



City of Windom Staff Report

To: Mayor and Windom City Council
From: Aaron Backman, EDA Executive Director
Date: July 31, 2009
Council Meeting Date: August 4, 2009
Item Title/Subject: **SCDP GRANT – PROCEDURAL GUIDELINES & REPAYMENT AGREEMENT**

Background:

On July 17, 2009, the City received the signed Grant Agreement from the Minnesota Department of Employment and Economic Development (DEED). The next step is the approval of the procedural guidelines (policies) for the Small Cities Development Program (SCDP) Residential Owner-Occupied Housing Rehabilitation Program. These policies were prepared by the Southwest Minnesota Housing Partnership and are very similar to those reviewed by counsel and approved by the City Council in 2003. There are only minor changes to the policies to conform to changes in the State Historical Society requirements, etc. Attached is a copy of the policies for your review.

Also attached is a copy of the Combination Security Agreement, Note, Repayment Agreement and Lien. This is the document which the property owner signs at the time of the SCDP loan and has the same effect as a mortgage. This Repayment Agreement has been reviewed by the City Attorney.

Following approval of the policies and repayment agreement, we will be able to move to the next step which is the public meeting for the property owners in the target area.

Please contact me should you have any questions concerning either of these documents. I will also be present at the August 4, 2009, City Council Meeting for any further questions.

Requested Action: Approve the Procedural Guidelines for the SCDP Residential Owner-Occupied Housing Rehabilitation Program and authorize the Mayor to execute these guidelines. Second, approve the Combination Security Agreement, Note, Repayment Agreement and Lien.

Respectfully submitted,

Aaron A. Backman

Aaron A. Backman, EDA Executive Director

AAB:mah
Attachments

June, 2009

CITY OF WINDOM

SMALL CITIES DEVELOPMENT PROGRAM (SCDP)

RESIDENTIAL OWNER OCCUPIED

HOUSING REHABILITATION PROGRAM

- PROCEDURAL GUIDELINES -

A. PROGRAM OBJECTIVES

1. **FEDERAL OBJECTIVE:** The primary objective is to provide financial assistance to low to moderate income individuals who are residing in substandard housing.
2. **SECONDARY IMPACTS:** Secondary impact is to encourage the improvement of the general appearance and value of the housing stock while making a visible and substantial improvement upon the quality of life and appearance of the community.

B. PROGRAM ADMINISTRATION

1. **GENERAL ADMINISTRATOR:** The City of Windom is contracting with the Southwest Minnesota Housing Partnership (SWMHP); SWMHP is responsible for all phases of the administration of this Small Cities Development Program while a contract is in place. The SWMHP will be responsible for all financial and progress reports. SWMHP will have principle responsibility for the compliance with all Federal Regulations, adherence to the City of Windom Procedural Guidelines and SCDP regulations.
2. **FIELD ADMINISTRATOR:** Western Community Action, Inc. (WCA) is responsible for housing rehabilitation field administration services. WCA, is responsible for program delivery including: marketing, determination of household eligibility, application completion and approval, assist with packaging of project financing, housing inspections and suitability of housing rehabilitation, work write-ups, contract awards, interim inspections, change orders, final inspections, contractor payments and project close-outs.
3. **FEDERAL COMPLIANCE:** The City of Windom and SWMHP will share responsibility to comply with Federal Regulations regarding the implementation and administration of this Small Cities Development Project.

C. HOUSEHOLD ELIGIBILITY

1. **INCOME ELIGIBILITY:** The housing rehabilitation program is designed to be of 100% benefit to households of low to moderate incomes. This will be achieved by following the gross income limits as set by the Department of Housing and Urban Development for the Section 8 Existing Housing Program. The income limits as adjusted for family sizes are listed in Section F. These limits shall be adjusted periodically upon HUD notification of income revisions.

WINDOM AREA HOSPITAL
Windom, Minnesota
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2009 AND 2008

Nursing Services: Nursing service expenses increased \$261,117 and \$31,664 in fiscal years 2009 and 2008, respectively, from the previous year. This increase is a result of standard wage increases given in the fiscal year and increased surgery supply expense related to higher utilization.

Other Professional Services: Other professional services increased \$424,135 and \$140,457 in fiscal years 2009 and 2008, respectively, from the previous year. The largest increases were due to continuously escalating pharmacy drug costs along with increased salaries and other expenses, especially for radiology.

General Services: General services decreased \$54,618 and increased \$160,231 in fiscal years 2009 and 2008, respectively, when compared to the previous year. Decreases in these expenses are related to fewer supplies being needed during the fiscal year as there were fewer projects being completed throughout the Hospital.

Administrative and Fiscal Services: Expenses in this category increased by \$164,123 and \$235,515 in fiscal years 2009 and 2008, respectively, when compared to the previous year. Salaries and related employee benefit costs, primarily health insurance continue to rise. There were also increased costs related to the installation and maintenance of several new IT systems during the fiscal year.

Interest and Amortization: Interest and amortization decreased \$3,417 and \$2,622 in fiscal years 2009 and 2008, respectively, when compared to the previous year. This decrease is attributed to interest expense for the 2003 gross revenue bonds decreasing over the life of the bonds.

Depreciation: Depreciation increased \$68,588 and \$71,877 in fiscal years 2009 and 2008, respectively, when compared to the previous year. This is a reflection of the updates to facilities and equipment.

Non-Operating Revenue and Expenses: The total in this category decreased \$63,816 and increased \$40,725 in fiscal years 2009 and 2008, respectively, when compared to the previous year. The decrease is due to a decrease in interest rates on investments.

Capital Assets

At the end of fiscal years 2009, 2008 and 2007, the Hospital had invested \$7,458,271, \$7,476,375 and \$7,646,215, respectively, in net capital assets. The \$18,104 decrease in capital assets in fiscal year 2009 is primarily a result increased depreciation expense caused by new capital assets over the past two years.

Capital Grants and Contributions

For the years ended 2009, 2008 and 2007, the Hospital had a total of \$187,722, \$45,143 and \$77,271, respectively, in capital grants and contributions. The 2009 balance is made up of much larger grants than the prior years.

WINDOM AREA HOSPITAL
Windom, Minnesota
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2009 AND 2008

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 2010 budget. Of primary importance in setting the 2010 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
- Surging drug costs

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.

WINDOM AREA HOSPITAL
Windom, Minnesota
COMBINED BALANCE SHEET
APRIL 30, 2009

ASSETS	Primary Enterprise	Component Unit (Foundation)	Total Reporting Entity (Memorandum Only)
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 1,669,178	\$ 37,173	\$ 1,706,351
Assets Limited as to Use, Current Portion	144,856	-	144,856
Patient Accounts Receivable, Net	1,793,363	-	1,793,363
Accrued Interest Receivable	18,830	-	18,830
Loan Receivable	22,628	-	22,628
Supplies	317,007	-	317,007
Prepaid Expenses	96,518	-	96,518
Total Current Assets	<u>4,062,380</u>	<u>37,173</u>	<u>4,099,553</u>
ASSETS LIMITED AS TO USE			
Debt Service Account Under Bond Indenture	204,318	-	204,318
Board Designated for Debt Service	1,789,600	-	1,789,600
Board Designated for Capital Improvements	4,236,275	-	4,236,275
Restricted by Donor	51,226	49,268	100,494
Subtotal	<u>6,281,419</u>	<u>49,268</u>	<u>6,330,687</u>
Less: Current Portion	<u>(144,856)</u>	<u>-</u>	<u>(144,856)</u>
Total Assets Limited as to Use	<u>6,136,563</u>	<u>49,268</u>	<u>6,185,831</u>
CAPITAL ASSETS			
Capital Assets	13,916,864	-	13,916,864
Less: Accumulated Depreciation	<u>(6,458,593)</u>	<u>-</u>	<u>(6,458,593)</u>
Net Capital Assets	<u>7,458,271</u>	<u>-</u>	<u>7,458,271</u>
OTHER ASSETS			
Investment in Partnership	135,619	-	135,619
Deferred Debt Acquisition Costs, Net	9,919	-	9,919
Total Other Assets	<u>145,538</u>	<u>-</u>	<u>145,538</u>
Total Assets	<u>\$ 17,802,752</u>	<u>\$ 86,441</u>	<u>\$ 17,889,193</u>

See accompanying Notes to Combined Financial Statements.

	Primary Enterprise	Component Unit (Foundation)	Total Reporting Entity (Memorandum Only)
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Current Maturities of Long-Term Debt	\$ 100,000	\$ -	\$ 100,000
Accounts Payable	278,451	-	278,451
Due to Third-Party Payors	120,000	-	120,000
Accrued Expenses	511,490	-	511,490
Total Current Liabilities	<u>1,009,941</u>	<u>-</u>	<u>1,009,941</u>
LONG-TERM DEBT, Net of Current Maturities	1,993,918	-	1,993,918
NET ASSETS			
Invested in Capital Assets Net of Related Debt	5,364,353	-	5,364,353
Restricted:			
Expendable for Bond Indenture	204,318	-	204,318
Expendable for Specific Donor Restrictions	51,226	49,268	100,494
Unrestricted	9,178,996	37,173	9,216,169
Total Net Assets	<u>14,798,893</u>	<u>86,441</u>	<u>14,885,334</u>
Total Liabilities and Net Assets	<u>\$ 17,802,752</u>	<u>\$ 86,441</u>	<u>\$ 17,889,193</u>

WINDOM AREA HOSPITAL
Windom, Minnesota
COMBINED BALANCE SHEET
APRIL 30, 2008

	<u>Primary Enterprise</u>	<u>Component Unit (Foundation)</u>	<u>Total Reporting Entity (Memorandum Only)</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 1,150,683	\$ 40,986	\$ 1,191,669
Assets Limited as to Use, Current Portion	-	-	-
Patient Accounts Receivable, Net	1,981,715	-	1,981,715
Accrued Interest Receivable	38,176	-	38,176
Loan Receivable	19,615	-	19,615
Supplies	292,922	-	292,922
Prepaid Expenses	68,763	-	68,763
Total Current Assets	<u>3,551,874</u>	<u>40,986</u>	<u>3,592,860</u>
ASSETS LIMITED AS TO USE			
Debt Service Account Under Bond Indenture	204,318	-	204,318
Board Designated for Debt Service	1,887,154	-	1,887,154
Board Designated for Capital Improvements	3,496,420	-	3,496,420
Restricted by Donor	71,226	48,751	119,977
Total Assets Limited as to Use	<u>5,659,118</u>	<u>48,751</u>	<u>5,707,869</u>
CAPITAL ASSETS			
Capital Assets	13,462,163	-	13,462,163
Less: Accumulated Depreciation	<u>(5,985,788)</u>	-	<u>(5,985,788)</u>
Net Capital Assets	7,476,375	-	7,476,375
OTHER ASSETS			
Investment in Partnership	52,364	-	52,364
Deferred Debt Acquisition Costs, Net	10,621	-	10,621
Total Other Assets	<u>62,985</u>	<u>-</u>	<u>62,985</u>
Total Assets	<u>\$ 16,750,352</u>	<u>\$ 89,737</u>	<u>\$ 16,840,089</u>

See accompanying Notes to Combined Financial Statements.

	<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	\$ -	\$ -	\$ -
Accounts Payable	425,700	-	425,700
Due to Third-Party Payors	53,000	-	53,000
Accrued Expenses	542,548	-	542,548
Total Current Liabilities	<u>1,021,248</u>	<u>-</u>	<u>1,021,248</u>
LONG-TERM DEBT, Net of Current Maturities	2,091,472	-	2,091,472
NET ASSETS			
Invested in Capital Assets Net of Related Debt	5,384,903	-	5,384,903
Restricted:			
Expendable for Bond Indenture	204,318	-	204,318
Expendable for Specific Donor Restrictions	71,226	48,751	119,977
Unrestricted	7,977,185	40,986	8,018,171
Total Net Assets	<u>13,637,632</u>	<u>89,737</u>	<u>13,727,369</u>
Total Liabilities and Net Assets	<u>\$ 16,750,352</u>	<u>\$ 89,737</u>	<u>\$ 16,840,089</u>

WINDOM AREA HOSPITAL
Windom, Minnesota
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
YEAR ENDED APRIL 30, 2009

	Primary Enterprise	Component Unit (Foundation)	Total Reporting Entity (Memorandum Only)
REVENUE			
Net Patient Service Revenue	\$ 13,234,077	\$ -	\$ 13,234,077
Other Revenue	133,222	9,986	143,208
Total Revenue	<u>13,367,299</u>	<u>9,986</u>	<u>13,377,285</u>
EXPENSES			
Nursing Services	3,669,046	-	3,669,046
Other Professional Services	4,107,511	-	4,107,511
General Services	1,073,659	-	1,073,659
Administrative and Fiscal Services	2,827,804	10,665	2,838,469
Interest and Amortization	111,511	-	111,511
Depreciation	801,159	-	801,159
Total Expenses	<u>12,590,690</u>	<u>10,665</u>	<u>12,601,355</u>
INCOME (LOSS) FROM OPERATIONS	776,609	(679)	775,930
NONOPERATING REVENUE AND EXPENSES			
Interest Income	202,146	-	202,146
Noncapital Grants and Contributions	-	6,861	6,861
Loss on Disposal of Assets	(14,694)	-	(14,694)
Total Nonoperating Revenue and Expenses	<u>187,452</u>	<u>6,861</u>	<u>194,313</u>
EXCESS OF REVENUE OVER EXPENSES	964,061	6,182	970,243
Capital Grants and Contributions	184,213	3,509	187,722
Related Party Transfers	12,987	(12,987)	-
INCREASE (DECREASE) IN NET ASSETS	1,161,261	(3,296)	1,157,965
NET ASSETS			
Beginning of Year	<u>13,637,632</u>	<u>89,737</u>	<u>13,727,369</u>
End of Year	<u>\$ 14,798,893</u>	<u>\$ 86,441</u>	<u>\$ 14,885,334</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, 2008

	Primary Enterprise	Component Unit (Foundation)	Total Reporting Entity (Memorandum Only)
REVENUE			
Net Patient Service Revenue	\$ 12,548,901	\$ -	\$ 12,548,901
Other Revenue	111,347	20,981	132,328
Total Revenue	<u>12,660,248</u>	<u>20,981</u>	<u>12,681,229</u>
EXPENSES			
Nursing Services	3,407,929	-	3,407,929
Other Professional Services	3,683,376	-	3,683,376
General Services	1,128,277	-	1,128,277
Administrative and Fiscal Services	2,640,207	34,139	2,674,346
Interest and Amortization	114,928	-	114,928
Depreciation	732,571	-	732,571
Total Expenses	<u>11,707,288</u>	<u>34,139</u>	<u>11,741,427</u>
INCOME (LOSS) FROM OPERATIONS	952,960	(13,158)	939,802
NONOPERATING REVENUE AND EXPENSES			
Interest Income	275,001	-	275,001
Noncapital Grants and Contributions	-	14,430	14,430
Loss on Disposal of Assets	(31,302)	-	(31,302)
Total Nonoperating Revenue and Expenses	<u>243,699</u>	<u>14,430</u>	<u>258,129</u>
EXCESS OF REVENUE OVER EXPENSES	1,196,659	1,272	1,197,931
Capital Grants and Contributions	<u>36,965</u>	<u>8,178</u>	<u>45,143</u>
INCREASE IN NET ASSETS	1,233,624	9,450	1,243,074
NET ASSETS			
Beginning of Year	<u>12,404,008</u>	<u>80,287</u>	<u>12,484,295</u>
End of Year	<u>\$ 13,637,632</u>	<u>\$ 89,737</u>	<u>\$ 13,727,369</u>

See accompanying Notes to Combined Financial Statements.

WINDOM AREA HOSPITAL
Windom, Minnesota
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2009

	Primary Enterprise	Component Unit (Foundation)	Total Reporting Entity (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from and on Behalf of Patients	\$ 13,505,762	\$ -	\$ 13,505,762
Payments to Suppliers and Contractors	(7,315,996)	(10,665)	(7,326,661)
Payments to Employees	(4,700,534)	-	(4,700,534)
Other Receipts and Payments, Net	143,636	16,847	160,483
Net Cash Provided by Operating Activities	<u>1,632,868</u>	<u>6,182</u>	<u>1,639,050</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Capital Grants and Contributions	184,213	3,509	187,722
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Expenditures	(783,055)	-	(783,055)
Cash Payments for Interest	(108,363)	-	(108,363)
Net Cash Used by Capital and Related Financing Activities	<u>(891,418)</u>	<u>-</u>	<u>(891,418)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Investments	(2,067,882)	(10,370)	(2,078,252)
Sale of Investments	1,445,581	9,853	1,455,434
Change in Other Assets	-	-	-
Transfer from (to) Related Party	12,987	(12,987)	-
Interest Income	202,146	-	202,146
Net Cash Used by Investing Activities	<u>(407,168)</u>	<u>(13,504)</u>	<u>(420,672)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	518,495	(3,813)	514,682
Cash and Cash Equivalents - Beginning	<u>1,150,683</u>	<u>40,986</u>	<u>1,191,669</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 1,669,178</u>	<u>\$ 37,173</u>	<u>\$ 1,706,351</u>

See accompanying Notes to Combined Financial Statements.

WINDOM AREA HOSPITAL
Windom, Minnesota
COMBINED STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED APRIL 30, 2009

	Primary Enterprise	Component Unit (Foundation)	Total Reporting Entity (Memorandum Only)
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Income (Loss) from Operations	\$ 776,609	\$ (679)	\$ 775,930
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	801,159	-	801,159
Interest Expense Considered a Capital Financing Activity	108,363	-	108,363
Amortization	3,148	-	3,148
Loss on Disposal of Assets	(14,694)	-	(14,694)
Provision for Bad Debts	407,034	-	407,034
Equity in Earnings from Joint Ventures	(83,255)	-	(83,255)
Noncapital Grants and Contributions	-	6,861	6,861
(Increase) Decrease in:			
Patient Accounts Receivable	(218,682)	-	(218,682)
Other Accounts Receivable	(3,013)	-	(3,013)
Accrued Interest Receivable	19,346	-	19,346
Supplies and Prepaid Expenses	(51,840)	-	(51,840)
Increase (Decrease) in:			
Accounts Payable	(147,249)	-	(147,249)
Due to Third-Party Payors	67,000	-	67,000
Accrued Expenses	(31,058)	-	(31,058)
Net Cash Provided by Operating Activities	\$ 1,632,868	\$ 6,182	\$ 1,639,050

See accompanying Notes to Combined Financial Statements.

WINDOM AREA HOSPITAL
Windom, Minnesota
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2008

	Primary Enterprise	Component Unit (Foundation)	Total Reporting Entity (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from and on Behalf of Patients	\$ 12,132,485	\$ -	\$ 12,132,485
Payments to Suppliers and Contractors	(6,891,353)	(34,139)	(6,925,492)
Payments to Employees	(4,192,287)	-	(4,192,287)
Other Receipts and Payments, Net	239,030	35,411	274,441
Net Cash Provided by Operating Activities	<u>1,287,875</u>	<u>1,272</u>	<u>1,289,147</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Capital Grants and Contributions	36,965	8,178	45,143
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Expenditures	(562,731)	-	(562,731)
Cash Payments for Interest	(111,349)	-	(111,349)
Principal Payments on Long-Term Debt	(187,554)	-	(187,554)
Net Cash Used by Capital and Related Financing Activities	<u>(861,634)</u>	<u>-</u>	<u>(861,634)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Investments	(2,419,009)	(14,430)	(2,433,439)
Sale of Investments	1,537,287	-	1,537,287
Change in Other Assets	(2,877)	-	(2,877)
Interest Income	275,001	-	275,001
Net Cash Used by Investing Activities	<u>(609,598)</u>	<u>(14,430)</u>	<u>(624,028)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	<u>(146,392)</u>	<u>(4,980)</u>	<u>(151,372)</u>
Cash and Cash Equivalents - Beginning	<u>1,297,075</u>	<u>45,966</u>	<u>1,343,041</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 1,150,683</u>	<u>\$ 40,986</u>	<u>\$ 1,191,669</u>

See accompanying Notes to Combined Financial Statements.

