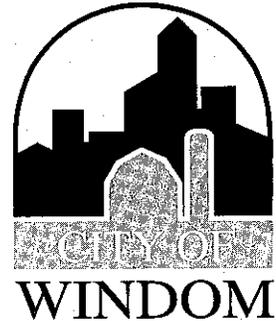


**Council Meeting
Tuesday, August 16, 2011
City Council Chambers
7:30 p.m.**



AGENDA

Call to Order
Pledge of Allegiance

1. Approval of Minutes
 - Council Minutes–August 2, 2011
2. Consent Agenda
 - Minutes
 - EDA Commission – August 8, 2011
 - Library Board –August 9, 2011
 - Licenses
 - Phat Pheasant
 - Authorization to Dispense Intoxicating Liquor – Cottonwood County Fair
 - Use of Amplification Equipment – August 26, 2011
3. Department Heads
4. 2010-2011 Windom Area Hospital Audit
5. Windom Des Moines River Dam Project
 - Environmental Assessment Worksheet
 - Resolution Approving Plans and Specs
6. Bruce Nelson Estate Donations
 - Fire Department
 - Library
7. Civil Service Recommendation – Hire Patrol Officer Position
8. Joint Powers – State of Minnesota I-Mobile System
9. Unfinished Business
10. New Business
11. Old Business
12. Regular Bills
13. Council Concerns



Preliminary

CITY COUNCIL
Windom City Hall, Council Chamber
August 2, 2011
7:30 p.m.

Call to Order: The meeting was called to order by Mayor Kirby Kruse at 7:30 p.m.

Roll Call: Mayor: Kirby Kruse

Council Members: Brad Powers, Corey Maricle, Dominic Jones and Kelsey Fossing

Council Members Absent: JoAnn Ray

City Staff Present: Brigitte Olson, Assistant City Administrator; Scott Peterson, Chief of Police; Kevin Patterson, Sergeant; Mike Haugen, Water Wastewater Superintendent; Jeff Dahne, Telecommunications

Public Present: Dennis Johnson, Wenck Associates and Dirk Abrams, KDOM

PLEDGE OF ALLEGIANCE:

APPROVAL OF MINUTES:

Motion by Powers, seconded by Fossing, to approve the City Council minutes from July 19, 2011 and the Special City Council minutes from July 27, 2011 . Motion carried 3-0, Ray and Maricle absent.

CONSENT AGENDA:

Mayor Kruse said that minutes were received from the following Boards/Commissions:

Utility Commission – July 18, 2011
Community Center Commission – July 25, 2011
Telecommunication Commission – July 27, 2011

Motion by Powers, seconded by Jones, to approve the consent agenda. Motion carried 3-0, absent Maricle and Ray.

Preliminary

DEPARTMENT HEADS:

None

PROCLAMATION FOR YEARS OF SERVICE:

Mayor Kruse said that in their packet was a resolution expressing appreciation to Kent Kelly for 18 years of service as a police officer on the City of Windom's police department.

Council member Jones introduced the Resolution No.2011-31, entitled "RESOLUTION EXPRESSING SINCERE APPRECIATION TO KENT KELLY FOR HONORABLE AND DEVOTED PUBLIC SERVICE TO THE CITY OF WINDOM, MINNESOTA" and moved its adoption. The resolution was seconded by Fossing and on roll call vote: Aye: Powers, Jones and Fossing. Nay: None. Absent: Maricle and Ray. Resolution passed 3-0.

Jones said that he wanted to personally thank Kelly for 18 years of dedicated service as a police officer to the City of Windom.

Fossing said that Kelly was an asset to the community, and wanted to personally thank him also.

Maricle came to the meeting at this time.

U.S. FISH & WILDLIFE COOPERATIVE AGREEMENT:

Olson said that the agreement had been reviewed by the City Administrator and McDonald, Legal Council. Olson also said that Nasby had requested that two corrections be made:

- Be consistent with either 4 or 5 raffles in the body of the document
- Section VIII, Paragraph C shows \$50,000 not the \$100,000 shown elsewhere in the agreement.

Motion by Powers, seconded by Jones, to approve the U.S. Fish & Wildlife Cooperative Agreement with the changes requested by Nasby. Motion carried 4-0. Absent: Ray

T.H. 60/71 WATER MAIN APPROVING PLANS AND SPECIFICATIONS:

Johnson said that the bid opening for the T.H. 60/71 Water Main will be September 6, 2011, and that he would request a special Utility Commission meeting to approve the bids prior to the City Council meeting that evening. Johnson also said that on page 300-8 Hansen needed to be taken out of that portion of the document as they have not agreed

Preliminary

to the project, and that they are included on the next page 300-9 as an alternate to the project " Alternate: Add Service for Hansen Residential House:"

Council member Jones introduced the Resolution No. 2011-32 entitled "RESOLUTION APPROVING PLANS AND SPECIFICATIONS AND ORDERING ADVERTISEMENT FOR BIDS FOR THE T.H. 60/71 WATER MAIN IMPROVEMENT PROJECT." and moved its adoption. The resolution was seconded by Fossing and on roll call vote: Aye: Jones, Maricle, Fossing and Powers. Nay: None. Absent: Ray. Resolution carried 4-0.

UNFINISHED BUSINESS:

None

NEW BUSINESS:

None

OLD BUSINESS:

None

REGULAR BILLS:

Motion by Maricle, seconded by Powers, to approve the regular bills. Motion carried 4-0.

CONTRACTOR BILLS:

Jones asked Johnson how close to completion the Street Shop Improvement Project was. Johnson said that they are finishing up plumbing this week and that most of the punch list items are nearly complete also.

Motion by Jones, seconded by Maricle, to approve paying the bill to Everstrong Construction, Inc., in the amount of \$48,663.37 for the Street Shop Improvement Project. Motion carried 4-0.

COUNCIL CONCERNS:

Maricle requested that staff get a determination from legal regarding the laws for open Personnel Meetings, the publications of the minutes and posting of the agenda items. Maricle also wanted to know the legalities of having the Mayor being a voting member on the Personnel Committee as he is a voting member on the City Council to break ties.

Preliminary

Jones said that he would like to have this information in writing at the next meeting from the City of Windom's legal department and the League of Minnesota Cities legal department. Jones said that it would be acceptable to have McDonald voice his opinion at the next meeting.

Powers asked Haugen how often fire hydrants are painted in the City of Windom. Haugen said that they are scheduled to be painted in 2012. Last time they were painted the City hired part time employees to do the work.

ADJOURN:

Kruse adjourned the meeting by unanimous consent at 7:46 p.m.

Kirby Kruse, Mayor

Attest: _____
Brigitte Olson, Assistant City Administrator

**ECONOMIC DEVELOPMENT AUTHORITY OF WINDOM
MINUTES
AUGUST 8, 2011**

1. Call to Order: The meeting was called to order by President Erickson at 12:05 p.m.
2. Roll Call & Guest Introductions:
EDAWN Commissioners: Juhl Erickson, Trevor Slette, Sally Larson, and Kelsey Fossing.
Absent: Corey Maricle

Also Present: EDA Staff –Mark Hanson, Executive Director, and Mary Hensen, Admin. Asst.; City Administrator Steve Nasby, and Bob Messer.
3. Approval of Minutes:

Motion by Commissioner Larson, seconded by Commissioner Slette, to approve the Minutes of the EDA Meeting held on June 13, 2011. Motion carried 4-0.
4. EDA Spec Building
 - A. Lease: The existing lease with Toro ends on October 31, 2011. Recently Director Hanson received a call from the agent for Toro concerning renewal of the lease. There was a discussion concerning the amounts which the EDA pays for real estate taxes, insurance, and other expenses for the property. Director Hanson will be compiling information concerning rental rates for similar property in Windom and other neighboring cities and will provide that information to the EDA Board in September for discussion concerning terms for a new lease of the property.
 - B. Phase II – Update: Discussions between the EDA and existing/potential tenants were held in 2009 concerning a possible 19,500 square foot (“Phase II”) addition to the EDA’s Spec Building. The Board received a brief update on the events concerning Phase II which occurred in 2009. The project was delayed pending further identification of the tenant’s warehouse space requirements. Director Hanson indicated that this summer renewed interest has been expressed concerning a possible Phase II addition. If the parties choose to pursue the Phase II addition, the project will need to be re-bid and a written commitment from a tenant will be required.
5. Madson Property – Status: Director Hanson provided the Board with an update concerning his conversations with Wayland Madson regarding the status of his property in Windom and his future plans for the property.
6. HRA Residential Rental Rehab Program - Update: Director Hanson provided the Board with copies of the program information sheet and HUD’s income guidelines for tenants. The HRA Board had allocated loan funds for two projects of up to \$10,000 each. Director Hanson advised that information was provided to thirteen interested parties, five applications were submitted to the HRA Board, and two were approved. He also responded to Bob Messer’s questions concerning advertising about the program and its requirements. The HRA may do additional loans in the future depending on the success of this initial program.
7. SCDP – Notice of Grant Award: The Board received copies of the letter from the Commissioner of the Department of Employment and Economic Development, dated June 22, 2011, advising Windom of the award of funding for a 2011 SCDP grant. The total to be awarded is \$269,175 jointly for the Cities of Windom and Mountain Lake. There are no target areas in either city. However for properties in Windom only, for an initial period of 60 days, preference will be given to funding for houses impacted by the September 2010 heavy rains. A joint community meeting is scheduled for Tuesday, August 23, 2011, at 6:30 p.m. at the

Windom Community Center. Advertising for this meeting will be published in both newspapers and the shopper and reported on KDOM Radio. Flyers will also be posted.

8. 2011 Strategic Goals – Six-Month Review: This item was tabled until the September meeting because of the length of the August agenda.

9. Executive Director’s Report

A. Minnesota Main Street – Workshop Recap: On June 30, 2011, Director Hanson attended a workshop, entitled “Fundraising for Downtown Revitalization”, held in New Ulm. On July 22, 2011, Emily Northey, Minnesota Main Street Program Coordinator with the Preservation Alliance of Minnesota, presented a “Main Street Program” Application Workshop at the BARC building. There were seven participants in this workshop. The 2011 application deadline for the program is October 12th. After reviewing the structure required for the program and the anticipated time to prepare an application, Director Hanson recommended that an application be submitted for the October, 2012, deadline. He also recommended that the EDA become an associate member of the Minnesota Main Street Program. This associate membership would allow the EDA to obtain information and program details, receive assistance with public meetings during the year, and would aid in preparation of the 2012 application.

Motion by Commissioner Slette, seconded by Commissioner Fossing, approving a \$250.00 associate membership for the EDA in the Minnesota Main Street Program. Motion carried 4-0.

B. Meetings, Seminars & Business Activity – Recap & C. Prospect Update: Director Hanson updated the Board concerning prospective business contacts he has had since the June Meeting and also MIRC activities. The goal is to launch the City’s updated website in early October.

10. Unfinished Business: A. Revised Resolution – EDA Loan: On April 11, 2011, the EDA Board approved Resolution No. 2011-01 authorizing the EDA to refinance the spec building loan with Fulda Area Credit Union. Resolution No. 2011-01 was then revised to approve the loan specifics, including a loan in the principal amount of \$435,000, or such amount as was sufficient to cover the payoff of the current first mortgage indebtedness and closing costs; and this revised resolution was adopted by the EDA Board on May 9, 2011. After calculation of accrued interest and inclusion of the loan closing costs and fees generated by the refinance, the principal balance of the loan increased to \$442,098.41 and the closing costs increased to \$4,189.35. All other terms of the loan were as approved by the EDA Board on May 9, 2011. It is necessary that EDA Resolution No. 2011-01 be revised to correctly reflect the principal balance of the loan and closing costs and to ratify Board actions and execution of documents by EDA Officers.

Resolution introduced and motion by Commissioner Larson, seconded by Commissioner Slette, to ratify and adopt EDA Resolution No. 2011-01 (Revised), entitled “Resolution Approving Refinancing of Spec Building Loan” based on the foregoing terms.

Upon roll call vote being taken, the following voted in favor thereof: Commissioners Slette, Larson and Fossing; the following voted against the same: None; Commissioner Erickson abstained from the voting; and the following were absent: Commissioner Maricle. [EDA Resolution No. 2011-01 (Revised) was adopted.]

11. Miscellaneous Information

- A. Monthly Budget Recap: The Board received copies of the monthly budget reports for May and June, 2011.
- B. River Bluff Townhomes – Monthly Financial Report: The Board received copies of the financial reports provided by Van Binsbergen & Associates for the periods ending May and June, 2011.

12. Adjourn: By consensus, President Erickson adjourned the meeting at 1:05 p.m.

Sally Larson, EDA Secretary-Treasurer

Attest: _____
Mark P. Hanson, Executive Director

Windom Library Board Meeting
Windom Library
August 9, 2011
5:05 p.m.

1. Call to order: The meeting was called to order by Jan Johnson at 5:05 p.m.

2. Roll Call:
Members Present: Kathy Hiley, Charles Reid, Jan Johnson,
Beth Fleming, Mary Erickson and John
Duscher

Members Absent: Anita Winkel

Library Staff Present: Dawn Aamot

City Council Member Present: None

3. Agenda and Minutes
Motion by Charles Reid and seconded by John Duscher to approve the Agenda and the Minutes.

4. Financial Report:

Motion by Beth Fleming and seconded by Mary Erickson to approve the Financial Report.

5. Librarians Report:
Dawn reported that the library has received the money from the Bruce Nelson Estate. Joan will be talking to the Friends of the Library about how much they will be contributing to the new book shelves. Joan will be attending the Plum Creek director's meeting. They will be discussing finances and the future of Plum Creek.

Dawn finished up the summer reading program at the end of July. About ½ of the reading logs were returned. The 2 families that participated in the Family Reading received bags with popcorn, animal crackers, Frisbees and a VHS movie. Overall, Dawn was pleased with this year's participation in summer reading.
Motion by John Duscher and seconded by Charles Reid to approve the librarian's report.

6. Old Business:
Dawn reported that Dan Fossing is looking for a date possibly in September to assemble the new shelving and the transfer of books. The cost will be about \$22,000 which includes assembly.
No date has been set for the annual book sale. It may possibly be held in September.

7. New Business:

Motion by Charles Reid and seconded by Mary Erickson that Kathy Hiley send a thank you to the representatives of the Bruce Nelson estate.

9. New Book Suggestions:

The board presented their suggestions.

10. Adjourn:

Motion by John Duscher, seconded by Charles Reid to adjourn.

Meeting adjourned at 5:24 p.m.

Respectfully submitted,

Kathy Hiley, recording secretary

08/09/2011

To the Windom City Council:

This letter is concerning the beer garden at the Cottonwood County fair. The Cottonwood County Agriculture Society recognizes and supports the Phat Pheasant Pub Inc. handling the beer garden.

During the course of the fair, The Cottonwood County Ag Society has use of the Windom Arena through our lease agreement. We are planning the beer garden will be in the northeast corner of the Windom Arena.

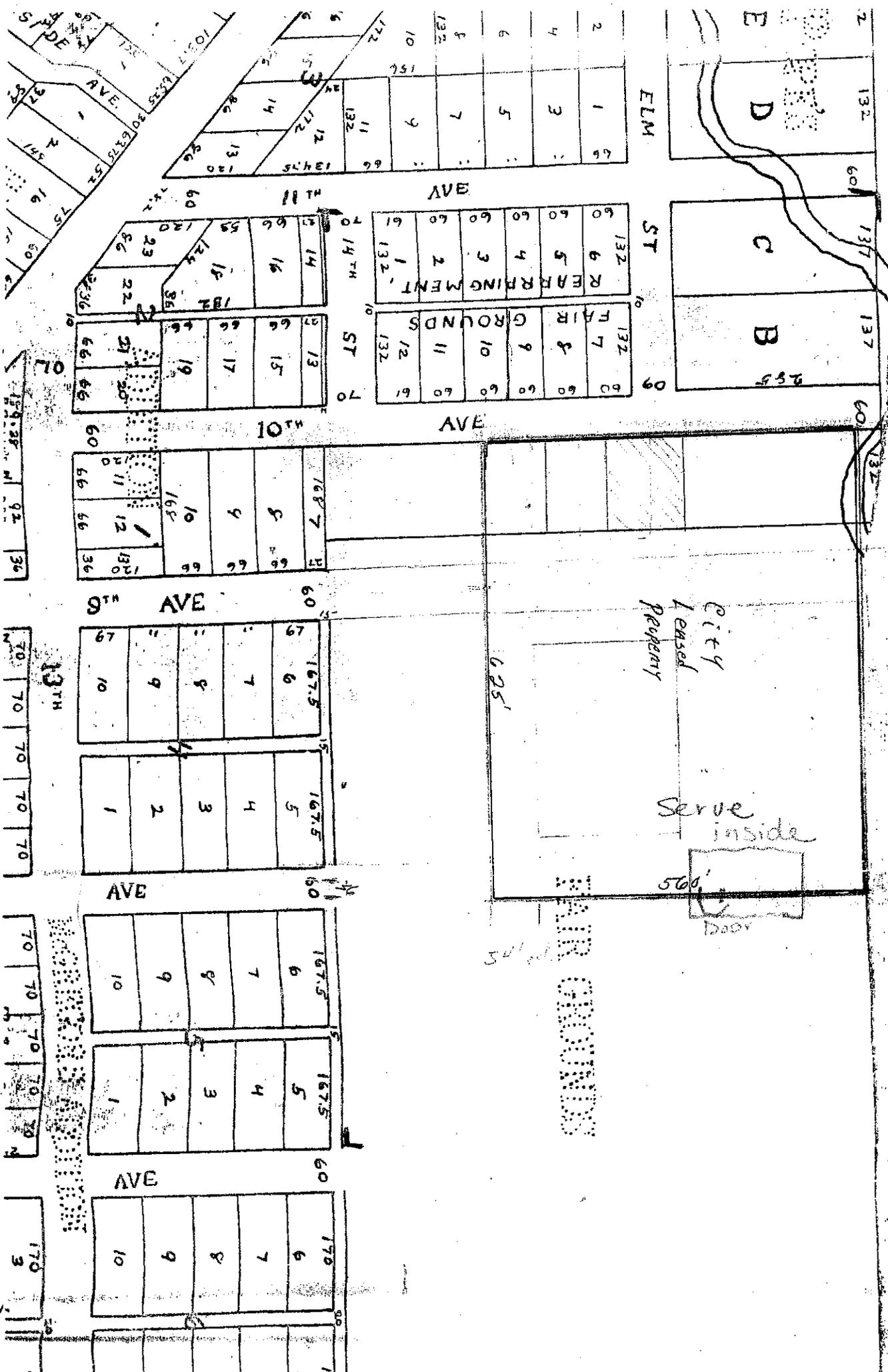
We are looking forward to working with Clark and the Phat Pheasant Pub Inc. during the fair, thank you for your consideration. Both the Cottonwood County Agriculture Society and the Phat Pheasant pub Inc. have liability insurance and will be responsible for the beer garden.

If you need anything other information please do not hesitate and call 507-822-0499.

A handwritten signature in black ink that reads "Sally Larson". The signature is written in a cursive, flowing style.

Sally Larson
Secretary Cottonwood County Agriculture Society

21 ACRES



CITY
LEASED
PROPERTY

SERVE
INSIDE

500'
DOOR

REAR
GROUNDS

50'

625'

11TH
AVE

10TH
AVE

9TH
AVE

8TH
AVE

7TH
AVE

ELM

ST

60	132	60	132
60	6	60	6
60	5	60	5
60	4	60	4
60	3	60	3
60	2	60	2
60	1	60	1
60	132	60	132

60	132	60	132
60	7	60	7
60	8	60	8
60	9	60	9
60	10	60	10
60	11	60	11
60	12	60	12
60	132	60	132

60	132	60	132
60	11	60	11
60	12	60	12
60	13	60	13
60	14	60	14
60	15	60	15
60	16	60	16
60	17	60	17
60	18	60	18
60	19	60	19
60	20	60	20
60	21	60	21
60	22	60	22
60	23	60	23
60	24	60	24
60	25	60	25
60	26	60	26
60	27	60	27
60	28	60	28
60	29	60	29
60	30	60	30
60	31	60	31
60	32	60	32
60	33	60	33
60	34	60	34
60	35	60	35
60	36	60	36

60	132	60	132
60	1	60	1
60	2	60	2
60	3	60	3
60	4	60	4
60	5	60	5
60	6	60	6
60	7	60	7
60	8	60	8
60	9	60	9
60	10	60	10
60	11	60	11
60	12	60	12
60	13	60	13
60	14	60	14
60	15	60	15
60	16	60	16
60	17	60	17
60	18	60	18
60	19	60	19
60	20	60	20
60	21	60	21
60	22	60	22
60	23	60	23
60	24	60	24
60	25	60	25
60	26	60	26
60	27	60	27
60	28	60	28
60	29	60	29
60	30	60	30
60	31	60	31
60	32	60	32
60	33	60	33
60	34	60	34
60	35	60	35
60	36	60	36

60	132	60	132
60	1	60	1
60	2	60	2
60	3	60	3
60	4	60	4
60	5	60	5
60	6	60	6
60	7	60	7
60	8	60	8
60	9	60	9
60	10	60	10
60	11	60	11
60	12	60	12
60	13	60	13
60	14	60	14
60	15	60	15
60	16	60	16
60	17	60	17
60	18	60	18
60	19	60	19
60	20	60	20
60	21	60	21
60	22	60	22
60	23	60	23
60	24	60	24
60	25	60	25
60	26	60	26
60	27	60	27
60	28	60	28
60	29	60	29
60	30	60	30
60	31	60	31
60	32	60	32
60	33	60	33
60	34	60	34
60	35	60	35
60	36	60	36

60	132	60	132
60	1	60	1
60	2	60	2
60	3	60	3
60	4	60	4
60	5	60	5
60	6	60	6
60	7	60	7
60	8	60	8
60	9	60	9
60	10	60	10
60	11	60	11
60	12	60	12
60	13	60	13
60	14	60	14
60	15	60	15
60	16	60	16
60	17	60	17
60	18	60	18
60	19	60	19
60	20	60	20
60	21	60	21
60	22	60	22
60	23	60	23
60	24	60	24
60	25	60	25
60	26	60	26
60	27	60	27
60	28	60	28
60	29	60	29
60	30	60	30
60	31	60	31
60	32	60	32
60	33	60	33
60	34	60	34
60	35	60	35
60	36	60	36

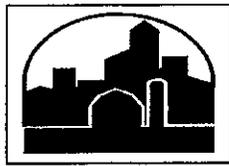
60	132	60	132
60	1	60	1
60	2	60	2
60	3	60	3
60	4	60	4
60	5	60	5
60	6	60	6
60	7	60	7
60	8	60	8
60	9	60	9
60	10	60	10
60	11	60	11
60	12	60	12
60	13	60	13
60	14	60	14
60	15	60	15
60	16	60	16
60	17	60	17
60	18	60	18
60	19	60	19
60	20	60	20
60	21	60	21
60	22	60	22
60	23	60	23
60	24	60	24
60	25	60	25
60	26	60	26
60	27	60	27
60	28	60	28
60	29	60	29
60	30	60	30
60	31	60	31
60	32	60	32
60	33	60	33
60	34	60	34
60	35	60	35
60	36	60	36

60	132	60	132
60	1	60	1
60	2	60	2
60	3	60	3
60	4	60	4
60	5	60	5
60	6	60	6
60	7	60	7
60	8	60	8
60	9	60	9
60	10	60	10
60	11	60	11
60	12	60	12
60	13	60	13
60	14	60	14
60	15	60	15
60	16	60	16
60	17	60	17
60	18	60	18
60	19	60	19
60	20	60	20
60	21	60	21
60	22	60	22
60	23	60	23
60	24	60	24
60	25	60	25
60	26	60	26
60	27	60	27
60	28	60	28
60	29	60	29
60	30	60	30
60	31	60	31
60	32	60	32
60	33	60	33
60	34	60	34
60	35	60	35
60	36	60	36

60	132	60	132
60	1	60	1
60	2	60	2
60	3	60	3
60	4	60	4
60	5	60	5
60	6	60	6
60	7	60	7
60	8	60	8
60	9	60	9
60	10	60	10
60	11	60	11
60	12	60	12
60	13	60	13
60	14	60	14
60	15	60	15
60	16	60	16
60	17	60	17
60	18	60	18
60	19	60	19
60	20	60	20
60	21	60	21
60	22	60	22
60	23	60	23
60	24	60	24
60	25	60	25
60	26	60	26
60	27	60	27
60	28	60	28
60	29	60	29
60	30	60	30
60	31	60	31
60	32	60	32
60	33	60	33
60	34	60	34
60	35	60	35
60	36	60	36

60	132	60	132
60	1	60	1
60	2	60	2
60	3	60	3
60	4	60	4
60	5	60	5
60	6	60	6
60	7	60	7
60	8	60	8
60	9	60	9
60	10	60	10
60	11	60	11
60	12	60	12
60	13	60	13
60	14	60	14
60	15	60	15
60	16	60	16
60	17	60	17
60	18	60	18
60	19	60	19
60	20	60	20
60	21	60	21
60	22	60	22
60	23	60	23
60	24	60	24
60	25	60	25
60	26	60	26
60	27	60	27
60	28	60	28
60	29	60	29
60	30	60	30
60	31	60	31
60	32	60	32
60	33	60	33
60	34	60	34
60	35	60	35
60	36	60	36

60	132	60	132
60	1	60	1
60	2	60	2
60	3	60	3
60	4	60	4
60	5	60	5
60	6	60	6
60	7	60	7
60	8	60	8
60	9	60	9
60	10	60	10
60	11	60	11
60	12	60	12
60	13	60	13
60	14	60	14
60	15	60	15
60	16	60	16
60	17	60	17
60	18	60	18
60	19	60	19
60	20	60	20
60	21	60	21
60	22	60	22
60			



City of Windom
Windom, Minnesota

Application

For Authorization to Dispense Intoxicating Liquor

To the Windom City Council :

The undersigned hereby applies for authorization to dispense intoxicating liquor on City owned property during a City sponsored event in the City of Windom in accordance with the information given below, City of Windom Code Chapter 5 and Minnesota Statute 340A.404:

Location of Event Windom City Arena NE corner
Date of Event Aug 17, 18, 19 & 20th 2011
Hours 4 pm to 12 am
Type of Event Fair Beer Garden

Alot Pheasant Pub
Name of Individual/Organization

[Signature]
Licensee Officers Signature

2370 HWY 60 S
Street Address

Windom Ma 56101
City State

507 831 3917
Telephone Number

Application Approved Disapproved
this _____ day of _____, 20_____

City Administrator

License Fee - None \$0.00	
<input checked="" type="checkbox"/>	Copy of On-sale license attached
<input checked="" type="checkbox"/>	Proof of insurance attached
<input checked="" type="checkbox"/>	City named as additional insured
<input checked="" type="checkbox"/>	Licensee has signed the Hold Harmless Agreement

Hold Harmless and Indemnification Agreement

IN CONSIDERATION OF authorization by the Windom City Council to dispense intoxicating liquor on City-owned property or during a City sponsored event, the undersigned licensee hereby agrees to hold harmless the City of Windom, its employees and its agents, from any and all claims for any damages whatsoever arising out of the licensee providing intoxicating liquor under said authorization on the _____ day of _____, 20____. Further, the undersigned licensee agrees to indemnify the City of Windom for any such claims for damages whatsoever arising out of licensee's dispensing of said intoxicating liquor, including the reimbursement of the City of Windom's costs and disbursements, including reasonable attorneys' fees in defending any such action for claims and damages.

[Signature]
Licensee Officers Signature

8-9-11
Date

WINDOM AREA HOSPITAL
Windom, Minnesota

COMBINED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2011 AND 2010

WINDOM AREA HOSPITAL
Windom, Minnesota
TABLE OF CONTENTS
YEARS ENDED APRIL 30, 2011 AND 2010

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2
COMBINED FINANCIAL STATEMENTS	
COMBINED BALANCE SHEETS	7
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	11
COMBINED STATEMENTS OF CASH FLOWS	13
NOTES TO COMBINED FINANCIAL STATEMENTS	17
INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE	28
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	29
SCHEDULE OF FINDINGS	31

LarsonAllen[®] LLP

CPAs, Consultants & Advisors
www.larsonallen.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Windom Area Hospital and Affiliate
Windom, Minnesota

We have audited the accompanying combined balance sheets of Windom Area Hospital and its discretely presented component unit as of April 30, 2011 and 2010, and the related combined statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These combined financial statements are the responsibility of the management of Windom Area Hospital. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Windom Area Hospital as of April 30, 2011 and 2010 and the results of its operations, changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2011 on our consideration of Windom Area Hospital's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 2 through 6, is not a required part of the basic combined financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on management's discussion and analysis.

LarsonAllen LLP
LarsonAllen LLP

Minneapolis, Minnesota
June 28, 2011



(1)
An independent member of Nexia International

WINDOM AREA HOSPITAL
Windom, Minnesota
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2011 AND 2010

Introduction

The Windom Area Hospital (Hospital) offers readers of our combined financial statements this narrative overview and analysis of the financial activities of Windom Area Hospital for the fiscal years ended April 30, 2011 and 2010. We encourage readers to consider the information presented here in conjunction with the Hospital's combined financial statements, including the notes thereto.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Windom Area Hospital's audited combined financial statements. The combined financial statements are composed of the combined balance sheet, combined statement of revenues, expenses and changes in net assets, and the combined statement of cash flows. The combined financial statements also include notes to the combined financial statements that explain in more detail some of the information in the combined financial statements. The combined financial statements are designed to provide readers with a broad overview of the Hospital's finances.

The combined financial statements include the Hospital and Foundation finances. The mission of the Windom Area Foundation is to provide charitable support for medical and educational programs of Windom Area Hospital. Total Foundation net assets were \$133,195 at year-end.

Required Financial Statements

The Hospital's combined financial statements report information of Windom Area Hospital using accounting methods similar to those used by private sector healthcare organizations. These statements offer short and long-term information about its activities. The combined balance sheet includes all of the Hospital's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Hospital creditors (liabilities). The combined balance sheet also provides the basis for evaluating the capital structure of the Hospital and assessing the liquidity and financial flexibility of the Hospital.

All of the current year's revenues and expenses are accounted for in the combined statement of revenues, expenses, and changes in net assets. This statement can be used to determine whether the Hospital has successfully recovered all of its costs through its patient service revenue and other revenue sources. Revenues and expenses are reported on an accrual basis, which means the related cash could be received or paid in a subsequent period.

The final required statement is the combined statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It also provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Highlights

Hospital total assets decreased by \$921,808 to \$17,682,038 in FY 2011 and increased by \$714,653 to \$18,603,846 in FY 2010. Net property, plant and equipment decreased by \$426,069 in FY 2011 and by \$108,861 in FY 2010. Total liabilities decreased by \$1,990,825 in FY 2011 and by \$165,858 in FY 2010. The large decrease in liabilities in FY 2011 is due to the 2003 gross revenue bonds being paid off in full during the year. The total margin was 7.1%, 6.2% and 6.9% for the years ended April 30, 2011, 2010 and 2009, respectively.

WINDOM AREA HOSPITAL
Windom, Minnesota
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2011 AND 2010

Financial Analysis of the Hospital

The combined balance sheet and the combined statement of revenues, expenses, and changes in net assets report the net assets of the Hospital and the changes in them. The Hospital's net assets - the difference between assets and liabilities - is a way to measure financial health or financial position. Over time, sustained increases or decreases in the Hospital's net assets are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in economic condition, population growth and new or changed governmental legislation should also be considered.

Net Assets

A summary of the Hospital's balance sheets at April 30, 2011, 2010 and 2009 is presented below:

Table 1
Condensed Combined Balance Sheets (in Thousands)

	April 30,		
	2011	2010	2009
Current Assets	\$ 5,516	\$ 4,855	\$ 4,100
Assets Limited as to Use	5,823	6,934	6,186
Capital Assets	6,343	6,769	7,458
Other Assets	-	46	146
Total Assets	\$ 17,682	\$ 18,604	\$ 17,889
Current Liabilities	\$ 847	\$ 947	\$ 1,010
Long-Term Debt Outstanding	-	1,891	1,994
Total Liabilities	847	2,838	3,004
Invested in Capital Assets, Net of Related Debt	6,343	4,773	5,364
Restricted	106	324	305
Unrestricted	10,386	10,670	9,216
Total Net Assets	16,835	15,766	14,885
Total Liabilities and Net Assets	\$ 17,682	\$ 18,604	\$ 17,889

As can be seen by Table 1, net assets increased by approximately \$1,069,000 to \$16.8 million in fiscal year 2011. In fiscal year 2010, net assets increased by approximately \$881,000 to \$15.8 million. The change in net assets results primarily from operating income.

WINDOM AREA HOSPITAL
Windom, Minnesota
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2011 AND 2010

Revenues, Expenses, and Changes in Net Assets

The following table presents a summary of the Hospital's historical revenues and expenses for the fiscal years ended April 30, 2011, 2010 and 2009.

