

RESOLUTION DECLARING COSTS TO BE ASSESSED
AND ORDERING PREPARATION OF PROPOSED ASSESSMENT ROLL

WHEREAS, a contract has been let for Project No. 10-01 A-F, CSAH 41/Carlson Drive/Howard Drive Improvements, improving CSAH 41 from CSAH 6 to Howard Drive, Carlson Drive from Lookout Drive to CSAH 41, and Howard Drive from CSAH 41 to a point 2,600 feet west of Lookout Drive; and

WHEREAS, the contract price for such improvement is \$5,379,074, and the expenses incurred or to be incurred in the making of such improvement amount to \$3,068,364 so that the total cost of the improvement will be \$8,447,438;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF NORTH MANKATO, MINNESOTA:

1. The portion of the cost of such improvement to be paid by the City is hereby declared to be \$4,341,905.22 and the portion of the cost to be assessed against benefited property owners is declared to be \$4,105,532.78.
2. Assessments shall be payable in equal annual installments extending over a period of ten (10) years, the first of the installments to be payable on or before the first Monday in January 2014, and shall bear interest at the rate of 5.55 percent per annum from the date of the adoption of the assessment resolution.
3. The City Clerk, with the assistance of the City Engineer, shall forthwith calculate the proper amount to be specially assessed for such improvement against every assessable lot, piece or parcel of land within the district affected, without regard to cash valuation, as provided by law, and the City Clerk shall file a copy of such proposed assessment in the Clerk's office for public inspection.
4. The Clerk shall upon the completion of such proposed assessment, notify the Council thereof.

Adopted by the City Council this 16th day of September 2013.

