

Fiscal Year 2019 Budget Message



Tualatin Soil and Water
CONSERVATION DISTRICT
Conservation is for everyone.

Kelly Dawes
Budget Officer
April 24, 2018

TABLE OF CONTENTS

SECTION 1 - BUDGETING	2
SECTION 2 - POLICIES AND PERFORMANCE	9
SECTION 3 - SERVICES	11
SECTION 4 - ACCOMPLISHMENTS.....	13
SECTION 5 - MANAGEMENT	17
SECTION 6 - BUDGET SCENARIO FOR FY19	19
APPENDIX A - ABOUT TUALATIN SWCD	28
APPENDIX B - THE TUALATIN RIVER WATERSHED.....	31
APPENDIX C - LINE ITEM REVIEW	35
APPENDIX D - GLOSSARY	37



Section 1 - Budgeting

The Budget Officer

As a taxing entity subject to Oregon Local Budget Law, Tualatin Soil and Water Conservation District (TSWCD or District) must appoint a budget officer to prepare (or supervise the preparation of) the budget document, as described in Oregon Revised Statute (“ORS”) 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 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.”

For the development of the Fiscal Year July 1, 2018 – June 30, 2019 (FY19) budget, TSWCD’s Board of Directors on March 13, 2018, appointed TSWCD’s Director of Finance & Operations as the Budget Officer.

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 changes from the previous budget and identifies new initiatives and changes in TSWCD’s programs and operations.

The budget message also communicates how TSWCD will continue to implement TSWCD’s *Long-Range Business Plan for 2016 – 2020 (Business Plan)* in the coming fiscal year.

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.



According to ORS 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:

- *Explain the budget document;*
- *Contain a brief description of the proposed financial policies of the municipal corporation for the ensuing year or ensuing budget period;*
- *Describe in connection with the financial policies of the municipal corporation, the important features of the budget document;*
- *Set forth the reason for salient changes from the previous year or budget period in appropriation and revenue items;*
- *Explain the major changes in financial policy; and*
- *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.*

The Budget Committee

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

TSWCD is a special district of the State of Oregon and a local unit of government, formed in 1955 under the authority of ORS 568, and with the powers and duties described in that law.

TSWCD 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 TSWCD's Board of Directors and an equal number of local registered voters appointed by the Board.



Budget Committee Members

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

Name	Board or Elector	Status
Thomas Dierickx	Board	Serves while a Board member
Anna Jesse	Board	Serves while a Board member
Eldon Jossi	Board	Serves while a Board member
John McDonald	Board	Serves while a Board member
Matt Pihl	Board	Serves while a Board member
Steve VanGrunsven	Board	Serves while a Board Member
Jerry Ward	Board	Serves while a Board Member
Candace Evers	Elector	Appointed in 2017, in second year of term
Ken Helm	Elector	Appointed in 2018, in first year of term
Dan Logan	Elector	Appointed in 2017, in second year of term
Sherilyn Lombos	Elector	Appointed in 2017, in second year of term
Anthony Mills	Elector	Appointed in 2018, in first year of term
Tom Nygren	Elector	Appointed in 2017, in second year of term
Lyle Spiesschaert	Elector	Appointed in 2017, in second year of term

Terms of Service for Budget Committee Members

Citizen members are appointed by TSWCD'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.

Duties of the Budget Committee

The Budget Committee reviews the proposed budget submitted by the Budget Officer, and either approves it as proposed or modifies it. The Committee elects a presiding officer to help the Committee reach an affirmative vote to approve the budget proposal.



Specifically, the Budget Committee:

1. Receives the budget document from the Budget Officer.
2. Hears the budget message.
3. Hears and 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 - 690). A quorum of the Committee is required to conduct business. A majority of the Committee members is required to act.

This year, for this Budget Committee, a quorum and simple majority are the same: eight Committee members.

The Committee may request and receive additional information from TSWCD officials. At any given time, additional information may be received by requesting it from Lacey Townsend, Kelly Dawes, or John McDonald.

TSWCD anticipates two meetings of the Budget Committee in 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.

Duties of the Board of Directors

Following approval of the budget by the Budget Committee, the Board of Directors holds a budget hearing on the budget 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 amount of estimated expenditures for each fund by no more than \$5,000 or 10% of the estimated expenditures, whichever is greater. The amount or rate of the total ad valorem property taxes to be certified by TSWCD to the assessor may not exceed the amount approved by the Budget Committee. [ORS 294.456]

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

Budgeting by Funds

What are “funds”?

The budget is prepared by fund. TSWCD has three kinds of funds: general fund, special revenue fund, and a reserve fund.

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

The purpose of the **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. [ORS 293-105]

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 provisions, or the terms of a grant...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 the 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).

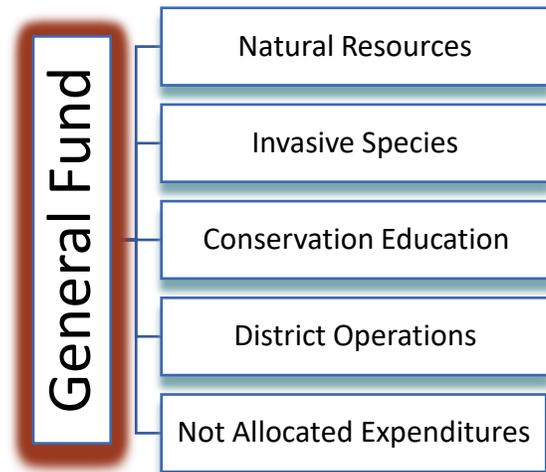


Organization of TSWCD's Funds

TSWCD has established three funds: General Fund, Special Reserve Fund, and Reserve Fund.

General Fund

Four programs exist within the General Fund: Natural Resources, Invasive Species, Conservation Education, and District Operations. The Not Allocated Expenditures portion of the General Fund is used to show transfers to other funds, contingencies, reserve for future expenditures, and the unappropriated fund balance.



Conservation Special Fund

For FY19 TSWCD has one Special Revenue Fund - the Conservation Special Fund - Grants.

Conservation Opportunity Reserve Fund

For FY19 TSWCD has one Reserve Fund - Conservation Opportunity Reserve Fund.



Section 2 - Policies and Performance

Basis for Budgeting

TSWCD has always operated on a modified cash basis. Cash basis means revenue is recorded when received, and expenditures are recorded when money is spent. After consultation with both TSWCD's municipal auditor and the Oregon Department of Revenue, TSWCD has decided to continue operating under a modified cash basis.

