



CITY COUNCIL AGENDA REPORT

To: Mayor and City Council	Date: January 16, 2018
From: Bruce D. Peterson, Director of Planning and Development Services	Subject: City Hall Project

AGENDA ITEM: City Hall project – next steps

INTRODUCTION/REQUEST: The City Council previously identified the need for a new or improved City Office Building as a priority for the City. That came about as a result of the Council discussion at several planning sessions last summer.

HISTORY: Since that time, staff has met to discuss several different concepts including the acquisition of existing structures, and construction of a new City Hall either in the Central Business District or elsewhere in the community.

CURRENT CIRCUMSTANCE: Recent discussions between the Administrator, Mayor and staff have resulted in a proposed course of action for the Council to review. We have engaged a local architect in some of those discussions and have sought the architect’s guidance as far as a preferred process. At the work session, it is proposed that the architect walk the Council through the project development process. Also, staff will provide the Council with several potential alternatives for sites, just to give the Council an idea on how such a building might be sited and function at various locations. The City Administrator will present the idea of a City Government Campus including City Hall, Community Center, etc.

RECOMMENDATION: That the Council narrow site choices down and authorize staff to enter into a professional services agreement for architectural services.

ISSUES: At this point in the process it is impossible to know what the costs will be. The architect has identified a very deliberate process for identifying needs, potential layouts, costs, and working with City staff and the Council to design the facilities and bring them forward as part of a public review process.

FINANCIAL IMPACT: The Council has budgeted \$8.5 million dollars for City Hall/Community Center Projects for 2018. It is understood that all work done on these projects must fit within that budget.

ALTERNATIVE:

1. To proceed with the project as proposed.
2. To send it back to staff for additional information before moving forward with the project.

RECOMMENDED MOTION: To narrow the site options to two and to authorize staff to enter into a professional services agreement with the architect.

REVIEWED BY: Bruce D. Peterson, Director of Planning and Development Services

WORK SESSION DATE: January 16, 2018

COUNCIL MEETING DATE: January 16, 2018

CONSENT AGENDA **AGENDA**

Janell Sommers

From: Ike Holland
Sent: Friday, January 12, 2018 10:05 AM
To: Janell Sommers; Judy Thompson
Cc: Ike Holland
Subject: City Hall Work Session Discussion

For: Mayor and Council
From: Ike Holland
Date: 12 January 2018
Subject: City Hall Work Session Discussion on the 16th

1. The City staff is requesting that the Council give the go ahead to start negotiations with an Architect to start on the new City Hall on the 16th.
2. Second, a site selection downtown by the Council to move forward on would be a priority.
3. Feedback on the Government Campus concept downtown.

Note: the Government Campus concept would mean that the City would buy the Hardware Hank building that would convert to the Community Center and tie into the City Auditorium. Second, we would accept ownership of the County Judicial Building and this would either be converted into a multi-use building for non-profits, museum, community center activities. Third, we would build a new City Hall between the current county court house and the current city hall building, and close off the intersection of 6th and Becker. After we complete the new city hall, we would demolish the current city hall and convert into parking.

If you add the City Auditorium, Hardware Hanks, a new city hall, the converted county court building, the library, the post office, the Carris Hospital together, combined with city parking areas, you see a governmental campus. Then you add in pocket parks, additional parking, covered drive up areas, then you start to see a walkable and user friendly area that will be widely used and with the foot traffic help maintain the economic viability of the downtown for the next 50 years at least.

I hope the Council will consider the downtown as a primary location and that creating a government campus as a priority for the reasons I have already stated.

Ike Holland

**PRELIMINARY DRAFT of
ANTICIPATED DESIGN PROCESS:**
Willmar City Hall
City of Willmar
October 30, 2017

Draft Copy, Mr Engan will go over this on the 16th. 



ENGAN ASSOCIATES
ARCHITECTS | INTERIOR DESIGNERS
shared vision. innovative design.



RESOLVING THE FACILITY NEEDS

The following is an anticipated design process for a study for a project to resolve the needs of the City of Willmar for its City Hall facility needs. It is based on and expands upon basic services as defined in AIA Document B101. We anticipate review of this process with you, the Owner, and revision of it in a mutually agreeable manner.

To accomplish a successful project, we will begin by looking at the big picture, then work through to the details. Our team is purposefully comprised of people with a diverse range of skills, perspectives and strengths.

I. PREDESIGN STUDY

- A. Project Understanding
- B. Program Study
- C. Architectural Study
- D. Estimate of Probable Cost

II. BASIC SERVICE

- A. Schematic Design
- B. Design Development
- C. Construction Documents
- D. Bidding Phase
- E. Construction Administration

III. POST OCCUPANCY (future)



PREDESIGN STUDY

A. PROJECT UNDERSTANDING

Team members including Owner and Architect create a statement that will direct the project. The statement is an outline for the work to come. It helps keep discussion and exploration focused on the Owner's goals.

Process:

- Review reasons for the project
- Review Owner's stated mission

Outcome:

- Understanding the philosophy of the project and what will make it successful
- A project statement identifying the characteristics of a successful project

B. PROGRAM STUDY

This study will describe the desired facility. It will address the needs for the facility and what the benefits of the facility will be to the community.

Process:

- Tour current facilities
- Analyze current situations—What's good? What can be better?

Outcome:

- Written program of needs that follows guidelines established by the project statement
- Program that documents the current facility as well as the facility needed in the future



C. ARCHITECTURAL STUDY

Proportional space bubbles are used to show relationships between different areas and differences in size. Details like doors, windows and plumbing fixtures are not shown at this point, helping keep the focus on how the spaces work and interact with each other.

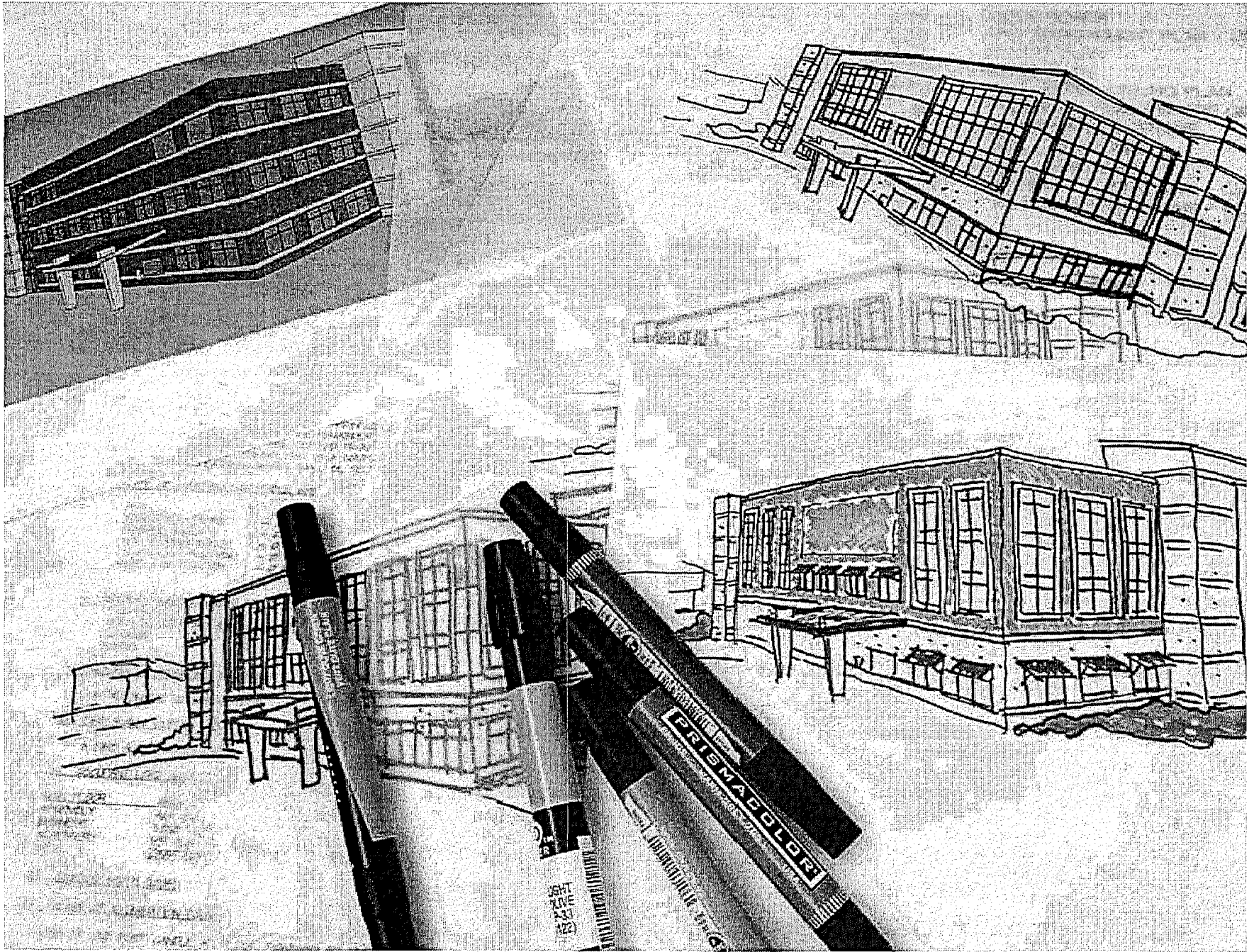
Process:

- Analyze information provided by Owner
- Use firm resources and past experience to make recommendations to Owner
- Review city zoning regulations
- Establish alternative ways of organizing site
- Begin building code review of the proposed building project
- Review alternative approaches to arrive at the desired goal
- Develop projected budget for building and site development

Outcome:

- Predesign for development that follows program of needs. This should reinforce the project statement and be in line with the Owner's mission.





D. ESTIMATE OF PROBABLE COST

Cost information is developed for decision-making.

Process:

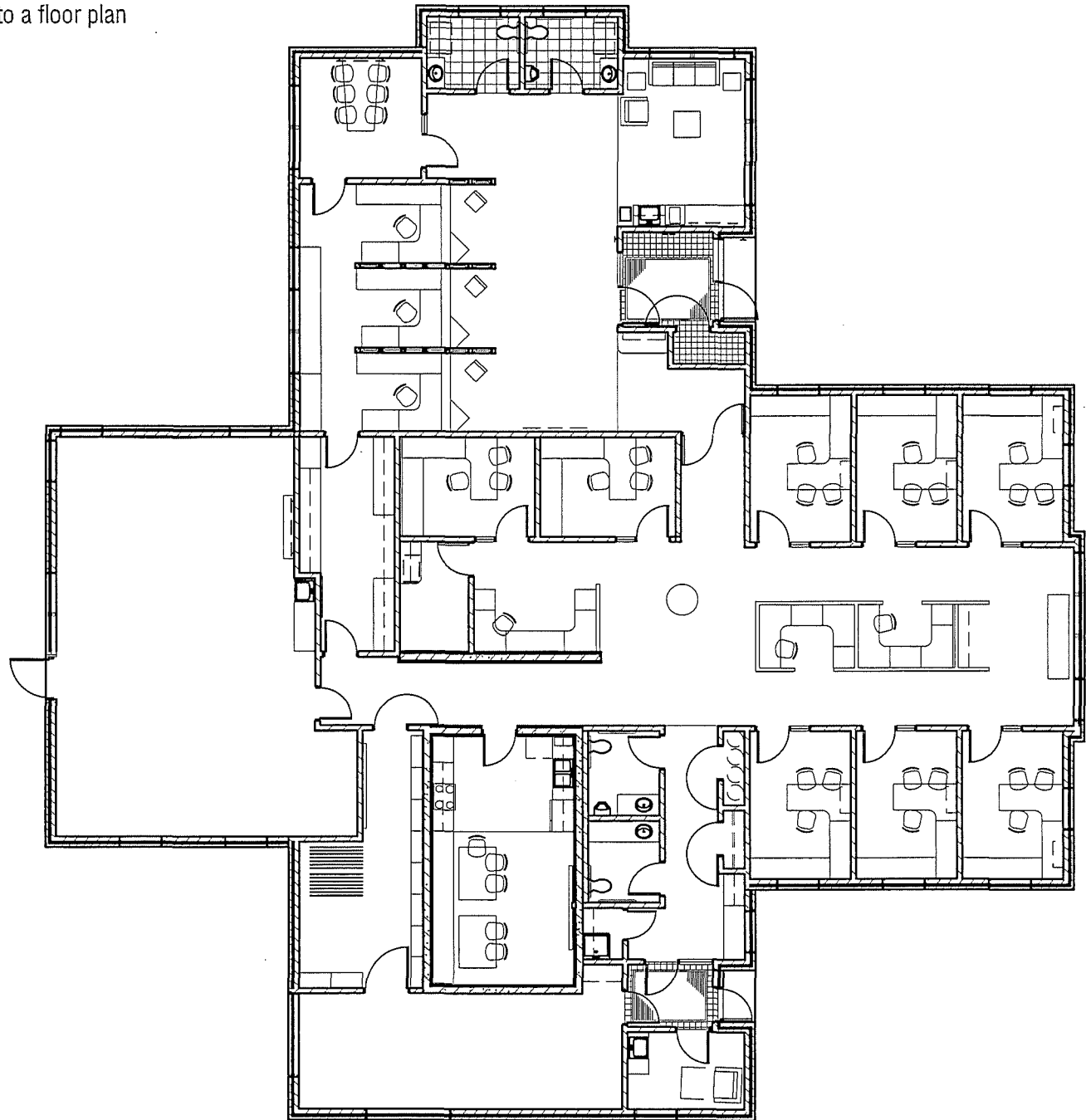
- Develop a cost estimate for the project or projects as defined by the Architectural Study. This estimate is based on information gathered on-site, in our files and from industry standards.
- Costs are broken down by possible projects, which may include:
 - » Site work
 - » Sub-structure
 - » Super-structure
 - » Exterior enclosure
 - » Roofing
 - » Interior construction
 - » Equipment
 - » Mechanical
 - » Electrical

Outcome:

- An estimate of probable project cost for the proposed building project.



Pre-design bubble diagrams evolve into a floor plan



A. SCHEMATIC DESIGN

Develop a design for the building program.

Process:

- Review the architectural study previously prepared
- Develop a building code summary for the project
- Develop schematic design
- Develop a project budget estimate
- Meet to review schematic design and follow up on discussion
- Approve schematic design

Outcome:

- Site plan
- Floor plan
- Exterior elevations
- Building code summary
- Estimate of probable cost





B. DESIGN DEVELOPMENT

Building systems are now integrated into the design of the project. The structure of the building is decided upon. The job of the Architects is to establish a tone of give and take, representing the Owner while deciding precedence of one system over another.

Process:

- Meet to review schematic design
- Review and define building systems with Owner
- Consider building code requirements
- Approve design development documents

Outcome:

Approved design development of schematic phase and documents, including:

- Site plan
- Floor plan
- Exterior elevations
- Exterior wall sections
- Roof plan
- Interior plans and elevations
- Structural
- Mechanical
- Electrical





C. CONSTRUCTION DOCUMENTS

Details are now drawn, materials specified and notes generated that finalize the Owner's desires into a viable set of documents including specifications and drawings. These documents set the scope and quality of construction expected from all trade contractors and materials suppliers.

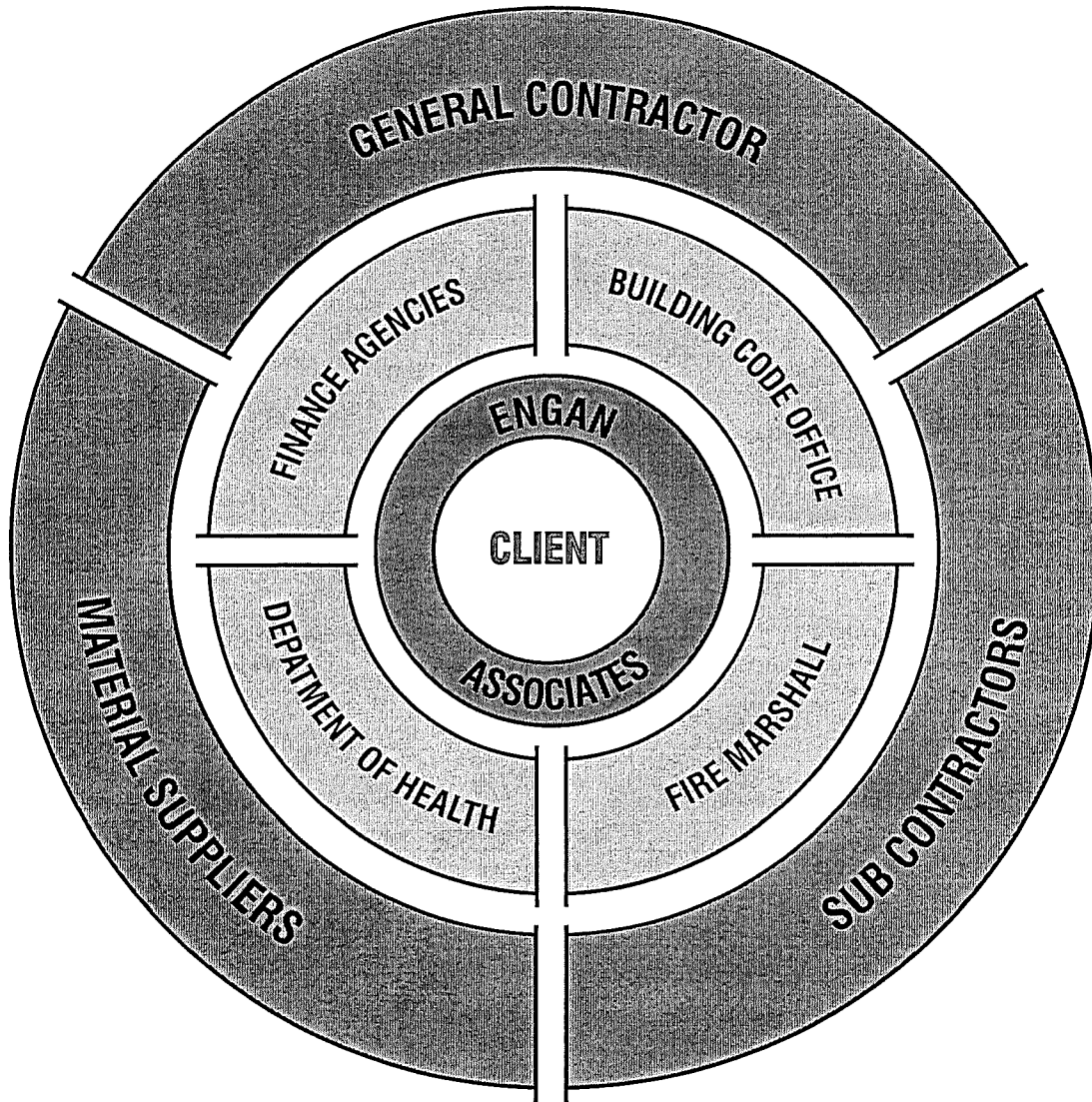
Process:

- Meet to review design development
- Review project with Department of Labor and Industry and Building Code Office
- Meet to review construction documents and follow up on discussion
- Make final revisions to construction documents
- Approve construction documents

Outcome

- Approved construction documents consistent with the project statement, including:
 - » Site plan, site details, site notes
 - » Building code review
 - » Floor plan, general notes, room schedule, finish notes
 - » Exterior elevations
 - » Wall sections
 - » Exterior details
 - » Interior elevations and details
 - » Door and frame elevations and details
 - » Ceiling plan and details
 - » Equipment plan and details
 - » Structural plans, notes and details
 - » Plumbing plans, notes and details
 - » HVAC plans, notes and details
 - » Electrical plans, notes and details
 - » Project manual:
 - » General requirements
 - » Trade specifications





This diagram shows our client-centered design approach. Engan Associates acts as the owner's agent and advocate from start to finish.

D. BIDDING & NEGOTIATING

The building team is complete at this stage. Owner, Architect, Contractor and Trade Contractors are all a team striving toward a common goal.

Process:

- Work with General Contractor to establish a complete construction team.
- Submit plans for review by Department of Labor and Industry, Building Code Office, and Fire Marshall's Office, as required.
- Issue construction documents to prospective Trade Contractors and Builders' Exchanges.
- Conduct Pre-Bid Meeting with interested Contractors.
- Answer Contractors' questions about the project.
- Issue addenda to clarify any changes in the construction documents.

Outcome:

- Construction team







E. CONSTRUCTION ADMINISTRATION

In this phase the Architect's role as the Owners' advocate is most obvious. Project managers review submitted products and drawings, conduct progress meetings and field questions from Owner and the various trades. Design staff facilitate the decision-making process in color and finish selection, thinking of the project as a whole rather than a series of parts. Quality of construction and schedule are reviewed by the project manager when a Contractor makes an application for payment. Throughout this process, architectural staff are striving to protect the Owner's interests.

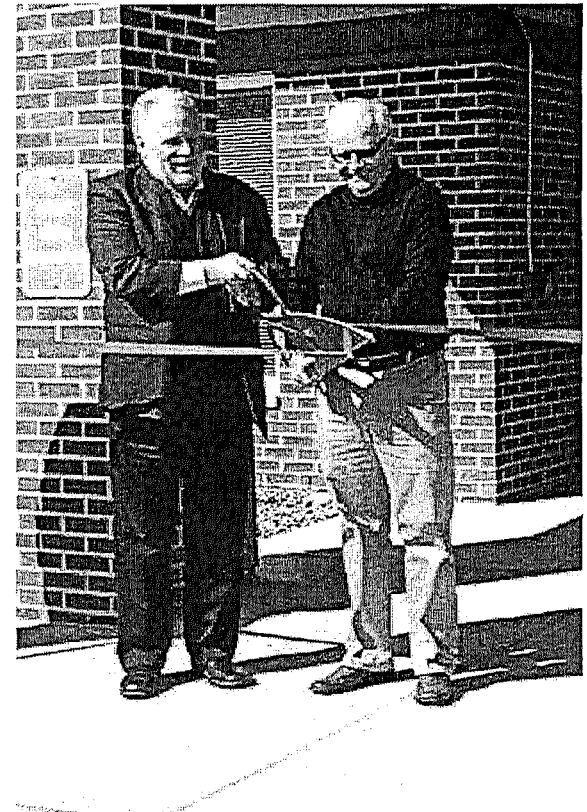
Process:

- Work with construction team to promote a seamless construction process
- Prepare for and attend the Pre-construction Meeting
- Review shop drawings
- Answer Contractor's questions
- Attend on-site Progress Meetings
- Assist in color selection
- Conduct Substantial Completion Inspection and prepare memo and Certificate of Substantial Completion

Outcome:

- A building that meets needs and expectations





III. POST OCCUPANCY

With all projects, small items require attention after the Owner occupies the building. For example, an outlet may not work or a door may not lock properly. The point of this phase is to resolve any unfinished items that may come up, ensuring the Owner is satisfied with the building project.

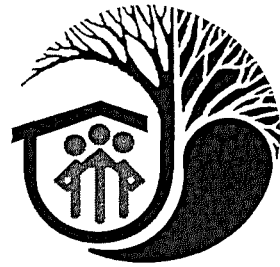
Process:

- Conduct meetings to resolve incomplete items in a satisfactory manner
- Conduct meeting to resolve warranty issues
- Issue certificate for final payment

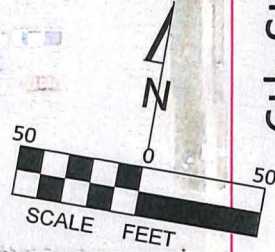
Outcome:

- A quality facility that meets the Owner's needs and mission and is adaptable to future needs





Site One Proposed Govt Campus
6th + Becker



6th St SW

5th St SW

Becker Ave SW

95-003-48

95-00

95-003-4830

95-003-4830

95-003-4840

95-003-4850

95-003-4920

95-003-4860

95-003-4910

95-003-4900

95-003-4880

95-003-4880

95-003-4875

100'

10,000 SF

100'

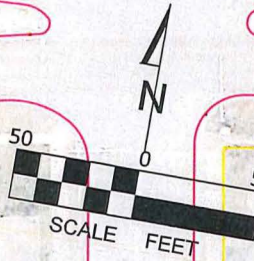
120'

10,200-SF

86'

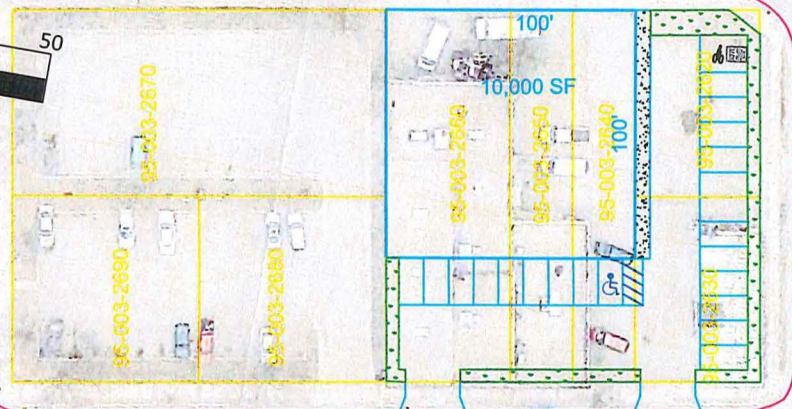
Site One Proposed Govt. Campus
6th + Becker

Site Two
Hwy 12



3rd St SW

TH No. 12



2nd St SW

Benson Ave SW

Site Two
Hwy. 12

Becker Ave SW

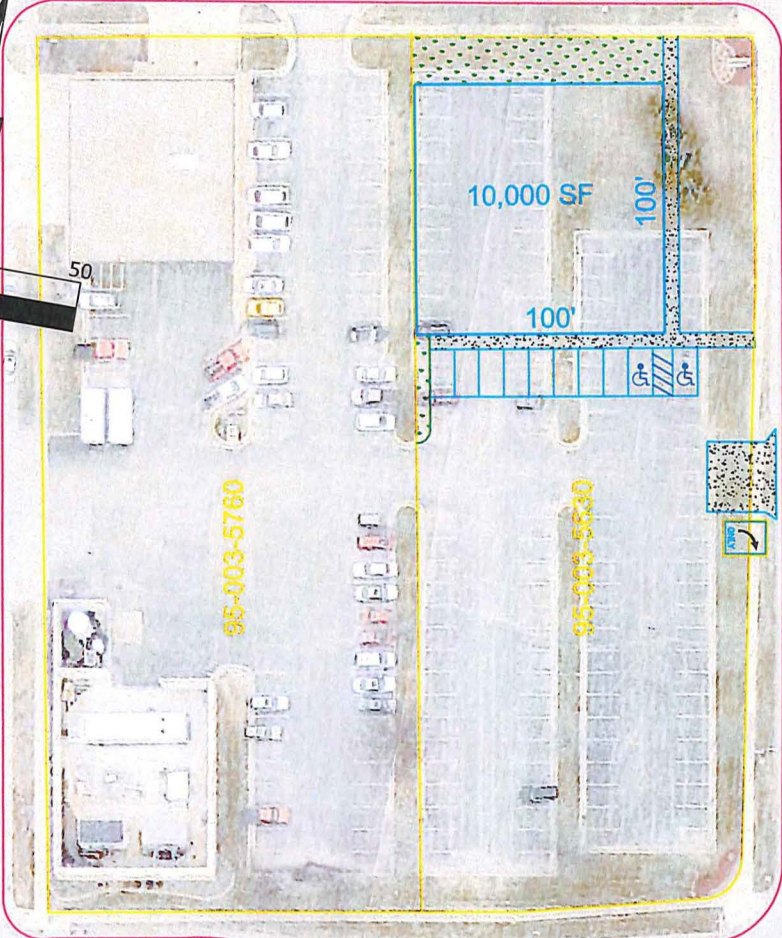
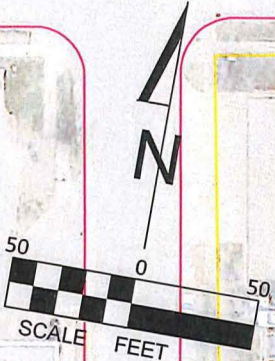
2nd St SW

1st St

Trott Ave SW

Site Three
1st + Becker

Site Three
1st & Becker Ave.



