

**BUDGET WORK SESSION and BOARD OF AUDIT
HARRIS TOWN BOARD
Wednesday, February 15, 2012, 7:30pm**

The Harris Town Board met at 7:30pm on Wednesday, February 15, 2012 at the Harris Town Hall for a budget work session and Board of Audit. The following officers of the board were present: Supervisors Gary Rosato, Dennis Kortekaas and Larry Key, Treasurer Becky Adams and Clerk Michele Smith. Absent: none.

Julie Kennedy was also in attendance.

The two purposes of this work session were to:

1. Audit the Treasurer and Clerk financial records to verify that their yearend totals match.
2. Review, discuss, and consider items for the 2013 proposed budget and levy.

1. Board of Audit

Chairman Rosato called the Board of Audit to order at 7:30pm. Clerk Smith confirmed that even though Harris Township has an outside CPA audit done each year, as mandated by the state because of its population and levy dollar amount, they are still required to hold an annual Board of Audit between year end and the annual town meeting, just like every other organized township. Smith did some research, including contacting the MN Assoc. of Townships, to try and determine exactly what the board's duties and responsibilities were for the Board of Audit, but received mixed responses. Minn. Stat 366.21 was verbally shared with the board, and followed to the best of the board's understanding.

Smith then shared copies of her detailed financial summary report titled "2011 Clerk's Summary" with the board. The Treasurer did not have printed copies of her "Treasurer's Summary for Fiscal Year Ending December 31, 2011" report available in print, but was able to share the report from her computer screen with the board so that they could review and compare to the clerk's report. The summaries of receipts and disbursements, and ending balances by fund were compared, and verified to match in all respects.

A motion was made by Supervisor Key, seconded by Supervisor Kortekaas, to declare that the Harris Township Board of Audit found the clerk's and treasurer's financial summary report totals to match for all funds, and for the 2011 year ending balances. Discussion: The board agreed that they would wait to sign off on both report copies until the February 22, 2012 P&D meeting when a paper copy of each could be compared side by side. Upon roll call, motion carried by a unanimous vote.

2. Budget Meeting

Road & Bridge Fund

\$430,000 recommended by the board for 2013 levy, the same as 2012. This would include:

- \$35,000 for major gravel,
- \$5,000 for major repair
- \$229,000 for major construction
- \$10,000 for rubberized crack fill
- \$40,000 for road patching
- \$25,000 for road shouldering

Julie Kennedy, Road Engineer from SEH, was in attendance to discuss possible road projects and projected costs, for both 2012 and 2013:

- Will have an idea for current bituminous prices when the Hwy 169 city road project bids come in, sometime in March.
- Discussed what the town board's policy was for patching. There is \$40,000 in the budget for patching, and Julie asked if it was it the board's desire to patch the worst roads, or was it their desire to use the patching as a band aid for roads that will need an overlay in the next 5 years (patching has a 5 year life span.) The board said that while they agree that patching should be done before an overlay, a policy can't be established because we are not caught up with repairing all township roads. Therefore, the board will just look at each road on a case by case basis.
- The board agreed that the town board's crack fill policy is that it should be done 2 years following a road overlay, as preventative maintenance
- Some roads and possible fixes were discussed, including:
 - Key View: Do a patch and overlay (no reclaim)
 - Mishawaka (the section not repaired in 2011, from highway 169 west to landing: Overlay only)
 - Wendigo Park Road: Patch and overlay (if traverse cracks are not too bad)
 - Robinson: Just fix culvert and overlay. It's 0.3 miles in length; would be good to do if LaPlant Road is going to be done by the County – which may be 2012 or 2013 (it's a 2 yr project)
 - Westwood Road & cul-de-sac – a small road, but came up as a bad road
 - Cemetery: Does have some minor drainage issues
 - “Overlay Project” in 2012 was proposed by Julie, to perform overlays only – without reclaim, or any drainage change or dirt work.
 - Roads which needed repairs but that would fall *outside* this project scope were noted as Lakeview, Southwood, and Underwood roads.
 - Top priority roads that would work for this project were stated as Wendigo Park Road, Mishawaka Road (169 west to landing) and Key View.
 - The budget for this project would be the \$229,000 in the major construction line item, plus the \$75,000 that was leftover after the Mishawaka Road project (in the Capital Improvement/Road fund), for a total of apx \$300,000 in 2012. However, Julie calculated that the cost to just overlay Wendigo Park Road would be \$265,000.

