



# 10-Minute Supervisor Trainings

Kentucky Soil and Water Conservation Commission

FEBRUARY 2019

## **CREATING A WORKING AND EFFECTIVE DISTRICT BUDGET**

Conservation districts are required to create and submit a working budget each year to their local fiscal court according to KRS 65.065. This budget is requested by March 15<sup>th</sup> by most fiscal courts however they may request it earlier or up to 30 days prior to the end of the fiscal year (July 1<sup>st</sup>). The Division of Conservation requires that you submit your budget and plan of work by April 1<sup>st</sup>. No matter the due date, districts should start ahead of time and put lots of thought into developing a good working budget. That may require starting as early as January allowing time to plan and consider the needs of the district. Some districts may have to request an increase in funding or a request for tax and that requires additional months of educating and preparing your fiscal court for the request.

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**Consult your administrative secretary** - the budget should not be created by the administrative secretary alone. This being said, it will require input and information from that individual such as:

- A good estimate of what the balance of all accounts will be on July 1<sup>st</sup>.
- A print out of the years actual expenses to date
- A copy of the most current revised budget for the current fiscal year.
- A copy of the annual financial report from the prior fiscal year
- Working knowledge of expenses that have increased/decreased and any additional expenses.

**Develop a budget committee**- this committee can be comprised of district treasurer, a few supervisors, and the local field representative if so desired. The committee will then compose a balanced budget and submit to a board meeting for approval prior to filing with your fiscal court.

**Take a good look at your plan of work – there are a few questions you should ask.**

- Are there programs that just aren't effective? The beauty of a budget is that you can change and add new programs. Programs that have been in your budget and plan of work that just don't have good participation need to be removed.
- Are you addressing conservation in your county with the programs you provide?
- Are you servicing the urban needs of your county? In a day and time when the urban sector outweighs the rural and farming community – taxpayers no matter where they reside need to see the effectiveness of your programs.
- Are your education programs adequate? How many students are you reaching each year? Should you increase the amount of education materials that are distributed? Are there additional programs that you can fund that touch all students?
- How many individuals are you reaching with your programs? Have you ever wondered just how many folks come through the conservation district office, how many people are picking up trees and how many students are participating in the art & writing contest? If you haven't sat down and added it up – it is worth your time for future reference.
- Consult your field rep to get some good ideas.

**Budget form** - now that you have thought about what you are doing and where you are going – you are ready to work with numbers. It is essential that the board and fiscal court members can understand your budget. First you need the secretary to compile a budget sheet that looks identical to your quicken or quick books. There is a standardized excel spreadsheet required by the Division of Conservation that utilizes the district's chart of accounts. It can be as descriptive as you would like and you may add as many subcategories as you need so that you see how much is allocated for field days, trees, etc (instead of just one big total). As with any computer spreadsheet – please make sure it balances! If you need help – please reach out to your field rep or someone that is good with excel.

**Should you reflect all carryover, accounts and income?** Each district may choose to do a budget for each account they have just to ensure financial stability however only one is required to be submitted. This should include everything. Please note that fiscal court has access to see all funds available (CDs and saving accounts) in the end of the year financial reporting. If you are not sure of the exact amount for the carryover, keep in mind that you can amend the budget in the new fiscal year.

**Should your budget balance to \$0?** Many districts choose to balance to \$0 showing all money spent each year which for most districts is not realistic. At the same time – if you are trying to create carryover – you do not want to reflect a \$0 balance. If you continually budget all carryforward funds – you will eventually end up with an actual \$0 balance so it is good for each district to really evaluate their situation.

### **What if your budget is in the red?**

You are required to submit a “balanced” budget but if you are not going to have adequate funds and or requesting an increase, you may submit a budget that is “in the red” however you must submit a balanced budget by July 1<sup>st</sup>.

### **Plan of work**

Plans are very important to know what you want to do throughout the year. Please update your plan of work each year to reflect everything you are doing. This should involve the entire board – not just the administrative secretary and suggesting changes and edits and reflecting any changes that were determined in your budget. Add some pictures from last year to really tell the story of who you are. Pictures are worth a thousand words and can be essential to a new fiscal court member that doesn’t know who you are or what you do.

### **Prepare your judge and magistrates**

There has been a lot of turnover so chances are you may have a new judge or at least one new magistrate. It is essential that they know who you are, what you do, where your money comes from and that you have an opportunity to explain your budget, any changes that you made and any additional needs or increases in funding. Request a meeting with each or request to attend a working meeting that is not held in an open court meeting. You can also request that the judge and/or magistrates attend your meeting. For additional information on millage tax increases or for districts that wish to get on a tax – please consult your field rep.

### **What do you do if you request an increase and its not approved by the court?**

According to KRS 262.200, if your fiscal court fails to approve a submitted budget, they must reply in writing in sufficient time, any changes that they see fit and suggested corrections to balance your budget. In this case you must re-work your budget to make it balance and submit it by July 1<sup>st</sup>. If they do not – you may obtain legal advice.

**Amendments:** Budgets should be revised quarterly throughout the year and reviewed and approved by the district board. Expenditures that are not budgeted are not lawful. Revisions are also important to know where you stand throughout the year and where you need to scale back or move funding to other categories.

**\*\*Don’t forget to submit your budget in the DLG system by July 15<sup>th</sup>. You do this because conservation districts and watersheds are considered special purpose districts. Because of this submission – you are not required to publish your budget in the local newspaper.**