WINDOM AREA HOSPITAL
Windom, Minnesota
COMBINED STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED APRIL 30, 2008

	Primary Enterprise	Component Unit (Foundation)	Total Reporting Entity (Memorandum Only)
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Income (Loss) from Operations	\$ 952,960	\$ (13,158)	\$ 939,802
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	732,571	-	732,571
Interest Expense Considered a Capital Financing Activity	111,349	-	111,349
Amortization	3,579	-	3,579
Loss on Disposal of Assets	(31,302)	-	(31,302)
Provision for Bad Debts	204,540	14,430	218,970
Equity in Earnings from Joint Ventures	47,636	-	47,636
(Increase) Decrease in:			
Patient Accounts Receivable	(255,765)	-	(255,765)
Other Accounts Receivable	(19,615)	-	(19,615)
Accrued Interest Receivable	1,424	-	1,424
Supplies and Prepaid Expenses	(9,065)	-	(9,065)
Increase (Decrease) in:			
Accounts Payable	(43,275)	-	(43,275)
Due to Third-Party Payors	(347,000)	-	(347,000)
Accrued Expenses	(60,162)	-	(60,162)
Net Cash Provided by Operating Activities	\$ 1,287,875	\$ 1,272	\$ 1,289,147

See accompanying Notes to Combined Financial Statements.

WINDOM AREA HOSPITAL
Windom, Minnesota
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2009 AND 2008

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.

Method of Accounting

The Hospital reports in accordance with the *Audit and Accounting Guide for Health Care Organizations* published by the American Institute of Certified Public Accountants which prescribes accounting and reporting policies, some of which are unique to providers of health care services.

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*, 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, 2009 AND 2008

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, 2009 and 2008, the allowance for uncollectible accounts was approximately \$420,000 and \$342,000, 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 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, 2009 AND 2008

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.

Capital Assets

Capital assets are stated at cost, if purchased, or at fair market value on the date received, if donated, less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the property.

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.

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*.

WINDOM AREA HOSPITAL
Windom, Minnesota
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Reclassifications

Certain items in the prior year financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the overall net assets of the Hospital.

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 beds 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.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a reimbursement methodology similar to inpatient Medicare. Outpatient Medicaid services are reimbursed on reasonable cost.

Revenue from the Medicare program accounted for approximately 37% and 39% for the years ended 2009 and 2008, respectively, and revenue from the Medicaid program accounted for approximately 3% of the Hospital's net patient revenue for both years ended 2009 and 2008. 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.

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.

WINDOM AREA HOSPITAL
Windom, Minnesota
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2009 AND 2008

NOTE 2 NET PATIENT SERVICE REVENUE (CONTINUED)

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

	<u>2009</u>	<u>2008</u>
Gross Patient Service Revenue	\$ 19,012,125	\$ 17,686,493
Adjustments and Discounts:		
Medicare	(2,971,304)	(2,655,563)
Medicaid	(354,393)	(399,433)
Other	(2,045,317)	(1,878,056)
Provision for Bad Debt	(407,034)	(204,540)
Total Adjustments and Discounts	<u>(5,778,048)</u>	<u>(5,137,592)</u>
Net Patient Service Revenue	<u>\$ 13,234,077</u>	<u>\$ 12,548,901</u>

NOTE 3 ACCOUNTS RECEIVABLE

Patient accounts receivable reported as current assets by Windom Area Hospital at April 30, 2009 and 2008 consist of these amounts:

	<u>2009</u>	<u>2008</u>
Receivable from Patients and Their Insurance Carriers	\$ 1,602,810	\$ 1,623,363
Receivable from Medicare	462,935	580,679
Receivable from Medicaid	147,618	119,173
Total Patient Accounts Receivable	<u>2,213,363</u>	<u>2,323,215</u>
Less: Allowance for Uncollectible Amounts	(420,000)	(341,500)
Net Patient Accounts Receivable	<u>\$ 1,793,363</u>	<u>\$ 1,981,715</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.

The Hospital's deposits at year-end were fully covered by federal depository insurance or by collateral held by the Hospital's custodial bank in the Hospital's name.

WINDOM AREA HOSPITAL
 Windom, Minnesota
 NOTES TO COMBINED FINANCIAL STATEMENTS
 APRIL 30, 2009 AND 2008

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

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.

At April 30, 2009 and 2008, the carrying amounts of deposits and investments are included in the Hospital's balance sheets as follows:

	2009	2008
Carrying Amount:		
Deposits	\$ 8,037,038	\$ 6,899,538
Included in the Following Balance Sheet Captions:		
Cash and Cash Equivalents	\$ 1,706,351	\$ 1,191,669
Debt Service Account Under Bond Indenture	204,318	204,318
Board Designated for Debt Service	1,789,600	1,887,154
Board Designated for Capital Improvements	4,236,275	3,496,420
Restricted By Donor	100,494	119,977
	\$ 8,037,038	\$ 6,899,538

Debt service funds are designated for the servicing of the General Obligation Hospital Bonds of 2003 and are required by bond indenture agreements.

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, 2009 AND 2008

NOTE 5 CAPITAL ASSETS

Capital assets (in thousands) for the years ended April 30, 2009 and 2008 consist of the following:

	Balance April 30, 2008	Additions and Transfers	Retirements	Balance April 30, 2009
Land	\$ 24	\$ -	\$ -	\$ 24
Land Improvements	265	-	-	265
Buildings	7,675	75	-	7,750
Fixed Equipment	2,314	-	(3)	2,311
Moveable Equipment	3,130	733	(344)	3,519
Construction in Progress	54	13	(20)	47
Total at Historical Cost	<u>13,462</u>	<u>821</u>	<u>(367)</u>	<u>13,916</u>
Less Accumulated Depreciation for:				
Land Improvements	(237)	(5)	-	(242)
Buildings	(2,076)	(333)	-	(2,409)
Fixed Equipment	(1,540)	(79)	3	(1,616)
Moveable Equipment	<u>(2,133)</u>	<u>(388)</u>	<u>330</u>	<u>(2,191)</u>
Total Accumulated Depreciation	<u>(5,986)</u>	<u>(805)</u>	<u>333</u>	<u>(6,458)</u>
Capital Assets, Net	<u>\$ 7,476</u>	<u>\$ 16</u>	<u>\$ (34)</u>	<u>\$ 7,458</u>
	Balance April 30, 2007	Additions and Transfers	Retirements	Balance April 30, 2008
Land	\$ 24	\$ -	\$ -	\$ 24
Land Improvements	265	-	-	265
Buildings	6,784	891	-	7,675
Fixed Equipment	2,454	-	(140)	2,314
Moveable Equipment	3,217	131	(218)	3,130
Construction in Progress	408	537	(891)	54
Total at Historical Cost	<u>13,152</u>	<u>1,559</u>	<u>(1,249)</u>	<u>13,462</u>
Less Accumulated Depreciation for:				
Land Improvements	(229)	(8)	-	(237)
Buildings	(1,773)	(303)	-	(2,076)
Fixed Equipment	(1,573)	(10)	43	(1,540)
Moveable Equipment	<u>(1,931)</u>	<u>(411)</u>	<u>209</u>	<u>(2,133)</u>
Total Accumulated Depreciation	<u>(5,506)</u>	<u>(732)</u>	<u>252</u>	<u>(5,986)</u>
Capital Assets, Net	<u>\$ 7,646</u>	<u>\$ 827</u>	<u>\$ (997)</u>	<u>\$ 7,476</u>

WINDOM AREA HOSPITAL
Windom, Minnesota
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2009 AND 2008

NOTE 5 CAPITAL ASSETS (CONTINUED)

Construction in progress at April 30, 2009 and 2008 consists of some 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, 2009 and 2008. The Hospital's portion of the equity loss was \$16,745 and \$47,636 for the years ended April 30, 2009 and 2008, respectively. The Hospital's ending investment balance was \$135,619 and \$52,364 at April 30, 2009 and 2008, respectively.

NOTE 7 LONG-TERM DEBT

A summary of long-term debt at April 30, 2009 and 2008 consists of the following:

	Balance April 30, 2008	Additions	Reductions	Balance April 30, 2009
2003 Gross Revenue Hospital Bonds	\$ 2,130,000	\$ -	\$ -	\$ 2,130,000
Less: Current Portion				(100,000)
Less: Unamortized Bond Discount				(36,082)
Total Long-Term Debt, Net of Current Maturities				<u>\$ 1,993,918</u>
	Balance April 30, 2007	Additions	Reductions	Balance April 30, 2008
2003 Gross Revenue Hospital Bonds	\$ 2,320,000	\$ -	\$ (190,000)	\$ 2,130,000
Less: Current Portion				-
Less: Unamortized Bond Discount				(38,528)
Total Long-Term Debt, Net of Current Maturities				<u>\$ 2,091,472</u>

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.

WINDOM AREA HOSPITAL
Windom, Minnesota
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2009 AND 2008

NOTE 7 LONG-TERM DEBT (CONTINUED)

The aggregate maturities on long-term debt as of April 30, 2009 are as follows:

<u>Year Ending April 30,</u>	<u>Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 100,000	\$ 105,655
2011	105,000	101,424
2012	110,000	96,718
2013	115,000	91,569
2014	120,000	86,015
2015-2019	690,000	332,411
2020-2024	890,000	125,734
Total	<u>\$ 2,130,000</u>	<u>\$ 939,526</u>

The provisions of the above debt agreement contains various restrictive covenants and certain amounts to be deposited with the trustee. Such deposits are included with assets limited as to use.

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 members 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 and the Hospital is required to contribute at an actuarially determined rate. The current rate is 6.75% 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, 2009 and 2008 was \$319,351 and \$287,037, respectively. The Hospital's contributions were equal to the contractually required contributions for each year as set by state statute.

WINDOM AREA HOSPITAL
Windom, Minnesota
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2009 AND 2008

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.

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 \$200,120 and \$195,399 for the years ended April 30, 2009 and 2008, respectively.

INDEPENDENT AUDITORS' REPORT ON 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, 2009, and have issued our report thereon dated June 26, 2009.

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 seven main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, tax increment financing, and miscellaneous provisions. Our study included all of the listed categories, except we did not test for tax increment financing as the Hospital has no tax increment financing. The results of our tests indicate that for the items tested, the 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.

Larson Allen LLP

LarsonAllen LLP

Minneapolis, Minnesota
June 26, 2009

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
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, 2009, and have issued our report thereon dated June 26, 2009. 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 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.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. Material weaknesses are described in the accompanying Schedule of Findings.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Windom Area Hospital's 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.



LarsonAllen LLP

Minneapolis, Minnesota
June 26, 2009

**WINDOM AREA HOSPITAL
SCHEDULE OF FINDINGS
APRIL 30, 2009**

Material Weaknesses

09-1 Control over the Financial Reporting Process

As part of the audit, management requested us to prepare a draft of your financial statements, including the related notes to financial statements. Management reviewed, approved, and accepted responsibility for those 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.

09-2 Segregation of Duties -- Accounts Payable, Payroll, Accounts Receivable and Expense Reports

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'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 now 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 payments be limited to an individual who does not have the access to cash receipts.

Employee expense reports did not always have adequate supporting documentation attached to the reimbursement request. We suggest obtaining and attaching all receipts to the request before department heads approve the expense reports.

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, 2009

Material Weaknesses (Continued)

09-3 Misstatements Detected by the Audit

During the course of the audit, several 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 under take the necessary steps in order to ensure the general ledger accounts are accurately maintained throughout the year.

Windom Area Hospital

2009 Audit Results and Report to the Board of Directors

April 30, 2009

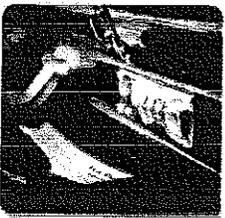
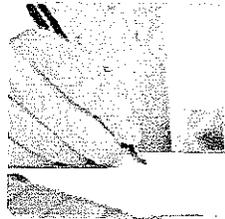


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Required Communications (SAS 114)

Area	Comments
Our responsibility under Generally Accepted Auditing Standards	<ul style="list-style-type: none"> • Express an opinion on the fair presentation of the financial statements in conformity with generally accepted accounting principles • Plan and perform the audit to obtain reasonable, not absolute, assurance that the 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
Planned scope and timing of the audit	<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 18, 2009.
Other information in documents containing audited financial statements	<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 financial statements. • We have no obligation to corroborate other information
Significant accounting policies	<ul style="list-style-type: none"> • Management is responsible for accounting policies • Outlined in Note 1 to the financial statements • No changes in accounting policies or new policies adopted • Appropriate accounting policies • No significant or unusual transactions occurred
Significant accounting estimates	<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 financial statements
Significant disclosures	<ul style="list-style-type: none"> • No sensitive disclosures • No significant risks, exposures, or uncertainties • No unusual transactions • Disclosures are neutral, consistent, and clear
Corrected and uncorrected misstatements	<ul style="list-style-type: none"> • 7 audit adjustments – increased net income by \$110,607 <ul style="list-style-type: none"> • Increased allowance for doubtful accounts by \$90,000 • Reduced estimated third party payables by \$220,177

	<ul style="list-style-type: none">• Not advised by management of any unrecorded financial statement adjustments• Implications for future financial statements
Disagreements with management	<ul style="list-style-type: none">• No disagreements with management regarding accounting, reporting, or auditing matters
Difficulties encountered in performing the audit	<ul style="list-style-type: none">• No difficulties encountered in performing the audit
Management representation	<ul style="list-style-type: none">• Management provided a management representation letter dated June 26, 2009.
Consultations with other independent accountants	<ul style="list-style-type: none">• No consultations with other independent accountants
Issues discussed prior to retention as independent auditors	<ul style="list-style-type: none">• No issues discussed prior to retention as independent auditors
Other findings or issues	<ul style="list-style-type: none">• No other findings or issues were discussed with, or communicated to, management



Financial Ratios

Windom Area Hospital

2009 Financial Graphs and Ratios



LarsonAllen
CPAs, Consultants & Advisors

**NOTICEABLY
DIFFERENT**

Industry Data

Windom Area Hospital (Windom)

- \$13.6M Net Revenues



2006-2009

LarsonAllen® Gold Standard

- 35 facilities in 11 states
 - ◇ 9 **Small** facilities (<\$10M Revenues)
 - ◇ 9 **Mid Size** facilities (\$10M - \$19M Revenues)
 - ◇ 17 **Large** facilities (>\$19M Revenues)
- 1,087 facilities analyzed, 776 used for benchmark



2006-2008

LarsonAllen®

- 24 facilities nationwide
 - ◇ CAH Hospitals with net revenues under \$20M



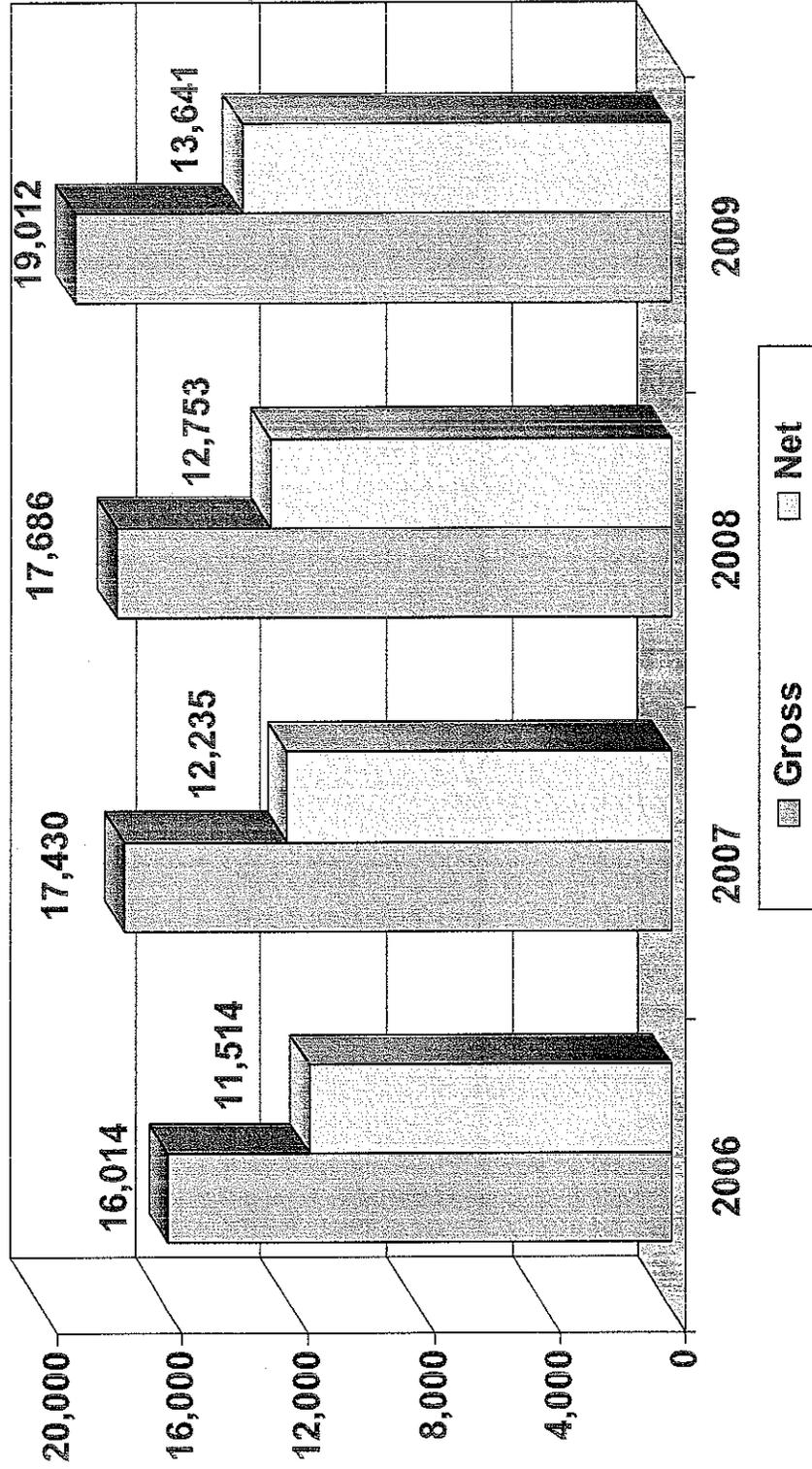
2006-2008

Gross and Net Patient Revenues

(In Thousands)

Comments:

Gross revenues represent the total original charge for services prior to contractual adjustments and indigent care. Net patient service revenues is gross revenues reduced by these amounts. In 2009, Windom had an increase in net revenues of 5.5% during the year as shown on Exhibit 2.