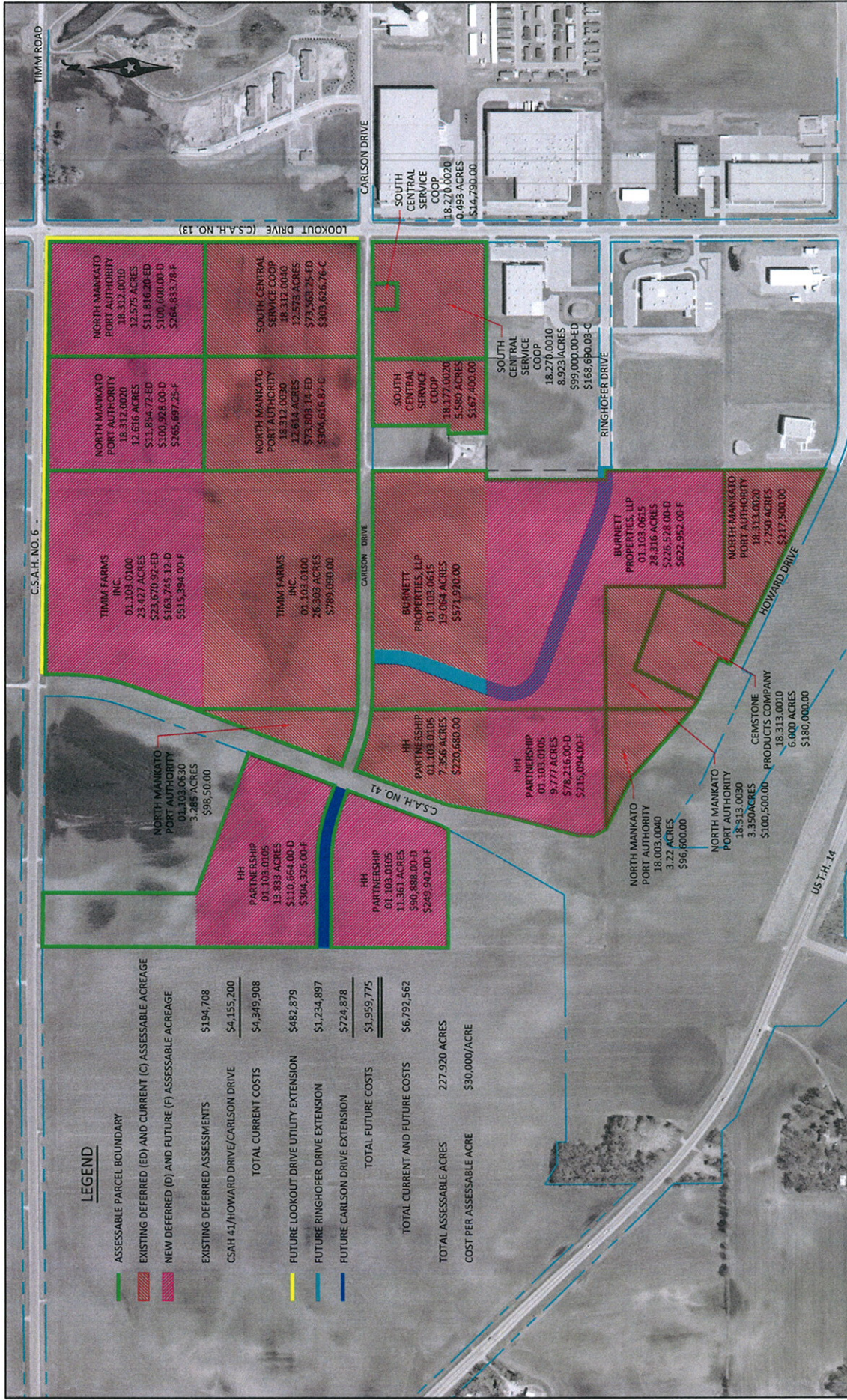
Mayor

City Clerk

ASSESSMENT ROLL
 CSAH 41/CARLSON DRIVE/HOWARD DRIVE IMPROVEMENTS
 CITY OF NORTH MANKATO
 CITY PROJECT NO. 10-01-A-F
 BMI PROJECT NO.: M12.37970

9/11/2013

LINE	PARCEL NO.	PROPERTY OWNER NAME	PROPERTY OWNER ADDRESS	CURRENT ASSESSMENT AMOUNT	DEFERRED ASSESSMENT AMOUNT	TOTAL ASSESSMENT AMOUNT	COMMENT
1	18.312.0030	NORTH MANKATO PORT AUTHORITY	1001 BELGRADE AVENUE, PO BOX 2055, NORTH MANKATO, MN 56003	\$ 304,616.87	\$ -	\$ 304,616.87	
2	18.312.0040	SOUTH CENTRAL SERVICE COOP	2075 LOOKOUT DRIVE, NORTH MANKATO, MN 56003	\$ 303,626.76	\$ -	\$ 303,626.76	ASSESSMENT PRE-PAID AT SALE
3	18.312.0020	NORTH MANKATO PORT AUTHORITY	1001 BELGRADE AVENUE, PO BOX 2055, NORTH MANKATO, MN 56003	\$ -	\$ 100,928.00	\$ 100,928.00	
4	18.312.0010	NORTH MANKATO PORT AUTHORITY	1001 BELGRADE AVENUE, PO BOX 2055, NORTH MANKATO, MN 56003	\$ -	\$ 100,600.00	\$ 100,600.00	
5	01.103.0100	TIMM FARMS INC	108 EMERALD COURT, MANKATO, MN 56001	\$ 789,090.00	\$ -	\$ 789,090.00	
6	01.103.0630	NORTH MANKATO PORT AUTHORITY	1001 BELGRADE AVENUE, PO BOX 2055, NORTH MANKATO, MN 56003	\$ 98,550.00	\$ -	\$ 98,550.00	
7	18.270.0010	SOUTH CENTRAL SERVICE COOP	2075 LOOKOUT DRIVE, NORTH MANKATO, MN 56003	\$ 168,890.03	\$ -	\$ 168,890.03	ASSESSMENT PRE-PAID AT SALE
8	18.270.0020	SOUTH CENTRAL SERVICE COOP	2075 LOOKOUT DRIVE, NORTH MANKATO, MN 56003	\$ 14,790.00	\$ -	\$ 14,790.00	ASSESSMENT PRE-PAID AT SALE
9	18.177.0020	SOUTH CENTRAL SERVICE COOP	2075 LOOKOUT DRIVE, NORTH MANKATO, MN 56003	\$ 167,400.00	\$ -	\$ 167,400.00	ASSESSMENT PRE-PAID AT SALE
10	01.103.0615	BURNETT PROPERTIES, LLP	16738 STATE HIGHWAY 66, GOOD THUNDER, MN 56037	\$ 571,920.00	\$ -	\$ 571,920.00	
11	18.003.0040	NORTH MANKATO PORT AUTHORITY	1001 BELGRADE AVENUE, PO BOX 2055, NORTH MANKATO, MN 56003	\$ -	\$ 226,528.00	\$ 226,528.00	
12	18.313.0030	NORTH MANKATO PORT AUTHORITY	1001 BELGRADE AVENUE, PO BOX 2055, NORTH MANKATO, MN 56003	\$ 96,600.00	\$ -	\$ 96,600.00	
13	18.313.0020	NORTH MANKATO PORT AUTHORITY	1001 BELGRADE AVENUE, PO BOX 2055, NORTH MANKATO, MN 56003	\$ 217,500.00	\$ -	\$ 217,500.00	
14	18.313.0010	CEMSTONE PRODUCTS COMPANY	2025 CENTRE POINTE BLVD, MENDOTA HEIGHTS, MN 55120	\$ 180,000.00	\$ -	\$ 180,000.00	ASSESSMENT PRE-PAID AT SALE
				\$ 220,680.00	\$ -	\$ 220,680.00	PARCEL IN SE CSAH 41/CARLSON DRIVE QUADRANT
				\$ -	\$ 78,216.00	\$ 78,216.00	PARCEL IN SE CSAH 41/CARLSON DRIVE QUADRANT
				\$ -	\$ 90,888.00	\$ 90,888.00	PARCEL IN SW CSAH 41/CARLSON DRIVE QUADRANT
				\$ -	\$ 110,664.00	\$ 110,664.00	PARCEL IN NW CSAH 41/CARLSON DRIVE QUADRANT
15	01.103.0105	HH PARTNERSHIP	23640 TRAILS END LANE, CLEVELAND, MN 56017	\$ -	\$ -	\$ -	
TOTALS				\$ 3,233,963.66	\$ 871,569.12	\$ 4,105,532.78	



