

**Minutes of the
HARRIS TOWN BOARD
BOARD OF AUDIT and BUDGET WORK SESSION
Wednesday, January 20, 2016 - 7:00pm**

The Harris Town Board met at 7:00pm on Wednesday, January 20, 2016 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, Dennis Kortekaas, Jim Kelley, Ken Haubrich, and Burl Ives, Treasurer Becky Adams and Clerk Michele Smith. *Absent:* None.

There were no other attendees at tonight's meeting.

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

2. Board of Audit

- Review 2015 MAT Manual on Town Government, Ch 13, section 13.7, "Annual Board of Audit"

Clerk Smith read portions of this document 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, and their summary reports.

Clerk Smith shared printouts of her monthly and annual balancing spreadsheets for January – December 2015, including disbursements, receipts, and fund balances. She then discussed her bookkeeping process with the board as done in Excel.

Treasurer Adams distributed copies her yearend summary report as well as her detailed budget to actual report for 2015, 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, also done using Microsoft Excel.

Adams noted that revised 2015 Treasurer Reports were available for anyone who'd like them, as a few changes were needed while going through the balancing process. She will 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 pulled some bills to make sure everything was in order.

The randomly selected claims/receipts that the board audited were as follows:

- Disbursements

1. March – Hawkinson Construction bill: 16705 for \$16,940.28
2. April - Home Depot electronic payment: \$646.98
3. January – Creative Services #16626: \$3,200.00 (from Mike Hendricks's 2014 contract, paid in 2015)
4. August – L&M #16854: \$1,481.83 (2 month bills paid during one month, due to timing of check runs)
5. August – Maki Body & Glass #16855: \$313.60 (for damage to pickup truck from accident of intern)
6. February – Advantage Systems #16659: \$240.00 (alarm system monitoring for *a year*, 2/15-2/16)
7. June - L&M – June 59.98 grass seed

- Receipts

1. October MATIT receipt # #4364 / Equipment fund: \$63.60(insurance claim payment received for damage to trailer – after deductible)

2. July electronic deposit \$702, for "TBD"? Becky found out it was for Township Aid & PERA aid. Smith will update her spreadsheet accordingly.

- Review Clerk's and Treasurer's 2015 Summary Statements, showing beginning account balances, adjustments, receipts, disbursements, and ending balances for 2015 calendar year.

Consider approval and sign-off of both 2015 year end reports, if all is in order.

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 Kortekaas, seconded by Supervisor Kelley, to declare that the Harris Township Board of Audit found the clerk's and treasurer's 2015 financial summary report totals to match for all funds, and for the 2015 year ending balances. Upon roll call, motion carried by a unanimous vote.

3. Review Treasurer's "Budget to Actual Report" for 2015

The 2015 budget to actual reports for disbursements were reviewed in detail. Some notable discussions were as follows:

- Equipment Fund

Treasurer Adams noted that in looking through the Equipment fund line items, there are some that are unnecessary. She reminded the board that all maintenance crew labor for equipment related hours is all lumped together in #399; the remaining line items are for costs of parts or the equipment. Adams suggested combining some of the remaining smaller dollar amount funds, such as "small equipment - attachments", leaving large pieces equipment in their own line.

It was clarified that Dan and Derrick do an inventory of all equipment once a year for insurance reasons; however, documenting when something was removed/tossed/sold was uncertain. Also, it was uncertain if anyone signed off on the inventory list, making it an official document. Ives and Haubrich requested a copy of the inventory list, to help them learn what the township owned; Adams agreed to provide them with the list. Ives also suggested a photo inventory, in case of a fire or theft, for insurance purposes.

Ives suggested looking into the option of bringing used equipment to the annual Minnesota Department of Natural Resources public auction of surplus equipment. The sale is conducted by the state of Minnesota, Department of Administration, Fleet and Surplus Services Division and includes additional items from local municipalities. The township would then receive the proceeds of equipment sold.