RESOLUTION NO.

DECLARING THE CITY OF WILLMAR AS A WELCOMING CITY

Motion By: _____ Second By: _____

Whereas the City of Willmar and the surrounding area is stronger when all community residents are unified, engaged and valued as both neighbors and contributors to the public good;

Whereas in further recognition of the great ideal of equality and freedom as outlined in the United States Constitution and amendments;

Whereas in pursuit of a community in which all residents without regard to age, gender, sexual orientation, socioeconomic status, race, ethnicity, religion, or country of origin should be free to pursue life, liberty and happiness;

Now, Therefore Be It Resolved, that the Willmar City Council, as representative of the City of Willmar, hereby declare and resolve the City of Willmar to be a welcoming city to all who wish to come and contribute to the public good and future success of the community.

Dated this 16th day of January, 2018.

MAYOR

ATTEST:

CITY CLERK



CITY COUNCIL AGENDA REPORT

To: Mayor and City Council	Date: January 16, 2018
From: Steve Okins, Finance Director	Subject: Reports

AGENDA ITEM: Financial Reports

INTRODUCTION/REQUEST: To receive and review the following financial reports:

1. Power Point Presentation of 12/31/17 Cash/Investment Portfolio
2. Investment Reports
 - A. 12/31/17 Cash/Investment Portfolio
 - B. 12/31/17 Investment Activity
 - C. Economic and Financial Commentary
 - D. Quarter End 12/31/17 Interest Received
 - E. Historical Quarter-End Investment Balances as of 12/31/17
 - F. Historical Quarter-End Interest Received as of 12/31/17
3. 10/31/2017 Rice Memorial Hospital Financial Statements

HISTORY: Prior to 2017, the Finance Committee previously received various reports for review. Beginning in 2017, the reports have been provided to the Council at the second work session of the month. The reports requested or supplied are ones historically requested by the City Council and can be changed, added to, or revised at any time.

CURRENT CIRCUMSTANCE: Conduct normal review of applicable financial reports.

RECOMMENDATION: Receive these financial reports for information.

ISSUES: None.

FINANCIAL IMPACT: Review for financial status.

ALTERNATIVES:

1. Receive additional reports.
2. Reduce the number of reports received.
3. Request revised format.

RECOMMENDED MOTION: None.

REVIEWED BY: Finance Director Steve Okins/City Administrator Ike Holland

WORK SESSION DATE: January 16, 2018

COUNCIL MEETING DATE: N/A

City of Willmar

Financial Report
As of December 31, 2017

City of Willmar

Investment/Cash Portfolio
As Of December 31, 2017

Investment Activity during December, 2017

INVESTMENT ACTIVITY REPORT FOR MONTH ENDED DECEMBER 31, 2017

BALANCE AT PRIOR MONTH END NOVEMBER 30, 2017	\$ 41,562,162.56
SUMMARY OF DECEMBER, 2017, TRANSACTIONS:	
(12/29/2017) PURCHASED: Multi-Bank Securities, CD-09710LCL7, 3.000%	245,000.00
(12/31/2017) Quarter-End Market Value Adjustment	(141,671.96)
	<hr/>
DECEMBER 31, 2017 BALANCE	\$ 41,665,490.60

Investments and Cash Portfolio as of December 31, 2017

	<u>BANK</u>	<u>SECURITY TYPE</u>	<u>DATE ACQUIRED</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>PAR VALUE</u>	<u>MARKET VALUE</u>
1	Wells Fargo Adv	CD	06/08/2012	06/08/2018	2.000%	\$ 150,000.00	\$ 150,336.00
2	Multi-Bank Sec	CD	05/10/2017	05/10/2019	1.600%	245,000.00	244,220.90
3	MSSB	CD	07/18/2014	07/18/2019	2.050%	97,000.00	97,164.90
4	MSSB	CD	07/22/2014	07/22/2019	2.000%	247,000.00	247,372.97
5	MSSB	CD	07/22/2014	07/22/2019	2.000%	247,000.00	247,410.02
6	MSSB	CD	07/23/2014	07/23/2019	2.050%	97,000.00	97,085.36
7	MSSB	CD	07/24/2014	07/24/2019	2.000%	247,000.00	247,081.51
8	MSSB	CD	10/08/2014	10/08/2019	2.100%	245,000.00	245,590.45
9	MSSB	CD	07/18/2014	07/20/2020	2.200%	97,000.00	97,315.25
10	MSSB	CD	08/05/2015	08/05/2020	2.300%	245,000.00	243,118.40
11	MSSB	FNMA	06/30/2017	11/25/2020	1.800%	1,000,000.00	986,680.00
12	Multi-Bank Sec	FHLMC	11/17/2016	11/17/2021	1.000-6.000%	1,000,000.00	994,420.00
13	Wells Fargo	FFCB	07/12/2016	07/11/2022	1.750%	2,000,000.00	1,949,974.00
14	Wells Fargo	FHLB	12/05/2012	12/05/2022	2.190%	1,000,000.00	^ 983,115.00
15	MSSB	FFCB	06/30/2017	06/26/2023	2.280%	2,000,000.00	1,973,460.00
16	Multi-Bank Sec	CD	10/14/2016	10/13/2023	1.500-3.000%	247,000.00	* 239,365.23
17	Multi-Bank Sec	CD	11/22/2016	11/22/2023	2.000%	247,000.00	239,014.49
18	MSSB	FNMA	04/19/2016	04/19/2024	1.500-4.500%	3,000,000.00	* 2,983,290.00
19	Wells Fargo	FHLB	08/23/2016	08/23/2024	2.000%	2,000,000.00	1,927,090.00
20	MSSB	CD	09/09/2016	09/09/2024	2.000%	245,000.00	232,980.30

Investments and Cash Portfolio as of December 31, 2017 (Con't)

	<u>BANK</u>	<u>SECURITY TYPE</u>	<u>DATE ACQUIRED</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>PAR VALUE</u>	<u>MARKET VALUE</u>
21	Wells Fargo Adv	FHLB	08/18/2016	08/18/2025	2.100%	1,000,000.00	950,350.00
22	Multi-Bank Sec	FHLMC	06/30/2017	12/29/2025	2.000-8.000%	2,000,000.00	1,988,820.00
23	Multi-Bank Sec	FNMA	03/30/2016	03/30/2026	2.000-4.500%	860,000.00	853,062.00
24	Multi-Bank Sec	FNMA	06/30/2017	03/30/2026	2.000-4.500%	250,000.00	247,947.00
25	Wells Fargo Adv	FHLMC	04/28/2016	04/28/2026	2.000-8.500%	2,000,000.00	1,952,900.00
26	UBS	FHLB	04/28/2016	04/28/2026	2.620%	2,000,000.00 *	1,941,260.00
27	UBS	FHLB	04/28/2016	04/28/2026	2.000-8.500%	3,000,000.00 *	2,901,120.00
28	UBS	FHLB	05/18/2016	05/18/2026	2.600%	333,333.33 #	324,099.67
29	Wells Fargo	FHLB	06/15/2016	06/15/2026	2.500%	1,000,000.00	971,974.00
30	Wells Fargo Adv	FHLB	06/15/2016	06/15/2026	2.000-8.000%	1,000,000.00	997,960.00
31	Multi-Bank Sec	FHLMC	06/30/2016	06/30/2026	2.000-6.000%	2,000,000.00	1,944,260.00
32	Wells Fargo Adv	FHLMC	07/27/2016	07/27/2026	1.500-5.000%	1,455,000.00	1,397,149.20
33	UBS	FFCB	08/10/2016	08/10/2026	2.140%	1,000,000.00	946,260.00
34	Wells Fargo Adv	FHLB	08/24/2016	08/24/2026	1.750-6.000%	1,000,000.00 *	962,690.00
35	Wells Fargo	FM	09/01/2016	09/01/2026	2.050%	2,000,000.00	1,866,758.00
36	UBS	FHLB	09/22/2016	09/02/2026	2.125%	2,000,000.00	1,885,340.00
37	UBS	FHLB	09/22/2016	09/22/2026	2.170%	1,080,000.00	1,017,684.00
38	Wells Fargo Adv	FHLB	09/30/2016	09/30/2026	1.750-5.500%	2,000,000.00	1,921,420.00
39	Multi-Bank Sec	FHLB	11/10/2016	11/10/2026	2.000-4.000%	2,000,000.00	1,925,040.00
40	Multi-Bank Sec	CD	12/29/2017	12/29/2027	3.000%	245,000.00	243,311.95
TOTAL INVESTMENT						\$ 42,879,333.33	\$ 41,665,490.60

Investments and Cash Portfolio as of December 31, 2017 (Con't)

	<u>BANK</u>	<u>SECURITY TYPE</u>	<u>DATE ACQUIRED</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>PAR VALUE</u>	<u>MARKET VALUE</u>
TOTAL INVESTMENTS BROUGHT FORWARD						\$ 42,879,333.33	\$ 41,665,490.60
41	Heritage Bank	Flex Gold Ckg		None	0.230%	4,004,299.81	4,004,299.81
42	Heritage Bank	Commercial Ckg		None	0.080%	6,416,640.39	6,416,640.39
43	Heritage Bank	Law Enf Forfeitur Fd		None	0.080%	64,657.54	64,657.54
44	Heritage Bank	Law Enf Explorer Fd		None	0.000%	6,629.81	6,629.81
TOTAL PORTFOLIO FOR DECEMBER 31, 2017						\$ 53,371,560.88	\$ 52,157,718.15

* Par Value is not equal to Purchase Amount

^ After Partial Call 06/14/16 of \$1,000,000

After Partial Call 11/30/16 of \$666,666.67

Total Net Market Value Decrease During Month Ended December 31, 2017 \$ (141,671.96)

Questions?

CASH/INVESTMENT PORTFOLIO AS OF DECEMBER 31, 2017

	<u>BANK</u>	<u>SECURITY TYPE</u>	<u>ACQUIRED DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>PAR VALUE</u>	<u>MARKET VALUE</u>
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8	MSSB	CD	10/08/2014	10/08/2019	2.100%	245,000.00	245,590.45
9	MSSB	CD	07/18/2014	07/20/2020	2.200%	97,000.00	97,315.25
10	MSSB	CD	08/05/2015	08/05/2020	2.300%	245,000.00	243,118.40
11	MSSB	FNMA	06/30/2017	11/25/2020	1.800%	1,000,000.00	986,680.00
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13	Wells Fargo	FFCB	07/12/2016	07/11/2022	1.750%	2,000,000.00	1,949,974.00
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20	MSSB	CD	09/09/2016	09/09/2024	2.000%	245,000.00	232,980.30
21	Wells Fargo Adv	FHLB	08/18/2016	08/18/2025	2.100%	1,000,000.00	950,350.00
22	Multi-Bank Sec	FHLMC	06/30/2017	12/29/2025	2.000-8.000%	2,000,000.00	1,988,820.00
23	Multi-Bank Sec	FNMA	03/30/2016	03/30/2026	2.000-4.500%	860,000.00	853,062.00
24	Multi-Bank Sec	FNMA	06/30/2017	03/30/2026	2.000-4.500%	250,000.00	247,947.00
25	Wells Fargo Adv	FHLMC	04/28/2016	04/28/2026	2.000-8.500%	2,000,000.00	1,952,900.00
26	UBS	FHLB	04/28/2016	04/28/2026	2.620%	2,000,000.00	1,941,260.00
27	UBS	FHLB	04/28/2016	04/28/2026	2.000-8.500%	3,000,000.00	2,901,120.00
28	UBS	FHLB	05/18/2016	05/18/2026	2.600%	333,333.33	324,099.67
29	Wells Fargo	FHLB	06/15/2016	06/15/2026	2.500%	1,000,000.00	971,974.00
30	Wells Fargo Adv	FHLB	06/15/2016	06/15/2026	2.000-8.000%	1,000,000.00	997,960.00
31	Multi-Bank Sec	FHLMC	06/30/2016	06/30/2026	2.000-6.000%	2,000,000.00	1,944,260.00
32	Wells Fargo Adv	FHLMC	07/27/2016	07/27/2026	1.500-5.000%	1,455,000.00	1,397,149.20
33	UBS	FFCB	08/10/2016	08/10/2026	2.140%	1,000,000.00	946,260.00
34	Wells Fargo Adv	FHLB	08/24/2016	08/24/2026	1.750-6.000%	1,000,000.00	962,690.00
35	Wells Fargo	FM	09/01/2016	09/01/2026	2.050%	2,000,000.00	1,866,758.00
36	UBS	FHLB	09/22/2016	09/02/2026	2.125%	2,000,000.00	1,885,340.00
37	UBS	FHLB	09/22/2016	09/22/2026	2.170%	1,080,000.00	1,017,684.00
38	Wells Fargo Adv	FHLB	09/30/2016	09/30/2026	1.750-5.500%	2,000,000.00	1,921,420.00
39	Multi-Bank Sec	FHLB	11/10/2016	11/10/2026	2.000-4.000%	2,000,000.00	1,925,040.00
40	Multi-Bank Sec	CD	12/29/2017	12/29/2027	3.000%	245,000.00	243,311.95
TOTAL INVESTMENT						\$ 42,879,333.33	\$ 41,665,490.60
41	Heritage Bank	Flex Gold Ckg		None	0.230%	4,004,299.81	4,004,299.81
42	Heritage Bank	Commercial Ckg		None	0.080%	6,416,640.39	6,416,640.39
43	Heritage Bank	Law Enf Forfeitur Fd		None	0.080%	64,657.54	64,657.54
44	Heritage Bank	Law Enf Explorer Fd		None	0.000%	6,629.81	6,629.81
TOTAL PORTFOLIO FOR DECEMBER 31, 2017						\$ 53,371,560.88	\$ 52,157,718.15

* Par Value is not equal to Purchase Amount

^ After Partial Call 06/14/16 of \$1,000,000

After Partial Call 11/30/16 of \$666,666.67

Total Net Market Value Decrease During Month Ended December 31, 2017 \$ (141,671.96)



WILLMAR



FINANCE

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INVESTMENT ACTIVITY REPORT FOR MONTH ENDED DECEMBER 31, 2017

BALANCE AT PRIOR MONTH END NOVEMBER 30, 2017	\$ 41,562,162.56
SUMMARY OF DECEMBER, 2017, TRANSACTIONS:	
(12/29/2017) PURCHASED: Multi-Bank Securities, CD-09710LCL7, 3.000%	245,000.00
(12/31/2017) Quarter-End Market Value Adjustment	(141,671.96)
	<hr/>
DECEMBER 31, 2017 BALANCE	\$ 41,665,490.60



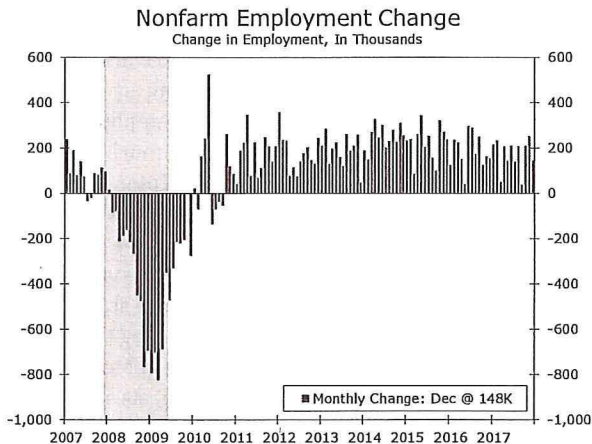
Economics Group

Weekly Economic & Financial Commentary

U.S. Review

Hot Data Releases Warm the First Week of 2018

- In the first major data release of the year, the ISM manufacturing index soared to its second fastest pace of expansion in six years. New orders fueled the rise, which bodes well for momentum to start 2018. The service sector is also expanding, though the ISM non-manufacturing index slipped in December to 55.9.
- Construction spending and factory orders continue to support our call for a solid Q4 GDP print of 2.5 percent.
- This morning's jobs report was somewhat softer than expected but still highlighted the strength of the U.S. labor market, which added 148,000 jobs in December. The jobless rate held steady to end 2017 at 4.1 percent.



Global Review

Global Economic Growth Looks Sustainable for Now

- The expansion in the global economy looks promising and sustainable for now with manufacturing activity remaining strong and in some instances improving as 2017 came to an end.
- Brazilian industrial production increased 0.2 percent in November sequentially and by a strong 4.7 percent on a year-earlier basis. Both October's month-over-month and year-over-year changes were revised up, from 0.2 percent to 0.3 percent and from 5.3 percent to 5.5 percent, respectively.
- In Chile, the monthly economic activity index increased a strong 0.7 percent in November after declining 0.3 percent in October, both sequentially and in seasonally adjusted terms.



Wells Fargo U.S. Economic Forecast													
	Actual				Forecast				Actual		Forecast		
	2017				2018				2015	2016	2017	2018	2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q					
Real Gross Domestic Product ¹	1.2	3.1	3.2	2.5	2.6	2.5	2.6	2.5	2.9	1.5	2.3	2.7	2.6
Personal Consumption	1.9	3.3	2.2	3.0	2.3	2.5	2.5	2.5	3.6	2.7	2.7	2.6	2.6
Inflation Indicators ²													
PCE Deflator	2.0	1.6	1.5	1.6	1.7	2.1	2.3	2.0	0.3	1.2	1.7	2.0	2.1
Consumer Price Index	2.6	1.9	2.0	2.1	2.0	2.6	2.7	2.1	0.1	1.3	2.1	2.3	2.1
Industrial Production ¹	1.5	5.6	-0.9	5.8	2.4	2.2	2.3	2.1	-0.7	-1.2	1.9	2.8	2.3
Corporate Profits Before Taxes ²	3.3	6.3	5.3	3.8	3.4	3.3	3.1	3.1	-1.1	-2.1	4.7	3.2	2.9
Trade Weighted Dollar Index ³	94.0	90.5	88.1	89.3	88.5	87.5	86.3	84.8	91.1	91.6	90.5	86.8	81.6
Unemployment Rate	4.7	4.4	4.3	4.1	4.1	4.0	3.9	3.8	5.3	4.9	4.4	4.0	3.8
Housing Starts ⁴	1.24	1.17	1.17	1.27	1.27	1.28	1.28	1.29	1.11	1.17	1.20	1.28	1.37
Quarter-End Interest Rates ⁵													
Federal Funds Target Rate	1.00	1.25	1.25	1.50	1.75	2.00	2.25	2.25	0.27	0.52	1.25	2.06	2.63
Conventional Mortgage Rate	4.20	3.90	3.81	3.89	4.06	4.20	4.30	4.35	3.85	3.65	3.95	4.23	4.56
10 Year Note	2.40	2.31	2.33	2.49	2.66	2.80	2.90	2.95	2.14	1.84	2.38	2.83	3.16

Forecast as of: December 21, 2017
¹ Compound Annual Growth Rate Quarter-over-Quarter
² Year-over-Year Percentage Change
³ Federal Reserve Major Currency Index, 1973=100 - Quarter End
⁴ Millions of Units
⁵ Annual Numbers Represent Averages

Inside

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Source: U.S. Department of Commerce, U.S. Department of Labor, Federal Reserve Board, IHS Global Insight and Wells Fargo Securities



U.S. Review

Economic Data Escapes the Freeze

The ISM manufacturing index for December remained in solid expansion territory, coming in at a balmy 59.7 to extend a five-month streak above 58. The last time the index posted such a run was in 2004, then 1987 prior to that. Activity rose across most sub-categories, particularly new orders, which surged to its 13-year high point. That suggests solid momentum to start 2018. Factories already appear to be having trouble keeping up with orders, as evidenced by the elevated readings for both supplier deliveries and order backlogs. That also allowed for some much needed pricing power, as prices paid rose 3.5 points to 69. International demand was also a large contributor to the increase in orders, as improving economic conditions abroad continue to buoy exports. Better economic fundamentals abroad combined with continued business optimism domestically have set the stage for a strong start to the new year for manufacturers. We will be watching the hard data for orders closely in coming months as they have yet to mirror the ISM outlook. Still, the December ISM report suggests some upside risk to our equipment forecast.

Construction outlays continued to increase in November, notching the fourth-straight month of total spending growth. Strength stemmed from a bevy of sectors. Public spending continued to build on the rise fueled by storm repairs, but it remains down on a year-to-date basis. Residential outlays were strong in November, specifically for single-family homes and remodels and repairs. Multifamily building was down on the month but positive year to date. Strength going forward is likely to come from the single-family market, as multifamily has largely topped out this cycle. Total construction spending was up at a strong 8.8 percent three month average annualized growth rate, which bodes well for Q4 GDP growth. We expect residential investment rose 9 percent.

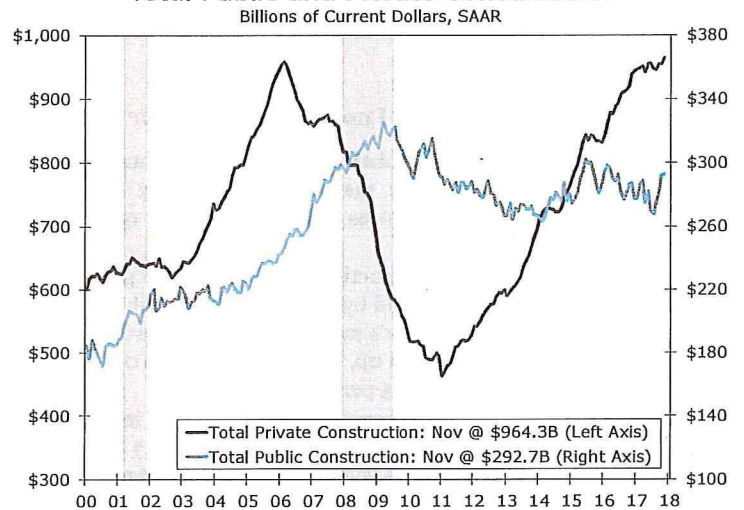
This morning's jobs report was lukewarm relative to consensus expectations. There were 148,000 net new jobs created in the last month of 2017, and revisions to previous months put the average gain over the past three months at 203,700 jobs. That is the highest three-month average posted since September 2016 and suggests solid momentum to start 2018. The U.S. labor market added 2.055 million jobs over the year. That marks a deceleration from previous years of the cycle, which is to be expected given how low the unemployment rate has drifted. The national unemployment rate held steady to end 2017 at 4.1 percent, 0.6 points lower than a year ago. The labor force participation rate was unchanged over the period. Wage gains perked up in December, rising 0.3 percent on the month. Wage growth remains lackluster over the year, rising 2.5 percent from December 2016. The low unemployment rate should put more upward pressure on wages in 2018. We expect the unemployment rate will move even lower over the next year to end 2018 at 3.8 percent.

While the 148,000-job gain was lower than even our below-consensus expectations for December, the industry detail showed jobs that were added were in a broad range of sectors. Retail trade was the only major sector to post a decline, which likely reflects the shift away from brick and mortar holiday staffing.

