

**Special City Council Meeting
Wednesday, August 10, 2016
5:30 p.m.
City Council Chambers**

AGENDA

Call to Order

1. Emergency Services Facility Discussion
2. New Business
3. Old Business
4. Adjourn



MEMO

TO: Windom City Council, Mayor Corey Maricle and Steve Nasby

DATE: August 5, 2016

FROM: Ron Schramel

RE: Witt Park

This Memo explains why title to Witt park will not revert to the Union Pacific Railroad Company (or anyone else) if Witt Park is vacated. The following is the history concerning Witt Park:

1. The Original Townsite of the City of Windom was platted by the Sioux City and St. Paul Railroad Company (the "Railroad Company") in 1872. The original Townsite of Windom consists of 25 blocks. Witt Park encompasses all of Block 23. Block 23 was not dedicated as a park in the Plat of Windom.
2. On June 20, 1881 the Railroad Company deeded Block 23 to Cottonwood County, the Deed which conveyed Block 23 to Cottonwood County contained the following language "*should the county seat be removed from said Village of Windom, then the property hereby conveyed shall revert in fee to the Railroad Company or their assigns.*"
3. On November 10, 1903 the Railroad Company signed another deed which removed this restriction on Block 23. More specifically the 1903 Deed contains the following language

"This Deed is made to release Block 23 from the reservations of that certain Deed dated June 20, 1881 executed by the Grantors (the Railroad Company) to the County Commissioners of Cottonwood County, to the end that said County may convey to the Village of Windom all or so much of said Block 23 as may be deemed advisable for the use of said Village of Windom as a public park."

4. On January 6, 1904 Cottonwood County deeded Block 23 to the City of Windom. There is no language in this deed that states Block 23 needed to be used exclusively as a park. Furthermore, there is no language in this Deed which states that if the City of Windom vacated Witt Park title would be revert back to Cottonwood County or the Railroad Company.

5. In 1908 the Railroad Company deeded all of its assets, except for the main railroad track which still runs through Windom, to Harry T. Drake. Therefore as of 1908 the Railroad Company gave up all its rights in Witt Park.
6. It's my understanding that some individuals believe that the language contained in the Deed the Railroad Company signed in 1903 which states that the Railroad Company was terminating its reversionary interest in Witt Park and also contains the language "*for the use of said Village of Windom as a Public Park*" means that if the City vacated Witt Park title would revert back to the heirs of Harry T. Drake who are the assigns of the railroad. This belief is inaccurate for 2 reasons:

First, the language in the 1903 Deed which states "*for the use of said Village of Windom as Public Park*" is simply extraneous language which is attempting to explain why the Railroad Company was terminating its reversionary interest in Witt Park. The reason the Railroad Company terminated its reversionary interest in Witt Park is because in 1903 Cottonwood County and the City of Windom swapped land. The City ended up with Block 23 and Cottonwood County ended up with Block 13. Block 13 is where the Cottonwood County Courthouse is currently located. I'm assuming the City of Windom only agreed to swap land with Cottonwood County if the land it received was not subject to the possibility of being forfeited to the Railroad Company in the future and that is why the Railroad Company signed a Deed releasing its reverter interest. The 1903 Deed was merely explaining what the City of Windom intended to use Block 23 for and why the Railroad Company extinguished its reversionary interest.

Under Minnesota law if the Railroad Company wanted title to Witt Park to revert back to the Railroad Company or its assigns if Block 23 was not used a park, the 1903 Deed needed to contain specific language which states that if Block 23 was not used as park title to Block 23 would revert back to the railroad or its assigns. This language is not contained in the 1903 Deed therefore the Railroad Company and its assigns do not have a reversionary interest in Witt Park.

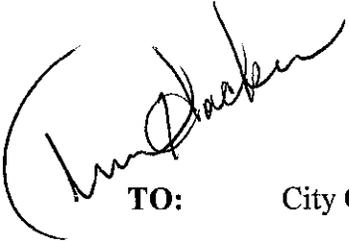
Second, even you assume for argument sake that the 1903 Deed created a reversionary interest in favor of the Railroad Company and its assigns if Witt Park was vacated this reversionary interest was terminated by Minnesota's Marketable Title Act. Basically this Act extinguishes any claims a party may have to real estate that are more than 40 years old. In the case of Witt Park if the Railroad Company and its assigns actually had a reverter interest which was created in the 1903 Deed, due to the fact that the reverter is more than 40 years it is no longer valid, because it expired in 1943.

7. For these reasons if Witt Park is vacated the Union Pacific Railroad Company and the heirs of Harry Drake have no right, claim, or interest in Witt Park.

MEMORANDUM



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


TO: City Council
FROM: Ambulance Director
DATE: August 5, 2016
RE: Ambulance Call Patterns and New Emergency Services Facility Access

At the City Council meeting on August 2nd there was a comment made about the Ambulance access for the proposed Emergency Services Facility that was incorrect. The design of the building is that the Ambulance will have ingress and egress on 5th Avenue, which is the same as it is currently. The Fire Department would be accessing directly onto 10th Street with approximately 45-55 calls per year. Safety has been considered for both the Ambulance and Fire Department accesses onto these streets. Full aprons in front of the bay doors will allow the drivers of the emergency vehicles to look for traffic and afford the motorists on 5th Avenue and 10th Street to see these apparatuses exiting the new building.

As previously stated, the Witt Park location ideal as it is centrally located and has multi-directional accesses. Regarding Ambulance calls within the community we go every direction. In-town calls are to the Sogge Home, Mickelson Manor, Remick Ridge, South Windom Apartments Hillside Manor, Home for Creative Living, Alternative Learning Center, Community Center, High School, River View Apartments, Perkins Creek Apartments, Toro, Hy-Vee, Highway 60/71 vehicle accidents, church calls, Avera Clinic, Sanford Clinic, Winfair Elementary, City Arena and Tanglewood Apartments. These are the most frequented calls along with all the residential homes which are scattered throughout the City.

For calls outside Windom, the highways leaving the community are equal in my opinion. Jeffers and Delft area using Hwy 71N. River Road to County Road 15 West past Golf Course, County Road 13 West to County Rd 4N to West past the Gun Club. Hwy 60NE to Bingham Lake area and up County Rd 2. County road 13 East, County Road 17 East and Hwy 71S to Fish Lake, Bergen, County Rd 25 to Kilen Woods area and Hwy 60SW to Hwy 86, Wilder, Jackson County 15S (Old Country Store road). Highway 62W for rural calls and in town calls across the river which we frequently use for access to the Good Sam complex and South Windom Apts.

I will also add that we have responded to and from this location area safely, WITHOUT an incident for as long as I've been on for 24 years.

