



North Santiam Sewer Authority

Oregon

2024-25 Approved Budget

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INTRODUCTION

READER'S GUIDE

Introduction:

Contains the budget message, information about the North Santiam Sewer Authority statistics, a description of the budget document, the budget process, the budget basis, summary of financial management policies, revenue sources descriptions and debt management policies and summaries.

Work Program

Each service area has a narrative that describes the services provided well as the revenues and expenditure of the fund.

CPP:

Capital Purchase details and expenditures included in the budget.

Acronyms:

Abbreviations are explained here.

Glossary:

A list of terms with explanations or definitions used throughout the budget document.

Appendix:

Include documents supporting the budget document, such as the Comprehensive Financial Policies.

BUDGET MESSAGE

OVERVIEW

To the Members of the North Santiam Sewer Authority Budget Committee and Board of Directors:

The proposed Budget is for the fiscal year beginning July 1, 2024 and ending June 30, 2025 and represents the best assessment of the obligations and financial capacity of the North Santiam Sewer Authority (the NSSA) for the upcoming fiscal year. It provides for the continuation of NSSA's current programs and activities, with a few enhancements, while realistically and conservatively projecting anticipated revenues and expenditures.

BUDGET SUMMARY

On, May 6th the NSSA Board of Directors will be presented with the resolution, to adopt this budget, requesting an appropriation of \$285,000 reflecting cash carry over and new revenues from Marion County.

Budget Highlights:

The majority of expenses are Materials and Services. NSSA is staffed through a contract with the Mid-Willamette Valley Council of Governments (COG). Our primary expenses come from attorney services, insurance, our contract for staffing through COG, milage, web hosting, our financial audit, and other miscellaneous office supplies and support services.

TOTAL RESOURCES (REVENUES)

Beginning Fund Balance is estimated to be \$90,000 at the beginning of FY 2024-2025. New contracts with Marion County are estimated at \$195,000.

REQUIREMENTS (EXPENDITURES)

Personnel Services – None we have no direct staff.

Materials and Services, \$213,750

Capital – None, NSSA currently does not have any capital purchases planned.

Debt – None, NSSA currently has no debt.

In October 2022, the Board of Directors adopted a policy establishing a method for determining a contingency, establishing the target at no less than three (3) months of total operating expenses for the general fund. Based on that methodology the target would be \$71,250 for FY 24-25.

SUMMARY

In all programs and activities, NSSA remains committed to providing excellent customer service, strengthening relationships, and promoting intergovernmental cooperation.

The NSSA Board of Directors has authority to increase or reduce the budget recommended by the Budget Committee to any degree it may desire when it meets. Budget law also provides an opportunity for the Board of Directors to adopt a supplemental budget, when necessary, without convening the Budget Committee. This proposed budget, when approved by the Budget Committee and the Board of Directors, will direct and empower the staff to apply their skills and energies to important programs and member services in the region.

I would like to thank the Board of Directors for their continued excellent public service to the North Santiam canyon communities.

Respectfully submitted,

Laura Conroy, Project Manager and Budget Officer
NORTH SANTIAM SEWER AUTHORITY

BUDGET COMMITTEE

NSSA Budget Committee

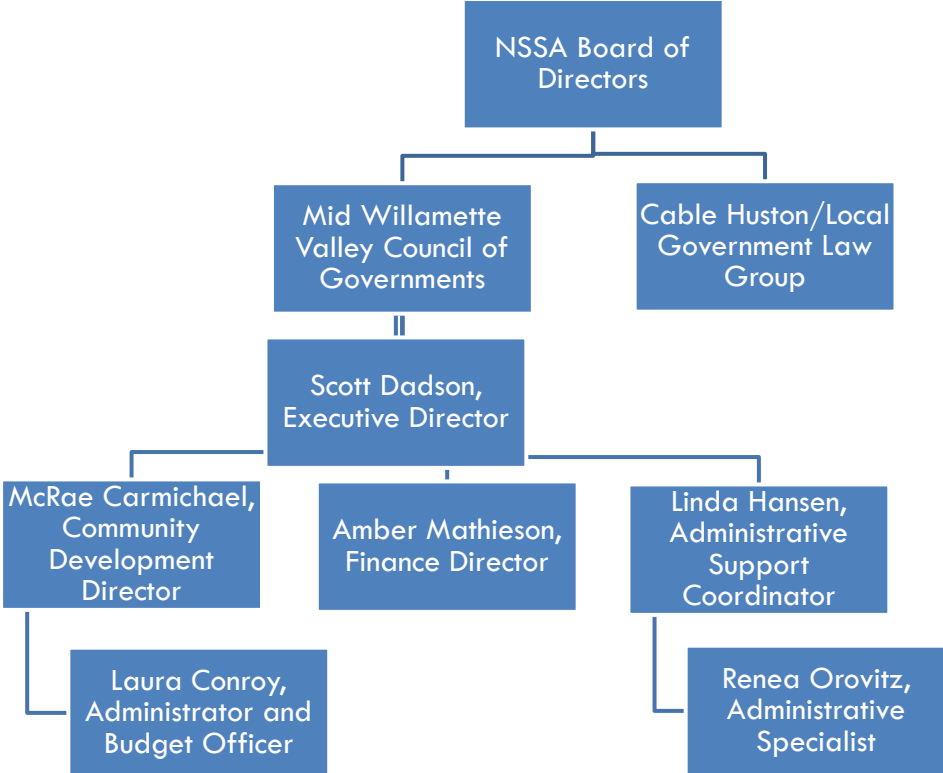
Denny Nielsen, Board Member
Janet Zeyen Hall, Board Member
Emily Scofield, Board Member
Laura Harris, Community member
Michele Tesdal, Community member
Stacie Cook, Community member

Board of Directors - 2024

North Santiam Sewer Authority

Name	Jurisdiction
Chair Tim Kirsch	City of Mill City
Vice Chair (Vacant)	Vacant
Secretary Janet Zeyen-Hall	City of Mill City
Communications Chair Denny Nielson	City of Detroit
Treasurer Ron Evans	City of Gates
Board Member Emily Scofield	City of Gates
Board Member Tony Morones	City of Idanha
Board Member (Vacant)	City of Idanha

ORGANIZATIONAL CHART



MISSION

The North Santiam Sewer Authority is a ORS 190 entity formed under an intergovernmental agreement adopted by the North Santiam Canyon cities of Mill City, Gates, Detroit, and Idanha. The NSSA board consists of eight authorized voting members (two from each city).

MISSION

The mission of the North Santiam Sewer Authority is to serve the North Santiam communities by creating and maintaining a wastewater solution that is geologically suitable, environmentally sustainable, financially feasible and politically viable.

ABOUT NORTH SANTIAM SEWER AUTHORITY

GOVERNMENT The North Santiam Sewer Authority (NSSA) was established in May 2020 under [Oregon Revised Statute \(ORS\) 190](#), which allows units of local government, under written agreement, to form an independent intergovernmental entity.

The North Santiam Canyon cities of Mill City, Gates, Detroit, and Idanha, recognizing shared interests in the long-term economic vitality of the Canyon and health of the North Santiam River watershed, formed the NSSA to address the collective need for a Canyon wastewater solution.

Under the intergovernmental agreement adopted by all four cities, the NSSA board consists of eight authorized voting members (two from each city).

NORTH SANTIAM SEWER AUTHORITY HISTORY

Even as the overall economic picture in the Mid-Willamette Valley has improved, the rural communities in the North Santiam River Canyon continue to recover from nearly three decades of economic distress spurred by the collapse of a once vibrant timber economy. Beginning in 1990, the rural timber communities of Mill City, Gates, Detroit and Idanha in Marion County, Oregon found themselves constrained by the habitat protection of the Northern Spotted Owl under the Endangered Species Act. A series of federal forest management acts followed, which significantly curtailed the timber harvesting industry, the primary economic engine in the Canyon. In 2000, a \$15 million recovery package was approved by the U.S. Congress to aid and offset the loss of their primary local industry in the region resulting from the changes in federal policy. In compliance with the agreement, the North Santiam Economic Opportunity Study was completed and submitted to federal regulators to plan for the distribution of the aid. However, the aid was not further appropriated by the U.S. Congress and the promised funds never materialized.



Logging crew in Mill City in the early 1900s.
Courtesy of the [North Santiam Historical Society](#).