Funds held in Approved Institutions

All TSWCD funds are held in qualified public depositories approved by the Oregon State Treasury. For FY18, those institutions are Premier Community Bank and the Oregon State Treasury's Local Government Investment Pool (LGIP). In general, long-term savings are held in LGIP accounts, while short-term operating capital is held in a checking account at Premier Community Bank. For FY19, TSWCD does not anticipate any change in banking institutions.

Expenditures

Expenditures follow a four-step process.

1. The Board of Directors authorizes the expenditures in the adopted budget.
2. The staff consults the accounting staff to spend specific expenditures according to the budget.
3. The Executive Director and/or Program Manager reviews and authorizes the expenditures.
4. The Director of Finance & Operations writes the checks and presents the checks for signature by two Directors.



Expenditures are also reviewed by the accounting staff when recording transactions in TSWCD's accounting software, and when filing documentation which supports each transaction.

The Executive Director, Director of Finance & Operations, and the Board Treasurer regularly monitor accounts and compare expenditures to limits authorized in the budget. Each month, the Board of Directors reviews and approves expenditures to make certain expenditures are necessary and appropriate. Monthly, the Treasurer (or when advisable, Board of Directors) reviews the budget-to-actual report.

Transparency

TSWCD regularly publishes the agenda for public meetings and posts approved meeting minutes online. TSWCD will make available financial reports upon request. To help residents stay informed about the activities of their soil and water conservation district, TSWCD utilizes newspapers, our website, and social media (Facebook, Twitter, and Instagram). Find our website at www.tualatinswcd.org.



Section 3 - Services

In FY19, TSWCD plans to continue developing and implementing services within each program. The number of people receiving services will increase. More investments will continue to be made in on-the-ground conservation and education. The budget proposed for FY19 will increase technical assistance and financial assistance to residents.

Technical Assistance

Technical assistance is provided to residents through one-on-one site visits and consultation. Technical assistance involves working with residents to implement sustainable solutions to conserve and enhance natural resources.

Conservation Planning

A Conservation Plan is a customized, detailed guide to help a landowner manage their land while protecting natural resources. Plans address site-specific issues through practices to conserve soil, water, and related plant and animal resources. TSWCD helps develop plans at no cost to residents. Each resident makes all decisions on their plan, implements the plan, and has complete control over the activities on their land (within local permitting guidelines).

Financial Assistance

Funding to implement projects to address natural resource concerns as identified in the *Business Plan* is distributed through direct resident assistance, partner agreements, small grants, and farmers market grants.



Conservation Education

Education is provided to residents and partners about natural resource concerns. Education involves:

- Workshops, events, presentations, and displays.
- Publications, including fact sheets, brochures, and newsletters.
- Traditional news media.
- Online media, including social media, website, and video production.
- K-12 education and youth education, including teacher professional development and natural resource conservation curricula.

TSWCD will be represented at more events and meetings. TSWCD will continue investing more time and energy to drive increased engagement through social media channels like Facebook, Twitter, and Instagram. These efforts will result in a more visible profile of TSWCD and will improve public understanding of what we do to help our communities conserve and enhance natural resources.



Section 4 – Accomplishments

TSWCD provides technical assistance, financial assistance, and education to create a sustainable, productive, healthy environment for the Washington County community. To better provide these services to our residents, TSWCD went through an office relocation, re-branding process, and continued program development.

Conservation Priorities

Our conservation priorities in FY18 have been related to water quality and quantity, soil health and erosion, invasive species, fish and wildlife habitat, urban conservation, forest health, and maintaining agriculture viability. We educate the public on local natural resource concerns, teach best management practices to manage these resources, and provide conservation tools to create a healthy and livable community.

Technical Assistance and Conservation Planning

Over the past two years, TSWCD (in cooperation with the Natural Resources Conservation Service) developed 45 new conservation plans with landowners covering a total area of 350 acres. These plans include conservation practices to address many of our conservation priorities listed above.

Of these 45 new plans, 13 were enrolled in our stream enhancement programs. A total of 4.8 new stream miles were restored during this period, for a total of 42.5 miles since 2005.

During these two years, 65 site visits were conducted. Over 1,300 landowners were contacted or provided technical assistance.



Conservation Education

Helping Washington County residents understand natural resource problems and implement practices to conserve natural resources is essential. TSWCD holds workshops, gives presentations, writes articles on conservation topics, and utilizes a website and social media to communicate effectively with the public.

In FY18, the District reached almost 3,000 residents at a variety of education events, workshops, and presentations.

Program Development and Building Partnerships

The majority of FY18 was spent developing new programs and building upon existing programs. Program missions and goals have been established. We strive to fill gaps in each program area and not overlap where programs already exist. Resource concerns for each program and its activities were chosen based on criteria such as prioritization in strategic planning, filling a gap in Washington County, partner collaboration, cost-effectiveness, and ease of implementation.

Partners were an important piece of the program development process. TSWCD invested more energy in building working relationships with existing and new partners. TSWCD's long-term conservation goals often align with the conservation goals of our partners. Board Directors, Associate Directors, Directors Emeritus, and TSWCD staff participate at various levels in a wide variety of natural resource organizations.

Small Grants

The TSWCD Small Grant Program was opened to county residents and organizations in December 2017. Application deadlines occur monthly. TSWCD grants fund the following project types: conservation-related events and education, habitat for pollinators, native and/or water-wise landscaping, school and community gardens, and stormwater management. From December 2017 - April 2018, TSWCD has funded 13 projects totaling \$53,715.



Farmers Market Grants

The Farmers Market Grant Program was created to help local markets interested in any one or more of the following: increasing community participation in market events, increasing the number of vendors over previous years, educating the public (e.g. food production, gardening, water use, soil health, food quality, etc.), and making healthy fresh agricultural products available to all demographics of Washington County (e.g. matching SNAP or other assistance programs).

Six farmers markets were awarded a total of \$44,350 toward their projects. These six markets reach a weekly average of over 15,000 combined attendees.

Oregon Agriculture in the Classroom

TSWCD developed a formal partnership with Oregon Agriculture in the Classroom (AIRC) to expand AIRC programs in Washington County schools. This partnership has allowed AIRC to hire a full-time Washington County Education Programs Coordinator, housed in the TSWCD office. The primary goal of the position is to assist educators to integrate agricultural, environmental, and natural resource education into their existing curricula.

Re-Branding

TSWCD hired an integrated branding and web agency to re-design our logo, re-evaluate our mission and vision, and help TSWCD create a consistent identity through which to deliver a variety of messaging.