LEGEND

- ASSESSABLE PARCEL BOUNDARY
- EXISTING DEFERRED (E) AND CURRENT (C) ASSESSABLE ACREAGE
- NEW DEFERRED (D) AND FUTURE (F) ASSESSABLE ACREAGE
- EXISTING DEFERRED ASSESSMENTS
- CSAH 41/HOWARD DRIVE/CARLSON DRIVE
- TOTAL CURRENT COSTS
- FUTURE LOOKOUT DRIVE UTILITY EXTENSION
- FUTURE RINGHOFER DRIVE EXTENSION
- FUTURE CARLSON DRIVE EXTENSION
- TOTAL FUTURE COSTS
- TOTAL CURRENT AND FUTURE COSTS
- TOTAL ASSESSABLE ACRES
- COST PER ASSESSABLE ACRE

	\$194,708
	\$4,155,200
	\$4,349,908
	\$482,879
	\$1,234,897
	\$724,878
	\$1,959,775
	\$6,792,562
	227,920 ACRES
	\$30,000/ACRE

CITY OF NORTH MANKATO, MINNESOTA
C.S.A.H. 41/CARLSON DRIVE/HOWARD DRIVE EXTENSIONS
PROPOSED ASSESSMENTS

SEPTEMBER, 2013

FIGURE NO. 1

BOLTON & MENK, INC.
Consulting Engineers & Surveyors
MANKATO, MN, CARLSON, MN, HASTERT, MN, WATKINSWOOD, MN
BARTER, MN, ROCHESTER, MN, AMES, MN, SPANGLER, IA

0 100 200 FEET
SCALE

CURRENT, DEFERRED, AND FUTURE ASSESSMENTS
CASH ON-BEHALF OF BURNHAM ROAD DRIVE IMPROVEMENTS
CITY OF NORTH MARSHO
BMI PROJECT NO. 1641-4-F
BMI PROJECT NO. M12.37970