General Fund:

\$100,000 levy recommended again for 2013 (same as 2012)

Discussed employee wages. The way the current chart of accounts is set up, wages for labor are split between all the funds, and also by the many line items of each fund. This makes it impossible to see employee wages at a glance. The maintenance crew tracks their daily work and codes it to whatever they were working on, such as shouldering roads, mowing, etc. The board asked if this process could be changed so that wages would be one line item in General Fund, and that they do NOT need a breakout of labor by project, nor by fund. Treasurer Adams did not see any reason *not* to make the change, and was excited at the thought of it. It would be so much easier for her AND for the guys. Adams will check with auditor, and report back to the board. An option would be to have one labor line item per fund, though the board prefers just one line item to help them review and budget the annual pay of the maintenance crew.

Equipment Fund:

\$0 levy recommended again for 2013 (same as 2012).

The board was fine with this as the projected yearend balance for 2013 of over a year's worth of operating expenses. Clerk Smith reminded the board that the cost for major equipment replacement comes out the Capital Equipment fund, rather than this fund.

Cemetery Fund:

\$0 levy recommended again for 2013 (same as 2012).

The projected 2013 yearend balance would be about 6 months of operating expenses, so a levy will be needed *next* year.

Buildings and Grounds Fund:

\$50,000 levy recommended for 2013; this is an *increase* of \$10,000 when compared to 2012.

\$50,000 is one year's operating expenses for B&G, and the projected 2013 yearend balance will be 3 months operating funds, which is fine.

Recreation Fund:

\$40,000 levy recommended for 2013; this is a *decrease* of \$10,000 when compared to 2012.

In reviewing the projects suggested by Mike Hendricks, the board was not in favor of a hard surface removal/replacement at Wendigo (\$11,000), nor an additional picnic shelter at Crystal Park (\$9,000). Mike has also talked about setting aside money to replace the tennis court at Wendigo, due to the cost. However, the board discussed that it was hard to justify setting aside money for a tennis court when so many roads are in need of repair. Julie mentioned a DNR grant option that the township would qualify for, in which 50% of a recreation project would be funded. However, it often takes 3-4 tries before being awarded a grant.

Fire Fund:

\$85,000 levy recommended for 2013; this is an *increase* of \$10,000 when compared to 2012

As discussed at a previous budget session, the cost of the annual fire contract is increasing about \$10,000 for 2012, from the rate paid in 2011. With a \$10K increase in the levy for 2013, the projected yearend balance for 2013 – assuming 2013's contract rate will be about the same as 2012 - will be slightly negative, of apx <\$2,000>. However, the board was okay with this occurring in the Fire Fund. It was noted that if 2013's contract price jumps significantly, the excess could come out of the non-dedicated fund of Capital Improvement if needed.

Capital Improvement Fund:

\$140,000 levy recommended for 2013; this is a *decrease* of \$10,000 when compared to 2012.

This would include:

- \$30,000 for Equipment replacement fund (same as 2012)
- \$10,000 for Service Center fund (*\$10,000 less than 2012*)
- \$100,000 for Road fund (same as 2012)
- \$0 for Non dedicated fund(same as 2012)

Clerk Smith reminded the board that they had one more budget session scheduled for March 7, 2012. She will have a draft annual report for them to review, with the proposed 2013 figures as discussed above.

A motion was made at 9:46pm by Supervisor Key, seconded Supervisor Kortekaas, to adjourn the budget work session. Meeting adjourned.

Respectfully submitted,
Michele Smith - Clerk