In 2014, The Mid-Willamette Valley Council of Governments updated the original 2000 study and further explored the needs of the distressed rural timber communities of Mill City, Gates, Detroit and Idanha. The communities reside along a pristine North Santiam River in a narrow canyon on Oregon Hwy 22. The report provided focus for state and county officials as it highlighted the need for repair and large scale investments in basic infrastructure. Insufficient infrastructure was cited as the primary discouraging factor from employers from locating or expanding businesses in this beautiful area. The report detailed critical infrastructure gaps within the North Santiam Canyon communities that are increasingly becoming cost prohibitive to repair and maintain, further complicated by land use permitting and the dynamic geology of the region. The lack of and deteriorating nature of the infrastructure assets coupled with diminishing population and reduced tax

receipts have denied them the financial resources needed to make the vital long term investments.

Where there is a desire in each community to expand business and employment options, but not a capacity to actually accomplish it, city, county, state and federal partners have prioritized infrastructure development in the North Santiam communities over the next few years to address the underlying foundational base for rural economic development. The strategic targeting of the North Santiam communities allows for the leveraging of diverse public and private resources to spur complementary economic investments. The regional approach focuses on basic infrastructure for water, sewer, broadband internet, health, employment, housing and transportation that allows for the sustainable protection of the rural lifestyle the North Santiam Canyon communities desire.



THE BUDGET PROCESS

A budget as defined by Oregon State Law (Oregon Revised Statutes (ORS), Chapter 294), is a financial plan containing estimates of revenues and expenditures for a given period or purpose, such as the fiscal year. The North Santiam Sewer Authority (NSSA) is required to budget all funds and for each fund to have a balanced budget. The state of Oregon defines balanced budgets as one in which total resources, including beginning resources, current resources and debt proceeds, equal total requirements, including current year expenditures, capital outlay, transfers, debt service and any other requirements such as debt service reserves.

As a rule, local governments in Oregon operate on a fiscal year that begins on July 1 and ends the following June 30. The NSSA budget operates on this schedule. Budgeting is critical to NSSA because it requires the organization to evaluate plans and establish priorities in relation to available financial resources.

The North Santiam Sewer Authority budget will accomplish each of the four major purposes of Oregon Local Budget Law (ORS 294.305 – 294.555 and 294.565) including:

- Establish standard financial procedures
- Outline programs and services in conjunction with the fiscal policy and implement those policies
- Provide methods of estimating revenue, expenditures, and proposed tax levies
- Encourage public involvement in the budgeting process before budget adoption

North Santiam Sewer Authority prepares and adopts its annual budget in accordance with its organizational IGA, Oregon Law and the Government Finance Officers Association budget guidelines.

Before the budget can accomplish these goals a schedule for preparation is developed. This schedule is called the budget calendar.

2024-25 BUDGET CALENDAR

Action	Proposed Date
Staff prepares DRAFT budget	March through April
Publish legal notices in newspaper, in newsletter, on website and social media with key dates and opportunities for public input as part of budget process. (Publish twice, 10 days before meeting, 1 newspaper, 1 web)	Per state budget law requirements
Proposed budget document available and posted online	April 25, 2024
Budget Committee meeting – orientation, budget message and public hearings, additional meetings <u>as needed and announced</u> to review funds, discuss amendments, and make a recommendation on the budget	May 6, 2024 12pm
Publishing online and to paper by (publish once not later than 8 days before meeting)	May 24, 2024
Board adopts budget, makes appropriations, imposes, and categorizes property tax NOTE: Must be completed by June 30, 2023	Monday June 3, 2024

In May-June a preliminary budget is prepared and presented to the Budget Committee, which, by law, comprises three NSSA Board members, and three citizen members. A summary of the recommended budget is published in the local newspaper. The NSSA Board holds a public hearing prior to July 1, which may result in further changes. If a change will increase revenues or increase expenditures within a fund by more than ten percent or \$5,000, whichever is greater, the budget must be referred to the Budget Committee. The NSSA Board adopts the budget prior to June 30 each year. The adopted budget is filed with the county clerk and State of Oregon each year.

THE BUDGET AMENDMENT PROCESS

Oregon Budget Law allows for amendments to the budget for reasons unforeseen at the time of adoption. The NSSA Board may adopt resolution changes that decrease one existing appropriation and increase another. Certain changes of ten percent or more to any fund require a supplemental budget. All changes over ten percent to any fund require a supplemental budget process, like the annual budget requiring a public hearing. Further detail may be found in ORS Chapter 294.

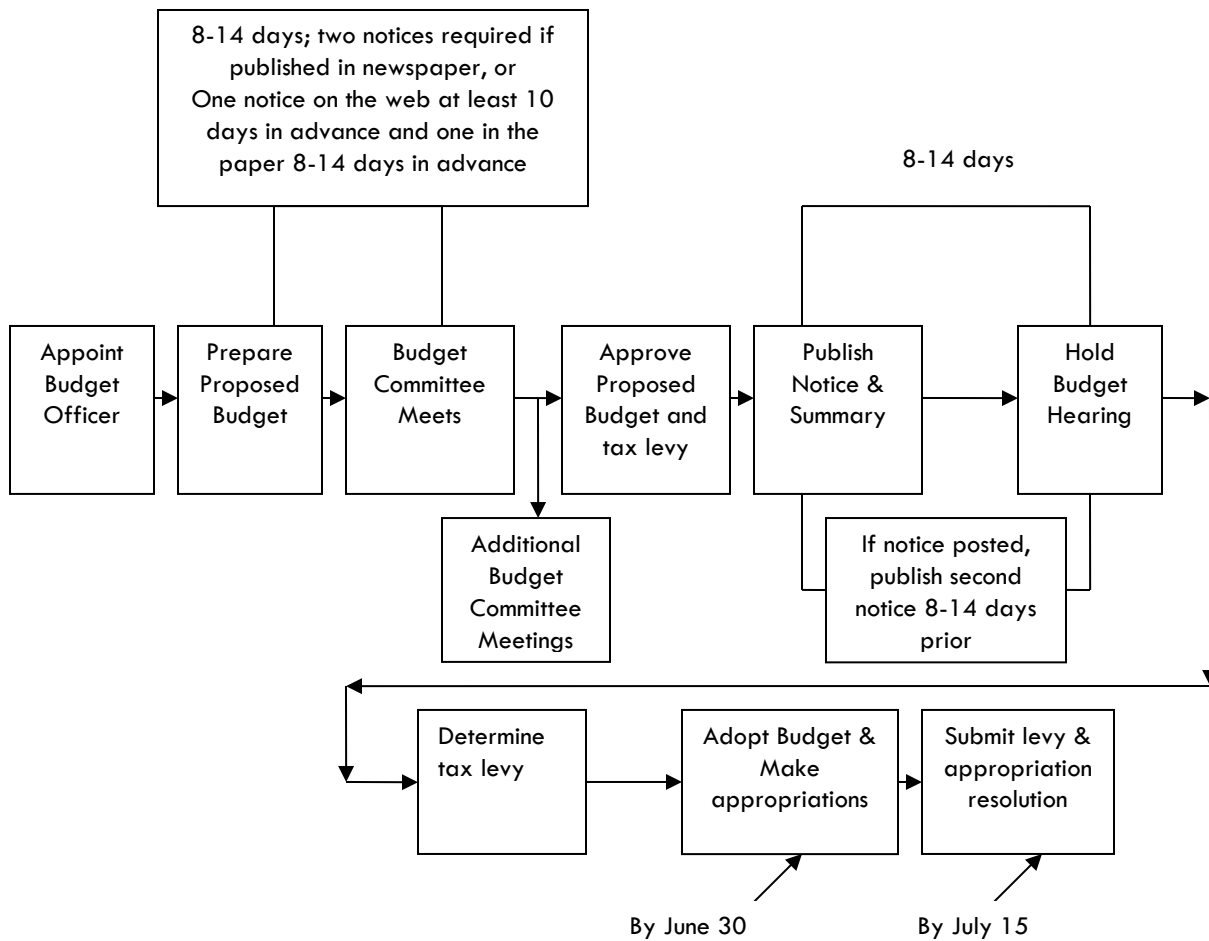
THE BUDGET COMMITTEE

The Budget Committee is composed of three NSSA Board Members and an equal number of citizen members appointed by the governing board, for a total of six members.

The appointed members:

- Must live in the North Santiam Sewer Authority boundaries,
- Cannot be officers, agents, or employees of the local government, and
- Can be spouses of officers, agents, or employees of the NSSA.