Table 2
Condensed Combined Statements of Revenue, Expenses, and Changes in Net Assets
(in Thousands)

	Year Ended April 30,		
	2011	2010	2009
Operating Revenues	\$ 13,880	\$ 13,477	\$ 13,377
Operating Expenses	12,886	12,778	12,601
Operating Income	994	699	776
Non-Operating Income	85	166	194
Excess of Revenues over Expenses	1,079	866	970
Capital Grants, Contributions, Other	(10)	15	188
Changes in Net Assets	1,069	881	1,158
Total Net Assets, Beginning of Year	15,766	14,885	13,727
Total Net Assets, End of Year	\$ 16,835	\$ 15,766	\$ 14,885

Operating and Financial Performance

Volume: Inpatient admissions (excluding newborns) for fiscal year 2011 were 436 compared to 508 in fiscal year 2010 and 583 in fiscal year 2009. This is a decrease of 72 or 14% between 2011 and 2010 and a decrease of 75 or 13% between 2010 and 2009. Patient days (excluding newborns) for fiscal year 2011 were 1,161 compared to 1,454 in fiscal year 2010 and 1,554 in fiscal year 2009. This is a decrease of 293 or 20% from 2010 and a decrease of 100 or 6% between 2010 and 2009. The length of stay increased from 2.7 days in 2009 to 2.9 days in 2010 and decreased to 2.7 days in 2010. Emergency department visits increased to 3,544 in fiscal year 2011 from 3,238 in fiscal year 2010. This is a increase of 306 visits or 9%. They decreased from 3,245 in 2009, which is a decrease of 7 visits or .2%. All other outpatient visits for 2011 were 16,578 compared to 17,289 in 2010 and 16,985 in 2009. This is a decrease of 711 visits from 2010 to 2011 and an increase of 304 visits from 2009 to 2010. Total surgeries decreased to 1,161 in fiscal year 2011 from 1,316 in fiscal year 2010. This is a decrease of 155 surgeries or 12%. In fiscal year 2010, surgeries decreased from 1,435 which is a decrease of 119 surgeries or 8%.

Net Patient Service Revenue: As a result of the rate increases during the year, net patient service revenue increased \$303,639 or approximately 2% compared to fiscal year 2010. Revenue deductions, the amount of patient service revenue uncollectible due to contractual agreements, government reimbursement policies, and bad debts increased to \$5,822,964 from \$5,633,855, an approximately 3% increase.

Other Operating Revenue: Other operating revenue increased \$99,732 and decreased \$94,406 in fiscal years 2011 and 2010, respectively, from the previous year. The decrease in fiscal year 2010 is due to a larger share in losses in Southwest MN Radiation Center. The increase in fiscal year 2011 is due to a smaller share in losses in Southwest MN Radiation Center.

WINDOM AREA HOSPITAL
Windom, Minnesota
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2011 AND 2010

Nursing Services: Nursing service expenses decreased \$92,696 and increased \$193,368 in fiscal years 2011 and 2010, respectively, from the previous year. The decrease in 2011 is a result of decreased overall supply expenses.

Other Professional Services: Other professional services increased \$246,667 and decreased \$157,676 in fiscal years 2011 and 2010, respectively, from the previous year. The large increase in the current year is due to increased pharmacy and radiology expenses related to higher utilization.

General Services: General services decreased \$50,375 and \$8,272 in fiscal years 2011 and 2010, respectively, when compared to the previous year. Decreases in these expenses are related to reduced maintenance and supply costs as fewer projects were going on.

Administrative and Fiscal Services: Expenses in this category increased by \$135,613 and \$137,928 in fiscal years 2011 and 2010, respectively, when compared to the previous year. Salaries and related employee benefit costs, primarily health insurance continue to rise.

Interest and Amortization: Interest and amortization decreased \$47,994 and \$3,512 in fiscal years 2011 and 2010, respectively, when compared to the previous year. This large decrease in the current year is due to the 2003 gross revenue bonds being paid off in full during 2011.

Depreciation: Depreciation decreased \$85,243 and increased \$19,196 in fiscal years 2011 and 2010, respectively, when compared to the previous year. The decrease in the current year is a result of disposals and assets becoming fully depreciated.

Non-Operating Revenue and Expenses: The total in this category decreased \$81,360 and \$28,236 in fiscal years 2011 and 2010, respectively, when compared to the previous year. The decrease is due to a decrease in interest rates on cash and investments.

Capital Assets

At the end of fiscal years 2011, 2010 and 2009, the Hospital had invested \$6,342,822, \$6,768,891 and \$7,458,271, respectively, in net capital assets. The \$426,069 decrease in capital assets in fiscal year 2011 is primarily a result of the annual depreciation offset by minimal additions.

Capital Grants and Contributions

For the years ended 2011, 2010 and 2009, the Hospital had a total of \$9,000, \$14,982 and \$187,722, respectively, in capital grants and contributions. Due to economic conditions in the past two years contributions and grants have significantly decreased.

WINDOM AREA HOSPITAL
Windom, Minnesota
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2011 AND 2010

Economic and Other Factors and Next Year's Budget

The Windom Area Hospital's Board of Directors and management considered many factors when setting the fiscal year 2012 budget. Of primary importance in setting the 2012 budget is the status of the economy, which takes into account market forces and environmental factors such as:

- Medicare and Medicaid reimbursement rates continued decline
- Recovery Audit Contractors
- Government pressure to computerize health records
- Increased expectations for quality at a lower price
- Workforce shortages
- Cost of supplies
- Increasing drug costs and drug shortages
- Aging equipment

Contacting the Hospital's Finance Department

Windom Area Hospital's combined financial statements are designed to present users with a general overview of the Hospital's finances and to demonstrate the Windom Area Hospital's accountability. If you have questions about the report or need additional financial information, please contact Administration at Windom Area Hospital, 2150 Hospital Drive, PO Box 339, Windom, MN 56101.

	Primary Enterprise	Component Unit (Foundation)	Total Reporting Entity (Memorandum Only)
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$ 291,491	\$ -	\$ 291,491
Accrued Expenses	555,685	-	555,685
Total Current Liabilities	<u>847,176</u>	<u>-</u>	<u>847,176</u>
Total Liabilities	847,176	-	847,176
COMMITMENTS AND CONTINGENCIES			
NET ASSETS			
Invested in Capital Assets Net of Related Debt	6,342,822	-	6,342,822
Restricted:			
Expendable for Specific Donor Restrictions	60,226	46,001	106,227
Unrestricted	10,298,619	87,194	10,385,813
Total Net Assets	<u>16,701,667</u>	<u>133,195</u>	<u>16,834,862</u>
Total Liabilities and Net Assets	<u>\$ 17,548,843</u>	<u>\$ 133,195</u>	<u>\$ 17,682,038</u>

	<u>Primary Enterprise</u>	<u>Component Unit (Foundation)</u>	<u>Total Reporting Entity (Memorandum Only)</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Current Maturities of Long-Term Debt	\$ 105,000	\$ -	\$ 105,000
Accounts Payable	281,634	-	281,634
Accrued Expenses	560,003	-	560,003
Total Current Liabilities	<u>946,637</u>	<u>-</u>	<u>946,637</u>
LONG-TERM DEBT, Net of Current Maturities	<u>1,891,364</u>	<u>-</u>	<u>1,891,364</u>
Total Liabilities	2,838,001	-	2,838,001
COMMITMENTS AND CONTINGENCIES			
NET ASSETS			
Invested in Capital Assets Net of Related Debt	4,772,527	-	4,772,527
Restricted:			
Expendable for Bond Indenture	205,655	-	205,655
Expendable for Specific Donor Restrictions	51,226	66,670	117,896
Unrestricted	10,629,540	40,227	10,669,767
Total Net Assets	<u>15,658,948</u>	<u>106,897</u>	<u>15,765,845</u>
Total Liabilities and Net Assets	<u>\$ 18,496,949</u>	<u>\$ 106,897</u>	<u>\$ 18,603,846</u>

WINDOM AREA HOSPITAL
Windom, Minnesota
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
YEAR ENDED APRIL 30, 2011

	Primary Enterprise	Component Unit (Foundation)	Total Reporting Entity (Memorandum Only)
REVENUE			
Net Patient Service Revenue	\$ 13,731,920	\$ -	\$ 13,731,920
Other Revenue	104,435	44,099	148,534
Total Revenue	<u>13,836,355</u>	<u>44,099</u>	<u>13,880,454</u>
EXPENSES			
Nursing Services	3,769,718	-	3,769,718
Other Professional Services	4,196,502	-	4,196,502
General Services	1,015,012	-	1,015,012
Administrative and Fiscal Services	3,108,353	1,566	3,109,919
Interest and Amortization	60,005	-	60,005
Depreciation	735,112	-	735,112
Total Expenses	<u>12,884,702</u>	<u>1,566</u>	<u>12,886,268</u>
INCOME FROM OPERATIONS	951,653	42,533	994,186
NONOPERATING REVENUE AND EXPENSES			
Interest Income	85,195	-	85,195
Noncapital Grants and Contributions	-	12,639	12,639
Loss on Disposal of Assets	(13,117)	-	(13,117)
Total Nonoperating Revenue and Expenses	<u>72,078</u>	<u>12,639</u>	<u>84,717</u>
EXCESS OF REVENUE OVER EXPENSES	1,023,731	55,172	1,078,903
Capital Grants and Contributions	9,000	-	9,000
Expenses Paid on Behalf of Related Party	(18,886)	-	(18,886)
Related Party Transfers	28,874	(28,874)	-
INCREASE IN NET ASSETS	1,042,719	26,298	1,069,017
NET ASSETS			
Beginning of Year	<u>15,658,948</u>	<u>106,897</u>	<u>15,765,845</u>
End of Year	<u>\$ 16,701,667</u>	<u>\$ 133,195</u>	<u>\$ 16,834,862</u>

See accompanying Notes to Combined Financial Statements.

WINDOM AREA HOSPITAL
Windom, Minnesota
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
YEAR ENDED APRIL 30, 2010

	Primary Enterprise	Component Unit (Foundation)	Total Reporting Entity (Memorandum Only)
REVENUE			
Net Patient Service Revenue	\$ 13,428,281	\$ -	\$ 13,428,281
Other Revenue	38,953	9,849	48,802
Total Revenue	<u>13,467,234</u>	<u>9,849</u>	<u>13,477,083</u>
EXPENSES			
Nursing Services	3,862,414	-	3,862,414
Other Professional Services	3,949,835	-	3,949,835
General Services	1,065,387	-	1,065,387
Administrative and Fiscal Services	2,965,732	5,909	2,971,641
Interest and Amortization	107,999	-	107,999
Depreciation	820,355	-	820,355
Total Expenses	<u>12,771,722</u>	<u>5,909</u>	<u>12,777,631</u>
INCOME FROM OPERATIONS	695,512	3,940	699,452
NONOPERATING REVENUE AND EXPENSES			
Interest Income	142,857	-	142,857
Noncapital Grants and Contributions	-	23,601	23,601
Loss on Disposal of Assets	(381)	-	(381)
Total Nonoperating Revenue and Expenses	<u>142,476</u>	<u>23,601</u>	<u>166,077</u>
EXCESS OF REVENUE OVER EXPENSES	837,988	27,541	865,529
Capital Grants and Contributions	3,618	11,364	14,982
Related Party Transfers	<u>18,449</u>	<u>(18,449)</u>	<u>-</u>
INCREASE IN NET ASSETS	860,055	20,456	880,511
NET ASSETS			
Beginning of Year	<u>14,798,893</u>	<u>86,441</u>	<u>14,885,334</u>
End of Year	<u>\$ 15,658,948</u>	<u>\$ 106,897</u>	<u>\$ 15,765,845</u>

See accompanying Notes to Combined Financial Statements.

WINDOM AREA HOSPITAL
Windom, Minnesota
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2011

	Primary Enterprise	Component Unit (Foundation)	Total Reporting Entity (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from and on Behalf of Patients	\$ 13,652,181	\$ -	\$ 13,652,181
Payments to Suppliers and Contractors	(6,835,069)	(1,566)	(6,836,635)
Payments to Employees	(5,266,062)	-	(5,266,062)
Other Receipts and Payments, Net	145,781	56,738	202,519
Net Cash Provided by Operating Activities	<u>1,696,831</u>	<u>55,172</u>	<u>1,752,003</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Capital Grants and Contributions	9,000	-	9,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Expenditures	(309,043)	-	(309,043)
Cash Payments for Interest	(16,904)	-	(16,904)
Principal Payments on Debt	(2,030,000)	-	(2,030,000)
Net Cash Used by Capital and Related Financing Activities	<u>(2,355,947)</u>	<u>-</u>	<u>(2,355,947)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Investments	(1,621,057)	(12,639)	(1,633,696)
Sale of Investments	2,860,761	33,308	2,894,069
Change in Other Assets	(680)	-	(680)
Expenses Paid on Behalf of Related Party	(18,886)	-	(18,886)
Transfer from (to) Related Party	28,874	(28,874)	-
Interest Income	85,195	-	85,195
Net Cash Provided (Used) by Investing Activities	<u>1,334,207</u>	<u>(8,205)</u>	<u>1,326,002</u>
INCREASE IN CASH AND CASH EQUIVALENTS			
	684,091	46,967	731,058
Cash and Cash Equivalents - Beginning	<u>2,302,116</u>	<u>40,227</u>	<u>2,342,343</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 2,986,207</u>	<u>\$ 87,194</u>	<u>\$ 3,073,401</u>

See accompanying Notes to Combined Financial Statements.

WINDOM AREA HOSPITAL
Windom, Minnesota
COMBINED STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED APRIL 30, 2011

	<u>Primary Enterprise</u>	<u>Component Unit (Foundation)</u>	<u>Total Reporting Entity (Memorandum Only)</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Income from Operations	\$ 951,653	\$ 42,533	\$ 994,186
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	735,112	-	735,112
Interest Expense Considered a Capital Financing Activity	16,904	-	16,904
Amortization	43,101	-	43,101
Loss on Disposal of Assets	(13,117)	-	(13,117)
Provision for Bad Debts	391,230	-	391,230
Equity in Earnings from Joint Ventures	37,559	-	37,559
Noncapital Grants and Contributions	-	12,639	12,639
(Increase) Decrease in:			
Patient Accounts Receivable	(514,575)	-	(514,575)
Other Accounts Receivable	10,961	-	10,961
Accrued Interest Receivable	6,645	-	6,645
Supplies and Prepaid Expenses	(181)	-	(181)
Increase (Decrease) in:			
Accounts Payable	9,857	-	9,857
Due to Third-Party Payors	26,000	-	26,000
Accrued Expenses	(4,318)	-	(4,318)
Net Cash Provided by Operating Activities	<u>\$ 1,696,831</u>	<u>\$ 55,172</u>	<u>\$ 1,752,003</u>

See accompanying Notes to Combined Financial Statements.

WINDOM AREA HOSPITAL
Windom, Minnesota
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2010

	Primary Enterprise	Component Unit (Foundation)	Total Reporting Entity (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from and on Behalf of Patients	\$ 13,160,731	\$ -	\$ 13,160,731
Payments to Suppliers and Contractors	(6,978,593)	(5,909)	(6,984,502)
Payments to Employees	(4,884,769)	-	(4,884,769)
Other Receipts and Payments, Net	241,483	33,450	274,933
Net Cash Provided by Operating Activities	<u>1,538,852</u>	<u>27,541</u>	<u>1,566,393</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Capital Grants and Contributions	3,618	11,364	14,982
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Expenditures	(130,975)	-	(130,975)
Cash Payments for Interest	(104,851)	-	(104,851)
Principal Payments on Long-Term Debt	(100,000)	-	(100,000)
Net Cash Used by Capital and Related Financing Activities	<u>(335,826)</u>	<u>-</u>	<u>(335,826)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Investments	(2,431,046)	(34,966)	(2,466,012)
Sale of Investments	1,695,602	17,564	1,713,166
Change in Other Assets	432	-	432
Transfer from (to) Related Party	18,449	(18,449)	-
Interest Income	142,857	-	142,857
Net Cash Used by Investing Activities	<u>(573,706)</u>	<u>(35,851)</u>	<u>(609,557)</u>
INCREASE IN CASH AND CASH EQUIVALENTS			
	632,938	3,054	635,992
Cash and Cash Equivalents - Beginning	<u>1,669,178</u>	<u>37,173</u>	<u>1,706,351</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 2,302,116</u>	<u>\$ 40,227</u>	<u>\$ 2,342,343</u>

See accompanying Notes to Combined Financial Statements.

WINDOM AREA HOSPITAL
Windom, Minnesota
COMBINED STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED APRIL 30, 2010

	Primary Enterprise	Component Unit (Foundation)	Total Reporting Entity (Memorandum Only)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Income from Operations	\$ 695,512	\$ 3,940	\$ 699,452
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	820,355	-	820,355
Interest Expense Considered a Capital Financing Activity	104,851	-	104,851
Amortization	3,148	-	3,148
Loss on Disposal of Assets	(381)	-	(381)
Provision for Bad Debts	381,523	-	381,523
Equity in Earnings from Joint Ventures	98,060	-	98,060
Noncapital Grants and Contributions	-	23,601	23,601
(Increase) Decrease in:			
Patient Accounts Receivable	(456,220)	-	(456,220)
Other Accounts Receivable	11,667	-	11,667
Accrued Interest Receivable	1,480	-	1,480
Supplies and Prepaid Expenses	33,161	-	33,161
Increase (Decrease) in:			
Accounts Payable	3,183	-	3,183
Due to Third-Party Payors	(206,000)	-	(206,000)
Accrued Expenses	48,513	-	48,513
Net Cash Provided by Operating Activities	<u>\$ 1,538,852</u>	<u>\$ 27,541</u>	<u>\$ 1,566,393</u>

See accompanying Notes to Combined Financial Statements.

WINDOM AREA HOSPITAL
Windom, Minnesota
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Windom Area Hospital (Hospital), an enterprise fund of the City of Windom, Minnesota, is managed by a board of directors appointed by the City Council, and is licensed to provide hospital services. The Hospital is exempt from Federal and State income taxes.

For financial reporting purposes, the Hospital is divided into the "Primary Enterprise" and "Component Unit." The Primary Enterprise consists of the Hospital.

The Windom Area Hospital Foundation, Inc. (Foundation) is a 501(c)(3) Organization whose sole purpose is to support the Windom Area Hospital. The Foundation conducts fundraising campaigns on behalf of the Windom Area Hospital. The Foundation's operations have been discretely presented as a component unit of the Hospital.

The memorandum-only totals aggregate the Primary Enterprise and its Component Unit. In accordance with governmental accounting standards, no consolidating or other eliminations were made in arriving at the totals; thus, they do not represent consolidated information.

Proprietary Fund Accounting

The Hospital utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Substantially all revenue and expenses are subject to accrual.

Accounting Standards

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, Windom Area Hospital has elected not to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989.

Use of Estimates

The preparation of combined financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

WINDOM AREA HOSPITAL
Windom, Minnesota
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions

From time to time, the Hospital receives grants and contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents are considered to be highly liquid investments with an original maturity of ninety days or less, and exclude assets limited as to use.

Accounts Receivable and Allowance for Uncollectible Accounts

The Hospital provides an allowance for uncollectible self-pay and miscellaneous commercial insurance accounts. Patients are not required to provide collateral for services rendered. Payment for services is required upon receipt of an invoice, after payment by insurance, if any. Self-pay accounts are analyzed for collectibility based on the months past due and payment history. An allowance is estimated for these accounts based on the historical experience of the Hospital. Accounts that are determined to be uncollectible are sent to a collection agency and written off at that time. At April 30, 2011 and 2010, the allowance for uncollectible accounts was approximately \$448,000 and \$476,000, respectively.

Supplies

Supplies are stated at cost (principally on the first-in, first-out basis) not in excess of market value. Market value is determined by comparison with recent purchases or realizable value.

Assets Limited as to Use

Assets limited as to use include assets set aside for debt service, for construction payments, and by the board of directors for future capital improvements, over which the Board retains control and may, at its discretion, subsequently use for other purposes.

Investments

Investments are recorded at cost, if purchased, or at fair market value on the date received, if by gift or bequest. All investments are carried at market value.

Investment in Partnership

The Hospital reports its investment in partnership under the equity method of accounting. The equity method of accounting is generally required when ownership is 50% or less. The equity method does not include all the accounts of the entity in the combined financial statements; rather the investment is carried at cost, adjusted for the partner's share of the earnings, losses and distributions.

WINDOM AREA HOSPITAL
Windom, Minnesota
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Debt Acquisition Costs

Deferred debt acquisition costs are being amortized on the straight-line method over the life of the related debt. During the year ended April 30, 2011 the related debt was paid off entirely, and therefore the remaining debt acquisition costs have been fully amortized as of April 30, 2011.

Capital Assets

Capital assets are stated at cost, if purchased, or at fair market value on the date received, if donated, less accumulated depreciation. All capital assets other than land and construction in progress are depreciated on a straight-line basis over the estimated useful lives of the property:

Land Improvements	8-20 Years
Buildings	10-40 Years
Fixed Equipment	5-20 Years
Moveable Equipment	3-20 Years

Policy for Care of the Underserved

The Hospital provides care to patients who meet certain criteria under their charity care policy without charge or at amounts less than their established rates. The Hospital believes the underserved are those persons who are unable through private resources, employer support, or public aid to provide payment for health care services or those unable to gain access to health related care because of limited resources, inadequate education, or discrimination. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Operating Revenues and Expenses

The Hospital's statement of revenues, expenses and changes in net assets distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services - the Hospital's principal activity. Non-exchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services.

WINDOM AREA HOSPITAL
Windom, Minnesota
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets of the Hospital are classified in three components. *Net assets invested in capital assets net of related debt* consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted expendable net assets* are non-capital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Hospital. *Unrestricted net assets* are remaining net assets that do not meet the definition of *invested in capital assets net of related debt* or *restricted*.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses, and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters.

Recent Pronouncement

On January 1, 2009, the Hospital adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement creates a uniform method to account for Other Post-Employment Benefit (OPEB) plans. OPEBs are generally provided to an employee in exchange for their services to the employer. OPEBs can be made up of several different types of plans (but not pension plans) and typically include life insurance and health care benefits. Under the accrual method of accounting, OPEB cost is recognized in the same period as the compensated services are performed. The potential liability is related to the implicit rate subsidy of the employee health insurance plan offered to retirees, however there has historically been minimal use of this benefit. The impact of this statement has been evaluated and the potential liability is considered immaterial to the Hospital's combined financial statements.

NOTE 2 NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors which provide for payments to the organization at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows.

Medicare

The Hospital has elected the Critical Access Hospital (CAH) designation. As a CAH, the Hospital is reimbursed for inpatient, outpatient and swing bed services for Medicare patients on a reasonable cost basis. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.

WINDOM AREA HOSPITAL
Windom, Minnesota
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

NOTE 2 NET PATIENT SERVICE REVENUE (CONTINUED)

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed according to a prospective DRG payment system. Outpatient Medicaid services are reimbursed on reasonable cost.

Revenue from the Medicare program accounted for approximately 33% and 37% for the years ended 2011 and 2010, respectively, and revenue from the Medicaid program accounted for approximately 1% of the Hospital's net patient revenue for both years ended April 30, 2011 and 2010. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The 2011 and 2010 net patient service revenue increased approximately \$1,000 and \$3,000, respectively, due to removal of allowance previously estimated that are no longer considered necessary as a result of changes in estimates and years that are no longer subject to audits, reviews, and investigations.

Other

The Hospital has also entered into payment agreements with certain commercial insurance carriers. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

The following is a reconciliation of gross patient service revenue to net patient service revenue:

	2011	2010
Gross Patient Service Revenue	\$ 19,554,884	\$ 19,062,136
Adjustments and Discounts:		
Medicare	(2,506,157)	(2,534,700)
Medicaid	(410,143)	(429,168)
Other	(2,515,434)	(2,288,464)
Provision for Bad Debt	(391,230)	(381,523)
Total Adjustments and Discounts	<u>(5,822,964)</u>	<u>(5,633,855)</u>
Net Patient Service Revenue	<u>\$ 13,731,920</u>	<u>\$ 13,428,281</u>

WINDOM AREA HOSPITAL
Windom, Minnesota
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

NOTE 3 ACCOUNTS RECEIVABLE

Patient accounts receivable reported as current assets by Windom Area Hospital at April 30, 2011 and 2010 consist of these amounts:

	2011	2010
Receivable from Patients and Their Insurance Carriers	\$ 1,800,910	\$ 1,777,775
Receivable from Medicare	494,416	429,066
Receivable from Medicaid	144,079	137,219
Total Patient Accounts Receivable	<u>2,439,405</u>	<u>2,344,060</u>
Less: Allowance for Uncollectible Amounts	(448,000)	(476,000)
Net Patient Accounts Receivable	<u>\$ 1,991,405</u>	<u>\$ 1,868,060</u>

NOTE 4 DEPOSITS AND INVESTMENTS

Deposits

Minnesota Statutes require that all City Hospitals' deposits be protected by insurance, surety bonds, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds (140% in the case of mortgage notes pledged). Minnesota Statutes also require that securities pledged as collateral be held in safekeeping by the Hospital or in a financial institution other than that furnishing the collateral.

At April 30, 2011, the Hospital's deposits were fully covered by federal depository insurance or by collateral held by the Hospital's custodial bank in the Hospital's name. The Hospital did not have adequate collateral to meet the 110% test as of April 30, 2010 at one of their financial institutions.

Investments

Credit Risk – Minnesota Statutes authorize City Hospitals to invest in obligations of the U.S. Government and its agencies and of the State of Minnesota and its agencies, bankers acceptances, commercial paper, and certain other types of securities.

Interest Rate Risk – The Hospital does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Concentration of Credit Risk – The Hospital places no limit on the amount it may invest in any one issuer or institution.

WINDOM AREA HOSPITAL
Windom, Minnesota
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

At April 30, 2011 and 2010, the carrying amounts of deposits and investments are included in the Hospital's balance sheets as follows:

	<u>2011</u>	<u>2010</u>
Carrying Amount:		
Deposits	<u>\$ 8,896,561</u>	<u>\$ 9,425,876</u>
Included in the Following Balance Sheet Captions:		
Cash and Cash Equivalents	\$ 3,073,401	\$ 2,342,343
Debt Service Account Under Bond Indenture	-	205,655
Board Designated for Debt Service	-	(205,655)
Board Designated for Capital Improvements	5,716,933	6,965,637
Restricted By Donor	106,227	117,896
	<u>\$ 8,896,561</u>	<u>\$ 9,425,876</u>

Debt service funds are designated for the servicing of the General Obligation Hospital Bonds of 2003 and are required by bond indenture agreements. During the year ended April 30, 2011 the General Obligation Hospital Bonds of 2003 were paid off entirely, and therefore there are no longer debt service requirements as of April 30, 2011.

The Hospital's Board of Directors has designated certain assets for capital improvements. The board of directors retains control and may, at its discretion, subsequently use these assets for other purposes.

WINDOM AREA HOSPITAL
Windom, Minnesota
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

NOTE 5 CAPITAL ASSETS

Capital assets (in thousands) for the years ended April 30, 2011 and 2010 consist of the following:

	Balance April 30, 2010	Additions and Transfers	Retirements	Balance April 30, 2011
Land	\$ 24	\$ -	\$ -	\$ 24
Land Improvements	265	-	-	265
Buildings	7,750	-	-	7,750
Fixed Equipment	2,333	-	-	2,333
Moveable Equipment	3,584	322	(202)	3,704
Construction in Progress	47	2	-	49
Total at Historical Cost	<u>14,003</u>	<u>324</u>	<u>(202)</u>	<u>14,125</u>
Less Accumulated Depreciation for:				
Land Improvements	(247)	(4)	-	(251)
Buildings	(2,746)	(337)	-	(3,083)
Fixed Equipment	(1,690)	(68)	-	(1,758)
Moveable Equipment	(2,551)	(326)	187	(2,690)
Total Accumulated Depreciation	<u>(7,234)</u>	<u>(735)</u>	<u>187</u>	<u>(7,782)</u>
Capital Assets, Net	<u>\$ 6,769</u>	<u>\$ (411)</u>	<u>\$ (15)</u>	<u>\$ 6,343</u>
	Balance April 30, 2009	Additions and Transfers	Retirements	Balance April 30, 2010
Land	\$ 24	\$ -	\$ -	\$ 24
Land Improvements	265	-	-	265
Buildings	7,750	-	-	7,750
Fixed Equipment	2,311	23	(1)	2,333
Moveable Equipment	3,519	109	(44)	3,584
Construction in Progress	47	5	(5)	47
Total at Historical Cost	<u>13,916</u>	<u>137</u>	<u>(50)</u>	<u>14,003</u>
Less Accumulated Depreciation for:				
Land Improvements	(242)	(5)	-	(247)
Buildings	(2,409)	(337)	-	(2,746)
Fixed Equipment	(1,616)	(75)	1	(1,690)
Moveable Equipment	(2,191)	(404)	44	(2,551)
Total Accumulated Depreciation	<u>(6,458)</u>	<u>(821)</u>	<u>45</u>	<u>(7,234)</u>
Capital Assets, Net	<u>\$ 7,458</u>	<u>\$ (684)</u>	<u>\$ (5)</u>	<u>\$ 6,769</u>

WINDOM AREA HOSPITAL
Windom, Minnesota
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

NOTE 5 CAPITAL ASSETS (CONTINUED)

Construction in progress at April 30, 2011 and 2010 consists of planning costs for a future hospital expansion and renovation project.

NOTE 6 INVESTMENT IN PARTNERSHIP

In April 2007, the Hospital obtained a 7% partnership interest in Southwest Minnesota Radiation Center, LLC. The Hospital's initial investment in Southwest Minnesota Radiation Center, LLC was \$100,000. In June 2008, the Hospital made an additional investment of \$100,000 to obtain a 14% partnership interest in Southwest Minnesota Radiation Center, LLC. The Hospital received no distributions during the years ended April 30, 2011 and 2010. The Hospital's portion of the equity loss was \$37,559 and \$98,060 for the years ended April 30, 2011 and 2010, respectively. The Hospital's ending investment balance was zero and \$37,559 at April 30, 2011 and 2010, respectively.

NOTE 7 LONG-TERM DEBT

A summary of long-term debt at April 30, 2011 and 2010 consists of the following:

	Balance April 30, 2010	Additions	Reductions	Balance April 30, 2011
2003 Gross Revenue Hospital Bonds	\$ 2,030,000	\$ -	\$ (2,030,000)	\$ -
Total Long-Term Debt, Net of Current Maturities				\$ -
	Balance April 30, 2009	Additions	Reductions	Balance April 30, 2010
2003 Gross Revenue Hospital Bonds	\$ 2,130,000	\$ -	\$ (100,000)	\$ 2,030,000
Less: Current Portion				(105,000)
Less: Unamortized Bond Discount				(33,636)
Total Long-Term Debt, Net of Current Maturities				\$ 1,891,364

2003 Gross Revenue Hospital Bonds: City of Windom, Minnesota, Gross Revenue Hospital Bonds, Series 2003, maturing in June 2023. Bonds bear interest rate from 1.75% to 5.50% with an average coupon rate of 5.09%. Bonds are secured by the revenues of the Hospital. During the year ended April 30, 2011 the bonds were paid off early in full.

The provisions of the above debt agreement contain various restrictive covenants and certain amounts to be deposited with the trustee. Such deposits are included with assets limited as to use. As the debt was paid off, these requirements no longer apply at April 30, 2011.

WINDOM AREA HOSPITAL
Windom, Minnesota
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

NOTE 8 DEFINED BENEFIT PENSION PLAN - STATEWIDE

Plan Description

The Hospital contributes to the Public Employees Retirement Fund (PERF), a cost-sharing multiple-employer defined benefit pension plan administered by PERA. PERF provides retirement, disability, and death benefits to plan members and beneficiaries. The plan is established and administered in accordance with Minnesota State Statutes, Chapters 353 and 356.

Benefits are established by State Statute and are based upon the member's highest average salary for any five successive years of allowable service, age and years of credit at termination of service. PERA issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by contacting PERA, 60 Empire Drive, Suite #200, St. Paul, MN 55103 or by calling 651-296-7460 or 1-800-652-9026.

Funding Policy

Plan members are required to contribute 6% of the annual covered salary through December 31, 2010 and 6.25% effective January 1, 2011 and the Hospital is required to contribute at an actuarially determined rate. The current rate is 7.25% of annual covered payroll. The contribution requirements of plan members and the Hospital are established and may be amended by State Statute. The Hospital's contributions, equal to the required contributions, to PERF for the years ended April 30, 2011 and 2010 was \$369,759 and \$351,118, respectively. The Hospital's contributions were equal to the contractually required contributions for each year as set by state statute.

NOTE 9 CONCENTRATIONS OF CREDIT RISK

The Hospital is located in Windom, Minnesota. The Hospital grants credit, without collateral, to its patients, most of whom are local residents and are insured under third-party payor agreements. The Hospital also grants credit, without collateral, for other miscellaneous receivables.

NOTE 10 CONTINGENCIES

Malpractice Claims

The Hospital's malpractice insurance is a claims made policy. Should this policy lapse and not be replaced with equivalent coverage, claims based upon occurrence during its term, but reported subsequent thereto, will be uninsured.

WINDOM AREA HOSPITAL
Windom, Minnesota
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

NOTE 10 CONTINGENCIES (CONTINUED)

Compliance

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity had increased with respect to investigations and allegations concerning possible violations by health care providers, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues for patient services. Management believes the Hospital is in substantial compliance with current laws and regulations.

Other

In the normal course of business, there could be various outstanding contingent liabilities such as, but not limited to, the following:

- Lawsuits alleging negligence in care
- Environmental pollution
- Violation of regulatory body's rules and regulations
- Violation of federal and/or state laws

No contingent liabilities such as, but not limited to those described above, are reflected in the accompanying combined financial statements. No such liabilities have been asserted and, therefore, no estimate of loss, if any, is determinable.

NOTE 11 MANAGEMENT CONTRACT

The Hospital has a management agreement with Sanford Health Services (Sanford). This agreement gives Sanford, through the Hospital's administrator, full authority to implement and fulfill the policy decisions of the Hospital's Board of Directors. Either party may terminate this agreement with proper notice. Total management fees, including the administrator's salary and benefits, were \$240,351 and \$200,744 for the years ended April 30, 2011 and 2010, respectively. The management agreement was amended subsequent to year-end, effective May 1, 2011.