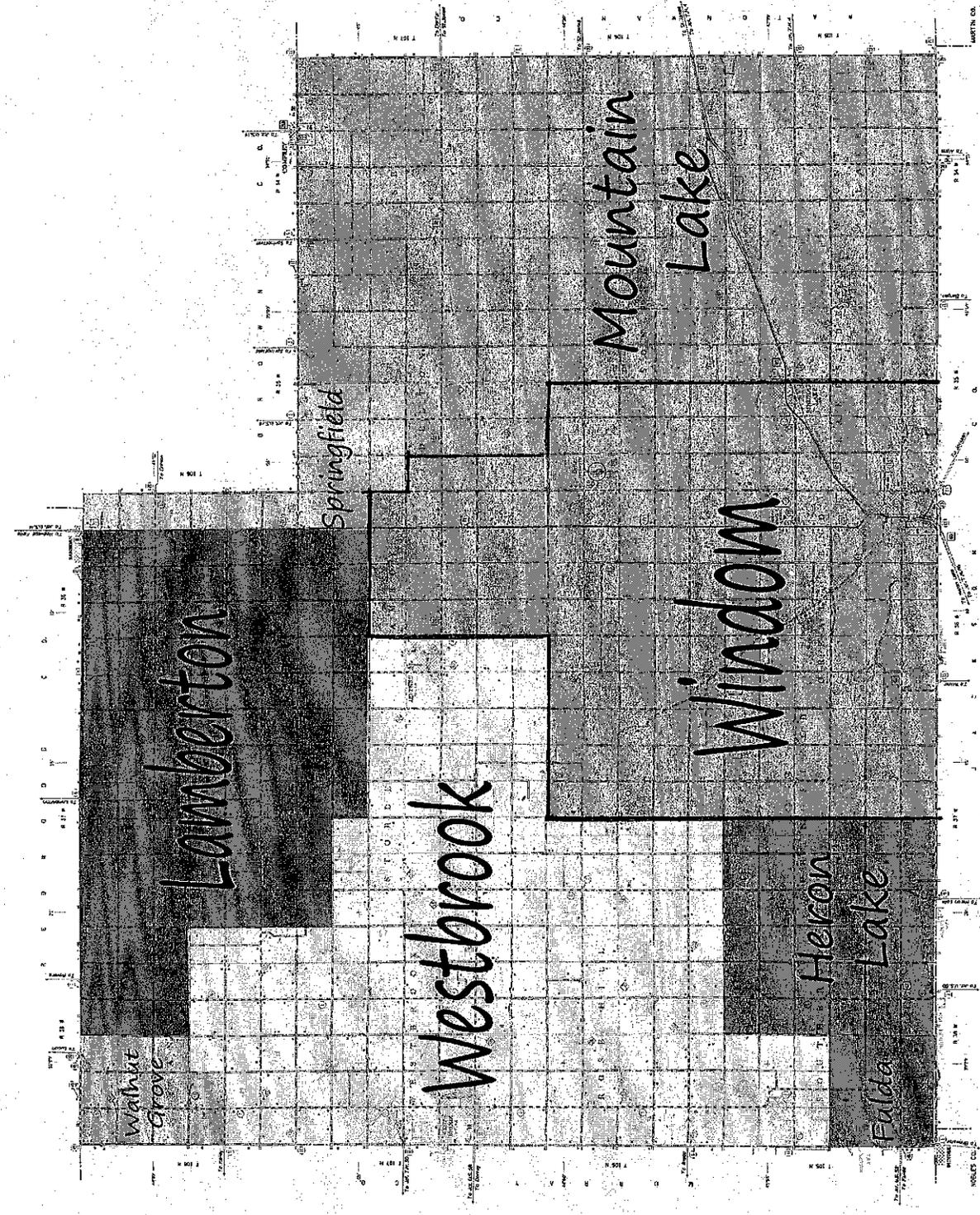
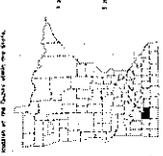
GENERAL HIGHWAY
**COTTON
 COUN
 MINNES**

PREPARED BY
 MINNESOTA DEPARTMENT
 OFFICE OF TRANSPORTATION
 IN COOPERATION WITH
 U.S. DEPARTMENT OF
 FEDERAL HIGHWAY A



LEGEND

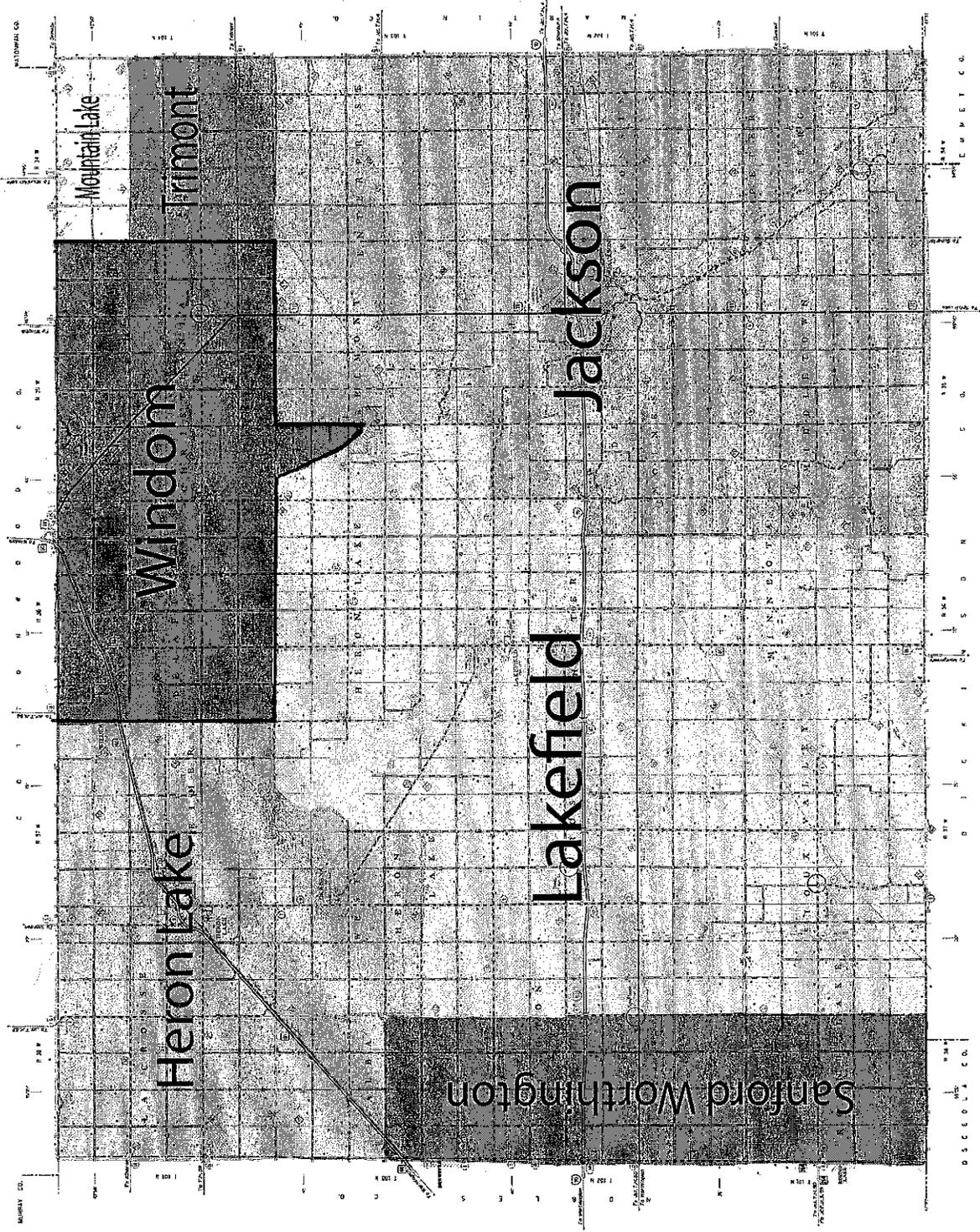
SYMBOL	DESCRIPTION
[Symbol]	ROAD AND TRAILWAY FEATURES
[Symbol]	RAILROADS
[Symbol]	WATER BODIES
[Symbol]	LAND USE
[Symbol]	BOUNDARIES
[Symbol]	UTILITIES
[Symbol]	ADDITIONAL FEATURES



MINNESOTA DEPARTMENT OF TRANSPORTATION
 OFFICE OF TRANSPORTATION
 1000 UNIVERSITY AVENUE, S.W.
 ST. PAUL, MINN. 55155-1000



LEGEND table with various symbols and their corresponding descriptions for road types, structures, and features.



NOTES: 1. THIS MAP IS FOR INFORMATION ONLY AND DOES NOT CONSTITUTE A CONTRACT. 2. THE USER SHALL BE RESPONSIBLE FOR VERIFYING THE ACCURACY OF THE INFORMATION SHOWN ON THIS MAP.

Direction of Locations of Fire Calls for the Windom Fire Department

Year	River Road	Hwy 60 South	Hwy 71 South	Hwy 60 North	Hwy 71 North	Hwy 62	Windom East Hill	Windom Center Area	Windom North West	Total Calls
2015	11	6	5	4	5	2	4	5	0	42
2014	5	7	6	4	4	3	7	12	0	48
2013	2	4	7	4	4	3	7	11	2	44
2012	9	11	7	5	5	4	4	10	2	57
2011	5	3	3	8	6	4	2	8	1	40
2010	7	8	6	9	3	3	6	7	1	50
2009	5	10	8	8	2	5	3	7	1	49
2008	5	5	4	9	4	3	4	4	0	38
2007	7	5	5	7	2	4	6	13	0	49
2006	7	1	1	7	4	2	5	3	2	32
2005	8	2	1	3	2	5	2	6	2	31
2004	5	5	2	4	5	5	4	7	2	39
2003	9	7	10	13	5	2	5	10	1	62
2002	5	6	3	11	5	8	6	5	2	51
2001	7	6	2	9	4	6	8	10	0	52
2000	16	9	7	30	15	9	11	6	0	103
1999	9	6	3	14	10	5	6	7	1	61
Total # of Calls	122	101	80	149	85	73	90	131	17	848

% of Total Calls	14.39%	11.91%	9.43%	17.57%	10.02%	8.61%	10.61%	15.45%	2.00%	
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MEMORANDUM



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

TO: City Council
FROM: City Administrator *Jay*
DATE: August 8, 2016
RE: Financing the Proposed Emergency Services Facility Building

Unfortunately, the bidding confirmation from Brunton Architects arrived at 4:41 pm today (August 8) due to delays from getting information from the apparent low bidder. This bid worksheet plus the original architect's estimate is included for your reference.

