



**OREGON  
DEPARTMENT OF  
AGRICULTURE**

**Oregon Soil and Water  
Conservation District  
Guidebook**

*A Guide to Operations and Management*

**Chapter 5  
District Finances**

Updated 05/2026

# INTRODUCTION

The Oregon Department of Agriculture (ODA), Natural Resource Program Area (NRPA) has various responsibilities in the management of natural resource programs within the state of Oregon. Among these are the responsibilities to provide administrative oversight of the soil and water conservation districts as outlined in Oregon Revised Statutes (ORS) 561.400. The Soil and Water Conservation District (SWCD) Program, in the NRPA at ODA, is tasked with providing this oversight and other assistance to the conservation districts (See Chapter 9 for more on this relationship).

*The Oregon Soil and Water Conservation District Guidebook – A Guide to Operations and Management* (Guidebook), provides information and directions to assist conservation district directors, associate directors, directors' emeritus, and employees to carry out the conservation district's statutory responsibilities. Every conservation district director and employee should have a working knowledge of the Guidebook's contents. A suggested strategy for conservation districts is to review portions of the Guidebook at each monthly board meeting. This will establish a routine under which conservation districts can review and discuss information relating to conservation district operations and management.

The Guidebook is divided into chapters, each of which focuses on a different aspect of conservation district operations. Resources, documents, and examples will also be made available for each chapter. Where "ODA" and "the Department" is used hereinafter means the Oregon Department of Agriculture.

**Except where noted as a legal requirement, no part of this Guidebook should be taken as required by ODA.** Contents of this Guidebook are only recommendations for the best management of your district.

Each chapter of the Guidebook will be available as a separate download on the ODA website and will be updated on a continual basis. Please check the ODA/SWCD website on a regular basis for the most recent update of each chapter.

<https://www.oregon.gov/oda/natural-resources/swcd/Pages/guidebook.aspx>

Please send updates and suggested changes or additions to [eric.nusbaum@oda.oregon.gov](mailto:eric.nusbaum@oda.oregon.gov)

## Chapter 5 - District Finances

The purpose of this chapter is to highlight information regarding conservation district finances. While this information was gathered from many sources, a few of the sources are *Tax Election Ballot Measures for Soil and Water Conservation Districts* and ORS 294, 297, and 568. Other sources are listed at the end of the chapter in the Resources section.

### Public Funds

All funds obtained by a conservation district are public funds, whether they come from public or private sources. Directors have a fiduciary responsibility to ensure that these public funds are expended in a proper and lawful matter. ORS 294.100 states, "It is unlawful for any public official to expend any moneys in excess of the amounts provided by law, or for any other or different purpose than provided by law." The statute also outlines that as public officials, conservation district directors can be held civilly liable for misuse of public funds. A civil suit against a conservation district director can be brought by the district attorney, or if the expenditure constitutes malfeasance in office or willful or wanton neglect of duty, by any taxpayer of the conservation district.

### Fiscal Administration

Fiduciary responsibility is arguably the most important function of a conservation district's board of directors. The conservation district board has the following fiscal responsibilities:

- Create and adopt a conservation district budget.
- Develop internal financial control policies.
- Manage funds consistent with fiduciary responsibility.
- Maintain accurate and complete financial records and reports including:
  - Conservation district budget.
  - Revenues and expenditures.
  - Property and assets (e.g., cash, equipment, furniture, vehicles, inventory).
- Manage cash deposits, investments, and other financial holdings.
- Review monthly financial or treasurer's report.
- Report to appropriate local, state, and federal agencies and governments.
- Annual Audits.

## Budgets

A budget is a financial plan that estimates the resources and expenditures required to conduct business in the upcoming year. A properly prepared budget allows lawful appropriations, which provides the authority to spend money. Spending outside this authority is unlawful and subjects public officials to the liabilities outlined in ORS 294.100.