LarsonAllen[®] LLP

CPAs, Consultants & Advisors
www.larsonallen.com

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Directors
Windom Area Hospital
Windom, Minnesota

We have audited the combined financial statements of Windom Area Hospital and its discretely presented component unit as of and for the year ended April 30, 2011, and have issued our report thereon dated June 28, 2011.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minnesota Statute Section 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* covers six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories.

The results of our tests indicate that for the items tested, Windom Area Hospital complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of the board of directors, management, and the Office of the State Auditor of Minnesota and is not intended to be and should not be used by anyone other than these specified parties.

LarsonAllen LLP
LarsonAllen LLP

Minneapolis, Minnesota
June 28, 2011

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF COMBINED FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Windom Area Hospital
Windom, Minnesota

We have audited the combined financial statements of Windom Area Hospital and its discretely presented component unit as of and for the year ended April 30, 2011, and have issued our report thereon dated June 28, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Windom Area Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider deficiencies described in the accompanying Schedule of Findings to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Windom Area Hospital's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Windom Area Hospital's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit Windom Area Hospital's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and the board of directors and is not intended to be and should not be used by anyone other than these specified parties.

Larson Allen LLP
LarsonAllen LLP

Minneapolis, Minnesota
June 28, 2011

**WINDOM AREA HOSPITAL
SCHEDULE OF FINDINGS
APRIL 30, 2011**

11-1 Control over the Financial Reporting Process

As part of the audit, management requested us to prepare a draft of the combined financial statements, including the related notes to the combined financial statements. Management reviewed, approved, and accepted responsibility for those combined financial statements prior to their issuance; however, management did not perform a detailed review of the completeness of the footnote disclosures.

Response

Management determined committing the resources necessary to perform a review of the footnote disclosures for completeness would be a duplication of expenditures, as this is part of the cost of the audit engagement. In addition, the CEO and CFO review internal financial statements on a monthly basis and present the results to the board of directors.

11-2 Segregation of Duties -- Accounts Payable, Payroll and Accounts Receivable

The Hospital's CFO has the ability to create new vendors, enter invoices, and print checks. Together these functions create an opportunity for misappropriation of the Hospital's assets. The accounts payable clerk also has the ability to both enter invoices, and print checks. We recommend the ability to print checks to be limited to someone who does not have access to enter invoices, or add vendors. The Hospital does have a mitigating control in that all checks require two signatures, and one of the signatures would be from an employee other than those mentioned above.

The Hospital's payroll clerk has the ability to set up employees for payment, enter hours, changes wage rates, and process the payroll. This creates an elevated risk of misappropriation of assets wherein one individual could create fictitious employees, modify wage rates, or hours prior to and after payroll generation and other potential acts which could go undetected. We recommend limiting the ability to create a new employee and printing checks to an individual who does not have additional access to other areas of the payroll cycle. The Hospital does have a mitigating control where a report showing all new employees is printed and reviewed monthly by another employee.

The business office manager at the Hospital is able to write-off patient balances from the Hospital's records, post payments, and has access to cash receipts. We suggest that the ability to post write-offs be limited to an individual who does not have the access to cash receipts.

Response

Management will review the cost and benefit of implementing these findings in order to strengthen internal controls.

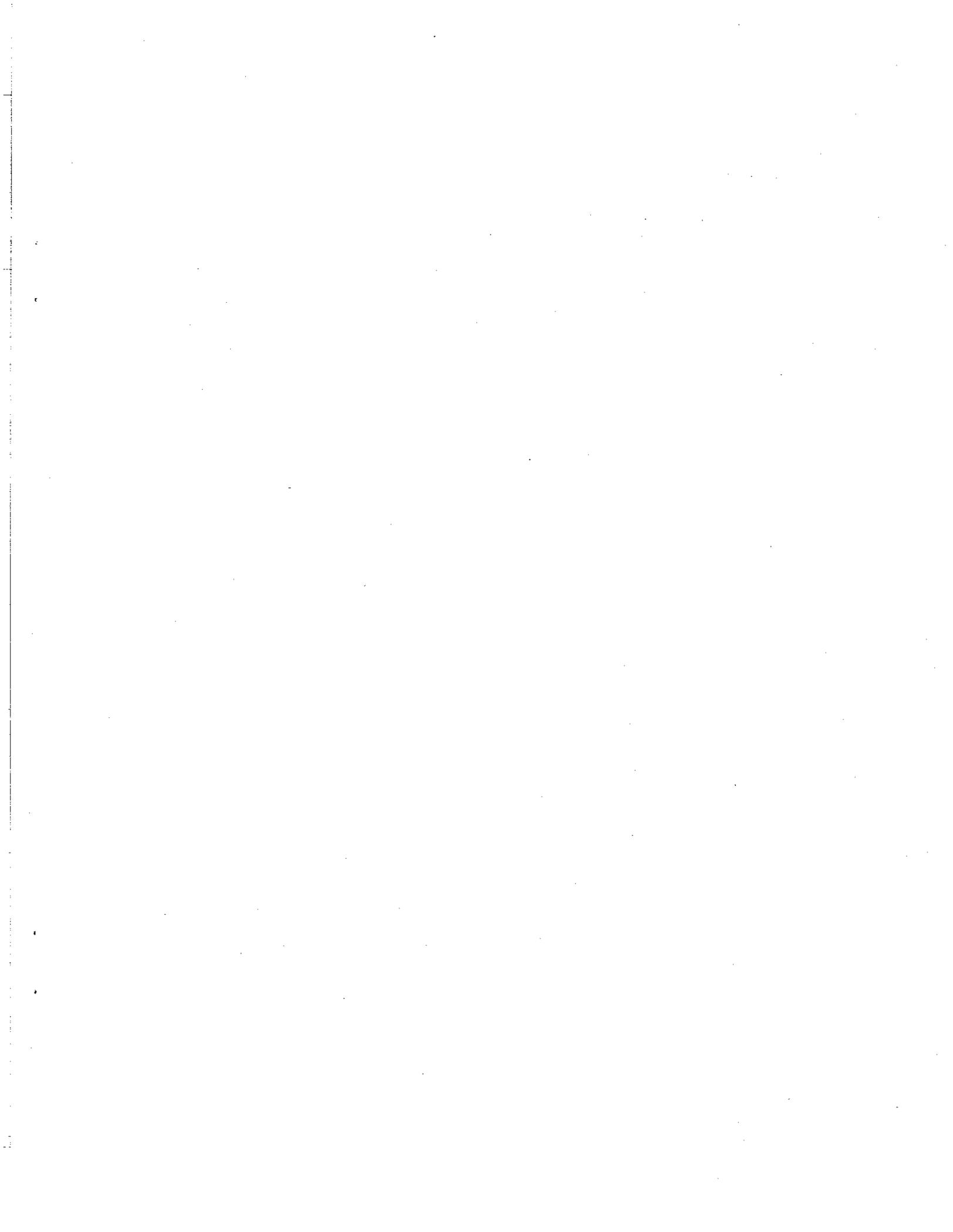
**WINDOM AREA HOSPITAL
SCHEDULE OF FINDINGS (CONTINUED)
APRIL 30, 2011**

11-3 Misstatements Detected by the Audit

During the course of the audit, adjusting journal entries were proposed to properly state the balances of the general ledger accounts at year-end.

Response

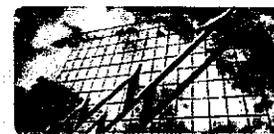
Management feels that the proposed adjustments were necessary to properly state the balances of the general ledger accounts at year-end. In addition, management will undertake the necessary steps in order to ensure the general ledger accounts are accurately maintained throughout the year.



Windom Area Hospital

2011 Audit Results and Report to the Board of Directors

April 30, 2011



Follow our blog for current discussions on health care.

 www.larsonallen.com/blog

Table of Contents

Required Communications (SAS 114)	A
Internal Control Communication (SAS 115)	B
Financial Ratios	C
Industry Trends	D
Accounting Trends	E



Required Communications (SAS 114)

Area	Comments
<p>Our responsibility under Generally Accepted Auditing Standards</p>	<ul style="list-style-type: none"> • Express an opinion on the fair presentation of the combined financial statements in conformity with generally accepted accounting principles • Plan and perform the audit to obtain reasonable, not absolute, assurance that the combined financial statements are free of material misstatement • Evaluate internal control over financial reporting • Determine the nature, timing, and extent of audit procedures based on risk assessments and our evaluation of internal control • Utilize a risk based audit approach • Communicate significant matters to appropriate parties
<p>Planned scope and timing of the audit</p>	<ul style="list-style-type: none"> • Performed the audit according to the planned scope and timing previously communicated in a meeting about planning on May 16, 2011
<p>Other information in documents containing audited financial statements</p>	<ul style="list-style-type: none"> • Financial statements may only be used in their entirety • Our approval is required to use our audit report in a client prepared document • We have no responsibility to perform procedures beyond those related to the combined financial statements • We have no obligation to corroborate other information
<p>Significant accounting policies</p>	<ul style="list-style-type: none"> • Management is responsible for accounting policies • Outlined in Note 1 to the combined financial statements • No changes in accounting policies or new policies adopted • Appropriate accounting policies • No significant or unusual transactions occurred
<p>Significant accounting estimates</p>	<ul style="list-style-type: none"> • Contractual allowances, allowance for bad debts, third-party payor settlement estimates, functional allocation of expenses • Determined based on management's knowledge and experience • No indicators of management bias • Estimates are reasonable • Estimate uncertainty disclosed in the combined financial statements
<p>Significant disclosures</p>	<ul style="list-style-type: none"> • No sensitive disclosures • No significant risks, exposures, or uncertainties • No unusual transactions • Disclosures are neutral, consistent, and clear



Required Communications (SAS 114) (Continued)

<p>Corrected and uncorrected misstatements</p>	<ul style="list-style-type: none"> • 3 audit adjustments – increased net income by \$440K • Significant adjustments included the following: <ul style="list-style-type: none"> • Reduced third-party settlements payable \$475K • Increased allowance on patient receivables \$25K • Not advised by management of any unrecorded financial statement adjustments
<p>Disagreements with management</p>	<ul style="list-style-type: none"> • No disagreements with management regarding accounting, reporting, or auditing matters
<p>Difficulties encountered in performing the audit</p>	<ul style="list-style-type: none"> • No difficulties encountered in performing the audit
<p>Management representation</p>	<ul style="list-style-type: none"> • Management provided a management representation letter dated June 28, 2011
<p>Consultations with other independent accountants</p>	<ul style="list-style-type: none"> • No consultations with other independent accountants
<p>Issues discussed prior to retention as independent auditors</p>	<ul style="list-style-type: none"> • No issues discussed prior to retention as independent auditors
<p>Other findings or issues</p>	<ul style="list-style-type: none"> • No other findings or issues were discussed with, or communicated to, management



Internal Control Communication (SAS 115)

Board of Directors and Management
Windom Area Hospital
Windom, Minnesota

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Windom Area Hospital (the Hospital) as of and for the year ended April 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Hospital's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in the Hospital's internal control to be material weaknesses:

Segregation of Duties

In any system of internal accounting control, one primary goal is adequate segregation of duties. Because of the way certain duties are assigned and carried out within the various accounting cycles, an adequate segregation of duties and responsibilities is not always present.

The size of the Hospital and its staff sometimes limits the application of adequate segregation of duties. Although mitigating controls exist within the Hospital's operations, the accounting controls should be reviewed periodically and consideration should be given to improving the segregation of duties and developing procedures which additionally mitigate potential risks. In making this review, it is important to consider the benefit derived versus the cost of proposed changes.

In reviewing the Hospital's internal control policies and procedures, we identified several areas that we consider to be significant deficiencies individually, but together constitute a material weakness.

- **Payroll Cycle**

- The Hospital's payroll clerk has the ability to set up employees for payment, enter hours, changes wage rates, and process the payroll. This creates an elevated risk of misappropriation of assets wherein one individual could create fictitious employees; modify wage rates, or hours prior to and after payroll generation and other potential acts which could go undetected. The Hospital has a review process for newly added employees as a mitigating control. We recommend limiting the ability to create a new employee, change wages and print checks to an individual who does not have additional access to other areas of the payroll cycle.

Segregation of Duties (Continued)

- **Disbursements Cycle**
 - The Hospital's accounts payable clerk has the ability to enter invoices and print checks. The Hospital's CFO also has the ability to enter invoices, print checks, and add new vendors. This creates a risk of misappropriation of assets. The Hospital has a mitigating control in that it requires two signatures on every check, and at least one of the signatures would be someone other than the accounts payable clerk or the CFO. We recommend limiting the ability to print checks, enter invoices, and add new vendors to separate individuals.
- **Billing and Collection Processes**
 - The business office manager at the Hospital has the ability to write-off patient balances from the Hospital's records, post payments, and has access to cash receipts. We suggest that the ability to write-off accounts be limited to an individual who does not have the access to cash receipts.

Control over the Financial Reporting Process

Management is responsible for establishing and maintaining internal controls and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, and disclosures in the financial statements, in conformity with U.S. generally accepted accounting principles (GAAP). The Hospital does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP.

Management requested us to prepare the financial statements, including related footnote disclosures. The outsourcing of these services is not unusual for organizations of your size and is a result of management's cost benefit decision to rely on our accounting expertise rather than incurring the additional cost.

Misstatements Detected by the Audit

Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles.

Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibilities include adjusting the financial statements to correct misstatements.

Management is responsible for controls over the period-end financial reporting process, including controls over procedures used to enter transaction totals into the general ledger, initiate, authorize, record, and process journal entries into the general ledger; and record recurring and nonrecurring adjustments to the financial statements.

During the performance of our audit engagement procedures, we noted the following misstatements:

- We proposed 3 entries as a result of our audit. One of the entries recorded a liability for the remaining deductible regarding a lawsuit. Another increased the allowances for doubtful accounts. There was also an adjustment proposed to increase the estimated third party settlements receivable for the impact of the 2011 estimated Medicare Cost Report. The net effect of these adjustments was an increase to net income of approximately \$444,000.

OTHER COMMENTS

Transition from ICD-9 to ICD-10

In addition to the changes with health care reform, the health care industry will go through significant changes for coding of medical diagnosis and inpatient procedures with the transition from ICD-9 to ICD-10. There are two key dates associated with this transition that providers must be aware of. These are:

- January 1, 2012
- October 1, 2013

Effective January 1, 2012, health care providers must be ready to submit electronic health care transactions that are in compliance with Health Insurance Portability and Accountability Act (HIPAA) version 5010 transaction set. Unlike the current version of 4010/4010A, version 5010 (v5010) will accommodate the ICD-10 codes and must be in place and operational prior to the transition to ICD-10.

Effective October 1, 2013, providers will be expected to submit claims utilizing the new ICD-10 medical diagnosis and procedure codes. Transition to ICD-10 will require a significant amount of training for personnel charged with responsibility for coding of medical services, which will include enhanced documentation expectations by medical staff.

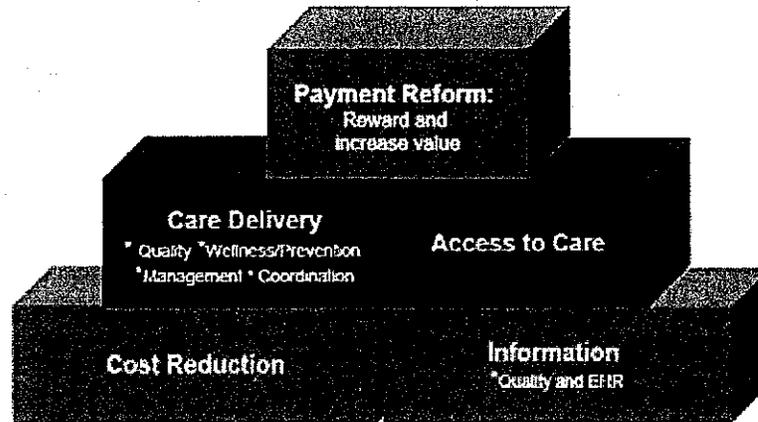
Ensuring a successful transition to v5010 and ICD-10, will require the following steps:

- Develop a team to assess conversion readiness for v5010 and ICD-10.
- Contact system vendors to determine their readiness, along with anticipated timelines, and dates for conducting data test runs.
- Contact payors to discuss their plans for readiness.
- Assess adequacy of current documentation by physicians.
- Assess the effectiveness of current denials management process.
- Evaluate the education needs for physicians, coding staff and other revenue cycle personnel, along with timelines for completion.
- Understand the financial risks associated with transition due to delays in revenue cycle operations.

It will be important for the Hospital to layout a timeline with key steps to be accomplished in order to ensure the requirements for v5010 and ICD-10 are met. Failure to properly plan will result in significant delays in cash flow to the Hospital.

Health Care Reform Considerations

While much of reform initiatives appear to not be focused on critical access hospitals (CAHs), we believe CAHs should not have a false sense of security. The Hospital should understand the key themes of reform and how these themes will impact operations in the future. The graphic below depicts what we believe are key or central themes of reform that will ultimately impact all providers, regardless of type.



Key things we believe the Hospital should consider as part of the themes illustrated above are as follows:

- **Payment Reform:** When will commercial payors move to this reimbursement methodology, and are we positioned to effectively negotiate a “value based contract” with those payors?
- **Care Delivery:** Are we appropriately positioned in the community we are located in to improve care coordination with other providers in the community? From a community leadership position, what should we be doing to facilitate improved coordination?
- **Access to Care:** Creation of the exchanges will expand coverage, but what could this mean financially to the Hospital if we begin to see a shift in our patients from our current commercial payors into the exchanges?
- **Cost Reduction:** Are we operating as efficiently as we can?
- **Information:** Will we be ready to gather, capture, and report health care information, including key quality metrics, from electronic medical records?

As you look to the future, we recommend keeping the remaining themes of reform outlined above in mind. We believe it is important to understand and prepare for these so the Hospital is not only successful in the current environment, but also positioned for success in the reformed environment as well.

This communication is intended solely for the information and use of management, board of directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

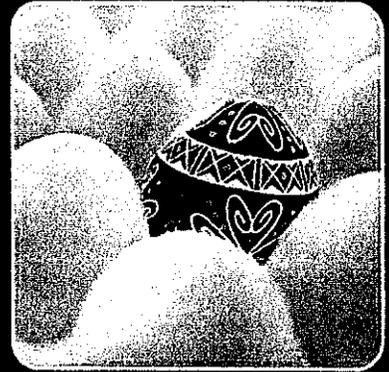
Larson Allen LLP
LarsonAllen LLP



Financial Ratios

NOTICEABLY DIFFERENT

Windom Area Hospital



2011 Financial Graphs and Ratios

LarsonAllen[®]
LLP

CPAs, Consultants & Advisors

Windom Area Hospital

Windom Area Hospital (Windom)

- \$14.1 Million Net Patient Revenues
- Fiscal years 2008 - 2011

LarsonAllen Gold Standard (GS)

- 1,300 fiscal year reports analyzed in preparation of ratios and benchmarks.
- 35 Gold Standard facilities
- Fiscal years 2008 - 2010

LarsonAllen Mid Size CAH Clients (LA)

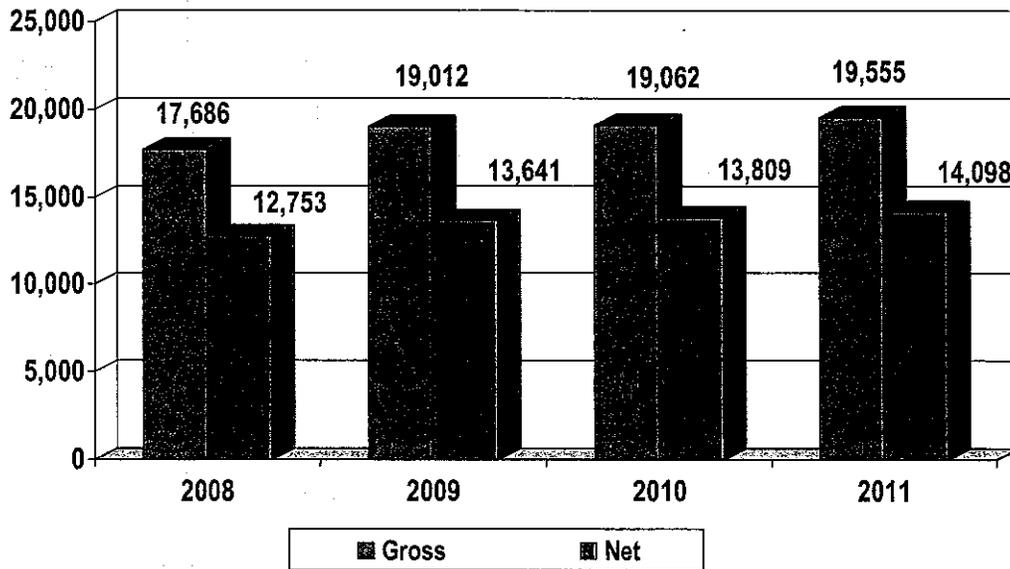
- Median data from LarsonAllen CAH clients with net revenue between \$11 Million and \$19 Million.
- Fiscal years 2008 - 2010

Windom Area Hospital

Statement of Operations Indicators

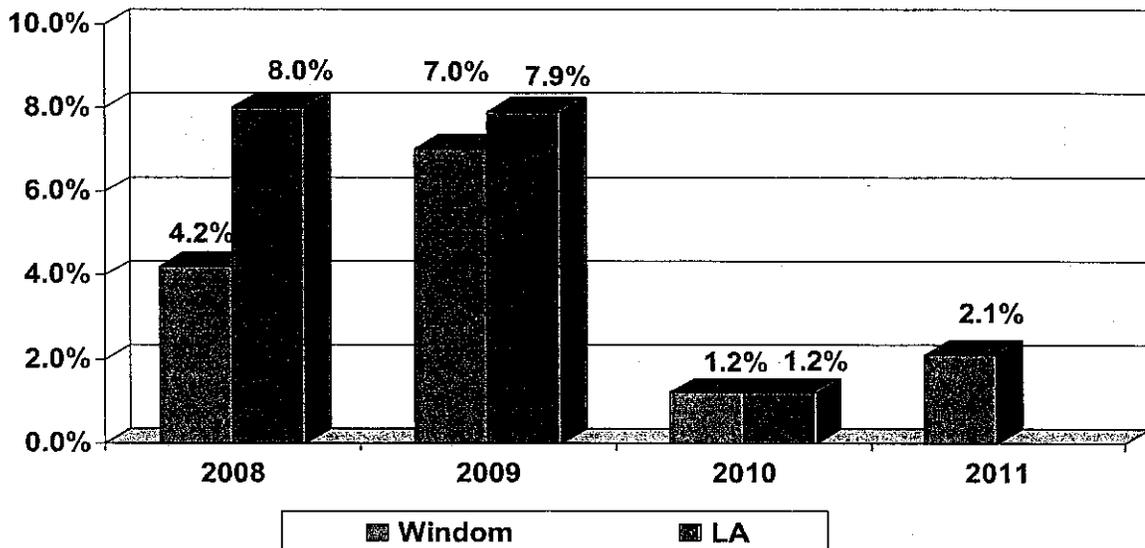
Gross and Net Patient Revenues (In Thousands)

Gross revenues represent the total original charge for services prior to contractual adjustments and indigent care. Net patient services revenues is gross revenues reduced by these amounts.



Growth in Net Patient Revenue

This indicator is a reflection of the growth or decrease in net patient revenue from year to year.

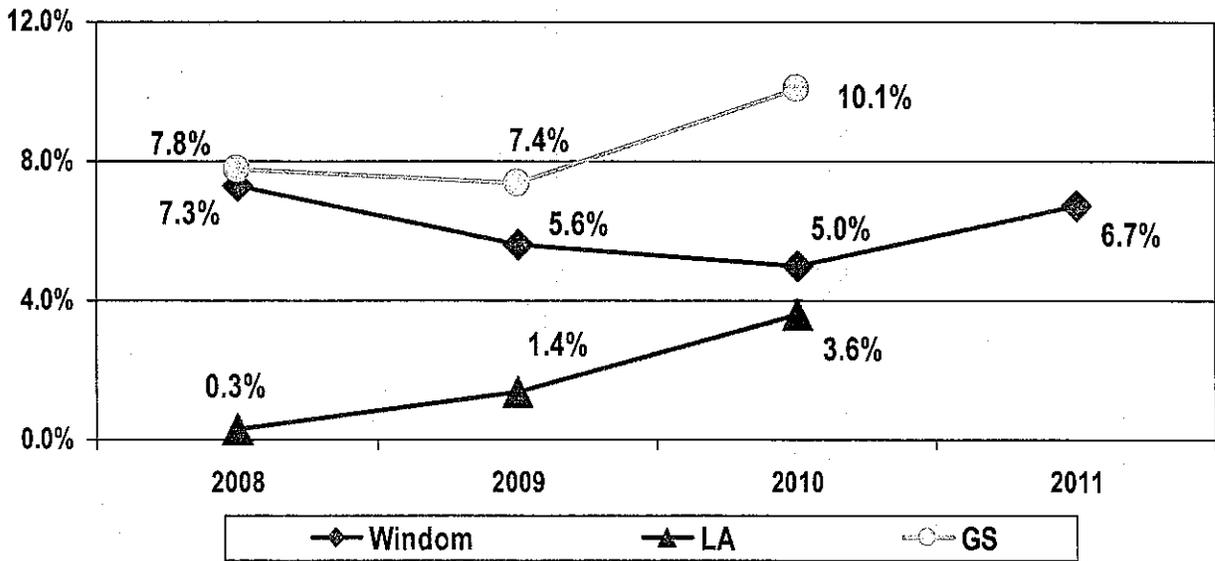


Windom Area Hospital

Profitability Ratios

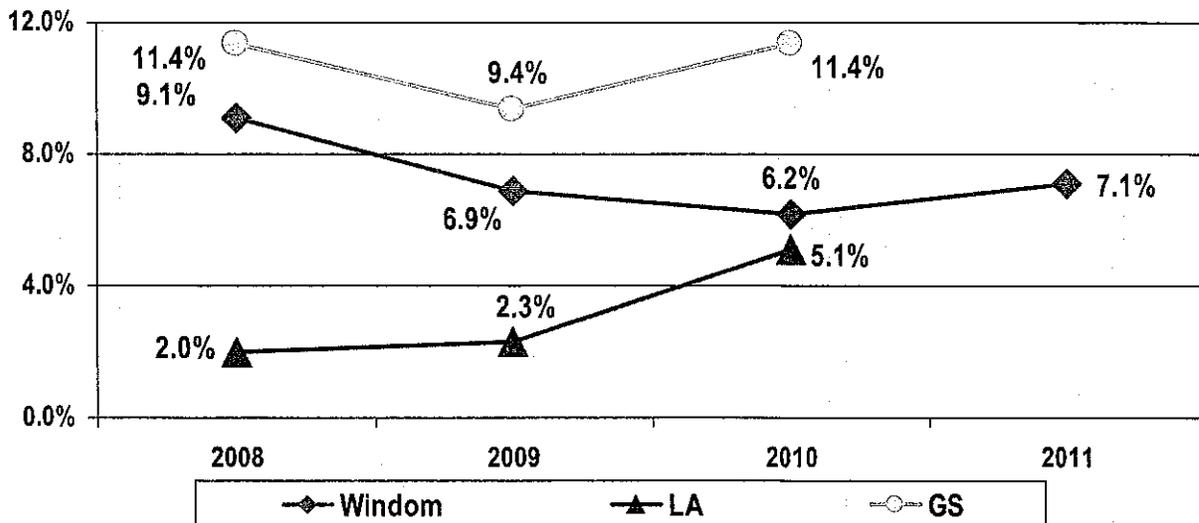
Operating Margin

This ratio is the operating income as a percentage of operating revenues. It is used to report a facility's return from operations.



Net Margin

This ratio is the excess of revenue over expenses as a percentage of total revenues, including non-operating revenues such as interest income.

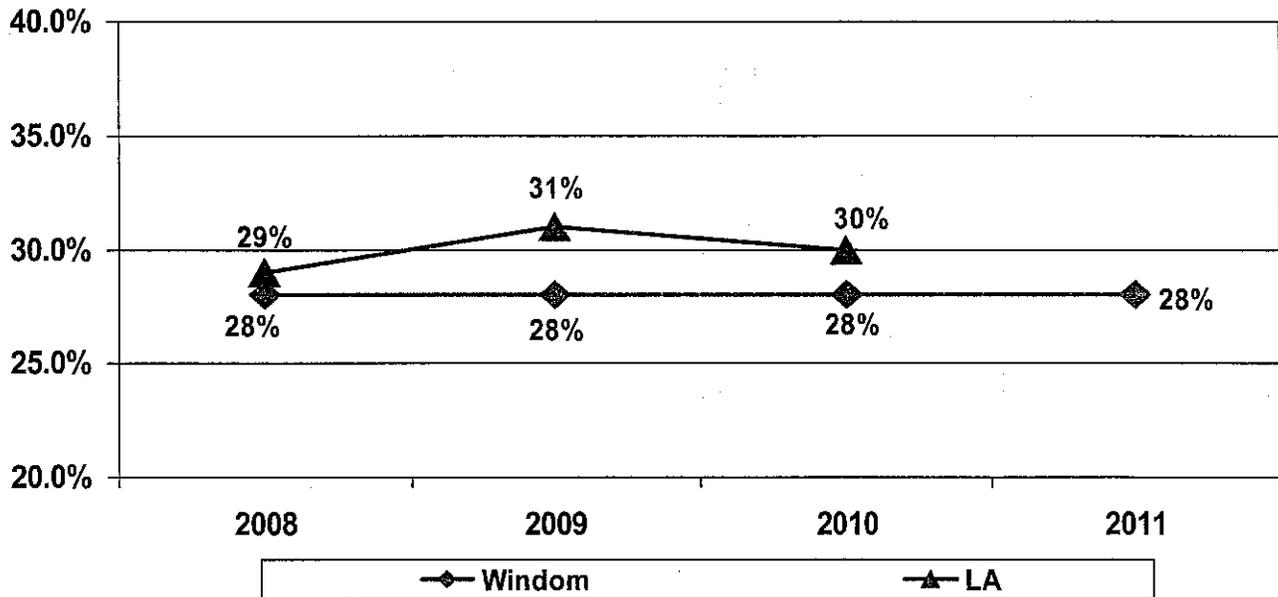


Windom Area Hospital

Profitability Ratios (Continued)

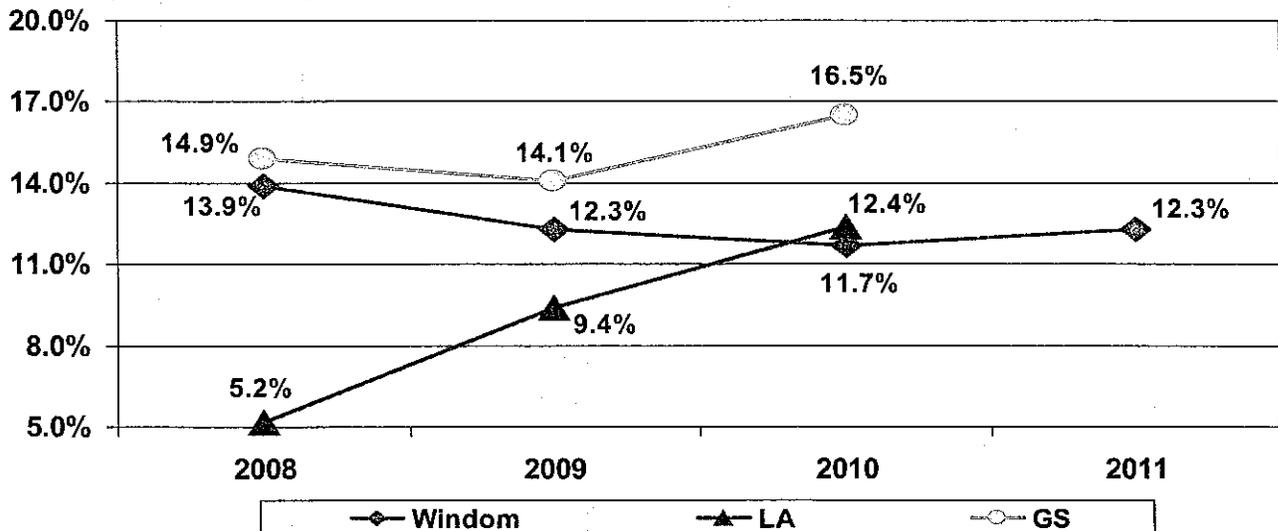
Discount Percentage

Discount percentage represents the percent of gross charges that are written off as a contractual adjustment.



Operating EBIDA Margin (Earning Before Interest Depreciation & Amortization)

This ratio represents operating income before interest, depreciation and amortization divided by total revenues. It is typically used as a measure of a facility's operating cash flow.