In addition, the Emergency Services Facility Building Committee is meeting on August 8th to consider recommendations on alternatives. So those recommendations will impact the overall project cost.

To initially fund the project costing approximately \$3.9 million, a funding package of these resources has been previously discussed or raised as possibilities:

- \$1 million cash from the Ambulance Fund
- \$1 million REDLG USDA Loan (0% for 10 years)
- General Fund payment of approximately \$270,000 for architectural services
- Use of Capital Improvement Bonds
- Lease-purchase (a.k.a. appropriation bonds)
- A cash transfer from the Liquor Fund.

The debt service on the loans and/or bonds for these resources may be as follows:

- REDLG USDA = \$100,000 per year for 10 years plus a one-time \$10,000 fee
- CIP Bonds = approximately \$67,500 per \$1 million borrowed

The mechanism for raising the annual payments could come from these sources as previously discussed:

- Increased annual cash transfer of \$25,000 from the Electric Fund
- Increased annual cash transfer of \$40,000 from the Liquor Fund
- New annual cash transfer of \$10,000 from the Hospital
- Up to \$30,000 annual payment from the Fire District
- Up to a \$5\month fire protection fee on residential and commercial properties

Financial information related to the different debt schedules (CIP vs Lease-purchase) are being done by Ehlers Associates based on the information from Brunton Architects. As noted above, this information is just arrived so the Ehlers information is delayed. Staff is anticipating having this information for the August 10 City Council work session, but it would be as a hand-out.

PROJECT DEVELOPMENT COST FOR:

Windom EMS Building



Date: 8/4/2016

Development Name	Cost	Description/ notes
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CONSTRUCTION COSTS

Base Bid	\$3,120,700.00	\$3,120,700.00	Gosewisch Construction 7/27/2016
Alternate #1	\$99,000.00	\$99,000.00	4th Ambulance bay
Alternate #2	\$24,200.00	\$24,200.00	Front entrance canopy
Alternate #3	\$38,000.00	\$38,000.00	Monument wall
Alternate #4	\$64,100.00	\$64,100.00	Glass O.H. doors
Alternate #5	\$43,100.00	\$43,100.00	TPO Roof
Alternate #6	\$2,000.00	\$2,000.00	Future generator
Alternate #7	\$10,900.00	\$10,900.00	Radiant heat
Alternate #8	-\$30,200.00	\$0.00	Limestone block form liner

Contract Amount	\$3,371,800.00	\$3,402,000.00
Contingency	5.0%	\$170,100.00

Total Construction Cost \$3,572,100.00

PROFESSIONAL FEES

Architecture & Eng. Fe	6.6%	\$222,538.80	base bid + all alternates
Architectural C/A	1.5%	\$50,577.00	Estimated costs
Architectural Reimbursables		\$2,500.00	Printing, mileage
Building Permits			Included in base bid
Soil Borings/ Testing			Included in arch. fee
Asbestos/ Lead Testing			N/A
Other	Pre-design	\$7,950.00	
Other	Special Inspections	\$21,000.00	
Other			

Total Professional Fees \$304,565.80

OTHER FEES

Bonding Cost		
Title Fees		
Inspection Fees		
Other	Furniture	
Other	Data Low Voltage	\$30,800.00
Other	T. Court re-location	\$150,000.00
Other		

Total Other Fees \$180,800.00

TOTAL DEVELOPMENT COSTS

Total Development Costs \$4,057,465.80



PROJECT BID TABULATION

Project: Windom EMS Building
 Bid Date & Time: July 27, 2016 @ 2:00 pm

CONTRACTORS	Add 1	Add 2	Add 3	Add 4	Add 5	Bid Bond	Base Bid	Alt. 1	Alt. 2	Alt. 3	Alt. 4	Alt. 5	Alt. 6	Alt. 7	Alt. 8	Notes
Met-Con Construction	X	X	X	X	X	X	\$ 3,206,000.00	\$ 109,000.00	\$ 27,000.00	\$ 40,000.00	\$ 66,500.00	\$ 40,500.00	\$ 5,300.00	\$ 10,000.00	\$ (30,200.00)	W/ SIGNATURES
Kue Contractors	X	X	X	X	X	X	\$ 3,387,949.00	\$ 101,163.00	\$ 23,675.00	\$ 45,262.00	\$ 38,340.00	\$ 39,192.00	\$ 36,050.00	\$ 7,183.00	\$ (30,200.00)	W/ SIGNATURES
NO BID RECEIVED																
Brennan Construction	X	X	X	X	X	X	\$ 3,444,000.00	\$ 91,000.00	\$ 30,000.00	\$ 44,000.00	\$ 40,900.00	\$ 63,400.00	\$ 1,800.00	\$ 9,900.00	\$ (30,200.00)	W/ SIGNATURES
Mohs Construction	X	X	X	X	X	X	\$ 3,120,700.00	\$ 99,000.00	\$ 24,200.00	\$ 38,000.00	\$ 64,100.00	\$ 43,100.00	\$ 2,000.00	\$ 10,900.00	\$ (30,200.00)	W/ SIGNATURES
NO BID RECEIVED																
Tri-State General Contracting	X	X	X	X	X	X	\$ 3,214,700.00	\$ 91,405.00	\$ 26,825.00	\$ 35,078.00	\$ 61,580.00	\$ 45,572.00	\$ 2,500.00	\$ 9,740.00	\$ (31,800.00)	W/ SIGNATURES
NO BID RECEIVED																
Ram General Contracting	X	X	X	X	X	X	\$ 3,214,700.00	\$ 91,405.00	\$ 26,825.00	\$ 35,078.00	\$ 61,580.00	\$ 45,572.00	\$ 2,500.00	\$ 9,740.00	\$ (31,800.00)	W/ SIGNATURES
APX Construction Group	X	X	X	X	X	X	\$ 3,214,700.00	\$ 91,405.00	\$ 26,825.00	\$ 35,078.00	\$ 61,580.00	\$ 45,572.00	\$ 2,500.00	\$ 9,740.00	\$ (31,800.00)	W/ SIGNATURES
END OF BIDDERS LIST																

STATEMENT OF PROBABLE COST

Date: 11-17-15

Project Name: Emergency Services Facility
 Scope of Work: New Construction
 Project Location: Windom, Minnesota
 Project Number: 15305-1



ITEM#	DESCRIPTION	UNITS	QUANTITY	RATE (\$)	AMOUNT (\$)
Division 1 - GENERAL REQUIREMENTS					
1	Project On-Site Supervision	hrs	1170	\$85.00	\$99,450.00
2	Project Management	hrs	210	85.00	\$17,850.00
3	Safety	hrs	30	85.00	\$2,550.00
4	Temp Electric	Monthly	9	450.00	\$4,050.00
5	Temp Heat & Ventilation	Monthly	2.5	8400.00	\$21,000.00
6	Temp Office	Monthly	9	1200.00	\$10,800.00
7	Temp Field Office Supplies	Monthly	9	200.00	\$1,800.00
8	Equipment	Monthly	9	400.00	\$3,600.00
9	Temp Enclosures	ls	1	1800.00	\$1,800.00
10	Daily Cleaning	hrs	78	70.00	\$5,460.00
11	Finish Cleaning	sf	18297	0.40	\$7,318.80
12	Dumpsters	ea	32	310.00	\$9,920.00
13	Document Printing	ls	1	500.00	\$500.00
14	Project Signage	ls	1	450.00	\$450.00
15	Construction Surveying	ls	1	2000.00	\$2,000.00
16	Street Sweeping	ls	1	1200.00	\$1,200.00
17	Storm Water Provisions	ls	1	3500.00	\$3,500.00
18	Temporary Construction Fence	ls	1	4500.00	\$4,500.00
19	Special Testing/Construction Inspections	ls	1	21000.00	\$21,000.00
Division 1 - Subtotal					\$218,748.80
Division 2 - SITE WORK AND REMOVALS					
1	Mobilization	ls	1.00	35,000.00	\$35,000.00
2	Traffic Control	ls	1.00	7,000.00	\$7,000.00
3	Demolition - Concrete Curb & Gutter	lf	570.00	10.00	\$5,700.00
4	Demolition - Pavement	sy	3,850.00	7.00	\$26,950.00
5	Demolition - Sidewalk	sy	130.00	5.00	\$650.00
6	Demolition - Fence	lf	910.00	3.00	\$2,730.00
7	Demolition - Misc. Items	ls	1.00	1,000.00	\$1,000.00
8	Clearing and Grubbing	ea	12.00	1,000.00	\$12,000.00
9	Common Excavation	cy	6,000.00	15.00	\$90,000.00
10	Pavement (Parking lot) - Bituminuous	sy	3,200.00	38.00	\$121,600.00
11	Pavement (Aprons) - Concrete	sy	1,300.00	55.00	\$71,500.00
12	Granular Subbase - Class 5	ton	1,900.00	25.00	\$47,500.00
13	Select Granular Backfill	ton	3,600.00	20.00	\$72,000.00
14	Striping	ls	1.00	5,000.00	\$5,000.00
15	Sidewalk	sy	300.00	40.00	\$12,000.00
16	Curb & Gutter	lf	500.00	20.00	\$10,000.00
17	Storm Sewer	ls	1.00	40,000.00	\$40,000.00
18	Sanitary Sewer Service	ls	1.00	10,000.00	\$10,000.00