LINE	PARCEL NO.	PROPERTY OWNER NAME	PROPERTY OWNER ADDRESS	ASSESSABLE UNITS			EXISTING DEFERRED ASSESSMENT			CURRENT ASSESSMENTS			NEW DEFERRED ASSESSMENT			FUTURE ASSESSMENT			TOTAL ASSESSMENT			
				TOTAL PARCEL ACREAGE (ACRES)	CURRENT ASSESSABLE PARCEL ACREAGE (ACRES)	DEFERRED AND FUTURE ASSESSABLE PARCEL ACREAGE (ACRES)	DEFERRED ASSESSMENT UNIT COST (\$/ACRE)	DEFERRED ASSESSMENT AMOUNT (\$)	EXISTING DEFERRED ASSESSMENT UNIT COST (\$/ACRE)	EXISTING DEFERRED ASSESSMENT AMOUNT (\$)	CURRENT ASSESSMENT UNIT COST (\$/ACRE)	CURRENT ASSESSMENT AMOUNT (\$)	NEW DEFERRED ASSESSMENT UNIT COST (\$/ACRE)	NEW DEFERRED ASSESSMENT AMOUNT (\$)	FUTURE ASSESSMENT UNIT COST (\$/ACRE)	FUTURE ASSESSMENT AMOUNT (\$)	TOTAL UNIT COST (\$/ACRE)	TOTAL ASSESSMENT AMOUNT (\$)	COMMENT			
1	13-17-0010	NORTH MARSHO PORT AUTHORITY	1001 BE GRADY AVENUE, FORT BOY 2015, NORTH MARSHO, MN 55022	32.614	32.614		52,662.83	173,823.54	52,146.11	1,324,618.87												578,423.91
2	13-17-0020	SOUTH CENTRAL SERVICE COOP	2015 DUNFORD DRIVE, NORTH MARSHO, MN 55021	32.913	32.913		52,662.83	173,823.54	52,146.11	1,324,618.87												578,423.91
3	13-17-0030	NORTH MARSHO PORT AUTHORITY	1001 BE GRADY AVENUE, FORT BOY 2015, NORTH MARSHO, MN 55022	32.916	32.916		52,662.83	173,823.54	52,146.11	1,324,618.87												578,423.91
4	13-17-0040	NORTH MARSHO PORT AUTHORITY	1001 BE GRADY AVENUE, FORT BOY 2015, NORTH MARSHO, MN 55022	32.916	32.916		52,662.83	173,823.54	52,146.11	1,324,618.87												578,423.91
5	01-10-0100	HUMV SERVICES INC	108 EMERALD COURT, MARSHO, MN 55061	47.240	26.305	20.935	29,818.25	11,814.35	233,000.00	17,869,054.00												17,869,054.00
6	01-10-0200	NORTH MARSHO PORT AUTHORITY	1001 BE GRADY AVENUE, FORT BOY 2015, NORTH MARSHO, MN 55022	32.916	32.916		52,662.83	173,823.54	52,146.11	1,324,618.87												578,423.91
7	13-17-0010	SOUTH CENTRAL SERVICE COOP	2015 DUNFORD DRIVE, NORTH MARSHO, MN 55021	32.913	32.913		52,662.83	173,823.54	52,146.11	1,324,618.87												578,423.91
8	13-17-0020	SOUTH CENTRAL SERVICE COOP	2015 DUNFORD DRIVE, NORTH MARSHO, MN 55021	32.913	32.913		52,662.83	173,823.54	52,146.11	1,324,618.87												578,423.91
9	13-17-0030	SOUTH CENTRAL SERVICE COOP	2015 DUNFORD DRIVE, NORTH MARSHO, MN 55021	32.913	32.913		52,662.83	173,823.54	52,146.11	1,324,618.87												578,423.91
10	01-10-0115	BURNETT PROPERTIES, LP	1074 STATE HIGHWAY 66, COOND MANAGER, MN 55021	47.380	26.674	20.706	53,000.00	1,657,000.00	50,000.00	2,500,000.00												2,500,000.00
11	13-17-0010	NORTH MARSHO PORT AUTHORITY	1001 BE GRADY AVENUE, FORT BOY 2015, NORTH MARSHO, MN 55022	32.916	32.916		52,662.83	173,823.54	52,146.11	1,324,618.87												578,423.91
12	13-17-0020	SOUTH CENTRAL SERVICE COOP	2015 DUNFORD DRIVE, NORTH MARSHO, MN 55021	32.913	32.913		52,662.83	173,823.54	52,146.11	1,324,618.87												578,423.91
13	13-17-0030	NORTH MARSHO PORT AUTHORITY	1001 BE GRADY AVENUE, FORT BOY 2015, NORTH MARSHO, MN 55022	32.916	32.916		52,662.83	173,823.54	52,146.11	1,324,618.87												578,423.91
14	13-17-0040	GENSTONE PRODUCTS COMPANY	2025 CENTRE POINTE BLVD, MENZIEVA HEIGHTS, MN 55129	6.000	6.000		50,000.00	1,800,000.00	50,000.00	2,500,000.00												2,500,000.00
15	01-10-0100	HI PARTNERSHIP	27540 TRAILS END LANE, CLEVELAND, MN 55012	54.130	7.396	46.734	18,000.00	837,000.00	18,000.00	324,000.00												324,000.00
				TOTALS	226.719	111.009	3,299,799.33	1,324,618.87	17,869,054.00	34,329,248.37												34,329,248.37

