



pennsylvania
DEPARTMENT OF ENVIRONMENTAL
PROTECTION

Bureau of Watershed Restoration
and Nonpoint Source Management



District Finances 101

Management Summit
New CD Manager's Pre-Con
September 17, 2024

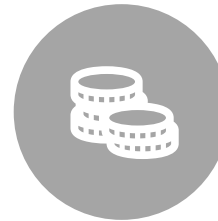
Josh Shapiro, Governor

Jessica Shirley, Acting Secretary

Training Objectives



Funding
Sources



Annual Budgets



Investment
Policy



Audits



Training Resources

CD
Investment
Policy

CD Audit
Standards

Requesting
Audit
Confirmation



Funding Sources

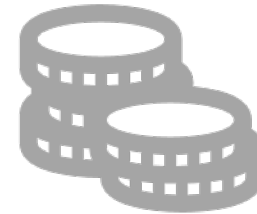


Staff Support

Salaries

Benefits

Other



Project Funding



Pennsylvania
Department of Environmental Protection

➤ Ag Conservation Assistance Program

- PDA/SCC oversight.
- 6% designated for admin, can support staff salaries & benefits.
- 14% designated for technical assistance, some can be used to support staff salaries & benefits.
- Each county receives a unique amount for projects based on a 4-item rating system.
- Initial funds are **federal** funds; recent supplement is state funding.



DGLVR Program

- PDA/SCC oversight.
- DG & LVR admin can be used for staff salaries & benefits.
- DG & LVR education category can be used for staff salaries & benefits related to educational activities.
- Each county receives a unique amount of funding based on the amount of dirt/gravel and low volume roads within a county.
- All funds are state funds.



CDFAP Allocations

- DEP & PDA oversight.
- Staff Allocations:
 - Manager - \$30,000
 - E&S Tech - \$20,000
 - ACT - \$20,000
- Administrative Assistance:
 - Admin or clerical staff salary & benefits
- Can use Unconventional Gas Well Funds (UGWF) to fund additional staff.
- Funds *only* used for staff salaries and benefits.
- All funds are state funds.



PUC UGWF Block Grant

- SCC has no oversight on how funds are used.
- CDs can spend funds as best suited for their individual needs.
- Can be used for:
 - Staff funding
 - Projects
 - CD Admin expenses
 - Vehicle/Equipment purchase
- Lump sum payment.
- Received from the Public Utility Commission in late June/early July.
- All funds are state funds.



Ch. 102 Program

- DEP oversight.
- \$20,000 for 1st E&S Tech via CDFAP.
- Collect Administrative Filing Fees, placed in Clean Water Fund.
 - General Permits = \$500
 - Individual Permits = \$1,500
- CDs are allowed to charge plan review fees.
- Each county can establish their own review fee schedule, and revise/update when necessary.



Ch. 102 Clean Water Fund

The fees deposited in the District Clean Water Fund account shall be used by the District *to support the NPDES and E&S Programs i.e.,*

- Admin expenses/staff who dedicate time to Ch. 102 tasks.
- Travel expenses for site inspections.
- E&S Tech reimbursement.
- Field and office equipment.
- Abatement of environmental problems.
- Training sessions / Conferences.



Ch. 102 Clean Water Fund

- Professional development related to the E&S and NPDES Programs.
- Be sure the expense supports NPDES or E&S activities.
- the “**abatement of environmental problems**” can be used to support projects addressing resource concerns (very broad); I.E. support a DGLVR project.
- Use of these funds will be reviewed during your CD’s Ch. 102 evaluation.



Ch. 105 Program

- DEP oversight.
- Collect General Permit fees, placed in Clean Water Fund.
- Can also charge the Erosion & Sedimentation (E&S) plan review fee.
- Can fund with Unconventional Gas Well Funds (UGWF) or PUC Block Grant Funds.



Ch. 105 Clean Water Fund

The fees deposited in the District Clean Water Fund account shall be used by the District *to support the Ch. 105 Program i.e.,*

- Admin expenses/staff who dedicate time to Ch. 105 tasks.
- Travel expenses for site inspections.
- Tech reimbursement.
- Field and office equipment.
- Abatement of environmental problems.
- Training sessions / Conferences.



Ch. 105 Clean Water Fund

- Professional development related to the Ch. 105 Program.
- the “**abatement of environmental problems**” can be used to support projects addressing resource concerns (very broad); I.E. support a DGLVR project.
- Use of these funds will be reviewed during your CD’s Ch. 105 evaluation.
- *Ch. 102 and 105 Clean Water Funds can be in same account but must be tracked separately.*



Chesapeake Bay Technician

- DEP oversight.
- \$80,000 per Full Time Equivalent (FTE).
- Up to \$10,000 for travel, equipment/supplies, admin.
- Can request a partial FTE
 - .5 FTE = \$40,000
 - ½ of designated farm inspections
- Can request add'l \$10,000 for BMP verification activities.
 - Completed by staff or contracted out.
- Some state and **federal** funding.



Chesapeake Bay Engineer

- DEP oversight.
- \$91,900 per Full Time Engineer Specialist.
- \$85,000 per Full Time Engineer Assistant.
- Up to \$10,000 for travel, equipment/supplies, admin.
- Technical assistance with ag BMPs.
- Some state and **federal** funding.



Countywide Action Plan (CAP)

- DEP oversight.
- Community Clean Water Coordinator supports staff salary & benefits:
 - \$100,000
 - Staff salaries & benefits
 - Travel, equipment/supplies, admin (5%)
 - Can hire a contractor
 - May serve more than 1 county
- CAP Project Funds:
 - Based on a formula; impaired stream miles, nutrient loading to the Ches. Bay.
 - Minimum award of \$200,000.
- Some state and **federal** funding.




MM/NM (Act 38) Program

- PDA oversight.
- FTE is determined by the level of agricultural activity within each county:
 - 1 FTE = \$80,000
 - $\frac{3}{4}$ FTE = \$60,000
 - $\frac{1}{2}$ FTE = \$40,000
 - $\frac{1}{4}$ FTE = \$20,000
- Can include travel, equipment, admin.
- Admin & Other budget line items less than 25% of total budget.
- Some state and **federal** funding.