ITEM	DESCRIPTION	UNITS	QUANTITY	RATE (\$)	AMOUNT (\$)
19	Water Service	ls	1.00	10,000.00	\$10,000.00
20	Turf Establishment	ac	0.35	10,000.00	\$3,500.00
21	Erosion Control	ls	1.00	5,000.00	\$5,000.00
22	Building Excavation/Backfill	sf	15,408.00	2.80	\$43,142.40
23	Slab-on-Grade Sand Cushion (6")	cy	448.00	18.00	\$8,064.00
Division 2 - Subtotal					\$640,336.40
Division 3 - CONCRETE					
1	Concrete Footings (Materials)	cy	150.00	110.00	\$16,500.00
2	Concrete Foundations (Materials)	cy	198.00	110.00	\$21,780.00
3	Concrete Footings/Foundations (Labor)	hrs	1,140.00	85.00	\$96,900.00
4	Concrete Slab-on-Grade (6")	sf	11,200.00	6.20	\$69,440.00
5	Concrete Slab-on-Grade (4")	sf	4,205.00	4.90	\$20,604.50
6	Concrete Stoop Slabs	ls	1.00	5,500.00	\$5,500.00
7	Concrete Topping (2")	sf	3,000.00	3.80	\$11,400.00
Division 3 - Subtotal					\$242,124.50
Division 3a - PRECAST CONCRETE					
1	Precast Concrete - Plank	ls	51,300.00	1.00	\$51,300.00
2	Precast Concrete - Double Tee's	ls	114,400.00	1.00	\$114,400.00
4	Precast Concrete - Wall Panels	ls	580,000.00	1.00	\$580,000.00
Division 3a - Subtotal					\$745,700.00
Division 4 - MASONRY					
1					\$0.00
Division 4 - Subtotal					\$0.00
Division 5 - METALS					
1	Steel Stud Trusses/Sheathing/Ice & Water	ls	1.00	9,200.00	\$9,200.00
2	Structural Steel	ls	1.00	12,000.00	\$12,000.00
4	Misc Steel	ls	1.00	34,000.00	\$34,000.00
Division 5 - Subtotal					\$55,200.00
Division 6 - WOOD & PLASTICS					
1	Rough Carpentry	ls	1.00	23,000.00	\$23,000.00
2	Finish Capentry Install	ls	1.00	34,000.00	\$34,000.00
3	Finish Capentry/Millwork (Materials)	ls	1.00	12,000.00	\$12,000.00
4	Millwork (Kitchen)	ls	1.00	10,000.00	\$10,000.00
Division 6 - Subtotal					\$79,000.00
Division 7 - THERMAL AND MOISTURE PROTECTION					
1	Foundation Waterproofing	sf	3.50	5,375.00	\$18,812.50
2	Foundation Insulation	sf	1.90	5,375.00	\$10,212.50
3	Roofing (EPDM System)	sf	13.00	15,405.00	\$200,265.00
4	Parapet Flashing	lf	16.00	735.00	\$11,760.00
5	Standing Seam Metal Roof	ls	9,400.00	1.00	\$9,400.00
6	Misc Building Insulation	ls	6,400.00	1.00	\$6,400.00
7	Caulking	ls	5,500.00	1.00	\$5,500.00
Division 7 - Subtotal					\$262,350.00

ITEM	DESCRIPTION	UNITS	QUANTITY	RATE (\$)	AMOUNT (\$)
	Division 8 - DOORS & WINDOWS				
1	Doors/Frames (Interior)	ea	28.00	850.00	\$23,800.00
2	Doors/Frames (Exterior - HM)	ea	5.00	650.00	\$3,250.00
3	Overhead Doors (Glass)	ea	-	8,000.00	\$0.00
4	Overhead Doors (Solid)	ea	13.00	3,000.00	\$39,000.00
5	Aluminum Doors & Windows	ls	1.00	125,000.00	\$125,000.00
	Division 8 - Subtotal				\$191,050.00
	Division 9 - FINISHES				
1	3-5/8" Mtl. Stud partition (16" O.C.)	sf	11,220.00	10.50	\$117,810.00
2	6" Mtl. Stud partition (16" O.C.)	sf	432.00	11.80	\$5,097.60
3	1-1/2" Mtl. Stud Furring (16" O.C.)	sf	5,904.00	6.70	\$39,556.80
4	Acoustical ceiling system	sf	8,505.00	1.75	\$14,883.75
5	Flooring/Base	sf	8,505.00	3.75	\$31,893.75
6	Sealed Concrete	sf	10,400.00	1.70	\$17,680.00
7	Painting (Walls)	sf	27,448.00	0.80	\$21,958.40
8	Painting (Structure)	sf	10,400.00	0.90	\$9,360.00
9	Tile	ls	1.00	26,430.00	\$26,430.00
	Division 9 - Subtotal				\$284,670.30
	Division 10 - SPECIALTIES				
1	Building Signage	ls	1.00	4,500.00	\$4,500.00
2	Misc Specialties	ls	1.00	9,500.00	\$9,500.00
	Division 10 - Subtotal				\$14,000.00
	Division 11 - EQUIPMENT				
1	Kitchen Equipment	Allowance	1.00	8,000.00	\$8,000.00
2	Gear Grid (35 Units)	ls	1.00	8,000.00	\$8,000.00
	Division 11 - Subtotal				\$16,000.00
	Division 12 - FURNISHINGS				
1					\$0.00
	Division 12 - Subtotal				\$0.00
	Division 13 - SPECIAL CONSTRUCTION				
1					\$0.00
	Division 13 - Subtotal				\$0.00
	Division 14 - CONVEYING SYSTEMS				
1					\$0.00
	Division 14 - Subtotal				\$0.00
	Division 21 - FIRE SUPPRESSION				
1	Fire Suppression System	sf	16,205.00	1.80	\$29,169.00
	Division 21 - Subtotal				\$29,169.00
	Division 22 - PLUMBING				

ITEM	DESCRIPTION	UNITS	QUANTITY	RATE (\$)	AMOUNT (\$)
1	Plumbing Systems	sf	16,205.00	6.50	\$105,332.50
	Division 23 - Subtotal				\$105,332.50
	Division 23 - MECHANICAL				
1	HVAC Systems	sf	16,205.00	18.50	\$299,792.50
	Division 23 - Subtotal				\$299,792.50
	Division 26 - ELECTRICAL				
1	Electrical Systems	sf	16,205.00	21.00	\$340,305.00
	Division 16 - Subtotal				\$340,305.00
	Division 27 - Communications				
1	Communication/Data/Low Voltage	sf	16,205.00	1.90	\$30,789.50
	Division 27 - Subtotal				\$30,789.50
	Summary of Divisions				
	Division 2 - Site Work				\$640,336.40
	Division 3 - Concrete				\$242,124.50
	Division 3a - Precast Concrete				\$745,700.00
	Division 4 - Masonry				\$0.00
	Division 5 - Metals				\$55,200.00
	Division 6 - Wood & Plastics				\$79,000.00
	Division 7 - Thermal & Moisture Protection				\$262,350.00
	Division 8 - Doors & Windows				\$191,050.00
	Division 9 - Finishes				\$284,670.30
	Division 10 - Specialties				\$14,000.00
	Division 11 - Equipment				\$16,000.00
	Division 12 - Furnishings				\$0.00
	Division 13 - Fire Suppression				\$0.00
	Division 14 - Conveying Systems				\$0.00
	Division 21 - Fire Suppression				\$29,169.00
	Division 22 - Plumbing				\$105,332.50
	Division 23 - Mechanical				\$299,792.50
	Division 26 - Electrical				\$340,305.00
	Division 27 - Communications				\$30,789.50
	Construction cost subtotal				\$3,335,819.70
	City Review Contingency			1%	\$33,358.20
	Design Contingency			2.5%	\$83,395.49
	Construction Contingency			4.5%	\$150,111.89
	Escalation & Inflation Allowance			0.5%	\$16,679.10
	Building Permit & Plan Check Fees	ls			\$24,152.28
	SAC/WAC	ls			\$200.00
	Builders Risk Insurance			0.8%	\$26,686.56
	General Liability Insurance			0.8%	\$26,686.56
	Overhead & Profit			3.5%	\$116,753.69
	Estimated construction cost				\$3,813,843.40
	Division 1 - General Requirements				\$218,748.80
	Revised Entry Canopy (No Outside Patio)	ls	(21,000.00)	1.00	-\$21,000.00
	Estimated Contract Bid Amount				\$4,011,592.26
	Recreational Equipment Relocation Fee				\$150,000.00
	Architectural Design Fees (7.5% of construction)			7.5%	\$300,869.42
	Total Construction Cost				\$4,462,461.68
	Add Alternate #1 (4th Ambulance Bay)		Estimate		\$90,000-\$110,000



