

# Soil and Water Conservation District Operational Handbook

2022 Archive

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*The Soil and Water Conservation District (SWCD) Handbook is a resource for SWCD Board Supervisors as well as staff. The document is a compilation of guidance materials and resources and is an archive of the 2022 SWCD Handbook. The most current versions of guidance materials, templates, and forms presented within this document may be accessed on the Minnesota Board of Water and Soil Resources website:*

<https://bwsr.state.mn.us/swcd-operational-handbook>.

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# Chapter 1: Minnesota Soil and Water Conservation Districts

*(This chapter was published April 1, 2020)*

## National History of Soil and Water Conservation

“History is largely a record of human struggle to wrest the land from nature, because man relies for sustenance on the products of the soil. So direct, is the relationship between soil erosion, the productivity of the land, and the prosperity of people, that the history of mankind, to a considerable degree at least, may be interpreted in terms of the soil and what has happened to it as the result of human use.” - Hugh H. Bennett and W.C. Lowdermilk, circa 1930’s

The United States of America has a long history of natural resources conservation. Minnesota’s soil and water conservation districts (SWCDs) are based on a national model that dates back to the late 1930s. See the timeline below to learn about major events related to soil and water conservation.

### ***Timeline: National History of Soil and Water Conservation***

- 1610-1775 Agriculture was the primary livelihood for 90% of the population in the United States. Farmers primarily produced food for their own use.
- 1760-1840 (Industrial Revolution) The development of the steam engine changed agriculture from subsistence farming to production farming.
- 1860-1905, the number of farms tripled. The main export crops were cotton, sugar and tobacco.
- 1862 Homestead Act allowed farmers to settle 160 acre tracts of land for almost nothing.
- 1862 United States Department of Agriculture (USDA) established.
- 1887 Hatch Act authorized the establishment of an agricultural experiment station, to be affiliated with the land grant college of agriculture, in each state (7 U.S.C. 361a et seq.).
- 1896 USDA established the National Cooperative Soil Survey.
- 1912 Soil erosion research began on overgrazed rangeland in central Utah.
- 1914 US crop production surged to supply food for the US and Allied Nations in World War I (1914-1918).
- 1928 USDA published Circular 33 titled, “Soil Erosion, A National Menace,” written by [Hugh Hammond Bennett](#).
- 1929 USDA established and funded the ten soil erosion experiment stations in OK, TX, KS, MO, NC, WA, IA, WI and OH.
- 1933 Department of the Interior created the Soil Erosion Service (SES) as a temporary agency to demonstrate practical conservation methods to farmers. Hugh Hammond Bennett served as the first director of the SES.
- 1933 Civilian Conservation Corps and Federal Emergency Relief Act. Coon Creek Watershed in Wisconsin selected as first to demonstrate soil conservation practices.
- 1934 (March) A large windstorm from the Great Plains swept dust into Washington D.C. Congress decides action must be taken immediately. Watch: [PBS Video, H.H. Bennett tours the country](#). Watch: [Discovery Channel video on Dust Bowl](#). Watch: [PBS Video, the Dust Bowl Episode: Uncovering the Dust Bowl](#).

- 1935 (April) Soil Conservation Act recognized that "the wastage of soil and moisture resources on farm, grazing, and forest lands . . . is a menace to the national welfare," Soil Erosion Service was renamed the Soil Conservation Service (SCS), which became a permanent agency in the USDA. Hugh Hammond Bennett was appointed as its chief and Walter Clay Lowdermilk was appointed its assistant chief.
- Secretary of Agriculture's Committee on Soil Conservation recommended that "all erosion control work on private lands, including new demonstration projects would be undertaken by SCS only through legally constituted Soil Conservation Associations. The Committee felt that the solution was to establish soil conservation districts to lead the conservation planning effort at the local level. These associations, which were the precursor to our modern-day soil and water conservation districts, were organized around 11 Civilian Conservation Corps (CCC) camps and conservation demonstration projects.
- 1936 Soil Conservation and Domestic Allotment Act provided education to farmers about conservation practices and rewarded farmers for planting trees and native grasses.
- 1937 (February) A model Soil Conservation District Law was developed for consideration by each of the states.
- 1937 (August) The first soil conservation district was established in the Brown Creek watershed of North Carolina.
- 1938 Three years after Roosevelt signed the Soil Conservation Act bill, soil erosion in the United States had dropped 65 percent. Watch: [PBS video "The Dust Bowl Lessons."](#)
- 1944 Flood Control Act authorized 11 flood prevention project to help protect lives and property following natural disasters.
- 1946 National Association of Conservation Districts founded in Chicago, Illinois with representatives from 17 states.
- 1948 USDA published "[Conquest of the Land Through Seven Thousand Years](#)," written by W.C. Lowdermilk.
- 1948 Water Pollution Control Act was first major law enacted by Congress to address the problems of water pollution.
- 1954 Watershed Protection and Flood Prevention Act protected watersheds from erosion, sedimentation, and flooding.
- 1956 Soil Bank Program paid rental payments for retired cropland and provided financial incentives to farmers for planting protective cover crops.
- 1972/1977 the Clean Water Act established the Water Bank program, which provided incentives to landowners to protect wetland habitat.
- 1985 Food Security Act established the Sodbuster, Swampbuster, and Highly Erodible Lands Programs. The Soil Bank Program became the Conservation Reserve Program (CRP).
- 1994 USDA renamed SCS as the Natural Resources Conservation Service (NRCS) to better reflect the broad scope of the agency's mission.
- 2002 Grasslands Reserve Program and Conservation Security Program are established to further conservation on private land.

## Minnesota's Soil and Water Conservation History

Minnesota's conservation history follows the national trends. However, due to the abundance of lakes, rivers and wetlands in Minnesota there are many additional laws in place to protect these resources. The timeline below shows major conservation-related events in Minnesota.

### ***Timeline: Minnesota History of Conservation***

- 1887 MN Drainage Law established a process to oversee drainage management among ditch owners.
- 1937 The Southeast Minnesota Soil Conservation Association lobbied the state legislature to pass a bill permitting the establishment of soil and water conservation districts (SWCDs) within Minnesota, as outlined by the guidelines in the U.S. Department of Agriculture (USDA) Soil Conservation Districts Law. The bill passed, and the Minnesota Soil Conservation Districts Law became effective July 1, 1937. It enabled farmers within set boundaries to organize for conservation purposes and gave them the power to enter into legal agreements and furnish financial aid to landowners. Chapter 44A Soil Conservation in the [1938 Supplement to Mason's Minnesota Statutes](#) (page 905), outlines the criteria and process for creating soil conservation districts.
- 1937 The State Conservation Committee was established to organize the SWCDs. The committee later became the districts' administrative arm, called the Minnesota Soil and Water Conservation Board, and later, the Minnesota Board of Water and Soil Resources (BWSR).
- 1938 Burns-Homer-Pleasant Soil Conservation District formed (May 3) in Winona County.
- 1938 (late) Rollingstone-Stockton-Gilmore Creek District formed, the second in Minnesota.
- 1955 Watershed Act provided the means to create watershed district anywhere in the state.
- 1960's Soil Conservation District name changed to Soil & Water Conservation Districts.
- 1969 Shoreland Management Act ensured preservation and wise development of land bordering lakes and rivers. Floodplain Management Act provided the State authority to regulate land uses on floodplains to minimize potential flood damage.
- 1977 SWCD State Cost Share Program provided grants to soil and water conservation districts (SWCDs) to help local landowners or land occupiers offset the costs of installing conservation practices that protect and improve water quality by controlling soil erosion and reducing sedimentation.
- 1982 Metropolitan Surface Water Management required watershed districts and water management organizations in the seven-county metro area to develop watershed management plans to protect water resources. Metro cities are also required to develop and implement local water management plans.
- 1985 Comprehensive Local Water Management Act allowed counties to development and implement comprehensive local water management plans (county water plans).
- 1986 Reinvest in Minnesota (RIM Reserve) program provided landowners with a payment to voluntarily enroll land in a conservation easement.
- 1986 Winona County Soil and Water Conservation District was last district to form. The final merger of three original conservation districts.
- 1989 Groundwater Protection Act provided a framework for protecting the state's groundwater.
- 1991 Wetland Protection Act maintained and protected Minnesota's wetlands and the benefits wetlands provide.

- 2006 Clean Water Legacy Act provides funding from sales taxes to a Clean Water Fund in order to protect, enhance, and restore water quality in lakes, rivers and streams and to protect groundwater from degradation.
- 2008 Clean Water, Land and Legacy Amendment to protect drinking water sources; to protect , enhance and restore wetlands, prairies, forests; and fish, game and wildlife habitat; to preserve arts and cultural heritage; to support parks and trails; and to protect, enhance, and restore lakes, rivers, streams, and groundwater.
- 2012 Comprehensive Watershed Management through the One Watershed, One Plan program supports partnerships of local governments in developing prioritized, targeted, and measurable implementation plans on a watershed basis.
- 2015 Buffer Law required buffers on all public waters and public ditches.

## Minnesota's SWCDs

The 1937 model Soil Conservation District Law did not provide any guidelines for establishing district boundaries. USDA leaders generally favored watershed boundaries for districts. The first Minnesota SWCDs boundaries were established on a watershed basis, which were later changed to a county basis. You can find information about each SWCD on the Minnesota Association of Soil and Water Conservation Districts (MASWCD) [website](#).

### ***Powers and Duties***

Soil and water conservation districts (SWCDs) were created and operate under authority of [MINN. STAT. 103C](#). SWCDs are also subject to other state statutes and rules, which govern the conduct and operation of public bodies. An SWCD:

- may conduct resource surveys and demonstration projects.
- may carry out soil and water conservation measures on any lands in the district with the consent of the landowner.
- may cooperate or enter into agreements with any governmental agency or individual landowner for the purpose of carrying on a program of erosion prevention and control.
- may purchase or accept property and income and provide equipment and supplies that will help to bring about conservation practices.
- may construct, install, improve, maintain, and operate such structures and works as may be necessary for proper performance of the district.
- may develop comprehensive and annual plans. These plans are required for the district to receive state grant funds.
- may assume land by purchase, lease, or otherwise to improve, maintain, operate, and administer any soil and water conservation project undertaken by federal or state government.
- may sue or be sued.
- may require compensation or contributions for goods and services provided.
- may make application or enter into an agreement with a designated authority for federal assistance.
- may perform any other acts necessary to secure and use federal aid.

- may acquire land, easements, or rights-of-way needed in connection with works of improvement installed with federal assistance.
- may use necessary funds to provide membership in state and national associations that pertain to district operations and is authorized to participate and appropriate necessary funds to defray expenses of district representatives for meetings of such groups.
- may procure insurance directly or through the county in which the district is located.
- may publish any information relating to the activities of the district.
- may provide advice to or consult with county or municipal representatives.
- shall present an annual budget to the board of county commissioners.

### ***SWCD General Services***

SWCDs are local units of government that manage and direct natural resource management programs. Districts work in both urban and rural settings, with landowners and with other units of government, to carry out actions for the conservation of soil, water, and related natural resources.

### ***General Operational Procedures***

#### Formation

Residents can petition to BWSR to form a SWCD. The establishment process includes public hearings and a referendum. See [MINN. STAT. 103C.201](#) for the complete process.

#### Annexation

Residents may file a petition with BWSR to include additional area within an existing district. The petition procedure is the same as the formation procedure. See [MINN. STAT. 103C.205](#) for the complete process.

#### Consolidation

One or more districts may petition BWSR for a consolidation. BWSR will take action on the petition if signed by a majority of the supervisors of each of the affected districts. See [MINN. STAT. 103C.211](#) for the complete process.

#### Discontinuance

An SWCD may petition BWSR to request that the district be terminated, if the district has been in operation for at least five years. See [MINN. STAT. 103C.225](#) for the complete process.

#### Change of Name or Office Location

A SWCD may change its name (MINN. STAT. 103C.215 (2018)) or the location of its principal office (MINN. STAT. 103C.221 (2018)) by adoption of a resolution by a majority of the district board and approval by the BWSR.

The district board passes the appropriate resolution and the action is recorded in the minutes (Resolution for Change of District Name or Resolution for Change of Location of Principal Office (see BWSR website for resolution templates). The resolution form is completed and is signed by the district secretary. Two original copies are sent to the BWSR and one copy is kept in the district files. After BWSR approves the change, the resolution is filed with the Secretary of State office. Once filed with the Secretary of State, the change is official and the district is notified by the BWSR.

## ***Intergovernmental Cooperation***

Because SWCDs implement a broad range of local, state and federal conservation programs, they work with a wide variety of organizations, including other SWCDs, counties, watershed districts, watershed management organizations, state and federal agencies and non-government organizations. SWCDs are required to “cooperate as far as possible with federal, state, and local agencies and with private organizations in order to avoid duplication and to enhance implementation of public and private conservation initiatives within its jurisdiction” (MINN. STAT. 103C.331 (2018)).

SWCDs may enter into agreements with other units of government to accomplish their work. The most common types of cooperative arrangements are:

- Joint powers entity. The joint operation is governed by a joint powers board, which has the power to receive and expend funds, enter contracts, etc. A new legal entity is created.
- Service contract. One governmental unit purchases a service from another.
- Mutual aid. Two or more governmental units agree to assist each other when needed, often in emergency situations.
- Shared resources. Two or more governmental units share the use and ownership of facilities or equipment.
- Shared personnel. Two or more governmental units share an employee.

An SWCD may join or cooperate by agreement as provided in MINN. STAT. 471.59 (2018) with another SWCD in an operation or project in which the SWCDs have a common interest (Minn. STAT. 103C.231 (2018)). One specific type of this agreement is for the Technical Service Areas program [[hyperlink to TSA chapter](#)]

## ***SWCDs and Counties***

Although SWCDs are independent local units of government, they have a unique relationship with county government. Since SWCDs do not have taxing authority, they must rely on county government to supplement their operating expenses. SWCDs must submit an annual budget to the county board. Some county boards treat their SWCD like other county departments and fund it on a relative scale with other county departments. The level of county support depends on the strength of the relationship between the two boards. From a planning standpoint and a resource protection standpoint, it makes sense that SWCDs and counties work closely toward common goals. By using the county’s taxing authority and ordinance functions, the SWCD is able to accomplish some things it would be unable to do alone.

Counties often delegate state programs to the SWCD such as administering the Wetland Conservation Act, local water planning program and county agricultural inspector program. The county provides the funding to implement those programs.

For more information, watch this presentation about SWCDs and counties given by LeAnn Buck, Executive Director of the Minnesota Association of Soil and Water Conservation Districts (MASWCD).

### ***SWCDs and the Board of Water and Soil Resources (BWSR)***

BWSR is the state administrative agency for SWCDs, as well as, watershed districts, watershed management organizations, and in some cases, counties. BWSR works with SWCDs and other local government partners through planning, technical and regulatory oversight, and performance review. As the state's water and soil conservation agency, BWSR directs, coordinates, and provides funding to local governments to help private landowners and communities meet their conservation goals and responsibilities.

### ***SWCDs and Other Partners***

SWCDs frequently collaborate with other partners on projects, programs or initiatives related to conservation on private lands. The Minnesota Association of Soil and Water Conservation Districts (MASWCD) maintains a list of partners and links on their website.

## Chapter 2: SWCD Board of Supervisors

*(This chapter was published April 1, 2020)*

Minnesotans entrust soil and water conservation district (SWCD) supervisors with some of the state's most precious assets: our natural resources. Your primary responsibility is to ensure that your community uses its natural resources wisely, with an eye toward the future.

To do this, you must seek and achieve a delicate balance between people and the land we inhabit. The future of Minnesota's environment rests on your ability to maintain this balance and garner your neighbors' support for an active and protective natural resources program.

In order to be an effective board member and feel a sense of accomplishment for the people you serve, you must have a good working knowledge of your responsibilities as an elected official and as an SWCD board member.

### Eligibility

To be eligible to file for the office of SWCD supervisor, you must:

- be eligible to vote in Minnesota
- have not filed for another office at the upcoming primary or general election\* (with certain exceptions – see below)
- be 21 years of age or more upon assuming office
- have maintained residence in their district for at least 30 days before the general election

\*A candidate for SWCD supervisor in a district not located in whole or in part in Anoka or Washington County, may also have on file an affidavit of candidacy ([MINN. STAT. 204B.06 \(2018\)](#)):

- for mayor or council member of a statutory or home rule charter city of not more than 2,500 population contained in whole or in part in the SWCD; or
- for town supervisor in a town of not more than 2,500 population contained in whole or in part in the SWCD.

### Supervisor Districts

SWCDs, with the approval of the BWSR Board, can change from the at large election of supervisors to election by a nomination district. If an SWCD decides to have an election by a nomination district, supervisor districts must align with county commissioner districts. There can be greater than five supervisors in counties with more than five county commissioners.

### Establishment of Supervisor Nomination District Boundaries

***Supervisors Elected at Large*** ([MINN. STAT. 103C.311, subd. 1 \(2018\)](#))

The SWCD board decides on the boundaries. Description of the boundaries should be defined by:

1. Townships or other legal boundaries. If a township or other boundary unit is further divided, any permanent identifiable means such as highways, streams, streets, etc., may be used. This description is to be recorded on the [Nomination Districts Resolution](#) form.
2. Population and area balance are not a requirement.

At the general election, all eligible voters throughout the area included in the SWCD are eligible to vote.

### ***Supervisors Elected by Nomination Districts*** ([MINN. STAT. 103C.311, subd.2 \(2018\)](#))

The SWCD board decides to follow the county commissioner boundaries and elect the supervisors accordingly. The supervisor districts must be comprised of precincts established by county and municipal governing bodies under [MINN. STAT. 204B.14 \(2018\)](#). This description is to be recorded on the [Nomination Districts Resolution](#) form. The supervisor districts must be:

- compact, include only contiguous territory, and be substantially equal in population,
- numbered in a regular series,
- drawn by the county board of the county containing the largest area of the SWCD, in consultation with the SWCD board and with the approval of BWSR.

If a nomination district is entirely within lands of an American Indian tribe or band to which Minnesota election laws do not apply, a supervisor to represent the district shall be elected or appointed by the governing body of the tribe or band.

The SWCD board shall provide staggered terms for supervisors elected by district. After each redistricting, there shall be a new election of supervisors in all the districts at the next general election. Exception - if the change made in the boundaries of a district is less than five percent of the average population of all the districts, the supervisor in office at the time of the redistricting shall serve for the full term for which elected. The SWCD board shall determine by lot the seats to be filled for a two-year term, a four-year term, and a six-year term. If a supervisor moves from one nomination district to another, the supervisor will finish the term for which elected.

The boundaries of the supervisor districts must be redrawn after each decennial federal census as provided in [MINN. STAT. 204B.135 \(2018\)](#). The chair of the SWCD board files a certified copy of the resolution establishing supervisor districts with the county auditor of the county where the SWCD is located, BWSR, and the secretary of state. The filings must occur within 80 days of the time when the legislature has been redistricted or at least 15 weeks before the state primary election in a year ending in two, whichever comes first

At the general election, only eligible voters within the supervisor nomination district are eligible to vote.

### ***Nomination Districts Process***

The SWCD board secretary completes the [Nomination Districts Resolution](#), signs it after it has been approved by the SWCD board and sends three copies to BWSR along with a map showing the boundaries. A list of the supervisors indicating the nomination district for each should also be sent to BWSR.

At the next BWSR Board meeting, the resolution will be reviewed and acted on. After BWSR has approved the boundaries, the three approved copies will be returned to the SWCD. At that time, the SWCD should have the

county auditor sign and date all three copies. The county auditor retains one copy, one copy is filed in the SWCD's files, and the other copy is returned to BWSR.

If, in the establishment of nomination districts, two SWCD supervisors are in one nomination district, each will complete the term for which elected. Adjustments will be made when terms expire. The first supervisor whose term expires will go off the board and a new supervisor will be elected from the nomination district that does not have representation on the board.

### Changes in Supervisor Nomination District Boundaries

Nomination district boundaries can be changed by the following procedure:

1. The SWCD supervisors at a regular board meeting should adopt a new resolution using the [Nomination Districts Resolution](#) form and mark "REVISED." This form should list the new boundaries. The SWCD board secretary should complete and sign the form, giving the date of the meeting and the vote.
2. The secretary should write a letter to BWSR giving the reasons for the changes in boundaries. If supervisors would be representing different nomination districts, this information should also be given.
3. These items, including three copies of the resolution form, should be sent to BWSR.
4. At the next BWSR Board meeting, the resolution will be reviewed and acted on.
5. After the BWSR Board has approved the boundaries, the three approved copies will be returned to the SWCD. At that time, the SWCD should have the county auditor sign and date all three copies. The county auditor retains one copy, one copy is filed in the SWCD's files, and the other copy is returned to BWSR.
6. Since the filing period is from late May to early June and the process needs to be completed by the first of May, SWCDs need their resolution to change boundaries to BWSR by at least March 1. To allow adequate time to complete any supervisor nomination district changes and to complete filing with the county auditor, SWCDs need to start discussing boundary changes around January or February.

## **Elections**

You can find the current year's [Elections Guide](#) on the Minnesota Association of Soil and Water Conservation Districts website. The guide contains information on filing for office, frequently asked questions, recruitment and sample forms.

## **Terms**

In almost all cases, supervisors are elected for terms of four years commencing on the first Monday in January ([MINN. STAT. 103C.315, subd. 2 \(2018\)](#)). There is no limit to the number of consecutive terms a supervisor may hold.

## **Oath of Office**

Newly elected supervisors should take the [oath of office](#) at their first SWCD official meeting, which occurs on or after the first Monday in January following the general election. Some counties hold ceremonies for all newly

elected officials in January following a general election. Supervisors may wish to participate in the ceremony as well. ([MINN. STAT. 358.05 \(2018\)](#))

## **Vacancies**

If a supervisor moves out of the SWCD, the supervisor must resign his or her position and the SWCD board must fill it in an appropriate manner.

If a vacancy occurs on the SWCD board more than 56 days before the next state primary, the SWCD board shall fill the vacancy by appointment. The appointed supervisor then holds office until the first Monday in January following the next general election. A successor shall be elected at the general election following the appointment and hold office for the remainder of the term or for the next regular term, whichever is appropriate.

If a vacancy occurs on the SWCD board less than 56 days before the next state primary, the SWCD board shall fill the vacancy by appointment. The appointed supervisor shall hold office until the expiration of the term or until the first Monday in January following the second succeeding general election, whichever is shorter. A successor shall be elected at the general election preceding expiration of the appointed term and hold office for the remainder of the term or for the next regular term, whichever is appropriate.

Appointed supervisors can take office at the meeting at which the appointment is made. ([MINN. STAT. 103C.305, subd. 6 \(2018\)](#)).

## **Conflict of Interest**

SWCDs are subject to state laws, which prevent public officials from securing benefits or privileges not available to the public. Each SWCD should adopt and follow a conflict of interest policy. Supervisors should abstain from making motions or voting on SWCD board actions that directly affect them, such as action on a cost-share program contract for themselves or a family member. ([MINN. STAT. 609.45 \(2018\)](#)).

## **Gifts**

SWCD supervisors and employees are forbidden by law from receiving unauthorized compensation, which includes gifts. A “gift” is defined as money, real or personal property, a service, a loan, a forbearance or forgiveness of debt, or a promise of future employment, that is given and received without the giver receiving something of equal or greater value in return. ([MINN. STAT. 609.45 \(2018\)](#))

## **Compatible Offices**

The office of SWCD supervisor and the offices of mayor, clerk, clerk-treasurer, or council member in a statutory or home rule charter city of not more than 2,500 population contained in whole or in part in the SWCD are compatible offices and one person may hold both offices. A person holding both offices shall refrain from voting or taking any other formal action on any matter coming before the SWCD board or the city council or town board that has a substantial effect on both the SWCD and the city or town. This subdivision does not apply to an office located in whole or part in Anoka, Hennepin, Ramsey, or Washington County.” ([MINN. STAT. 103C.315, subd. 6 \(2018\)](#))

## Time Off for Public Office Meetings

A supervisor must be permitted to take time off from their regular employment to attend meetings required by their public office. The supervisor is responsible to come to an agreement with their employer as to whether the time off will be without pay, with pay, or made up with other hours. Retaliatory action cannot be taken by the employer for absences to attend meetings required by the SWCD supervisor's office. ([MINN. STAT 211B.10, subd. 2 \(2018\)](#))

## Removal

A supervisor may be removed from office for malfeasance or nonfeasance in office, but for no other reason. ([MINN. STAT. 351.14 to 351.23 \(2018\)](#))

## Compensation

Compensation for supervisors is paid at a rate established by resolution of the SWCD board. The rate cannot exceed the limits established by statute and BWSR. Compensation is on a per diem (per day) basis. Only one per diem payment is allowed each day, regardless of the number of SWCD activities in which a supervisor may participate in that day. A day is defined as the twenty-four hour period from midnight to midnight. Compensation for SWCD supervisors is considered income and must be reported in accordance with tax regulations. Meetings and other activities must be deemed necessary to the conduct of SWCD business to be eligible for compensation and expenses.

All meetings and events, other than regular SWCD board meetings, need to be authorized by the SWCD board and recorded in the minutes of the meeting at which authorization is given. When possible, such authorization should be prior to the event or meeting.

An [oath of office](#) must be completed before any claims can be paid to a supervisor. The date on which the oath is taken must be prior to or the same date as the date for which compensation and expenses are first claimed.

Compensation is for the position of supervisor. As a result, only one per diem can be paid if the outgoing and incoming supervisors attend the same meeting. The per diem could be divided between them. Mileage could be provided to both.

### ***Reimbursement: Mileage***

Vehicle mileage for the conduct of SWCD business is paid at a rate up to the maximum tax-deductible mileage rate permitted under the federal Internal Revenue Code ([MINN. STAT. 103C.315, subd. 4 \(2018\)](#)). Claims for mileage must include the date, event or purpose of the expense, location, and mileage for the most direct route. Mileage rates in excess of those allowed by tax regulations can result in a tax liability on the excess.

### ***Reimbursement: Meals and Lodging***

Meals for supervisors, when necessary and while conducting business of the SWCD, may be reimbursed at actual costs. Claim forms must include the date, event or purpose of the expense, place, and amount.

Meals, lodging, or other expenses for relatives of supervisors or relatives of SWCD employees must NOT be paid from public funds. Public funds include SWCD (regardless of source), county, state, or federal funds. The costs of overnight lodging are limited to actual costs. If a room is shared with people not on official SWCD business, a spouse as an example, only the single room rate can be claimed.

## **Supervisor Roles and Responsibilities**

There are two key aspects to the role of a supervisor on an SWCD board: policy development and annual and long-range plans and budgets.

### ***Policy Development***

The SWCD board of supervisors is a policy board, meaning that its primary focus is not on running the day-to-day activities of the SWCD, but on setting overall policy and long-term objectives. The staff then uses these policies and objectives to ensure that the SWCD is proceeding in the general direction laid out by the board.

Board policy is a key element in the smooth operation of the SWCD. The board should develop policies on items ranging from expenditure of cost-share funds to the election of officers. Do not wait until a situation arises requiring a policy; develop a policy beforehand so that guidelines are available if a question is raised. (See box on the previous page for examples of the types of things for which policies should be developed.)

Although it is the board's responsibility to develop policy and the staff's responsibility to implement it, you will find that the fairest and most useful policies are developed with the help of significant staff input.

### ***Planning and Budgets***

Because board members focus on long-range objectives and goals, one of the most important parts of your job is developing your SWCD's plans. Plan types include annual or biennial plans and budgets, comprehensive plans, water plans, etc.

Supervisors must be involved in all aspects of plan development and implementation, particularly in determining the long-term objectives of the SWCD. When working on the annual and long-range plans, supervisors should take a strong leadership role in the following areas:

- Definition of purpose: Supervisors must determine the purpose of the SWCD in the community.
- Prioritization of resource problems: Supervisors must decide which resource problems the SWCD will address and their relative importance. Supervisors should look at the big picture and develop broad policies that address the resource as a whole in their SWCD area. Staff can work within these broad policies to address individual concerns.
- Development of objectives: Supervisors must adapt the objectives they feel the SWCD should pursue to meet the resource needs of the SWCD area.
- Determination of actions: Supervisors must outline the actions to be taken by the board and staff to carry out their stated objectives. These actions should be consistent with their stated purpose and will result in a more effective conservation program.

- Adoption of plan: The board must formally adopt the plan. To achieve full participation in the planning process by both board and staff, a planning committee may be formed to develop the plan for recommendation to the board. The chair may appoint one or two board members to work with staff to develop the plan.

All plans and budgets should be reviewed on a regular basis to determine if goals are being achieved. The stated goals can be compared with actual performance and dollars available. Supervisors can use this information to decide what changes, if any, may be necessary to keep the SWCD on track.

### ***Training and Leadership Opportunities***

As a supervisor, you need orientation and ongoing training to perform your duties effectively. The Minnesota Association of Soil and Water Conservation Districts (MASWCD) offers the Leadership Institute that provides individuals with skills to excel as leaders in conservation.

Training can also be provided by the SWCD manager or staff. In this case, the National Association of State Conservation Agencies or NASCA, has a [training checklist](#) available. Each supervisor should have a training plan, which is reviewed and updated regularly.

### **Board Officers**

The supervisors shall elect or appoint officers for the SWCD and the SWCD board ([MINN. STAT. 103C.321 \(2018\)](#)). A chair of the SWCD board shall be elected from its own members. A secretary and a treasurer shall be appointed who need not be members of the board. Officers shall have the powers and duties incident to their respective offices, and other powers and duties expressly prescribed by law or directed by the SWCD board.

### ***Chair***

The chair is the steering mechanism of your SWCD. It is up to the chair to do that little extra to motivate board members and other public-minded individuals to do what they can to assist in serving the present and future citizens of the SWCD. After receiving a few years of board experience, a supervisor should welcome the opportunity to be chair of the board. It provides an opportunity to become more closely involved and gain a broader perspective of the total program and its purpose.

Specific responsibilities of the chair are to:

- Preside at all meetings.
- Call special meetings when necessary.
- Meet with SWCD manager and heads of other agencies involved at least two weeks prior to the scheduled meeting to develop and/or discuss agenda items. This can be done by a short office visit and perhaps a few telephone calls. A formal meeting may not be necessary.
- Refer regularly to the long-range goals of the SWCD and the SWCD annual plan of work and operations when preparing the agenda, trying to ensure that all planned activities are addressed.
- Make sure a copy of the agenda, minutes of the previous meeting, and a financial statement (at a minimum) are sent to each board member at least a week prior to the meeting.

- See that agendas and pertinent material are sent to all individuals who should attend the meeting and take part in the discussion.
- Keep in contact with other supervisors on the progress of various programs delegated. Insist on regular attendance of supervisors.
- Call meeting to order promptly and at the specified time. Follow proper rules of order for a business meeting. A well-planned meeting should take no longer than two hours.
- Recognize visitors and other individuals present at the board meeting.
- Assume the role of facilitator. This will encourage all supervisors to participate in discussion of existing issues.
- Complete an item of business in the order listed before taking up the next item. Stick to the agenda.
- Utilize special committees to involve individuals other than board members and require committee reports at board meetings.
- Avoid the "rubber stamp approach." Encourage board members to question staff or individual presenters regarding clarification of a specific point, thus, allowing them to draw conclusions to adequately make their own decisions.
- Adjourn meeting promptly after all business has been completed.

### ***Vice Chair***

The vice-chair position becomes most important in the absence of the chair. The vice-chair should note the activities of the chair and how they are carried out, in case it is ever necessary for the vice-chair to chair a meeting.

Specific duties of the vice-chair are to:

- Assume the duties of the chair in the absence of the chair.
- Assist in organizing and implementing the SWCD program.
- Oversee the work of committees and coordinate their reports as delegated by the chair.
- Be familiar enough with the total program of the SWCD to be able to work closely with the chair and fill in when necessary.

### ***Secretary***

The primary responsibility of the SWCD board secretary is to arrange for the recording of official proceedings of the board and to see that the entire board approves the minutes as the legal record of the SWCD. As elected officials using public funds, these minutes should then be signed, becoming the permanent record of what is done and why. Copies for general information purposes should be forwarded to the area and central office of BWSR. They can also be sent to other interested organizations: the local chapter of the employees association, other state agencies, etc.

Specific duties of the secretary are to:

- Make a complete record of all proceedings.
- Indicate date and place of meeting, refer to whether it is a regularly scheduled meeting or a special meeting, official presiding, names of all those present including visitors, organizations represented, and names of supervisors absent.

- Record each motion in full.
- Complete action on each item of business so that a record can be made of what was addressed and completed.
- Initiate correspondence on behalf of the board as the need arises.
- Inform the chair of any business that should come before the board.
- Sign the official copy of the board minutes after approval by the board at the next meeting and see that the chair does likewise.

***Treasurer***

The SWCD treasurer is responsible for the financial matters of the SWCD, including the financial records. The treasurer co-signs SWCD fund checks and special fund vouchers after approval of the board. The treasurer and secretary should be bonded. In many cases, the two SWCD staff are also bonded to handle payroll and miscellaneous items. This is a convenience for the staff and allows for day-to-day activities to be conducted smoothly. The secretary and officer positions can be combined if the role is being filled by a supervisor.

Specific duties of the treasurer are to:

- Maintain complete and accurate records of receipts and expenditures. Include SWCD staff's program records and trial balance.
- Be prepared to answer questions from other board members regarding monthly and/or quarterly financial statement as well as year-end figures.
- Pay bills approved by the board and issue receipts for incoming funds or designate staff to do so.
- Make sure program records and general journal provides for adequate number of accounting categories to handle all general and special-use programs.
- Assure that all bills authorized for payment by the SWCD board are recorded in the minutes of the meeting.
- Work with the SWCD staff to develop a fiscal year budget.
- Arrange for surety bonds covering appropriate SWCD supervisors and staff.

***Public Relations and Information (PR&I)***

The public relations and information officer serves as the liaison between the SWCD and the public. This person works with the media and other community organizations, such as schools, to educate the public about natural resources and the activities of the SWCD.

**Template A: Nomination Districts Resolution**

Be it resolved by the \_\_\_\_\_ Soil and Water Conservation District Supervisors that pursuant to M.S. 103C.311, the district be divided into five areas for nominating candidates for the positions of Soil and Water Conservation District Supervisors to be elected at large as follows:

<u>District</u>	<u>Description of Boundaries</u>
-----------------	----------------------------------

I	
---	--

- II
- III
- IV
- V

I, \_\_\_\_\_, Secretary of the \_\_\_\_\_ Soil and Water Conservation District, do hereby certify that the above resolution relating to the division of the \_\_\_\_\_ Soil and Water Conservation District into five nominating areas was adopted by the said District Supervisors at a regular meeting held on \_\_\_\_\_, 20\_\_\_\_, that I have compared the above copy with the original resolution as set forth in the minutes of said meeting, and it is a true and correct copy of and transcript from said original and the whole thereof. I further certify that said meeting of the Board was duly called and held, that a quorum of members of said Board was present thereat, and that said resolution was duly adopted thereat by a vote of \_\_\_\_\_ to \_\_\_\_\_ of the members present.

Signed: \_\_\_\_\_  
 \_\_\_\_\_ Soil and Water Conservation District

Be it resolved by the Board of Water and Soil Resources that the division of the \_\_\_\_\_ Soil and Water Conservation District into five nominating areas as set forth in the above resolution adopted by the supervisors of said district on \_\_\_\_\_, 20\_\_\_\_, is hereby approved.

I, \_\_\_\_\_, Executive Director of the Board of Water and Soil Resources, do hereby certify that I have compared the above copy of resolution relating to the division of the \_\_\_\_\_ Soil and Water Conservation District into five nominating areas adopted by said Board at a regular meeting held on \_\_\_\_\_, 20\_\_\_\_, with the original as set forth in the minutes of said meeting, and that said copy is a true and correct copy of and transcript from said original and the whole thereof. I further certify that said meeting of said Board was duly called and held, that a quorum of members of said Board was present thereat, and that said resolution was duly adopted thereat by a vote of \_\_\_\_\_ to \_\_\_\_\_ of the members present.

Signed: \_\_\_\_\_  
 Board of Water and Soil Resources

Filed \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Signed:

[Redacted signature area]

## Template B: Oath of Office Template

I, \_\_\_\_\_, do solemnly swear that I will support the Constitution of the  
(Name of Supervisor)

United States and the Constitution of the State of Minnesota, and that I will faithfully discharge the duties of the office of supervisor, upon which I am now about to enter.

Supervisor's Signature	Date
Address	Telephone No.
City, State, Zip	

Nomination District Number \_\_\_\_\_

of \_\_\_\_\_

Soil and Water Conservation District.

Subscribed and sworn to before me this \_\_\_\_\_ day  
of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_

(District Supervisor or Notary Public)

## Chapter 3: Employees

*(This chapter was published April 1, 2020)*

### Summary

Employees hired by a soil and water conservation district (SWCD), regardless of the source of funds, are employees of the SWCD and are the responsibility of the SWCD board of supervisors (supervisors). Employees are subject to and receive the benefit of employment policies established by the supervisors as well as state and federal employment laws. Legal questions regarding employment should be referred to your legal counsel, in most cases this is the county attorney of the respective county in which your SWCD is located.

### Employee Handbook

It is strongly recommended that supervisors develop and adopt an employee handbook to support district policies and to provide a clear, uniform, and comprehensive set of expectations and processes for the administration of personnel issues and benefits. The following is a list of items that are recommended for an employee handbook in addition to the topics covered in this chapter.

- Introduction, purpose, and administrative procedures
- District board resolution adopting the handbook and policies contained therein
- Employee signature page to provide acknowledgement of their receipt and review of the handbook
- Definitions
- Employee relations policies
- Employee compensation and benefits structures
- Expected work schedule for each employment class if there are multiple
- Expense reimbursement policy
- Employee development
- Performance evaluations, disciplinary action, and grievance procedures
- Data practices and employment records policies

### Employee Recruitment, Hiring, and Termination

#### ***Lead Staff***

The supervisors are responsible for hiring qualified administrative and technical staff to carry out the everyday operations of the SWCD and ensure the SWCD continues to progress and fulfill its mission, goals, and associated plans. Personnel management structures for each SWCD may vary, however it is imperative that a formalized administrative structure is adopted where the supervisors hire or identify a lead staff position to aid in administration and supervision of other SWCD employees and act as the key point of contact for the supervisors as well as the public.

## ***Recruitment***

Once the supervisors have decided to hire, you must authorize an official position opening and subsequent notice to be posted to the SWCD website, and other official communication sources or locations that would attract a qualified candidate. Important items to include in the position opening include location, timeline of the opening, required qualifications of the successful candidate, salary range, benefits package, and duration of employment whether permanent, part-time, or other terms of employment that may exist. Notice that the Federal Fair Labor Standards Act (FLSA) provides for federal minimum wage requirements, overtime compensation, and record-keeping procedures. Minnesota has similar fair labor laws, refer to MINN. STAT. 177.21 - 177.35 (2018).

During or before a position is posted the supervisors should identify a process for hiring the employee to include application screening and who will serve on an interview panel or hiring committee. For positions other than the lead staff to be hired, you should include the lead staff in the process of establishing the open position description, screening, and interviewing potential candidates. The supervisors can also request the assistance of other professionals familiar with SWCD operations in screening or interviewing applicants.

## ***Hiring an Employee***

### Official Action to Hire

Upon hiring a candidate for a position, the supervisors must take action at a board meeting prior to the employee's first day of work and the action must identify; employee by name, the position to be filled, starting salary, benefits eligibility, any employment conditions placed on the employee, and the official start date.

### Delegation of Hiring Authority

The supervisors may delegate hiring authority to individual supervisors or lead staff. Delegation should be to no fewer than two supervisors and the official action to delegate should be recorded in the minutes of the meeting at which the delegation occurred, and all requirements of the open meeting law must be met if the delegation occurs with a quorum of supervisors present.

### New Employee Orientation

It is incumbent upon the supervisors and lead staff to ensure newly hired employees are acquainted with workplace procedures, office operations, organizational structure, and the responsibilities of each staff position. A best practice of SWCDs is to adopt an onboarding procedure that outlines which staff person is responsible for providing guidance to a new employee depending on topic.

## ***Retention***

Employee retention means hiring, training, and keeping qualified staff to carry out the duties of your SWCD. It takes time and accumulated knowledge for employees to grow in their position. Turnover means this process starts over again, which is costly to your SWCD. Resources will be needed to pay for repeated trainings and onboarding. It is also difficult on landowners and other staff to repeatedly develop new relationships with employees who may not be well versed on their issues or roles. Retention can be difficult due to myriad reasons for staff to leave that are both personal and professional, such as spouse's careers, distance from home, and

other employment opportunities. However, there are a few proven ways to increase the tenure of staff at their given place of employment:

- Provide competitive pay and benefits commensurate with professional resource management. Balancing resources is challenging. Use a proven wage scale and do your homework on what the position is worth compared to other positions in the area.
- Provide a flexible work environment to allow your employees to strike a work and home life balance. Employees should be encouraged to use the benefits of the job they're given.
- Provide proper training and support to your employees. If they need training to do their job well or if there is an interest in topics outside their typical job duties that benefit them, and the organization make sure they have the opportunity to obtain it. Develop and use an SWCD training budget for professional growth and certifications.

There is plenty of information found on the internet regarding techniques for employee retention. If you find it difficult to keep employees at your SWCD for various reasons you can look to these resources, or you can potentially use the BWSR Performance Review and Assistance Program (PRAP) to help evaluate the potential reasons for turnover and help provide solutions to correct them.

