

2015 Wisconsin Lakes Convention

Lake District Treasurer Training

Budgeting, Bookkeeping, and Finances



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First Exercise

- Please write (on any scrap of paper for your use only) a list of about 5 budget items for your lake district
- Consider both:
 - Ordinary items
 - Unique items

Notice of Annual Meeting

- 14 days before meeting:
 - Mail to property owners (required)
 - Mail to electors or publish notice in two successive issues of paper (resolution needed)
- Mail notice to DNR
- Post notice at least 24 hours before (3 locations)
 - Or provide a paid notice to official paper
- Provide notice to any media that requests it

Notice of Annual Meeting

- Time, date, place
- Agenda
 - list of items to be considered, be specific
 - public comment period
- **Proposed budget**
 - detail
 - proposed levy
- Candidates – not required



Fiscal Year

- Usually based on a calendar year
 - Fits well with local budgets and taxing cycles
 - Allows for 6 months of spending before annual meeting & budget presentation
- An alternative fiscal year can be established at an annual meeting

Budgets

- **This is government accounting** – designed to protect the taxpayers whose money is being spent
 - It will differ from familiar household and corporate accounting
 - The format and content presented here is what is required by law
- **4 step process** :
 - **appropriation** – asking for the money
 - **allocation** – assigning the money for a specific purpose
 - **authorization** – allowing the money to be spent
 - **accounting** – reporting that the money has been spent for the designated purpose

Annual Budget Requirements: Part 1

- The actual revenues and expenditures for the preceding year
- The actual revenues and expenditures for at least the first six months of the current year
- The estimated revenues and expenditures for the balance of the current year

Annual Budget Requirements: Part 2

- Existing indebtedness and anticipated revenue from all sources for the coming year
- Proposed expenses for each account category and reserve account for the ensuing year
- All anticipated unexpended or unappropriated account balances and surpluses (for informational purposes)

Operating Costs vs. Capital Costs

- **Operating costs** – cost of doing business
 - Mailings, insurance, conferences
 - Operating a harvester
 - Creating a lake management plan
 - Attending conferences/workshops
- **Capital costs** – equipment or assets
 - Purchase a weed harvester
 - Purchase land — park, wetlands

Non-lapsable Funds

- **Only for Capital Costs**
 - Weed harvesting equipment
 - Water patrol boat, buoys
 - Land
 - Office furniture/equipment
- May also be used for the maintenance of capital equipment
- May not be used for the operation of capital equipment

\$10,000

- Any item or project with a cost to the district of \$10,000 or more must be specified in the budget
 - Aquatic Plant Treatments
 - Capital costs
 - Grants

Budget Preparation



We have to get our stuff organized so we can enjoy the lake!

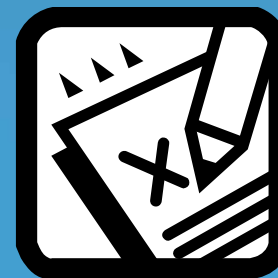
Year End Surplus

- May not be “banked” for a rainy day
- **Must be applied against next year’s levy**
- May be reallocated to same project as previous year



Adopting the Budget

- **The annual meeting adopts the budget**
 - Amendments may be made before approval
- The annual meeting also approves the means or combination of means to fund the budget



Financing lake district operations



Financing Lake District Operations

- General property tax (mil levy)
- Special charges
- Special assessments

General Property Tax

- The general property tax (mil levy) is used for general district expenses like:
 - bookkeeping
 - postage
 - dam maintenance
 - monitoring
- Cannot exceed the rate of 2.5 mils (\$2.50 per \$1,000 **equalized** value of a property).