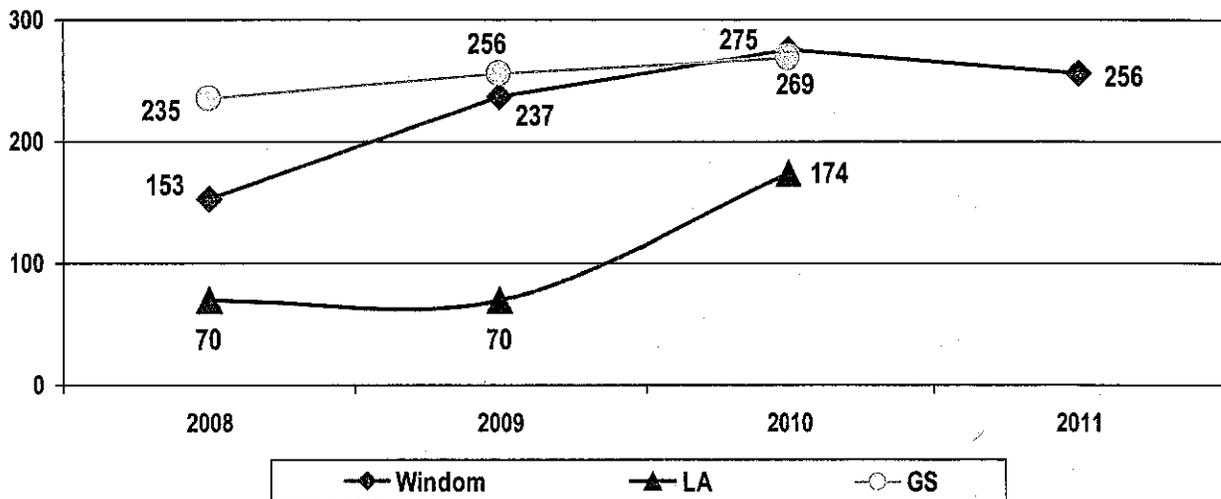
NOTICEABLY DIFFERENT

Windom Area Hospital

Liquidity Ratios

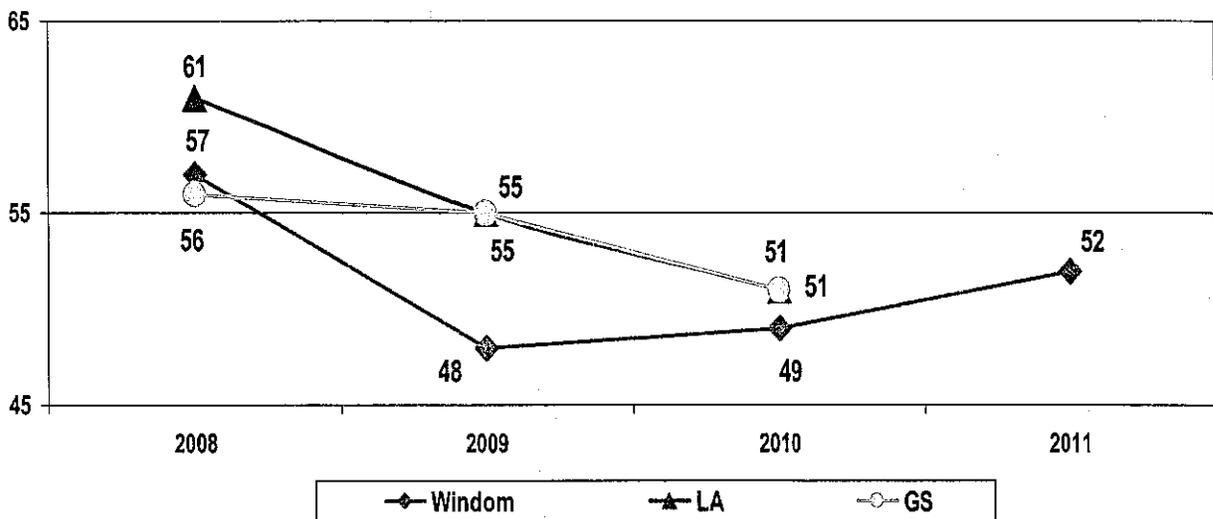
Days Cash on Hand

Days Cash on Hand measures the number of days of average cash expenses that the Hospital maintains in cash and amounts reserved for capital improvements. High values usually imply a greater ability to meet both short-term obligations and long-term capital replacement needs.



Net Days in Accounts Receivable

Days in patient accounts receivable is defined as the average time that receivables are outstanding, or the average collection period.



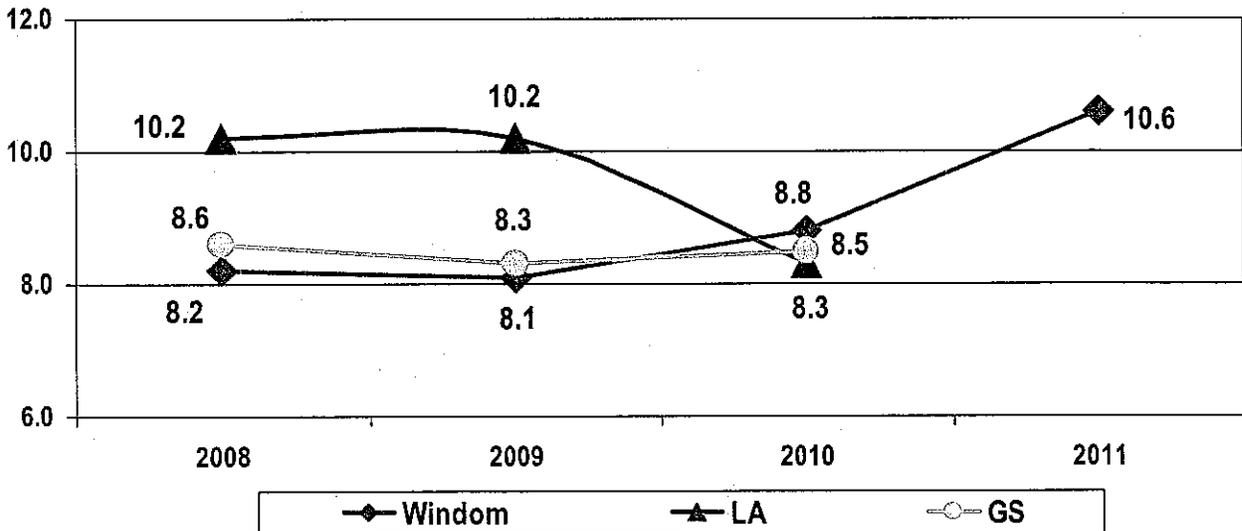
NOTICEABLY DIFFERENT

Windom Area Hospital

Leverage Ratios

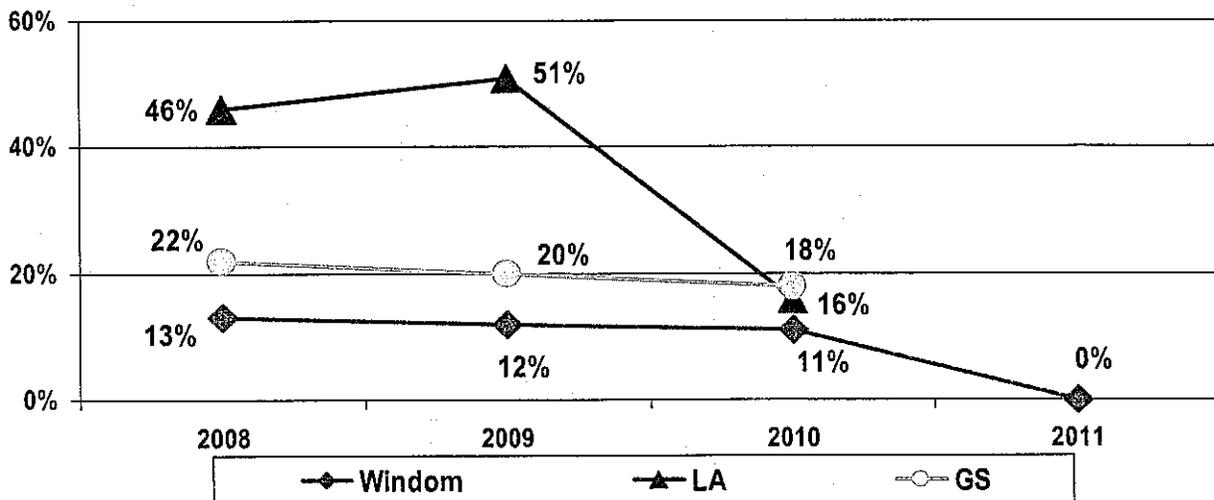
Average Age of Plant

Average Age of Plant attempts to approximate the average age of an organization's fixed assets. A lower value is considered to be desirable as it indicates a newer facility. An organization with a higher value should be planning its financing options for fixed asset replacement.



Debt to Capitalization

Long-Term Debt to capitalization is defined as the proportion of long-term debt divided by long-term debt plus net assets. Higher values for this ratio imply a greater reliance on debt financing and may imply a reduced ability to carry additional debt.



Industry Trends



Health Care Reform: What do we do now?

While there is still much debate and uncertainty regarding the health care reform bill and its implications for providers, we believe there are six key strategies that will apply whether the current payment models survive or not. The strategies are based on practical and sound business principals, and they address issues that won't go away, such as costs that are too high and quality that is not commensurate with those costs.

1. **Bend the cost curve**—Focusing on operational efficiency in radical ways that reduce waste and increase value will be critical to the success and financial viability of any organization.
2. **Understanding and capitalizing on strengths**—One key aspect of bending the cost curve is managing utilization cost.
3. **Think differently about technology**—We must use technology to, among other things, exchange information with other providers across the health care continuum.
4. **Focus on patient, not process**—Patient-centered care is expected to increase in importance as patients and families become more connected with their personalized health care planning.
5. **Focus on value, not quality alone**—Value should be known as providing the best patient experience while focusing on delivering results at lowest overall cost, including costs incurred outside of your walls.
6. **Develop different relationships**—Today, referrals drive business. In the future, organizational relationships and alliances will drive growth.

[More](#)

Of further interest ...

Welcome to the LarsonAllen Health Care Reform Center [More](#)

Payment Reform is a Start [More](#)

To Be an ACO or Not to Be an ACO, That Is the Question [More](#)

Health Reform Offers Little Financial Incentive for Employers [More](#)



Full electronic version
online at
www.larsonallen.com/hospboard/
Username: board10
Password: packet10

NOTICEABLY DIFFERENT



HOW MUCH MORE WILL HEALTH REFORM COST MY BUSINESS?

LarsonAllen's Health Insurance & Penalty (HIP) Calculator

Who? Employers with 50 or more full-time equivalent employees may be subject to penalties for their full-time employees eligible for subsidies to purchase insurance through state health insurance exchanges.

Estimating the Bottom Line Impact of Reform → The LarsonAllen HIP calculator can help you assess the effect of these changes specifically for your organization's bottom line.

- Full time employees who are subsidy eligible
- Estimated cost of penalties
- Estimated cost of free choice vouchers
- Costs if opt to drop insurance coverage
- Whether your organization will have lower or higher health insurance-related costs

Employers with a high percentage of workers earning less than \$43,560 are more likely to be subject to penalties. Visit www.larsonallen.com/HIP for more information.

HEALTH REFORM SUBSIDIES IMPACT ON HEALTH COSTS			
The Organization (\$000s)	Today's Cost	2014 Offer Coverage	2014 Drop/Don't Offer
Baseline Health Care (HC) Cost	\$ 970	\$ 970	\$ 970
2011-2014 Premium Increase (9.0% / Yr)		283	283
2014 Inflation Adjusted HC Cost	970	1,253	1,253
PLUS: Additional Reform Impact			
Previously Waived FT Employees		1,142	
Increased Employer Premiums			
Free Choice Vouchers (FCV) Cost		103	
Penalty: Subsidy Eligibles & ESI		508	
Health Reform Increased Cost		1,753	
LESS: Previous Premium Liabilities			
Medicaid Employee ESI		(283)	
Free Choice Voucher Employee ESI		(107)	
Subsidy Eligible FT Employees ESI		(1,730)	
Health Reform Decreased Cost		(2,120)	
No Minimal Essential Coverage			
Less: 2014 Inflation Adjusted HC Cost			(1,253)
Plus: Subsidy Eligible Penalty			508
Health Reform No ESI Cost			(745)
Adjusted HC Costs	\$ 970	\$ 886	\$ 508
HC Cost Change to 2014 Projected		\$ (367)	\$ (745)
% HC Cost Change to 2014 Projected		-29%	-59%
Post Tax Adjusted HC Costs	\$ 630	\$ 906	\$ 508

Savings under Reform
(29% cost reduction)

* ESI—Employer sponsored insurance represents health coverage offered through the employer.

Health care industry trends

Trend	Description
Primer on health reform and reconciliation bills	The LarsonAllen published roadmap helps navigate the numerous summaries available, answering the broad questions to the recently passed health care reform bills. More
Health care reform's tax provisions: employers prepare	The massive health care legislation, signed into law by President Obama, contains provisions that will affect every employer, but the timing of applicability ranges from immediately in 2010 to 2018. More
Tax provisions for individuals in the health reform act	The health care legislation signed into law by President Obama includes several provisions that are effective immediately, however a variety of mandates, tax increases, and tax credits become effective over the next few years. More
Information security considerations: risk management	Information security in a health care organization is a complex moving target. Connecting business networks to the Internet presents a new level of information security risk in the form of viruses, worms, malicious web sites, and identity thieves. More
Governance	Recent studies of governance effectiveness indicate all is not well with health care boards. Oversight is applied sporadically, and is often too much or too little. In addition, too many board members are wondering if their role is irrelevant: "Why am I here?" More
Strategic capital planning	One of the challenges organizations typically face is designing a strategic plan that integrates their mission and values with a realistic plan for sustained long-term growth. More

Hospital trends

Trend	Description
What do ACOs mean for physician compensation models?	The 1990s was an era of capitation resulting in physicians compensated on a salary basis, whereas the 21 st century has seen a shift to payments based off productivity, typically relative value units (RVUs). More
What does effective hospital-physician alignment mean?	There is consensus that alignment of hospitals and their related physicians is critically important to the future of local health care delivery. So what does alignment mean? More
Impact of health care reform: academic medical centers	Academic medical centers (AMCs) will be affected by the health reform provisions that impact hospitals such as market basket adjustments, quality payment provisions, penalties for readmissions, etc. More
Accepting stimulus money will require transparent reporting	Accepting any of the \$300 billion grant funds through the <i>American Recovery and Reinvestment Act of 2009</i> (ARRA) will require significant reporting and increase compliance requirements for organizations. More
Critical access hospital performance trends	Critical access hospitals have smaller margins despite advantageous Medicare reimbursement compared to PPS hospitals. More
Breaking down the insurance requirements in health care reform	At the core of the new health care legislation is the requirement that every U.S. citizen have affordable health care coverage beginning in 2014, which impacts all of us, as individuals and employers. More

Accounting Trends

Accounting Standard Setting Overview

International Accounting and Auditing Standards

You may have seen a great deal of information pertaining to the push to one set of International Accounting Standards labeled International Financial Reporting Standards (IFRS). Recently, James Kroeker, the chief economist at the Securities and Exchange Commission, said the financial crisis that erupted last year "has highlighted for us the importance of global solutions, even on an accounting front, to complex issues."

While some studies found few "significant" differences in auditing standards. Sarbanes-Oxley legislation, applicable to U.S. public companies, creates a notable gap in relation to reporting of internal controls over financial reporting, compared to U.S. auditing standards. International accounting standards tend to follow a more "principles-based" approach to reporting requirements compared with the current U.S. "rules-based" approach.

The FASB (Financial Accounting Standards Board) and the IASB (International Accounting Standards Board) have a number of joint projects underway, and standards such as SFAS 141R and 160 were the initial U.S. standards that were jointly developed.

In November of 2008, the SEC released a proposed roadmap to have U.S. public companies file financial results under a uniform set of international standards by the year 2014. However, events during 2009 indicate the process may be slowing, and it is possible that the original timetable may be delayed.

What does all of this mean to nonprofit organizations?

International accounting standards generally do not include specific requirements for nonprofit organizations. Any impact of the eventual convergence with IFRS on the financial reporting of U.S. nonprofit organizations is likely to be sometime after rules and regulations are adopted at the public level in the U.S. One possibility is that after full convergence for public companies, the FASB may become the authoritative standard setter for nonpublic companies, including nonprofit organizations.

How about governmental organizations?

The Governmental Accounting Standards Board (GASB) is currently the source of GAAP for state and local governments in the United States. It appears the GASB would continue in this role after the ultimate convergence to IFRS by public companies.

Health Care Audit and Accounting Guide Overhaul

The AICPA's Health Care Expert Panel is in the middle of a lengthy overhaul of the health care audit and accounting guide that has not been completely revised, other than annual conforming changes, since 1996. Although this guide will not likely be issued and be effective before late 2011 at the earliest, clients should work with their audit principal to ensure they understand potential implications of possible changes.

**NOTICEABLY
DIFFERENT**

Accounting Trends

Accounting Standard Setting Overview

International Accounting and Auditing Standards

You may have seen a great deal of information pertaining to the push to one set of International Accounting Standards labeled International Financial Reporting Standards (IFRS). Recently, James Kroecker, the chief economist at the Securities and Exchange Commission, said the financial crisis that erupted last year "has highlighted for us the importance of global solutions, even on an accounting front, to complex issues."

While some studies found few "significant" differences in auditing standards. Sarbanes-Oxley legislation, applicable to U.S. public companies, creates a notable gap in relation to reporting of internal controls over financial reporting, compared to U.S. auditing standards. International accounting standards tend to follow a more "principles-based" approach to reporting requirements compared with the current U.S. "rules-based" approach.

The FASB (Financial Accounting Standards Board) and the IASB (International Accounting Standards Board) have a number of joint projects underway, and standards such as SFAS 141R and 160 were the initial U.S. standards that were jointly developed.

In November of 2008, the SEC released a proposed roadmap to have U.S. public companies file financial results under a uniform set of international standards by the year 2014. However, events during 2009 indicate the process may be slowing, and it is possible that the original timetable may be delayed.

What does all of this mean to nonprofit organizations?

International accounting standards generally do not include specific requirements for nonprofit organizations. Any impact of the eventual convergence with IFRS on the financial reporting of U.S. nonprofit organizations is likely to be sometime after rules and regulations are adopted at the public level in the U.S. One possibility is that after full convergence for public companies, the FASB may become the authoritative standard setter for nonpublic companies, including nonprofit organizations.

How about governmental organizations?

The Governmental Accounting Standards Board (GASB) is currently the source of GAAP for state and local governments in the United States. It appears the GASB would continue in this role after the ultimate convergence to IFRS by public companies.

Health Care Audit and Accounting Guide Overhaul

The AICPA's Health Care Expert Panel is in the middle of a lengthy overhaul of the health care audit and accounting guide that has not been completely revised, other than annual conforming changes, since 1996. Although this guide will not likely be issued and be effective before late 2011 at the earliest, clients should work with their audit principal to ensure they understand potential implications of possible changes.

**NOTICEABLY
DIFFERENT**



Memo

To: Mayor and Council Members

From: Denise Nichols

CC: Steve Nasby

Date: 8/12/2011

Re: Des Moines River Dam Project

The agenda includes two items for the Des Moines River Dam Project. The first item is the Council's final review of the Environmental Assessment Worksheet. The project schedule for the publication of the EAW is August 22, 2011. The review period for the EAW is 30 days and the review would close on September 21, 2011.

The second item is the Council's final review of the Plans and Specifications. Once the Plans and Specifications are approved, the advertisement for bids can be published. A proposed resolution is attached for your review. Minor modifications to the Plans and Specifications may be needed following the Minnesota Department of Natural Resources' review of the Plans and Specifications, as they are still reviewing the plans. The engineers will incorporate any required DNR changes into the plan.

To maintain the proposed schedule, the opening of the bids would be held on September 28, 2011. The City Council would be able to award the bid for the project on October 4, 2011, during the regularly scheduled City Council meeting.

ENVIRONMENTAL ASSESSMENT WORKSHEET

Note to preparers: This form and EAW Guidelines are available at the Environmental Quality Board's website at: <http://www.eqb.state.mn.us/EnvRevGuidanceDocuments.htm>. The Environmental Assessment Worksheet provides information about a project that may have the potential for significant environmental effects. The EAW is prepared by the Responsible Governmental Unit or its agents to determine whether an Environmental Impact Statement should be prepared. The project proposer must supply any reasonably accessible data for — but should not complete — the final worksheet. The complete question as well as the answer must be included if the EAW is prepared electronically.

Note to reviewers: Comments must be submitted to the RGU during the 30-day comment period following notice of the EAW in the *EQB Monitor*. Comments should address the accuracy and completeness of information, potential impacts that warrant further investigation and the need for an EIS.

1. Project title Des Moines River Dam Removal

2. Proposer: City of Windom

Contact person: Steve Nasby

Title: City Administrator

Address: 444 9th Street, P.O. Box 38

City, state, ZIP: Windom, MN 56101-0038

Phone: 507-831-6129

Fax: 507-831-6127

E-mail: snasby@windom-mn.com

3. RGU: City of Windom

Contact person: Steve Nasby

Title: City Administrator

Address: 444 9th Street, P.O. Box 38

City, state, ZIP: Windom, MN 56101-0038

Phone: 507-831-6129

Fax: 507-831-6127

E-mail: snasby@windom-mn.com

4. Reason for EAW preparation (check one)

EIS scoping Mandatory EAW Citizen petition RGU discretion Proposer volunteered

If EAW or EIS is mandatory give EQB rule category subpart number and subpart name:

5. Project location

County: Cottonwood

City/Township: City of Windom

NW ¼ of the NW ¼ of Section 36, Township 105N, Range 36W

GPS Coordinates UTM NAD 83 Zone 15N 4858495.75 N 329605.21 E

Tax Parcel Number N/A

Attach each of the following to the EAW:

Figures

- Figure 1. State Location Map
- Figure 2. USGS Topographic Map
- Figure 3. 2010 Aerial Photograph
- Figure 4. MNDNR Public Waters Inventory Map
- Figure 5. National Wetlands Inventory Map

6. Description

- a. Provide a project summary of 50 words or less to be published in the *EQB Monitor*.

The City of Windom proposes to remove the Des Moines River Dam, which failed in 2007, and is no longer functional. The dam will be removed and replaced with a series of rock riffles to maintain the channel and reduce bank erosion.

- b. Give a complete description of the proposed project and related new construction. Attach additional sheets as necessary. Emphasize construction, operation methods and features that will cause physical manipulation of the environment or will produce wastes. Include modifications to existing equipment or industrial processes and significant demolition, removal or remodeling of existing structures. Indicate the timing and duration of construction activities.

The Des Moines River dam, located within the city of Windom, has a history of failures, most recently in 2007, when the east side of the dam washed away. Since the failure, the upstream pool has disappeared and converted to a narrow riverine channel and floodplain associated wetlands.

While past failures have been addressed by repair or reconstruction, the current failure has resulted in the determination to remove the structure, and restore the channel. The project proposes to completely remove the remainder of the dam, which includes the concrete dam and east and west abutments. There is also an upstream drainage structure and 120 feet of 60" corrugated metal pipe with concrete seepage collars on the east side of the dam which will be removed.

Once the dam is removed, the channel will be restored and stabilized. A series of five (5) single rock riffles will be constructed, with four (4) upstream and one (1) downstream of the existing dam location. These riffles will consist of a base of Class IV riprap and a top row of Class I riprap. The center will be flush with the bed of the river, and rise to 1' exposure along the banks under normal water elevations. Approximately 3,500 cubic yards of rock will be placed for riffle construction.

Riprap will be installed along the western bank immediately downstream of the dam embankment. This area is currently lined with concrete riprap, which is proposed to be topped with Class III riprap to provide additional stability. Approximately 90 cubic yards of riprap will be installed.

Downstream of the dam, as the river bends to the east, a series of three 50-foot long J hooks will be installed. These will consist of the placement of Class IV

riprap placed in a "J" shape into the channel. Gaps will be left in the riprap through the thalweg (a line drawn along the length of a stream bed that defines the center of the channel and most concentrated flow), while the vane arm (the portion of the vane connecting the hook to the bank) will be continuous. The portion of the J hook within the thalweg will be placed in the bed of the channel and rise along the vane to meet the channel at a cut off sill along the bank. Approximately 150 cubic yards of riprap will be required for the J hooks.

In addition to the created riffles, several individual boulders will be placed upstream of the current dam location to provide additional habitat and direct the flows.

Two rock fishing piers are proposed to provide public access to the channel. One will be constructed on each side of the channel.

Construction will occur during low flow conditions in the fall of 2011, and is expected to be completed within six weeks of initiation.

- c. Explain the project purpose; if the project will be carried out by a governmental unit, explain the need for the project and identify its beneficiaries.

The purpose of the project is to remove the failed dam structure and restore and improve the riverine habitat in the area. The current structure is no longer functional, and poses a safety risk and remains a channel obstruction. Removal of the dam will eliminate potentially dangerous recirculating currents immediately downstream of the breach, and maintain river connectivity for riverine species. The beneficiaries will be the residents of the city, and recreational users of the river.

- d. Are future stages of this development including development on any other property planned or likely to happen? Yes No

If yes, briefly describe future stages, relationship to present project, timeline and plans for environmental review.

Upon removal, there will be no need for future phases, although there is the potential for occasional maintenance of the proposed riprap structures.

- e. Is this project a subsequent stage of an earlier project? Yes No

If yes, briefly describe the past development, timeline and any past environmental review.

The current dam is the last in a chain of structures at this location. The first dam was constructed in 1878 out of logs, and was used to power the nearby Collins flour mill. At that time, a diversion channel was built parallel to the current Highway 62 alignment to provide water for the mill. In 1885 the log dam was washed out and reconstructed with brush and gravel, and again around 1900 with concrete abutments and wooded planks.

The Collins flour mill was closed in 1922 and destroyed by fire in 1923. In 1926 the City purchased about 50 acres of land, which included the land and the old mill site, and created Island Park. In 1947 the diversion channel was filled for the construction of Highway 62. The highway construction reduced the width of the channel, and resulted in additional flows over the dam and through the park during flooding.

In 1959, the United States Army Corps of Engineers (USACE) completed a study that recommended the dam be removed to eliminate problems associated with sediment accumulation and flooding. Instead of removing the dam, in 1960, the City completed its first major City-funded dam project: the construction of a by-pass culvert. Shortly after the by-pass culvert project, floods washed away much of the wooden portions of the dam in 1962, which led to the dam being reconstructed with concrete in 1963. In 1985, the dam was repaired again and, in 2007, the riverbank abutment eroded away. This latest failure has led to the drainage of the upstream pool. No changes have been made since the 2007 failure.

These past projects did not include environmental review.

A summary of the historic events relevant to the dam site is presented in Table 1.

Table 1
Historical Summary of the Windom Dam

Year	Event
1878	Dam originally constructed for the Windom (Collins) Flour Mill
1885	Dam was washed out and reconstructed using brush and gravel
~1900	Dam was washed out and reconstructed out of wood and concrete
1922	Windom Flour Mill closed down
1923	Windom Flour Mill destroyed by fire
1926	City purchased approximately 50 ac. of land owned by the Collins estate to create Island Park
1947	Channel to the mill is filled as part of the Highway 60 project
1959	USACE, Rock Island District completes a study to address problem areas along Des Moines River
1959/1960	City passes bond to build a by-pass channel which turned out to be a 60-inch culvert to help with flooding problems
1962	Floods wash away much of the wooden parts of the dam
1963	Dam reconstructed as ogee concrete dam
1985	Embankment and wing wall of dam repaired
2007	Riverbank abutment erodes away and dam fails

7. Project magnitude data

Total project acreage

9.11 acres (Defined as the area of the channel between Highway 62 and Highway 60). No work will occur beyond these limits, although it is recognized

that the project will have affects to the upstream conditions of the river, particularly the previous pool area.

Number of residential units: unattached 0 attached 0 maximum units per building
 Commercial, industrial or institutional building area (gross floor space): total square feet 0

Indicate areas of specific uses (in square feet):

Office	Manufacturing
Retail	Other industrial
Warehouse	Institutional
Light industrial	Agricultural
Other commercial (specify)	
Building height	If over 2 stories, compare to heights of nearby buildings

This project is restricted to work within the banks of the Des Moines River and will not require the construction of any structures.

8. **Permits and approvals required.** List all known local, state and federal permits, approvals and financial assistance for the project. Include modifications of any existing permits, governmental review of plans and all direct and indirect forms of public financial assistance including bond guarantees, Tax Increment Financing and infrastructure. *All of these final decisions are prohibited until all appropriate environmental review has been completed. See Minnesota Rules, Chapter 4410.3100.*

Unit of Government	Type of Application	Status
Local		
City of Windom	EAW Approval/Record of Decision	To Be Obtained
Cottonwood County	Minnesota Wetland Conservation Act	To Be Obtained
Cottonwood County	Shoreland Permit	To Be Obtained
State		
Minnesota Department of Natural Resources	Public Waters Work Permit	Completed
Minnesota Department of Natural Resources	Dam safety permit	To Be Obtained
Minnesota Pollution Control Agency	Clean Water Act Section 401 Water Quality Certification	To Be Obtained
Minnesota Pollution Control Agency	NPDES Permit	To Be Obtained
Minnesota Pollution Control Agency	State Disposal System Permit for dredged material disposal	
Federal		
U.S. Army Corps of Engineers	Clean Water Act Section 404 Permits	To Be Obtained
U.S. Army Corps of Engineers	Section 10 Work in Navigable Waters Permit	To Be Obtained
Fish and Wildlife Service	Biological Opinion	To Be Completed

9. **Land use.** Describe current and recent past land use and development on the site and on adjacent lands. Discuss project compatibility with adjacent and nearby land uses. Indicate whether any potential conflicts involve environmental matters. Identify any potential

environmental hazards due to past site uses, such as soil contamination or abandoned storage tanks, or proximity to nearby hazardous liquid or gas pipelines.

The project area is currently composed of the Des Moines River. The entire eastern side of the project is adjacent to Island Park, which contains open space, parking areas, two ball fields, a swimming pool, and the Windom Pirates baseball field.

The west side of the channel is adjacent to undeveloped land, including open space and a wooded fringe along the riverbank.

The exception is the south side of the channel west of Highway 60, where channel is adjacent to single family residential lots. The proposed project will have no affect on these adjacent properties, and is compatible with the designated land uses.

A search of the MPCA —What’s in my Backyard website failed to identify any potential hazards within the project limits. Several hazardous waste generators are present in the project vicinity, including several auto repair centers, gas stations, and medical facilities. These generators will not affect, or be affected by the proposed project.

10. Cover types. Estimate the acreage of the site with each of the following cover types before and after development:

The project limits have been defined as the work within the channel between Highway 62 and Highway 60. No construction work will occur outside of this limited area. Changes in cover type does not include the pool area above Highway 62, which is expected to permanently shift from larger pool areas to additional wetland habitat.

	Before	After		Before	After
Types 1-8 wetlands ¹	9.11 ¹	8.91	Lawn/landscaping	0.0	0.0
Wooded/forest	0.0	0.0	Impervious surfaces ²	0.00	0.20
Brush/grassland	0.0	0.0	Storm water features	0.0	0.0
Cropland	0.0	0.0			
			Total	9.11	9.11

¹ Types 1-8 wetlands includes the riverine habitat of the Des Moines River

² Impervious surface has been used to indicate the proposed riprap, although this is within the channel, and is not a typical impervious surface

If **Before** and **After** totals are not equal, explain why:

11. Fish, wildlife and ecologically sensitive resources

a. Identify fish and wildlife resources and habitats on or near the site and describe how they would be affected by the project. Describe any measures to be taken to minimize or avoid impacts.

The project is located within the Des Moines River, and contains a diverse fisheries assemblage. The Minnesota Pollution Control has a biological station

located on the Des Moines River downstream of the proposed project. This station was sampled in 2004, at which time the fish community was found to be dominated by sand shiner, spotfin shiner, common carp, and bluntnose minnows. Game species such as black crappie, channel catfish, green sunfish, and walleye were also sampled, but were less common. The Index of Biotic Integrity for the fish community was determined to be a 16, out of a maximum of 100.

Macroinvertebrate communities were also sampled by the MPCA in 2004. The macroinvertebrate community was dominated by filter feeding chironomids, with lesser amounts of gatherers, such as mayflies. Scrapers, such as stoneflies, were the least abundant group. This community reflects the benthic conditions of the river, which is dominated by sand and silt. Only one pollution intolerant family was observed, out of a total of 16 families collected. The IBI score for macroinvertebrates was 25 out of 100.

The fish and macroinvertebrate communities are typical of mid-sized rivers located in the agricultural area of southwest Minnesota. River habitat is composed of sands and silts, with little areas of hard substrate or gravel.

When functional, the dam was a barrier to upstream fish movement. The removal of the dam will allow fish passage to occur, which is an improvement over existing conditions. The placement of riffles and J hooks will introduce hard substrate to the river, which is a critical habitat for many spawning species.

While short term dislocation may occur during construction, no work will occur during spawning season. Overall, this project will be beneficial to the fish and macroinvertebrate communities.

b. Are any state-listed (endangered, threatened or special concern) species, rare plant communities or other sensitive ecological resources on or near the site? Yes No
If yes, describe the resource and how it would be affected by the project. Describe any measures that will be taken to minimize or avoid adverse impacts. Provide the license agreement number (LA-____) and/or Division of Ecological Resources contact number (ERDB 20090306) from which the data were obtained and attach the response letter from the DNR Division of Ecological Resources. Indicate if any additional survey work has been conducted within the site and describe the results.

The Natural Heritage Information System identifies two species of freshwater mussel within the Des Moines River within the vicinity of the proposed project. These species include the spike (*Elliptio dilatata*) and the mucket (*Actinonaias ligamentina*). The most recent survey, in 1999, failed to locate any live specimens.

As mussels are not as mobile as fish, there is the potential to have direct impacts from the removal of the dam, placement of the riffles, and construction equipment within the channel. These impacts can be minimized by surveying the river prior to construction to ensure that no mussel beds are present in the areas proposed for work.

The project is expected to be a net benefit to the mussel community by providing additional habitat, and by restoring fish passage. Fish are required as host species for mussel reproduction and distribution.

12. Physical impacts on water resources. Will the project involve the physical or hydrologic alteration — dredging, filling, stream diversion, outfall structure, diking, and impoundment — of any surface waters such as a lake, pond, wetland, stream or drainage ditch? Yes No

If yes, identify water resource affected and give the DNR Public Waters Inventory number(s) if the water resources affected are on the PWI: 17-25P, Des Moines River Describe alternatives considered and proposed mitigation measures to minimize impacts.