### ***Termination and Succession***

#### At Will Employment

Minnesota is an "at will" employment state. An employee may quit for any reason; an employer may terminate employment for any reason as long as that reason is not illegal, such as discrimination based on race, creed, color, sex, national origin, ancestry, religion, age, disability, sexual orientation, or marital status. Consult with your legal counsel for questions on "at-will" employment and exemptions.

#### Notice of Separation

No notice of separation is required by law, by either the supervisors or the employee for any reason. Courtesy, remaining in good standing, and time to collect benefits may be reasons notice should be given.

#### Payment of Wages and Benefits Due

A terminated employee's paycheck is to be issued within 24 hours of the employee's demand for wages (see MINN. STAT. 181.13 (2018)). If an employee quits, wages are due within the next pay period that is more than five days after quitting. However, wages must be paid within 20 days of separation (see Minnesota Statutes 181.14). When the discharged or quitting employee was entrusted with money or property during employment, the employer shall have an additional 10 calendar-days after the date of the employee's separation to audit the accounts of the employee before the employee's wages are to be paid.

SWCD policy can determine when any benefits are due, such as vacation, sick leave and severance packages. Limits on leave accrual should be identified in the employee handbook. Benefits are payable within 30 days of when they become due. If owed and not paid by the employer, the employee may file a claim for those benefits in the conciliation court in the county in which the employee worked for the employer (see MINN. STAT. 181.74 (2018)).

### Reason for Termination

An employer must give a truthful reason why an employee was terminated, if requested in writing by the employee. Request must be made in writing by the employee within 15 working-days of termination. The employer has 10 working days from receipt of the request to give a truthful reason in writing for the termination.

### Succession

Your SWCD should always have a plan in place for replacing employees at each position. In many cases succession is important because roles such as a lead staff position can be difficult and time consuming to replace. Identifying current staff that have the skills to move into a higher-level position is important, and if identified they should be increasingly trained on those duties commensurate with the anticipated schedule of the position to be replaced. It can be difficult for your SWCD as a small entity to develop all the staff to move into higher roles as turnover occurs. In that case simple things like maintaining updated position descriptions and discussing the needs of the district periodically and how those needs will be addressed with newer staff can go a long way to saving time and money when replacing a staff member.

## **Compensation and Benefits**

### ***Wages and Pay Equity***

SWCDs are subject to the provision of Local Government Pay Equity (MINN. R. 3920), which requires that jobs of equivalent complexity and responsibility be compensated at a comparable level. You can look for more information from Minnesota Management and Budget at [www.mmb.state.mn.us](http://www.mmb.state.mn.us).

### Position Classification

SWCDs have a wide variety of customers and duties that require special knowledge, skills, and abilities. Positions within your district should reflect the scope of work and be labeled accordingly. For example, many districts operate with a district manager who oversees the administrative requirements of day to day operation and supervision of employees, and a district technician who is typically the resource expert and is the point person who deals with customers and projects. There are no requirements that you establish official classifications for each position, but it is encouraged to clearly identify the roles and responsibilities of each employee by giving them an adequate title. Position classifications or titles should also be reviewed periodically to see how workload has shifted and whether or not the classification still fits with the role of your employee. This is typically included as part of the employee's regular personnel evaluation.

### Wage Scales

Similar to position classifications, there are no requirements that SWCDs develop a wage scale or step system. The provisions of pay equity law, as mentioned above, only require that employees be compensated at a comparable level to jobs of equivalent complexity and responsibility. You should however set a goal for the district for each position. Some considerations include what neighboring districts compensation levels are for similar positions, and how your compensation levels reflect on your overall budget. If a wage scale or step system is developed for each position, these should be included in your SWCD personnel handbook so employees have a clear expectation of what their salary range will be. It should also be clear how often an

employee can expect to review their compensation level and what factors may lead to an adjustment including performance and workload considerations or merit.

### Personnel Evaluation

Employees of SWCDs should expect to have their performance evaluated periodically by the supervisors and/or lead staff of the SWCD. This is an opportunity to evaluate goals for the employee or position from the previous review period and set new goals or expectations based on the needs of the district, and award achievement or address shortcomings. Similar to wage information, the process for evaluation should be outlined in the personnel handbook so your employees have a clear expectation of when and how this process will occur. Additionally, for newer employees you may want to include an additional evaluation as a probationary period ends as a logical check-in or termination point.

### ***Benefits***

There are several benefits afforded to employees of SWCDs including vacation days and predictable work schedules. Benefits packages are set almost exclusively at your discretion as supervisors but should be clearly outlined in policy and in your personnel handbook.

### General Legal Benefits

Some employment benefits are required under state and federal laws. These benefits include worker's compensation, social security, Medicare, unemployment, etc. and are further described in the next section.

### Public Employees Retirement Association

SWCDs participate in the Public Employees Retirement Association (PERA). This is a retirement benefit of public employees across the state including county employees and teachers. All activity and inquiries about this program should be directed to the local PERA office or representative. Or visit the PERA website at [www.mnpera.org](http://www.mnpera.org), or by calling 1-888-892-PERA (7372).

### Insurance Benefits (Health, Dental, Life, Disability, etc.)

Many SWCDs offer stipends or additional salary to help cover the cost of many types of insurance for employees. As requirements for providing actual insurance benefits for employees change frequently, insurance benefits policies should be reviewed often with your legal counsel. In general, if you offer any kind of pre-tax insurance benefit to an employee, you have to cover all of your employees. You can also speak with your county administrative department to see if you can be included into a group plan for county employees to help defray some of the direct costs to the SWCD.

### Holidays

Holidays are generally days in which the office is closed, but full-time employees are compensated for a full day of work. In some cases, part-time employees may be compensated depending on their employment conditions or at a pro-rated level. Minnesota and the federal government have prescribed public holidays in which public business may not be conducted (except for Columbus Day) and are listed below. As a board you can offer additional holidays as you see fit. These should be clearly outlined in your personnel handbook.

- New Year's Day
- Martin Luther King, Jr. Day
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Columbus Day
- Veteran's Day
- Thanksgiving Day
- Christmas Day

#### Paid Time Off

Paid time off is a major consideration for employers to offer employees, and also a major consideration of prospective employees when choosing a place of employment. In general, public employees are offered vacation and sick leave fringe benefits. It is at your discretion how to structure these benefits. Consulting with your county administrative department is always a good place to start.

#### Personal or Sick Leave

Personal or sick leave is generally leave that is accrued for the purposes of an employee to use when they are unable to perform work duties due to personal or family illness. It is up to supervisors to determine which uses are deemed appropriate for sick leave. Your personnel handbook should outline the rates at which sick leave hours are accrued, the purposes for which those hours are eligible, and what happens to accrued sick leave hours upon termination of employment. For extended leave situations you should consult with Minnesota Counties Intergovernmental Trust (MCIT) and your legal counsel regarding implications of the Family Medical Leave Act (FMLA), Minnesota Human Rights Act (MHRA) and the Americans with Disabilities Act (ADA).

#### Vacation Leave Accrual

Vacation leave is generally offered to full-time, regular employees at a rate commensurate with their years of service according to an accrual rate structure set by the supervisors and may be offered to part-time employees on a pro-rated scale. In addition to setting accrual rates, you should consider a maximum number of hours that an employee may carry over from year to year, as well as how those hours are calculated into a severance package upon termination of employment. There are no state laws that apply to vacation leave offered by an employer, it is purely the discretion of the supervisors.

#### Bonuses

Public employees in Minnesota are not eligible to receive bonuses. MINN. STAT. 609.45 (2018) forbids public officers or employees from receiving unauthorized compensation which includes gifts. Bonuses are considered gifts under the statute. Supervisors may establish a performance award system, but you should discuss any such system with legal counsel prior to adoption.

## Other Employment Considerations

### ***Unemployment***

Employees of the SWCD are covered under unemployment compensation laws. Unemployment compensation is administered by the Minnesota Department of Employment and Economic Development (DEED). Visit [www.deed.state.mn.us](http://www.deed.state.mn.us) for more information.

### ***Workers Compensation***

The SWCD must carry worker's compensation insurance. MINN. STAT. 103C.331, subd. 18 (2018) authorizes the SWCD to require the county to provide workers compensation coverage. Contact MCIT for more information.

### ***Social Security***

SWCDs must participate in the social security system. All activity regarding this program is conducted between the SWCD and the Social Security Administration directly. More information can be found on their website at [www.ssa.gov](http://www.ssa.gov).

### ***Occupational Health and Safety Act (OSHA)***

MINN. STAT. 182 (2018), and MINN. R. 5210 (2018) covers the Minnesota Occupational Health and Safety Act. Employers are required to post notices to inform employees of their rights and obligations under OSHA. Further requirements can be obtained from the Minnesota Department of Labor and Industry.

### ***Fair Labor Standards***

SWCD employees are covered under state and federal fair labor standards acts. These statutes cover wage laws and work hours. Further information should be available from your county or through the state and federal department of labor websites [www.dol.gov/whd](http://www.dol.gov/whd) for federal requirements and [www.doli.state.mn.us](http://www.doli.state.mn.us) for state requirements.

## Personal Conduct

### ***Professional Behavior***

The employees you hire should be expected to represent the values and professionalism of your SWCD. These expectations should be the subject of the first discussions had with a new employee and should be outlined in your employee handbook.

### Legal and Ethical

There are many legal and statutory guidelines which SWCDs must work within. SWCD employees should be diligent with district property and finances, ensure they conduct their business in a safe manner, and respect constituents and customers of the SWCD. Employees should not accept gifts for their work, endorse political candidates, or use district equipment for personal gain. SWCD employees are occasionally entrusted with personal data that should be protected using established SWCD policies and the Minnesota Government Data

Practices Act (MINN. STAT. 13 (2018)) and any other information the SWCD has chosen to protect. Employees who are made aware or have witnessed unethical or illegal behavior by other employees should immediately report it to the lead staff or supervisors.

#### Dress Code

Many SWCDs do not have a dress standard. However, employees should dress appropriately for their respective position. Remember your employees represent the image of your SWCD and should represent it appropriately. Any policies set by the supervisors should be addressed in the employee handbook.

#### Smoking

Minnesota law prohibits smoking indoors in public places, places of employment, public transportation, and public meetings (MINN. STAT. 144.411 – 144.417 (2018)). Employees who do smoke should utilize a designated area away from public entry to the office or facilities. Consideration should also be given to whether or not smoking will be allowed in district vehicles.

#### Conflict

Conflicts can occur in any workplace. As supervisors, you should set policies and have a structured process for dealing with workplace conflict. You should also work closely with your lead staff and with your legal counsel in instances where workplace conflict may rise to the level of harassment or creation of a hostile work environment as they can increase your liability as a district. MCIT may also provide resources on resolving conflict.

### ***Sexual Harassment***

Sexual harassment is defined as any unwelcome sexual advances either verbal or physical, including instances where submission to the advances is a requirement for employment or favorable treatment, and where rejection of the advances leads to decisions of demerits, termination, or unfavorable treatment. It can also be less direct including overly sexual language or innuendo that causes an employee to perceive their work environment as hostile or unwelcoming. SWCDs should have a strong sexual harassment policy in their employee handbook that prescribes actions in detail should a complaint arise, steps to be taken, and ultimately consequences should an individual not conform to the policies. You should also contact MCIT about providing training to your board of supervisors and employees periodically.

### ***Use of District Property***

#### Vehicle Policy

Vehicles are an important piece of equipment for your employees to conduct regular business of the SWCD. They are also one of the more expensive pieces of equipment you entrust your employees with, therefore you should establish a policy on the proper and safe use of vehicles. Policies governing vehicle use typically include whether or not they can use it for personal use, where the vehicle is stored, maintenance schedules, how repair work is authorized, and the requirements of who may operate the vehicle and what requirements they must meet to be authorized.

### Technology Policy

Technology is another tool your employees must have in order to perform their job well. Technology is also rapidly advancing, and policies should exist to protect your SWCD, employees, and customers from being jeopardized. Since much of the data kept at SWCDs is now in digital form, it is important for SWCDs to have a strong data practices policy, and technology policy to limit who has access to SWCD computer systems and files, and how those systems are accessed by those who are authorized. This policy may also prescribe equipment, hardware and software upgrade schedules. MCIT can provide more information on technology policies that may be useful to your SWCD.

### Damaged or Missing Equipment Reporting

Loss prevention is an important aspect for all businesses. You should have a system for employees to report damaged or missing equipment, whether you rely on the lead staff or you set up an inventory management system, equipment can be costly and the quicker reporting happens the better response you can formulate. Policies may include taking weekly or monthly inventories of equipment of certain types, maintenance schedules, replacement plans, and requirements for who may be liable for the equipment damage. Typically, employees are not personally liable, however it should be determined how the equipment was used and what led to the damage.

### ***Conflicts of Interest***

Public employees and elected officials are prevented by numerous statutes from having an interest of personal or financial gain in the business of the public body for which they are appointed. Supervisors should adopt a policy to address potential conflicts of interest, including following a conflict of interest statement. Examples may be obtained by contacting your county or MCIT.

## Chapter 4: Meetings and Committees

*(This chapter was published April 1, 2020)*

### Open Meeting Law

The Minnesota Open Meeting Law requires that governmental meetings be generally open to the public ([MINN. STAT. 13D \(2018\)](#)). A soil and water conservation district (SWCD) is a public body and as such, all meetings must generally be open to the public when required or permitted by law to transact public business in a meeting. The open meeting law serves three vital purposes:

- Prohibits actions from being taken at a secret meeting where the interested public cannot be fully informed of the decisions of public bodies or detect improper influences.
- Ensures the public's right to be informed.
- Gives the public an opportunity to present its views

### Meeting Types, Purpose, and Noticing Requirements

Public notice generally must be provided for meetings of a public body subject to the open meeting law. The notice requirements depend on the type of meeting. However, if a person receives actual notice of a meeting at least 24 hours before the meeting, all notice requirements under the open meeting law are satisfied regardless of the method of receipt ([MINN.STAT. 13D.04, subd. 7 \(2018\)](#)).

Under open meeting law, anyone can file a written request for notification of meetings, which the board of supervisors must comply with. You should have a system to record and comply with the requests, as well as to document that you have fulfilled the requests. Annually, you may want to send out a verification that the requestor still wishes to receive notifications. Alternatively, the SWCD may establish an expiration date for a request notice, and annually send a notice to refile the request ([MINN. STAT. 13D.04, subd. 2 \(e\) \(2018\)](#)).

### ***Regular Meetings***

Each SWCD determines their schedules for meeting dates and times. Typically, these are held at regular intervals and adopted into the SWCD's bylaws. The regular meetings are open to the public and used to conduct the SWCD's business, usually on a monthly schedule. The SWCD must keep a schedule of its regular meetings on file at its primary office. The SWCD should annually review the meeting schedule and set an alternate meeting day for any regular meeting days that fall on a legal holiday during that year. If the SWCD decides to hold a meeting at a different time or place from that stated in its schedule of regular meetings, it generally must give the notice required for a special meeting. Typical agenda items may include new and old business, financial reports, review and approval of meeting minutes, review of various SWCD contracts, program and activity reports.

### ***Special Meetings***

A special meeting refers to any meeting at a time or place different from that stated in the SWCD board's schedule of regular meetings. The board may transact any business within its powers at a special meeting if proper notice has been provided. Examples of a special meeting topic include approval of a time sensitive

contract, personnel related decisions, or other topics of a time-sensitive nature. All statutory provisions governing regular meetings, including the open meeting law ([MINN. STAT. 13D.04 \(2018\)](#)), apply to special meetings. See Table 3: Meeting Posting Requirements for more information on how to notice these meetings. Examples of special meetings include emergency or annual meetings, public hearings, and workshops.

### Emergency Meetings

An emergency meeting is a special meeting called by the board due to circumstances that, in its judgment, require immediate consideration. The procedure for notifying board supervisors of emergency meetings is the same as that for special meetings. The public notice requirements, however, are different. The board must make good-faith efforts to provide notice of the emergency meeting to all media that have filed a written request for notice. The notice must include the subject of the meeting. A published or posted notice is not necessary.

### Annual Meeting

A board may choose to hold an annual meeting for the purpose of planning that year's activity. This can be one of the regular scheduled meetings, or a special meeting, but is usually established in the SWCD's bylaws. Typical agenda items may include review and adoption of local policies, review of the annual work plan and past accomplishments, review of bylaws or other governing procedures, election of officers or committee appointments or other activities that can be done on an annual basis, as opposed to regular monthly business. Open meeting law noticing requirements apply ([MINN. STAT. 13D.04 \(2018\)](#)).

### Public Hearings

A public hearing is a meeting where members of the public can express their opinions regarding a particular issue. The board is there to regulate the hearing and make sure that people who want to speak get an opportunity to do so. The board does not deliberate or discuss matters during the public-hearing portion of a meeting; instead, it listens to the public. A board may hold public hearings even when they are not legally required to do so. Generally, hearings of this type allow the public to comment on a specific issue. Such hearings can be helpful in raising concerns about an issue that the Board may not have considered. Public hearings may be held outside of a regular meeting date or time or as a part of a regular meeting. When a specific statute or rule provision requires the board to hold a public hearing, any specified notice requirements must be followed.

### Workshops

A board may decide to hold a workshop as a separate meeting, or as part of a regular meeting. Workshop topics vary but usually focus on strategic planning or in-depth review of topics. A board committee meeting is usually considered a workshop, as the members are typically working on developing a recommendation to the full board for consideration. Open meeting law notice requirements still apply to board workshops.

### ***Adjourned Meetings***

The terms "adjourned," "continued," and "recessed" are often used interchangeably when referring to meetings that are postponed to a future time for lack of a quorum, for convenience, or to complete pending business from a regular meeting. Although a quorum is necessary to conduct business, less than a quorum may adjourn or postpone a regularly organized meeting to a fixed, future time. When the board calls an adjourned meeting to complete pending business, the adjournment should be treated as a recess. If the date, time, and place of the adjourned, continued, or recessed meeting are announced at the previous meeting and the information is

recorded in the meeting minutes, no additional public notice is necessary. Otherwise, the notice required for a special meeting is necessary.

### ***Closed Meetings***

The open meeting law is designed to favor public access. Therefore, the few exceptions that exist are carefully limited to avoid abuse. Before closing a meeting under any of the following exceptions, a board must make a statement, on the record, that includes the specific grounds to close the meeting and describes the subject to be discussed. All closed meetings (except those closed under the attorney-client privilege) must be electronically recorded. The same notice requirements that apply to open meetings also apply to closed meetings. For example, if a closed meeting takes place at a regular meeting, the notice requirements for a regular meeting apply. Likewise, if a closed meeting takes place as a special meeting or as an emergency meeting, the notice requirements for a special meeting or an emergency meeting would apply. See Table 2 for a list of typical subjects that a SWCD may close a meeting for.

### ***Electronic Meetings***

A meeting may be conducted by interactive television or other electronic means in compliance with the open meeting law if all four of the following requirements are met:

- At least one board supervisor is physically present at the regular meeting location.
- All board supervisors must be able to hear and see each other and all discussion and testimony presented at any location at which at least one Board supervisor is present.
- All supervisors of the public at the regular meeting location must be able to hear and see all discussion, testimony, and votes of all board supervisors.
- Each location at which a board supervisor is present must be open and accessible to the public.

If possible, a member of the public should be allowed to monitor the meeting electronically from a remote location. Caution should be taken if the SWCD begins to rely on electronic means for conducting business, as statute is not clear as to how to interpret many of the issues that may arise when conducting meetings in this manner.

### **Meeting Content**

The SWCD's bylaws should establish an order of business and a process for placing items on an agenda. For regular meetings, many SWCDs have found the following order of business convenient:

- Call to order
- Public Address to the board
- Approval of meeting minutes
- Consent agenda
- Reports of officers, boards, and committees
- Reports from staff and administrative officers
- Unfinished business
- New business
- Resolutions or board actions to be taken
- Miscellaneous announcements

- Adjournment

### ***Utilizing Consent Agendas***

By resolution or through bylaws, a board may establish a consent agenda containing routine, non-controversial items that need little or no deliberation. The chair or the person responsible for placing items on the agenda prepares the consent agenda. By a majority or higher vote, the board can approve all actions on the consent agenda with one vote. This practice can help a board move routine items along more quickly so that there is time for discussing important issues. A board may consider items such as approval of meeting minutes, treasurer's reports, program reports or final approval of changes requested at a previous meeting.

It is the responsibility of each member to read and review consent agenda items and address any concerns prior to the meeting. If a board member objects to an item being placed on the consent agenda, it should be removed and acted on as a separate agenda item.

### ***Board Packet and Printed Materials***

Boards may find it useful to prepare a packet of information relative to the discussion and decisions to be made at the meeting. Generally, the SWCD staff will prepare the supporting information for the board to review based on the agenda topics. Sending out the information 5-7 days in advance of the meeting gives the supervisors time to review and formulate questions to be discussed at the meeting to make the most informed decision possible.

Under open meeting law, at least one copy of all printed or prepared meeting materials that was available to the board members before or during the meeting must be available in the meeting room for inspection by the public during the meeting. A common best practice is to make the materials available on the SWCD website prior to the meeting.

## **Conducting the Meeting**

SWCD bylaws usually cover issues like the place and time of regular board meetings, the order of business, parliamentary rules governing board procedures, minutes, and standing and special committees.

### ***Rules of Order***

Parliamentary procedure is a system of rules that aid in transacting meetings. The rules are designed to preserve order, expedite business, and protect the rights of those involved in making decisions. The chair, as presiding officer, is responsible for guarding against abuse of the procedures. The effective use of parliamentary procedures is the joint responsibility of the chair and all board supervisors. The rules of parliamentary procedure apply only if the board formally adopts such rules. Roberts Rules of Order (newly revised) is designed for meetings of large bodies. Rather than adopt these rules as a formal procedure to always follow, a board can agree to informally follow the rules while conducting meetings (League of Minnesota Cities, 2018).

## **Meeting Roles**

Supervisors, as representatives of the people, are obligated to conduct the business of the SWCD in an orderly and business-like manner. Successful board meetings depend upon the direction given by the chair and upon the willingness of board supervisors to carry out their assignments as appointed.

### Officer Roles

The board should define officer positions and their roles within the SWCD bylaws. Typical officer positions include the chair, vice-chair, treasurer, and secretary. For more information on roles and responsibility of each officer, see Chapter 2: SWCD Board of Supervisors.

### Staff Roles

The board decides the level of staff involvement in the SWCD's meeting. A typical staff role may be reporting on SWCD activities in relation to their position, providing feedback on discussions as requested or providing documentation to the board.

### Public Roles

Members of the public are invited to attend any open meetings. Many boards allow a public comment period on their regular meeting agendas. The board may limit the amount of time for individual comments, but suitable time should be allowed to allow members of the public to express their opinions on relevant topics.

## **Meeting Minutes**

Minutes are an official record of actions the board or committee took at a meeting, not a record of everything that was said. They serve a historical purpose, but just as important, they serve a legal purpose, documenting the group's adherence to the proper procedures and the SWCD's bylaws. Board minutes and recordings are part of the legal public record and may be viewed by members of the public or during litigation.

Since minutes are public documents that members may ask to review, be clear on what to exclude. Avoid direct quotations; even without a name, the speaker may be identifiable. Don't report details of discussions, especially who said what. When items not on the agenda are discussed, note simply that "time was provided for supervisors to discuss items not on the agenda." And remember that minutes are not the place for future action items or to-do lists.

Finally, once the minutes are approved, destroy any notes and audio or video recordings of the meeting, with the exception of records made during closed meetings (See Table 2: Closed Meeting Subjects, Purposes, and Noticing Requirements for SWCDs). The final approved minutes should be the only record of the meeting that you distribute and keep. (American Society of Association Executives, 2017)

### ***Contents of the Meeting Minutes***

The minutes of an organization should contain a record of what is done and not what is said. The Minnesota Office of the State Auditor (OSA) (State of MN Office of State Auditor, 2012) states that minutes should contain, at a minimum:

- the subject matter of a motion;

- the persons making and seconding a motion;
- the roll call vote on a motion;
- the character of resolutions or ordinances offered, including a brief description of their subject matter; and
- whether the motion to approve a resolution or ordinance was defeated or adopted.

Similarly, open meeting law requires that minutes include the individual votes of each member of the governing body on any action, including each appropriation of money other than “payments of judgments, claims, and amounts fixed by statute.” Beyond these statutory requirements, the decision regarding how elaborate or extensive the minutes should be is within a board’s discretion.

The OSA also recommends that meeting minutes include the following information in addition to the statutory minimum requirements:

- type of meeting (regular, special, adjourned regular, adjourned special, recessed, or emergency)
- type of group that is meeting (i.e., the governing body or a committee)
- date and place the meeting was held
- the time the meeting was called to order
- approval of minutes of the previous meeting, with any corrections noted
- identity of parties to whom contracts were awarded
- abstentions from voting due to a conflict and the member’s name and reason for abstention
- reasons the governing body awarded a particular contract to a bidder other than the lowest bidder
- approval of hourly rates paid for services provided, mileage rates, meal reimbursement amounts, and per diem amounts
- a listing of all bills (including per diems) allowed or approved for payment, noting the recipient, purpose and amount
- a list of all transfers of funds
- appointments of representatives to committees or outside organizations
- reports of the officers
- time the meeting concluded.

### **Approval**

Meeting minutes should be approved by the board, usually at the next meeting. The minutes should be signed and dated by a designated member of the board to indicate that they are the official meeting minutes, usually the secretary or chair. The approved minutes are the official record of the proceeding. Once the board has formally approved the minutes of any meeting, they should not be changed under any circumstance. The board can dispense with the reading of the minutes if all supervisors have received them prior to the meeting or include approval in the consent agenda.

### **Amendments**

If the board finds a mistake in the minutes of the previous meeting, the Secretary should correct the minutes. If the secretary declines, the board can order the change by motion and a vote. The secretary must then make the change and show in the minutes that the change was made by order of the board.

## ***Record of Minutes***

The SWCD board shall keep a full and accurate record of all proceedings, decisions, resolutions, and orders issued or adopted ([MINN. STAT. 103C.325 \(2018\)](#)). The board must keep a record of approved minutes. The records should be kept in a format and quality that will ensure permanent records. Because minutes would likely be considered official papers of the SWCD, they should be signed by the secretary. Minute books are public records and must be available for public view at any reasonable time.

## **Board Discussions and Decisions**

The Board has options for providing direction to its staff on how to carry out its business. A board may choose to come to decisions by consensus or give its staff general direction without formal motions or resolutions. Some business, such as entering into grant agreements, cost share contracts, or adopting operating procedures, is required to have board approval through motion or resolution. Refer to Table 3 for a list of common SWCD business decisions requiring discussions, motions or resolutions.

## ***Principle Motions***

A motion is a matter of parliamentary procedure. Motions generally are made orally and may introduce decisions or resolutions, amend them, and take any other action. Refer to Table 4 for a common list of motions and the rules for using them.

## ***Resolutions***

A resolution is essentially a formal, written expression of an approved motion. Boards should use resolutions for any action of a temporary, routine, or administrative nature. A resolution must be used when required by law.

If the Board has any doubt whether a motion or a resolution is necessary to take a particular action, it is generally best to proceed as if the action requires a resolution. In its traditional form, a resolution begins with a “whereas” clause or clauses explaining the reason for the action, followed by the substance of the resolution beginning with “Therefore, be it resolved” or some similar phrase.

## ***Voting Procedures***

The board may adopt parliamentary procedures or different voting procedures through its bylaws. However, an SWCD board is allowed to have informal discussion and decision making to give direction to its staff. In some cases, a Board is required to follow its adopted procedures to conduct some business, such as entering binding agreements. Table 4 contains a list of common motions and voting procedures.

## **Committees**

A board can form committees for any purpose they see fit. Most often committees are used when the board feels more review or involvement from members is needed than what can be obtained at a regular meeting. Committee members are nominated by members and appointed by the chair.

Generally, committees are structured to provide recommendations to the full board for consideration, but other authorities can be granted. Specific duties of the committee and any delegated authorities are voted on by the board. Table 1 is list of common committees of an SWCD board and the typical duties.

**Table 1. Common Committees of an SWCD Board.**

Committee	Typical Duties/Actions	Suggested Members
<b>Budget</b>	Develop an annual budget, review financial statements from the previous years, set short and long-term financial goals or make recommendations for policy to the board.	Chair, Treasurer, Qualified Staff
<b>Personnel</b>	Provide guidance, oversight, and support to the SWCD manager as it develops and implements employee staffing, performance reviews and compensation policies. The personnel committee should act in accordance with the SWCD’s personnel policy and recommend amendments to the policies as needed.	Chair, Qualified Supervisor(s), SWCD Manager
<b>Policy</b>	Review and draft policies as needed to define SWCD conduct and activities. Annually review existing policies and recommend amendments. Review changes in statute or policy that affect the SWCD and make recommendations to the board.	Chair, Qualified Supervisor(s), SWCD Manager
<b>Equipment and Services</b>	Annual review needed equipment purchases or upgrades, develop budgets and estimates for committee or board review. Review SWCD services provided to the public, make recommendations to the board on adjustments.	Chair, Treasurer, Qualified Supervisor(s), Qualified Staff
<b>Public Relations or Social Media</b>	Make recommendations for the SWCDs plan to promote public participation.	Qualified Supervisor(s), Qualified Staff
<b>Strategic Planning</b>	Short/long term planning of SWCD goals and vision. Evaluate progress towards adopted plans.	Chair, Qualified Supervisor(s), SWCD Manager, Qualified Staff
<b>Issue Specific</b>	A temporary committee to work on a particular decision issue.	Qualified Supervisor(s), Qualified Staff, Member of the Public

<b>Advisory Committee<sup>1</sup></b>	An advisory committee may be appointed by the Board for any reason: general planning and strategy, project specific, etc.	Qualified Supervisor(s), Qualified Staff, Member of the Public
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<sup>1</sup>SWCDs are not required by statute to have a formal advisory committee.

## Enforcing Meeting Conduct

It is the role of the chair to ensure that board meetings are run efficiently. Part of those duties may be to enforce meeting rules and ensure proper conduct of the members, staff and/or public. Additionally, those rules and enforcement procedures may extend to the conduct of those individuals outside of a meeting, while performing their job or public duties.

### ***Board Conduct and Enforcement***

A board may choose to adopt a policy to guide conduct of individual supervisors in relation to meeting conduct, interactions with the general public, or involvement with its staff. In order to enforce these policies, a board may choose to adopt actions in its bylaws, which may include reprimands, censures, or other actions. SWCD supervisors are elected officials. As such, they cannot be removed except in the case of documented malfeasance.

### ***Open Meeting Law Penalties***

Board supervisors are subject to [MINN. STAT. 13D.06](#) (2018) which states the penalties for violations of open meeting law. In summary of the statute, a supervisor found guilty of open meeting law violations can be held personally liable and subject to a fine in an amount not to exceed \$300 for a single occurrence, which may not be paid by the SWCD. If the same supervisor is found guilty in three or more actions related to SWCD business, they forfeit their right to serve on the board for an equal time of the term elected. In addition, a court may award court fees up to a stipulated amount for legal costs incurred to any party, depending on the findings of the case.

**Table 2.** Closed Meeting Subjects, Purposes, and Noticing Requirements for SWCDs.

Subject Matter	Purpose	Noticing/Recording Requirements	Special Considerations
<b>Misconduct Allegations or Charges</b>	A public body must close one or more meetings for “preliminary consideration” of allegations or charges of misconduct against an individual subject to its authority.	Must be electronically recorded; record kept for at least 3 years. Record is “private personnel data” and is accessible to the subject of the data but not to the public.	This type of meeting must be open at the request of the individual who is the subject of the meeting. If the public body concludes discipline of any nature may be warranted, further meetings or hearings relating to the specific charges or allegations that are held after that conclusion is reached must be open.
<b>Performance Evaluations</b>	A public body may close a meeting to evaluate the performance of an individual who is subject to its authority. The public body must identify the individual to be evaluated before closing the meeting.	If this type of meeting is closed, it must be electronically recorded, and the recording must be preserved for at least three years after the meeting. At its next open meeting, the public body must summarize its conclusions regarding the evaluation.	This type of meeting must be open at the request of the individual who is the subject of the meeting.
<b>Attorney-client Privilege</b>	A meeting may be closed if permitted by the attorney-client privilege.	No requirements.	Meetings between a government body and its attorney to discuss active or threatened litigation may only be closed, under the attorney-client privilege, when a balancing of the purposes served by the attorney-client privilege against those served by the open meeting law dictates the need for absolute confidentiality.

<b>Purchase or Sale of Real or Personal Property</b>	<p>A public body may close a meeting to:</p> <p>Determine the asking price for real or personal property to be sold by the public body.</p> <p>Review confidential or protected nonpublic appraisal data.</p> <p>Develop or consider offers or counteroffers for the purchase or sale of real or personal property.</p>	<p>Must be tape-recorded.</p> <p>Must be preserved for 8 years and must be made available to the public only after all transactions discussed are finalized or abandoned.</p> <p>A list of members and all other persons present at the closed meeting must be made available to the public after the closed meeting.</p>	<p>Before holding a closed meeting under this exception, the public body must identify on the record the particular real or personal property that is the subject of the closed meeting. The actual purchase or sale of the real or personal property must be approved at an open meeting, and the purchase or sale price is public data.</p>
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**Table 3. Meeting Posting Requirements.**

Meeting Type	Posting Deadlines	Posting Requirement
<b>Regular Meeting<sup>1</sup></b>	<p>Scheduled</p>	<p>Kept on file at its primary office.</p> <p>If holding a regular meeting at a time or place different from the time or place stated in its schedule of regular meetings, it shall give the same notice of the meeting that is for a special meeting.</p>
<b>Special Meeting<sup>1</sup></b>	<p>This notice shall be posted and mailed or delivered at least 3 days prior to the meeting.</p> <p>OR</p> <p>Publish notice once, at least 3 days prior, in the newspaper of the public body or newspaper in the general circulation.</p>	<p>Post written notice of the date, time, place, and purpose of the meeting on the principal bulletin board of the public body, or if the public body has no principal bulletin board, on the door of its usual meeting room. Notice mailed or delivered to those who have filed a written request for notice of special meetings.</p>
<b>Emergency Meeting<sup>1</sup></b>	<p>Given by telephone or by any other method used to notify the members of the public body as soon as</p>	<p>Good faith effort to provide notice of the meeting to each news medium that has filed a written request for notice if the request</p>

	reasonably practicable after notice to the members.	includes the news medium's telephone number.
<b>Annual Meeting<sup>1</sup></b>	Same as regular or special meeting as scheduled.	
<b>Public Hearing<sup>2</sup></b>	When holding a public hearing, notice requirements may be different under the applicable statute for that hearing. Reference applicable statute when scheduling public hearings.	
<b>Workshop<sup>1</sup></b>	Same as regular or special meeting as scheduled.	

<sup>1</sup>See [MINN. STAT. 13D.04](#) (2020) for additional requirements and exclusions for noticing meetings.

<sup>2</sup>Statute dependent.

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## Chapter 5: Natural Resource Planning and Evaluation

*(This chapter was published April 1, 2020)*

Natural resource management revolves around planning, implementation and evaluation. Planning involves analysis of present conditions, past and future trends, identifying and prioritizing issues, and establishing goals and actions. Successful planning leads to implementing actions outlined in the plan, followed by an evaluation of their outcomes.

### Planning

SWCDs develop and use many types of plans, including strategic plans, operational plans, and resource plans.

- Strategic plans outline a vision for the SWCD and how the vision will be achieved, typically ranging between three to five years in the future.
- Operational plans include actions to be achieved, the programs to be implemented, and the budget allocated to each program within a given year.
- Resource plans address natural resource-related concerns or issues identified by implementing specific actions within a five to ten-year timeframe. These plans can be developed at any scale, ranging from a parcel to a watershed.

The [Minnesota Association of Soil and Water Conservation Districts](#) (MASWCD) provides support for developing, implementing, and evaluating strategic and operational plans. This chapter will focus on resource plans that are described in Minnesota Statutes Chapter 103B and 103C.

### BWSR Administered Natural Resource Plans

SWCDs develop, implement, and evaluate natural resource plans in order to manage their local natural resources within a specific area or project site. The goal of these plans is to address resource issues that are identified by implementing specific actions. There are many types of natural resource plans that SWCDs are involved in and BWSR does not administer, for example, lake management plans, farm management plans, and forest stewardship plans. The remainder of this chapter is dedicated to natural resource plans that BWSR administers, including:

- SWCD comprehensive plans
- Comprehensive local water management plans
- Comprehensive watershed management plans (developed through BWSR's One Watershed, One Plan program).

Natural resources plans have evolved over time due to an increase in knowledge, technology and data (Figure 1). With each new plan type, the planning process and plan content has become more thorough. Natural resource plans that are specific to SWCDs are discussed below in reverse chronological order.



**Figure 1.** History of Natural Resource Plan Types (listed by year it was created in statute).

### **Comprehensive Watershed Management Plan**

Plans created through BWSR's One Watershed, One Plan program are called comprehensive watershed management plans and are described in [Minnesota Statutes Chapter 103B.801](#). These plans:

- align local water planning purposes and procedures under this chapter and chapters 103C and 103D on watershed boundaries to create a systematic, watershed-wide, science-based approach to watershed management;
- acknowledge and build off existing local government structure, water plan services, and local capacity;
- incorporate and make use of data and information, including watershed restoration and protection strategies developed under section 114D.26;
- solicit input and engage experts from agencies, citizens, and stakeholder groups; focus on implementation of prioritized and targeted actions capable of achieving measurable progress; and
- serve as a substitute for a comprehensive plan, local water management plan, or watershed management plan developed or amended, approved, and adopted, according to chapter 103B, 103C or 103D. The state has a goal of completing statewide transition to comprehensive watershed management plans by 2025.

You can learn more about comprehensive watershed management plans by visiting the BWSR website at: <https://bwsr.state.mn.us/one-watershed-one-plan>.

### **Comprehensive Local Water Management Plan**

The [Comprehensive Local Water Management Act](#) (1985) allows counties to develop and implement comprehensive local water management plans (referred to as county water plans). Counties can delegate the plan responsibilities to a local unit of government, regional development commission, or a resource conservation and development committee by resolution. The delegated authority must pass a resolution accepting the delegation. SWCDs can serve as the delegated local water planning entity.

County water plans are required to:

- cover the entire county area;

- address water problems in the context of watershed units and groundwater systems;
- be based upon principles of sound hydrologic management of water, effective environmental protection, and efficient management; and
- be consistent with local water management plans prepared by counties and watershed management organizations wholly or partially within a single watershed unit or groundwater system.

You can learn more about county water plans by visiting the BWSR website at: <https://bwsr.state.mn.us/county-water-plan>.

### ***SWCD Comprehensive Plan***

SWCDs can develop comprehensive plans according to [Minnesota Statutes Chapter 103C.331, subd. 11](#). The comprehensive plan includes an assessment of the condition of natural resources in the area; identification and prioritization of local resource issues, problems, and opportunities; development of a set of goals, objectives, and actions; and development of an implementation program for the period of the plan. You can learn more about SWCD comprehensive plans [here](#).

Outside of the seven-county metro area, SWCDs can adopt the county water plan as their comprehensive plan. Within the seven-county metro area, joint powers water management organizations are responsible for developing and adopting watershed plans. Therefore, counties in the metro area do not develop county water plans, so metro SWCDs are required to develop and maintain a comprehensive plan.

### **Evaluation of Natural Resource Plan Implementation**

BWSR's [Performance Review and Assistance Program](#) (PRAP) evaluates the implementation of BWSR approved resource plans for the units of government that constitute Minnesota's local delivery system for conservation of water and related land resources. The program goal is to assist these local government partners to be the best they can be in their management of Minnesota's land and water resources. You can learn more about BWSR's Performance Review and Assistance Program by visiting the BWSR website at: <https://bwsr.state.mn.us/prap>.

### **General Planning and Evaluation Roles**

#### ***SWCD Supervisor***

The primary responsibility of supervisors is to set strategic direction and policies that direct the programs of the SWCD, based on information gathered by staff and the public. In planning and evaluation, these decisions set priorities, goals, actions, and investments that the SWCD will act on in the future. These decisions must reflect sound science and community values.

#### ***SWCD Staff***

SWCD staff serve as advisors in the planning and evaluation process. Staff play a valuable role in bringing their knowledge about local land and water issues/concerns, as well as, their knowledge about landowner perspectives, types of activities that are most likely to succeed, and local relationships.

## ***BWSR***

As the agency with oversight and approval authority over water plans, BWSR provides policies based on state statutes and rules, guidance, and best practices. BWSR's board conservationists are available to provide assistance in your planning and evaluation processes (see the [BWSR website](#) for board conservationist contact information).

## ***Partners***

Partners are integral to natural resource management. Partners could include (and are not limited to): drainage authorities, federal agencies, tribal governments, lake or river associations, citizen-based environmental group(s), sporting organization(s), farm organization(s) and agricultural groups, and non-government organizations. Partners may have technical and financial resources that can be used to enhance your resources. Partners should be brought to the table early in the planning process to assist with developing objectives and strategies, as well as to assist with determining actions and implementation steps.

## ***Public***

It is important to incorporate the public's input into your planning process since many of your proposed activities will involve them. What do they value in their natural resources? How do they interact with their natural resources? What issues do they see in their natural resource quality, accessibility, etc., and how are they impacted? By incorporating public input into your plan, you will build support for its implementation. BWSR can assist with best approaches for gathering this input.

