



10-Minute Supervisor Trainings

Kentucky Soil and Water Conservation Commission

JUNE 2019

ANNUAL FINANCIAL REPORTING

Annual financial statement reporting requirements for conservation districts are governed under KRS 262.097 and KRS 65A.30 as detailed below. This training provides guidance on completing and submitting an accurate and detailed financial statement report from your conservation district or watershed conservancy district.

A couple years ago, Division of Conservation underwent some changes, and one of those was removing the field representatives from completing annual financial statement reports for the conservation districts and watershed conservancy districts. District treasurers, in cooperation with their district staff, are now in control and responsible for completing the financial statement report each year and filing by the September 1 deadline. Division of Conservation understands that mistakes and concerns may arise with district financials, so if your district is having problems, concerns or needs training on completing annual financial statement reports you can make a request for a field representative to assist you.

Helpful Tips Completing Annual Financial Statement Report

- Fiscal year for conservation districts is July 1-June 30 (no exceptions). Ensure that each year you reflect your account ending balances as of June 30. Annual financial statement reports reflect the actual revenues and expenditures of all accounts combined for the fiscal year for filing. Make sure all accounts are included: checking, savings, CD, money market, etc.
- Review all posted transactions before you actually start to complete or print reports for the financial statement report.
 - Review all district transactions for the fiscal year period and ensure that they are in the proper category. If not, re-categorize appropriately to the correct chart of account category.
 - Ensure that all accounts reconcile June 30 so you have an idea what the ending balance of all accounts should be.

- Once you have reconciled and transactions are categorized appropriately, then print supporting and helpful reports such as:
 - Ledger or Transaction report dated 7/1/2018-6/30/2019 for all accounts: general, savings, CD, state cost share, equipment, etc. This report will give you a beginning and ending balance. The beginning balance on the ledger or transaction report should be the same as the ending balance on your 6/30/2018 annual financial report that you filed last year. If not, then something is wrong. The ending balance on this ledger report should be the same balance as all your combined account reconciliation reports, again if not, something is wrong.
 - Itemized Categories report—This report groups all your categorized transactions together and gives you a total for each of them. It also provides an accurate summary total of all amounts received or spent in a particular category.
- 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.
- 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 to full board for review and approval the combined annual financial statement report along with supporting documentation.
- Annual financial statement reports are required to be filed with the Soil and Water Conservation Commission prior to September 1, via report email conservation@ky.gov per KRS 262.097 and submitted filed with Department of Local Government per KRS 65A (1) a,b,or c on the district's dashboard for public view 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.

KRS 262.097 Reports from districts -- Compliance with KRS 65A.010 to 65A.090.

(1) The supervisors of the respective soil conservation districts shall submit to the commission such statements, estimates, budgets, and other information at such time and in such manner as the commission requires.

(2) The supervisors of the soil conservation districts shall comply with the provisions of KRS 65A.010 to 65A.090.

KRS 65A.030 Audits, financial statements, and attestation engagements for fiscal periods beginning on or after July 1, 2014 -- Alternative financial review --Exclusion of some annual receipts.

(1) For fiscal periods beginning on or after July 1, 2014, requirements relating to audits and financial statements of special purpose governmental entities are as follows:

(a) Every special purpose governmental entity with the higher of annual receipts from all sources or annual expenditures of less than one hundred thousand dollars (\$100,000) shall:

1. Annually prepare a financial statement; and
2. Once every four (4) years, contract for the application of an attestation engagement as determined by the DLG, as provided in subsection (2) of this section;

(b) Every special purpose governmental entity with the higher of annual receipts from all sources or annual expenditures equal to or greater than one hundred thousand dollars (\$100,000) but less than five hundred thousand dollars (\$500,000) shall:

1. Annually prepare a financial statement; and
2. Once every four (4) years, contract for the provision of an independent audit as provided in subsection (2) of this section; and

(c) Every special purpose governmental entity with the higher of annual receipts from all sources or annual expenditures equal to or greater than five hundred thousand dollars (\$500,000) shall:

1. Annually prepare a financial statement; and
2. Be audited annually as provided in subsection (2) of this section.