

# UTAH CONSERVATION DISTRICTS

## GOVERNANCE & ACCOUNTABILITY SUMMARY POLICY MANUAL



### POLICY OF THE UTAH CONSERVATION COMMISSION AND RECOMMENDATION OF THE UTAH ASSOCIATION OF CONSERVATION DISTRICTS

November 2008

To replace all earlier editions of “Little Manual” for conservation districts previously named soil conservation districts or SCDs.

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## INTRODUCTION

The Utah State Auditor's Office has compiled a "Little Manual" for Utah local districts, especially those with annual budgets of less than \$100,000, to help them be financially accountable to their constituents and comply with state law. It can be found at <http://www.sao.utah.gov/resources/littleman.pdf>. For questions please contact Mr. Van Christensen at (801) 538-1394, 1-800-622-1243, or [vchristensen@utah.gov](mailto:vchristensen@utah.gov)

Utah State Code Title 17D-Chapter 03 classifies conservation districts as "Limited Purpose Local Government Entities." Conservation districts are similar to local districts that do not have taxing authority and have small annual budgets. Hereafter the Utah State Auditor's Office and Utah Conservation Commission have adapted the State Auditor's Little Manual for use by conservation districts. The related requirements for local districts can be found in the Utah Code Title 17B-Chapter 01.

## UTAH CONSERVATION COMMISSION POLICY

This manual is intended to be the guiding document for Utah's conservation districts governance and accountability and contains the policy of the Utah Conservation Commission (UCC). The UCC policy adopted November 12, 2008 follows and is shown in bold italics throughout the document. A reference page is provided after each policy summary below so the context of that policy can be quickly accessed.

1. ***Maintain a full five member board*** and that: 1) vacancies are filled in a timely manner, 2) vacancies are advertised, 3) that interested citizens should be given the opportunity to be considered, and 4) candidates be presented to the conservation district election committee for their review and comments, see page 6.
2. If the funds for board member compensation come from conservation district generated revenue then the ***conservation district must have a district compensation policy*** and the funds be part of the district's budget process, see page 6.
3. ***Compensation for time paid*** to a conservation district supervisor be ***limited to*** not more than ***\$5,000*** in any fiscal year (July 1 – June 30), see page 6.
4. An elected or appointed district ***supervisor may not be an employee*** or provide services under a contract with the district, see page 7.
5. The chairperson of the board should ensure that members of the board are provided with ***annual training on the requirements of the Utah Open and Public Meetings law***, see page 7.
6. Conservation districts shall have ***written minutes of their open meetings***; and, districts with annual budgets of more than \$50,000 shall, in addition, audio record open meetings, see page 8.
7. Conservation districts that hold regular meetings that are scheduled in advance

- over the course of a year shall **give public notice** at least once a year of the meeting schedule, giving dates, time, and place. If **regular meetings** are not held, the board shall give no less than 24 hours public notice specifying the date, time, and place of the meeting, see page 9.
8. Conservation districts shall **prepare an annual budget** prior to the beginning of each fiscal year that has been formally **presented in a hearing and adopted** by the board, see page 11.
  9. The period of **July 1 – June 30** shall the **budget year or fiscal year** for Utah conservation districts, see page 11.
  10. Annually the **UCC** shall **compile a summary** of the state’s conservation districts **budgets** and send them to the State Auditor’s Office, see page 12.
  11. Conservation districts shall complete and submit **yearly reports** as required under Required Reports, see page 13.
  12. Conservation districts shall follow the **accounting procedures** outlined under Internal Control, see page 14.
  13. Conservation districts that have part-time or full-time employees shall have a **personnel policy** that conforms to the **requirements** of state and federal laws. The district board shall review the policy annually to ensure compliance with state and federal law; and ensure that the policy is followed by district employees, see page 14.
  14. Conservation districts shall have and comply with a **purchasing policy** that follows the requirements under Purchasing Policy, see page 15.
  15. Conservation districts shall follow the **record retention schedules** same as for municipalities under Record Retention, see page 17.
  16. Conservation district **treasurers shall be bonded** in accordance with Rule Number 4 of the Utah State Money Management Council. Utah Code 51-7-3(25) states that, “A ‘Public Treasurer’ includes . . . the official of any . . . political subdivision, or other public body who has the responsibility for the safekeeping and investment of any public funds”, see page 18.

Paper copies of this manual can be found in the Conservation District Administrative Handbook that is available in each conservation district office; or it can be obtained from the UCC office at Utah Department of Agriculture and Food, <http://ag.utah.gov/conservation/UtahConservationCommission.html>, or <http://www.uacd.org>. Please keep this manual with your district records and pass it on to the individual taking your place.

The State Auditor’s Office publishes a Uniform Accounting Manual (UAM) which is much more comprehensive. It should be used for areas not covered by this manual; or, by conservation districts with revenues or expenses greater than \$100,000 per year. The UAM may be found at: [www.sao.utah.gov/UAM/index.htm](http://www.sao.utah.gov/UAM/index.htm) .