MM/NM (Act 38) Program

Must complete the Federal Funding Accountability and Transparency Act Sub-Recipient Data Sheet.

1010-FM-GC0078 Rev. 1/2022	COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF ENVIRONMENTAL PROTECTION GRANTS CENTER
	
FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT SUB-RECIPIENT DATA SHEET	
<i>Grantee must provide information along with Grantee's return of the signed grant agreement. The Commonwealth will not process the grant until such time that Grantee provides such information.</i>	
GRANT AGREEMENT NUMBER: <input type="text"/> <i>(TO BE COMPLETED BY DEP GRANT CENTER)</i>	
UEI Number	
UEI Number: <input type="text"/>	
[INSTRUCTIONS: Grantee must provide its assigned UEI number. Grantee must maintain current registration in the System for Award Management (SAM) (www.sam.gov) at all times during which they have active federal awards funded pursuant to their sub-grant agreement.]	
Primary Location	
City: <input type="text"/>	
State: <input type="text"/>	
Zip + 4: <input type="text"/>	
[INSTRUCTIONS: Grantee must provide to the Commonwealth the primary location of performance under the award, including the city, State, and zip code including 4-digit extension. If performance is to occur in multiple locations, then Grantee must list the location where the most amount of the grant award is to be expended pursuant to the grant agreement.]	
Compensation of Officers	
Officer 1 Name: <input type="text"/>	
Officer 1 Compensation: <input type="text"/>	



Watershed Specialist

- DEP oversight.
- \$50,250 per position.
- Can include travel, equipment/supplies, admin.
- Must provide 20% match.
 - $\$50,250 \times .20 / .80 = \$12,562.50$.
 - Can use CDFAP UGW funds as match.
- Mini-grant of \$5,000:
 - Outreach activities:
 - Tours, field days, workshops
 - Demonstration areas
 - CREP and other buffer program outreach
- All state funding.



Growing Greener (GG) grants

- DEP oversight.
- Salaries/Benefits used for staff implementing the project.
- Admin expenses for staff having oversight of the project or other applicable admin expenses and cannot exceed 5% of the total grant.
- 15% match required.
 - Non-DEP funding.
- All state funding.



Section 319 grants

- DEP oversight.
- Watersheds that have a completed Watershed Implementation Plan (WIP).
- Project design, permitting, & construction.
- Admin expenses cannot exceed 10% of grant.
- *No match is required.*
- Same application timeframe as GG grant, but separate solicitation.
- All **federal** funding.



Environmental Education grants

- DEP oversight.
- 3 different grant amounts.
- People Costs:
 - Up to 50% of grant funding
 - Wages & benefits must support those doing project implementation i.e., project director, staff, and/or clerical support
- Travel.
- Resource Costs.
- Other Costs.
- All state funding.



West Nile Virus Program

- DEP oversight.
- Personnel costs.
- Equipment/Supplies.
- Training and Admin.
- Offered to a limited number of counties.



CD Annual Budget



Plan for next calendar year's income & expenses.



Develop during latter part of year for the upcoming year.



Present to Board Directors for review and approval.



Due date: March 31st.



Pennsylvania
Department of Environmental Protection

CD Annual Budget

Good Example:

INCOME

40000	Administrative Assistance (CDFAP)	\$5,000.00
40001	Reserve Acct (CDFAP)	\$22,187.94
40100	District Manager - (CDFAP)	\$37,124.88
40100	1st Technician - (CDFAP)	\$52,368.38
40100	2nd Technician - (CDFAP)	\$53,545.50
40120	1st Technician - Nutrient Mgmt. Prog.	
40110	1st Technician - ACT Ag Tech Funds	\$47,919.04
40150	Act 13 Funds	\$67,123.03
40200	Watershed Specialist - Grant	\$45,250.00
40300	S/W Enforcement Officer Reimb	\$63,132.97
40400	County Allocation	\$20,000.00
40500	E&S Review Fees	\$5,000.00
40525	Gen. Pmt. Review Fees	\$2,500.00
40550	NPDES Permit Review Fees	\$4,000.00
40551	ESCGP Permit Review Fees	

48601	DGR - Project Income	\$235,580.00
48605	LVR - Project Income	\$40,000.00
48611	DGR - Admin. Income	
48612	DGR - Trng./Educ. Income	
48615	LVR - Admin. Income	
48616	LVR - Trng./Educ. Income	
INCOME Total:		<u>\$711,856.74</u>

General Expenses

51000	Audit	
52000	Travel Expense (Mileage)	\$1,500.00
52200	Per Diem (Meals/Lodging)	\$500.00
52500	Training/Registration	\$375.00
52600	Meeting Expenses	\$500.00
54200	Office Supplies	\$2,500.00
54500	Software	
55000	Printing & Publications	
55600	Advertising	\$50.00
55800	Copies	
56000	Rent (W/S & Manager)	\$3,840.00

58135	Headwaters - Pollinator Garden	
58139	Headwaters- Dents Run	
58150	DEP EE Grant	\$3,000.00
58206	Stackpole Hall- Sandy Beach Expense	
58210	GG Grant - WC AML/AMD	
58500	Water Monitoring Project Expenses	
58601	DGR - Project Expense	\$235,580.00
58605	LVR - Project Expense	\$40,000.00
58611	DGR - Admin. Expense	
58612	DGR - Trng./Educ. Expense	
58615	LVR - Admin. Expense	
58616	LVR - Trng./Educ. Expense	
	Reserve Acct (CDFAP) Expense	\$22,187.94
	ECCD Capital Expense Fund	\$22,187.94
General Expenses Total:		<u>\$353,420.88</u>
EXPENSES Total:		<u>\$711,856.74</u>

Difference: \$0.00



CD Annual Budget

Another
Good
Example:

		2022		2023	
	EXPENSES	BUDGET		BUDGET	CHANGES
1	National, State, RC&D Dues & Misc. Dues	4500.00		4500.00	\$ -
2	Staff Salaries	399000.00		421600.00	\$ 22,600.00
3	Staff Benefits	97078.00		101200.00	\$ 4,122.00
4	Staff Expenses	11000.00		11000.00	\$ -
5	Office Supplies/Phone/Copy Machine	2500.00		4000.00	\$ 1,500.00
6	Postage	2000.00		2000.00	\$ -
7	Directors' Travel, Exps, Ex. Council, Board Mtgs	1500.00		1500.00	\$ -
8	Awards/Contests	2500.00		2500.00	\$ -
21	District Property Expenses	10000.00		47000.00	\$ 37,000.00
22	Stream Monitoring Network	3500.00		5000.00	\$ 1,500.00
23	Conservation Education Expenses	0.00		10000.00	\$ 10,000.00
	TOTAL DISTRICT EXPENSES	820078.00		910100.00	\$ 90,022.00

	INCOME				
1	Balance at Beginning of the Year	35000.00		35000.00	\$ -
2	County Commissioners	65000.00		65000.00	\$ -
3	Admin Funding/Easement Support (UGWF)	17000.00		23246.00	\$ 6,246.00
4	District Manager Salary (County)	72680.00		76165.00	\$ 3,485.00
5	District Manager Payment (CDFAP)	22350.00		30000.00	\$ 7,650.00
6	Resource Cons. Specialist Payment (CDFAP)	16225.00		20000.00	\$ 3,775.00

19	Grants	200000.00		200000.00	\$ -
20	Contribution from Clean Water Fund	19995.00		9116.00	\$ (10,879.00)
21	Contribution from Reserve Account	10000.00		5000.00	\$ (5,000.00)
22	Other Revenue Sources for Staff	10000.00		10000.00	\$ -
23	ISC Reimbursement for SW Coord.	56500.00		50000.00	\$ (6,500.00)
	TOTAL DISTRICT INCOME	820078.00		910100.00	\$ 90,022.00

CD Annual Budget

A Bit Too General:

Income

██████████ COUNTY	80,000
E&S/NPDES FEES	90,000*
*(includes projected increase from fee increase)	
PA DEP CDFAP (Salary & Benefits, Includes ACT & DEP/SCC - UGWF now)	173,251
PA DEP WATERSHED COOR FUNDING	45,250
PA DEP NUTRIENT MGT. ADMIN ASST	17,500
PUC UGWF WELL BLOCK GRANT	50,687
D&G/LVPR ADMIN	37,304
TOTAL GENERAL INCOME	493,992

Expenses

WAGES/BENEFITS/TAXES*	421,992*
*(includes New Resource Conservation Position)	
VEHICLE/MILE/MAINT. (BOARD & STAFF)	4,000
OFFICE SUPPLIES/COMPUTERS	8,000
POSTAGE (INCLUDING NEWSLETTERS)	3,000
UTILITIES (PHONE/INTER-NET & COPIES)	6,000
OFFICE RENT	22,000
ADVERTISING (INCLUDING PRINTING NEWSLETTERS)	5,000
AUDITING & BOOKKEEPING	10,000
TRAINING & CONFERENCES	2,000
(ROOMS, MEALS & REGISTRATION)	
LIBILITY/PUBLIC OFFICIALS,WORKERS COMP	8,500
LICENSES & DUES	3,500

TOTAL GENERAL EXPENSES

493,992

Investment Policy



Model policy adopted by SCC May 2010.



Review of investment policies for PA townships, school districts, municipal authorities; existing CD policies and dialog with DEP & SCC legal counsels.



Model policy is basic & conservative; serves as a good reference for any district utilizing an investment policy.



Recommended Investments

- United States Treasury bills.
- Short term obligations of US Government or its agencies.
- Saving accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation, or the National Credit Union Share Insurance Fund.
- PA Treasurers INVEST Program for Local Governments and Non-Profits.
- PA Local Government Investment Trust (PLGIT).



CD Audits



Ensure funding is properly tracked and managed



Hire and work with an auditor to review finances annually



Final audit must be reviewed & approved by Board of Directors



Due Date: Dec. 31st



Tracking Federal Funds

Some program funding is fully or partially funded using **federal** funds.

- Federal funds are assigned an ALN/CFDA #
- ALN – Assistance Listing Number
- CFDA – Catalog of Federal Domestic Assistance



*Spending over \$750,000 of **federal** funds requires a Single Audit.*

Tracking Federal Funds

Some DEP programs use state funds as match for DEP's federally funded programs.

- Those state funds are also assigned an ALN/CFDA #.

CDs can request an Audit Confirmation report that shows ONLY federal funds received.

- Go to OB Business Partner Portal.
- Request a Federal Subrecipient Report (SUBS).



Audit Confirmation Reports

Total Expenditures Audit Confirmation Report:

COUNTY CONSERVATION VENDOR 0000121270 TOTAL EXPENDITURES REPORT PAY DATES 01/01/2023 - 12/31/2023

LINE1	PAYEE_NAME2	BUSINESS AREA	FEDA NUMBER	DOC_NUM	FUND	FUND_NAME	FAIRMARK FUND	PURCHASING DOC	AMOUNT	VENDOR INV. NUMBER	Vendor Invoice Date	PAY METHOD	Payment Date	CHECK NUMBER
COUNTY CONSERVATION	DISTRICT	Environmental Protection	NM 66,964	2214558296	2009800000	Ed Research & Technical Assistance	C990003489		24,962.18	C990003489-006	2023-10-26	ACH	2023-11-27	
COUNTY CONSERVATION	DISTRICT	Environmental Protection	NM 66,964	2214402336	2009800000	Ed Research & Technical Assistance	C990003489		15,268.40	C990003489-004	2023-08-01	ACH	2023-08-31	
COUNTY CONSERVATION	DISTRICT	Environmental Protection	NM 66,964	2214262224	2009800000	Ed Research & Technical Assistance	C990003489		164.61	C990003489-003	2023-04-27	ACH	2023-05-30	
COUNTY CONSERVATION	DISTRICT	Environmental Protection	NM 66,964	2214262224	7025800000	Chesapeake Bay Pollution Abatement	C990003489		21,594.77	C990003489-003	2023-04-27	ACH	2023-05-30	21,759.39
COUNTY CONSERVATION	DISTRICT	Environmental Protection	NM 66,964	2214132217	7025800000	Chesapeake Bay Pollution Abatement	C990003489		19,465.83	C990003489-002	2023-01-10	ACH	2023-02-22	
			66,964						81,455.79					
COUNTY CONSERVATION	DISTRICT	Environmental Protection	ACT-CDFAP 66,460	1905572582	2033200000	Conservation District Grants			22,716.12	110123	2023-09-30	ACH	2023-12-01	
COUNTY CONSERVATION	DISTRICT	Environmental Protection	ACT-CDFAP 66,460	1905535351	2033200000	Conservation District Grants			625.51	121270-2	2023-09-05	ACH	2023-10-06	
COUNTY CONSERVATION	DISTRICT	Environmental Protection	WS 66,460	2214438385	2907900000	Watershed Protection & Restoration	C990000265		8,773.84	C990000265-020	2023-07-10	ACH	2023-09-08	
COUNTY CONSERVATION	DISTRICT	Environmental Protection	CDFAP 66,460	1905514030	2033200000	Conservation District Grants			18,029.78	080323	2023-08-01	ACH	2023-09-07	
COUNTY CONSERVATION	DISTRICT	Environmental Protection	CDFAP 66,460	1905459321	2033200000	Conservation District Grants			13,365.30	05102023	2023-04-28	ACH	2023-06-09	
COUNTY CONSERVATION	DISTRICT	Environmental Protection	WS 66,460	2214255422	2907900000	Watershed Protection & Restoration	C990000265		13,896.46	C990000265-019	2023-04-10	ACH	2023-05-10	
COUNTY CONSERVATION	DISTRICT	Environmental Protection	ACT-CDFAP 66,460	1905434960	2033200000	Conservation District Grants			9,885.32	040323	2023-01-24	ACH	2023-04-18	
COUNTY CONSERVATION	DISTRICT	Environmental Protection	WS 66,460	2214102733	2907900000	Watershed Protection & Restoration	C990000265		10,873.61	C990000265-018	2023-01-09	ACH	2023-02-08	
			66,460						98,165.94					
COUNTY CONSERVATION	DISTRICT	Agriculture	ACAP 21,027	1905498712	8735100790	COVID-SFR SCC AgricultureConsAssistPr	4100095593		324,122.03		2023-07-12	ACH	2023-08-11	
COUNTY CONSERVATION	DISTRICT	Agriculture	ACAP 21,027	1905451401	8735100790	COVID-SFR SCC AgricultureConsAssistPr	4100095593		324,122.03		2023-04-28	ACH	2023-05-30	
			21,027						648,244.06					



Audit Confirmation Reports

Federal Subrecipient Report (SUBS):

A COUNTY CONSERVATION VENDOR 0000121270 FEDERAL SUBRECIPIENT REPORT (SUBS) PAY DATES 01/01/2023 - 12/31/2023														
ME1	PAYEE NAME2	BUSINESS AREA	CFDA NUM	DOC NUM	FUND	FUND NAME	EARMARK FUND	PURCHASING DOC	AMOUNT	VEND INV NUM	Vendor Invoice Date	PAYMENT METHOD	Payment Date	CHE
COUNTY CONSERVATION	DISTRICT	Environmental Protection	66.964	2214262224	7025800000	Chesapeake Bay Pollution Abatement	C990003489		21,594.77	C990003489-003	2023-04-27	ACH	2023-05-30	
COUNTY CONSERVATION	DISTRICT	Environmental Protection	66.964	2214132217	7025800000	Chesapeake Bay Pollution Abatement	C990003489		19,465.83	C990003489-002	2023-01-10	ACH	2023-02-22	
									41,060.60					
COUNTY CONSERVATION	DISTRICT	Agriculture	21.027	1905498712	8735100790	COVID-SFR SCC AgricultureConsAssist Prgm	4100095593		324,122.03		2023-07-12	ACH	2023-08-11	
COUNTY CONSERVATION	DISTRICT	Agriculture	21.027	1905451401	8735100790	COVID-SFR SCC AgricultureConsAssist Prgm	4100095593		324,122.03		2023-04-28	ACH	2023-05-30	
									648,244.06					
									689,304.66					

Remember, a Single Audit is based on the ***amount of federal funds spent***, not received.



Useful Info



MONTHLY EMAIL
REMINDERS



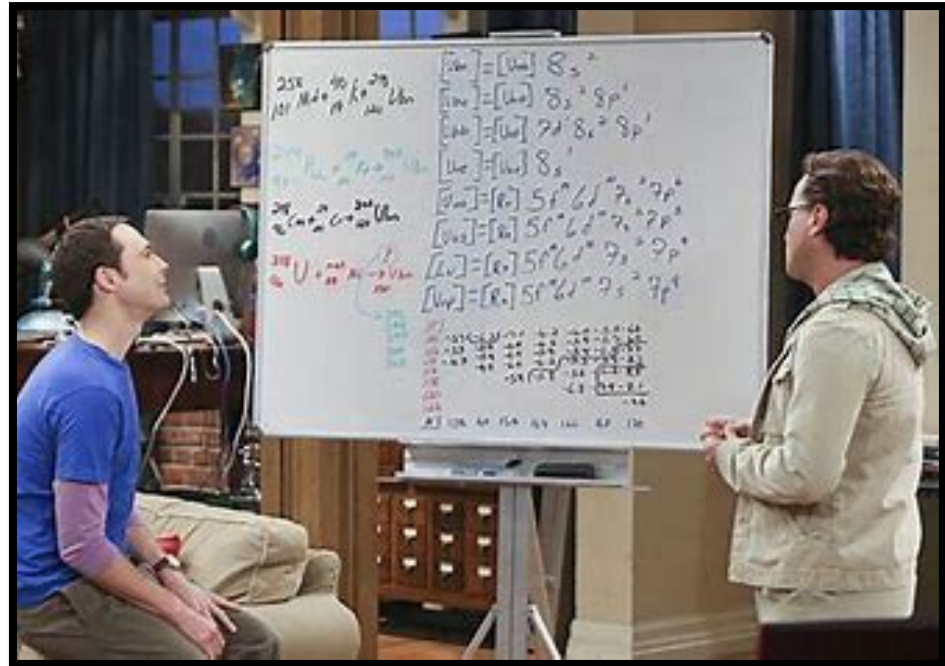
DEP TALKING POINTS



Pennsylvania
Department of Environmental Protection

Questions

QUESTIONS?





pennsylvania
DEPARTMENT OF ENVIRONMENTAL
PROTECTION

Bureau of Watershed Restoration
and Nonpoint Source Management



DEP Contacts:

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pennsylvania

DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF WATERSHED MANAGEMENT

May 21, 2010

Dear Conservation District Chairman:

During the yearly review of district audits, it was noted that a number of districts did not have a formal investment policy for district funds. This concern was conveyed to the State Conservation Commission (SCC) at the Commission's January meeting. The Commission asked that a basic investment policy for districts be investigated. As a result of that investigation, the attached "model" policy was developed and presented to the Commission at its May meeting. The Commission approved the "model" policy for districts use, but **did not** make adoption of this policy mandatory.