City Fund Balances 101: Critical Issues and Definitions

September 2015

City fund balances are often a popular topic of discussion among state policymakers and the media. Some of these discussions include basic misunderstandings of city finances. This heightened attention means it is important for city officials to be able to explain both the size of their city's fund balance and its role in city finances to citizens, legislators, and the media. While each city's financial situation is unique, this document provides an overview of the critical issues surrounding city fund balances, the different components of fund balances, and the basic characteristics that most city fund balances share.

Critical Issues/Talking Points

- Cities receive their two largest sources of revenue—the property tax and state aid distributions—twice each year. The equivalent for an individual would be to receive only two paychecks each year.
- The Office of the State Auditor's (OSA) report measures city fund balances on Dec. 31, shortly after the city receives its second property tax and state aid distribution. The timing is equivalent to measuring your personal wealth on the day after payday—before you've paid the mortgage, car loan, and other bills.
- Like individuals and businesses, cities have monthly bills and expenditure needs. Fund balances are used for day-to-day cash flow for the following five to six months of city operations—until the next property tax and state aid distributions.
- Cities may also set aside a portion of their fund balance as a rainy day fund to help them through emergencies, like cuts to state aids or natural disasters. This is similar to families aiming to set aside enough funds to cover three months' worth of bills should household income drop due to illness or unemployment.
- The OSA's official position on city fund balances is that the unreserved portion should be equal to 35 to 50 percent of general fund operating revenues.

Different components of fund balances

The city fund balance is not one pot of money but is comprised of distinct components with very distinct purposes. The Office of the State Auditor (OSA) released a revised statement of position on fund balances in July of 2012. That document is available [here](#). According to the OSA, "local government should identify fund balance separately based on a hierarchy of the constraints placed on the use of the financial resources within governmental funds." Under GASB 54, Minnesota cities need to report five different components of fund balances to the OSA each year: a) non-spendable, b) restricted, c) unrestricted-committed, d) unrestricted-assigned, and e) unrestricted-unassigned. These five distinct classifications are defined below.

Restricted components:

- a) **Non-spendable:** These are dollars that cannot be spent because they are not in a spendable form or they are legally or contractually required to remain intact. Examples here are inventories, pre-paid items or long-term receivables in the city's general fund.
- b) **Restricted:** These are dollars on which there are constraints placed regarding their use. External constraints include those imposed by creditors, grantors, or laws of other governments. Other constraints might be those imposed by law. Examples of the former are debt covenants and grants earned but not yet spent. Examples of the latter include taxes dedicated to a specific purpose and revenues restricted by some enabling legislation.

Unrestricted components:

- c) **Unrestricted-Committed:** These are dollars that must be kept for specific purposes as determined by formal action of the decision-making authority. An example is funds set aside by the council for a specific capital project.
- d) **Unrestricted-Assigned:** These are dollars that the city intends to use for a specific purpose but they are not committed. An example is regularly using fund balance to balance the city's budget at the end of the year.
- e) **Unrestricted-Unassigned:** Finally, these are dollars that do not fall into any of the other classifications.

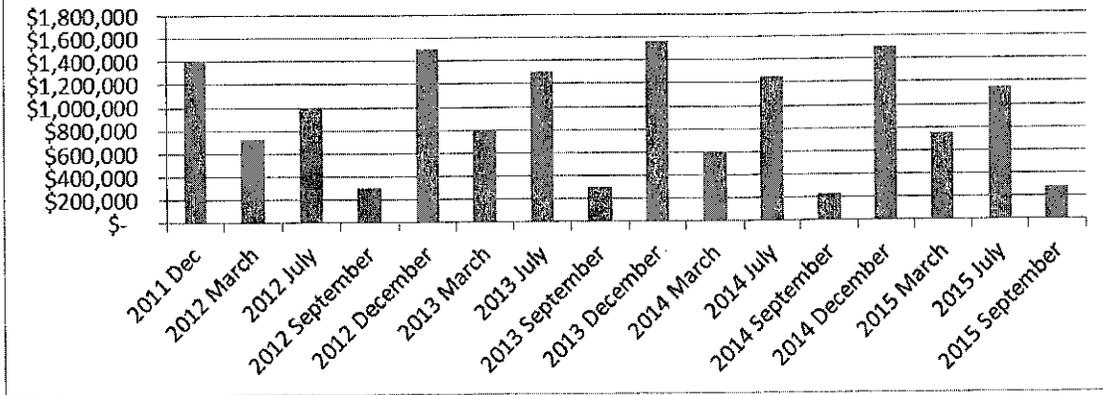
The OSA position statement on fund balances states that local governments must identify each of these classifications separately. The OSA offers two criteria for cities to consider when establishing a fund balance policy and assigning fund balance dollars. The first is that the unrestricted fund balance in the general fund and any special revenue funds be equal to 35 to 50 percent of general fund operating revenues. The second is that the unrestricted fund balance should be no less than five months of operating expenditures.

Cash flow funds

Cities receive the two largest sources of revenue—the property tax and state aid distributions—twice each year. The OSA report measures city fund balances on Dec. 31, shortly after the city receives its second property tax and state aid distribution. These reserves are used for day-to-day cash flow for the next five to six months of city operations—until the next property tax and state aid distributions in May and July. Like families and businesses, cities have monthly bills and expenditure needs. Measuring a city's fund balance on Dec. 31 is equivalent to measuring your personal wealth on the day after payday—before you've paid the mortgage, car loan, and other bills. Without adequate cash flow reserves, cities would be forced to borrow to pay for operating expenses, which increases the overall cost of city services to taxpayers. A city with low reserves may also choose to delay major purchases; turn to other revenue sources such as fees, fines, service charges, interest from investments, or other grants and aids; or adjust their budgets in other ways.

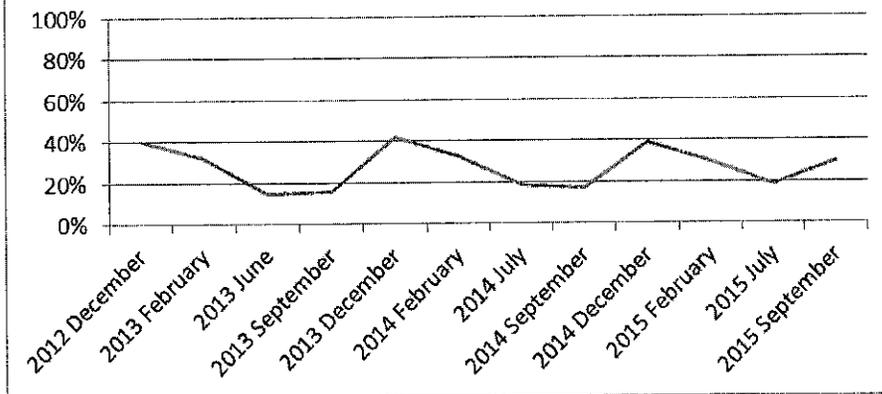
Graph A shows a one-year cash balance for everyone's favorite hypothetical city, Mosquito Heights. The cash balance is highest in December and July, after taxes and state aids are distributed to the city. The difference between the peaks and valleys is the city's cash flow need. A city may need to rely more or less on reserves during the months between tax and state aid distributions, depending on its other revenues sources such as fees.