The project will be entirely within the bed of the Des Moines River. Upstream of the dam, the former pool has been identified a Public Water 17-25P, through the pool and below the dam it is identified as the Des Moines River.

Work within the channel consists of the removal of the existing dam, and placement of riprap, J hooks, and bank stabilization materials. This work within the channel is intended to step down the elevation of the river, and replace the vertical drop of the former dam spillway. The in-stream improvements are intended to direct the thalweg through the reach, and reduce bed and bank erosion. Habitat improvements will occur through the placement of hard structures, in addition to individual boulder placement.

The greatest impacts will occur to the pool upstream of the former dam. Upstream of the dam is a small pool area, which extended approximately 1.36 miles upstream of the dam, and had an area of approximately 108 acres. This pool area was composed of the main channel, several backwater pools, wetlands and islands. Before the most recent dam failure, the open water portion of the pool was approximately 25 %. The open water portion has been reduced since the dam was completed, as high sediment loads have accumulated sediment above the dam. Open waters areas were several feet in depth, but overall were shallow.

Since the failure in 2007, much of the accumulated sediment in the upstream pool has been washed downstream, or has been vegetated following exposure or conversion to wetland. Currently the pool contains the channel, and associated wetlands and upland islands. Complete removal of the dam may liberate a small amount of sediment immediately above the dam, but is not expected to be a long-term source of material. It is expected that with the complete removal and stabilization of the channel that the upstream sediment will be further consolidated.

Alternatives to maintain the pool were considered, but would require the reconstruction of the dam to maintain the pool. This was rejected as it would continue to allow sediment to accumulate and further shorten the life of the pool. A reconstructed dam would also require fish passage be incorporated, which would come with substantial costs. Ultimately, the removal of the dam

and stabilization of the channel was considered to be the least environmentally damaging alternative.

- 13. Water use.** Will the project involve installation or abandonment of any water wells, connection to or changes in any public water supply or appropriation of any ground or surface water (including dewatering)? Yes No
If yes, as applicable, give location and purpose of any new wells; public supply affected, changes to be made, and water quantities to be used; the source, duration, quantity and purpose of any appropriations; and unique well numbers and DNR appropriation permit numbers, if known. Identify any existing and new wells on the site map. If there are no wells known on site, explain methodology used to determine.

According to the Minnesota County Well Index (MCWI), available through the Minnesota Department of Health website, there are no wells within the project limits. The nearest well is Number 752427, which is a private well used for a homestead located approximately 0.15 miles southwest of the dam. This well was installed in 2007, and is at a depth of 316 feet. The well is not dependent upon the river to provide water, and will not be affected by the project.

The project will not require additional potable water needs.

There is no anticipation of groundwater appropriation needed for the proposed project. Lowering of the pool elevation is expected to reduce or eliminate the usage of sump pumps at adjacent properties.

- 14. Water-related land use management district.** Does any part of the project involve a shoreland zoning district, a delineated 100-year flood plain, or a state or federally designated wild or scenic river land use district? Yes No
If yes, identify the district and discuss project compatibility with district land use restrictions.

The project is located entirely within the 100-year floodplain of the Des Moines River. The Des Moines River is not a state or federally designated wild or scenic river.

The project area is located within the shoreland district, as identified by the Cottonwood County Local Water Management Plan 2007-2017. This project is compatible with the Cottonwood County plan and the associated land use restrictions.

- 15. Water surface use.** Will the project change the number or type of watercraft on any water body? Yes No
If yes, indicate the current and projected watercraft usage and discuss any potential overcrowding or conflicts with other uses.

Without a pool there would likely be no boat fishing, however there is little use or interest in boat fishing currently. The current boat ramp does not reach the channel, so the loss of the pool would not further limit public access. Canoe access would be reduced with the permanent loss of the pool, but removal of the

dam would also make canoeing on the river safer. Overall, the project is not expected to change watercraft usage.

- 16. Erosion and sedimentation.** Give the acreage to be graded or excavated and the cubic yards of soil to be moved: 1 acres; 700 cubic yards. Describe any steep slopes or highly erodible soils and identify them on the site map. Describe any erosion and sedimentation control measures to be used during and after project construction.

The project disturbance area will be approximately one acre; 700 cubic yards. The slopes in the river are relatively shallow. Erodible soils behind the dam mobilized downstream when the dam failed. Vegetation has established and stabilized the remaining soils upstream of the dam during the last several years.

Erosion and sedimentation methods such as floating silt curtain, silt fence, rock construction entrances, rock riprap, and turf establishment will be used during construction in order to minimize erosion and sedimentation during construction and comply with the NPDES Construction Stormwater Permit.

Long term erosion and sedimentation issues are not expected.

17. Water quality: surface water runoff

- a. Compare the quantity and quality of site runoff before and after the project. Describe permanent controls to manage or treat runoff. Describe any storm water pollution prevention plans.

The Des Moines River below the dam is identified as an Impaired Water for Aquatic Life and Recreation. The quality and quantity of runoff from the site will not be changed by the project. A Storm Water Pollution Prevention Plan has been prepared and included with the project plan sheets (Appendix A).

- b. Identify routes and receiving water bodies for runoff from the site; include major downstream water bodies as well as the immediate receiving waters. Estimate impact runoff on the quality of receiving waters.

The project area is within the Des Moines River, therefore the runoff from the site will directly enter the Des Moines River. Ultimately, the Des Moines River flows into the Mississippi River in the southeast corner of Iowa. No change in runoff rates, quality, or conditions is expected as part of this project.

18. Water quality: wastewaters

- a. Describe sources, composition and quantities of all sanitary, municipal and industrial wastewater produced or treated at the site.

The proposed project will not generate sanitary, municipal, or industrial wastewater.

- b. Describe waste treatment methods or pollution prevention efforts and give estimates of composition after treatment. Identify receiving waters, including major downstream water bodies (identifying any impaired waters), and estimate the discharge impact on the quality of receiving waters. If the project involves on-site sewage systems, discuss the suitability of site conditions for such systems.

N/A

- c. If wastes will be discharged into a publicly owned treatment facility, identify the facility, describe any pretreatment provisions and discuss the facility's ability to handle the volume and composition of wastes, identifying any improvements necessary.

N/A

19. Geologic hazards and soil conditions

- a. Approximate depth (in feet) to ground water: surface minimum N/A
average; to bedrock: N/A minimum N/A average.

Groundwater in the project area is not applicable, as the project is within the river, and will be within open water. Adjacent areas can have shallow groundwater, as determined by the need to run sump pumps during high water. Wells in the project area often extend for several hundred feet below the surface to obtain potable water.

Depth to bedrock is identified in the Cottonwood Soil Survey as greater than 60 feet, and local wells exceeding 300 feet have not encountered bedrock.

The surface material is composed of material formed in glacial outwash, and is composed of well drained soils in loamy or sandy sediments over sand and gravel. Bedrock is Sioux Quartzite.

Describe any of the following geologic site hazards to ground water and also identify them on the site map: sinkholes, shallow limestone formations or karst conditions. Describe measures to avoid or minimize environmental problems due to any of these hazards.

There are no known sinkholes, shallow limestone formations, or karst conditions observed on, or adjacent to the site according to the MNDNR's Karst Features Database for Cottonwood County. If any of these features are encountered on the site, appropriate action will be taken to mitigate impacts, such as soil erosion, storm water management, and groundwater protection.

- b. Describe the soils on the site, giving NRCS (SCS) classifications, if known. Discuss soil texture and potential for groundwater contamination from wastes or chemicals spread or spilled onto the soils. Discuss any mitigation measures to prevent such contamination.

Soils information was gathered using The Natural Resources Conservation Service Web Soil Survey (URL: <http://websoilsurvey.nrcs.usda.gov>). Survey Date Version 10, May 26, 2009. The project area is defined as Water, with adjacent soil types composed of Spillville loam, Estherville sandy loam, and Omsrud-Storden complex.

Soils in the project area have high infiltration rates, and the Minnesota Pollution Control Agency has determined that these soils have moderate susceptibility to contamination. Because of the nature of the project, there is little potential for contamination from waste or chemicals to spill and contaminant groundwater.

20. Solid wastes, hazardous wastes, storage tanks

a. Describe types, amounts and compositions of solid or hazardous wastes, including solid animal manure, sludge and ash, produced during construction and operation. Identify method and location of disposal. For projects generating municipal solid waste, indicate if there is a source separation plan; describe how the project will be modified for recycling. If hazardous waste is generated, indicate if there is a hazardous waste minimization plan and routine hazardous waste reduction assessments.

There is no known hazardous waste to be generated with the proposed project once construction has been completed. Construction vehicles will require gasoline, diesel fuel, antifreeze, and lubricants. If these products are used, they will be disposed of in accordance with city, county, state, and federal regulations, and any special provisions of the SWPPP.

b. Identify any toxic or hazardous materials to be used or present at the site and identify measures to be used to prevent them from contaminating groundwater. If the use of toxic or hazardous materials will lead to a regulated waste, discharge or emission, discuss any alternatives considered to minimize or eliminate the waste, discharge or emission.

During construction, it is anticipated that construction equipment will contain gasoline, diesel fuel, antifreeze, lubricants, and other fluids. Temporary fuel storage tanks may be present during construction, but will be removed upon completion. If these products are used, they will be disposed of in accordance with city, county, state, and federal regulations, and any special provisions of the SWPPP.

c. Indicate the number, location, size and use of any above or below ground tanks to store petroleum products or other materials, except water. Describe any emergency response containment plans.

Temporary fuel storage tanks may be present during construction but will be removed upon completion.

Prior to construction, an Emergency Response Plan will be prepared. This plan will provide instructions for actions to be taken should an accidental release of hazardous materials occur. For this project, this would most likely be petroleum from construction vehicles or machinery. The plan will include plans for locating spill kits, and instructions for notifying the Minnesota Duty Officer (1-800-422-0798 or 651-649-5451) for any reportable spills.

21. Traffic. Parking spaces added: 0

Existing spaces (if project involves expansion): Estimated total average daily traffic generated: N/A

Estimated maximum peak hour traffic generated and time of occurrence:

Indicate source of trip generation rates used in the estimates.

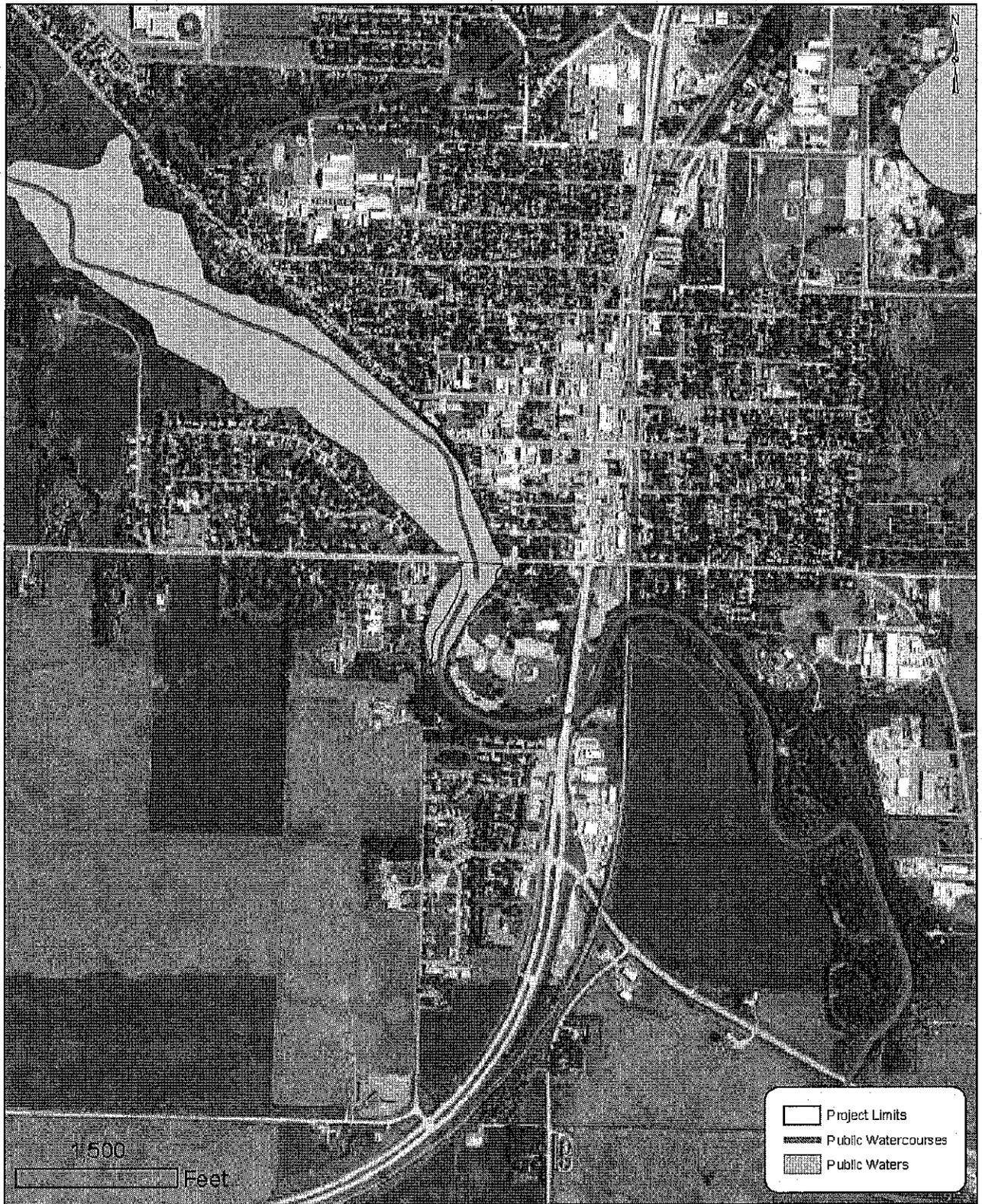
If the peak hour traffic generated exceeds 250 vehicles or the total daily trips exceeds 2,500, a traffic impact study must be prepared as part of the EAW. Using the format and procedures described in the Minnesota Department of Transportation's Traffic Impact Study Guidance (available at: <http://www.oim.dot.state.mn.us/access/pdfs/Chapter%205.pdf>) or a similar local guidance, provide an estimate of the impact on traffic congestion on affected roads and



Map Document: U:\Resources\Change\proj\2010\2010_Aerial_Photograph_Site_Monitoring.mxd
2/11/2010 12:11:24

	2035 WADSWORTH CENTER DR. ST. PAUL, MN 55118 PHONE: (651) 480-2000 FAX: (651) 410-0100 TF: (800) 325-2065 www.seh.com	Project: WINDM 116800 Print Date: 07/29/2011 Map by: ERD Projection: UTM NAD83 Source: MNDNR	2010 Aerial Photograph Des Moines River Dam Removal Windom, Minnesota	Figure 3
	<small>This map is neither a legally recorded map nor a survey map and is not intended to be used as one. This map is a compilation of records, information, and data gathered from various sources listed on this map and is to be used for reference purposes only. SEH does not warrant that the Geographic Information Systems (GIS) Data used to prepare this map are accurate, and SEH does not warrant that the GIS Data is fit for use for navigational, tracking, or any other purpose involving accurate measurement of distance or direction or position in the depiction of geographic features. The user of this map acknowledges that SEH shall not be liable for any damages which arise out of the user's reliance on use of data provided.</small>			

Map Document: (L:\Resources\Cartography\Remains\Empty\Map\us_va_Anis_L_6x11P\Map1P_Std_Milestone.mxd)
 2/2/2009 1:57:01 PM



3535 VADNAIS CENTER DR.
 ST. PAUL, MN 55110
 PHONE: (651) 490-2000
 FAX: (651) 490-8100
 TF: (800) 325-2055
 www.sehinc.com

Project: WINDM 118800
 Print Date: 07/29/2011
 Map by: DRD
 Projection: UTM NAD83
 Source: MNDNR

Public Waters Inventory
 Des Moines River Dam Removal
 Windom, Minnesota

Figure
 4

This map is neither a legally recorded map nor a survey map and is not to be used as one. This map is a computer-generated graphic, a simulation, and data gathered from various sources to be used as a map and is to be used for reference purposes only. SEH does not warrant that the Geographic Information System (GIS) data used to prepare this map are error-free, and SEH does not warrant that the GIS data can be used for legal, financial, or other purposes requiring exacting accuracy. SEH does not warrant the accuracy or precision of the depicted geographic features. The user of this map acknowledges that SEH shall not be liable for any damages which arise out of the use of or access to or use of data provided.

Appendix A – Copy of the Final Plans (Not include in review documents)

Appendix B – Site Photographs (Not included in review documents)

RESOLUTION #2011-

INTRODUCED:

SECONDED:

VOTED: **Aye:**
 Nay:
 Absent:

RESOLUTION APPROVING PLANS AND SPECIFICATIONS AND ORDERING ADVERTISEMENT FOR BIDS FOR THE DES MOINES RIVER DAM IMPROVEMENT PROJECT

WHEREAS, pursuant to review of the preliminary plans by the City Council on July 19, 2011, Engineer Short Elliott Henderson, Inc. has prepared final plans and specifications for the proposed Des Moines River Dam Project and has presented such plans and specifications to the Council for approval.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF WINDOM, MINNESOTA, AS FOLLOWS:

1. Such plans and specifications, which are made a part hereof by reference as if fully set forth herein, are hereby approved and shall be filed in the office of the City Clerk.
2. The City Clerk shall prepare an advertisement for bids for the making of such improvements, pursuant to the approved plans and specifications, and cause such advertisement to be published in the official paper.
3. Bids will be received and accepted by the City Clerk until 10:00 a.m. on September 28, 2011. At said time, the bids will be publicly opened by the City Clerk and Project Engineer in the City Hall Council Chambers. Bids will then be tabulated and will thereafter be considered by the City Council. Any bidder whose responsibility is questioned during consideration of the bid will be given an opportunity to address the Council on the issue of responsibility. The bid for such improvements will be awarded on or before October 4, 2011, at the City Council Meeting scheduled for 7:30 p.m.

Adopted by the Council this 16th day of August, 2011.

Kirby Kruse, Mayor

Attest: _____
Steven Nasby, City Administrator

Engineers Estimate Windom Dam Removal 8-12-2011

Description	Unit	Estimated Total Quantity	Unit Price	Amount
Mobilization for Demolitions	LS	1	\$10,000	\$10,000
Mobilization for Riffle Placement and all other construction	LS	1	\$15,000	\$15,000
Control of Water	LS	1	\$25,000	\$25,000
Erosion Control (includes all methods required to mitigate sediment mitigation downstream)	LS	1	\$20,000	\$20,000
Clearing and Grubbing	LS	1	\$5,000	\$5,000
Removal of dam and east abutment	LS	1	\$25,000	\$25,000
Removal of Inlet Drainage Structure	LS	1	\$5,000	\$5,000
Removal of Small Drainage Structure	LS	1	\$3,000	\$3,000
Removal of 20 feet of 60" CMP pipe and collars	LS	1	\$5,000	\$5,000
Removal of west abutment	LS	1	\$3,000	\$3,000
Site Restoration (preparation, seed, fertilizer, erosion protection)	Acre	1	\$5,000	\$5,000
Haul Road Maintenance and Repair	LS	1	\$15,000	\$15,000
Stockpile area restoration	LS	1	\$5,000	\$5,000
Weir Stones/Delivered	Each	360	\$110	\$39,600
MnDOT Class I Riprap (Riffle RipRap Base for weir stones)/ Delivered	CY	120	\$45	\$5,400
MnDOT Class IV Riprap - Field Stone (Riffle Riprap around weir stones) Delivered	CY	800	\$75	\$60,000
MnDOT Class IV RipRap - Quarried Rock (Riffle Riprap around weir stones) Delivered	CY	2000	\$45	\$90,000
MnDOT Class III (Riprap over existing concrete riprap) Delivered and placed	CY	100	\$55	\$5,500
Miscellaneous Riprap and Rock Placement and Relocation	Hr	16	\$200	\$3,200
Placement of Rock Riffles 0 to 0.25 height (includes Excavation and placement of Weir Stones and RipRap	LF	80	\$140	\$11,200
Placement of Rock Riffles 0.25 to 0.75 height (includes Excavation and placement of Weir Stones and RipRap	LF	400	\$120	\$48,000
Placement of Rock Riffles 0.75 to 1.25 height (includes Excavation and placement of Weir Stones and RipRap	LF	240	\$100	\$24,000
Placement of Rock Riffles Tiebacks with no weir stones (includes Excavation and placement of RipRap)	LF	150	\$60	\$9,000
Totals				\$436,900

STATEMENT OF ESTIMATED QUANTITIES

SPEC. NO.	ITEM DESCRIPTION	UNIT	PLAN QUANTITY	AS BUILT
	MOBILIZATION FOR DEMOLITIONS.	LUMP SUM	1	
	MOBILIZATION FOR RIFFLE PLACEMENT AND ALL OTHER CONSTRUCTION	LUMP SUM	1	
	CONTROL OF WATER	LUMP SUM	1	
	EROSION CONTROL (INCLUDES ALL METHODS REQUIRED TO MITIGATE SEDIMENT MITIGATION DOWNSTREAM)	LUMP SUM	1	
	CLEARING AND GRUBBING	LUMP SUM	1	
	REMOVAL OF DAM AND EAST ABUTMENT	LUMP SUM	1	
	REMOVAL OF INLET DRAINAGE STRUCTURE	LUMP SUM	1	
	REMOVAL OF SMALL DRAINAGE STRUCTURE	LUMP SUM	1	
	REMOVAL OF 20 FEET OF 60" CMP PIPE AND COLLARS	LUMP SUM	1	
	REMOVAL OF WEST ABUTMENT	LUMP SUM	1	
	SITE RESTORATION (PREPARATION, SEED, FERTILIZER, EROSION PROTECTION)	ACRE	1	
	HAUL ROAD MAINTENANCE AND REPAIR	LUMP SUM	1	
	STOCKPILE AREA RESTORATION	LUMP SUM	1	
	WEIR STONES / DELIVERED	EACH	360	
	MNDOT CLASS I RIPRAP (RIFFLE RIPRAP BASE FOR WEIR STONES) / DELIVERED	CY	120	
	MNDOT CLASS IV RIPRAP - FIELD STONE (RIFFLE RIPRAP AROUND WEIR STONES) / DELIVERED	CY	800	
	MNDOT CLASS IV RIPRAP - QUARRIED ROCK (RIFFLE RIPRAP AROUND WEIR STONES) / DELIVERED	CY	2000	
	MNDOT CLASS III RIPRAP (RIPRAP OVER EXISTING CONCRETE RIPRAP) / DELIVERED AND PLACED	CY	100	
	MISCELLANEOUS RIPRAP AND ROCK PLACEMENT AND RELOGATION	HR	16	
	PLACEMENT OF ROCK RIFFLES 0.00 TO 0.25 HEIGHT (INCLUDES EXCAVATION AND PLACEMENT OF WEIR STONES AND RIPRAP)	LF	80	
	PLACEMENT OF ROCK RIFFLES 0.25 TO 0.75 HEIGHT (INCLUDES EXCAVATION AND PLACEMENT OF WEIR STONES AND RIPRAP)	LF	400	
	PLACEMENT OF ROCK RIFFLES 0.75 TO 1.25 HEIGHT (INCLUDES EXCAVATION AND PLACEMENT OF WEIR STONES AND RIPRAP)	LF	240	
	PLACEMENT OF ROCK RIFFLE TIEBACKS WITH NO WEIR STONES (INCLUDES EXCAVATION AND PLACEMENT OF RIPRAP)	LF	150	

DRAWN BY: SHP DESIGNED: SHP CHECKED BY: BK REVISION:	NO. BY: _____ DATE: _____ REVISIONS: _____	I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME OR UNDER MY CLOSE PERSONAL SUPERVISION AND THAT I AM A LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MINNESOTA. BOB KRAK, P.E. No. 100,000,000 Exp. 06/30/2011 Lic. No. 100,000,000	 401 EAST 8TH STREET SUITE 200 MINNEAPOLIS, MN 55415 PHONE: 612.339.7600 FAX: 612.339.7601 WWW.SEH.COM	WINDOM, MINNESOTA	STATEMENT OF ESTIMATED QUANTITIES	FILE NO. WINDOM 18000 DATE AUG. 15, 2011	2 / 6
---	--	--	---	----------------------	--------------------------------------	---	-------

RESOLUTION #2011-

INTRODUCED:

SECONDED:

VOTED: **Aye:**
 Nay:
 Absent:

AUTHORIZATION TO ACCEPT A DONATION FROM THE BRUCE NELSON ESTATE FOR THE WINDOM FIRE DEPARTMENT

WHEREAS, Minnesota State Statute §465.03 requires that any city accepting a grant or gift of real or personal property shall accept such by resolution of the governing body expressing the terms prescribed by the donor; and

WHEREAS, the City of Windom has received a donation from the Bruce Nelson Estate in the amount of \$10,000.00 for the Windom Fire Department; and

WHEREAS, the donation requires that the funds be used by the Windom Fire Department to support the activities of the Department.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF WINDOM, MINNESOTA, that the City Council accepts the donation in the amount of \$10,000.00 offered by the Bruce Nelson Estate for use by the Windom Fire Department upon the terms set forth herein.

Adopted by the Council this 16th day of August, 2011.

Kirby G. Kruse, Mayor

Attest: _____
Steven Nasby, City Administrator

RESOLUTION #2011-

INTRODUCED:

SECONDED:

VOTED: **Aye:**
 Nay:
 Absent:

**AUTHORIZATION TO ACCEPT A DONATION FROM
THE BRUCE NELSON ESTATE FOR THE
WINDOM LIBRARY**

WHEREAS, Minnesota State Statute §465.03 requires that any city accepting a grant or gift of real or personal property shall accept such by resolution of the governing body expressing the terms prescribed by the donor; and

WHEREAS, the City of Windom has received a donation from the Bruce Nelson Estate in the amount of \$10,000.00 for the Windom Library; and

WHEREAS, the donation requires that the funds be used by the Windom Library to support the activities of the Library.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF WINDOM, MINNESOTA, that the City Council accepts the donation in the amount of \$10,000.00 offered by the Bruce Nelson Estate for use by the Windom Library upon the terms set forth herein.

Adopted by the Council this 16th day of August, 2011.

Kirby G. Kruse, Mayor

Attest: _____
Steven Nasby, City Administrator

MEMORANDUM



CITY OF WINDOM
444 9th Street
Windom, MN 56101
Phone: 507-831-6129
Fax: 507-831-6127
www.windom-mn.com

TO: City Council

FROM: City Administrator *Steven*
Police Chief

DATE: August 11, 2011

RE: Authorization for Hiring a Police Officer

As you know, Officer Kelly retired and his last day with the Windom Police Department was August 2, 2011. In May we started planning for the replacement of this position; however, we were awaiting the resolution of the State budget and its impact to Local Government Aid (LGA) prior to requesting a formal hiring decision from the City Council.

The Civil Service Commission and Chief Peterson are recommending that the City Council authorize the hiring of a replacement officer to keep the Windom Police Department at its current staffing level of 8 sworn officers. This position is budgeted for 2011 and has been included in the upcoming 2012 budget request.

As part of the planning process we have advertised for the position and received 45-50 applications. The Police Department invited 15 applicants to participate in the testing phase and 10 of the applicants successfully completed the testing. Should the City Council approve the replacement of the position the Civil Service Commission and Chief have identified five applicants for an interview.

If you have any questions please contact Chief Peterson at 831-6134. Chief Peterson will also be at the City Council meeting should you have any questions.

**STATE OF MINNESOTA
JOINT POWERS AGREEMENT**

This agreement is between the State of Minnesota, acting through its Commissioner of Public Safety, State Patrol Division ("State") and City of Windom Police Department ("Governmental Unit").

Recitals

Under Minn. Stat. §§ 471.59, subd. 3 and 10, the State is authorized to enter into joint powers agreements with Governmental Units within the state of Minnesota, and may charge the Governmental Unit for services provided;

Under Minn. Stat. § 299D.04, the State is authorized to enter into necessary agreements for participation in a nationwide police communication system;

Under Minn. Stat. § 626.76 the State has authority to assist other peace officers in the line of their duty and within the course of their employment;

Under Minn. Stat. § 299C.46, Subd 2., the Governmental Unit is defined as a Criminal Justice Agency; and throughout this Agreement will adhere to and maintain a valid Criminal Justice Data Communications Network Agreement with the Minnesota Bureau of Criminal Apprehension (BCA) for obtaining and accessing Criminal Justice Information System (CJIS) information;

Under Minn. Stat. §§ 171.12, 171.07 Subd. 1 (a) and 168.346, and United States Code, title 18, section 2721, # 1, the Governmental Unit's law enforcement officers are authorized access to driver and vehicle information and to driver license photos for use in carrying out their duties; and

Through this agreement, the Governmental Unit is requesting connection to and access to information provided by the State's I/Mobile System for the Governmental Unit's officers for obtaining information necessary to their duties while away from the office.

Agreement

1 Term of Agreement

- 1.1 **Effective date:** August 22, 2011, or the date the State obtains all required signatures under Minnesota Statutes Section 16C.05, subdivision 2, whichever is later.
- 1.2 **Expiration date:** December 31, 2011, or until all obligations have been satisfactorily fulfilled, whichever occurs first. Upon expiration or termination of this agreement, the Governmental Unit must immediately discontinue accessing any information provided by the State's I/Mobile System as provided in this agreement.

2 Agreement between the Parties

The purpose of this agreement is for the State to provide the Governmental Unit with access to the State's I/Mobile system, through software purchased and installed by the Governmental Unit on the Governmental Unit's laptop computers mounted in the Government Unit's vehicle(s).

The properly installed software and system will give the Governmental Unit:

- a) The ability to run driver's license checks, vehicle checks, driver license photos and additional Criminal Justice Information System (CJIS) queries, authorized by the BCA. The Governmental Unit agrees, pursuant to Minn. Stat. § 171.07 Subd. 1a., driver license photos may be shared with law enforcement only for the purpose in the investigation and prosecution of crimes. The Governmental Unit further agrees that additional CJIS query data information is provided under Minn. Stat. § 13.82 Subd. 24., authorizing the exchange of information by law enforcement agencies provided the exchanged information is pertinent and necessary to the requesting agency in initiating, furthering, or completing an investigation, except no public personnel data.

- b) The Governmental Unit's officers will also be able to use the provided State's I/Mobile map to show all signed on/GPS (Global Positioning System) enabled State units. The Governmental Unit's vehicle(s) will also show up on this map provided that Governmental Unit has GPS enabled vehicles and the unit is currently signed into the State's I/Mobile system.
- c) The ability to send and receive Mobile messages to other units signed on to I/Mobile system.
- d) The ability to query location of signed on State I/Mobile units and Governmental Unit Mobile units.

The Governmental Unit will provide/install their vehicles which they want capable to be equipped with the State's I/Mobile system with equipment that conforms to specifications provided by State and listed in Exhibit A, which is attached and incorporated into this agreement.

The Governmental Unit will maintain the system administration user ID (Identification)/password for all the Governmental Unit's computer laptops installed with the State's I/Mobile system software, and will provide the State's information technology (IT) staff access to the Governmental Unit's laptop computers as required for installing the State's I/Mobile system software onto the Governmental Unit's computer laptops. The Governmental Unit's system administration password must be a strong password composed of at least 8 characters including at least one upper case, one lower case, one special character and one number.

Prior to the State installing the State's I/Mobile system software onto the Governmental Unit's laptop computers, the Governmental Unit must acquire the necessary computer software (Intergraph's I/Mobile, an anti-virus package such as Norton or McAfee, MS Windows, and any other applications such as Easystreet Draw), and pay all software maintenance/upgrade fees for these software packages directly to the providing software vendor. This is the responsibility of the Governmental Unit, not the State.

During the terms of this agreement, the Governmental Unit will provide the State's IT staff with access to the Governmental Unit's laptop computers, loaded with the State's I/Mobile system software, for the purpose of the State providing State I/Mobile system maintenance/upgrades and for troubleshooting purposes. The State's Authorized Representative of this agreement will designate a set period of time for providing and completing these system maintenance/upgrades, and will schedule the necessary maintenance/upgrades with the Governmental Unit's Authorized Representative of this agreement to determine a mutually agreed upon location and time to complete the maintenance/upgrades required.

The Governmental Unit shall establish a policy for safe usage of I Mobile/Mobile Data Computers for officers/supervisors that includes how governmental unit emergencies will be addressed. Any Unit Alarms including unit emergency initiated from Mobile Data Computers will not be displayed or monitored by MSP Dispatchers. I Mobile messages from other agencies shall be considered confidential for purposes of this agreement. There will be no expectation by the Governmental units that MSP Dispatchers will relay or broadcast by any means to Governmental Units any informational messages of any type, including and not limited to "Attempt to Locate (ATL), Be on the Look Out (BOLO), Officer Safety messages", or any other informational items).

The State's Authorized Representative of this agreement will notify the Governmental Unit's Authorized Representative of this agreement at least 3 working days in advance of scheduled system maintenance/upgrades as well as scheduled outages. It is understood that computer systems are not available 100% of the time and sometimes there are unplanned outages.

To be a part of this program and to have the State's I/Mobile system software loaded on the Governmental Unit's computer laptops, the Governmental Unit must adhere to the requirements of the State and other agencies, which are listed in Exhibit B, which is attached and incorporated into this agreement.

Any modifications to the Exhibits of this agreement will be emailed to the Governmental Unit's Authorized Representative of this agreement by the State's Authorized Representative of this agreement, and will be printed out and kept on file with the executed copy of this agreement, and are hereby incorporated into the agreement by reference. The Governmental Unit's Authorized Representative of this agreement is required to acknowledge receipt

of exhibit modifications by email back to the State's Authorized Representative within 20 working days.

