

2015 Wisconsin Lakes Convention

Lake District Treasurer Training

Budgeting, Bookkeeping, and Finances



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Stevens Point

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 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: $\$31,242,730 \times .0025$ 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



<https://www.doj.state.wi.us/office-open-government/office-open-government-resources>

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 bids sent to local paper and distributed to contractors/vendors
 - Don't be afraid to ask contractors/ consultants for references...
- ...and follow up on them.

Statutory purpose of bidding requirement

- Statutory bidding requirements are designed to prevent fraud, collusion, favoritism and improvidence in the administration of public business, as well as to insure that the public receives the best work or supplies at the most reasonable price practicable.

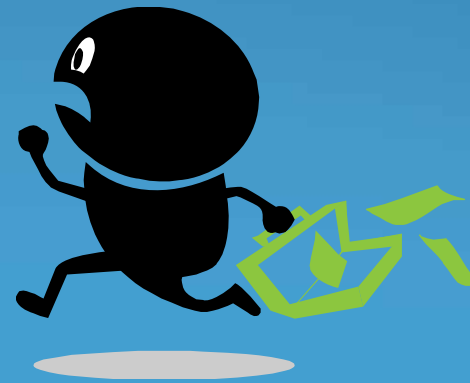
Exceptions to bidding requirement

- Under \$2500 (chopping up not allowed)
- The work involves making professional judgments or the exercise of educated discretion
- The work is unique or patented

- When a transaction is not subject to bidding requirement, a district can invoke civil contract law by preparing a bid request and indicating work will be awarded the lowest bidder.
- That is an offer for a contract, and if acceptance is made in the form of a responsive bid – boom: you formed a contract under contract law.
- The statute has nothing to do with contract law. So it is recommended to use request for proposals for exempt transactions. It is not an offer, but a request that providers make a proposal or their offer, which may or may not be accepted.

Audit

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



Tax Exemption and EIN

- Lake Districts are local units of government that are automatically tax exempt (income, sales & use)
- Either obtain a standing certificate of exemption or use a single purchase form (WI DOR S-211)
- New requirement: WI DOA is requesting a FEIN from all new lake districts (IRS Form SS-4)



Contact us...

- Send questions or suggestions
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