Graph A: Example of City Fund Balance Fluctuation



The annual state auditor’s report shows city fund balances as a percentage of total current expenditures for the year. **Graph B** illustrates the general fund cash balance as a percentage of the general fund budget for a hypothetical city. In December, when the state auditor’s report measures fund balances, the city’s general fund cash balance is over 40 percent of budgeted expenditures. That percentage dips below 20 percent in May and November in each of the past two years.

Graph B: Fund Balance as % of General Fund Budget



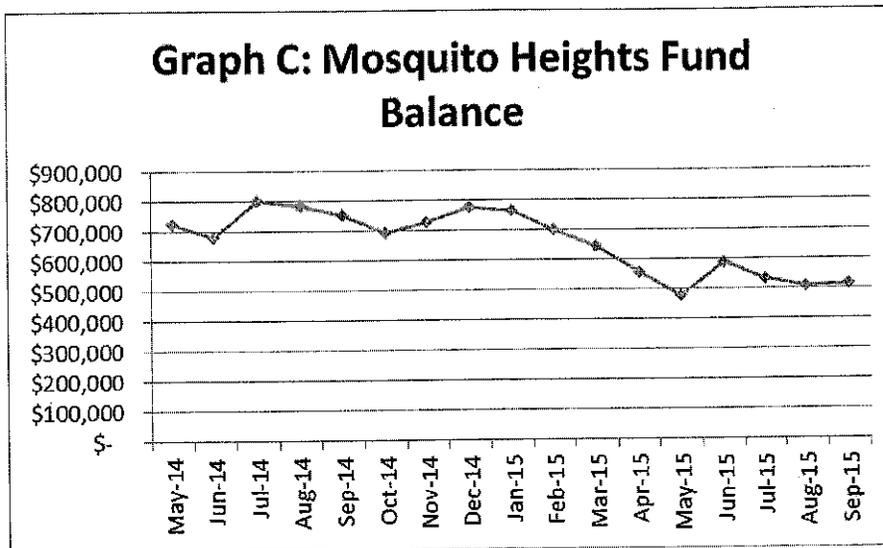
Rainy day funds

The city fund balance acts as a rainy day fund to help the city cope with revenue shortfalls, unexpected expenditures, or emergencies. Given that cities only receive property taxes and state aids twice a year, the reserve funds can be critical for responding to unforeseen local needs. Some cities have relied upon their fund balance to meet immediate budget needs. Emergencies, including natural disasters such as floods or tornados, may also require a city to rely on rainy day funds. The state also has a budget reserve. The reserve is commonly referred to as the rainy day fund. Due to the volatility in estimating state income and sales tax

revenues, this fund helps the state address unexpected economic downturns, other fluctuations in state revenues, or unexpected expenditure needs.

Savings for projects or dedicated uses

Prior to undertaking a capital project, a city may increase reserves to help pay for a portion of the project, thus reducing the need to issue debt. Setting aside money over a period of time can be an easier way to pay for a project, especially for smaller cities. City fund balances may include savings for a major project or purchase. **Graph C** shows a two-year fund balance for Mosquito Heights. In January 2015 the city began construction of a new city hall, for which it had funds saved. By September 2015, the project was complete and the city’s fund balance was less than two-thirds what it had been in July 2014.



Cities may have reserves in dedicated funds, such as sewer and water utilities, or enterprise funds, which are generated from user fees. These reserves are dedicated for operation, maintenance, and improvement of the utility or enterprise and must be used for those purposes.



Fund balances and credit ratings

Cash flow needs, savings for projects, and reserves for unforeseen needs are three reasons why fund balances are important. Another reason is favorable bond ratings. Good bond ratings mean that a city will get lower interest rates when borrowing money. The bond rating is similar to an individual’s credit score and its impact on interest rates for mortgages and car loans. Wall Street (e.g., firms such as Moody’s) takes into account the financial well-being of a city when determining that city’s municipal bond rating. The city’s reserves are an important indicator of a city’s overall financial health; a city is more likely to be given a higher bond rating if it is deemed to have a healthy city fund balance. Other indicators of financial viability can include an unreserved, undesignated fund balance of approximately 20 percent, direct debt of less than 3 percent of full value, per capita income of approximately \$25,000, and a tax collection rate for the previous three years of greater than 95 percent.

A high rating for a city reflects the strength of the local economy and indicates its sound fiscal management. A high rating bolsters the confidence of other investors and its taxpaying residents. This high bond rating is significant for taxpayers as its issuance enables the city to borrow at a lower interest rate, thereby lowering the cost of municipal debt and ultimately saving the taxpayers money. While a city cannot

directly control all of the factors that are considered by Wall Street, sound financial management planning can help cities assess their financial health and anticipate future needs. A financial management plan gives cities a context for decisions and can lead to a more stable tax rate because future growth and infrastructure needs are incorporated into the plan.

Resources

Office of the State Auditor: <http://www.osa.state.mn.us/>

- Statement of Position:
http://www.osa.state.mn.us/other/Statements/fundbalances_postGASB54_1012_statement.pdf
- City finances reports: <http://www.osa.state.mn.us/list.aspx?get=4>

League of Minnesota Cities

<http://www.lmc.org>

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gcarlson@lmc.org

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Statement of Position Fund Balances for Local Governments Based on GASB Statement No. 54

Background

Governmental Accounting Standards Board's (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the classifications of fund balance based on the focus of the constraints placed on the use of current fund balance. The Statement also identifies the governmental fund type definitions. This Statement of Position addresses only the fund balance classifications and reporting.

The requirements of GASB 54 are applicable to all local governments. Implementation was required for the first fiscal year ended June 30, 2011. However, most Minnesota local governments report on a calendar year. For those reporting on a calendar year, the first required year for implementation was the year ended December 31, 2011.

In governmental funds,¹ local government should identify fund balance separately based on a hierarchy of the constraints placed on the use of the financial resources within governmental funds. A local government will classify its fund balances into one of up to 5 classifications: nonspendable, restricted, committed, assigned, and unassigned. While some of the GASB 54 classifications are similar in nature to the classifications under pre-GASB Statement No. 54, the focus is different, and thus, what is classified into these classifications may be different.

Fund Balance Classifications/Definitions for Governmental Funds

The fund balances of a local government's governmental funds should be reported in the new classifications based on the definitions in the following table:

¹ Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The governmental fund category includes the general fund, special revenue funds, capital projects funds, debt service funds, and permanent funds. Codification of Governmental Accounting and Financial Reporting Standards § 1300.102.

Reviewed: February 2014
Revised: July 2012

2010-1003

This Statement of Position is not legal advice and is subject to revision.

An Equal Opportunity Employer

Fund Balance Reporting			
Classification	Definition	Examples	
Nonspendable	“Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.” ²	<ul style="list-style-type: none"> • Inventories, • Prepaid items, • Long-term receivables in the general fund, and • Permanent principal of endowment funds. 	
Restricted	“Fund balance should be reported as restricted when constraints placed on the use of resources are either: <ol style="list-style-type: none"> Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or Imposed by law through constitutional provisions or enabling legislation.”³ 	<ul style="list-style-type: none"> • Restricted by state statute, • Unspent bond proceeds, • Grants earned but not spent, • Debt covenants, • Taxes dedicated to a specific purpose, and • Revenues restricted by enabling legislation. 	
Unrestricted	Committed	“Used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority.” ⁴	<ul style="list-style-type: none"> • The governing board has decided to set aside \$1M for a new city hall. • Property tax levies set for a specific purpose by resolution.
	Assigned	“Amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.” ⁵	<ul style="list-style-type: none"> • Governing board has set aside \$2 million for a county hospital and the county manager may amend this up to \$100,000. • Governing body delegates the authority to assign fund balance to the finance officer. • Governing board has appropriated fund balance often to balance next year’s budget.⁶ • Positive residual balances in governmental funds other than the general fund.
	Unassigned	Unassigned fund balance is the residual classification for the General Fund. This is fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other governmental funds would report deficit fund balances as unassigned. ⁷	

² GASB Statement No. 54, ¶ 6.

³ GASB Statement No. 54, ¶ 8.

⁴ GASB Statement No. 54, ¶ 10.

⁵ GASB Statement No. 54, ¶ 13.

⁶ See appropriated fund balance section of this document.

⁷ GASB Statement No. 54, ¶ 17.

Classifying Fund Balance

A local government should classify its fund balances based on the nature of the particular net resources reported in a governmental fund. The government would first start by identifying nonspendable net resources, followed by restricted, committed, assigned and lastly unassigned. This will classify a fund's net resources from those that have the most constraints placed on their use to the least. A fund's net resources also are affected by the spending policy of that government. A local government should determine the order of use of resources when expenditures are incurred. Are restricted resources used first? Or, if available for use, are unrestricted net resources (committed, assigned, or unassigned) used first? If a local government does not have an accounting policy that identifies the order of use of resources, then the net resources with the most constraints are used first.