The preferred method of preparing a conservation district’s budget is to follow “fund accounting” principles. Fund accounting means there are different funding sources that identify different parts of the budget (i.e., general funds, specific grant funds, tax revenues).

When developing an annual budget, the conservation district should consider the following:

- Projected workload (workload analysis). The estimated time and costs required of directors, staff, and volunteers to achieve the objectives and actions identified in the Annual Work Plan.
- Anticipated resources and revenues from all sources, including:
  - Beginning fund balances.
  - Federal, state, and local grants.
  - Private and corporate sources.
  - Local county funding.
  - Tax revenues.
  - Fund-raising activities.
  - Use of savings.
  - Transfers from other funds.
  - Interest earned.
  - Donations.
  - Other sources of income.
- Projected expenditures for all purposes including:
  - Operating expenses (e.g., rent, utilities, insurance, bonds, board meetings, audits, reports).
  - Personal expenses (e.g., salary/wages, benefits, taxes, health insurance).

- Materials and supplies (e.g., office supplies, printing, postage, first aide).
- Equipment (e.g., computers, GPS units, printers, cameras, scanners).
- Capital outlay (e.g., large equipment, vehicles, buildings, furniture).
- Project expenses (e.g., fence posts, plants).
- Field equipment (e.g., sprayers, weeders, brush cutters).
- Contracted services (e.g., contractors, consulting, lab work, web site, publishing).
- Training (e.g., Connect, OACD, SDAO).
- Travel and mileage (e.g., reimbursement for food, lodging and other travel expenses).
- Debt service (e.g., interest and repayment of loans).
- Other financial requirements:
  - Operating contingency.
  - Reserve funds.
  - Transfers to other funds.

The budget may be prepared by the entire board, a designated budget officer or treasurer, a finance committee, a consultant, or designated staff. Once prepared and reviewed, the board adopts the conservation district budget in its entirety by board action. By adopting the budget, the board is authorizing the conservation district to conduct transactions as outlined in the budget.

#### Legal Requirement

Conservation districts are required to prepare and adopt an annual budget for all conservation district operations. If a conservation district receives property tax revenues (i.e., ad valorem tax), it is required by law to prepare its budget according to Oregon Local Budget Law as outlined in ORS 294.305 to 294.565 (see the Resources section).

Conservation district boards should review the budget on a regular basis to monitor transactions and determine whether the conservation district will stay within its budget during the fiscal year. Conservation districts will need to revise their budgets during the year to allow

for (1) receipt of new or unanticipated revenues, or (2) payment of expenditures which were not anticipated in the current budget.

Legal Requirement

For conservation districts required to operate under Oregon Local Budget Law, there is a very specific process to revise the budget. Conservation districts need to refer to the *Local Budgeting Manual* for guidance on this matter.

## Internal Financial Control Policies

The conservation district's financial policies and procedures should outline the way conservation district transactions are conducted, recorded, and reported. These policies should include procedures on the following:

- Recording and reporting of transactions.
- Authorization of expenditures and the paying of bills.
- Establishment and authorization to use credit cards and revolving accounts.
- Transfer of funds.
- Reconciliation of bank statements.
- Security of checks, credit cards, and bookkeeping record.

Some conservation district boards choose to retain their authority to review and approve transactions by official board actions at regular board meetings. This can affect the timely payment of bills or ability to conduct other necessary financial transactions. The board may authorize a specific board member or staff person to administer financial transactions within the approved budget categories and/or within certain financial limits.

### Best Management Practice

Conservation district boards should assign financial duties in a manner so that no individual controls all phases of collecting, recording, and processing cash, checks, and transactions (i.e., separation of duties). Bank statements should be sent directly to a director without other financial duties for opening and review.

It is recommended that conservation districts have a financial statement which identifies the transactions that have been conducted and/or transactions to be approved by the board. Approval of all financial statements and payments should be reflected in the board minutes. In addition, financial statements should be attached as part of the minutes.

