10 Minute Supervisor Training August 2026

Annual Reporting

Annual financial statement reporting requirements for conservation districts are governed under KRS 262.097 and KRS 65A.020. Within 60 days of the close of the fiscal year (**September 1st**), conservation districts are required to complete and submit an annual financial report to: The Soil and Water Conservation Commission (Division of Conservation), Local Government and to the Department of Local Government.

Annual Financial Report:

What should the report consist of?

- The annual financial report should consist of all actual revenues and expenditures for the past fiscal year.
- The report should include all accounts managed by the district including but not limited to all checking & savings accounts, CDs, and money markets.

How to prepare the report:

- Review all district transactions for the fiscal year and ensure that they are in their respective categories. Review the computer program balances against the reconciled bank statement balances. These must match "to the penny".
- You must begin with the previous year's Annual Financial Report ending balance.
- Print a transaction report or custom summary report and review all income and expense categories and transactions to once again verify that all categories contain the correct entries.
- If you use Quick Books payroll you will need to print a payroll by payee report to get the net amounts paid out.
- Once all balances match, put all income and expenses into the annual financial reporting spreadsheet. Once the sheet is completed, make sure all balances match the originals from the computer and the reconciled bank statements.
- If you have multiple accounts, it may be helpful to complete a separate financial statement on each individual account that the district holds to ensure that all individual accounts balance with reconciliation reports and then complete a financial statement report for all accounts combined. Remember that the district is one entity and transfers between accounts are not applicable. Only true expenditures and income are accounted for.

What to do if your report doesn't balance: ASK FOR ASSISTANCE

- Double-check the ending balance of last year's report with your actual beginning balances for this year. Many times, a check that was voided in the current year can cause the ending balance to be different from your financial report. It will automatically add the voided check back into the computer in last year's register, but it often is missed in the checkbook.
- Call the bank for CD totals in all cases. Reports on interest earned from CDs can be sent at random times throughout the year. It's imperative that the balance on the CD with interest is taken from June 30th.
- Remember that discrepancies may not be just one transaction. It can be a total of several, which can make it harder to find. This is why checking all transactions is so important. However, it's always good to use the search function on your Quicken or QuickBooks to search for one single amount first, in the case that it is a single transaction causing the problem.

Treasurer should present the annual financial report, along with supporting documentation, to the full board for review and approval, and after approval, it **must be signed**. This review should be important to the entire board as it allows everyone to see exactly what was spent in every program and to discuss any changes that need to be made for the next year.

The AFR is submitted to Soil and Water Commission through the eForms system. You will NOT need to send a duplicate to e-mail. It can be mailed or emailed to your local government and input into the Department of Local Government's public portal.

Once review, approval, signature and submittal are completed, file original along with supporting reports in district office for future reference, if needed.

Annual Report:

This is your district's time to shine! The annual report is a report on accomplishments for the previous year. Make it count! Include pictures and details about all programs and the educational, promotional or financial impact they had. Numbers really do make a statement, so include the number of students, landowners, etc. that you assisted. The annual report is mailed or e-mailed to local government and sent to the conservation e-mail by **September 1**. Watersheds are not required to submit an annual report.

Legal Notice:

Within 60 days of the close of the fiscal year, a district must publish a legal notice in the local newspaper. This notice must be filed by **August 31** of each year.

Information that should be included within the legal notice:

- The name and address of the district, a date allowing public viewing of all financial documents and most recent audit reports. Board meeting date, time and location (include if they change throughout the year).
- A copy of the published legal notice should be kept from year to year for audit document support.
- In KRS 424.120, there are qualifications for the newspapers
  - For a newspaper to qualify, they must: Publish at least once per week for at least 50 weeks of the calendar year. If there are more than 1 newspaper in the area, then the newspaper with the largest circulation shall be the newspaper where legal advertisements are published.
  - If there is no newspaper published in the district area, it can be published in a newspaper that is qualified under the section to publish advertisements in the county or if there is a zoned edition that is distributed to regular subscribers in the district area, then the legal notice can be published in that newspaper.
  - If a watershed covers multiple counties, the part of each district in each county shall be considered to be a separate publication and an advertisement for each separate publication area shall be published in a qualifying newspaper.

Discussion Questions

1. Why is the legal notice important?
2. What would be the importance of having a detailed annual report?
3. Do you feel that it is fiscally responsible to spend money to publish the annual report? Why or why not?
4. What is the significance of an annual financial report? How can it be useful in the future for budgeting and planning?