

CITY OF HOKAH

MINUTES

August 3rd, 2011 6:00 pm

BUDGET MEETING

- CALL TO ORDER at 6:00 pm.
- PLEDGE OF ALLEGIANCE Completed
- ROLL CALL Scholze, Martell, Fordahl, Christianson. Absent: Mullen.
- Others present: Doug Moen, Rodney Blank, Robert Schuldt, Barb Bissen, Mike Walsh, Kevin Walther, Lance Ross, Matt Vetsch, Andy Klingsporn.

1. Summary of current financial status by City Clerk Doug Moen.

City Clerk Moen presents a manual he has prepared. Further, Moen lists the following Budget Notes:

- Budget includes \$23,000 for Street Maintenance and sidewalk repair \$2,000
- Dept. Service & Lease Payments are included.
- C.O.P.S. and Minnesota Historical Society funds are not included.
- Surplus Funds are currently \$2,344.00. Last year: Approx. \$17,000.00.
 - No Tax Increase – Same as last year: \$292,656.00
 - LGA – Reduced by \$5,000.00
 - MVC – Reduced by \$15,000.00
 - Department budgets approximate last years.
 - Wages budgeted at actual.

2. Discussion relating to budget as presented. Various discussions among Council Members relating to budget items. Moen reports that the Fire Department apportionment is very obsolete and very under funded. Moen reports that the City is currently paying all the costs of the Fire Department less possibly 25% from the townships. He states that figure is increasing to 50%. Mike Walsh reports that increase will be \$10,00 per year once this gets approved. And those funds are not in this budget. Administrator Blank reports that the Fire Department, Maintenance Department and Police Department are currently looking at capitol outlay items. Blank discusses various possible ways to cut the current budget. He discusses he forwarded two months ago health insurance plans as supplied by Danielsen Insurance as requested last year by the Council. New personnel insurance reduction plans, furloughs, hours reduction, personnel reductions, reduction of services, buildings etc. Blank reports that health insurance costs have increased 9% this year. Further Blank discusses the advantages/disadvantages of separating the title of Clerk and Treasurer and requirements of auditing yearly as opposed to every five years. Blank discusses RFP for auditing services:

Cities over 2,500 in population, according to the latest census, must have an annual audit in accordance with generally accepted accounting principles. Cities under 2,500, where there are separate offices of clerk and treasurer, are not required to have an audit. Cities under 2,500 with the combined office of clerk and treasurer must have an annual audit if total revenues exceed the annual threshold. Cities under 2,500 with the combined office of clerk and treasurer must have an audit once in every five-year period if total revenues are less than the annual threshold. For the year ended December 31, 2010, the audit threshold is \$191,000. MSA 412.02 Subd.(3)

Moen further discusses the requirement for the City to pay sales tax on all water usage, which inflates

those associated costs. Moen also states the water fund is slightly underfunded. Discussion regarding Klingsporn wages and benefits and how they are divided into accounts. Discussion regarding no increase in four years in taxes, and the possibility to raise taxes this year due to all the increases the City as absorbed. Blank discusses dental insurance plans that just changed, and those costs are down which helps offset other benefit costs. Blank reports the following requests for capitol outlay:

- A. Tractor: \$8,200.00. *(Already Committed by City Council on August 2, 2011)*
 - B. Mower: \$6,000.00.
 - C. Fire Department: \$17,500. First Responder Vehicle.
 - D. Police Department: \$20, 500. Squad Car.
- Total: \$52,200.00.

Martell and Walsh discuss the current requirements for Fire Department equipment replacement mandates and requirements. He states those requirements hopefully will change. Discussion about lease payments and their reductions upon payoff to the budget, as they have already been removed from the current budget. Blank discusses various items relating to the budget and costs: training, buildings and consolidation of utilities savings, programs, removal of cell phone costs, telephone costs, etc. Further discussion of the City Hall grant will put air conditioning back in the building. With the right modifications to the kitchen, ADA, etc. the building could be used once again for weddings, etc. that may show a revenue enhancement. Further discussion on the amount of calls Blank receives for weddings at Como Falls, and the possibility to form a package between Como Falls, Fire Department and City Hall to attract weddings to the City. Barb Bissen counters that she feels a kitchen isn't needed at the City Hall. Martell discusses disparity in budget auditing expenses and further discussion regarding animal control expenses. Martell states we should have funds set aside for emergency purposes. Discussion to place funds aside for Main Street reconstruction, that Klingsporn states is now set for 2018. Schuldt discusses the patrol car, selling the current vehicle to Tri-State Auto for \$8,500.00. Current 2012 state bid price is \$25,000 for the vehicle. He states transfer of equipment, etc. will be necessary and the cost with selling the current unit, and installs and new equipment would be \$20,414.80. Discussion of lease payments for the purchase. Agreement to review these figures, as well as insurance costs for next weeks meeting.

- 3. Next Budget Meeting August 10, 2011 6:00 pm.
- 4. Adjournment. Motion by Martell, second by Christianson rollcall all approve at 1949 hours.

Attest:

Administrator

Mayor