3 Payment

While the State is receiving federal funding for this Allied Agency initiative, the Governmental Unit will not be charged for the use of the State's I/Mobile system. This Allied Agency initiative is currently federally funded through September 30, 2011, and this federal funding may be extended on an annual basis. If the federal funding is not extended beyond September 30, 2011, the State will give the Governmental Unit 60 days written notice before the expiration date of the federal funding and the begin date for charging the Governmental Unit for the use of the State's I/Mobile system software. Once charging begins, consideration for services provided by the State will be paid by the Governmental Unit to the State at a rate of \$30.00 per month for each Governmental Unit's computer laptop loaded with the State's I/Mobile system software. Payment to the State is to be made payable to the Minnesota Department of Public Safety, and sent directly to the Minnesota State Patrol – Accounts Receivable, at 444 Cedar Street, Suite 130, Town Square, St. Paul, Minnesota 55101.

The State is not responsible for software purchased, or software/maintenance or license fees required by Intergraph Corporation or any other vendor. These fees are the responsibility of the Governmental Unit and are to be paid directly to the vendor(s). The State is also not responsible for the care and upkeep of equipment, hardware and other software purchased by the Governmental Unit.

The State is also not responsible for any damages caused by the Governmental Unit and/or its employees or vendors due to, or thought to be caused by the Governmental Unit's usage or removal of the system, e.g., any vehicle or property damages.

The State is not responsible for installation or removal costs or related costs on the loaner program. On the loaner program, the state is responsible for repairs to the MDC and VRM modems for the first six (6) months. If the loaner program goes beyond six (6) months, the loaner agency is responsible for repair costs to the MDC or VRM. The agency has the option of returning the equipment without replacement in lieu of paying for repairs. Assets loaned will be documented and signed for at issuance and upon return of the equipment.

If NetMotion software is required to connect to the State's I-Mobile system, the State will allow the Governmental Unit to use the State's NetMotion license at no charge, as long as there are licenses available.

If the federal funding expires, the State will invoice the Governmental Unit monthly and in arrears of services provided beginning no sooner than November 1, 2011, and itemized invoices are due and payable in full within thirty (30) days of the invoice date.

Invoices not paid within 90 days from the invoice date will be turned over to the Minnesota Department of Revenue for collection. If collection is unsuccessful, invoice shall be turned over to a collection agency. The State may charge interest. See, Minnesota Statutes, Section 16D.13, subd. 2. For this purpose the Governmental Unit will provide their federal taxpayer identification number to the State: #_____.

Also, if the Governmental Unit has not paid their invoice to the State within 90 days, the Governmental Unit's use of the State's I/Mobile system will be terminated by the State.

4 Authorized Representatives

The State's Authorized Representative is Aaron Wood, Program Manager, 444 Cedar Street, Suite 130, Saint Paul, MN 55101, 651-201-7110, or his/her successor.

The Governmental Unit's Authorized Representative is Kevin Patterson, Sergeant, City of Windom Police Department, 444 Ninth Street, Windom, MN 56101, 507-831-6134.

5 Assignment, Amendments, Waiver, and Contract Complete

- 5.1 **Assignment.** The Governmental Unit may neither assign nor transfer any rights or obligations under this agreement without the prior consent of the State and a fully executed Assignment Agreement, executed and approved by the same parties who executed and approved this agreement, or their successors in office.
- 5.2 **Amendments.** Any amendment to this agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original agreement, or their successors in office.
- 5.3 **Waiver.** If the State fails to enforce any provision of this agreement, that failure does not waive the provision or its right to enforce it.
- 5.4 **Contract Complete.** This agreement contains all negotiations and agreements between the State and the Governmental Unit. No other understanding regarding this agreement, whether written or oral, may be used to bind either party.

6 Liability

The Governmental Unit will indemnify, save, and hold the State, its agents, and employees harmless from any claims or causes of action, including attorney's fees incurred by the State, arising from the performance of this agreement by the Governmental Unit or the Governmental Unit's agents or employees. This clause will not be construed to bar any legal remedies the Governmental Unit may have for the State's failure to fulfill its obligations under this agreement. The Governmental Unit's liability shall be governed by the provisions of the Municipal Tort Claims Act, Minnesota Statutes, Section 466.01-466.15 and other applicable law.

7 State Audits

Under Minn. Stat. § 16C.05, subd. 5, the Governmental Unit's books, records, documents, and accounting procedures and practices relevant to this agreement are subject to examination by the State and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this agreement.

8 Government Data Practices

The Governmental Unit and State must comply with the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, as it applies to all data provided by the State under this agreement, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Governmental Unit under this agreement. The civil remedies of Minn. Stat. § 13.08 apply to the release of the data referred to in this clause by either the Governmental Unit or the State.

If the Governmental Unit receives a request to release the data referred to in this Clause, the Governmental Unit must immediately notify the State. The State will either give the Governmental Unit instructions concerning the release of the data to the requesting party before the data is released or submit the data directly to the appropriate party.

9 Venue

Venue for all legal proceedings out of this agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

10 Termination

10.1 **Termination.** The State or the Governmental Unit may terminate this agreement at any time, with or without cause, upon 30 days' written notice to the other party.

10.2 **Termination for Insufficient Funding.** The State may immediately terminate this agreement if it does not obtain funding from the Minnesota Legislature, or other funding source; or if funding cannot be continued at a level sufficient to allow for the execution of the services covered here. Termination must be by written or fax notice to the Governmental Unit. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Governmental Unit will be entitled to reimbursement, determined on a pro rata basis, for unfilled services to the extent that funds are available. The State will not be assessed any penalty if the agreement is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State must provide the Governmental Unit notice of the lack of funding within a reasonable time of the State's

receiving that notice.

10.3 Upon expiration or termination of this agreement, the Governmental Unit must immediately discontinue accessing any information provided by the State's I/Mobile System as provided in this agreement.

1. STATE ENCUMBRANCE VERIFICATION

Individual certifies that no encumbrance is required by Minn. Stat. §§ 16A.15 and 16C.05.

Signed: _____

Date: _____

Contract No. DPS-_____

2. GOVERNMENTAL UNIT

(Governmental Unit certifies that the appropriate person(s) have executed the agreement on behalf of the Governmental Unit as required by applicable articles, bylaws, resolutions, or ordinances)

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

3. STATE AGENCY

By: _____
(with delegated authority)

Title: Chief, Minnesota State Patrol

Date: _____

4. COMMISSIONER OF ADMINISTRATION

delegated to Materials Management Division

By: _____
(with delegated authority)

Date: _____

Distribution:

- Agency
- Governmental Unit
- State's Authorized Representative - Photo Copy

Exhibit A

(Page 1 of 1)

Specifications for Governmental Unit:

Each Governmental Unit's squad (unit) that the Governmental Unit wants equipped to mount a computer laptop for this system will need to have the following:

Laptop computer

Communication via modem (using Patrol's RF) or via cellular aircard with NetMotion

Cables for modem (if using State's Radio Frequency (RF) / GPS installation (optional)

Optional:

GPS

Docking station (highly recommended to prevent laptop from sliding around vehicle)

Magnetic Stripe reader (used to read drivers' licenses into I/Mobile and then into the BCA's Criminal Justice Information System (CJIS) screen)

Laptop computer requirements:

At least 512 meg memory (State standard is at least 1 gig memory as additional applications are running)

10 GB hard drive

Windows XP

CD ROM drive (DVD/combo drive will work)

2 serial ports if using Motorola modem (RF communications)

1 serial port if using cellular and also GPS

Software:

NetMotion – if using cellular

I/Mobile – Intergraph Corporation

Anti-virus package (Norton or McAfee)

Window XP (can run 2000 but will function better with XP) ***No Vista at this time

Users will need full access to C Drive on laptop

Exhibit B

(Page 1 of 1)

Governmental Unit must adhere to the following requirements:

1. Must follow all specifications and requirements from Minnesota Department of Public Safety, Bureau of Criminal Apprehension (BCA) for access to the Criminal Justice Information Systems, including meeting BCA CJIS training and certification requirements for access to CJIS data.
2. All messages are to be kept pursuant to the Minnesota Data Practices Act.
3. Governmental Unit's Authorized Representative (or designate) must review I/Mobile messages monthly to ensure conformity to standards outlined in Exhibit C, of this agreement, which is attached and incorporated into this agreement.
4. Governmental Unit must comply with any additional requirements from the BCA in a timely manner.
5. In the event that a Governmental Unit's computer is damaged or decommissioned, it is the Governmental Unit's responsibility to clean the hard drive of all confidential material.
6. Governmental Unit will keep all passwords secure including the system administrator's, user's and I/Mobile system software's. Passwords will not be shared or posted.

(THE REMAINING PORTION OF THIS PAGE WAS INTENTIONALLY LEFT BLANK)

Exhibit C

(Page 1 of 1)

I/Mobile messages must be reviewed by the Governmental Unit's Authorized Representative for the following:

1. Appropriate language (no foul language or statements)
2. No racial or sexual messages
3. No harassing messages
4. Keep the messages small
5. Sending messages to appropriate audience (not appropriate to send information to wide audience if only appropriate to selected individuals)
6. Business use only

Message logs are to be sent to the State's Authorized Representative of this agreement on a monthly basis. Any concerns or questions should be raised immediately as messages are only retained by the State for 90 days. GPS data is retained by the State for 30 days only.

If a request for message logs is received by the Governmental Unit, contact the State's Authorized Representative of this agreement or designee.

I/Mobile Messages are not guaranteed to be delivered. Always use an alternative method, e.g., radio or cell phone if message is critical for the recipient(s).

(THE REMAINING PORTION OF THIS PAGE WAS INTENTIONALLY LEFT BLANK)

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	SECR REV FUND/CITY O	SUPPLIES	5.00
MAYOR & COUNCIL	WINDOM AREA HOSPITAL	PERA AID	7,002.00
	Total for Department 101		7,007.00*
CITY OFFICE	NCPERS MINNESOTA	INSURANCE	80.00
CITY OFFICE	DENISE NICHOLS	EXPENSE	74.37
CITY OFFICE	SECR REV FUND/CITY O	POSTAGE	1.00
	Total for Department 103		155.37*
P & Z / BUILDING OFF	Verizon Wireless	TELEPHONE	34.08
P & Z / BUILDING OFF	NCPERS MINNESOTA	INSURANCE	24.00
	Total for Department 106		58.08*
CITY HALL	SANDRA HERDER	CLEANING	343.80
CITY HALL	MELISSA PENAS	CLEANING	343.80
CITY HALL	SECR REV FUND/CITY O	SUPPLIES	18.16
	Total for Department 115		705.76*
POLICE	NCPERS MINNESOTA	INSURANCE	144.00
POLICE	KEVIN L. PATTERSON	BINOCULARS	133.53
POLICE	SECR REV FUND/CITY O	POSTAGE	119.14
POLICE	SECR REV FUND/CITY O	SUPPLIES	13.90
POLICE	FLEET SERVICES DIVIS	LEASE CAR	2,146.20
POLICE	VOYAGER FLEET SERVIC	GAS	204.71
	Total for Department 120		2,761.48*
FIRE DEPARTMENT	Verizon Wireless	TELEPHONE	34.08
FIRE DEPARTMENT	VOYAGER FLEET SERVIC	GAS	74.50
	Total for Department 125		108.58*
STREET	Verizon Wireless	TELEPHONE	38.10
STREET	NCPERS MINNESOTA	INSURANCE	64.00
STREET	VOYAGER FLEET SERVIC	GAS	279.45
	Total for Department 140		381.55*
RECREATION	RYAN CLARK	UMPIRE	155.00
RECREATION	LEVI GOTTO	UMPIRE	180.00
RECREATION	JACOB JOHNSON	UMPIRE	160.00
RECREATION	COLLIN LOVELL	UMPIRE	60.00
RECREATION	MAX SYKORA	UMPIRE	70.00
	Total for Department 150		625.00*
PARKS	NCPERS MINNESOTA	INSURANCE	32.00
	Total for Department 165		32.00*
	Total for Fund 01		11,834.82*
	MN PUBLIC FACILITIES	BOND PAYMENTS	10,431.79
	Total for Department		10,431.79*
EQUIPMENT/F.A.	MN PUBLIC FACILITIES	BOND PAYMENTS	753.21

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
Total for Department 170			753.21*
Total for Fund 02			11,185.00*
LIBRARY	SANDRA HERDER	CLEANING	343.80
LIBRARY	MELISSA PENAS	CLEANING	343.80
LIBRARY	STAR TRIBUNE	SUBSCRIPTION	62.40
Total for Department 171			750.00*
Total for Fund 03			750.00*
AIRPORT	RED ROCK RURAL WATER	WATER	23.50
AIRPORT	SECR REV FUND/CITY O	SUPPLIES	5.10
AIRPORT	SO. CENTRAL ELECTRIC	POWER COST	268.78
Total for Department 174			297.38*
Total for Fund 11			297.38*
POOL	A H HERMEL CANDY & T	MERCHANDISE	165.76
POOL	SALLY OLTMANN	MEAT FOR SPLASH BASH	75.00
POOL	SALLY OLTMANN	MILEAGE TO PICK UP SUPPL	35.20
POOL	SALLY OLTMANN	PRIZES FOR SPLASH BASH	934.10
POOL	DARIN MCGUIRE	REFUND - SWIMMING LESSON	28.00
Total for Department 175			1,238.06*
Total for Fund 12			1,238.06*
AMBULANCE	WINDOM AREA HOSPITAL	BOOTH	35.00
AMBULANCE	DORIS BAKALYAR	REFUND - AMBULANCE	128.46
Total for Department 176			163.46*
Total for Fund 13			163.46*
MULTI-PURPOSE BUILDI	COCA-COLA BOTTLING C	MERCHANDISE	467.70
MULTI-PURPOSE BUILDI	HAGEN DISTRIBUTING	MERCHANDISE	532.50
MULTI-PURPOSE BUILDI	A H HERMEL CANDY & T	MERCHANDISE	44.67
MULTI-PURPOSE BUILDI	Verizon Wireless	TELEPHONE	34.08
MULTI-PURPOSE BUILDI	NCPERS MINNESOTA	INSURANCE	32.00
MULTI-PURPOSE BUILDI	RIVER BEND LIQUOR	MERCHANDISE	790.16
MULTI-PURPOSE BUILDI	BRAD BUSSA	RENTAL - CARPET MACHINE	200.00
MULTI-PURPOSE BUILDI	VOYAGER FLEET SERVIC	GAS	97.17
MULTI-PURPOSE BUILDI	WINDOM FIRE DEPT.	CALENDAR AD	300.00
Total for Department 177			2,498.28*
Total for Fund 14			2,498.28*
N IND PARK	SO. CENTRAL ELECTRIC	POWER COST	30.65
Total for Department 147			30.65*
Total for Fund 18			30.65*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	5,160.15
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	6,437.50
LIQUOR	A H HERMEL CANDY & T	MERCHANDISE	569.11
LIQUOR	JOHNSON BROS.	MERCHANDISE	5,363.44
LIQUOR	NCPERS MINNESOTA	INSURANCE	32.00
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	3,304.27
LIQUOR	WINDOM FIRE DEPT.	CALENDAR AD	175.00
	Total for Department 180		21,041.47*
	Total for Fund 60		21,041.47*
	MN DEPT OF HEALTH	PLAN REVIEW	150.00
	MN PUBLIC FACILITIES	BOND PAYMENTS	243,000.00
	Total for Department		243,150.00*
WATER	GOPHER STATE ONE CAL	LOCATES	20.30
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	168.75
WATER	Verizon Wireless	TELEPHONE	57.16
WATER	MN PUBLIC FACILITIES	BOND PAYMENTS	21,241.65
WATER	NCPERS MINNESOTA	INSURANCE	24.00
WATER	SECR REV FUND/CITY O	POSTAGE	24.88
WATER	VOYAGER FLEET SERVIC	GAS	290.24
	Total for Department 181		21,826.98*
	Total for Fund 61		264,976.98*
	ELECTRIC FUND	REFUND-UT PREPAY-A.FERNA	142.07
	SECR REV FUND/CITY O	REFUND - UTILITY PREPAYM	145.00
	JODIE CROWELL	REFUND - UTILITY PREPAYM	125.00
	ANTONIO FERNANDEZ	REFUND - UTILITY PREPAYM	157.93
	COURTNEY HABERMAN	REFUND - UTILITY PREPAYM	300.00
	ALISON KLASSEN	REFUND - UTILITY PREPAYM	125.00
	RICHARD TEICHROW	REFUND - UTILITY PREPAYM	125.00
	ROSS WIENS	REFUND - UTILITY PREPAYM	125.00
	Total for Department		1,245.00*
ELECTRIC	GOPHER STATE ONE CAL	LOCATES	20.30
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	168.75
ELECTRIC	NCPERS MINNESOTA	INSURANCE	96.00
ELECTRIC	HSBC BUSINESS SOLUTI	SUPPLIES	285.99
ELECTRIC	SECR REV FUND/CITY O	POSTAGE	42.61
ELECTRIC	SECR REV FUND/CITY O	SUPPLIES	2.50
ELECTRIC	BRAD BUSSA	CLEANING	184.60
ELECTRIC	VOYAGER FLEET SERVIC	GAS	201.52
ELECTRIC	DORIS CURRY	ENERGY REBATE	50.00
ELECTRIC	GARY ENGER	ENERGY REBATE	50.00
ELECTRIC	MARY ANN LETOURNEAU	ENERGY REBATE	50.00
ELECTRIC	KARA MARCY	ENERGY REBATE	25.00
ELECTRIC	GLADYS POLZIN	ENERGY REBATE	25.00
ELECTRIC	HELEN RAVERTY	ENERGY REBATE	10.00

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
ELECTRIC	CRISTA STAHL	ENERGY REBATE	10.00
ELECTRIC	ROGER WILSON	ENERGY REBATE	100.00
		Total for Department 182	1,322.27*
		Total for Fund 62	2,567.27*
		MN PUBLIC FACILITIES BOND PAYMENTS	112,073.61
		Total for Department	112,073.61*
SEWER	GOPHER STATE ONE CAL LOCATES		20.30
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	168.75
SEWER	Verizon Wireless	TELEPHONE	57.16
SEWER	MN PUBLIC FACILITIES BOND PAYMENTS		14,432.04
SEWER	NCPERS MINNESOTA	INSURANCE	56.00
SEWER	SECR REV FUND/CITY O POSTAGE		.40
SEWER	VOYAGER FLEET SERVIC GAS		103.70
		Total for Department 183	14,838.35*
		Total for Fund 63	126,911.96*
ARENA	Verizon Wireless	TELEPHONE	69.27
ARENA	NCPERS MINNESOTA	INSURANCE	32.00
ARENA	VOYAGER FLEET SERVIC GAS		33.30
		Total for Department 184	134.57*
		Total for Fund 64	134.57*
ECONOMIC DEVELOPMENT	NCPERS MINNESOTA	INSURANCE	24.00
ECONOMIC DEVELOPMENT	SECR REV FUND/CITY O POSTAGE		5.46
ECONOMIC DEVELOPMENT	SECR REV FUND/CITY O SUPPLIES		43.27
		Total for Department 187	72.73*
		Total for Fund 67	72.73*
	MN 9-1-1 PROGRAM	911 SERVICE	1,021.26
		Total for Department	1,021.26*
TELECOMMUNICATIONS	B B C AMERICA	SUBSCRIBER	20.15
TELECOMMUNICATIONS	BEIM CONSULTING	WEB SITE REDESIGN	1,420.00
TELECOMMUNICATIONS	COMCAST MEDIA CENTER	SUBSCRIBER	13.20
TELECOMMUNICATIONS	DELL MARKETING L.P.	COMPUTER	982.21
TELECOMMUNICATIONS	DISCOVERY DIGITAL NE	SUBSCRIBER	36.44
TELECOMMUNICATIONS	GOPHER STATE ONE CAL LOCATES		20.30
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	506.25
TELECOMMUNICATIONS	HUB TELEVISION NETWO	SUBSCRIBER	9.11
TELECOMMUNICATIONS	LIFETIME	SUBSCRIBER	698.32
TELECOMMUNICATIONS	LIFETIME MOVIE NETWO	SUBSCRIBER	30.00
TELECOMMUNICATIONS	Verizon Wireless	TELEPHONE	281.92
TELECOMMUNICATIONS	NATIONAL CABLE TV CO	SUBSCRIBER	22,040.13
TELECOMMUNICATIONS	NCPERS MINNESOTA	INSURANCE	64.00

CITY OF WINDOM
 FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
TELECOMMUNICATIONS	CALIX	MAINTENANCE	3,163.67
TELECOMMUNICATIONS	OWN	SUBSCRIBER	19.32
TELECOMMUNICATIONS	SECR REV FUND/CITY O	POSTAGE	4.95
TELECOMMUNICATIONS	SECR REV FUND/CITY O	SUPPLIES	63.28
TELECOMMUNICATIONS	VOYAGER FLEET SERVIC	GAS	185.91
TELECOMMUNICATIONS	HURRICANE ELECTRIC I	INTERNET SERVICE	1,000.00
		Total for Department 199	30,559.16*
		Total for Fund 69	31,580.42*
	NCPERS MINNESOTA	INSURANCE	32.00
		Total for Department	32.00*
		Total for Fund 70	32.00*
		Grand Total	475,315.05*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
BOARD & COUNCIL	SPRINGSTED, INC	COMM GOALS FACILITATION	2,500.00
	Total for Department 101		2,500.00*
CITY OFFICE	CMRS - TMS	POSTAGE	792.26
CITY OFFICE	ELECTRIC FUND	UTILITY BILLING	182.87
	Total for Department 103		975.13*
P & Z / BUILDING OFF	CMRS - TMS	POSTAGE	26.92
P & Z / BUILDING OFF	ELECTRIC FUND	UTILITY BILLING	56.14
P & Z / BUILDING OFF	VET'S WHOA N'GO	GAS	131.52
	Total for Department 106		214.58*
CITY HALL	ELECTRIC FUND	UTILITY BILLING	576.94
	Total for Department 115		576.94*
POLICE	CMRS - TMS	POSTAGE	8.88
POLICE	DONNA MARCY	EXPENSE	6.84
POLICE	ELECTRIC FUND	UTILITY BILLING	79.01
POLICE	VET'S WHOA N'GO	GAS	272.09
	Total for Department 120		366.82*
FIRE DEPARTMENT	CMRS - TMS	POSTAGE	7.12
FIRE DEPARTMENT	ELECTRIC FUND	UTILITY BILLING	27.99
FIRE DEPARTMENT	VET'S WHOA N'GO	GAS	57.88
	Total for Department 125		92.99*
STREET	CMRS - TMS	POSTAGE	34.32
STREET	ELECTRIC FUND	UTILITY BILLING	2,562.76
STREET	ERICKSON OIL CO	GAS	1,006.93
STREET	VET'S WHOA N'GO	GAS	106.39
	Total for Department 140		3,710.40*
HEALTH & SANITATION	NEAL GRUNEWALD	COMPOST SITE MANAGER	128.00
	Total for Department 145		128.00*
RECREATION	CMRS - TMS	POSTAGE	6.16
RECREATION	HARDEES	MERCHANDISE	105.80
RECREATION	A H HERMEL CANDY & T	MERCHANDISE	18.10
RECREATION	SW AWARDS	SUPPLIES	98.86
RECREATION	LEAH PALM	REFUND - T-BALL	35.00
RECREATION	ZACH BARTOSH	UMPIRE	70.00
	Total for Department 150		333.92*
PARKS	CMRS - TMS	POSTAGE	2.16
PARKS	ELECTRIC FUND	UTILITY BILLING	3,901.50
PARKS	ERICKSON OIL CO	GAS	165.66
	Total for Department 165		4,069.32*
	Total for Fund 01		12,968.10*
LIBRARY	ELECTRIC FUND	UTILITY BILLING	484.39

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
		Total for Department 171	484.39*
		Total for Fund 03	484.39*
	BANK MIDWEST	TRANSFER TO SAVINGS	10,000.00
	EVERSTRONG CONSTRUCT	STREET IMP PROJECT	48,663.37
		Total for Department	58,663.37*
		Total for Fund 04	58,663.37*
AIRPORT	CMRS - TMS	POSTAGE	32.96
		Total for Department 174	32.96*
		Total for Fund 11	32.96*
POOL	CMRS - TMS	POSTAGE	102.68
POOL	ELECTRIC FUND	UTILITY BILLING	1,220.83
		Total for Department 175	1,323.51*
		Total for Fund 12	1,323.51*
AMBULANCE	CMRS - TMS	POSTAGE	78.88
AMBULANCE	ELECTRIC FUND	UTILITY BILLING	26.40
AMBULANCE	BUCKWHEAT JOHNSON	EXPENSE	8.40
AMBULANCE	KIM POWERS	EXPENSE	89.07
AMBULANCE	VET'S WHOA N'GO	GAS	1,855.67
		Total for Department 176	2,058.42*
		Total for Fund 13	2,058.42*
MULTI-PURPOSE BUILDI	CMRS - TMS	POSTAGE	42.41
MULTI-PURPOSE BUILDI	ELECTRIC FUND	UTILITY BILLING	1,698.13
MULTI-PURPOSE BUILDI	BANK MIDWEST	NSF CHECK	280.00
		Total for Department 177	2,020.54*
		Total for Fund 14	2,020.54*
LIQUOR	ARNESON DISTRIBUTING	MERCHANDISE	81.00
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	5,036.60
LIQUOR	CMRS - TMS	POSTAGE	6.56
LIQUOR	ELECTRIC FUND	UTILITY BILLING	1,149.76
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	6,770.90
LIQUOR	MN MUNICIPAL BEVERAG	DUES	925.00
LIQUOR	PHILLIPS WINE & SPIR	MECHANDISE	600.05
LIQUOR	HOMETOWN PRODUCTIONS	ADVERTISEMENT	289.50
		Total for Department 180	14,859.37*
		Total for Fund 60	14,859.37*
WATER	CMRS - TMS	POSTAGE	249.90

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
WATER	DATA-PAC MAILING SYS	RESET FEE	1.49
WATER	ELECTRIC FUND	UTILITY BILLING	3,973.09
WATER	ERICKSON OIL CO	GAS	69.34
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	145.83
		Total for Department 181	4,439.65*
		Total for Fund 61	4,439.65*
	ELECTRIC FUND	REF-UT PREPAY-ROBERT CRE	100.61
	ROBERT CREE	REFUND -UTILITY PREPAYME	199.39
	RON & TERRI DAHLVANG	REFUND - UTILITY PREPAYM	300.00
	JULIETA IRACHETA	REFUND - UTILITY PREPAYM	300.00
	ANGEL RODRIGUEZ	REFUND - UTILITY PREPAYM	300.00
		Total for Department	1,200.00*
ELECTRIC	CMRS - TMS	POSTAGE	301.81
ELECTRIC	DATA-PAC MAILING SYS	RESET FEE	1.50
ELECTRIC	ELECTRIC FUND	UTILITY BILLING	273.27
ELECTRIC	ERICKSON OIL CO	GAS	218.21
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	145.85
		Total for Department 182	940.64*
		Total for Fund 62	2,140.64*
SEWER	CMRS - TMS	POSTAGE	253.14
SEWER	DATA-PAC MAILING SYS	RESET FEE	1.49
SEWER	ELECTRIC FUND	UTILITY BILLING	15,360.13
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	145.83
		Total for Department 183	15,760.59*
		Total for Fund 63	15,760.59*
ARENA	CMRS - TMS	POSTAGE	35.21
ARENA	ELECTRIC FUND	UTILITY BILLING	1,732.33
ARENA	VET'S WHOA N'GO	GAS	134.97
		Total for Department 184	1,902.51*
		Total for Fund 64	1,902.51*
ECONOMIC DEVELOPMENT	CMRS - TMS	POSTAGE	23.43
ECONOMIC DEVELOPMENT	ELECTRIC FUND	UTILITY BILLING	75.38
		Total for Department 187	98.81*
		Total for Fund 67	98.81*
TELECOMMUNICATIONS	CMRS - TMS	POSTAGE	121.20
TELECOMMUNICATIONS	JEFFREY DAHNA	EXPENSE	255.86
TELECOMMUNICATIONS	DATA-PAC MAILING SYS	RESET FEE	4.47
TELECOMMUNICATIONS	ELECTRIC FUND	UTILITY BILLING	2,028.30
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	437.49

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
TELECOMMUNICATIONS	KARE	SUBSCRIBER	507.60
TELECOMMUNICATIONS	QWEST COMMUNICATIONS	DIRECTORY LISTING	156.17
TELECOMMUNICATIONS	VET'S WHOA N'GO	GAS	110.78
TELECOMMUNICATIONS	WOODSTOCK TELEPHONE	SERVICE	186.67
TELECOMMUNICATIONS	ZAYO BANDWIDTH	BANDWIDTH BILLING	4,215.96
		Total for Department 199	8,024.50*
		Total for Fund 69	8,024.50*
	COLONIAL LIFE INSURA	INSURANCE	8.82
		Total for Department	8.82*
		Total for Fund 70	8.82*
		Grand Total	124,786.18*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	MCDONALD & SCHRAMMEL	LEGAL FEES	828.00
		Total for Department 101	828.00*
CITY OFFICE	COALITION OF GREATER	REGISTRATION	110.00
CITY OFFICE	INDOFF, INC	SUPPLIES	136.04
CITY OFFICE	MANKATO MOBIL - ALPH	MAINTENANCE CONTRACT	6.50
		Total for Department 103	252.54*
P & Z / BUILDING OFF	WINDOM AUTO VALU	MAINTENANCE	4.99
P & Z / BUILDING OFF	MCDONALD & SCHRAMMEL	LEGAL FEES	216.00
P & Z / BUILDING OFF	MANKATO MOBIL - ALPH	MAINTENANCE CONTRACT	6.50
		Total for Department 106	227.49*
LEGAL	MCDONALD & SCHRAMMEL	CONFERENCE	250.00
		Total for Department 110	250.00*
CITY HALL	AMERIGAS - WORTHINGT	WATER TREATMENT	23.46
CITY HALL	CULLIGAN	SALT	14.00
CITY HALL	HOMETOWN SANITATION	HAUL GARBAGE	85.04
CITY HALL	SCHWALBACH HARDWARE	MAINTENANCE	6.19
		Total for Department 115	128.69*
POLICE	CDW GOVERNMENT INC	SERVICE	77.76
POLICE	COTTONWOOD CO TREASU	DISPATCHING	275.00
POLICE	COTTONWOOD CO TREASU	RENT	1,500.00
POLICE	INDOFF, INC	SUPPLIES	153.17
POLICE	HIGLEY FORD SALES	MAINTENANCE	36.85
POLICE	WINDOM AUTO VALU	MAINTENANCE	3.20
POLICE	KUSTOM SIGNALS, INC	MAINTENANCE	487.68
POLICE	MCDONALD & SCHRAMMEL	LEGAL FEES	6,216.00
POLICE	MANKATO MOBIL - ALPH	MAINTENANCE CONTRACT	124.20
POLICE	PAMIDA	SUPPLIES	27.77
POLICE	POSITIVE ID INC	SERVICE	74.12
POLICE	UNIFORM UNLIMITED	CLOTHING	448.77
POLICE	COUNTRY PRIDE SERVIC	MAINTENANCE	494.00
POLICE	ITL PATCH COMPANY, I	SUPPLIES	110.03
		Total for Department 120	10,028.55*
FIRE DEPARTMENT	COTTONWOOD CO TREASU	DISPATCHING	212.50
FIRE DEPARTMENT	INDOFF, INC	SUPPLIES	72.66
FIRE DEPARTMENT	HEIMAN FIRE EQUIP. C	MAINTENANCE	36.35
FIRE DEPARTMENT	MANKATO MOBIL - ALPH	MAINTENANCE CONTRACT	6.50
FIRE DEPARTMENT	QUEST	TELEPHONE	58.86
FIRE DEPARTMENT	SCHWALBACH HARDWARE	MAINTENANCE	8.51
FIRE DEPARTMENT	WINDOM FIRE SAFETY	MAINTENANCE	25.00
FIRE DEPARTMENT	CARQUEST AUTO PARTS	MAINTENANCE	18.70
		Total for Department 125	439.08*
EMERGENCY MANAGEMENT	COTTONWOOD CO TREASU	DISPATCHING	12.50
EMERGENCY MANAGEMENT	MANKATO MOBIL - ALPH	MAINTENANCE CONTRACT	200.00
		Total for Department 130	212.50*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
ANIMALS	COTTONWOOD-SLAYTON V VETERINARY SERVICE		233.07
	Total for Department 135		233.07*
STREET	CLARKE	MOSQUITO CONTROL	2,893.46
STREET	COTTONWOOD COUNTY LA	GARBAGE	4.00
STREET	COTTONWOOD CO TREASU	DISPATCHING	125.00
STREET	GDF ENTERPRISES, INC	MAINTENANCE	38.28
STREET	GCC ALLIANCE CONCRET	MAINTENANCE	35.64
STREET	GEMPLER'S	SUPPLIES	205.25
STREET	HOMETOWN SANITATION	HAUL GARBAGE	130.85
STREET	JERRY'S REPAIR	MAINTENANCE	2,152.22
STREET	LAMPERTS YARDS, INC.	MAINTENANCE	10.54
STREET	MANKATO MOBIL - ALPH	MAINTENANCE CONTRACT	6.50
STREET	MILLS & MILLER, INC	MAINTENANCE	1,656.54
STREET	QUEST	TELEPHONE	58.86
STREET	RUNNING'S SUPPLY	MAINTENANCE	469.63
STREET	SCHWALBACH HARDWARE	MAINTENANCE	17.09
STREET	SHARE CORP.	SUPPLIES	123.47
STREET	SOUTHERN MINN CONSTR	MAINTENANCE	3,287.98
STREET	COUNTRY PRIDE SERVIC	DISCOUNT FOR FUEL PER CO	-30.93
STREET	COUNTRY PRIDE SERVIC	MAINTENANCE	747.33
STREET	CARQUEST AUTO PARTS	MAINTENANCE	81.78
	Total for Department 140		12,013.49*
RECREATION	CENTER SPORTS	EQUIPMENT	104.00
RECREATION	COCA-COLA BOTTLING C	MERCHANDISE	74.30
RECREATION	MAXIMUM SOLUTIONS, I	ANNUAL SERVICE AGREEMENT	215.42
RECREATION	ISAAC HAUGE	UMPIRE	85.00
RECREATION	DAN KNEELAND	UMPIRE	80.00
RECREATION	WINDOM EAGLE VOLLEYB	REFEREE SAND VB TOURNEY	250.00
	Total for Department 150		808.72*
PARKS	COTTONWOOD CO TREASU	DISPATCHING	37.50
PARKS	DIAMOND VOGEL PAINT	MAINTENANCE	795.00
PARKS	ELITE MECHANICAL SYS	SERVICE	163.44
PARKS	GDF ENTERPRISES, INC	MAINTENANCE	49.16
PARKS	HOMETOWN SANITATION	HAUL GARBAGE	148.00
PARKS	WINDOM AUTO VALU	MAINTENANCE	139.98
PARKS	KEMNA-ASA AUTO PLAZA	MAINTENANCE	211.26
PARKS	MTI DISTRIBUTING, IN	MAINTENANCE	262.69
PARKS	RUNNING'S SUPPLY	MAINTENANCE	104.51
PARKS	SCHWALBACH HARDWARE	MAINTENANCE	101.50
PARKS	COUNTRY PRIDE SERVIC	MAINTENANCE	1,827.87
	Total for Department 165		3,840.91*
	Total for Fund 01		29,263.04*
LIBRARY	AUDIO GO	BOOKS	112.26
LIBRARY	INDOFF, INC	SUPPLIES	286.47
LIBRARY	GALE	BOOKS	241.75