## Chapter 6: Planning and Financing SWCD Operations

*(This chapter was published April 1, 2020. A revised version was published January 11, 2022.)*

In order to provide conservation services, SWCDs need to plan for and finance their operations. This chapter discusses the value of developing annual plans and budgets, as well as potential sources of revenue for their operation.

### Annual plans and budgets

An annual plan and budget are the basis of good management in any operation. For SWCDs, they identify actions and funding needs for addressing the issues and goals identified in resource plans (discussed in Chapter 5). The annual plan details the activities and the associated budget needs in a given year.

The process for annual planning and budgeting is just as important as the documents that are produced. As SWCDs transition to comprehensive watershed management plans, it is critical to coordinate and collaborate with watershed partners to implement plans on an annual basis.

The contents of your annual plan could include the following items:

- High priority erosion, sedimentation, and water quality problems in the district
- Activities
- Estimated staff time
- Estimated project dollars
- Expected Outcome

Once you have determined what you plan to accomplish in the next year, you can start to develop a budget and identify sources of revenue for budgeted items. The annual budgeting process is discussed in the next chapter, Financial Management [[hyperlink](#)].

### Sources of Revenue

State law grants SWCDs with a variety of powers, however they lack levy authority that allows a local property tax assessment to fund district operations. Therefore, SWCDs rely on a variety of external funding sources to ensure their continuing operations. For those SWCDs that want to increase operations to meet local concerns or to address local resource needs, district boards and staff must pursue additional funding through watershed-based implementation funding, competitive grants, contracted services or inter-governmental transfers.

#### ***County Allocation***

Many SWCDs receive an annual funding allocation from their respective county boards, which comes from tax revenue. There is not a standard or formulated amount that a county board must allocate to support the SWCD general budget. The SWCD must present a proposed budget, including any requested funds to its county board annually.

## **County Levy**

County boards can administer a levy on behalf of the SWCD. The county boards may levy an annual tax on all taxable real property in the district for the amount that the boards determine is necessary to meet the requirements of the district ([MINN. STAT. 103C331 Subd. 16](#)).

Levy authority for counties also resides in local water planning and management statute ([MINN. STAT. 103B.335, Subd. 1](#)). The governing body of any county, municipality, or township may levy a tax in an amount required to develop and implement comprehensive local water management plans ([MINN. STAT. 103B.301 to 103B.355](#)) or a comprehensive watershed management plans ([MINN. STAT. 103B.3363](#)).

A county may levy amounts necessary to pay the reasonable costs to SWCDs and watershed districts of administering and implementing priority programs identified in an approved and adopted plan or a comprehensive watershed management plan ([MINN. STAT. 103B.3363](#)).

## **Statutory Allocations and Delegated Authorities**

While there are only a few statutorily obligated duties that require a fund transfer between the county and an SWCD, many SWCDs have accepted delegated authority from the county for specific programs. Two commonly delegated programs are Comprehensive Local Water Management Planning and the administration of the Wetland Conservation Act (WCA).

Within the Wetland Conservation Act (WCA) Rule ([MINN. RULE 8420.0240](#)), SWCDs are specifically required to serve on the technical evaluation panel, to provide restoration orders, and to certify final compliance with the requirements within a restoration order. The state provides an annual Natural Resources Block Grant (NRBG) to counties to assist in covering the cost of running these programs. The state requires the county to provide a minimum fund transfer to the SWCD from the NRBG to provide WCA services.

In addition to the powers and duties that come with accepting the delegation of authority for a program, counties will frequently transfer a significant portion or all the funding that is associated with these delegated programs. In addition, the required match or levy for the programs is usually transferred to the SWCD as well.

## **Equipment Rental and Fee for Service**

Under SWCD statute, supervisors may charge for materials, services or otherwise when working with private landowners to install conservation practices ([MINN. STAT. 103C.331 Subd 14](#)). Table 1 lists common materials, rentals or service programs that SWCDs have developed to further their mission and generate revenue for their district.

**Table 4. Example SWCD Services<sup>1</sup>**

Service or Program	Sales or Services Provided
<b>Tree Program</b>	Sale of seedling and potted trees for a variety of conservation plantings in the County. Also includes sales of planting supplies such as weed fabric, tree protection tubes, etc.
<b>Seed Sales</b>	Sale of native plant seed, cover crop seeds, or other conservation cover seed.
<b>Planting Services</b>	Staff time charged to perform the work of planting trees or doing other native, buffer, or conservation plantings.
<b>RIM Easement Maintenance</b>	Staff time charged to perform maintenance on RIM conservation easement contracts with private landowners. May entail mowing, reseeding, interseeding, tree removal, or other maintenance needs.
<b>Noxious Weed Management</b>	Staff time charged to treat noxious weeds on private lands by a certified pesticide applicator.
<b>Rain Barrels / Residential Stormwater Equipment</b>	Sale of goods such as rain barrels, rain garden components and kits.
<b>Consultant Services</b>	Fees charged for consulting and design of residential water quality project planning, GIS mapping services, development plan review, water appropriation plan development, or other services.
<b>Agricultural Equipment Rentals</b>	Rental fee for use of agricultural conservation equipment such as no till drills, native grass drills, drop seeders, herbicide application equipment, mulchers, roto-tillers, mowers, and other equipment.
<b>Fees for WCA Services</b>	Under <a href="#">MINN. RULE 8420.0200, Subpart 2, (h)</a> the County and SWCD may charge processing fees in amounts not greater than are necessary to cover the reasonable costs of implementing WCA and for technical and administrative assistance to landowners in processing other applications for projects affecting wetlands. This assistance may include staff time for application review, processing, board hearings, wetland banking and other WCA related services.

<sup>1</sup>This is not a comprehensive list of SWCD programs or services, but is meant to serve as a guide to typical programs that many SWCDs offer.

## ***Shared Services and Partnerships***

Under statute, SWCDs can share services and work across jurisdictional boundaries. Typical shared services include technical assistance and engineering, commonly through the Technical Service Area (TSA), shared administrative services, educational positions or shared expertise such as a GIS technical position. As a source of revenue, the/a district may charge partnerships for these services through an approved agreement.

## ***Contractual Agreements***

SWCDs may enter into contractual agreements that provide a service for reimbursement. For instance, the MN Pollution Control Agency uses professional service agreement contracts when LGUs work on providing information and context for Watershed Restoration and Protection Strategy (WRAPS) reports.

## ***Grants & Loans***

SWCDs can apply for a wide variety of grant and loan funding offered through local, state and federal sources. Many of these funding opportunities are cyclical or legislatively appropriated and do not represent a stable source of long-term funding. However, the majority of SWCDs continue to rely on these revenue sources for most of their funding.

### Grants

A grant is a tool for funding ideas and projects to provide public services, stimulate the economy, and benefit the general public. Grants can be awarded for a wide-variety of activities including research, data collection, infrastructure improvements or any other activities to benefit the public. The process of successfully serving the public through grants, though, can be quite complex.

Government agencies and private entities provide grant funding opportunities. Government grant programs originate from laws, and then are administered by the appropriate local, state or federal agency.

### Local Grants

Recently, state legislation has allowed local governments to provide grant opportunities that SWCDs can take advantage of. The most recent examples include funding for local aquatic invasive species control and buffer implementation funding. A county or local entity may use their tax dollars to provide additional funding for specific activities.

### State Grants

Several state agencies offer grants that fit well within the purpose and duties of SWCDs. Usually, these grant funds are competitive in nature and occur cyclically. The majority of the funding sources are administered by the state agency through a legislative appropriation and can change depending on annual legislation. Competitive grant funding pools are usually insufficient to meet all requests and grant agreements are of limited duration. SWCDs find establishing long-lasting programs difficult with competitive grants. SWCDs will need to work with their county government for additional inter-governmental assistance and seek grant funding from a wider range of partners like non-government organizations or enter into contractual agreements with organizations that have a comparable conservation mission.

### Board of Water and Soil Resource Grants

BWSR grants provide funding to local units of government to deliver soil and water conservation services to their communities. Grant funds support and increase local capacity to implement programs and, provide cost-share with landowners who install conservation practices on their land to benefit state water and soil resources.

Watershed-based implementation grants are an alternative to the traditional project-by-project competitive process often used to fund water quality improvement projects. This funding allows collaborating local governments to pursue timely solutions based on a watershed's highest priority needs. The approach depends on comprehensive watershed management plans developed under One Watershed, One Plan program or the Metropolitan Surface or Ground Water Management framework to provide assurance that actions are prioritized, targeted and measurable.

### Federal Grants

The United States Department of Agriculture Natural Resources Conservation District (NRCS) is an established partner with SWCDs. NRCS may provide financial and technical assistance to SWCDs to assist with conservation work. This is usually done through a written agreement.

Other federal agencies may offer grants to SWCDs. These agencies could include the Environmental Protection Agency, US Forest Service, etc.

### Loans

[2019 Memo to SWCDs](#) regarding obtaining loan or incurring debt.

## Chapter 7: Records Management

*(This chapter was published April 1, 2020)*

Information provided in this chapter is intended to be guidance. Please work with your legal counsel for advice and to review of your records retention schedule and procedure.

### General Information

SWCDs are required to develop and maintain an efficient records management program (MINN. STAT. 138.17 Subd. 7). The staff is responsible for developing a records management and retention policy, which is adopted by the board. This policy should include an inventory of records and a schedule establishing a time period for retention or disposal of a records series.

The Minnesota Historical Society State Archives has guidance on “[Preserving and Disposing of Government Records](#)” (December 2016). The document includes information on the following topics:

- What is a record
- Taking an inventory
- Records retention schedules
- Preservation of archival records
- Records disposal
- Setting up a records storage area
- More information

### Historical records

SWCDs contain many series of records that have significant historical value. Records with historical value of Soil and Water Conservation Districts and Watershed Districts are listed on State Archives government records information leaflet no 10: [http://www.mnhs.org/preserve/records/docs\\_pdfs/recordservices/infoleaf10.pdf](http://www.mnhs.org/preserve/records/docs_pdfs/recordservices/infoleaf10.pdf)

Records that no longer have administrative value to a district may be eligible for transfer to the State Archives of the Minnesota Historical Society.

### Public Access to Records

SWCDs are responsible to comply with the Minnesota Government Data Practices Act (MGDPA). The Act states that government data are public unless a state or federal law indicates that the data are not public ([Minnesota Statutes Chapter 13](#)). Government data is defined as “all data collected, created, received, maintained or disseminated by any government entity regardless of its physical form, storage media or conditions of use” ([MINN. STAT. 13.02 subd. 7.](#))

It is your responsibility to keep all government data in a way that simplifies public access to public data. It is also your responsibility to protect not public data. An inventory process will assist in complying with this requirement

and protect your organization.

## **Additional Resources**

There are many resources available to assist you in creating or maintaining a records management program. See below.

### **Minnesota Statute and Rules Related to Records Management and Data Practices**

<https://www.revisor.mn.gov/>

### **Data Practices**

<https://mn.gov/admin/government/data-info/>

### **Electronic Management**

[http://www.mnhs.org/preserve/records/recordsguidelines/docs\\_pdfs/04Sept2009V3Ch4.pdf](http://www.mnhs.org/preserve/records/recordsguidelines/docs_pdfs/04Sept2009V3Ch4.pdf)

### **Records Retention Schedules, Guidelines, and Forms**

<http://www.mnhs.org/preserve/records/index.php>

<http://www.mnhs.org/preserve/records/recser.php>

### **Records Disposal**

<http://www.mnhs.org/preserve/records/recordspanel.php>

<http://www.mmd.admin.state.mn.us/>

### **National Archives and Records Administration (NARA)**

<https://www.archives.gov/>

### **Minnesota Management and Budget (MMB)- Fiscal Retention Schedule**

[https://mn.gov/mmb/assets/SW-retention-fin\\_tcm1059-129731.pdf](https://mn.gov/mmb/assets/SW-retention-fin_tcm1059-129731.pdf)

## Chapter 8: Technical Service Areas

*(This chapter was published April 1, 2020)*

### Background

Technical Service Areas (TSA) are a critical component of the conservation delivery system in Minnesota. TSAs provide technical assistance to and through member soil and water conservation districts (SWCD), in cooperation with BWSR and other local, state, and federal government units. These services are considered essential to the success of private lands conservation programs administered by BWSR and other state and federal agencies.

Eleven SWCD joint powers organizations<sup>11</sup> (JPOs) were established in 1994. This was done in conjunction with the establishment of the Agricultural Best Management Practices Loan Program and Clean Water Partnership Loan Program from the State Revolving Fund. SWCDs identified that accelerated technical assistance was a critical need for program implementation. The legislature appropriated General Funds to BWSR to create the Non-Point Engineering Assistance Program (NPEAP). These funds were used by the TSAs to provide engineering assistance to the member SWCDs.

Engineering was the sole focus of the program until 2003, when the Conservation Technical Assistance Committee (CTAC), comprised of SWCD representatives from the eleven JPOs, met to discuss potential consolidation (which didn't occur at that time) and recommended revising the name to Technical Service Areas (TSA) to encourage the inclusion of other technical services. In 2009, the original eleven TSA boundaries were revised to reduce the total number to eight TSAs due primarily to funding constraints and to be co-aligned with the Minnesota Association of Soil and Water Conservation Districts area boundaries (see [map](#)).

### Organizational Structure

#### **Board**

Pursuant to ([Minn. STAT. 103C.231 \(2017\)](#)), a SWCD may join or cooperate by agreement as provided in [MINN. STAT. 471.59 \(2017\)](#) with another SWCD in an operation or project in which the SWCDs have a common interest. All TSAs operate under a Joint Powers Agreement (JPA), which establishes a Joint Powers Entity (JPE). This type of agreement delivers a service or product or manage or own property jointly by creating a new entity. The TSA board operates autonomously from the boards of its constituent members). Each member appoints a representative to serve on the TSA board. Members are primarily SWCDs, however the metro area also has county members where SWCDs do not exist.

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<sup>1</sup> The term joint powers organization is meant to include both joint powers collaborations and joint powers entities, which are discussed in more detail in the next section.

### ***Host District Manager and Fiscal Agent***

One member SWCD serves as the host district manager, and in most cases, also serves as the fiscal agent for the grants received from BWSR. In a few cases, one member SWCD is the host district manager and another SWCD is the fiscal agent.

### ***Employees/Independent Contractors***

All of the TSAs have employees, except TSA 4 where technical assistance is provided by independent contractors or in-house SWCD staff. All the TSAs boards are the employers, except TSA 2 where several TSA member SWCDs employ the staff. Staff may be located at various locations within the TSA boundary.

See Employees Chapter [\[hyperlink\]](#) for more information about employees. Personnel policy [\[hyperlink\]](#).

## **Roles and Responsibilities**

### ***Board and Board Members***

The role of the TSA board ranges from approving grants and budgets to approving work plans. Each TSA board operates according to its bylaws. For board member responsibilities, see example position description in Appendix A.

### ***Host District Manager***

The role of the host district manager is to serve as the primary contact between BWSR and the TSA, as well as, between the partner SWCDs.

Typical responsibilities include:

- Communicates and collaborates with SWCD partners.
- Convenes the TSA board and provides regular reports to the board
- Reports to BWSR on TSA accomplishments
- Prepares annual TSA work plan and budget, in collaboration with partner SWCD managers

### ***Fiscal Agent***

The role of the fiscal agent is to serve as the primary contact between BWSR and the TSA for any BWSR grants. The host district manager may also serve as the fiscal agent.

Typical responsibilities include:

- Reports to BWSR regarding TSA grants received
- Manages grant funds

### ***Employees***

#### TSA Engineer

The role of the TSA engineer is to provide engineering services for projects submitted to the TSA.

Typical responsibilities include:

- Conducts site evaluations, including survey work
- Develops/approves designs for projects
- Oversees construction work
- Signs off on projects after completion
- Communicates with partner SWCD staff on the project in their county
- Communicates with partner SWCDs regarding project status and engineering work completed, in progress, or in the cue.

#### TSA Conservation Technician

The role of the TSA technician is to provide support to the TSA engineer.

Typical responsibilities include:

- Conducts site evaluations, including survey work
- Develop preliminary designs for projects

#### ***Partner SWCDs***

The role of the partner SWCDs is to coordinate and collaborate with the TSA board and staff on projects, work plans, budgets and reporting.

Typical responsibilities include:

- Act as the main contact for landowners who are doing projects using the TSA staff
- Collaborate and communicate with TSA staff on project work
- Complete initial site assessments

#### ***Independent Contractors***

The role of the independent contractor is to provide services at the request of the TSA. Services provided could include engineering, marketing, geographic information system (GIS), accounting, etc.

### **Funding**

TSAs are eligible to receive State General Funds via [Nonpoint Engineering Assistance \(NPEA\) Grants](#). The Non Point Engineering Assistance (NPEA) Grants are allocated annually to the TSAs to increase the capacity of soil and water conservation district to provide engineering technical assistance to landowners.

The Clean Water Fund (CWF) has allowed some TSAs to expand the number of staff and types of expertise they employ to provide shared technical assistance to member SWCDs. TSAs are eligible to receive CWFs via [TSA Enhanced Shared Technical Services Grants](#). This non-competitive CWF grant invests in building the capacity of NPEA (TSA) Joint Powers Boards to increase the capacity of soil and water conservation districts to provide technical and engineering assistance to landowners. For grants issued in FY18 or later, there is a 10% match

required. For FY16 and 17, two grants were issued to each TSA; Part 1 has no matching requirement, while Part 2 requires a 25% match, of which 10% must be local cash match.

TSA's can receive additional technical assistance funding through fees for service, member SWCD contributions (membership fees), and other grant funding sources.

## **Annual Financial Statement**

The TSA must submit an annual financial statement to BWSR by March 15th of each year. BWSR will then submit the financial statements to the Office of the State Auditor. The TSA shall post and retain the annual financial statement on the TSA fiscal agent's website.

## **Audit Requirements**

A TSA needs to be audited at least once every three years or sooner if its total revenue since last audit reaches \$500,000. The audit must be conducted by an independent certified public accountant and then submitted first to the Office of the State Auditor in draft form, and once approved, sent to BWSR.

## **Records Retention**

Program files must be retained by the TSA pursuant to Minnesota Statutes, §138.17, consistent with ongoing records retention schedules, and the BWSR Grants Administration Manual. For more information, see the Records Management Chapter of this handbook [add hyperlink].

## **Website Reporting Requirements**

- TSA Non-Point Engineering Assistance Program (NPEAP) grant: Annual financial report and eLINK work plans should be posted on the host SWCD website, unless the joint powers board has its own website.
- The Legacy logo should be prominently displayed on the grantee's website.
- In addition to reporting grant activities, documents such as annual reports, annual work plans, organizational budgets and similar documents may be required by the grant program.

It is a best practice to post TSA board meeting agendas and minutes on the TSA website.

## Template C: Technical Service Area Board Member Position Description

### Position Purpose

A Technical Service Area (TSA) is Joint Powers Board (JPB) of the member Soil and Water Conservation Districts that is established to provide engineering assistance and other desired technical services. The members of the JPB are appointed by their conservation districts to serve as governing members of the TSA. These TSA board members provide operational oversight for the TSA and make decisions such as strategic directions, annual budgeting and operational planning, and fiscal management decisions. Many of these TSA board work through agreements with their local Soil and Water Conservation Districts to host TSA employees or to serve as the TSA fiscal agent.

The role of the appointed SWCD representative is to serve as a member of the governing board of the technical service area. As the TSA is an organization that has powers and duties independent of the member Soil and Water Conservation Districts, it is important for the TSA board member to have a solid understanding of the purpose and organization of their TSA. In addition, the TSA Board member will be an active participant in the decision making for the organization including strategic directions, planning and budgeting, and ensuring local accountability. The TSA board member will also need to act as a liaison between the TSA and their member district to ensure the member district's needs are adequately represented within the TSA board and the member district board is aware of the actions of the TSA.

### *Duties of a Technical Service Area Board Member*

1. Role within the TSA Board
  - 1.1. Develop and maintain an understanding of the purpose of the technical service area, including the role of providing technical services to the member districts
  - 1.2. Understand the Joint Powers Agreement that established the TSA to ensure the TSA works within the parameters as envisioned by the partner districts
  - 1.3. Participate in the development of long-term strategic and annual operational planning
  - 1.4. Participate in the development of the TSA annual budget
  - 1.5. Prepare for and attend TSA board meetings
    - 1.5.1. Review financial statements and treasurer's report
    - 1.5.2. Review Minutes
    - 1.5.3. Review agenda and prepare for identified action and decision items
    - 1.5.4. Develop and prepare to discuss additional agenda topics of interest to the member conservation district or the larger TSA
  - 1.6. Review annual TSA engagement with member districts to ensure requests for assistance are met within a timely fashion

- 1.7. Solicit and attend required and recommended training
2. Role within the SWCD Member District
  - 2.1. Serve as a liaison between the TSA and the member district
    - 2.1.1. Provide a summary of TSA activity to the member district board
    - 2.1.2. Develop requests for information and governance action from the member district to the TSA Board
  - 2.2. Ensure staff is aware of process for submitting requests to the TSA for assistance
  - 2.3. Work with member district board and staff to assess overall timeliness and responsiveness of TSA
  - 2.4. Identify potential needs and opportunities that may be better served by the TSA

## Chapter 9: Financial Management

*(This chapter was published July 13, 2020. A revised version was published December 8, 2020.)*

This chapter was developed to provide guidance for a uniform system of budgeting, accounting, and financial reporting for the soil and water conservation districts (SWCDs) in Minnesota to aid in preparing financial reports in accordance with generally accepted accounting principles (GAAP). As of its release date, the chapter represents best practices for SWCDs which have been identified by stakeholders across the state. BWSR does not provide accounting or legal advice. Please consult with your accountant or legal counsel for further information.

### Overview of Accounting System and Methods

#### ***Accounting Principles and Concepts***

Accounting principles and concepts provide a basic framework for accounting and financial reporting. They ensure the users of financial information are not misled by varying accounting practices which conflict with the spirit of the accounting profession. Accounting principles and concepts are integral to GAAP. Included here are some of the principles and concepts to reference when determining how to handle various accounting transactions.

#### General Accounting and Concepts

- **Arm's Length Principle:** parties to a transaction are independent and on equal footing with no conflict of interest present
- **Comparability Principle:** accounting standards and policies are applied consistently from one period to another
- **Consistency Principle:** accounting methods are applied in the same manner in the future and enables comparability
- **Fiscal Responsibility:** the act of creating, optimizing, and maintaining a balanced budget
- **Going Concern Concept:** likelihood of the agency continuing its normal course of business
- **Matching Principle:** Must record expenses in the period in which the related revenues are earned, which is the basis of the modified accrual accounting method
- **Materiality Concept:** relating to the importance/significance of an amount to be considered material in nature (typically \$100 or more)

#### Internal Controls

- **Separation of Duties Concept:** having more than one person required to complete a transaction and is an internal control to prevent fraud and/or error

#### Qualitative Characteristics

- **Relevance Concept:** Information is needed and it is expected to affect decision making
- **Reliability Concept:** Information is required to be accurate, true, and fair
- **Understandability Concept:** Information is understandable by others who have reasonable background knowledge

**Accounting System**

An accounting system is designed to record all transactions of the organization. Separate logins should be established for each authorized user with specific rights defined according to his/her position and authorized authority.

**Accounting Methods**

Most agencies have the option of whether to use the cash or modified accrual method for accounting purposes. Some of the differences between the two methods are as follows:

Cash Method

- Revenue and cost are recognized when cash is received and/or spent
- Most agencies can use
- Saves time since there’s less accounting entries and is not as complicated
- Good method to use if there’s a lower risk of under/over-stating the agency’s financial position

Modified Accrual Method (preferred)

- Revenue recognized when earned, measurable and available
- Expense recognized when the liability is incurred
- Provides a more accurate snapshot of agency’s financial position which allows comparability throughout the year
- Helps identify potential cash flow issues, based on revenue earned and liabilities incurred
- Grant funds received in advance are recognized as unearned revenue (liability) until expenditure(s) are made and revenue is earned
- Financial statements are prepared using the modified accrual method thus less end-of-year adjustments

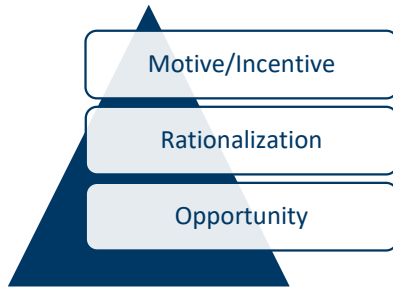
**Debit and Credits**

In double-entry accounting, debits must always equal credits and, as such, every transaction recorded is “in balance.” The normal balance (NB) for each type of account is shown. For example, assets normally have a debit balance, which means debit an asset to increase it; crediting the asset account decreases the account balance.

ASSETS		=	LIABILITIES		+	FUND BALANCE		+	REVENUES		-	EXPENSES	
Debit	Credit		Debit	Credit		Debit	Credit		Debit	Credit		Debit	Credit
↑	↓		↓	↑		↓	↑		↓	↑		↑	↓
NB				NB			NB			NB		NB	

## Internal Controls<sup>2</sup>

Employees may have financial pressures which provide the motive/incentive to commit fraud and rationalize their behavior. Proper internal controls reduce the opportunity. Districts should strive to implement internal control strategies such as segregation of duties, strong control environment, and other internal control procedures to protect public funds from fraudulent activities. The Fraud Triangle, first identified by sociologist Donald Cressey, is a model for explaining the three components involved which together may lead to occupational fraud:



There are various types of fraud that are considered felonies such as:

- Theft: which includes temporary taking of even a small amount of public funds (Minn. Statute 609.52)
- Embezzlement: is to refuse or omit to turn over public funds (Minn. Statute 609.445 and 609.54)
- False claims: is presenting, allowing, or paying falsified information (Minn. Statute 609.465 and 609.455)
- Forgery: such as check forgery or altering a public record with the intent to defraud (Minn. Statute 609.631, 609.625 and 609.63)
- Misuse of public funds or assets

In a strong control environment, the same rules apply to everyone. Don't belittle internal control procedures nor allow management to override procedures. Avoid conflicts of interest (Minn. Statute 471.87 – 471.89), have a policy of appropriate discipline for violations, be alert to an employee's outside interests, and always remember it's the public's money.

The Office of the State Auditor (OSA) Legal/Special Investigations Division investigates allegations of theft or misuse of public funds. It also provides legal compliance information and training to local government officials. The following are the reporting requirements if fraud is suspected (Minn. Statute 609.456):

- Public employee/officer who discovers evidence of theft, embezzlement, unlawful use or misuse of public funds, or property must promptly report to the state auditor (in writing) and to law enforcement
- Identity of a Minn. Statute 609.456 reporter is private data, per Minn. Statute 6.715, subd. 2
- Reporting form is on the OSA website:

<http://www.auditor.state.mn.us/default.aspx?page=reportingfinancialconcerns>

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<sup>2</sup> A special thank you to the Office of the State Auditor Legal/Special Investigations Division for providing the majority of internal control recommendations noted within this chapter.

## Board Oversight

### ***Annual Budgeting Process***

Soil and Water Conservation Districts (SWCDs) boards and staff play a vital role in implementing the state's soil and water conservation policy by providing a direct link between state and federal programs and their local communities including farm producers, lakeshore owners, partnering local governmental departments, and the broader public who is concerned about the sustainability of these critical resources. Without local levy authority, SWCDs rely on federal and state funding, charges for services, and county support. According to the Minnesota State Soil and Water Conservation Policy:

*“Maintaining and enhancing the quality of soil and water for the environmental and economic benefits they produce, preventing degradation, and restoring degraded soil and water resources of this state contribute greatly to the health, safety, economic well-being, and general welfare of this state and its citizens.”*

Due to the diverse and complex internal operation of SWCDs, coordination between the District Manager, fiscal agent/other staff, and District Board is important in the development of the SWCD's annual budget, establishment of financial target, and meeting financial goals.

#### Look at Past Financial Trends

Complete a 5+year analysis of the SWCD's financial statements (see Audited Financial Statements – Going Concern Calculation section of this chapter) to calculate the number of months the fund balance would support district operations. It's not a perfect system since there are assumptions and pitfalls but it is good for reviewing long-term trends. Year-end financial statements require a modified accrual-based view of the district finances. Cash based views of finances do not work well for financial trend analysis. The same concept appears to be true for preparing an annual budget.

#### Establish a Financial Target

How many months of unassigned fund balance reserves should you have? Work with your Board to establish a financial target in terms of percent of operating budget, not a dollar amount. Establishing a fund balance in terms of percent of operating budget should include an assessment of the Board's comfort with the financial risk of their revenue streams. For Boards who have a high certainty regarding the stability of their operating fund revenue streams, a lower fund balance reserve may be appropriate whereas Boards whose operational funds are unstable, subject to change or discontinuation, and at greater risk, a higher fund reserve balance may be needed to provide short-term coverage in the event a revenue stream is reduced or discontinued. Strive for unanimous agreement, not a majority or consensus, and make decisions based upon that target.

Governmental Accounting Standards Board (GASB) Statement of Position #54 minimum fund balance section states “determine and establish in their fund balance policy a desired minimum level of unrestricted fund balance.”

#### *SAMPLE UNASSIGNED FUND BALANCE POLICY*

“The xxx SWCD acknowledges the need to maintain an unassigned fund balance for several purposes including cash flow and ability to reimburse cooperators of district programs in a timely manner. This need has increased in recent years as state and federal agency policies have changed to a system which includes withholding all or some revenues from the district and/or cooperators until projects are completed.

Taking in consideration “Statement of Position Fund Balances for Local Governments Based on GASB Statement No. 54” reviewed by the Minnesota Office of the State Auditor February 2014, xxx SWCD has reviewed estimated monthly unassigned fund balances (xxx through xxx), timing of revenue streams, and reliability and volatility of revenue streams. xxx SWCD will strive to maintain an unassigned fund balance of 50 to 75 percent of operating revenues, as measured at year end. Additionally, management should periodically monitor the unassigned fund balance throughout the year. Because estimated unassigned fund balances have fluctuated as much as xx percent in a 12-month period, the SWCD will consider the long-term trend in year-end fund balances when making decisions related to meeting unassigned fund balance goals.”

#### Classifications of Fund Balance

As part of the budgeting process, dedicating funds within the Committed or Assigned Fund Balance categories should be done only after sufficient discussion has occurred related to the specific purpose of setting aside the funds. For example, the District Board may have identified a need for a large equipment purchase where it could take several years to purposely budget and generate funds to cover the purchase. Budget for the capital asset, review budget to actual throughout the year, and at year end, reserve the amount within the Fund Balance if sufficient net revenues were generated. Dedicating funds within the Fund Balance demonstrates a planned approach for significant future cash needs of the district. Fund balance is divided into five classifications based primarily on the extent to which the district is bound to observe constraints imposed upon the use of the resources in the General Fund.

#### NON-SPENDABLE

This category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. (i.e. inventory, prepaid items, long-term receivables in the general fund, permanent principal of endowment funds)

#### RESTRICTED

Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation. (i.e. restricted by state statute, unspent bond proceeds, grants earned but not spent, debt covenants, taxes dedicated to a specific purpose, revenues restricted by enabling legislation)

#### COMMITTED

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the District Board. Those committed amounts cannot be used for any other purposes unless the District Board removes or changes the specified use by taking the same type of action

(resolution) it employed to previously commit those amounts. (i.e. governing body decision to set aside funds for a specific purpose, property tax levies for a specific purpose by resolution)

#### ASSIGNED

Amounts in the assigned fund balance classification the District Board intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by the district or the District Manager who has been delegated that authority by district resolution. (i.e. compensated absences, governing body decision to set aside funds for a specific purpose and District Manager could amend up to \$xxx, governing body delegates the authority to assign fund balance to the District Manager, governing body has appropriated fund balance often to balance next year's budget, positive residual balances in governmental funds other than the general fund)

#### UNASSIGNED

Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other fund balance classifications.

#### Manage Decisions to Meet Financial Goals

For SWCDs, the BWSR billable rate calculator closely represents actual cost of providing services. Although the billable rate calculator doesn't factor in a profit margin, it does include nearly all costs and provides the opportunity to use non-federal/state funds, such as the county allocation, for other purposes.

The Board and staff should discuss the annual plan of work, outlining goals and accomplishments for the upcoming year(s). Create a draft budget starting with expenses to determine the amount of funding needed to accomplish the desired work plan. Identify revenue sources available and brainstorm about potential partnerships to help fund shared goals.

Review existing expenses such as fixed costs that are constant without regard to revenue generated such as personnel wages, rent, utilities, insurance, etc. Then consider variable expenses that fluctuate depending upon goods or services provided such as supplies, dues, capital purchases, special projects funded, etc.

Review more secure sources of revenue such as county funding, awarded grants, and approved contracts. Then consider other revenue sources such as potential contracts, grants applied for, charges for services, and sales. Strive to find diversification in funding sources. Since personnel costs are typically the largest item of the budget, what projects/programs will staff be working on in the next year to cover their personnel costs? If employees track all of their time, managers and supervisors can understand how employees spend their time and, during the budgeting process, staff workload can be aligned with funding sources available to cover the personnel costs. This should provide a good base for determining budget over the next year. Periodic review of budget to actual throughout the year helps the District Board determine if it is on target with anticipated revenues and expenses then adjust accordingly.

Contemplate putting together a tentative budget for the next 2-5 years related to revenue sources and projected expenses, including inflation.

#### STRATEGIC PLAN

When new opportunities arise or there's the capacity to expand programs, the District's Strategic Plan (if one exists) should be used to assist in the decision-making process. The Strategic Plan includes financial questions for making program decisions such as:

Are the outcomes provided by the new program worth the resources (time and funding) expended to obtain those outcomes? OR What is the program funding duration?

#### Budget Data in Accounting System

Once the budget has been developed and approved, consider entering it into the accounting system. To simplify the budget entry, it is acceptable to record the entire budget in the first month of the year (January column) vs. splitting the amounts out over all twelve months. Recording the budget within the accounting system would allow a budget vs. actual report to be generated.

#### ***Working with County Boards***

One of the primary sources of funding for many conservation districts is the local county board. In order to optimize the partnership with the county board and ensure they have a full understanding of the district's role in local conservation, a District Board may want to adopt the Know Yourself, Know Your County, and Make Your Ask paradigm.

#### Know Yourself

Before a SWCD can spread their message and express their value to others, the board and staff need to have a solid understanding of who they are as an organization and what they hope to accomplish in the future. For many organizations, there is a danger of falling into a rut where the same things done yesterday are what will happen tomorrow, without any clear understanding why. Many of these long-standing activities are important and fulfill the mission of the district but, without clearly stating and reaffirming current and future directions, there is a risk of continuing to do things the same way because it's the way it has always been done. The efforts that go into knowing yourself will force the District Board and staff to consciously reaffirm the direction of the conservation district and give a clearer understanding of where the district wants to be in the near-term future.

Have a clear understanding and agreed upon statement of what you do and how you do it to explain the value of the district's work: "Our mission is to ...."

- Define the SWCD's outputs from the past year (trees sold, linear feet of shoreland restored, etc.)
- How outputs lead to outcomes: Shoreland buffer program – linear feet of shoreland restored – reduced suspended sediment in lake – improved water clarity in lake
- Provide data from past few years to support the info above

Many SWCDs also want to expand their operations and do more than they are doing now by providing more outreach and services to their cooperating landowners and community members. If so, be sure to define additional outputs for the upcoming year.

Evaluating current programs, outputs, and outcomes allows a SWCD board and staff to review what has happened in the recent past. This evaluation can show what has worked well, less well or not worked at all. Looking at outputs and outcomes can also allow for a general assessment of the efficiency of an operation.

While looking to the past can help reinforce the foundation of a conservation district, looking toward the future will be critical in building a vision in which others, including county commissioners, are willing to invest.

Review budget and spending trends over the past few years, including inflation rate and staff wage increases. Use these inflation rates to predict the budget moving forward. If the expected annual rate of inflation holds true to the past rates, the district will need an additional \$xx in revenue over the next five years just to maintain basic district operations at the current level. This information is vitally important as the SWCD Board and staff continue their working relationship with the county to enhance both near- and mid-term financial planning.

While it is important to consider and plan for the base operations into the future, many districts will want to do new things and expand their outreach and service to their landowners and other conservation partners. Working from desired outcomes, what inputs and outputs are needed to achieve the outcomes and how does this affect future budget planning?

### Know Your County

Unlike SWCDs, which are Special Purpose Districts, counties are general purpose units of governments tasked with providing a variety of services. Many of these services are dictated by the state while others are selected by the local county board of commissioners.

By understanding how much of the county budget goes to support core services, conservation district boards and staff can better understand the budgetary and mental priorities of county commissioners and administrators or coordinators.

Within the larger expenditure record, there is a line item for the Conservation of Natural Resources. This line item includes budget items such as the conservation and development of natural resources including agricultural and forestry programs and services, weed inspection services, and soil and water conservation services. Knowing the percentage of the county's budget that goes toward natural resource management can provide a tool for better understanding how the county commissioners value conservation and how the SWCD intergovernmental transfer relates to the larger conservation of natural resources within the county.

The county budget for next year is likely determined but there is still room for some moderate changes. Cost savings in one area may be available for allocation to another area. Most county administrators will have next year's budget for the county mostly framed based upon the current year's budget. In addition, county department heads will also be anticipating future budgets that are fairly similar to the current year so changes to the next year's budget structure are likely to require some significant negotiation. If the SWCD board and lead staff would like to see significant increases in their county allocation in next year's budget, they will likely need to engage with their county department head allies to advocate for departmental reprioritization and reprogramming.

SWCD boards and staff have a comprehensive understanding of the programs which they deliver for the benefit of the county residents. However, many of these programs may not be clear to county board members. Providing enough program details so the county commissioners can understand the local benefits of a program is another critical step in giving the county commissioners enough information to better understand the value of

the conservation district. (i.e. SWCD Cost Share Program – provided \$15,000 to three landowners for the installation of BMPs to stabilize streambanks)

This similarity of representing the interests of residents within the county is a commonality that should allow for a strong relationship between the county commissioners and the soil and water conservation district supervisors. However, when SWCD supervisors are developing a working relationship with the county commissioner, it is important to account for the general purpose nature of county government. With county commissioners focused on the general government duties, they may not have a full understanding for the role of the soil and water conservation district within the county structure or even that a conservation district is different from a county department.

### Make Your Ask

When conservation districts are thinking about making their ask of the county board, there should be significant deliberation and preparation beforehand to allow for a presentation that puts the conservation district and the budgetary request in the best light. This pre-work includes preparing the ask, activating partners, practicing, and making the ask. Following the ask and receiving the response from the county, evaluating the process is also important so the conservation district can make any modifications to the process for the next year's ask.

The SWCD board would also begin working with the county administrator and individual board members to build an expected operational budget increase into the annual county request to offset the expected inflationary pressures so the district could continue providing high quality services to the residents of the county. Does a 10-year analysis of county allocation funding to inflation rates show the county allocation has kept pace?

Since 2016, BWSR has been providing local capacity service funding. The grant provides the SWCD with funds for the general administration and operation of the district and for building capacity. Eligible activities include staffing, facility administration, supplies, conservation practice cost share and incentives, and equipment. How has county funding increased to maximize this source of funding through BWSR?

Complete a 5+ year analysis of the SWCD's financial statements (use audited financial statement data if available - see Audited Financial Statements - Going Concern Calculation section of this chapter) to calculate the number of months the fund balance would support district operations. What is the trend? Compared to peers, how is the district trending?

Review the three previous years budgeted to actual, including the percentage of variance, and identify if the need exists to readjust budget in alignment with current spending needs. In addition to county support, external funding such as grants or charges for services could prove very helpful for increasing the fund balance of the district. Staff time tracking helps the district manager understand how employees spend their time and, based upon funding available, could help redirect employees' activities towards funding sources thereby increasing state grant revenue and personnel costs chargeable to grants. Has there been any changes to the total charges for services revenue over the past few years? Perhaps a review of these activities is warranted. How do budget projections increase district capacity to enable investing in capital equipment purchases or increasing the fund balance?

When preparing a budget request with multiple components, itemizing the request will allow the county board and administrator/coordinator to have a fuller understanding of the conservation district's budget request.

During the itemization process, it is helpful to create a story scaffolding around the dollar amount. This puts the dollar amount within the larger context of what is being gained or lost through this particular item of the budget request and allows the county board to select items to fund or select items not to fund. It also allows the conservation district to provide a solid linkage to what is being lost if the funding request is not met. What does an itemized review of expenses by type for the past three years and compared to the proposed budget request look like?

When the SWCD board and staff have developed their ask, the next step is to activate the partners within the county governing structure and other supportive groups to communicate in support of the conservation district's budget.

Prior to making the specific ask before the county board, remind the county department heads of the relationship between the conservation district and the department including the benefits the conservation district brings to the county department, particularly if there is no additional cost to the specific county departments. If there are any specific activities or projects that were done in cooperation with the county department staff or partners, these should be highlighted during the discussions. Indicating to the department head that the conservation district is planning to ask for an increase and explaining how this increase will allow for continued or enhanced cooperation can remind the department head small additional investments to the conservation district will bring real meaningful benefits to the department, often beyond what can be accomplished with direct funding from the county to the specific department.

In addition to working with the county department heads individually, the conservation district manager should make a specific effort to sit in on county department head meetings during which the county administrator presents budget targets and where the department heads may present their overall budget. Attendance at these specific budget meetings elevates the conservation district to an integral part of the county operational structure. This allows the conservation district manager to present the case for the conservation district's budget and to understand the larger context within which the district's budget operates in terms of the overall county budget.