## Financial Reports and Records

Financial reports provide the necessary information for directors to make accurate financial decisions. Conservation districts are also required to provide a variety of financial reports and records to satisfy statutory requirements, grant agreements, and internal control needs. Financial information can also be used when conducting conservation district outreach activities and to show the public how the conservation district is using its funds. A properly prepared financial statement provides transparency in the conservation district's operations.

Type	Frequency	Due Date
Treasurer's Report <ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Monthly Income and Expenses</li> <li>• Year to Date Income and Expenses</li> <li>• Statement of activities for each bank account (i.e., check register)</li> <li>• Fund balances (cash in bank accounts for each grant and operating fund)</li> <li>• Budget to Actuals</li> </ul>	Monthly	In advance of the monthly regular board meeting so directors can receive and review the report before the board meeting.
Annual Budget	Annually, revised as needed.	July 1 (the beginning of the fiscal year) for conservation districts not subject to local budget law. Conservation districts that are required to follow Local Budget Law should consult the timeline provided for in ORS 294.
Audit, Financial Review, or Report in Lieu of Audit filed with the Oregon Secretary of State.	Annually	December 31 for Audit or Financial Review. September 30 for a Report in Lieu of Audit.
Year-End Financial Summary or Audit	Annually	Presented at the district's Annual Meeting along with the Annual Report.

All these reports are public records and should be made available and accessible to the public, partners, grantors, and other interested parties. These reports can also be useful to prepare informational materials and public presentations regarding conservation district programs.

## Audits and Bonding Requirements

### Oregon Municipal Audit Law

Conservation district audit and fidelity/surety bonding requirements, as per the Municipal Audits Law are as follows:

<b>Total expenditures for all purposes, including money expended for debt retirement</b>	<b>Audit Requirement</b>	<b>Due Date</b>	<b>Fidelity/Surety Bond Requirement</b>
Less than \$250,000	Self-prepared financial statement "In Lieu of Audit Report."	90 days from end of fiscal year.	At least equal to the annual receipts.
\$250,000 to \$1,000,000	Agreed Upon Principals (AUP) and Financial Statement.	180 days from end of fiscal year.	Equal to 10% of annual receipts, but not less than \$25,000.
Greater than \$1,000,000	An audit of all accounts and fiscal affairs by an authorized accountant. This is sometimes referred to as a "Full Audit."	180 days from end of fiscal year.	No bond is required under Municipal Audit Law, but Special Districts Law ORS 198.210-198-220 does require a bond, the amount of which is determined by the conservation district.

A Secretary of State filing fee is required based on the amount of the district’s expenditures (ORS 297.485).

## The AUP and Financial Audit Process

When obtaining a certified public accountant (CPA) to do either a financial review or full audit, the CPA must be licensed by the state Board of Accountancy. The CPA must hold a municipal audit license, be on the municipal roster described in ORS 297.670, and be licensed to practice as a CPA to audit government entities in Oregon. When doing an AUP or audit, the CPA fills out a summary form for Municipal Corporations provided by the Secretary of State's office.

The CPA sends the summary form to the Secretary of State's office. The Secretary of State may grant an extension to the filing deadline upon request. The conservation district is responsible for filing the "In Lieu of Audit Report" to the Secretary of State. Contact the Secretary of State's Audit Division to obtain more information on the requirements of Municipal Audit Law and to obtain the appropriate forms. You can find the website in the Resources section.

### Legal Requirement

According to ORS 198.34 if a conservation district fails to file its audit, financial review or Secretary of State report for three consecutive years, the Secretary of State will notify the conservation district's county board. The county board will then initiate proceedings to dissolve the conservation district.

