate money for financing the cost of any service, project, property or equipment that the district can legally perform or acquire (ORS 294.346, renumbered from 294.525). Under Local Budget Law, a reserve fund is a way to save money from year to year. Expenditures can be appropriated and made directly from a reserve fund.

The resolution or ordinance creating a reserve fund should state the purpose for which the money in the fund can be spent. At least every 10 years after the establishment of a reserve fund, the governing body must review the fund to decide if it should be continued or abolished. Any unexpended or unobligated balance left in the fund when it is abolished can be transferred to the general fund or any other fund designated by the governing body.

Money in a reserve fund can only be used for the purpose for which the fund was established. Expenditures for that purpose may be budgeted and appropriated directly from the reserve fund. Transfers may not be made from a reserve fund unless the fund that receives the transfer uses the money for a purpose consistent with the purpose of the reserve fund. Interfund loans can be made from a reserve fund under ORS 294.468 (renumbered from 294.460).

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1.4.2 Organization of the District's funds

The District has established five funds:

1. General Fund
2. Conservation Grants Fund
3. Conservation Loans Fund
4. Working Lands Legacy Fund
5. Building Reserve Fund

GENERAL FUND

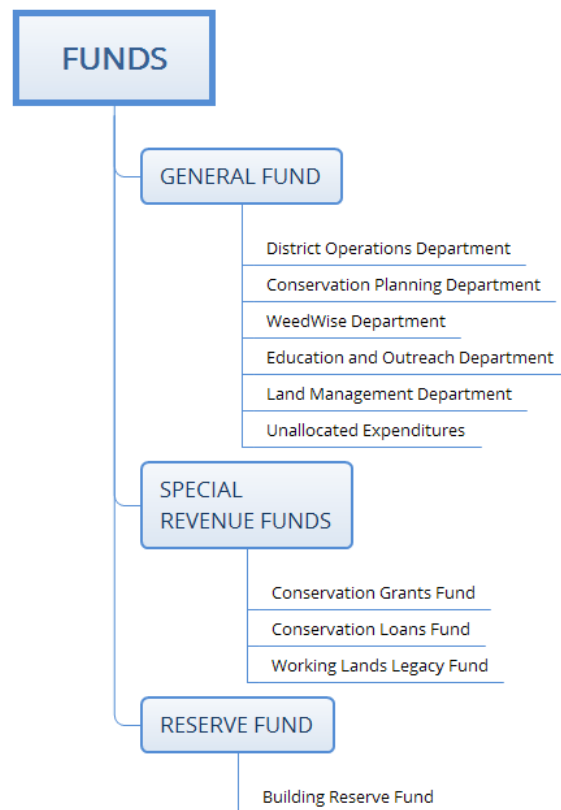
Six organizational units or departments exist within the General Fund:

1. District Operations
2. Conservation Planning
3. WeedWise
4. Education and Outreach
5. Land Management
6. Not Allocated Expenditures

The Not Allocated Expenditures portion of the General Fund captures costs that are not allocated to a specific department, including transfers from the General Fund to other funds.

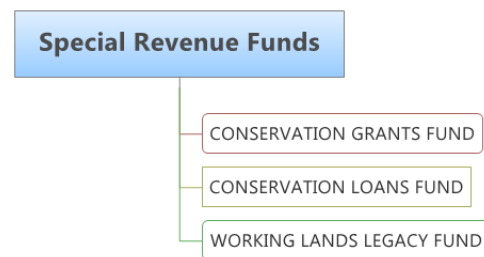
General Fund money is the least restricted resource in the budget.

Generally speaking, the highest level of activity occurs in the General Fund, followed by the two conservation funds (the Conservation Grants Fund and the Conservation Loans Fund).



SPECIAL REVENUE FUNDS

Prior to FY 2016-2017, the District's Conservation Fund was focused on grants and loans to cooperators. At the direction of the Board of Directors, loans were moved to their own fund in FY 2016-2017 to provide more transparency in the way the District shows loan-related revenue and expenditures.



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Thus, the District now has three special revenue funds:

1. Conservation Grants Fund
2. Conservation Loans Fund
3. Working Lands Legacy Fund

RESERVE FUND

The Building Reserve Fund is a reserve fund.

For FY 2018-2019 we expect more activity in the Building Reserve Fund as the District moves forward with the construction of a new office and meeting facility named the Conservation Resource Center.

