

**BUDGET WORK SESSION and BOARD OF AUDIT**  
**HARRIS TOWN BOARD**  
**Wednesday, January 21, 2015 - 7:00pm**

The Harris Town Board met at 7:00pm on Wednesday, January 21, 2015 at the Harris Town Hall for the Board of Audit Meeting and a budget work session. The following officers of the board were present: Supervisors Gary Rosato, Larry Key, Dennis Kortekaas and Burl Ives, Treasurer Becky Adams and Clerk Michele Smith. *Absent:* Supervisor Jim Kelley.

Also in attendance: Residents Cyndy Martin and Judy Myers.

**1. Pledge to the flag**, followed by the reading of the Harris Township mission statement

**2. Board of Audit**

- Review MN Assoc. of Township article “Town Audits and the Annual Board of Audit”

Clerk Smith read sections of this article aloud, as a reminder of the board’s duties as the Board of Audit. She also noted 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 meet as the Board of Audit just like every other organized township. During the board of audit, the financial records of the Treasurer and Clerk are reviewed to verify that their yearend totals match as required by Minn. State Statue #366.20 & 366.21.

- Explanation by Clerk & Treasurer of their reports of itemized of receipts and disbursements

Clerk Smith shared printouts of her monthly and annual balancing spreadsheets for January – December 2014, of disbursements, receipts, and fund balances. She then discussed her bookkeeping process with the board (done in Excel).

Treasurer Adams distributed copies her yearend summary report as well as her detailed budget to actual report for 2014, showing income and disbursements by line item and fund. She explained how those amounts feed the monthly treasurer report amounts, including the monthly fund balances.

Adam noted that new (revised) Treasurer reports are available, based on changes found when balancing. However, extra copies weren’t available to share with the board tonight due to copier issues. She will bring them to the January P&D meeting, but also have them on the consent agenda of the February Regular Meeting, for official approval for audit purposes.

The board spent time reviewing and comparing figures on the Clerk and Treasurer’s spreadsheets, asked many clarifying questions, and pulling a few bills during the audit process.

- Audit Clerk’s and Treasurer’s 2014 Summary Statements, showing beginning account balances, audit adjustments, receipts, disbursements, and ending balances for 2014 calendar year.
  - If figures match, consider approval and sign-off on 2014 year end reports.

***After reviewing the two summary statements as prepared by the Clerk and by the Treasurer, and deeming all to be in order, 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 2014 financial summary report totals to match for all funds, and for the 2014 year ending balances. Upon roll call, motion carried by a unanimous vote.***

***With no other questions for the Clerk or Treasurer, a motion was made by Supervisor Key to close the Board of Audit portion of tonight’s meeting at 8:48pm. After a second by Supervisor Kortekaas, the motion was passed and the board of audit was closed.*** The meeting continued with the budget work session.

### 3. Review Treasurer's "Budget to Actual Report" for 2014

Because the Budget to Actual report was reviewed as a part of the Treasurer's bookkeeping report during the board of audit, no additional time was spent on the report during the budget work session.

### 4. Review & discuss Clerk's proposed 2016 budget spreadsheets by fund (as time allows)

- Fire Fund – proposed 2016 levy = \$75,000 (same as 2015's adopted levy)  
The 2014 fire contract was \$71,913. The 2015 fire contract will be \$75,249. With a projected ending balance in the Fire Fund of \$6,751 at the end of 2015, the Clerk recommended again levying \$75,000 for the 2016 year.  
The board agreed, noting the balance of *this* fund should be kept to a bare minimum.
- Cemetery Fund – proposed 2016 levy = \$0 (same as 2015's adopted levy)  
The Cemetery Fund still had a healthy balance at the end of 2014 of \$84,486.06. And, while the levy for 2015 will be zero, the estimated balance at the end of 2015 is projected to apx \$50,000 – which is a little over a year's worth of operating expenses. Therefore, the clerk recommended a zero levy again for 2016 – which, assuming the \$10,000 is spent on improving the cemetery roads – the projected balance at the end of 2016 of 23,000 will still be apx 67% or 8 months worth operating expenses.  
The board was comfortable with this – though commented that the cemetery roads may be done in 2016, rather than 2015.
- Equipment Fund – proposed 2016 levy = \$5,000 (a decrease of \$10K from 2015's adopted budget)  
The clerk reminded the board that this is an *operating* fund for equipment, and that new purchases of larger items (over \$800) are paid for out of the Capital Improvement/Equipment dedicated fund.