## Federal Single Audit Requirements

All non-Federal entities that expend \$1,000,000 or more of Federal awards in a year are required to obtain an annual audit in accordance with the Single Audit Act Amendments of 1996. A single audit is intended to provide a cost-effective audit for non-Federal entities in that one audit is conducted in lieu of multiple audits of individual programs. As provided in ORS 297.455, a Federal single audit will satisfy the requirements of the Municipal Audit Law, although a Secretary of State filing fee will still apply. Federal agencies may have differing audit requirements associated with grant funds. Check with the granting federal agency to see if its requirements are different from that in the Single Audit Act Amendments of 1996.

## Fidelity and Surety Bonding

### Legal Requirement

Conservation districts are required by law to provide a fidelity or surety bond for any members of the board or its employees who are charged with possession and control of funds. ORS 297.405-297.555

A fidelity/surety bond indemnifies an employer for losses caused by fraudulent or dishonest acts by the conservation district employees or officials such as:

- Stealing cash/money or other items.
- Writing unapproved checks to others or to oneself.
- Falsifying financial records.
- Taking publicly owned equipment, furnishings, or supplies for personal use.

The conservation district is responsible for purchasing the bond(s). Bonds can be purchased from SDAO, or a qualified independent insurance company or financial institution. The required amount of the bond is dependent upon the type of reporting required under Municipal Audit Law. Under Special Districts Law all conservation districts must have a fidelity bond, but the amount is not specified and is left up to the conservation district to decide. Municipal Audit Law provides minimum amounts for fidelity bonds as outlined in the previous table.

Suspected financial losses or fraud may be investigated under the following options:

- Secretary of State Audits Division performs or directs investigations as needed.
- Oregon Department of Justice (DOJ) advises and assists the Audits Division. DOJ takes the lead on potential losses with a criminal component (i.e., embezzlement).
- You should request the District Attorney, in the respective county, to seek restitution as part of the criminal prosecution.

### Best Management Practice

To ensure adequate bond coverage, conservation districts should consider both their receipts and expenditures throughout the fiscal year, not just the minimum requirements of the law. Conservation districts should also consult their CPA or insurance agent to ensure that the amount of their bond meets any requirements of the law. If your conservation district suspects dishonesty or fraud, contact the Secretary of State Audits Division and/ or the Department of Justice. Contact information is provided in the Resources section. You may also want to contact your insurance agent, SDAO, and ODA.

## Sources and Mechanisms for Funding

The first step in planning for conservation district funding is to define the conservation district's need for funds. The conservation district should refer to its annual work plan, long-range business plan, and workload analysis to determine funding needs. The conservation district should then assess what funds are available from county appropriations, federal and state grants, local income-producing projects, individuals, corporations, businesses, foundations, and any other appropriate sources.

## Tax Levying Authority, General Obligation Bonds, and Special Assessments

### **Tax Levying Authority (ORS 568.806 – 568.808)**

The 1983 Oregon Legislature authorized conservation districts to seek voter approval to levy an ad valorem property tax within the boundaries of each conservation district. Each conservation district must receive voter approval, through the passage of a ballot measure, before taxes can be levied and collected for the conservation district.

Through its taxing authority a conservation district may choose to seek either a permanent tax rate or a local option tax.

- A **permanent tax rate** is an ad valorem property tax rate limit expressed in dollars per thousand of assessed value (i.e., \$0.25 per \$1000). Once established, no action of the conservation district or its voters can increase or decrease this limit. The permanent tax rate is an upper limit, and a conservation district may choose to not collect all the tax it has authority to in any given year.

- A **local option tax** is an ad valorem tax approved by the voters of a local government for a specific number of years for general or specific purposes. Local option taxes used for general operating purposes can be imposed from one to five years. Local option taxes used for capital projects may be imposed for the expected useful life of the capital project or 10 years, whichever is less.

**Important: Only new conservation districts or conservation districts that have never imposed a property tax can seek voter approval of a permanent tax rate limit. Therefore, if a conservation district successfully imposes a local option tax the conservation district may never seek a permanent tax rate. However, if a permanent tax rate has previously been established, the conservation district may impose local option taxes in the future.**

Ballot measures for permanent tax rate and local option taxes may be placed on the ballot in March, May, September, or November on the days specified in ORS 255.345. Conservation districts should keep in mind that ballot measures to levy taxes in March or September elections of any year are required to meet the “Double Majority” rule where fifty percent of the registered voters must participate in the election.