Office Relocation

October 2017, TSWCD moved to a new office location. The office is larger than the previous space, more centrally located in the County, and includes an education center that can accommodate up to 88 people. There are ergonomic workstations, drop-in workspaces for partners, and a mud room to help coordinate on-the-ground activities.



New Employees

We added six new employees to support the development of our programs: four employees to the Natural Resources Program, one employee to the Invasive Species Program, and one employee to the Conservation Education Program.



Section 5 - Management

Growth in Property Values

TSWCD assumes the value of assessed real property will continue to increase. The Oregon State Constitution limits the annual increase in assessed property value for a property to three percent.

Manage Costs while Increasing Services

TSWCD carefully manages expenditures and continually seeks more efficient delivery methods to improve service, improve safety, and reduce cost. The challenge is to improve services while managing cost, so the costs remain less than the expected growth in revenues.

Staffing is TSWCD's greatest single cost center, but it is also the primary way conservation assistance is provided to residents. Services are being *designed for the purposes listed in the box to the right.*

- Protect clean water for drinking and for fish and wildlife.
- Encourage good stewardship practices that keep pesticides and fertilizers out of our water supply.
- Educate landowners about efficient irrigation and how to minimize the use of water.
- Improve soil health by controlling erosion, fighting invasive weeds, and protecting against damaging rainstorms and drought.
- Partner with urban landowners, neighborhood organizations, and public agencies to plant trees in urban areas and promote urban farms/gardens.
- Help small woodland and private forest owners improve forest health, protect water quality, reduce fire risks, and improve fish and wildlife habitat.
- Educate county residents, particularly children and youth, educators, and underserved
- Partner residents, to learn about conservation, nature, and gardening.
- Support local farmers who provide fresh, healthy, affordable food and beverages.
- Promote better protection of pollinators.
- Support partnerships.
- Work with partners to fill mutually-identified gaps while avoiding duplication.



Increase Services to Residents

The FY19 budget will expand our technical, educational, and financial assistance to residents in the following areas:

- Natural Resources Program
 - Urban Conservation
 - Rural Conservation
 - Forestry
 - Stream Enhancement
- Invasive Species Program
- Conservation Education Program

Staffing Level in FY19

Staffing levels will increase from 13.75 to 18.75 full-time equivalents. The staff increase will provide the technical support for the Natural Resources Program (urban and rural conservation, stream enhancement, and forestry), the Invasive Species Program, and the Conservation Education Program.

Build Sustainable Financial Assistance Mechanisms

Seek more outside funding. TSWCD has access to funds from the Oregon Watershed Enhancement Board, Oregon Department of Agriculture, USDA-Natural Resources Conservation Service, USDA – Farm Service Agency, Clean Water Services, other state and federal agency funding, and private contributors. As TSWCD’s engagement in the region increases and as our reputation for effective, efficient work continues to grow, our grant-seeking efforts will become more successful. TSWCD will be positioned to be more competitive in seeking grant funding for conservation projects.

Financial assistance. With the tax levy funding, TSWCD now offers financial assistance for both on-the-ground conservation and education efforts for both partner and community requests, and TSWCD-initiated projects.



Section 6 - Budget Scenario for FY19

TSWCD's budget for FY19 reflects the continued commitment to implement core components of the *Business Plan* and pursue the conservation priorities adopted by the Board of Directors. The *Business Plan* is available on the TSWCD website: www.tualatinswcd.org.

Priorities Addressed by Three Funds

The proposed budget is structured around three funds:

- General Fund
- Conservation Special Fund - Grants
- Conservation Opportunity Reserve Fund

TSWCD's top priority is to assure consistent, timely, professional service to Washington County residents. Working with the residents, we strive to provide a clean and healthy watershed that supports all beneficial uses for people, fish, and wildlife; a vibrant economy; and livable communities. We do this by providing technical assistance and education to residents to conserve natural resources for use today and for future generations. All employees are funded from the General Fund.

TSWCD's second highest priority is to provide financial assistance to help install and implement conservation practices that improve natural resources and to provide financial assistance to expand education efforts throughout the County. This includes leveraging state, federal, and private dollars to get even more conservation on the ground. This assistance is provided through the General Fund and Conservation Special Fund.



Our third highest priority is saving for any opportunity that will advance the mission and vision of TSWCD on a large scale. Examples of opportunities include land purchase for use as a demonstration site, purchase or construction of an education facility, purchase of a TSWCD office, conservation easements to protect farms and forests, and conservation projects that address multiple resource concerns on a large scale. The Conservation Opportunity Reserve Fund is the savings account for these types of priorities.

General Fund

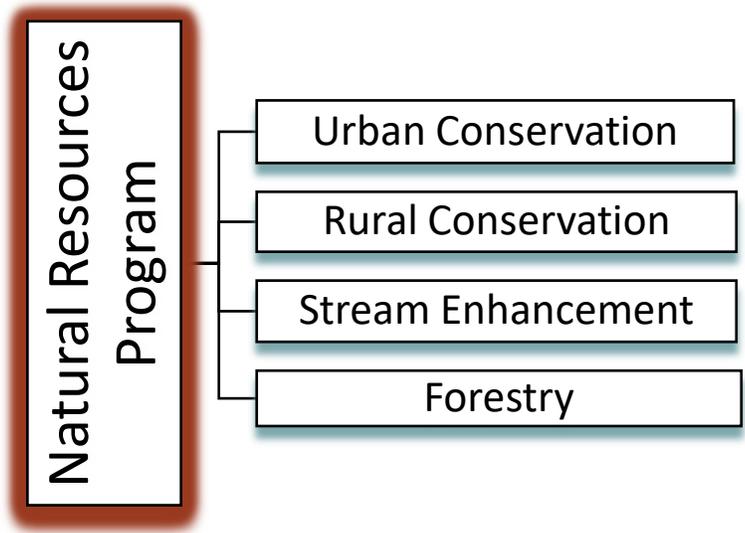
TSWCD is a service organization. Washington County voters approved a permanent tax levy in 2016 to ensure TSWCD services would be provided without interruption. TSWCD seeks to improve the quantity and quality of technical assistance and education provided to the public. The budget reflects this commitment to service delivery.

Within the General Fund are four programs: Natural Resources Program, Invasive Species Program, Conservation Education Program, and District Operations. A fifth detail sheet in the budget shows expenditures not allocated to any program.