THE BUDGET PROCESS SCHEMATIC



Oregon's Local Budget Law is governed by Chapter 294 of the Oregon Revised Statutes (ORS 294). This law does two important things: (1) establishes the standard procedures for preparing, presenting, and administering the budget, and (2) requires citizen involvement in the same. The above flowchart depicts this process.

THE BUDGET BASIS

The budget is prepared using the *cash basis method of accounting*. This means that obligations of the NSSA are budgeted as expenses when the expense is paid, and income is recorded when received. The North Santiam Sewer Authority manages its finances in compliance with the cash basis and budget laws of the State of Oregon. During the year, expenditures and revenues are closely monitored to ensure compliance with the adopted budget and state law. Monthly budget comparisons are distributed to the Board. Quarterly financial reports, prepared on the budgetary basis of accounting, are distributed to the NSSA Board, and the general public.

Annually, an audit is performed and filed with the State of Oregon by an independent certified public accountant. The North Santiam Sewer Authority publishes an annual financial report that documents the NSSA's budgetary performance and the financial health of the NSSA. This report compares budgeted to actual revenues and expenditures, thus documenting the NSSA's budgetary compliance.

The government-wide financial statements and the proprietary funds financial statements are reported using the economic resources measurement focus and the cash basis of accounting as is the fiduciary fund financial statements. Revenues are recorded when received and expenses are recorded when paid. Grants and similar items are recognized as revenue as soon as received.

Requirements are generally recorded when paid under cash accounting. Long term compensated absences are recorded only when payment is due. Principal and interest on long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

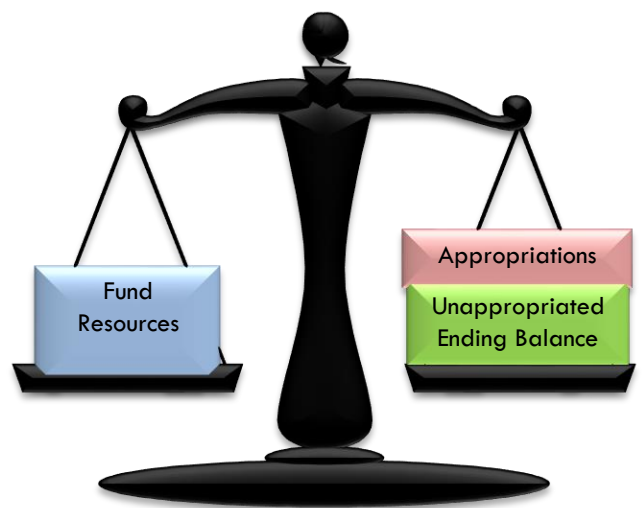
BUDGET DOCUMENT

A budget as defined by Oregon State law is a "financial plan containing estimates of revenues and requirements for a single fiscal year." Local governments have the option of budgeting on a 24-month biennial budget period, or by fiscal year.

The North Santiam Sewer Authority operates on a fiscal year beginning on July 1 and ending the following June 30.

Budgeting requires local governments to evaluate plans and priorities considering the fiscal resources available to meet those needs.

The budget document describes how the North Santiam Sewer Authority government plans to meet the needs of the members and is a resource for citizens interested in learning more about the operations of their local government.



BUDGET RESOLUTION

(Hold for Resolution)

BUDGET SUMMARY

General Fund Revenues							
	2021-22 Actuals	2022-23 Actuals	2023-24 Adopted	2024-2025 Proposed Budget	2024-25 Approved	2024-25 Adopted	
Beginning Fund Balance	\$ -	\$ -	\$ 146,926.00	\$ 90,000.00	\$ 90,000.00	\$ 90,000.00	
Marion County IGA	\$ -	\$ -	\$ -	\$ 195,000.00	\$ 195,000.00	\$ 195,000.00	
Other Local Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ 146,926.00	\$ 285,000.00	\$ 285,000.00	\$ 285,000.00	

General Fund Expenditures							
	2021-22 Actuals	2022-23 Actuals	2023-24 Adopted	2024-2025 Proposed Budget	2024-25 Approved	2024-25 Adopted	
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Materials and Services							
Managerial	\$ -	\$ -	\$ 49,000.00	\$ 45,000.00	\$ 80,000.00	\$ 80,000.00	
Audit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Legal	\$ -	\$ -	\$ 125,926.00	\$ 26,000.00	\$ 30,000.00	\$ 30,000.00	
Management Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Travel - Out of Region	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Professional and Technical	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Consumable Supplies and Materials	\$ -	\$ -	\$ -	\$ 136,750.00	\$ 105,500.00	\$ 105,500.00	
Dues and Fees	\$ -	\$ -	\$ 2,500.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	
Liability Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
LMI Fund	\$ -	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	
Total Materials and Services	\$ -	\$ -	\$ 177,426.00	\$ 213,750.00	\$ 221,500.00	\$ 221,500.00	

Contingency							
	2021-22 Actuals	2022-23 Actuals	2023-24 Adopted	2024-2025 Proposed Budget	2024-25 Approved	2024-25 Adopted	
	\$ -	\$ -	\$ 22,125.00		\$ -	\$ 63,500.00	

Reserves							
	2021-22 Actuals	2022-23 Actuals	2023-24 Adopted	2024-2025 Proposed Budget	2024-25 Approved	2024-25 Adopted	
Reserves	\$ -	\$ -	\$ 27,375.00	\$ 71,250.00	\$ 63,500.00	\$ -	

Comments

2021-22 and 2022-23 Actuals - The NSSA did not propose or adopt a budget in fiscal years 2021-22 and 2022-23.

2023-24 Adopted Budget - The amounts in the 2023-24 Adopted Budget column are the amounts adopted by the board through its supplemental budget process.

Contingency- NSSA policy requires 3 months of operating contingency. Exclude legal from operating because MC IGA funding partly restricted to legal.

Reserves - NSSA policy requires capital asset reserves to provide for the replacement of certain fixed assets. No fixed assets exist.

TOTAL REVENUES AND EXPENDITURES ALL FUNDS

	2021-22 Actuals	2022-23 Actuals	2023-24 Adopted	2024-2025 Proposed Budget	2024-25 Approved	2024-25 Adopted
Total Budgeted Expenditures	\$ -	\$ -	\$ 146,926.00	\$ 285,000.00	\$ 285,000.00	\$ -
Total Budgeted Revenues	\$ -	\$ -	\$ 146,926.00	\$ 285,000.00	\$ 285,000.00	\$ -
Balanced Budget	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CAPITAL PURCHASE PROGRAM

In FY 2024-25 planned capital projects include: None.

FUNDS CLOSING WITH THE 2023-24 BUDGET

FUNCTION

These are funds that are being closed this fiscal year. The revenues and expenditures are being provided for historical purposes.

Note: This year we are not closing any funds.

ACRONYMS

ADA	Americans with Disabilities Act
AV	Assessed Value
CA	Community Advantage
CAD	Computer Aided Dispatch
CAD	Computer Aided Drafting
CAFR	Comprehensive Annual Financial Report
CART	Crash Analysis Reconstruction Team
CCI	Construction Cost Index
CCIS	City County Insurance Services
CD	Community Development
CD	Compact Disk
CEP	Capital Equipment and Projects
CPP	Capital Purchase Program or Plan
CMFR	Comprehensive Monthly Financial Reports
COLA	Cost of Living Adjustment
COG	Mid-Willamette Valley Council of Governments
COP	Certificates of Participation
CPA	Certified Public Accountant
CPI	Consumer Price Index
DEQ	Department of Environmental Quality
DLCD	Department of Land Conservation and Development
DUI	Driving Under the Influence
DVD	Digital Video Disk

EMS	Emergency Management Services
EDA	Economic Development Agency
EPA	Environmental Protection Agency
EOP	Emergency Operations Plan
FASB	Financial Accounting Standards Board
FICA	Federal Insurance Contributions Act
FTE	Full-Time Equivalent
FY	Fiscal Year
GIS	Graphic Information System Mapping
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographic Information Systems
GISSP	Geographic Information Systems Strategic Plan
HP	Horse Power
HR	Human Resources
HVAC	Heating, Ventilation, and Cooling Equipment
IGA	Intergovernmental Agreement
ILP	Intermediary Lending Pilot
IS	Information Systems
ISO	International Organization for Standardization
ISP	Internet Service Provider
IT	Information Technology
ITS	Intelligent Transportation System