The "model" policy is based on review of investment policies for Pennsylvania's townships, boroughs, school districts, municipal authorities, and cities; existing district investment policies and discussions with DEP and SCC Legal Counsel, and a DEP Financial Investigator. The "model" policy attached is both basic and conservative and should serve as a good starting point for a district's investment policy. If your district does not have a formal investment policy, and this policy will meet your district's investment needs, please consider adopting it.

Additional information is provided to further explain parts of this policy. If you have any questions regarding this letter, please feel free to contact me at 717-772-3344.

Sincerely,

C. Frederick Fiscus, III
Conservation District Support Section

Enclosures

Model Policy

_____ County Conservation District Investment Policy

The _____ County Conservation District Board of Directors shall be permitted to invest funds consistent with sound business practices in the following types of investments:

- United States Treasury bills.
- Short-term obligations of the United States Government or its agencies or instrumentalities.
- Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured and for any amounts above the insured maximum, those amounts shall be secured by collateral pledged by the depository pursuant to Act 72 of 1971 (72 P.S. § 3836-1 et seq.).
- Obligations of the United States of America, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth of Pennsylvania, or any of their agencies or instrumentalities backed by the full faith and credit of these government units.
- Pennsylvania Treasurer's INVEST Program for Local Governments and Nonprofits
- Pennsylvania Local Government Investment Trust (PLGIT)

Additional Information - County Conservation District Investment Policy

The first sentence of the investment policy states, "the ____ CCD BOD shall be permitted to invest funds consistent with sound business practices..." ¹Sound business practices include the following standards for prudent investing and should be followed: (1) avoid speculation; (2) do not do anything you would not do with your own money; (3) do not invest in any investment you do not understand; and (4) understand the return that can be earned and the risks involved and err strongly on the side of preserving the safety of the principal.

The second half of bullet #3 of the investment policy states, "...for any amounts above the insured maximum, those amounts shall be secured by collateral pledged by the depository pursuant to Act 72 of 1971 (72 P.S. § 3836-1 et seq.)." This pledged collateral will minimize the risk to district deposits that exceed the insured limits of the district's bank accounts in the event of bank failure. This risk is referred to as "Custodial Credit Risk" and is defined in the "Notes to Financial Statements" in most district audits. ²The collateral pledge can be handled in one of two ways. The government unit and the institution can enter into a two-party agreement under which the institution pledges securities to secure only that local government's deposits, or the institution can pledge a pool of securities to secure on a joint basis the deposits of many local government units pursuant to Act 72 of 1971.

However your deposits are collateralized, your board should assure that:

- The District has a written agreement with the institution regarding the collateral pledge;
- The pledge is approved by the institution's board of directors or loan committee, and such approval is reflected in the institution's minutes and is kept continuously as an official record of the institution;
- The market value (not just the face value) of the pledged securities is tested frequently and is at least equal to the amount of the deposits plus accrued interest;
- The pledged securities are U.S. Government Securities; and
- The District receives, from the bank, monthly reports on the amount of this deposit, the identity of the collateral and the market value of the collateral.

Act 72 of 1971 was amended by Act 139 of 2000 to permit the depository institution to secure its public deposits with a Federal Home Loan Bank letter of credit rather than with a pledge of collateral.

¹ Pennsylvania Department of Community and Economic Development, Governor's Center for Local Government Services, "Solicitor's Handbook" Third Edition, April 2003, p.85

² Pennsylvania Department of Community and Economic Development, Governor's Center for Local Government Services, "Solicitor's Handbook" Third Edition, April 2003, p.86

Guidelines for County Conservation District Annual Audits

The following standards, requirements, recommendations, deadlines and sanctions apply to all County Conservation District "Financial Statement" audits required by the State Conservation Commission.

Audit Standards and Requirements

- District audits must include **all** funds received, maintained and expended by the district.
- District audits will be conducted by or under the supervision of a Certified Public Accountant (CPA) and completed in accordance with generally accepted auditing standards and the standards applicable to "Financial Statement" audits contained in the latest revision of *Government Auditing Standards* issued by the Comptroller General of the United States.
- ***On an annual basis, each district will complete an independent audit, separate and apart from any comprehensive countywide audit they may be included in as part of the county structure.***
- A copy of the District audit along with all **findings and management letters** must be submitted by the required deadline to the State Conservation Commission (c/o the DEP Bureau of Conservation and Restoration, Division of Conservation), the County Commissioner's Office and to the County Controller's Office (if one exists).

Additional Recommendations

- Each District is strongly encouraged to have their auditor attend a monthly board meeting to present the findings of the completed audit. Directors are strongly encouraged to take advantage of this opportunity to ask questions of the auditor concerning the audit and its findings. This meeting may also be a good time to have the auditor review some basic fiscal procedures with the board, such as, presenting a review and evaluation of the monthly financial reports. **Directors need to understand the annual audit report and the monthly financial reports that are presented to them.**
- The majority of Districts are using computerized accounting software to help maintain their financial records. If your District is not, the Commission strongly encourages you to consider doing so. Your auditor and or field representative can provide information on software that other Districts are successfully using.