According to the Oregon Department of Revenue ORS 293.105, *“A general fund contains the estimates of the revenues and expenditures needed to run the daily operations of the local government such as wages, supplies, rent, and utilities.”*



The **Natural Resources Program** includes the costs associated with providing services to customers and partners. Urban conservation, rural conservation, stream enhancement, and forestry activities are included in this program. Twelve (12) full-time equivalent positions are budgeted for this program.



The **Invasive Species Program** includes the costs associated with providing services to customers and partners related to invasive species regarding both plants and animals. Treatment and survey of invasive species and public education related to invasive species are activities included in this program. Two full-time equivalent positions are budgeted for this program.

The **Conservation Education Program** includes the costs associated to provide education services to residents and partners. Events targeting both adults and children, development of education materials, and delivery of education are activities included in this program. Two full-time equivalent positions are budgeted for this program.

District Operations includes the costs associated with our work as a public entity. Holding meetings of the Board of Directors, maintaining an office and associated infrastructure, financial management, fleet vehicles, and other administrative costs are activities included in this program. Two and three-quarter full-time equivalent positions are budgeted for this program.



Conservation Special Fund

The Conservation Special Fund is a special revenue fund focused on the grants and funds received by TSWCD from state, federal, and private sources that are restricted to specific projects and uses.

According to ORS 294.311(39), a special revenue fund is “...a fund properly authorized and used to finance particular activities from the receipts of specific taxes or other revenues.”

Conservation Opportunity Reserve Fund

The Conservation Opportunity Reserve Fund reserves funds for later purchase or lease of land and facilities for conservation opportunities such as a demonstration site, education facility, or office building and for conservation efforts consistent with the *Business Plan* priorities.

ORS 294.346 says, in part, “Any municipal corporation, by ordinance or resolution of its governing body, may establish one or more reserve funds to hold moneys to be accumulated and expended for the purposes specified in ORS 280.050.”

Tax Rate Determination and Amount to Levy

Current law allows taxing districts to establish their property tax revenue for a given budget period by either (a) requesting a special dollar amount or by (b) certifying a rate to be levied. If a specific dollar amount is requested, the maximum TSWCD can receive for that budget period is that dollar amount, even if new growth exceeds expectations and the assessed value of real property rises. If TSWCD certifies a rate, then it can receive the total amount generated by that rate.



Maximum Tax Rate Approved by Voters

TSWCD's permanent rate limit was established by voters in 2016 at nine cents per thousand (\$0.09/\$1,000) of assessed value of property in Washington County.

Dollar Amount Proposed in Budget

For FY19, the proposed budget uses a specific dollar amount of \$4,432,648 to be levied.

Budget Detail Sheets

Budget documents are provided to the Budget Committee and to the public for their review. TSWCD is obligated to submit the final budget on standardized budget forms prescribed by the Oregon Department of Revenue.

The proposed budget for FY19 is categorized by a General Fund containing four programs plus a sheet for not allocated expenditures, one special revenue fund (the Conservation Special Fund) to hold resources for restricted purposes, and a reserve fund (the Conservation Opportunity Reserve Fund) established to help TSWCD save for future opportunities that address TSWCD's conservation priorities.

All funds have a budget that includes a resources (revenue) section and a requirements section (expenditures). The totals for both sections must balance for each fund. Budgets include a variety of categories and line items specific to the needs of each fund.

Programs Shown

We are obligated to show programs and funds from the past few budget years, even when those programs or funds have been eliminated or superseded. This helps show enough history to identify changes between budget cycles. FY18 was the first year TSWCD was required to follow Oregon Local Budget Law. There is no historical data



represented by programs or funds. FY20 will be the first year TSWCD will show a prior budget year comparison to FY18.

All prior year municipal audits of TSWCD are available at the TSWCD office for public review.

General Fund

The primary source of revenue for the General Fund is TSWCD's permanent taxing authority. Other anticipated revenue sources include grants and contracts from federal, state, local, and private entities, as well as interest earned from funds in TSWCD accounts.

Within the General Fund are four programs and a page for not allocated expenditures. In general, the General Fund has the programs and activities for financial assistance, technical assistance, conservation education, and district operations that support the *Business Plan*. Expenditures not allocated to a program are shown on a fifth sheet described "Not Allocated to Any Program". This fifth page shows transfers from the General Fund to the Conservation Opportunity Reserve Fund.

Resources

The OR-LB-20 Resources page of the General Fund begins with the projected working capital carry-over from FY18. This working capital will be the ending balance of the programs on projects that have begun in FY18 and will continue into FY19.

This value is particularly challenging to estimate because of so many unknown factors in seasonal project work and grant funds that may be awarded to TSWCD.



Other Resources

Other revenue comes from a variety of grants, contracts, and interest generated from investment accounts. We also anticipate receiving donations. From time to time, TSWCD may apply for grants to leverage its tax revenue by bringing in supplemental funds to support our work.

Requirements

The program expenditures pages on form OR-LB-30 (Natural Resources Program, Invasive Species Program, Conservation Education Program, and District Operations) and the Not Allocated Expenditures page are all summarized and balance to the requirements of these programs on form OR-LB-20 Resources: General Fund.

Page 2 – Natural Resources

Page 3 – Invasive Species

Page 4 – Conservation Education

Page 5 – District Operations

Page 6 – Not Allocated to Any Program

Categories required in the General Fund include:

- Personnel services
- Materials and services
- Capital outlay
- Operating contingency
- Unappropriated ending fund balance

Personnel Services

The proposed budget for salaries and wages reflects 18.75 full-time equivalent employees. The total for personnel services, (which includes gross wages, benefits, and payroll liabilities) is budgeted at \$1,582,809 for FY19. Costs increase due to adding five employees.



Beginning in FY19, TSWCD will add short-term/long-term disability and life insurance. This added benefit will be paid 100% by TSWCD.

TSWCD's health insurance plan is through Regence Blue Cross Blue Shield. The TSWCD dental insurance is through MODA. In recent years, medical and dental insurance plan costs have increased annually. TSWCD pays 100% of the employee premium for the plans selected by employees. Employees pay 10% of the premiums for additional family members.

For each of the past two fiscal years, medical and dental insurance premiums increased about 7% on average. TSWCD is anticipating the same percentage increase at the July 1, 2018 renewal.

TSWCD will continue to contribute 5% of the employee's annual gross wage to the 457(b) retirement plan. Employees will have the option to contribute any amount they choose to the plan pre-taxed up to the maximum amount allowed.