A conservation district that receives voter approval for a tax measure in March, May, or September is eligible to begin receiving tax dollars the following November. If the conservation district receives voter approval in November, funds will not become available to the conservation district until the following November.

Any conservation district contemplating seeking voter approval for a tax measure, should begin the planning process well in advance of the election date. There are many steps in the process, and they must be well thought out in advance. Additionally, conservation districts will want to plan and conduct an outreach and education campaign to inform their constituents about the services the conservation district currently provides and what it plans to provide given the resources provided for by an ad valorem tax. Conservation districts should consult with several different entities regarding the proper procedures for filing ballot measures.

The SWCD Program has presentations it can give to a conservation district that is interested in seeking taxing authority. These presentations outline the steps in the process and what the conservation district will want to consider if they wish to move forward.

In the table below are some of the important agencies and publications a conservation district should consult, see the Resources section for contact information and web links.

<b>Important Agency</b>	<b>Publications or activity for Conservation Districts to follow</b>
County Board of Commissioners	Consultation
County Clerk or Elections Officer	Consultation
County Tax Assessor	Consultation
County Tax Collector	Consultation
Oregon Department of Agriculture SWCD Program	Consultation
Special Districts Association of Oregon	Consultation
Secretary of State Elections Division	<i>County, City, and District Referral Manual</i> Ballot measure forms and instructions
Secretary of State Elections Division	Campaign Finance Manual Campaign finance reporting forms and instructions
Oregon Department of Revenue	<i>Local Budget Law Manual</i> Local Budget Law trainings and classes
Oregon Government Standards and Practices Commission	<i>Oregon Government Standards &amp; Practices Laws, A Guide For Public Officials</i>

### **General Obligation Bonds**

Conservation districts may issue general obligation bonds funded by an ad valorem tax approved by the voters. General obligation bonds are used to finance capital projects. ORS 568.803 outlines the manner in which general obligation bonds may be issued.

### **Special Assessments and Improvement Bonds**

Under ORS 568.805, conservation districts have the authority to levy special assessments against property that directly benefits from the exercise of authorized powers and functions of conservation districts.

Conservation districts may issue improvement bonds funded by the special assessment. ORS 568.805 outlines the manner in which assessments may be levied and the noticed required to be given to affected property owners. If enough written objection is received by the conservation district, the proposed special assessment must be terminated.

#### Best Management Practice

It is strongly advised that conservation districts consult their legal counsel and ODA when considering a general obligation bond, special assessments, or improvement bonds.

### State Funds

Grant funds to support conservation district operations have been appropriated by the Oregon Legislature to the Oregon Watershed Enhancement Board (OWEB). The funds appropriated are from constitutionally dedicated State Lottery funds (Oregon Constitution Article XV, Section 4b). OWEB and ODA work closely together to administer and manage the grant funds to conservation districts. These funds are commonly known as the “District Capacity Grant”. The primary purpose of these funds for conservation districts is:

- To implement the Agricultural Water Quality Management Area Plans.
- To serve as the Local Management Agency (LMA) under the Agricultural Water Quality Management Program.
- To provide technical assistance and outreach that implements the Oregon Plan for Salmon and Watersheds.
- Restoration and protection of native fish, wildlife, watersheds, and water quality.

For more information regarding the grant funds for conservation district support, contact the Oregon Department of Agriculture, SWCD Program, See the Resources section for contact information.