Another important support structure are those landowners and others with whom the conservation district has partnered over the past year. When landowners or other project cooperators make direct contact with their county commissioner and county administrator/coordinator, those contacts carry far more weight than when a conservation district staff or board member advocates on behalf of their own organization. As conservation district staff are contacting their project partners, providing some coaching on what to say as they are making these contacts can help tailor a specific message in support of the conservation district. For example, what project was installed, what did the conservation district staff do in terms of design and project oversight, and if the project would have been installed without the presence of the conservation district.

Regular chats between the county commissioner and the SWCD board is a good place to casually inform the county commissioners about the district's budget proposal and any potential requests for increases in funding. During these discussions, the SWCD board member may sense the county commissioner's general feelings regarding the likelihood for success of the requested increase, the potential positions of other county commissioners, and if there is anything that might be particularly useful in enhancing the acceptance of the requested increase.

In order for the conservation budget presentation to carry the appropriate weight, it is beneficial to have both the conservation district manager and at least one board member in attendance at the county board meetings. If the conservation district board member can also present the budget request, it places the request as one between elected officials, which adds a further strength. In addition, based upon discussions with the county department heads, the county administrator/coordinator, and the individual county commissioners, the SWCD manager and board members should have an understanding for some of the questions and concerns which may arise following the budget request.

Once the SWCD board member or manager has made the budget request, which includes the budget increase, the conservation district personnel should allow the county commissioners to make the next move. As county commissioners begin to ask questions about the budget request, provide short but sufficient answers to the specific questions. Let the commissioners explore topics of their interest and concern.

Immediately following the conservation district's presentation, the manager and attending conservation district board members should take some time to evaluate how the presentation went, compare impressions on the reactions of the county commissioners and determine next steps. How was the content? Was there a clear message? Was the presentation style appropriate to the setting?

What the district is today as it completes the process of knowing itself will change over time. The interests of the people and the uses of the land evolve following local, regional, national, and even international pressures and trends. As the people and the land use within a conservation district changes, a conservation district should evaluate and make the appropriate changes to ensure the goals and operational capacity of the district remain relevant to the local conservation needs.

### ***Board Treasurer's Report***

#### District Fiduciary Duties

A SWCD is governed by specific state laws which provide the framework wherein much of district financial management occurs. Understanding these laws is important to know the parameters within which a district can operate financially. MN State Statute 103C.321 Officers and Employees:

- Subdivision 1. Officers. (c): A secretary and treasurer shall be appointed who need not be members of the board.
- Subdivision 5. Delegating Duties: The district board may delegate to its chair or other officer, to one or more supervisors, or to one or more agents or employees the powers and duties they deem proper.

The District Treasurer's basic role is to work with designated staff for the financial oversight of the district.

Duties may include:

- Oversee the completeness and accuracy of district receipts and expenditures
- Review the credit card statement for appropriate charges
- Be prepared to answer questions from other board members regarding monthly, quarterly, or annual financial data and reports
- Oversee payment of bills approved by the board and issuance of receipts for incoming funds
- Assure all bills authorized for payment by the district board are recorded in the meeting minutes
- Work with the district staff to develop a fiscal year budget

- Arrange for surety bonds covering appropriate SWCD supervisors and staff
  - MN Statute 103C.321.Subd.3 Employee and Officer Bonds. The district board shall provide for the execution of surety bonds for all employees and officers who are entrusted with funds or property.

Consider multiple year appointments for the treasurer position since the person identified to fill this role should adopt a long-term perspective to better understand how the district’s finances evolve over time which allows for enhanced responsiveness to changes. The treasurer should have financial expertise, familiarity with finances, or a willingness to learn the financial realm. Examples of this oversight may include:

- Knowledge of financial trends:
  - Revenues may be periodic
  - Some expenditures are constant
  - Deficit spending is troublesome
- Long-term fiscal outlook of the district
- Year to year review of the financial statement data (5+ year analysis)
- Provide a second review for the district staff of receivables and payables

Periodic review of budget to actual revenues and expenditures will help identify unmet expectations. When this occurs, the treasurer may lead the board discussion on what has changed, how it influences the budget, and whether expectations need to be adjusted.

#### Treasurer’s Report

The purpose of financial reporting is to make sure any decisions needed take into consideration accurate and up-to-date financial data. SWCDs are local units of government utilizing public funds. Therefore, regardless of the frequency of meetings, it is useful to give board members a treasurer's report monthly. The Board Treasurer should have knowledge, awareness, and/or oversight of the day-to-day expenses, including cash receipts and expenses for a given month.

Treasurer’s Reports can be tailored to fit the District’s needs. There’s less chance of human error if the data for the report is pulled directly from the accounting system. Districts are encouraged to utilize the functionality of computerized accounting to increase the integrity of the data reported and reduce staff time to prepare manual reports. If payroll is reported as a lump sum on the report, a detailed report (such as the Payroll Summary) should be included for the Treasurer’s review. Follow a similar approach for any amounts summarized (credit card charges, etc.). A sample Treasurer’s Report is included in the Appendix, along with instructions on how to set up the report in QuickBooks (common accounting software used by SWCDs but not specifically endorsed for usage).

Signature on a Treasurer’s Report validates the report has been reviewed and by whom. Validation of the review is considered a best practice demonstrating accountability in the management of public funds.

#### Internal Controls

The District Treasurer is an important role in fiscal oversight of the district. Best practice would be for the Treasurer to review district receipts and expenditures prior to the Board meeting, choose a few of each

receipt/expenditure and review the original documents, then report the outcome to the full Board during the meeting. Each month test different types of expenditures.

Consider having the bank statement mailed or online viewing access given to someone, other than fiscal staff, who can provide review/oversight as an internal control. For more information, see the Bank Statements Internal Controls section of this chapter.

If the District Treasurer serves as the custodian of any imprest fund (i.e. Petty Cash), review of the itemized claim for all disbursements could occur prior to the board meeting and included as part of the Treasurer's update to the board. Review should also be done when there are changes to investment, savings, or certificate of deposit accounts. The District Treasurer should review all credit card statements and supporting receipts/invoices for compliance with the Credit Card Policy. Sample policy provided in the Payables – Credit Cards section.

### ***Board Meetings***

The job of board members is very complex and collaborative. Making the most of board meetings is essential to good governance, strong leadership, and healthy organizations. Since governance is a collective process, meetings are a necessity of board work. Good meetings increase member engagement, maximize collective wisdom, and ensure the right focus at the right time.

As a board member, be open to new ideas or perspectives. It's okay to disagree and seek to understand through listening and open questions. Be aware of intent and impact. It is possible with the best of intentions to have a negative impact. Turn from negative judgment to compassionate inquiry. Don't rush to consensus and create a "parking lot" for unresolved issues the board needs to revisit later.

#### Parliamentary Procedure

Boards generally utilize some type of parliamentary procedure during meetings. Robert's Rules of Order is the standard for facilitating discussions and group decision making. Having an agreed upon set of rules helps meetings run smoother thus increasing productivity of the group.

#### Open Meeting Law

Per Minn. Statute 13D. Open Meeting Law, at least one copy of all printed or prepared meeting materials available to the board members before or during the meeting must be available in the meeting room for inspection by the public during the meeting. Best practice is to make the materials available on the SWCD website prior to the meeting.

#### Quorum

According to MN Statute 103C.315 Subd. 3, a majority of the supervisors is a quorum and the concurrence of a majority in any matter is required for its determination except as otherwise expressly provided.

#### Policy on Board Meetings

The district should have a policy in place related to when or how often the Board will meet and how bills/invoices are reviewed and paid. Be sure to include a contingency plan should a board meeting be cancelled or rescheduled.

#### Board Packet

A board packet serves as an outline for the meeting and provides relevant data for the topics to be discussed and decisions to be made at the meeting. The contents of the board packet will vary by organization, whether the meeting is public or private and should cue up the meeting so time is spent in robust dialogue and discussion vs. sharing information which could have been read in advance. Include as many relevant documents as possible per the agenda provided. Best practice would be to send out the board packet (mail, email, or link on SWCD website as pre-Board packet) at least one week in advance of the meeting to allow board members sufficient time to review.

### Consent Agenda

To ensure more time for discussion, a consent agenda may be used to handle uncontested and routine business not requiring discussion. Typical items might be acceptance of minutes, final approval of items already vetted, and acceptance of routine reports. Such items are grouped into one agenda item and approved in one motion. Although consent agendas are an efficient use of time, be careful not to include important items warranting discussion and proper vetting by the board. To ensure items are indeed appropriate for the consent agenda, provide sufficient background materials in the board packet. Allow members to request an item be pulled from the consent packet if they feel a discussion is necessary.

### Agenda

The meeting agenda is very important to cover all applicable items and the Chair's responsibility to keep the members on task. Agenda items could include who is responsible for presenting each item and leading the discussion. Possible order of the agenda as follows:

- Call meeting to order
- Consent Agenda (if applicable)
- Adopt the agenda (in case of additions/changes)
- Secretary's Report
  - Review and approval of last month's Board meeting minutes
- Review of the Balance Sheet, Profit and Loss report and receipts/deposits (report in QuickBooks: Receipt Journal). During review, note the following:
  - Sources of revenue
  - Timing of revenue
  - May help explain motions requested throughout the meeting
- Bills pending and paid since last meeting
  - Best practice is for the Board to review bills prior to payment. Districts may choose to delegate this authority to district staff or the Board Treasurer, with the delegation reviewed on an annual basis and documented in the Board minutes.
- Treasurer's report
- Cost-share project(s): approval of contract(s), approval of payment(s)
- District manager, staff, commissioner, or other reports
- Old Business (items discussed at previous meetings but not yet approved/finalized)
- New Business (new items not yet discussed at previous meetings):
  - Legislative update
  - BWSR update
- Workshops/trainings

- Attended and upcoming
- Adjourn the meeting

### Meeting Minutes

Meeting minutes are a summary of the Board discussion, not a word by word verbatim of the conversation. If the Board Treasurer or District staff provide their report in written form, attach as part of the meeting minutes. It may be helpful to draft the meeting minutes soon after the meeting with current memory. The minutes are unofficial until the next meeting where the minutes are reviewed and approved. The Board Secretary or district designated staff should record the meeting minutes.

### Supervisor Duties

The duties of a district board supervisor may include hiring/firing lead staff, budgeting, and fiscal accountability, listening to your constituents, setting/changing direction, being transparent, seeking solutions, and respecting the decisions of the Board.

### Supervisor Compensation

Per MN Statute 103C.315 Subd. 4 and law enacted during the 2021 1<sup>st</sup> Special Session, a supervisor shall receive compensation for services up to \$125 per day and may be reimbursed for expenses, including travel expenses, necessarily incurred in the discharge of duties. A supervisor may be reimbursed for the use of the supervisor's own automobile in the performance of official duties at a rate up to the maximum tax-deductible mileage rate permitted under the federal Internal Revenue Code.

### Internal Controls

The Board may delegate check signing authority to district staff, with the delegation reviewed on an annual basis. Best practice would be to limit additional check signing authority and access to bank accounts to two Board members such as the Treasurer and Chair.

The Treasurer's Report section identifies internal controls the Treasurer and/or Board could provide.

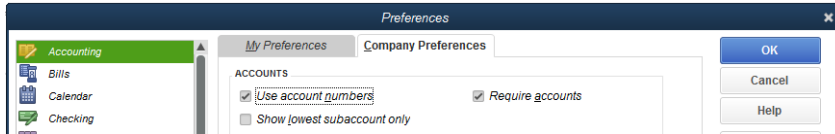
## **SWCD Accounting**

### ***Chart of Accounts***

The purpose of a chart of accounts is to secure a fixed structure of accounts used in accounting and is necessary to provide for uniform terminology and meaningful financial reporting. The chart of accounts is a list of account titles (may include numbers) used by the district showing accounts used and classification by type of account (i.e. assets, liabilities, revenues, expenditures). Too many accounts create confusion so it's a good idea to periodically review the chart of accounts and mark unused accounts inactive. Typically, a four-digit number system should suffice for most districts and keeps the numbering scheme easier. However, larger districts may find it beneficial to use a five-digit number system for increased flexibility.

Best practice is to use numbered account titles. Account numbers simplify recording transactions during the year and allow a better flow of data into the annual financial statements. It is also easier for auditors to propose journal entries referencing specific accounts with numbers. Account numbers enable sorting grants and accounting activities. To require account numbers in QuickBooks:

Edit menu – Preferences – Accounting – Company Preferences



## ***Basic Chart of Accounts***

### Assets and Liabilities

Assets and liabilities are listed in order of liquidity - short-term followed by long-term.

Prepaid asset accounts are only needed for those items paid in advance for goods or services to be delivered the following year (i.e. trees, insurance, dues/subscriptions, software licenses). See the End-of-Year Accounting Adjustments section for more information.

Recommend breaking out unearned revenue by type (i.e. county, federal, state, etc.) to facilitate year-end reporting. Best practice is to set up an unearned revenue account for each advanced payment grant. The unearned revenue grant account is where all revenue and expenses are individually tracked and reviewed during a financial reconciliation of the grant.

Districts may create unearned revenue accounts for monies received from the county and move the monies to revenue as earned or on a periodic basis during the year to reduce variance in the Profit and Loss report during the year. By year-end, remember to record all revenue received for the year unless it meets the definition of unearned revenue. For information on how to track unearned revenue, refer to the Grants Management – Unearned Revenue Method for Advanced Payment Grants section.

### Revenues

As a unit of government, revenue accounts are listed in alignment with the district mission of intergovernmental revenues first, followed by charges for services, and then miscellaneous revenues.

Recommend breaking out county revenue by function to facilitate year-end reporting (i.e. allocation, water plan, WCA, feedlot, abandoned wells, DNR shoreland, AIS, etc.).

If tracking advanced payments on grants as unearned revenue when received, there's no need to break out revenue and expense by grant. The unearned revenue grant account is where all revenue and expenses are individually tracked and reviewed during a financial reconciliation of the grant.

It is a good practice to set up corresponding revenue and expense accounts for a specific item if the district wants to track the item’s financial benefit (i.e. drill revenue generated vs. cost to maintain/use/rent the drill).

Expenditures

The order of expenditures would be: district operation accounts, other services and charges, supplies, capital outlay, and project/program expenditures.

Sample Chart of Accounts

The layout described also aligns with the standard format for financial statements. A very simplified sample chart of accounts is provided in the Appendix. As always, adjust to meet the needs of your district. Grant subaccounts are a suggested format when using the unearned revenue method of accounting.

If the district is using QuickBooks class tracking, there’s no need to create subaccounts for any revenue or expense accounts which have been set up as a class since the reports will show each class in a columnar format. For more information, refer to the Grants Management - QuickBooks Class Tracking for Advanced Payment Grants section.

**General Accounting**

Affidavit of No Receipt

Receipts/invoices are needed before expenses can be paid, including expense reimbursement to employees and supervisors. If a receipt was lost or never received and the district allows a substitute, purchaser could submit an Affidavit of No Receipt (sample in the Appendix). Granting agencies may or may not accept an Affidavit of No Receipt in lieu of an actual receipt for a grant/match cost.

Petty Cash

Petty Cash is easily accessible money for expenditures of small items. Claims submitted must include an invoice or receipt detailing the item(s) purchased.

To initially fund or replenish the Petty Cash account:

<u>Date</u>	<u>Memo</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
06/01/2018	To Fund Petty Cash	1020 - Checking		100.00
	To Fund Petty Cash	1010 - Petty Cash	100.00	
			<u>100.00</u>	<u>100.00</u>
<b>TOTAL</b>			<b><u>100.00</u></b>	<b><u>100.00</u></b>

The Petty Cash account is to be reconciled monthly, like other checking/financial accounts. Depending upon the process used to track payments made with petty cash, manually reconcile petty cash on hand with receipts/invoices received. The total of cash and receipts to match the beginning amount from the first of the month (if reconciled monthly) of petty cash. Record in the accounting system the expenses paid with petty cash.

- If using QuickBooks, open the Check Register for Petty Cash and create entries using the existing numbering protocol (i.e., 102 - cash, in place of the check number) for each expense noting the correct date, payee, amount, expense account, etc. (if applicable, enter class).

<u>Date</u>	<u>Memo</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
6/30/2019	Petty Cash Summary Entry	1010 - Petty Cash		17.30
	US Postal Service	5240 - Postage, Mailing Service	9.80	
	Office Max	5810 - Office Supplies	7.50	
			<u>17.30</u>	<u>17.30</u>
<b>TOTAL</b>			<b><u>17.30</u></b>	<b><u>17.30</u></b>

Next, write a check to “Petty Cash” from the checking account to replenish the Petty Cash account. For example, if there is \$82.70 in petty cash and \$17.30 in receipts, write the check for \$17.30 to replenish Petty Cash on hand to its initial amount of \$100.00. Reconcile Petty Cash within the accounting system similar to reconciliation of the checking or savings accounts. When complete, the difference should be “zero.” Print and file documentation as needed.

### *Internal Controls*

Use Petty Cash funds only if it is impractical to pay the claim in another manner. In addition:

- Petty Cash cannot be used for salary or personal expenses of a supervisor or district staff
- Secure petty cash funds in a metal lock box that is maintained in a locked desk, locked cabinet, or locked safe to which access is limited
- Board appoints a custodian of each imprest fund. The custodian is personally responsible for the cash entrusted to the fund.
- Custodian presents itemized claim for disbursements from the fund at the next board meeting
- Reconciliation of the petty cash fund should be done by someone other than the person approving withdrawals from the fund
- See Treasurer’s Report - Internal Controls section if custodian is the Board Treasurer

### Investments/Certificate(s) of Deposit

If the district has investments, savings, and/or certificates of deposit, the funds should be reconciled at least annually (end of the year for financial statement purposes) or whenever interest is accrued. Typically, the financial institution would send a statement indicating date and amount of interest accrued.

Each investment/savings/certificate of deposit should be recorded in the accounting system as a separate account or subaccount and would be included on the Treasurer’s Report. Record as much detail within the account setup as appropriate.

To initially fund an investment, savings, or certificate of deposit:

<u>Date</u>	<u>Memo</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
3/1/2019	Fund Certificate of Deposit	1020 - Checking		10,000.00
	xxMo CD Maturing mm/dd/yy	1040 - xxBank CD	10,000.00	
			<u>10,000.00</u>	<u>10,000.00</u>
<b>TOTAL</b>			<b><u>10,000.00</u></b>	<b><u>10,000.00</u></b>

To record interest accrued during the year:

<u>Date</u>	<u>Memo</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
9/1/2019	6 months interest on xxBank CD	4810 - Investment Rev		50.00
	6 months interest on xxBank CD	1040 - xxBank CD	50.00	
			50.00	50.00
<b>TOTAL</b>			<b>50.00</b>	<b>50.00</b>

When the investment or certificate of deposit has matured, the final amount realized would be updated within the accounting system and the account balance transferred to either a checking, savings, or another investment/certificate of deposit account. The investment/certificate of deposit account which has matured would then be inactivated within the accounting system.

*Internal Controls*

The Board Treasurer should review all changes to investment, savings, or certificate of deposit accounts during the regularly scheduled review.

Inventory

Inventory is the goods and materials the district holds for resale at a later date. Typically, trees do not need to be tracked as Inventory since all trees are sold before year-end. Recommendation is to track inventory when the district maintains a physical value of \$2,500 or more. The Cost of Goods Sold account is used when inventory becomes a significant part of the district’s total revenue.

If Inventory is tracked, at least annually a physical count should be conducted to compare the physical inventory to inventory recorded in the accounting system.

Deposit on Tree Sales

Deposit on Tree Sales are payments received in advance for future tree purchases.

Payments received in advance should be recorded as a current liability:

<u>Date</u>	<u>Memo</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
10/11/2019	John Doe advanced sale	1020 - Checking	50.00	
	John Doe advanced sale	2310 - Deposits on Tree Orders		50.00
			50.00	50.00
<b>TOTAL</b>			<b>50.00</b>	<b>50.00</b>

When the trees are sold (delivered), the deposit would be taken out of the current liability account and recorded as revenue:

<u>Date</u>	<u>Memo</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
4/17/2020	John Doe advanced sale	2310 - Deposits on Tree Orders	50.00	
	John Doe advanced sale	4710 - Tree Sales Revenue		50.00
			50.00	50.00
<b>TOTAL</b>			<b>50.00</b>	<b>50.00</b>

## ***Bank Statements***

A bank reconciliation is used to compare your records (book balance) with those of your bank (bank balance) and reconcile any differences between the two balances. Timing differences of transactions recorded by the organization vs. when updated in the bank's system are most common. Bank reconciliations are an important accounting procedure and can identify errors by the bank or organization as well as detect/prevent fraud.

When the bank sends a statement, the burden shifts to the customer to promptly notify the bank of unauthorized payments (Minn. Statute 336.4-406). Organizations are encouraged to review their financial institutions' agreement to understand the length of time they have to identify fraudulent items and mistakes.

### **Bank Statement Reconciliation**

The bank statement should be reconciled monthly and within a timely manner upon receipt. The District fiscal staff/agent should reconcile the bank statement, in addition to a separate reconciliation as noted in the Internal Controls below. Reconcile within the accounting system if this capability exists. Because QuickBooks is a commonly used accounting software for SWCDs, the following outlines the process within this software to reconcile the bank statement:

1. Within QuickBooks, click on "Banking" then "Reconcile"
2. Choose an account from the dropdown menu
3. Verify "Statement Date" is the same as the end date on the bank statement
4. Verify the "Beginning Balance" is the same as the beginning balance on the bank statement
5. Enter the "Ending Balance" from your current bank statement
  - a. 5.a. Enter interest and fees as noted on the bank statement
6. Click on "Continue"
7. Check off each of the "Checks and Payments" in QuickBooks which cleared per the bank statement
8. Check off each of the "Deposits and Other Credits" in QuickBooks which cleared per the bank statement
9. Verify "Difference" is \$0.00 when completed. If not \$0.00, there is most likely an error when checking off cleared debits or credits. Reconcile all differences.
10. Click "Reconcile Now"
11. Select the type(s) of Reconciliation Report(s) to print
12. Click "Print"

### ***Internal Controls***

Typically, cash is the most vulnerable asset for the organization. Bank reconciliations provide the necessary control mechanism to help protect this valuable resource and are the most common way fraudulent activities are identified.

Consider having the bank statement mailed or online viewing access given to someone, other than fiscal staff, who can provide review/oversight as an internal control. At least monthly, someone NOT involved with writing checks or making payments should provide a double-check for the fiscal staff/agent by reconciling the bank statement to records of claims approved. Review for:

- Amount altered
- Proper payee
- Void check cashed
- Checks out of sequence
- Unauthorized payments

**Sample Bank Statements Policy:**

*“As an internal control measure, all bank statements will be reviewed in a timely manner by xxx, who has not been involved with writing checks or making payments. (identify what documents will be used for the review process) Any irregularities identified will be promptly reported to xxx.” (xxx – identify by position type)*

If someone other than the fiscal staff/agent cannot reconcile the bank statement, another option would be to hire the accounting firm conducting the audit to request bank statements directly from the banking institute and review as part of the audit process.

A best practice would be to require two signatures on all checks and review monthly to assure compliance. Signatures of authorized signers should be on record with the bank. Checks written out for cash should be monitored closely to assure appropriate documentation of related expenses or discouraged altogether.

**Sample Checking Account Policy:**

*“All District checks will be required to have two authorized signatures. District Board Members (list specific Board members/positions) and the District Manager are authorized to sign checks. If there is a check outstanding for more than xx months, the district will contact the payee to inquire on the status of the check.”*

Political subdivisions sometimes issue checks that are never cashed or are returned as undeliverable. Under Minnesota’s Unclaimed Property Laws, uncashed and returned checks must generally be reported to the Minnesota Department of Commerce. More information is available on the Department of Commerce website at: <https://mn.gov/commerce/industries/unclaimed-property/>. (Minn. Statute 345 Unclaimed Property)

Other internal control measures would be to involve the bank and not allow cash withdrawals or periodically obtain from the bank a list of all the organization’s bank accounts. Another measure is a Positive Pay System whereby the bank only pays based upon a supplied list of checks issued.

**Receivables**

Receivables are debts owed to the district by its customers for goods or services the district provided. Receivables can either be in the form of cash receipts or accounts receivable invoices.

### Cash Receipts

The purpose of cash receipts is to provide written documentation to purchasers of monies received by the district for goods or services. A receipt should be provided timely for all monies received, whether in the form of cash or check. A receipt produced by the accounting system is preferred; however, if this is not possible, a receipt book with pre-numbered duplicate forms may be used. If an error is made when recording in the receipt book, the form should be marked “void” and all copies of the form retained in the receipt book. The district should have a policy for the handling of cash receipts.

#### ***Sample Cash Receipts Policy:***

*“Receipts will be issued timely for all monies received. Preferably, a receipt will be produced by the accounting system. If a receipt book is used, the receipts will be pre-numbered and in duplicate form. All cash or check receipts shall be endorsed upon receipt as payable to the district, recorded, and deposited in the bank within a timely manner but no later than by the end of the work week.”*

### Accounts Receivable

Accounts receivable is an asset account reflecting amounts due on account from persons or organizations for services or goods furnished. All invoices for customers and government entities should be created in Accounts Receivable after the services or goods have been provided. Any projects with holdbacks should have the holdback invoiced through Accounts Receivable. Tracking manually is not advised since the risk of forgetting/losing revenue is high and/or good records do not exist for the audit. An example of this is when invoicing another local government unit for services provided. Once invoiced through Accounts Receivable (QB: Customers – Create Invoices), record payments towards the invoice(s) when received.

Example: Invoice Stormy SWCD for technician services provided - not related to a grant:

DEBIT: 1200 - Accounts Receivable

CREDIT: 4630 - Charges for Services – Contracted Services

Accounts receivable containing non-public data to be stored in a secure location or locked file cabinet within a lockable office space. When a check is received, stamp “for deposit only” on the back of the check as soon as it is received.

When invoicing for services provided and the funding source is known, accounting standards recognize revenue by funding type (i.e. state, county, local, federal, etc.). This is helpful when invoicing another local government unit for services provided on a state grant to use the appropriate billable rates and for proper classification of revenue on the annual financial statements. If governmental units are invoiced using the Accounts Receivable – Due From Other Governments account, the funding type is recognized when the invoice is generated thus avoiding the need to reclassify at year end.

### Bad Debts

Accounts Receivable not expected to be collected should be taken to the board for approval to write off and documented in the Board minutes. Within the month approved, access the accounts receivable invoice within the accounting system and record the invoice amount as a discount used for the applicable funding source

(Charges for Services – Bad Debts). This will zero out the balance due within Accounts Receivable and reduce total revenue.

### *Internal Controls*

Typically, cash is the most vulnerable asset for the organization. Fraudulent activities when receipts are not deposited may include:

- Skimming – cash removed prior to deposit (unreceipted cash)
- Lapping – receipted cash replaced with unreceipted checks

If the district is large enough, separation of duties between several staff protect district assets. Otherwise, the Board Treasurer or Board could provide assistance with managing cash receipts. To safeguard district funds when received, consider building in double-checks to the process such as:

- Someone other than the person collecting monies compares items sold to monies collected
- Person collecting monies is not the person preparing the deposit
- Person collecting monies receives periodic report of deposits
- Second period reviews and okays all voids/refunds

Other internal controls for cash receipts may include:

- Daily bank deposits
- Reconcile receipts with deposits daily
- Do not leave receipts unattended
- Know the amount in any change fund (starting balance)
- Consolidate cash collection points
- Periodic report of deposits to person/department collecting payments
- Pre-numbered receipts for all payments/sales
- Note if payment is by cash or check (include check number) and compare to deposit
- Deposits made intact
- Beware of voids and refunds
- No cashing of personal checks out of undeposited receipts
- No “borrowing” from public funds (no IOUs or “markers”)
- Upon receipt, the back side of all checks received should be stamped “For Deposit Only”

### ***Payables***

Payables are debts owed by the district to its suppliers for goods or services the district received.

### Debit Cards

A debit card is a payment card which deducts money directly from the user’s checking account to pay for a purchase. While entities have the authority to make purchases using credit cards, the authority to use debit cards is less clear. Debit cards allow funds to be immediately withdrawn from the entity’s financial account, provide fewer protections than credit cards provide and circumvent statutory claims approval safeguards.

Recommend entities use credit cards, not debit cards, to make purchases for the public entity. See Office of the State Auditor Statement of Position on Credit Card Use and Policies.

### Credit Cards

A credit card is a payment card issued to a user to enable the cardholder to pay a merchant for goods or services based on the cardholder's promise to the card issuer to pay them for the amounts plus other agreed upon charges. Because of the ease in using credit cards, the district should consider having a policy in place to ensure the district's credit cards are used for appropriate purposes and adequate controls are established for day-to-day use. See Minn. Statute 103C.321 Subd. 6. Credit Card Use.

Recommendations for a credit card policy:

- Identify the employees and supervisors authorized to make purchases using the district's credit card;
- Obtain signed written acknowledgments of the credit card policies from all authorized card users;
- Identify the particular purchases allowed to be made with the credit card and the maximum charge, if any;
- Restrict the total amount of charges that can be made on the credit card;
- Set up a review process for all purchases made with the credit card;
- Require supporting documentation for all purchases made with the credit card; and
- Prohibit the use of the credit card for personal purchases

#### **Sample Credit Card Policy:**

*"The xx SWCD credit card may only be used for: pre-approved travel expenses for hotel rooms and meals (limited to food and non-alcoholic beverages up to allowable per-diem) for overnight meetings, gas for district vehicles, emergency repairs for the district vehicle when problems occur traveling to and from district meetings, miscellaneous supplies under \$xx, and other necessary pre-approved purchases as deemed appropriate by the Board or District Manager. The authorized signatures assigned to the credit card are xxx. No other person(s) shall be allowed to sign for approved purchases or allowed to use the credit card. Use of the credit card for personal purchased is prohibited and any such unauthorized use shall be reviewed at the next Board meeting. If any credit card purchase is not approved by the Board, the supervisor or employee responsible for the charge is personally liable for the purchase amount. All charges on the credit card must be supported with detailed receipts/invoices and submitted in a timely manner to xxx (position who reconciles the credit card). The credit card statement and related original receipts will be reviewed by xxx and the Board Treasurer."*

### *Internal Controls*

Many local government governing boards are specifically authorized by statute to approve credit card use. If an officer/employee makes a credit card purchase that is not approved by the board, "the officer or employee is personally liable for the amount of the purchase." Credit card purchases must otherwise comply with all statutes, rules, or district policies applicable to public purchases and be supported with original receipt from the

point of sale. Include the specific vendors, not just the credit card company, on claims submitted to the district board for approval.

### Accounts Payable

Accounts payable is a current liability account in which the district records the amounts it owes to suppliers or vendors for goods or services the district received on credit. The module is used primarily with modified accrual accounting. More information can be found in the Overview of Accounting System and Methods – Accounting Methods section of this chapter.

If amounts owed to governmental units are recorded using the Accounts Payable – Due To Other Governments account, the funding type is identified when the liability is recognized thus avoiding the need to reclassify at year end.

### Check Payments

A check is a negotiable instrument drawn against deposited funds to pay a specified amount to a supplier or vendor for goods or services received. The district board should review expenditures on a regular basis, documenting the approval or denial in board minutes.

Invoices must have sufficient detail to adequately document the materials or services provided. Invoices should have a vendor name and address, date of invoice, complete listing of supplies, materials or services showing quantity of each, unit cost, total for each item, and total invoice amount. If services were provided, the invoice should include the timeframe services were rendered.

Payments should be generated from the accounting system and printed on pre-numbered checks. Blank checks would be stored in a secure location or locked file cabinet within a lockable office space.

When an error is made on a check, write “VOID” with an ink pen across the face of the check and signature area or remove the signature area. Be sure to void the check in the accounting system; do not delete the check. Voided checks should be kept along with the cancelled checks, filed in check number order, or attach the voided check to the check stub and invoice paid.

If separation of duties is feasible, the person who drafts the check would have no check signing authority and checks would be signed by someone who has no check drafting authority. Oversight is recommended to assure the process is being followed consistently. The check signer(s) should review the expenditure paperwork to verify it’s an appropriate district expense and correct payee and amount. A best practice would be to have a Board policy related to the review and approval of invoices and the drafting and signing of checks.

#### ***Sample Check Writing Policy:***

*“The district board will review expenditures on a regular basis, documenting the approval or denial in the board minutes. Only pre-numbered checks will be used to generate payments with blank checks securely stored xxx and only xxx shall have access to the area. After Board approval, (list position[s] responsible for writing checks) shall write the checks and xxx (list all authorized signers) are authorized to sign the checks. No district check with a blank payee*

*line or amount can be signed. (As an internal control, explain how oversight of the process will be handled)."*

### *Internal Controls*

Typically, cash is the most vulnerable asset for the organization. Fraudulent actions may occur without proper procedures and oversight of the check writing process. Some considerations include:

- Bank should have the authorized signers on file for each account;
- Policy outlining who has authority to transfer monies and dollar limits associated with each authority;
- Checking, savings, or investment account numbers is non-public data and should be protected accordingly;
- Policy outlining check signing authority limits; and
- Debit cards should be discouraged since they lack fraud protection.

### **Capital Assets**

Capital assets means tangible or intangible assets used in operations having a useful life of more than one year and capitalized in accordance with generally accepted accounting principles (GAAP). Capital assets include:

- Land, buildings/facilities, equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

The district should have a Board approved policy establishing a threshold for capital asset purchases. Recommendation is a capital asset threshold of somewhere between \$2,500 to \$5,000, depending upon the size of the district.

#### ***Sample Capital Assets Threshold Policy:***

*All tangible and intangible assets having a useful life of more than one year and costing \$2,500 or more shall be capitalized and depreciated according to Generally Accepted Accounting Principles.*

### Capitol Asset Purchases

Provided are examples of how to record in the accounting system a variety of capital asset purchases.

The district uses cash to purchase a pickup with no trade-in of another vehicle. License fees and sales tax are considered part of the capital asset purchase. Record as follows:

Date	Memo	Account	Debit	Credit
4/1/2019	Pickup, license fees, sales tax	1020 - Checking		25,750.00
	Pickup, license fees, sales tax	5900 - Capital Outlay	25,750.00	
			25,750.00	25,750.00
<b>TOTAL</b>			<b>25,750.00</b>	<b>25,750.00</b>

Three months later, the district decides to purchase a \$200 toolbox and \$100 signage for the pickup. The cost would be recorded as a vehicle expense if the cost is below the district's threshold for capitalizing assets.

### Capitol Asset Sales or Trade Ins

The district sold a pickup (2013 Silverado) it owns. Record as follows:

Date	Memo	Account	Debit	Credit
5/1/2019	Sale of 2013 Silverado	4930 - Misc Revenue-Asset Sale Proceeds		25,000.00
	Sale of 2013 Silverado	1020 - Checking	25,000.00	
			25,000.00	25,000.00
<b>TOTAL</b>			<b>25,000.00</b>	<b>25,000.00</b>

Upon sale, remove the capital asset original cost and accumulated depreciation from the equipment log. If the capital asset is not fully depreciated, the remaining cost would be recorded as additional expense in the equipment log:

Your SWCD Capital Assets													
Class	Asset	Expenditure Function	Purchased/Constructed	Useful Life	Adjusted Balance	Additions	Deletions	Ending Balance	Beginning Accumulated Depreciation	2018 Depreciation	Deletion	Ending Accumulated Depreciation	Asset Balance
Equipment, furniture and vehicles													
	2013 Silverado		2013	10	40,000.00		40,000.00	0.00	20,000.00	4,000.00	24,000.00	0.00	0.00
	4 Office Computers		2016	7	3,500.00			3,500.00	750.00	350.00		1,100.00	2,400.00
Total equipment, furniture, vehicles					43,500.00	0.00	40,000.00	3,500.00	20,750.00	4,350.00	24,000.00	1,100.00	2,400.00
Total Capital Assets					43,500.00	0.00	40,000.00	3,500.00	20,750.00	4,350.00	24,000.00	1,100.00	2,400.00
		1/1/2018	Additions	Deletions	12/31/2018								
Capital Assets		43,500	-	(40,000)	3,500								
Accumulated Depreciation		(20,750)	(4,350)	24,000	(1,100)								
Net book value		22,750	(4,350)	(16,000)	2,400								

Instead of selling the 2013 Silverado outright, the pickup was traded in for a newer model. Record the trade-in (not fully depreciated) and purchase as follows:

- Traded older asset (2013 Silverado) for a trade allowance of \$25,000
- Purchase a 2017 Silverado costing \$45,000
- Total amount paid from checking was \$20,000 (\$45,000 purchase price less \$25,000 trade-in value)

Date	Memo	Account	Debit	Credit
5/1/2019	Purchase 2017 Silverado;Trade 2013 Silverado	1020 - Checking		20,000.00
	Purchase 2017 Silverado;Trade 2013 Silverado	5900 - Capital Outlay	20,000.00	
			20,000.00	20,000.00
<b>TOTAL</b>			<b>20,000.00</b>	<b>20,000.00</b>

For the equipment log, the new adjusted balance of the 2017 Silverado is \$36,000 (\$20,000 cash paid plus \$16,000 book value [\$40,000 less \$24,000] from the older 2013 Silverado):

Your SWCD Capital Assets													
Class	Asset	Expenditure Function	Purchased/Constructed	Useful Life	Adjusted Balance	Additions	Deletions	Ending Balance	Beginning Accumulated Depreciation	2018 Depreciation	Deletion	Ending Accumulated Depreciation	Asset Balance
Equipment, furniture and vehicles													
	2013 Silverado		2013	10	40,000.00		40,000.00	0.00	20,000.00	4,000.00	24,000.00	0.00	0.00
	4 Office Computers		2016	7	3,500.00			3,500.00	750.00	350.00		1,100.00	2,400.00
	2017 Silverado		2018	10		36,000.00		36,000.00	0.00	1,800.00		1,800.00	34,200.00
Total equipment, furniture, vehicles					43,500.00	36,000.00	40,000.00	39,500.00	20,750.00	6,150.00	24,000.00	2,900.00	36,600.00
Total Capital Assets					43,500.00	36,000.00	40,000.00	39,500.00	20,750.00	6,150.00	24,000.00	2,900.00	36,600.00
		1/1/2018	Additions	Deletions	12/31/2018								
Capital Assets		43,500	36,000	(40,000)	39,500								
Accumulated Depreciation		(20,750)	(6,150)	24,000	(2,900)								
Net book value		22,750	29,850	(16,000)	36,600								

When the purchase and/or sale of capital assets seems confusing, contact your accountant who can guide you through the process for updating the accounting system and equipment log.

Depreciation

Depreciation represents the reduction in value, due to wear and tear, of an asset over its useful life. For governmental accounting, capital asset purchases and related depreciation are not reported on the Balance Sheet and, consequently, do not need to follow Internal Revenue Service rules since net book value of capital assets reporting is for financial statement purposes only. Generally Accepted Accounting Principles rules do not give an exact useful life for capital assets; therefore, the following guidelines are provided:

- Computers: 3-5 years
  - Bundle computer, monitor, docking station, etc. together if purchased at the same time
- Trucks: 5-7 years
- Equipment: 7-10 years
- Furniture and Fixtures: 7-10 years
- Buildings: 40 years
- Pole Sheds: 20 years
- Land: no depreciation
  - Break out cost if attached to a building at the time of purchase

Calculating book depreciation by month is the most accurate method. It should be used for large capital asset purchases to prevent recalculation during the audit. For example, record 11 months of depreciation the first year for a capital asset purchased in February ([capital asset purchase price divided by number of years useful life] multiplied by .92 = first year depreciation amount). Partial year depreciation multipliers are as follows:

- January = 12 months or 1
- February = 11 months or .92
- March = 10 months or .83
- April = 9 months or .75
- May = 8 months or .67
- July = 6 months or .50
- August = 5 months or .42
- September = 4 months or .33
- October = 3 months or .25
- November = 2 months or .17



excess of asset's actual cost). Adjust the new year's depreciation column amounts as appropriate. Verify the "Asset Balance" column is a positive number; otherwise, check for errors.

- As capital assets are purchased in the new year, add lines to the sheet and copy row formulas.
- For capital assets deleted in the new year, enter the "Adjusted Balance" amount in the "Deletions" and "Deletion" columns. Enter any remaining balance to depreciate the asset fully in the current year's "20xx Depreciation" column. If entered correctly, the "Asset Balance" column should be \$0.00.

## ***End-of-Year Accounting Adjustments***

### Prior to Year-End

It's always a good idea to prepare as much in advance as possible for the year-end process. An early start on preparing for year-end helps ward off some of the extra work in January.

### *Inventory*

If you have inventory recorded in the accounting system, a physical count should be done and compared to the accounting balance, then reconcile any discrepancies. See the General Accounting – Inventory section for more information.

### *Capital Assets*

Throughout the year, capital asset purchases should have been recorded in the accounting system to the Capital Outlay expense account. Review the detail in the account to verify all purchases recorded meet the capital asset threshold and have been included on the equipment log. Check that all capital asset purchases have been recorded to the Capital Outlay expense account.

Update the equipment log to record the depreciation for the year. For more information, see the Capital Assets section. If there's uncertainty on the correct amount of depreciation to claim, contact your accountant who can provide guidance. There's no need to wait until the annual audit to update the equipment log.

### *Compensated Absences*

Compensated Absences represents the cost to the organization of benefits owed (vacation, sick, comp time, etc.) if all employees end employment as of December 31. Compensated Absences is generally an adjustment for financial statement purposes only (see Unaudited Financial Statements section) unless the total amount becomes a significant cost to the organization, then consider recording the cost of compensated absences within the accounting system. Record as either assigned or committed, depending upon how the funds were set aside (see Annual Budgeting Process – Classifications of Fund Balance section).