Special Charges

- Special charges are used to pay for activities with temporary benefits to individual properties:
 - plant harvesting
 - algae control
- Cannot exceed a TOTAL rate of 2.5 mils (\$2.50 per \$1,000 **assessed** value of the entire district).
- Unlike the levy, special charges can exclude certain properties and be assessed based on impact or use

Special Charges

- Example:
Harvesting & herbiciding
 - Avoid arbitrary or capricious charges
 - Assess charges based on number of boat slips:
 - Assume that every individual residential property has 2 slips
 - Charge marinas (commercial & subdivision) per boat slip (actual count) [Ch 33.32(3), Wis. Stats]

Special Assessments

- Special assessments are for larger projects
 - dredging
 - wetland purchase
 - harvester purchase
 - sewer/water
- Very complex to set up and administer
- May have up to 10 annual installments

Special Assessments

- District will probably need to borrow money to finance the project
- Districts may borrow at municipal rates
- Monies borrowed must be shown in budget, but are not subject to amendment
- A special assessment creates a lien against the properties involved
- Municipal properties are also subject to special assessments

Apportioning the Levy

- In October the Dept of Revenue will send a certificate of equalized value to each lake district
 - Shows percent of value of each taxing body within the district
- Treasurer must calculate the levy for each taxing body within the district
- **Before the end of October**, treasurer must notify each taxing body of their levy
- Each municipal clerk will then apportion it among the properties within the district and collect the tax

WIS. DEPT. OF REVENUE SPECIAL DISTRICT CERTIFICATION OF 20XX VALUES 10/04/XX
BUREAU OF INFORMATION SYSTEMS
TX27110A

<u>64 8030 HONEY LAKE PRO & REHAB DIST</u>	<u>FULL VALUE</u>	<u>% TOTAL</u>
51 014 T ROCHESTER	\$14,942,789	47.828052
64 024 T SPRING PRAIRIE	\$16,299,941	52.171948
SPECIAL DISTRICT TOTAL	\$31,242,730	100.000000

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Example:

Levy: \$10,000

\$10,000 x 47.8% = \$4,780 T Rochester

\$10,000 x 52.2% = \$5,220 T Spr. Prairie

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Current mil rate: \$10,000 / \$31,242,730 = **0.00032 mils** (\$0.32/\$1000)

Maximum levy: \$31,242,730 x .0025 mils = **\$78,107.00**
 (\$2.50/\$1000)

Spending the money

- **Treasurer** receives and pays out monies on behalf of the district
 - Board must approve all expenditures
 - Sometimes in advance of receiving the invoice
 - *Operating policy* may authorize treasurer to pay routine expenses up to \$xx between meetings
 - Treasurer must report all such payments at the next meeting



http://www.doj.state.wi.us/dls/OMPR/2010OMCG-PRO/2010_OML_Compliance_Guide.pdf

Spending the money



Accounting for the money

- Open a bank account
 - Lake district address
 - PO Box
- How many signatories on a check
 - No legal requirement



http://www.doj.state.wi.us/dls/OMPR/2010OMCG-PRO/2010_Pub_Rec_Outline.pdf

Second Exercise

- Tracking spending against the budget (Excel[®] demo)

Bookkeeping

- Reports to the Board of Commissioners
 - Quarterly (or more frequent) reports to board
 - Monies spent
 - Current balances
 - New bills for payment approval
- Useful for preparing the next budget

Bids Required

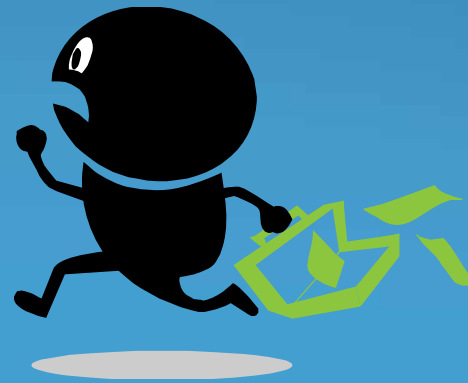
- If entering into a contract for the performance of work over:
 - The purchase of any materials exceeding:
- \$2,500**
- Lowest **responsible** bidder
 - Typically — Written request for proposals sent to local paper and distributed to contractors/vendors
 - Don't be afraid to ask contractors/ consultants for references...
- ...and follow up on them.

Professional Services vs. Work

- Professional services –
 - Define – task requiring specialized knowledge
 - Examples: lake management plan, APM, insurance evaluation, legal advice
 - Bids not required
- Work
 - Define – repetitive tasks
 - Examples: dredging, purchase of insurance, aquatic plant treatments
 - Bids are required

Audit

- Prepared annually
- Report presented at annual meeting
- Usually done by an internal committee or an accounting firm





Contact us...

- Send questions or suggestions
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