

SWCD Operational Handbook: Financial Management Chapter

# Grants Management

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### Grants Management

#### Overview

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

#### Program/Project Logs

Although not required, program/project logs assist the district in tracking grant expenses and can be used as a double-check for the accounting system grant records and to designate funds for future use such as landowner contracts in process. Sample program/project logs are available on the BWSR website at: <https://bwsr.state.mn.us/grants-administration-manual-optional-and-example-forms>.

#### Advanced Payment Grants

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

#### Unearned Revenue

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

#### Unearned Revenue Method for Advanced Payment Grants

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

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

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

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

## Grants Management

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

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

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

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

Effect to Balance Sheet and Profit and Loss reports

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

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

**Stormy SWCD Profit & Loss**  
January 2019

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

## Grants Management

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

- Debit: Capital Outlay Expense
- Credit: Checking

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

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

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

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

Effect to Balance Sheet and Profit and Loss reports

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

Stormy SWCD Profit & Loss January through June 2019		Jan - Jun 19
<b>Income</b>		
4400 - State Revenue		
4430 - State-Capital Assets		15,000.00
Total 4400 - State Revenue		15,000.00
<b>Total Income</b>		<b>15,000.00</b>
<b>Expense</b>		
5900 - Capital Outlay		
5900 - Capital Outlay		15,000.00
<b>Total Expense</b>		<b>15,000.00</b>
<b>Net Income</b>		<b>0.00</b>

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

## Grants Management

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

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

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

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

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

The screenshot shows the 'Enter Bills' interface. At the top, there are navigation tabs for 'Main' and 'Reports'. Below that is a toolbar with icons for 'Find', 'New', 'Save', 'Delete', 'Memorize', 'Print', 'Attach File', 'Enter Time', 'Clear Splits', 'Recalculate', and 'Pay Bill'. The main form is titled 'Bill' and includes fields for 'VENDOR' (Landowner), 'DATE' (08/23/2019), 'ADDRESS' (Landowner), 'REF. NO.', 'AMOUNT DUE' (10,000.00), 'TERMS', 'MEMO', and 'BILL DUE' (09/02/2019). Below the form, there is a summary section showing 'Expenses \$10,000.00' and 'Items \$0.00'. A table below that lists the journal entries:

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

Effect to Balance Sheet and Profit and Loss reports

The screenshot shows the 'Stormy SWCD Balance Sheet' as of August 28, 2019. The 'ASSETS' section is at the top with a value of 0.00. Below it, the 'LIABILITIES & EQUITY' section is highlighted with a red box and also shows a value of 0.00. A red arrow points from this box to the Profit and Loss report.

The screenshot shows the 'Stormy SWCD Profit & Loss' report for January 1 through August 28, 2019. The 'Income' section shows '4400 - State Revenue' with a total of 25,000.00. The 'Expense' section shows '6400 - State Project Expenses' with a total of 10,000.00. The 'Net Income' is highlighted with a red box and shows a value of 0.00.

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

# Grants Management

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

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

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

Effect to Balance Sheet and Profit and Loss reports

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

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

## Grants Management

### DIRECT COST - Signage for CWF project

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

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

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

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

**Enter Bills**

Main Reports

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

Bill Credit  Bill Received

**Bill**

VENDOR: Signage Vendor DATE: 10/20/2019

ADDRESS: Signage Vendor REF. NO:

AMOUNT DUE: 3,000.00

TERMS: BILL DUE: 08/23/2019

MEMO:

Expenses \$3,000.00 Items \$0.00

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

### Effect to Balance Sheet and Profit and Loss reports

Stormy SWCD Balance Sheet As of August 31, 2019		Stormy SWCD Profit & Loss January through August 2019	
Aug 31, 19		Jan - Aug 19	
<b>ASSETS</b>		<b>Income</b>	
Current Assets		4400 · State Revenue	
Checking/Savings		4410 · State-General	13,000.00
1000 · Cash		4430 · State-Capital Assets	15,000.00
1020 · Checking	17,000.00	<b>Total 4400 · State Revenue</b>	<b>28,000.00</b>
<b>Total 1000 · Cash</b>	<b>17,000.00</b>	<b>Expense</b>	
<b>Total Checking/Savings</b>	<b>17,000.00</b>	5900 · Capital Outlay	15,000.00
<b>Total Current Assets</b>	<b>17,000.00</b>	6400 · State Project Expenses	
<b>TOTAL ASSETS</b>	<b>17,000.00</b>	6410 · State-Advanced Payment Grants	13,000.00
<b>LIABILITIES &amp; EQUITY</b>		<b>Total 6400 · State Project Expenses</b>	<b>13,000.00</b>
Liabilities		<b>Total Income</b>	<b>15,000.00</b>
Current Liabilities		<b>Net Income</b>	<b>6.00</b>
Other Current Liabilities			
2600 · Unearned Revenue - State			
2700 · BWSR 2019 xxx Grant	17,000.00		
<b>Total 2600 · Unearned Revenue - State</b>	<b>17,000.00</b>		
<b>Total Other Current Liabilities</b>	<b>17,000.00</b>		
<b>Total Current Liabilities</b>	<b>17,000.00</b>		
<b>Total Liabilities</b>	<b>17,000.00</b>		
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>17,000.00</b>		



## Grants Management

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

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

NOTE: Unable to provide payroll printout to demonstrate payroll processing

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

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

Make General Journal Entries					
Main		Reports			
Find	New	Save	Delete	Create a Copy	Reverse
			Memorize	Print	Attach File
DATE	09/30/2019	ENTRY NO.	3		
ACCOUNT	DEBIT	CREDIT	MEMO	N...	BILLA...
2600 · Unearned Revenue - State:2700 · BWSR 2019 xxx Grant	22,000.00		Sept payroll chargeable to...		
4400 · State Revenue:4420 · State-Personnel		22,000.00	Sept payroll chargeable to...		

Effect to Balance Sheet and Profit and Loss reports

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

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

## Grants Management

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

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

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

Effect to Balance Sheet and Profit and Loss reports

Stormy SWCD Balance Sheet As of October 31, 2019		Oct 31, 19
<b>ASSETS</b>		
Current Assets		
Checking/Savings		
1000 - Cash		
1020 - Checking		3,667.00
Total 1000 - Cash		3,667.00
Total Checking/Savings		3,667.00
Total Current Assets		3,667.00
<b>TOTAL ASSETS</b>		<b>3,667.00</b>
<b>LIABILITIES &amp; EQUITY</b>		
Equity		
Net Income		3,667.00
Total Equity		3,667.00
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>3,667.00</b>

Stormy SWCD Profit & Loss January through October 2019		Jan - Oct 19
<b>Income</b>		
4400 - State Revenue		
4410 - State-General		13,000.00
4420 - State-Personnel		22,000.00
4430 - State-Capital Assets		15,000.00
Total 4400 - State Revenue		50,000.00
<b>Total Income</b>		<b>50,000.00</b>
<b>Expense</b>		
5100 - Personnel Services		
5110 - Employee Wages		15,000.00
5120 - Payroll Taxes		1,147.50
5130 - PERA Expense		1,125.00
5140 - Employee Benefits		1,060.50
Total 5100 - Personnel Services		18,333.00
5900 - Capital Outlay		15,000.00
6400 - State Project Expenses		
6410 - State-Advanced Payment Grants		13,000.00
Total 6400 - State Project Expenses		13,000.00
Total Expense		46,333.00
<b>Net Income</b>		<b>3,667.00</b>

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

Type	Date	Num	Name	Memo	Cr	Split	Amount	Balance
2000 - Unearned Revenue - State								
2700 - BWSR 2019 xxx Grant								
Deposit	01/02/2019	BWSR	Deposit	BWSR 2019	1000	Check	25,000.00	25,000.00
Bill	06/14/2019	Equipment Vendor	BWSR 2019		2000	Accts	-15,000.00	10,000.00
Bill	08/23/2019	Landowner	BWSR 2019		2000	Accts	-10,000.00	0.00
Deposit	08/30/2019	BWSR	40% Payment	BWSR 2019	1000	Check	20,000.00	20,000.00
Bill	08/30/2019	Signage Vendor	BWSR 2019		2000	Accts	-3,000.00	17,000.00
General Journal	09/30/2019	2	Self report	4420 State			-22,000.00	-5,000.00
Deposit	10/31/2019	BWSR	BWSR 2019		1000	Check	5,000.00	0.00
Total 2700 - BWSR 2019 xxx Grant							0.00	0.00
Total 2000 - Unearned Revenue - State							0.00	0.00
<b>TOTAL</b>							<b>0.00</b>	<b>0.00</b>