There are several state agencies with possible funding sources for conservation activities and programs including but not limited to:

- Oregon Watershed Enhancement Board (OWEB)
- Oregon Department of Environmental Quality (DEQ)
- Oregon Department of Fish and Wildlife (ODF&W)

- Oregon Department of Forestry (ODF)
- Oregon Department of Agriculture (ODA)

Chapter 9 of this Guidebook includes additional information about grants and conservation programs offered by state and federal partners, see the Resources section for contact information for the above list.

### County Funds

Some conservation districts receive county funds for operations and projects. Conservation districts should make a special effort to inform local government officials (e.g., county commissioners, road department) of the services and programs they can offer to the county.

When communicating with the county, the conservation district may choose to highlight some of the following partnership benefits:

- The conservation district provides benefits and assistance to individual landowners in the county.
- The conservation districts can help the county with soil surveys and interpretations for planning, county assessment, structures, highways, and noxious weed control.
- Preventing erosion can reduce road drainage clean-up cost.
- Conservation investments contribute to the local economy.
- Added value of well-cared-for properties maintains the local tax base.
- Conservation district programs are cost-effective because of high volunteer inputs.
- Conservation districts leverage federal and state dollars and bring those dollars into the local economy.
- Conservation districts can serve as local sponsors for some federally funded programs, such as the Emergency Watershed Protection program, which allow for millions of federal dollars to be used for conservation efforts related to floods or droughts.
- Cooperative agreements with assisting agencies bring state and federal assistance to the county.
- Conservation districts serve as advocates for local landowners to secure assistance.

## Federal Funds

Funds for conservation projects and programs are available from several federal agencies. Some possible sources for funding include but are not limited to:

- USDA–Natural Resource Conservation Service
- USDA–Forest Service
- USDA–Farm Service Agency
- Environmental Protection Agency
- Bonneville Power Administration
- Bureau of Land Management
- U.S. Fish and Wildlife

Chapter 9 of this Guidebook includes additional information about grants and conservation programs offered by state and federal partners, see the Resources section for contact information for the above list.

## Grant Funds

Grant funds are awarded to an entity on a competitive basis for a fixed period of time and usually for a specific purpose. Federal and state governments, state councils, along with private and industrial foundations are all sources of grants. However, many private foundations and corporations, grant funds only to entities that have an Internal Revenue Service (IRS) 501(c)(3) non-profit status designation. A discussion on the eligibility of conservation districts for IRS 501(c)(3) non-profit status designation follows later in this section.

## Loans

Conservation districts may secure loans or mortgage real property subject to authorization by ODA. When the department receives a request from a SWCD for written approval to secure a loan or mortgage property as provided in ORS 568.550(6), a letter of authorization is issued to the SWCD, notifying them of public notification requirements and their legal obligations.

The Oregon Department of Agriculture will authorize the SWCD to borrow money as provided in ORS 568.550(6), subject to the following conditions:

1. The SWCD holds a public hearing to provide an opportunity for landowners to submit comment as required under ORS 568.550(6).  
These requirements are more stringent and explicit than the general notification

requirements of a public meeting; therefore, the SWCD needs to issue notice and hold a hearing on the matter. To streamline the process and save time, the SWCD could consider holding a public hearing just prior to a SWCD board meeting. Unless there is an inordinate amount of public comment, the district board could consider comments and take action at its meeting directly following the hearing.

2. The SWCD board reviews and considers the comments and findings from the public hearing.
3. The SWCD must provide the department copies of hearing notices published in the newspapers, minutes from the public hearing, and minutes from the SWCD meeting(s) where official action is taken.

A link to the fact sheet with the loan authorization process can be found in the Resources section.