RESOLUTION ORDERING HEARING ON PROPOSED ASSESSMENT
FOR PROJECT NO. 10-01ABCDEF,
CSAH 41/CARLSON DRIVE/HOWARD DRIVE IMPROVEMENTS

WHEREAS, by a resolution passed by the City Council on September 16, 2013, the City Clerk was directed to prepare a proposed assessment of the cost of Project No. 10-01ABCDEF, CSAH 41/Carlson Drive/Howard Drive Improvements, improving CSAH 41 from CSAH 6 to Howard Drive, Carlson Drive from Lookout Drive to CSAH 41, and Howard Drive from CSAH 41 to a point 2,600 feet west of Lookout Drive, and

WHEREAS, the City Clerk has notified the City Council that such proposed assessment has been completed and filed in her office for public inspection,

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF NORTH MANKATO, MINNESOTA:

1. A hearing shall be held at 7 p.m. on October 7, 2013 in the Municipal Building Council Chambers located at 1001 Belgrade Avenue, North Mankato, Minnesota to pass upon such proposed assessment. All persons owning property affected by such improvement will be given an opportunity to be heard with reference to such assessment.
2. The City Clerk is hereby directed to cause a Notice of Hearing on the proposed assessment to be published once in the official newspaper at least two weeks prior to the hearing, and shall state in the notice the total cost of the improvement. The City Clerk shall also cause mailed notice to be given to the owner of each parcel described in the assessment roll not less than two weeks prior to the hearing.
3. The owner of any property so assessed may, at any time prior to certification of the assessment to the Nicollet County Auditor, pay the whole amount of the assessment on such property, with interest accrued to the date of payment, to the City Clerk, except that no interest shall be charged if the entire assessment is paid within 30 days from the adoption of the assessment. An owner may at any time thereafter, pay to the County Auditor the entire amount of the assessment remaining unpaid, with interest accrued to December 31 of the year in which such payment is made. Such payment must be made before November 15 or interest will be charged through December 31 of the succeeding year.

Adopted by the City Council this 16th day of September, 2013

Mayor

City Clerk

NOTICE OF HEARING ON PROPOSED ASSESSMENT
FOR PROJECT NO. 10-01ABCDEF
CSAH 41/CARLSON DRIVE/HOWARD DRIVE IMPROVEMENTS

NOTICE IS HEREBY GIVEN that the City Council of the City of North Mankato, Minnesota, will meet in the Council Chambers of the Municipal Building, 1001 Belgrade Avenue, North Mankato, Minnesota, at 7 p.m. on the 7th day of October, 2013, to consider the proposed assessment for Project No. 10-01ABCDEF; improving CSAH 41 from CSAH 6 to Howard Drive, Carlson Drive from Lookout Drive to CSAH 41, and Howard Drive from CSAH 41 to a point 2,600 feet west of Lookout Drive.

