

Financial Planning

Accountability

A financial strategy overcomes the tendency to be reactive to financial needs. It builds district strength and resilience, and helps anticipate and buffer the effects of change.

In addition, **a fiduciary responsibility of conservation board members is to take steps to ensure the financial sustainability and vigor of the district for day-to-day operations, projects and activities, and protection and strengthening of financial assets.** Financial planning in all these areas can be integrated into the district long range plan and annual plans of work – indeed they need to be, since financial planning is critical to the future existence and success of the district. Districts often identify more with non-profits than businesses, yet a look at successful non-profits often reveals a level of financial sophistication on a par with business models.

Strategic Financial Planning

Getting Started.....

Conservation districts face some particular challenges to financial planning:

- Board and staff expertise and interest in finance planning is varied and often fluctuating
- Districts are generally too small to have dedicated financial staff
- Districts often have few dependable revenue generating activities and are often particularly challenged to meet operating expenses

However, addressing these challenges and building a financial planning strategy could be as easy as



1

Make financial planning a routine part of district business

- **Develop a roadmap** - Include District financial resilience and growth in the District Long Range Plan
- **At least once a year have a meeting** that discusses and addresses district long range financial planning – address threats and opportunities affecting the District's financial needs and goals.
- **Create a Finance sub-committee** to look into financial issues and advise the Board. Include non-board members where they can offer expertise.
- **Build financial planning into every district activity and operation** - identify amount needed, potential sources and acquisition timeframe needed. Financial planning should accompany every item in the District Annual Plan of Work.

- Follow up and require **action at monthly board meetings** on financial progress for activities when reviewing the Annual Plan of Work.
- Habitually **cultivate relationships** with current or potential partners
- Have an **ongoing District publicity program** that informs the community of District successes and goals – let people know who you are and make sure you know who they are before you might ask them for support.
- **Encourage creativity** in thinking about funding sources - develop instincts for identifying how the District can help traditional and non-traditional partners achieve their goals so they will be interested in helping the District achieve theirs.

2

Develop district financial planning savvy

- **Identify if you have a need** for financial expertise/interest on the board and look for this when recruiting new board members
- Have board and staff **attend trainings** and opportunities to learn about financial planning and opportunities
- Ask your CSCB field specialist to facilitate a **financial planning workshop** or meeting
- Plan District activities and services **knowing the financial break-even point** of each one. Decide if a loss is acceptable and how much, or what profit margin is sought.
- **Analyze financial performance of activities** and operations at agreed time period(s) and make future decisions based on the information gathered.

3

Appreciate the importance of balancing financial need and sources

- **Prioritize funding** needs and have plans for both **short term and long term needs**
- Recognize **security of a funding source** and don't over-finance critical operations from insecure funding sources
- Recognize **difference between restricted use funds (e.g. grants) and unrestricted funds (e.g. sales income)** and identify most appropriate sources for the activity or operation requiring financing. Don't lose trust with funders by inappropriate use of their funds to meet District needs!
- **Have contingency plans** – especially for critical needs

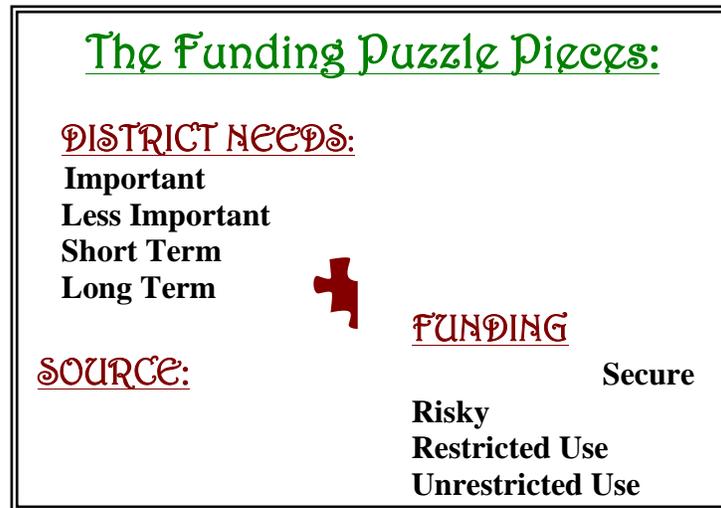


More to think about

Although it isn't easy, or always possible, to create and maintain the perfect financial picture, boards can strive to build the most robust financial foundation they can for their district by keeping a balance in mind.