## **TRAINING**

The Utah State Auditor's Office in cooperation with the Utah Association of Conservation Districts, Utah Association of Special Districts and the Utah Conservation Commission provides training for members of district boards, their staff and others as applicable. The training is designed to help district officials increase their understanding of their role, functions, and responsibilities. Topics covered include, but are not limited to items in this manual. The training provides participants with the opportunity to ask questions and understand the concepts behind the related laws and requirements.

The UACD provides training at annual state and zone meetings and through a web-based program at [www.uacdtraining.org](http://www.uacdtraining.org). Also, for those without access to the Internet paper copies can be obtained from your district's zone coordinator. In addition, you may contact any of the following for further information and assistance.

### **Utah Conservation Commission**

This state commission is within the Utah Department of Agriculture and Food and has the legal responsibility to maintain the conservation district structure and help district boards accomplish their duties and goals. The UCC accomplishes much of its responsibility by contracting with the Utah Association of Conservation Districts for field-level staff that regularly meet with conservation districts. This is especially the case when it comes to training.

350 N. Redwood Rd.

PO Box 146500

Salt Lake City, UT 84114-6500

(801) 538-7171 or (801) 538-7120

Email: [UDAF-Soilcons@utah.gov](mailto:UDAF-Soilcons@utah.gov)

Internet: <http://ag.utah.gov/conservation/UtahConservationCommission.html>

### **Utah Association of Conservation Districts**

The UACD represents Utah's 38 conservation districts and is dedicated to their support and assisting with their proper and efficient operation.

1860 N 100 E

North Logan, UT 84341-1784

(435) 753-6029 x. 8

Email: [gordon.younger@ut.nacdnet.net](mailto:gordon.younger@ut.nacdnet.net)

Internet: <http://www.uacd.org/>

### **Utah Association of Special Districts**

The UASD is dedicated to promoting the proper and efficient operation of Utah special districts. It assists special districts in fulfilling their respective missions by informing government and public officials about special districts, promoting district awareness, providing training and legislative updates, and input on current legislation.

Mr. LeGrand W. Bitter, Executive Director

Utah Association of Special Districts

1272 West 2700 South

Syracuse, UT 84075

(801) 725-1312

Email: [uasdmail@yahoo.com](mailto:uasdmail@yahoo.com)

[http://www.uasd.org/index.php?option=com\\_frontpage](http://www.uasd.org/index.php?option=com_frontpage)

## CONSERVATION DISTRICT BOARD RESPONSIBILITIES

Stephen J. Gauthier explains in his book titled, “Governmental Accounting, Auditing and Financial Reporting,” that a governing board provides leadership needed for an entity to achieve its purpose. A board is not free to act in any way it chooses, and is ultimately judged based upon the following four criteria:

- Effectiveness – How well does the board achieve their objectives or purpose?
- Efficiency – Does the board make optimal use of the resources placed under their control?
- Compliance – Does the board comply with applicable policy, law, or regulation? (This area has particular emphasis in the government environment.)
- Reporting – Does the board prepare regular financial reports made available to those who pay the tax or fee used to operate the district?

This manual will focus on compliance and reporting criteria noted above. Keep in mind that the underlying concept is that the governing board is accountable to its constituents for everything the conservation district does. It is the board's duty to:

- Manage the district for the benefit of its constituents.
- Manage the district openly and democratically.

Board members do not serve indefinitely. Therefore, one of the most important things a board can do is to establish good policies and procedures that will last beyond an individual's service. Good policies and procedures will protect the district's resources in the event that a future board member does not maintain high ethical standards.

Generally, the following are areas of responsibility for governing boards in Utah:

- Meetings
- Budgeting
- Accounting
- Internal Control
- Reporting
- Personnel
- Purchasing
- Records (GRAMA)
- Insurance
- Fund Balance Limitation

Each of the items noted above are discussed in their own sections of this manual. The remainder of this section addresses other governing board considerations.

### ***Board Member Basic Governance and Accountability Responsibilities***

The conservation district act reads: “*board of supervisors shall elect a chair from among their number, and may elect other officers from among their number that the board considers necessary.*” [17D-3-301(4)] In addition to electing a chair the Conservation Commission encourages each conservation district to appoint a vice chair and a treasurer from the board; and, to hire a clerk or appoint a clerk from the board if a clerk can not be hired. Each officer serves at the pleasure of the board and the board may designate a set term for officers. **The offices of chair, clerk, and/or treasurer should not be held by the same person.**

Below are the general responsibilities of each officer as well as financial related governing board responsibilities. (See *Utah Code* 17B-1-309 and 17B-1-631 through 17B-1-638)

*Chair*

- Provides leadership for developing agendas, conducting meetings and fulfillment of district's duties.
- Assures governance and accountability for district compliance with Utah code and federal law, including annual training on the requirements of the Utah Open and Public Meetings law.