Complete copies of the assessment roll are available for public inspection upon request in the Office of the City Clerk. The area proposed to be assessed is the property abutting said improvements. Written or oral objections to these assessments will be considered at the hearing. The total cost of the improvement is \$871,569.12. The amount to be assessed is \$4,105,532.79.

An owner may appeal an assessment to District Court pursuant to Minnesota Statutes Section 429.081 by serving notice of the appeal upon the Mayor or Clerk of the City within thirty (30) days after the adoption of the assessment and by filing such notice with the District Court within ten (10) days after service upon the Mayor or Clerk. No appeal may be taken as to the amount of any assessment unless a signed, written objection is filed with the Clerk prior to the hearing or presented to the presiding officer at the hearing.

The City Council may defer the payment of special assessments pursuant to Minnesota Statutes 435.193 through 435.195 for homestead property owned by a person 65 years of age or older or permanently and totally disabled for whom it would be a hardship to make the payments. In order to qualify, such a person must have limited income. If you feel you may qualify, contact the City Clerk for more specific information.

Dated this 16th day of September, 2013.

Nancy Gehrke, CMC
City Clerk
City of North Mankato

CITY OF NORTH MANKATO, MINNESOTA

RESOLUTION NO. _____

AUTHORIZING INTERFUND LOANS FOR COSTS OF
CAPITAL PROJECTS IN CONNECTION WITH PUBLIC PROJECTS

BE IT RESOLVED By the City Council of the City of North Mankato, Minnesota (the "City"), as follows:

Section 1. Background.

1.01. The City has incurred debt service costs related to capital projects.

1.02. The City advanced funds from various sources between 2007 Year to 2012 year to pay the cost of debt service costs related to capital projects described above, and now proposes to designate such advances as an interfund loan in accordance with the terms of this resolution.

Section 2. Repayment of Interfund Loans.

2.01. The City's Bond Reserve Fund (Fund No. 316) borrowed from the City's General Fund (Fund No. 101) moneys to pay debt service costs related to the projects described above, in a principal amount of up to \$1,733,208. The City's Bond Reserve Fund (Fund No. 316) will reimburse the City's General Fund (Fund No. 101) for such loan according to the repayment schedule listed in Attachment One of this resolution

2.02. The City's Bond Reserve Fund (Fund No. 316) borrowed from the City's Water Fund (Fund No. 601) moneys to pay debt service costs related to the projects described above, in a principal amount of up to \$1,083,000. The City's Bond Reserve Fund (Fund No. 316) will reimburse the City's Water Fund (Fund No. 601) for such loan according to the repayment schedule listed in Attachment Two of this resolution

2.03. The City's Bond Reserve Fund (Fund No. 316) borrowed from the City's Sewer Fund (Fund No. 602) moneys to pay debt service costs related to the projects described above, in a principal amount of up to \$353,000. The City's Bond Reserve Fund (Fund No. 316) will reimburse the City's Sewer Fund (Fund No. 602) for such loan according to the repayment schedule listed in Attachment Three of this resolution.

2.04. The Interfund Loan is payable from (i) revenues received from property tax and special assessments; and (iv) from any other revenues available to the City.

2.03. Principal (the "Payments") on the Interfund Loan shall be made in yearly increments. Payments will be credited to the respective City fund from which the Interfund Loan was drawn. All Payments shall be applied to unpaid principal of the Interfund Loan and no interest will be applied to the Interfund Loan.

2.04. Principal payments may be made in larger amounts than proposed in Attachment

1, 2, and 3 of this resolution if additional revenue becomes available to repay the Interfund Loans upon the discretion of the City Administrator.

2.05. Principal payments may not be made in a lesser amount than proposed by this resolution without authorization by the City Council as part of the annual budget process or an amendment is made to this resolution by the City Council.

2.06. The City may from time to time amend the terms of this Resolution to the extent permitted by law, including without limitation, amendment to the payment schedule.

Section 3. Effective Date. This resolution is effective upon approval.

Approved by the City Council of the City of North Mankato on the 19th day of August, 2013.