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

## Grants Management

### QuickBooks Class Tracking for Advanced Payment Grants

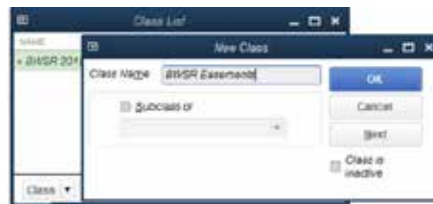
QuickBooks tracking by class can be an effective tool for grant management although it requires all accounting entries (district, county, federal, state, etc.) to be classed. QuickBooks classes are very versatile but be careful to select how to filter, sort, and total by class. Subclass levels work well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

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

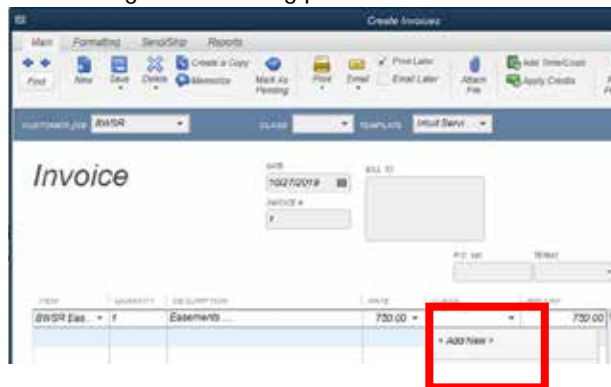


To create classes in advance:

- Lists menu – Class List – New Class



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

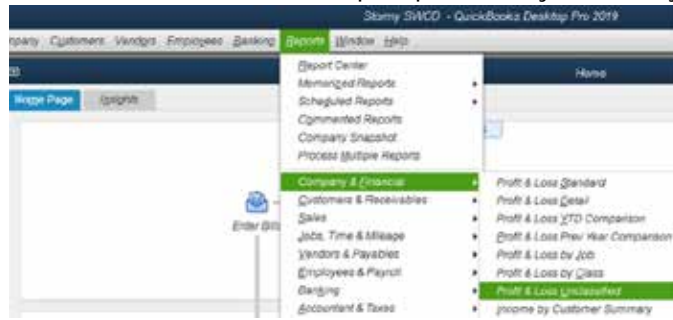


When entering transactions, the system will show a reminder if a class hasn't been assigned. However, it's very easy to tab through the reminder since the default is "Save Anyway:"



# Grants Management

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

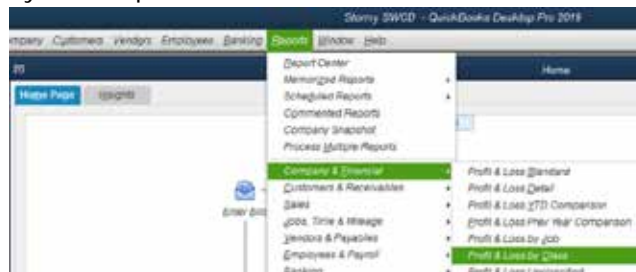


**Stormy SWCD**  
**Profit & Loss Unclassified**  
January through October 2019

Jan - Oct 19

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

To print the Profit & Loss by Class report:



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

	BWSR 2019 xxx Grant	BWSR Easements	TOTAL
<b>Income</b>			
4400 - State Revenue			
4441 - Reimb-BWSR Easeme...	0.00	750.00	750.00
4400 - State Revenue - Other	50,000.00	0.00	50,000.00
<b>Total 4400 - State Revenue</b>	<b>50,000.00</b>	<b>750.00</b>	<b>50,750.00</b>
<b>Total Income</b>	<b>50,000.00</b>	<b>750.00</b>	<b>50,750.00</b>
<b>Expense</b>			
5100 - Personnel Services			
5110 - Employee Wages	15,000.00	0.00	15,000.00
5120 - Payroll Taxes	1,747.50	0.00	1,747.50
5130 - PERA Expense	1,125.00	0.00	1,125.00
5140 - Employee Benefits	1,060.50	0.00	1,060.50
<b>Total 5100 - Personnel Services</b>	<b>18,933.00</b>	<b>0.00</b>	<b>18,933.00</b>
5900 - Capital Outlay	15,000.00	0.00	15,000.00
6400 - State Project Expenses	13,000.00	0.00	13,000.00
<b>Total Expense</b>	<b>46,933.00</b>	<b>0.00</b>	<b>46,933.00</b>
<b>Net Income</b>	<b>3,667.00</b>	<b>750.00</b>	<b>4,417.00</b>

## Grants Management

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

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

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

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

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

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

6100 - County Project Expenses	Expense
6150 - Local Project Expenses	Expense
6200 - District Project Expenses	Expense
6200 - District Project Expenses:6210 - Tree Sales Expense	Expense
6200 - District Project Expenses:6220 - Easement Rental Expense	Expense
6300 - Federal Project Expenses	Expense
6400 - State Project Expenses	Expense
6400 - State Project Expenses:6410 - State-Advanced Payment Grants	Expense
6400 - State Project Expenses:6420 - Reimb 2019 FarmBill	Expense
6400 - State Project Expenses:6430 - State-BWSR Easements	Expense

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

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

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

## Grants Management

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

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

The screenshot shows a window titled "1000 - Cash:1020 - Checking". The interface includes a menu bar with options like "Go to...", "Print...", "Edit Transaction", "QuickReport", and "Setup Bank Feeds". Below the menu is a table with columns for DATE, NUMBER, PAYEE, PAYMENT, DEPOSIT, and BALANCE. A transaction is entered for 01/02/2019, with a payment of 25,000.00. The payee is BWSR, and the memo is "Payment". The account is 2600 - Unearne, and the type is DEP. A green highlight is on the line item "2700 - BWSR 2019 xxx Grant" under the category "Other Current Liability".

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

Effect to Balance Sheet and Profit and Loss reports

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

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

**Stormy SWCD Profit & Loss**  
January 2019

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



## Grants Management

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

- Debit: Capital Outlay Expense  
Credit: Checking

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

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

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

**Bill Entry Details:**

- VENDOR: Equipment Vendor
- DATE: 06/14/2019
- ADDRESS: 123 Main Street, Anytown, MN 54321
- AMOUNT DUE: 15,000.00
- BILL DUE: 06/24/2019

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

Effect to Balance Sheet and Profit and Loss reports

**Stormy SWCD Balance Sheet**  
As of June 30, 2019

	Jun 30, 19
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1000 - Cash	
1020 - Checking	70,000.00
Total 1000 - Cash	70,000.00
Total Checking/Savings	70,000.00
Total Current Assets	70,000.00
<b>TOTAL ASSETS</b>	<b>70,000.00</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2600 - Unearned Revenue - State	
2700 - BWSR 2019 xxx Grant	10,000.00
Total 2600 - Unearned Revenue - State	10,000.00
Total Other Current Liabilities	10,000.00
Total Current Liabilities	10,000.00
Total Liabilities	10,000.00
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>70,000.00</b>

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

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

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





## Grants Management

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

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

DATE	NUMBER	TYPE	ACCOUNT	MEMO	PAYMENT	DEPOSIT	BALANCE
06/28/2019	To Print	BILLPMT	2000 - Accounts P	Equipment Vendor	10,000.00		10,000.00
06/30/2019	To Print	BILLPMT	2000 - Accounts P	Landowner	10,000.00		0.00
08/02/2019	Number	DEP	2600 - Unearn	BWSR 2019 xxx Grant	20,000.00		

Effect to Balance Sheet and Profit and Loss reports

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

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

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

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

## Grants Management

### DIRECT COST - Signage for CWF project

- Debit: State Project Expenses
- Credit: Checking

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

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

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

The screenshot shows the 'Enter Bills' window in an accounting system. The bill is for 'Signage Vendor' dated 08/15/2019, with an amount due of 3,000.00 and a bill due date of 08/29/2019. The bill is marked as 'PAID'. Below the bill details is an 'Expenses' table with the following entries:

ACCOUNT	AMOUNT	M.	C.	E.	CLASS
6400 - State Project Expenses	3,000.00				BWSR 2019 x...
2600 - Unearned Revenue - State 2700 - BWSR 2019 xxx Grant	3,000.00				BWSR 2019 x...
4400 - State Revenue	-3,000.00				19 xxx Grant

### Effect to Balance Sheet and Profit and Loss reports

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

	Aug 31, 19
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1000 - Cash	
1020 - Checking	17,000.00
Total 1000 - Cash	17,000.00
Total Checking/Savings	17,000.00
Total Current Assets	17,000.00
<b>TOTAL ASSETS</b>	<b>17,000.00</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2600 - Unearned Revenue - State	
2700 - BWSR 2019 xxx Grant	17,000.00
Total 2600 - Unearned Revenue - State	17,000.00
Total Other Current Liabilities	17,000.00
Total Current Liabilities	17,000.00
Total Liabilities	17,000.00
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>17,000.00</b>

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

	BWSR 2019 xxx Grant	TOTAL
<b>Income</b>		
4400 - State Revenue	28,000.00	28,000.00
Total Income	28,000.00	28,000.00
<b>Expense</b>		
6900 - Capital Outlay	15,000.00	15,000.00
6400 - State Project Expenses	13,000.00	13,000.00
Total Expense	28,000.00	28,000.00
<b>Net Income</b>	<b>0.00</b>	<b>0.00</b>

## Grants Management

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

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

Unable to provide payroll printout to demonstrate payroll processing

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

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

ACCOUNT	DEBIT	CREDIT	AL.	NA.	S.	CLASS
2600 - Unearned Revenue - State 2700 - BWSR 2019 xxx Grant	22,000.00					BWSR 2019 xxx Grant
4400 - State Revenue		22,000.00				BWSR 2019 xxx Grant

Effect to Balance Sheet and Profit and Loss reports

**Stormy SWCD**  
**Balance Sheet**  
As of September 30, 2019

	Sep 30, 19
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1000 - Cash	
1020 - Checking	-1,333.00
Total 1000 - Cash	-1,333.00
Total Checking/Savings	-1,333.00
Total Current Assets	-1,333.00
<b>TOTAL ASSETS</b>	<b>-1,333.00</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2600 - Unearned Revenue - State	
2700 - BWSR 2019 xxx Grant	-5,000.00
Total 2600 - Unearned Revenue - State	-5,000.00
Total Other Current Liabilities	-5,000.00
Total Current Liabilities	-5,000.00
Total Liabilities	-5,000.00
Equity	
Net Income	3,667.00
Total Equity	3,667.00
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>-1,333.00</b>

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

	BWSR 2019 xxx Grant	TOTAL
<b>Income</b>		
4400 - State Revenue	50,000.00	50,000.00
<b>Total Income</b>	<b>50,000.00</b>	<b>50,000.00</b>
<b>Expense</b>		
5100 - Personnel Services		
5110 - Employee Wages	15,000.00	15,000.00
5120 - Payroll Taxes	1,147.50	1,147.50
5130 - PERA Expense	1,125.00	1,125.00
5140 - Employee Benefits	1,060.50	1,060.50
Total 5100 - Personnel Services	18,333.00	18,333.00
5900 - Capital Outlay	15,000.00	15,000.00
6400 - State Project Expenses	12,000.00	12,000.00
<b>Total Expense</b>	<b>45,333.00</b>	<b>45,333.00</b>
<b>Net Income</b>	<b>3,667.00</b>	<b>3,667.00</b>

CWF grant for \$50,000 is now fully expended and workplan activities are complete. Unearned revenue account shows a negative \$5,000, which is the final 10% payment due. Net income represents overhead and admin costs included in BWSR billable rate calculations. Using class tracking allows the district to track total staff time paid with state dollars.