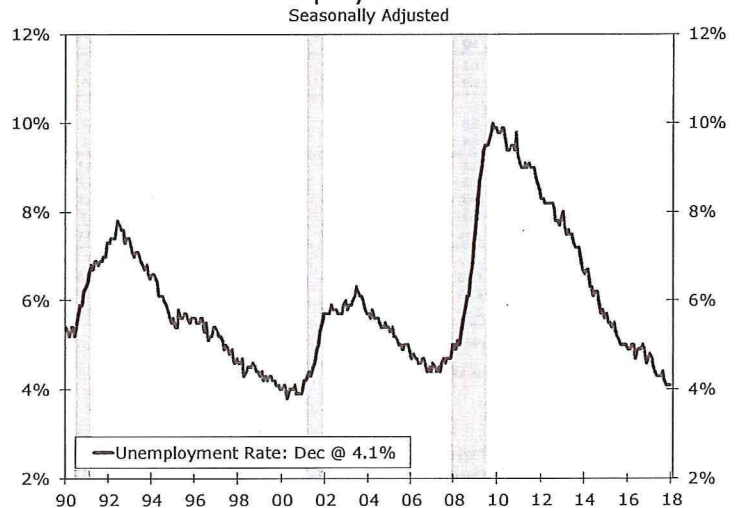
ISM Manufacturing Composite Index



Total Public and Private Construction



Unemployment Rate

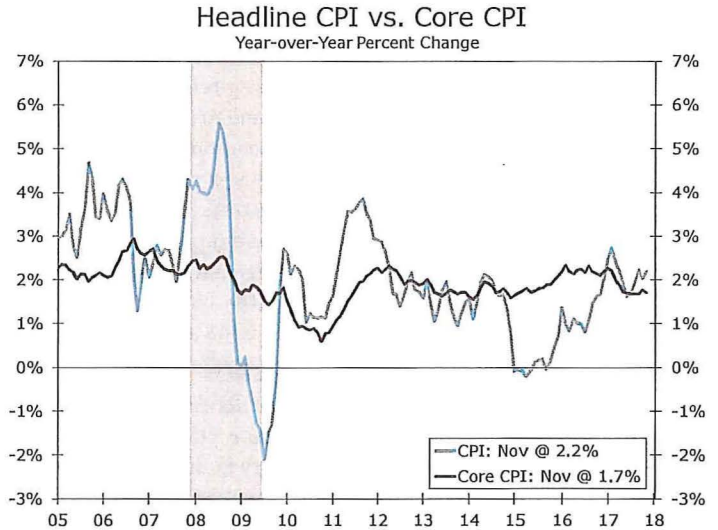


Source: ISM, U.S. Department of Commerce, U.S. Department of Labor and Wells Fargo Securities

CPI • Friday

Consumer price inflation data for December are slated to be released this coming Friday. Consumer price inflation firmed in November, with the CPI index rising 0.4 percent. That pushed the year-ago rate up to 2.2 percent compared to 1.7 percent last November. While the headline gain was in line with expectations, the 0.1 percent rise in core inflation was weaker than anticipated. However, core inflation has been picking up on trend, with the three-month annualized rate coming in at 1.9 percent. With much of the weakness in November core inflation coming from the more volatile components, we continue to expect inflation to trend higher in the coming months. The Fed's preferred measure of core inflation, the PCE deflator, has reached or surpassed the Fed's 2.0 percent target in only five months of the current expansion. As inflation should more clearly pick up in the coming months, we expect the FOMC will continue on with its gradual pace of tightening in the year ahead.

Previous: 2.2% **Wells Fargo: 2.1%**
Consensus: 2.1% (Year-over-Year)

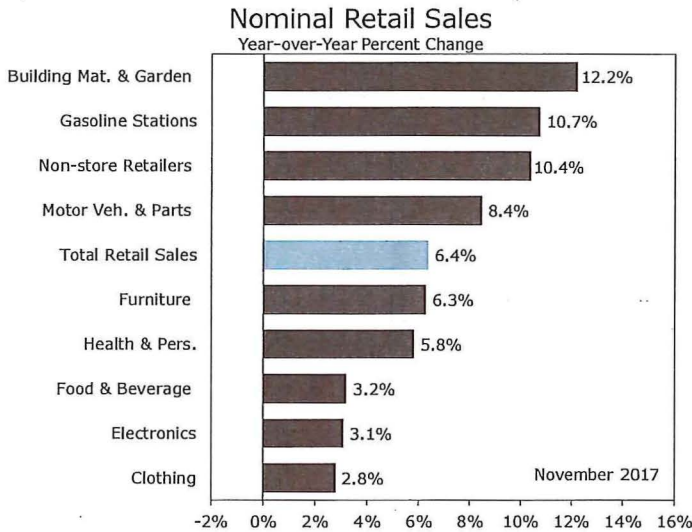


Retail Sales • Friday

The recent solid string of retail sales prints is giving more credence to the strong consumer confidence numbers. Retail sales figures for December are set to be released this coming Friday. With the 0.8 percent increase in retail and food services sales in November, plus the upwardly revised October number, from 0.2 percent to 0.5 percent, the last quarter of the year is shaping up to end 2017 on a joyful note.

Perhaps the most market-changing release in November was the strong control group sales print. Control sales, which are retail sales less food services, gas, automobiles and building materials, and used for the calculation of GDP, surged 0.8 percent in the month. We expect another strong performance by the U.S. consumer during the last quarter of the year based on the monthly data. Likewise, we look for this strength to continue into Q1-2018.

Previous: 0.8% **Wells Fargo: 0.5%**
Consensus: 0.4% (Month-over-Month)

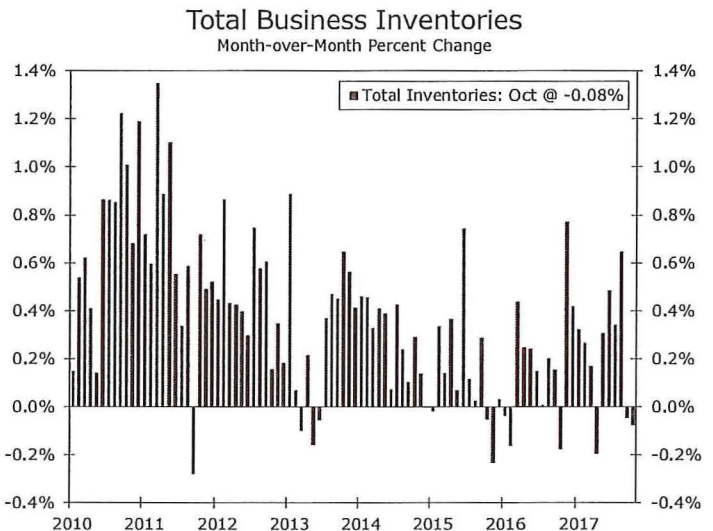


Business Inventories • Friday

This coming Friday is a busy day in the world of economic indicators as business inventory data for November are also set to be released. In October, and for only the second time this year, businesses dialed back inventories on the month. The entire decline was in the wholesale sector, which was down 0.5 percent. Retailers were flat and manufacturers actually increased stockpiles 0.2 percent. Within retail, it was a mixed picture with declines in autos offset by gains in other areas. Sales posted a 0.6 percent overall increase with gains of roughly the same magnitude across retail, wholesale and manufacturing.

After a big 0.8 percentage point boost to Q3 GDP, October's print suggests less support from inventories in Q4. November's data will help us forecast the net effect of the inventory line on the final GDP release of 2017.

Previous: -0.1% **Wells Fargo: 0.3%**
Consensus: 0.3% (Month-over-Month)



Source: U.S. Department of Labor, U.S. Department of Commerce and Wells Fargo Securities

Global Review

Global Economic Growth Looks Sustainable for Now

The expansion in the global economy looks promising and sustainable for now with manufacturing activity remaining strong and in some instances improving as 2017 came to an end. This is good news for overall economic growth expectations for 2018 and presages more changes coming to a “theater-near-you” in the coming months and quarters as policymakers, but especially monetary policymakers across the world, continue to revise their views regarding quantitative easing programs and interest rates. This policy accommodation has served as the backbone of the global economy since the Great Recession in 2008 and 2009.

These revised expectations from policymakers will probably determine the levels of volatility in markets across the world as analysts continue to gauge the prospects for potentially more tightening across the world. For now, certainty in this shift is clear in the United States, as the Federal Reserve continues its tightening campaign, but it is not that clear from other large central banks in the rest of the world.

Meanwhile, geopolitical risks may also be at play during the year even though these risks are difficult to quantify. For more on these risks please see: “The Global Economic Expansion: Mind the Risks,” which is available in our website or by request.

Brazilian and Chilean Economy on the Mend

With the release of November 2017 industrial production data for Brazil and the economic activity index for Chile, it is clear that both economies are on the comeback trail, Brazil from its worst recessionary period in history and Chile from an uncharacteristically weak economic period.

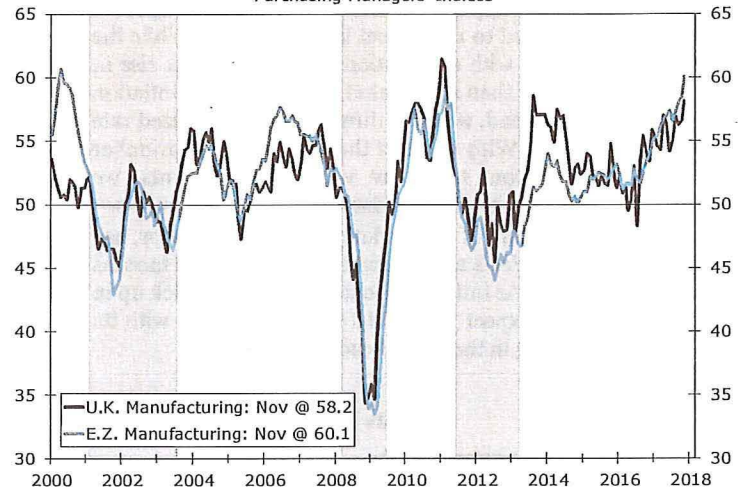
The Brazilian industrial production index increased 0.2 percent in November sequentially and by a strong 4.7 percent on a year-earlier basis, not seasonally adjusted. October’s month-over-month and year-over year changes were revised up, from 0.2 percent to 0.3 percent and from 5.3 percent to 5.5 percent, respectively. Thus, the industrial sector slowed down slightly in November but remained strong. Of course, these numbers need to be taken in the context of a depressed industrial sector over the past several years, so the improvement in the sector is still in its infancy. However, the strong performance over the past several months is encouraging. One of the biggest reasons for the slowdown in November was a relatively weak automobile sector, where output declined 0.7 percent sequentially. However, the sector is up 18.8 percent on a year-earlier basis.

In Chile, the monthly economic activity index increased a strong 0.7 percent in November after declining 0.3 percent in October, sequentially and in seasonally adjusted terms. The Chilean economy also improved on a year-ago basis, posting growth of 3.2 percent versus a 2.2 percent rate for the year ending in October.

This was the strongest year-over-year print for the Chilean economy since a 4.0 percent rate in February 2016. Thus, we expect both the Brazilian and the Chilean economies to continue to strengthen in 2018, contributing to the global economy.

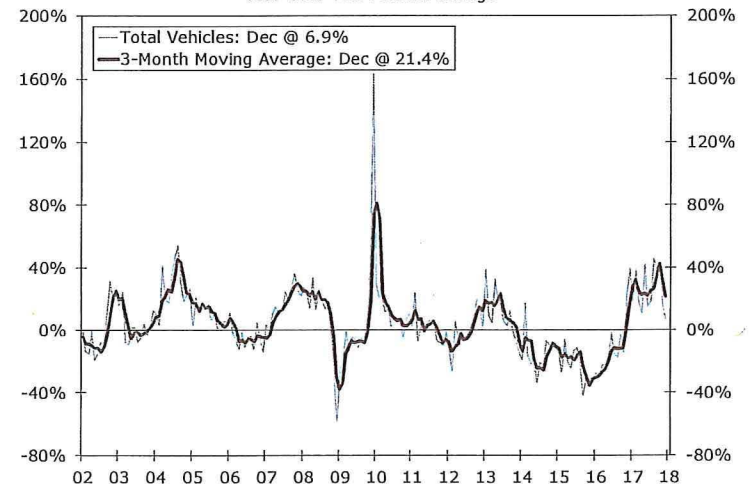
European Manufacturing

Purchasing Managers' Indices



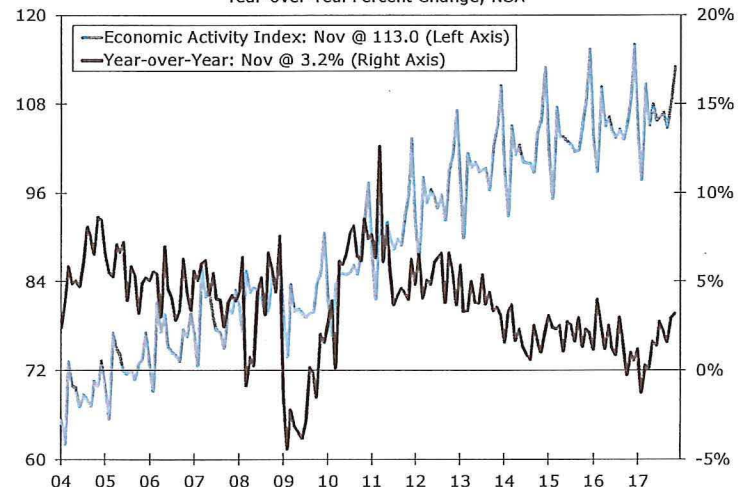
Total Brazilian Vehicle Production

Year-over-Year Percent Change



Chilean Economic Activity Index

Year-over-Year Percent Change, NSA



Source: IHS Global Insight, Bloomberg LP and Wells Fargo Securities

Canadian Housing Starts • Monday

Residential construction activity in Canada has been trending higher for the past several years. In November, the annualized pace of housing starts crested above a quarter million. That is just spitting distance from the fastest pace seen over the past decade.

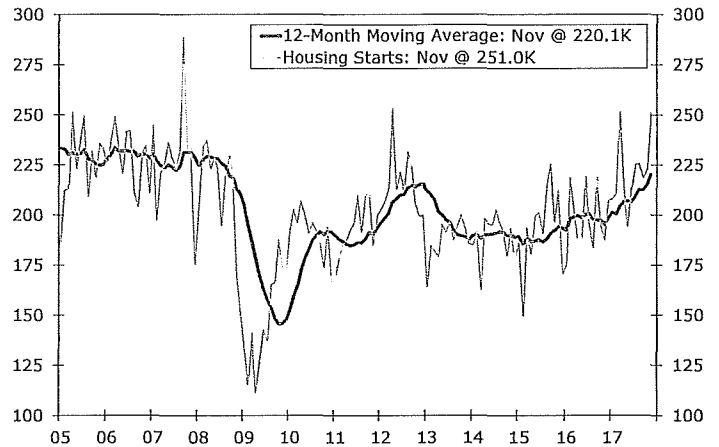
We do not forecast housing starts in Canada, but in past periods a surge like the one seen in November has proved to be short-lived, although the uptrend in the 12-month moving average suggests a firming trend. Despite some recent volatility in home prices, elevated values suggest some room in the market for new inventory.

Most of the action lately has been in multi-family with that series hitting 175,000 in November, an all-time high. December figures for housing starts will print on Monday of next week.

Previous: 252K

Consensus: 190K

Canadian Housing Starts
In Thousands



U.K. Industrial Production • Wednesday

Prospects for growth in the United Kingdom are dependent, at least to some degree, on the Brexit negotiation process. Unfortunately, there is simply no realistic way of knowing the outcome of that process at this time.

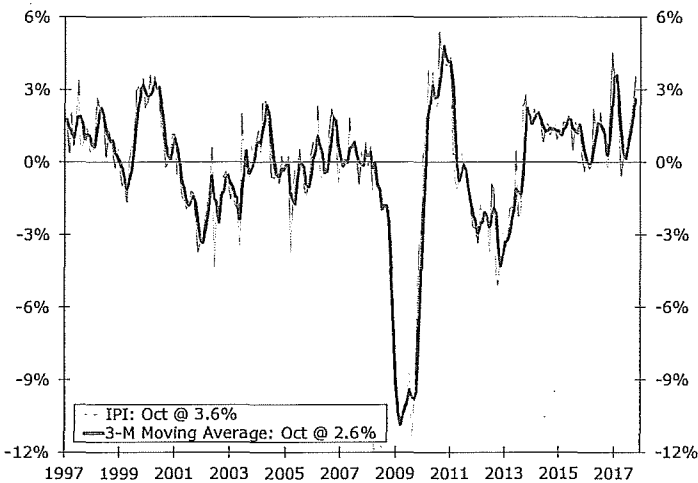
In this climate of uncertainty, we are particularly attentive to the risk that uncertainties might cause businesses to retrench via lower investment or to cut back on hiring, which could cause the British economy to weaken further.

Industrial production figures for November due out on Wednesday will offer a measure of activity in the factory sector. Output was flat in October after a 0.7 percent pick-up in the prior month. As the nearby chart shows, the year-over-year figures have been quite volatile in recent years. Even a modest monthly gain in November would likely still result in a dip in the year-over-year rate.

Previous: 3.6% (Year-over-Year)

Consensus: 1.8%

U.K. Industrial Production Index
Year-over-Year Percent Change



Australian Retail Sales • Wednesday

As the nearby chart shows, retail sales activity in Australia has seen the rate of growth trending lower over the past three years or so. Consumers in Australia face elevated levels of household debt as home prices have risen dramatically in some markets.

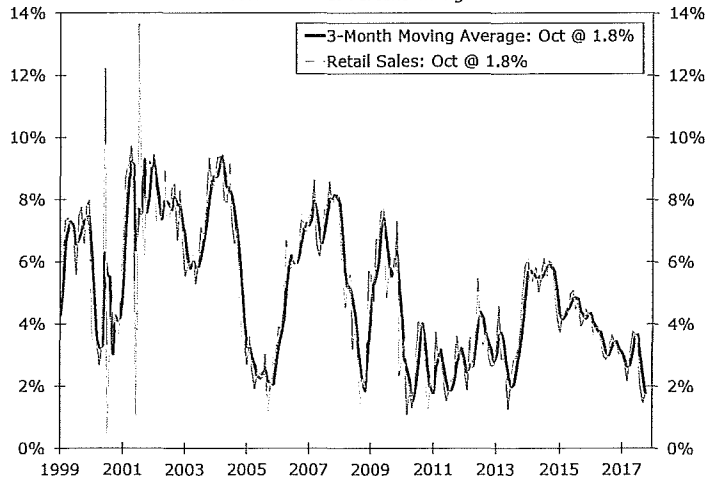
This problem has been compounded by the fact that wage growth has been under pressure in recent years making it harder for households to free up extra spending money.

The unemployment rate has been trending lower, however, and the 5.4 percent jobless rate in November was at a four-year low. Retail sales shot up 0.5 percent in October marking the second-largest monthly jump in store sales for 2017. The retail sales report for November will hit the wire on Thursday of next week and that will tell us how Aussie retailers were faring heading into the key summer selling months around Christmas.

Previous: 0.5% (Month-over-Month)

Consensus: 0.4%

Australian Retail Sales
Year-over-Year Percent Change



Source: Bloomberg LP and Wells Fargo Securities

Interest Rate Watch

Fed on Track for March Hike

Minutes from the December FOMC meeting suggest that the Fed will likely raise the fed funds rate again in March in what we believe will be the first of three rate increases this year. That comes despite some continued concerns about the outlook for inflation and more recent chatter about the flattening of the yield curve. Growth is expected to remain above its long-term rate next year, however, due in part to the tax bill providing a modest bump to consumer spending and capital investment.

Hinging on Inflation

Inflation remains the most prominent risk to the rate path. Inflation's continued shortfall from the Fed's target and lower inflation expectations led to dissents from Charles Evans and Neel Kashkari, but concern looked to extend to at least one other non-voter. Nevertheless, many members remain of the belief that as the labor market tightens, higher wages and inflation will follow.

The uncertainty surrounding which matters more for inflation over the medium term—lower expectations or slack—left inflation noted as both an upside and downside risk to the current path of rate hikes.

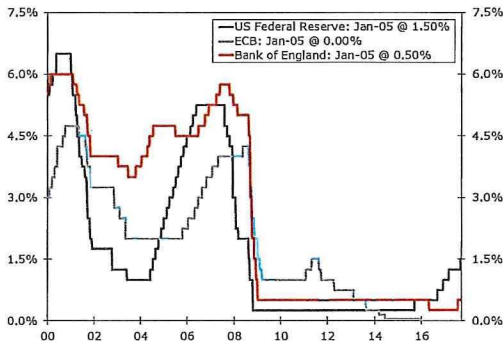
Yield Curve—Not Unusual

The flatter yield curve may have some analysts thinking the Fed may have to back-off their current rate path. Yet, despite Kashkari highlighting it in his dissent, the Committee largely remained unconcerned. Some flattening was to be expected with the FOMC raising short-term rates, and the degree of flattening “was not unusual by historic standards.” When the spread between 10- and 2-year Treasuries was similarly narrow in the Spring 2005, the FOMC raised rates another nine times.

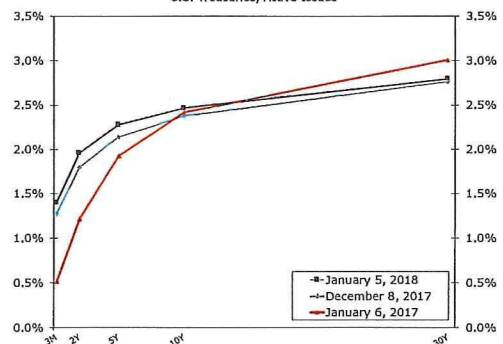
Financial Conditions—Still Easy

While some members look increasingly eager to demonstrate that the FOMC's inflation goal is symmetric, a couple others noted that keeping policy highly accommodative continues to pose risks to financial stability. That risk, however, remains more difficult to measure than a two percent inflation goal.

Central Bank Policy Rates



Yield Curve
U.S. Treasuries, Active Issues



U.S. Treasury Yield Spread
Weekly Average, Basis Points; Bars = Fed Tightening Cycles



Source: Federal Reserve Board, IHS Global Insight, Bloomberg LP and Wells Fargo Securities

Credit Market Insights

Financial Conditions Remain Easy

Financial conditions remain easy compared to historical norms. While they tightened somewhat through the middle of 2017, conditions eased again in November and December, according to the Chicago Federal Reserve's National Financial Conditions Index (NFCI). The NFCI summarizes 105 measures of financial activity. Decreasing risk, looser credit conditions and higher leverage are associated with a declines in the NFCI, and represent looser financial conditions.

Despite the Federal Open Market Committee (FOMC) raising rates three times in 2017 and beginning to wind down its balance sheet, the NFCI indicates that financial conditions have fallen to levels not seen since the mid-1990s. Recent strength in the economy may encourage investors to take on more leverage, which would contribute to lower values for the NFCI. However, even the adjusted NFCI, which controls for the state of the business cycle and level of inflation, shows that financial conditions have eased since late-2015 when the Fed began tightening monetary policy.

The NFCI suggests that consumers have been cushioned so far from the effects of a higher federal funds rate. However, we are expecting the FOMC to raise rates three more times in 2018, and with continued rate hikes financial conditions will likely tighten in the year ahead. However, historically low debt payment-to-income ratios mean that households will likely be able to manage somewhat tighter financial conditions.

Credit Market Data

Mortgage Rates	Current	Week Ago	4 Weeks Ago	Year Ago
	30-Yr Fixed	3.95%	3.99%	3.93%
15-Yr Fixed	3.38%	3.44%	3.36%	3.44%
5/1 ARM	3.45%	3.47%	3.36%	3.33%

Bank Lending	Current Assets (Billions)	1-Week Change (SAAR)	4-Week Change (SAAR)	Year-Ago Change
	Commercial & Industrial	\$2,120.0	8.92%	-0.67%
Revolving Home Equity	\$378.4	-5.50%	-3.58%	-6.78%
Residential Mortgages	\$1,815.4	17.26%	3.59%	3.85%
Commercial Real Estate	\$2,077.6	-1.10%	1.05%	5.90%
Consumer	\$1,425.3	-2.91%	1.54%	5.25%

Source: Freddie Mac, Federal Reserve Board and Wells Fargo Securities

Topic of the Week

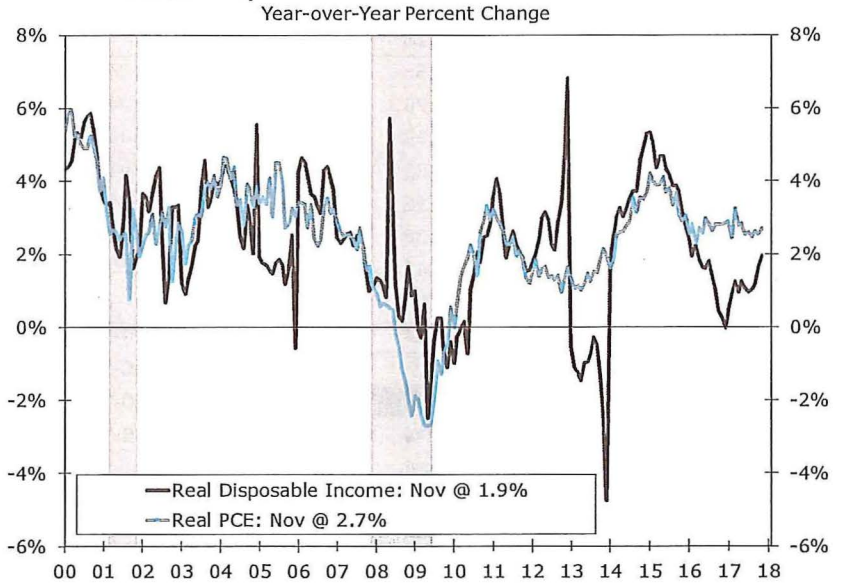
Can Consumers Keep the Party Going?

The improvement in consumer confidence over the past year has been followed by a strong response from consumers as they dipped further into their pockets while bringing down the savings rate to complement the low rate of growth of disposable personal income. However, real disposable personal income growth has been improving lately, just in time to help consumers keep the current party going. Furthermore, the expectation of a still-strong employment market for this year and an even lower rate of unemployment should be enough to keep consumers happy. We should also see continued improvement in salaries and wages if the labor market continues to tighten as we are anticipating. At the same time, Americans are tapping into credit cards to complement the weak growth in disposable personal income. However, Americans do not seem to be overstretching in terms of credit card loans as revolving credit growth is still relatively low compared to the past and credit card delinquency rates remain low. Today, revolving credit is growing at about 5 to 6 percent on a year-earlier basis. Even the rate of growth of student loans has slowed down considerably over the past several years (bottom graph).

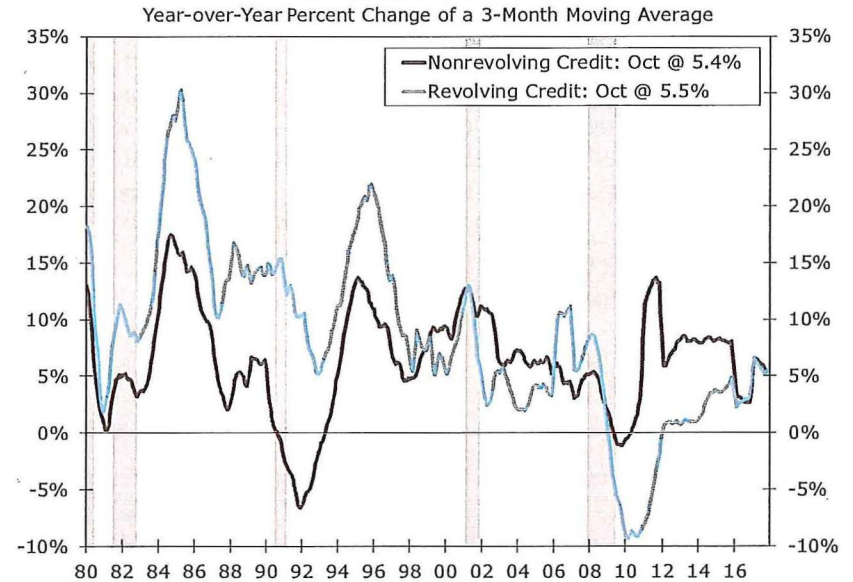
Will it be sustainable? The fact that the effects of the tax reform on disposable personal income will start to take effect in 2019 will probably give more staying power to the improvement in consumption. So yes, it should be sustainable at least until the end of 2019.

