

Fiscal Year 2014 Certified Financial Statement

**Reporting Manual and Forms
for Soil and Water
Conservation Districts**

Department of Natural Resources
Joe Balash, Commissioner

**Natural Resource Conservation & Development
Board**
George Woodbury, Chair



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Fiscal Year 2014

Certified Financial Statement

Who must prepare a Certified Financial Statement?

Every soil and water conservation district (SWCD) must file a Certified Financial Statement or audit with the Department of Natural Resources (DNR), Natural Resource Conservation and Development Board (NRCDB) and the Alaska Association of Conservation Districts (AACD) per the District Operations Manual adopted in 2006.

What time period is covered?

The Certified Financial Statement reports revenues and expenses for the twelve (12) month period from July 1, 2013 to June 30, 2014.

What is the filing deadline?

SWCDs must file the Certified Financial Statement along with the annual report of accomplishments no later than September 15th of each year for the previous fiscal year.

Why should a SWCD file a Certified Financial Statement?

Every SWCD is required by law to handle public funds in a responsible and transparent manner and must file a Certified Financial Statement or audit with DNR/NRCDB and AACD.

Where do SWCDs file the Certified Financial Statement?

Send the Certified Financial Statement along with the resolution certifying its accuracy (see enclosed forms) to:

Department of Natural Resources
NRCDB
550 W. 7th Avenue, Suite 1400
Anchorage, AK 99501-3510

Alaska Association of Conservation
Districts
1700 E. Bogard Road, Suite 203A
Wasilla, AK 99654

Section 1

General Information

The Relationship Between a Budget and a Financial Report

There is a close relationship between an approved budget for fiscal year 2014 (July 1, 2013 – June 30, 2014), and the Certified Financial Statement a SWCD will be preparing with this manual. Prior to the beginning of each fiscal year, SWCDs prepare and adopt a budget. It is an annual plan for setting spending and service priorities and includes a projection of revenues. Once the budget is adopted by the SWCD Board of Supervisors it becomes final. A budget may be amended during the fiscal year by the Board of Supervisors if priorities or circumstances change. A budget is adopted (or amended) at a public meeting.

Based on the approved fiscal year 2014 budget, a SWCD receives revenues and pays for expenses. The budget has been used by the SWCD to direct spending during the twelve months of the fiscal year.

The SWCD should maintain accurate and complete financial records during the fiscal year. These records should show where the money came from (revenues), the purpose for which the money was used and the amount spent (expenditures). The District Operations Manual and annual Cooperative Agreement with DNR

require that SWCD managers, other staff, or board treasurers “provide monthly financial reports” to the SWCD Board of Supervisors. Budgets and financial reports are two separate financial documents that serve different purposes. However, a close relationship exists between them. Budgets plan expenditures and anticipate revenues for the upcoming fiscal year – they look to the future. In contrast, financial reports look back on past performance and compare the budget with the actual revenues received and expenditures made during the past fiscal year.

Preparation of the Annual Certified Financial Statement

The treasurer has primary responsibility for maintaining the SWCD’s financial records and for preparing the annual Certified Financial Statement.

The SWCD manager may assist the treasurer with preparation. The annual Certified Financial Statement can be easily prepared if monthly financial reports have been prepared. If, however, a SWCD has failed to make accurate monthly financial reports, a review of the financial transactions for the entire

year must be made. All checks or cash received and expenses paid will need to be reviewed and classified by budget categories. This job would be less difficult if regular monthly financial reports had been prepared. If a SWCD is not preparing monthly financial reports, DNR/NRCDB suggests the SWCD begin this month and avoid the problems of completing an annual Certified Financial Statement next year.

Every effort should be made to ensure the SWCD's financial statement of revenues and expenditures is an accurate statement of the financial transactions over the past year. Once the statement has been reviewed and certified by the Board of Supervisors, it becomes official. Copies of the statement should be made available to all persons and groups who have an interest in the SWCD's finances. The public has a right to know the details of how soil and water conservation districts are managing public funds.