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
LIBRARY	ARCHITECTURAL DIGEST	SUBSCRIPTION	39.95
LIBRARY	INGRAM	BOOKS	1,933.44
LIBRARY	J & K WINDOWS	CLEANING	20.00
LIBRARY	MARTHA STEWART LIVIN	SUBSCRIPTION	24.00
LIBRARY	MICROMARKETING	BOOKS & AUDIO	373.92
LIBRARY	MONEY	SUBSCRIPTION	19.95
LIBRARY	NATL GEOGRAPHIC SOCI	SUBSCRIPTION	17.95
LIBRARY	PEOPLE	SUBSCRIPTION	116.07
LIBRARY	RECORDED BOOKS, LLC	AUDIO	164.40
LIBRARY	READERS SERVICE	BOOK	61.17
LIBRARY	SCHWALBACH HARDWARE	MAINTENANCE	84.33
LIBRARY	WINDOM COMMUNITY EDU	AD	40.00
LIBRARY	RANGER RICK	SUBSCRIPTION	19.95
LIBRARY	ALASKA MAGAZINE	SUBSCRIPTION	24.00
LIBRARY	DISCOVER	SUBSCRIPTION	24.95
LIBRARY	ROMANTIC HOMES	SUBSCRIPTION	24.88
	Total for Department 171		3,629.44*
	Total for Fund 03		3,629.44*
	WENCK ASSOCIATES, IN 2011 STREET SHOP IMP		324.00
	Total for Department		324.00*
	Total for Fund 04		324.00*
POOL	AMERICAN RED CROSS	LESSONS	260.00
POOL	COCA-COLA BOTTLING C	MERCHANDISE	118.20
POOL	HAWKINS, INC	CHEMICALS	486.31
POOL	HOMETOWN SANITATION	HAUL GARBAGE	76.05
POOL	SCHWALBACH HARDWARE	MAINTENANCE	2,075.47
	Total for Department 175		3,016.03*
	Total for Fund 12		3,016.03*
AMBULANCE	ARROW MANUFACTURING	MAINTENANCE	86.55
AMBULANCE	BOUND TREE MEDICAL,	EQUIPMENT	330.26
AMBULANCE	COTTONWOOD CO TREASU	DISPATCHING	200.00
AMBULANCE	EMERGENCY MEDICAL PR	SUPPLIES	133.66
AMBULANCE	HIGLEY FORD SALES	MAINTENANCE	20.86
AMBULANCE	MANKATO MOBIL - ALPH	MAINTENANCE CONTRACT	191.07
AMBULANCE	QUEST	TELEPHONE	58.87
AMBULANCE	PRAXAIR DISTRIBUTION	SERVICE	368.73
AMBULANCE	WINDOM AREA HOSPITAL	SERVICE	2,325.54
AMBULANCE	CARQUEST AUTO PARTS	MAINTENANCE	28.32
AMBULANCE	ZOLL MEDICAL CORPORA	SUPPLIES	109.81
	Total for Department 176		3,853.67*
	Total for Fund 13		3,853.67*
	SCHWALBACH HARDWARE	MAINTENANCE	756.13

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
Total for Department			756.13*
MULTI-PURPOSE BUILDI	COLE PAPER INC.	SUPPLIES	252.76
MULTI-PURPOSE BUILDI	FEDER MECHANICAL INC	MAINTENANCE	108.00
MULTI-PURPOSE BUILDI	GDF ENTERPRISES, INC	MAINTENANCE	-9.98
MULTI-PURPOSE BUILDI	HOMETOWN SANITATION	HAUL GARBAGE	103.04
MULTI-PURPOSE BUILDI	KDOM RADIO	ADVERTISING	535.50
MULTI-PURPOSE BUILDI	RUNNING'S SUPPLY	MAINTENANCE	13.88
MULTI-PURPOSE BUILDI	SCHWALBACH HARDWARE	MAINTENANCE	1,518.91
MULTI-PURPOSE BUILDI	STONER INDUSTRIAL, I	SERVICE	84.22
Total for Department 177			2,606.33*
Total for Fund 14			3,362.46*
LIQUOR	ENVIROMASTER, INC.	SERVICE	39.54
LIQUOR	CULLIGAN	SALT	10.71
LIQUOR	INDOFF, INC	SUPPLIES	99.38
LIQUOR	BATCHELLER'S EVER-GR	SERVICE	44.94
LIQUOR	GOPHER ALARMS	SERVICE	51.30
LIQUOR	WIRTZ BEVERAGE MN WI	MERCHANDISE	3,911.75
LIQUOR	HOMETOWN SANITATION	HAUL GARBAGE	48.06
LIQUOR	JOHNSON BROS.	MERCHANDISE	759.45
LIQUOR	PHILLIPS WINE & SPIR	MERCHANDISE	2,549.49
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	760.85
LIQUOR	S&K LINES	FREIGHT	726.55
LIQUOR	SCHWALBACH HARDWARE	MAINTENANCE	4.25
LIQUOR	UNIVERSAL PUBLICATIO	AD	175.00
LIQUOR	BANK MIDWEST	NSF CHECK - RIVER BEND L	8.70
LIQUOR	CAMPUS CLEANERS	SERVICE	20.05
Total for Department 180			9,210.02*
Total for Fund 60			9,210.02*
WATER	CALIFORNIA CONTRACTO	SUPPLIES	156.95
WATER	COTTONWOOD CO TREASU	DISPATCHING	100.00
WATER	HAWKINS, INC	CHEMICALS	1,920.46
WATER	G.NEIL CO	SUPPLIES	53.25
WATER	JIFFY-JR. PRODUCTS	SUPPLIES	107.92
WATER	MCDONALD & SCHRAMEL	LEGAL FEES	204.00
WATER	MANKATO MOBIL - ALPH	MAINTENANCE CONTRACT	6.50
WATER	MN VALLEY TESTING	TESTING	56.25
WATER	QUEST	TELEPHONE	58.87
WATER	RUNNING'S SUPPLY	MAINTENANCE	61.76
WATER	SCHWALBACH HARDWARE	MAINTENANCE	110.49
WATER	USA BLUE BOOK	SUPPLIES	188.81
Total for Department 181			3,025.26*
Total for Fund 61			3,025.26*
BORDER STATES ELECTR INVENTORY			682.66

CITY OF WINDOM
 FM Entry - Invoice Payment - Department Report

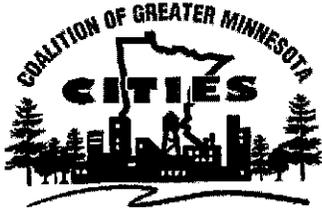
Department	Vendor Name	Description	Amount
	J. H. LARSON	SUPPLIES / MAINTNEANCE	247.92
	ODDSON UNDERGROUND I	NEW CONSTRUCTION	34,538.50
	RESCO	INVENTORY	6,294.19
	WERNER ELECTRIC	MAINTENANCE	286.44
	WESCO DISTRIBUTION,	SUPPLIES	8,002.98
	JON WIERING	REFUND - UTILITY PREPAYM	125.00
	Total for Department		50,177.69*
ELECTRIC	ABM EQUIPMENT & SUPP	MAINTENANCE	85.10
ELECTRIC	COTTONWOOD CO TREASU	DISPATCHING	187.50
ELECTRIC	DAKOTA SUPPLY GROUP	MAINTENANCE	220.46
ELECTRIC	DICKS WELDING INC	MAINTENANCE	311.90
ELECTRIC	GRAYBAR ELECTRIC CO	MAINTENANCE	864.73
ELECTRIC	HOMETOWN SANITATION	HAUL GARBAGE	84.75
ELECTRIC	WINDOM AUTO VALU	MAINTENANCE	226.55
ELECTRIC	MCDONALD & SCHRAMEL	LEGAL FEES	180.00
ELECTRIC	MANKATO MOBIL - ALPH	MAINTENANCE CONTRACT	6.50
ELECTRIC	MMUA	CONNECTOR LAYOUT SERVICE	250.00
ELECTRIC	QUEST	TELEPHONE	55.40
ELECTRIC	RUNNING'S SUPPLY	MAINTENANCE	121.02
ELECTRIC	SCHWALBACH HARDWARE	MAINTENANCE	7.47
ELECTRIC	STONER INDUSTRIAL, I	SERVICE	68.20
ELECTRIC	UTILITIES PLUS ENERG	MAINTENANCE	862.50
ELECTRIC	DEPARTMENT OF ENERGY	POWER COST	110,854.74
ELECTRIC	WINDOM AREA DEVELOPM	INDUSTRIAL DEVELOPMENT	1,200.00
ELECTRIC	COUNTRY PRIDE SERVIC	MAINTENANCE	85.10
	Total for Department 182		115,671.92*
	Total for Fund 62		165,849.61*
SEWER	CALIFORNIA CONTRACTO	SUPPLIES	156.95
SEWER	COTTONWOOD CO TREASU	DISPATCHING	100.00
SEWER	EMPIRE PIPE SERVICES	SEWER JETTING	2,530.71
SEWER	HAWKINS, INC	CHEMICALS	1,328.12
SEWER	G.NEIL CO	SUPPLIES	53.25
SEWER	HOMETOWN SANITATION	HAUL GARBAGE	85.04
SEWER	KEMNA-ASA AUTO PLAZA	MAINTENANCE	-57.70
SEWER	MANKATO MOBIL - ALPH	MAINTENANCE CONTRACT	6.50
SEWER	MN ENVIRONMENTAL SCI	DUES	1,605.45
SEWER	MN VALLEY TESTING	TESTING	3,833.40
SEWER	NORTHLAND CHEMICAL C	SUPPLIES	73.74
SEWER	QUEST	TELEPHONE	260.60
SEWER	RUNNING'S SUPPLY	MAINTENANCE	150.62
SEWER	SCHWALBACH HARDWARE	MAINTENANCE	388.30
SEWER	CARQUEST AUTO PARTS	MAINTENANCE	19.77
	Total for Department 183		10,534.75*
	Total for Fund 63		10,534.75*
ARENA	AMERIPRIDE LINEN CO	SERVICE	122.28

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
ARENA	BOB'S BIFFYS	RENTAL PORTA RESTROOMS	465.00
ARENA	COTTONWOOD-SLAYTON V	VETERINARY SERVICE	120.00
ARENA	COTTONWOOD COUNTY AG	BUILDING RENTAL	4,150.00
ARENA	HOMETOWN SANITATION	HAUL GARBAGE	130.88
ARENA	JANITOR'S CLOSET, LT	SUPPLIES	100.80
ARENA	KDOM RADIO	ADVERTISING	74.00
ARENA	MAXIMUM SOLUTIONS, I	ANNUAL SERVICE AGREEMENT'	215.42
ARENA	RUNNING'S SUPPLY	MAINTENANCE	29.91
ARENA	RUSHMORE INDUSTRIES,	FREIGHT	282.23
ARENA	SCHWALBACH HARDWARE	MAINTENANCE	83.82
ARENA	STONER INDUSTRIAL, I	SERVICE	9.55
ARENA	COUNTRY PRIDE SERVIC	MAINTENANCE	173.63
ARENA	WINDOM FARM SERVICE	MAINTENANCE	128.51
ARENA	CARQUEST AUTO PARTS	MAINTENANCE	7.83
ARENA	WINDOM PAINTING	MAINTENANCE	121.84
	Total for Department 184		6,215.70*
	Total for Fund 64		6,215.70*
ECONOMIC DEVELOPMENT	GODFATHER'S PIZZA	EXPENSE	30.17
ECONOMIC DEVELOPMENT	KDOM RADIO	ADVERTISING	375.00
ECONOMIC DEVELOPMENT	MCDONALD & SCHRAMEL	LEGAL FEES	132.00
ECONOMIC DEVELOPMENT	DENNIS L. RICK LTD	EDA -2010 ECON DEV STATE	650.00
	Total for Department 187		1,187.17*
	Total for Fund 67		1,187.17*
	NATIONAL CABLE TV CO	EQUIPMENT	2,862.87
	Total for Department		2,862.87*
TELECOMMUNICATIONS	BIG TEN NETWORK	SUBSCRIBER	1,557.75
TELECOMMUNICATIONS	BLUEHIGHWAYS	SUBSCRIBERS	41.15
TELECOMMUNICATIONS	CNN - TURNER NETWORK	SUBSCRIBER	823.02
TELECOMMUNICATIONS	ELITE MECHANICAL SYS	SERVICE	1,915.95
TELECOMMUNICATIONS	FOX SPORTS	SUBSCRIBER	5,873.37
TELECOMMUNICATIONS	GODFATHER'S PIZZA	EXPENSE	24.83
TELECOMMUNICATIONS	GRAYBAR ELECTRIC CO	MAINTENANCE	294.20
TELECOMMUNICATIONS	HOMETOWN SANITATION	HAUL GARBAGE	73.92
TELECOMMUNICATIONS	KDOM RADIO	ADVERTISING	652.80
TELECOMMUNICATIONS	MANKATO MOBIL - ALPH	MAINTENANCE CONTRACT	3,791.00
TELECOMMUNICATIONS	MLB NETWORK	SUBSCRIBER	336.69
TELECOMMUNICATIONS	ODDSON UNDERGROUND I	NEW CONSTRUCTION	1,560.00
TELECOMMUNICATIONS	SCHWALBACH HARDWARE	MAINTENANCE	164.45
TELECOMMUNICATIONS	SOUTHWEST/WEST CENTR	SERVICE	833.33
TELECOMMUNICATIONS	SUBWAY	EXPENSE	44.35
TELECOMMUNICATIONS	STONER INDUSTRIAL, I	SERVICE	38.26
TELECOMMUNICATIONS	TBS - TURNER NETWORK	SUBSCRIBER	723.26
TELECOMMUNICATIONS	TCM - TURNER NETWORK	SUBSCRIBERS	380.34
TELECOMMUNICATIONS	TNT - TURNER NETWORK	SUBSCRIBERS	1,649.16
TELECOMMUNICATIONS	WINDOM FIRE DEPT.	CALENDAR AD	300.00

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
TELECOMMUNICATIONS	MANKATO NETWORKS LLC	RENTAL	700.00
TELECOMMUNICATIONS	HURRICANE ELECTRIC I	INTERNET SERVICE	1,000.00
		Total for Department 199	22,777.83*
		Total for Fund 69	25,640.70*
		Grand Total	265,111.85*



Coalition of Greater Minnesota Cities

CGMC in Brief

August 11, 2011

Contact: Tim Flaherty
651-225-8840

Summer conference Wrap-up

Thanks to everyone who attended the summer conference last week. Mayors, city council members, and city staff from across the state joined in for legislative wrap-ups, perspectives on the state budget deal from the governor's staff and GOP leadership, a thorough discussion of economic development in greater Minnesota and an update on the redistricting process. Tim Flaherty and Steve Peterson also provided a summary of the state budget agreement and explained how cities can talk about the challenge it creates for cities in simple to understand language. A copy of the talking points is attached.

Many thanks to our sponsors Bolton & Menck, Northland Securities, and the 4M fund. A special thanks to everyone at the City of Grand Rapids, especially Shawn Gillen, City Administrator, and his staff, for their hard work on this conference. Everyone enjoyed the evening at the Forest History Center and the activities ranging from a guided fishing tour, a bicycle tour of the city highlighting economic development, energy, and trail work, and a tour of Blandin Paper.

The presentations and articles from the summer conference have all been collected here. <http://bit.ly/qIWFcl>. You can also see a few pictures of the picnic <http://bit.ly/qq0Di7> and the speakers <http://bit.ly/rkdN3H>.

Awards to Legislators, City Officials & Chambers Announced

Each year the CGMC recognizes legislators, city officials and others who have made significant contributions to greater Minnesota over the last year. In addition, the CGMC periodically recognizes a few legislators and city officials for their history of working to make greater Minnesota a better place. Read more about the award winners. <http://bit.ly/p6c4QS> and view pictures of the awards ceremony <http://bit.ly/oRZNzr>.

Mayor Alan Oberloh elected president of the CGMC

Congratulations to Worthington Mayor Alan Oberloh who was elected President of the Coalition of Greater Minnesota Cities. His one year term is already off to a great start. The Alexandria newspaper highlighted his first press release (attached) and stated that "The coalition's effort deserves public support and input." Read the entire article on-line <http://bit.ly/n2oMYi>

At the same time, Cloquet Mayor Bruce Algren was elected First Vice President and Glencoe Mayor Randy Wilson was elected Second Vice President. Bemidji City Council Member Ron Johnson and Moorhead Community Services Director Scott Hutchinson were reelected as secretary and treasurer. Park Rapids Mayor Nancy Carroll will serve on the board this year as Past President.



**2011-12 CGMC
Board of Directors**

**Getting Involved
with Redistricting**

If you are interested in serving on the board of directors of the CGMC, please contact Mayor Oberloh by September 1, 2011 at qualityautobody@frontiernet.net or (507) 372-8600.

One key message at the summer conference was that redistricting will impact the future of greater Minnesota. It is important that greater Minnesota city officials and citizens get involved. Make sure you review [our redistricting presentation](#) with information on actions that you can take to make your voice is heard.

As we announced at the conference, the League of Women Voters and several other non-profit organizations operating together as “Draw the Line” Minnesota have created a citizen’s commission to propose a non-partisan redistricting plan for the state. The group will create maps through a fair and open process that it hopes can serve as a model for future redistricting efforts. Here’s the “Draw the Line” schedule for Greater Minnesota:

Thursday, August 11 from 7-9

Congressional District #2 Public Testimony
Northfield Senior Center
1651 Jefferson Pkwy
Northfield MN 55057

Thursday, August 18 from 7-9

Congressional District #6 Public Testimony
St. Cloud Public Library
1300 St. Germain Street
St. Cloud MN 56301

Wednesday, August 24 from 5:45 to 7:45

Congressional District #7 Public Testimony
Willmar Public Library
410 5th Street Southwest
Willmar MN 56201

Thursday, August 25 from 7 – 9

Congressional District #8 Public Testimony
Central Hillside Community Center
12 East 4th Street
Duluth MN 55805

Tuesday, August 30 from 7-9

Congressional District #1 Public Testimony
Rasmussen College
130 Saint Andrews Drive
Mankato MN 56001

Please note – the judicial panel schedule has not been announced, but the hearings will take place in October. We encourage you to participate in the sessions mentioned above, but it is not a substitute for the judicial panel.



**USGS: Minnesota
adding more
nitrogen to
Mississippi River**

This morning the Star Tribune reported on a study by the United States Geological Service on the dead zone in the Gulf of Mexico. According to the story, the amount of nitrogen from Wisconsin and Minnesota has increased 75% over the last 20 years. The reasons for the increase are not clear, but the nitrogen is believed to contribute to the dead zone forming in the Gulf of Mexico. The challenge is that much of the nitrogen comes from unregulated agricultural runoff, but wastewater treatment facilities often bear the brunt of clean-up when studies like this come out.

The CGMC Environment Committee will be looking at much more closely this year to determine whether steps can be taken to spread the burden of addressing these pollutants. A copy of the article is attached.

**Parks & Trails
Grants Timing for
2012**

As previously announced, the final budget bill dedicated approximately 20% of the Parks & Trails money from the Legacy Amendment sales tax to parks and trails of regional significance in Greater Minnesota. We've already received questions about the timing of those grants, which suggest there will be a lot of interest in the program. The Department of Natural Resources has not announced the process or deadline for applying for the grants. If the process is similar to last year, we could expect the deadline in late March 2012. You can check out what the process has been in the past and find a description of what qualifies as a park or trail of regional or statewide significance on the DNR website. <http://bit.ly/hkrBR0>

**MARK YOUR
CALENDARS**

Save the dates for these upcoming CGMC Events:

CGMC Fall Conference in Fergus Falls, November 16 -- 18, 2011

CGMC Legislative Action Day & Reception at Mancini's, February 8, 2012

2012 CGMC Summer Conference in Owatonna, July 25 – 27, 2012



Alexandria MN Echo Press

Published August 10, 2011, 12:00 AM

Editorial – State's problems go deeper than 'cuts or no cuts'

The newspaper receives news releases every day from all types of organizations, and understandably, they're often presented from that organization's viewpoint, which may not always be 100 percent impartial.

Yet the releases often contain information that's worth bringing to light through a more-developed news story or on the Opinion page.

Such is the case with a news release we received Monday from the Coalition of Greater Minnesota Cities, which held its annual summer conference in Grand Rapids.

Here's the lead paragraph: "Citing the disappointing legislative session and government shutdown as the latest proof that vision, leadership and long-term planning are desperately needed in the state, city officials from Greater Minnesota announced that they are focusing their efforts on building the foundation for a strong economic recovery."

The release noted that, "Minnesota cities were once again dealt a significant budget blow during this year's legislative session, with another round of large cuts to Local Government Aid (LGA), a program that is critical in holding down property taxes and funding critical community services like police, fire, and local economic development planning.

"Expressing deep concern about the consequences of rising property taxes – which have increased over \$3 billion dollars since 2002 – city officials were resolute that there is a larger problem facing Minnesota than the cuts alone, the lack of strategic vision and economic planning for the state."

The release contained a quote from Worthington Mayor Alan Oberloh, who is the president of the coalition: "There are economic development and property tax policies that work, like Local Government Aid, but this is not just about cities fighting for LGA funding, this is about driving a policy debate about how we are growing and building our local and regional economies."

Oberloh went on to say: "The inaction and unwillingness of the Legislature to provide long-term budget solutions and long-term planning in their policy making, have prompted local leaders to take charge and force these conversations. We will not sit by and hope Greater Minnesota is positioned for growth – we are going to engage the public, our businesses and our fellow local leaders in developing strategies so our kids and grandkids inherit communities filled with opportunity and a future."

Oberloh stressed that Minnesotans have to quit talking and thinking in terms of “taxes or no taxes,” “cuts or no cuts,” or “Democrat or Republican” to solve the state’s budget problems.

“The public is begging for politicians to quit bickering, and quit putting short-term Band-aids on problems – they want a long-term vision and a strategic plan that will position us for growth,” Oberloh said. “It is long overdue that Minnesota had that conversation, and we intend to get it started.”

The coalition’s effort deserves public support and input.

Citizens in the state, starting with those right here in Douglas County, should tell their legislative leaders that they don’t care what political party they’re from. They should tell them they don’t want excuses, finger-pointing and shutdowns. They should tell them they’ve had enough of political parties more concerned about making their opponents look bad than they are about making things better for the everyday folks who voted them into office.



Dedicated to a Strong Greater Minnesota

For Immediate Release
August 8, 2011

Contact: Glen Fladeboe
651-208-3262

Greater Minnesota Cities Focused on Building the Foundation for Strong Economic Recovery

City officials: Absolutely unacceptable that the state budget resolution will result in twice the increase of business property taxes in Greater Minnesota Cities than the metro

(Grand Rapids, MN)—Citing the disappointing legislative session and government shutdown as the latest proof that vision, leadership and long-term planning are desperately needed in the state, city officials from Greater Minnesota announced today that they are focusing their efforts on building the foundation for a strong economic recovery.

The city officials met in Grand Rapids, for the annual summer conference of the Coalition of Greater MN Cities, a group of 75 communities that work together to advocate on behalf of Greater Minnesota.

Minnesota cities were once again dealt a significant budget blow during this year's legislative session, with another round of large cuts to Local Government Aid (LGA), a program that is critical in holding down property taxes and funding critical community services like police, fire, and local economic development planning.

Expressing deep concern about the consequences of rising property taxes - which have increased over \$ 3 billion dollars since 2002 - city officials were resolute that there is a larger problem facing Minnesota than the cuts alone, the lack of strategic vision and economic planning for the state.

“There are economic development and property tax policies that work, like Local Government Aid, but this is not just about cities fighting for LGA funding, this is about driving a policy debate about how we are growing and building our local and regional economies,” said Alan Oberloh, President of the Coalition of Greater MN Cities and Mayor of Worthington.

“The inaction and unwillingness of the legislature to provide long-term budget solutions and long-term planning in their policy making, has prompted local leaders to take charge and force these conversations.” Oberloh said. “We will not sit by and hope Greater Minnesota is positioned for growth – we are going to engage the public, our businesses and our fellow local leaders in developing strategies so our kids and grandkids inherit communities filled with opportunity and a future.”

“We have to quit talking and thinking in terms of ‘is it taxes or no taxes, is it cuts or no cuts, is it democrat or republican.’ The public is begging for politicians to quit bickering, and quit putting short-term band aids on problems – they want a long-term vision and a strategic plan that will position us for growth. It is long overdue that Minnesota had that conversation, and we intend to get it started,” Oberloh said.

###



CITIES BULLETIN

Issue 34

August 10, 2011

Print a Copy



Download/print a pdf of all articles in this issue

Final Version of 2011 Law Summaries Now Available

The 2011 Final Law Summaries includes the legislative actions that took place during the July 19 special session that ended the longest state government shutdown in Minnesota's history and temporarily balanced the state's budget. [Read more.](#)

In Other News

Webinar: MVHC Changes—Q&A for Cities

Learn about the major changes to the Market Value Homestead Credit (MVHC) and the effects on city budgets and property taxes during this live webinar on Aug. 19. [Read more.](#)

U.S. Credit Downgraded by One Rating Agency

Potential or anticipated cutbacks in federal spending may directly impact local government budgets or harm local economies, which could affect the perceived ability of local governments to repay their debt. [Read more.](#)

Focus on New Laws: Buying and Financing Public Safety Equipment

A new law makes buying and financing certain public safety equipment easier. [Read more.](#)

Redistricting Draws New Interest from State Voting Rights and Nonprofit Organizations

Meetings will be held to gather recommendations for redrawing legislative and congressional district boundaries. [Read more.](#)

State Fire Marshal's Office Offers NFPA Compliance Training

Free two-day training classes will detail the latest and most significant changes to NFPA standards. [Read more.](#)

More Information and Resources

Grant Opportunity: Assistance to Firefighters Grant

Register Now: Full Agenda for the 2011 Regional Meetings Just Announced

New Fall Workshop: Registration Open for Police & Our Changing Communities

New Fall Workshop: Registration Open for Fireground Safety—10 Frequent Mistakes, 10 Best Practices Workshop

Directory of Minnesota City Officials: Order Your Copy of This Comprehensive Guide Today!

Training, Conferences, Events

Upcoming League Events

Online Training/E-Learning

Co-Sponsored Events

Events Sponsored by Other Organizations

Featured Events

Webinar: MVHC Changes—Q&A for Cities
Aug. 19, 10-11 a.m.

2011 LMC Regional Meetings
September-November
Various dates and locations throughout the state

Police & Our Changing Communities
October—2 dates and locations

Fireground Safety—10 Frequent Mistakes, 10 Best Practices
October—4 dates and locations

Quick Links

- [Archive of Previous Issues](#)
- [City Jobs](#)
- [Jobs with LMC](#)
- [Wanted/For Sale/RFP Announcements in the LMC Marketplace](#)
- [Weekly 4M Fund Rates \(Minnesota Municipal Money Market Fund\)](#)

Our Sponsors

League Business Partners and Business Associates provide valuable financial support to the League and help support our mission to serve Minnesota cities. [View LMC Sponsors](#)

Contact Us / Subscribe

The Cities Bulletin is published weekly during the legislative session and bi-weekly during the interim.

For a free subscription:
Contact Laurie Elmstrand
Administrative Assistant
lelmstrand@lmc.org
(Include name, title, city, and e-mail address for each Cities Bulletin subscriber).

For legislative questions:
Contact IGR Staff

For editorial or other Bulletin questions:

Final Version of 2011 Law Summaries Now Available



The 2011 Final Law Summaries includes the legislative actions that took place during the July 19 special session that ended the longest state government shutdown in Minnesota's history and temporarily balanced the state's budget.

The new document contains regular session and special session outcomes.

View the LMC 2011 Final Law Summaries (pdf) (*Link to: <http://www.lmc.org/media/document/1/lmclawsummaries11.pdf>*)

2011 Session ends with no state budget

The 2011 Law Summaries document has been updated to reflect the legislative actions that took place during the July 19 special session that ended the longest state government shutdown in Minnesota's history and temporarily balanced the state's budget.

After the regular session adjourned on May 23, the League released a preliminary law summary document that reflected relatively unproductive regular session. The new document contains regular session and special session outcomes.

Why the delay?

On May 24, just hours after the 2011 regular session adjourned sine die, Gov. Mark Dayton (DFL) issued vetoes of eight major state appropriation bills and the omnibus tax bill, leaving the vast majority of state agencies without a budget for the 2012-2013 biennium, which began July 1, 2011. During the regular session, a total of 117 chapters of law were sent to the governor, and he vetoed 23 of those chapters of new law.

Shutdown ends with passage of 12 budget bills

On July 19, Gov. Dayton and leaders of the Republican majorities in the House and Senate announced they had reached agreements on major funding bills, a bonding bill, and a tax bill. To end the state government shutdown that began July 1, Gov. Dayton called for a special session to convene at 3 p.m. that afternoon. The Legislature finished its work at about 4 a.m. the next day, and Gov. Dayton and Secretary of State Mark Ritchie signed all the bills into law at 9 a.m. Within the week, most state agencies were fully operational.

The bills authorize a combined total of \$34 billion in spending from the state's general fund—\$35.7 billion counting the K-12 aid payment shift, tobacco revenue bonds, and cash flow account transfer that were part of the final agreement. The bills will fund state government for the 2012-2013 fiscal biennium, which began July 1. Most of the appropriations made in the bills are effective retroactively to that date.

The 2011 Final Law Summaries

The League of Minnesota Cities annually prepares a summary of new laws that impact city operations. The document is intended to highlight relevant new laws, but is not intended to be comprehensive legal advice. The *2011 Law Summaries* should help city officials digest the outcomes of very difficult regular and special sessions.

Although 2011 outcomes were largely disappointing for cities, most outcomes were not as dire as some had predicted. Local government aid (LGA) in 2011 will be cut by roughly \$102 million, leaving a total appropriation of \$425.3 million for the program.

The agreement on LGA is essentially identical to the cuts in HF 130, the early session tax bill that was vetoed by Gov. Dayton on Feb. 10. Under the agreement, each city will receive the lesser of their final 2010 LGA after the cuts imposed by the governor and Legislature or their 2011 certified LGA amount. The *2011 Law Summaries* include a spreadsheet containing the certified LGA and MVHC amounts for each city.

LGA in 2012 for each city will again receive the lesser of actual 2010 or 2011 original certified amount. In other words, the 2010 cuts will be extended for at least two years. Beyond the 2012 distribution, the LGA appropriation will be set at \$426.4 million and the formula will again be used to distribute the appropriated amount.

The July 20 first half payment to cities was delayed to July 27 to allow the Department of Revenue to re-compute the 2011 LGA amounts for each city. The reduced LGA amount re-computed for each city will then be paid in two equal installments on July 27 and Dec. 26. The one-week delay in the July distribution is not a permanent change in the payment dates, but instead is only occurring in 2011 due to the timing of the resolution to the shutdown.

The tax agreement includes an extension of the 2010 market value homestead credit (MVHC) reimbursement reductions to each city for 2011. These reductions total approximately \$48 million. Beginning in 2012, the MVHC program and the associated reimbursement to local units of government for the reduction in homeowner property taxes will be eliminated under the agreement. In place of the MVHC, homeowners will receive an exclusion of a portion of the market value of their house from property taxes.

Although the homestead exclusion is computed in a mathematically similar manner to the repealed MVHC, the new system will provide homeowner relief by shifting taxes to all other property rather than covering the property tax credit reduction with a state paid credit reimbursement. Levy limits were not included in the final tax bill.

Other outcomes

In addition to the budget bills, dozens of smaller but significant bills also made it to the finish line. The following is a sampling of bills the governor has signed into law:

- Local authority to issue variances restored.
- Civil immunity provided for donated public safety equipment.
- Sale and possession of synthetic drugs such as synthetic marijuana banned.
- “Buy American” requirement for uniforms and public safety equipment repealed.
- Youth concussion education required.