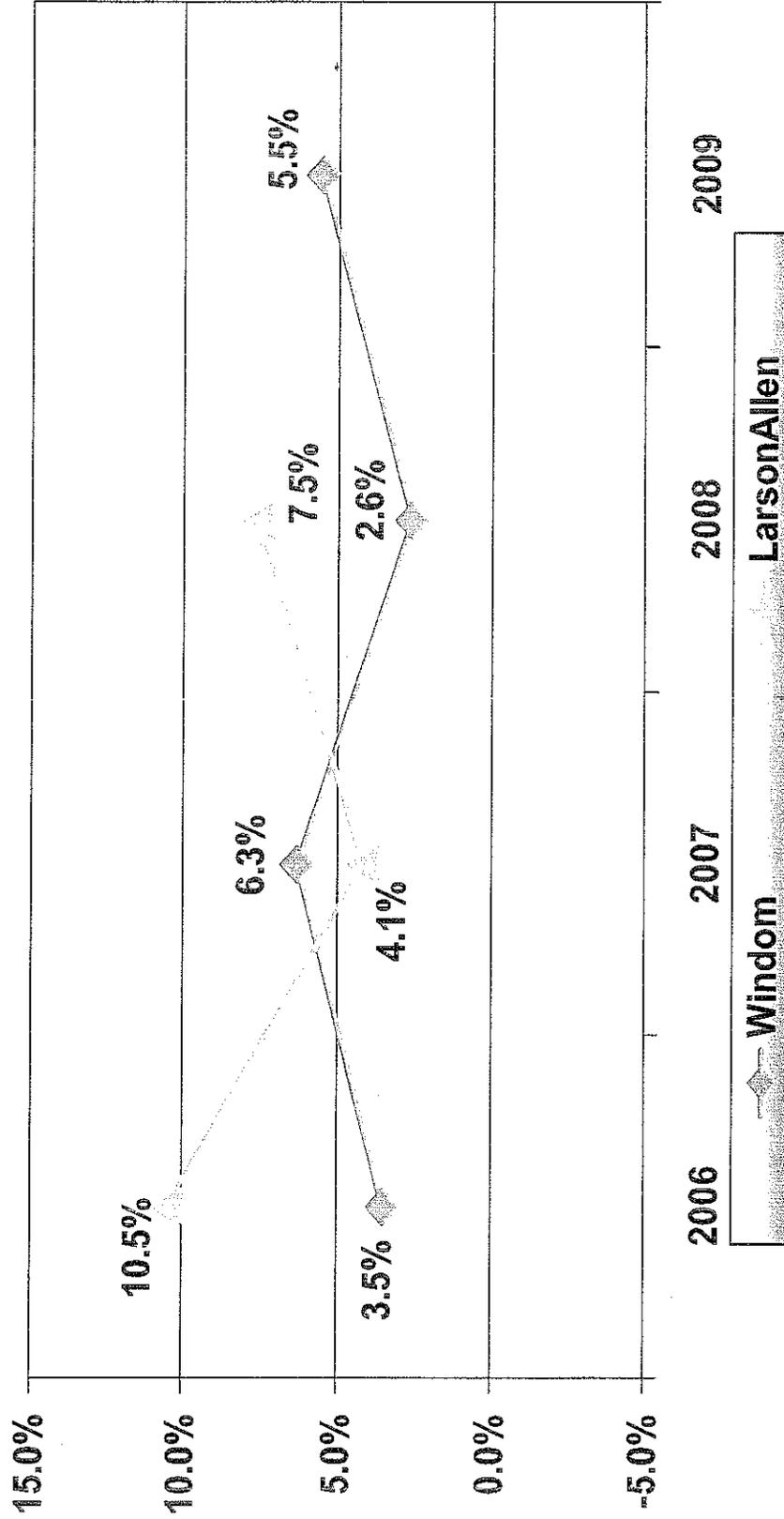


NOTICEABLY DIFFERENT

Percentage Growth in Net Patient Revenues

Comments:

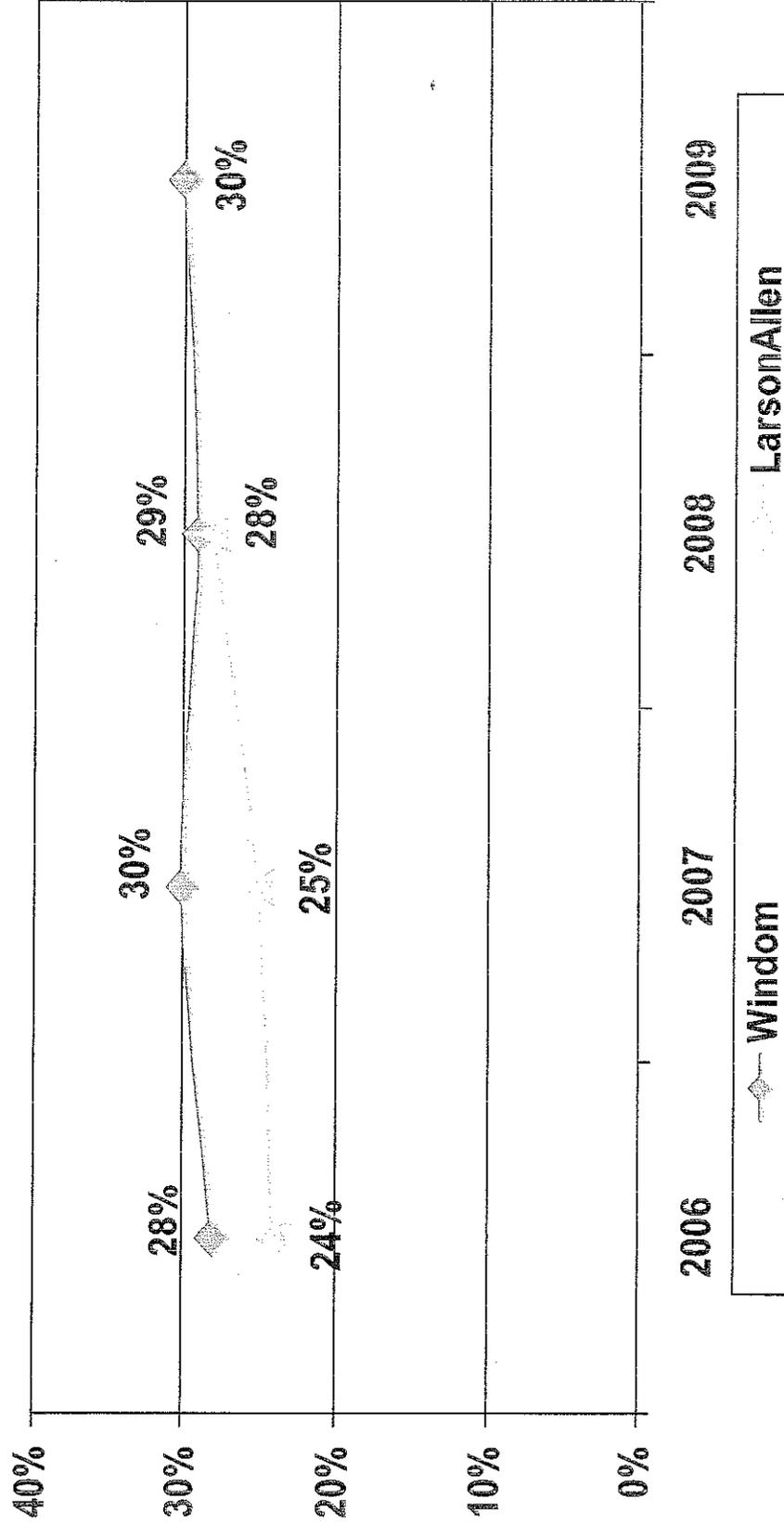
This is the percentage increase in net patient service revenues from the prior year. The ratio reflects increases and decreases in charges, volumes and contractual adjustments from the prior year, and also can be affected by payor mix changes. As shown below, revenue growth



Discount Percentage

Comments:

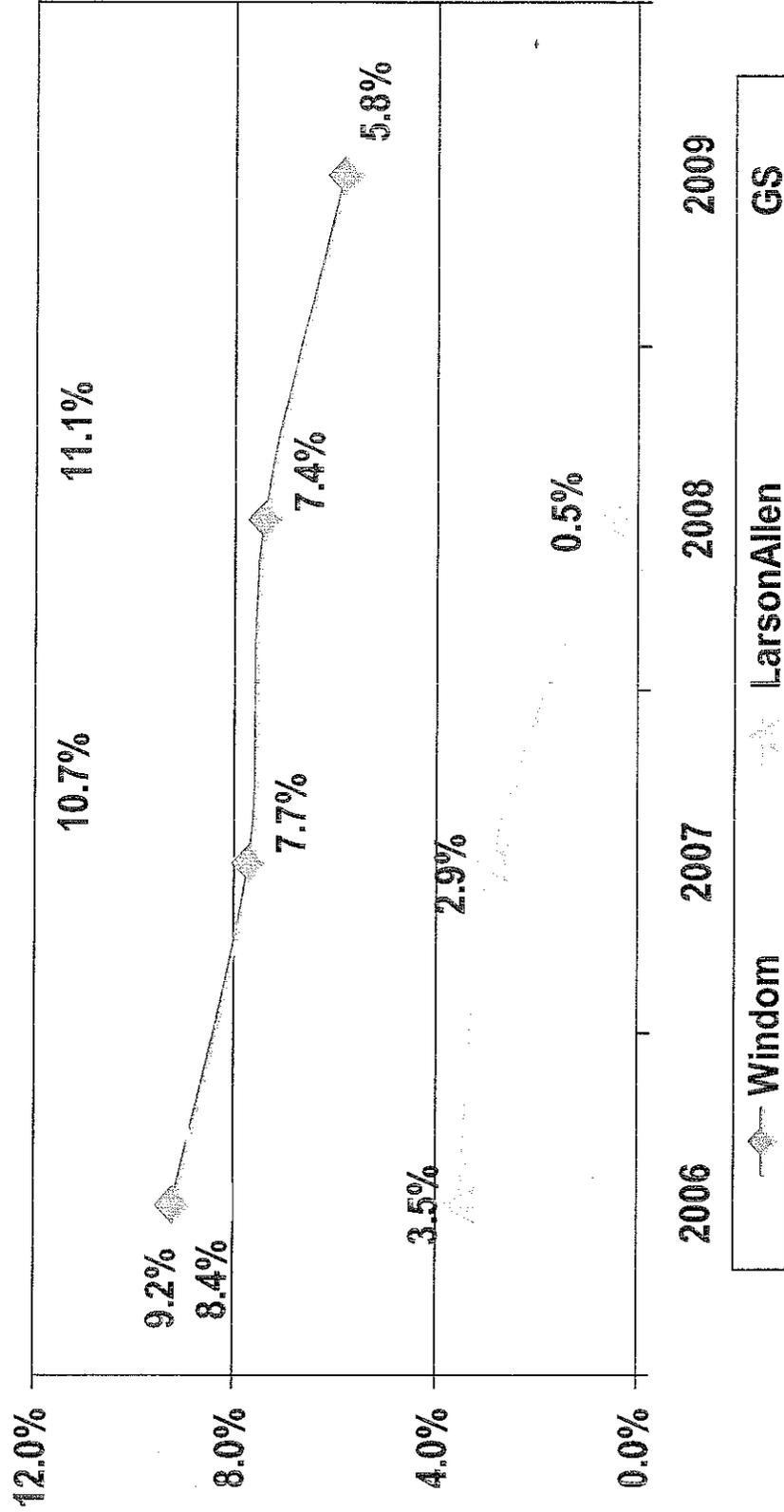
Discount percentage represents the percent of gross charges that are written off as a contractual adjustment. Windom has stayed fairly consistent over the last few years, and is just slightly higher than the LarsonAllen averages.



Operating Margin

Comments:

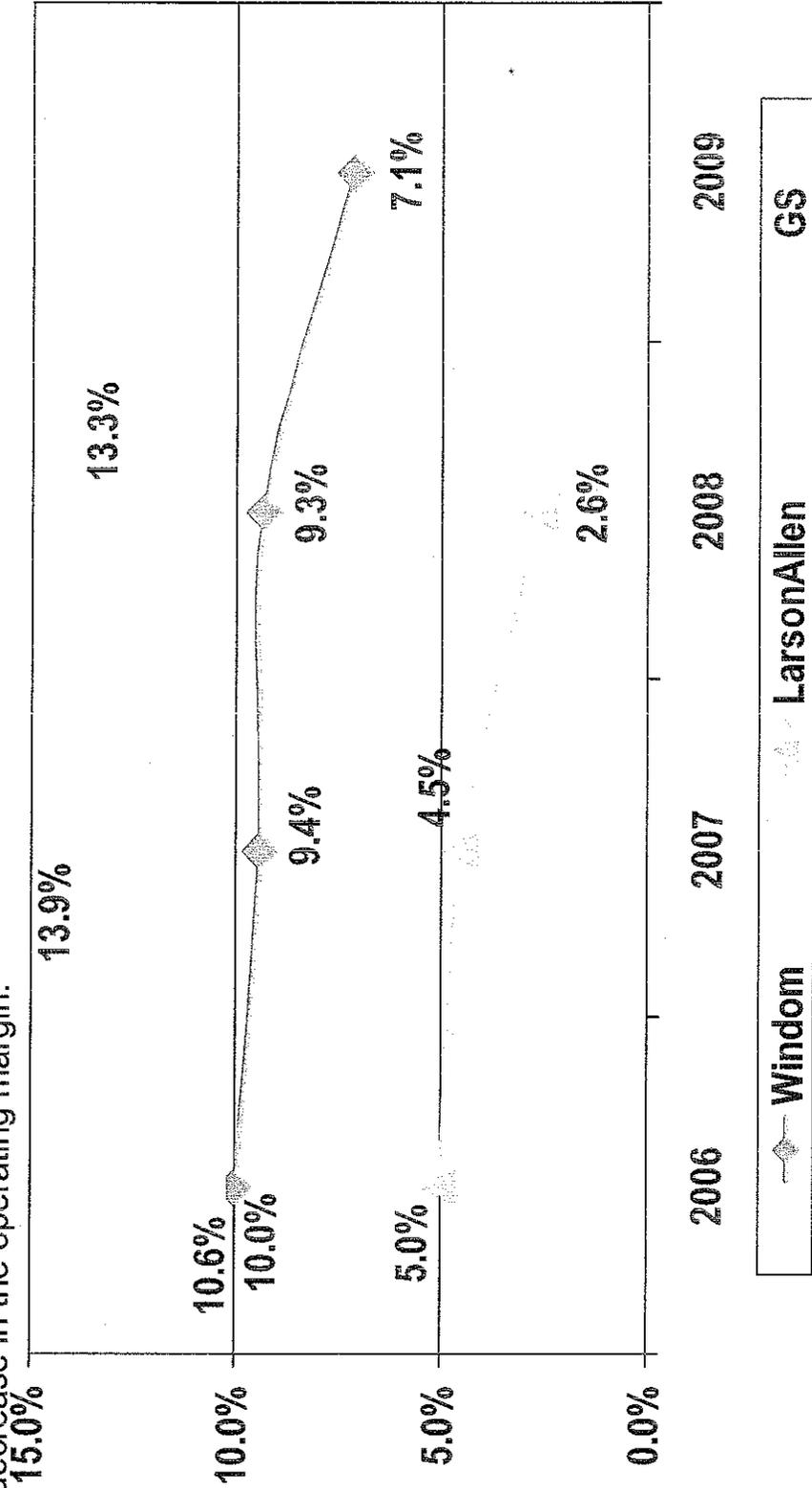
This ratio is operating income as a percentage of net patient service revenues plus other operating revenues. It is used to report the return on revenues which relate to the main purpose of operations. As shown below, Windom has had high-end profitability and continues to perform above the LarsonAllen average.



Net Margin

Comments:

This ratio is excess of revenues over expenses as a percentage of all revenues (operating and non-operating). The net margin trend is consistent with the operating margin trend for fiscal 2009. Windom has consistently remained profitable, and at a level higher than the LarsonAllen averages. There was a decrease in the net margin during the current year consistent with the decrease in the operating margin.

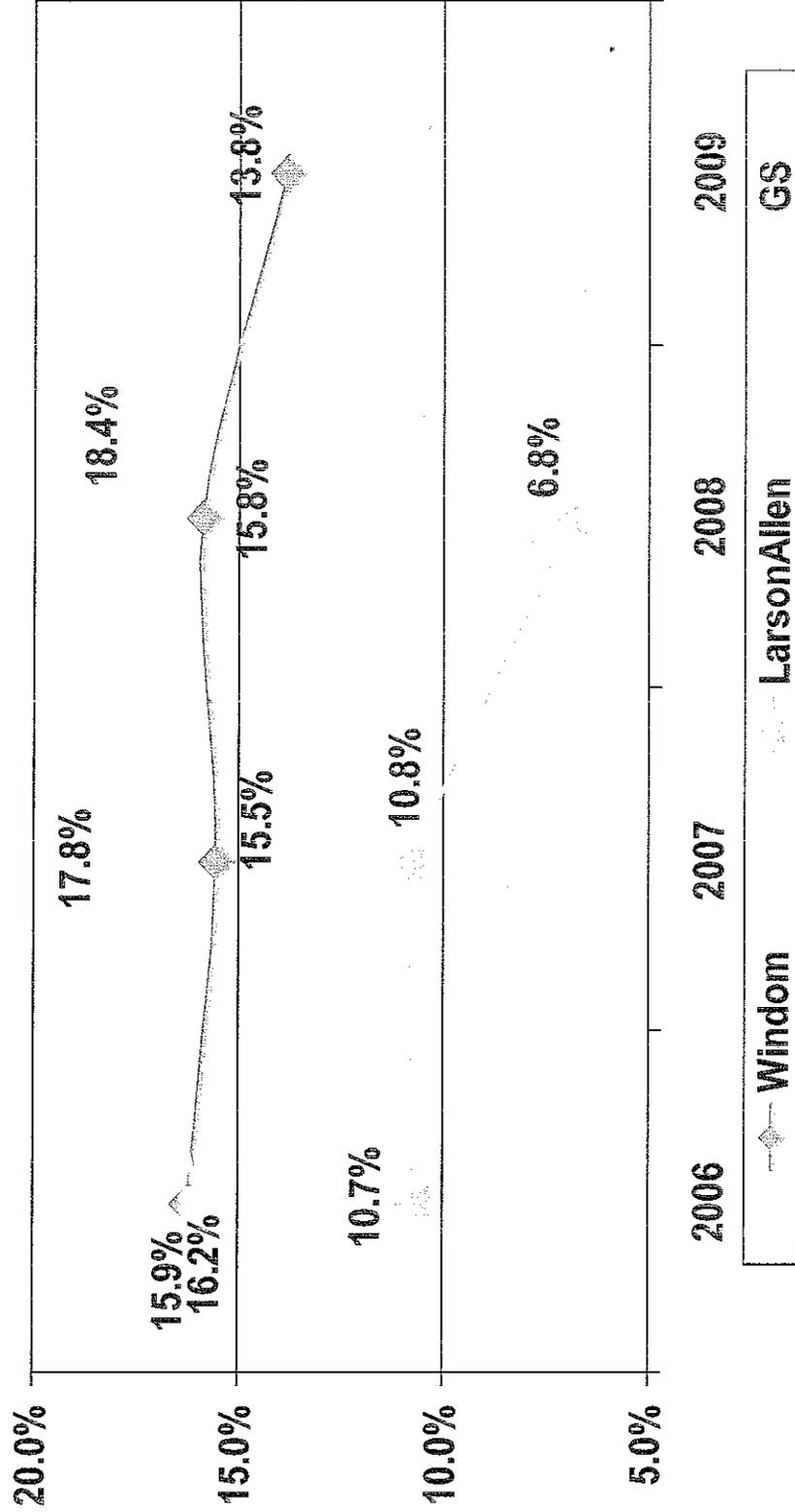


EBIDA

(Earnings Before Interest Depreciation and Amortization)

Comments:

EBIDA represents Earnings (excess of revenue over expenses) Before Interest, Depreciation and Amortization divided by total revenues. It is used as a rough measure of cash flow in a facility. This ratio is often used when evaluating debt capacity. As shown in the graph below, Windom has consistently produced high EBIDA margins.