- Debit: Assigned – Compensated Absences (fund balance)  
Credit: Compensated Absences (liability)

### *Review Reports*

Print a Balance Sheet and review if there are any prior year adjusting entries which should have been reversed at the start of the year. Check that all account balances make sense and match the records.

If the district has any auxiliary or manual journals and/or spreadsheets, check to be sure the amounts match the accounting system records.

### *Complete December Processing*

Complete all reports as normally done for the month and quarter. Print a Balance Sheet and Profit and Loss report before proceeding with the year-end process.

### Year-End Process

The year-end process is part of the accounting function for closing the year just ended and should be completed soon after the year is done.

End-of-year accounting adjustments are not part of the financial statement process. Consider making a backup of the accounting data prior to beginning the year-end process and label it "1231yyyy YearEnd Before Adjustments." The purpose of the adjustments is to recognize all revenue and expense for the year.

Note: Most year-end adjustments only needed if the amount is considered "material" (greater than or equal to \$100)

### *Interest Receivable*

Interest receivable is interest earned on investments but not yet received as of December 31. Examples of interest receivable/earnings which may require an end-of-the-year adjustment:

- Given the low interest rates lately, these adjustments are only needed if the total interest is material (typically \$100 or more).
- Checking/Savings account accrued interest in December
  - If the bank statement through December 31 is not received yet, contact the bank to find out how much interest was earned in December. Record as revenue and either interest receivable (reverse entry as of January 1) or directly to the checking/savings account (if the monies would post directly to the account by the end of December). If recording the interest directly to the checking/savings account, remember recording the interest when conducting the month-end reconciliation of the account.
  - Debit: applicable checking/savings account or interest receivable
    - Credit: Interest Income
- Certificates of deposit or other savings certificates are issued by financial institutions when depositing money for a specified length of time, often one or more years in length. An end-of-year adjustment is needed when the amount of interest through year-end is considered material. For example, a one-year certificate of deposit which comes due March 31:

- Although the interest wouldn't be paid until the certificate came due March 31, interest would be accruing during the year. Only report the interest earned from April 1 – December 31 less any penalty for early withdrawal. Record as a receivable if the interest would not post directly to the account by December 31 (certificate due end of March).
- Debit: Interest Receivable (asset)
- Credit: Interest Income

Type of Investment	Certificate Number	Percentage Yield	Purchase Price of Investment	Accrued Interest to 12/31 Less Penalties
			\$	\$
			\$	\$
			\$	\$
Total Interest Receivable as of December 31				\$

### Accounts Receivable

Accounts receivable are monies owed to the district by individuals or businesses for goods or services the district provided. This adjusting entry is for accounts receivable which have not yet been invoiced through the accounting system and may include interest and/or service charges on outstanding accounts receivable invoices. Use Accounts Receivable or Accounts Receivable – Due From Other Governments (In QuickBooks, Customers – Create Invoices) in the accounting system to record.

- Best accounting practice is to regularly invoice for services and/or products sold
- At year-end, be sure to invoice for all material amounts (typically \$100 or more)
- Invoice through the accounting system so the invoice and subsequent payment can be tracked (don't send an invoice generated using a word processing or spreadsheet software)

Example: December seeding of grass and wildflowers on a landowner's property

- Debit: Accounts Receivable
- Credit: applicable revenue account and Sales Tax Payable (if applicable)

Example: District services scheduled in December to be provided in January

- Not an accounts receivable yet since services have not been provided, only anticipated

Example: Services provided by December 31 to another SWCD or TSA (shared position, T/A)

- Debit: Accounts Receivable – Due From Other Governments
- Credit: applicable revenue account

Example: Use Accounts Receivable to assess interest or a service charge on an outstanding accounts receivable invoice

- Debit: Accounts Receivable or Accounts Receivable – Due From Other Governments
- Credit: Interest Earnings (revenue)

Example: Received an invoice from Pheasants Forever for services rendered on the FarmBill grant October - December. The invoice from Pheasants Forever should be recorded as a Payable. Invoice BWSR using Accounts Receivable – Due From Other Governments for reimbursable services provided through December as follows:

- Debit: Accounts Receivable – Due From Other Governments
- Credit: applicable state revenue account

Name of Person/ Entity Billed	Revenue Account for Goods/Services Type	Amount Billed for Goods/Services	Service Charges	Sales Tax	Total Amount of Receivable
					\$
					\$
					\$
					\$
	Total				\$

*Due From Other Governments*

Due From Other Governments represents monies owed TO the district by other units of government for goods or services the district provided. Distinguishing typical Accounts Receivable from governmental income due provides better information to the public, governmental income is lower risk since it has a higher probability of being collected, and separation for financial statement purposes is required by the Governmental Accounting Standards Board (GASB). Unless initially recorded as Accounts Receivable – Due From Other Governments, review all outstanding invoices in Receivables to determine which invoices are issued to governmental organizations and enter a General Journal entry as follows:

- Debit: Due From Other Governments
- Credit: Accounts Receivable

With this journal entry, amounts owed to the district are broken out into monies owed by individuals/businesses (Accounts Receivable) and governmental agencies (Due From Other Governments). Examples of amounts due from other governments:

- SWCD staff services rendered October through December to be reimbursed by the TSA after the charges for services and related costs are approved (similar process for reimbursement grants)
  - Complete the billing as part of the year-end process, invoice the amount owed to the district using Accounts Receivable - Due From Other Governments
- December time worked for a shared position with another SWCD in which your district serves as the hiring authority
  - Invoice the amount due through Accounts Receivable - Due From Other Governments
- At the end of the year, update all grant program/project logs (and eLINK if possible) and record in the accounting system as Due From Other Governments any monies owed to the district. Applies to advanced payment grants when grant expenditures exceed advanced payment(s) received. Record as follows:
  - Debit: Due From Other Governments
  - Credit: applicable revenue account

Governmental Unit	Type of Goods/Services Provided	Amount
		\$
		\$
		\$
		\$
Total Due From Other Governments as of December 31		\$

*Prepaid Items*

Prepaid items are monies paid in advance for goods or services to be delivered in the new year. A Prepaid Insurance entry is only needed if the annual insurance premium paid includes month(s) into the new year and the amount is considered “material.” If the insurance premium covers January through December and the district’s year ends December 31, no adjusting entry needed. Same is true for Prepaid Dues and Subscriptions.

A Prepaid Software Licenses entry is only needed for software licenses purchased for a timeframe of more than one year, total amount paid falls below the capital assets threshold for amortization, and the amount paid includes month(s) into the new year with the dollar amount considered “material.”

A good example of a prepaid item is trees to be sold next spring when the initial cost/down payment to the nursery/landscape company was charged to an expense account (Tree Expense). General Journal adjusting entry as follows:

- Debit: Prepaid Items – Trees (asset)
- Credit: Tree Expense (expense)

Payee	Amount
	\$
	\$
	\$
	\$
Total Prepaid Items (Trees) as of December 31	\$

If the district received a significant amount of trees (or any other item which would be resold), the district may want to record the trees as Inventory (asset) upon receipt of the trees and, when sold, the Inventory (asset) account would be decreased and the tree cost recorded to the appropriate expense account. For more information, refer to the General Accounting – Inventory section.

*Accounts Payable*

Accounts Payable is the amount the district owes to suppliers or vendors for goods or services the district received on credit (recorded in but not yet paid through the accounting system). You may consider contacting the organization to request an invoice for goods or services received. A year-end adjustment is needed for goods or services received by the end of the year but not yet recorded or paid through the accounting system as follows:

- Debit: appropriate expense account
- Credit: Accounts Payable or Accounts Payable – Due To Other Governments (liability)

Use your best judgment in terms of whether the expense amount is material (typically \$100 or more) and should be recorded. The following are examples of payable scenarios you may encounter:

- December rent due January 10<sup>th</sup> or health insurance premiums owed for the year-ended
  - Create an Accounts Payable entry to record the expense
- Office supplies received in December but no invoice received yet
  - Since the district took possession of the items before year-end, a liability exists to pay for the goods received. Create an Accounts Payable entry to record the expense.
- Items on back order and not received by the end of December; no purchase order issued.
  - Since the district hasn't taken possession of the items, no year-end adjustment needed
  - If a purchase order had been issued, then the funds would already be encumbered in the accounting system and no further year-end adjustment needed
- Example: Received an invoice from Pheasants Forever for services rendered on the FarmBill grant October through December. Invoice BWSR using Accounts Receivable – Due From Other Governments for reimbursable services provided through December. The invoice from Pheasants Forever should be recorded using Accounts Payable as follows:
  - Debit: State Project Expenses – xxxx FarmBill  
Credit: Accounts Payable (liability)

Payee	Expense Account for Type of Goods/Service	Date Liability Incurred	Amount Payable
			\$
			\$
			\$
			\$
			\$
Total Accounts Payable as of December 31			\$

*Due To Other Governments*

Due To Other Governments represents monies owed BY the district to other units of government for goods or services the district received. Distinguishing typical Accounts Payable from governmental expense provides better information to the public and separation for financial statement purposes is required by the Governmental Accounting Standards Board (GASB). Unless initially recorded as Accounts Payable – Due To Other

Governments, review all outstanding invoices in Payables to determine which invoices are issued by governmental organizations and enter a General Journal entry as follows:

- Debit: Accounts Payable
- Credit: Due To Other Governments

With this journal entry, amounts owed by the district are broken out into monies owed to individuals/businesses (Accounts Payable) and governmental agencies (Due To Other Governments). Examples of amounts due to other governments:

- Payroll related expenses withheld or owed such as PERA contributions, payroll taxes, health insurance premiums to a governmental unit, etc.
- December time worked for a shared position with another SWCD in which that district serves as the hiring authority
  - If an invoice has not been received yet for services rendered through December 31, contact the agency and request an invoice or billing detail. Then record as much of the liability in your accounting system as possible.
- At year end, update all grant program/project logs (and eLINK if possible) and record in the accounting system as Due To Other Governments any monies owed by the district. Applies to advanced payment grants to be closed at year-end when advanced payments received have not been fully expended and funds not yet returned to the grantor. Record as follows:
  - Debit: applicable unearned revenue account or applicable revenue account
  - Credit: Due To Other Governments

Unit of Government	Type of Goods/Service	Date Incurred	Amount Payable
			\$
			\$
			\$
			\$
Total Due To Other Governments as of December 31			\$

Beginning-of-year reversing entry except for unspent expired grants since the monies remain owed to the granting agency until paid.

*Salaries Payable/Accrued Wages*

Salaries Payable/Accrued Wages is monies owed to employees/supervisors for wages earned, but not paid, for the year ended (i.e. December 31). Use best judgement when creating this end-of-year adjustment. For example, if standard payroll is every two weeks and there are three working days left in the year for the pay period which crosses calendar years, it is acceptable to use 3/10 of the standard payroll and fringe costs (i.e. FICA, Medicare, PERA, etc.). Keep the entry as simple as possible. There are two options for recording the entry:

- Option #1: Record fringe costs in the same account as wages/compensation if fringe benefits are a minor expense compared to the cost of wages/compensation
  - Debit: Employee Wages Expense  
Supervisor Compensation Expense
  - Credit: Accrued Wages (liability)
  
- Option #2: Record fringe costs in separate account(s) from wages/compensation
  - Debit: Employee Wages Expense  
Supervisor Compensation Expense  
Employee Benefits Expense
  - Credit: Accrued Wages (liability)

Employee	No. of Hours Owed	Hourly Rate	Total Gross Salary Owed
Total Salaries Payable/Accrued Wages as of December 31			\$

*Deposits on Tree Sales*

Deposits on Tree Sales represent monies received during the year for trees to be sold in the new year. If the monies received were initially recorded to the tree sales revenue account, then an adjusting entry is needed at year end:

- Debit: Tree Sales revenue

- Credit: Deposit on Tree Orders (liability)

Name of Individual	Date Received	Receipt Number	Amount
			\$
			\$
			\$
			\$
			\$
Total Deposit on Tree Orders as of December 31			\$

Note: If the tree receipts were initially recorded to Deposit on Tree Orders liability account, no end-of-year adjusting entry needed.

*Unearned Revenue*

Unearned revenue represents monies received by the district before the related goods and/or services have been provided (earned). Formerly referred to as deferred revenue, these monies are advanced payments on grants with the funds deposited to the district financial account.

If the district is recording advanced payments on grants when received as unearned revenue and grant revenues/expenses when earned/spent throughout the year, no end-of-year adjusting entries needed (i.e. unearned revenue method for grants accounting). Unearned revenue to be classified by funding type (i.e. federal, state, county, etc.).

Although not recommended, if the district is recording advanced payments on grants when received as grant revenue, then an end-of-year adjusting entry is needed to reduce grant revenue to actual amount earned during the year. Entry as follows:

- Debit: appropriate revenue account
- Credit: Appropriate unearned revenue account (liability)

Granting Agency	Funding Type	Grant Title	Amount
			\$
			\$
			\$
			\$
			\$
			\$
			\$
Total Unearned Revenue as of December 31			\$

Note: Funds to be returned to a granting agency should not be entered as Unearned Revenue. See Due To Other Governments section.

**Form 1099-MISC and 1099-NEC**

The IRS brought back Form 1099-NEC to report payments made for non-employee compensation. If you file Form 1099-MISC and Form 1099-NEC, a separate summary Form 1096 is needed for each type of Form 1099 filed.

**Form 1099-NEC**

Starting with 2020 payments, non-employee compensation is now reported on Form 1099-NEC in Box 1. (Prior to 2020, non-employee compensation was reported on Form 1099-MISC.) The PATH Act accelerated the filing deadline to January 31 for Form 1099-NECs reporting non-employee compensation.

Report payments for non-employee compensation made in the course of business to a person who's not an employee (individual) or to an unincorporated business (partnership, estate, etc.) which meet the reporting threshold. In addition, Form 1099-NEC must be filed if any non-employee compensation payments, regardless of the amount, were paid to a person where federal income tax was withheld under the backup withholding rules. Examples of the 2020 reporting requirements when you may want to issue a Form 1099-NEC for non-employee compensation payments of \$600 or more to recipients who are not corporations are as follows:

- Cost-share payment for reimbursement of contractor costs and payment for landowner labor
- Services performed by someone who is not your employee
- Cash payments for fish or other aquatic life purchased from anyone engaged in the trade or business of catching fish
- Advertising
- Auto Repair
- Construction
- Custodial/Maintenance Landscapers
- Locksmiths
- Photographers
- Printing Services
- Professional Services
- Accountants
- Appraisers
- Architects
- Consultants
- Engineers

#### Form 1099-MISC

Report other payments made in the course of business to a person who's not an employee (individual) or to an unincorporated business (partnership, estate, etc.) which meet the reporting threshold. Some exceptions for reporting payments to corporations noted below. Form 1099-MISC has a filing deadline of February 28.

Examples of the 2020 reporting requirements when you may want to issue a Form 1099-MISC for payments of \$600 or more to recipients who are not corporations are as follows:

- Rents (Form 1099 MISC, Box 1)
  - Office Space
  - Parking Lot Space
  - Equipment
- Other Income (Form 1099 MISC, Box 3)
  - Incentive payment on a flat rate contract with a landowner
  - Other income payments
- Medical and Health Care Payments (Form 1099 MISC, Box 6, includes corporations)
  - Ambulance Services
  - For-Profit Hospitals
  - Dentists

- Doctors
- Gross Proceeds Paid to an Attorney (Form 1099-MISC, Box 10)
  - Attorney Fees (includes corporations)
- Various other payments reported on the Form 1099-MISC:
  - Prizes and awards
  - Cash paid from a national principal contract
  - Any fishing boat proceeds
  - Crop insurance proceeds
  - Section 409A
  - Nonqualified deferred compensation

Form 1099-MISC is also used for individuals who have been paid at least \$10 in royalties or broker payments in lieu of dividends or tax-exempt interest.

### Other Information

Examples of 2020 reporting requirements when you may not want to issue a Form 1099:

- Payments for:
  - Cost-share payment for reimbursement of contractor costs only
  - Products
  - Workmen’s Compensation
  - Storage
  - Telephone
  - Income reported elsewhere (W-2 wages, K-1s, etc.)
  - Merchandise
- Payments of \$600 or more to:
  - Governmental Agencies
  - Corporations (Except MEDICAL and ATTORNEYS)

Penalties can be assessed for late filings. Recommend using Form W-9 Request for Taxpayer Identification Number and Certification to collect taxpayer identification number and the federal tax classification of the payee. Form is available on the IRS website at: <https://www.irs.gov/forms-pubs/about-form-w-9>. Additional recommendations to simplify the year-end process:

- Require a Form W-9 on file for every vendor
- Include the form as part of your vendor approval process
- Do not make vendor payments without a Form W-9 on file

If questions about current filing requirements or assistance with the filing process, please consult with your accountant. The above information on Form 1099-MISC and Form 1099-NEC is provided to increase awareness of potential filing requirements. BWSR does not provide accounting advice.

### Year-End Reports After Adjustments

- Print a Balance Sheet and Profit and Loss report after completing the end-of-year adjustments.

- Consider making a backup of the accounting data after the end-of-year adjustments have been completed and label it “1231yyyy YearEnd After Adjustments.”

### *Internal Controls*

Some paperwork may require collecting non-public data. Districts should keep this in mind when determining how to securely retain and store the documentation so non-public data does not get into the wrong hands. Best practice would be a locked file cabinet within a lockable office space. When the data is no longer required to be retained, the hard copy files should be securely disposed of or shredded.

### ***Beginning-of-Year Accounting Adjustments***

#### Beginning-of-Year Process

The beginning-of-year process is part of the accounting function for starting out a new year and should be completed as of the beginning of the year (i.e. January 1). The process to start out the year begins with reversing end-of-year accounting adjustments made for modified accrual basis accounting. Adjustments are needed depending upon how the district tracks grants revenue.

Review the End-of-Year Accounting Adjustments section to identify end-of-year accounting adjustments which need to be reversed at the beginning of the new year. Reversing entries, if applicable, should be made at the beginning of the year for the following:

- Interest Receivable
- Due From Other Governments
- Prepaid Items
- Accounts Payable
- Due To Other Governments
- Salaries Payable/Accrued Wages
- Deposit on Tree Sales
- Unearned Revenue (only if not tracking unearned revenue throughout the year)

#### Accounting System Cleanup

Throughout the year, specific accounts within the Chart of Accounts, vendors and/or suppliers may become obsolete or no longer needed. Review all active accounts and inactivate as appropriate:

- Grants closed during the previous year
- Accounts within the Chart of Accounts no longer needed
- Obsolete vendors
- Obsolete customers

Other items to consider:

- Condense data if file is getting large
  - Recommend keeping for 7 years
- Create backup copies often

- Accountant copies are used to send the file to the accountant while you continue to work with the file
  - Accountant sends changes made back for you to import
- Clean up old outstanding checks and deposits

## Grants Management

Grant funding helps SWCDs deliver soil and water conservation services to their communities, supports and increases local capacity to implement programs, and provides cost-share with landowners who install conservation practices on their land to benefit state water and soil resources. Based on 2018 data, state funding accounted for 52% of Minnesota's SWCDs total revenue. Proper grants management is needed to demonstrate fiscal accountability and transparency with public funds. In addition, accurately recording when revenue is earned enables district managers and boards to make better decisions for district management.

### ***Program/Project Logs***

Although not required, program/project logs assist the district in tracking grant expenses and can be used as a double-check for the accounting system grant records and to designate funds for future use such as landowner contracts in process. Sample program/project logs are available on the BWSR website at:

<https://bwsr.state.mn.us/grants-administration-manual-optional-and-example-forms>.

### Advanced Payment Grants

BWSR provides advanced payments on various grants such as grants advanced 100% upon award or the 50%/40% advanced payments on clean water fund grants. These advanced payments represent a liability of unearned revenue to the district because the monies are received before the related goods and/or services have been provided (earned).

### Unearned Revenue

Tracking advanced payments on grants using unearned revenue liability accounts prevents distortion to the district's net revenue, adds integrity to the accounting process, and provides managers and boards with better financial information throughout the year. Unearned revenue accounts are easier to reconcile with grant spending reported in eLINK (for BWSR grants) and eliminates the need to calculate unearned revenue at year-end.

### ***Unearned Revenue Method for Advanced Payment Grants***

For demonstration purposes, the following is a very simplified 50/40/10 clean water fund (CWF) grant example which shows the unearned revenue method of accounting entries for a capital asset purchase, staff time and other direct costs chargeable to the grant. Disclaimers:

- Expenses in alignment with BWSR approved WorkPlan
- Timeline and expenses are exaggerated to provide the grants management overview
- Employees paid monthly
- Conservation practice required match provided by the landowner
- Grant fully executed 1/2/19 and completed by 9/30/19

Best practice is to set up an unearned revenue account for each advanced payment grant.

As transactions occur, pay attention to the Net Income reported on the Profit and Loss report. When using the unearned revenue method, income is only reported when earned.

ADVANCED PAYMENT - Received 50% advanced payment on the \$50,000 CWF grant

- Debit: Checking

Credit: Unearned Revenue – BWSR 2019 xxx Grant

DATE	NUMBER	PAYEE	PAYMENT	DEPOSIT	BALANCE
01/02/2019	Number	BWSR	Payment	25,000.00	
	DEP	2600 · Unearne	Deposit		
		2700 · BWSR 2019 xxx Grant			

Effect to Balance Sheet and Profit and Loss reports

**Stormy SWCD**  
**Balance Sheet**  
As of January 31, 2019

	Jan 31, 19
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
<b>1000 · Cash</b>	
1020 · Checking	25,000.00
<b>Total 1000 · Cash</b>	25,000.00
<b>Total Checking/Savings</b>	25,000.00
<b>Total Current Assets</b>	25,000.00
<b>TOTAL ASSETS</b>	25,000.00
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Other Current Liabilities	
<b>2600 · Unearned Revenue - State</b>	
2700 · BWSR 2019 xxx Grant	25,000.00
<b>Total 2600 · Unearned Revenue - State</b>	25,000.00
<b>Total Other Current Liabilities</b>	25,000.00
<b>Total Current Liabilities</b>	25,000.00
<b>Total Liabilities</b>	25,000.00
<b>TOTAL LIABILITIES &amp; EQUITY</b>	25,000.00

**Stormy SWCD**  
**Profit & Loss**  
January 2019

	Jan 19
<b>Net Income</b>	0.00

DIRECT COST - Purchased \$15,000 piece of equipment for CWF grant activities

- Debit: Capital Outlay Expense  
Credit: Checking

Charge CWF grant for the capital asset purchase (in the same accounting entry)

- Debit: Unearned Revenue – BWSR 2019 xxx Grant  
Credit: State Revenue – State-Capital Assets

Remember to pay the invoice in the accounting system (QB: Pay Bills)

**Enter Bills**

Bill Received

**Bill**

VENDOR: Equipment Vendor  
 ADDRESS: 123 Main Street, Anytown, MN 54321  
 DATE: 06/14/2019  
 AMOUNT DUE: 15,000.00  
 BILL DUE: 06/30/2019

**PAID**

ACCOUNT	AMOUNT	MEMO	CUSTOMER:JOB	BILLABLE?
5900 - Capital Ou...	15,000.00	BWSR 2019 xxx Grant		
2600 - Unearned ...	15,000.00	BWSR 2019 xxx Grant		
4400 - State Rev...	-15,000.00	BWSR 2019 xxx Grant		

Effect to Balance Sheet and Profit and Loss reports

Stormy SWCD Balance Sheet As of June 30, 2019		Stormy SWCD Profit & Loss January through June 2019	
Jun 30, 19		Jan - Jun 19	
<b>ASSETS</b>		<b>Income</b>	
Current Assets		4400 - State Revenue	15,000.00
Checking/Savings		4430 - State-Capital Assets	15,000.00
1000 - Cash		Total 4400 - State Revenue	15,000.00
1020 - Checking	10,000.00	Total Income	15,000.00
Total 1000 - Cash	10,000.00	<b>Expense</b>	
Total Checking/Savings	10,000.00	5900 - Capital Outlay	15,000.00
Total Current Assets	10,000.00	Total Expense	15,000.00
TOTAL ASSETS	10,000.00	<b>Net Income</b>	<b>0.00</b>
<b>LIABILITIES &amp; EQUITY</b>			
Liabilities			
Current Liabilities			
Other Current Liabilities			
2600 - Unearned Revenue - State			
2700 - BWSR 2019 xxx Grant	10,000.00		
Total 2600 - Unearned Revenue - State	10,000.00		
Total Other Current Liabilities	10,000.00		
Total Current Liabilities	10,000.00		
Total Liabilities	10,000.00		
TOTAL LIABILITIES & EQUITY	10,000.00		

Recording as State Revenue – State-Capital Assets allows the district to track capital assets purchased with state dollars within the accounting system. Accounting standards require capital purchases recorded as Capital Outlay expense.

DIRECT COST - Reimburse landowner for expenses on a conservation practice covered by CWF grant

- Debit: State Project Expenses – State-Advanced Payment Grants or State Project Expenses  
Credit: Checking

Charge CWF grant for landowner costs (in the same accounting entry to prevent overlooking this entry)

- Debit: Unearned Revenue – BWSR 2019 xxx Grant  
Credit: State Revenue – State-General

Remember to pay the invoice in the accounting system (QB: Pay Bills)

**Enter Bills**

Main Reports

Find New Save Delete Memorize Create a Copy Print Attach File Enter Time Clear Splits Recalculate Pay Bill

Bill Credit  Bill Received

**Bill**

VENDOR: Landowner DATE: 08/23/2019

ADDRESS: Landowner REF. NO.:

AMOUNT DUE: 10,000.00

TERMS: BILL DUE: 09/02/2019

MEMO:

Expenses \$10,000.00 Items \$0.00

ACCOUNT	AMOUNT	MEMO	C...	BILL...
6400 - State Project Expenses:6410 - State-Advanced Payme...	10,000.00	BWSR 2019 xxx ...		
2600 - Unearned Revenue - State:2700 - BWSR 2019 xxx Grant	10,000.00	BWSR 2019 xxx ...		
4400 - State Revenue:4410 - State-General	-10,000.00	BWSR 2019 xxx ...		

Effect to Balance Sheet and Profit and Loss reports

**Stormy SWCD**  
**Balance Sheet**  
As of August 28, 2019

Aug 28, 19

ASSETS	0.00
<b>LIABILITIES &amp; EQUITY</b>	<b>0.00</b>

**Stormy SWCD**  
**Profit & Loss**  
January 1 through August 28, 2019

Jan 1 - Aug 28, 19

Income	
4400 - State Revenue	
4410 - State-General	10,000.00
4430 - State-Capital Assets	15,000.00
<b>Total 4400 - State Revenue</b>	<b>25,000.00</b>
<b>Total Income</b>	<b>25,000.00</b>
Expense	
5900 - Capital Outlay	15,000.00
6400 - State Project Expenses	
6410 - State-Advanced Payment Grants	10,000.00
<b>Total 6400 - State Project Expenses</b>	<b>10,000.00</b>
<b>Total Expense</b>	<b>25,000.00</b>
<b>Net Income</b>	<b>0.00</b>

NOTE: 50% advanced payment is now fully spent. Update eLINK and request 40% payment.

ADVANCED PAYMENT - Received 40% advanced payment on the \$50,000 CWF grant

- Debit: Checking
- Credit: Unearned Revenue – BWSR 2019 xxx Grant

DATE	NUMBER	PAYEE	PAYMENT	DEPOSIT	BALANCE
	TYPE	ACCOUNT	MEMO		
06/28/2019	To Print	Equipment Vendor	15,000.00		10,000.00
	BILLPMT	2000 · Accounts P			
08/28/2019	To Print	Landowner	10,000.00		0.00
	BILLPMT	2000 · Accounts P			
08/30/2019		BWSR		20,000.00	20,000.00
	DEP	2600 · Unearned I 40% Payment			

Effect to Balance Sheet and Profit and Loss reports

	Aug 31, 19
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1000 · Cash	
1020 · Checking	20,000.00
Total 1000 · Cash	20,000.00
Total Checking/Savings	20,000.00
Total Current Assets	20,000.00
<b>TOTAL ASSETS</b>	<b>20,000.00</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2600 · Unearned Revenue - State	
2700 · BWSR 2019 xxx Grant	20,000.00
Total 2600 · Unearned Revenue - State	20,000.00
Total Other Current Liabilities	20,000.00
Total Current Liabilities	20,000.00
<b>Total Liabilities</b>	<b>20,000.00</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>20,000.00</b>

	Jan - Aug 19
<b>Income</b>	
4400 · State Revenue	
4410 · State-General	10,000.00
4430 · State-Capital Assets	15,000.00
Total 4400 · State Revenue	25,000.00
<b>Total Income</b>	<b>25,000.00</b>
<b>Expense</b>	
5900 · Capital Outlay	15,000.00
6400 · State Project Expenses	
6410 · State-Advanced Payment Grants	10,000.00
Total 6400 · State Project Expenses	10,000.00
<b>Total Expense</b>	<b>25,000.00</b>
<b>Net Income</b>	<b>0.00</b>

DIRECT COST - Signage for CWF project

- Debit: State Project Expenses – State-Advanced Payment Grants or State Project Expenses  
Credit: Checking

Charge CWF grant for signage cost (in the same accounting entry to prevent overlooking this entry)

- Debit: Unearned Revenue – BWSR 2019 xxx Grant  
Credit: State Revenue – State-General

Remember to pay the invoice in the accounting system (QB: Pay Bills)

**Enter Bills**

Main Reports

Find New Save Delete Memorize Create a Copy Print Attach File Enter Time Clear Splits Recalculate Pay Bill

Bill Credit  Bill Received

**Bill**

VENDOR: Signage Vendor DATE: 10/20/2019  
 ADDRESS: Signage Vendor REF. NO.:  
 AMOUNT DUE: 3,000.00  
 TERMS: BILL DUE: 08/23/2019  
 MEMO:

Expenses \$3,000.00 Items \$0.00

ACCOUNT	AMOUNT	MEMO	C...	BILL...
6400 · State Project Expenses:6410 · State-Advanced Payment Grants	3,000.00	BWSR ...		
2600 · Unearned Revenue - State:2700 · BWSR 2019 xxx Grant	3,000.00	BWSR ...		
4400 · State Revenue:4410 · State-General	-3,000.00	BWSR ...		

Effect to Balance Sheet and Profit and Loss reports

<p><b>Stormy SWCD</b> <b>Balance Sheet</b> As of August 31, 2019</p>	<p><b>Stormy SWCD</b> <b>Profit &amp; Loss</b> January through August 2019</p>
Aug 31, 19	Jan - Aug 19
<p><b>ASSETS</b></p> <p>Current Assets</p> <p>Checking/Savings</p> <p>1000 · Cash</p> <p>1020 · Checking 17,000.00</p> <p>Total 1000 · Cash 17,000.00</p> <p>Total Checking/Savings 17,000.00</p> <p>Total Current Assets 17,000.00</p> <p><b>TOTAL ASSETS 17,000.00</b></p> <p><b>LIABILITIES &amp; EQUITY</b></p> <p>Liabilities</p> <p>Current Liabilities</p> <p>Other Current Liabilities</p> <p>2600 · Unearned Revenue - State</p> <p>2700 · BWSR 2019 xxx Grant 17,000.00</p> <p>Total 2600 · Unearned Revenue - State 17,000.00</p> <p>Total Other Current Liabilities 17,000.00</p> <p>Total Current Liabilities 17,000.00</p> <p>Total Liabilities 17,000.00</p> <p><b>TOTAL LIABILITIES &amp; EQUITY 17,000.00</b></p>	<p><b>Income</b></p> <p>4400 · State Revenue</p> <p>4410 · State-General 13,000.00</p> <p>4430 · State-Capital Assets 15,000.00</p> <p>Total 4400 · State Revenue 28,000.00</p> <p>Total Income 28,000.00</p> <p><b>Expense</b></p> <p>5900 · Capital Outlay 15,000.00</p> <p>6400 · State Project Expenses</p> <p>6410 · State-Advanced Payment Grants 13,000.00</p> <p>Total 6400 · State Project Expenses 13,000.00</p> <p>Total Expense 28,000.00</p> <p><b>Net Income 0.00</b></p>

SWCD PAYROLL - staff time for the month ended 9/30/19 (for demonstration purposes only, all staff time during the month chargeable to the CWF grant - \$15,000 wages plus \$3,333 fringe)

- Debit: Employee Wages  
Payroll Taxes, PERA Expense, Employee Benefits
- Credit: Checking

NOTE: Unable to provide payroll printout to demonstrate payroll processing

DIRECT COSTS OF STAFF TIME - Charge CWF grant for staff time directly related to workplan activities

- Grant could be charged by pay period, monthly, or quarterly (recommend by pay period or monthly to align with reporting to the district board)
- Grant activity categories detail provided in eLINK (administration, technical assistance, project development) align with detail in the program/project log for the CWF grant
- Debit: Unearned Revenue – BWSR 2019 xxx Grant
- Credit: State Revenue – State-Personnel

ACCOUNT	DEBIT	CREDIT	MEMO	N...	BILLA...
2600 · Unearned Revenue - State:2700 · BWSR 2019 xxx Grant	22,000.00		Sept payroll chargeable to...		
4400 · State Revenue:4420 · State-Personnel		22,000.00	Sept payroll chargeable to...		

Effect to Balance Sheet and Profit and Loss reports

Stormy SWCD Balance Sheet As of September 30, 2019		Stormy SWCD Profit & Loss January through September 2019	
Sep 30, 19		Jan - Sep 19	
<b>ASSETS</b>		<b>Income</b>	
Current Assets		4400 · State Revenue	
Checking/Savings		4410 · State-General	13,000.00
1000 · Cash		4420 · State-Personnel	22,000.00
1020 · Checking	-1,333.00	4430 · State-Capital Assets	15,000.00
Total 1000 · Cash	-1,333.00	Total 4400 · State Revenue	50,000.00
Total Checking/Savings	-1,333.00	<b>Total Income</b>	50,000.00
Total Current Assets	-1,333.00	<b>Expense</b>	
<b>TOTAL ASSETS</b>	<b>-1,333.00</b>	5100 · Personnel Services	
<b>LIABILITIES &amp; EQUITY</b>		5110 · Employee Wages	15,000.00
Liabilities		5120 · Payroll Taxes	1,147.50
Current Liabilities		5130 · PERA Expense	1,125.00
Other Current Liabilities		5140 · Employee Benefits	1,060.50
2600 · Unearned Revenue - State		Total 5100 · Personnel Services	18,333.00
2700 · BWSR 2019 xxx Grant	-5,000.00	5900 · Capital Outlay	15,000.00
Total 2600 · Unearned Revenue - State	-5,000.00	6400 · State Project Expenses	
Total Other Current Liabilities	-5,000.00	6410 · State-Advanced Payment Grants	13,000.00
Total Current Liabilities	-5,000.00	Total 6400 · State Project Expenses	13,000.00
Total Liabilities	-5,000.00	<b>Total Expense</b>	46,333.00
Equity		<b>Net Income</b>	<b>3,667.00</b>
Net Income	3,667.00		
Total Equity	3,667.00		
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>-1,333.00</b>		

CWF grant for \$50,000 is now fully expended and workplan activities are complete. Unearned revenue account shows a negative \$5,000, which is the final 10% payment due. Net income represents overhead and admin costs included in BWSR billable rate calculations. Separating out State Revenue – State-Personnel allows district to track total staff time paid with state dollars (includes overhead/admin).

FINAL PAYMENT - Update final reporting in eLINK (must be done within 30 days of completion of grant activities) and request final 10% reimbursement. Received 10% payment on the \$50,000 CWF grant.

- Debit: Checking  
Credit: Unearned Revenue – BWSR 2019 xxx Grant

DATE	NUMBER	PAYEE		PAYMENT	DEPOSIT	BALANCE
	TYPE	ACCOUNT	MEMO			
08/30/2019	To Print	Signage Vendor		3,000.00		17,000.00
	BILLPMT	2000 · Accounts P				
09/30/2019	2			18,333.00		-1,333.00
	GENJRN	5100 · Personnel .				
10/31/2019		BWSR			5,000.00	3,667.00
	DEP	2600 · Unearned I BWSR 2019 xxx G				

Effect to Balance Sheet and Profit and Loss reports

**Stormy SWCD**  
**Balance Sheet**  
As of October 31, 2019

Oct 31, 19	
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1000 · Cash	
1020 · Checking	3,667.00
<b>Total 1000 · Cash</b>	<b>3,667.00</b>
<b>Total Checking/Savings</b>	<b>3,667.00</b>
<b>Total Current Assets</b>	<b>3,667.00</b>
<b>TOTAL ASSETS</b>	<b>3,667.00</b>
<b>LIABILITIES &amp; EQUITY</b>	
Equity	
Net Income	3,667.00
<b>Total Equity</b>	<b>3,667.00</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3,667.00</b>

**Stormy SWCD**  
**Profit & Loss**  
January through October 2019

Jan - Oct 19	
<b>Income</b>	
4400 · State Revenue	
4410 · State-General	13,000.00
4420 · State-Personnel	22,000.00
4430 · State-Capital Assets	15,000.00
<b>Total 4400 · State Revenue</b>	<b>50,000.00</b>
<b>Total Income</b>	<b>50,000.00</b>
<b>Expense</b>	
5100 · Personnel Services	
5110 · Employee Wages	15,000.00
5120 · Payroll Taxes	1,147.50
5130 · PERA Expense	1,125.00
5140 · Employee Benefits	1,060.50
<b>Total 5100 · Personnel Services</b>	<b>18,333.00</b>
5900 · Capital Outlay	
5900 · Capital Outlay	15,000.00
6400 · State Project Expenses	
6410 · State-Advanced Payment Grants	13,000.00
<b>Total 6400 · State Project Expenses</b>	<b>13,000.00</b>
<b>Total Expense</b>	<b>46,333.00</b>
<b>Net Income</b>	<b>3,667.00</b>

Final grant payment has been received and the grant closed in eLINK. Unearned Revenue - BWSR 2019 xxx Grant account has a zero balance and can be inactivated within the accounting system.

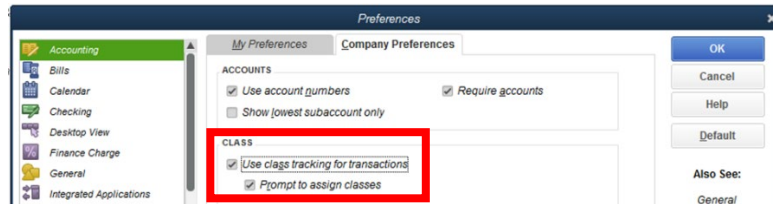
Unearned Revenue - BWSR 2019 xxx Grant account detail to be reviewed during financial reconciliation.