## Grants Management

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

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

DATE	NUMBER	RYEE	PAYMENT	DEPOSIT	BALANCE
08/30/2019	To Print	Signage Vendor	3,000.00		17,000.00
09/03/2019	4	GENJRN 5100 - Personnel	18,333.00		-1,333.00
10/31/2019	DEP	BWSR 2600 - Unearned I Deposit		5,000.00	3,667.00

Effect to Balance Sheet and Profit and Loss reports

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

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

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

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

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

Type	Date	Num	Name	Memo	Class	Clr	Split	Amount	Balance
<b>2600 - Unearned Revenue - State</b>									
<b>2700 - BWSR 2019 xxx Grant</b>									
Deposit	01/02/2019		BWSR	Deposit	5520	Check		-25,000.00	-25,000.00
Bill	06/14/2019		Equipment Vendor		BWSR 2	2000	Accou	15,000.00	-10,000.00
Bill	06/15/2019		Signage Vendor		BWSR 2	2000	Accou	3,000.00	-7,000.00
Bill	08/23/2019		Landowner		BWSR 2	2000	Accou	8,000.00	3,000.00
Deposit	08/30/2019		BWSR	Deposit	1020	Check		-20,000.00	-17,000.00
General Journal	09/30/2019	5			BWSR 2	4400	State	22,000.00	5,000.00
Deposit	10/31/2019		BWSR	Deposit	5520	Check		-5,000.00	0.00
<b>Total 2700 - BWSR 2019 xxx Grant</b>								0.00	0.00
<b>Total 2600 - Unearned Revenue - State</b>								0.00	0.00

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

## Grants Management

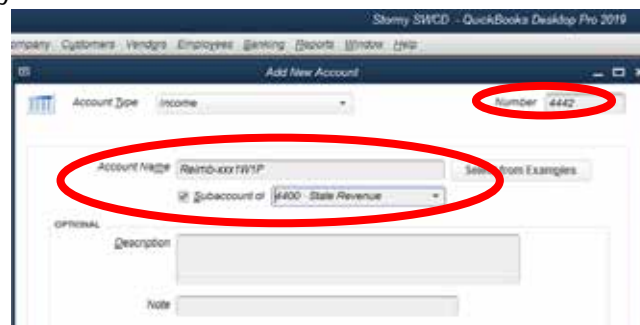
### Reimbursement Grants

A grant agreement is a written instrument or electronic document defining a legal relationship between a granting agency and a grantee when the principle purpose of the relationship is to transfer cash or something of value to the recipient to support a public purpose authorized by law. Grants issued on a reimbursement basis require the costs to be incurred to provide the goods and/or services prior to requesting repayment. Staff time tracking is required to support the reimbursement requested.

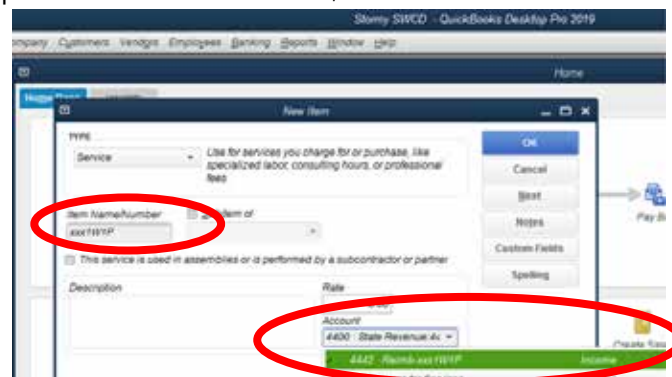
### Invoicing for Services/Goods Provided

Invoices to government entities should be created in Accounts Receivable – Due From Other Governments (QB: Customers – Create Invoices) after the services or goods have been provided, including holdbacks. Tracking manually is not advised since the risk of forgetting/losing revenue is high and/or good records do not exist for the audit.