So what could go wrong? Inflation and higher-than-expected interest rates. If the tax reform, i.e., fiscal policy, adds to stronger economic growth more than what we are estimating, then we could run into issues with higher inflation to a point that pushes the Federal Reserve to step up its tightening campaign. And for those who think that inflation is no longer a problem, we must remind them that we have been there before, when the talk was that the business cycle was dead and then the Great Recession put that thought to rest. That is, never underestimate the power of economic theory.

Real Disposable Income vs. Real PCE



Consumer Credit



Source: Federal Reserve Board, U.S. Department of Commerce and Wells Fargo Securities

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Market Data ♦ Mid-Day Friday

U.S. Interest Rates

	Friday 1/5/2018	1 Week Ago	1 Year Ago
1-Month LIBOR	1.56	1.57	0.77
3-Month LIBOR	1.70	1.69	1.00
3-Month T-Bill	1.39	1.38	0.51
1-Year Treasury	1.82	1.79	0.91
2-Year Treasury	1.96	1.88	1.16
5-Year Treasury	2.28	2.21	1.84
10-Year Treasury	2.46	2.41	2.34
30-Year Treasury	2.80	2.74	2.94
Bond Buyer Index	3.44	3.44	3.78

Foreign Exchange Rates

	Friday 1/5/2018	1 Week Ago	1 Year Ago
Euro (\$/€)	1.205	1.201	1.061
British Pound (\$/£)	1.355	1.351	1.242
British Pound (£/€)	0.889	0.888	0.854
Japanese Yen (¥/\$)	113.290	112.690	115.350
Canadian Dollar (C\$/\\$)	1.251	1.257	1.323
Swiss Franc (CHF/\\$)	0.976	0.974	1.010
Australian Dollar (US\$/A\\$)	0.784	0.781	0.734
Mexican Peso (MXN/\\$)	19.371	19.659	21.423
Chinese Yuan (CNY/\\$)	6.488	6.507	6.877
Indian Rupee (INR/\\$)	63.371	63.871	67.961
Brazilian Real (BRL/\\$)	3.243	3.309	3.199
U.S. Dollar Index	92.058	92.602	101.520

Source: Bloomberg LP and Wells Fargo Securities

Foreign Interest Rates

	Friday 1/5/2018	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	-0.39	-0.38	-0.34
3-Month Sterling LIBOR	0.52	0.52	0.37
3-Month Canada Banker's Acceptance	1.55	1.52	0.95
3-Month Yen LIBOR	-0.03	-0.03	-0.03
2-Year German	-0.61	-0.63	-0.73
2-Year U.K.	0.50	0.44	0.13
2-Year Canadian	1.70	1.69	0.72
2-Year Japanese	-0.13	-0.13	-0.20
10-Year German	0.44	0.43	0.24
10-Year U.K.	1.23	1.19	1.29
10-Year Canadian	2.08	2.05	1.67
10-Year Japanese	0.06	0.05	0.06

Commodity Prices

	Friday 1/5/2018	1 Week Ago	1 Year Ago
WTI Crude (\\$/Barrel)	61.32	59.84	53.76
Brent Crude (\\$/Barrel)	67.33	66.72	56.89
Gold (\\$/Ounce)	1318.34	1294.94	1180.30
Hot-Rolled Steel (\\$/S.Ton)	662.00	662.00	628.00
Copper (\\$/Pound)	324.50	330.85	253.75
Soybeans (\\$/Bushel)	9.32	9.23	9.99
Natural Gas (\\$/MMBTU)	2.80	2.91	3.27
Nickel (\\$/Metric Ton)	12,603	12,049	10,165
CRB Spot Inds.	517.28	514.14	495.14

Next Week's Economic Calendar

	Monday 8	Tuesday 9	Wednesday 10	Thursday 11	Friday 12
U.S. Data	Consumer Credit October \$20.5B	JOLTS Job Openings November 5,996K	Import Price Index (MoM) November 0.7% December 0.4% (W)	PPI (MoM) November 0.4% December 0.1% (W)	CPI (MoM) November 0.4% December 0.1% (W)
		NFIB Small Business Optimism November 107.5		Monthly Budget Statement November \$138.5B	Retail Sales (MoM) November 0.8% December 0.5% (W)
Global Data	Canada Housing Starts November 252K	China CPI (YoY) November 1.7%	United Kingdom Industrial Production (YoY) October 3.6%	Italy Retail Sales October -1.0%	Greece CPI (YoY) November 1.1%
			Australia Retail Sales October 0.5%		

Note: (W) = Wells Fargo Estimate (C) = Consensus Estimate

Source: Bloomberg LP and Wells Fargo Securities

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The Kiplinger Letter

FORECASTS FOR EXECUTIVES AND INVESTORS

1100 13th Street NW, Washington, DC 20005 • Special Issue

THIS IS YOUR
LAST ISSUE
UNLESS YOU SUBSCRIBE (SEE PAGE 4)

Dear Client:

Washington, October 2017

Retailers are in for a good holiday season this year. The economy is picking up. Consumers have money to spend and are willing to spend it.

ECONOMY

Figure on holiday sales growing by 3.8% from 2016's levels...the biggest annual bump since 2014. Household finances are in good condition thanks to low unemployment, rising home prices and a stock market that keeps setting new highs.

More shoppers are getting an early start on their holiday buying. This year, 45% of them planned to begin hunting for gifts in Oct. Last year... only a third. Merchants are running special promotions well ahead of Black Friday to cater to early birds.

More folks than ever are shopping online...
Especially on smartphones. Online sales will grow by a whopping 18% this holiday season, with mobile users driving most of that increase. 72% of consumers plan to at least look for gifts on Amazon, whether or not they buy something there.

Some key considerations for online sellers:
Detailed product information drives sales.

Almost all shoppers read reviews of items they're eyeing. One-quarter of consumers say that customer reviews are the most important factor in their own buying decisions.

Buyers seek out generous return policies. Having to pay to send back an item can be a turn-off for shoppers accustomed to the free returns that big retailers offer.

Shipping fees are rising. UPS will charge more for holiday season delivery, and both UPS and FedEx are hiking the surcharges they levy on oversized packages.

Even as online buying soars, brick-and-mortar sales will still dominate, accounting for about 85% of purchases. Most folks will still buy most gifts in-store.

Holiday hiring looks strong. Target is bringing on 100,000 extra staff. FedEx and UPS plan to hire the same number of seasonal workers as last year.

Folks buying in-store expect retailers to match prices advertised online. Many large retailers have policies to do so...better than losing a purchase entirely.

Expect more shoppers to pay with their phones, not cash or credit cards. A third of smartphone users will use payment apps such as Google's Android Pay or Mastercard PayPass. Such apps are actually more secure than credit cards now.

Some hot sellers this year will be high-tech...Apple's new audio equipment and iPhone X, which will be in short supply. Fitness trackers. Virtual-reality headsets. Fingerlings interactive "pets" for kids. Amazon Echo, the voice-activated virtual helper.

And some have a retro feel...vinyl records and record players. '90s cartoons, such as Pokémon. Cameras that use actual film. And flip phones...once derided as "dumb phones" when smartphones took off, but making a small comeback now.

ECONOMIC FORECASTS

GDP growth

2.1% in '17;
2.4% in '18

Interest rates

10-year T-notes at 2.4% at end '17;
2.8% at end '18

Inflation

1.6% at the end of '17;
2.0% at the end of '18

Unemployment

Ending '17 at 4.3%;
ending '18 at 4.0%

Crude oil

Trading from \$40 to \$45/bbl.
in Dec.

Retail sales

Rising 4.0% in '18, excluding gasoline,
up from 3.8% in '17

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MORE ECONOMY

Look for the Federal Reserve to tap the brakes on planned interest rate hikes. Here's why. Costs of health care and college tuition are climbing only slowly: Up just about 2% for each...their lowest levels of increase in decades. Odds are that they'll stay on a mild upward pace, given various cost controls being put in place. Other deflationary forces are also at work: A glut of new trucks and cars. And the growth of e-commerce, which keeps retail prices, including for food, in check. Though wages are rising, the impact won't be felt until much later next year. We still think the Fed will raise short-term rates by a quarter-point in Dec. But expect it to dial back plans for three hikes next year. Barring a big jump in prices, the inflation data probably won't justify such an aggressive timetable.

GLOBAL ECONOMY

Britain's divorce from the European Union is growing increasingly messy. Complicating matters: Diverging economic outlooks for the U.K. and the EU. Strong manufacturing and healthy consumer spending are powering up Germany, Spain and other EU nations, which are sure to see more investment in coming months. Meanwhile, Britain's inflation is rising while investment and job growth are waning. Chances of an orderly Brexit are now all but dead, and the British economy will continue to decline next year as businesses there keep pulling in their horns. Britain's troubles are also putting political pressure on Prime Minister Theresa May.

A resurgence in oil-producing Alberta is fueling heady growth in Canada, barely a year after fierce wildfires swept the western province's oil sands region around Fort McMurray. Despite the price of oil hovering at just \$50 or so per barrel, production from the oil sands is recovering, shipments to U.S. Gulf Coast refineries are surging, and manufacturing, retail sales, exports and housing are doing well.

Alberta's economy is headed for a record 4.2% expansion this year, versus a 3.6% contraction in 2016...good for first place among the 10 provinces.

Canada overall will see its GDP grow by a solid 2.7% or better in 2017, topping the performance of the other industrialized nations in the Group of Seven.

Next year, however, growth will slow, and the dip will stretch into 2019 as interest rates and a stronger Canadian dollar take a toll on housing activity and exports, respectively. Look for Canadian GDP growth to fall to around 2% in 2018 and to a pace below 2% in 2019...a far cry from this year's strong figure.

INVESTING

Actively managed funds are staging a comeback in 2017. The majority of active fund managers beat their benchmarks in the first half of 2017. Actively managed funds, which try to outpace the market rather than simply keep up with a particular index, face mounting competition from exchange-traded funds, index funds and smart beta funds, which use computers to make stock picks. Last year, passively run funds took in \$492 billion. Active funds saw \$204 billion leave.

Several factors could help active managers continue their hot streak. The Federal Reserve's easy monetary policies have pushed up stock valuations as investors search for higher returns than the paltry yields on cash and most bonds. With the Fed starting to tighten monetary policy, company fundamentals are likely to become more important in spotting good buys, giving human managers an edge.

FINANCE

Leveraged lending is on track to surpass 2007's prerecession level this year. That has financial regulators' attention. Leveraged loans pay high interest rates that make them attractive to lenders facing a world of low yields. However, the loans are increasingly going to very indebted companies. Private equity firms often use them to fund company takeovers, relying on outside investors to supply most of the capital. Issuance of leveraged loans so far this year is up by almost 50% over 2016's pace.

Investors often overlook the weak lender protections in new leveraged loans, which give lenders limited ability to prevent the borrower from taking excessive risks. In case of a default, investors also have less power to recoup the money they're owed.

POLITICS

One advantage Democrats have heading into 2018's midterm elections: Party unity. While GOP incumbents gear up for bruising primary battles, few Democrats will have to fend off intraparty rivals before the general election. The split between mainstream Democrats and progressives that marked 2016 hasn't healed. But the party knows it has to set such differences aside to win in 2018. So far, progressives are mostly supporting establishment candidates.

The GOP's internal feuds give Democrats hope of taking back control of at least one chamber of Congress. Many Republicans could end up weakened in Nov. 2018 after spending money and energy defeating conservative rivals.

But Democratic unity will prove short-lived. Supporters of Bernie Sanders, the populist Vt. senator, will rally to him if he runs for president again in 2020. If he sits it out, his backers will likely gravitate to another progressive champion, even if party leaders support a more centrist candidate with broader appeal.

CONGRESS

Congress could pass major, bipartisan criminal justice reform legislation... If it has the time. A large coalition of lawmakers tried to implement reforms to the criminal justice system last year. They hope GOP leaders will bring the package to the floor for votes this time, giving both parties a rare opportunity to come together. The bill nixes the three-strike rule, giving judges more sentencing discretion for nonviolent drug offenders, and emphasizes rehabilitation and cutting recidivism. President Obama and politicians from across the political spectrum backed the idea. Supporters hope to get GOP leaders' attention once big items such as tax reform clear.

THE CENSUS

Commerce Dept. budget woes could lead to an inaccurate 2020 census. Census Bureau officials say they can't adequately fund the next head count if Congress doesn't authorize more funds, a request it has rebuffed for several years. As a result, the government auditor deems the census an at-risk project. Officials estimate they need \$15.6 billion. Planned field tests were canceled this year. A botched census could cost cities millions and voters federal representation, as everything from school lunch funding to how many U.S. House seats a state gets is decided by counting how many people are in the U.S. and exactly where they live.

FOREIGN AFFAIRS

The defeat of Islamic State in Syria won't end U.S. involvement in the region. In some ways, the going will get tougher. Now that Raqqa, ISIS' last bastion in the Middle East, has fallen to U.S.-backed forces, it will be harder for Washington to keep its Iraqi, Turkish and Kurdish allies from fighting each other for the spoils. U.S.-Turkish relations are badly strained as Ankara turns anti-American. Iraq and its minority Kurds are on the brink of hostilities, posing a dilemma for Washington, which wants to support both sides and keep Iran out of the country. Regional chaos will worsen, now that the common foe ISIS has been beaten and Russia seeks to expand its influence by arming and backing several countries. Meanwhile, the remnants of ISIS will seek to mount new terror attacks elsewhere.

BANKING

New rules could sharply curtail short-term, high-interest payday lending. Consumer Financial Protection Bureau regs aim to curb predatory lending by making nonbank lenders specializing in such loans verify borrowers can repay them. The CFPB move is the feds' first to regulate the short-term lending industry. It also covers auto title loans, deposit advances and large, one-time loan payments. Banks and credit unions will gain. The rule doesn't apply to most of them, affecting only lenders that derive at least 10% of their revenues from such loans. But the industry has champions who could try using the Congressional Review Act, which allows Congress under certain conditions to ax new agency rules, to roll it back.

DIGITAL SECURITY

A major security concern for small merchants: Outdated credit card readers. Many small firms use years-old systems that are easy targets for hackers because they lack encryption and other security features that come on new models. Plus, older versions don't accept mobile payments, such as Apple Pay. Why do smalls fail to upgrade? Many want to avoid the hassle. Others don't realize the security risk.

New point-of-sale terminals are cheap and come with a slew of features, such as built-in encryption, automatic software patches and backup systems. New card readers have software for customer loyalty programs, accounting tools, real-time inventory management and more. Restaurants, hotels and other sellers are using portable card readers from Verifone and Ingenico that cost \$200 or so.

PRIVACY

Look for tech giants to give consumers more say in managing their privacy. Facebook, Google and other tech companies are making customers happy by prompting them with notices to check their privacy settings and data sharing. Facebook has had success with alerts to do a "checkup" on privacy, for example.

Digital companies aren't about to pare back data collecting measures, though. The trend of giving consumers more transparency is a way to fend off blowback from both customers and regulators. One idea internet giants are pushing back against: Requiring increased consumer consent for data collection. Many privacy advocates want that step, while tech firms say that it would hurt business and innovation without protecting privacy. But more outcry could put such a reg or law on the table.

ENERGY

Backers of Arctic drilling could win in GOP tax plans that would sell rights to oil and gas in the federal Arctic National Wildlife Refuge to fund tax cuts. Alaska lawmakers and industry continually push to open 2,000 of its acres to drilling, to the consternation of Democrats, conservationists, Indian tribes and outdoor groups.

GOP blueprints don't specify the preserve, but all sides assume it's a target.

Yours very truly,

Knight/Kiplinger
THE KIPLINGER WASHINGTON EDITORS

October 2017

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2017 Interest/Dividends Received By Institution

<u>Institution</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>2017 Year-To-Date</u>	<u>2016 Year-To-Date</u>
Heritage Bank	\$ 1,274.13	\$ 1,051.24	\$ 1,104.18	\$ 13,715.81	\$ 18,714.40
Morgan Stanley Smith Barney	\$ 25,079.55	\$ 9,000.00	\$ 22,800.00	\$ 167,183.48	\$ 124,729.08
Multi-Bank Securities	\$ 12,033.86	\$ 29,466.41	\$ 20,000.00	\$ 120,321.10	\$ 56,250.00
UBS	\$ 56,200.00	\$ 4,333.33	\$ -	\$ 208,808.75	\$ 298,675.00
Wells Fargo	\$ -	\$ -	\$ 23,450.00	\$ 142,400.00	\$ 169,686.38
Wells Fargo Advisors	\$ 37,500.11	\$ -	\$ 11,504.25	\$ 178,830.48	\$ 111,404.05
Totals	\$ 132,087.65	\$ 43,850.98	\$ 78,858.43	\$ 831,259.62	\$ 779,458.91

Historical Balances At the End of Each Quarter 2007 through 12/31/2017

Year	Investments				Operating Cash (Flex Gold and Checking)			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2017	\$39,943,489.59	\$43,559,677.54	\$41,562,162.56	\$41,665,490.60 #	\$ 6,657,270.15	\$ 6,567,762.11	\$ 6,838,888.14	\$ 10,492,227.55
2016	\$35,756,051.24	\$37,535,496.68	\$38,236,920.67	\$40,059,470.53 #	\$ 9,469,606.22	\$ 11,215,298.77	\$ 8,877,284.91	\$ 11,098,844.31
2015	\$42,089,898.87 #	\$41,645,493.62 #	\$37,279,279.96 #	\$42,426,578.11 #	\$ 6,052,923.58	\$ 7,746,033.30	\$ 9,955,964.40	\$ 8,044,197.86
2014	\$44,669,958.48 #	\$44,497,454.10 #	\$44,393,573.89 #	\$44,192,171.67 #	\$ 2,692,337.80	\$ 7,288,512.71	\$ 5,397,016.71	\$ 7,929,545.18
2013	\$45,036,646.37 #	\$43,145,874.09 #	\$45,544,516.83 #	\$43,871,669.60 #	\$ 4,864,300.48	\$ 7,115,084.74	\$ 2,428,725.91	\$ 6,945,509.90
2012	\$41,122,817.67 #	\$37,855,613.32 #	\$44,310,158.10 #	\$47,119,283.92 #	\$ 8,136,948.46	\$ 11,647,103.27	\$ 6,473,162.53	\$ 7,735,728.32
2011	\$41,498,738.04 #	\$42,926,445.51 #	\$33,053,338.89 #	\$46,841,372.72 #	\$ 6,566,351.65	\$ 9,181,801.11	\$ 18,167,922.89	\$ 7,404,105.73
2010	\$41,358,462.50	\$40,144,176.24 #	\$44,577,231.24 #	\$48,797,293.88 #	\$ 5,700,619.84	\$ 8,771,348.62	\$ 3,304,736.92	\$ 4,417,038.74
2009	\$40,055,806.99	\$41,062,156.99	\$38,897,050.00	\$45,863,584.72	\$ (2,077,111.26)	\$ 7,201,418.64	\$ 8,850,416.77	\$ 5,516,985.71
2008	\$41,205,848.94	\$43,736,011.19	\$45,244,926.32	\$42,945,529.36	\$ 3,167,634.31	\$ 1,718,731.16	\$ 1,997,209.74	\$ 6,351,625.00
2007	\$43,139,351.72	\$48,100,353.36	\$47,115,305.03	\$50,105,966.14	\$ 926,179.01	\$ 663,940.06	\$ 926,179.01	\$ (341,184.39)

Investment Balance after adjusting for market values
2010 market values were only adjusted 1/1/10 and 12/31/10

*Cash with Fiscal Agent invested @ 2.43 - 2.71% SLGS/Library

**4M, Flex Gold, General Ckg

Historical Interest/Dividends Received Per Quarter 2007 through 12/31/2017

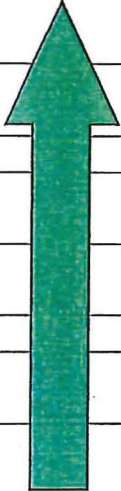







<u>Year</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Annual Totals</u>
2017	\$ 209,941.65	\$ 207,001.33	\$ 159,519.58	\$ 254,797.06	\$ 831,259.62
2016	\$ 203,419.67	\$ 243,624.43	\$ 128,705.25	\$ 203,709.56	\$ 779,458.91
2015	\$ 187,662.01	\$ 241,077.82	\$ 183,436.47	\$ 238,629.12	\$ 850,805.42
2014	\$ 196,385.66	\$ 258,307.26	\$ 182,514.61	\$ 259,763.87	\$ 896,971.40
2013	\$ 221,647.55	\$ 231,204.91	\$ 171,397.74	\$ 264,878.39	\$ 889,128.59
2012	\$ 143,871.89	\$ 345,677.26	\$ 175,728.62	\$ 159,483.59	\$ 824,761.36
2011	\$ 281,807.02	\$ 275,608.48	\$ 290,307.92	\$ 211,444.35	\$ 1,059,167.77
2010	\$ 234,241.45	\$ 446,351.92	\$ 233,012.97	\$ 365,903.94	\$ 1,279,510.28
2009	\$ 509,706.62	\$ 484,844.91	\$ 342,331.25	\$ 343,882.12	\$ 1,680,764.90
2008	\$ 531,303.45	\$ 435,311.50	\$ 478,334.39	\$ 554,954.62	\$ 1,999,903.96
2007	\$ 622,474.29	\$ 495,977.22	\$ 582,224.88	\$ 728,080.25	\$ 2,428,756.64

Rice Memorial Hospital Financial Statements October 31, 2017

Executive Summary

October was a negative month in terms of actual financial performance with Rice generating Operating Losses of \$195,000. Total Patient Revenues were 4.1% greater than the three-month average but Total Operating Revenues were only 1.6% greater than average due to lower reimbursement across most services and specifically commercial insurance activity. However, Net Operating Expenses were 3.7% greater than average, all contributing to the negative performance.

Here is a summary of key financial indicators:

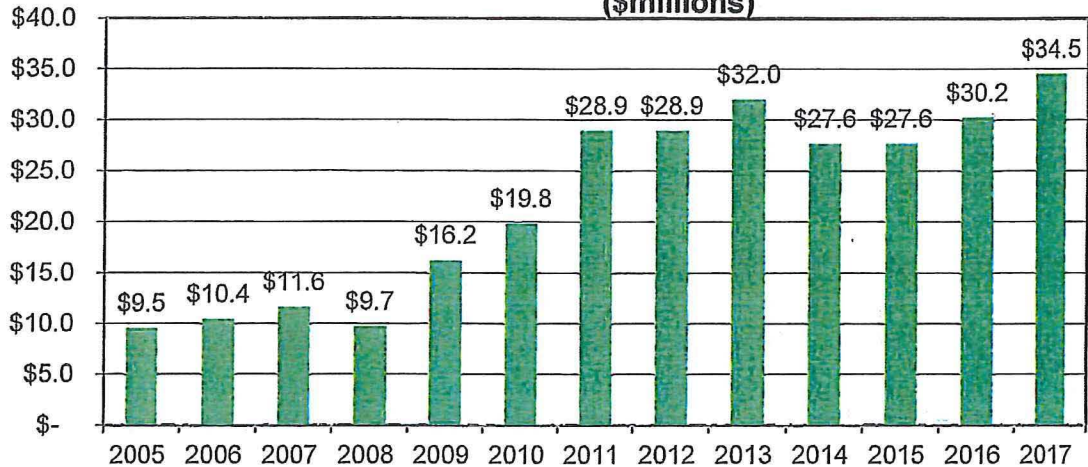
	<u>Actual</u>	<u>Forecast</u>	<u>2016</u>	<u>2015</u>	<u>Benchmark</u>	<u>Actual - YTD</u>	<u>Desired</u>
Operating Margin-Month	-2.3%	3.2%					
Operating Margin-YTD	2.0%	3.2%	3.6%	2.4%	2.8%		
Excess Margin-Month	-2.1%	3.6%					
Excess Margin-YTD	2.0%	3.6%	3.8%	3.3%	5.4%		
EBIDA Margin-Month	6.5%	12.2%					
EBIDA Margin-YTD	10.5%	12.2%	13.0%	12.9%	11.1%		
Debt/Capitalization	38.5%	37.0%	40.1%	43.5%	35.5%		
Net Days of Receivables	49	51	52	63	47		
Days of Cash	129	137	116	116	151		
Cash/Debt	80%	85%	68%	59%	101%		

October 31, 2017 Balance Sheet:

The October Balance Sheet realized an increase in Net Assets of \$2.7 million from December 31, 2016. Total Assets increased \$4.2 million while Total Liabilities increased \$1.5 million. The Total Assets increase was due to an increase in Current Assets of \$770,000; an increase in Assets-Use is Limited of \$341,000; a decrease in Property, Plant, and Equipment of \$2.1 million; and an increase in Other Assets of \$5.2 million. The increase in Current Assets was due to increases in Cash and Receivables and partially offset by the August Debt Service payments. The Rice Trust Endowment Fund realized an increase of \$341,000 due to positive market performance. Property, Plant,

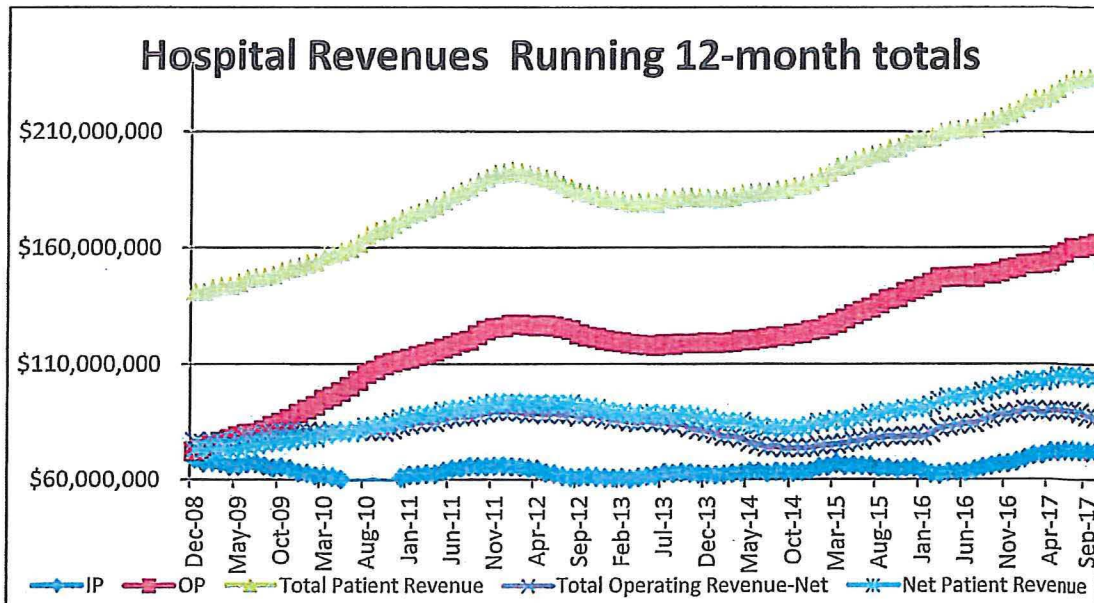
and Equipment decreased due to depreciation expense greater than acquisitions. Other Assets have increased due to positive financial performance at Rice which increased Investments and also improved WMS financial performance. Cash & General Investments have increased \$4.3 million since December 31, 2016.

