

# Admin Session

---

PETERSON COMPANY LTD

Presented by:

---

**Michael Peterson, CPA**

**Samantha Hoskins, CPA**

# Admin Session

## Unearned Revenue Documentation

---

- BWSR Billable Rate Worksheet should be filled out each year
  - Use the prior year information for each employee
  - Use either Option #1 or Option #2 (we are going to focus on Option #2)
  - Backup should be kept with the worksheet on how items were filled in for leave hours taken and expenses that are used to calculate the billable rates
  - Make sure that if you are taking facility or operating costs (supplies) on the worksheet, that you are not also expensing those same expenses in your grant all-detail reports
    - Example: If you include rent expense in your billable rate worksheet, you cannot use rent expense directly against the grant
    - Example: If you include supplies (office or field) expense in your billable rate worksheet, you cannot use supplies expense directly against the grant



Optional Template 2: Calculate Billing Rates, Including the Costs of: Wages, Benefits, Leave, Facilities, and Administration

Only enter the figures in the red outlined rows. The spreadsheet will automatically populate the other figures. The spreadsheet is locked for editing.

Notes:

DATE	NAME	Administrative Staff				Technical Staff				Totals
		Employee 1	Employee 2	Employee 3	Employee 4	Employee 5	Employee 6	Employee 7	Employee 8	
12/28/2022	Tom Brady									
YEARLY HOURS BASED ON FT	8352	2088	2088			2088	2088			
HOURS WORKED	8097	2088	2088	0	0	1633	2088	0	0	0
<b>WAGES</b>										
BASE RATE						25.00				
ANNUAL WAGES						52,200.00				
<b>TOTAL</b>		\$ -	\$ -	\$ -	\$ -	\$ 25.00	\$ -	\$ -	\$ -	\$ -
<b>BENEFITS (20)</b>										
FICA (2)	6.20%					1.55				
Medicare (2)	1.45%					0.36				
PERA (2)	7.50%					1.88				
INSURANCE (17)(18)(19)										
OTHER BENEFITS (20)(21)						6,500.00				
PREMIUM PER HOUR						3.11				
<b>TOTAL</b>		\$ -	\$ -	\$ -	\$ -	\$ 31.90	\$ -	\$ -	\$ -	\$ -
<b>LEAVE</b>										
LEAVE HOURS TAKEN						255				
COST OF LEAVE						8,134.63				
LEAVE PER HOUR		0.00	0.00	0.00	0.00	4.44	0.00	0.00	0.00	0.00
<b>TOTAL</b>		\$ -	\$ -	\$ -	\$ -	\$ 38.34	\$ -	\$ -	\$ -	\$ -
<b>FACILITIES (22)</b>										
PROMOTIONAL ITEMS										
EDUCATION	8,000.00	0.99	0.99			0.99	0.99			
NEWSLETTER	300.00	0.04	0.04			0.04	0.04			
RENT	10,000.00	1.24	1.24			1.24	1.24			
OFFICE MAIN										
TECHNOLOGY FEES										
POSTAGE/DELIVERY	2,000.00	0.25	0.25			0.25	0.25			
EQUIPMENT DEPRECIATION										
SUPPLIES	800.00	0.10	0.10			0.10	0.10			
UNEMP / WORKERS COMP (15)	7,000.00	0.86	0.86			0.86	0.86			
PROFESSIONAL FEES	4,000.00	0.49	0.49			0.49	0.49			
FEES, DUES, SUBSCRIPTIONS	1,500.00	0.19	0.19			0.19	0.19			
SUPERVISOR EXPENSE	8,000.00	0.99	0.99			0.99	0.99			
FUEL	2,500.00	0.31	0.31			0.31	0.31			
LIST EXPENSE										
<b>TOTAL</b>	48,100.00	\$ 5.45	\$ 5.45	\$ -	\$ -	\$ 41.78	\$ 5.45	\$ -	\$ -	\$ -
<b>ADMINISTRATION</b>										
DOCUMENTED GEN ADMIN HR										
ADMIN HOURS ALLOWED	835.2	0	0	0	0	Administration Hours for Technical Staff are Not Allowed in Administrative Overhead Calculation.				
COST OF ADMIN										
<b>TOTAL</b>		\$ 5.45	\$ 5.45	\$ -	\$ -	\$ 41.78	\$ 5.45	\$ -	\$ -	\$ -