Unrestricted Fund Balance

Unrestricted fund balance is the amount of fund balance left after determining both nonspendable and restricted net resources. The unrestricted fund balance is the amount of fund balance that a local government, itself, has placed constraints on its use (committed and assigned) and fund balance that does not have any specific purpose identified for the use of those net resources (unassigned). Unrestricted fund balance, therefore, includes the committed, assigned, and unassigned classifications. Committed and assigned fund balance represent resources set aside by the government to fund specific purposes. The two classifications differ in the formality of the action required to set aside the net resources.

The government's highest level of decision-making authority is required to commit available fund balance to a specific purpose. Once the action has been taken, the committed funds cannot be used for any other purpose unless the commitment is rescinded by the same type of action that previously committed the funds. The action taken to commit the funds must be taken prior to the end of the fiscal year, but the specific amount may be determined in the subsequent period.

The authority to assign may be delegated to an official other than the governing body. Unlike committed fund balance, the action taken to assign fund balance may be made after year end. In governmental funds other than the general fund, the assignment must follow the government's intent for the specific purpose of the individual funds. Therefore, all remaining positive fund balances in the special revenue, debt service, and capital projects funds are classified as assigned.

Unassigned fund balance represents the remaining unrestricted fund balance in the general fund after identifying fund balance that has been committed or assigned. Deficits in fund balances of other governmental funds are reported as unassigned. Assignments should never cause a deficit in unassigned fund balance to occur.

Stabilization Arrangements: Restricted/Committed vs. Unassigned

Many local governments currently set aside part of fund balance for emergencies, working capital, cash flows, revenue shortages, or other contingencies. The authority to set aside these

amounts usually comes from ordinance or resolution. The GASB calls these types of funds “stabilization arrangements.” For a government to be able to set aside these types of funds as restricted or committed, they need to specifically define when these amounts may be used and specify a situation that cannot be expected to occur routinely. For example, identifying funds to be accessed “in an emergency” does not sufficiently detail the circumstance or condition that must be met for the funds to be considered committed. To commit these funds, the government needs to be more specific in defining an emergency. If the arrangement meets these requirements, it would be considered a specific purpose and reported as either restricted or committed, depending on the source of the constraint. Stabilization arrangements that do not meet the requirements should be reported as part of unassigned fund balance in the general fund.

Appropriated Fund Balance

Usually a local government only classifies fund balances at year end for financial reporting purposes. Thus only current, and not future, net resources are classified. Typically, the subsequent year’s budgeted expenditures are expected to be paid from the subsequent year’s revenues and not the current reporting year’s ending fund balances. On occasion, local governments will “deficit” budget, or in other words, budget more expenditures than anticipated revenues and drawdown beginning fund balance for the subsequent year. An appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year’s budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.⁸

Recommendations

Adoption of Comprehensive Fund Balance Policy

The GASB’s Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, identifies fund balance accounting policies that a local government may have or should consider. The Office of the State Auditor recommends that each local government establish/approve a formal comprehensive fund balance policy relating to accounting and financial reporting of governmental fund balances. A local government’s fund balance policy could address the following areas:

- Minimum fund balance
- Order of resource use
- Stabilization arrangements
- Committing fund balance
- Assigning fund balance

Minimum Fund Balance

The Office of the State Auditor recommends that local governments determine and establish in their fund balance policy a desired minimum level of unrestricted fund balance to maintain in

⁸ GASB Statement No. 54, ¶ 16.

their general fund and other significant governmental funds. The local government's governing body should keep revenue streams in mind when determining a minimum level of fund balance for their policy. Often a local government's revenue stream is not evenly distributed throughout the year. A local government will need sufficient beginning fund balances to pay expenditures until these revenues are received. For example, funds that rely heavily on property taxes must maintain sufficient financial resources until the next tax revenue collection cycle. Funds that rely on state appropriations and grants should consider the timing of those payments. Also, local governments need to maintain a prudent level of financial resources to protect against a forced service level reduction or having to raise taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

Other considerations include the predictability of revenues and the volatility of expenditures. A local government may need higher levels of unrestricted fund balance if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile, such as greater expenditures in the early part of the year. The availability of resources in other funds and the potential drain on the general fund resources from other funds could affect the necessary level of minimum unrestricted fund balance. The availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the general fund, just as deficits in other funds may require that a higher level of unrestricted fund balance be maintained in the general fund.

After establishing a minimum level of unrestricted fund balance, the policy should provide for both a time frame and a specific plan for increasing or decreasing the level of unrestricted fund balance. If the actual unrestricted fund balance is not consistent with the policy, a plan should be developed by the governing body that will allow for compliance with the desired minimum level. The fund balance policy should include a provision for a regular review of the sufficiency of the minimum fund balance level.

Order of Resource Use/Fund Balance Flow Assumption

The Office of the State Auditor recommends that local governments include in their comprehensive fund balance policy the normal order of resource use. The policy should identify which fund balance resources (restricted or unrestricted) are normally used first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, for unrestricted fund balance, the local government should identify the order in which committed, assigned, or unassigned amounts are spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Stabilization Arrangements

The Office of the State Auditor also recommends that local governments consider establishing a stabilization arrangement for emergency situations in their comprehensive fund balance policy. The policy should establish the amount to be set aside, identify the types of nonroutine emergencies/situations that would meet the need for use of stabilization funds, and clearly state that the amount set aside may only be used for the identified emergency situations.

Committing Fund Balance

The Office of the State Auditor also recommends that a local government's governing body identify in its comprehensive fund balance policy its process for committing fund balance to a specific purpose. The policy could identify the local government's highest level of decision making authority, what formal action is required to commit fund balance, and what specific purposes normally will require committing resources.

Assigning Fund Balance

Furthermore, the Office of the State Auditor recommends each local government that decides to delegate the authority to assign fund balance for a specific purpose include in their comprehensive fund balance policy the body or official authorized to assign amounts to a specific purpose and the types of specific purposes that may be assigned by that delegated body or official. The policy should also specify how the amounts for such assignments are arrived at and whether the governing body will set the assignments annually or will set up a process to make the assignment based on the guidelines established by the governing body.



Appropriate Fund Balance Levels

The Office of the State Auditor recommends that, at year-end and/or at other key times of the year, local governments that rely significantly on property taxes maintain an unrestricted fund balance of approximately 35 to 50 percent of fund operating revenues or no less than five months of operating expenditures in their general fund and special revenue funds. This amount of unrestricted fund balance should provide the local government with adequate funds until the next property tax revenue collection cycle. The adequacy of unrestricted fund balance should be assessed based on an individual local government's own circumstances. If the local government's unrestricted fund balance is less than or greater than the recommended level, the local government should be able to explain the reason for the difference.

According to the Minnesota Department of Education, Minnesota school districts, unlike most local governmental units, experience timing of receipts from local property tax levies, state aids, and federal aids that provide a more reliable flow of cash to fund operations. Therefore, a recommended unrestricted fund balance for school districts may be less than the amounts recommended above for other local governmental units. Each school district should determine the appropriate level of unrestricted fund balance based on the school district's circumstances.

Local governments should also consider taking a position on the level of unrestricted fund balance in other funds that have unrestricted revenues. In setting an appropriate level, the local government should consider any long-term forecasting/planning issues to avoid the risk of placing too much emphasis on the level of unrestricted fund balance at any one time.

CITY OF WINDOM, MINNESOTA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2015



CliftonLarsonAllen

**CITY OF WINDOM, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

As management of the City of Windom (the City), Minnesota, we offer readers of the City of Windom's financial statements this narrative overview and analysis of the financial activities of the City of Windom for the fiscal year ended December 31, 2015.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Windom exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$50,202,159 (net position). The unrestricted portion of net position, the portion used to meet the City's ongoing obligations to citizens and creditors, is \$21,321,147.
- The City's total net position increased by \$1,872,326 from 2014.
 - As of the close of the current fiscal year, the City of Windom's governmental funds reported a combined ending fund balance of \$6,452,167, a decrease of (\$880,239) in comparison with the prior year. The overall *unassigned fund balance* is \$1,825,516.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,309,208 or 63% of total 2015 general fund expenditures. This is below the City policy of 75% of next years' budgeted general fund expenditures but there is a plan in place to replenish this fund balance within three years.
- The City of Windom's total long-term debt increased by \$2,844,656 or 11.1% during the current fiscal period. This increase is attributed to issuance of \$5,546,800 Gross Revenue Hospital Bonds Series 2014A.
 - The City of Windom continues to market developed lots in the NWIP and sold lots to Ryan Company for a warehouse building that is to be used by The Toro Company. This warehouse is estimated to be valued at \$7-8 million. The EDA is also pursuing funding for NWIP Phase II project and is pursuing a large manufacturing project.
 - The City and utility staff are working on a conversion of the City's utility billing system. This new system will assist with efficiencies, more accurate billings and provide on-line features for customers. The planned implementation date is June 2016.
 - The Water, Wastewater, and Electric Departments completed the installation of new electric and water meters for every residential and commercial customer during 2015. The new radio read meters will save time and provide for more accurate readings. The new meters replace many meters that were 20-30 years old.