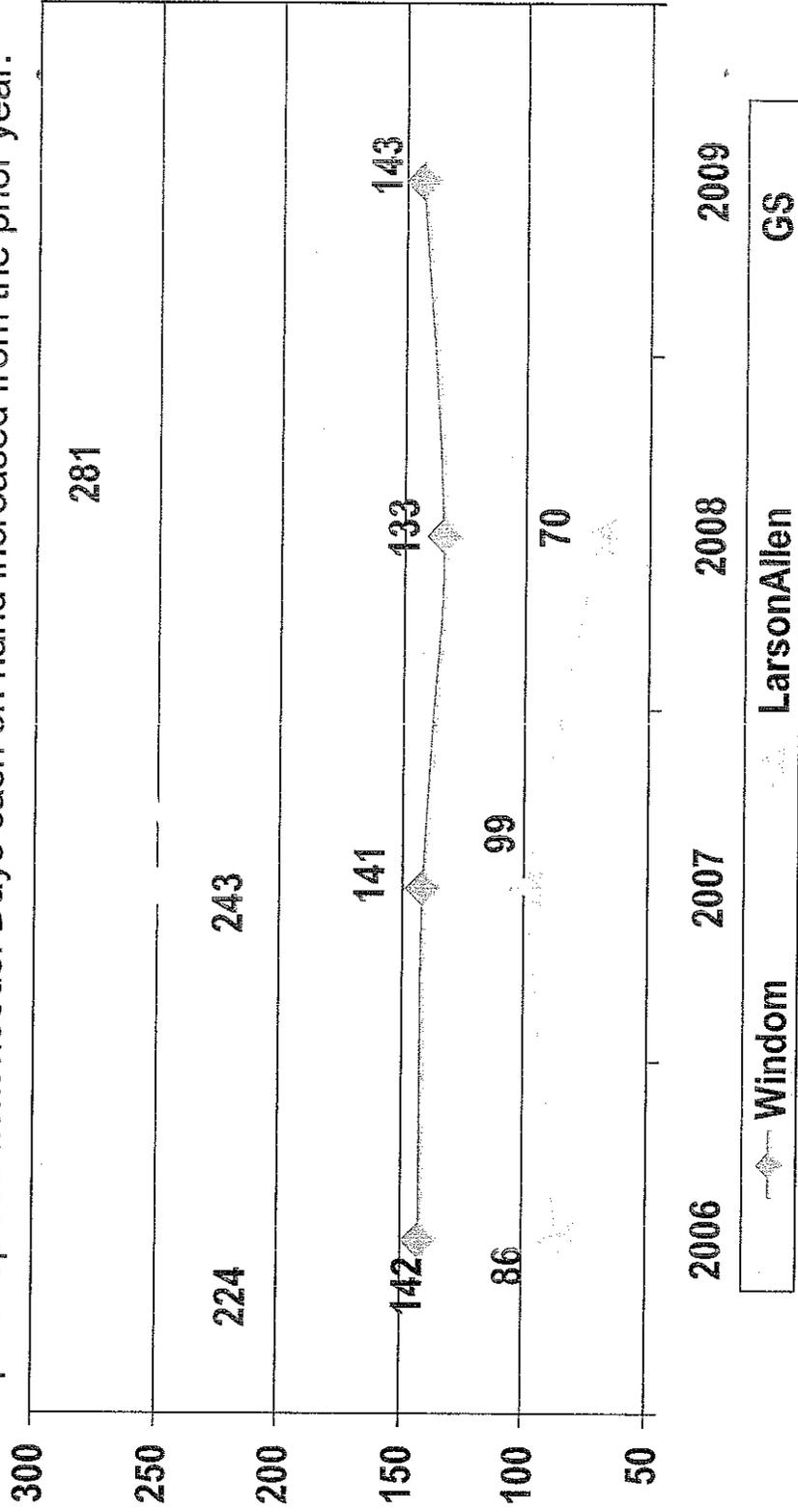


Days Cash on Hand

(All Sources)

Comments:

Days Cash on Hand measures the number of days of average cash expenses that Windom 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. Days cash on hand increased from the prior year.



◆ Windom

◆ LarsonAllen

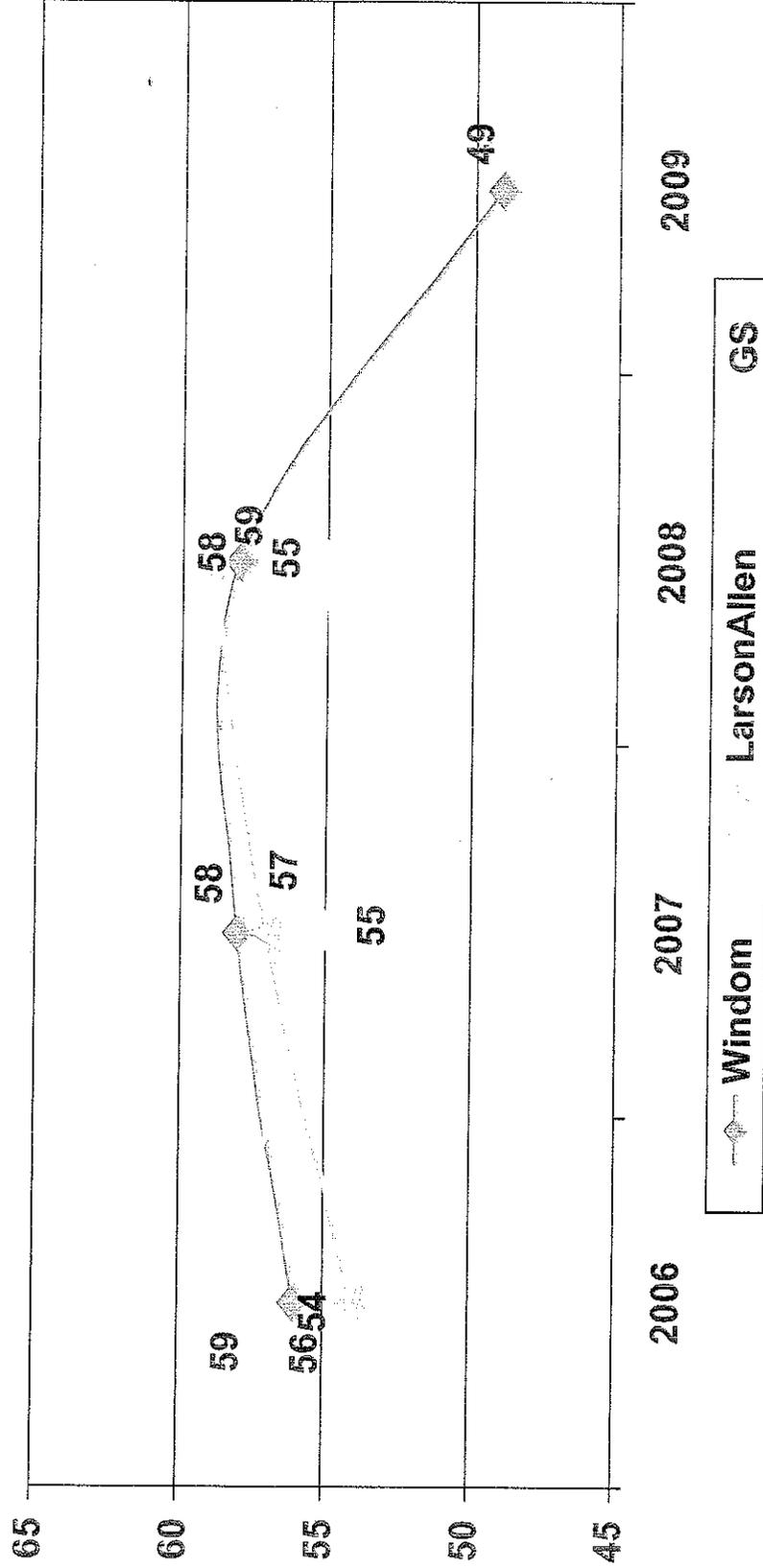
GS

NOTICEABLY DIFFERENT

Net Days in Accounts Receivable

Comments:

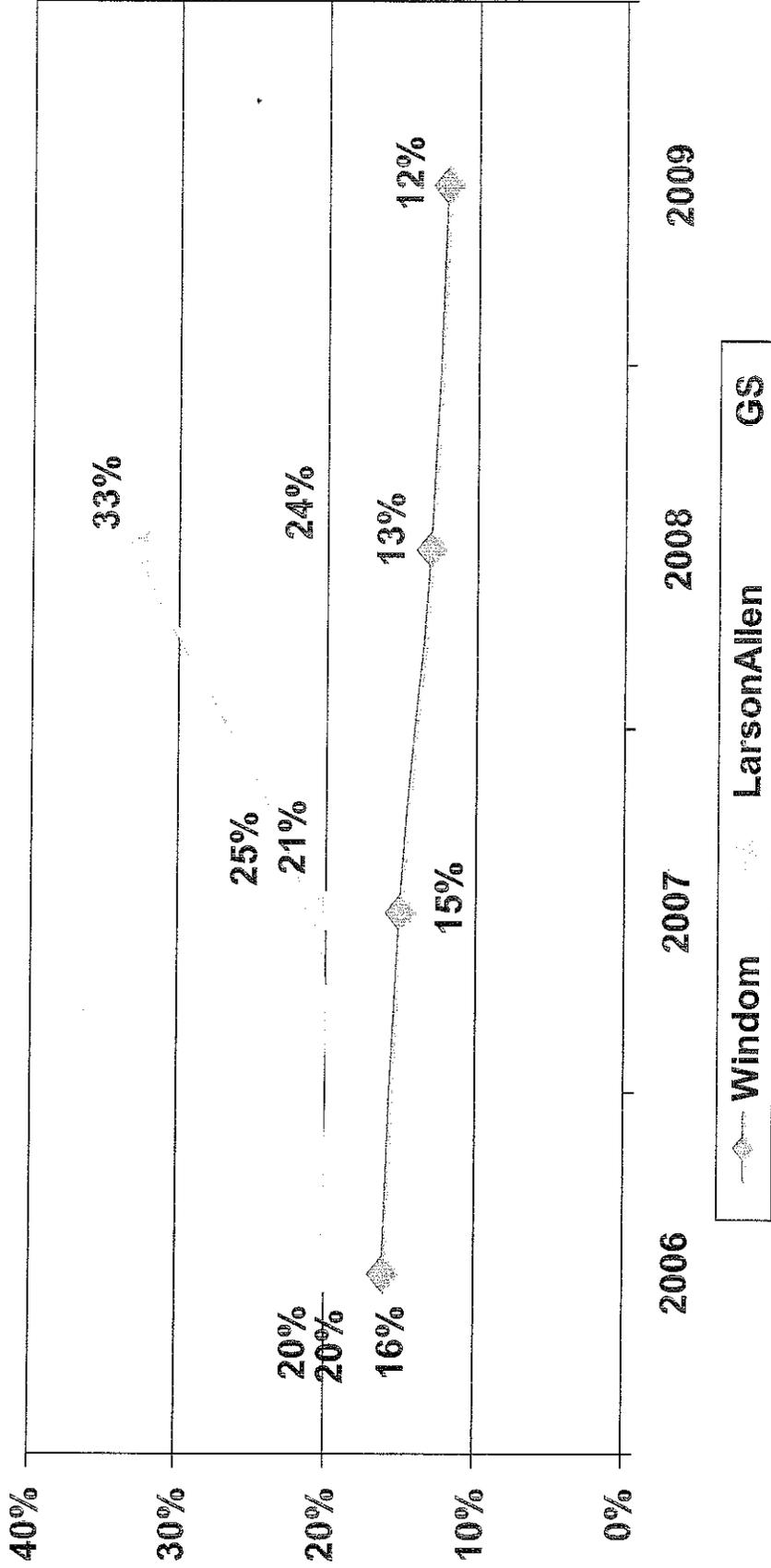
Days in patient accounts receivable is defined as the average time that receivables are outstanding, or the average collection period. As shown in the graph depiction below, Windom's days in A/R have been consistent with LarsonAllen and Gold Standard averages in the past, but have decreased significantly in the current year to a level better than industry standard.



Debt to Capitalization

Comments:

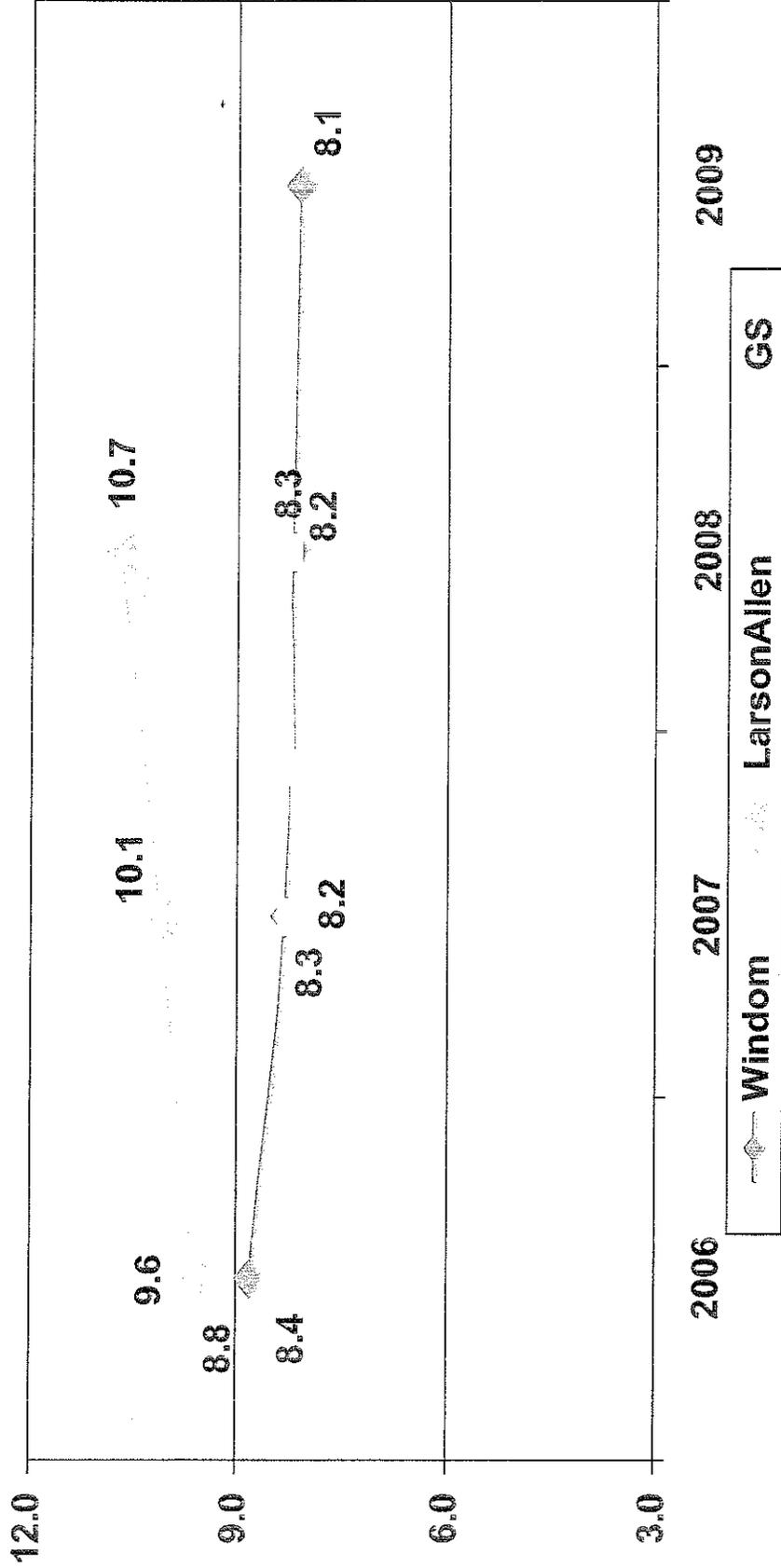
Long-Term Debt to capitalization is defined as the proportion of long-term debt divided by long-term debt plus net assets. Higher values for this ratio imply a greater reliance on debt financing and may imply a reduced ability to carry additional debt. Windom's low debt to capitalization indicator shows that the Hospital is less reliant on debt than other facilities.



Average Age of Plant

Comments:

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. As shown below, Windom has done a good job of investing in its facility over the past several years.



NOTICEABLY DIFFERENT

The table shown below displays the Gold Standard financial performance characteristics for all Critical Access Hospitals in the nation. It also shows the top performing Critical Access hospitals with net revenues over \$19M, and all Critical Access hospitals.

LarsonAllen Gold Standard

	Windom Area 2009	Gold Standard	Best Large CAH	All Large CAH
FINANCIAL PERFORMANCE METRICS				
Days Cash on Hand (All Sources)	143	281	310	81
Net Days in A/R	49	55	55	55
Debt to Capitalization	12%	24%	23%	31%
Operating Margin	5.8%	11%	13%	9%
Total Margin	7.1%	13%	14%	5%
EBIDA	13.8%	18%	20%	9%
Average Age of Plant	8.1	8.3	8.7	9.3



Management Letter

LarsonAllen[®] LLP

CPAs, Consultants & Advisors
www.larsonallen.com

Board of Directors
Windom Area Hospital
Windom, Minnesota

In planning and performing our audit of the financial statements of Windom Area Hospital (the Hospital) as of and for the year ended April 30, 2009, 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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we noted certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

Statement on Auditing Standards 112 (SAS 112), *Communicating Internal Control Matters Identified in an Audit*, states a control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

SAS 112 further states that a material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses and are required to be communicated in writing.

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.



LarsonAllen LLP is a member of Nexia International, a worldwide network of independent accounting and consulting firms.

Segregation of Duties (Continued)

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. In the current year the Hospital implemented 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.

- **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. 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 post payments be limited to an individual who does not have the access to cash receipts. We noted in the prior year that a part-time staff was added to assist with posting payments; however the business office manager has retained this ability.

- **Expense Reports**
 - The expense report process includes various forms of approval for payment. However, we observed instances where adequate documentation was not attached to the reimbursement request. We recommend obtaining and attaching all receipts to the request before department heads approve expense reports.

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 7 entries as a result of our audit. Six of these adjustments related to reconciling the investment in the joint venture and related portion of losses, reconciliation of the inventory balance at year end, addition of a fixed asset that was placed into service, adjustment of depreciation expense for change in useful life, and an increase in the allowance for doubtful accounts. There was also an adjustment proposed to reduce the estimated third party settlements account for the impact of the 2009 estimated Medicare Cost Report. The net effect of these adjustments was an increase to net income of approximately \$111,000.

This communication is intended solely for the information and use of management, the 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.

We wish to take this opportunity to express our sincere appreciation for all the courtesies and cooperation extended to us by management and staff of the Hospital. We look forward to serving you in the future.

Larson Allen LLP

LarsonAllen LLP

Minneapolis, Minnesota
June 26, 2009

Industry Trends



Four challenges facing Health care providers

Access to capital

Access to capital is limited by both the fact that interest rates on long-term fixed-rate debt remain high and demand for tax exempt bonds is low. Health care organizations approaching capital markets to borrow money to finance their projects are finding it is very expensive.

Negative inflation

For many years now, health care provider costs have grown at a rate exceeding Medicare and Medicaid rate increases. This has forced providers to develop new products and services, continuously improve operational efficiency, and alter their payer mix to make up the difference.

The economy

The rolls of the uninsured continue to climb as more people lose their jobs or reduce work schedules, coupled with reduced health care benefits. For health care organizations, this translates into an increase in bad debts, charity care, sicker patients, emergent care, and a decrease in preventative care.

Health care reform

While the issue of health care reform rears its head every 10-15 years, this time around a confluence of factors suggests that the climate is ripe once again for reform. The question is, "What does health care reform mean?"

[More](#)

Of further interest ...

