



10-Minute Supervisor Trainings

Kentucky Soil and Water Conservation Commission

MAY 2017

BUDGETS AND FINANCIAL RESPONSIBILITY

As keepers of the public's money, conservation districts should be very careful to plan their usage of funds. Each conservation district should have finished their first version of the 2017-2018 budget by now, but budgeting is an ongoing process that districts should continue to do throughout the year.

BUDGETING

Conservation district supervisors have the fiscal responsibility and are required by KRS 262. 200 to annually develop a budget and file with your fiscal court and Division of Conservation prior to April 1. 2013 legislation established, KRS 65A requiring all Special Purpose Government Entities (SPGE) as all districts are now identified, to cooperate with the Department of Local Government and the Auditor of Public Accounts and electronically register their district and post their board approved budget prior to July 15th for public view.

Budgets aid districts in funding their programs and goals, however KRS 65A.080 specifically states that **"No monies shall be expended from any source except as provided in the originally adopted or subsequently amended budget"** for any SPGE. It is ever more essential today that all districts develop a good working budget, ensure that the budget is being followed, comply with all filing requirements and revise as needed. The new legislation allows the public to inspect and view all district finances on the department of local government public portal, and taxpayers are watching.

Annual budgets are the district's legal means of requesting and expending funds from all resources such as general funds from fiscal courts, millage taxes, program funds, grants, etc. District budgets are required to be reviewed at least quarterly for compliance with the Districts in Good Standing (DIGS) self-reporting, but are highly encouraged to be reviewed and revised anytime necessary and refiled with Division of Conservation and amended on Department of Local Government SPGE website should your district have significant changes in revenues or expenditures to comply with KRS 65A.080.

Recommendations to aid your district in developing a good working budget include:

1. Appoint a budget committee that includes your district treasurer and field representative. This saves time and allows for more focus on fund resources, attaining necessary funds, spending trends and ensuring the plan of work and long range plans are followed.
2. Have supporting documents available when working on budget such as last year's budget or revised budget, most recent annual financial report, an itemized categories or transaction report from quicken/quick books and copies of annual plan of work and long range plan.

3. When working on the district budget you probably will not know the exact amount of funds that you will have available come June 30th (the end of the fiscal year) that will need be carried into the next fiscal year.
4. The funds that may need to be carried over may have come from several sources such as general day to day operating funds, restricted program funds such as CAIP, environmental grants and other sources.
5. These funds will need to be estimated for meeting the April 1 filing deadline for budgets, but after June 30, the budget should be reviewed and revised to accurately represent the needed carryover funds to legally expend those funds.
6. The budget committee needs to present and review the budget to the full board ensuring that all supervisors have a good understanding where their funding comes from and where funds are being spent
7. Deadline to file budgets with fiscal court and Division of Conservation are April 1. Hand delivery annual budget to your fiscal court and email budget to conservation@ky.gov for filing with Division of Conservation.
8. Districts have to meet Department of Local Government budget submission for public inspection deadline also, this requires after May 1 to register your district information annually, pay the annual registration fee based on district's previous year revenue, once payment is credited to district the budget submission page will be open for input. It must be input by July 15th. Do not wait till last minute to register district information and submit payment to Department of Local Government if it is not input by July 15, the district will be considered non-compliant.

FINANCIAL RESPONSIBILITY

As elected officials the board of supervisors are legally and morally responsible and accountable for all fiscal/financial activities within their conservation district, not the district staff nor your field representative.

To aid supervisors in carrying out this responsibility you should:

1. Ensure that you have good written financial policies that detail each officer or members monthly duties of their financial responsibility that need include:
 - Treasurer as well as the district secretary and field rep. reconciling all accounts to ensure those reconciliation reports match treasures reports and transactions reports for that month.
 - All members need to review all cancelled checks for accuracy and authorization, your field representative will not know if checks were authorized or appropriately distributed.
 - Treasurer needs to sign and initial bank statements and reconciliation reports for all accounts every month as recommended by auditors.
 - Treasurer should present and review all monthly financial reports to board for approval.
 - Treasurer signs all monthly financial documents once full board approved.
 - All members need to ensure all financial reports are filed appropriately and timely.
 - Members need to ensure that the approved and up to date accounting software is being utilized and backed up appropriately.
 - Members need to ensure that all transactions are posted timely and accurate manner according to the approved chart of accounts.
2. All members need to make sure they know where the district funds come from and how they are expended.
3. You should be able to defend your financial responsibility, decisions and actions both legally and morally to the public.
4. Make sure all district funds are properly safeguarded.
5. Board should ensure that appropriate surety bonds to cover the greatest amount in all district accounts are in place and never allowed to lapse.
6. Board members need to meet at least annually with their fiscal court and detail the usage of taxpayer funds that are utilized to carry out conservation programs in their county.
7. All board members need to ensure the public's trust in maintained.
8. Anyone should report any activity that is suspected inappropriate immediately.