*Vice Chair*

- Fills duties of chair in his or her absences

*Clerk (or other designated person not performing treasurer duties)*

- Attend meetings and keep a record or minutes, of the proceedings
- Maintain financial records
- Prepare checks after determining that the claim:
  - was authorized by the board or financial officer,
  - does not over expend the budget and
  - was approved in advance
- Present a financial report at least quarterly to the board
- May not sign a single signature check

*Treasurer (or other designated person not performing clerk duties)*

- Sign checks after determining that sufficient funds are available
- Custodian of all money
- Deposit and invest all money in accordance with title 51, chapter 7 of the State Money Management Act
- Receive all funds
- Issues a receipt for money received

*Entire board*

- Strives to fulfill duties and responsibilities as outlined in: the Conservation District Act - Utah Code, Title 17D, Chapter 03; in state laws applicable to all units of government such as the Open and Public Meetings law [Utah Code 52-4]; laws applicable to conservation districts found in Limited Purpose Local Government Entities General Provisions of the Utah Code 17C-1; and, policies of the Utah Conservation Commission [Utah Code 4-18].
- Approve all expenditures – however the board may authorize a district manager or other official to act as the financial officer for the purpose of approving payroll checks, if the checks are prepared in accordance with a schedule approved by the board and routine expenditures, such as utility bills, payroll-related expenses, supplies, and materials.
- Set a maximum sum over which all purchases may not be made without the board's approval.
- At least quarterly review all expenditures authorized by the financial officer. (See *Utah Code* 17B-1-642)
- A district with an expenditure budget of less than \$50,000 per year shall also have a member of the governing board sign all checks.

### ***Appointment / Election***

The conservation district board members are called “Supervisors”. They are elected to serve four-year terms of office. Supervisor election and board structure is outlined in 17D-3-301 of the *Utah Code*. Candidates for elections come from a district level local multi-agency committee. The election is directed by the Utah Conservation Commission and carried out at the state level by the Utah Department of Agriculture and Food. Ballots are sent via US Mail.

If a vacancy should occur on a conservation district board, authority and guidelines to fill the vacancy are found in part 17D-3-310 of the district law and in UCC Policy on the topic. The UCC staff at the Utah Dept of Agriculture and Food can provide more details on the conservation district election and appointment processes. ***It is policy of the UCC that conservation districts maintain a full five member board and that a vacancy is filled in a timely manner; and, that the vacancies on boards should be advertised and interested citizens should be given the opportunity to be considered for the vacancy and candidates be presented to the conservation district election committee for their review and comments.***

### ***Time Compensation - \$5,000 yearly limit***

Board members may receive compensation for their time and expenses on a reimbursable basis as determined by the UCC or from district funds under the following conditions. Compensation to conservation district Supervisors is authorized in the district law, see [17D-3-301(6)]. The UCC provides some compensation to supervisors as funds are appropriated each year by the Utah Legislature for time, travel and expenses. The payment process is outlined in the UCC Conservation District Supervisors Expense Reimbursement Account (SERA) program policy. The UCC staff will notify the conservation districts of state SERA fund allocations and use so this can be included in a district’s budgeting and financial reporting process. ***It is policy of the UCC that if the funds for board member compensation come from conservation district generated revenue then the conservation district must have a district compensation policy and the funds be part of the district’s budget process.***

It is a requirement in the state’s local district law that board members not receive over \$5,000 a year for compensation for their time. (See *Utah Code* 17B-1- 307). ***It is UCC policy that this \$5,000 yearly (conservation district fiscal year July 1 – June 30) time compensation limit also applies to conservation district Supervisors.*** This applies to all compensation funds whether they come from the conservation district or UCC SERA program. The \$5,000 limit does not include non time compensation expense reimbursements such as travel, meeting registrations, or miscellaneous purchases for district projects.

If a district compensates a board member for time worked the IRS may require the district to report the amount paid either on a W2 Form or 1099 Form for tax purposes. The district should study the rules or consult with a tax advisor to learn the current requirement.

### ***Qualification***

Per the state’s local district law, ***it is the policy of the UCC that an elected or appointed district supervisor not be an employee or provide services under a contract with the***



*district when performing duties other than those described in the “Board Member Basic Governance and Accountability Responsibilities” section of this manual, see page 1 - 2.* There is an exception to this requirement when:

- fewer than 3,000 people live within 40 miles of the primary place of employment, and
- the job opening has had reasonable public notice and
- the person employed is the best qualified candidate for the position. (See *Utah Code* 17B-1-311)

### **Ethics**

*Utah Code* 67-16 addresses ethics that affect all state and local governments including conservation districts. Generally, ethics prohibit the acceptance and solicitation of gifts, compensation or loans by an elected or appointed public officer or employee; it also deals with conflicts of interest. A public officer or employee may accept an occasional gift having a value of \$50 or less. A conflict of interest may be allowed as long as full and proper disclosure is made. Please refer to *Utah Code* 67-16-7 and 67-16-8, state Attorney General’s office, or your county attorney for specifics.

It is very important to understand this part of *Utah Code* because the penalties for violations are severe, as severe as a felony of the second degree in some cases.

### **Nepotism**

*Utah Code* 52-3 addresses nepotism that affects all state and local governments including conservation districts. Generally, it means that no public officer may employ, appoint, vote for, or recommend a relative for employment. Further, no public officer may directly supervise an appointee who is a relative. Relative means a father, mother, husband, wife, son, daughter, sister, brother, aunt, uncle, nephew, niece, first cousin, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, or daughter-in-law.