Audit Deadlines and Sanctions

- The Commission deadline for yearly audits is December 31st of the year following the close of the calendar year being audited. For example, audit statements for Calendar Year 2014 are due to the Commission on December 31, 2015. If a District cannot meet the December 31st deadline due to an extenuating circumstance beyond their control they must submit a deadline extension request. **The request must be submitted on District letterhead and include the reason for requesting the extension and the expected audit submission date.** The extension request must be post marked, emailed or faxed to the Commission (c/o the DEP Bureau of Conservation and Restoration, Division of Conservation) by the close of business December 15th. Based on the information provided, Commission staff will act on the request (approve/disapprove). If the December 31st deadline is missed without the District receiving an extension, or the approved extension date expires without the submission of the required audit, the District will forfeit the General Administrative Assistance portion of the Conservation District Fund Allocation Program (CDFAP) for the current fiscal year. The Commission may also withhold all future CDFAP payments until the required audit is submitted, as stated in Section 83.37 of the CDFAP Statement of Policy.
- In addition, a District's obligation to submit an audit consistent with these guidelines continues beyond forfeiture of the general administrative assistance and suspension of payments. Commission staff will continue to track and report unsatisfied obligations for possible additional sanctions as determined by the Commission.

**Instruction Guide and additional tips to request Audit Confirmation details
(including Federal payment summary):**

Please read bullet points below before reviewing Instruction Guide.

Instruction Guide: [OB Business Partner Portal Audit Confirmation Registration Guide and Reports Creation](#)

- After completing the request, a report is sent to the designated email in a few minutes.
- Your Greenport account login and password are also your Keystone Login. If you have a Greenport login you do not need to create an additional Keystone login.
 - You can start at Section 2 (page 6) of the Instruction Guide to place your request
- You will need to enter the following:
 - Vendor Number
 - TIN Number
 - Legal Name
- You have 2 options to review:
 1. Audit Confirmation, you can choose:
 - a. A Total Expenditure Audit Confirmation report will display State and Federally awarded payments within a selected timeframe, or
 - b. A Federal Subrecipient Report (SUBS) will display *all Federal funded payments* within a selected timeframe.
 2. Payments and Invoices-in-Process
 - a. Displays invoices in process and payment history reports within the 60-day period.
- If requesting an Audit Confirmation report, you can have the report sent:
 - Directly to you Auditor,
 - An email of you choosing,
 - Only one email address can be listed for a report.
 - If want to send a report to multiple emails, you'll need to submit additional confirmation requests with an updated email address.

The Instruction Guide is an efficient and effective document.

After completing the request, a report is sent to the designated email within a few minutes.

Questions related to using this feature can be sent to RA-AuditConfirmation@pa.gov

NEW MANAGER SUMMIT

Kevin Stouffer, CPA
Member of the Firm

September 17, 2024



Guidance You
Can Count On.



Kevin Stouffer, CPA

- Member of the Firm
- Joined SEK in 2004
- 20 years of experience
- Graduated from Shippensburg University cum laude with a bachelor's degree in Business Administration
- Specializes in governmental audits and currently serves as Member-in-Charge of approximately 60 local government audits, including six Conservation Districts



Steps to Take – Preparing for Your Audit



It's a Year-Round Process...



- Keep a list of changes throughout the year
 - Processes
 - Procedures (internal controls)
 - Employee changes
 - Reach out to your auditor as things come up (don't wait until the audit)
 - Complex / unusual transactions
 - Significant activities
 - Operational changes
-

It's a Year-Round Process...



- Timely reconciliations
 - Fixed asset activity
 - Debt issuances
 - Journal entries – approvals and support
 - Year-end accruals
 - Supporting documentation for financial activity
-

Items to Gather



- Updated Internal Control Narrative
 - Fixed Asset Listing (typically manual spreadsheets)
 - Debt activity for the year (issuances and payments); if any
 - Pension and OPEB Reports from Actuary (if applicable)
 - Lease and SBITA information; if any
 - Compensated Absences summary
-

Asset Reconciliations to Prepare



- Bank Reconciliations for all Cash accounts as of year-end
 - Bank Statements for the fiscal year-end and the subsequent month
 - Investment Summary and statements as of year-end
 - Accounts Receivable listing for all receivable accounts
 - Grants Receivable summary – including when amounts were received after year-end
 - Inventory summary
 - Prepaid summary
-

Liability Reconciliations to Prepare



- Accounts Payable listing
- Retainage Payable listing; if any significant on-going projects
- Accrued Payroll summary
- Accrued Benefits summary
- Payroll Withholding summary

Fund Balance Reconciliations to Prepare



- Reconciliation of Fund Balance to the previous year financial statements
 - Reconciliation of classification of Fund Balance
 - Restricted Fund Balance – restricted by a third party
 - Committed Fund Balance – board action taken to commit fund balance
 - Assigned Fund Balance – authority given by the board to management and includes budget deficit for the next fiscal year
 - Unassigned Fund Balance – residual fund balance
 - Suggest reviewing Fund Balance Policy on an annual basis to ensure compliance
-

Various Items to Have Available



- Subsequent Receipts listing for 90 days after year-end
 - Subsequent Payment listing for 90 days after year-end
 - Current Year Budget (original and final)
 - Subsequent year Budget
 - 941's or other Payroll Reports
 - Explanations for variance analysis
-

Various Items to Have Available



- Summary of any threatened or pending litigation
 - Review of attorney's utilized during the year to send attorney letters
 - Updated agreements and contracts
 - Check number samples for Cash Disbursements and Payroll
 - Listing of all journal entries made for the fiscal year
-

Grants



- Summary of all Grant activity for the year
 - Receipts
 - Disbursements
 - Calculation of Receivable/Unearned
 - Summary of grant receipts not received within 60 days
 - Allowable uses and timeline for use of funds
 - Tracking activity
 - Read the grant contract
 - No double dipping!
 - Reporting requirements
-

Federal Grants / Single Audit Reminders



- A single audit (Uniform Guidance) is required if an organization expends \$750,000 or more in federal funds in a fiscal year
 - All federal funds combined
 - Funds spent (based on your basis of accounting), not received
 - Suggest preparing a Schedule of Expenditure of Federal Awards if federal expenditures exceed \$ 500,000
 - Provide details of receipts and expenditures by grant
 - Federal Grants should be denoted by their Assistance Listing Number (previously known was Catalog of Federal Domestic Assistance).
 - ALN is a five-digit number assigned to the awarding document for all federal assistance award mechanisms, including federal grants.
 - Compliance testing
 - Internal control testing
-

Footnote Items Needed



- Summary of Related Party/Joint Venture financial activity
- Summary of Construction in Progress and any signed Commitments
- Summary of any significant Subsequent Events
 - Debt issuances
 - Construction commitments signed subsequent to year-end

The background of the image is a collage of financial data visualizations. It includes several line graphs with fluctuating data points, a donut chart with four segments, a bar chart with seven bars of varying heights, and a radar chart with multiple axes and data series. A portion of a white computer keyboard is visible on the right side of the image. A dark blue rectangular box is centered over the charts, containing white text and a logo.