Medicare Audit Recovery Contractors (RAC's) have expanded—[More](#)

Denial Management Strengthens Your Revenue Cycle—[More](#)

The Medicare Improvement for Patients and Providers Acts of 2008 (MIPPA)—[More](#)

Changes to the Fiscal Year 2009 Hospital Inpatient Prospective Payment System and Rates—[More](#)



Full electronic version
online at

www.larsonallen.com/hospboard

Username: board
Password: packet09

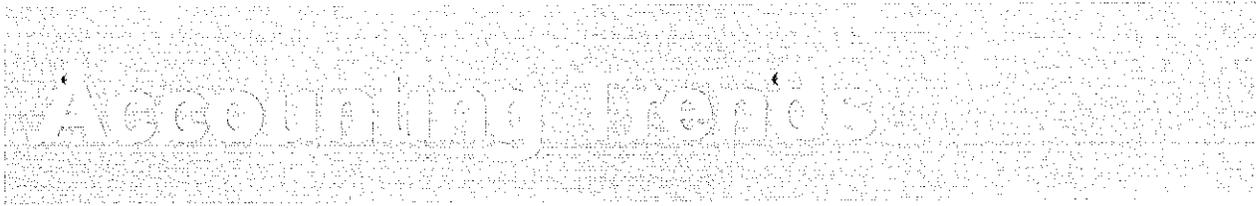
**NOTICEABLY
DIFFERENT**

Health care industry trends

Risk assessment and internal audit	Over the past several years, a series of corporate accounting scandals has led the public to question the credibility of financial reporting. In response to the public outcry, Congress passed the Sarbanes-Oxley Act of 2002 to enhance controls around financial reporting. 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. Viruses, worms, malicious web sites, hackers, and identity thieves all present challenges for system administrators. Mobility and wireless networking extend your information systems beyond traditional brick and mortar facilities, making it more challenging to define your network perimeter. 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?" "What difference do I make?" "Are we really guiding, or gliding?" More
Strategic capital planning	Leading health care organizations have begun to understand the impact that strategic capital planning can have on the organization's overall strategic direction. 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 and financial health. More
Redesigned 990 requires extensive preparation	Nonprofits need to begin preparing for the revised Form 990, which goes into effect for the 2008 tax year (returns due May 15, 2009 or after). More
Comply With Written 403(b) Program	To provide relief for 403(b) plan sponsors that have already taken steps to comply with the final regulations, the IRS is allowing them until December 31, 2009, to <i>fully</i> adopt a written 403(b) program. However, that was just one of the major regulation changes for tax-sheltered retirement plans under Internal Revenue Code (IRC) 403(b). More

Hospital trends

The Office of Inspector General (OIG) Fiscal Year 2009 Work Plan	Reading the OIG's 2009 priority list will help readers understand the direction the OIG is scheduled to take in oversight. More
Medicare Advantage	These plans differ from past Medicare plans as they pay providers based of the contract between providers and the Medicare Advantage plan. More
Pricing transparency	Health care today has become increasingly consumer-driven. This is due in large part to the introduction of Healthcare Savings Accounts (HSAs) and Consumer Driven Health Plans (CDHPs). More
Measuring charity care and community benefits	A look at how nonprofit and for-profit hospitals care for the poor and provide services to the community. More



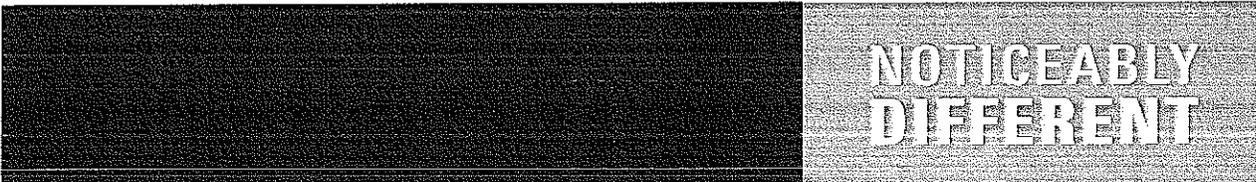
Accounting Standard Setting Overview

Driven largely by the increasing global nature of capital markets, more and more investors see the need for a common set of international accounting standards. In 2002, the FASB (Financial Accounting Standards Board), which is the body charged with standard setting in the U.S., and IASB (International Accounting Standards Board) acknowledged their commitment to the convergence of international accounting standards through a memorandum of understanding known as the “Norwalk Agreement.” This memorandum clearly indicates that the push toward compatible accounting standards is real and is affecting the behavior of accounting standard setting in the United States. One such standard is discussed in this memorandum *Statement of Financial Accounting Standards 159 - Fair Value Option for Financial Assets and Liabilities*.

FASB has also indicated that they intend to “limit” the number of new accounting standards that are issued in the next few years in order to give the industry time to absorb the host of new accounting standards recently approved.

Meanwhile the AICPA’s Health Care Expert Panel is in the middle of a lengthy overhaul of the Health Care audit guide that has not been completely revised, other than annual conforming changes, since 1996. The current revision will create a more user-friendly format and will address emerging issues and incorporate recent audit and accounting standards. Among the various topics are the following:

- Self-pay revenue recognition
- Third-party disclosures
- Charity care
- Investments
- Managed care
- Tax-exempt financing
- Self-insurance arrangements
- Joint ventures/JOA joint operating agreement
- Net Assets/restricted donations
- Separate reporting arrangements (cash)-obligated groups, etc.
- Business combinations
- Intangibles
- Derivatives



Audit and accounting standards

Standard	Description	Effective for financial periods beginning after:
SAS 104 through 111: Risk Assessment Audit Standards	Eight new risk assessment standards (SAS Nos. 104-111) go into effect for financial statement audit periods beginning on or after December 15, 2006. More	12/15/2006
SAS 112: Communicating Internal Control Related Matters Identified in an Audit	Internal control processes are key to providing those charged with governance of the organization with reasonable assurance regarding the achievement of the organization's objectives. More	12/15/2005
SAS 114: Auditor Communication with Those Charged with Governance	Statement on Auditing Standards (SAS) 114 was effective for periods beginning on or after December 15, 2006. SAS 114 superseded SAS 61. The new standard changed the required communications with those charged with governance. More	12/15/2006
GASBS 45: Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions	The Governmental Accounting Standards Board Statement (GASBS) 45, <i>Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions</i> , contains revised accounting and disclosure requirements for employers providing post-employment benefits other than pensions. More	Dependent on annual revenue
GASBS 49: Accounting and Financial Reporting for Pollution Remediation Obligations	The Governmental Accounting Standards Board Statement (GASBS) 49 (the Statement) was effective for financial statement periods beginning after December 15, 2007. The Statement applies to all state and local governments including governmental health facilities. More	12/15/2007

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	CONVENT. & VISTOR BU	LODGING TAX	4,183.68
	Total for Department 101		4,183.68*
ELECTIONS	MN DEPT OF EMPLOY & E	UNEMPLOYMENT	2.82
	Total for Department 102		2.82*
CITY OFFICE	STEVE NASBY	EXPENSE	46.15
CITY OFFICE	SELECTACCOUNT	ADM FEE	84.18
	Total for Department 103		130.33*
P & Z / BUILDING OFF	MIDWEST WIRELESS	TELEPHONE	34.91
	Total for Department 106		34.91*
CITY HALL	MN ENERGY RESOURCES	HEATING	98.32
CITY HALL	SECR REV FUND/CITY O	EXPENSE	10.75
	Total for Department 115		109.07*
POLICE	SCHWALBACH HARDWARE	MAINTENANCE	5.85
POLICE	SECR REV FUND/CITY O	POSTAGE	3.97
POLICE	UNICEL	TELEPHONE	315.06
	Total for Department 120		324.88*
FIRE DEPARTMENT	MN DEPT OF EMPLOY & E	UNEMPLOYMENT	27.19
FIRE DEPARTMENT	HEIMAN FIRE EQUIP. C	MAINTENANCE	248.55
FIRE DEPARTMENT	SCHWALBACH HARDWARE	MAINTENANCE	11.69
	Total for Department 125		287.43*
STREET	MN ENERGY RESOURCES	HEATING	35.38
STREET	SCHWALBACH HARDWARE	MAINTENANCE	94.93
	Total for Department 140		130.31*
HEALTH & SANITATION	NEAL GRUNEWALD	COMPOST SITE MANAGER	96.00
	Total for Department 145		96.00*
RECREATION	COCA-COLA BOTTLING C	MERCHANDISE	1,605.58
RECREATION	SCHWALBACH HARDWARE	MAINTENANCE	19.13
RECREATION	LISA QUIRING	SUPPLIES FOR TOURNAMENT	116.68
	Total for Department 150		1,741.39*
PARKS	MN DEPT OF EMPLOY & E	UNEMPLOYMENT	2,650.15
PARKS	SCHWALBACH HARDWARE	MAINTENANCE	129.03
	Total for Department 165		2,779.18*
	Total for Fund 01		9,820.00*
AIRPORT	MN DEPT OF ADMINISTR	TELEPHONE	45.00
AIRPORT	SCHWALBACH HARDWARE	MAINTENANCE	50.48
AIRPORT	SECR REV FUND/CITY O	POSTAGE	8.55
	Total for Department 174		104.03*
	Total for Fund 11		104.03*

CITY OF WINDOM
 FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
POOL	ORIENTAL TRADING CO	SUPPLIES	79.42
POOL	MN ENERGY RESOURCES	HEATING	1,679.88
POOL	SCHWALBACH HARDWARE	MAINTENANCE	891.86
		Total for Department 175	2,651.16*
		Total for Fund 12	2,651.16*
AMBULANCE	PRO CELLULAR	TELEPHONE	53.24
AMBULANCE	SCHWALBACH HARDWARE	MAINTENANCE	36.71
		Total for Department 176	89.95*
		Total for Fund 13	89.95*
MULTI-PURPOSE BUILDI	MN DEPT OF EMPLOY & E	UNEMPLOYMENT	-1,654.52
MULTI-PURPOSE BUILDI	MN ENERGY RESOURCES	HEATING	96.74
MULTI-PURPOSE BUILDI	SCHWALBACH HARDWARE	MAINTENANCE	411.33
MULTI-PURPOSE BUILDI	STONER INDUSTRIAL, I	SERVICE	83.94
		Total for Department 177	-1,062.51*
		Total for Fund 14	-1,062.51*
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	3,767.55
LIQUOR	GRIGGS COOPER	MERCHANDISE	1,401.24
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	6,249.05
LIQUOR	A H HERMEL CANDY & T	MERCHANDISE	579.04
LIQUOR	JOHNSON BROS.	MERCHANDISE	1,166.95
LIQUOR	MN MUNICIPAL BEVERAG	SUPPLIES	53.25
LIQUOR	MN ENERGY RESOURCES	HEATING	39.80
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	5,732.08
		Total for Department 180	18,988.96*
		Total for Fund 60	18,988.96*
WATER	AMERICAN PAYMENT CEN	SERVICE	16.50
WATER	H P SUDS	BILLING CONTRACT SERVICE	250.31
WATER	SCHWALBACH HARDWARE	MAINTENANCE	135.05
		Total for Department 181	401.86*
		Total for Fund 61	401.86*
	SECR REV FUND/CITY O	REFUND-UTILITY PREPAYMEN	750.00
	NICHOLE JOHNSON	REFUND - UTILITY PREPAYM	125.00
		Total for Department	875.00*
ELECTRIC	AMERICAN PAYMENT CEN	SERVICE	16.50
ELECTRIC	CENTRAL MINNESOTA MU	CAPX2020 ASSESSMENT-FINA	9,513.00
ELECTRIC	CENTRAL MINNESOTA MU	ECO @ HOME SUBSCRIPTION	937.48
ELECTRIC	CENTRAL MINNESOTA MU	POWER COST	172,636.28
ELECTRIC	H P SUDS	BILLING CONTRACT SERVICE	250.33
ELECTRIC	MIDWEST WIRELESS	TELEPHONE	90.69

CITY OF WINDOM
 PM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
ELECTRIC	MN ENERGY RESOURCES	HEATING	20.63
ELECTRIC	SCHWALBACH HARDWARE	MAINTENANCE	77.05
ELECTRIC	SECR REV FUND/CITY O	EXPENSE	3.00
ELECTRIC	STONER INDUSTRIAL, I	SERVICE	67.96
		Total for Department 182	183,612.92*
		Total for Fund 62	184,487.92*
SEWER	AMERICAN PAYMENT CEN	SERVICE	16.50
SEWER	H P SUDS	BILLING CONTRACT SERVICE	250.31
SEWER	MN ENERGY RESOURCES	HEATING	380.68
SEWER	SCHWALBACH HARDWARE	MAINTENANCE	511.64
		Total for Department 183	1,159.13*
		Total for Fund 63	1,159.13*
ARENA	COCA-COLA BOTTLING C	MERCHANDISE	129.99
ARENA	MIDWEST WIRELESS	TELEPHONE	83.39
ARENA	MN ENERGY RESOURCES	HEATING	121.40
ARENA	SCHWALBACH HARDWARE	MAINTENANCE	399.63
ARENA	STONER INDUSTRIAL, I	SERVICE	19.04
		Total for Department 184	753.45*
		Total for Fund 64	753.45*
ECONOMIC DEVELOPMENT	COTTONWOOD CO TREASU	DEED TAX	66.00
ECONOMIC DEVELOPMENT	GODFATHER'S PIZZA	EXPENSE	29.10
ECONOMIC DEVELOPMENT	MIDWEST WIRELESS	TELEPHONE	47.51
ECONOMIC DEVELOPMENT	MN ENERGY RESOURCES	HEATING	11.42
ECONOMIC DEVELOPMENT	CAPITAL LIEN RECORDS	UPDATE ABSTRACT	500.00
		Total for Department 187	654.03*
		Total for Fund 67	654.03*
TELECOMMUNICATIONS	AT & T	USAGE CHARGES	100.00
TELECOMMUNICATIONS	AMERICAN PAYMENT CEN	SERVICE	49.50
TELECOMMUNICATIONS	WASTE MANAGEMENT OF	HAUL GARBAGE	77.81
TELECOMMUNICATIONS	MN DEPT OF EMPLOY & E	UNEMPLOYMENT	4.48
TELECOMMUNICATIONS	DISH NETWORK	SERVICE	3,400.00
TELECOMMUNICATIONS	E-911	MONTHLY 911 SERVICE	43.80
TELECOMMUNICATIONS	H P SUDS	BILLING CONTRACT SERVICE	750.93
TELECOMMUNICATIONS	KDOM RADIO	ADVERTISING	289.25
TELECOMMUNICATIONS	LOCATORS & SUPPLIES,	SUPPLIES	564.12
TELECOMMUNICATIONS	NATIONAL CABLE TV CO	EQUIPMENT	263.46
TELECOMMUNICATIONS	QWEST COMMUNICATIONS	DIRECTORY LISTING	304.85
TELECOMMUNICATIONS	OVCS - OHIO VALLEY C	SET TOP BOXES	570.65
TELECOMMUNICATIONS	ONVOY, INC	SS7 SERVICE	2,891.91
TELECOMMUNICATIONS	MN ENERGY RESOURCES	HEATING	12.65
TELECOMMUNICATIONS	PLUNKETT'S PEST CONT	SERVICE	428.98
TELECOMMUNICATIONS	JEREMY ROLFES	SERVICE INTERNET	51.20

CITY OF WINDOM
 PM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
TELECOMMUNICATIONS	SCHWALBACH HARDWARE	MAINTENANCE	168.68
TELECOMMUNICATIONS	SOUTHWEST/WEST CENTR	SREVICE	833.33
TELECOMMUNICATIONS	STONER INDUSTRIAL, I	SERVICE	38.14
TELECOMMUNICATIONS	ZAYO BANDWIDTH	BANDWIDTH BILLING	3,610.53
TELECOMMUNICATIONS	IP NETWORKS, INC	BANDWIDTH UPGRADE	4,672.69
TELECOMMUNICATIONS	CHRIS ZIMMERMAN	MOWING	47.50
TELECOMMUNICATIONS	NORTH AMERICAN NUMBE	SERVICE	25.00
TELECOMMUNICATIONS	NECA	SERVICE	977.82
	Total for Department 199		20,177.28*
	Total for Fund 69		20,177.28*
	LAW ENFORCMENT	LABOR UNION DUES	252.00
	LOCAL UNION #949	UNION DUES	1,504.68
	MN BENEFIT ASSOCIATI	INSURANCE	114.18
	Total for Department		1,870.86*
	Total for Fund 70		1,870.86*
	Grand Total		240,096.12*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	WINDOM AREA HOSPITAL	PERA	7,002.00
	Total for Department 101		7,002.00*
CITY OFFICE	MII LIFE	VEBA	198.40
CITY OFFICE	HARLAND TECHNOLOGY S	MAINTENANCE CONTRACT	246.60
	Total for Department 103		445.00*
P & Z / BUILDING OFF	MII LIFE	VEBA	148.80
	Total for Department 106		148.80*
POLICE	KENT F. KELLY	EXPENSE	169.17
POLICE	MII LIFE	VEBA	1,398.96
POLICE	FLEET SERVICES DIVIS	LEASE CAR	2,559.90
	Total for Department 120		4,128.03*
FIRE DEPARTMENT	AMOCO OIL COMPANY	GAS	140.05
FIRE DEPARTMENT	COTTONWOOD COUNTY EM	TRAINING	8,876.00
FIRE DEPARTMENT	SUNSHINE FOODS	SUPPLIES (FIRE DEPT)	460.09
FIRE DEPARTMENT	MIDWEST WIRELESS	TELEPHONE	27.35
FIRE DEPARTMENT	WINDOM FARM SERVICE	MAINTENANCE	115.97
	Total for Department 125		9,619.46*
STREET	AMOCO OIL COMPANY	GAS	141.60
STREET	MII LIFE	VEBA	755.44
STREET	RUNNING'S SUPPLY	MAINTENANCE	63.65
	Total for Department 140		960.69*
PARKS	MII LIFE	VEBA	185.68
PARKS	RUNNING'S SUPPLY	MAINTENANCE	2.96
	Total for Department 165		188.64*
	Total for Fund 01		22,492.62*
POOL	SALLY OLTMANN'S	CASH FOR TREASURE HUNT	250.00
POOL	RUNNING'S SUPPLY	MAINTENANCE	28.86
POOL	SW AWARDS	SUPPLIES	106.88
POOL	TAYLOR KREMMIN	DJ SPLASH BASH	200.00
	Total for Department 175		585.74*
	Total for Fund 12		585.74*
AMBULANCE	LONDA FOSHEIM	EXPENSE	22.64
AMBULANCE	JIM SKARPHOL	EXPENSE	153.86
AMBULANCE	JIM SKARPHOL	SUPPLIES	18.53
AMBULANCE	WINDOM FARM SERVICE	MAINTENANCE	.76
	Total for Department 176		195.79*
	Total for Fund 13		195.79*
MULTI-PURPOSE BUILDI	MII LIFE	VEBA	284.88
	Total for Department 177		284.88*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
Total for Fund 14			284.88*
	MN DEPT OF EMPLY & E LOAN REPAYMENT		2,973.64
Total for Department			2,973.64*
PM REVOLVING LOAN FU MN DEPT OF EMPLY & E LOAN REPAYMENT			191.36
Total for Department 172			191.36*
Total for Fund 15			3,165.00*
LIQUOR	BELLBOY CORP	MERCHANDISE	371.55
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	3,162.08
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	2,022.70
LIQUOR	HOLINKA DISTR. CO.	MERCHANDISE	76.00
LIQUOR	JOHNSON BROS.	MERCHANDISE	4,987.70
LIQUOR	MII LIFE	VEBA	371.36
LIQUOR	MN BUREAU OF CRIMINA DUES		12.00
LIQUOR	MN MUNICIPAL BEVERAG DUES		925.00
LIQUOR	PHILLIPS WINE & SPIR	MERCHANDISE	2,355.16
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	3,588.42
LIQUOR	RUNNING'S SUPPLY	MAINTENANCE	106.49
LIQUOR	HARLAND TECHNOLOGY S	MAINTENANCE CONTRACT	41.10
LIQUOR	BANK MIDWEST	NSF CHECK - RIVER BEND L	45.44
Total for Department 180			18,065.00*
Total for Fund 60			18,065.00*
WATER	H P SUDS	BILLING CONTRACT SERVICE	122.81
WATER	MII LIFE	VEBA	560.22
WATER	RUNNING'S SUPPLY	MAINTENANCE	85.84
WATER	HARLAND TECHNOLOGY S	MAINTENANCE CONTRACT	20.55
WATER	WENCK ASSOCIATES, IN	LANDFILL	476.53
Total for Department 181			1,265.95*
Total for Fund 61			1,265.95*
STAPLES	OIL CO	FUEL	2,252.81
Total for Department			2,252.81*
ELECTRIC	AMOCO OIL COMPANY	GAS	467.44
ELECTRIC	CRA PAYMENT CENTER	MAINTENANCE	58.90
ELECTRIC	H P SUDS	BILLING CONTRACT SERVICE	122.81
ELECTRIC	JOHNSON HARDWARE	MAINTENANCE	5.00
ELECTRIC	MII LIFE	VEBA	1,049.86
ELECTRIC	MN DEPT OF HEALTH	LICENSE FEE	100.00
ELECTRIC	RUNNING'S SUPPLY	MAINTENANCE	83.04
ELECTRIC	HARLAND TECHNOLOGY S	MAINTENANCE CONTRACT	180.84
Total for Department 182			2,067.89*
Total for Fund 62			4,320.70*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
SEWER	AMOCO OIL COMPANY	GAS	61.47
SEWER	FEDERAL EXPRESS CORP	TRANSPORTATION	87.97
SEWER	H P SUDS	BILLING CONTRACT SERVICE	122.81
SEWER	MII LIFE	VEBA	931.58
SEWER	RUNNING'S SUPPLY	MAINTENANCE	23.06
SEWER	HARLAND TECHNOLOGY S	MAINTENANCE CONTRACT	20.55
SEWER	MT LAKE MUNICIPAL UT	SERVICE-SEWER CAMERA	500.00
	Total for Department 183		1,747.44*
	Total for Fund 63		1,747.44*
ARENA	AMOCO OIL COMPANY	GAS	189.26
ARENA	MII LIFE	VEBA	371.36
ARENA	RUNNING'S SUPPLY	MAINTENANCE	104.05
ARENA	HARLAND TECHNOLOGY S	MAINTENANCE CONTRACT	20.55
	Total for Department 184		685.22*
	Total for Fund 64		685.22*
ECONOMIC DEVELOPMENT	MII LIFE	VEBA	235.28
ECONOMIC DEVELOPMENT	HARLAND TECHNOLOGY S	MAINTENANCE CONTRACT	20.55
	Total for Department 187		255.83*
	Total for Fund 67		255.83*
RIVERBLUFF ESTATES	HANEFELD	CUSTOM BUIL MAINTENANCE	210.53
	Total for Department 166		210.53*
	Total for Fund 68		210.53*
TELECOMMUNICATIONS	H P SUDS	BILLING CONTRACT SERVICE	368.45
TELECOMMUNICATIONS	MIDWEST WIRELESS	TELEPHONE	370.90
TELECOMMUNICATIONS	MII LIFE	VEBA	665.78
TELECOMMUNICATIONS	QUEST	TELEPHONE	98.56
TELECOMMUNICATIONS	QWEST COMMUNICATIONS	LEXIS BILLING SERVICE	80.16
TELECOMMUNICATIONS	HARLAND TECHNOLOGY S	MAINTENANCE CONTRACT	271.26
	Total for Department 199		1,855.11*
	Total for Fund 69		1,855.11*
AFLAC		INSURANCE	332.72
JOHNSON COUNTY COURT		PAYROLL DEDUCTION CDDMO1	1,202.00
	Total for Department		1,534.72*
	Total for Fund 70		1,534.72*
	Grand Total		56,664.53*