The forms in this manual may be used to develop the SWCD's statement of revenues and expenditures. The forms are designed to provide sufficient information to meet local needs and DNR/NRCDB and AACD requirements related to financial reporting.

Notes

Section 2

Instructions for Completing the FY 2014 Certified Financial Statement

As revenues are received and expenses paid they are entered into the SWCD's financial records. Both revenues and expenditures need to be classified into a group of logical categories. The purposes of classifying revenues and expenses are to:

- ⚙ First, assign each revenue to a source and each expense to a project, service, or function provided by the SWCD.
- ⚙ Second, the financial events of an entire year need to be sorted and summarized into an understandable picture of the financial condition of the SWCD.

This manual provides a system of categorizing revenues and expenses. The enclosed Certified Financial Statement separates revenues and expenses by categories that are commonly used and logical. Following are step by step instructions for completing a SWCD's FY 2014 Certified Financial Statement.

The Detailed Certified Financial Statement forms have two columns entitled "FY 14 Budget" and "FY 14 Actual." The "Budget" column is

used to record the amounts that were budgeted by the SWCD for revenues and expenses. The "Actual" column is for the amount actually received and spent. The Certified Financial Statement has separate sheets for Revenues and Expenditures.

Revenues

- ✓ Unrestricted revenues – revenues generated by the SWCD such as collection of fees or donations, gifts, and fundraising proceeds.
- ✓ Restricted revenues – revenues received for a specific project, purpose, or grant such as an NRCS work contract or state appropriation.

Expenditures

- ✓ Expenses for administration and various services the SWCD provides not tied to a particular project or grant; and,
- ✓ Expenses for capital or special project grants.

Place the SWCD budgeted and actual revenues and expenses on the appropriate sheets.

Step 1: Enter budget figures on forms

Find the SWCD's budget for the fiscal year ending June 30, 2014. Transfer the budgeted (as amended) revenue figures to the appropriate forms under the "FY 2014 Budget" column.

Continue until all the budgeted amounts for all the revenue categories in the SWCD budget are entered. Now enter the budgeted amounts for all expenditures identified in your budget on the appropriate forms.

Step 2: Transfer Actual Revenue and Expenditures

Review the SWCDs monthly financial reports. If the monthly financial report kept track of the total revenues and expenses for the budget period, the transfer of actual figures to the Certified Financial Statement is a simple task. Enter all the actual year end

totals of revenues and expenditures in the "FY 14 Actual" column of the appropriate form.

This will allow SWCD Supervisors to compare the budgeted and actual figures for the past year and use the results in planning the SWCDs next budget.

Step 3: Creating Actual Revenue & Expenditure Records

If monthly financial reports have not been prepared, the district manager or treasurer will need to review the SWCD's financial records for the entire fiscal year.

List each revenue amount received and deposited in the bank during the previous twelve months (July 1 - June 30). For each revenue identify where the money came from and for what purpose.

| Revenue | Source | Purpose |
|---------|--------------|-----------------|
| \$35.00 | John Jones | Soil sampling |
| \$47.00 | Peter George | Tree sale |
| \$22.00 | Joyce Brown | Logo sweatshirt |

Certified Financial Statement

This information is usually available from the SWCDs check register, receipt book or cash receipts journal.

After gathering this information for all the SWCD's revenues, add all the revenues for each category listed on the Detailed Certified Financial Statement forms. Transfer these totals to the "FY 14 Actual" column on the forms.

| Services – Soil Sampling: Customer payments | | |
|---|-----------|---|
| Revenue | Source | Appropriate CFS Category |
| \$800.00 | Customers | Unrestricted Revenues SWCD Generated |
| Special Projects – Water Quality: EPA Grant | | |
| \$5,845.00 | EPA | Restricted Revenues Grant Source |

List each expenditure made during FY 2014. For each expenditure, identify the purpose for which the money was spent and the amount.