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
<b>2600 - Unearned Revenue - State</b>								
<b>2700 - BWSR 2019 xxx Grant</b>								
Deposit	01/02/2019		BWSR	Deposit		1020 - Check...	25,000.00	25,000.00
Bill	06/14/2019		Equipment Vendor	BWSR 2019...	2000	- Accou...	-15,000.00	10,000.00
Bill	08/23/2019		Landowner	BWSR 2019...	2000	- Accou...	-10,000.00	0.00
Deposit	08/30/2019		BWSR	40% Payment		1020 - Check...	20,000.00	20,000.00
Bill	08/30/2019		Signage Vendor	BWSR 2019	2000	- Accou...	-3,000.00	17,000.00
General Journal	09/30/2019	3		Sept payroll...	4420	- State...	-22,000.00	-5,000.00
Deposit	10/31/2019		BWSR	BWSR 2019...		1020 - Check...	5,000.00	0.00
<b>Total 2700 - BWSR 2019 xxx Grant</b>							0.00	0.00
<b>Total 2600 - Unearned Revenue - State</b>							0.00	0.00
<b>TOTAL</b>							0.00	0.00

## QuickBooks Class Tracking for Advanced Payment Grants

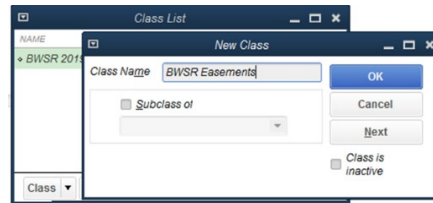
QuickBooks tracking by class can be an effective tool for grant management although it requires all accounting entries (district, county, federal, state, etc.) to be classed. QuickBooks classes are very versatile but be careful to select how to filter, sort, and total by class. Subclass levels work well to track activity category (administration, project development, technical assistance, etc.). To enable class tracking:

- Edit menu – Preferences – Accounting – Company Preferences (be sure to check both boxes because the “Prompt to assign classes” is a helpful reminder)

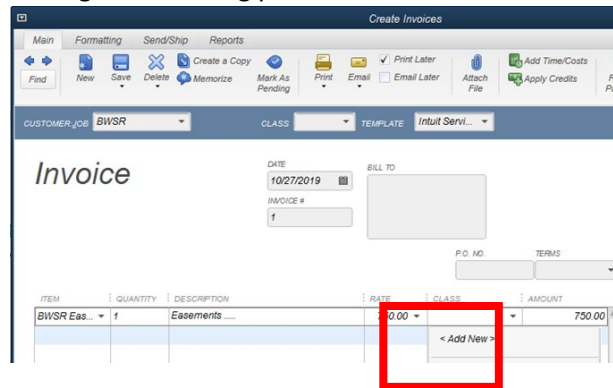


To create classes in advance:

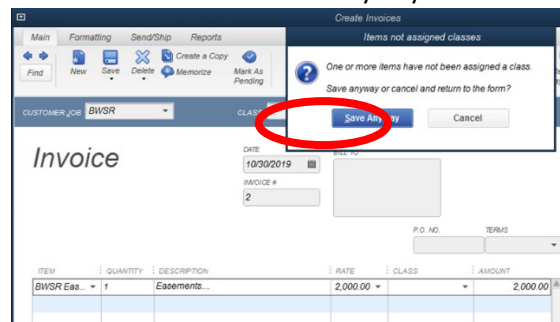
- Lists menu – Class List – New Class



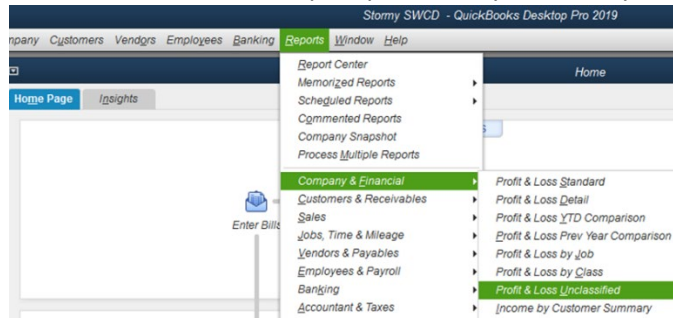
To set up a class when needed during the invoicing process:



When entering transactions, the system will show a reminder if a class hasn't been assigned. However, it's very easy to tab through the reminder since the default is “Save Anyway:”



Recommend running the Profit & Loss Unclassified report periodically to identify unclassified entries:

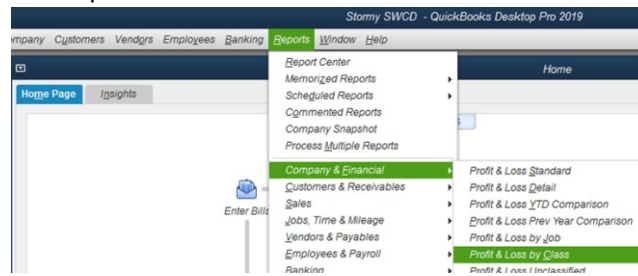


**Stormy SWCD**  
**Profit & Loss Unclassified**  
January through October 2019

Jan - Oct 19

<b>Income</b>	
4400 · State Revenue	
4441 · Reimb-BWSR Easements	2,000.00
<b>Total 4400 · State Revenue</b>	<b>2,000.00</b>
<b>Total Income</b>	<b>2,000.00</b>
Expense	0.00
<b>Net Income</b>	<b>2,000.00</b>

To print the Profit & Loss by Class report:



**Stormy SWCD**  
**Profit & Loss by Class**  
January through October 2019

	BWSR 2019 xxx Grant	BWSR Easements	TOTAL
<b>Income</b>			
4400 · State Revenue			
4441 · Reimb-BWSR Easeme...	0.00	750.00	750.00
4400 · State Revenue - Other	50,000.00	0.00	50,000.00
<b>Total 4400 · State Revenue</b>	<b>50,000.00</b>	<b>750.00</b>	<b>50,750.00</b>
<b>Total Income</b>	<b>50,000.00</b>	<b>750.00</b>	<b>50,750.00</b>
<b>Expense</b>			
5100 · Personnel Services			
5110 · Employee Wages	15,000.00	0.00	15,000.00
5120 · Payroll Taxes	1,147.50	0.00	1,147.50
5130 · PERA Expense	1,125.00	0.00	1,125.00
5140 · Employee Benefits	1,060.50	0.00	1,060.50
<b>Total 5100 · Personnel Services</b>	<b>18,333.00</b>	<b>0.00</b>	<b>18,333.00</b>
5900 · Capital Outlay	15,000.00	0.00	15,000.00
6400 · State Project Expenses	13,000.00	0.00	13,000.00
<b>Total Expense</b>	<b>46,333.00</b>	<b>0.00</b>	<b>46,333.00</b>
<b>Net Income</b>	<b>3,667.00</b>	<b>750.00</b>	<b>4,417.00</b>

For demonstration purposes, the following is a very simplified 50/40/10 clean water fund (CWF) grant example using QuickBooks class tracking including unearned revenue accounting entries for a capital asset purchase, staff time, and other direct costs chargeable to the grant. Disclaimers:

- Expenses in alignment with BWSR approved WorkPlan
- Timeline and expenses are exaggerated to provide the grants management overview
- Employees paid monthly
- Conservation practice required match provided by the landowner
- Grant fully executed 1/2/19 and completed by 9/30/19

Best practice is to set up an unearned revenue account for each advanced payment grant.

Only revenue type accounts (county, local, federal, state, etc.) needed since specific funding is identified by a class code. Breakout of various revenue accounts no longer needed:

4100 · County Revenue	Income
<del>4100 · County Revenue:4101 · County-Allocation</del>	<del>Income</del>
<del>4100 · County Revenue:4102 · County-Water Plan</del>	<del>Income</del>
<del>4100 · County Revenue:4103 · County-WCA</del>	<del>Income</del>
<del>4100 · County Revenue:4104 · County-Feedlot</del>	<del>Income</del>
<del>4100 · County Revenue:4105 · County-Abandoned Wells</del>	<del>Income</del>
<del>4100 · County Revenue:4106 · County-DNR Shoreland</del>	<del>Income</del>
4200 · Local Revenue	Income
4300 · Federal Revenue	Income
4400 · State Revenue	Income
<del>4400 · State Revenue:4410 · State-General</del>	<del>Income</del>
<del>4400 · State Revenue:4420 · State-Personnel</del>	<del>Income</del>
<del>4400 · State Revenue:4430 · State-Capital Assets</del>	<del>Income</del>
<del>4400 · State Revenue:4440 · Reimb-BWSR 2019 FarmBill</del>	<del>Income</del>
<del>4400 · State Revenue:4441 · Reimb-BWSR Easements</del>	<del>Income</del>
4700 · Charges for Services	Income
<del>4700 · Charges for Services:4710 · Tree Sales Revenue</del>	<del>Income</del>
<del>4700 · Charges for Services:4720 · Equipment Rental Revenue</del>	<del>Income</del>
<del>4700 · Charges for Services:4730 · Contracted Services Revenue</del>	<del>Income</del>

Only expense type accounts (county, local, federal, state, etc.) for program and project expenses needed since specific expenses are identified by a class code. Breakout of various expense accounts no longer needed:

6100 · County Project Expenses	Expense
6150 · Local Project Expenses	Expense
6200 · District Project Expenses	Expense
<del>6200 · District Project Expenses:6210 · Tree Sales Expense</del>	<del>Expense</del>
<del>6200 · District Project Expenses:6220 · Equipment Rental Expense</del>	<del>Expense</del>
6300 · Federal Project Expenses	Expense
6400 · State Project Expenses	Expense
<del>6400 · State Project Expenses:6410 · State-Advanced Payment Grants</del>	<del>Expense</del>
<del>6400 · State Project Expenses:6420 · BWSR 2019 FarmBill</del>	<del>Expense</del>
<del>6400 · State Project Expenses:6432 · State-BWSR Easements</del>	<del>Expense</del>

If all classes detail were requested, the challenge would be to print a report wide enough to display all classes (20+ classes) but the report can be exported to Excel:

Stormy SWCD			
Profit & Loss by Class			
January through October 2019			
	BWSR 2019 xxx Grant	BWSR Easements	TOTAL
Income			

As transactions occur, pay attention to the Net Income reported on the Profit and Loss report. When using the QuickBooks class tracking including unearned revenue method, income is reported when earned.

ADVANCED PAYMENT - Received 50% advanced payment on the \$50,000 CWF grant

- Debit: Checking  
Credit: Unearned Revenue – BWSR 2019 xxx Grant

The screenshot shows a transaction entry window with the following data:

DATE	NUMBER	PAYEE	PAYMENT	DEPOSIT	BALANCE
01/02/2...	Number	BWSR	Payment	25,000.00	
	DEP	2600 · Unearne	Deposit		
		2700 · BWSR 2019 xxx Grant			

Effect to Balance Sheet and Profit and Loss reports

**Stormy SWCD**  
**Balance Sheet**  
As of January 31, 2019

	Jan 31, 19
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1000 · Cash	
1020 · Checking	25,000.00
Total 1000 · Cash	25,000.00
Total Checking/Savings	25,000.00
Total Current Assets	25,000.00
<b>TOTAL ASSETS</b>	<b>25,000.00</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2600 · Unearned Revenue - State	
2700 · BWSR 2019 xxx Grant	25,000.00
Total 2600 · Unearned Revenue - State	25,000.00
Total Other Current Liabilities	25,000.00
Total Current Liabilities	25,000.00
Total Liabilities	25,000.00
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>25,000.00</b>

**Stormy SWCD**  
**Profit & Loss**  
January 2019

	Jan 19
<b>Net Income</b>	<b>0.00</b>

DIRECT COST - Purchased \$15,000 piece of equipment for CWF grant activities

- Debit: Capital Outlay Expense  
Credit: Checking

Charge CWF grant for the capital asset purchase (in the same accounting entry)

- Debit: Unearned Revenue – BWSR 2019 xxx Grant  
Credit: State Revenue

Remember to pay the invoice in the accounting system (QB: Pay Bills)

ACCOUNT	AMOUNT	M.	C.	CLASS
5900 - Capital Outlay	15,000.00			BWSR 2019 x...
2600 - Unearned Revenue - State 2700 - BWSR 2019 xxx Grant	15,000.00			BWSR 2019 x...
4400 - State Revenue	-15,000.00			19 xxx Grant

Effect to Balance Sheet and Profit and Loss reports

	Jun 30, 19
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1000 - Cash	
1020 - Checking	10,000.00
Total 1000 - Cash	10,000.00
Total Checking/Savings	10,000.00
Total Current Assets	10,000.00
<b>TOTAL ASSETS</b>	<b>10,000.00</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2600 - Unearned Revenue - State	
2700 - BWSR 2019 xxx Grant	10,000.00
Total 2600 - Unearned Revenue - State	10,000.00
Total Other Current Liabilities	10,000.00
Total Current Liabilities	10,000.00
Total Liabilities	10,000.00
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>10,000.00</b>

	BWSR 2019 xxx Grant	TOTAL
<b>Income</b>		
4400 - State Revenue	15,000.00	15,000.00
Total Income	15,000.00	15,000.00
<b>Expense</b>		
5900 - Capital Outlay	15,000.00	15,000.00
Total Expense	15,000.00	15,000.00
<b>Net Income</b>	<b>0.00</b>	<b>0.00</b>

Can record directly to State Revenue since class tracking reports capital assets funded with state dollars. Accounting standards require capital purchases recorded as Capital Outlay expense.

DIRECT COST - Reimburse landowner for expenses on a conservation practice covered by CWF grant

- Debit: State Project Expenses  
Credit: Checking

Charge CWF grant for landowner costs (in the same accounting entry to prevent overlooking this entry)

- Debit: Unearned Revenue – BWSR 2019 xxx Grant  
Credit: State Revenue

Remember to pay the invoice in the accounting system (QB: Pay Bills)

Effect to Balance Sheet and Profit and Loss reports

	Aug 31, 19
<b>ASSETS</b>	0.00
<b>LIABILITIES &amp; EQUITY</b>	0.00

	BWSR 2019 xxx Grant	TOTAL
<b>Income</b>		
4400 - State Revenue	25,000.00	25,000.00
<b>Total Income</b>	25,000.00	25,000.00
<b>Expense</b>		
5900 - Capital Outlay	15,000.00	15,000.00
6400 - State Project Expenses	10,000.00	10,000.00
<b>Total Expense</b>	25,000.00	25,000.00
<b>Net Income</b>	0.00	0.00

NOTE: 50% advanced payment is now fully spent. Update eLINK and request 40% payment.

ADVANCED PAYMENT - Received 40% advanced payment on the \$50,000 CWF grant

- Debit: Checking
- Credit: Unearned Revenue – BWSR 2019 xxx Grant

The screenshot shows a transaction entry window titled "1000 - Cash:1020 - Checking". The transaction is dated 08/30/2019 and is a payment of 20,000.00. The memo field contains "2700 - BWSR 2019 xxx Grant". The account type is "Other Current Liability".

DATE	NUMBER	PAYEE	PAYMENT	DEPOSIT	BALANCE
06/28/2019	To Print	Equipment Vendor	15,000.00		10,000.00
08/30/2019	To Print	Landowner	10,000.00		0.00
08/30/2019	Number	BWSR	Payment	20,000.00	
	DEP	2600 - Unearn	Memo		
		2700 - BWSR 2019 xxx Grant	Other Current Liability		

Effect to Balance Sheet and Profit and Loss reports

**Stormy SWCD**  
**Balance Sheet**  
As of August 31, 2019

	Aug 31, 19
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1000 - Cash	
1020 - Checking	20,000.00
Total 1000 - Cash	20,000.00
Total Checking/Savings	20,000.00
Total Current Assets	20,000.00
<b>TOTAL ASSETS</b>	<b>20,000.00</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2600 - Unearned Revenue - State	
2700 - BWSR 2019 xxx Grant	20,000.00
Total 2600 - Unearned Revenue - State	20,000.00
Total Other Current Liabilities	20,000.00
Total Current Liabilities	20,000.00
Total Liabilities	20,000.00
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>20,000.00</b>

**Stormy SWCD**  
**Profit & Loss by Class**  
January through August 2019

	BWSR 2019 xxx Grant	TOTAL
<b>Income</b>		
4400 - State Revenue	25,000.00	25,000.00
Total Income	25,000.00	25,000.00
<b>Expense</b>		
5900 - Capital Outlay	15,000.00	15,000.00
6400 - State Project Expenses	10,000.00	10,000.00
Total Expense	25,000.00	25,000.00
<b>Net Income</b>	<b>0.00</b>	<b>0.00</b>

**DIRECT COST - Signage for CWF project**

- Debit: State Project Expenses  
Credit: Checking

Charge CWF grant for signage cost (in the same accounting entry to prevent overlooking this entry)

- Debit: Unearned Revenue – BWSR 2019 xxx Grant  
Credit: State Revenue

Remember to pay the invoice in the accounting system (QB: Pay Bills)

**Enter Bills**

Bill

VENDOR: Signage Vendor DATE: 08/15/2019

ADDRESS: Signage Vendor REF. NO.:

AMOUNT DUE: 3,000.00

BILL DUE: 08/29/2019

PAID

Expenses \$3,000.00 Items \$0.00

ACCOUNT	AMOUNT	M...	C...	B...	CLASS
6400 - State Project Expenses	3,000.00				BWSR 2019 x...
2600 - Unearned Revenue - State:2700 - BWSR 2019 xxx Grant	-3,000.00				BWSR 2019 x...
4400 - State Revenue	-3,000.00				19 xxx Grant

**Effect to Balance Sheet and Profit and Loss reports**

Stormy SWCD Balance Sheet As of August 31, 2019		Stormy SWCD Profit & Loss by Class January through August 2019		
Aug 31, 19		BWSR 2019 xxx Grant	TOTAL	
<b>ASSETS</b>				
Current Assets				
Checking/Savings				
1000 - Cash				
1020 - Checking	17,000.00			
Total 1000 - Cash	17,000.00			
Total Checking/Savings	17,000.00			
Total Current Assets	17,000.00			
<b>TOTAL ASSETS</b>	<b>17,000.00</b>			
<b>LIABILITIES &amp; EQUITY</b>				
Liabilities				
Current Liabilities				
Other Current Liabilities				
2600 - Unearned Revenue - State				
2700 - BWSR 2019 xxx Grant	17,000.00			
Total 2600 - Unearned Revenue - State	17,000.00			
Total Other Current Liabilities	17,000.00			
Total Current Liabilities	17,000.00			
Total Liabilities	17,000.00			
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>17,000.00</b>			
<b>Income</b>				
4400 - State Revenue		28,000.00		28,000.00
Total Income		28,000.00		28,000.00
<b>Expense</b>				
5900 - Capital Outlay		15,000.00		15,000.00
6400 - State Project Expenses		13,000.00		13,000.00
Total Expense		28,000.00		28,000.00
<b>Net Income</b>		<b>0.00</b>		<b>0.00</b>

SWCD PAYROLL - staff time for the month ended 9/30/19 (for demonstration purposes only, all staff time during the month chargeable to the CWF grant - \$15,000 wages plus \$3,333 fringe)

- Debit: Employee Wages  
Payroll Taxes, PERA Expense, Employee Benefits
- Credit: Checking

Unable to provide payroll printout to demonstrate payroll processing

DIRECT COSTS OF STAFF TIME - Charge CWF grant for staff time directly related to workplan activities

- Grant could be charged by pay period, monthly, or quarterly (recommend by pay period or monthly to align with reporting to the district board)
- Grant activity categories detail provided in eLINK (administration, technical assistance, project development) align with detail in the program/project log for the CWF grant
- Debit: Unearned Revenue – BWSR 2019 xxx Grant
- Credit: State Revenue

ACCOUNT	DEBIT	CREDIT	M...	NA...	B...	CLASS
2600 - Unearned Revenue - State:2700 - BWSR 2019 xxx Grant	22,000.00					BWSR 2019 xxx Grant
4400 - State Revenue		22,000.00				BWSR 2019 xxx Grant

Effect to Balance Sheet and Profit and Loss reports

**Stormy SWCD**  
**Balance Sheet**  
As of September 30, 2019

	Sep 30, 19
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1000 - Cash	
1020 - Checking	-1,333.00
Total 1000 - Cash	-1,333.00
Total Checking/Savings	-1,333.00
Total Current Assets	-1,333.00
<b>TOTAL ASSETS</b>	<b>-1,333.00</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2600 - Unearned Revenue - State	
2700 - BWSR 2019 xxx Grant	-5,000.00
Total 2600 - Unearned Revenue - State	-5,000.00
Total Other Current Liabilities	-5,000.00
Total Current Liabilities	-5,000.00
Total Liabilities	-5,000.00
Equity	
Net Income	3,667.00
Total Equity	3,667.00
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>-1,333.00</b>

**Stormy SWCD**  
**Profit & Loss by Class**  
January through September 2019

	BWSR 2019 xxx Grant	TOTAL
<b>Income</b>		
4400 - State Revenue	50,000.00	50,000.00
<b>Total Income</b>	<b>50,000.00</b>	<b>50,000.00</b>
<b>Expense</b>		
5100 - Personnel Services		
5110 - Employee Wages	15,000.00	15,000.00
5120 - Payroll Taxes	1,147.50	1,147.50
5130 - PERA Expense	1,125.00	1,125.00
5140 - Employee Benefits	1,060.50	1,060.50
Total 5100 - Personnel Services	18,333.00	18,333.00
5900 - Capital Outlay	15,000.00	15,000.00
6400 - State Project Expenses	13,000.00	13,000.00
<b>Total Expense</b>	<b>46,333.00</b>	<b>46,333.00</b>
<b>Net Income</b>	<b>3,667.00</b>	<b>3,667.00</b>

CWF grant for \$50,000 is now fully expended and workplan activities are complete. Unearned revenue account shows a negative \$5,000, which is the final 10% payment due. Net income represents overhead and admin costs included in BWSR billable rate calculations. Using class tracking allows the district to track total staff time paid with state dollars.

FINAL PAYMENT - Update final reporting in eLINK (must be done within 30 days of completion of grant activities) and request final 10% reimbursement. Received 10% payment on the \$50,000 CWF grant.

- Debit: Checking  
Credit: Unearned Revenue – BWSR 2019 xxx Grant

DATE	NUMBER	PAYEE	PAYMENT	DEPOSIT	BALANCE
	TYPE	ACCOUNT	MEMO		
08/30/2019	To Print	Signage Vendor	3,000.00		17,000.00
	BILLPMT	2000 - Accounts P			
09/30/2019	4		18,333.00		-1,333.00
	GENJRN	5100 - Personnel .			
10/31/2019		BWSR		5,000.00	3,667.00
	DEP	2600 - Unearned / Deposit			

Effect to Balance Sheet and Profit and Loss reports

Stormy SWCD		Balance Sheet	
		As of October 31, 2019	
		Oct 31, 19	
<b>ASSETS</b>			
Current Assets			
Checking/Savings			
1000 - Cash			
	1020 - Checking		3,667.00
	Total 1000 - Cash		3,667.00
	Total Checking/Savings		3,667.00
	Total Current Assets		3,667.00
	<b>TOTAL ASSETS</b>		<b>3,667.00</b>
<b>LIABILITIES &amp; EQUITY</b>			
Equity			
	Net Income		3,667.00
	Total Equity		3,667.00
	<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>3,667.00</b>

Stormy SWCD		
Profit & Loss by Class		
January through October 2019		
	BWSR 2019 xxx Grant	TOTAL
<b>Income</b>		
4400 - State Revenue	50,000.00	50,000.00
Total Income	50,000.00	50,000.00
<b>Expense</b>		
5100 - Personnel Services		
5110 - Employee Wages	15,000.00	15,000.00
5120 - Payroll Taxes	1,147.50	1,147.50
5130 - PERA Expense	1,125.00	1,125.00
5140 - Employee Benefits	1,060.50	1,060.50
Total 5100 - Personnel Serv...	18,333.00	18,333.00
5900 - Capital Outlay	15,000.00	15,000.00
6400 - State Project Expenses	13,000.00	13,000.00
Total Expense	46,333.00	46,333.00
Net Income	3,667.00	3,667.00

Final grant payment has been received and the grant closed in eLINK. Unearned Revenue - BWSR 2019 xxx Grant account has a zero balance and can be inactivated within the accounting system.

Transaction Detail by Account							
Stormy SWCD							
Transaction Detail by Account							
January through October 2019							
Type	Date	Num	Name	Memo	Class	Split	Amount
2600 - Unearned Revenue - State							
2700 - BWSR 2019 xxx Grant							
Deposit	01/02/2019		BWSR	Deposit		1020 - Check...	-25,000.00
Bill	06/14/2019		Equipment Vendor		BWSR 2...	2000 - Accou...	15,000.00
Bill	08/15/2019		Signage Vendor		BWSR 2...	2000 - Accou...	3,000.00
Bill	08/23/2019		Landowner		BWSR 2...	2000 - Accou...	10,000.00
Deposit	08/30/2019		BWSR	Deposit		1020 - Check...	-20,000.00
General Journal	09/30/2019	5			BWSR 2...	4400 - State...	22,000.00
Deposit	10/31/2019		BWSR	Deposit		1020 - Check...	-5,000.00
Total 2700 - BWSR 2019 xxx Grant							0.00
Total 2600 - Unearned Revenue - State							0.00

Unearned Revenue - BWSR 2019 xxx Grant account detail to be reviewed during financial reconciliation.

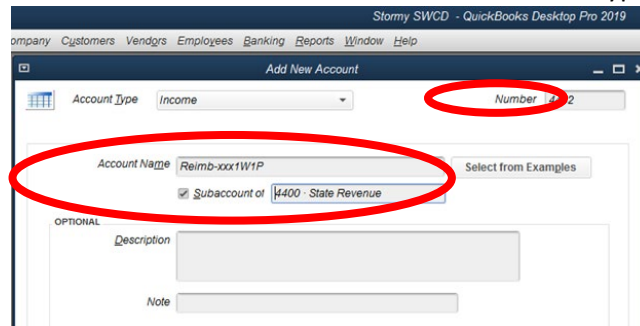
## Reimbursement Grants

A grant agreement is a written instrument or electronic document defining a legal relationship between a granting agency and a grantee when the principle purpose of the relationship is to transfer cash or something of value to the recipient to support a public purpose authorized by law. Grants issued on a reimbursement basis require the costs to be incurred to provide the goods and/or services prior to requesting repayment. Staff time tracking is required to support the reimbursement requested.

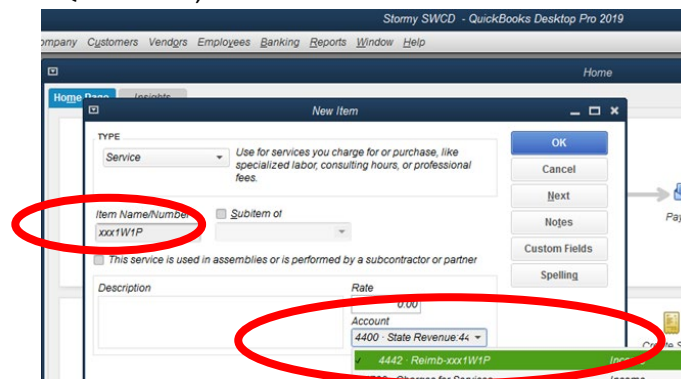
### Invoicing for Services/Goods Provided

Invoices to government entities should be created in Accounts Receivable – Due From Other Governments (QB: Customers – Create Invoices) after the services or goods have been provided, including holdbacks. Tracking manually is not advised since the risk of forgetting/losing revenue is high and/or good records do not exist for the audit.

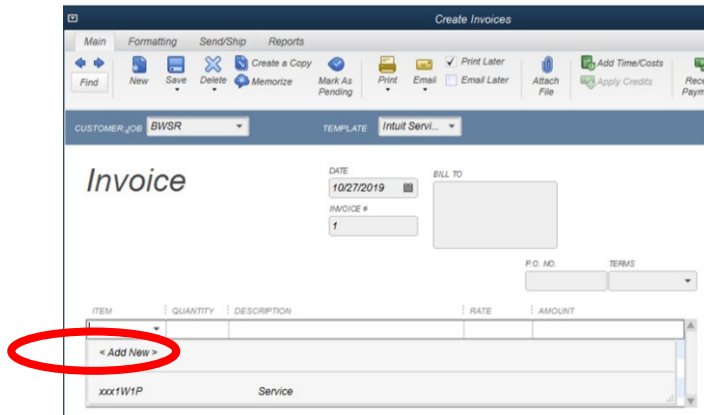
- When invoicing for services provided and the funding source is known, accounting standards recognize revenue by funding type (i.e. state, county, local, federal, etc.).
- There is no need to break out reimbursement grants by grant within the Chart of Accounts although it may provide better tracking of revenue and expenses. Class tracking in QuickBooks already records to the specific funding source. To set up a new account in QuickBooks:
  - Company menu– Chart of Accounts – New Account – Account Type: Income



- After setting up the new account, consider creating the “item” for invoicing purposes. To set up a new item in QuickBooks, click on Customers menu – Item List – New Item:

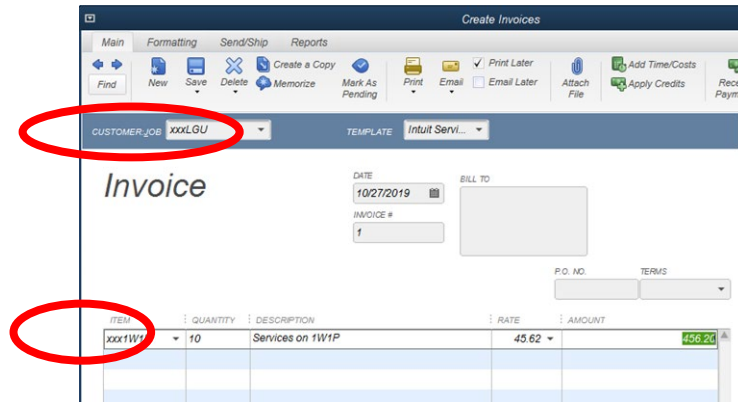


- Items can also be created during invoice generation:



For example, the district is not the grantee/fiscal agent for a state grant but working with partners on a 1W1P planning grant. Revenue should be recorded as state revenue and not charges for services. To invoice xxSWCD for staff time worked on a reimbursement grant, as outlined in the approved grant workplan, the QuickBooks process would be as follows:

- Create a new revenue account, if tracking revenue for the project/program
  - District preference
  - Not applicable if using QuickBooks class tracking
- Create a new item to use when invoicing (within QuickBooks)
  - Not applicable if using QuickBooks class tracking
- When generating the invoice within QuickBooks:



For example: The district was awarded a FarmBill reimbursement grant through BWSR. In July, the district received an invoice from Pheasants Forever for 4<sup>th</sup> quarter services on the FarmBill grant eligible for reimbursement from BWSR:

- Pay Pheasants Forever invoice
  - Debit: 6400 State Project Expenses – BWSR FarmBill
  - Credit: 1020 - Checking
- Invoice BWSR for services rendered using Accounts Receivable (QB: Customers – Create Invoices – process outlined above)
  - Debit: 1200 Accounts Receivable – Due From Other Governments
  - Credit: 4440 State Revenue – Reimb.-BWSR FarmBill

## Reimbursement Contracts

A contract is an agreement to provide a good or service that legally binds two or more parties. Contracts issued on a reimbursement basis require the costs to be incurred to provide the goods and/or services prior to requesting repayment.

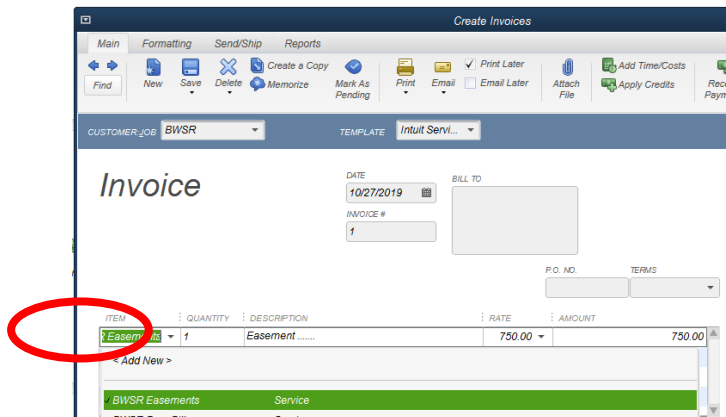
### Invoicing for Services/Goods Provided

Invoices to government entities should be created in Accounts Receivable – Due From Other Governments after the services or goods have been provided, including holdbacks. Tracking manually is not advised since the risk of forgetting/losing revenue is high and/or good records do not exist for the audit.

- When invoicing for services provided and the funding source is known, accounting standards recognize revenue by funding type (i.e. state, county, local, federal, etc.).
- There is no need to break out reimbursement contracts by contract within the Chart of Accounts although it may provide better tracking of revenue and expenses. Class tracking in QuickBooks already records to the specific funding source.

For example, charging for services provided on a reimbursement contract related to an easement delivery work order to be funded by the state. In June, \$750 of easement delivery work orders were completed:

- Debit: 1200 Accounts Receivable – Due From Other Governments  
Credit: 4441 State Revenue – Reimb.-BWSR Easements



## Payroll

### ***New Employee Hiring and Orientation***

Orientation for new employees helps solidify their relationship with the district and is the process of introducing new employees to their position and work environment. There are many ways in which to orient a new employee. Suggest creating a checklist of items to review with new employees and the following are ideas on documents to include in an orientation packet:

- Form I-9 Employment Eligibility Verification
- Form W-4 Employee's Withholding Allowance Certificate
- Form W-4MN Minnesota Employee Withholding Allowance/Exemption Certificate
- Minnesota New Hire Reporting Form
- Completed Dept. of Labor and Industry Employee Notice Form
- PERA: Just the Basics brochure
- MCIT Employee Assistance Program fact sheet (if applicable)
- Emergency contact form (if available)
- Background check form (if applicable)
- Payroll direct deposit form (if applicable)
- Health insurance information and enrollment form (if applicable)
- District's Policy Handbook (if available)
- General information sheet on district (if available)
- Common acronyms used listing (sample provided in Appendix)

### Payroll Forms

A brief overview for several payroll forms is provided in this section. This may not be an all-inclusive list and is subject to change as laws and regulations are updated or initiated. BWSR does not provide accounting or legal advice. Please consult with your accountant or legal counsel for more current or additional information. You may also want to check with your county Human Resources for assistance.

### Eligibility for Employment

To verify that a new employee is legally eligible to work in the United States, complete the U.S. Citizenship and Immigration Services Form I-9, Employment Eligibility Verification (sample provided in Appendix) available on their website: <https://www.uscis.gov/forms>. Within QuickBooks, the form may be found in the Payroll Center, Hiring Forms. Both employees and employers (or authorized representatives of the employer) must complete the form. The employee must attest to his or her employment authorization and present acceptable document(s) to support identity and employment authorization. The employer must examine the documents to determine if genuine and related to the employee then record document(s) reviewed on the Form I-9.

## Income Tax Withholding

To know how much federal income tax to withhold from an employee's wages, the employer should have a Form W-4 Employee's Withholding Allowance Certificate on file. The form is typically updated annually by the Internal Revenue Service (IRS).

- Ask all new employees to provide a signed Form W-4 when they start work and make the form effective with the first wage payment. If a new employee doesn't provide the signed form, withhold income tax as if he/she is single with zero withholding allowances.
- Employees may file an updated Form W-4 periodically, especially if they owed taxes or received a large refund the previous tax year.
- Form W-4 available online at: <https://www.irs.gov/forms-pubs/about-form-w-4> or potentially within the district's payroll program. Within QuickBooks, the form may be found in the Payroll Center, Hiring Forms.
- A Form W-4 claiming exemption from withholding is effective when it is given to the employer and only for that calendar year. To continue to be exempt from withholding in the next calendar year, an employee must provide a new Form W-4. More detail is provided in IRS Publication 15 in Section 9. Withholding from Employees' Wages.
- A withholding adjustment for non-resident alien employees is outlined in IRS Publication 15 in Section 9. Withholding from Employees' Wages.
- NOTE: If the IRS determines that an employee does not have enough withholding, the IRS will notify the employer by issuing a "lock-in" letter. More info available online at: <https://www.irs.gov/businesses/small-businesses-self-employed/withholding-compliance-questions-and-answers>.

To know how much Minnesota state income tax to withhold from an employee's wages, the MN Dept. of Revenue recommends employees use Form W-4MN to find their MN withholding allowances separate from their federal allowances. New for 2020, every employee that completes a 2020 federal Form W-4 must complete Form W-4MN to determine their Minnesota withholding tax; if the employee does not complete a Form W-4MN, the employer must withhold tax at the single filing status with zero allowances. More information available online at: <https://www.revenue.state.mn.us/minnesota-withholding-employees>.

## New Hire Reporting

Employers report any new employee hires to a designated state new hire registry. A new employee is an employee who hasn't previously been employed by the organization or was previously employed by the organization but has been separated from such prior employment for at least 60 consecutive days. Many states accept a copy of Form W-4 with employer information added in Boxes 8, 9 and 10. Visit the Office of Child Support Enforcement website for more information: <https://www.acf.hhs.gov/css/employers>. (IRS Publication 15)

According to the MN New Hire Reporting Center, the State of MN may accept the Form W-4 as noted above, Minnesota New Hire Reporting Form (sample provided in the Appendix), or employers can choose to submit

electronically. Most SWCDs submit the Minnesota New Hire Reporting Form. For more information: <https://newhire-reporting.com/MN-Newhire/faq.aspx>.

### Employee Notice

As of July 1, 2019, all employers must provide each employee with a written notice of specific information at the start of their employment and keep a signed copy of the notice on file. The notice must contain required information about an employee's employment status and terms of employment.

A sample form provided by the Dept. of Labor and Industry is provided in the Appendix. See their website for a Word or editable PDF version of the form: <https://dli.mn.gov/business/employment-practices/employee-notice>.

### PERA's Defined Benefit Plan

The Notice of Member Enrollment into PERA's Defined Benefit Plan form identifies the information needed to enroll an employee whose coverage under the Coordinated or Basic plan is required under M.S. §353.01, subd. 2a, 2d(a)(5) or 2d(b). Completion may be required even if the person has prior membership in a different PERA plan based on another public service position or another Minnesota retirement system. In most cases, the data is entered by the district using their online PERA account and most district employees apply for enrollment in the Coordinated Plan. The hard copy form is only submitted by employers who do not have internet or email capabilities. A sample form is provided in the Appendix and also located on PERA's website at: <https://www.mnpera.org/forms/#employer>. Best practice would be to provide new employees with information on PERA, such as the PERA: Just the Basics brochure (sample provided in the Appendix) found on the PERA website: <https://www.mnpera.org/publications/>.

### MCIT Employee Assistance Program

If the district is a member of the Minnesota Counties Intergovernmental Trust (MCIT), employees may have access to no-cost, convenient, and confidential counseling. The Employee Assistance Program is a risk management program designed to help employees identify and resolve challenges that may impair their performance at work. It is a voluntary program to assist the employee, employee's spouse, and employee's dependents with difficult personal issues through access to professional counselors. Best practice would be to provide employees with a MCIT Employee Assistance Program fact sheet (sample provided in the Appendix) upon hire and have extra fact sheets available in the district office. More information on the MCIT website: <https://www.mcit.org/employee-assistance-program/>.

### Internal Controls

New hire paperwork often requires collecting personal information about employees. Employers should keep this in mind when determining how to securely retain and store the documentation so personal information does not get into the wrong hands. Best practice would be a locked file cabinet within a lockable office space. When the data is no longer required to be retained, the hard copy files should be securely disposed of or shredded.

Officers from the Department of Homeland Security, employees from the Immigrant and Employee Rights Section at the Department of Justice and employees from the Department of Labor may ask to inspect the Form I-9s. No matter how you choose to store the Form I-9s, you must be able to present them to government officials for inspection within three business days of the date requested. U.S. Citizenship and Immigration Services recommends employers keep Form I-9s separate from personnel records to facilitate an inspection request. More information at: <https://www.uscis.gov/i-9-central/retain-store-form-i-9/storing-form-i-9>.

## SWCD Financial Statements

### ***Annual Financial Statement Reporting Requirements***

#### Current Reporting Requirements

In accord with Minn. Statute 103C.325, Subd. 2, the Office of the State Auditor (OSA) and the MN Board of Soil and Water Resources (BWSR) require all soil and water conservation districts (SWCDs) to have an annual financial audit regardless of revenue, effective with the 2019 financial statements.

For the purposes of fulfilling the audit requirement, SWCDs may contract directly with a Certified Public Accountant (CPA) with experience in auditing governmental entities and in good standing with the State Board of Accountancy. Refer to the Audit Bid Letter for information needed to obtain bids for the annual audit and you may want to include the CPA Guide when sending the audit bid letter to CPA firms for a price quote. Both documents can be found at: <https://bwsr.state.mn.us/swcd-financial-statements>

Draft copies of the annual audited financial statements are due to OSA by October 31, following the year ended December 31. The OSA will review one-third of the draft SWCD audited financial statements each year. However, review of a district's financials could occur more often if requested by BWSR (i.e. significant deficiencies identified by the CPA firm during the audit process). OSA's review schedule for SWCD financial statements 2019 through 2021 can be found at: <https://bwsr.state.mn.us/swcd-financial-statements>.

Final copies of the annual audited financial statements are due to OSA, BWSR's Chief Financial Officer, and other parties having an interest in the SWCD operations by December 31, following the year ended the previous December 31.

Breakdown of county revenue should be submitted to BWSR's Chief Financial Officer no later than October 31, following the year ended December 31. A reporting form can be found at: <https://bwsr.state.mn.us/swcd-financial-statements>.

#### Items to note:

- Unaudited financial statements or summary Balance Sheet/Profit and Loss reports (Finance Report packages) no longer need to be submitted to BWSR by March 15.
- If the district contracts with a CPA firm for bookkeeping services and the firm has two or less partners, the annual audit is to be prepared by a separate independent CPA firm. A CPA firm providing consulting services could also prepare audited financial statements. (Recommendation by AICPA National Peer Review Committee)
- The Office of the State Auditor may have additional annual reporting requirements which are independent of the financial statement requirements to BWSR and OSA.

#### Accounting Adjustments from CPA Audit

Districts should carefully review accounting adjustments requested by the CPA firm preparing audited financial statements. These adjustments identify opportunities for improvement in the district's accounting. If needed, ask the CPA for further clarification "Please help me understand why these adjusting entries are needed to

prevent having to make them again next year.” Use a similar approach if the district’s equipment log does not match the CPA calculations for beginning balance, additions, deletions, and ending balance of equipment, accumulated depreciation, and net capital assets.

### 2019 SWCD Audit Work Group

In 2019, a SWCD Audit Work Group was formed to review various issues related to SWCD financial activities, reporting, and frequency of audits. The work group included representatives from SWCD supervisors and staff, MASWCD, OSA, and BWSR. The group identified a need for SWCD training in the areas of accounting, grants management, and internal controls.

Ongoing challenges identified were: 1) each year several SWCDs need assistance to prepare unaudited financial statements and BWSR doesn’t have the capacity to provide these services and 2) there has been considerable variance in some SWCD’s unaudited vs. audited financial statement data reported.

Because funding levels have increased significantly, the majority of SWCDs annually meet the revenue threshold requiring audited financial statements. A survey of SWCDs identified unaudited financial statements were time consuming to prepare while prepping for an audit by a CPA firm required less staff time. Since CPA firms must begin their process using the most recent audited financial statements, annual audits are more cost effective and the cost is an allowable expense as overhead in the BWSR billable rate calculations. Most importantly, audited financial statements are more accurate and provide insights into the financial management of SWCDs, as reviewed from a CPA perspective. Based on the recommendation from this work group, BWSR moved forward with updating its Memorandum of Understanding with OSA to require annual SWCD audited financial statements.

### History

Minn. Statute 103C.325, Subd. 2, requires the state auditor to annually audit the books of the SWCDs or, at the request of the district board, the state auditor can allow for a certified public accountant (CPA) to perform the annual audit. Further, the state auditor may determine that an annual audit is not necessary.