View the LMC 2011 Final Law Summaries (pdf) (*Link to: <http://www.lmc.org/media/document/1/lmclawsummaries11.pdf>*)

Read the current issue of the Cities Bulletin (*Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>*)

Webinar: MVHC Changes—Q&A for Cities



Learn about the major changes to the Market Value Homestead Credit (MVHC) and the effects on city budgets and property taxes during this live webinar on Aug. 19.

(Published)

Aug. 19—10-11 a.m.

—REGISTER NOW (*Link to: <http://www.lmc.org/page/1/reg-MVHCwebinar.jsp>*)

The major changes to the Market Value Homestead Credit (MVHC) passed during the special session are complex and confusing. One thing is clear: the tax base for many cities will be reduced, leading to tough decisions for local leaders as to how to react given each city's unique circumstances. What questions do you have about how the MVHC changes will impact city budgets and local property taxes?

Participate in this live webinar to:

- Get your questions answered. Because this webinar will focus on Q&A, we strongly encourage you to submit questions in advance to **lmcwebinar@lmc.org** (*Link to: <mailto:lmcwebinar@lmc.org>*).
- Understand what these MVHC changes mean as your city is going through the process of setting its levy.
- Let the League know how we can be the best resource for you as you work to communicate the impact of these changes to your city colleagues and local property owners.

Presenters:

- **Gary Carlson**, Intergovernmental Relations Director, League of Minnesota Cities
- **Rachel Walker**, Policy Analysis Manager, League of Minnesota Cities

Fee: Free

Date/Time: Aug. 19, 10-11 a.m.

You can participate via the Internet (using Microsoft Live Meeting), your phone, or both. An e-mail confirmation with instructions to join the training will be sent after registration is completed. If you do not have Microsoft Live Meeting installed, follow the link in the confirmation e-mail to download the full client prior to the webinar date.

Your LMC Resource

Contact Kari Topka

Training Program Assistant

(651) 215-4064 or (800) 925-1122

ktopka@lmc.org (Link to: <mailto:ktopka@lmc.org>)

Submit Your Questions

Because the content of this webinar will be driven by your questions about MVHC changes, it's important that you submit your questions in advance.

Send your questions to

lmcwebinar@lmc.org (Link to: <mailto:lmcwebinar@lmc.org>) .

U.S. Credit Downgraded by One Rating Agency



Potential or anticipated cutbacks in federal spending may directly impact local government budgets or harm local economies, which could affect the perceived ability of local governments to repay their debt.

(Published Aug 10, 2011)

On Aug. 5, the rating agency Standard and Poor's released a research update that downgraded the long-term debt rating of the United States to AA+ from AAA. The rating downgrade by Standard and Poor's was the first-ever reduction in the rating for U.S. debt.

In their research update, Standard and Poor's states "The downgrade reflects our opinion that the fiscal consolidation plan that Congress and the Administration recently agreed to falls short of what, in our view, would be necessary to stabilize the government's medium-term debt dynamics."

The report goes on to state that "the downgrade reflects our view that the effectiveness, stability, and predictability of American policymaking and political institutions have weakened at a time of ongoing fiscal and economic challenges."

Credit ratings from other agencies

Ratings for the United States from the other two major ratings firms, Moody's and Fitch, remained unchanged although Moody's has assigned a negative outlook for long-term U.S. debt.

In assigning a negative outlook to the rating, Moody's indicated that there would be a risk of downgrade if "there is a weakening in fiscal discipline in the coming year, further fiscal consolidation measures are not adopted in 2013, the economic outlook deteriorates significantly, or there is an appreciable rise in the US government's funding costs over and above what is currently expected."

Fitch, who also did not lower the U.S. debt rating, also cautions that the U.S. must “confront tough choices on tax and spending against a weak economic backdrop if the budget deficit and government debt is to be cut to safer levels over the medium term.”

Fitch goes on to state that debt ceiling agreement “is an important first step but not the end of the process towards putting in place a credible plan to reduce the budget deficit to a level that would secure the United States' 'AAA' status over the medium-term.”

How the downgrade will affect Minnesota

The potential impact on the state of Minnesota and cities is not entirely clear. Keeping in mind that only Standard and Poor's has downgraded the U.S. debt rating, there are several considerations.

Normally a rating downgrade translates in to higher interest rates to attract investors and that since municipal bond interest rates generally track closely with treasury yields, municipal debt might be expected to experience a similar impact.

However, at least initially, the “rating downgrade = higher yield” pattern has not yet occurred and in fact the opposite has happened: treasury yields have actually dropped rather than rising. This may be due to the “flight to safety” phenomenon in the market where investors are withdrawing investments in stocks and moving those assets into the relative security of bonds, including U.S. Treasury securities.

Whatever long-term impact there is on municipal bonds is probably not going to be a direct result of Standard and Poor's downgrade of U.S. debt. Rather, it may be more directly related to potential or anticipated cutbacks in federal spending that may directly impact local government budgets or harm local economies which, in turn, could affect the perceived ability of local governments to repay their debt.

The extent of that effect will vary widely among states and local governments, depending on how dependent they now are on federal employment and federal spending. Since Minnesota is pretty much at the bottom in terms of federal spending as a percentage of federal taxes collected in the state, that effect might be smaller here than in states like Virginia and Maryland.

The League will continue to monitor the impacts of the recent market developments. Specific questions regarding the impact of the downgrade on city finances should be directed to the city's investment manger and/or financial advisor.

Read the current issue of the Cities Bulletin (*Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>*)

Your LMC Resource

Contact Gary Carlson

IGR Director

(651) 281-1255 or (800) 925-1122

gcarlson@lmc.org (Link to: <mailto:gcarlson@lmc.org>)

Focus on New Laws: Buying and Financing Public Safety Equipment



A new law makes buying and financing certain public safety equipment easier.

(Published Aug 10, 2011)

A new law reduces barriers to purchasing used equipment, which may result in cost savings. Effective Aug. 1, 2011, local governments purchasing or leasing some types of used public safety equipment for fire departments may use direct negotiation to get a contract price without going through competitive bidding.

However, there are two restrictions cities should keep in mind:

- The equipment must “clearly and legitimately” be limited to a single source.
- Direct negotiation must best establish the contract price.

For this law, “local government” means statutory or charter cities and counties, and towns. “Fire department” means a regularly organized fire department, fire protection district, or fire company regularly charged with the responsibility of providing fire protection to the state or a local government. It includes a private nonprofit fire department directly serving a local government but does not include industrial fire brigades.

“Public safety equipment” for this law means vehicles and specialized equipment used in firefighting, ambulance and emergency medical treatment services, rescue, and hazardous materials response.

Longer financing terms and exclusion from debt for public safety equipment purchases

In addition, this new law extends the amount of time local governments may issue certificates of indebtedness or capital notes to lease, or buy, new or used public safety equipment.

No matter what other laws on the books say, a city may now issue certificates or capital notes for a term of up to 15 years for this equipment. Under previous law, the maximum term for a certificate or note was 10 years and was only for purchase, not leasing public safety equipment.

The obligation created by a long-term lease agreement for public safety equipment is not included in the calculation of the city’s net debt and does not constitute debt under any statutory provision. No election on issuing the certificates is required. Chapter 33 (HF 1139/SF 921) creates a new section of law codified as Minn. Stat. § 471.3455.

Read the current issue of the Cities Bulletin (Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>)

Your LMC Resource

Contact Anne Finn

Assistant IGR Director

(651) 281-1263 or (800) 925-1122

afinn@lmc.org (Link to: <mailto:afinn@lmc.org>)

Contact Jeanette Behr

Staff Attorney

(651) 281-1228 or (800) 925-1122

jbehr@lmc.org

(Link to: <mailto:jbehr@lmc.org>)

Redistricting Draws New Interest from State Voting Rights and Nonprofit Organizations



Meetings will be held to gather recommendations for redrawing legislative and congressional district boundaries.

(Published Aug 10, 2011)

A five-judge panel appointed by Minnesota State Supreme Court Chief Justice Lorie Gildea and a newly formed Minnesota Citizens Redistricting Commission will conduct public meetings throughout the state to prepare for redistricting state legislative and congressional district boundaries. The results of the 2010 U.S. Census will be used to adjust and equalize the number of Minnesota residents in each of the 201 state legislative districts and the 8 congressional districts.

The Minnesota Citizens Redistricting Commission, selected by “Draw the Line Minnesota,” a project of the League of Women Voters of Minnesota and a network of nonprofit organizations, will hold meetings in August.

The commission meetings will take both in-person and written testimony from individuals or groups that want to express opinions, concerns, and suggestions regarding details of how the process and outcome state and congressional redistricting process and outcomes will be conducted. Meetings will be held in the following congressional districts:

- Aug. 16, 7-9 p.m.
3rd Congressional District
Minnetonka City Hall
14600 Minnetonka Boulevard
Minnetonka
- Aug. 17, 6:30-8:30 p.m.
4th Congressional District
Hmong American Partnership
1075 Arcade Street

St. Paul

- Aug. 18, 7-9 p.m.
6th Congressional District
St. Cloud Public Library
1300 St. Germain Street
St. Cloud
- Aug. 24, 5:45-7:45 p.m.
7th Congressional District
Willmar Public Library
410 5th Street SW
Willmar
- Aug. 25, 7-9 p.m.
8th Congressional District
Central Hillside Community Center
12 East 4th Street
Duluth
- Aug. 30, 7-9 p.m.
1st Congressional District
Rasmussen College
130 St. Andrews Drive
Mankato

The Minnesota Citizens Redistricting Commission will hold a second set of public meetings in September, one in each of the eight congressional districts. The five-judge panel intends to hold its meetings in October. More information about these meetings will be included in a future issue of the *Cities Bulletin*.

To learn more about the Draw the Line Minnesota Project, see the list of member organizations, and read the statement of principles to which members of the citizen redistricting commission have pledged their commitment, visit www.drawthelineminnesota.org (Link to:

<http://drawthelinemidwest.org/minnesota/public-meetings/>).

Read the current issue of the Cities Bulletin (Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>)

Your LMC Resource

Contact Ann Higgins

IGR Representative

(651) 281-1257 or (800) 925-1122

ahiggins@lmc.org (Link to: <mailto:ahiggins@lmc.org>)

State Fire Marshal's Office Offers NFPA Compliance Training



Free two-day training classes will detail the latest and most significant changes to NFPA standards.

(Published Aug 10, 2011)

According to the Minnesota Fire Marshal Division, several National Fire Protection Association (NFPA) standards are being updated and will become effective by the end of 2011.

State Fire Marshal Fire Protection staff will conduct two-day NFPA Standards update classes about these changes in October and November. The seminars will detail the latest and most significant changes to NFPA standards 13 and 13R (2010 editions) as compared to the 2002 editions of NFPA 13 and 13R, as well as the significant changes that have occurred in the 2008 edition of NFPA 25 and the 2010 edition of NFPA 20.

There is no fee for this training. Participants will learn to apply the new changes to the design, installation, plan review, and/or inspection of fire sprinkler systems. The training qualifies for continuing education credits for managing employee and journeyman certification.

Who should attend:

- Fire and building inspection personnel who conduct sprinkler plan review and inspections.
- Fire sprinkler system design and installation personnel.

Dates/locations:

- Oct. 25-26
Shakopee Fire Station #1
2700 Vierling Drive E.
Shakopee, MN 55379
- Nov. 9-10
New Brighton Public Safety Training Center
785 Old Highway 8 NW
New Brighton, MN 55112

Register for this training on the State Fire Marshal website at:

https://lapp.dps.state.mn.us/fmarshal/fm_training/fm_homepage.aspx *(Link to:*

https://lapp.dps.state.mn.us/fmarshal/fm_training/fm_homepage.aspx)

Your LMC Resource

Contact Anne Finn

Assistant IGR Director

(651) 281-1263 or (800) 925-1122

afinn@lmc.org (Link to: <mailto:afinn@lmc.org>)

Have Questions About This Training?

Contact Jon Nisja

Supervisor

Minnesota State Fire Marshal Division

(651) 201-7204

jon.nisja@state.mn.us (Link to: <mailto:jon.nisja@state.mn.us>)

Grant Opportunity: Assistance to Firefighters Grant



Specific grants that organizations are accepting applications for now.

Assistance to Firefighters Grant

FEMA's Assistance to Firefighters Grant (AFG) provides funding for the essentials that firefighters and first responders need to be safe and effective on the job. The purpose of AFG is to enhance through financial assistance the safety of the public and firefighters regarding fire and fire-related hazards. Eligibility: Paid, volunteer and combination fire departments and nonaffiliated EMS organizations from urban, suburban, and rural communities in the U.S. and its territories. AFG supports firefighting and EMS equipment, personal protective equipment (PPE), fire and EMS vehicles, training programs, wellness and fitness programs, and modifications to facilities. Applications accepted **Aug. 15-Sept. 9**.

Learn more from FEMA's website (Link to: <http://www.fema.gov/firegrants/afggrants/index.shtm>)

Federal Housing Preservation Grants

USDA Rural Development is accepting applications for Housing Preservation Grants to help low-income rural residents repair their homes. Housing Preservation Grants are provided to intermediaries such as town or county governments, public agencies, federally recognized Indian Tribes, and non-profit and faith-based organizations. The grants are then distributed to qualified homeowners or owners of multi-family rental properties or cooperative dwellings who rent to low-income residents. Funding is not provided directly to homeowners by USDA under this program. The grants can be used to weatherize and repair existing structures, install or improve plumbing, or provide access to people with disabilities. Applications are due by **Aug. 22**.

Learn more from the USDA Rural Development website (Link to: http://www.rurdev.usda.gov/HAD-HPG_Grants.html)

Digital Inclusion Community Partnership

The Blandin Foundation is now accepting requests for proposal (RFPs) for the Digital Inclusion

Community Partnership grant program. This is an invitation by the Blandin Foundation to qualified community institutions and/organizations to implement digital inclusion community partnerships focused on increasing broadband subscriptions and use by those Minnesotans currently not subscribing due to income, disability, computer and technology skills, language, and other similar barriers.

A total of \$600,000 is currently available through the Foundation's federally funded grant project, Minnesota Intelligent Rural Communities (MIRC). Rural Minnesota communities across the entire state of Minnesota are encouraged to apply, excluding those communities within the seven-county metro area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington) and the cities of Duluth, Rochester, and St. Cloud. Grants will be reviewed on a quarterly basis. The next grant deadline is **Sept. 1**.

Learn more and access the RFP for this grant (*Link to: <http://broadband.blandinfoundation.org/programs/programs-detail.php?intResourceID=1646>*)

Read the current issue of the Cities Bulletin (*Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>*)



CITIES BULLETIN

Issue 33

July 27, 2011

How Changes to MVHC Program Will Affect Cities

The Legislature repealed the market value homestead credit program, effective in 2012, and created a new market value exclusion for qualifying homes. [Read more.](#)

In Other News

Post-Shutdown Updates from Dept. of Labor and Industry

The agency is providing guidance to cities on inspections, permit surcharges, and the National Electrical Code. [Read more.](#)

Focus on New Laws: Civil Immunity for Donated Public Safety Equipment

The new law prohibits most tort claims against a municipality resulting from the use of public safety equipment donated by that municipality to another municipality. [Read more.](#)

Buy American Statute Repealed

The omnibus higher education finance bill included a provision to repeal the statute requiring public employers to buy American products. [Read more.](#)

Special Elections for State Senate Seats Slated for Oct. 18

The election will fill the seats left vacant by the resignation of Sen. Linda Berglin and the death of Sen. Linda Scheid. [Read more.](#)

More Information and Resources

[Grant Opportunity: Federal Housing Preservation Grants](#)

[Regional Meetings 2011: Coming Soon to a City Near You!](#)

[Register now: Preventing Harassment, Promoting Respect online training](#)

Training, Conferences, Events

[Upcoming League Events](#)

[Online Training/E-Learning](#)

[Co-Sponsored Events](#)

[Events Sponsored by Other Organizations](#)

Print a Copy



Download/print a pdf of all articles in this issue

Featured Events

Save the date
2011 LMC Regional Meetings
September-November
Various dates and locations throughout the state

Save the date
Police & Our Changing Communities
October—2 dates and locations

Save the date
Fireground Safety
October—4 dates and locations

Quick Links

- [Archive of Previous Issues](#)
- [City Jobs](#)
- [Jobs with LMC](#)
- [Wanted/For Sale/RFP Announcements in the LMC Marketplace](#)
- [Weekly 3M Fund Rates \(Minnesota Municipal Money Market Fund\)](#)

Our Sponsors

League Business Partners and Business Associates provide valuable financial support to the League and help support our mission to serve Minnesota cities. [View LMC Sponsors](#)

Contact Us / Subscribe

The Cities Bulletin is published weekly during the legislative session and bi-weekly during the interim.

For a free subscription:
Contact Laurie Elmstrand
Administrative Assistant
lalmstrand@lmc.org
(Include name, title, city, and e-mail address for each Cities Bulletin subscriber).

For legislative questions:
Contact IGR Staff

For editorial or other Bulletin questions:
Contact Claudia Hoffacker
Editor

How Changes to MVHC Program Will Affect Cities



The Legislature repealed the market value homestead credit program, effective in 2012, and created a new market value exclusion for qualifying homes.

The recently enacted special session omnibus tax bill includes a number of changes to property tax aid and credit programs, but perhaps the one change that has generated the most questions from city officials is the repeal of the existing market value homestead credit (MVHC) system beginning in 2012 and the new market value exclusion for qualifying homes.

2011 Cuts

Before the MVHC program is eliminated for taxes payable in 2012, MVHC reimbursements due to be paid this year for cities and counties will be reduced. Essentially, the 2011 cuts in the reimbursement are an extension of the 2010 MVHC cuts. The language now signed into law states that “the reimbursement paid to each city and county . . . may not exceed the reimbursement payment received by the city or county for taxes payable in 2010.”

Unlike programs such as local government aid (LGA), where the state notifies each city of the precise amount it will receive (or is supposed to receive) each year, the MVHC credit/reimbursement allocation to each city, county, and school district is more complicated. Initially, the MVHC credit to the homeowner is computed as a reduction in the overall total property tax bill. However, that credit amount is ultimately allocated as a proportional reduction in the city, county, and school district taxes computed for that homeowner.

For example, if the city’s taxes for that homeowner are 30 percent of the homeowner’s tax bill, the taxes paid by that homeowner to the city will be reduced by 30 percent of the total MVHC credit. The state is then supposed to reimburse the city for that homeowner’s reduced tax bill through the MVHC reimbursement payments.

The allocation of the MVHC reimbursements among the local taxing entities cannot be computed until the property tax statements are processed each year and, therefore, the reduction in the city’s levy for the credit is not known until well after the levies have been certified in December. In fact, even though tax statements for 2011 have been distributed and the first half of property taxes have been collected, the state still does not have complete information from each county on the allocation of the 2011 MVHC reimbursement to each city, county, and school district. That final information is expected to be available from the Department of Revenue in the next couple of weeks.

Keep in mind that under the language in the new law, a city cannot receive more MVHC reimbursement in 2011 than it received in 2010. That is true regardless of whether the original computed reimbursement for 2011 increases or decreases. The table below illustrates how the computed cut can change from 2010 to 2011, depending on whether the city’s allocation of MVHC reimbursement increases or decreases.

How Changes in MVHC Reimbursement Can Impact the 2011 Reduction

	Pay 2010	Pay 2011 w/MVHC allocation increase	Pay 2011 w/MVHC allocation decrease
City MVHC Reimbursement	\$100,000	\$110,000	\$90,000
State Reduction	\$70,000	\$80,000	\$60,000
Paid Reimbursement	\$30,000	\$30,000	\$30,000

In 2010, the example city experiences a \$70,000 cut in its MVHC reimbursement under the state-imposed cut. If that city's reimbursement *increases* in 2011, the reimbursement remains the same (\$30,000) and therefore the cut increases to \$80,000. However, if that city's MVHC reimbursement *decreases* to \$90,000, the cut would be reduced to \$60,000.

For cities, this reduction for 2011 is estimated to total \$48 million statewide while reimbursements to counties will be cut by \$56.1 million.

Access estimates of the MVHC and LGA reductions from the Department of Revenue website (Link to: http://taxes.state.mn.us/property_tax_administrators/Pages/2011_aid_credit_reductions.aspx)

Please note that the MVHC reduction was applied to *all* cities that are still receiving MVHC, and that even cities under 1,000 in population, which were largely unaffected by the reductions in LGA, will experience MVHC reductions in 2011. The \$48 million cut is in addition to a permanent \$25 million MVHC cut that was enacted for more than 127 cities when Gov. Pawlenty's unallotments were ratified by the 2010 Legislature. In summary, after the \$48 million cut in the special session tax bill and the permanent \$25 million cut to some cities enacted last year, for the 2011 tax year, only about \$12 million, or 15 percent, of the actual reimbursement due to cities will be paid by the state.

As a result of the ongoing cuts to the MVHC program and confusion created when cities did not receive the amount of levy originally certified for collection, the League and other local government organizations supported the elimination of the program.

2012 and beyond

As indicated above, the entire MVHC credit and reimbursement program will be eliminated beginning with taxes payable in 2012. In place of the current MVHC program, homeowners will receive an exclusion of a portion of the market value of their house from property taxes. The exclusion is computed in a manner similar to the current market value homestead credit. However, the impact of the repeal of the existing MVHC program and the new exclusion will vary from community to community, depending on a number of factors, including tax base of the community and the local tax rate.

For cities and other local units of government, the elimination of the MVHC program will to a degree simplify and clarify the property tax process. No longer will a city's (or a county's or a school district's) certified property tax levy be reduced by the allocation of the MVHC credit with a "promised" reimbursement by the state for the loss of property tax receipts. In addition, the elimination of the program will also provide cities and counties with a small cash flow

advantage. Currently, the first one-half of the MVHC reimbursement is not paid until Oct. 31 each year. Under the new system with no MVHC credit and reimbursement, each city will receive those revenues as property tax payments that will occur with the normal property tax distribution process, which will accelerate the first half of the payment by as much as three or four months.

For homes valued at less than \$76,000, the exclusion is equal to 40 percent of the home's market value. For homes valued between \$76,000 and \$413,800, the exclusion is \$30,400 minus 9 percent of the value over \$76,000. The table below illustrates how the new market value exclusion compares to the existing MVHC program.

New Market Value Exclusion Compared to Existing MVHC Program

Home Market Value	\$76,000	\$150,000	\$300,000	\$450,000
Current MVHC	\$304	\$237.40	\$102.40	\$0
MV Exclusion	\$30,400	\$23,740	\$10,240	\$0
MV After Exclusion	\$45,600	\$126,260	\$289,760	\$450,000

The new market value exclusion for homes will mean that beginning in 2012, each city's tax base will be reduced and the city's tax rate will rise to obtain the same property tax levy. Although the homestead exclusion is computed in a mathematically similar manner to the repealed MVHC, the new system will shift taxes among properties within each community, especially to commercial, industrial, apartment, and other properties that will not receive the benefit of the homestead market value exclusion. Keep in mind that the current MVHC program, if it was fully funded, would provide \$261 million per year in state-paid homeowner tax reductions. That \$261 million is being eliminated to balance the state's deficit, and the tax relief provided to homeowners under the new market value exclusion is in part due to shifts in property taxes that will occur.

If you have questions on the conversion of the MVHC program to a market value exclusion, please contact LMC staff members Gary Carlson, Rachel Walker, or Lena Gould using the contact information at right.

Read the current issue of the Cities Bulletin (*Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>*)

Post-Shutdown Updates from Dept. of Labor and Industry



The agency is providing guidance to cities on inspections, permit surcharges, and the National Electrical Code.

(Published Jul 27, 2011)

The Department of Labor and Industry (DLI) has been getting a lot of questions from cities since the state shutdown ended. Cities have been asking for guidance on:

- How to handle changes to electrical inspection ordinances.

- How the agency expects cities to respond to the retroactive two-year extension of the \$5 state permit surcharge, even though it was technically forced back down to 50 cents during the shutdown.
- How to adopt changes to the National Electrical Code.

DLI is providing some guidance on these issues and asked the League to help distribute the information to cities.

Electrical inspection ordinances

During the shutdown, some political subdivisions, including cities, took over electrical inspections that are usually provided by the state.

DLI points out that political subdivisions are permitted to “make provision for inspection of electrical installations within its jurisdiction” in accordance with *Minnesota Statutes, section 326B.36, subdivision 6* ([Link to: https://www.revisor.mn.gov/statutes/?id=326B.36](https://www.revisor.mn.gov/statutes/?id=326B.36)) . Any political subdivision that decides to provide for electrical inspections “shall keep on file with the commissioner (of Labor and Industry) copies of its current inspection ordinances and codes,” in accordance with *Minnesota Statutes, section 326B.36*.

In its guidance, DLI states: “Any political subdivision that adopted electrical code inspection authority as a result of the state shutdown must provide a copy of the ordinance to the Department of Labor and Industry. The purpose of having the ordinance on file with the Department of Labor and Industry is to help ensure that electrical permits/request for inspection will be filed with the proper inspection authority so that customers are properly served.”

A copy of the ordinance can be mailed to DLI at:

Department of Labor and Industry
CCLD Electrical Inspections
443 Lafayette Rd. N
St. Paul, MN 55155-4341

A copy of the ordinance can also be e-mailed to **DLI.ELECTRICITY@state.mn.us** ([Link to: mailto:DLI.ELECTRICITY@state.mn.us](mailto:DLI.ELECTRICITY@state.mn.us)) .

State permit surcharge

One of the problematic effects of the veto of the bill containing DLI’s budget and the state shutdown was its effect on the state surcharge on permits found in *Minnesota Statutes, section 326B.148, subdivision 1* ([Link to: https://www.revisor.mn.gov/statutes/?id=326B.148](https://www.revisor.mn.gov/statutes/?id=326B.148)) . That surcharge, which had been temporarily raised from 50 cents to \$5, went back to 50 cents as of July 1 because an extension of that higher fee rate was in the DLI budget bill that was vetoed. Because of that, cities technically should have only been collecting a 50-cent surcharge for the state during the shutdown.

The final budget agreement, however, reinstated the \$5 surcharge for another two years and did so retroactively to July 1, 2011. DLI’s position is that cities should contact any permittee who paid only 50 cents during the shutdown and request an additional \$4.50.

View a document from DLI that provides the pertinent surcharge information in state statute (pdf) (*Link to: http://www.lmc.org/media/document/1/surchargestatute_dli.pdf*)

National Electrical Code adoption

Regarding the National Electrical Code, DLI states: "Due to a delay caused by the state government shutdown, the notice of adoption of the 2011 National Electrical Code will be published in the *State Register* on Aug. 1, 2011, and the effective date will be Aug. 8, 2011. Electrical permits/requests for electrical inspection received by the department on or after the effective date will be subject to the provisions of the 2011 National Electrical Code, regardless of when the work was started."

For more information, contact **DLI at its customer contact extensions** (*Link to: <http://www.dli.mn.gov/CCLD/CCLDContactus.asp>*), or contact the LMC Research staff listed at right.

Read the current issue of the Cities Bulletin (*Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>*)

Your LMC Resource

Contact Edward Cadman
Research Attorney
(651) 281-1229 or (800) 925-1122
ecadman@lmc.org (*Link to: <mailto:ecadman@lmc.org>*)

Contact Jeanette Behr
Research Attorney
(651) 281-1228 or (800) 925-1122
jbehr@lmc.org (*Link to: <mailto:jbehr@lmc.org>*)

Focus on New Laws: Civil Immunity for Donated Public Safety Equipment



The new law prohibits most tort claims against a municipality resulting from the use of public safety equipment donated by that municipality to another municipality.
(Published Jul 27, 2011)

A law enacted during the 2011 regular session extends civil immunity to municipalities that donate public safety equipment. The provision, **Chapter 75** (*Link to: <https://www.revisor.mn.gov/laws/?id=75&doctype=chapter&year=2011&type=0>*), adds a subdivision to *Minnesota Statutes, section 466.03* (*Link to: <https://www.revisor.mn.gov/statutes/?id=466.03>*), the section of state law that provides tort immunity for municipalities in certain circumstances.

Specifically, the new law prohibits any tort claim against a municipality resulting from the use of public safety equipment donated by the municipality to another municipality, unless the claim is

a direct result of fraud or intentional misrepresentation. The chapter defines “public safety equipment” as vehicles and equipment used in firefighter, ambulance and emergency medical treatment services, rescue, and hazardous materials response.

The new law was initiated by the Minnesota Fire Chiefs Association. It is intended to eliminate at least one barrier to finding new homes for public safety equipment when municipalities purchase replacements. Many times, the equipment being replaced still has value and is in good working order. Communities that accept donated equipment may be able to postpone or avoid the expense of buying the equipment new. Chapter 75 minimizes the risk involved in donating public safety equipment to another city that has a need for it.

The new law will be effective Aug. 1, 2011, and will apply to actions arising from incidents occurring on or after that date.

Read the current issue of the Cities Bulletin (*Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>*)

Your LMC Resource

Contact Anne Finn
Assistant IGR Director
(651) 281-1263 or (800) 925-1122
afinn@lmc.org (*Link to: <mailto:afinn@lmc.org>*)

Buy American Statute Repealed

The omnibus higher education finance bill included a provision to repeal the statute requiring public employers to buy American products.
(Published Jul 20, 2011)



A small provision on the last page of the omnibus higher education finance bill, which was passed during the special session and signed into law by Gov. Dayton on July 20, provided some welcome mandate relief to local units of government. The provision repeals *Minnesota Statutes, section 181.986* (*Link to: <https://www.revisor.mn.gov/statutes/?id=181.986>*), the so-called Buy American statute that was enacted in 2010. The repeal is retroactive to July 1, 2011.

The statute prohibited public employers from “knowingly purchasing or acquiring, furnishing, or requiring an employee to purchase or acquire for wear or use while on duty” any uniform, safety equipment, or protective accessories not manufactured in the United States.

The League had sought the repeal of the law because it infringed on local control, created purchasing challenges related to the acquisition of specialized equipment, and in some cases, drove up the costs.

Passage of the repealer means that cities may continue to purchase American-made uniforms and

equipment, but they are not obligated to do so.

Read the current issue of the Cities Bulletin (*Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>*)

Your LMC Resource

Contact Anne Finn
Assistant IGR Director
(651) 281-1263 or (800) 925-1122
afinn@lmc.org (*Link to: <mailto:afinn@lmc.org>*)

Special Elections for State Senate Seats Slated for Oct. 18



The election will fill the seats left vacant by the resignation of Sen. Linda Berglin and the death of Sen. Linda Scheid.

(Published Jul 27, 2011)

Two long-time senators will not be in the Senate chambers when the upper body convenes on Jan. 24. Sen. Linda Scheid (DFL-Brooklyn Park) passed away on June 15 after a six-year battle with cancer, and earlier this week, Sen. Linda Berglin (DFL-Minneapolis) announced her intention to step down from her south Minneapolis seat after 38 years in the Legislature.

Gov. Dayton announced today that special elections in both districts would be held Oct. 18, with primaries, if necessary, on Sept. 13.

Sen. Scheid was active on a variety of issues, most recently chairing the Senate commerce committee when the DFL had control. She was the property tax chair during her House tenure. She served six terms in the state House of Representatives, and was in the middle of her fifth in the Senate. In addition to commerce, she worked on a variety of city-related topics such as property taxes, tax increment and redevelopment, eminent domain, housing/foreclosure, and liquor issues.

Sen. Berglin is leaving the Senate to take a policy position with Hennepin County. Also a long-time legislator, Berglin's legislative career started with her election to the state House in 1972. She moved to the Senate in 1981—giving her close to 40 years of service in the Legislature. The focus of her time has been on health and human services issues.

Read the current issue of the Cities Bulletin (*Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>*)

Your LMC Resource

Contact Jennifer O'Rourke

IGR Representative

(651) 281-1261 or (800) 925-1122

jorourke@lmc.org *(Link to: <mailto:jorourke@lmc.org>)*



Current Grant Opportunities

Federal Housing Preservation Grants

USDA Rural Development is accepting applications for Housing Preservation Grants to help low-income rural residents repair their homes. Housing Preservation Grants are provided to intermediaries such as town or county governments, public agencies, federally recognized Indian Tribes, and non-profit and faith-based organizations. The grants are then distributed to qualified homeowners or owners of multi-family rental properties or cooperative dwellings who rent to low-income residents. Funding is not provided directly to homeowners by USDA under this program. The grants can be used to weatherize and repair existing structures, install or improve plumbing, or provide access to people with disabilities. Applications are due by **Aug. 22**.

Learn more from the USDA Rural Development website (*Link to: http://www.rurdev.usda.gov/HAD-HPG_Grants.html*)

Digital Inclusion Community Partnership

The Blandin Foundation is now accepting requests for proposal (RFPs) for the Digital Inclusion Community Partnership grant program. This is an invitation by the Blandin Foundation to qualified community institutions and/organizations to implement digital inclusion community partnerships focused on increasing broadband subscriptions and use by those Minnesotans currently not subscribing due to income, disability, computer and technology skills, language, and other similar barriers.

A total of \$600,000 is currently available through the Foundation's federally funded grant project, Minnesota Intelligent Rural Communities (MIRC). Rural Minnesota communities across the entire state of Minnesota are encouraged to apply, excluding those communities within the seven-county metro area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington) and the cities of Duluth, Rochester, and St. Cloud. Grants will be reviewed on a quarterly basis. The next grant deadline is **Sept. 1**.

Learn more and access the RFP for this grant (*Link to: <http://broadband.blandinfoundation.org/programs/programs-detail.php?intResourceID=1646>*)

Read the current issue of the Cities Bulletin (*Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>*)