USDA-FmHA
Form FmHA 1924-18

PARTIAL PAYMENT ESTIMATE

CONTRACT NO. 0045-23
PARTIAL PAYMENT ESTIMATE #3

PAGE 1 OF 3

OWNER: CITY OF WINDOM
2009 STREETS

CONTRACTOR:
HJERPE, INC
HUTCHINSON, MN 55350

PERIOD OF ESTIMATE
FROM 7/2/2009 TO 7/31/2009

CONTRACT CHANGE ORDER SUMMARY

ESTIMATE

NO.	FmHA Approval Date	Amount			
		Additions	Deductions		
1	5/28/09	\$8,000.00		1. Original Contract.....	\$1,158,294.95
2				2. Change Orders.....	\$8,000.00
3				3. Revised Contract (1+2).....	\$1,166,294.95
4				4. Work Completed*.....	\$1,157,070.55
5				5. Stored Materials*.....	\$0.00
6				6. Subtotal (4+5).....	\$1,157,070.55
7				7. Retainage*.....	\$57,853.53
8				8. Previous Payments.....	\$698,167.08
9				9. Amount Due (6-7-8).....	\$401,049.94
10					
TOTALS		\$8,000.00	\$0.00		
NET CHANGE		\$8,000.00		* Detailed breakdown attachment	

CONTRACT TIME

Original (days) 75	On Schedule <input type="checkbox"/> Yes <input type="checkbox"/> No	Starting Date	4/29/2009
Revised		Projected Completion	
Remaining 13			

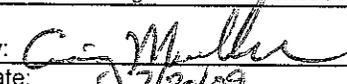
CONTRACTOR'S CERTIFICATION:

The undersigned Contractor certifies that to the best of their knowledge, information and belief the work covered by this payment estimate has been completed in accordance with the contract documents, that all amounts have been paid by the contractor for work which previous payment estimates was issued and payments received from the owner, and that current payment shown herein is now due.

HJERPE, INC
HUTCHINSON, MN
By: 
Date: 7/30/09

ARCHITECT OR ENGINEER'S CERTIFICATION:

The undersigned certifies that the work has been carefully inspected and to the best of their knowledge and belief, the quantities shown in this estimate are correct and the work has been performed in accordance with the contract documents.

Architect or Engineer: WENCK ASSOCIATES
By: 
Date: 7/29/09

APPROVED BY OWNER

Owner: CITY OF WINDOM
By: _____
Date: _____

ACCEPTED BY FmHA:

The review and acceptance of this estimate by FmHA does not attest to the correctness of the quantities shown or that the work has been performed in accordance with the contract documents.
By: _____
Date: _____

2009 STREET IMPROVEMENTS WINDOM, MINNESOTA 56101												
PAY REQUEST #3												
CONTRACT				THIS PERIOD		PAY REQUEST #2		PAY REQUEST #1		TOTAL TO DATE		
ITEM	APPROX. QUANTITY	UNIT	UNIT COST	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT
CONCRETE ALTERNATE												
WATERMAIN												
F & I 6" PVC WATERMAIN	1750	L.F.	\$ 20.00	\$ 35,000.00	229	\$ 4,580.00	1426	\$ 28,520.00	286	\$ 5,720.00	1941	\$ 38,820.00
F & I 6" VALVE & BOX	6	EACH	\$ 1,050.00	\$ 6,300.00	0	\$ -	5	\$ 5,250.00	3	\$ 3,150.00	8	\$ 8,400.00
F & I 6" TEE	5	EACH	\$ 350.00	\$ 1,750.00	1	\$ 350.00	3	\$ 1,050.00	1	\$ 350.00	5	\$ 1,750.00
F & I 6" BEND	6	EACH	\$ 300.00	\$ 1,800.00	2	\$ 600.00	4	\$ 1,200.00	4	\$ 1,200.00	10	\$ 3,000.00
F & I 6" PLUG/CAP	2	EACH	\$ 250.00	\$ 500.00	0	\$ -	1	\$ 250.00	0	\$ -	1	\$ 250.00
F & I 6" X 4" REDUCER	5	EACH	\$ 200.00	\$ 1,000.00	1	\$ 200.00	1	\$ 200.00	0	\$ -	2	\$ 400.00
F & I 6" SLEEVE	2	EACH	\$ 700.00	\$ 1,400.00	0	\$ -	0	\$ -	2	\$ 1,400.00	2	\$ 1,400.00
F & I 4" SLEEVE	3	EACH	\$ 700.00	\$ 2,100.00	0	\$ -	3	\$ 2,100.00	0	\$ -	3	\$ 2,100.00
F & I HYDRANT	3	EACH	\$ 3,050.00	\$ 9,150.00	0	\$ -	2	\$ 6,100.00	1	\$ 3,050.00	3	\$ 9,150.00
ROCK SUBFOUNDATION	200	C.Y.	\$ 0.01	\$ 2.00	0	\$ -	0	\$ -	200	\$ 2.00	200	\$ 2.00
F & I 1" CORP STOP	17	EACH	\$ 250.00	\$ 4,250.00	1	\$ 250.00	17	\$ 4,250.00	1	\$ 250.00	19	\$ 4,750.00
F & I 1" CURB STOP	17	EACH	\$ 250.00	\$ 4,250.00	1	\$ 250.00	17	\$ 4,250.00	1	\$ 250.00	19	\$ 4,750.00
F & I 1" COPPER SERVICE	950	L.F.	\$ 17.00	\$ 16,150.00	34	\$ 578.00	820	\$ 13,940.00	42	\$ 714.00	896	\$ 15,232.00
WATERMAIN SUBTOTAL				\$ 83,652.00		\$ 6,808.00		\$ 67,110.00		\$ 16,886.00		\$ 90,004.00
SANITARY SEWER												
F & I 8" SEWER PIPE 10-12' DE	600	L.F.	\$ 22.00	\$ 13,200.00	88	\$ 1,936.00	0	\$ -	497	\$ 10,934.00	585	\$ 12,870.00
F & I 10" SEWER PIPE 10-12' DE	400	L.F.	\$ 25.00	\$ 10,000.00	20	\$ 500.00	5	\$ 125.00	354	\$ 8,850.00	379	\$ 9,475.00
F & I MANHOLE TYPE 4007	69	L.F.	\$ 185.00	\$ 12,765.00	0	\$ -	5	\$ 925.00	64	\$ 11,840.00	69	\$ 12,765.00
F & I MANHOLE CASTING	6	EACH	\$ 480.00	\$ 2,880.00	0	\$ -	6	\$ 2,880.00	0	\$ -	6	\$ 2,880.00
F & I 8" X 4" WYE	7	EACH	\$ 125.00	\$ 875.00	0	\$ -	0	\$ -	6	\$ 750.00	6	\$ 750.00
F & I 10" X 4" WYE	2	EACH	\$ 185.00	\$ 370.00	0	\$ -	2	\$ 370.00	2	\$ 370.00	4	\$ 740.00
F & I 4" SERVICE	350	L.F.	\$ 19.00	\$ 6,650.00	0	\$ -	495	\$ 9,405.00	49	\$ 931.00	544	\$ 10,336.00
ROCK SUBFOUNDATION	120	C.Y.	\$ 0.01	\$ 1.20	0	\$ -	0	\$ -	120	\$ 1.20	120	\$ 1.20
REMOVE SEWER PIPE	900	L.F.	\$ 2.50	\$ 2,250.00	0	\$ -	130	\$ 325.00	70	\$ 175.00	200	\$ 500.00
REMOVE SERVICE	350	L.F.	\$ 2.00	\$ 700.00	0	\$ -	495	\$ 990.00	49	\$ 98.00	544	\$ 1,088.00
LOWER MANHOLE	2	L.F.	\$ 400.00	\$ 800.00	0	\$ -	2	\$ 800.00	0	\$ -	2	\$ 800.00
REMOVE MANHOLE	6	EACH	\$ 250.00	\$ 1,500.00	0	\$ -	4	\$ 1,000.00	2	\$ 500.00	6	\$ 1,500.00
SANITARY SEWER SUBTOTAL				\$ 51,991.20		\$ 2,436.00		\$ 16,820.00		\$ 34,449.20		\$ 53,705.20
STORM SEWER												
F & I 12" PIPE SEWER	1850	L.F.	\$ 20.00	\$ 37,000.00	0	\$ -	716	\$ 14,320.00	794	\$ 15,880.00	1510	\$ 30,200.00
F & I 18" PIPE SEWER	700	L.F.	\$ 27.00	\$ 18,900.00	0	\$ -	108	\$ 2,916.00	703	\$ 18,981.00	811	\$ 21,897.00
F & I CATCH BASIN 24"X36"	83	L.F.	\$ 240.00	\$ 19,920.00	0	\$ -	44	\$ 10,560.00	32	\$ 7,680.00	76	\$ 18,240.00
F & I CATCH BASIN 4020-60"	20	L.F.	\$ 350.00	\$ 7,000.00	0	\$ -	0	\$ -	38.2	\$ 13,370.00	38.2	\$ 13,370.00
CONNECT TO CATCH BASIN	2	EACH	\$ 600.00	\$ 1,200.00	1	\$ 600.00	1	\$ 600.00	5	\$ 3,000.00	7	\$ 4,200.00
F & I CATCH BASIN CASTING	24	EACH	\$ 400.00	\$ 9,600.00	0	\$ -	25	\$ 10,000.00	0	\$ -	25	\$ 10,000.00
ROCK SUBFOUNDATION	275	C.Y.	\$ 0.01	\$ 2.75	0	\$ -	0	\$ -	275	\$ 2.75	275	\$ 2.75
REMOVE PIPE	850	L.F.	\$ 3.00	\$ 2,550.00	0	\$ -	529	\$ 1,587.00	321	\$ 963.00	850	\$ 2,550.00
REMOVE CATCH BASIN	5	EACH	\$ 200.00	\$ 1,000.00	0	\$ -	1	\$ 200.00	2	\$ 400.00	3	\$ 600.00
F & I 18" OUTLET APRON	2	EACH	\$ 450.00	\$ 900.00	0	\$ -	1	\$ 450.00	1	\$ 450.00	2	\$ 900.00
F & I 12" OUTLET APRON	2	EACH	\$ 350.00	\$ 700.00	0	\$ -	2	\$ 700.00	0	\$ -	2	\$ 700.00
STORM SEWER SUBTOTAL				\$ 98,772.75		\$ 600.00		\$ 41,333.00		\$ 60,726.75		\$ 102,659.75

ITEM	CONTRACT			THIS PERIOD		PAY REQUEST #2		PAY REQUEST #1		TOTAL TO DATE		
	APPROX. QUANTITY	UNIT	UNIT COST	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT
STREET-CONCRETE												
TRAFFIC CONTROL	1	L.S.	\$ 20,000.00	\$ 20,000.00	0	\$ -	0	\$ -	1	\$ 20,000.00	1	\$ 20,000.00
CLEARING & GRUBBING	1	L.S.	\$ 1,500.00	\$ 1,500.00	0	\$ -	0	\$ -	1	\$ 1,500.00	1	\$ 1,500.00
REMOVE CURB & GUTTER	1400	L.F.	\$ 3.00	\$ 4,200.00	0	\$ -	0	\$ -	1400	\$ 4,200.00	1400	\$ 4,200.00
REMOVE SIDEWALK	22	S.Y.	\$ 12.00	\$ 264.00	0	\$ -	0	\$ -	22	\$ 264.00	22	\$ 264.00
REMOVE CONCRETE DRIVE	50	S.Y.	\$ 15.00	\$ 750.00	590	\$ 8,850.00	0	\$ -	50	\$ 750.00	640	\$ 9,600.00
REMOVE BITUMINOUS DRIVE	10	S.Y.	\$ 10.00	\$ 100.00	0	\$ -	0	\$ -	10	\$ 100.00	10	\$ 100.00
REMOVE & RECYCLE CONC.	1500	C.Y.	\$ 23.00	\$ 34,500.00	0	\$ -	0	\$ -	750	\$ 17,250.00	750	\$ 17,250.00
COMMON EXCAVATION	2700	C.Y.	\$ 5.00	\$ 13,500.00	1110	\$ 5,550.00	500	\$ 2,500.00	3629	\$ 18,145.00	5239	\$ 26,195.00
SELECT TOPSOIL BORROW	1100	C.Y.	\$ 12.00	\$ 13,200.00	0	\$ -	1620	\$ 19,440.00	0	\$ -	1620	\$ 19,440.00
SALVAGE AGGREGATE	3000	C.Y.	\$ 0.01	\$ 30.00	0	\$ -	0	\$ -	3000	\$ 30.00	3000	\$ 30.00
AGGREGATE BASE CL 5	3750	TON	\$ 11.00	\$ 41,250.00	2274	\$ 25,014.00	1875	\$ 20,625.00	0	\$ -	4149	\$ 45,639.00
MILL BITUMINOUS SURFACE	15500	S.Y.	\$ 2.25	\$ 34,875.00	0	\$ -	0	\$ -	15500	\$ 34,875.00	15500	\$ 34,875.00
CONCRETE PAVEMENT	18000	S.Y.	\$ 11.00	\$ 198,000.00	9140	\$ 100,540.00	8468	\$ 93,148.00	0	\$ -	17608	\$ 193,688.00
STRUCTURAL CONCRETE	4000	C.Y.	\$ 99.00	\$ 396,000.00	2249	\$ 222,651.00	1645	\$ 162,855.00	0	\$ -	3894	\$ 385,506.00
REIN BARS	10000	LB	\$ 1.10	\$ 11,000.00	0	\$ -	10000	\$ 11,000.00	0	\$ -	10000	\$ 11,000.00
WEAR COURSE MIXTURE	100	TON	\$ 115.50	\$ 11,550.00	0	\$ -	0	\$ -	0	\$ -	0	\$ -
BASE COURSE MIXTURE	100	TON	\$ 115.50	\$ 11,550.00	0	\$ -	0	\$ -	0	\$ -	0	\$ -
BIT. MATL FOR TACK	50	GAL	\$ 3.00	\$ 150.00	0	\$ -	0	\$ -	0	\$ -	0	\$ -
4" SIDEWALK	200	S.F.	\$ 3.85	\$ 770.00	0	\$ -	180	\$ 693.00	0	\$ -	180	\$ 693.00
ADJUST MANHOLE	11	EACH	\$ 200.00	\$ 2,200.00	0	\$ -	10	\$ 2,000.00	0	\$ -	10	\$ 2,000.00
CURB AND GUTTER, B-618	6200	L.F.	\$ 10.55	\$ 65,510.00	1472	\$ 15,529.60	3000	\$ 31,650.00	3000	\$ 31,650.00	7472	\$ 78,829.60
CURB AND GUTTER, D-418	300	L.F.	\$ 16.50	\$ 4,950.00	196	\$ 3,238.00	0	\$ -	0	\$ -	196	\$ 3,238.00
VALLEY GUTTER	450	L.F.	\$ 15.50	\$ 6,975.00	369	\$ 5,719.50	0	\$ -	0	\$ -	369	\$ 5,719.50
6" CONCRETE DRIVE	1300	S.F.	\$ 4.25	\$ 5,525.00	4664	\$ 19,822.00	650	\$ 2,762.50	0	\$ -	5314	\$ 22,584.50
REMOVE & REINSTALL SIGNS	29	EACH	\$ 130.00	\$ 3,770.00	0	\$ -	0	\$ -	15	\$ 1,950.00	15	\$ 1,950.00
REMOVE & REINSTALL MAILBOX	13	EACH	\$ 100.00	\$ 1,300.00	6	\$ 600.00	0	\$ -	7	\$ 700.00	13	\$ 1,300.00
REMOVE & REINSTALL GUARD	14	EACH	\$ 100.00	\$ 1,400.00	7	\$ 700.00	0	\$ -	7	\$ 700.00	14	\$ 1,400.00
SHAPING BOULEVARDS	1.5	ACRE	\$ 1,500.00	\$ 2,250.00	1.5	\$ 2,250.00	0	\$ -	0	\$ -	1.5	\$ 2,250.00
SEEDING-TURF TYPE	1.5	ACRE	\$ 1,200.00	\$ 1,800.00	0	\$ -	0	\$ -	0	\$ -	0	\$ -
SEEDING-TURF TYPE	150	LB.	\$ 4.00	\$ 600.00	0	\$ -	0	\$ -	0	\$ -	0	\$ -
MULCH-TYPE 1	3	TON	\$ 450.00	\$ 1,350.00	0	\$ -	0	\$ -	0	\$ -	0	\$ -
FERTILIZER	760	LB	\$ 1.00	\$ 760.00	0	\$ -	0	\$ -	0	\$ -	0	\$ -
CLASS III RIP-RAP	28	TON	\$ 50.00	\$ 1,400.00	41	\$ 2,050.00	28	\$ 1,400.00	0	\$ -	69	\$ 3,450.00
4" EDGE DRAIN TILE	800	L.F.	\$ 6.50	\$ 5,200.00	0	\$ -	468	\$ 3,042.00	332	\$ 2,158.00	800	\$ 5,200.00
EROSION CONTROL	1	L.S.	\$ 5,000.00	\$ 5,000.00	0	\$ -	0	\$ -	1	\$ 5,000.00	1	\$ 5,000.00
STREET SUBTOTAL				\$ 923,879.00		\$ 412,314.10		\$ 351,115.50		\$ 139,272.00		\$ 902,701.60
MATERIAL ON HAND												\$ -
BASE BID TOTAL				\$ 1,158,294.95		\$ 422,158.10		\$ 476,378.50		\$ 250,533.95		\$ 1,149,070.55
CHANGE ORDER #1												
F & I 12" VALVE & BOX	2	EACH	\$ 4,000.00	\$ 8,000.00	0	\$ -	0	\$ -	2	\$ 8,000.00	2	\$ 8,000.00
TOTAL CHANGE ORDER #1				\$ 8,000.00		\$ -		\$ -		\$ 8,000.00		\$ 8,000.00
TOTAL PROJECT COST				\$ 1,166,294.95		\$ 422,158.10		\$ 476,378.50		\$ 258,533.95		\$ 1,157,070.55

USDA-FmHA Form FmHA 1924-18 PARTIAL PAYMENT ESTIMATE - ARRA FUNDS ()	CONTRACT NO. 0045-27 PARTIAL PAYMENT ESTIMATE #1 PAGE 1 OF 2
OWNER: CITY OF WINDOM 2009 Airport	CONTRACTOR: WICKS CONSTRUCTION DECORAH, IA 52101
PERIOD OF ESTIMATE FROM 7/13/2009 TO 7/27/2009	

CONTRACT CHANGE ORDER SUMMARY				ESTIMATE	
NO.	FmHA Approval Date	Amount			
		Additions	Deductions		
1				1. Original Contract.....	\$940,538.37
2				2. Change Orders.....	\$0.00
3				3. Revised Contract (1+2).....	\$940,538.37
4				4. Work Completed*.....	\$66,490.56
5				5. Stored Materials*.....	\$0.00
6				6. Subtotal (4+5).....	\$66,490.56
7				7. Retainage*.....	\$3,324.53
8				8. Previous Payments.....	\$0.00
9				9. Amount Due (6-7-8).....	\$63,166.03
10					
TOTALS		\$0.00	\$0.00		
NET CHANGE		\$0.00		* Detailed breakdown attachment	

CONTRACT TIME	
Original (days) 45	Starting Date <u>7/13/2009</u>
Revised	On Schedule <input type="checkbox"/> Yes
Remaining 34	Projected Completion
	<input type="checkbox"/> No

CONTRACTOR'S CERTIFICATION:

The undersigned Contractor certifies that to the best of their knowledge, information and belief the work covered by this payment estimate has been completed in accordance with the contract documents, that all amounts have been paid by the contractor for work which previous payment estimates was issued and payments received from the owner, and that current payment shown herein is now due.