Mayor

Attest:

City Clerk

Attachment 1

Interfund Loans Outstanding Payable from the Debt Service Funds to the General Fund

<u>Year</u>	<u>Payment</u>	<u>Balance</u>
2012		\$1,733,208
2013	\$396,584	\$1,336,624
2014	\$169,320	\$1,167,304
2015	\$169,320	\$997,984
2016	\$169,320	\$828,664
2017	\$169,320	\$659,344
2018	\$169,320	\$490,024
2019	\$169,320	\$320,704
2020	\$169,320	\$151,384
2021	\$151,384	\$0

Attachment 2

Interfund Loans Outstanding Payable from the Debt Service Funds to the Water Fund

<u>Year</u>	<u>Payment</u>	<u>Balance</u>
2012		\$1,083,000
2013	\$0	\$1,083,000
2014	\$108,300	\$974,700
2015	\$108,300	\$866,400
2016	\$108,300	\$758,100
2017	\$108,300	\$649,800
2018	\$108,300	\$541,500
2019	\$108,300	\$433,200
2020	\$108,300	\$324,900
2021	\$108,300	\$216,600
2022	\$108,300	\$108,300
2023	\$108,300	\$0

Attachment 3

Interfund Loans Outstanding Payable from the Debt Service Funds to the Sewer Fund

<u>Year</u>	<u>Payment</u>	<u>Balance</u>
2012		\$353,000
2013	\$0	\$353,000
2014	\$35,300	\$317,700
2015	\$35,300	\$282,400
2016	\$35,300	\$247,100
2017	\$35,300	\$211,800
2018	\$35,300	\$176,500
2019	\$35,300	\$141,200
2020	\$35,300	\$105,900
2021	\$35,300	\$70,600
2022	\$35,300	\$35,300
2023	\$35,300	\$0



Budget Reserve Policy

Section One: Objectives

It is the policy of the Governing Body to maintain prudent reserve amounts in City funds in order to maintain working capital, fund capital asset replacement, and fund debt retirement. The appropriate amount of reserves for a given fund will vary due to differences in cash flow, revenue and expenditure volatility, services provided, and statutory considerations.

The Governing Body believes it is important to maintain prudent reserves to mitigate current and future risks (such as revenue shortfalls and unanticipated expenditures), ensure stable tax rates, and protect the city's creditworthiness.

Section Two: Scope

The Calculation of prudent reserve targets shall include consideration of the following factors:

A. Maintain Working Capital:

1. Maintain reserves to meet cash flow requirements
2. Maintain reserves to provide contingencies for unpredictable revenue sources
3. Maintain reserves to provide contingencies for unpredictable expenditures and emergencies (such as natural disasters)

B. Fund Capital Asset Replacement and Debt Retirement

1. Accumulate reserves to provide funding for capital asset replacement
2. Maintain reserves to meet debt reserve covenants/requirements
3. Accumulate reserves to prepay outstanding debt

C. This policy shall apply to the following City Funds:

1. General Fund
2. Debt Service Fund
3. Water Fund
4. Wastewater Fund



Budget Reserve Policy

Section Three: Definitions

DEBT SERVICE FUND: Describes the fund(s) used to account for the city’s payment of principal and interest on the city’s outstanding debt obligations, excluding those associated with any utilities operated by the city.

GENERAL FUND: The primary operating fund of the City for general government services.

WATER FUND: Describes the fund used to account for the city’s operation of the North Mankato Water Utility

WASTEWATER FUND: Describes the fund used to account for the city’s operation of the North Mankato Wastewater Utility

RESERVE TARGET: The difference between the assets and the liabilities of a city fund also commonly referred to as Fund Balance in the city’s comprehensive annual financial report (CAFR).

Section Four: Provisions

A. General Fund: The General Fund reserve target amount shall be calculated according to the following guidelines:

Reserve Category	Policy Calculations
Meet Cash flow Requirements (maintain working capital)	Maintain 35% of current year budgeted Ad Valorem Revenue
Meet Cash flow Requirements (maintain working capital)	Maintain 25% of Local Government Aid for the current budgeted year
Provide contingencies for unpredictable revenue sources (maintain working capital)	Maintain minimum reserve equal to 1% of current year budgeted Franchise Tax revenue in the General fund
Provide contingencies for unpredictable revenue sources	Maintain minimum reserve equal to 5% of current year budgeted Hotel Tax revenue in the General Fund