Three key considerations are:

- *How critical is the activity to district survival/success?*
- *What is the time period over which the funds are needed?*
- *What kinds of funding sources can/best meet the funding need?*



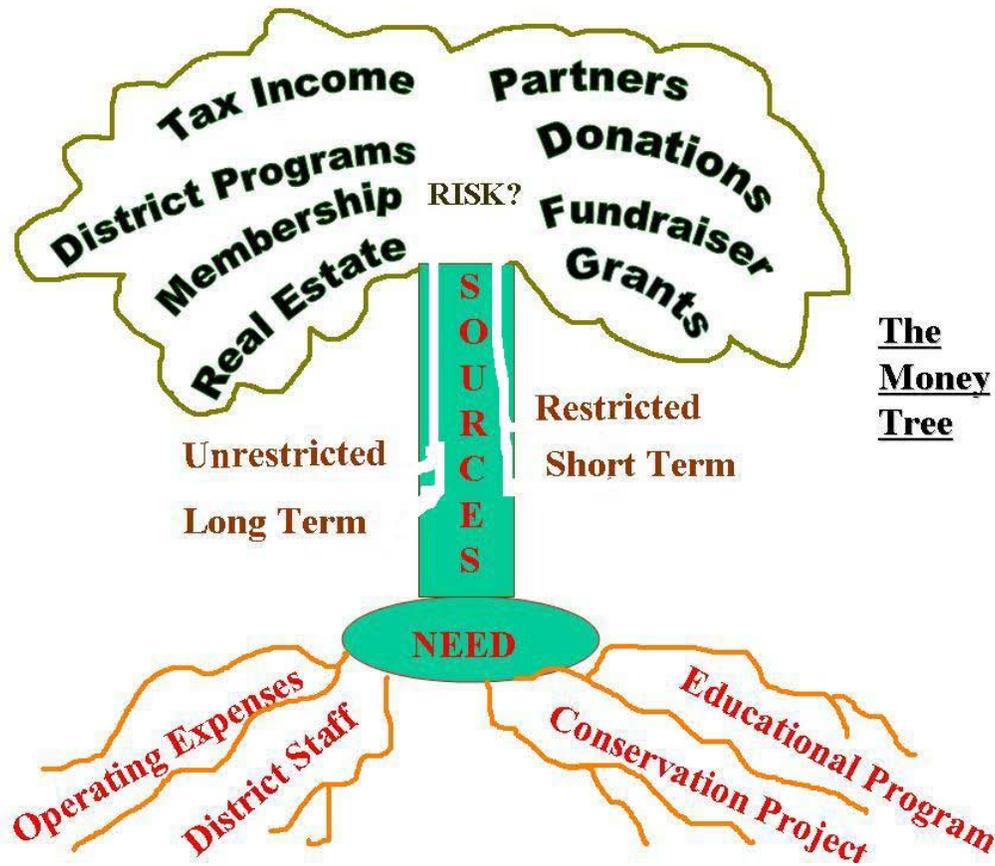
If the need and funding source pieces don't fit, the district may be constantly spending financial planning energy and still end up with an unsatisfactory result. Attempting to build security where it is most critical and being mindful of where unrestricted (broad use) funding is needed are particularly important. For example, grants tend to be an insecure, restricted source of funding and therefore inherently poorly suited to substantially funding district manager positions. But they are great for specific one-time projects.

Example: District Manager

- High Importance/Long Term/Many non-specific functions
- *Need secure, long-term funding that is mostly non-restricted use*
- 50% County Funds
- 10 % State Funds
- 10% District Tree Sales Program
- 10% District Seed Sales Program
- 10% District Membership Program
- 10% District Grants Administration

Example: Alternative Crops Demo

- Medium Importance/Short Term/Highly Specific
- *Need short term funding that could be highly specific*
- 30% Grant from X
- 30% Grant from Y
- 30% Partnership donation by Z
- 10% Local Business sponsorship



Strategic Self-Assessment

Where Are You Now? – ask yourself if you already have the basics or not

- We know/don't know what our funding needs are now and for the future.
- Our community and sponsors know/don't know who we are and what we do.
- Our board and staff have/don't have a strong sense of district identity and purpose.
- We have/don't have publicity material developed and regularly promote ourselves.
- Our board members do/do not embrace their responsibility as fundraisers and discuss fundraising regularly.