There are several exceptions addressed in *Utah Code* 52-3-1(2)(a). The most important exception is that the relative may be employed if he/she is the only person available, qualified, or eligible for the position.

## **MEETINGS**

*Utah Code* 52-4 addresses open and public meetings that affect all state and local governments including conservation districts. The law recognizes that local districts and conservation districts exist to conduct the people’s business and contains provisions designed to help ensure that a board’s actions and deliberations are conducted openly.

In an effort to help ensure that meetings are conducted openly, ***Utah Code and UCC policy requires that the presiding officer of a governing board ensure that members of the board are provided with annual training on the requirements of this law.*** The following sections may assist you in providing this training.

### ***Open Meetings***

An open and public meeting is when the majority of a governing board meets to discuss or act upon a matter for which they have responsibility. Public meetings include workshops or executive sessions, but do not include chance or social meetings. (See

Utah Code 52-4-2(2))

### ***Closed Meetings***

Per *Utah Code 52-4* all meetings shall be open to the public, except for discussion of the following:

- The character, competence or health of an individual.
- Deployment of security personnel, devices, or systems.
- Collective bargaining issues.
- Pending or reasonably imminent litigation.
- Purchase, exchange, lease, or sale of real property, if such discussion prevents the district from completing a transaction on the best possible terms.
- Investigative proceedings regarding allegations of criminal misconduct.

If a meeting is closed to discuss the character, competence or health of an individual or the deployment of security personnel, devices, or systems then the person presiding shall sign a sworn written statement affirming that the sole purpose for closing the meeting was to discuss these issues. No recorded or written minutes are required when a meeting is closed for this purpose.

If a meeting is closed for a purpose other than those mentioned in the paragraph above, the board must audio record the closed portion of the meeting and may keep detailed written minutes. (See the Meeting Minutes section below for required elements of minutes of a closed meeting.) (See *Utah Code 52-4-206*)

Remember no resolution, contract, or appointment may be approved in a closed meeting. Also, a closed meeting may be held only upon the affirmative vote of two-thirds of the board members present at a public meeting.

### ***Public Hearing***

A public hearing is a portion of an open government meeting at which members of the public are provided a reasonable opportunity to comment on the subject of the hearing. Public hearings are required when a conservation district adopts a budget.

### **Meeting Minutes**

***It is policy of the Utah Conservation Commission that all conservation districts shall have written minutes of their open meetings; and, districts with annual budgets of more than \$50,000 shall in addition audio record all open meetings.*** When a district sponsors a site visit or traveling tour where no vote or action is taken such events shall be summarized and recorded in the minutes of the meeting that follows the event. Written minutes are required to be submitted annually to the Utah Conservation Commission where hard copies are kept on file for three years and then submitted to the State Archive Division for long term storage. Audio meeting recordings shall be kept by the district for one year. *Utah Code Title 52, Chapter 4.*

When a meeting (whether open or closed) is required to be recorded, the recording shall be complete and unedited and include all portions of the meeting from the commencement of the meeting through adjournment of the meeting.

The minutes and recordings of open meetings are public records and must be available

within a reasonable time after the meeting. A meeting record kept only by recording must be converted to written minutes within a reasonable time upon request. Only written minutes shall be evidence of the official action taken at meetings.

Both a recording and written minutes of closed meetings are protected records and may be disclosed pursuant to a court order only as provided in *Utah Code 52-4-10*. (See page 16 for definition of public and protected records.)

### ***Content of Minutes***

Per *Utah Code 52-4* open government meeting minutes shall include the:

- date, time and place of the meeting;
- names of board members present and absent;
- substance of all matters proposed, discussed, and decided;
- votes taken by individual members;
- names of each person who is not a member of the board, and upon recognition by the presiding officer, provided testimony or comments and the substance in brief of their testimony or comments;
- any other information that any board member requests to be entered in the minutes.

When a governing body within the State closes a meeting, the following must be publicly announced and entered on the minutes of the open meeting at which the closed meeting was approved:

- the reason or reasons for holding the closed meeting;
- the location where the closed meeting will be held;
- and the vote of each member, either for or against the motion.

The recorded and any written minutes of a closed meeting shall include the:

- date, time and place of the meeting;
- names of board members present and absent;
- names of all others present except where the disclosure would infringe on the confidentiality necessary to fulfill the original purpose of closing the meeting.

### ***Notice Requirements***

Per *Utah Code 52-4* **all government entities that hold regular meetings that are scheduled in advance over the course of a year shall give public notice at least once a year of its meeting schedule, giving dates, time, and place. If regular meetings are not held, the board shall give no less than 24 hours public notice specifying the date, time, and place of the meeting. This is also UCC policy for all conservation districts.**

All meetings whether regularly scheduled in advance over the course of a year or scheduled as needed must provide no less than 24 hours notice of meeting agendas.

The method of providing public notice for meetings and agendas depends upon whether a public hearing will be held during a portion of the meeting. It is important to distinguish between notice requirements for regular meetings and notice requirements for a public hearing.

The table below contrasts notice requirements for a regular meeting and a public hearing

held for the purpose of adopting a budget.