LAN	Local Area Network
LCDC	Land Conservation and Development Board of Commissioners
LID	Local Improvement District
MATT	Multi-Agency Traffic Team
MAV	Maximum Assessed Value
METRO	Metropolitan
MWVCOG	Mid-Willamette Valley Council of Governments
NPDES	National Pollutant Discharge Eliminating System
NSSA	North Santiam Sewer Authority
OAA	Older Americans Act
ODOT	Oregon Department of Transportation
OECD	Oregon Economic and Community Development Department
ODOT	Oregon Department of Transportation
OR	Oregon
ORS	Oregon Revised Statutes
OSHA	Occupational Safety and Health Administration
PC	Personal Computer
PDA	Personal Digital Assistant
PEG	Public Educational Government
PERS	Public Employees Retirement System
PGE	Portland General Electric
PIO	Public Information Officer
RFA	Rural Fire Assistance
RLF	Revolving Loan Fund

RMV	Real Market Value
SBA	Small Business Association
SCADA	Supervisory Control and Data Acquisition
SDC's	System Development Charges
TDM	Transportation Demand Management
UBG	Urban Growth Boundary
VoIP	Voice-over Internet Protocol
WAN	Wide Area Network
WESD	Willamette Education Service District

GLOSSARY OF BUDGET TERMS

(Adapted from the Local Budgeting Manual published by the Oregon Department of Revenue. Oregon Revised Statutes (ORS) are referenced here and are available online at www.oregon.gov)

Accrual. Recording of the financial effects on a municipal corporation of transactions and other events and circumstances that have cash consequences for the municipal corporation in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the municipal corporation (ORS 294.311).

Adopted budget. Financial plan that is the basis for appropriations. It is adopted by the governing body (ORS 294.435).

Ad valorem tax. A property tax computed as a percentage of the assessed value of taxable property.

Appropriation. Authorization to spend 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 is approved by the budget committee. The data from the approved budget is published in the Financial Summary before the budget hearing (ORS 294.406).

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.

Assessment date. The date on which the value of property is set, January 1 (ORS 308.210, 308.250)

Audit. The annual review and appraisal of a municipal corporation's accounts and fiscal affairs conducted by an accountant under contract (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.

Balanced budget. A budgeting process where total revenues are equal to or greater than total expenses.

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(4)].

Budget committee. Fiscal planning board of a local government, consisting of the governing body plus an equal number of legal voters appointed from the city (ORS 294.336).

Budget message. Written explanation of the budget and the local government's financial priorities. It is prepared and presented by the executive officer or chairperson of the governing body (ORS 294.391).

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 or division. 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 [ORS 294.352(6)].

Capital projects fund. A fund used to account for resources, such as bond sale proceeds, to be used for major capital item purchase or construction [OAR 150-294.352(1)].

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)]. The Mid-Willamette Valley Council of Governments uses cash basis accounting.

Cash Carryover. The accumulated unspent resources carried forward from the prior year into the next fiscal year. These can be used to support the appropriations for the next fiscal year.

Consolidated billing tax rate. The combined total of the billing rates for all taxing Districts in a code area. Does not include the billing rate for any urban renewal special levies or 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 in each category of limitation (Art. XI, sect. 11b, OR Const.).

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 operating contingency. (ORS 294.352)

Debt service fund. A fund established to account for payment of general long-term debt principal and interest [OAR 150-294.352(1)].

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.

Education category. The category for taxes that will be used to support the public school system and are not used to pay exempt bonded indebtedness [ORS 310.150(2)].

Encumbrance. An obligation chargeable to an appropriation and for which part of the appropriation is reserved [ORS 294.311(10)].

Enterprise fund. A fund established to account for operations that are financed and operated in a manner like private business enterprises. They are usually self-supporting. Examples of enterprise funds are those for water, gas, and electric utilities, swimming pools, airports, parking garages, transit systems, and ports [OAR 150-294.352(1)].

Equipment. Capital expenses over \$1000. (Mid-Willamette Valley Council of Governments guideline; not defined by ORS).

Estimate. (v) To arrive at a rough calculation or an opinion formed from imperfect data. (n) The resulting amount.

Excluded from limitation category. The category for taxes used to pay principal and interest on exempt bonded indebtedness [ORS 310.150(2)].

Exempt bonded indebtedness. 1) Bonded indebtedness authorized by a specific provision of the Oregon Constitution, or 2) bonded indebtedness issued as a general obligation on or before November 6, 1990, incurred for capital construction or capital improvements, or 3) bonded indebtedness issued as a general obligation after November 6, 1990, incurred for capital construction or capital improvements with the approval of the electors of the local government. Bonded indebtedness issued to refund or refinance any bonded indebtedness described above is also included [ORS 310.140(15)].

Expenditures. Total amount incurred if accounts are kept on an accrual basis; total amount paid if accounts are kept on a cash basis [ORS 294.311(16)].

Fiscal year (FY). 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)].

Full-time equivalent (FTE). A calculation used to convert part-time hours to equivalent full-time positions. Full-time employee salaries are based on 2,080 hours per year. The full-time equivalent of a part-time employee is calculated by dividing the number of hours budgeted by 2,080.

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 fund equity of government funds.

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 150-294.352(1) and ORS 280.100].

General fund. A fund used to account for most fiscal activities except for those activities required to be accounted for in another fund [OAR 150-294.352(1)].

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

Good Faith. The standard for estimating budget resources and requirements. Good faith estimates are reasonable and are reasonably likely to prove accurate, based on the known facts at the time.

Governing body. County court, 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(15)].

Governmental fund. Supported by tax revenues, user fees, franchise fees, intergovernmental payments and other revenues. The accounting for a governmental-type activity focuses on available resources and the near-term demands upon them.

Grant. A donation or contribution in cash by one governmental unit to another unit which may be made to support a specified purpose or function, or general purpose [ORS 294.311(19)].

Interfund loans. Loans made by one fund to another and authorized by resolution or ordinance (ORS 294.460).

Interfund transfer. Transfer from an existing appropriation category in one fund to another existing appropriation category in another fund. (ORS 294.450)

Intrafund transfer. Transfer from one existing appropriation category to another within the same fund. (ORS 294.450)

Internal service fund. A fund used to account for fiscal activities when goods or services are provided by one department or agency to other departments or agencies on a cost-reimbursement basis (ORS 294.470).

Legal opinion. The opinion as to legality rendered by an authorized official, such as the Oregon attorney general or city attorney.

Levy. (v) To impose a property tax. (n) Ad valorem tax certified by a local government.

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.

Local government. Any city, county, port, school district, education service district, community college, special district, public or quasi-public corporation (including a municipal utility or dock commission) operated by a separate board or commission; a municipality or municipal corporation under ORS 294.311(25).

Local option tax. Voter-approved taxing authority 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. It is limited to five years unless it is for a capital project, then it is limited to the useful life of the project or 10 years, whichever is less [Art. XI, section 11(4)].

Materials and Services. Reflects dollars expended on items other than personnel such as office supplies, payments for contracts or consultants, utilities, and rent.

Maximum assessed value (MAV). A constitutional limitation on the taxable value of real or personal property. 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.

Measure 5. A constitutional amendment (Art. XI, section 11b) passed in 1990 that limits the amount of operating tax that can be imposed on a property to \$5 per \$1,000 of real market value for education and \$10 per 1,000 for general government.

Measure 50. A constitutional amendment (Art. XI, section 11) passed in 1997 that limits the growth in a property's assessed value to 3% per year. It also limits a local government's taxing authority by creating permanent rate limits.

Object classification. A grouping of expenditures, such as personal services, materials and services, capital outlay, debt services, and other types of requirements [ORS 294.311(28)].

Operating rate. The rate determined by dividing the local government's operating tax amount by the estimated assessed value of the local government. This rate is needed when a local government wants to impose less tax than its permanent rate will raise.

Ordinance. A formal legislative enactment by the governing board of a local government.

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(30)].

Pass Through Payments. Accounts for dollars that NSSA receives and then passes through to other organizations that provide a specified service.

Personal services expenses. 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 change a permanent rate limit.

Principal act. The Oregon Revised Statutes that describe how a certain type of municipal corporation is formed and selects its governing body, and the powers it may exercise and the types of taxing authority that its voters may authorize.

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

Property taxes. Ad valorem tax certified to the county assessor by a local government unit.