#### Combining line items discussed:

The board and treasurer discussed combining many of the "parts" line items currently in the equipment fund, which have had little or no activity the past few years – and which currently have a \$50 "place holder" amount only. Adams suggested combining these line items into one account, which could be titled "Equipment Part Purchases". This would be easier for the maintenance crew to code, as well as for the treasurer/clerk to record. Starting this 1-1-2016 would work best, per Adams.

There could also be a line item for "new equipment purchases", for when smaller equipment is purchased under \$800, as those items are generally paid for out the equipment fund rather than the capital improvement fund.

The treasurer reminded the board that an equipment inventory sheet is kept for MATIT insurance purposes, which tracks all equipment owed by the township. Thus, if the part line items were combined, we would *not* lose the detail of what the township owns. And while it's important to know what equipment we own, the general ledger isn't the best place for that level of detail.

#### Clothing for maintenance crew discussed

The clerk reminded the board that there is a \$2,000 budget line item in 2015 for "clothes" for the maintenance crew. The board had agreed last summer to purchase safety coats/jackets and shirts for the crew, with the Township logo on them. This was reduced to \$1,000 for 2016, and the board agreed the first year of supplying the clothing would be the highest, but should be less in the years to follow. \$1,000 for 2016 and beyond should be plenty

The 2014 yearend balance in Equipment of \$44,254 was apx 2 years worth of operating expenses (average of \$25,000/year). A zero levy for 2015 was projected to reduce the yearend balance for 2015 to apx \$30,500, which is a little over 1 year's operating expenses. Therefore, Smith recommended only a \$5,000 levy for 2016 which will bring the yearend balance at the end of 2016 to apx 6 months worth of operating expenses. However, a zero levy could also be done – if the board wished.

The board commented that equipment expenses in 2014 were lower than normal, as most of the equipment was new. However, as it ages, the operating costs will go back up. They were fine with \$5,000 at this time, but understand it could be reduced if needed.

Due to the lateness of the evening, the following funds were *not* discussed tonight, but will be addressed during the next budget work session on February 4, 2015.

- General Fund
- Building & Grounds
- Recreation
- Capital Improvement
- Road Fund (Glen Hodgson will be attending)

**5. Consider approval of supplemental payroll checks for maintenance crew** due to miscalculation of Jan'15 checks.

Treasurer Adams explained that when preparing the maintenance crew's payroll checks to be paid at the January 14<sup>th</sup> 2015 Regular meeting, she copied and pasted the 2014 form into 2015. However, the crew's wages in January 2014 were only \$18/hr...which were increased to \$18.70/hour in May 2014. Thus, the crew was owed 70 cents/hour for their hours submitted on their January 2015 pay requests. This equated to an additional \$120.54 each. Adams requested the board approve the two additional paychecks (one for Dan and one for Derrick), to correct the checks issued Jan 14, 2015 which were accidentally shorted.

Adams stated that she revised the January bill list to include these two additional checks, as well as the \$150 bill for the wetland application permit approved by the board during the Regular meeting on Jan 14, 2015 – but which was not on the bill list.

***A motion was made by Supervisor Key to approve the two additional bills on the attached revised January 14, 2015 bill list – payable to the maintenance crew workers, for \$120.54 each. These checks would be signed tonight. The motion also was to approve the revised January 2015 bill list as presented by the treasurer –which the maintenance crew supplemental paychecks and the Itasca co Soil and Water \$150.00 wetland permit fee. The total of January bills per the revised list was \$35,764.33. The motion was seconded by Supervisor Kortekaas, and upon roll call, motion passed by a unanimous vote.***

**6. Adjourn**

***The work session was adjourned upon a motion by Kortekaas at 9:45pm, and a second by Supervisor Ives.***

Respectfully submitted,

Michele Smith – Harris Township Clerk

Next budget meeting:

- Wednesday, February 4<sup>th</sup>, 2015..... 7:00pm Harris Town Hall.....Roads (2015 & 2016) + other funds
- Wednesday, February 18<sup>th</sup>, 2015 (TBD) .....7:00pm Harris Town Hall.....Final review of all funds for 2016 proposed levy