Merit Raises

To provide recognition of exemplary service and assure uninterrupted service to TSWCD customers, a nominal amount for merit raises and performance bonuses is included in the proposed budget. The Executive Director reviews recommendations with the Personnel Committee which decides what actions to take.

Materials and Services

Materials and Services is the broad expense category that supports TSWCD operations and program requirements. The proposed budget increases the amount available for materials and services. This is due to increases in contracted services: TSWCD office lease, dues and subscriptions, financial assistance, small grants, farmers markets grants, habitat conservation, and staff training. The cost for dues and subscriptions include software licenses. TSWCD expects to fill newly-created positions. Additional training is typical in the first year or two of employment with TSWCD.



Capital Outlay

Capital Outlay describes larger purchases of \$500 or more with a useful life past one year. Purchases generally become listed as fixed assets of TSWCD.

Transferred to Other Funds

To allocate resources from the General Fund needed by another fund (such as a special fund or a reserve fund), a transfer of money is budgeted from the General Fund to the receiving fund. The transfer is shown as a requirement of the General Fund. We detail these transfers on the “Not Allocated to Any Program” sheet.

Contingency

The contingency category is supported by Oregon Local Budget Law to manage for unforeseen or unexpected operation situations. Contingency funds can be used to cover shortfalls in any of the General Fund budget categories described above.

Conservation Special Fund

The Conservation Special Fund is the primary vehicle for TSWCD to manage all restricted funds awarded to TSWCD.

Conservation Opportunity Reserve Fund

The Conservation Opportunity Reserve Fund is a fund in which TSWCD reserves funds for later purchase or lease of land and facilities for conservation opportunities such as a demonstration site, education facility, or office building and for conservation efforts consistent with the *Business Plan* priorities.



Appendix A – About Tualatin SWCD

Mission

The Tualatin Soil and Water Conservation District provides technical assistance, financial assistance, and education to create a sustainable, productive, healthy environment for the Washington County community. We identify natural resource challenges and use both time-tested methods and cutting-edge research to determine solutions. Working with residents, we help our community implement sustainable solutions to conserve and enhance natural resources.

Vision

The Tualatin Soil and Water Conservation District works to create a sustainable, productive, and healthy environment for the Washington County community.

History of the Tualatin SWCD

On June 20, 1955, the Washington Soil Conservation District was legally organized “to work out, on a cooperative basis, problems having to do with erosion control, irrigation improvement and development, drainage improvement, and farm planning.”

Through the years, TSWCD has expanded its boundary to be the same as the Washington County boundary and has changed its name several times to accurately reflect its changing service areas and responsibilities.

In March 2003, TSWCD officially changed its name from Washington County Soil and Water Conservation District to the Tualatin Soil and Water Conservation District.

TSWCD strives to make natural resources as economically viable and environmentally healthy as possible by equipping residents with knowledge, financial resources, and motivation to make the Tualatin Basin a great place to live and work.



In 2016, Washington County voters passed Measure 34-269, granting a permanent property tax rate limit to TSWCD, making TSWCD a public taxing entity subject to Oregon Local Budget Law.

Governed by Seven-Member Board of Directors

TSWCD is governed by a seven-member Board of Directors. Individual directors are publicly elected in the November General Election held on even-numbered years. Directors serve four-year terms. Five directors are elected to represent specific zones in the District. Two directors are elected “at large,” meaning they do not represent a designated zone.

The TSWCD boundary is identical to that of Washington County. The District office is in Hillsboro to balance easy access by the majority of Washington County residents and in close proximity to active farming areas.

Assistance Provided by Technical and Professional Employees

TSWCD has 13.75 full-time equivalent (FTE) positions. These employees work to assure the proper management and administration of TSWCD, to educate and inform our constituents, and to provide conservation services to our customers. The employees will increase to 18.75 during FY19.

The majority of TSWCD’s employees are engaged in providing conservation services to the residents, with specialized skills addressing large and small farms, streams and the health of streamside vegetation, conservation in the urban environment, wildlife needs, outreach and education services, invasive species, and forest health.

Management and administration is provided by 2.75 employees: Executive Director, Director of Finance & Operations, and Operations Assistant. All work is supervised by the Executive Director who reports to the Board of Directors.



Contracted Work

TSWCD also utilizes specialized contractors to provide additional service. For example, vegetation management contractors are used to treat invasive species and plant streamside buffers.



Appendix B – the Tualatin River Watershed

The boundaries of Washington County approximate the boundaries of the Tualatin River Watershed (Figure 1). The 84-mile long Tualatin River drains over 900 miles of tributary streams and a land area of 712 square miles. The Tualatin River Watershed is bordered by the Coast Range Mountains to the west, the Tualatin Mountains to the north and east, and the Chehalem-Parrett Mountains to the south.

