

# Lake District Commissioner Training Workshop 2

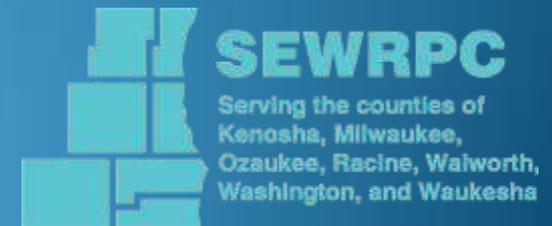
## 2011 Wisconsin Lakes Convention

Budgeting, Bookkeeping, & Financing



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District of Powers Lake**

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Planner, SEWRPC**



# 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

# We'd like to meet you...

*Every lake district is unique and will have its own unique situations —*

- nothing is too trivial
- we are always learning from each other — “networking”

# 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 district).

# Special Charges

- Special charges are used to pay for activities with temporary benefits to individual properties:
  - plant harvesting
  - algae control
- Cannot exceed the rate of 2.5 mils (\$2.50 per \$1,000 **assessed** value of district).

# Special Charges

- Example:  
Harvesting & herbiciding
  - 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 2005 VALUES 10/04/05  
BUREAU OF INFORMATION SYSTEMS  
TX27110A

<u>64 8030 HONEY LAKE PRO &amp; 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	<b>\$31,242,730</b>	100.000000

WIS. DEPT. OF REVENUE SPECIAL DISTRICT CERTIFICATION OF 20XX VALUES 10/04/XX  
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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



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

# Bookkeeping

- Tracking spending against the budget (Excel<sup>®</sup> demo)
- Quarterly (or more frequent) reports to board
  - Monies spent
  - Current balances
  - New bills for payment approval
- Use for preparing next budget

# Bids Required

- If enter into a contract for the performance of work over:
- The purchase of any materials exceeding:
- 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.

**\$2,500**

# 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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