**Cash & General Investments
(\$millions)**

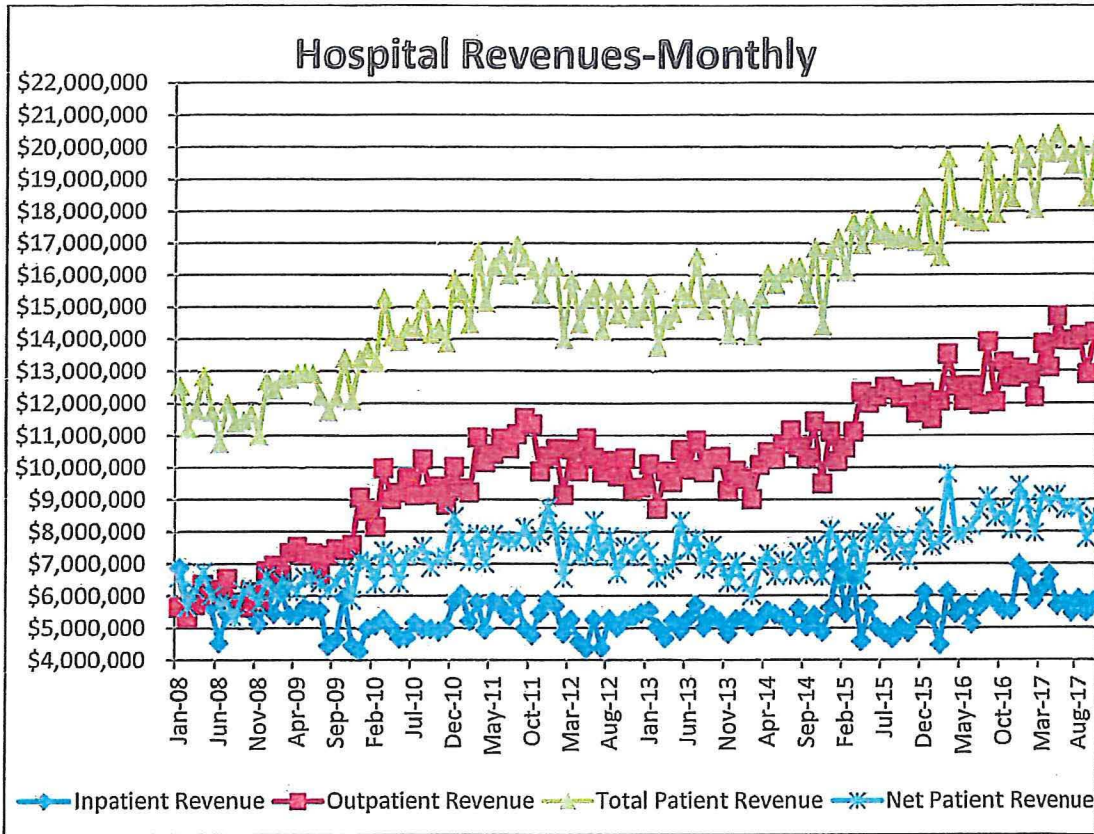


October 2017 Results:

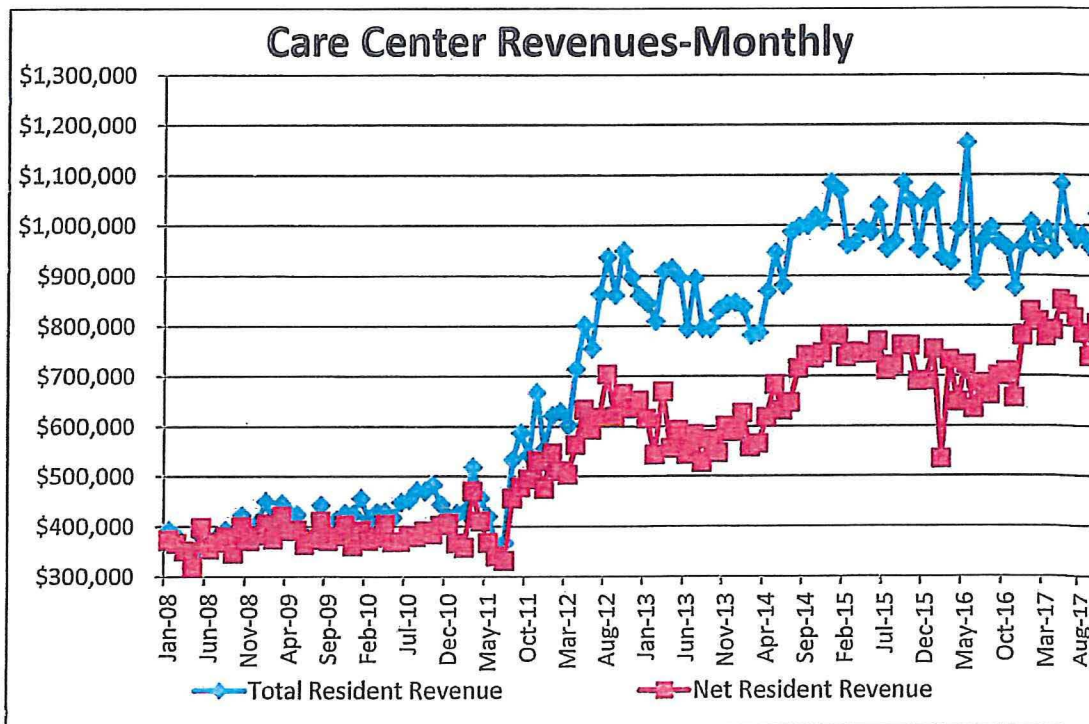
The Consolidated Operating Losses were \$195,000 compared to the prior three-month average Operating Losses of \$15,000. Total Patient Revenues were 4.1% greater than the 3-month average while Total Operating Revenues were 1.6% greater than the average. As shown in the graph below, Total Hospital Patient Revenues have gradually leveled off over the past few months increased for the past three years mostly due to lower reimbursement as shown by the slight decrease in Total Operating Revenues.



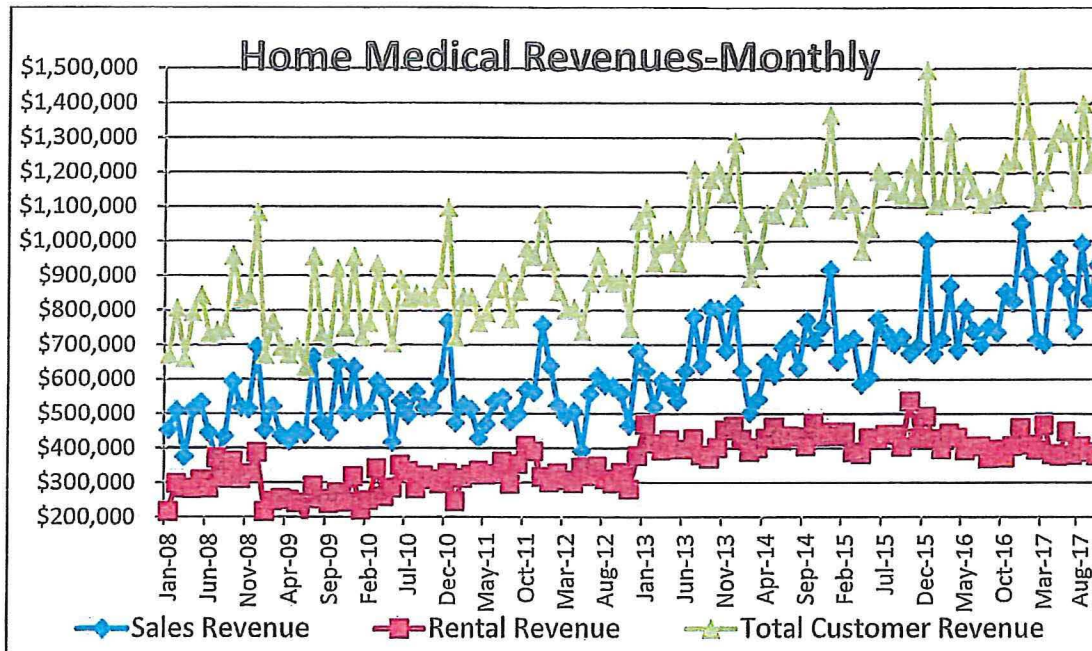
Hospital Revenues increased in the month from the average due to a 3.9% increase in Inpatient Revenues and a 4.0% increase in Outpatient Revenues. However, Deductions from Revenue increased 6.8% causing a 0.4% Net Revenue from Patients increase. Hospital Only Total Operating Revenues were 2.0% greater than average while WMS Revenues were 0.5% lower than average.



Care Center Total Operating Revenues increased during the month by 3.3% due to a Total Resident Revenues increase of 5.5% from a 1.1% increase in the census and a 1.4% increase in Resident Acuity.



Home Medical Total Customer Revenues were 5.0% higher than average. Sales were 8.9% higher than average and Rentals were 3.1% lower than average.

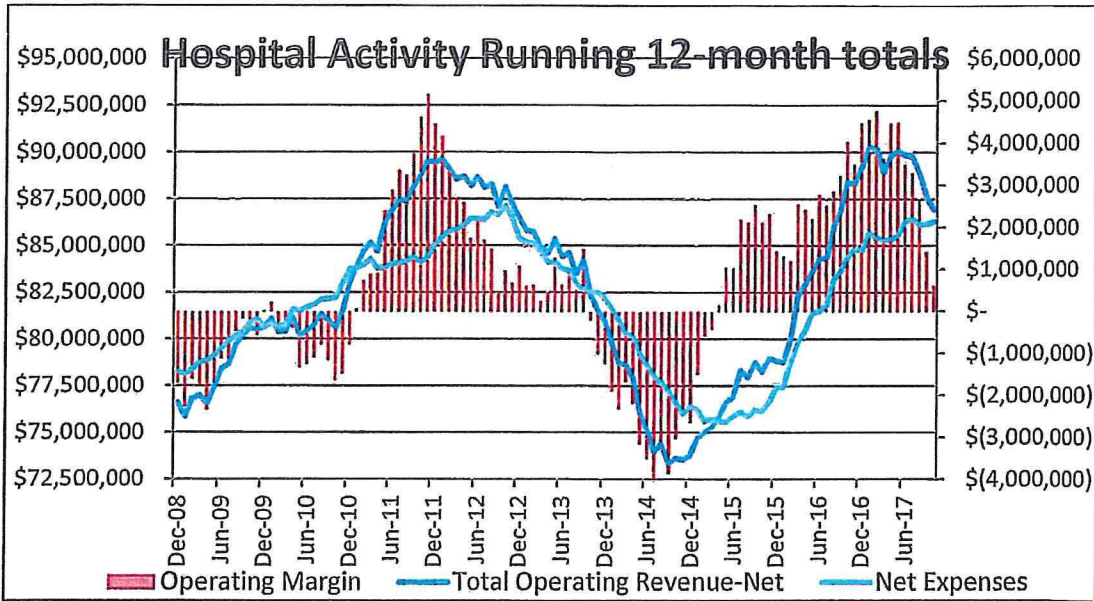


Total Deductions from Revenue were 7.4% higher than average even though Total Patient Revenues were 4.1% greater than average. The Hospital's reimbursement rate for the month was 42.1% compared to the 3rd Quarter rate of 43.7%; 2nd Quarter rate of 44.5%; 1st Quarter 2017 of 45.0%; and 4th Quarter 2016 reimbursement rate of 45.7%. As a result from the higher than expected increase in Deductions from Revenue; Net Revenue from Patients was only 0.4% greater than average. Other Operating Revenues were 7.5% higher than average due to improved performance at WMS. Net WMS activity at RMH was 0.3% less than the average.

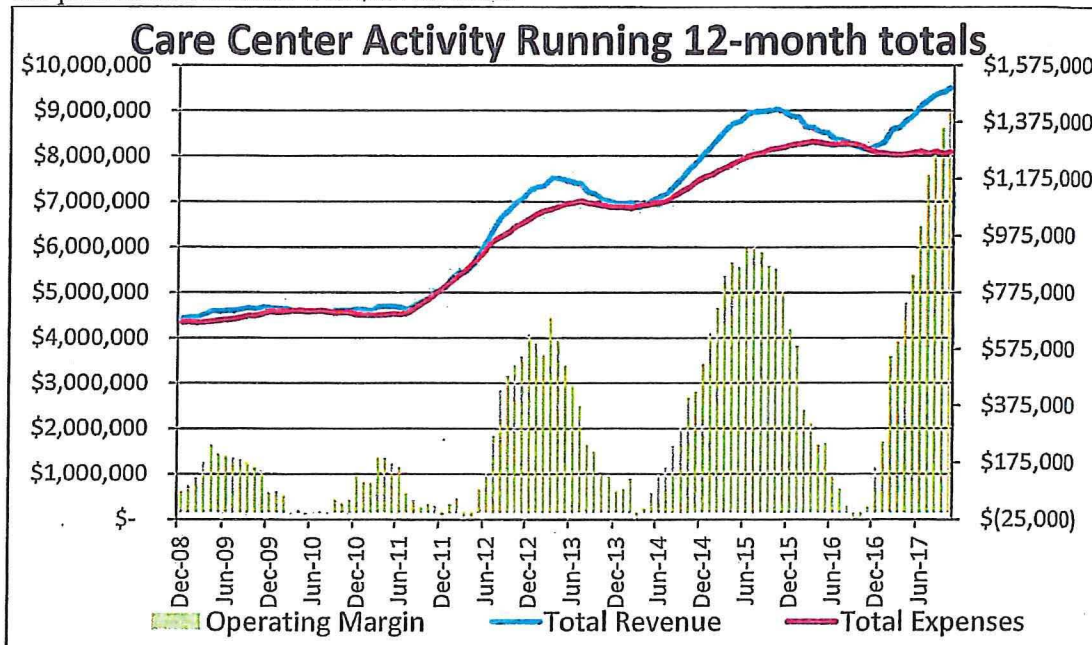
Net Expenses were \$8.8 million, 3.7% greater than average. Expenses were mixed, however, Salaries were 2.9% (\$120,000) higher than average due to additional staffing in numerous departments, Contract Labor 7.9% (\$33,000) lower than average due to contracted physician costs in Oncology, and Benefits 4.2% (\$54,000) higher than average due to health insurance activity. The Hospital Compensation Ratio was 53.3% for the month compared to the target of 50%; 3rd Quarter ratio of 52.9%; 2nd Quarter 2017 ratio of 50.4%; 1st Quarter 2017 ratio of 51.6%; 4th Quarter 2016 ratio of 50.9%; and the 50.1% 3rd Quarter 2016 ratio. Supplies were 17.7% (\$190,000) higher than average due to volumes in Surgery, Lab, and Home Medical while Drugs were 6.2% (\$57,000) lower than average due to Oncology activity. Purchased Services were 9.2% (\$67,000) higher due to Legal and Dental Clinic Purchased Services; Repairs Service & Rentals were 9.6% lower due to numerous departments; Utilities 13.5% lower; Insurance \$6,000 lower; Patient Related Travel \$5,000 higher; Education Travel and Dues \$57,000 lower; and Other \$3,000 lower. Total Hospital Controllable Costs were \$8.1 million which was 1.8% higher than the average. Capital Costs were higher with Depreciation 1.8% higher and Interest 0.3% lower. Taxes were 28.2% higher due to the resumption of the MA Surcharge payments. Hospital Only Expenses were 3.3% higher than average while WMS Expenses were 2.6% less than average.

Non-Operating Activity realized Income of \$12,000 compared to the average of a \$25,000 Loss. Investment Income was \$23,000 higher; Unrealized Activity on Investments was \$73,000 lower; and Other was a gain of \$2,000.

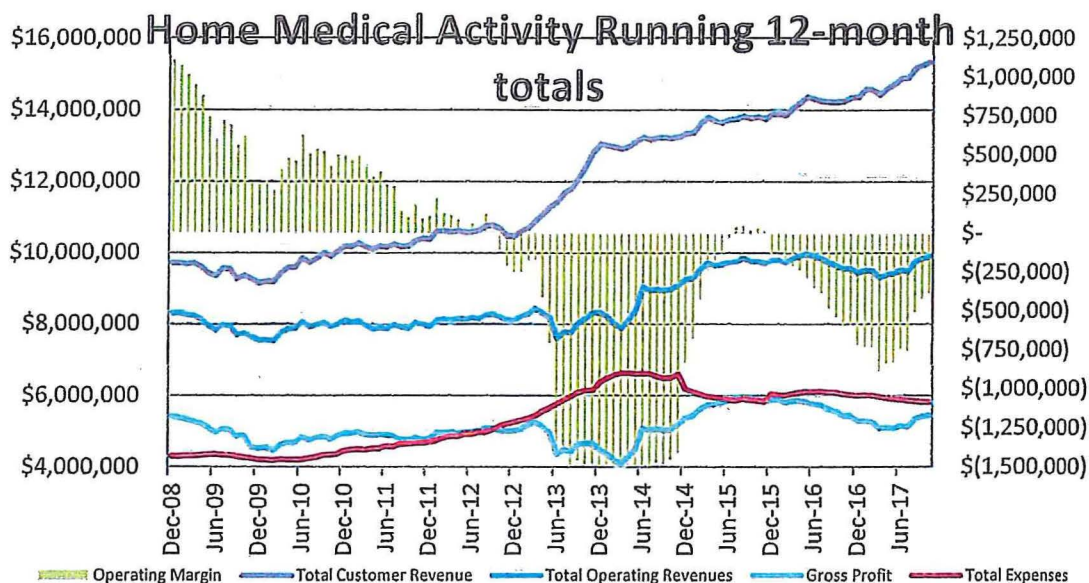
The Hospital generated Operating Losses of \$241,000 compared to average Operating Losses of \$147,000. Total Operating Revenues were higher than average by 1.9% while Net Operating Expenses were 3.2% higher than average. Operating Income at the Hospital for the past 12 months was \$624,000.



Care Center activity generated Operating Income of \$104,000 compared to average Operating Income of \$102,000. Total Operating Revenues were 3.3% higher than average with Net Operating Expenses 3.5% higher than average. Operating Income for the past twelve months was \$1.4 million.



Home Medical activity generated Operating Losses of \$64,000 compared to average Operating Income of \$24,000. Total Operating Revenues were 15.5% lower than average due to lower reimbursement and higher Cost of Goods Sold while Total Operating Expenses were 2.3% higher than average. Operating Losses for the past twelve months were \$382,000.



October YTD Summary

The Consolidated YTD Operating Income was \$1.7 million compared to last year's Operating Income of \$4.0 million and 2015 YTD Operating Income of \$2.5 million. Total Operating Revenues were 0.6% lower than 2016 and 10.1% greater than 2015. Hospital Inpatient Revenues were 8.0% higher than 2016 and 11.1% higher than 2015 with Outpatient Revenues 8.3% higher than 2016 and 15.2% higher than 2015. Care Center Revenues were 0.5% greater than 2016 and 1.6% lower than 2015. Home Medical Revenues were 8.5% higher than last year and 12.0% higher than 2015. Total Patient Revenues were 7.8% higher than last year; 13.0% higher than 2015; and 23.4% higher than 2014.

Consolidated Deductions from Revenues were 11.3% greater than 2016 and 12.1% higher than 2015. Net Revenue from Patients has increased 4.2% from 2016; 14.1% from 2015; and 24.1% compared to 2014. Other Operating Revenues were 4.7% lower than 2016 but 3.8% higher than 2015. WMS activity at Rice which transfers net revenues back to WMS has increased 17.2% from 2016 and 22.7% from 2015.

Hospital Only Patient Revenues were 4.5% greater than 2016 with WMS activity 16.2% greater than 2016. The Total Operating Revenue for Hospital Only services decreased 3.3% this year while the WMS Total Operating Revenue increased 18.3% from 2015.

Consolidated Net Expenses were 2.0% greater than 2016; 11.4% greater than 2015; and 11.4% greater than 2014. Expenses have increased in most categories with Salaries 2.1% higher than 2016 and 7.1% higher than 2015 due to annual salary adjustments; Contract Labor 7.7% higher than 2016 and 38.9% higher than 2015 due to increased activity in Oncology and contracted physicians; and Benefits 2.5% higher than 2016 and 23.1%

higher than 2015. The YTD 2017 Compensation Ratio was 51.7% compared to the target of 50.0%; 2016 ratio of 51.4%; and 2015 ratio of 52.3%. Other expenses that were higher were Supplies (7.4%/19.8% higher) due to Surgery activity and Home Medical Sales; Drugs (28.4%/47.5% higher) due to increased Inpatient and Oncology activity; Purchased Services (6.9%/11.5% higher) due to Legal, Dental Clinic, and other departmental activity; Utilities (2.6%/3.7% higher); Patient Related Travel (0.8%/8.2% lower); Education, Travel, & Dues (32.0%/50.4% higher) due to numerous departments and activity; and Other (5.5%/12.9% higher). Expense categories realizing lower costs in 2017 were Repairs, Service, & Rentals (9.2%/0.5% higher) and Insurance (10.1%/7.1% lower). Capital Costs were lower with Depreciation (12.4% lower/12.2% lower) and Interest (3.2% lower/7.0% lower). Taxes and Surcharges were higher (2.1%/4.9% higher).

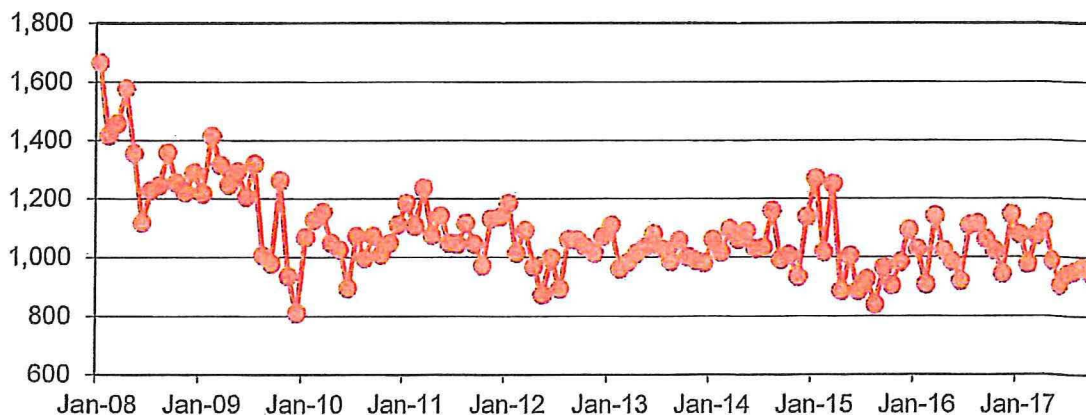
Hospital Only expenses were 1.9% higher than last year due to increases in patient activity with WMS expenses 16.9% higher than last year. Significant Hospital Only expense increases have occurred in Salaries, Contract Labor, Supplies, and Drugs all due to patient activity. Dues were higher related to the software license payment as mentioned above.

Non-Operating Activity has decreased \$704,000 from 2016 with 2017 Non-Operating Losses at \$29,000 compared to Income of \$675,000 in 2016. Investment Income was \$29,000 lower than last year's amount due to lower interest rates on re-invested securities; Unrealized Gains on Investments were \$240,000 lower compared to 2016; and Other Losses were \$436,000 higher compared to 2016.

The Hospital generated Operating Income of \$783,000 compared to last year's Operating Income of \$4.6 million. Care Center's Operating Income was \$1.2 million compared to last year's Income of \$7,300 while Home Medical's Operating Loss was \$295,000 compared to last year's Loss of \$627,000.

Statistical and Volume Summary

Patient days were 56 (5.6%) lower than forecast for the month with admissions 18 (6.5%) higher than forecast yielding a decrease in length of stay of 4.0% and an 18.7% decrease in case-mix adjusted length of stay. Compared to the prior year, patient days were 7.4% lower with admissions 10.8% higher. The average daily census for the month was 30.5 compared to forecast of 32.4; 33.0 last year; and a 31.1 three month average.