# BWSR Billable Rate Worksheet Template

# Admin Session

## Unearned Revenue Documentation (Continued)

---

- Documentation should be kept to support how staff time is calculated
  - Proper documentation would consist of Time Logs (Excel Spreadsheet or Software) that tracks time by employee and grant
    - Time logs should include hours for all staff whether administrative or billable
    - Make sure to review your time logs if they are in excel for formula errors on a regular basis and make sure the correct billable rate is being consistently applied
    - Make sure that the totals per employee are matching back to the entries that are being booked in QuickBooks for T&A, your program logs, and that they are matching back to the Grant All-Detail Reports through e-Link



# Time Sheet Tracking Example

Tom Brady		Year		2022															
Pay Period		December 6- December 19																	
Time Type	Program/Activity	6-Dec	7-Dec	8-Dec	9-Dec	10-Dec	11-Dec	12-Dec	13-Dec	14-Dec	15-Dec	16-Dec	17-Dec	18-Dec	19-Dec	Modifier	Total		
Regular	Buffer Riparian Aid - 414	2	1	3		2			2		3						13		
Regular	Wetland Conservation Act - 404		1	1	2	1				1	1		1				8		
Regular	Buffer - 410	1		1	2	3			1	2	3	3	2				17		
Regular	Local Capacity Services - 412	5	6	3	4	2		5	4	1	5	2					27		
Regular	State Cost Share								2				3				5		
Sick Leave																	0		
																	0		
																	0		
																	0		
																	0		
																	0		
																	0		
																	0		
																	0		
																	0		
																	0		
																	0		
																	0		
																	0		
																	0		
																	80		

# Cost Share Program Log Example

## SWCD PROGRAM LOG

FISCAL YEAR: 2022 State Cost Share  
 GRANT PROGRAM:  
 PROGRAM PERIOD: FY 2022 - FY2023

Date of Notification to Encumber  
 Date Grant Received  
 Grant Amount  
 Total T & A Available

August 11, 2021  
 \$15,000.00  
 \$3,000.00

CONTRACT NUMBER	DATE	NAME	CONSERVATION PRACTICE CATEGORY	PRIMARY CODE(S) D 1 thru D-12	AMENDMENT	CONTRACT AMOUNT	T & A AMOUNT	TOTAL PROJECT FUNDS ENCUMBERED	Total Project Cost Paid	BALANCE REMAINING TO ENCUMBER	Notes	Percentage of Total
										\$15,000.00		
T&A										\$14,791.10		
Admin SCS FY22-01 - Tom Brady	11/6/22 - 12/17/22	Corey Taylor					\$ 208.90			\$14,791.10		
										\$14,791.10		
										\$14,791.10		
										\$14,791.10	Admin/TA Remaining to date	\$2,791.10
										\$14,791.10		
SCS FY22-01	12/21/2022	Corey Taylor				\$1,000.00			\$1,000.00	\$13,791.10		
										\$13,791.10		
										\$13,791.10		
									<b>Total Grant Remaining</b>	<b>\$13,791.10</b>		

# Admin Session

## Quarterly/Annually Reconciling

---

- We recommend quarterly billable time is recorded in QuickBooks and reconciled back to the Grant All-Detail Reports and your Program Logs, if applicable.
- At year-end make sure your Program Log (if applicable), QuickBooks file and Grant All-Detail Reports tie to each other.
- **\*Note\*** No changes should be made to QuickBooks or Program Logs once E-link reports are submitted to the state



# Questions

---



# Admin Session

## Audit Limits and Due Dates

---

### 2021 Special District Revenue Threshold - \$245,000

#### Due Dates:

- JPB/TSA Audits are Due December 31st if they have a June 30th Year-End
- JPB/TSA Audits are Due June 30th if they have a December 31st Year-End
- WMO/WD Audits are Due Six Months from Year-End Date (normally June 30th)
- SWCD Audits are Due October 31st
  - If any special district entity is not over the revenue threshold each year for five years, then an audit must be completed on that fifth year

# Admin Session

## 1W1P and Federal Grants

---

### Federal Grants:

- Expenditures at or above \$750,000 in one year will require a Single Audit
- Single Audits will cost more money and is a different audit than the ones normally completed for BWSR

### 1W1P Grants:

- Could have additional reporting requirements if they have a separate Board that votes on what to do with the funds
  - If a separate Board controls the spending on the grant, the grant should be separate from other grants on the fiscal agents QuickBooks file for the SWCD (create either a new company file for that grant or class that grant so the revenues and expenses are separate from the other grants the SWCD tracks)