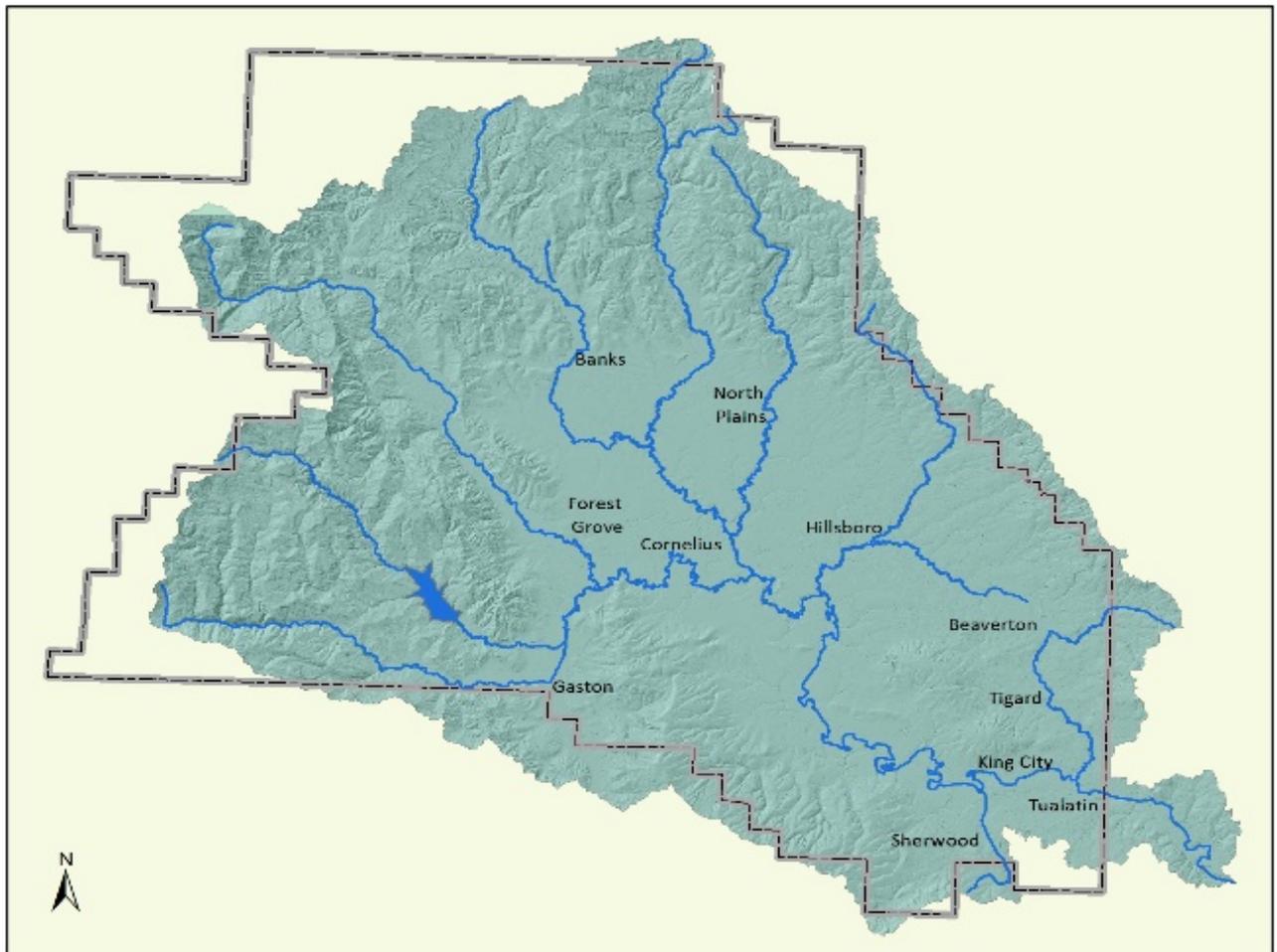


Figure 1. Washington County and Watershed Boundaries



Land Use - Forest, Rural, and Urban

The Tualatin River Watershed includes a wealth of timber resources in the upland forests; some of the most productive agriculture land on earth; and a thriving urban area with industry, commercial districts, and residential areas. Home to over 570,000 people, the watershed is approximately 15% urban, 35% rural (includes agriculture, natural areas and non-farm land uses), and 50% forest (Figure 2).

Land Use in Washington County

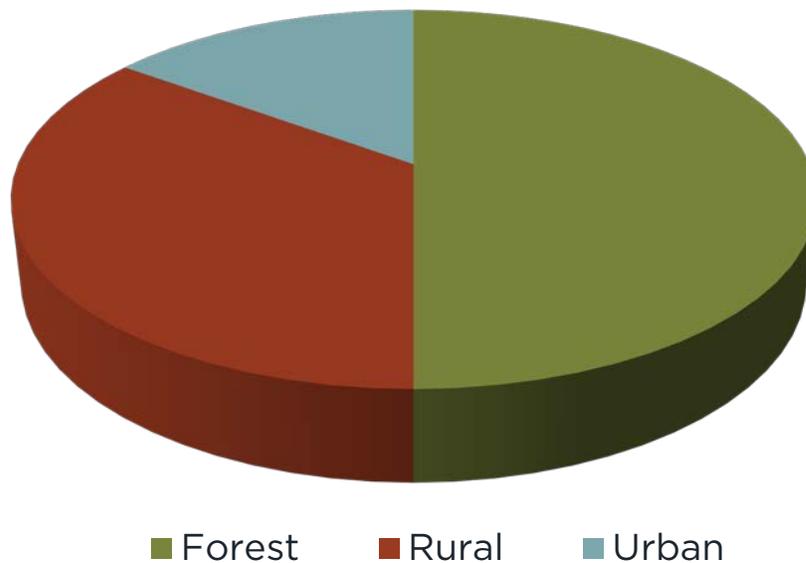


Figure 2. Land Use in Washington County

Forest

Approximately half of the county (over 230,000 acres) is commercial forestland. Most of the forested land of the watershed lies in the mountains and foothills of the Coast Range, where the Tualatin River headwaters originate. Healthy, functioning forests are dynamic systems that decompose organic matter, cycle nutrients, and provide habitat for diverse wildlife.



Rural

Agriculture is a significant land use in Washington County. The soils of the watershed are very fertile in the flood plains of the Tualatin River and its tributary creeks, leading to rich agriculture diversity. In 2013, Washington County ranked seventh in the state for agricultural gross income. As of 2012, 135,733 acres of Washington County are in farmland.

Urban

Washington County is the second most populous county in Oregon. The number of residents has doubled in the past 25 years. As of 2015, there were an estimated 574,326 people and 206,426 households residing in the county, with a population density of 731 people per square mile.

Urban development poses many challenges for natural resource conservation. With over 60 years of experience in rural conservation, the Tualatin Soil and Water Conservation District is well-positioned to provide the same solutions to resource conservation problems in urban areas that we have historically provided to farms and rural properties.

TSWCD can be a leader in partnership with existing groups to provide technical assistance, conservation planning, and community education in urban areas using evidence-based, field-tested conservation practices already developed that can be scaled to the urban setting, as well as conservation education programs available to all Washington County residents.



Resource Concerns

TSWCD's *Business Plan* identifies nine resource concerns to address through conservation programs.

- Water Quality
- Water Quantity
- Soil Health and Erosion
- Invasive and Noxious Species
- Fish and Wildlife Habitat
- Urban Conservation
- Forest Health
- Maintain Agriculture Viability
- Conservation Education



Appendix C - Line Item Review

Materials and Services Category

Advertising/Announcements – legal notices, announcements, and Washington County voter pamphlet cost.

Bank Fees/Interest – bank service charge and loan interest paid.

Audit/Legal/Insurance – annual municipal audit, State of Oregon fees, bookkeeping charges above the audit contract, District liability insurance, and legal counsel.

Conservation Education – annual meeting, District Barbecue, outreach education, displays, educational financial awards, and publications.

Dues/Memberships – membership dues and software subscriptions.

Director's Expenses – director training and meeting expenses.

Employee Development Costs – employee training and registration costs, training mileage, lodging, and meals.

Facilities – electricity, gas, sanitation, rent, IT services, interest expense, security, telecommunications, building maintenance, and janitorial.