In 1993, an understanding was reached between the OSA and BWSR to establish guidelines for the audits of SWCDs. The agreement allowed a SWCD to hire a private CPA to conduct the audit; it also set a threshold for the frequency of the audit. Based on the 1993 agreement, a SWCD was required to have an audit of its financial records when its accumulated revenues since the last audit reached \$300,000, but not less frequently than once every four years. Over the years, at BWSR’s request, the accumulated revenues threshold was changed to \$500,000 and no less frequently than once every three years.

A pilot process was used for the 2018 financial statements. The MOU between BWSR and OSA was updated in 2019 with the current annual financial statement requirements outlined above.

### ***Audited Financial Statements***

A financial statement is a formal record of the financial activities and position of the district. Annual financial statements are financial reports based on a 12-month consecutive time period. Financial statements

demonstrate the district's ability to manage public dollars and are a fiscal responsibility. Audited financial statements assess the district's strengths and weaknesses. According to Generally Accepted Accounting Principles (GAAP), financial statements are presented using modified accrual accounting and follow a standardized format which enables comparability of district trends for revenues and expenses over several years and to its peers. Financial data is summarized to gauge the health of the district and can be used to calculate the district's going concern. Understanding financial statements enable the district to take actions and make decisions which allow the district to grow and be successful.

Items to note:

- The End-of-Year Accounting Adjustments section contains the entries needed to close the year within the accounting system. End-of-year accounting adjustments are not part of the financial statement process.
- The Office of the State Auditor may have additional annual reporting requirements which are independent from the audited annual financial statements required.

### Financial Statement Components

#### *Management's Discussion and Analysis*

This section of the financial statements enables the district to highlight accomplishments from the past year, discuss significant developments, and note future plans. Detail is provided on the change in fund balance from the previous year, which is helpful to understand the effects to the fund balance. Further information on how to analyze financial data can be found in the Financial Statement Analysis section below.

#### *Notes to the Financial Statements*

Detailed notes for Capital Assets report the beginning balances, additions, deletions, and ending balances for equipment, accumulated depreciation, and net book value of capital assets. The net book value of capital assets is reported in the adjustment column of the Statement of Net Position and Governmental Fund Balance Sheet and the annual depreciation amount shown in the adjustment column of the Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance.

Detailed notes for Compensated Absences Payable report the liability for employees' leave payout, according to the district's personnel policies. The liability is shown in the adjustment column of the Statement of Net Position and Governmental Fund Balance Sheet and the increase or decrease from the prior year reported in the adjustment column of the Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance. Annual review of the liability is encouraged and when the total amount becomes significant to the district, consider recording as a liability within the accounting system (see End-of-Year Accounting Adjustments section).

Audited financial statements provide much detail related to defined benefit pension plans, in accordance with accounting rules issued by the Governmental Accounting Standards Board (GASB), effective in the 2015 reporting year. GASB Statement No. 68 changed the way a public pension plan discloses its pension information and how pension costs are accounted for in the financial statements. Net pension liability, deferred outflows of

resources, and deferred inflows of resources are shown in the adjustment column of the Statement of Net Position and Governmental Fund Balance Sheet and the net pension expense reported in the adjustment column of the Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance. PERA has compiled an Understanding the New Pension Accounting and Financial Reporting Requirements brochure (sample brochure included in the Appendix) which details the new pension accounting and reporting requirements and is available on their website at: <https://www.mnpera.org/employers/financial-resource-center/gasb-public-information/>.

A Certified Public Accounting firm conducting an audit to provide audited financial statements may provide an assessment of the district's strengths and weaknesses related to internal controls and segregation of duties.

#### *Statement of Net Position and Governmental Fund Balance Sheet*

The amounts reported in the General Fund column of the statement come directly from the Balance Sheet within the accounting system after the end-of-year accounting adjustments have been made and represent the district's financial standing at a given point in time. All assets and liabilities are reported on a modified accrual basis. Assets minus liabilities equals fund balance/net position. Over time, increases or decreases in the district's fund balance/net position are one indicator of the district's financial health.

The Adjustments column of the statement reports the adjustments for financial statement purposes, such as capital assets, pension, compensated absences, and fund balance classifications. The Statement of Net Position column represents the combined amount of the other two columns.

A significant item on most district's Statement of Net Position and Governmental Fund Balance Sheet is unearned revenue, which represents monies received by the district before the related goods and/or services have been provided. Formerly referred to as deferred revenue, these monies are advanced payments on grants with the funds deposited to the district financial account; however, the monies may need to be returned to the funding agency (i.e. state, etc.) should the grant be cancelled or funds unspent by the grant expiration date.

#### *Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance*

The amounts reported in the General Fund column of the statement come directly from the Profit and Loss report within the accounting system after the end-of-year accounting adjustments have been made. All revenues and expenditures are reported on a modified accrual basis. Revenues minus expenditures equals excess of revenues over (under) expenditures (i.e. net income).

The Adjustments column of the statement reports the adjustments for financial statement purposes, such as depreciation on capital assets, net pension expense, and change in the compensated absences balance. The Statement of Activities column represents the combined amount of the other two columns.

#### *Budgetary Comparison Statement*

The amounts reported in the General Fund column of the statement come directly from the Profit and Loss report within the accounting system after the end-of-year accounting adjustments have been made. All

revenues and expenditures are reported on a modified accrual basis. Revenues minus expenditures equals excess of revenues over (under) expenditures (i.e. net income).

This statement demonstrates the degree to which the direct expenses of a given program or project are offset by related revenues (i.e. district, county, local, federal, state). Direct expenses are those clearly identifiable with a specific program or project. Over time, increases or decreases in the district's fund balance/net position are one indicator of the district's financial health. Other non-financial factors are changes in state and local governmental funding. Diversification of funding sources is important to the long-term health of the district.

The statement reports the differences between budgeted and actual within the reporting categories. Significant differences should be reviewed and outlined in the Management's Discussion and Analysis section of the financial statements.

### *Financial Statement Analysis*

Since financial statements are presented in a standardized format, comparability of district trends can be facilitated with minimal effort by entering the annual financial statement data into a spreadsheet which compares five or more years. Use a format that best fits your needs and present the data in different ways (numerical, charts, graphs, etc.) to highlight important trends in ways that are easily understood. Use audited financial statement data if available. BWSR has developed a financial statement dashboard, which you can adjust to meet the needs of your district. The dashboard and Creating Charts in Excel (instructions for making changes to the dashboard) can be found on the BWSR website, Operational Resources - Soil and Water Conservation Districts - SWCD Financial Statements: <https://bwsr.state.mn.us/swcd-financial-statements>.

In the Expenditures section of the Profit and Loss Statement, capital outlay/depreciation can be entered as either capital asset purchases for the year, annual depreciation reported in the financial statements, or left blank, depending upon the fiscal management preference of the district board. If capital asset purchases are needed to help sustain or grow district operations, it would be advisable to include either capital asset purchases for the year (more variance) or the annual depreciation reported in the financial statements (less variance but would need to know this amount in a timely manner).

Review the data over several years to determine trends within specific line item categories in revenues and expenses. Strive to find ways to diversify district funding. Net revenue over (under) expenditures has a direct effect on the fund balance. Review changes to assets, liabilities, and fund balance for the years presented to determine if the district is operating in a sustainable manner.

### *Going Concern Calculation*

The accounting term "Going Concern" refers to the district's likelihood of continuing its normal course of business and its calculation is one way to gauge the health of the district. The financial statement dashboard mentioned above includes the calculation as outlined here:

- Total cost of district operations divided by 12 months to determine monthly cost of district operations
- Determine the unassigned fund balance (refer to Board Oversight – Annual Budgeting Process - Classifications of Fund Balance section)

- Unassigned fund balance divided by the monthly cost of district operations equals the number of months the fund balance would support district operations
  - If less than 3 months, the district should strive to grow the fund balance
  - 3-6 months of fund balance is building a safety net for leaner times or unforeseen circumstances
  - Greater than 6 months of fund balance represents a good fiscal position to consider hiring staff to expand district services, funding capital asset purchases, or addressing other needs identified in the budgeting process/strategic plan
  - Too many months of fund balance may not be a good use of public funds since public dollars are held in reserve and not used to support the community

It is recommended for districts to adopt a formal fund balance policy and maintain general operating fund reserves. Refer to the Board Oversight - Annual Budgeting Process – Establishing a Financial Target section of this chapter for an example of an Unassigned Fund Balance Policy.

### ***Unaudited Financial Statements***

Unaudited financial statements are no longer required. The End-of-Year Accounting Adjustments section contains the entries needed to close the year within the accounting system. End-of-year accounting adjustments are not part of the financial statement process.

The Office of the State Auditor may have additional annual reporting requirements which are independent of the annual audited financial statements required. Prior to 2019, SWCDs often prepared and submitted unaudited financial statements. For historical purposes, an overview of the process is provided.

#### Reports (prepared using Excel)

Include:

- Statement of Net Position and Governmental Fund Balance Sheet
- Budgetary Comparison Statement
- Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance

The SWCD\_Fin\_Stmts\_20xx\_Statement\_Template would auto-populate some data thus the order of entries shown on the Instructions tab. Next, review of the green shaded areas on the Help Sheet tab would reflect if the data entered balanced. If not in balance, data entry would be rechecked.

#### Adjustments for Financial Statements Only

There are three adjustments required for governmental financial statements. Amounts entered in the template Help Sheet yellow highlighted areas would auto-populate to the adjustments column of the appropriate reports.

#### *Capital Assets*

At least on an annual basis, governmental organizations are required to report their capital assets according to accounting standards (GASB 34). The End-of-Year Accounting Adjustments - Prior to Year-End – Capital Assets section addresses the updates needed to the equipment log in order to accurately report asset purchases, depreciation, and deletion amounts for the year.

**Pension**

Governmental organizations are required, since 2015, to report their net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense on an annual basis as an adjustment for financial statement purposes only (GASB 68). Through 2018 reporting, unaudited financial statements could use a simplified version to calculate pension liability, inflows, outflows, and expense. Annual pension data can be found in the 20xx GASB Toolkit – Final GASB 68 Schedules and Audit Opinion for Fiscal Year 20xx on the Minnesota PERA website at: <https://www.mnpera.org/employers/financial-resource-center/>. To search the PERA audit report when open, right mouse “Find” then enter “xxx County SWCD” and click “Next” to move to each page where the organization’s name can be found. Since unaudited financial statements are no longer required, there is no need to gather pension numbers (liability, inflows, outflows) since this calculation is done by the CPA firm during the annual audit.

**Current year’s PERA Audit Report**

Employer Unit No.	Employer Name	Beginning Net Pension Liability (Single Discount Rate Assumption 7.90% (NPL))	Ending Net Pension Liability (Single Discount Rate Assumption 7.50% (NPL))	Sensitivity of Ending Net Pension Liability to 1% Decrease in Single Rate Assumption (6.50%)	Sensitivity of Ending Net Pension Liability to 1% Increase in Single Rate Assumption (8.50%)	Differences Between Expected and Actual Economic Experience	Difference Between Projected and Actual Investment Earnings	Changes in Actuarial Assumptions	Net Pension Liability Change in Proportion	Total Deferred Outflows of Resources
9443-00	ST CLOUD AREA PLAN ORGANIZATION	\$ 248,761	\$ 341,019	\$ 484,348	\$ 222,955	\$ -	\$ 49,273	\$ 66,772	\$ -	\$ 116,045
9444-00	ST CLOUD METRO TRANSIT COMMISSION	2,938,488	4,944,778	7,023,050	3,232,847	-	714,456	968,192	163,249	1,845,897
9445-00	SCOTT COUNTY SWCD	513,069	801,831	1,141,678	525,537	-	116,143	157,391	-	373,534
9532-00	TRAVERSE COUNTY SWCD	145,111	243,585	345,963	159,254	-	35,195	47,694	7,774	90,663
9534-00	TRI-CITY BIOSOLIDS DISPOSAL AUTHORITY	36,278	39,291	80,725	37,159	-	8,212	11,129	-	19,941

Employer Unit No.	Employer Name	Differences Between Expected and Actual Economic Experience	Difference Between Projected and Actual Investment Earnings	Changes in Actuarial Assumptions	Net Pension Liability Change in Proportion	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion	Total Pension Expense
9443-00	ST CLOUD AREA PLAN ORGANIZATION	\$ 20,387	\$ -	\$ -	\$ 23,321	\$ 43,708	\$ 47,266	\$ (7,774)	\$ 39,493
9444-00	ST CLOUD METRO TRANSIT COMMISSION	295,607	-	-	-	295,607	685,364	44,416	739,780
9445-00	SCOTT COUNTY SWCD	48,054	-	-	-	48,054	111,414	-	111,414
9532-00	TRAVERSE COUNTY SWCD	14,562	-	-	-	14,562	4,962	2,591	36,353
9534-00	TRI-CITY BIOSOLIDS DISPOSAL AUTHORITY	3,398	-	-	-	3,398	7,778	-	7,878

Account	Account Type	As Reported on F/S for 2016	Per PERA Audit Report for 2017
Defined Benefit Pension Plan	Asset (deferred outflows of resources)	\$ 20,416	\$ 90,663
Net Pension Liability	Long-term Liability	\$ 145,111	\$ 243,585
Defined Benefit Pension Plan	Liability (deferred inflows of resources)	\$ 14,362	\$ 14,562

**Compensated Absences**

Compensated Absences represents the cost to the organization of benefits owed (vacation, sick, comp time, etc.) if all employees end employment as of December 31 (required per GASB 34). A list of employees and their current leave balances was created and then adjusted for the actual leave the employee would be paid according to district policies. Multiplying the adjusted hours by the employee’s rate of pay as of December 31 would provide the total amount due for all employees, which is the end-of-year compensated absences liability. FICA, Medicare, or PERA not included in the calculation since the adjustment is for financial statement purposes only.

**Compensated Absences Chart:**

Employee	Current Leave Hours	Adjustment	Actual Leave Hours	Rate of Pay	Total Payable
----------	---------------------	------------	--------------------	-------------	---------------

				\$	\$
				\$	\$
				\$	\$
Total Payable as of December 31					\$
Total Cost Reported on Last Year's Financial Statements					\$
Net Change in Compensated Absences					\$

Reports (prepared using Word)

Include:

- Management's Discussion and Analysis
- Notes to the Financial Statements

Templates for these documents had been provided with district data entered as appropriate, including any specifics provided by the district.

## **APPENDIX: Financial Management**

### **Contents:**

#### **Board Oversight**

Treasurer's Report

Treasurer's Report Setup Within QuickBooks

#### **SWCD Accounting**

Chart of Accounts

Affidavit of No Receipt

#### **Year-End Process**

Form W-9 Request for Taxpayer Identification Number and Certification

#### **Payroll**

Form I-9 Employment Eligibility Verification

Minnesota New Hire Reporting Form

DOLI Employee Notice Form

PERA Notice of Member Enrollment

PERA: Just the Basics Brochure

Employee Assistance Program Brochure

Acronyms Listing

#### **SWCD Financial Statements**

PERA Understanding the New Pension Accounting and Financial Reporting Requirements Brochure

## Board Oversight: Treasurer's Report

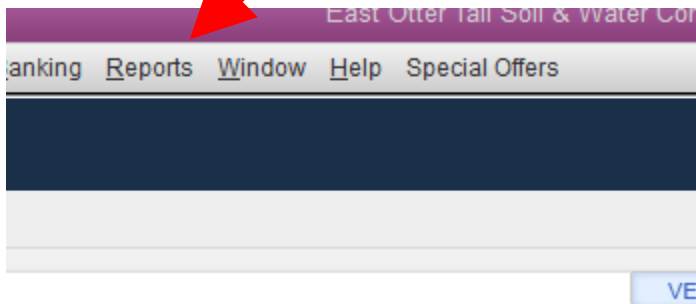
Soil and Water Conservation District  
**TREASURERS REPORT DETAIL**  
 As of April 30, 2019

Type	Date	Num	Name	Memo	Amount	Balance
<b>Tree Change</b>						149.96
Total Tree Change						149.96
<b>American Federal Bank</b>						96,293.42
Money Market Acct						2,605.97
General Journal	04/30/2019	190428	AMERICAN FEDERAL BANK	Interest on Money Marke...	0.57	2,606.54
Total Money Market Acct					0.57	2,606.54
<b>CD/Am Federal Bank</b>						93,687.45
24 month Acct#						93,687.45
Total 24 month Acct#						93,687.45
Total CD/Am Federal Bank						93,687.45
Total American Federal Bank					0.57	96,293.99
<b>National Bank</b>						765,468.89
Checking						19,165.59
Paycheck	04/01/2019	12042			-694.97	18,470.62
Paycheck	04/01/2019	12043			-644.98	17,825.64
Paycheck	04/01/2019	12044			-740.97	17,084.67
Paycheck	04/01/2019	12045			-704.97	16,379.70
Check	04/01/2019	12046				
Check	04/02/2019	12046A	Midcontinent	Accounting Contract qtr 1	-1,800.00	14,579.70
Check	04/05/2019	12046B	OTTER TAIL POWER CO	Internet/ phone service	-238.50	14,341.20
Paycheck	04/11/2019	12047		Tree Shed Electric	-20.71	14,320.49
Paycheck	04/11/2019	12048			-1,223.29	13,097.20
Paycheck	04/11/2019	12049			-1,177.67	11,919.53
Paycheck	04/11/2019	12050			-1,060.56	10,858.97
Paycheck	04/11/2019	12051			-1,506.88	9,352.09
Liability Check	04/11/2019	12051A	PERA		-135.52	9,216.57
Check	04/11/2019	12052	UNIVERSITY OF MINNESOTA-CROOKST...	We are Water Exhibit	-1,019.20	8,197.37
Check	04/11/2019	12053	KROX-AM	Local Workgroup Annou...	-346.19	7,851.18
Check	04/11/2019	12054	County Treasurer	2019 property tax assess...	-30.00	7,821.18
Check	04/15/2019	12055	AREA 1 ENVIROTHON	forward sponsor donations	-140.00	7,681.18
Check	04/15/2019	12055A	ELAN FINANCIAL SERVICES	Credit Card charges	-725.00	6,956.18
Liability Check	04/15/2019	12055B	IRS		-982.44	5,973.74
Liability Check	04/15/2019	12055C	MINNESOTA DEPARTMENT OF REVENUE		-4,826.69	1,147.05
Check	04/15/2019	12055D	Equipment Finance Online		-1,091.00	56.05
Check	04/15/2019	12055E	VERIZON WIRELESS	Copy Machine	-271.96	-215.91
General Journal	04/16/2019	12055F	Northern Sky Bank	cell phone service	-172.12	-388.03
Check	04/18/2019	12056	BWSR	Transfer From Savings	15,000.00	14,611.97
Check	04/18/2019	12057	GROVE, HARLOW	Return 2016 Unencumbe...	-98.00	14,513.97
Sales Tax Pa...	04/23/2019	12057A	MINNESOTA DEPARTMENT OF REVENUE	CS -18-04	-4,406.85	10,107.12
Paycheck	04/25/2019	12058			-1,032.00	9,075.12
Paycheck	04/25/2019	12059			-1,506.89	7,568.23
Liability Check	04/24/2019	12059A	PERA		-1,223.28	6,344.95
Paycheck	04/25/2019	12060			-1,019.20	5,325.75
Paycheck	04/25/2019	12061			-1,177.68	4,148.07
Paycheck	04/25/2019	12062			-1,060.57	3,087.50
Check	04/25/2019	12063	NACDE	2019 dues nb/ds/ah/mt	-135.53	2,951.97
Liability Check	04/29/2019	12064	USABLE Life		-40.00	2,911.97
Check	04/29/2019	12065	NEC Cloud Community	Phone	-4.40	2,907.57
General Journal	04/30/2019	12065A	Northern Sky Bank	Interest on Checking	-75.00	2,832.57
Total Checking					0.11	2,832.68
<b>Savings</b>						746,303.30
General Journal	04/16/2019	12055F	Northern Sky Bank	Transfer to Checking	-15,000.00	731,303.30
Deposit	04/10/2019	190410	Sand hill River Watershed	Envirothon Sponsor	50.00	731,353.30
Deposit	04/10/2019	190411	Red Lake Watershed District	Envirothon Sponsor	300.00	731,653.30
Deposit	04/10/2019	190412	Thrifty White Drug	Envirothon Sponsor	25.00	731,678.30
Deposit	04/10/2019	190413	Irishmans Shanty	Envirothon Sponsor	25.00	731,703.30
Deposit	04/19/2019	190419	MN State MMB Ach	Rim Funding	850.00	732,553.30
Deposit	04/25/2019	190425	MN State MMB Ach	FY 19 Additional Buffer ...	70,000.00	802,553.30
Deposit	04/25/2019	190426	MN State MMB Ach	FY 19 Capacity Match	3,920.00	806,473.30
General Journal	04/30/2019	190430		Interest on Savings	123.98	806,597.28
Total Savings					60,293.98	806,597.28
Total National Bank					43,961.07	809,429.96
<b>TOTAL</b>					43,961.64	905,873.91

5/23/19

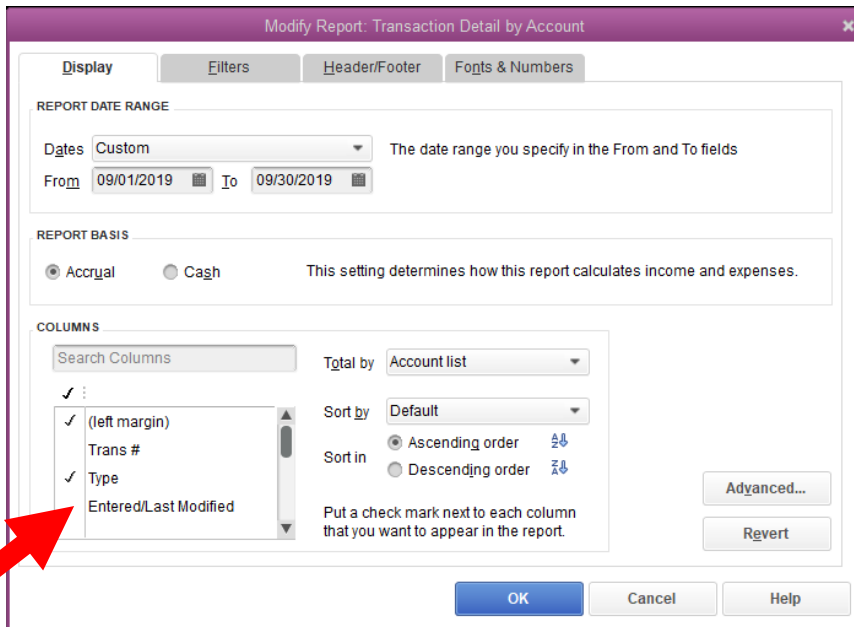
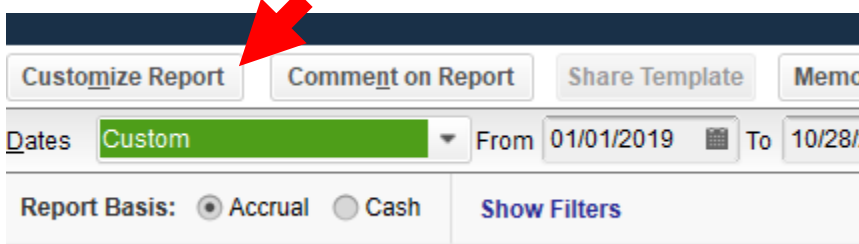
## Board Oversight: Treasurer's Report Setup Within QuickBooks

Go to Reports



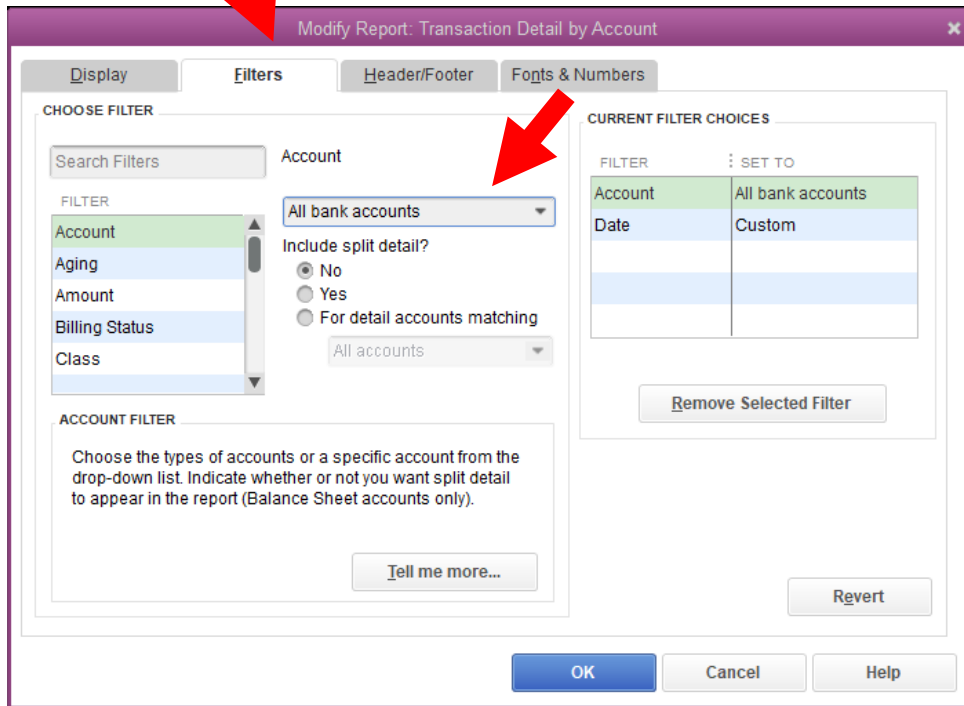
Scroll down to Company & Financial, then Balance Sheet Standard. With the Balance Sheet open place your cursor over the dollar amount of your Total Checkings/Savings and double click. A Transactions by Account window will open.

Click on the customize report.

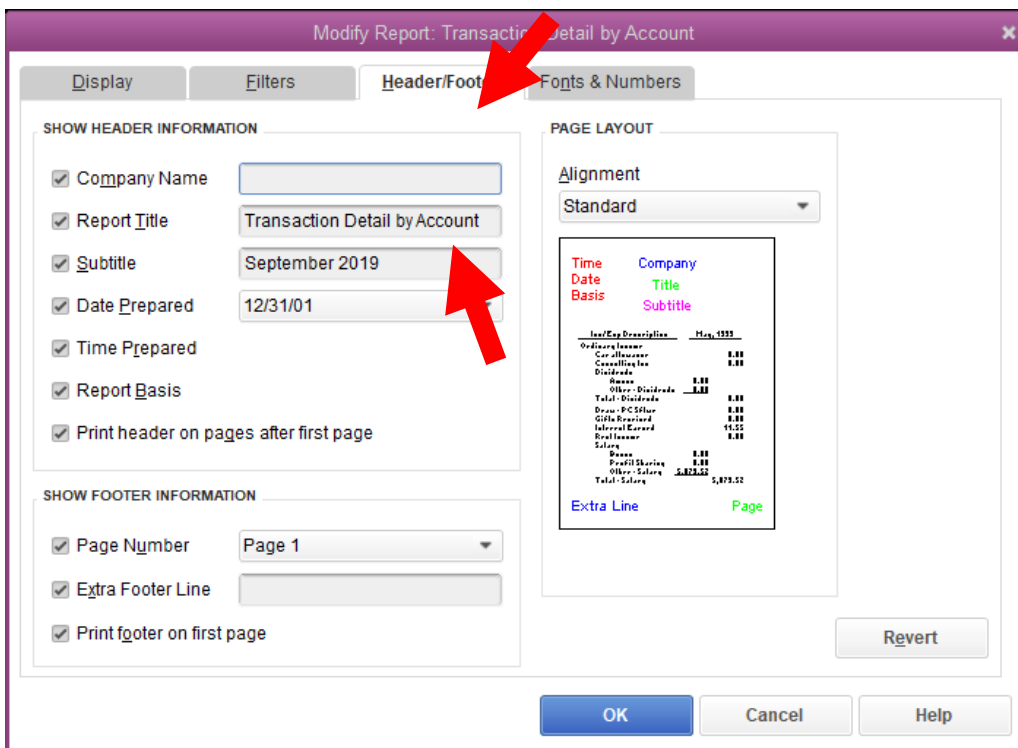


Select the Display tab. Then select items to include in the report. Suggested items are Type, Date, Num, Name, Memo, Amount, and Balance. Add or subtract the items to display. All of these items are already selected. To

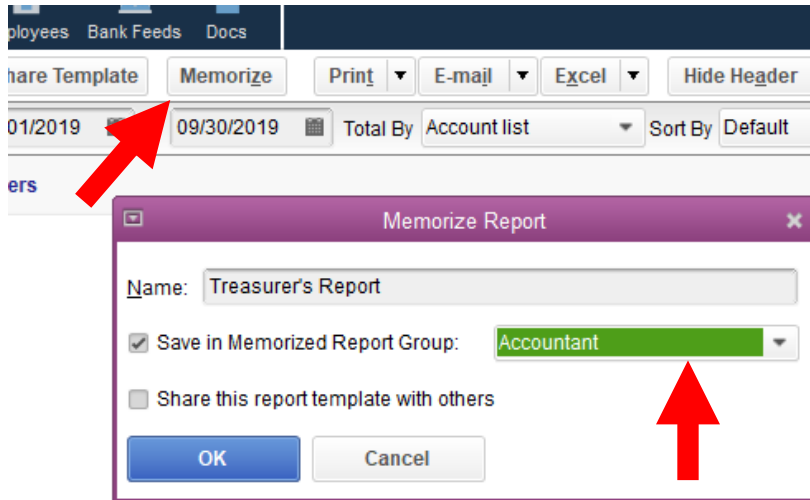
get rid of any unwanted items, simply click on the check mark to the left of the item. Or to select an item, click to the left of that item so that a check mark appears. Then click ok.



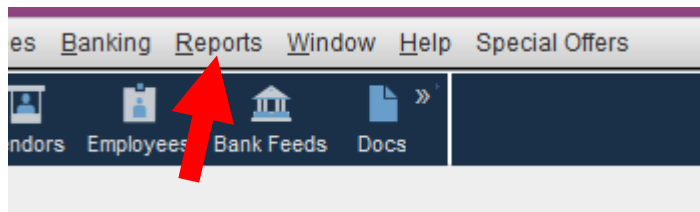
Next, add filters for what to include in the report. Click on the Filters tab. In the account section, click on the arrow to the right and select "All bank accounts."



Your company name should appear at the top. For the report title, change it to “Treasurer’s Report.” Then click OK.



Click on the Memorize tab. When the memorize report box opens in the Save in memorized report group, make sure Accountant is selected and click OK. Then close the report just created and exit the report center.



Click on Reports, hover over Memorized Reports, scroll down to Account and select Treasurer’s Report. Test it out by changing the dates. Treasurer’s Report now created!

## SWCD Accounting: Chart of Accounts

**Stormy SWCD**  
**Account Listing**  
June 22, 2020

Account	Type	Description
10000 · Cash	Bank	
10000 · Cash:10100 · Petty Cash	Bank	
10000 · Cash:10200 · Checking	Bank	
10000 · Cash:10300 · Savings	Bank	
10000 · Cash:10400 · Investments	Bank	
12000 · Accounts Receivable	Accounts Receivable	
12100 · A/R-Due From Other Governments	Accounts Receivable	
12500 · *Undeposited Funds	Other Current Asset	Funds received, but not yet deposited to a bank account
13000 · Due From Other Governments	Other Current Asset	
13100 · Interest Receivable	Other Current Asset	
13200 · Inventory	Other Current Asset	
13900 · Undeposited Funds	Other Current Asset	
14000 · Prepaid Items	Other Current Asset	
14000 · Prepaid Items:14100 · Prepaid Trees	Other Current Asset	
14000 · Prepaid Items:14200 · Prepaid Insurance	Other Current Asset	
14000 · Prepaid Items:14300 · Prepaid Dues and Subscriptions	Other Current Asset	
14000 · Prepaid Items:14400 · Prepaid Software Licenses	Other Current Asset	
20000 · Accounts Payable	Accounts Payable	
20100 · A/P-Due To Other Governments	Accounts Payable	
20500 · Due To Other Governments	Other Current Liability	
21000 · Accrued Salaries Payable	Other Current Liability	
21500 · Payroll Liabilities	Other Current Liability	
21500 · Payroll Liabilities:21510 · FICA Payable	Other Current Liability	
21500 · Payroll Liabilities:21520 · Medicare Payable	Other Current Liability	
21500 · Payroll Liabilities:21530 · Federal Withholding Payable	Other Current Liability	
21500 · Payroll Liabilities:21540 · MN Withholding Payable	Other Current Liability	
21500 · Payroll Liabilities:21550 · PERA Payable	Other Current Liability	
22000 · Sales Tax Payable	Other Current Liability	
23000 · Deposits Received	Other Current Liability	
23000 · Deposits Received:23100 · Deposits on Tree Orders	Other Current Liability	
23000 · Deposits Received:23200 · Deposits on Sales	Other Current Liability	
25000 · Unearned Revenue - County	Other Current Liability	Add subaccounts for each grant
25000 · Unearned Revenue - County:25010 · County WCA	Other Current Liability	
25300 · Unearned Revenue - Local	Other Current Liability	Add subaccounts for each grant
25500 · Unearned Revenue - Federal	Other Current Liability	Add subaccounts for each grant
26000 · Unearned Revenue - State	Other Current Liability	Add subaccounts for each grant
26000 · Unearned Revenue - State:26010 · BWSR 2020 Cons Delivery	Other Current Liability	
26000 · Unearned Revenue - State:26018 · BWSR 2018 Cons Delivery	Other Current Liability	
26000 · Unearned Revenue - State:26019 · BWSR 2019 Cons Delivery	Other Current Liability	
26000 · Unearned Revenue - State:26020 · BWSR 2020 Local Capacity	Other Current Liability	
26000 · Unearned Revenue - State:26028 · BWSR 2018 Local Capacity	Other Current Liability	
26000 · Unearned Revenue - State:26029 · BWSR 2019 Local Capacity	Other Current Liability	
26000 · Unearned Revenue - State:26030 · BWSR 2020 Buffer Implementation	Other Current Liability	
26000 · Unearned Revenue - State:26038 · BWSR 2018 Buffer Implementation	Other Current Liability	
26000 · Unearned Revenue - State:26039 · BWSR 2019 Buffer Implementation	Other Current Liability	
26000 · Unearned Revenue - State:27010 · BWSR 2019 xxx Grant	Other Current Liability	
29500 · Compensated Absences	Long Term Liability	
30000 · Fund Balance	Equity	Opening balances during setup post to account; account balance should be zero after setup done.
30000 · Fund Balance:31000 · Nonspendable-Inventory	Equity	
30000 · Fund Balance:31200 · Unspendable-Prepaid Items	Equity	
30000 · Fund Balance:31500 · Assigned-Compensated Absences	Equity	
33000 · Unassigned Fund Balance	Equity	
41000 · County Revenue	Income	
41000 · County Revenue:41010 · County-Allocation	Income	
41000 · County Revenue:41020 · County-Water Plan	Income	
41000 · County Revenue:41030 · County-WCA	Income	
41000 · County Revenue:41040 · County-Feedlot	Income	
41000 · County Revenue:41050 · County-Abandoned Wells	Income	
41000 · County Revenue:41060 · County-DNR Shoreland	Income	
41000 · County Revenue:41070 · County-AIS	Income	
42000 · Local Revenue	Income	
43000 · Federal Revenue	Income	
44000 · State Revenue	Income	
44000 · State Revenue:44100 · State-General	Income	
44000 · State Revenue:44200 · State-Personnel	Income	
44000 · State Revenue:44300 · State-Capital Assets	Income	

**Stormy SWCD**  
**Account Listing**  
June 22, 2020

Account	Type	Description
44000 · State Revenue:44400 · Reimb-BWSR FarmBill	Income	
44000 · State Revenue:44410 · Reimb--BWSR Easements	Income	
44000 · State Revenue:44420 · Reimb-xxx1W1P	Income	
47000 · Charges for Services	Income	
47000 · Charges for Services:47100 · Tree Sales Revenue	Income	
47000 · Charges for Services:47200 · Equipment Rental Revenue	Income	
47000 · Charges for Services:47300 · Contracted Services Revenue	Income	
47000 · Charges for Services:47800 · Services - Discount	Income	
47000 · Charges for Services:47850 · Services - Bad Debts	Income	
48000 · Investment Earnings	Income	
48000 · Investment Earnings:48100 · Misc. Interest Income	Income	
49000 · Misc. Income	Income	
49000 · Misc. Income:49100 · MCIT Dividend	Income	
49000 · Misc. Income:49200 · Health Insurance Dividend	Income	
49000 · Misc. Income:49300 · Asset Sale Proceeds	Income	
51000 · Personnel Services	Expense	
51000 · Personnel Services:51010 · Employee Wages	Expense	
51000 · Personnel Services:51020 · Payroll Taxes	Expense	
51000 · Personnel Services:51030 · PERA Expense	Expense	
51000 · Personnel Services:51040 · Employee Benefits	Expense	
51000 · Personnel Services:51900 · Supervisor Compensation	Expense	
51000 · Personnel Services:51910 · Supervisor Per Diems	Expense	
52000 · Other Charges/Services	Expense	
52000 · Other Charges/Services:52010 · Education/Training	Expense	
52000 · Other Charges/Services:52020 · Newsletters	Expense	
52000 · Other Charges/Services:52030 · Office Maintenance	Expense	
52000 · Other Charges/Services:52040 · Postage, Mailing Service	Expense	
52000 · Other Charges/Services:52050 · Professional Associations	Expense	
52000 · Other Charges/Services:52060 · Professional Services	Expense	
52000 · Other Charges/Services:52070 · Rent	Expense	
52000 · Other Charges/Services:52080 · Telephone/Fax	Expense	
52000 · Other Charges/Services:52090 · Internet	Expense	
52000 · Other Charges/Services:52100 · Insurance	Expense	
52000 · Other Charges/Services:52110 · Utilities	Expense	
52000 · Other Charges/Services:52120 · Vehicle Maintenance/Repairs/Ins	Expense	
52000 · Other Charges/Services:57000 · Loss on Sale of Assets	Expense	
58100 · Office Supplies	Expense	
58200 · Field Supplies	Expense	
59000 · Capital Outlay	Expense	
61000 · County Project Expenses	Expense	
61500 · Local Project Expenses	Expense	
62000 · District Project Expenses	Expense	
62000 · District Project Expenses:62100 · Tree Sales Expense	Expense	
62000 · District Project Expenses:62200 · Equipment Rental Expense	Expense	
63000 · Federal Project Expenses	Expense	
64000 · State Project Expenses	Expense	
64000 · State Project Expenses:64100 · State-Advanced Payment Grants	Expense	
64000 · State Project Expenses:64200 · BWSR FarmBill	Expense	
64000 · State Project Expenses:64210 · BWSR Easements	Expense	

## SWCD Accounting: Affidavit of No Receipt

## AFFIDAVIT OF NO RECEIPT

\_\_\_\_\_  
Employee Name

\_\_\_\_\_  
Employee ID Number

The above named employee declares that the expense(s) claimed on the attached expense report, in the amount of \$\_\_\_\_\_, is correct and just; that the employee incurred the expense(s) in the performance of official duties for the State of Minnesota; that the receipt(s) for the expense(s) has been: (check one)

- lost
- destroyed
- not obtained (attach explanation)

and is therefore not available to document the expense(s) claimed on the attached report; and that no reimbursement for the expense(s) has been obtained to date.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

---

Notary:

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

## **Year-End Process: Form W-9 Request for Taxpayer Identification Number and Certification**

# Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

► Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

Print or type. See Specific Instructions on page 3.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.		
	2 Business name/disregarded entity name, if different from above		
	3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only <b>one</b> of the following seven boxes.		4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):  Exempt payee code (if any) _____  Exemption from FATCA reporting code (if any) _____  <small>(Applies to accounts maintained outside the U.S.)</small>
	<input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate		
	<input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► _____ <b>Note:</b> Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is <b>not</b> disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.		
5 Address (number, street, and apt. or suite no.) See instructions.		Requester's name and address (optional)	
6 City, state, and ZIP code			
7 List account number(s) here (optional)			

## Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

**Note:** If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

<b>Social security number</b>									
-					-				
<b>or</b>									
<b>Employer identification number</b>									
-					-				

## Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

<b>Sign Here</b>	Signature of U.S. person ►	Date ►
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## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

## Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

*If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.*

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting*, later, for further information.

**Note:** If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States.

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

**Foreign person.** If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items.

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

## Backup Withholding

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS 24% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

**Payments you receive will be subject to backup withholding if:**

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the instructions for Part II for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code*, later, and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships*, earlier.

## What is FATCA Reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code*, later, and the Instructions for the Requester of Form W-9 for more information.

## Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

## Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

## Specific Instructions

### Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account (other than an account maintained by a foreign financial institution (FFI)), list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9. If you are providing Form W-9 to an FFI to document a joint account, each holder of the account that is a U.S. person must provide a Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

**Note: ITIN applicant:** Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C corporation, or S corporation.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

### Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

### Line 3

Check the appropriate box on line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box on line 3.

IF the entity/person on line 1 is a(n) . . .	THEN check the box for . . .
• Corporation	Corporation
• Individual • Sole proprietorship, or • Single-member limited liability company (LLC) owned by an individual and disregarded for U.S. federal tax purposes.	Individual/sole proprietor or single-member LLC
• LLC treated as a partnership for U.S. federal tax purposes, • LLC that has filed Form 8832 or 2553 to be taxed as a corporation, or • LLC that is disregarded as an entity separate from its owner but the owner is another LLC that is not disregarded for U.S. federal tax purposes.	Limited liability company and enter the appropriate tax classification. (P= Partnership; C= C corporation; or S= S corporation)
• Partnership	Partnership
• Trust/estate	Trust/estate

### Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space on line 4 any code(s) that may apply to you.