- When invoicing for services provided and the funding source is known, accounting standards recognize revenue by funding type (i.e. state, county, local, federal, etc.).
- There is no need to break out reimbursement grants by grant within the Chart of Accounts although it may provide better tracking of revenue and expenses. Class tracking in QuickBooks already records to the specific funding source. To set up a new account in QuickBooks:
  - Company menu– Chart of Accounts – New Account – Account Type: Income

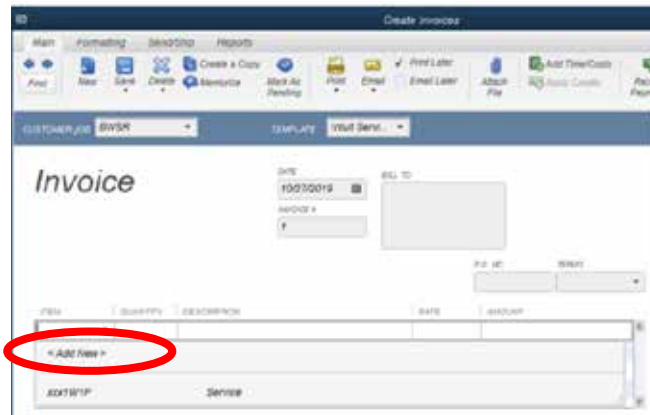


- After setting up the new account, consider creating the “item” for invoicing purposes. To set up a new item in QuickBooks, click on Customers menu – Item List – New Item:



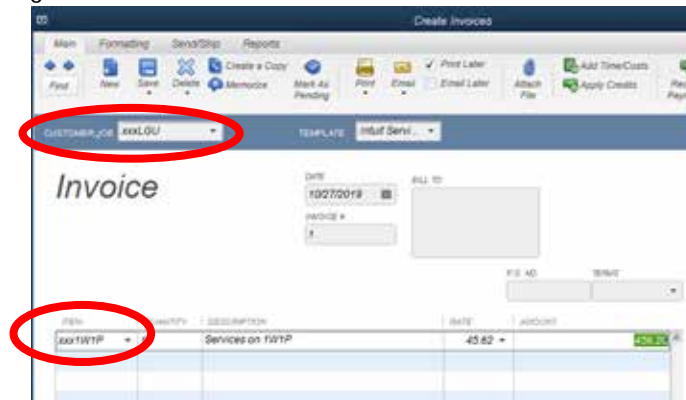
## Grants Management

- Items can also be created during invoice generation:



For example, the district is not the grantee/fiscal agent for a state grant but working with partners on a 1W1P planning grant. Revenue should be recorded as state revenue and not charges for services. To invoice xxSWCD for staff time worked on a reimbursement grant, as outlined in the approved grant workplan, the QuickBooks process would be as follows:

- Create a new revenue account, if tracking revenue for the project/program
  - District preference
  - Not applicable if using QuickBooks class tracking
- Create a new item to use when invoicing (within QuickBooks)
  - Not applicable if using QuickBooks class tracking
- When generating the invoice within QuickBooks:



For example: The district was awarded a FarmBill reimbursement grant through BWSR. In July, the district received an invoice from Pheasants Forever for 4<sup>th</sup> quarter services on the FarmBill grant eligible for reimbursement from BWSR:

- Pay Pheasants Forever invoice
  - Debit: 6400 State Project Expenses – BWSR FarmBill
  - Credit: 1020 - Checking
- Invoice BWSR for services rendered using Accounts Receivable (QB: Customers – Create Invoices – process outlined above)
  - Debit: 1200 Accounts Receivable – Due From Other Governments
  - Credit: 4440 State Revenue – Reimb.-BWSR FarmBill



## Grants Management

### Reimbursement Contracts

A contract is an agreement to provide a good or service that legally binds two or more parties. Contracts issued on a reimbursement basis require the costs to be incurred to provide the goods and/or services prior to requesting repayment.

### Invoicing for Services/Goods Provided

Invoices to government entities should be created in Accounts Receivable – Due From Other Governments after the services or goods have been provided, including holdbacks. Tracking manually is not advised since the risk of forgetting/losing revenue is high and/or good records do not exist for the audit.

- When invoicing for services provided and the funding source is known, accounting standards recognize revenue by funding type (i.e. state, county, local, federal, etc.).
- There is no need to break out reimbursement contracts by contract within the Chart of Accounts although it may provide better tracking of revenue and expenses. Class tracking in QuickBooks already records to the specific funding source.

For example, charging for services provided on a reimbursement contract related to an easement delivery work order to be funded by the state. In June, \$750 of easement delivery work orders were completed:

- Debit: 1200 Accounts Receivable – Due From Other Governments  
Credit: 4441 State Revenue – Reimb.-BWSR Easements