### Fund-Raising

Conservation districts have the legal ability to undertake local fund-raising activities. Be sure that the district is not promoting or endorsing a specific name brand or product when holding a fund-raising activity. Examples of fund-raising activities include:

- Conservation equipment rental (e.g., no-till drill, weed pullers).
- Retail sales (e.g., trees, plants, hats, books, posters).
- Silent Auction.
- Special events (e.g., bake sales, golf tournaments, walk-a-thons).
- Testimonials-charge a specific amount of money for a dinner in testimony to someone.
- Service fees paid for providing conservation services (e.g., soil testing, tree planting).
- Direct appeals for donations through media, mail, web sites, or telephone.
- Memorials, bequests, and honorary gifts (e.g., the relative of a deceased conservation-minded person establishing a scholarship or conservation fund in his/her memory).
- Membership (e.g., annual contributions from individuals, agencies, and/or organizations).
- Sponsorship for individual projects (e.g., sponsorship of Envirothon participants or a workshop).
- Advertisement in district newsletter.

The most effective way to successfully raise funds is to develop and follow a fund-raising plan. Conservation District Directors should be active in fund-raising planning and events. Staff can help, but the directors are ultimately responsible. When budgeting staff time for fund-raising activities, the board should determine if sufficient income could be recovered from the investment of that staff time.

The Council of Better Business Bureaus has several resources available including the Standards for Charity Accountability, see Resources section for link to the web site.

### Tax Deductibility for Donations and Contributions

IRS Code, Section 170(c)(1) defines contributions or gifts to a state or any of its political subdivisions (i.e., conservation districts) as "charitable" contributions for tax purposes, and therefore tax deductible.

Conservation districts have the authority under ORS 568.550(1)(e), "To obtain options upon and to acquire by purchase, exchange, lease, gift, grant, bequest or devise any property, real or personal or rights or interests therein, to maintain, administer and improve any properties acquired, to receive income from such properties and to expend such income in carrying out the purposes and provisions of ORS 568.210 to 568.808 and 568.900 to 568.933, and to sell, lease or otherwise dispose of any of its property or interests therein in furtherance of the purposes and the provisions of ORS 568.210 to 568.808 and 568.900 to 568.933."

Conservation districts should consult the *IRS Publication 526: Charitable Contributions* for more information on the requirements for contributions, limits, reporting, receipts, see Resources for a link to this publication.

### Tax Exempt vs. Nonprofit

Conservation districts are classified by the IRS as tax exempt under the IRS Code, Section 115. Conservation districts do not qualify as nonprofits under the IRS Code, Section 501(c)(3).

#### **Tax Exemption Eligibility**

IRS Code, Section 115 specifically excludes the income of municipal governments/corporations (which includes conservation districts) from its definition of gross income; therefore, making conservation districts tax exempt. Conservation districts are classified as **municipal governments/corporations**, rather than agencies of the state, for this purpose.

As a special service to government entities, the IRS will provide, without charge, a "government affirmation letter" as documentation of tax-exempt status. Conservation districts may request a letter by contacting the IRS or visiting the IRS web site, see Resources section for contact information.

**Nonprofit Ineligibility**

A state or municipal instrumentality may qualify under IRS Code, Section 501(c)(3) for *nonprofit* status if it is organized as a separate entity from the governmental unit that created it and if it otherwise meets the organizational and operational tests of Section 501(c)(3).

Conservation districts are political subdivisions of state government, **are not** organized as a separate entity from a governmental unit, and **do not** meet a sufficient number of the IRS Code, Section 501(c)(3) non-profit status eligibility criteria to get approved as IRS Code, Section 501(c)(3) non-profit entities.

Although conservation districts are currently not eligible to qualify for IRS Code, Section 501(c)(3) nonprofit status, they can partner with other entities that have this eligibility, such as their local watershed council (if formed under Section 501(c)(3), or foundations formed through the USDA Resource Conservation and Development (RC&D) programs in the state.

