

# 10 Minute Supervisor Trainings



April 2022

## Annual Financial Reports

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, conservation districts are required to complete and submit an annual financial report to the Soil and Water Conservation Commission and to the Department of Local Governments.

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 checking, savings, CDs, and money market.

How to prepare the report:

- Review all district transactions for the fiscal year and ensure that they are in their respective categories.
- Check the computer program balances against the reconciled bank statement balances and **MAKE SURE THEY MATCH EXACTLY.**
- Review last year's AFR to see if the ending balance is equal to the sum of all of your beginning account balances for the current fiscal year.
- Print a transaction report of custom summary report and review those categories and transactions to once again verify that all categories contain the correct entries.
- Once all balances match, put all income and expenses into the annual financial reporting sheet.
- Once the sheet is completed, make sure all balances match the originals from the computer and the reconciled bank statements.
- It is recommended that you 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 for filing for complete accuracy and transparency.

What to do if your report doesn't balance:

- 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 that 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.
- Check your bank reconciliation. If you have accidentally missed or have outstanding checks, this can also cause the balance to be off.
- Print a detailed transaction report. Compare this report to your summary report totals. In some cases, if you have entered a deposit in as an expenditure or vice versa, it can throw the computer totals off in the categories.
- 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 actually taken from June 30<sup>th</sup>.
- Remember that discrepancies may not be just one transaction. It can be the total of several, which can make it harder to find. This is why checking all transactions can be 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.

Only the annual financial statement report with all combined accounts need to be filed with the Soil and Water Conservation Commission and on Department of Local Government district dashboard prior to September 1. Individual account annual financial statement reports need only be filed in district office as supporting documentation only.

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

The annual financial statement report should be completed on the form provided by the Division of Conservation. It should not be submitted until it has been approved and signed.

Annual financial statement reports are required to be filed with the Soil and Water Conservation Commission via [conservation@ky.gov](mailto:conservation@ky.gov) and submitted on the Department of Local Government dashboard prior to September 1.

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

Reporting annual financial statement reports with Department of Local Government has been simplified with the revising on the chart of accounts. The revised chart of accounts are line for line on category totals as is reported on your district dashboard with Department of Local Government.