<b>Requirement</b>	<b>Regular Meeting</b>	<b>Public Hearing</b>
Media	Must <u>notify</u> at least one newspaper of general circulation within the district's boundaries, or a local media correspondent. The district does not need to pay for this notice and the newspaper may or may not choose to publish the notice.	Must <u>publish</u> notice in at least one issue of a newspaper of general circulation in which the district is located. If the newspaper requires payment to publish the notice, then the district should pay the fee. If a newspaper of general circulation is not available, then post written notice in three public places within the district.
Posting	Post written notice at the principal office of the public body, or if no such office exists, at the building where the meeting is to be held.	<b>(Same as Regular Meeting)</b>
Number of days	At least 24 hours before meeting.	At least 7 days prior to the hearing.

***Utah Public Notice Web-Site***

Beginning on April 1, 2008 notice of an open meeting and meeting agendas for government entities with large budgets must also be posted on the Utah Public Notice Web-Site. However, local districts with an annual budget less than \$1 million are encouraged but not required to post notice on the Web-site. (See *Utah Code 52-4-202 to 208*). If a conservation district wants to advertise their meetings on this Web-site contact the Conservation Commission office, see page 19 for contact information.

***Agendas***

As required in the Open Meetings law, a board is required to give no less than 24 hours notice of meeting agendas. The 2006 legislative session further defined agenda requirements as follows:

- Agendas must provide reasonable specificity to notify the public as to the topics to be considered.
- Each topic shall be listed under an agenda item on the meeting agenda.
- The board may not consider a topic in an open meeting that was not on the agenda.
- The board may discuss a topic raised during an open meeting that was not on the agenda, but it may not take final action during that meeting.

***Emergency Meetings***

A governmental entity within the state may call an emergency meeting to discuss an urgent matter due to unforeseen circumstances. When an emergency meeting is determined necessary the following is required:

- give the best notice practicable of the time, place and topics to be considered,
- attempt to contact all board members and
- a majority of the board members must approve the meeting. (See *Utah Code 52-4-*

## **BUDGETING**

*Utah Code* 17B-1-605 to 611; 613 to 615; 701 and 702; all deal with budgeting for local districts.

***It is policy of the UCC that a conservation district has a current budget for each fiscal year that has been formally presented in a hearing and adopted by the board.*** A budget is an important way for the public to have input on local government entities expenditures and plans. Upon formal adoption, the budget constitutes spending authority for the district and a formal plan for spending. At adoption, the district has legally bound itself to spend this much and no more. Any expenditure in excess of the budget is illegal, even if the district has money available to spend.

### ***Budget Amendments***

Original budgets may be amended during the budget year to increase the original budget; however, budgets may not be changed after the budget year end. Generally, budget amendments must follow the same procedures as the adoption of the original budget (public notice and hearing); however, there are some exceptions.

A governing board may move budgeted expenditures from one budgeted line item to another without a public hearing. Adjusting line items is allowed as long as they are within the same fund and as long as the adjustment does not increase total expenditures or involve reducing the amount budgeted for debt retirement or reduction of a deficit (see *Utah Code* 17B1-620 for local districts requirements).

### ***Budget Calendar***

The budget process must be completed before the budget year begins. ***It is policy of the UCC that the budget year, or fiscal year, of all Utah conservation districts is July 1 – June 30;*** the same as their creating and sustaining legal entities the UCC and Utah Dept. of Agriculture and Food. Following is a budget calendar for conservation districts with a June 30 year end.

#### April

The budget officer prepares a tentative budget for the conservation district board to review at its meeting in May.

#### May

At its May meeting the conservation district board shall:

- Approve a tentative budget.
- Set a budget hearing date.

During May or June, but at least 7 days before the hearing date, public notice must be given of the hearing. (Public Notice means publication in at least one issue of a newspaper of general circulation. If the district's area has no newspaper of general circulation, then the notice may be posted in three public places.)

The tentative conservation district budget must be available to the public for seven days before the final adoption of the budget.

June

Hold the hearing. Formally adopt a final budget. Send one original of the final budget to the Utah Conservation Commission Office within 30 days. Keep the other original for district use and public inspection. (See Appendix A for a sample budget form.) ***It is policy of the UCC that a summary of the State’s conservation districts budgets will be compiled and sent to the State Auditor’s Office.***

**ACCOUNTING**

Accounting is the process of keeping track of money, other items of worth called assets, and what is owed to others. It is very important for a conservation district to accurately keep track of such information, not only for its own use, but also to be able to be accountable to its constituents and to complete legally required reports.

Accounting need not be complicated. All it requires for small budget local districts is a carefully kept and readable checkbook which has been reconciled to the bank statements. The following should be done:

- All money coming into the district should be deposited into the checking account and recorded in the checkbook. (The only exception may be interest on savings or investments which automatically stay in that account.)
- All payments made by the district should be made by check. (No exceptions)
- A running checkbook balance should be kept.
- All entries made in the checkbook should be:
  - immediate, so nothing is forgotten
  - clearly written
  - well explained (for example, it is not necessary to write "Deposit" because that is obvious by the column it is placed in, but it is necessary to explain where it came from and what it was for.)

