

**BUDGET WORK SESSION
HARRIS TOWN BOARD
Monday, February 1, 2016 - 7:00pm**

The Harris Town Board met at 7:00pm on Monday, February 1, 2016 at the Harris Town Hall for a budget work session. The following officers of the board were present: Supervisors Gary Rosato, Dennis Kortekaas, Jim Kelley, Ken Haubrich, and Burl Ives, as well as Treasurer Becky Adams and Clerk Michele Smith. *Absent:* none.

Also in attendance, residents Cyndy Martin and Judy Myers

The purpose of this work session, as posted:

Discuss and review the proposed 2017 budget including past, current, and projected expenses and balances for all funds. Board will consider a recommended 2017 levy for each fund, and for the year overall.

1. **Pledge to the flag**, followed by the reading of the Harris Township mission statement
2. **Review and discuss recommendations for the 2017 budgets and proposed levies by fund**

Clerk Smith shared her proposed 2017 budget and levy spreadsheets by fund with the board, as well as a comparison page that showed adopted levies by fund from 2008 through 2016, plus that proposed for 2017. The levy was last raised in 2015 when it was increased by \$65,000 to \$930,000. The 2016 adopted levy was this same amount, \$930,000. Smith proposed no increase for 2017, adding that a \$930,000 levy could support a bond payback, if passed.

Smith clarified that her draft proposed budget was just that – proposed, and that its purpose was to serve as a starting point for the board to discuss and adjust as they saw fit.

Each fund was reviewed in detail, including the proposed 2017 levy and any other projected income, actual disbursements by line item for years 2012-2013-2014-2015, and the projected 12/31/2017 balance by fund. Smith reminded the board that having 35-55% of a year's annual expenses in each fund at the end of the year is recommendation by the MN Association of Townships and the township's auditor.

As the board reviewed and discussed each budget, the following points were noted:

- General Fund
 - **2017 proposed levy: \$140,000** (same as 2016)
 - Smith projected the 12/31/17 ending balance in the General Fund would be apx 42%, or apx 5 months of expenses.
- Road & Bridge Fund
 - **2017 proposed levy: \$490,000** (same as 2016)
 - Smith projected the 12/31/17 ending balance in the General Fund would be apx 47%, or apx 5.5 months of expenses.
 - Treasurer Adams reminded the board that all R&B labor by the maintenance crew is in line #299.
 - It was noted that no local government aid money was received in 2015, as it had in prior years.
 - Line #210 – Signs: The crew, upon review of the sign replacement policy, anticipated that there would be expenses of apx \$5,000 for township road sign replacement. There was only \$2,000 budgeted for this line item in 2016
 - Line #232 – Road Shouldering: This line had \$0 disbursements for 2012-2015, but \$5,000 adopted budget in 2016 and the same proposed for 2017. However, the board agreed this line can be reduced significantly, as it would just be for shouldering *material* (labor would be in 299). The board agreed to reduce the 2017 budget for this line to \$1,000, and move the excess of \$4,000 to #210-Signs...for a total 2017 budget for signs of \$6,000.
 - Line #222 -Major Gravel: Discussed that no roads received additional gravel in 2015, and roads that will need it in 2016 were not yet determined – but that it would likely be less than the amount laid

out in the 5 year gravel road rotation plan. And likewise for 2017. However, the board did not want to reduce the dollar amount that Smith proposed for 2017 of \$20,000 (as compared to \$35,000 budgeted for 2016). In 2016, \$20,000 will be spent on the newly established Wendigo Park Circle.

- Line #223 - Major Repair: The board discussed what would be included in this line item vs. in #224 Major Construction.
- Line #224 - Major Construction: Proposed budget by Smith was \$350,000 per the 2017 five-year road plan estimate.
- **Line #230 - Rubberized Crack Fill**: Supervisor Ives reminded the board that it's been the board's policy to crack-fill all improved roads the following year. This means that if bonding is approved, all of roads in the 2016 road project (Sunny Beach Road, Birch Street, Isleview, Romans Road and Pine Street) should be cracked filled in 2017. A cost estimate for this amount of crack fill was unknown, but that it would be very expensive. **The board will consider increasing this line item for 2017, from the currently proposed amount of \$40,000.**

For 2016 crack filling: Underwood Road-west will need to be crack filled; in addition, the board discussed that those roads which had wide-gap crack fill repair (via NuvoGap) may need additional layers put on over the first layer done in 2015.

- **If bonding is approved, Clerk Smith proposed that the first bonding payment of apx \$245,000 come out of the Capital Improvement Fund/Road dedicated fund – and *not* out of the Road & Bridge fund.**

- Equipment Fund

- Smith reminded the board that this is an operating fund for equipment; the purchase of new equipment over \$800 generally comes out of the Capital Improvement/equipment dedicated fund.
- **2017 proposed levy: \$10,000** (as compared to \$0 in 2016)
- Smith projected the 12/31/17 ending balance in the Equipment Fund would be apx 42%, or apx 5 months of expenses.
- Line #398 – Terex parts: This piece of equipment may need some repair work done in 2016.
- Line #356 – Clothing: The board liked the idea of changing the name of this line to something like safety clothing or uniforms.