This discussion and analysis are intended to serve as an introduction to the City of Windom's basic financial statements. The City of Windom's basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

**CITY OF WINDOM, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 11 FUND BALANCE

At December 31, 2015, the City had various fund balances restricted, or assigned through legal restriction and City Council authorization. Major fund balance appropriations at December 31, 2015 are shown on the various balance sheets as segregations of fund balance. The fund balances are as follows:

	General Fund	Economic Development Fund	Other Governmental Funds	Governmental Funds Total
Nonspendable				
Inventory	\$ 22,306	\$ -	\$ -	\$ 22,306
Prepaid Expenses	1,000	10,000	-	11,000
Total Nonspendable	<u>23,306</u>	<u>10,000</u>	<u>-</u>	<u>33,306</u>
Restricted				
Debt Service	-	-	816,388	816,388
Donations for Fire, Well and Park	82,120	-	-	82,120
Tax Increment Funding	-	328,832	-	328,832
Capital Projects	-	-	109,750	109,750
Total Restricted	<u>82,120</u>	<u>328,832</u>	<u>926,138</u>	<u>1,337,090</u>
Committed				
Economic Development	-	1,033,937	-	1,033,937
Assigned				
Ambulance	-	-	1,658,518	1,658,518
Economic Development	-	-	-	-
Airport	52,062	-	-	52,062
Library	95,360	-	-	95,360
Pool	35,962	-	-	35,962
Capital Projects	-	-	380,416	380,416
Total Assigned	<u>183,384</u>	<u>-</u>	<u>2,038,934</u>	<u>2,222,318</u>
Unassigned	<u>2,309,208</u>	<u>-</u>	<u>(483,692)</u>	<u>1,825,516</u>
Total Fund Balance	<u>\$ 2,598,018</u>	<u>\$ 1,372,769</u>	<u>\$ 2,481,380</u>	<u>\$ 6,452,167</u>

NOTE 12 COMMITMENTS AND CONTINGENCIES

A. Federal and State Funds

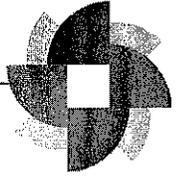
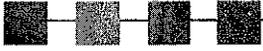
The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. Management is not aware of any disallowed claims at this time.

**CITY OF WINDOM, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 CITY INDEBTEDNESS

City indebtedness at December 31, 2015 is composed of the following:

Description	Initial Amount Issued	Maturity Date	Interest Rate	Outstanding Principal
General Obligation Bonds:				
Governmental Activities:				
GO Improvement Refunding Bonds, Series 2006A	\$ 713,000	2018	3.70-4.15%	\$ 180,000
GO Improvement Bonds, Series 2009A	1,510,000	2025	2.00-4.25%	1,090,000
GO Improvement Refunding Bonds, Series 2011B	795,000	2019	0.50-1.85%	470,000
GO Refunding Bonds, Series 2012A	980,000	2023	0.55-2.20%	870,000
GO Improvement Bonds, Series 2013A	2,590,000	2034	2.00-3.50%	2,465,000
GO Equipment Bonds, Series 2013B	615,000	2023	0.70-1.90%	550,000
Total Governmental Activities - G.O. Bonds	8,173,000			5,625,000
Business-Type Activities:				
GO Improvement & Refunding Bonds, Series 2006A	227,000	2016	3.75-4.05%	35,000
GO Refunding Bonds, Series 2012A	660,000	2023	0.55-2.20%	550,000
GO Improvement Bonds, Series 2013A	1,810,000	2034	2.00-3.50%	1,735,000
Total Business-Type Activities - G.O. Bonds	3,107,000			2,320,000
Total General Obligation Bonds	\$ 11,280,000			\$ 7,945,000
Description	Initial Amount Issued	Maturity Date	Net Interest Rate	Outstanding Principal
Note Payable:				
Governmental Activities:				
Street Shop - League of Minnesota Cities	\$ 250,000	2016	3.00%	\$ 53,010
Economic Development - Fulda Area Credit Union	442,098	2016	4.40%	335,069
Total Notes Payable	692,098			388,079
Business-Type Activities:				
River Bluff Townhomes - Bank of the West	488,847	2031	2.01%	344,736
River Bluff Townhomes - MHFA	353,305	2031	0.00%	353,305
River Bluff Townhomes - GMHF	180,000	2031	0.00%	132,300
River Bluff Townhomes - PM Windom	15,000	2015	0.00%	-
River Bluff Townhomes - Toro Foundation	15,000	2015	0.00%	-
Water Purchase - Red Rock Rural Water System	230,000	2023	0.00%	176,333
Total Note Payable	\$ 1,974,250			\$ 1,394,753
General Obligation Revenue Bonds:				
Business-Type Activities:				
Communication System Refunding Bonds, Series 2012B	\$ 11,205,000	2032	3.00-3.63%	\$ 10,105,000
GO Water & Sewer Revenue Bonds, 2011A - Water	3,090,000	2029	1.00-4.00%	3,020,000
GO Revenue Bonds, 1999	3,151,838	2018	2.57%	126,782
GO Water Revenue Bonds, 1999	1,319,714	2019	2.29%	325,000
GO Revenue Hospital Bonds, Series 2014A	5,600,000	2034	1.00-4.15%	5,600,000
Total Business-Type Activities Revenue Bonds	\$ 28,253,522			\$ 19,176,782



April 19, 2016

2016 through 2020
Five-Year Capital Improvement Plan
City of Windom, Minnesota



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SECTION V: Financing the Capital Improvement Plan

The total principal amount of requested expenditures under this Capital Improvement Plan is \$4,500,000 less any upfront cash contribution plus any costs of debt issuance and any capitalized interest. This amount represents the maximum principal amount of CIP Bonds that may be issued to \$3,650,000. Principal and interest on the CIP Bonds will be paid through a tax levy over the term of the CIP Bonds and/or other monies, further shown in Appendix A.

In the financing of the Capital Improvement Plan, two significant statutory limitations apply.

-  1. Under Chapter 475, with few exceptions, municipalities cannot incur debt in excess of 3% of the assessor's estimated market value for the municipality. In the City, the estimated market value is \$221,320,800. Therefore, the total amount of outstanding debt cannot exceed \$6,639,624 (These values are for 2015/16 tax year). As of April 19, 2016, the City has \$335,000 subject to the legal debt limit (this amount includes the Equipment Portion of the Series 2013B Bonds). As such, issuance of the CIP Bonds will be well within the overall statutory debt limit for the City.
-  2. A separate limitation under the CIP Act is that, without referendum, the total amount of principal and interest in any one year on all CIP Bonds issued by the City cannot exceed 0.16% of the total estimated market value in the municipality. In the City, that maximum annual debt service amount is \$354,113 for the 2015/16 tax year ($\$221,320,800 \times .0016$). The annual principal and interest payments on the CIP Bonds proposed to be issued under this CIP will average approximately \$243,124. As such, debt service on the CIP Bonds will be well within the annual limits under the CIP Act.

Details regarding the proposed terms of the CIP Bonds under this CIP are shown in Appendix A. The City is contemplating three bonding options (i.e., 20-year competitive sale, 3-year temporary bond sale, and a 40-year USDA loan to take-out the temporary bond after project completion). All three bond amounts will not exceed the maximum principal amount of CIP Bonds referred to above. A schedule of events for approval of the CIP and issuance of the CIP Bonds is shown in Appendix B; and the resolution calling the public hearing, form of the public hearing notice, and resolution approving the CIP are shown in Appendix C.

Continuation of the Capital Improvement Plan

This Capital Improvement Plan should be reviewed as needed by the City Council using the process outlined in this Plan. It should review proposed expenditures, make priority decisions, and seek funding for those expenditures it deems necessary for the City. If deemed appropriate, the Council should prepare an update to this Plan.