The checkbook should be reconciled monthly to the bank statement. (Bank statements and check registers should be kept for 4 and 7 years respectively.)

The checkbook should be the official financial record of the conservation district and should be safeguarded. The balances, deposits and check amounts in the checkbook should be used to complete the required annual financial statements. (See Appendix B for a sample financial statement form.)

**REQUIRED REPORTS**

The following schedule shows the reports that are required by law and it is the ***UCC policy for conservation districts***, when they are due, and where they should be sent:

Reports that should be sent to the Utah Conservation Commission, PO Box 146500 Salt Lake City, UT 84114

Report	When Due
1. Adopted Budget	30 Days after Adoption (Usually In July)

- |                                   |   |
|-----------------------------------|---|
| 2. Financial Statements           | 90 Days after Year End<br>(Usually By September 30) |
| 3. 2 Year Project Funding Needs   | 90 Days after Year End<br>(Usually By September 30) |
| 4. Previous Years Progress Report | 90 Days after Year End<br>(Usually By September 30) |
| 5. Yearly Plan of Work            | 90 Days after Year End<br>(Usually By September 30) |

Reports that should be sent to the Utah State Treasurer, PO Box 142315, Salt Lake City, UT 84114.

Report	When Due
6. Investment Report	As Requested (Usually Twice A Year)

The forms for the UCC reports are available at: <http://ag.utah.gov/conservation/UtahConservationCommission.html> and they are also sent to each CD annually. Please see the Appendix for an example of each of these reports. Submittal of next fiscal year budget and plan of work and, past fiscal year financial and program reports are required before the conservation district's next fiscal year state funding allocation is paid.

***Financial Statement Requirements***

Utah Code 51-2a-201 outlines reporting requirements for all government entities. If revenues or expenditures of all funds are:

- greater than \$350,000 – an independent audit is required;
- between \$200,000 and \$350,000 – an independent review is required;
- between \$100,000 and \$200,000 – an independent compilation is required;
- less than \$100,000 – a report may be completed on forms provided by the Utah Conservation Commission

The following describes the different types of financial reports:

- **Audit** – an examination completed by an independent certified public accountant (CPA). Reasonable assurance that the financial statements are fairly presented is provided.
- **Review** – an examination completed by an independent CPA. Limited assurance that the financial statements are fairly presented is provided.
- **Compilation** – a report completed by a CPA. No assurance that the financial statements are fairly presented is provided. The CPA assists in the preparation of financial statements that conform to professional reporting standards.
- **Conservation Commission Form** – a form that contains a Certification, Balance Sheet, and Statement of Revenues and Expenses. This form is generally prepared by the district budget officer who may receive assistance from our office, a CPA or other qualified individual.

A conservation district may choose to have a report prepared that exceeds the reporting requirements outlined above if the district wants to obtain greater assurance that their financial statements are correct. For example, a district with \$150,000 in revenues may choose to have an audit when only a compilation is required.

## **INTERNAL CONTROL**

An internal control is a process designed to provide reasonable assurance regarding the achievement of objectives. For example, if the objective is to minimize the risk that district assets (cash, equipment, etc.) will be lost or stolen then procedures would be designed that separate responsibilities and put a system of checks and balances into place.

Internal control is meant to keep honest people honest and to protect those who handle the money and other assets. In order to properly design “checks and balances,” usually several people will be involved in the accounting. In a district with small budgets and limited staff, it means board members will need to help out.

The following procedures should be followed by local district board members and *it is the policy of the UCC that conservation districts follow these procedures*:

- NEVER SIGN A BLANK CHECK. Signing blank checks is an open invitation for theft. Consider writing checks monthly; then check signers are only inconvenienced once a month.
- Consider requiring two signatures on checks. *Utah Code 17B-1-635(2)(b)* states that, “In a local district with an expenditure budget of less than \$50,000 per year, a board member shall also sign all checks.” This requirement may be considered for conservation districts larger than \$50,000; however, in any case, be careful not to rely on the bank alone to ensure a proper payment. Banks may process checks requiring dual signatures with only a single signature.
- The whole board should review the deposits and checks at least every quarter and ask questions if something is unclear or looks unusual.
- The monthly reconciliation of the checkbook to the bank statement should be made, or at least reviewed, by a supervisor who does not sign checks.
- All board members should take a healthy interest in the finances of the conservation district by reviewing the annual financial statements and physically inspecting other assets, like pipes, trucks, range drills, etc., to be sure they exist and are in good condition.

## **PERSONNEL**

### ***Personnel Policy***

*Utah Code 17B-1-801 to 803* addresses personnel matters. Generally, this part does not apply to districts with annual revenues less than \$50,000. ***It is UCC policy that conservation districts that have part-time or full-time employees have a personnel policy to ensure they conform to requirements of state and federal law; and, that the district board reviews the policy annually.***

A model personnel policy is available by contacting the Utah Association of Conservation Districts. If you have a special situation, you should contact your county



attorney, State attorney, UACD or the UCC for assistance.