# Questions

---



# Admin Session

## Audit Reports



- 2021 audit reports will look different, due to changes in auditing standards
- Expanded reporting for schedule of findings
  - Segregation of Duties
    - Lack of internal controls, normally due to size of district
  - Financial Statement Presentation
    - Don't have staff or expertise to draft financial statements with required footnote disclosures
  - Audit Adjustments
    - If material audit journal entries are proposed at the end of the audit, we are required to disclose it in the audit
  - Deficiency in Collateral for Deposits
    - Must have collateral for amounts  $>$  or  $=$  to \$250,000 in a checking account or total of all CD's and Savings/Money Market accounts at each bank (FDIC limit)
      - Example: US Bank has \$312,400 in checking account on 7/1/2022 and Wells Fargo has \$125,000 in Money Market and three CD's worth \$50,000 each. Both bank will need collateral. US Bank Checking is over the \$250,000 by \$62,400 and Wells Fargo is over the \$250,000, since the total of the Money Market and CD's is \$275,000, which is over the FDIC limit by \$25,000.



(NAME) Soil and Water Conservation District  
(CITY), Minnesota

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of the governmental activities and the General Fund of (NAME) Soil and Water Conservation District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the General Fund of (NAME) Soil and Water Conservation District, as of December 31, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of (NAME) Soil and Water Conservation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

(NAME)'s management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about (NAME) Soil and Water Conservation District's ability to continue as a going concern for one year after the date that the financial statements are issued.

# New Independent Auditor's Report

---

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of (NAME) Soil and Water Conservation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about (NAME) Soil and Water Conservation District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Matters**

#### **Required Supplementary Information**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Although not a part of the basic financial statements, such missing information is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

# New Independent Auditor's Report (Continued)

---

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page ?? and defined benefit pension plan schedules on page ?? be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise (NAME) Soil and Water Conservation District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated (REPORT DATE), 2022, on our consideration of (NAME) Soil and Water Conservation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering (NAME)'s internal control over financial reporting and compliance.

*Peterson Company Ltd*

Peterson Company Ltd  
Waconia, Minnesota

(REPORT DATE), 2022

# New Independent Auditor's Report (Continued)

---

# Schedule of Findings and Recommendations – Segregation of Duties

DECEMBER 31, 2021

## **2021-001: Segregation of Duties**

**Criteria:** Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, has physical access to the related assets, and has responsibility or authority to record the transaction.

**Condition and Context:** Substantially all accounting procedures are performed by one person.

**Prior Year Finding:** Yes, 2020-001.

**Cause:** This condition is common to organizations of this size due to the limited number of staff.

**Effect:** The lack of an ideal segregation of duties subjects the **District** to a higher risk that errors or fraud could occur and not be detected in a timely manner.

**Recommendation:** Any modification of internal controls in this area must be viewed from a cost/benefit perspective.

**Management Response:** The District has adequate policies and procedures in place to compensate for the lack of segregation of duties, including having all disbursements approved by the Board of Supervisors.



# Schedule of Findings and Recommendations – Financial Statement Presentation

## 2021-002: Financial Statement Presentation

**Criteria:** The District's management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with generally accepted accounting principles.

**Condition and Context:** As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements. Management has accepted responsibility for the financial statements and reviewed them.

**Cause:** The District has a limited number of personnel with financial reporting experience.

**Effect:** The design of the controls over the financial reporting process would affect the ability of the District to report its financial data consistently with the assertions of the management in the financial statements.

**Recommendation:** We recommend that the District be aware of the requirements for fair presentation of the financial statements in accordance with the generally accepted accounting principles. Should the District elect, based upon an analysis of costs and benefits, to establish the full oversight of the financial statement preparation of an appropriate level, we suggest management establish effective review policies and procedures including but not limited to the following: reconciling general ledger amounts to the draft financial statements; review of all supporting documentation and explanations for journal entries proposed by us; complete the disclosure checklist; review and approval of schedules and calculations supporting the amounts included in the notes to the financial statements; apply analytic procedures to the draft financial statements; and perform other procedures considered necessary by management.

**Management Response:** The District understands that this is required communications for the preparation of the financial statements.



# Schedule of Findings and Recommendations – Audit Adjustments

## **2021-003: Audit Adjustments**

**Criteria:** The District's management is responsible for establishing and maintaining internal controls for the proper recording of all the District's accounting transactions, including account coding, reporting of accruals, and net position.

**Condition and Context:** As part of the audit, we proposed material adjustments for recording of [REDACTED] and reclassifying transactions to the proper accounts and preparing note disclosures. Management has reviewed and approved the audit adjustments.