Questions to Ask Your Auditor and How to Utilize Your Audit as a Tool for Your Organization



The Audit Process



- Timeline
 - Discuss due dates and reporting requirements
 - Schedule draft meetings and presentation
 - Set targets to meet those goals
 - Expectations
 - Engagement roles
 - Access – people and documents
 - Sharing of information
-

How Can the Organization Improve?



- Best practices
 - Internal controls
 - Processes and procedures
- Previous audit results
 - Findings / internal control deficiencies
 - Proposed journal entries
- “Hot topic items”
 - Board of Directors driven
 - Industry related

Basis of Accounting



Basis of Accounting



- Cash Basis
 - Record revenues when received
 - Record expenditures when paid
 - No recording of accounts receivable or accounts payable
- Advantages
 - Closely reflects the cash position
 - Bookkeeping is easier
- Disadvantage
 - Financial results in any given period may be distorted

Basis of Accounting



- Accrual Basis
 - Record revenues when earned, regardless of when received
 - Offset is recording accounts receivable for amounts earned, but not yet received
 - Record expenditures when incurred, regardless of when paid
 - Offset is recording accounts payable for amounts incurred, but not yet paid
 - Advantage
 - More accurate representation of finances
 - Disadvantage
 - Additional bookkeeping
-

Basis of Accounting



- Accrual Basis – Internal Reporting
 - Recording Accounts Receivable – all amounts owed, but not yet received as of year-end
 - Recording of Prepaid Expenses – all amounts paid in advance of year-end, but for the next fiscal year (insurance is a common example)
 - Recording Accounts Payable – all amounts incurred, but not yet paid as of year-end
 - Recording of Accrued Payroll – all amounts of payroll incurred before year-end, but not yet paid as of year-end
-

Basis of Accounting



- Accrual Basis – External Reporting
 - Recording Capital Assets – historical cost of capital assets is included in the financial statements and depreciated over time
 - Typically, an appraisal company would need to perform an inventory to create a listing of all capital assets, if a listing with costs is not already maintained
 - Recording of Long-Term Debt – loans/borrowings balances are included in the financial statements
 - Includes Leases
 - Recording of Compensated Absences – amounts of accrued pay (vacation and/or sick that will be paid upon termination) included in the financial statements

Basis of Accounting



- Cash vs. Accrual Basis
 - If a Component Unit of the County, may not have a choice
 - Accrual
 - If a stand-alone entity (not a component unit), may have the choice between cash vs. accrual
 - Cash Basis Financial Statements – cheaper to audit

Year-End



- Fiscal vs. Calendar Year-End
 - Fiscal Year-End (any date other than 12/31)
 - State budgets on 6/30 year-end and most grants also fall in this category
 - Makes the budget process easier
 - Creates a timing difference in year of transition (6 month or 18 month statements)
 - Payroll reporting to IRS will still need to be on calendar year-end
 - Calendar Year-End
 - Consistent with past practices
 - Aligns with IRS payroll reporting
 - Can have grants that span multiple years based on State year-end

Grant Management



Grant Management



- Step 1: Identify all programs by:
 - Discussion between District Manager, staff, and accountant
 - Review previous year records
 - Review current year receipts
 - Review current year expenditures

Grant Management



- Step 2: Establish a System to Track Expenditures
 - Separate tracking for each program
 - Examples include:
 - Excel spreadsheet
 - QuickBooks – classes
 - Staff timesheets
 - Ensure that the same expenditure is not captured by multiple grants
 - OK to split apart, but cannot double-dip

Grant Management



- Step 3: Prepare Quarterly Reports
 - Reports should be prepared based on tracking
 - Support maintained
 - Reviewed by someone other than the preparer
- Tip: Carefully review the report requirements:
 - Certain grants are based on what was spent
 - Certain grants are based on what was incurred (accrued)
 - Payroll – work may be completed in one quarter, but not paid until the next

Grant Management



- Step 4: Recording of Transactions
 - As reports are submitted, these should be tracked
 - Track of amounts owed to the District
 - Cash Basis
 - Record revenue as grants are received, regardless of what is owed
 - Accrual Basis
 - Record revenue for amounts owed
 - Typically done at year-end, but can be done throughout the year

Grant Management



- Different Types of Grants
 - Working Capital – provided in advance
 - Reimbursement Basis – provided after expenditures are incurred
- Expenditures should be based on when incurred
 - Includes ACAP grant (once approved by the District)
- Revenues will still follow same principles as before
- Working Capital grants may have a liability for Unearned Revenue (accrual basis)
 - Example – Receive grant up-front and do not spend any

Internal Controls and Segregation of Duties Considerations



Internal Controls



According to COSO (Committee of Sponsoring Organizations of the Treadway Commission), internal control is a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of specified objectives.