Following is a list of items that should be considered when developing a personnel policy. The list is not all inclusive, but is intended to be a starting point:

- Vacation, Sick Leave and Holidays
- Reimbursement of expenses such as mileage, meals and lodging while traveling
- Equal Employment Opportunity (EEO)
- Grievance process
- Work hours, approval of leave and overtime pay
- Reporting of accidents (vehicle and workers compensation)
- Sexual Harassment
- Illegal Drugs

### ***Independent Contractor or Employee***

As a potential employer, a conservation district may choose to hire an employee to get a job done or hire an independent contractor. The district board should consider the following factors in making a decision:

- An employee may receive benefits, including health insurance, retirement, etc., as provided for in the conservation district personnel policy. An independent contractor is not provided these benefits.
- An employer must withhold federal and state income taxes, pay social security taxes, workers compensation insurance, and unemployment insurance for an employee. These taxes and insurances generally are not paid for an independent contractor. Call the Workers' Compensation Fund at (801)288-8000 or the Utah Local Governments Trust at 1-800-748-4440 for details.
- Terminating an employee would follow the written policy of the conservation district and could be more difficult than canceling a contract with an independent contractor.
- The board may specify the results desired, but generally does not control the work hours and day-to-day performance of work for an independent contractor. An employee may be given explicit directions about how, when, and where to perform a job and may be closely supervised.

For additional information on factors determining if a person is an employee or independent contractors please see IRS Publication 1779.

## **PURCHASING**

*Utah Code 17B-1-618* requires that all purchases by a local district be made according to the purchasing procedures established by each district by resolution and only on an order or approval of the person duly authorized. ***It is the policy of the UCC that a conservation district develop and follow a purchasing policy.***

There are no limitations as to who the agent may be as long as he/she is authorized to do the purchasing by the district board.

Essentially, a purchasing policy should establish a competitive procurement process which safeguards against conflicts of interest and balances the efficient operations of the district. *Utah Code 63-56* deals with the subject of purchasing.

A model purchasing policy is available by contacting the Utah Association of Special Districts, or the Utah Conservation Commission. If you have a special situation, you should contact your county attorney for assistance.

The following is a list of items that should be considered when developing a purchasing policy. The list and amounts are for example purposes only and are not all inclusive, but are intended to be a starting point for a district to develop a policy of their own:

- Amount under which competitive quotes are not required.
  - (Example – Purchases less than \$500 do not require competitive quotes.)
- Amount over which verbal quotes will be obtained.
  - (Example – Purchases between \$501 and \$2,000 require at least two verbal quotes.)
- Amount over which written quotes will be obtained.
  - (Example – Purchases between \$2,001 and \$50,000 require at least three written quotes)
- Amount over which public advertising is required.
  - (Example – Purchases greater than \$10,001 will be publicly advertised and require at least three written quotes.)
- Method of soliciting quotes.
- Purchases made from a single or sole source provider.
- Emergency purchases.
- Cancellation and rejection of bids.

### ***Construction Projects***

Procurement for construction projects is subject to *Utah Code* 11-39, which, among other things, mandates bidding on most building and public works construction projects and specifies how the bidding is to proceed.

## **RECORDS (GRAMA)**

*Utah Code* 63G-2 addresses Government Records Access and Management Act (GRAMA). It recognizes that the public has a right to access information regarding the conduct of the public's business and the right of privacy in relation to personal data gathered by governmental entities.

### ***Policy***

A conservation district may either adopt its own records policy (which must adhere to *Utah Code* guidelines) or, it will automatically fall under the policies in *Utah Code*. Either way, the district has a policy.

### ***Record Series***

A record series is a group of identical or related records, files, or documents created by the conservation district that are used or filed together, and that allow you to determine retention and disposition. A district needs to identify all of their record series. For example, deposits, bank statements, and reconciliations would be one record series.

### ***Retention***

The State Archives is available as a resource to help you with this issue. There are

different retention requirements for each record series. ***It is policy of the UCC that conservation districts follow record retention schedules for municipalities.*** This retention schedule table can be found at:

<http://archives.utah.gov/recordsmanagement/grs/municipalgrs.pdf> or to get help call or write to: Rosemary Cundiff

Utah State Archives and Records Service  
346 South Rio Grande  
Salt Lake City, UT 84101-1106  
(801) 531-3866

### ***Classification***

Classification indicates the level of access to conservation district records. A classification is assigned to each record series. There are four classifications allowed by the law: public, private, controlled and protected. Only public records are open to the public (most records are public). Some record series may have more than one classification. If you need help contact the State Archives.

- Public records are records that are open to everyone. They include:
  - Minutes from open meetings.
  - Compensation paid to a contractor.
  - Names, gender and gross compensation paid to public employees.
  
- Private records are information about individuals that may only be accessed by those individuals and others specified in *Utah Code* 63G-2-202. They include:
  - Unemployment insurance, social service and welfare benefits.
  - Medical history, diagnosis, condition, treatment and evaluation.
  - Public employees home address, home telephone number, social security number and marital status.
  
- Controlled records are records that may only be released to certain individuals such as social workers and health care providers and may not be disclosed to the individual to whom they pertain. They include:
  - Medical, psychiatric, or psychological data.
  - Information detrimental to the subject's mental health or to the safety of any individual.
  