#### Exempt payee code.

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)

2—The United States or any of its agencies or instrumentalities

3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

4—A foreign government or any of its political subdivisions, agencies, or instrumentalities

5—A corporation

6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession

7—A futures commission merchant registered with the Commodity Futures Trading Commission

8—A real estate investment trust

9—An entity registered at all times during the tax year under the Investment Company Act of 1940

10—A common trust fund operated by a bank under section 584(a)

11—A financial institution

12—A middleman known in the investment community as a nominee or custodian

13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 5 <sup>2</sup>
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

<sup>1</sup> See Form 1099-MISC, Miscellaneous Income, and its instructions.

<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

**Exemption from FATCA reporting code.** The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities C—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a) J—

A bank as defined in section 581

K—A broker

L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

**Note:** You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

## Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns. If this address differs from the one the requester already has on file, write NEW at the top. If a new address is provided, there is still a chance the old address will be used until the payor changes your address in their records.

## Line 6

Enter your city, state, and ZIP code.

## Part I. Taxpayer Identification Number (TIN)

**Enter your TIN in the appropriate box.** If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN.

If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

**Note:** See *What Name and Number To Give the Requester*, later, for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at [www.SSA.gov](http://www.SSA.gov). You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at [www.irs.gov/Businesses](http://www.irs.gov/Businesses) and clicking on Employer Identification Number (EIN) under Starting a Business. Go to [www.irs.gov/Forms](http://www.irs.gov/Forms) to view, download, or print Form W-7 and/or Form SS-4. Or, you can go to [www.irs.gov/OrderForms](http://www.irs.gov/OrderForms) to place an order and have Form W-7 and/or SS-4 mailed to you within 10 business days.

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note:** Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

## Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, 4, or 5 below indicates otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code*, earlier.

**Signature requirements.** Complete the certification as indicated in items 1 through 5 below.

**1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.**

You must give your correct TIN, but you do not have to sign the certification.

**2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.**

You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

**3. Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.

**4. Other payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

**5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), ABLE accounts (under section 529A), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

**What Name and Number To Give the Requester**

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account) other than an account maintained by an FFI	The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup>
3. Two or more U.S. persons (joint account maintained by an FFI)	Each holder of the account
4. Custodial account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
5. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee <sup>1</sup>
b. So-called trust account that is not a legal or valid trust under state law	The actual owner <sup>1</sup>
6. Sole proprietorship or disregarded entity owned by an individual	The owner <sup>3</sup>
7. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))	The grantor <sup>4</sup>
For this type of account:	Give name and EIN of:
8. Disregarded entity not owned by an individual	The owner
9. A valid trust, estate, or pension trust	Legal entity <sup>4</sup>
10. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
11. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
12. Partnership or multi-member LLC	The partnership
13. A broker or registered nominee	The broker or nominee

For this type of account:	Give name and EIN of:
14. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
15. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulations section 1.671-4(b)(2)(i)(B))	The trust

<sup>1</sup> List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

<sup>2</sup> Circle the minor's name and furnish the minor's SSN.

<sup>3</sup> You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

<sup>4</sup> List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships*, earlier.

**\*Note:** The grantor also must provide a Form W-9 to trustee of trust.

**Note:** If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

**Secure Your Tax Records From Identity Theft**

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Pub. 5027, Identity Theft Information for Taxpayers.

Victims of identity theft who are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

**Protect yourself from suspicious emails or phishing schemes.**

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to [phishing@irs.gov](mailto:phishing@irs.gov). You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at [spam@uce.gov](mailto:spam@uce.gov) or report them at [www.ftc.gov/complaint](http://www.ftc.gov/complaint). You can contact the FTC at [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft) or 877-IDTHEFT (877-438-4338). If you have been the victim of identity theft, see [www.IdentityTheft.gov](http://www.IdentityTheft.gov) and Pub. 5027.

Visit [www.irs.gov/IdentityTheft](http://www.irs.gov/IdentityTheft) to learn more about identity theft and how to reduce your risk.

## Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

## **Payroll: Form I-9 Employment Eligibility Verification**



**Employment Eligibility Verification**  
**Department of Homeland Security**  
 U.S. Citizenship and Immigration Services

**USCIS**  
**Form I-9**  
 OMB No. 1615-0047  
 Expires 08/31/2019

▶ **START HERE:** Read instructions carefully before completing this form. The instructions must be available, either in paper or electronically, during completion of this form. Employers are liable for errors in the completion of this form.

**ANTI-DISCRIMINATION NOTICE:** It is illegal to discriminate against work-authorized individuals. Employers **CANNOT** specify which document(s) an employee may present to establish employment authorization and identity. The refusal to hire or continue to employ an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

**Section 1. Employee Information and Attestation** *(Employees must complete and sign Section 1 of Form I-9 no later than the first day of employment, but not before accepting a job offer.)*

Last Name (Family Name)		First Name (Given Name)		Middle Initial	Other Last Names Used (if any)	
Address (Street Number and Name)			Apt. Number	City or Town		State ZIP Code
Date of Birth (mm/dd/yyyy)	U.S. Social Security Number □□□□ - □□ - □□□□		Employee's E-mail Address		Employee's Telephone Number	

**I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.**

**I attest, under penalty of perjury, that I am (check one of the following boxes):**

<input type="checkbox"/> 1. A citizen of the United States	
<input type="checkbox"/> 2. A noncitizen national of the United States <i>(See instructions)</i>	
<input type="checkbox"/> 3. A lawful permanent resident (Alien Registration Number/USCIS Number): _____	
<input type="checkbox"/> 4. An alien authorized to work until (expiration date, if applicable, mm/dd/yyyy): _____ Some aliens may write "N/A" in the expiration date field. <i>(See instructions)</i>	
<p><i>Aliens authorized to work must provide only one of the following document numbers to complete Form I-9:          An Alien Registration Number/USCIS Number OR Form I-94 Admission Number OR Foreign Passport Number.</i></p> <p>1. Alien Registration Number/USCIS Number: _____  <b>OR</b>          2. Form I-94 Admission Number: _____  <b>OR</b>          3. Foreign Passport Number: _____          Country of Issuance: _____</p>	
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">           QR Code - Section 1            Do Not Write In This Space         </div>	

Signature of Employee	Today's Date (mm/dd/yyyy)
-----------------------	---------------------------

**Preparer and/or Translator Certification (check one):**  
 I did not use a preparer or translator.     A preparer(s) and/or translator(s) assisted the employee in completing Section 1.  
*(Fields below must be completed and signed when preparers and/or translators assist an employee in completing Section 1.)*

**I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.**

Signature of Preparer or Translator		Today's Date (mm/dd/yyyy)	
Last Name (Family Name)		First Name (Given Name)	
Address (Street Number and Name)		City or Town	State ZIP Code



*Employer Completes Next Page*





**Employment Eligibility Verification**  
**Department of Homeland Security**  
 U.S. Citizenship and Immigration Services

**USCIS**  
**Form I-9**  
 OMB No. 1615-0047  
 Expires 08/31/2019

**Section 2. Employer or Authorized Representative Review and Verification**

*(Employers or their authorized representative must complete and sign Section 2 within 3 business days of the employee's first day of employment. You must physically examine one document from List A OR a combination of one document from List B and one document from List C as listed on the "Lists of Acceptable Documents.")*

<b>Employee Info from Section 1</b>	Last Name (Family Name)	First Name (Given Name)	M.I.	Citizenship/Immigration Status
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List A Identity and Employment Authorization	OR	List B Identity	AND	List C Employment Authorization
Document Title		Document Title		Document Title
Issuing Authority		Issuing Authority		Issuing Authority
Document Number		Document Number		Document Number
Expiration Date (if any)(mm/dd/yyyy)		Expiration Date (if any)(mm/dd/yyyy)		Expiration Date (if any)(mm/dd/yyyy)
Document Title		Additional Information		QR Code - Sections 2 & 3 Do Not Write In This Space
Issuing Authority				
Document Number				
Expiration Date (if any)(mm/dd/yyyy)				
Document Title				
Issuing Authority				
Document Number				
Expiration Date (if any)(mm/dd/yyyy)				

**Certification: I attest, under penalty of perjury, that (1) I have examined the document(s) presented by the above-named employee, (2) the above-listed document(s) appear to be genuine and to relate to the employee named, and (3) to the best of my knowledge the employee is authorized to work in the United States.**

**The employee's first day of employment (mm/dd/yyyy):** \_\_\_\_\_ **(See instructions for exemptions)**

Signature of Employer or Authorized Representative		Today's Date (mm/dd/yyyy)	Title of Employer or Authorized Representative	
Last Name of Employer or Authorized Representative	First Name of Employer or Authorized Representative		Employer's Business or Organization Name	
Employer's Business or Organization Address (Street Number and Name)		City or Town	State	ZIP Code

**Section 3. Reverification and Rehires** *(To be completed and signed by employer or authorized representative.)*

<b>A. New Name (if applicable)</b>			<b>B. Date of Rehire (if applicable)</b>	
Last Name (Family Name)	First Name (Given Name)	Middle Initial	Date (mm/dd/yyyy)	

**C. If the employee's previous grant of employment authorization has expired, provide the information for the document or receipt that establishes continuing employment authorization in the space provided below.**

Document Title	Document Number	Expiration Date (if any) (mm/dd/yyyy)
----------------	-----------------	---------------------------------------

**I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.**

Signature of Employer or Authorized Representative	Today's Date (mm/dd/yyyy)	Name of Employer or Authorized Representative
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## LISTS OF ACCEPTABLE DOCUMENTS

### All documents must be UNEXPIRED

Employees may present one selection from List A  
or a combination of one selection from List B and one selection from List C.

LIST A Documents that Establish Both Identity and Employment Authorization	OR	LIST B Documents that Establish Identity	AND	LIST C Documents that Establish Employment Authorization
<ol style="list-style-type: none"> <li>1. U.S. Passport or U.S. Passport Card</li> <li>2. Permanent Resident Card or Alien Registration Receipt Card (Form I-551)</li> <li>3. Foreign passport that contains a temporary I-551 stamp or temporary I-551 printed notation on a machine-readable immigrant visa</li> <li>4. Employment Authorization Document that contains a photograph (Form I-766)</li> <li>5. For a nonimmigrant alien authorized to work for a specific employer because of his or her status:               <ol style="list-style-type: none"> <li>a. Foreign passport; and</li> <li>b. Form I-94 or Form I-94A that has the following:                   <ol style="list-style-type: none"> <li>(1) The same name as the passport; and</li> <li>(2) An endorsement of the alien's nonimmigrant status as long as that period of endorsement has not yet expired and the proposed employment is not in conflict with any restrictions or limitations identified on the form.</li> </ol> </li> </ol> </li> <li>6. Passport from the Federated States of Micronesia (FSM) or the Republic of the Marshall Islands (RMI) with Form I-94 or Form I-94A indicating nonimmigrant admission under the Compact of Free Association Between the United States and the FSM or RMI</li> </ol>	OR	<ol style="list-style-type: none"> <li>1. Driver's license or ID card issued by a State or outlying possession of the United States provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address</li> <li>2. ID card issued by federal, state or local government agencies or entities, provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address</li> <li>3. School ID card with a photograph</li> <li>4. Voter's registration card</li> <li>5. U.S. Military card or draft record</li> <li>6. Military dependent's ID card</li> <li>7. U.S. Coast Guard Merchant Mariner Card</li> <li>8. Native American tribal document</li> <li>9. Driver's license issued by a Canadian government authority</li> <li style="text-align: center;"><b>For persons under age 18 who are unable to present a document listed above:</b></li> <li>10. School record or report card</li> <li>11. Clinic, doctor, or hospital record</li> <li>12. Day-care or nursery school record</li> </ol>	AND	<ol style="list-style-type: none"> <li>1. A Social Security Account Number card, unless the card includes one of the following restrictions:               <ol style="list-style-type: none"> <li>(1) NOT VALID FOR EMPLOYMENT</li> <li>(2) VALID FOR WORK ONLY WITH INS AUTHORIZATION</li> <li>(3) VALID FOR WORK ONLY WITH DHS AUTHORIZATION</li> </ol> </li> <li>2. Certification of report of birth issued by the Department of State (Forms DS-1350, FS-545, FS-240)</li> <li>3. Original or certified copy of birth certificate issued by a State, county, municipal authority, or territory of the United States bearing an official seal</li> <li>4. Native American tribal document</li> <li>5. U.S. Citizen ID Card (Form I-197)</li> <li>6. Identification Card for Use of Resident Citizen in the United States (Form I-179)</li> <li>7. Employment authorization document issued by the Department of Homeland Security</li> </ol>

**Examples of many of these documents appear in Part 13 of the Handbook for Employers (M-274).**

**Refer to the instructions for more information about acceptable receipts.**

## Payroll: Minnesota New Hire Reporting Form



## Payroll: DOLI Employee Notice Form

## Employee notice

1. Employee:	Address:		
Phone number:	Email address:		
Date employment began:			
2. Legal name of employer:	Main office/principal place of business address:		
Phone number:	Email address:		
Operating name of employer (if different):			
Mailing address (if different):			
3. Employment status (exempt or non-exempt):			
<input type="checkbox"/> Employee is exempt from: <input type="checkbox"/> minimum wage <input type="checkbox"/> overtime <input type="checkbox"/> other provisions of Minnesota Statutes 177			
Legal basis for exemption:			
<input type="checkbox"/> Employee is non-exempt (entitled to overtime, minimum wage, other protections under Minn. Stat. 177)			
4. Rate or rates of pay			
Paid by: Hour <input type="checkbox"/> Shift <input type="checkbox"/> Day <input type="checkbox"/> Week <input type="checkbox"/> Salary <input type="checkbox"/> Piece <input type="checkbox"/> Commission <input type="checkbox"/> Other method <input type="checkbox"/>			
Overtime is owed after: _____ hours			
Allowances claimed:			
\$ _____ per meal for meal allowance (max = 60% of one hour of adult minimum wage per meal)			
\$ _____ per day for lodging allowance (max = 75% of one hour of adult minimum wage per day) (or fair market value)			
5. Leave benefits available:			
<input type="checkbox"/> Sick leave <input type="checkbox"/> Paid vacation <input type="checkbox"/> Other paid time off			
How benefits are accrued: Number of hours _____ or days _____			
per <input type="checkbox"/> year <input type="checkbox"/> month <input type="checkbox"/> per pay period <input type="checkbox"/> per hours worked			
Terms of use:			
6. Deductions that may be made from employee's pay and amounts:			
7. Number of days in the pay period: _____ Regularly scheduled payday: _____			
Date employee will receive first payment of wages earned: _____			
8. Other information relevant to this position:			
I, the employee, have received a copy of this notice: <input type="checkbox"/> Yes <input type="checkbox"/> No			
Employer signature	Date	Employee signature	Date

This document contains important information about your employment. Check the box at left to receive this information in this language.

Spanish/Español	Este documento contiene información importante sobre su empleo. Marque la casilla a la izquierda para recibir esta información en este idioma.
Hmong/Hmoob	Daim ntawv no muaj cov xov tseem ceeb hais txog thaum koj ua hauj lwj. Khij lub npauv ntawm sab laug yog koj xav tau cov xov tseem ceeb no txhais ua lus Hmoob.
Vietnamese/Việt ngữ	Tài liệu này chứa thông tin quan trọng về việc làm của quý vị. Đánh dấu vào ô bên trái để nhận thông tin này bằng Việt ngữ.
Simp. Chinese/简体中文	本文件包含与您的雇用相关的重要信息。勾选左边的方框将接收以这种语言提供的信息。
Russian/русский	Данный документ содержит важную информацию о вашем трудоустройстве. Отметьте галочкой квадрат слева для получения этой информации на данном языке.
Somali/Soomaali	Dokumentigan waxaa ku qoran macluumaad muhiim ah oo ku saabsan shaqadaada. Calaamadi sanduuqan haddii aad rabto inaad macluumaadkan ku hesho luqaddan.
Laotian/ລາວ	ເອກະສານນີ້ມີຂໍ້ມູນທີ່ສໍາຄັນກ່ຽວກັບການຈ້າງງານຂອງທ່ານ. ກວດເບິ່ງກ່ອງທີ່ຢູ່ເບື້ອງຊ້າຍເພື່ອຮັບຂໍ້ມູນນີ້ໃນພາສາລາວ.
Korean/한국어	이 문서에는 귀하의 고용 형태에 관련된 중요한 정보가 담겨있습니다. 이 언어로 이 정보를 받기를 원하시면 왼쪽 상자에 체크하여 주세요.
Tagalog/Tagalog	Ang dokumentong ito ay nagtataglay ng mahalagang impormasyon tungkol sa iyong pagtatrabaho. Lagyan ng tsek ang kahon sa kaliwa upang matanggap ang impormasyong ito sa wikang ito.
Oromo/Oromoo	Waraqaan kun waayee hojii keetii odeeffannoo barbaachisoo ta’an qabatee jira. Saaxinnii karaa bitaatti argamu kana irratti mallattoo godhi yoo afaan Kanaan barreeffama argachuu barbaadde.
Amharic/አማርኛ	ይህ ደብዳቤ ለደብዳቤዎን በሚመለከት አስፈላጊ መረጃ የያዘ ነው። ይህንን ደብዳቤ በስተግራ በኩል ባለው ቋንቋ ተተርጉሞ እንዲሰጥ ከፈለጉ በዛው በስተግራ በኩል ባለው ሳጥን ውስጥ ምልክት ያድርጉ።
Karen/ကညီကျိာ်	လၢ်တၢ်လၢ်စိတၢ်ခါအံၤဟံၣ်သ့တၢ်ဂ့ၢ်တၢ်ကျိၢ်အကျိၢ်လၢအတၢ်သးဒီးန့ၢ်တၢ်ဖဲတၢ်မၤန့ၢ်လီၤ. တၢ်န့ၢ်တၢ်ဒီးလၢအတၢ်တကၤလၢတၢ်ကဒီးန့ၢ်တၢ်ဂ့ၢ်တၢ်ကျိၢ်လၢကျိၢ်တၢ်ခါအံၤအဂီၢ်တၢ်က့ၢ်.
Arabic/العربية	يحتوي هذا المستند على معلومات مهمة حول عملك. ضع علامة في المربع على اليمين للحصول على هذه المعلومات في هذه اللغة.

## Translation providers approved by the Minnesota Department of Administration

<b>Betmar Languages, Inc.</b> 6260 Hwy. 65 N.E. Minneapolis, MN 55432 763-572-9711 <a href="mailto:best@betmar.com">best@betmar.com</a>	<b>The Bridge World Language Center, Inc.</b> 110 Second Street S., #308 Waite Park, MN 56387 320-259-9239 <a href="mailto:mini@bridgelanguage.com">mini@bridgelanguage.com</a>	<b>Fox Translation Services</b> 1152 Mae Street, #122 Hummelstown, PA 17033 866-369-1646 or 407-733-3720 <a href="mailto:dina@foxfoxcasemanagement.com">dina@foxfoxcasemanagement.com</a>
<b>Global Translation and Interpreter</b> 913 E. Franklin Ave., #206 Minneapolis, MN 55404 612-722-1244 <a href="mailto:sandor@globaltranslations.com">sandor@globaltranslations.com</a>	<b>Latin American Translators Network, Inc.</b> 1720 Peachtree Street N.W., #532 Atlanta, GA 30309 800-943-5286, ext. 8641, <a href="mailto:translations@latn.com">translations@latn.com</a> 800-943-5286, ext. 8620, <a href="mailto:idenis@latn.com">idenis@latn.com</a>	<b>Latitude Prime, LLC</b> 80 S. Eighth Street, #900 Minneapolis, MN 55402 888-341-9080, ext. 501 <a href="mailto:elle@latitude.com">elle@latitude.com</a>
<b>Lingualinx Language Solutions, Inc.</b> 433 River Street, #6001 Troy, NY 12180 518-388-9000 <a href="mailto:abartlett@lingualinx.com">abartlett@lingualinx.com</a>	<b>Prisma International, Inc.</b> 1128 Harmon Place, #310 Minneapolis, MN 55403 612-349-3111 <a href="mailto:jromano@prisma.com">jromano@prisma.com</a>	<b>Swits, LTD</b> 110 S. Third Street Delavan, WI 53115 262-740-2590 <a href="mailto:translations@swits.us">translations@swits.us</a>

## **Payroll: PERA Notice of Member Enrollment**

# NOTICE OF MEMBER ENROLLMENT

## into PERA's Defined Benefit Plan

### (Coordinated, Police & Fire, Correctional or Basic Plans)



**Public Employees Retirement Association** 60 Empire Dr., Ste. 200, Saint Paul MN 55103-2088  
 Employer Fax Number: 651-296-2493; Employer Lines: 651-296-3636 or 1-888-892 PERA (7372)

Complete this form to enroll an employee whose coverage under the Coordinated, Correctional, Police and Fire or Basic plan is required under M.S. §353.01, subd. 2a, 2d(a)(5) or 2d(b). Completion is required even if the person has prior membership in a different PERA plan based on another public service position or another Minnesota retirement system (i.e., TRA or MSRS).

**This form is for use by payroll officers or other employer representatives who do not have internet or email capabilities. All other employers must enroll their employees into PERA using the Employer Reporting and Information System (ERIS).** In addition, employers should not use this form to enroll individuals who are exercising their individual right to join a Defined Benefit Plan under M.S. §353.01, subd. 2d(a). PERA has separate membership election forms for those situations [i.e. persons holding non-governing body elected positions, city managers, or other positions listed in M.S. §353.01, subd. 2d(a)].

1. Employee's Social Security Number	<b>This must match the person's Social Security card and the number recorded in your records. PERA cannot process an enrollment without this data.</b>			
2. Employee's Name: Last	First	Middle Initial	Title (Jr. Sr. III)	Birth Last Name (if known)
3. Employee's Mailing Address: Number and Street, Rural Route, PO Box, etc.		City	State	Zip Code
4. Employee's Date of Birth:		5. Sex: <input type="checkbox"/> Male <input type="checkbox"/> Female		
6. Plan in Which Employee Qualifies based on Position Held (must match plan data you report on the SDR):				
<input type="checkbox"/> <b>Coordinated</b> – The employee meets the requirements of this plan as defined in M.S. §353.01, subd. 2a or 2d(b). <input type="checkbox"/> <b>Police &amp; Fire</b> – The employee meets the plan requirements defined in M.S. §353.34 (Except for full-time police officer and firefighter positions, you must declare the position's eligibility through a resolution adopted by your governing body (i.e. county commissioners, city council, township or school board). A resolution is also required when a Police and Fire member is promoted/transferred to a different police or fire-related position that would not otherwise qualify under this plan. <input type="checkbox"/> <b>Correctional</b> – A signed <i>Correctional Officer Certification</i> form must accompany the enrollment form. <input type="checkbox"/> <b>Basic</b> – Membership is restricted to members who transfer from one governmental unit to another with less than a 30-day break in public service. Contact PERA to verify an employee's eligibility for this plan.				
7. Employer No. (6-digit PERA ID#)		8. Name of Employer (Name of Governmental Subdivision and Department)		
9. Hire/Start Date for this Position:		10. PERA Eligibility Date for this Position:		
11. If membership was delayed by more than 30 days, provide the reason, using PERA exclusion codes, the person was not entitled to coverage.		Exclusion Code	Explanation (if necessary)	
12. Position Appointment Classification: <input type="checkbox"/> Full-time <input type="checkbox"/> Part-time <input type="checkbox"/> Intermittent/On-call <input type="checkbox"/> Seasonal <input type="checkbox"/> Other – Explain		13. Position Title Classification: <input type="checkbox"/> Administrator <input type="checkbox"/> Paramedic/EMS <input type="checkbox"/> Correctional Officer <input type="checkbox"/> Police Officer or Deputy <input type="checkbox"/> Firefighter <sup>1</sup> <input type="checkbox"/> Sheriff <sup>1</sup> <input type="checkbox"/> Medical Physician <input type="checkbox"/> Elected Sheriff <input type="checkbox"/> Other (meaning none of the above) <sup>1</sup> As defined in M.S. §353.64		15. Pay Cycle(s) that apply to the salary for this person: <input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly <input type="checkbox"/> Semi-monthly <input type="checkbox"/> Monthly <input type="checkbox"/> Bimonthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Annually <input type="checkbox"/> Other:
14. Job Title				
I certify that this information is correct to the best of my knowledge. I believe that this person is a public employee under Minn. Stat. Chapter 353 and affirm that the position held qualifies for the coverage requested. I understand that the processing of this form and deductions by PERA is not to be construed as approval of eligibility by the retirement system.				
16. Authorized Agent's Signature (Do not type or print)		Date	Daytime Telephone No.	

PW-00011-05 (1/2015) **Send the Completed Form to PERA as Soon as Possible after Determining Eligibility**

## Instructions on Completing the Notice of Enrollment into PERA's Defined Benefit Plan

### **Item # Data to be Provided**

- 1-5 Provide each of the data items requested on the employee who is being enrolled in PERA.
- 6 Indicate, by check mark, the PERA plan in which the person is being enrolled. As indicated for each plan, some enrollments require additional documentation from your employing unit.
- 7-8 Insert the appropriate six-digit ID Employer number that has been assigned by PERA and the name of your governmental entity including the department in which the employee works. The employer number placed in box 7 should match the six-digit number found on the *Salary Deduction Report* (paper or electronic) upon which this person will be listed.
- 9 Insert the date the person started working in this position, regardless of whether this is a new hire or reinstatement.  
*Example of New Employee:* An employee begins work on April 5, 2015, and is immediately eligible for PERA. The hire date of 04/05/15 is to be reported and it should be consistent with the coverage dates in which the first PERA deduction is withheld (such as April 1-30, 2015, in this hire date example).  
*Example of Reinstatement:* An employee who worked for your employer unit previously (02/01/2013 – 03/15/2015) is rehired on June 15, 2015 and is immediately eligible for membership. The hire/start date in this instance is 06/15/2015. Do not report the original hire date of 02/01/2013 in this reinstatement example.
- 10 Indicate the date of eligibility for PERA coverage and deductions. This should coincide with the pay period in which the first PERA deduction was withheld for the employee. Example: A person began work on March 1, 2015 (box 9), but was a full-time student under age 23. On June 15, 2015, the employee turns 23. Annual earnings exceed \$5,100 and no other exclusions apply. The employee qualifies for membership and the first PERA deduction will be withheld from the June 16, 2015, to June 30, 2015, pay period. The date of 6/16/15 would be placed here in item 10.  
**If you do not provide a date of eligibility, PERA will assume it is the same as the hire/start date reported in item 9.**
- 11 Explain a delay in membership by more than 30 days by entering the three-digit PERA exclusion code that indicates the reason this person was not entitled to coverage by law. Acceptable codes can be found in the PERA Employer Reporting Manual. From the example in item 10 above, exclusion code 001 explains that the employee wasn't eligible on the hire date due to exclusion as a full-time student under age 23.
- 12 Check the box that best describes how you, as the employer, classify the appointment status of this position.
- 13 Indicate by check mark the position title code that best describes the position held by this employee. Any position classified as a police officer or firefighter must meet the requirements in M.S. § 353.64.
- 14 Provide the employee's actual job title even if it is identical to the position title identified in item 13.
- 15 Indicate by check mark the pay cycle(s) that apply to the salary payments for the employee.
- 16 Sign the form, insert the date, and provide a daytime telephone number for future contacts if needed.

### **Data Privacy**

The data you provide on this form and on future *Salary Deduction Reports and Member Information Change Reports* will be used to keep an accurate record of the account value and individual data on the participant as needed to administer the provisions of PERA's Plans and the employee's participation therein. PERA requests that you provide the employee data (including the data classified as private) pursuant to Minnesota Statutes § 353.27, subd. 4, of the PERA law, and § 13.05, subd. 4(b) of the Government Data Practices Act. As required by Minnesota law, PERA will protect the private status of the employee data you provide to our association.

The Data Practices Act requires that an individual asked to supply private data be informed of the purpose and intended use within the collecting government entity and the identity of other agencies authorized to receive the data. Thus, if not already doing so, your agency must disclose to your employees that certain private data you collect will be shared with PERA to determine their eligibility for membership.

## **Payroll: PERA: Just the Basics Brochure**

# PERA: Just the Basics

**Welcome!** Whether you are a new or returning member, we are pleased to have you participate in the Public Employees Retirement Association (PERA).

As a **Coordinated Plan** member of PERA, you are part of Minnesota's largest public pension plan. Today the Association serves over 160,000 public employees from approximately 2,100 cities, counties and school districts across the state. We currently pay benefits to over 90,000 retirees, disabled members and survivors of deceased members.

## PERA is a traditional pension plan

Recognizing the need for a retirement program for employees of county and local governments, the Minnesota Legislature created PERA in 1931, four years prior to the creation of Social Security.

Unlike most retirement plans today, traditional pension plans like PERA—also known as defined benefit plans—provide you with the security of a lifetime benefit.

PERA is a tax qualified plan under Section 401(a) of the Internal Revenue Code. As a result, your federal and state taxes on PERA contributions are

deferred to the time of withdrawal. Because PERA is a tax-qualified plan, there may be limits on the amount you can contribute tax deferred to an IRA. You should contact the IRS or a qualified tax advisor to find out what the limits are for you.

## Eligibility

Your employer enrolled you in PERA after determining you qualified for membership. Membership is required for employees who are expected to earn a minimum of \$5,100 in a year (\$3,800 for school employees) unless their position is excluded by law.

As a Coordinated Plan member, you and your employer contribute a percentage of your gross salary to the Association. In turn, PERA invests these contributions to fund benefits for our members. Go to **MY PERA** at [www.mnpera.org](http://www.mnpera.org) to check details of your contributions and membership data.

While contributions and investment earnings are critically important to the long-term funding of the Association, they do not determine the value of your individual benefit. Instead, your benefit is based on a formula that takes into consideration three factors:

**Age**—The closer you are to full retirement age, the larger the monthly benefit you will receive. While there are exceptions, full retirement age is typically age 65 to 66 for Coordinated members. The earliest age at which most members

can receive a benefit is 55, but this will result in a lower monthly benefit because you will be receiving a pension from PERA over a longer period of time.

**Service**—The longer you are employed in public service, the greater the benefit. After you are enrolled in PERA, you earn one service credit for each month in which you worked and were compensated. Once you have earned enough service credits to be vested (60 credits for members hired after June 30, 2010) you qualify for future lifetime benefits.

**High-five average salary**—This is the 60 consecutive months during which your earnings are the greatest. Typically, this is the five years just prior to retirement.

## Retirement benefits

For members just entering public service in the Coordinated Plan, the formula looks like this:

$$(1.7\% \times \text{Years of Service}) \times \text{High-5 Salary} = \text{Annual Retirement Benefit}$$

As an example, 30 years of service would result in a benefit of 51 percent of your high-five salary at full retirement age. **MY PERA** can provide you with estimates of your future benefits at any retirement age.

## Disability benefits

You may be eligible for benefits from PERA if you are unable to work, not just at your job, but any job because of a physical or mental disability. That is,

you must be totally and permanently disabled and unable to engage in any substantial gainful activity. You become eligible for disability benefits once you are vested with the Association—after three or five years of service, depending on when you first entered public service.

## Alternatives for survivors

PERA also provides survivor (death) benefits for families of members who unfortunately die before receiving a retirement benefit.

Survivor benefits follow a simple succession. Should you die, any survivor benefits due would first go to your surviving spouse. If there is no spouse, benefits would then be payable to any dependent children. Finally, if there are no survivor benefits due, the balance in your account, plus interest, would be distributed to your beneficiaries. If we have no listed beneficiaries, the funds would be paid to your estate. (A form for changing your beneficiary(ies) can be found on our website in *Forms & Publications*.)

## If you leave before retirement

If you terminate public employment after you have become vested (five years of service if hired after June 30, 2010), you can leave your contributions with PERA and qualify for a pension any time after reaching retirement age.

*(Continued on reverse side)*

To learn more about PERA, visit us at [www.mnpera.org](http://www.mnpera.org). Your individual information is always available by registering for **MY PERA**.



# PERA: Just the Basics

Regardless of your length of service, you are entitled to a refund of your employee contributions plus interest, compounded annually, after your termination of public employment. Keep in mind, however, that employer contributions are not refundable and you will forfeit all future PERA benefits.

## Repayment of a refund

If you were previously a PERA member who left public service and received a refund, you have the option to repay the refund to restore lost service credit with PERA after you have earned an additional six months of service credit as a member.

## Combined service benefits

You may combine your service in PERA with service in other covered Minnesota public pension plans. This entitles you to a combined service pension from each of the plans in which you have service. Combined service pensions often provide a higher overall level of retirement income.

## How to learn more

As this pamphlet's name implies, this is a very brief summary of your retirement plan provisions. For a more comprehensive overview, take a few minutes to visit our website at [www.mnpera.org](http://www.mnpera.org). If you visit our website, you'll find much more information about your retirement plan and PERA itself.

## Register as an online member

By clicking on the **MY PERA** button at [www.mnpera.org](http://www.mnpera.org) and registering as an online member, you have instant access to your individual data on file with PERA. This includes the individuals we have listed as your beneficiaries, your payroll deductions and date of membership. Check your account periodically for accuracy and to inform us if corrections need to be made. An improper delay in your PERA enrollment or an incorrect salary amount may only be corrected within a three-year period.

You can also create your own retirement, disability and survivor estimates, or register for one of our educational programs or conferences any time, day or night, at **MY PERA**.

**MY PERA**—your 24/7 connection to PERA.



This publication is intended to provide general information; the rights and obligations of PERA members are governed by state and federal laws, rules and regulations. The Minnesota Legislature or the federal government may change the statutes, rules and regulations governing PERA at any time. If there is a discrepancy between the law governing PERA and the information contained in this publication, the statutes and regulations shall govern.

**This document is available in alternative formats to individuals with disabilities by calling (651) 296-7460 or 1 800 652-9026, or through the Minnesota Relay Service at 1 800 627-3529.**

**Public Employees Retirement Association of Minnesota**  
60 Empire Drive, St. Paul MN 55103-2088  
1 800 652-9026 ♦ (651) 296-7460 ♦ [www.mnpera.org](http://www.mnpera.org)

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60 Empire Drive, Suite 200  
St. Paul, MN 55103-2088



For Coordinated  
Plan Members



Who we are;  
what we do

Public Employees Retirement  
Association of Minnesota

January 2015

## **Payroll: Employee Assistance Program Brochure**

## Employee Information

# EMPLOYEE ASSISTANCE PROGRAM

# EAP



## EAP Counseling Is ...

No-cost, convenient and confidential counseling

**VOLUNTARY:** You decide when to use the program's services.

**CONFIDENTIAL:** Your personal information will not be shared with your employer. Only you know when you call for assistance.

**NO-COST:** You, your spouse and your dependents are eligible for up to four counseling sessions for each identified problem at no-cost.

**CONVENIENT:** Hundreds of counseling offices are available statewide and over the phone, so you, your spouse and dependents have easy and timely access to a qualified counselor where you choose.

## What Is an EAP ...

The Employee Assistance Program (EAP) is a risk management program designed to help employees identify and resolve challenges that may impair their performance at work. It is a voluntary program that can assist you the employee, your spouse and dependents with difficult personal issues through access to professional counselors.

## What Does the EAP Do?

- Helps employees find professional assistance for personal problems
- Offers short-term counseling for you, your spouse and your dependents at no cost
- Uses pre-approved qualified counselors throughout Minnesota
- Assists in identifying long-term resources
- Provides referrals for long-term care

## The EAP Program Offers Support for Many Issues

- Relationships
- Work-related concerns
- Family issues
- Stress
- Depression
- Anxiety
- Financial problems
- Loss and grief
- Substance abuse
- Other personal concerns



Call 1.800.550.MCIT (6248)  
for counseling services

# The EAP Is Here to Help You

"I made it through a rough time as a result of my counselor's help."

"My situation was taken seriously."

"There was no judgement with calling."

"My request for help was immediately addressed. I felt listened to and valued as a person."

"I am grateful for this program."

## What the EAP Is Not

- An insurance program
- Part of an employee's health plan
- A long-term counseling alternative

## Who Can Use the EAP?

### EMPLOYEES AND THEIR DEPENDENTS

As a full- or part-time employee of an MCIT public entity member, you, your spouse and your dependents\* are eligible for assistance through the MCIT EAP at any time. Employees are encouraged to contact the EAP for support with managing personal or professional concerns.

\*Dependents may include spouse, domestic partner, children, children who live with the other parent, children who attend college/post-secondary school, foster children, and anyone for whom you are the legal guardian.

### SUPERVISORS

Department heads, supervisors and managers may use the EAP services for:

- Consultation regarding work-related situations
- Supervisor coaching
- Advice to help employees

Phone consultation and coaching for supervisors are available 24 hours a day, every day.

## 24-hour Crisis Line for Emergencies

A confidential crisis line is available by dialing the main number at **1.800.550.6248**.

Minnesota Counties Intergovernmental Trust (MCIT) has partnered with Sand Creek to provide professional counseling services to MCIT member employees like you. Sand Creek is a privately held behavioral health care corporation headquartered in Stillwater, Minn. To learn more, visit the organization's website at [SandCreekEAP.com](http://SandCreekEAP.com).

**For consultation or counseling services: CALL 1.800.550.6248 ONLINE at [SandCreekEAP.com](http://SandCreekEAP.com)**



Employee Assistance Program Provided By  
**Minnesota Counties Intergovernmental Trust**

For more information about the EAP program (not for counseling services):  
CALL 1.866.547.6516 VISIT [MCIT.org](http://MCIT.org)

## Payroll: Acronyms Listing

### State Agencies and Commissions

BWSR:	Board of Water and Soil Resources
CWC:	Clean Water Council
DNR:	Department of Natural Resources
LCCMR:	Legislative-Citizen Commission on Minnesota Resources
LSOHC:	Lessard-Sams Outdoor Heritage Council
MDA:	Minnesota Department of Agriculture
MDH:	Minnesota Department of Health
MnDOT:	Minnesota Department of Transportation
MGS:	Minnesota Geological Survey
MMB:	Minnesota Office of Management and Budget
MPCA:	Minnesota Pollution Control Agency

### Federal Agencies

ACOE:	Army Corps of Engineers
CED:	Community Economic Development (Division of USDA)
CFSA:	Consolidated Farm Services Agency
EPA:	Environmental Protection Agency
FEMA:	Federal Emergency Management Agency
PFAC:	Farm Production and Conservation (NRCS, FSA and RD umbrella)
FSA:	USDA Farm Service Agency
NRCS:	USDA Natural Resources Conservation Service
RC&D:	Resource Conservation & Development
USDA:	United States Department of Agriculture
USFWS:	United States Fish & Wildlife Service
USGS:	United States Geological Survey

### Regional/Local

CAC:	Citizen Advisory Committee
CHS:	Community Health Service
JPB:	Joint Powers Board
LGU:	Local Government Unit
RDC:	Regional Development Commission
SWCD:	Soil and Water Conservation District
TAC:	Technical Advisory Committee
WD:	Watershed District
WMO:	Watershed Management Organization

### State Associations

ADA:	Association of (Watershed) District Administrators
AMC:	Association of Minnesota Counties
AMT:	Association of Minnesota Townships
AMWRAP:	Association of Minnesota Water Resources Administrators and Planners

LMC:	League of Minnesota Cities
MACDE:	Minnesota Association of Conservation District Employees
MACPZA:	Minnesota Association of County Planning and Zoning Administrators
MARC&D:	Minnesota Association of Resource Conservation and Development
MASWCD:	Minnesota Association of Soil and Water Conservation Districts
MAWD:	Minnesota Association of Watershed Districts

### **National Associations**

NACD:	National Association of Conservation Districts
NFWF	National Fish and Wildlife Foundation
NWF:	National Wildlife Federation
SWCS:	Soil and Water Conservation Society

### **State Programs**

CLMP:	Citizens Lake Monitoring Program
CLWP:	Comprehensive Local Water Planning
CREP:	Conservation Reserve Enhancement Program
C-S:	Cost-Share Program
CWL:	Clean Water Legacy
CWP:	Clean Water Partnership
LAP:	Lake Assessment Program
LWRPMP:	Local Water Resources Protection and Management Program
NPEA:	Nonpoint Engineering Assistance
NRBG:	Natural Resources Block Grant
PFM:	Private Forestry Management
PWP:	Permanent Wetland Preserve
RIM:	Reinvest in Minnesota
SLR:	Streambank, Lakeshore, and Roadside Program
SRF:	State Revolving Fund
WCA:	Wetland Conservation Act

### **Federal Programs**

ACP:	Agricultural Conservation Program
CRP:	Conservation Reserve Program
CSP:	Conservation Stewardship Program
EQIP:	Environmental Quality Incentive Program
FDR:	Flood Damage Reduction
FEMA:	Federal Emergency Management Act
WBP:	Water Bank Program
WRP:	Wetland Reserve Program

### **Additional Acronyms**

GIS:	Geographic Information System
GPS:	Geographic Positioning System
NPS:	Nonpoint Source Pollution

TMDL: Total Maximum Daily Load  
WRAPS: Watershed Restoration and Protection Strategies Report

**SWCD Financial Statements: PERA Understanding the New Pension Accounting and Financial Reporting Requirements Brochure**