- Cemetery Fund

- **2017 proposed levy: \$0** (same as 2016)
- Smith projected the 12/31/17 ending balance in the Cemetery Fund would be apx 205%, or apx 2 years of operating expenses – assuming that no money is used from this fund to improve the roads throughout the cemetery.
- The board discussed that \$25,000 of healthy balance of this fund could be moved to another fund (such as Road & Bridge) if needed as this amount would not be enough to fix the cemetery roads – which was thought to have been estimated at around \$90,000. Ives suggested it be put added to 'crack sealing'.
- Some board members felt it was okay to have the excess balance in this fund, as zero is levied, the balance is decreasing.
- The maintenance crew mentioned that the roads and the drainage in the cemetery are bad.

- Recreation Fund

- **2017 proposed levy: \$25,000** (same as 2016)
- Smith projected the 12/31/17 ending balance in the Recreation Fund would be apx 51%, or apx 6 months of expenses.
- Rosato commented that a thorough inspection of all playground equipment at both parks is needed, to make sure everything is safe. He anticipates some items will need to be repaired or replaced.
- Lines #507 Wendigo Heat and # 521 Crystal Heat had \$0.00 disbursements for the past several years. Upon review, it was found that heat costs are included in the light allocations in #506 Lights Wendigo and in#520 Lights Crystal. This is due to how the electric bill comes in. The board and treasurer agreed to omit the line items for heat (507/521), and change the name of #506/#520 to "Lights and Heat". The proposed budget of \$100 for #507 will be put into #518 – Wendigo Playground Equipment.

- Line #599 Maintenance Crew Labor: The board requested that the labor hours for summer interns be allocated to a different line item rather than be lumped in with maintenance crew's hours. Treasurer Adams agreed to make this change to separate out summer intern hours from Recreation line #599 as well as any other 'maintenance crew labor' line items, where an intern may have hours.

- Building & Grounds Fund

- **2017 proposed levy: \$50,000** (\$10,000 less than 2016)
- Smith projected the 12/31/17 ending balance in the Building & Grounds Fund, after \$4,000 of incoming hall rental was added to 'Revenue', would be apx 48%, or apx 6 months of expenses
- The cost of cleaning the hall and showing & renting the hall were discussed, as this is the cost of the Town Hall Caretakers hours.
- The current security system at the town hall & garage were reviewed. Smith had some concerns.
- Rosato reminded the board that he continues to get requests for playground equipment to be installed at the hall, for the kids to play on during rentals.
- Names of the Service Center related line items #681 & #684 should be clarified: #681 is the in-floor electric Heat and Lights of the service center house, while #684 is for propane/natural gas heat of the garage at the Service Center.
- The board confirmed to Treasurer Adams that they were in agreement with moving the Wendigo and Crystal related 'sub accounts' currently within Building and Grounds, to the Recreation Fund. Smith noted that she too agreed with the change, but that the change would not be reflected in the 2015 annual report.

- Fire Fund

- **2017 proposed levy: \$80,000** (\$5,000 more than 2016)
- Smith projected the 12/31/17 ending balance in the Fire Fund would be \$1,607.88. Unlike the other funds, Clerk Smith reminded the board that the balance of *this* fund should be kept to a bare minimum – as the goal is to levy just enough to pay the annual bill. There are no other expenses coming out of this account.

- Capital Improvement Fund

- **2017 proposed levy: \$135,000.** The breakdown was as follows: \$15,000 for Equipment, \$0 for Service Center, \$120,000 for Roads, and \$0 for the non-dedicated fund.
- **If bonding passes, the first payback in 2017 for apx \$245,000 was proposed to be disbursed from the Capital Improvement/Road dedicated fund.**
- Smith projected that the 12/31/17 *ending balance* in the total Capital Improvement Fund would be \$705,975.38. This balance assumes that \$110,000 is spent in 2016 for the road project, and \$245,000 is spent in 2017 for the bond payment. (No other disbursements were included in this projection.)

The projected 12/31/17 ending balances *by dedicated fund* were projected as follows:

▪ Equipment:	\$130,388
▪ Service Center/Maint. Facility:	\$151,036
▪ Roads:	\$212,457
▪ Non dedicated:	<u>\$212,092</u>
12/31/17 total Cap Impv Fund:	\$705,975

- Overall 2017 Levy for all funds

- Overall **2017 proposed levy: \$930,000** (no increase from 2016)
- If bonding passes: This levy includes the first bond payment in 2017, out of the Capital Impv Fund.
- If bonding does *not* pass, the funding repair to Sunny Beach Road from Adair Road to Wendigo Road (only) would still need to be done in 2016 per the board– for an estimated cost of \$720,000. This money, as discussed, could come out of the following funds:

- 2015 'under budget' in Road & Bridge: \$110,000 (carries over to 2016)
 - 2016 levied for major road construction: \$300,000
 - 2016 levied for Cap Impv/Roads: \$110,000
 - 12/31/15 balance in Cap Impv/Roads: \$342,456
 - Total funds accessible for road repair: \$862,456
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- Smith added that there is also a 12/31/15 balance in Capital Improvement/*Non Dedicated* fund of: \$211,692, which could also be used if needed. If added to total above, the combined total of accessible funds would be \$1,074,148 in 2016.

Next budget meeting:

The next budget work session is Wednesday, February 17th at 7:00pm. The goal will be to finalize the budget and proposed levy for 2017 so that the Clerk can draft the annual report in time for the board's review at the February 24th P&D meeting. This would allow time for any corrections/changes prior to having the report printed for the March 8th annual meeting.

3. Adjourn

Motion by Supervisor Ives, second by Supervisor Haubrich, at 10:02pm to adjourn tonight's budget work session. Meeting adjourned.

Respectfully submitted,

Michele Smith, Clerk