WICKS CONSTRUCTION
 DECORAH, IA MN
 By: John Krueger
 Date: 7-28-09

ARCHITECT OR ENGINEER'S CERTIFICATION:

The undersigned certifies that the work has been carefully inspected and to the best of their knowledge and belief, the quantities shown in this estimate are correct and the work has been performed in accordance with the contract documents.

Architect or Engineer: WENCK ASSOCIATES
 By: Craig Mueller
 Date: 7/28/09

APPROVED BY OWNER

Owner: CITY OF WINDOM

By: _____
 Date: _____

ACCEPTED BY FmHA:

The review and acceptance of this estimate by FmHA does not attest to the correctness of the quantities shown or that the work has been performed in accordance with the contract documents.

By: _____
 Date: _____

2009 AIRPORT IMPROVEMENTS
 WINDOM, MINNESOTA 56101

PAY REQUEST #1
 WICKS CONSTRUCTION
 ARRA FUNDS

ITEM	CONTRACT		THIS PERIOD		TOTAL TO DATE		
	APPROX. QUANTITY	UNIT	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT
			UNIT COST				
BASE BID 2 - CONCRETE							
TRAFFIC CONTROL	1	L.S.	\$ 8,750.00	0.50	\$ 4,375.00	0.50	\$ 4,375.00
COMMON EXCAVATION	0	C.Y.	\$ 13.10	-	\$ -	-	\$ -
SELECT TOPSOIL BORROW	2700	C.Y.	\$ 21.35	-	\$ -	-	\$ -
AGGREGATE BASE CL.5	5413	TON	\$ 12.82	4,650.20	\$ 59,615.56	4,650.20	\$ 59,615.56
SALVAGE AGGREGATE	0	C.Y.	\$ 2.25	-	\$ -	-	\$ -
MILL BITUMINOUS SURFACE	0	S.Y.	\$ 1.70	-	\$ -	-	\$ -
CONCRETE PAVEMENT	30573	S.Y.	\$ 11.07	-	\$ -	-	\$ -
STRUCTURAL CONCRETE	4269	C.Y.	\$ 103.00	-	\$ -	-	\$ -
REIN BARS	12148	LB.	\$ 0.70	-	\$ -	-	\$ -
SEEDING-TURF TYPE	5	ACRE	\$ 155.00	-	\$ -	-	\$ -
SEED - TURF TYPE	500	LB	\$ 3.22	-	\$ -	-	\$ -
MULCH-TYPE 1	10	TON	\$ 128.00	-	\$ -	-	\$ -
COMMERCIAL FERTILIZER (12-12-12)	2500	LB	\$ 0.42	-	\$ -	-	\$ -
WEAR COURSE MIXTURE	30	TON	\$ 135.00	-	\$ -	-	\$ -
BASE COURSE MIXTURE	30	TON	\$ 135.00	-	\$ -	-	\$ -
BIT. MAT'L FOR TACK	10	GAL.	\$ 10.00	-	\$ -	-	\$ -
EROSION CONTROL	1	L.S.	\$ 5,000.00	0.50	\$ 2,500.00	0.50	\$ 2,500.00
BASE BID 2 SUBTOTAL			\$ 940,358.37		\$ 66,490.56		\$ 66,490.56

USDA-FmHA Form FmHA 1924-18 PARTIAL PAYMENT ESTIMATE - ENTITLEMENT FUNDS ()	CONTRACT NO. 0045-27 PARTIAL PAYMENT ESTIMATE #1 PAGE 1 OF 3
OWNER: CITY OF WINDOM 2009 Airport	CONTRACTOR: WICKS CONSTRUCTION DECORAH, IA 52101
PERIOD OF ESTIMATE FROM 7/13/2009 TO 7/27/2009	

CONTRACT CHANGE ORDER SUMMARY				ESTIMATE	
NO.	FmHA Approval Date	Amount			
		Additions	Deductions		
1				1. Original Contract.....	\$323,863.03
2				2. Change Orders.....	\$0.00
3				3. Revised Contract (1+2).....	\$323,863.03
4				4. Work Completed*.....	\$14,728.20
5				5. Stored Materials*.....	\$0.00
6				6. Subtotal (4+5).....	\$14,728.20
7				7. Retainage*.....	\$736.41
8				8. Previous Payments.....	\$0.00
9				9. Amount Due (6-7-8).....	\$13,991.79
10					
TOTALS		\$0.00	\$0.00		
NET CHANGE		\$0.00		* Detailed breakdown attachment	

CONTRACT TIME			
Original (days) 45		Starting Date	7/13/2009
Revised		On Schedule <input type="checkbox"/> Yes	Projected Completion
Remaining 34		<input type="checkbox"/> No	

CONTRACTOR'S CERTIFICATION:

The undersigned Contractor certifies that to the best of their knowledge, information and belief the work covered by this payment estimate has been completed in accordance with the contract documents, that all amounts have been paid by the contractor for work which previous payment estimates was issued and payments received from the owner, and that current payment shown herein is now due.

ARCHITECT OR ENGINEER'S CERTIFICATION:

The undersigned certifies that the work has been carefully inspected and to the best of their knowledge and belief, the quantities shown in this estimate are correct and the work has been performed in accordance with the contract documents.

WICKS CONSTRUCTION
 DECORAH, IA MN
 By: Jerry Knudsen
 Date: 7-28-09

Architect or Engineer: WENCK ASSOCIATES
 By: Greg Mulla
 Date: 7/28/09

APPROVED BY OWNER

Owner: CITY OF WINDOM

By: _____
 Date: _____

ACCEPTED BY FmHA:

The review and acceptance of this estimate by FmHA does not attest to the correctness of the quantities shown or that the work has been performed in accordance with the contract documents.

By: _____
 Date: _____

2009 AIRPORT IMPROVEMENTS
WINDOM, MINNESOTA 56101

PAY REQUEST #1
WICKS CONSTRUCTION
ENTITLEMENT FUNDS

CONTRACT	THIS PERIOD			TOTAL TO DATE		
	APPROX. QUANTITY	UNIT	COST	AMOUNT	QUANTITY	AMOUNT
BASE BID 2 - CONCRETE						
TRAFFIC CONTROL	0	L.S.	\$ 8,750.00	-	-	\$ -
COMMON EXCAVATION	550	C.Y.	\$ 13.10	7,205.00	-	\$ -
SELECT TOPSOIL BORROW	1440	C.Y.	\$ 21.35	30,744.00	-	\$ -
AGGREGATE BASE CL.5	1287	TON	\$ 12.82	16,489.34	-	\$ -
SALVAGE AGGREGATE	1600	C.Y.	\$ 2.25	3,600.00	-	\$ -
MILL BITUMINOUS SURFACE	7000	S.Y.	\$ 1.70	11,900.00	6,906.00	\$ 11,740.20
CONCRETE PAVEMENT	7427	S.Y.	\$ 11.07	82,216.89	-	\$ -
STRUCTURAL CONCRETE	1031	C.Y.	\$ 103.00	106,193.00	-	\$ -
REIN BARS	3352	LB.	\$ 0.70	2,346.40	-	\$ -
SEEDING-TURF TYPE	1.8	ACRE	\$ 155.00	279.00	-	\$ -
SEED - TURF TYPE	180	LB	\$ 3.22	579.60	-	\$ -
MULCH-TYPE 1	3.6	TON	\$ 128.00	460.80	-	\$ -
COMMERCIAL FERTILIZER (12-12-12)	900	LB	\$ 0.42	378.00	-	\$ -
WEAR COURSE MIXTURE	0	TON	\$ 135.00	-	-	\$ -
BASE COURSE MIXTURE	0	TON	\$ 135.00	-	-	\$ -
BIT. MAT'L FOR TACK	0	GAL.	\$ 10.00	-	-	\$ -
EROSION CONTROL	0	L.S.	\$ 5,000.00	-	-	\$ -
BASE BID 2 SUBTOTAL			\$ 262,402.03	11,740.20	6,906.00	\$ 11,740.20

ITEM	CONTRACT APPROX. QUANTITY	UNIT	UNIT COST	THIS PERIOD			TOTAL TO DATE			
				AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT
OPTION 1 - APRON IMPROVEMENTS										
4" EDGE DRAIN TILE	280	L.F.	\$ 7.50	\$ 2,100.00	300.00	\$ 2,250.00	300.00	\$ 2,250.00	300.00	\$ 2,250.00
DRAINAGE AGGREGATE	42	C.Y.	\$ 18.00	\$ 756.00	41.00	\$ 738.00	41.00	\$ 738.00	41.00	\$ 738.00
ELECTRIC HEATING ELEMENT	1	L.S.	\$ 8,500.00	\$ 8,500.00	-	-	-	-	-	-
CONCRETE PAVEMENT	90	S.Y.	\$ 27.00	\$ 2,430.00	-	-	-	-	-	-
STRUCTURAL CONCRETE	16	C.Y.	\$ 110.00	\$ 1,760.00	-	-	-	-	-	-
INSULATION - 2"	90	S.Y.	\$ 9.00	\$ 810.00	-	-	-	-	-	-
OPTION 1 SUBTOTAL			\$	16,356.00		\$	2,988.00		\$	2,988.00
OPTION 2 - CRACK SEALING										
BITUMINOUS CRACK SEALING	9000	L.F.	\$ 1.65	\$ 14,850.00	-	-	-	-	-	-
FOG SEAL	2350	GAL.	\$ 3.50	\$ 8,225.00	-	-	-	-	-	-
SAND SEAL	2350	GAL.	\$ 3.50	\$ 8,225.00	-	-	-	-	-	-
COVER SEAL	2350	GAL.	\$ 3.50	\$ 8,225.00	-	-	-	-	-	-
SAND	180	TON	\$ 31.00	\$ 5,580.00	-	-	-	-	-	-
OPTION 2 SUBTOTAL			\$	45,105.00		\$	-		\$	-
TOTALS			\$	323,863.03		\$	14,728.20		\$	14,728.20

USDA-FmHA Form FmHA 1924-18		CONTRACT NO. 0046-25	
PARTIAL PAYMENT ESTIMATE		PARTIAL PAYMENT ESTIMATE #1	
		PAGE 1 OF 3	
OWNER: CITY OF WINDOM SYKORA ADDITION SANITARY SEWER		CONTRACTOR: M&R PAVING NEW ULM, MN 56073	PERIOD OF ESTIMATE FROM 7/2/2009 TO 7/31/2009

CONTRACT CHANGE ORDER SUMMARY				ESTIMATE	
NO.	FmHA Approval Date	Amount			
		Additions	Deductions		
1				1. Original Contract.....	\$49,042.79
2				2. Change Orders.....	\$0.00
3				3. Revised Contract (1+2).....	\$49,042.79
4				4. Work Completed*.....	\$40,328.05
5				5. Stored Materials*.....	\$0.00
6				6. Subtotal (4+5).....	\$40,328.05
7				7. Retainage*.....	\$2,016.40
8				8. Previous Payments.....	\$0.00
9				9. Amount Due (6-7-8).....	\$38,311.65
10					
TOTALS		\$0.00	\$0.00		
NET CHANGE		\$0.00			

* Detailed breakdown attachment

Original (days)		On Schedule <input type="checkbox"/> Yes		Starting Date	7/2/2009
Revised		<input type="checkbox"/> No		Projected Completion	
Remaining					

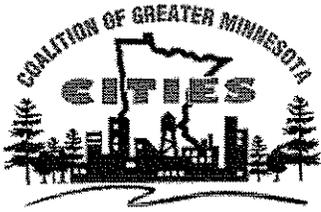
<p>CONTRACTOR'S CERTIFICATION:</p> <p>The undersigned Contractor certifies that to the best of their knowledge, information and belief the work covered by this payment estimate has been completed in accordance with the contract documents, that all amounts have been paid by the contractor for work which previous payment estimates were issued and payments received from the owner, and that current payment shown herein is now due.</p> <p>M & R PAVING NEW ULM, MN MN By: <u>[Signature]</u> Date: <u>7/30/09</u></p>	<p>ARCHITECT OR ENGINEER'S CERTIFICATION:</p> <p>The undersigned certifies that the work has been carefully inspected and to the best of their knowledge and belief, the quantities shown in this estimate and contract and the work has been performed in accordance with the contract documents.</p> <p>Architect or Engineer: WENCK ASSOCIATES By: <u>[Signature]</u> Date: <u>7/30/09</u></p>
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<p>APPROVED BY OWNER</p> <p>Owner: CITY OF WINDOM</p> <p>By: _____ Date: _____</p>	<p>ACCEPTED BY FmHA:</p> <p>The review and acceptance of this estimate by FmHA does not attest to the correctness of the quantities shown or that the work has been performed in accordance with the contract documents.</p> <p>By: _____ Date: _____</p>
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CITY OF WINDOM
 SYKORA ADDITION SANITARY SEWER EXTENSION

PAYMENT REQUEST #1
 M & R PAVING

ITEM	APPROX. QUANTITY	UNIT	UNIT COST	AMOUNT	UNIT COST THIS PERIOD			TOTAL TO DATE
					QUANTITY	AMOUNT	AMOUNT	
F&I 8" PVC SEWER SDR 35 6	230	L.F.	\$ 18.13	\$ 4,169.90	230	\$ 4,169.90	230	\$ 4,169.90
F&I 8" PVC SEWER SDR 35 8	135	L.F.	\$ 18.41	\$ 2,485.35	135	\$ 2,485.35	135	\$ 2,485.35
F&I 8" PVC SEWER SDR 35 1	130	L.F.	\$ 18.72	\$ 2,433.60	139	\$ 2,602.08	139	\$ 2,602.08
F&I MANHOLE TYPE 4007	24	L.F.	\$ 272.70	\$ 6,544.80	24	\$ 6,544.80	24	\$ 6,544.80
F&I MANHOLE CASTING	3	EACH	\$ 411.31	\$ 1,233.93	3	\$ 1,233.93	3	\$ 1,233.93
F&I 8"x4" SEWER WYE	3	EACH	\$ 238.57	\$ 715.71	3	\$ 715.71	3	\$ 715.71
F&I 4" SEWER SERVICES	150	L.F.	\$ 17.03	\$ 2,554.50	76	\$ 1,294.28	76	\$ 1,294.28
BORE MAIN UNDER HWY 71	60	L.F.	\$ 333.10	\$ 19,986.00	60	\$ 19,986.00	60	\$ 19,986.00
ROCK SUBFOUNDATION	47	C.Y.	\$ 16.20	\$ 761.40	80	\$ 1,296.00	80	\$ 1,296.00
REMOVE MANHOLE	1	EACH	\$ 385.00	\$ 385.00	0	\$ -	0	\$ -
BITUMINOUS DRIVE	1200	S.F.	\$ 3.85	\$ 4,620.00	0	\$ -	0	\$ -
TURF RESTORATION	0.2	ACRE	\$ 3,850.00	\$ 770.00	0	\$ -	0	\$ -
SALVAGE CULVERT	3	EACH	\$ 794.20	\$ 2,382.60	0	\$ -	0	\$ -
OPTION #1 SUBTOTAL			\$	\$ 49,042.79		\$ 40,328.05		\$ 40,328.05



Coalition of Greater Minnesota Cities

CGMC in Brief

July 23, 2009

Contact: Tim Flaherty
651-225-8840

CGMC, greater Minnesota to be represented on LGA study group

In the last *CGMC in Brief*, we reported that the House had made its appointments to a legislative LGA study group. The House's appointments were comprised of five metro representatives and one greater Minnesota representative only.

We are happy to inform you that the Senate recently made its appointments to this committee and chose to balance out the study group's geographical disparities. Led by Senate Tax Committee Chair Tom Bakk (DFL-Cook) and co-chaired by Sen. Rod Skoe (DFL-Clearbrook), the Senate appointments include Sen. Linda Scheid (DFL-Brooklyn Park), Sen. David Senjem (R-Rochester), Cloquet Mayor Bruce Ahlgren, and Chatfield City Clerk Joel Young. Flaherty & Hood senior policy analyst Steve Peterson was also appointed to the committee to represent CGMC.

Last chance to attend CGMC summer conference!

The CGMC summer conference is less than a week away! We hope you will be able to join us next week, **July 29 – 31 in Brainerd**, for an event full of informative sessions, legislative panel discussions, and social time with other city officials. You might even be able to squeeze in some fun in the sun! If you haven't signed up for the conference yet, it isn't too late to do so. Simply review the attached registration materials and send in your registration form.

As an update to our agenda, we are happy to have Rep. Morrie Lanning (R-Moorhead) join our Property Tax Panel. An advisor from Springsted will also deliver a presentation on best financial practices for cities as they manage state aid cuts. On Friday, Erin Dady, Director of Marketing for the City of St. Paul, will join us to discuss the city's use of social networking and other online communication tools.

If you have any questions about the summer conference, contact Lauren Anderson at llanderson@flaherty-hood.com.

Reminder: Hearing on water permit fee increases July 28.

The MPCA has proposed changes to its water permit fee scheme and is holding hearings for public input on July 28. There are two key areas that may interest local government. The first is the change to permit application fees. These fees will be increased to better reflect the cost of processing permits. You can find an executive summary of the proposed rule change at <http://www.pca.state.mn.us/publications/airwaterfees-executivesummary.pdf> and more details of the increased permit application fees at <http://www.pca.state.mn.us/publications/aq-rule4-01e.pdf>.