These basics are the foundation on which to build a sustainable fundraising strategy – they need to be addressed first and continually strengthened.

Then What?

- **Look at the 1,2,3 building blocks at the start of this section** and have a discussion about which of these areas might need strengthening and commit to how that can be accomplished.
- **At every monthly meeting put funding on the agenda and ask questions** such as: Have short or long term funding needs changed? Has anyone come across a potential new funding source? Did a specific request/effort work and why/why not? Are partner relationships being maintained? What publicity opportunities are

coming up? Has previously agreed upon action been carried out and who is going to be responsible to do what next, by when?

- **Identify the amount and appropriate type of funding required for each need and brainstorm all possible options for acquiring them.** Preliminarily assess each source objectively as to feasibility, risk etc and commit to which to investigate further.
- Recognize the risks, limitations and security of each funding source and **build a multi-source funding program that is resilient to change**
- Recognize district priorities and build in **as much security as possible for the most important functions** – evaluate short and long term needs for these priorities
- **Plan long term fundraising actions methodically** – a mil levy may be a great idea to add security to funding but the mil levy election will probably fail if your community does not know who you are and value what you do. Raising awareness may be a necessary first step over one or two years



State Direct Assistance

Throughout the USA states provide funding for their conservation districts – with levels varying from millions of dollars to no dollars at all. In recent years to 2009, Colorado has provided approximately \$385,000 on an annual appropriations basis as an item in the states' Long Bill. The Long Bill is approved in May of each year and appropriation is at the discretion of the legislature based on recommendations from the Joint Budget Committee and Office of Management and Budget. In 2007 continued funding was made contingent on a competitive system of allocation to districts.

Every district may apply for Direct Assistance funds through the state application process which begins in January and is based on the previous years' performance and activity. Awards are made in July – the start of the new state fiscal year when the appropriated funds become available. Awards amounts are normally based on tiers according to the spread of points within the particular years' applications.

Direct Assistance can be used for almost any purpose except lobbying or other political activity. It is therefore valuable as an unrestricted source of funding. However, it should be noted that there are uncertainties regarding how much a district may receive – based both on the variability from year to year in quality of competitive applications, and the uncertainty as to how much, or even if, funds will be appropriated by the legislature in any given year.

The most recent application materials are on the CSCB Forms and Publications web site. [CLICK HERE](#) for link to that page.



TABOR and Financial Planning

The Colorado Taxpayers Bill Of Rights (TABOR) automatically places revenue-retaining restrictions on state bodies – including conservation districts. This means that if districts increase their income in a given year by more than a certain amount, they will have to return that money to the taxpayers through the state government tax refunds. TABOR does not apply to federal funds/grants.

TABOR restrictions are a 5.5% limit based on property tax revenue and local growth rate +inflation for other income.

Particularly if a district is planning a financial strategy that may suddenly and dramatically increase it's income – such as a mill levy or large grant – it will need to “de-TABOR” in order to be able to retain that income. This may be true even for pass-through monies.

De-TABORing requires an election – 53 Colorado districts are currently (2009) de-tabored.

TABOR restrictions should not discourage you from taking positive measures to ensure the financial stability of your district!

Further De-TABORing Resources

- Districts who have De-Tabored
- Colorado State Conservation Board Tel: 303 239 4112
- Department of Local Affairs: your local office or main offices: Budgeting Tel:303 866 2354: Special District Elections: 303 866 2184



Web Resources

Funding Your Conservation District:

A power point presentation outlining some key thoughts and ideas bout fundraising strategy an ideas for fund raising.

Fundraising Guide

A guide containing information about fundraising strategy, a list of fund-raising ideas, and suggestions of how to develop and implement specific fundraising ideas.

Both the above publications are on our CSCB Forms and Publications web page : [CLICK HERE](#) for a link to the Forms and Publications page

Local Government Financial Management Manual

The Colorado Office of the State Auditor publishes a very comprehensive document covering all aspects of financial management for local government entities. It is called the "Financial Management Manual – A Guide For Colorado Local Governments" -[CLICK HERE](#) for link.