Budget Reserve Policy

Provide contingencies for unpredictable revenue sources (maintain working capital)	Maintain minimum reserve equal to 20% of current year budgeted of Business License & Permit revenue in the general fund.
Provide contingencies for unpredictable revenue sources (maintain working capital)	Maintain minimum reserve equal to 35% of current year budgeted of Building Permit revenue in the general fund.
Provide contingencies for unpredictable revenue sources (maintain working capital)	Maintain minimum reserve equal to 15% of the current year budgeted of Charges for Service in the general fund.
Provide contingencies for unpredictable revenue sources (maintain working capital)	Maintain minimum reserve equal to 20% of the current year budgeted of Fines & Forfeitures revenue in the general fund.
Provide contingencies for unpredictable expenditures (maintain working capital)	Maintain minimum reserve equal to \$250,000 for potential new expenditures to address growth of the community or fiscal emergencies

The total dollar amount of the reserve target for the General Fund (which is the sum of the calculations listed in the preceding table) will vary each year according to the policy calculations. As a general guideline, the policy calculations are expected to generate total reserve amount that ranges between 25% - 35% (3 – 4 months) of budgeted annual expenditures.

1. Any General Fund reserve amounts in excess of 30% of the budgeted annual General Fund expenditures are one-time revenues only for the following purposes:
 - For one-time expenditures such as capital purchases and studies
 - For capital projects through transfers to the Capital Improvement Fund and other City funds
 - For increasing reserve amounts to the appropriate level for that fund

Budget Reserve Policy

- To offset the impact of economic downturns on a short-term basis (1 to 2 fiscal years)
- To accomplish community priorities deemed necessary by the Governing Body

C. Water Fund: The Water Fund reserve target amount shall be calculated according to the following guidelines:

1. 33% of yearly budgeted on-going revenues or 120 days of operating expenditures, whichever is the greatest.

The total dollar amount of the reserve target for the Water Fund will vary each year according to the policy calculations. As a general guideline, the policy calculations are expected to generate total reserve amount that ranges between 30% - 35% of budgeted annual expenditures.

1. Any Water Fund reserve amounts in excess of 33% of the budgeted annual Water Fund expenditures are one-time revenues only for the following purposes:
 - For one-time expenditures such as capital purchases and studies
 - For transfers to the Capital Improvement Fund or General Fund
 - For increasing reserve amounts to the appropriate level for that fund
 - To offset the impact of economic downturns on a short-term basis (1 to 2 fiscal years)
 - To accomplish community priorities deemed necessary by the Governing Body

D. Wastewater Fund: The Wastewater Fund reserve target amount shall be calculated according to the following guidelines:

1. 33% of yearly budgeted on-going revenues or 120 days of operating expenditures, whichever is the greatest.

The total dollar amount of the reserve target for the Wastewater Fund will vary each year according to the policy calculations. As a general guideline, the policy calculations are expected to generate total reserve amount that ranges between 30% - 35% of budgeted annual expenditures.

1. Any Wastewater Fund reserve amounts in excess of 33% of the budgeted annual Wastewater Fund expenditures are one-time revenues only for the following purposes:
 - For one-time expenditures such as capital purchases and studies
 - For transfers to the Capital Improvement Fund or General Fund
 - For increasing reserve amounts to the appropriate level for that fund

- To offset the impact of economic downturns on a short-term basis (1 to 2 fiscal years)
- To accomplish community priorities deemed necessary by the Governing Body

E. Bond & Interest Fund: The city will maintain a reserve in the city's Bond & Interest Fund between 5% and 10% of the annual principal and interest amounts due on outstanding bonds and temporary notes.

Any debt service fund reserve amounts in excess of 10% can only be used to reduce the amount of outstanding debt or to reduce the Bond & Interest property tax levy.

Section Five: PROCEDURES

A. The Finance Director shall annually prepare the status of Reserve Targets in relation to this policy and present to the city council in conjunction with the development of the annual budget.

B. If the Reserve Target amount for any fund or funds should fall below the minimum Reserve Target, the Finance Director shall submit a recovery plan for the fund or funds to the Governing Body as part of development of the annual budget.