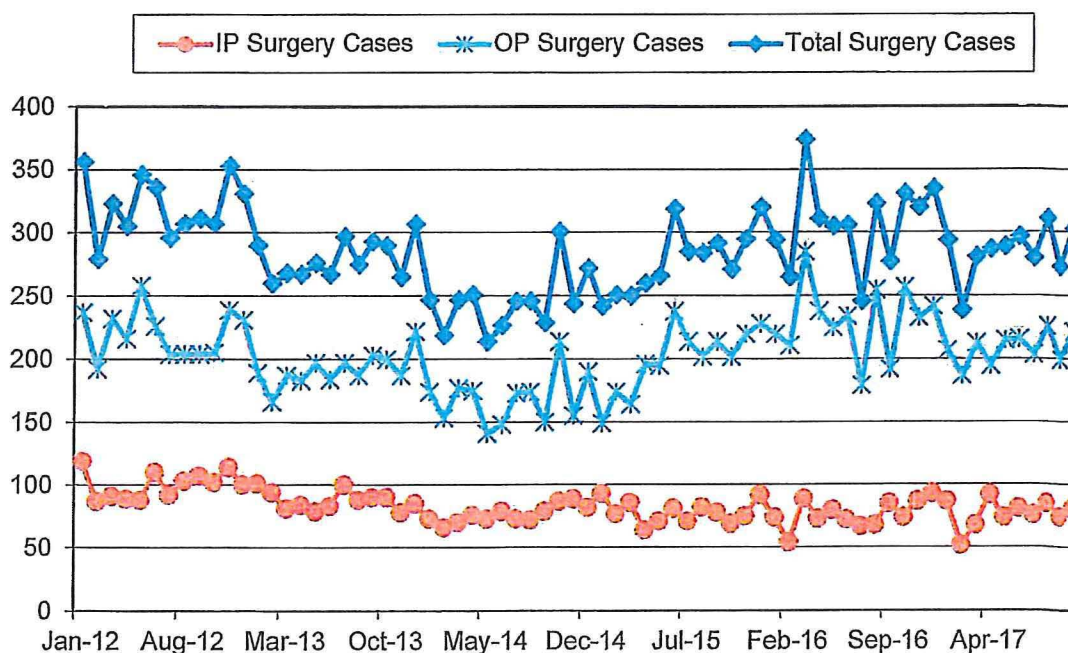


YTD Patient days were 407 (3.9%) lower than forecast with admissions 127 (4.4%) greater than forecast yielding a 7.6% decrease in length of stay and a 13.6% decrease in case mix adjusted length of stay. Compared to 2016; Patient days were 3.6% less and the same as 2015. Admissions were 4.4% greater than forecast; 5.1% greater than 2016; and 10.0% greater than 2015.

The monthly Hospital Medicare case mix was 6.5% greater than forecast and 11.5% greater than last year. The overall case mix was 18.2% greater than forecast and 20.8% greater than last year. Overall activity as measured in adjusted admissions was 25.8% higher than forecast and 11.9% higher than last year while adjusted patient days were 11.6% higher than forecast but 6.5% lower than last year. Care Center resident days were 0.4% greater than forecast with a 72.3 average daily census while the case mix was 2.3% higher than forecast.

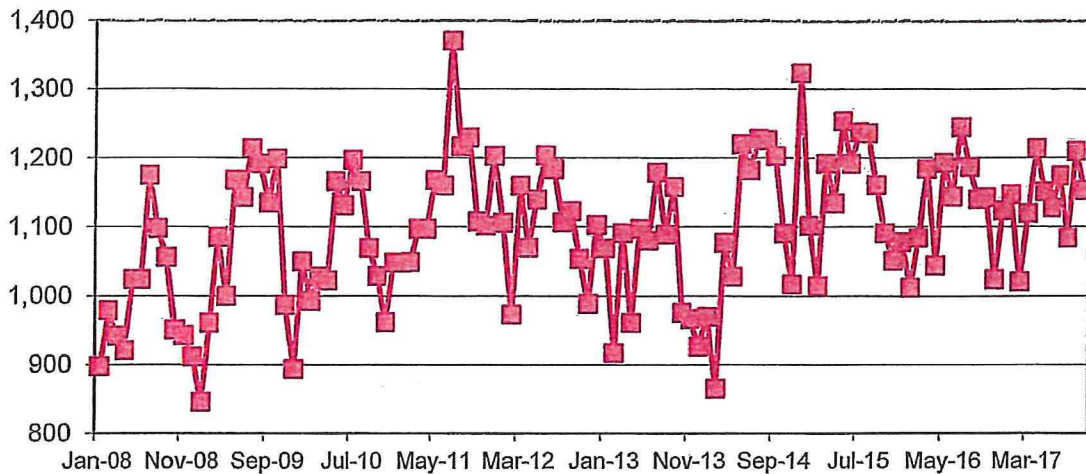
YTD Medicare case mix was 4.9% greater than forecast; 6.0% greater than 2016; and 8.1% greater than 2015. The overall case mix was 6.9% greater than forecast; 7.9% greater than 2016 and 15.4% greater than 2015. Adjusted admissions were 17.9% greater than forecast and 5.2% greater than last year while adjusted patient days were 8.5% greater than forecast but 3.5% less than last year. Deliveries were 2.1% greater than forecast; 0.2% greater than last year; but 6.1% less than 2015. Care Center resident days were 1.1% greater than forecast; 0.9% greater than last year; and 0.4% greater than 2015. Case mix was 1.4% greater than forecast; 1.4% greater than last year; and 0.2% greater than 2015.

Ancillary departments were mixed for the month. Surgery & GI cases were 3.2% higher than forecast, 8.5% less than last year, but 5.2% greater than the average. Inpatient activity was 2.5% greater than forecast and 9.5% greater than last year while Outpatient activity was 3.4% greater than forecast but 13.6% less than last year.



YTD Surgery & GI was 3.7% less than forecast; 5.9% less than last year but 4.9% greater than 2015. Inpatient cases were 1.3% greater than forecast and 4.6% greater than last year while Outpatient cases were 5.4% less than forecast and 9.2% less than last year.

Emergency Room visits were 1.6% greater than forecast for the month, 0.9% greater than last year, and 0.3% less than average. YTD ER visits were 0.9% greater than forecast; 0.2% greater than last year; and 1.8% less than 2015.



Monthly Laboratory tests were 9.0% greater than forecast, 2.3% greater than last year, and 12.5% greater than average. Medical Imaging procedures were 8.0% greater than forecast, 19.6% greater than last year, and 6.2% greater than average. Radiation Oncology visits 25.5% less than forecast, 2.4% greater than last year, and 27.9% less than average. Medical Oncology volumes were 13.0% higher than forecast, 20.7% higher than last year, and 8.4% higher than average.

On a YTD basis, Lab tests were 2.6% greater than forecast; 5.7% greater than last year; and 7.0% greater than 2015. Medical Imaging procedures were 9.5% greater than forecast; 12.3% greater than last year; and 9.1% greater than 2015. Radiation Oncology treatments were 0.1% less than forecast; 0.2% greater than last year; and 9.2% less than 2015. Medical Oncology visits were 8.5% greater than forecast; 12.0% greater than last year; and 28.8% greater than 2015.

Dialysis treatments for the month were 6.3% greater than forecast, 4.7% less than last year, but 5.3% greater than average; Rehab visits were 4.4% greater than forecast, 15.4% greater than last year, and 2.6% greater than average; Hospice visits were 18.0% greater than forecast, 24.4% greater than last year, and 14.4% greater than average; and Ambulance runs were 11.9% greater than forecast, 8.6% greater than last year, and 15.3% greater than average.

On a YTD basis, Dialysis treatments were 4.7% less than forecast; 6.3% less than last year; and 16.7% less than 2015. Rehab visits were 11.0% greater than forecast; 22.2% greater than last year; and 28.0% greater than 2015. Hospice visits were 2.7% greater than forecast; 1.6% less than last year; and 3.9% less than 2015. Ambulance runs were 0.5% greater than forecast; 2.9% greater than last year; and 3.3% greater than 2015.

Full Time Equivalents (FTE's) for the month were 783 compared to a forecast of 759 (3.2% higher); last year's total of 788 (0.6% lower); and less than the three month average of 786 (0.3%). Hospital FTE's were 2.5% higher than forecast, 0.1% higher than

last year, and 0.6% less than average. Care Center FTE's were 11.5% greater than forecast, 3.2% greater than last year and 0.6% greater than average. Home Medical FTE's were 1.2% less than forecast, 11.7% less than last year, and 0.7% greater than average.

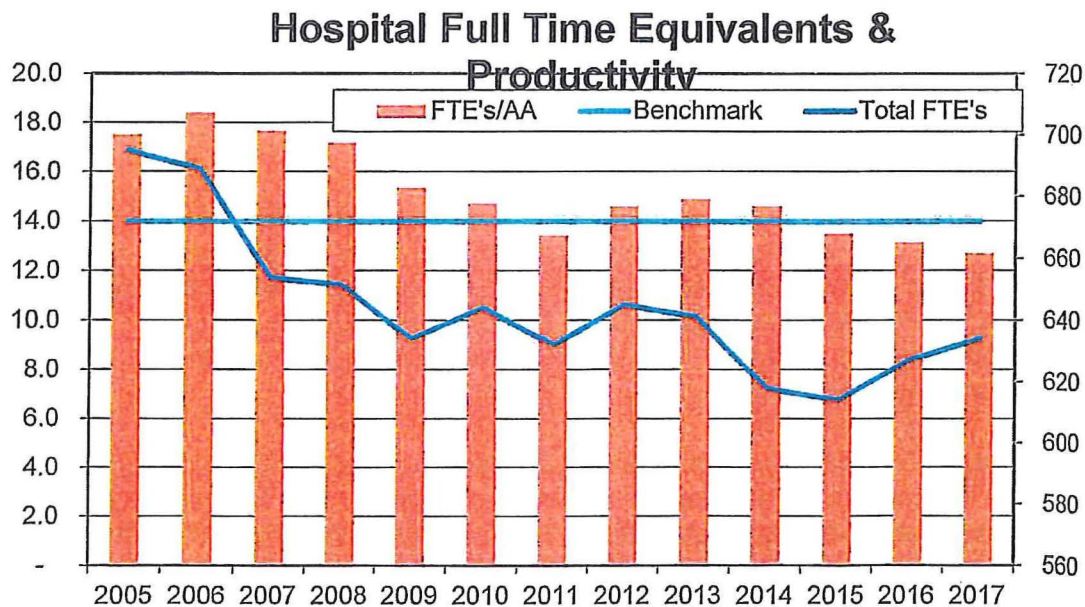
YTD FTE's were 788 compared to a forecast of 777 and 786 last year. Hospital FTE's were 0.1% less than forecast and 1.3% greater than last year; Care Center was 10.3% greater than forecast but 1.2% less than last year; and Home Medical was 3.4% greater than forecast and 7.3% less than last year.

Key Performance Indicators

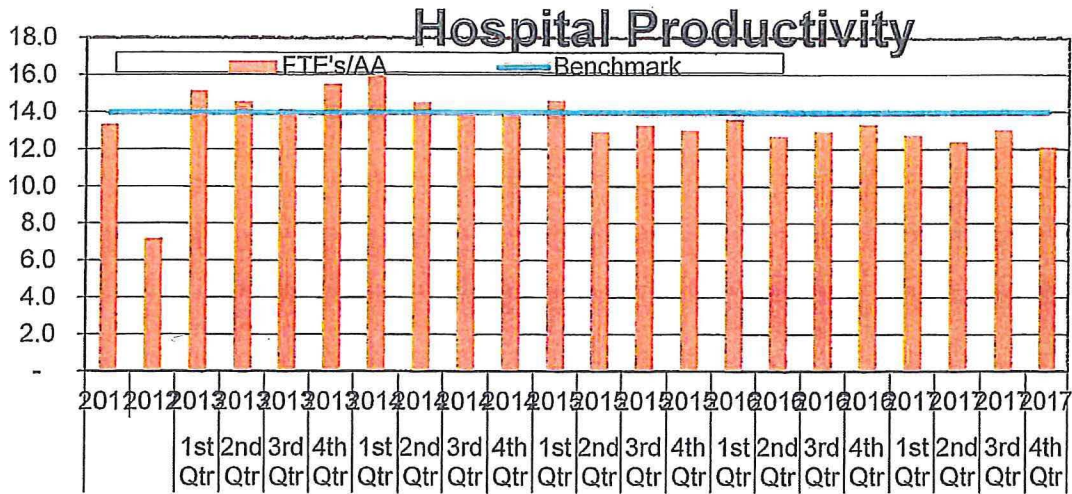
The Operational indicators were negative for the month compared to the forecast. Consolidated Operating Margin was -2.3% for the month; 2.0% YTD; forecast of 3.2% and last year's 3.6%. Excess Margin was -2.1% for the month; 2.0% YTD; forecast of 3.6% and last year's 0.7%. EBIDA Operating Margin was 6.5% for the month; 10.5% YTD; forecast of 12.2% and last year's 13.0%.

The Financial ratios indicate that the Debt/Capitalization ratio of 38.5% was higher than the forecast of 37.0% but declined from last year due to positive performance and the bond payments. Debt Service Coverage was 2.6 compared to the forecast of 3.6 and last year's 2.6. The Cash/Debt ratio was 80% compared to the forecast of 85% and last year's 68%. Days in accounts receivable were 49 compared to the forecast of 51 and last year's 52. Days of Cash were 129 compared to the forecast of 137 and last year's 116.

Hospital productivity ratios in terms of staffing were lower for the month with FTE's per adjusted admit at 12.2; YTD of 12.7; forecast of 12.7; and last year's ratio of 13.1. FTE's per adjusted patient day were 3.8 for the month; 3.8 YTD; forecast of 3.5; and 3.7 last year. Although FTE's are increasing, productivity is improving.



The quarterly Hospital productivity targets continued to be favorable compared to the Benchmark although increased in 3rd Quarter. The Hospital has continually performed better than the Benchmark going back to 1st Quarter 2015.



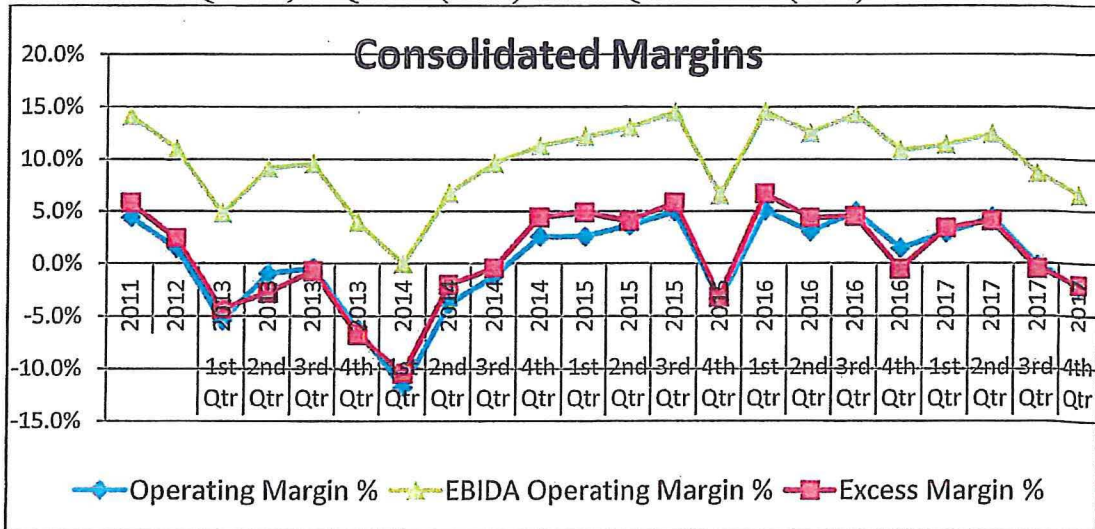
The Hospital Total Operating Expense Ratio was 91.5% for the month; 89.1% YTD; forecast of 88%; and last year's 87.6%. Bad Debt ratio was 1.1% YTD compared to the 0.8% forecast and significantly better than the benchmark of 7.4%. Capital Expense ratio was 6.7% YTD compared to 8.0% forecast, 7.9% last year, and the benchmark of 6.9%.

Care Center Hours per Resident Day were 6.7 for the month; 6.6 YTD; forecast of 6.6 and 6.7 last year. The Care Center's Total Operating Expense Ratio was 87.0% for the month; 84.3% YTD; 99.9% Forecast; and 98.1% in 2016.

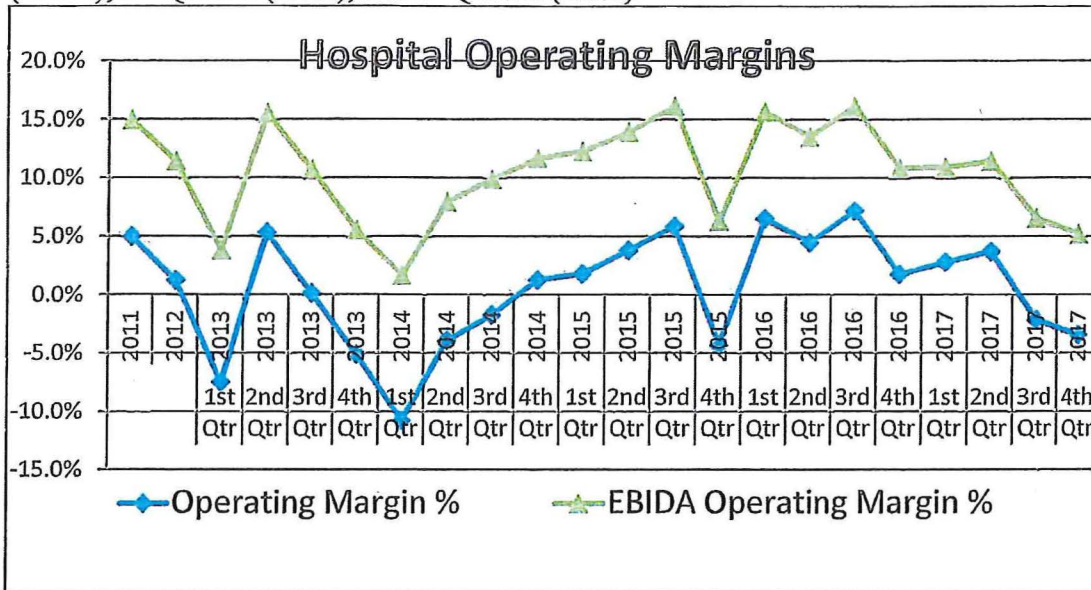
Sales per FTE at Home Medical were \$260,600 for the month; \$238,000 YTD; forecast of \$196,500 and \$210,900 last year. Home Medical's Total Operating Expense Ratio was 115.3% for the month; 106.5% YTD; 109.4% forecast; and 113.5% in 2016.

Key Performance Indicators by Entity

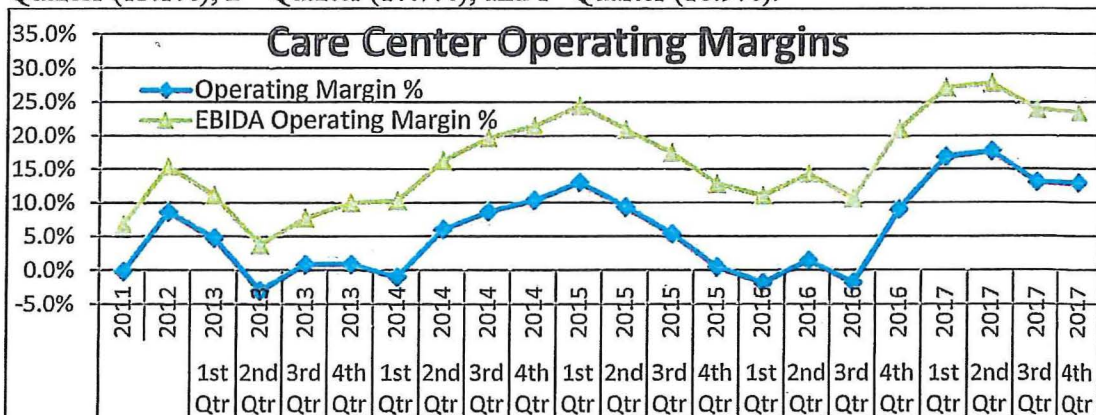
The Consolidated Operating Margins declined in 4th Quarter (-2.3%) compared to 3rd Quarter (-0.2%) 2nd Quarter 2017 (4.4%); lower than 1st Quarter 2017 (2.9%); and 4th Quarter 2016 (1.3%). The EBIDA Operating Margin was 6.5% in 4th Quarter compared to 8.6% in 3rd Quarter; 12.4% in 2nd Quarter; 11.4% in 1st Quarter (11.4%); and 10.7% in 4th Quarter 2016. Excess Margin for 4th Quarter was -2.1% compared to 3rd Quarter -0.5%; 4.1% from 2nd Quarter; 1st Quarter (3.4%) and 4th Quarter 2016 (-.7%).



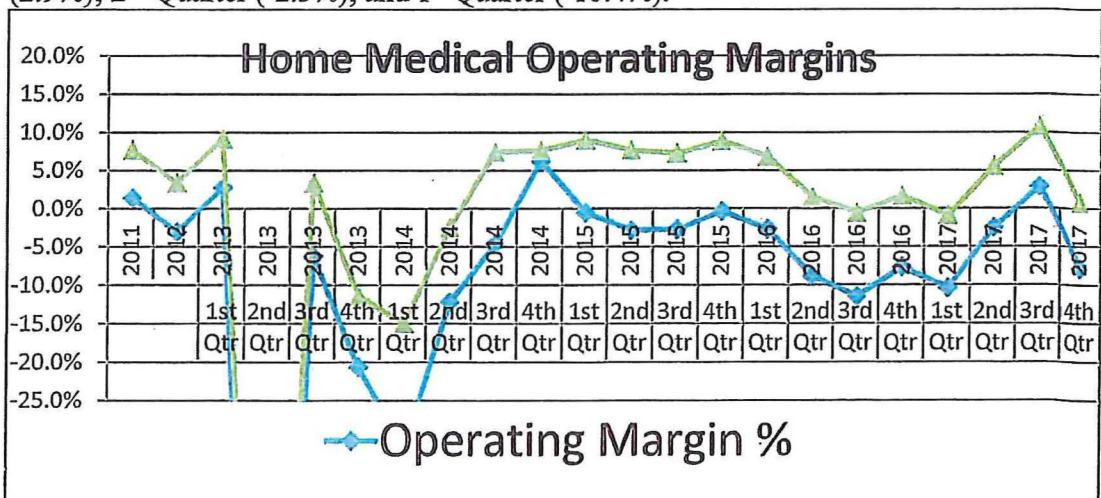
Hospital Operating Margins were lower in 4th Quarter (-3.5%) compared to 3rd Quarter (-2.2%); 2nd Quarter (3.7%); and 1st Quarter (2.8%).



Care Center Operating Margins were lower in 4th Quarter (13.0%) compared to 3rd Quarter (13.1%); 2nd Quarter (17.7%); and 1st Quarter (16.9%).



Home Medical Operating Margin declined in 4th Quarter (-7.8%) compared to 3rd Quarter (2.9%); 2nd Quarter (-2.5%); and 1st Quarter (-10.4%).



