

BUDGET WORK SESSION
HARRIS TOWN BOARD
Wednesday, February 20, 2013, 7:30pm

The Harris Town Board met at 7:30pm on Wednesday, February 20, 2013 at the Harris Town Hall for a budget work session. 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

Also in attendance were Judy Myers, Leann Stoll, Dan Butterfield, and Cindy Martin – township residents.

The purpose of this work session, as posted, was:

- Review past, current, and projected expenses and balances for all funds, and consider a recommended 2014 levy for each.

The board reviewed the draft proposed 2014 levy, as per the Feb 6th budget work session. There was increase to the General Fund, by \$20,000 but the rest of the funds remained the same as 2013 – though the Recreation Fund had not yet been reviewed. That would be done at tonight’s meeting.

The clerk shared information she’d received from the Itasca County Auditor’s Office, in response to her inquiry of how township taxes are calculated based on the township’s adopted levy and a resident’s estimated market value (EMV) of their property. She also asked for the impact of a \$20,000 levy increase on a resident’s township portion of taxes. The County supplied a detailed explanation of the tax calculation and considerations, as well as examples of how a \$20,000 levy increase would affect the township tax rate, and homestead taxes. Sample EMVs were listed, from 475,000 to \$500,000 along with the homestead taxes based on current levy, and the homestead taxes based on the current levy plus \$20,000. For example, a home with a \$100,000 EMV has current homestead taxes of \$399. An increase of the levy by \$20,000 would cause those taxes to increase to \$403 (a \$4 increase). A home with a \$500,000 EMV, has current homestead taxes of \$4,471; an increase of the township levy by \$20,000 would cause those taxes to increase by \$27.

The Clerk also shared copies of minutes from a portion of the Sept 26th P&D minutes, noting the recreation items with estimated costs, as proposed for 2013.

Recreation Fund:

The board discussed the recreation projects proposed by Mike Hendricks, and the related costs:

- Wendigo Tennis Courts: \$10,750 to repair – which would allow another 10 years use
- Crystal tennis courts: \$8,950 to repair
- Crystal basketball court: \$5,500 to repair

Total of all projects would be apx \$25,000

The proposed 2014 levy for the Recreation Fund is currently \$40,000 for operational expenses. This would leave a balance at the end of 2014 of apx \$17,000 – which is roughly 50% of the total annual operating costs, which is apx where the fund balance should be, per our auditor.

Smith explained that to complete the proposed recreational projects, the board would need to use money out of non-dedicated, Capital Improvement fund. Doing so would leave a balance in that non-dedicated fund of \$225,000. Clerk Smith reminded the board that because we are not currently levying for the non-dedicated portion of the Capital Improvement fund, when that money is gone, it’s gone. However, using those funds for recreation projects makes sense, and would still leave a sizable balance for other projects or “emergencies”.

The board agreed to leave proposed \$40,000 levy for the Recreation Fund in 2014, and move forward with the proposed recreation projects in 2013 as discussed above, using money out of capital improvement fund.

A recap of proposed 2014 levy was reviewed, and agreed to by the board:

- **Total 2014 proposed levy = \$865,000:**
 - \$120,000 General **(Increased \$20,000, from last year)**
 - \$430,000 Road/Bridge (same as last year)
 - -\$0- Equipment (same as last year)
 - -\$0- Cemetery (same as last year)
 - \$40,000 Recreation (same as last year)
 - \$85,000 Fire (same as last year)
 - \$140,000 Cap Imprvmt (same as last year)

Reduction of line item account numbers

Treasurer Adams then discussed rolling up some line items within several funds, as previously approved by the board. We now have one account for maintenance labor – rather than a labor line item for each piece of equipment, or building. The goal was to decrease the number of line items in funds if possible – especially for equipment. It was very labor intensive to break out parts and labor, and the detail of what equipment was worked on is tracked in the monthly maintenance report, so doesn't need to be tracked in the financial reports.

In discussing what line items to keep, Adams explained that certain funds – like General and Road & Bridge – will not have that many line items to reduce, just due to the nature of the funds. However, Equipment will have a lot – as will Buildings and Grounds.

The board agreed to have Treasurer Adams make a recommendation on which funds to roll up, and to bring an example back to the board of what that would look like. Adams agreed, and will try to something for the board to review at the March 27, 2013 P&D meeting.

SEH Engineering 2012 Expenses

The board discussed the breakout of engineering costs in both the General Fund and Road & Bridge Fund. Treasurer Adams shared a spreadsheet with the board, breaking out the SEH expenses paid by month for both funds. She noted that total Engineering costs paid in 2012 for the General Fund were \$22,096.50. Of that, \$17,400 was for the comprehensive plan update. The balance of \$4,696.50 was made up of \$1,925 for 2011 invoices that were received in 2012, and \$2,771 for 2012 invoices received in 2012. This work consisted of a variety of items, and was not just for township meeting attendance.

Residents asked what was done prior to having SEH as the township road engineer. Response from the board was that they tried their best – but made many mistakes, as they are not road engineers – and are only township supervisors on part time basis. They felt having an engineering firm appointed has improved the quality of township roads, and that SEH is worth the expense.

The audience requested that Julie bring extra handouts that are given out during meetings, so that they too can see what is being discussed. Clerk Smith will ask Julie to provide these, as they are public information.

With no other budget matters to discuss, a motion was made by Supervisor Rosato to adjourn the budget work session at 8:39pm. Upon a second by Supervisor Kortekaas, the meeting was adjourned.

Respectfully submitted,

Michele Smith, Harris Township Clerk