Some of our cities could also be impacted by increases in the Major NPDES permit fees. For example, the annual fee for municipal permits with a design flow of 50 million gallons per day or more will increase from \$135,000 to \$175,500. This portion of the draft rule can be found at <http://www.pca.state.mn.us/publications/drafrule-7002.pdf> at page 16.

City representatives can participate in the hearing in person in St. Paul or by video conference at locations through the state. For locations and other information, visit <http://www.pca.state.mn.us/permits/airwaterfees.html>. Written comments may also be submitted.

MPCA accepting applications for water resource project grants and loans

The MPCA has announced that it will accept proposals for water resource projects grants and loans from local government units “interested in leading a nonpoint source pollution control project for protection and improvement of water bodies.” Two types of proposals will be accepted. Projects to monitor, assess, and develop a diagnostic study of a water body coupled with an implementation plan to address the results of the study are eligible for grants. Implementation projects that have been identified are eligible for grants and/or loans. Approximately \$2 million in grants and \$ 2 million in loans are expected to be made available. The complete RFP and proposal form are available at <http://www.pca.state.mn.us/water/cwp-319.html#packet>



2009 CGMC Summer Conference

Wednesday, July 29 – Friday, July 31, 2009 • Brainerd
Tentative as of 7/23/09



Wednesday, July 29

- 2:00 – 4:00 p.m. **Conference Registration**
- 3:00 – 4:00 p.m. **Board of Directors Meeting**
- 4:00 – 5:00 p.m. **Annexation & Land Use: Next Steps**
Tim Flaherty & Bradley Peterson, Flaherty & Hood, P.A.
- 5:00 p.m. **Tour of Downtown Brainerd, Picnic Dinner**

Thursday, July 30

- 8:30 – 10:00 a.m. **Conference Registration**
- 10:00 – 11:05 a.m. **Welcome and Labor & Employee Relations Committee Update**
*Wadena Mayor Wayne Wolden, President of CGMC
Chris Hood, Flaherty & Hood, P.A.*
- 11:05 – 11:15 a.m. **BREAK**
- 11:15 – 12:45 p.m. **2009 Session Review & 2010 Outlook**
Tim Flaherty, Flaherty & Hood, P.A.
- Making Our Case in the Media**
Erin Flaherty, Flaherty & Hood, P.A.
- LGA: Is It Worth It?**
Steve Peterson, Flaherty & Hood, P.A.
- Managing Budgets During Unallotment**
TBD Springsted Advisor
- 1:00 – 2:00 p.m. **Lunch**
David Lillehaug, Fredrikson & Byron (confirmed)
- 2:00 – 2:15 p.m. **BREAK**
- 2:15 – 3:15 p.m. **Membership Meeting**
- 3:15 – 3:30 p.m. **BREAK**
- 3:30 – 4:15 p.m. **Property Tax Forum**
Sen. Tom Bakk, Sen. Rod Skoe, Rep. Paul Marquart, Rep. Morrie Lanning (all confirmed)
- 4:15 – 4:30 p.m. **BREAK**
- 4:30 – 5:30 p.m. **Legislative Leadership Panel**
Senate Asst. Majority Leader Tarryl Clark, House Majority Leader Tony Sertich, House Minority Leader Kurt Zellers (all confirmed)
- 6:00 – 7:00 p.m. **Social Hour**
- 7:00 – 9:00 p.m. **Legislative Awards Dinner**

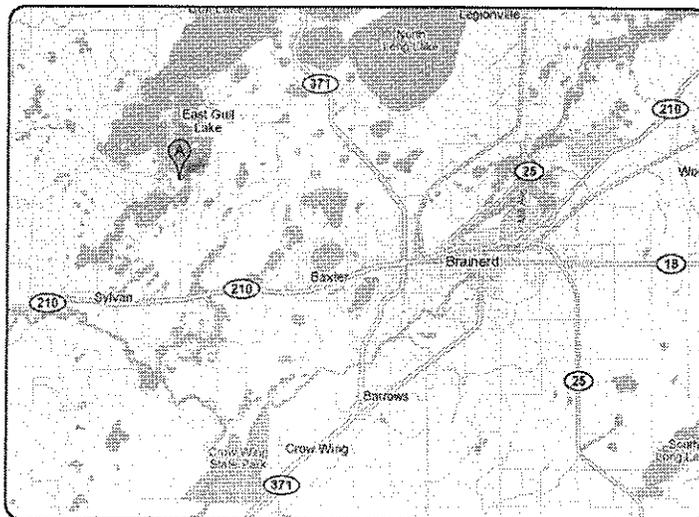
Friday, July 31

- 7:30 a.m. **Continental Breakfast**
- 8:30 – 9:00 a.m. **Energy, the Environment, & the Heritage Amendment**
Elizabeth Wefel, Flaherty & Hood, P.A.
- 9:00 – 10:15 a.m. **“Sustain Winona”: A Partnership to Promote Energy Conservation and Environmental Stewardship**
- 10:15 – 10:30 a.m. **BREAK**
- 10:30 – 11:30 a.m. **Social Networking: Using Facebook, Twitter, and Other Tools with Your City**
Erin Dady, Director of Marketing, City of St. Paul
- 11:30 a.m. **Adjourn**

Conference Hotel Information

Cragun's Resort & Hotel on Gull Lake
11000 Craguns Drive | Brainerd, MN 56401
Fax: 218-825-2727 | www.craguns.com

CGMC Rate: \$137.87 per night for single or double occupancy. Reservations must be made by completing the attached Cragun's reservation form and returning it to the hotel via fax or mail.



Questions? Please contact Lauren Anderson at 651-225-8840 or lAnderson@flaherty-hood.com.

2009 CGMC Summer Conference Registration



City: _____ Phone: _____

Name/Title: _____ Guest(s): _____

Name/Title: _____ Guest(s): _____

Name/Title: _____ Guest(s): _____

Please indicate the number of people attending each event in the space provided. Make extra copies of this form as needed.

Wednesday, July 29

- _____ 3:00 p.m. **Board of Directors Meeting**
- _____ 4:00 p.m. **Annexation & Land Use: Next Steps**
- _____ 5:00 p.m. **Tour of downtown Brainerd and picnic dinner**

Thursday, July 30

- _____ 10:00 a.m. **Labor & Employee Relations Committee Update**
- _____ 11:15 a.m. **Review of 2009 Session/ Managing and Communicating City Budgets in the Age of Unallotment**
- _____ 1:00 p.m. **Lunch**
- _____ 2:15 p.m. **Membership Meeting**
- _____ 3:30 p.m. **Property Tax Forum**
- _____ 4:30 p.m. **Legislative Leadership Panel**
- _____ 6:00 p.m. **Social Hour**
- _____ 7:00 p.m. **Legislative Awards Dinner**

Friday, July 31

- _____ 7:30 a.m. **Continental Breakfast**
- _____ 8:30 a.m. **Clean Water Funding "Sustain Winona" Presentation**
- _____ 10:30 a.m. **Social Networking Presentation**

Return this form to CGMC

Please send this registration form by July 17 to:

Lauren Anderson
 525 Park St, Suite 470
 St. Paul, MN 55103
 landerson@flaherty-hood.com
 Fax: 651-225-9088
 Phone: 651-225-8840

Hotel Reservations

Cragun's Resort & Hotel on Gull Lake
 11000 Craguns Drive | Brainerd, MN 56401
 Fax: 218-825-2727 | www.craguns.com

CGMC Rate: \$137.87 per night for single or double occupancy.

Reservations must be made by completing the attached Cragun's reservation form and returning it to the hotel via fax or mail.

Members Attending	
1	\$210
2	\$410
3	\$615
4	\$820

Please include \$32 for each extra guest's dinner.

=

Total \$	
Please make checks payable to CGMC:	
<input type="checkbox"/>	Bill me
<input type="checkbox"/>	Payment enclosed
<input type="checkbox"/>	I'll pay at the conference

**Coalition of Greater MN Cities - CRAGUN'S LODGING RESERVATION
SUMMER CONFERENCE 2009 July 29 - 31st, 2009**

**PREFERRED LODGING HELD UNTIL
June 29, 2009**

(Room Rates honored after June 29 but room AVAILABILITY is NOT GUARANTEED)
\$137.87 deposit required with reservation
 (Reservation will not be processed without deposit)
 No deposit required with Voucher or Purchase Order

Name _____
 Street _____
 City _____
 State _____ Zip _____
 Day Phone(____) _____
 Arrive /Depart Dates: _____ / _____ to _____ / _____
 E-mail Address _____

Please print clearly
 Confirmations will be sent to the above address.
 (E-mail address will not be sold, but may be used for special offers by Cragun's)

Please do NOT send me e-mail specials from Cragun's

SPECIAL REQUESTS

(i.e. Room Accessibility, Service Animal, Dietary, etc.)
 Explain: _____

INDICATE DEPOSIT METHOD OF PAYMENT

- Voucher/Purchase order Send with form.
- Check (Send with form - Payable to Cragun's)
- Credit Card (Card charged upon receipt of form)
- Debit Card (Card charged upon receipt of form)

Upon check-in, the debit card will be charged for the remainder of your stay.

Visa, MasterCard, American Express, Discover cards accepted

\$ _____ Deposit amount to be charged to:
 Card # _____ Exp / _____

Cardholder's Name: _____
MAIL OR FAX FORM (No phone reservations)
 Cragun's Resort & Hotel on Gull Lake
 11000 Craguns Drive, Brainerd, MN 56401
 Fax Number: (218) 825-2727
 Website: www.craguns.com

ONE-NIGHT PACKAGE INCLUDES

- Wednesday and/or Thursday nights' lodging
- MN sales tax

\$137.87 per room per night single/double occupancy

INDICATE WHICH NIGHT(S)

Wednesday Thursday

Lodge Rooms: Balcony overlooks Gull Lake, fireplace, refrigerator, microwave, coffeemaker, two queens or one king bed. Some with two doubles looking over indoor pool. (All non-smoking rooms)

**** Two-night package receives priority lodging****

All Rooms are Non-Smoking
 \$300.00 charge for smoking in a non-smoking room

EARLY ARRIVAL (Based on availability)

- I will be arriving Tuesday.
 \$ 137.87 Per Night, Per Room
 Single or Double Occupancy.
 Rate includes MN sales tax.

STAYOVER OPTION (Based on availability)

- I will be staying the following night(s):
- Friday, Saturday
 \$ 191.31 Per Night, Per Room
 Single or Double Occupancy.
 Rate includes MN sales tax.

ROOMMATE(S)

List names of people in room _____

CHILDREN RATES

The per night rate for children 13 and older is \$16 per night, sales tax included. No meals included. Children 12 and under stay free -- meals are extra.
 Number of children: _____

Age and name of each child: _____

GOLF INFORMATION & TEE TIMES

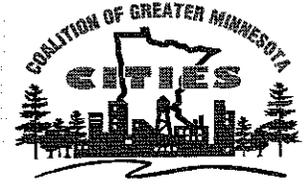
To guarantee availability of tee times or to make Reservations at the Legacy Courses at Cragun's call 1-800-272-4867 ext. 8100 or (218) 825-2800.

**CRAGUN'S HAS A NO PET POLICY
 And A No Jetskis / Waverunners Policy
 PRIOR NOTIFICATION OF
 CERTIFIED SERVICE ANIMALS REQUIRED**

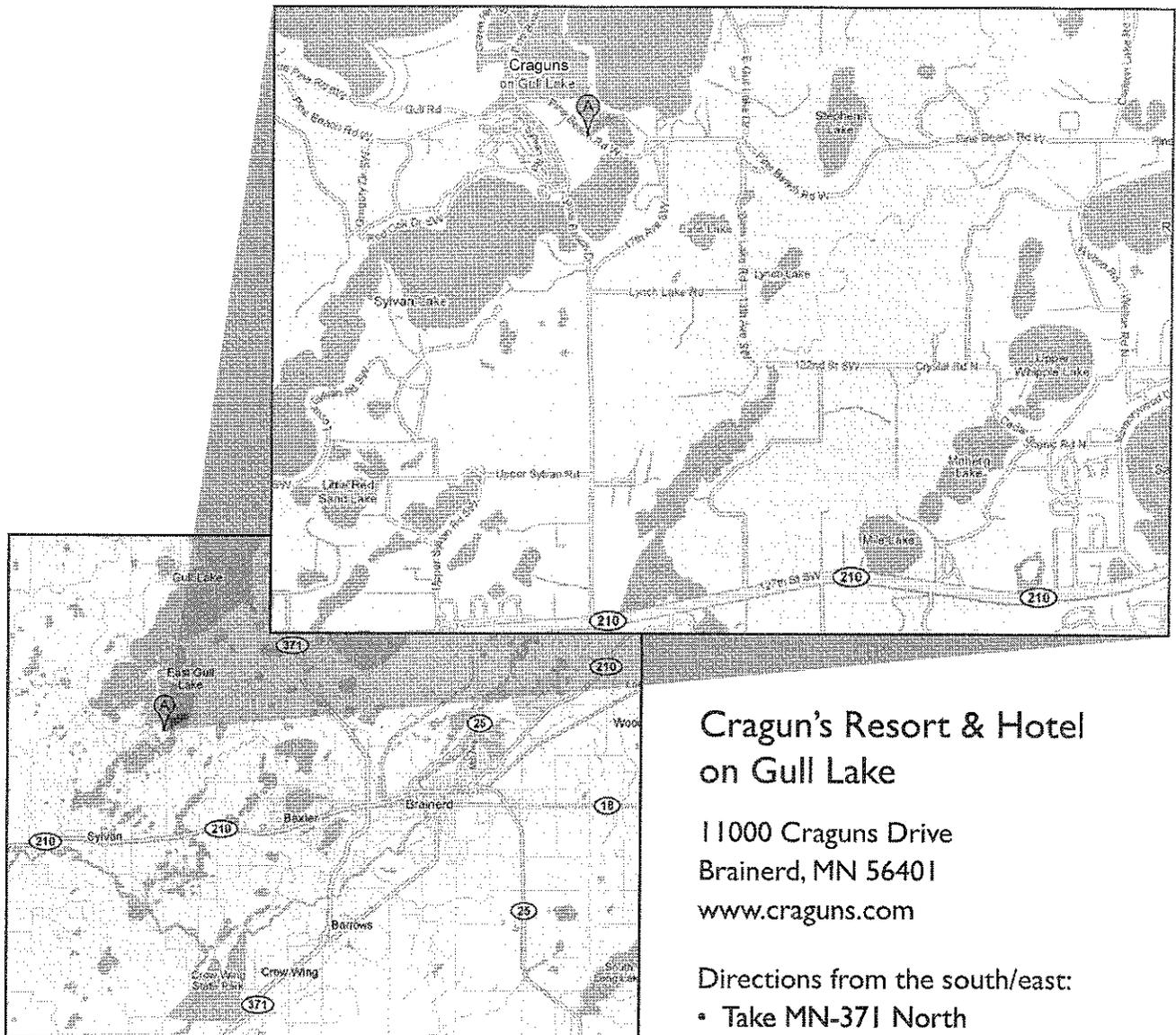
Cancellation/Refund Policy:

1. Less than 30 days prior to arrival-NO DEPOSIT REFUND
2. At 30 days or more prior to arrival-REFUND less \$25 processing fee.
3. When using a Voucher or Purchase Order, Cancellation /Refund Policy will apply. 7069/MZJW

Complete 1 Form Per Person or Couple.
 Make A Copy Of This Form For Your Records.



Map to Cragun's Resort & Hotel



Cragun's Resort & Hotel on Gull Lake

11000 Craguns Drive
Brainerd, MN 56401
www.craguns.com

Directions from the south/east:

- Take MN-371 North
- Turn Left at Hwy. 49
- Continue on to Pine Beach Road

Directions from the north/west

- Take MN-210 East
- Turn Left at County Rd. 18
- Turn Left at Pine Beach Road

Denise Nichols

From: "Mark Marcy" <mark.marcy@co.cottonwood.mn.us>
To: "Alan Wahl" <wbpolice@centurytel.net>; "Audi Nickel" <audinickel@yahoo.com>; "Card, Amy" <Amy.Card@state.mn.us>; "chuck wolle" <hosers25@gmail.com>; "Curtis Madson" <cjmadson@hotmail.com>; "Dan Benz" <windom11man@yahoo.com>; "Dan Ortman" <sunshinefoods10@windomnet.com>; "Dave Watkins" <davetammy@frontiernet.net>; "DeAnn Conrad" <dconrad@bankmidwest.com>; "Denise Nichols" <denise@windom-mn.com>; "Dennis Seibert" <dsieb@frontiernet.net>; "Donna Marcy" <snoopymed40@hotmail.com>; "Doug Scrivens" <gcc-windom@windomnet.com>; "FAST, MARCIA" <FASTM@sanfordhealth.org>; "Gale Bondhus" <assessor.cottonwood@co.cottonwood.mn.us>; "Gary Reif Jackson Co" <gary.reif@co.jackson.mn.us>; "Gordy K.Wstbk Hosp" <kopperug@sanfordhealth.org>; "Jackson Ambulance Service" <jvasmn@qwestoffice.net>; "Jan Johnson Wstbk" <jjohnson@bankmidwest.com>; "Jason Purrington" <jason.purrington@co.cottonwood.mn.us>; "Jeff Shirkey" <jshirkey@windom-mn.com>; "Jim Skarphol" <jkskarp@windomnet.com>; "Magyar, Dave" <david.magyar@poetenergy.com>; "Mark Marcy" <mark.marcy@co.cottonwood.mn.us>; "Mark Stevens" <mark.stevens@dot.state.mn.us>; "Mark Temple" <mark.temple@mnwest.edu>; "Mark Warner" <Mark@triumphbanks.com>; "Mary Westerman" <jjames310@centurytel.net>; "Morgan Pederson" <morgenpederson@hotmail.com>; "Norm Holmen" <holmenn@frontiernet.net>; "Rod and Angie Sykora" <RSykora@centurytel.net>; "Ron Kuecker" <diak@windomnet.com>; "Sanborn Fire/Rescue" <sfd@rrcnet.org>; "Scott Thompson" <scottmargo@yahoo.com>; "Steve Nasby" <snasby@windom-mn.com>; "Tim Hacker" <tim@windomfarmservice.com>; "Tim Janzen" <janzen.timothy@frontiernet.net>; "Windom FD 52" <52fire@windomnet.com>
Cc: "Gary Sorenson" <gjsorenson@centurytel.net>; "John Oeltjenbruns" <joeltj@mchsi.com>; "Kelly Thongvivong" <cottonwood.commissioners@co.cottonwood.mn.us>; "Norman Holmen" <holmenn1@tier-3.net>; "Tom White" <tewhite@windomnet.com>; "Bill Strom" <bstrom@mountainlake.k12.mn.us>; "Loy J. Woelber" <lwoelber@mntm.org>; "Wayne Wormstadt" <wayne.wormstadt@windom.k12.mn.us>
Sent: Wednesday, July 29, 2009 3:29 PM
Subject: ARMER / 800 mghz presentation

All-

On August 13th, 2009, beginning at 6:30 pm, at the Jackson Resource Center (Jackson, MN) there will be an informational presentation by Mr. Thomas Justin, of the Saint Cloud Police Department. Mr. Justin will be giving a very understandable presentation on the ARMER radio system (Allied Radio Matrix for Emergency Response)... this is the 800 mghz radio stuff we have been hearing about for some time...

I STRONGLY RECOMMEND that ALL police officers, firefighters, Emergency Management, Emergency Medical Services, Hospital, Public Health, School Officials (Transportation Directors, Building Maintenance, Principals and Superintendants), Dispatchers, City Council, County Commissioners and ANYONE ELSE that uses a two way radio, to attend this meeting.

If there are any questions, please contact me.

If you plan to attend this, please RSVP the number of people attending from your agency to:
kathy.sebby@co.jackson.mn.us

Thank you!

Mark R. Marcy, Director
County Safety/Training/Weather Coordinator
Cottonwood County Emergency Management
902 5th Avenue
Suite 101

7/29/2009