(This is the revised \*  
bill list, given e 1-21-15  
work session)

January 2015 Bill Listing to Board

|  | Description   | Amount              |
|--|---|---------------------|
| Larry Key                              | Mtgs, wages, labor, less withholding plus expenses                      | 1,057.32            |
| Gary Rosato                            | Mtgs, wages, labor, less withholding                                    | 530.56              |
| Dennis Kortekaas                       | Mtgs, wages, labor, less withholding                                    | 486.89              |
| Burl Ives                              | Mtgs, wages, labor, less withholding - DEC                              | 642.07              |
| Burl Ives                              | Mtgs, wages, labor, less withholding - JAN                              | 560.39              |
| Jim Kelley                             | Mtgs, wages, labor, less withholding                                    | 486.89              |
| Michele Smith                          | Mtgs, wages, labor, less withholding plus expenses                      | 968.35              |
| Becky Adams                            | Mtgs, wages, labor, less withholding plus expenses                      | 608.17              |
| Bonnie Key                             | Cleaning labor, showing, less withholding                               | 447.29              |
| Dan Key                                | Labor less withholdings   | 2,654.60            |
| Dan Key                                | Additional funds for Jan payroll - adjustment of per hour salary        | 120.54 *            |
| Derrick Marttila                       | Labor less withholdings   | 2,751.60            |
| Derrick Marttila                       | Additional funds for Jan payroll - adjustment of per hour salary        | 120.54 *            |
| PERA                                   | ONLINE pmt:: Payroll withholding  | 1648.98             |
| Blue Cross Blue Shield                 | health care renewal Jan 1 - Feb 1                                       | 1105.62             |
| Carrot Top Industries                  | us flag, mat square corner, waterhog classic mat                        | 310.79              |
| CarQuest                               | id-359714 oil filter  | 8.33                |
| Century Link                           | ONLINE pmt:: December phone service                                     | 278.58              |
| Creative Services Associates           | Harris Township grounds development - Mike Hendricks                    | 3200.00             |
| Davis Oil                              | Dec invoices - fuel   | 290.33              |
| Express Employment                     | rink attendents 12/30   | 426.24              |
| Ferrellgas                             | propane for town hall   | 733.29              |
| Grand Rapids Public Utilities          | Utilities; lights and town hall   | 197.61              |
| Herald Review                          | filing notice, meeting schedule   | 900.60              |
| Itasca County Association of Townships | Itasca County and Minnesota Association Dues                            | 1,608.96            |
| Itasca County Auditor                  | Election costs - ballots, machine programming 3/11, 5/6, notices 2014   | 1,826.69            |
| Itasca County Sheriffs Office          | alarm service   | 30.00               |
| Itasca County Soil and Water           | permit for road work  | 150.00 *            |
| L and M                                | Dec invoices  | 429.70              |
| Lake Country Power                     | ONLINE pmt:: energy bill - service center, wendigo, crystal, cemetery   | 713.87              |
| MediaCom                               | Township hall phone and internet- OCT, NOV, DEC                         | 426.36              |
| Minute Man Press                       | copies for meetings   | 54.54               |
| Pokegama Electric                      | fix light pole, crystal and wendigo lights, LED lights, flag pole light | 2,861.65            |
| Power Plan                             | Nortrax Equipment   | 179.04              |
| Range Water                            | cooler rental jan plus cooler in store 5 gal                            | 10.00               |
| S E H                                  | Engineerings services: misc. services                                   | 2,755.00            |
| Security Life Insurance                | Meritain dental insurance   | 833.46              |
| Shaw and Shaw                          | call to Lotti attorney  | 40.00               |
| Stokes                                 | office supplies   | 38.77               |
| Verizon                                | cell phones through 1/12/15   | 200.62              |
| Waste Management                       | 3 yd rel on call  | 17.54               |
| Commissioner of Revenue                | Payroll withholding :: electronic payment                               | 363.00              |
| EFTPS                                  | Payroll withholding :: electronic payment                               | 2,689.55            |
| <b>Total</b>                           |   | <b>\$ 35,764.33</b> |

Approval to pay :: January 14, 2015, Checks numbered 16611 through 166

Jim Kelley

Larry Key

Dennis Kortekaas

Burl Ives

Gary Rosato