- Effectiveness and efficiency of operations
- Ensure reliable financial reporting
- Comply with laws and regulations

Internal Controls



Key concepts:

Internal control is a *process*. It is a means to an end, not an end in itself

Internal control is affected by *people*, not just policy manuals and forms

Internal control can be expected to provide only *reasonable assurance*, not absolute assurance

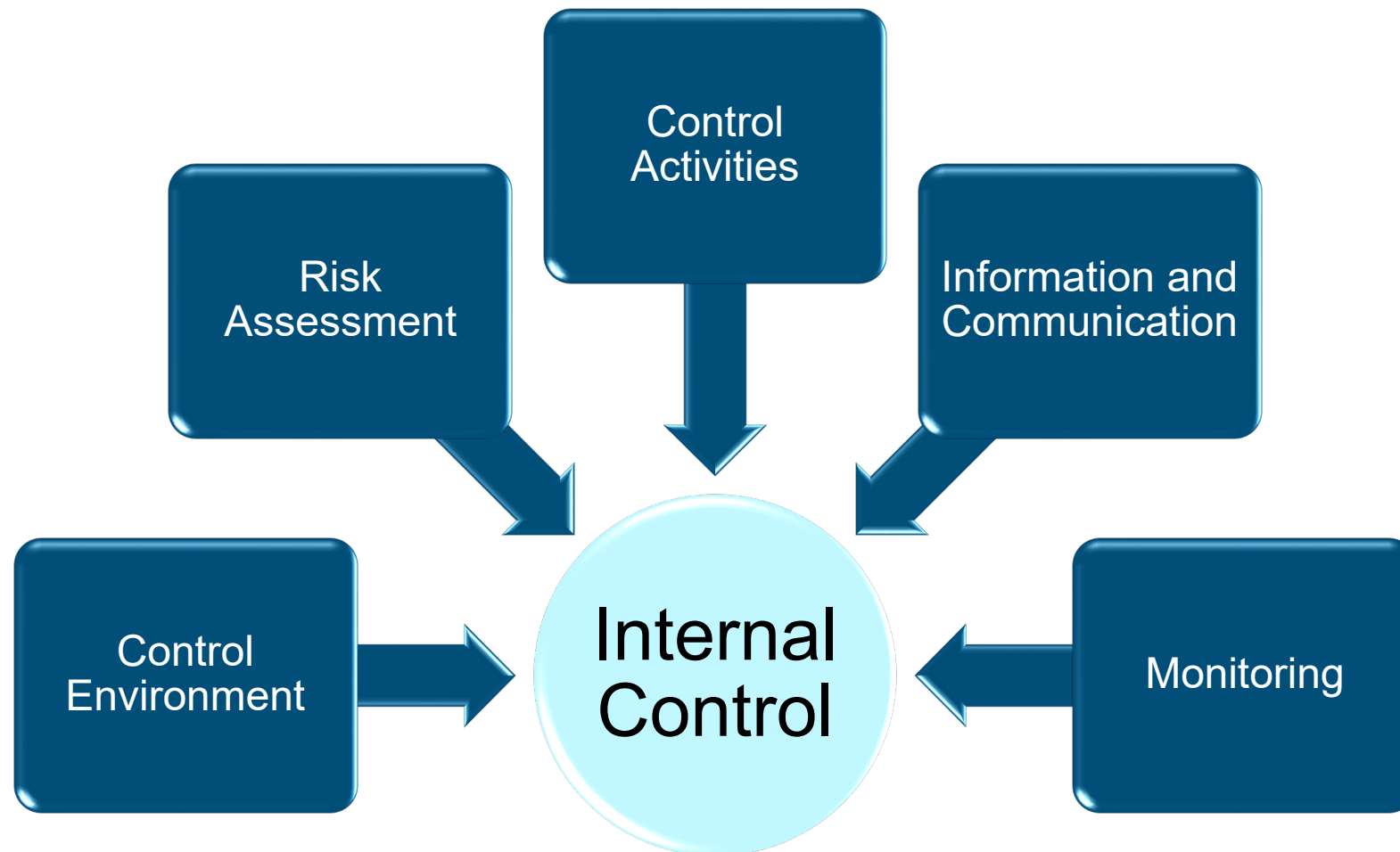
3 types of internal controls:

Preventive

Detective

Corrective

Internal Controls



Internal Controls



Policies and procedures that ensure management directives are carried out

- Top-level reviews
- Operating performance indicators/reviews
- Reconciliations
- Security of assets
- Segregation of duties

Internal Controls



- Cash Disbursements – what could go wrong?
 - Payments could be made to fictitious vendors
 - Disbursements could be made for the wrong amount
 - Duplicate payments could be made on an invoice
 - Disbursements could be recorded in the wrong period

Internal Controls



- Cash Disbursements – Examples
- Segregation of duties – limiting the involvement that one person has in a process
 - Separate the duties of approving invoices for payment, opening the mail, issuing checks, signing checks, and reconciling the bank statement
- Procurement Cards
 - Should have the same approval processes as regular cash disbursements

Internal Controls



- Cash Disbursements – Suggestions
 - Invoices should be approved for payment by someone other than the individual who will enter into the accounting software/system
 - Mail should be opened by someone other than the individual who has the ability to create checks
 - All checks should be signed by more than one individual (not a stamp or preprinted)
 - Ideally, bank statements are reconciled by someone without other cash disbursement or cash receipts duties, or at a minimum, reviewed by someone independent of these functions
-

Internal Controls



- Payroll – what could go wrong?
 - Payments could be made to fictitious employees
 - Employees could be paid the incorrect pay rate
 - Employees could be paid for hours not worked

Internal Controls



- Payroll – Examples
- Segregation of duties – limiting the involvement that one person has in a process
 - Employees are required to maintain time sheets, use of a time card, review/authorization of time worked by each employee, signing checks, and reconciling the bank statement

Internal Controls



- Payroll – Suggestions
 - Have all pay rates be approved by the Board on an annual basis, at a minimum
 - Approval of time sheets/hours worked for each pay period, including all paid time off

Internal Controls



- Cash Receipts – what could go wrong?
 - Funds received could be credited to the wrong customer account
 - Cash could be stolen by an employee and not recorded
 - Amounts receivable may never be collected due to failure to follow-up on past due amounts

Internal Controls



- Cash Receipts – Examples
- Segregation of duties – limiting the involvement that one person has in a process
 - Separate the duties of handling cash and making the deposit (recommend a deposit log), entering the deposit into the accounting software/system, and reconciling the bank statement
 - Daily Cash Reports should show revenue by major category
 - The date of receipt and date of deposit should be included

Internal Controls



- Cash Receipts – Suggestions
 - When cash is received, a deposit slip or log, should be maintained by someone other than the individual that will enter and record.
 - Copy of the log/checks given to the individual to enter and record.
 - Create invoices for any amounts owed to the District.
 - Require receipts given to customers for all payments received.

Q&A

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Guidance You
Can Count On.