**RICE MEMORIAL HOSPITAL
CONSOLIDATED
BALANCE SHEET**
For the Ten Periods Ending October 31, 2017

	October 2017	12/31/2016	Variance	12/31/2015	Variance	12/31/2014	Variance
1 ASSETS							
2 CURRENT ASSETS							
3 CASH AND CASH EQUIVALENTS	\$5,130,156	\$4,411,187	\$718,969	\$3,234,021	\$1,896,134	\$2,449,437	\$2,680,718
4 TRUSTEE BOND AGREEMENTS - CURRENT	2,363,464	3,007,315	(643,851)	2,958,692	(595,228)	2,757,540	(394,076)
5 ACCOUNTS RECEIVABLE NET	16,690,456	16,007,152	683,303	18,272,917	(1,582,462)	14,049,911	2,640,545
6 OTHER RECEIVABLES	1,566,177	1,647,805	(81,628)	1,400,484	165,693	1,216,886	349,292
7 INVENTORY	2,719,469	2,694,764	24,705	2,140,792	578,677	1,974,860	744,609
8 PREPAID EXPENSES	1,160,566	1,091,182	69,384	1,025,311	135,255	877,299	283,266
10 TOTAL CURRENT ASSETS	29,630,288	28,859,405	770,883	29,032,218	598,070	23,325,933	6,304,354
11							
12 ASSETS LIMITED AS TO USE							
13 HELD BY TRUSTEES - BOND AGREEMENTS	3,776,634	3,776,634	0	3,776,634	0	3,776,634	0
16 REMAINDER UNITRUST - RECEIVABLE	30,839	30,839	0	47,522	(16,683)	47,522	(16,683)
17 ENDOWMENT FUND - INVESTMENTS	3,454,303	3,112,683	341,620	2,920,922	533,381	3,061,232	393,071
19 TOTAL ASSETS - USE IS LIMITED	7,261,776	6,920,156	341,620	6,745,079	516,698	6,885,388	376,388
20							
21 PROPERTY PLANT & EQUIPMENT							
22 PROPERTY PLANT & EQUIPMENT	155,459,212	152,869,326	2,589,886	148,474,757	6,984,455	142,634,962	12,824,250
23 LESS: ACCUMULATED DEPRECIATION	(94,862,952)	(90,093,345)	(4,769,607)	(87,408,770)	(7,454,183)	(80,874,221)	(13,988,731)
25 NET PROPERTY, PLANT & EQUIPMENT	60,596,260	62,775,981	(2,179,721)	61,065,987	(469,728)	61,760,741	(1,164,482)
26							
27 OTHER ASSETS							
28 INVESTMENTS - FIXED INCOME	29,360,380	25,823,674	3,536,706	24,355,400	5,004,980	25,106,026	4,254,354
29 INVESTMENTS - SHR	521,226	521,226	0	487,523	33,703	459,048	62,178
30 INVESTMENTS - WMS	6,596,976	4,860,381	1,736,595	4,020,928	2,576,048	4,269,043	2,327,934
31 INVESTMENTS - LAKE REGION HMS	(11,908)	(36,444)	24,536	(16,322)	4,413	18,124	(30,033)
32 INVESTMENTS - VHA UMCSC	50,000	50,000	0	50,000	0	54,963	(4,963)
33 GOODWILL, NET	79,612	80,722	(1,110)	82,056	(2,444)	83,389	(3,777)
37 TOTAL OTHER ASSETS	36,596,286	31,299,559	5,296,727	28,979,585	7,616,701	29,990,593	6,605,693
39 TOTAL ASSETS	\$134,084,609	\$129,855,102	\$4,229,508	\$125,822,869	\$8,261,741	\$121,962,656	\$12,121,954
41							
42 LIABILITIES AND NET ASSETS							
43 CURRENT LIABILITIES							
44 CURRENT MATURITIES OF LTD	\$2,491,669	\$2,491,669	\$0	\$2,239,597	\$252,072	\$1,944,520	\$547,149
45 ACCOUNTS PAYABLE TRADE	2,496,626	2,966,626	(470,000)	2,418,818	77,808	1,856,340	640,286
46 EST. THIRD PARTY PAYOR SETTLEMENTS	57,704	260,188	(202,484)	80,000	(22,296)	(188,000)	245,704
47 ACCRUED SALARIES AND BENEFITS	11,919,701	11,124,718	794,983	10,635,036	1,284,665	11,471,484	448,217
48 ACCRUED INTEREST AND DUE TO WMS	4,826,735	2,287,402	2,539,334	2,651,080	2,175,655	2,225,849	2,600,886
50 TOTAL CURRENT LIABILITIES	21,792,435	19,130,602	2,661,833	18,024,531	3,767,904	17,310,194	4,482,242
51							
52 LONG TERM DEBT (LESS CURRENT)	43,251,557	44,409,605	(1,158,048)	46,826,832	(3,575,275)	47,945,859	(4,694,302)
54 TOTAL LIABILITIES	65,043,992	63,540,207	1,503,785	64,851,363	192,629	65,256,052	(212,060)
55							
56 NET PENSION LIABILITY	38,725,933	38,725,933	0	35,418,495	3,307,438	0	38,725,933
57							
58 NET ASSETS							
59 RESTRICTED FUNDS							
60 DEBT SERVICE AND RESERVE	3,776,634	3,776,634	0	3,776,634	0	3,776,634	0
61 SPECIFIC PURPOSE FUND	128,226	117,008	11,218	273,764	(145,538)	216,568	(88,342)
62 PERMANENT ENDOWMENT	3,454,303	3,112,683	341,620	2,920,922	533,381	3,061,232	393,071
63 CURRENT YEAR INCOME	1,747,315	738,034	1,009,281	2,848,854	(1,101,539)	(1,677,986)	3,425,301
64 UNRESTRICTED	21,208,206	19,844,602	1,363,604	15,732,837	5,475,369	51,330,156	(30,121,950)
66 TOTAL NET ASSETS	30,314,684	27,588,961	2,725,723	25,553,011	4,761,673	56,706,604	(26,391,920)
68 TOTAL LIABILITIES AND NET ASSETS	\$134,084,609	\$129,855,102	\$4,229,508	\$125,822,869	\$8,261,741	\$121,962,656	\$12,121,954

RICE MEMORIAL HOSPITAL
CONSOLIDATED
For The Month Ending October 31, 2017

	OCTOBER 2017	PRIOR 3 MO AVERAGE	% VAR	SEPTEMBER 2017	% VAR	AUGUST 2017	% VAR	JULY 2017	% VAR
OPERATING REVENUE									
INPATIENT REVENUE	\$5,857,713	\$5,637,419	3.9%	\$5,503,741	6.4%	\$5,915,219	(1.0%)	\$5,493,297	6.6%
OUTPATIENT REVENUE	14,216,233	13,666,887	4.0%	12,927,320	10.0%	14,111,668	0.7%	13,961,672	1.8%
RICE CARE CENTER REVENUE	1,024,194	971,114	5.5%	958,762	6.8%	981,694	4.3%	972,884	5.3%
RICE HOME MEDICAL REVENUE	1,312,463	1,249,312	5.1%	1,222,192	7.4%	1,399,357	(6.2%)	1,126,387	16.5%
TOTAL PATIENT REVENUE	22,410,604	21,524,732	4.1%	20,612,016	8.7%	22,407,939	0.0%	21,554,240	4.0%
LESS DISCOUNTS & CONTRACTUALS	12,172,511	11,268,482	8.0%	11,048,660	10.2%	11,769,420	3.4%	10,987,366	10.8%
LESS UNCOMPENSATED CARE	59,587	54,104	10.1%	67,700	(12.0%)	48,298	23.4%	46,313	28.7%
LESS BAD DEBT EXPENSE	105,844	166,193	(36.3%)	175,380	(39.6%)	128,485	(17.6%)	194,715	(45.6%)
TOTAL DEDUCTIONS FROM REVENUE	12,337,942	11,488,779	7.4%	11,291,740	9.3%	11,946,203	3.3%	11,228,394	9.9%
NET REVENUE FROM PATIENTS	10,072,662	10,035,953	0.4%	9,320,276	8.1%	10,461,736	(3.7%)	10,325,846	(2.5%)
OTHER OPERATING REVENUE	1,287,994	1,197,835	7.5%	909,465	41.6%	1,451,230	(11.2%)	1,232,809	4.5%
TOTAL OPERATING REVENUE	11,360,655	11,233,788	1.1%	10,229,741	11.1%	11,912,966	(4.6%)	11,558,655	(1.7%)
LESS: WILLMAR MEDICAL SERVICES									
OPERATING REVENUE	2,732,802	2,740,369	(0.3%)	2,456,758	11.2%	3,075,942	(11.2%)	2,688,406	1.7%
TOTAL OPERATING REVENUE	8,627,853	8,493,419	1.6%	7,772,983	11.0%	8,837,024	(2.4%)	8,870,250	(2.7%)
OPERATING EXPENSES									
SALARIES AND WAGES	4,231,212	4,111,723	2.9%	4,179,143	1.2%	4,103,713	3.1%	4,052,314	4.4%
CONTRACT LABOR	388,694	421,995	(7.9%)	314,684	23.5%	527,835	(26.4%)	423,468	(8.2%)
SUPPLEMENTAL BENEFITS	1,355,809	1,301,764	4.2%	1,313,748	3.2%	1,181,298	14.8%	1,410,245	(3.9%)
SUPPLIES	1,268,904	1,078,410	17.7%	1,018,436	24.6%	1,283,022	(1.1%)	933,773	35.9%
DRUGS	869,137	926,302	(6.2%)	937,906	(7.3%)	882,177	(1.5%)	958,825	(9.4%)
PURCHASED SERVICES	804,929	737,152	9.2%	818,240	(1.6%)	690,614	16.6%	702,601	14.6%
REPAIRS, SERVICE & RENTALS	272,624	301,671	(9.6%)	296,326	(8.0%)	354,725	(23.1%)	253,962	7.3%
UTILITIES	151,807	175,595	(13.5%)	179,486	(15.4%)	173,057	(12.3%)	174,242	(12.9%)
INSURANCE	38,750	44,483	(12.9%)	38,884	(0.3%)	43,859	(11.6%)	50,706	(23.6%)
PATIENT RELATED TRAVEL	26,789	21,511	24.5%	23,335	14.8%	22,886	17.1%	18,312	46.3%
EDUCATION, TRAVEL, & DUES	96,452	153,317	(37.1%)	50,479	91.1%	296,180	(67.4%)	113,292	(14.9%)
OTHER	32,921	35,581	(7.5%)	31,692	3.9%	42,057	(21.7%)	32,995	(0.2%)
DEPRECIATION AND AMORT	624,182	613,026	1.8%	603,710	3.4%	616,789	1.2%	618,579	0.9%
INTEREST	136,449	136,805	(0.3%)	136,723	(0.2%)	136,660	(0.2%)	137,031	(0.4%)
TAXES & SURCHARGE	194,288	157,737	23.2%	125,489	54.8%	207,559	(6.4%)	140,163	38.6%
TOTAL OPERATING EXPENSES	10,492,947	10,217,071	2.7%	10,068,280	4.2%	10,562,428	(0.7%)	10,020,506	4.7%
LESS: WILLMAR MEDICAL SERVICES									
OPERATING EXPENSES	1,669,417	1,708,004	(2.3%)	1,617,182	3.2%	1,809,265	(7.7%)	1,697,565	(1.7%)
NET OPERATING EXPENSES	8,823,530	8,509,067	3.7%	8,451,098	4.4%	8,753,163	0.8%	8,322,942	6.0%
OPERATING INCOME (LOSS)	(\$195,677)	(\$15,649)	1,150.5%	(\$678,115)	(71.1%)	583,861	(333.3%)	\$547,308	(135.8%)
NON OPERATING INCOME									
INVESTMENT INCOME	70,975	47,764	48.6%	71,137	(0.2%)	65,676	8.1%	6,479	995.5%
UNREALIZED GAIN (LOSS)	(60,557)	13,194	(559.0%)	(158,793)	(61.9%)	114,533	(152.9%)	83,842	(172.2%)
OTHER GAIN (LOSS)	2,000	(86,927)	(102.3%)	1,500	33.3%	(118,347)	(101.7%)	(143,934)	(101.4%)
TOTAL NON OPERATING INCOME	12,418	(25,968)	(147.8%)	(86,155)	(114.4%)	61,862	(79.9%)	(53,613)	(123.2%)
NET INCOME (LOSS)	(183,259)	(41,617)	340.3%	(764,270)	(76.0%)	145,724	(225.8%)	493,695	(137.1%)

RICE MEMORIAL HOSPITAL
RICE MEMORIAL HOSPITAL
For The Month Ending October 31, 2017

	OCTOBER 2017	PRIOR 3 MO AVERAGE	% VAR	SEPTEMBER 2017	% VAR	AUGUST 2017	% VAR	JULY 2017	% VAR
OPERATING REVENUE									
INPATIENT REVENUE	\$5,857,713	\$5,637,419	3.9%	\$5,503,741	6.4%	\$5,915,219	(1.0%)	\$5,493,297	6.6%
OUTPATIENT REVENUE	14,216,233	13,666,887	4.0%	12,927,320	10.0%	14,111,668	0.7%	13,961,672	1.8%
TOTAL PATIENT REVENUE	20,073,946	19,304,306	4.0%	18,431,061	8.9%	20,026,887	0.2%	19,454,969	3.2%
LESS DISCOUNTS & CONTRACTUALS	11,452,329	10,682,649	7.2%	10,436,207	9.7%	11,150,727	2.7%	10,461,014	9.5%
LESS UNCOMPENSATED CARE	56,389	53,581	5.2%	67,258	(16.2%)	47,859	17.8%	45,626	23.6%
LESS BAD DEBT EXPENSE	105,893	140,433	(24.6%)	136,233	(22.3%)	111,428	(5.0%)	173,639	(39.0%)
TOTAL DEDUCTIONS FROM REVENUE	11,614,611	10,876,664	6.8%	10,639,698	9.2%	11,310,014	2.7%	10,680,280	8.7%
NET REVENUE FROM PATIENTS	8,459,335	8,427,642	0.4%	7,791,363	8.6%	8,716,873	(3.0%)	8,774,690	(3.6%)
OTHER OPERATING REVENUE	1,254,445	1,160,844	8.1%	885,541	41.7%	1,398,137	(10.3%)	1,198,854	4.6%
TOTAL OPERATING REVENUE	9,713,780	9,588,486	1.3%	8,676,905	11.9%	10,115,010	(4.0%)	9,973,544	(2.6%)
LESS: WILLMAR MEDICAL SERVICES									
OPERATING REVENUE	2,732,802	2,740,369	(0.3%)	2,456,758	11.2%	3,075,942	(11.2%)	2,688,406	1.7%
TOTAL OPERATING REVENUE	6,980,977	6,848,117	1.9%	6,220,146	12.2%	7,039,068	(0.8%)	7,285,138	(4.2%)
OPERATING EXPENSES									
SALARIES AND WAGES	3,700,102	3,597,799	2.8%	3,685,798	0.4%	3,554,532	4.1%	3,553,067	4.1%
CONTRACT LABOR	301,797	341,379	(11.6%)	237,983	26.8%	445,734	(32.3%)	340,420	(11.3%)
SUPPLEMENTAL BENEFITS	1,175,636	1,129,498	4.1%	1,132,442	3.8%	1,015,094	15.8%	1,240,956	(5.3%)
SUPPLIES	811,315	675,535	20.1%	622,915	30.2%	832,911	(2.6%)	570,780	42.1%
DRUGS	850,275	910,938	(6.7%)	921,097	(7.7%)	866,270	(1.8%)	945,446	(10.1%)
PURCHASED SERVICES	733,647	663,269	10.6%	747,339	(1.8%)	612,747	19.7%	629,720	16.5%
REPAIRS, SERVICE & RENTALS	247,644	277,380	(10.7%)	271,810	(8.9%)	326,435	(24.1%)	233,893	5.9%
UTILITIES	132,166	154,487	(14.4%)	157,845	(16.3%)	151,681	(12.9%)	153,933	(14.1%)
INSURANCE	32,035	37,620	(14.8%)	32,169	(0.4%)	37,373	(14.3%)	43,316	(26.0%)
PATIENT RELATED TRAVEL	19,635	15,945	23.1%	17,279	13.6%	18,310	7.2%	12,247	60.3%
EDUCATION, TRAVEL, & DUES	85,963	146,039	(41.1%)	42,663	101.5%	290,549	(70.4%)	104,904	(18.1%)
OTHER	26,825	22,918	17.0%	20,412	31.4%	28,096	(4.5%)	20,246	32.5%
DEPRECIATION AND AMORT	491,750	485,237	1.3%	478,712	2.7%	488,112	0.7%	488,888	0.6%
INTEREST	112,729	113,085	(0.3%)	113,003	(0.2%)	112,939	(0.2%)	113,311	(0.5%)
TAXES & SURCHARGE	169,999	132,505	28.3%	101,951	66.7%	181,480	(6.3%)	114,085	49.0%
TOTAL OPERATING EXPENSES	8,891,518	8,703,632	2.2%	8,583,419	3.6%	8,962,264	(0.8%)	8,565,213	3.8%
LESS: WILLMAR MEDICAL SERVICES									
OPERATING EXPENSES	1,669,417	1,708,004	(2.3%)	1,617,182	3.2%	1,809,265	(7.7%)	1,697,565	(1.7%)
NET OPERATING EXPENSES	7,222,101	6,995,628	3.2%	6,966,237	3.7%	7,152,999	1.0%	6,867,648	5.2%
OPERATING INCOME (LOSS)	(\$241,124)	(\$147,511)	63.5%	(\$746,091)	(67.7%)	(\$113,931)	111.6%	\$417,490	(157.8%)
NON OPERATING INCOME									
INVESTMENT INCOME	68,975	46,104	49.6%	70,156	(1.7%)	63,676	8.3%	4,479	1,440.1%
UNREALIZED GAIN (LOSS)	(60,557)	13,194	(559.0%)	(158,793)	(61.9%)	114,533	(152.9%)	83,842	(172.2%)
OTHER GAIN (LOSS)	2,000	(86,927)	(102.3%)	1,500	33.3%	(118,347)	(101.7%)	(143,934)	(101.4%)
TOTAL NON OPERATING INCOME	10,418	(27,629)	(137.7%)	(87,136)	(112.0%)	59,862	(82.6%)	(55,613)	(118.7%)
NET INCOME (LOSS)	(230,706)	(175,139)	31.7%	(833,227)	(72.3%)	(54,068)	326.7%	361,877	(163.8%)

RICE MEMORIAL HOSPITAL & WILLMAR MEDICAL SERVICES
CURRENT MONTH COMPARISON
For Periods Ending October 31, 2017

	OCTOBER 2017			3 MTH AVERAGE				
	RICE	WMS	TOTAL	RICE	% VAR	WMS	% VAR	TOTAL
OPERATING REVENUE								
INPATIENT REVENUE	\$5,150,651	\$707,061	\$5,857,713	\$4,989,775	3.2%	\$647,644	9.2%	\$5,637,419
OUTPATIENT REVENUE	8,213,111	6,003,122	14,216,233	7,731,994	6.2%	5,934,893	1.1%	13,666,887
TOTAL PATIENT REVENUE	13,363,763	6,710,183	20,073,946	12,721,769	5.0%	6,582,536	1.9%	19,304,306
LESS DISCOUNTS & CONTRACTUALS	7,492,330	3,959,998	11,452,329	6,858,945	9.2%	3,823,704	3.6%	10,682,649
LESS UNCOMPENSATED CARE	37,038	19,351	56,389	34,758	6.6%	18,823	2.8%	53,581
LESS BAD DEBT EXPENSE	75,027	30,867	105,893	110,269	(32.0%)	30,165	2.3%	140,433
TOTAL DEDUCTIONS FROM REVENUE	7,604,395	4,010,216	11,614,611	7,003,972	8.6%	3,872,692	3.6%	10,876,664
NET REVENUE FROM PATIENTS	5,759,368	2,699,967	8,459,335	5,717,797	0.7%	2,709,845	(0.4%)	8,427,642
OTHER OPERATING REVENUE	1,245,960	8,485	1,254,445	1,148,627	8.5%	12,217	(30.5%)	1,160,844
TOTAL OPERATING REVENUE	7,005,328	2,708,452	9,713,780	6,866,424	2.0%	2,722,062	(0.5%)	9,588,486
LESS: WILLMAR MEDICAL SERVICES OPERATING REVENUE	-	2,732,802	2,732,802	-	-	2,740,369	(0.3%)	2,740,369
TOTAL OPERATING REVENUE	7,005,328	(24,350)	6,980,978	6,866,424	2.0%	(18,307)	33.0%	6,848,117
OPERATING EXPENSES								
SALARIES AND WAGES	3,384,504	315,598	3,700,102	3,282,201	3.1%	315,598	-	3,597,799
CONTRACT LABOR	84,988	216,809	301,797	135,291	(37.2%)	206,088	5.2%	341,379
SUPPLEMENTAL BENEFITS	1,070,889	104,747	1,175,636	1,024,751	4.5%	104,747	-	1,129,498
SUPPLIES	737,714	73,601	811,315	623,959	18.2%	51,576	42.7%	675,535
DRUGS	159,580	690,695	850,275	186,045	(14.2%)	724,893	(4.7%)	910,938
PURCHASED SERVICES	563,030	170,616	733,647	461,438	22.0%	201,830	(15.5%)	663,269
REPAIRS, SERVICE & RENTALS	209,825	37,818	247,644	231,088	(9.2%)	46,291	(18.3%)	277,380
UTILITIES	132,033	133	132,166	154,356	(14.5%)	131	1.9%	154,487
INSURANCE	31,693	342	32,035	37,278	(15.0%)	342	-	37,620
PATIENT RELATED TRAVEL	18,570	1,065	19,635	15,454	20.2%	491	116.9%	15,945
EDUCATION, TRAVEL, & DUES	79,297	6,666	85,963	134,477	(41.0%)	11,561	(42.3%)	146,039
OTHER	21,519	5,307	26,825	17,809	20.8%	5,109	3.9%	22,918
DEPRECIATION AND AMORT	472,043	19,706	491,750	465,496	1.4%	19,741	(0.2%)	485,237
INTEREST	111,884	845	112,729	112,180	(0.3%)	905	(6.6%)	113,085
TAXES & SURCHARGE	168,883	1,117	169,999	132,112	27.8%	394	183.8%	132,505
TOTAL OPERATING EXPENSES	7,246,452	1,645,066	8,891,518	7,013,935	3.3%	1,689,697	(2.6%)	8,703,632
LESS: WILLMAR MEDICAL SERVICES OPERATING EXPENSES	-	1,669,417	1,669,417	-	-	1,708,004	(2.3%)	1,708,004
NET OPERATING EXPENSES	7,246,452	(24,350)	7,222,101	7,013,935	3.3%	(18,307)	33.0%	6,995,628
OPERATING INCOME (LOSS)	(\$241,124)	-	(\$241,124)	(\$147,511)	63.5%	-	-	(\$147,511)
NON OPERATING INCOME								
INVESTMENT INCOME	68,975	-	68,975	46,104	49.6%	-	-	46,104
UNREALIZED GAIN (LOSS)	(60,557)	-	(60,557)	13,194	(559.0%)	-	-	13,194
OTHER GAIN (LOSS)	2,000	-	2,000	(86,927)	(102.3%)	-	-	(86,927)
TOTAL NON OPERATING INCOME	10,418	-	10,418	(27,629)	(137.7%)	-	-	(27,629)
NET INCOME (LOSS)	(230,706)	(24,350)	(230,706)	(175,139)	31.7%	(18,307)	33.0%	(175,139)

RICE MEMORIAL HOSPITAL
RICE CARE CENTER
For The Month Ending October 31, 2017

	OCTOBER 2017	PRIOR 3 MO AVERAGE	% VAR	SEPTEMBER 2017	% VAR	AUGUST 2017	% VAR	JULY 2017	% VAR
OPERATING REVENUE									
RICE CARE CENTER REVENUE	\$1,024,194	\$971,114	5.5%	\$958,762	6.8%	\$981,694	4.3%	\$972,884	5.3%
TOTAL PATIENT REVENUE	1,024,194	971,114	5.5%	958,762	6.8%	981,694	4.3%	972,884	5.3%
LESS DISCOUNTS & CONTRACTUALS	218,000	178,526	22.1%	209,052	4.3%	185,648	17.4%	140,878	54.7%
LESS UNCOMPENSATED CARE	2,479	0	0.0%	0	0.0%	0	0.0%	0	0.0%
LESS BAD DEBT EXPENSE	(3,119)	10,944	(128.5%)	9,563	(132.6%)	9,100	(134.3%)	14,169	(122.0%)
TOTAL DEDUCTIONS FROM REVENUE	217,360	189,470	14.7%	218,615	(0.6%)	194,748	11.6%	155,047	40.2%
NET REVENUE FROM PATIENTS	806,834	781,644	3.2%	740,148	9.0%	786,947	2.5%	817,837	(1.3%)
OTHER OPERATING REVENUE	1,641	1,120	46.6%	1,077	52.3%	1,212	35.4%	1,070	53.4%
TOTAL OPERATING REVENUE	808,476	782,763	3.3%	741,225	9.1%	788,158	2.6%	818,907	(1.3%)
LESS: WILLMAR MEDICAL SERVICES									
TOTAL OPERATING REVENUE	808,476	782,763	3.3%	741,225	9.1%	788,158	2.6%	818,907	(1.3%)
OPERATING EXPENSES									
SALARIES AND WAGES	306,415	304,399	0.7%	287,265	6.7%	334,022	(8.3%)	291,909	5.0%
CONTRACT LABOR	86,897	80,617	7.8%	76,701	13.3%	82,101	5.8%	83,048	4.6%
SUPPLEMENTAL BENEFITS	108,338	94,421	14.7%	93,063	16.4%	96,715	12.0%	93,486	15.9%
SUPPLIES	38,618	38,679	(0.2%)	39,795	(3.0%)	39,281	(1.7%)	36,962	4.5%
DRUGS	18,862	15,365	22.8%	16,809	12.2%	15,907	18.6%	13,379	41.0%
PURCHASED SERVICES	12,137	13,015	(6.7%)	13,164	(7.8%)	12,814	(5.3%)	13,068	(7.1%)
REPAIRS, SERVICE & RENTALS	5,791	8,299	(30.2%)	8,586	(32.5%)	13,353	(56.6%)	2,958	95.8%
UTILITIES	10,671	12,694	(15.9%)	14,028	(23.9%)	12,428	(14.1%)	11,627	(8.2%)
INSURANCE	2,333	2,595	(10.1%)	2,333	0.0%	2,333	0.0%	3,120	(25.2%)
PATIENT RELATED TRAVEL	406	583	(30.4%)	1,042	(61.1%)	439	(7.7%)	267	52.0%
EDUCATION, TRAVEL, & DUES	8,614	4,455	93.4%	5,201	65.6%	4,890	76.2%	3,275	163.1%
OTHER	197	97	103.6%	13	1,423.5%	248	(20.3%)	30	552.0%
DEPRECIATION AND AMORT	61,728	61,089	1.0%	59,753	3.3%	61,746	0.0%	61,769	(0.1%)
INTEREST	23,720	23,720	0.0%	23,720	0.0%	23,720	0.0%	23,720	0.0%
TAXES & SURCHARGE	19,048	19,991	(4.7%)	18,298	4.1%	20,838	(8.6%)	20,838	(8.6%)
TOTAL OPERATING EXPENSES	703,775	680,021	3.5%	659,770	6.7%	720,836	(2.4%)	659,455	6.7%
LESS: WILLMAR MEDICAL SERVICES									
NET OPERATING EXPENSES	703,775	680,021	3.5%	659,770	6.7%	720,836	(2.4%)	659,455	6.7%
OPERATING INCOME (LOSS)	\$104,701	\$102,743	1.9%	\$81,454	28.5%	\$67,323	55.5%	\$159,451	(34.3%)
NON OPERATING INCOME									
INVESTMENT INCOME	2,000	1,660	20.5%	981	103.9%	2,000	0.0%	2,000	0.0%
TOTAL NON OPERATING INCOME	2,000	1,660	20.5%	981	103.9%	2,000	0.0%	2,000	0.0%
NET INCOME (LOSS)	106,701	104,403	2.2%	82,436	29.4%	69,323	53.9%	161,451	(33.9%)