**Cause:** The District has a limited number of personnel with financial reporting experience.

**Effect:** The design of the internal controls over recording transactions and year-end accruals limits the ability of the District to provide accurate accrual basis financial information.

**Recommendation:** We recommend that District management be constantly aware of all procedures and processes involved in recording transactions, accruals, and reclassifications and develop internal control policies to ensure proper recording of these items.

**Management Response:** The District will continue to work at eliminating the need for audit adjustments.

# Schedule of Findings and Recommendations – Deficiencies in Collateral for Deposits

**Condition and Context:** At December 31, 2021, the District held deposits of \$???. Deposits up to \$250,000 are insured by the FDIC. Deposits require collateral of at least ten percent more than the amount on deposit in excess of that covered by FDIC insurance. The collateral refund was \$???, (???) X110%). The District was unable to provide evidence that such deposits were properly collateralized in accordance with State Statutes.

**Prior Year Finding:** Yes, 2020-002.

**Cause:** Unknown.

**Effect:** The effect of noncompliance is not determinable.

**Recommendation:** We recommend the District obtain sufficient collateral to comply with Minnesota Statute 118A.03.

**Management Response:** Management has opened a new account at another bank and is in the process of preparing to transfer funds to the new account.

# Admin Session

## Internal Controls

---

- Segregation of Duties is the main internal control for accounting
  - This entails having one person do the accounting functions for receivables, another person doing the accounting functions for payables, and another person reconciling information that is done by the other two people. Deposits would always be deposited at the bank by someone other than the person doing receivables, and checks would be mailed by someone other than the person doing payables.
  - Whoever would be in the payables position would not be able to sign checks
  - A manager or higher level would be in charge of the overall review of everything done in each department and signing off as reviewing the reconciliations.
    - For most smaller organizations and entities, this is not realistic or cost-effective. Due to this, segregation of duties must be implemented as best it can for each organization or entity.
    - Due to lack of segregation of duties a disclosure is required in the audits schedule of findings and recommendations. The management response on this finding will have to disclose how the organization or entity is addressing their segregation of duties issues.

# MN Legal Compliance – Bid Laws

	Yes	No	N/A	Explanation
<b>Contracting - Bid Laws</b>				
Do you have any contracts \$175,000 or more?				
If so, please answer following questions:				
1 Have all contracts been sent out for sealed bid?				
2 Have bids been solicited by public notice?				
3 Were bids kept on file?				
Do you have any contracts ranging from \$25,000 - \$175,000?				
If so, please answer following questions:				
1 Have contracts been sent out for sealed bids or negotiated contracts?				
2 If sealed bids, were used did you keep bids and post with public notice?				
3 If negotiated contracts were used, were two or more quotes obtained?				
4 If quotes obtained, were they kept on file for at least 1 year?				

# MN Legal Compliance – Depositories of Public Funds

	Yes	No	N/A	Explanation
<b>Depositories of Public Funds</b>				
Has each financial institution been designated by the board of supervisors?				
Is the financial institution one of the following (check the one that applies):				
Bank				
Credit Union				
Trust Company				
Savings Association				
Do you have deposits over \$250,000 at one bank when savings and CDs are combined? <b>and or</b>				
Do you have deposits over \$250,000 at one bank when checking accounts are combined?				
If so, do you have pledged collateral?				
Do you have any investments (stocks, bonds or mutual funds)?				



# MN Legal Compliance – Misc Provisions

	Yes	No	N/A	Explanation
<b>Miscellaneous Provisions</b>				
Were all meetings open to the public?				
If a meeting was closed, did you state on the record the grounds permitting the meeting to be closed and describe the subject to be discussed?				
Does any one travel out of state?				
Did the District refrain from donating money to people, nonprofit Organizations, and charities unless allowed by specific authority?				

# MN Legal Compliance – Claims & Disbursements

---

	Yes	No	N/A	Explanation
<b>Miscellaneous Provisions</b>				
Were all meetings open to the public?				
If a meeting was closed, did you state on the record the grounds permitting the meeting to be closed and describe the subject to be discussed?				
Does any one travel out of state?				
Did the District refrain from donating money to people, nonprofit Organizations, and charities unless allowed by specific authority?				

# MN Legal Compliance – Conflicts of Interest

	Yes	No	N/A	Explanation
<b>Conflicts of Interest</b>				
Do board members abstain from voting on any items that would be considered a conflict of interest?				
Example: Would board member approve a cost share payment to a relative (brother or sister)?				
Example: Would board member approve a vehicle purchase from their own car dealership?				

# Questions

---