## Resources

### Statutes and Rules

ORS 198—Special Districts Generally

[https://www.oregonlegislature.gov/bills\\_laws/ors/ors198.html](https://www.oregonlegislature.gov/bills_laws/ors/ors198.html)

ORS 255—Special District Elections

[https://www.oregonlegislature.gov/bills\\_laws/ors/ors255.html](https://www.oregonlegislature.gov/bills_laws/ors/ors255.html)

ORS 294—Local Budget Law

[https://www.oregonlegislature.gov/bills\\_laws/ors/ors294.html](https://www.oregonlegislature.gov/bills_laws/ors/ors294.html)

ORS 297—Municipal Audit Law

[https://www.oregonlegislature.gov/bills\\_laws/ors/ors297.html](https://www.oregonlegislature.gov/bills_laws/ors/ors297.html)

ORS 568—Soil and Water Conservation; Water Quality Management

[https://www.oregonlegislature.gov/bills\\_laws/ors/ors568.html](https://www.oregonlegislature.gov/bills_laws/ors/ors568.html)

### Local Budget Law

**Oregon Department of Revenue**

<https://www.oregon.gov/dor/programs/property/pages/local-budget.aspx>

### Municipal Audit Law

**Secretary of State, Audits Division**

<https://sos.oregon.gov/audits/Pages/muniaudits.aspx>

### Fidelity and Surety Bonding

**Special Districts Association of Oregon**

<https://www.sdao.com>

SDAO Administrative Handbook

<https://www.sdao.com/files/5affcd2e1/2022+SDAO+Administrative+Handbook.pdf>

**Oregon Department of Justice**

<https://www.doj.state.or.us>

**Oregon Secretary of State Government Fraud and Waste Hotline**

<https://sos.oregon.gov/audits/Pages/accountability.aspx>

**Taxing Authority****Oregon Department of Agriculture – SWCD Program**

<https://www.oregon.gov/oda/natural-resources/swcd/Pages/taxing-authority.aspx>

**Oregon Secretary of State – Elections Division Manuals and Tutorials**

<https://sos.oregon.gov/elections/Pages/manuals-tutorials.aspx>

**Internal Revenue Service**

Information for Local Governments

<https://www.irs.gov/government-entities/federal-state-local-governments>

IRS Publication 526: Charitable Contributions

<https://www.irs.gov/pub/irs-pdf/p526.pdf>

**Council of Better Business Bureaus**

Information for Charities and Donors

[www.give.org](http://www.give.org)

**Loans****Oregon Department of Agriculture – SWCD Program Loan Authorization**

<https://www.oregon.gov/oda/Documents/Publications/NaturalResources/SWCDLoanAuthorizationProcess.pdf>

**Funding Sources****Oregon Department of Agriculture**

District Capacity Grant

<https://www.oregon.gov/oda/natural-resources/swcd/Pages/district-capacity-grants.aspx>

Water Quality Grants

<https://www.oregon.gov/oda/natural-resources/agwq/Pages/ag-wq-grants.aspx>

**Oregon Watershed Enhancement Board**

<https://www.oregon.gov/oweb/pages/index.aspx>

**Oregon Department of Fish and Wildlife**

<https://www.dfw.state.or.us/wildlife/grants/>

**Department of Environmental Quality**

<https://www.oregon.gov/deq/wq/programs/pages/wqgrants.aspx>

<https://www.oregon.gov/deq/wq/tmdls/pages/tmdls-funding.aspx>

**Oregon Department of Forestry**

<https://www.oregon.gov/odf/aboutodf/pages/grantsincentives.aspx>

**Federal Grant Clearinghouse**

<https://www.grants.gov>

**USDA – Natural Resource Conservation Service**

<https://www.nrcs.usda.gov/state-offices/oregon>

**USDA – Farm Service Agency**

<https://www.fsa.usda.gov/state-offices/oregon>

**USDA – Forest Service**

<https://www.fs.usda.gov/working-with-us/grants>

**Environmental Protection Agency**

<https://www.epa.gov/grants>

**Bonneville Power Foundation**

<https://www.b-e-f.org>

**Bureau of Land Management**

<https://www.blm.gov/services/financial-assistance-and-grants>

**U.S. Fish and Wildlife Service**

<https://www.fws.gov/service/financial-assistance>