Conservation Incentives – cost share/matching funds, contracted services for on-the-ground work, financial assistance, landowner incentive payments, and professional project consulting.

Office Expense – office supplies, postage/shipping, printing/copying, small office equipment with a value less than \$500 (e.g. small printer, computer monitor).

Small Field Equipment – field equipment rental, repairs and maintenance, field flags, small tools, measuring and monitoring devices.

Vehicles – fuel, insurance, maintenance, mileage, and state fees.



Line Item Review: Capital Outlay

Fixed Assets - office equipment and furniture with a value greater than \$500 and a life expectancy of more than one year, fleet vehicles, and tenant improvements.



Appendix D - Glossary

Accrual basis. Method of accounting recognizing transactions when they occur without regard to cash flow timing [ORS 294.311(1)]

Activity. That portion of the work of an organizational unit relating to a specific function or class of functions, a project or program, a subproject or subprogram, or any convenient division of these. [ORS 294.311(2)]

Adopted budget. Financial plan that is the basis for appropriations. Adopted by the governing body. [ORS 294.456]

Ad valorem tax. A property tax computed as a percentage of the value of taxable property. See “Assessed Value”.

Appropriation. Authorization for spending a specific amount of money for a specific purpose during a fiscal year. It is based on the adopted budget, including supplemental budgets, if any. It is presented in a resolution or ordinance adopted by the governing body. [ORS 294.311(3)]

Approved budget. The budget that has been approved by the budget committee. The data from the approved budget is published in the Financial Summary before the budget hearing. [ORS 294.428]

Assessed value. The value set on real and personal property as a basis for imposing taxes. It is the lesser of the property’s maximum assessed value or real market value. The growth is limited to 3% unless an exception applies (e.g., new or enlarged structure).

Assessment date. The date on which the real market value of property is set – January 1.

Audit. The annual review and appraisal of a municipal corporation’s accounts and fiscal affairs conducted by an accountant under contract or the Secretary of State. [ORS 297.425]



Audit report. A report in a form prescribed by the Secretary of State made by an auditor expressing an opinion about the propriety of a local government's financial statements, and compliance with requirements, orders and regulations.

Billing rate. A district's tax rate used to compute ad valorem taxes for each property. The billing rate is expressed in dollars per \$1,000 of assessed property value.

Budget. Written document showing the local government's comprehensive financial plan for one fiscal year or biennium. It must include a balanced statement of actual revenues and expenditures during each of the last two years, and estimated revenues and expenditures for the current and upcoming year. [ORS 294.311(5)]

Budget committee. Fiscal planning board of a local government, consisting of the governing body plus an equal number of registered voters appointed from the district. [ORS 294.414]

Budget message. Written explanation of a local government's budget and financial policies, including any changes from the prior fiscal year. It is prepared and presented under the direction of the executive officer or chairperson of the governing body. [ORS 294.403]

Budget officer. Person appointed by the governing body to assemble budget material and information and to physically prepare the proposed budget. [ORS 294.331]

Budget transfers. Amounts moved from one fund to finance activities in another fund. They are shown as expenditures in the originating fund and revenues in the receiving fund.

Capital outlay. Items which generally have a useful life of one or more years, such as machinery, land, furniture, equipment, or buildings.

Cash basis. System of accounting under which revenues are accounted for only when received in cash, and expenditures are accounted for only when paid. [ORS 294.311(9)]



Compression. A reduction in taxes required by Measure 5 (1990) property tax limits. Compression is computed on a property-by-property basis, and is first applied towards location option tax levies, then permanent rate levies.

Consolidated billing tax rate. The consolidated billing tax rate is the combined total of the billing rates for all taxing districts in a limitation category in the code area but does not include the billing rate for any urban renewal special levies and non-ad valorem taxes, fees, or other charges.

Constitutional limits. The maximum amount of tax on property that can be collected from an individual property for education and for other government activities (Article XI, section 11b, Oregon Constitution).

Contingency. An amount appropriated in anticipation that some operating expenditures will become necessary which cannot be foreseen and planned in the budget. A general operating fund may contain one line for operation contingency. [ORS 294.388]

Debt service fund. A fund established to account for payment of general long-term debt principal and interest. [OAR 150-294.0420(2)(d)]

District. See “Local government.” A local government entity that imposes property taxes (e.g. county, city, K-12 school district).

Division of Tax. Division of tax refers to the process of, and revenue from, apportioning tax to urban renewal agencies based on the relationship of the excess to frozen value, a.k.a. tax increment revenue.

Double majority. A term that refers to an election where at least 50 percent of the registered voters eligible to vote in the election cast a ballot and more than 50 percent voting approve the question (*any March or September election*).



Expenditures. Total amount incurred if accounts are kept on an accrual basis; total amount paid if accounts are kept on cash basis. Does not include amounts budgeted for interfund transfers, contingency, reserved for future expenditure or unappropriated ending fund balance. [ORS 294.311(16)]

Fiscal year. A 12-month period to which the annual operating budget applies. The fiscal year is July 1 through June 30 for local governments. [ORS 294.311(17)]

Fund. A fiscal and accounting entity with self-balancing accounts to record cash and other financial resources, related liabilities, balances and changes, all segregated for specific, regulated activities and objectives.

Fund balance. The excess of the assets of a fund over its liabilities and reserves. [ORS 294.311(18)]

Fund type. One of nine fund types: General, special revenue, debt service, capital projects, special assessment, enterprise, internal service, trust and agency, and reserve. [OAR 150-294.0420]

General fund. A fund used to account for most fiscal activities except for those activities required to be accounted for in another fund. [OAR 150-294.0420(2)(a)]

General government category. The limitation category for taxes used to support general government operations that are not for the purposes of paying exempt bonded indebtedness. [ORS 310.150(1)(c)]

Governing body. County court or board of commissioners, city council, school board, board of trustees, board of directors, or other managing board of a local government unit. [ORS 294.311(20)]

Grant. A donation or contribution in cash by one governmental unit to another unit which may be made to support a specified purchase or function, or general purpose. [ORS 294.311(21)]

Interfund loan. Loan made from one fund to another and authorized by resolution or ordinance. [ORS 294.468]



Interfund transfer. Transfer from one existing appropriation category to another within the same fund. [ORS 294.463]

Intra-fund transfer. Transfer from an existing appropriation category in one fund to another existing appropriation category in another fund. [ORS 294.463]

Internal service fund. A fund used to account for fiscal activities when goods or services are provided by one organizational unit to another on a cost-reimbursement basis. [ORS 294.311(23) and 294.343]

Levy. Amount of ad valorem tax certified by a local government for the support of governmental activities.