Proposed budget. Financial plan prepared by the budget officer. All funds must balance. It is submitted to the public and the budget committee for review.

Proprietary fund. Refers to funds that account for activities that involve business-like interactions, within the government or outside of it.

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 within the boundaries of the local government; and hand delivery to each street address within the boundaries of the local government [ORS 294.311(34)].

Real Market Value (RMV). The amount in cash which could reasonably be expected by an informed seller from an informed buyer in an arm's-length transaction as of the assessment date. For most properties, the value used to test the constitutional limits (ORS 308.205).

Reserve fund. Established to accumulate money from year to year for a specific purpose, such as purchase of new equipment (ORS 294.525).

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.

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

Resource. Estimated beginning funds on hand plus anticipated receipts (ORS 294.361).

Sewer Sludge fund. A new fund created in FY 2012-13 to set aside funds for the future need to dredge the ponds of the Mid-Willamette Valley Council of Governments wastewater treatment facility at a time undetermined.

Special levy. A special levy is an ad valorem tax, imposed for an urban renewal plan on the entire municipality that adopted the plan. It is not a result of a division of tax.

Special revenue fund. A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditure for specific purposes [OAR 150-294.352(1)].

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

State revenue sharing. A share of certain State revenues that is distributed to the city for general purposes as provided in this section. [Adapted from ORS 221.770]

Supplemental budget. A financial plan adopted during a budget period to meet unexpected needs or to appropriate revenues not anticipated when the regular budget was adopted. It cannot be used to authorize a tax (ORS 294.480).

Tax increment financing. A financial mechanism for urban renewal plans which captures the tax from the growth in property value within a designated geographical area by dividing the taxes of local governments.

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(1)].

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

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

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

Transportation Fund. Supported by state and county gas tax revenues, contract payments, miscellaneous other revenues

Trust fund. A fund used to account for fiscal activities of assets held in trust by a local government.

Unappropriated. An amount set aside in the budget to be used as a cash carryover to the next year's budget to provide needed cash flow until other money is received.

Unappropriated ending fund balance. Amount set aside in the budget to be carried over to the next year's budget. It provides the local government with cash until tax money or other revenues are received later in the year. This amount cannot be transferred by resolution or used through a supplemental budget, unless necessitated by a qualifying emergency (ORS 294.398, renumbered from 294.371; ORS 294.481, renumbered from 294.455).

APPENDIX

Comprehensive Financial Management Policies

Adopted October 2022

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I. PURPOSE

These Comprehensive Financial Management Policies are the tools used to ensure that the North Santiam Sewer Authority is financially able to meet its current and future service needs. The policies contained herein set a basis for both the financial planning, reporting and internal financial management of the NSSA.

Municipal resources must be wisely used to ensure adequate funding for the services, operations, and public facilities, necessary to meet immediate and long-term needs of the NSSA. These policies safeguard the fiscal stability required to achieve the Board's objectives and ensure the long-term financial health of the NSSA.

These policies are adopted by Board of Directors as the basic framework for overall financial management of the NSSA, to guide day-to-day and long-range fiscal planning and decision making, and to achieve the

following general financial goals. The financial policy is meant to describe how the Board of Directors and NSSA staff wants financial management activities to be carried out. In order to accomplish the following objectives:

Provide an adequate financial base to sustain a sufficient level of municipal services to maintain and support the NSSA members and the communities in which they live.

Deliver cost effective and efficient services to our constituents.

Provide and maintain essential services, public facilities, and capital equipment.

Provide the financial stability needed to navigate through economic downturns, adjust to changes in the service requirements of the region and respond to other changes as they affect the constituents.

Adhere to the highest standards of financial management and reporting practices as set by the Government Finance Officers Association, the Governmental Accounting Standards Board and other professional standards.

Assignment of authority for necessary and regular financial actions and decisions, which may include delegation of some authority to staff leaders

Clear authority to spend funds, including approval, check signing, and payroll

Clear responsibility for maintaining accurate financial records.

Fully comply with finance related legal mandates, laws and regulations including Oregon Revised Statutes and Oregon Budget Law.

Policy statement on conflicts of interest or insider transactions

Clear assignment of authority to enter into contracts.

To achieve these goals, fiscal policies generally cover areas of revenue management, operating and capital budgeting, financial planning and forecasting, investment and asset management, debt management, accounting and financial reporting, reserves, internal controls and conflict of interests. These policies shall be reviewed every year as part of the annual budget preparation process.

II. OBJECTIVES

To guide the Board of Directors and NSSA staff regarding policy decisions that have significant fiscal impact.

To employ balanced revenue policies that provides adequate funding for services and service levels.

To maintain appropriate financial capacity for present and future needs.

To maintain sufficient reserves to maintain service levels during periods of economic downturn.

To promote sound financial management by providing accurate and timely information on the NSSA's financial condition.

To ensure the legal use of financial resources through an effective system of internal controls.

To promote cooperation and coordination with other government entities and the private sector in

financing and delivery of services.

III. MANAGEMENT OF FISCAL POLICY

The Board of Directors (Board) are responsible for overseeing the management of the NSSA's fiscal policies and monitor compliance. If the Board discovers a material variation from policy, they shall report it in writing to the public in a timely manner. The report will explain the impact of the material variation on the NSSA's operations, service levels and/or finances and substantive impact of all recommendations to changes in fiscal policy.

As a part of the NSSA's annual budget document, the Boards' budget message will identify (a) all major changes in policy since the previous budget year and (b) any material variations from policy in the ensuing year's budget. Fiscal policies and changes in policies will be approved by the Board and adopted by a consensus vote.

IV. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING POLICY

The NSSA will maintain accounting practices in accordance with state and federal law and regulations, and financial reporting that conforms to Generally Accepted Accounting Principles (GAAP). Provide for, prepare and present regular reports that analyze and evaluate the NSSA's financial performance and economic condition.

Accounting Practices and Principles

The NSSA will maintain accounting practices in accordance with state and federal law and regulations, and annual financial reporting that conforms to GAAP as set forth by the Governmental Accounting Standards Board (GASB), the authoritative standard setting body for units of local government.

The NSSA's monthly financial reports will be reported on the budgetary basis.

At year-end, the general ledger and financials will be adjusted to GAAP, and the annual financial reports and continuing disclosure statements will meet these standards.

A system of internal controls and procedures will be maintained to provide reasonable assurance of the safeguarding of assets and proper recording of financial transactions and compliance with applicable laws and regulations. When staffing limitations require it, staff duties will be assigned to maximize a system of financial checks and balances.

a. Defining conflicts of interest are the duty of the Board of the Directors.

A Conflict of Interest policy specific to Boards duties will be in place for reference in financial circumstances (see Section XIV).

Annual training based on Oregon Ethics Commission guidelines is required for the Board and NSSA staff to assure conflicts are recognized before they impair decision-making.

Each meeting of the Board shall require a verbal affirmation that all members are conflict free based on the agenda items to be discussed.

Signature protocols, bidding practices and other procedures that assure no conflicts exist will be in place to assure expenditures and contracts are reviewed with an eye at avoiding conflicts of interest.

Annual Audit

Pursuant to state law, the NSSA will have an annual financial and compliance audit, and prepare financial statements based on the audited financial information. The audit will be performed by a certified public accounting (CPA) firm, licensed to practice as Municipal Auditors in the State of Oregon. The annual financial report, including the auditor's opinion and specific reports as required by Oregon state regulations, will be filed no later than six (6) months following the end of the fiscal year and will be presented to the Board in that same time frame. The audit firm will also provide a Single Audit of Federal and State grants, when necessary. The Board will be responsible for establishing a process to ensure timely resolution of audit recommendations, if any.

Financial and Management Reporting

Quarterly financial reports will be provided to the Board. These reports will include department revenues and expenditures actual to date with comparison to the budget. These reports will be distributed within 15 working days of the end of each quarter.

A goal of the NSSA is to eventually prepare a comprehensive annual financial report subjected to independent audit and prepared in a format that conforms to the standards of the Government Finance Officers Association *Certificate of Achievement for Excellence in Financial Reporting*. The report shall be shared with the Executive Director, Board, Budget Committee and the Secretary of State. In accordance with state law the report shall be distributed no later than December 31st of the following fiscal year.

V. REVENUE POLICY

The NSSA will estimate its annual revenues by an objective, analytical process. Because most revenues are sensitive to conditions outside the NSSA's control, estimates will be conservative.