Information on expenses is usually available from the check register and/or cash disbursements journal.

| Operating Expenditures | | |
|------------------------|-------------|-------------------------|
| Expense | Purpose | Category |
| \$3,205 | Salaries | EPA Water / July |
| \$642.00 | Electricity | District Office / Dec |
| \$290.30 | Telephone | District Office / April |

After each expenditure during the fiscal year has been identified, add the expenses for each category as they are listed on the Detailed Certified Financial Statement forms.

| Operating Expenditures | | |
|------------------------|----------------|-----------------|
| <u>Expense</u> | <u>Purpose</u> | <u>Category</u> |
| \$7,049.00 | Salaries | EPA Water |
| \$10,754.00 | Fuel Oil | District Office |
| \$6,978.00 | Electricity | District Office |
| \$860.00 | Telephone | District Office |

Add up the dollar amounts for each expenditure category and transfer these figures to the actual column on the detailed Certified Financial Statement forms.

| Operating Expenditures | | |
|------------------------|----------------|---|
| <u>Expense</u> | <u>Purpose</u> | <u>CFS Category</u> |
| \$26,350 | Salaries | Operating Expenditures Personal Services |

Finally, after all revenues and expenditures have been entered on the Detailed Certified Financial Statement forms, enter the totals on the Financial Summary forms.

Section 3

FY 2014 Certified Financial Statement Forms

Overview

The forms in the back are provided to assist the SWCD in putting together the required Certified Financial Statement to be presented to the SWCD Board of Supervisors and filed with DNR/NRCDB and AACD. **Be sure to read the instructions contained in Sections 1 and 2 prior to completing the Detailed FY14 Certified Financial Statement and Financial Summary forms.**

Revenues

There are Detailed FY 14 Certified Financial Statement forms for Unrestricted and Restricted Revenues provided.

Expenditures

FY 14 budgeted expenditures should be listed on the Detailed FY 14 Certified Financial Statement expenditures forms in the "FY 14 Budget" column. The FY 14 actual expenditures should be listed on the forms in the "FY 14 Actual" column. Comparing the two figures may provide important information to SWCD officials. The Detailed FY 14 Certified Financial Statement expenditure forms are designed to be completed for each of the SWCDs projects or grants. Separate Detailed FY 14 Certified Financial Statement expenditure forms are filled out for each service and

grant. This manual provides forms for the following:

- ✓ Administration
- ✓ Grants

Make photocopies of the blank forms if there are not enough provided.

After entering all the revenue and expenditure information on the appropriate Certified Financial Statement forms, use the Financial Summary forms to summarize the information. Once the summary and Detailed Certified Financial Statement forms are complete, the SWCD Board of Supervisors adopts a resolution certifying the figures as being true and correct. A sample resolution has been provided immediately preceding the Certified Financial Statement forms. A resolution must accompany the FY 14 Certified Financial Statement forms and summary.



Photocopy all the forms and the resolution and send them to DNR/NRCDB and AACD at the addresses below.

**Department of Natural Resources
Natural Resource Conservation & Development Board
550 W. 7th Avenue, Suite 1400
Anchorage, Alaska 99501-3510**

**Alaska Association of Conservation Districts
1700 E. Bogard Road, Suite 203A
Wasilla, Alaska 99654**

**DNR/NRCDB recommends the
Certified Financial Statement
be sent by certified mail for
proof of delivery.**

FY 14

**Certified
Financial
Statement**

SWCD

Resolution of the
_____SWCD
No. _____

A Resolution Certifying the Annual Certified
Financial Statement of revenues and authorized
expenditures for the year ending June 30, 2014.

WHEREAS, The _____SWCD, is a recognized
quasi-state agency; and

WHEREAS, soil and water conservation districts are required by the District
Operations Manual to submit a Certified Financial Statement of income and
expenditures or audit for the year ending June 30, 2014, to the Department of
Natural Resources, Natural Resource Conservation and Development Board and
the Alaska Association of Conservation Districts;

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF
SUPERVISORS OF THE _____SWCD :

That the attached CERTIFIED FINANCIAL STATEMENT (or audit) of
_____SWCD for the year ending June 30, 2014, and
prepared by _____, is true and complete to the best of
our knowledge.

ADOPTED by duly constituted quorum of the Board of Supervisors of
_____SWCD, this ____ day of _____, 2014.

Chair

ATTEST: _____
SWCD District Manager