Liability. Debt or other legal obligation arising from transactions in the past which must be liquidated, renewed, or refunded at a future date; does not include encumbrances. [ORS 294.311(24)]

Local government. Any city, county, port, school district, community college, public or quasi-public corporation (including a municipal utility or dock commission) operated by a separate board or commission; a municipal corporation or municipality. [ORS 294.311(26)]

Local option tax. Taxing authority approved by voters that is in addition to the taxes generated by the permanent tax rate. Local option taxes can be for general operations, a specific purpose or capital projects. They are limited to five years unless they are for a capital project, then they are limited to the useful life of the project or 10 years, whichever is less. [Article XI, section 11(4)]

Materials and services. Expenses for operating costs and supplies and contracted services, such as utilities, rent, liability insurance, repair parts, fuel, accountant's fees, etc.

Maximum assessed value (MAV). The maximum taxable value limitation placed on real or personal property by the Article XI, section 11 of the Constitution. It can increase a maximum of 3 percent each year. The 3 percent limit may be exceeded if there are qualifying improvements made to the property, such as a major addition or new construction. [ORS 308.146]



Maximum authority. The limitation on the amount of revenue that can be raised each year for an existing urban renewal plan area [ORS 457.435(3)(a)]. Plans that are not existing plans do not have a maximum authority amount. This amount is adjusted each year based on the growth of excess value in the plan area.

Maximum indebtedness. The amount of the principal of the indebtedness necessary to complete an urban renewal plan. This does not include indebtedness incurred to refund or refinance existing indebtedness [ORS 457.190(3)(a)]. It is specified in dollars and cents and based on good faith estimates of the scope and costs of the anticipated project or projects. All existing plans are required to have an ordinance which establishes a maximum indebtedness.

Measure 5. A constitutional tax rate limitation (Article XI, Section 11b) passed by the voters in 1990 which restricts the amount an individual property can be taxed. Measure 5 limits school taxes to \$5 per \$1,000 of “real market value”. All other general government taxes are limited to \$10 per \$1,000 of “real market value”.

Measure 50. Initially this measure was passed as Measure 47 in 1996 and was found to unworkable, so was rewritten and submitted to the voters as Measure 50 in 1997 and passed. M50 reduced every property’s 1995-96 assessed value by 10% and limited the amount of annual growth of the assessed value to 3%. M50 also established permanent rate limitations for each taxing district in the state based on the current year tax in 1997, and then reduced 13% for most districts. If a district did not have a tax levy in 1997 and had never levied a tax, they could later request a permanent rate limit by going to the voters through a ballot measure.

Net working capital. The sum of the cash balance, accounts receivable expected to be realized during the ensuing year, inventories, supplies, prepaid expenses less current liabilities and, if encumbrance method of accounting is used, reserve for encumbrances. [ORS 294.311(27)]



Object classification. A grouping of expenditures, such as personnel services, materials and services, capital outlay, debt services, and other types of requirements. [ORS 294.311(29)]

Operating rate. The rate determined by dividing the local government's tax amount by the estimated assessed value in district. This rate is calculated by the assessor when a local government imposes its operating tax as an amount, rather than a tax rate.

Ordinance. A formal enactment by the governing board of a municipality.

Organizational unit. Any administrative subdivision of the local government, especially one charged with carrying on one or more specific functions such as a department, office, or division. [ORS 294.311(3)]

Personnel services. Expenses related to the compensation of salaried employees, such as health and accident insurance premiums, Social Security and retirement contributions, civil service assessments.

Permanent rate limit. The maximum rate of ad valorem property taxes that a local government can impose. Taxes generated from the permanent rate limit can be used for any purpose. No action of the local government or its voters can increase or decrease a permanent rate limit. A district can levy any rate or amount up to their permanent rate authority each year.

Prior year's tax levies. Taxes levied for fiscal years preceding the current one.

Program. A group of related activities to accomplish a major service or function for which the local government is responsible. [ORS 294.311(33)]

Property taxes. An ad valorem tax, another other "tax on property", or fees, charges and assessments that are specifically authorized by statute to be certified to the county assessor by a local government unit.



Proposed budget. Financial and operating plan prepared by the budget officer. It is submitted to the public and the budget committee for review.

Publication. Public notice given by publication in a newspaper of general circulation within the boundaries of the local government; mailing through the U.S. Postal Service by first class mail to each street address, PO Box and Rural Route within the boundaries of the local government; or hand delivery to each street address, PO Box and Rural Route address within the boundaries of the local government.

Real market value .The amount in cash which could reasonably be expected by an informed seller from an informal buyer in an arm's-length transaction as of the assessment date (Jan 1). [ORS 308.205]

Reserve for future expenditure. An amount budgeted, but not appropriated, that is not anticipated to be spent in the fiscal year, but rather carried forward into future fiscal years. The correct way to “save” money under Local Budget Law.

Reserve fund. Established to accumulate money from year to year for a specific purpose, such as purchase of new equipment. [ORS 294.346; 280.050]

Resolution. A formal order of a governing body; lower legal status than an ordinance.

Resource. Estimated beginning funds on hands plus anticipated receipts. [ORS 294.361]

Special revenue fund. A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes. [OAR 150-294.0420(2)(b)]



Special payment. A budget expenditure category for distribution, pass-through payments, grants made to other organizations and other one-time or unusual expenditures where goods or services are not received in return, and that do not fall into the other categories of personnel services, materials and services, capital outlay, etc.

Supplemental budget. A revised financial plan prepared to meet unexpected needs or to spend revenues not anticipated when the regular budget was adopted. It cannot be used to authorize additional taxes. [ORS 294.471]

Tax on property. Any tax, fee, charge or assessment imposed by any government unit upon property or upon a property owner as a direct consequence of ownership of that property. [ORS 310.140(18)]

Tax rate. The amount of tax state in terms of a unit of tax for each \$1,000 of assessed value of taxable property.

Tax roll. The official list showing the amount of taxes imposed against each taxable property.

Tax year. The fiscal year from July 1 through June 30.

Unappropriated ending fund balance. Amount set aside in the budget to be used as a cash carryover to the next year's budget. It provides the local government with operating cash until tax money is received from the county treasurer in November. This amount cannot be transferred by resolution or used through a supplemental budget, unless necessitated by a qualifying emergency. [ORS 294.398]