The NSSA should take advantage of every revenue generating opportunity authorized by Oregon Revised Statutes and the Oregon Constitution and gifts that may come to NSSA unsolicited.

NSSA will accept individual gifts (including stock or other negotiable instruments) as a vehicle for donors to transfer assets to the organization. The Board of Directors shall give permission of the to accept any gift by consensus vote.

Transfer and recording the value of the asset shall be done in a consistent manner and in compliance with accounting standards. The Board of Directors shall direct staff on how to manage/accept any gift (or sell any stock or other negotiable instruments) given to the organization immediately upon receipt by the organization

NSSA shall accept contributions of goods or services other than cash that are related to the programs and operations and consistent with the annual adopted budget. Any and all other contributions of non-cash items, must be reviewed and approved by the Board of Directors before acceptance.

The NSSA shall pursue an aggressive policy of collecting delinquent accounts, including the use of collection agencies as authorized by the Board.

Charges for providing services will be sufficient to finance all operating, capital outlay and debt service expenses including operating contingency and reserve requirements. User fees and charges will be set at a level sufficient to recover the full cost of service whenever practical to minimize subsidization by the general membership.

Rates will be adjusted as needed to account for major changes in resource consumption, capital improvements and cost increases. The NSSA will systematically review user fees and charges to consider the effects of additional service costs and inflation.

The NSSA will maintain a current schedule of fees which will be reviewed annually and adopted by consensus vote.

VI. EXPENDITURE POLICY

Expenditures will be controlled through appropriate internal controls, procedures, and regular monitoring of monthly budget reports. The Board and NSSA staff must ensure expenditures comply with the legally adopted budget. The Board will be responsible for the administration of the approved budget. This includes accomplishing the goals and objectives incorporated into the budget and monitoring each program and/or fund for compliance with spending limitations.

The Board of Directors will approve the budget by fund at the category or program level. Expenditures anticipated to be in excess of these levels require approval of the Board (i.e. supplemental budget process).

The Board Chair and NSSA staff are responsible for the day-to-day financial management of the organization. The Board authorizes the hiring of staff to be supervised by the Board including pay bills, receive funds, and maintain bank accounts, and the oversight of independent consultants,.

Board Chair and Treasure are authorized to sign checks up to \$2,500 without Board approval as long as the expenditure is within the fund's approved budgets expenditure limits. Checks for amounts greater than \$2,500 shall require Board approval and the signature of two Board members typically the Treasurer and the Board Chair.

Board Chair is authorized to enter into contracts for activities that have been approved by the Board.

The Board of Directors must authorize any contracts outside of these parameters and all contracts with a financial value greater than \$15,000.

The NSSA will follow the employee compensation practices that are consistent with the NSSA's adopted Personnel Handbook and/or a duly signed employment contract.

No advances of funds to employees, officers, or directors are authorized.

Direct and necessary expenses including travel for meetings and other activities related to fulfilling job specific responsibilities shall be reimbursed. (See Section XIV below.)

In no case shall NSSA borrow funds from any employee, officer, or director of the organization without specific authorization from the Board of Directors

The operation of NSSA departments or divisions must have adequate funds to procure needed supplies to provide service.

The NSSA will maintain a purchasing protocol for public procurements and improvements and set expenditure authorization levels for staff.

All expenditure invoices must be reviewed and approved by the Treasurer, and/or the appropriate Board before being paid. Two members of the Board of Directors signatures or electronic approvals are required on NSSA checks above \$2,500 dollars.

The NSSA will make every effort to control expenditures to ensure NSSA services and programs provided to its members are cost effective and efficient.

The Board Chair or appointed staff is/are authorized to manage expenses within the parameters of the overall approved budget, reporting to the Budget Committee on variances and the reason for these variances.

The Board of Directors must approve any use of the board designated cash reserve fund.

Items costing \$5,000 or more, per item, will be budgeted and accounted as capital outlay and shall be tracked in the NSSA's fixed assets records. Significant repair or maintenance that extends the useful life of existing assets will be included here provided the dollar threshold is met. The \$5,000 limit will apply to individual items unless a group of items are intended to function together as a unified system.

The Executive Director will obtain competitive bids for items or services costing in excess of \$5,000 per unit. Selection will be based on cost, service, and other elements of the contract.

VII. CAPITAL IMPROVEMENT POLICY

The NSSA will prepare a three-year Capital Purchase Plan (CPP) encompassing all NSSA capital equipment annually with the budget. The CPP will be composed of purchases identified in the NSSA's adopted master plans. The three-year CPP will be incorporated into the NSSA's budget and long-range financial planning processes.

The NSSA will maintain its physical assets at a level adequate to protect the NSSA's capital investment and to minimize future operating maintenance and replacement costs. The NSSA recognizes that deferred maintenance increases future capital costs, thus placing a burden on the membership. Therefore, the budget will provide for adequate maintenance and the orderly replacement of capital equipment from current revenues when possible.

The NSSA will determine the least costly funding method for its capital assets and will obtain grants, contributions and low-cost state or federal opportunities whenever possible.

The NSSA will establish capital equipment reserves to provide for funding of vehicles and equipment. The NSSA will also establish major repairs and replacement reserves to provide for funding of major repairs and replacements.

The NSSA may utilize "pay-as-you-go" funding for capital purchases when current revenues and adequate fund balances are available or when acquiring debt would adversely affect the NSSA's credit rating or put the NSSA in violation of its debt limitation provision in the ORS 190 agreement.

The NSSA will consider the use of debt financing for capital projects under the following circumstances:

When the purchase's useful life will exceed the terms of the financing.

When resources are deemed sufficient and reliable to service the debt.

When market conditions present favorable interest rates for NSSA financing.

When the acquisition of debt will not adversely affect the NSSA's credit rating, coverage ratios or violate the ORS 190 agreement.

Special funds dedicated for capital purchases will be segregated in the accounting system and used only for the intended capital purposes.

VIII. OPERATING BUDGET POLICY

The NSSA will prepare an annual budget with the participation of all critical leaders. All budgetary procedures will conform to existing state and local regulations for organization defined as an ORS 190 entity.

Oregon Budget Law requires each local government (defining a “unit of local government” as one that includes a county, city, district or other public corporation, commission, authority or entity organized and existing under statute or city or county charter) to prepare a balanced budget.

Oregon Administrative Rules state: 1) the budget must be constructed in such a manner that the total resources in a fund equal the total of expenditures and requirements for that fund and 2) the total of all resources of the entity must equal the total of all expenditures and all requirements.

A Budget Committee will be appointed in conformance with state statutes. The Budget Committee’s chief purpose is to review the Board’s proposed budget and recommend a budget and service fee structure for adoption.

The budget will support NSSA Board goals and priorities and the long-range needs of the membership.

The NSSA budget process will incorporate the proposed Capital Purchase Plan for the upcoming fiscal year.

Multi-year projections will be prepared in conjunction with the proposed budget to determine if adjustments in expenditures or revenues are needed.

The NSSA will manage each fund as an independent entity in accordance with applicable statutes and with generally accepted accounting principles.

The NSSA will allocate direct and administrative costs to each fund based upon the cost of providing these services.

The NSSA will take immediate corrective action if at any time during the fiscal year financial monitoring indicates that an operating fund’s anticipated expenditures are expected to exceed its anticipated revenues.

The use of contingency and/or reserve fund balance, which is a one-time revenue source, may be used to fund an annual operating deficit only with approval of a plan to replenish the fund balance if it is brought down below policy level. (See Reserve Policy)

IX. LONG-RANGE FINANCIAL PLANNING POLICY

The NSSA will prepare a long-term financial plan to promote responsible planning for the use of its resources. The long-term financial plan will project revenues, expenditures, and reserve balances for the next five years. The analysis will incorporate the NSSA’s approved Capital Purchase Plan.

Long term projections of revenues and expenditures will be realistic, conservative, and based on best

practices established by the Government Finance Officers Association.

X. DEBT MANAGEMENT POLICY

Capital purchases financed through the acquisition of debt, will be financed for a period not to exceed the useful life of the purchase.

The NSSA will use the most prudent methods of acquiring capital outlay items, including the use of lease-purchase agreements.

The NSSA will not use long-term debt to fund current operations, to balance the budget or to fund purchases projects that can be funded from current resources.