- Protected records are non-personal data that may only be released to the person who submitted the information. They include:
  - Trade secrets.
  - Test questions and answers.
  - Records that would jeopardize the life or safety of an individual.
  - Records that would jeopardize the security of a correctional facility.

The following is a schedule of records a district may typically have; it includes the type of record, classification and retention requirements.

<u>Record</u>	<u>Classification</u>	<u>Retention</u>
Meeting Minutes	Public	Permanent
Meeting Agenda	Public	2 Years
Annual Financial Reports	Public	Permanent
Budgets	Public	Permanent
Bank Statements	Public	4 Years
General Ledger	Public	10 Years
Timesheets	Public	3 Years
Accounts Payable and Receivable	Public	4 Years
Deposit Slips	Public	4 Years
Check Register	Public	7 Years
Receipt Books	Public	3 Years
Fixed Asset Lists	Public	10 Years

### ***Fees***

Government entities, including conservation districts, are required to adopt a uniform fee structure if it decides to charge for making copies for the public. They could also decide whether an hourly research fee should be charged to the public. Such fees should cover costs and be reasonable.

### ***Access***

In the interest of security and keeping records in their proper place government entities personnel should not allow individuals to thumb through records. Requests for copies of records from the public should be specific. These requests may be written or verbal as long as they are consistent with district policy. For more information on how to handle record requests you can go to <http://archives.utah.gov/recordsmanagement/index.html>.

## **INSURANCE**

***It is UCC policy that all conservation district treasurers be bonded in accordance with Rule Number 4 of the Utah State Money Management Council. Utah Code 51-7-3(25) states that, “A ‘Public Treasurer’ includes ... the official of any...political subdivision, or other public body who has the responsibility for the safekeeping and investment of any public funds.”*** This is a broad definition that includes the person or persons of a conservation district with the responsibilities described in the “Board Member Basic Governance and Accountability Responsibilities” section of this manual, see page 1 - 2.

The schedule on the next page sets forth the amount for which each conservation district treasurer should be bonded according to the annual budget for the governmental unit. The basis used shall be budgeted gross revenue for the previous year. Budgeted gross revenue includes all funds collected or handled by the public treasurer.

<b>Budget</b>	<b>Percent for Bond</b>	<b>Minimum Bond</b>
\$0 to 10,000	N/A	\$0
\$10,001 to \$100,000	9% but not less than	\$5,000
\$100,001 to \$500,000	8% but not less than	\$9,000
\$500,001 to \$1,000,000	7% but not less than	\$40,000
\$1,000,001 to \$5,00,000	6% but not less than	\$70,000
\$5,000,001 to \$10,000,000	5% but not less than	\$300,000

\$10,000,001 to \$25,000,000	4% but not less than	\$500,000
\$25,000,001 to 50,000,000	3% but not less than	\$1,000,000
\$50,000,001 to \$500,000,000	2% but not less than	\$1,500,000
Over \$500,000,000		\$10,000,000

Bonds must be issued by a corporate surety licensed to do business in the State of Utah and rated XII or better by the latest issue of Bests Rating Guide. Bonds should be effective as of the date the treasurer assumes the duties of the office or is sworn in.

It would also be wise to consider in which areas the conservation district and its board members should be insured. In addition to bonding for the district treasurer it is the UCC recommendation that a conservation district with an annual operating budget of at least \$50,000 obtain general liability insurance including officers and directors errors and omissions as considered appropriate by the board.

The Utah Local Governments Trust was created by and for local governments in Utah to assist in meeting insurance needs. They will be glad to help you with insurance matters.

The Salt Lake City phone number is (801) 936-6400.  
The toll-free number is 1-800-748-4440.

### **FUND BALANCE LIMITATION**

A common concern for some local districts is the accumulation of large fund balances or cash reserves. Large fund balances are inappropriate for governmental units and generally are a violation of state law.

*Utah Code* 17B-1-612 limits the amount that can be retained as unreserved fund balance in the general fund. The accumulation of a fund balance in the general fund may not exceed the greater of:

- 100% of the current year's property tax, or
- 25% of the total general fund revenues for districts with annual general fund budgets greater than \$100,000, or
- 50% of the total general fund revenues for districts with annual general fund budgets equal to or less than \$100,000.

The most common criteria will be 50% of total general fund revenue for conservation districts since they do not have taxing authority and have annual revenue less than \$100,000.

There are provisions in the law that allow the local districts to accumulate funds for the purpose of financing future specific capital projects, including new construction, capital repairs, replacement, and maintenance, under a formal long-range capital plan adopted by the board and submitted to the Auditor. Generally, the accumulation of these funds should be reported in a capital projects fund.

The concept is basically that a government unit should tax its constituents, or in the case of local districts request state funds annually from the Legislature, on a “pay as you go” basis. This means that purchases of economic resources which benefit taxpayers today

should not be made with funds accumulated from prior taxpayers or by issuing excessive debt that places the burden on future taxpayers. Essentially, taxpayers should be allowed to determine the best use of their funds while being taxed in a manner that allows a government unit to meet its current obligations.