A supervisor asked if there was a reason the township crew only got fuel from Davis Oil and not from Peterson's Pokegama Store, which is in our local community. The need for diesel and off-road fuel may be part of the reason, offered Rosato, but he would need to ask the crew to confirm. The board also discussed that perhaps a discount could be requested if the township agrees to get fuel of a certain type from just one vendor.

Line item #356 "Clothing" was discussed; the board suggested the name should probably be changed to clarify that this line is for *safety* clothing such as steel toed boots, reflective winter jackets, etc. rather than clothing items such as jeans and socks. Adams said the line item could certainly be renamed to whatever the board decides.

- Building & Grounds Fund (B&G)

Treasurer Adams noted that within the B&G fund, there are sub accounts/sub totals. Two of those sub accounts are for Wendigo Park buildings and grounds, and Crystal Park buildings and grounds. She suggested that these line items/sub accounts may make more sense within the *Recreation Fund*. She's often heard the board consider "What does the township spend to keep Wendigo Park open?" If park related building and grounds expenses were included in the Recreation Fund, determining the answer to this question would be much easier. It would also be easier for the maintenance crew to track their work; for example, if they're working at Crystal Park, their time working on the warming shack is currently allocated to the B&G Fund, but their time working on the tennis courts is allocated to Recreation Fund. However, if the park related subaccounts items in B&G were moved to the Recreation

Fund, *all* their labor from working at the park would be allocated to Recreation. The board agreed to give this option some thought.

- General Fund:

The paid time off lines of the full time maintenance crew (holiday pay, vacation pay, sick pay, funeral pay, and unemployment) are currently all lumped together in “199 Maintenance Labor” of the General Fund. However, some board members expressed they’d like to see this detail broken out as it would help them see if employees are using or losing their vacation time, etc.

- Road and Bridge Fund:

Some board members expressed that they’d like to see the labor broke out for some road and bridge related tasks such as brushing, snowplowing, salt & sand, grading, etc. Rosato reminded the board that the maintenance crew does note their hours for these tasks on the monthly Maintenance Report for the board. Adams also reminded the board that maintenance labor was combined into one line per fund several years ago as no one ever used the detailed data, and it was labor intensive for the maintenance crew to split out their time to that level of detail.

- Cemetery Fund:

The board briefly discussed line item #423 “Roadwork”, as some wondered if this line should actually be a part of the Road and Bridge Fund, rather than a part of the Cemetery Fund. Clerk Smith offered that this discussion had come up before, and that the board determines it could be in either fund; however, because the cemetery roads are actually driveways, and maintaining them is a part of cemetery operating costs, it’s usually determined to keep them a part of the Cemetery Fund.

- Other:

The board asked if a total paid by vendor report was available; the clerk and treasurer said that this was not something they tracked. However, it could be determined by any board member, using the monthly bill lists. Smith agreed to send Kelley and Haubrich her Excel “disbursements” spreadsheets, so they could sort by vendor name.

4. Review & discuss Clerk’s *proposed* 2017 budget spreadsheets by fund (TABLED until Feb 1, 2016; see below)

- General Fund
- Road Fund
- Equipment Fund
- Cemetery Fund
- Recreation
- Building & Grounds
- Fire Fund
- Capital Improvement

5. Adjourn

With no other questions for the Clerk of Treasurer, and due to the lateness of the evening, a motion was made at approximately 10:00pm by Supervisor Kelley to close the Board of Audit meeting and table the budget portion of tonight’s agenda to the next budget meeting on February 1, 2016. Upon a second by Supervisor Kortekaas, the motion was passed and the board of audit meeting was adorned.

Respectfully submitted,

Michele Smith – Harris Township Clerk

Next budget work sessions:

- Monday February 1st, 2016.....7:00pm Harris Town Hall
- Wednesday February 17th, 2016.....7:00pm Harris Town Hall