The NSSA will comply with all statutory debt limitations imposed by the Oregon Revised Statutes and the ORS 190 agreement. 5. The NSSA will obtain and maintain a good credit rating.

XI. RESERVE AND CONTINGENCY POLICY

Reserves and contingencies are an important indicator of the NSSA's financial position and its ability to withstand adverse events. Maintaining reserves and contingencies are a prudent management practice.

The following are examples of their use:

Operating Contingency – A budgetary account used to appropriate resources that can be used to address events or services needs that were unanticipated during budget development.

Capital Asset Reserve – A reserve established to accumulate resources that will be used to replace capital assets and to provide for major customer service enhancements, where procurement will be budgeted in a future year. The NSSA will maintain capital reserves sufficient to replace assets at the end of their useful lives.

Debt Service Reserve – A reserve established as a requirement of in a debt instrument.

The NSSA will maintain sufficient contingency and reserves in each fund to be able to:

Mitigate short-term volatility in revenue.

Absorb unanticipated operating needs that arise during the fiscal year but were not anticipated during the budget process.

Sustain NSSA services in the event of an emergency.

Meet operating cash flow requirements before the collection of service fees, franchise fees, grant proceeds and other operating revenues.

Meet major facility and equipment repair and maintain needs.

Meet future capital purchase needs to minimize future debt obligations and burden on future citizens.

The NSSA will maintain a contingency of no less than three months of total operating expenses for the General Fund, and no less than two months of total operating expenses for other operational activities. The NSSA will also establish capital asset reserves to provide for the replacement of certain fixed assets as determined by the Board.

If reserves, and contingencies decrease to levels below the levels established by this policy, the NSSA will develop a plan to restore reserves and contingencies to the required levels.

XII. INVESTMENTS

All NSSA funds shall be invested to provide safety of principal and a sufficient level to meet cash flow needs. One hundred percent of all idle cash will be continuously invested in the Local Government Investment Pool maintained by the State Treasurer.

XIII. FIXED ASSET CAPITALIZATION POLICY

The purpose of this policy is to establish standard procedures for capitalizing fixed assets to facilitate the identification, reporting, and safeguarding of NSSA assets in compliance with generally accepted financial reporting requirements.

A S S E T V A L U E

Capital assets are valued at their historical cost. In the absence of historical cost information, the asset's estimated historical cost will be assigned and used. Contributed capital is reported at fair market value or cost on the date the asset is contributed.

The historical cost of a capital asset includes the following:

Cost of the asset

Ancillary charges necessary to place the asset in its intended location (i.e. freight charges)

Ancillary charges necessary to place the asset in its intended condition for use (i.e. installation and site preparation charges)

Capitalized interest

Any subsequent improvements that meet the qualifications listed below.

CAPITALIZATION THRESHOLD

The NSSA will capitalize all individual assets with a threshold of \$500 and has an estimated useful life of 3 years or more.

GROUPED OR NETWORKED ASSETS

Individual assets that cost less than the capitalization threshold, but that operates as part of a network system will be capitalized in the aggregate, using the group method if the estimated average useful life of the individual asset is 3 years or more. A network is determined to be where individual components may be below the capitalization threshold but are interdependent and the overriding value to the NSSA is on the entire network and not the individual assets. Examples include: computers, software licenses, new office furniture, etc.

DEPRECIATION METHOD

Capitalized assets are depreciated using the straight-line method in the Annual Financial Report. The NSSA maintains a depreciation schedule for the General Fund and all proprietary funds.

ESTIMATED USEFUL LIVES

The following guidelines are used in setting estimated useful lives for asset reporting:

Buildings & Improvements	25 – 40 years
Land Improvements	10 – 20 years
Machinery and Equipment	3 – 10 years
Vehicles	5 – 10 years
Utility Systems	25 – 40 years
Infrastructure	20 – 40 years

IMPROVEMENTS VS. MAINTENANCE COSTS

With respect to asset improvements, costs at or over the capitalization threshold will be capitalized if:

The estimated life of the asset is extended by more than 25%, or

The cost results in an increase in the capacity of the asset, or • The efficiency of the asset is increased by more than 10%, or

Significantly changes the character of the asset.

Improvements that do not meet these criteria would be expensed as repair and maintenance.

ASSETS BELOW CAPITALIZATION POLICY

The NSSA will report assets which do not meet the capitalization threshold on an inventory list to maintain adequate control and safeguard NSSA property. Periodic audits will be performed to verify that items listed on the inventory report are still located on NSSA property for NSSA's personnel use. Example:

tools, small equipment, office equipment, etc.. An annual inventory will be completed each year.

XIV. CONFLICT OF INTEREST

Board Member Ethics and Conflicts of Interest require that no Board member will use his/her official position or office to obtain personal financial benefit or to avoid financial detriment for him or herself, relatives, household members or for any business with which the Board member, household member or a relative is associated.

This prohibition does not apply to any part of an official compensation package, honorarium allowed by ORS 244.042, reimbursement of expenses, or unsolicited awards of professional achievement. Further, this prohibition does not apply to gifts from one without a legislative or administrative interest. Nor does it apply if the gift is under the annual \$50 gift limit from one who has a legislative or administrative interest in any matter subject to the decision or vote of the Board member. NSSA-provided meals at board meetings are acceptable under the reimbursement of expenses exception.

Conflicts of Interest

“Business” means any corporation, partnership, proprietorship, enterprise, association, franchise, firm, organization, self-employed individual or any legal entity operated for economic gain. This definition excludes any income-producing tax exempt 501(c) not-for-profit corporation with which a public official or a relative of the public official is associated only as a member or board director or in a nonremunerative capacity.

“Business with which a Board member or relative is associated” means any private business or closely held corporation of which a Board member or relative is a director, officer, owner, employee or agent or any private business or closely held corporation in which a Board member or relative owns or has owned stock, another form of equity interest, stock options or debt instruments worth \$1,000 or more at any point in the preceding year; any publicly held corporation in which a Board member or relative owns or has owned \$100,000 or more in stock or another form of equity interest, stock options or debt instruments at any point in the preceding calendar year; or any publicly held corporation of which a Board member or relative is a director or officer.

“Relative” means: the spouse¹, parent, step-parent, child, sibling, step-sibling, son-in-law or daughter-in-law of the Board member; or the parent, step-parent, child, sibling, step-sibling, son-in-law or daughter-in-law of the spouse of the Board member. Relative also includes any individual for whom the Board member has a legal support obligation, whose employment provides benefits² to the Board member, or who receives any benefit from the Board member’s public employment.

¹The term spouse includes domestic partner.

²Examples of benefits may include, but not be limited to, elements of an official compensation package including benefits such as insurance, tuition or retirement allotments.

“Member of the household” means any person who resides with the public official.

No Board member will solicit or receive, either directly or indirectly, any pledge or promise of future employment based on any understanding that the Board member’s vote, official action or judgment would be thereby influenced.

No Board member will attempt to use or use for personal gain any confidential information gained through his/her official position or association with the NSSA. A Board member will respect individuals’ privacy rights when dealing with confidential information gained through association with the NSSA.

If a Board member participates in the authorization of a public contract, the Board member may not have a direct beneficial financial interest in that public contract for two years after the date the contract was authorized.

Individual Board members and the Board as a public entity are bound by the ethics laws for public officials as stated in Oregon law.

Potential Conflict of Interest

“Potential conflict of interest” means any action or any decision or recommendation by a Board member that could result in a financial benefit or detriment for self or relatives or for a business with which the Board member or relatives are associated, unless otherwise provided by law.

A Board member must publicly declare a potential conflict of interest. A Board member may, after declaring his/her potential conflict of interest, either vote or abstain on the issue. Abstaining from a vote does not meet the legal requirement of publicly stating a potential conflict.

Actual Conflict of Interest

“Actual conflict of interest” means any action, or any decision or recommendation taken by a Board member that would result in a financial benefit or detriment to self or relatives or for any business with which the Board member or relatives are associated, unless otherwise provided by law.

A Board member must publicly declare an actual conflict of interest. The Board member may not vote lawfully if an actual conflict of interest exists unless a vote is needed to meet a minimum requirement of votes to take official action. Such a vote does not allow the Board member to participate in any discussion or debate on the issue out of which an actual conflict arises.

Class Exception

It will not be a conflict of interest if the Board member's action would affect to the same degree a class consisting of all inhabitants of the state, or a smaller class consisting of an industry, occupation or other group including one of which or in which the person, or the person's relative or business with which the person or the person's relative is associated, is a member or is engaged. For example, if a Board member's spouse is a member of the collective bargaining unit, the Board member may vote to approve the contract, as it will affect all members of that class to the same degree. However, if the collective bargaining unit is very small, the class exception may not apply. Similarly, if the contract contains special provisions that might apply only to particular persons, then the class exception may not apply. For example, if a Board member's spouse is the only one in the bargaining unit that has a doctorate and there is a pay differential for employees with doctorates in the collective bargaining agreement, the Board member should not vote on the contract.

Gifts

Board members are public officials and therefore will not solicit or accept a gift or gifts with an aggregate value in excess of \$50 from any single source in a calendar year that has a legislative or administrative interest in any matter subject to the decision or vote of the Board member. All gift related provisions apply to the Board member, their relatives and members of their household. The \$50 gift limit applies separately to the Board member and to the Board member's relatives or members of household, meaning that the Board member and each member of their household and relative can accept up to \$50 each from the same source/gift giver. "Gift" means something of economic value given to a Board member without valuable consideration of equivalent value, which is not extended to others who are not public officials on the same terms and conditions.

"Relative" means: the spouse¹, parent, step-parent, child, sibling, step-sibling, son-in-law or daughter-in-law of the Board member; or the parent, step-parent, child, sibling, step-sibling, son-in-law or daughter-in-law of the spouse of the Board member. Relative also includes any individual for whom the Board member has a legal support obligation, whose employment provides benefits² to the Board member, or who receives any benefit from the Board member's public employment.

"Member of the household" means any person who resides with the Board member.

Determining the Source of Gifts

Board members should not accept gifts in any amount without obtaining information from the gift giver as to who is the source of the gift. It is the Board member's personal responsibility to ensure that no single source provides gifts exceeding an aggregate value of \$50 in a calendar year, if the source has a legislative or administrative interest in any matter subject to the decision or vote of the Board member. If the giver does not

¹ Ibid p.12

² Ibid p.12

1. In calculating the per person cost at receptions or meals the payor of the Board member's admission or meal will include all costs other than any amount donated to a charity. For example, a person with a legislative or administrative interest buys a table for a charitable dinner at \$100 per person. If the cost of the meal was \$25 and the amount donated to charity was \$75, the benefit conferred on the Board member is \$25. This example requires that the Board member does not claim the charitable contribution on personal tax returns.

have a legislative/administrative interest, the ethics rules on gifts do not apply and the Board member need not keep track of it, although they are advised to do so anyway in case of a later dispute.

Determining Legislative and Administrative Interest

A legislative or administrative interest means an economic interest distinct from that of the general public, in any action subject to the decision or vote of a person acting in the capacity of a Board member. For example, everyone within a county has a general interest in the fire department, but the person who sells the uniforms to the fire department has a legislative/administrative interest in the fire department that is distinct from the general public.

Determining the Value of Gifts

The fair market value of the merchandise, goods or services received will be used to determine benefit or value.

“Fair market value” is the dollar amount goods or services would bring if offered for sale by a person who desired, but was not obligated, to sell and purchased by one who is willing, but not obligated, to buy. Any portion of the price that was donated to charity, however, does not count toward the fair market value of the gift if the Board member does not claim the charitable contribution on personal tax returns. Below are acceptable ways to calculate the fair market value of a gift:

For receptions and meals with multiple attendees, but with no price established to attend, the source of the Board member’s meal or reception will use reasonable methods to determine the per person value or benefit conferred. The following examples are deemed reasonable methods of calculating value or benefit conferred:

The source divides the amount spent on food, beverage and other costs (other than charitable contributions) by the number of persons whom the payor reasonably expects to attend the reception or dinner;

The source divides the amount spent on food, beverage and other costs (other than charitable contributions) by the number of persons who actually attend the reception or dinner; or

The source calculates the actual amount spent on the Board member.

Upon request by the Board member, the source will give notice of the value of the merchandise, goods or services received.

Attendance at receptions where the food or beverage is provided as an incidental part of the reception is permitted without regard to the fair market value of the food and beverage provided.

Value of Unsolicited Tokens or Awards: Resale value

Board members may accept unsolicited tokens or awards that are engraved or are otherwise personalized items. Such items are deemed to have a resale value under \$25 (even if the personalized item cost the source more than \$50), unless the personalized item is made from gold or some other valuable material that would have value over \$25 as a raw material.

Entertainment

Board members may not solicit or accept any gifts of entertainment over \$50 in value from any single source in a calendar year that has a legislative or administrative interest in any matter subject to the decision or vote of the Board member unless:

The entertainment is incidental to the main purpose of another event (i.e., a band playing at a reception). Entertainment that involves personal participation is not incidental to another event (such as a golf tournament at a conference); or

The Board member is acting in their official capacity for a ceremonial purpose.

Entertainment is ceremonial when a Board member appears at an entertainment event for a “ceremonial purpose” at the invitation of the source of the entertainment who requests the presence of the Board member at a special occasion associated with the entertainment. Examples of an appearance by a Board member at an entertainment event for a ceremonial purpose include throwing the first pitch at a baseball game, appearing in a parade and ribbon cutting for an opening ceremony.

Exceptions

The following are exceptions to the ethics rules on gifts.

Campaign contributions are not considered gifts under the ethics rules.

Gifts from “relatives” and “members of the household” to the Board member are permitted in an unlimited amount; they are not considered gifts under the ethics rules.

Informational or program material, publications or subscriptions related to the recipient’s performance of official duties.

Contributions made to a legal expense trust fund if certain requirements are met.

Food, lodging, and travel generally count toward the \$50 aggregate amount per year from a single source with a legislative/administrative interest, with the following exceptions:

a. Organized Planned Events. Board members are permitted to accept payment for travel conducted in the Board member’s official capacity, for certain limited purposes:

Reasonable expenses (i.e., food, lodging, travel, fees) for attendance at a convention, fact-finding mission or trip, or other meeting do not count toward the \$50 aggregate amount IF:

The Board member is scheduled to deliver a speech, make a presentation, participate on a panel or represent the NSSA; AND

The giver is a unit of a:

Federal, state, or local government;

An Oregon or federally recognized Native American Tribe; OR

Nonprofit corporation.

The Board member is representing the NSSA:

On an officially sanctioned trade-promotion or fact-finding mission; OR

Officially designated negotiations or economic development activities where receipt of the expenses is approved in advance by the Board.

The purpose of this exception is to allow Board members to attend organized, planned events and engage with the members of organizations by speaking or answering questions, participating in panel discussions or otherwise formally discussing matters in their official capacity. This exception to the gift definition does not authorize private meals where the participants engage in discussion.

Food or beverage, consumed at a reception, meal or meeting IF held by an organization and IF the Board member is representing the NSSA. Again, this exception does not authorize private meals where the participants engage in discussion.

“Reception” means a social gathering. Receptions are often held for the purpose of extending a ceremonial or formal welcome and may include private or public meetings during which guests are honored or welcomed. Food and beverages are often provided, but not as a plated, sit-down meal.

Food or beverage consumed by Board member acting in an official capacity in the course of financial transactions between the public body and another entity described in ORS

244.020(6)(b)(l)(i).

Waiver or discount of registration expenses or materials provided to Board member at a continuing education event that the Board member may attend to satisfy a professional licensing requirement.

A gift received by the Board member as part of the usual or customary practice of the Board member’s private business, employment or position as a volunteer that bears no relationship to the Board member’s holding of public office.

Honoraria

A Board member may not solicit or receive, whether directly or indirectly, honoraria for the Board member or any relative or member of the household of the Board member if the honoraria are solicited or received in connection with the official duties of the Board member.

The honoraria rules do not prohibit the solicitation or receipt of an honorarium or a certificate, plaque, commemorative token or other item with a value of \$50 or less; or the solicitation or receipt of an honorarium for services performed in relation to the private profession, occupation, avocation or expertise of the Board member or candidate.

END OF POLICY

Legal Reference(s):

ORS 162.015 to -162.035

ORS 244.010 to -244.400

OAR 199-005-0001 to -199-010-0150

ORS 162.405 to -162.425

ORS 332.055

38 OR. ATTY. GEN. OP. 1995 (1978)

OR. ETHICS COMM’N, OR. GOV’T ETHICS LAW, A GUIDE FOR PUBLIC OFFICIALS