RICE HOME MEDICAL
RICE HOME MEDICAL
For the Month Ending October 31, 2017

	October 2017	% of Gross Sales	Prior 3 Mo Average	% of Gross Sales	September 2017	% of Gross Sales	August 2017	% of Gross Sales
GROSS SALES								
SALES REVENUE	\$931,339	70.96%	\$855,365	68.38%	\$830,971	67.99%	\$991,078	70.57%
RENTS REVENUE	381,124	29.04%	393,948	31.49%	391,221	32.01%	408,280	29.07%
MISC REVENUE	50	0.00%	1,654	0.13%	0	0.00%	4,961	0.35%
GROSS SALES	1,312,513	100.00%	1,250,966	100.00%	1,222,192	100.00%	1,404,318	100.00%
LESS: CONTRACTUAL ALLOWANCES	(502,182)	(38.26%)	(407,306)	(32.56%)	(403,401)	(33.01%)	(433,045)	(30.84%)
LESS: UNCOMPENSATED CARE	(719)	(0.05%)	(523)	(0.04%)	(443)	(0.04%)	(439)	(0.03%)
LESS: BAD DEBT EXPENSE	(3,070)	(0.23%)	(14,816)	(1.18%)	(29,584)	(2.42%)	(7,957)	(0.57%)
NET SALES	806,542	61.45%	828,321	66.21%	788,766	64.54%	962,877	68.57%
COST OF GOODS SOLD								
OXYGEN	2,953	0.22%	4,184	0.33%	4,746	0.39%	3,442	0.25%
EQUIPMENT	78,462	5.98%	51,999	4.16%	52,472	4.29%	57,369	4.09%
SUPPLY - FREIGHT	18,153	1.38%	17,531	1.40%	16,070	1.31%	19,898	1.42%
SUPPLY	276,334	21.05%	260,093	20.79%	261,508	21.40%	294,694	20.98%
EQUIPMENT REPAIR	31,793	2.42%	19,735	1.58%	11,941	0.98%	24,605	1.75%
SHOP EXPENSE	2,814	0.21%	4,213	0.34%	2,839	0.23%	3,673	0.26%
EQUIPMENT RENTAL & LEASES	2,775	0.21%	2,432	0.19%	2,050	0.17%	2,196	0.16%
PURCHASE DISCOUNTS	(15,049)	(1.15%)	(17,908)	(1.43%)	(3,654)	(0.30%)	(33,095)	(2.36%)
TOTAL COST OF GOODS SOLD	398,236	30.34%	342,279	27.36%	347,972	28.47%	372,782	26.55%
GROSS PROFIT	408,306	31.11%	486,042	38.85%	440,794	36.07%	590,096	42.02%
OTHER OPERATING REVENUE	11,827	0.90%	11,273	0.90%	11,580	0.95%	11,081	0.79%
TOTAL OPERATING REVENUE	420,133	32.01%	497,315	39.75%	452,374	37.01%	601,176	42.81%
OPERATING EXPENSES								
SALARIES & WAGES	224,695	17.12%	209,525	16.75%	206,080	16.86%	215,158	15.32%
SUPPLEMENTAL BENEFITS	71,834	5.47%	77,845	6.22%	88,243	7.22%	69,488	4.95%
SUPPLIES AND DRUGS	5,688	0.43%	4,009	0.32%	4,100	0.34%	4,954	0.35%
PURCHASED SERVICES	59,145	4.51%	60,867	4.87%	57,737	4.72%	65,053	4.63%
REPAIRS, SERVICE & RENTALS	19,189	1.46%	15,992	1.28%	15,930	1.30%	14,938	1.06%
UTILITIES	8,971	0.68%	8,414	0.67%	7,613	0.62%	8,948	0.64%
INSURANCE	4,382	0.33%	4,268	0.34%	4,382	0.36%	4,152	0.30%
PATIENT RELATED TRAVEL	6,748	0.51%	4,983	0.40%	5,014	0.41%	4,136	0.29%
EDUCATION, TRAVEL, & DUES	1,875	0.14%	2,823	0.23%	2,615	0.21%	740	0.05%
OTHER EXPENSE	5,898	0.45%	12,566	1.00%	11,267	0.92%	13,713	0.98%
DEPRECIATION & AMORTIZATION	70,705	5.39%	66,699	5.33%	65,244	5.34%	66,931	4.77%
TAXES	5,241	0.40%	5,241	0.42%	5,241	0.43%	5,241	0.37%
TOTAL OPERATING EXPENSES	484,369	36.90%	473,232	37.83%	473,464	38.74%	473,452	33.71%
NET OPERATING INCOME (LOSS)	(64,236)	(4.89%)	24,083	1.93%	(21,091)	(1.73%)	127,724	9.10%
INVESTMENT INCOME (LOSS)	4,982	0.38%	5,036	0.40%	7,612	0.62%	2,745	0.20%
NET INCOME (LOSS)	(\$59,254)	(4.51%)	\$29,119	2.33%	(\$13,478)	(1.10%)	\$130,469	9.29%

RICE MEMORIAL HOSPITAL
CONSOLIDATED
For the Year to Date October 31, 2017

	OCTOBER 2017	OCTOBER 2016	% VAR	OCTOBER 2015	% VAR	OCTOBER 2014	% VAR
OPERATING REVENUE							
INPATIENT REVENUE	\$59,787,871	\$55,350,762	8.0%	\$53,801,950	11.1%	\$53,127,056	12.5%
OUTPATIENT REVENUE	136,071,900	125,699,535	8.3%	118,087,953	15.2%	103,943,139	30.9%
RICE CARE CENTER REVENUE	9,922,751	9,873,940	0.5%	10,081,126	(1.6%)	9,115,721	8.9%
RICE HOME MEDICAL REVENUE	12,595,668	11,613,919	8.5%	11,247,462	12.0%	10,776,272	16.9%
TOTAL PATIENT REVENUE	218,378,191	202,538,156	7.8%	193,218,491	13.0%	176,962,188	23.4%
LESS DISCOUNTS & CONTRACTUALS	114,030,184	102,415,921	11.3%	101,059,734	12.8%	91,340,718	24.8%
LESS UNCOMPENSATED CARE	625,307	687,421	(9.0%)	1,037,978	(39.8%)	951,251	(34.3%)
LESS BAD DEBT EXPENSE	1,082,131	912,854	18.5%	1,169,157	(7.4%)	1,967,158	(45.0%)
TOTAL DEDUCTIONS FROM REVENUE	115,737,622	104,016,196	11.3%	103,266,869	12.1%	94,259,126	22.8%
NET REVENUE FROM PATIENTS	102,640,569	98,521,960	4.2%	89,951,622	14.1%	82,703,062	24.1%
OTHER OPERATING REVENUE	13,165,363	13,808,522	(4.7%)	12,681,758	3.8%	12,117,000	8.7%
TOTAL OPERATING REVENUE	115,805,932	112,330,483	3.1%	102,633,380	12.8%	94,820,061	22.1%
LESS: WILLMAR MEDICAL SERVICES							
OPERATING REVENUE	27,080,001	23,106,021	17.2%	22,072,298	22.7%	20,214,084	34.0%
TOTAL OPERATING REVENUE	88,725,931	89,224,462	(0.6%)	80,561,082	10.1%	74,605,977	18.9%
OPERATING EXPENSES							
SALARIES AND WAGES	41,262,962	40,427,439	2.1%	38,535,656	7.1%	37,866,783	9.0%
CONTRACT LABOR	4,460,987	4,142,746	7.7%	3,212,110	38.9%	3,570,262	24.9%
SUPPLEMENTAL BENEFITS	13,509,546	13,186,375	2.5%	10,972,146	23.1%	11,494,384	17.5%
SUPPLIES	11,963,362	11,134,507	7.4%	9,982,014	19.8%	9,805,382	22.0%
DRUGS	9,389,028	7,313,732	28.4%	6,367,225	47.5%	4,769,272	96.9%
PURCHASED SERVICES	7,267,027	6,795,125	6.9%	6,516,822	11.5%	6,026,704	20.6%
REPAIRS, SERVICE & RENTALS	2,908,293	3,204,532	(9.2%)	2,894,159	0.5%	2,753,266	5.6%
UTILITIES	1,530,911	1,491,499	2.6%	1,476,167	3.7%	1,470,809	4.1%
INSURANCE	470,058	522,785	(10.1%)	505,830	(7.1%)	588,853	(20.2%)
PATIENT RELATED TRAVEL	244,143	242,113	0.8%	266,044	(8.2%)	335,854	(27.3%)
EDUCATION, TRAVEL, & DUES	1,304,403	988,301	32.0%	867,014	50.4%	740,377	76.2%
OTHER	390,449	369,960	5.5%	345,777	12.9%	371,608	5.1%
DEPRECIATION AND AMORT	6,137,557	7,007,708	(12.4%)	6,992,022	(12.2%)	7,310,718	(16.0%)
INTEREST	1,362,551	1,408,209	(3.2%)	1,464,461	(7.0%)	1,521,374	(10.4%)
TAXES & SURCHARGE	1,818,351	1,781,430	2.1%	1,733,348	4.9%	1,894,378	(4.0%)
TOTAL OPERATING EXPENSES	104,019,629	100,016,461	4.0%	92,130,797	12.9%	90,520,022	14.9%
LESS: WILLMAR MEDICAL SERVICES							
OPERATING EXPENSES	17,070,577	14,806,086	15.3%	14,095,158	21.1%	12,480,356	36.8%
NET OPERATING EXPENSES	86,949,051	85,210,375	2.0%	78,035,639	11.4%	78,039,666	11.4%
OPERATING INCOME (LOSS)	\$1,776,880	\$4,014,087	(55.7%)	\$2,525,443	(29.6%)	(\$3,433,689)	(151.7%)
NON OPERATING INCOME							
INVESTMENT INCOME	541,179	570,057	(5.1%)	584,387	(7.4%)	603,443	(10.3%)
UNREALIZED GAIN (LOSS)	14,404	254,873	(94.3%)	60,409	(76.2%)	521,836	(97.2%)
OTHER GAIN (LOSS)	(585,148)	(149,675)	290.9%	253,476	(330.8%)	(26,707)	2,091.0%
TOTAL NON OPERATING INCOME	(29,565)	675,255	(104.4%)	898,272	(103.3%)	1,098,571	(102.7%)
NET INCOME (LOSS)	1,747,315	4,689,342	(62.7%)	3,423,715	(49.0%)	(2,335,118)	(174.8%)

RICE MEMORIAL HOSPITAL
RICE MEMORIAL HOSPITAL
For the Year to Date October 31, 2017

	OCTOBER 2017	OCTOBER 2016	% VAR	OCTOBER 2015	% VAR	OCTOBER 2014	% VAR
OPERATING REVENUE							
INPATIENT REVENUE	\$59,787,871	\$55,350,762	8.0%	\$53,801,950	11.1%	\$53,127,056	12.5%
OUTPATIENT REVENUE	136,071,900	125,699,535	8.3%	118,087,953	15.2%	103,943,139	30.9%
TOTAL PATIENT REVENUE	195,859,771	181,050,297	8.2%	171,889,902	13.9%	157,070,195	24.7%
LESS DISCOUNTS & CONTRACTUALS	107,790,855	95,513,796	12.9%	95,201,105	13.2%	85,509,202	26.1%
LESS UNCOMPENSATED CARE	616,509	680,964	(9.5%)	1,022,910	(39.7%)	946,985	(34.9%)
LESS BAD DEBT EXPENSE	963,087	778,891	23.6%	1,097,769	(12.3%)	1,884,408	(48.9%)
TOTAL DEDUCTIONS FROM REVENUE	109,370,451	96,973,651	12.8%	97,321,784	12.4%	88,340,596	23.8%
NET REVENUE FROM PATIENTS	86,489,321	84,076,646	2.9%	74,568,118	16.0%	68,729,599	25.8%
OTHER OPERATING REVENUE	12,895,777	13,648,295	(5.5%)	12,547,494	2.8%	12,046,710	7.0%
TOTAL OPERATING REVENUE	99,385,098	97,724,941	1.7%	87,115,612	14.1%	80,776,309	23.0%
LESS: WILLMAR MEDICAL SERVICES							
OPERATING REVENUE	27,080,001	23,106,021	17.2%	22,072,298	22.7%	20,214,084	34.0%
TOTAL OPERATING REVENUE	72,305,097	74,618,920	(3.1%)	65,043,315	11.2%	60,562,225	19.4%
OPERATING EXPENSES							
SALARIES AND WAGES	36,079,041	35,179,740	2.6%	33,609,824	7.3%	33,109,742	9.0%
CONTRACT LABOR	3,613,402	3,233,390	11.8%	2,179,269	65.8%	2,616,239	38.1%
SUPPLEMENTAL BENEFITS	11,728,753	11,386,072	3.0%	9,196,297	27.5%	9,698,106	20.9%
SUPPLIES	7,736,619	7,274,067	6.4%	6,292,066	23.0%	6,082,034	27.2%
DRUGS	9,214,542	7,098,567	29.8%	6,123,510	50.5%	4,586,779	100.9%
PURCHASED SERVICES	6,620,319	6,279,956	5.4%	6,076,364	9.0%	5,615,315	17.9%
REPAIRS, SERVICE & RENTALS	2,686,531	2,946,098	(8.8%)	2,631,791	2.1%	2,506,445	7.2%
UTILITIES	1,323,844	1,285,668	3.0%	1,262,346	4.9%	1,239,272	6.8%
INSURANCE	398,503	449,437	(11.3%)	431,332	(7.6%)	510,231	(21.9%)
PATIENT RELATED TRAVEL	174,367	166,627	4.6%	187,624	(7.1%)	213,466	(18.3%)
EDUCATION, TRAVEL, & DUES	1,227,192	925,184	32.6%	797,367	53.9%	673,090	82.3%
OTHER	252,336	271,606	(7.1%)	191,107	32.0%	222,115	13.6%
DEPRECIATION AND AMORT	4,834,727	5,600,500	(13.7%)	5,583,341	(13.4%)	5,946,804	(18.7%)
INTEREST	1,125,349	1,157,326	(2.8%)	1,200,378	(6.3%)	1,243,659	(9.5%)
TAXES & SURCHARGE	1,576,311	1,520,204	3.7%	1,328,811	18.6%	1,496,862	5.3%
TOTAL OPERATING EXPENSES	88,591,837	84,774,442	4.5%	77,091,427	14.9%	75,760,161	16.9%
LESS: WILLMAR MEDICAL SERVICES							
OPERATING EXPENSES	17,070,577	14,806,086	15.3%	14,095,158	21.1%	12,480,356	36.8%
NET OPERATING EXPENSES	71,521,260	69,968,356	2.2%	62,996,269	13.5%	63,279,804	13.0%
OPERATING INCOME (LOSS)	\$783,837	\$4,650,564	(83.1%)	\$2,047,046	(61.7%)	(\$2,717,579)	(128.8%)
NON OPERATING INCOME							
INVESTMENT INCOME	527,170	546,703	(3.6%)	574,741	(8.3%)	593,643	(11.2%)
UNREALIZED GAIN (LOSS)	14,404	254,873	(94.3%)	60,409	(76.2%)	521,836	(97.2%)
OTHER GAIN (LOSS)	(590,970)	(149,675)	294.8%	245,730	(340.5%)	(44,143)	1,238.8%
TOTAL NON OPERATING INCOME	(49,397)	651,901	(107.6%)	880,879	(105.6%)	1,071,335	(104.6%)
NET INCOME (LOSS)	734,441	5,302,465	(86.1%)	2,927,925	(74.9%)	(1,646,244)	(144.6%)

RICE MEMORIAL HOSPITAL & WILLMAR MEDICAL SERVICES
YEAR TO DATE COMPARISON
For Periods Ending October 31, 2017

	OCTOBER 2017			OCTOBER 2016				
	RICE	WMS	TOTAL	RICE	% VAR	WMS	% VAR	TOTAL
OPERATING REVENUE								
INPATIENT REVENUE	\$53,361,926	\$6,425,945	\$59,787,871	\$49,769,859	7.2%	\$5,580,903	15.1%	\$55,350,762
OUTPATIENT REVENUE	76,717,200	59,354,700	136,071,900	74,686,625	2.7%	51,012,910	16.4%	125,699,535
TOTAL PATIENT REVENUE	130,079,126	65,780,645	195,859,771	124,456,484	4.5%	56,593,813	16.2%	181,050,297
LESS DISCOUNTS & CONTRACTUALS	69,270,325	38,520,530	107,790,855	62,236,526	11.3%	33,277,269	15.8%	95,513,796
LESS UNCOMPENSATED CARE	428,359	188,149	616,509	333,945	28.3%	347,019	(45.8%)	680,964
LESS BAD DEBT EXPENSE	661,735	301,351	963,087	424,809	55.8%	354,082	(14.9%)	778,891
TOTAL DEDUCTIONS FROM REVENUE	70,360,420	39,010,031	109,370,451	62,995,280	11.7%	33,978,371	14.8%	96,973,651
NET REVENUE FROM PATIENTS	59,718,707	26,770,614	86,489,321	61,461,204	(2.8%)	22,615,443	18.4%	84,076,646
OTHER OPERATING REVENUE	12,749,219	146,558	12,895,777	13,504,283	(5.6%)	144,011	1.8%	13,648,295
TOTAL OPERATING REVENUE	72,467,926	26,917,172	99,385,098	74,965,487	(3.3%)	22,759,454	18.3%	97,724,941
LESS: WILLMAR MEDICAL SERVICES								
OPERATING REVENUE	-	27,080,001	27,080,001	-	-	23,106,021	17.2%	23,106,021
TOTAL OPERATING REVENUE	72,467,926	(162,828)	72,305,097	74,965,487	(3.3%)	(346,567)	(53.0%)	74,618,920
OPERATING EXPENSES								
SALARIES AND WAGES	32,923,061	3,155,980	36,079,041	32,079,630	2.6%	3,100,111	1.8%	35,179,740
CONTRACT LABOR	1,459,242	2,154,160	3,613,402	1,174,909	24.2%	2,058,481	4.6%	3,233,390
SUPPLEMENTAL BENEFITS	10,681,283	1,047,470	11,728,753	10,644,754	0.3%	741,318	41.3%	11,386,072
SUPPLIES	7,201,117	535,501	7,736,619	6,859,740	5.0%	414,328	29.2%	7,274,067
DRUGS	1,921,106	7,293,437	9,214,542	1,870,263	2.7%	5,228,304	39.5%	7,098,567
PURCHASED SERVICES	4,725,444	1,894,875	6,620,319	4,619,534	2.3%	1,660,422	14.1%	6,279,956
REPAIRS, SERVICE & RENTALS	2,281,646	404,885	2,686,531	2,559,019	(10.8%)	387,080	4.6%	2,946,098
UTILITIES	1,322,467	1,378	1,323,844	1,283,808	3.0%	1,860	(25.9%)	1,285,668
INSURANCE	395,082	3,420	398,503	447,361	(11.7%)	2,077	64.7%	449,437
PATIENT RELATED TRAVEL	167,417	6,950	174,367	158,973	5.3%	7,654	(9.2%)	166,627
EDUCATION, TRAVEL, & DUES	1,101,484	125,708	1,227,192	863,868	27.5%	61,317	105.0%	925,184
OTHER	208,587	43,749	252,336	229,412	(9.1%)	42,194	3.7%	271,606
DEPRECIATION AND AMORT	4,606,827	227,899	4,834,727	4,859,854	(5.2%)	740,646	(69.2%)	5,600,500
INTEREST	1,115,520	9,829	1,125,349	1,143,950	(2.5%)	13,376	(26.5%)	1,157,326
TAXES & SURCHARGE	1,573,805	2,506	1,576,311	1,519,852	3.5%	352	612.1%	1,520,204
TOTAL OPERATING EXPENSES	71,684,088	16,907,749	88,591,837	70,314,923	1.9%	14,459,519	16.9%	84,774,442
LESS: WILLMAR MEDICAL SERVICES								
OPERATING EXPENSES	-	17,070,577	17,070,577	-	-	14,806,086	15.3%	14,806,086
NET OPERATING EXPENSES	71,684,088	(162,828)	71,521,260	70,314,923	1.9%	(346,567)	(53.0%)	69,968,366
OPERATING INCOME (LOSS)	\$783,837	-	\$783,837	\$4,650,564	(83.1%)	-	-	\$4,650,564
NON OPERATING INCOME								
INVESTMENT INCOME	527,170	-	527,170	546,703	(3.6%)	-	-	546,703
UNREALIZED GAIN (LOSS)	14,404	-	14,404	254,873	(94.3%)	-	-	254,873
OTHER GAIN (LOSS)	(590,970)	-	(590,970)	(149,675)	294.8%	-	-	(149,675)
TOTAL NON OPERATING INCOME	(49,397)	-	(49,397)	651,901	(107.6%)	-	-	651,901
NET INCOME (LOSS)	734,440	(162,828)	571,612	5,302,465	(86.1%)	(346,567)	(53.0%)	5,302,465

RICE MEMORIAL HOSPITAL
RICE CARE CENTER
For the Year to Date October 31, 2017

	OCTOBER 2017	OCTOBER 2016	% VAR	OCTOBER 2015	% VAR	OCTOBER 2014	% VAR
OPERATING REVENUE							
RICE CARE CENTER REVENUE	\$9,922,751	\$9,873,940	0.5%	\$10,081,126	(1.6%)	\$9,115,721	8.9%
TOTAL PATIENT REVENUE	9,922,751	9,873,940	0.5%	10,081,126	(1.6%)	9,115,721	8.9%
LESS DISCOUNTS & CONTRACTUALS	1,817,467	2,978,037	(39.0%)	2,555,259	(28.9%)	2,579,124	(29.5%)
LESS UNCOMPENSATED CARE	2,479	1,337	85.5%	14,132	(82.5%)	0	0.0%
LESS BAD DEBT EXPENSE	41,036	99,681	(58.8%)	18,446	122.5%	6,065	576.6%
TOTAL DEDUCTIONS FROM REVENUE	1,860,982	3,079,055	(39.6%)	2,587,838	(28.1%)	2,585,190	(28.0%)
NET REVENUE FROM PATIENTS	8,061,769	6,794,886	18.6%	7,493,289	7.6%	6,530,531	23.4%
OTHER OPERATING REVENUE	10,921	9,550	14.3%	10,411	4.9%	4,223	158.6%
TOTAL OPERATING REVENUE	8,072,690	6,804,436	18.6%	7,503,700	7.6%	6,534,754	23.5%
LESS: WILLMAR MEDICAL SERVICES							
TOTAL OPERATING REVENUE	8,072,690	6,804,436	18.6%	7,503,700	7.6%	6,534,754	23.5%
OPERATING EXPENSES							
SALARIES AND WAGES	2,946,724	2,819,716	4.5%	2,589,572	13.8%	2,284,174	29.0%
CONTRACT LABOR	847,586	909,356	(6.8%)	1,032,841	(17.9%)	953,078	(11.1%)
SUPPLEMENTAL BENEFITS	1,003,875	984,828	1.9%	888,068	13.0%	858,406	16.9%
SUPPLIES	399,830	375,931	6.4%	400,618	(0.2%)	410,267	(2.5%)
DRUGS	174,486	215,165	(18.9%)	243,066	(28.2%)	181,884	(4.1%)
PURCHASED SERVICES	133,286	152,893	(12.8%)	160,010	(16.7%)	149,401	(10.8%)
REPAIRS, SERVICE & RENTALS	64,081	82,760	(22.6%)	73,983	(13.4%)	49,468	29.5%
UTILITIES	118,320	111,196	6.4%	116,908	1.2%	121,316	(2.5%)
INSURANCE	28,714	31,057	(7.5%)	33,580	(14.5%)	39,719	(27.7%)
PATIENT RELATED TRAVEL	4,428	2,470	79.3%	2,897	52.9%	4,018	10.2%
EDUCATION, TRAVEL, & DUES	51,444	38,738	32.8%	36,073	42.6%	41,778	23.1%
OTHER	3,834	2,314	65.7%	12,846	(70.2%)	16,742	(77.1%)
DEPRECIATION AND AMORT	605,399	610,441	(0.8%)	609,746	(0.7%)	433,794	39.6%
INTEREST	237,201	250,883	(5.5%)	264,084	(10.2%)	277,714	(14.6%)
TAXES & SURCHARGE	189,556	209,372	(9.5%)	350,001	(45.8%)	360,331	(47.4%)
TOTAL OPERATING EXPENSES	6,808,765	6,797,120	0.2%	6,814,293	(0.1%)	6,182,091	10.1%
LESS: WILLMAR MEDICAL SERVICES							
NET OPERATING EXPENSES	6,808,765	6,797,120	0.2%	6,814,293	(0.1%)	6,182,091	10.1%
OPERATING INCOME (LOSS)	\$1,263,925	\$7,316	17,177.2%	\$689,407	83.3%	\$352,663	258.4%
NON OPERATING INCOME							
INVESTMENT INCOME	14,009	24,252	(42.2%)	9,700	44.4%	9,800	42.9%
TOTAL NON OPERATING INCOME	14,009	24,252	(42.2%)	9,700	44.4%	9,800	42.9%
NET INCOME (LOSS)	1,277,934	31,568	3,948.2%	699,107	82.8%	362,463	252.6%

Rice Home Medical
RICE HOME MEDICAL
For the 10 Months Ending October 31, 2017

	October 2017	% of Gross Sales	October 2016	% of Gross Sales	October 2015	% of Gross Sales	October 2014	% of Gross Sales
GROSS SALES								
SALES REVENUE	\$8,534,195	67.72%	\$7,545,196	64.97%	\$6,892,251	61.27%	\$6,468,967	59.97%
RENTS REVENUE	4,061,473	32.23%	4,068,722	35.03%	4,355,211	38.72%	4,307,304	39.93%
MISC REVENUE	5,762	0.05%	73	0.00%	764	0.01%	11,028	0.10%
GROSS SALES	12,601,430	100.00%	11,613,992	100.00%	11,248,227	100.00%	10,787,300	100.00%
LESS: CONTRACTUAL ALLOWANCES	(4,421,862)	(35.09%)	(3,924,088)	(33.79%)	(3,303,370)	(29.37%)	(3,252,391)	(30.15%)
LESS: UNCOMPENSATED CARE	(6,319)	(0.05%)	(5,121)	(0.04%)	(936)	(0.01%)	(4,266)	(0.04%)
LESS: BAD DEBT EXPENSE	(78,008)	(0.62%)	(34,282)	(0.30%)	(52,941)	(0.47%)	(76,684)	(0.71%)
NET SALES	8,095,240	64.24%	7,650,502	65.87%	7,890,980	70.15%	7,453,959	69.10%
COST OF GOODS SOLD								
OXYGEN	41,768	0.33%	57,858	0.50%	69,490	0.62%	66,428	0.62%
EQUIPMENT	567,655	4.50%	537,858	4.63%	619,248	5.51%	820,844	7.61%
SUPPLY - FREIGHT	173,354	1.38%	147,197	1.27%	134,980	1.20%	122,202	1.13%
SUPPLY	2,708,149	21.49%	2,398,316	20.65%	2,114,197	18.80%	1,922,612	17.82%
EQUIPMENT REPAIR	198,992	1.58%	207,302	1.78%	221,702	1.97%	260,609	2.42%
SHOP EXPENSE	55,088	0.44%	41,350	0.36%	14,848	0.13%	32,454	0.30%
EQUIPMENT RENTAL & LEASES	33,094	0.26%	34,047	0.29%	34,998	0.31%	15,151	0.14%
PURCHASE DISCOUNTS	(119,846)	(0.95%)	(73,749)	(0.64%)	(67,916)	(0.60%)	(76,613)	(0.71%)
TOTAL COST OF GOODS SOLD	3,658,255	29.03%	3,350,180	28.85%	3,141,548	27.93%	3,163,688	29.33%
GROSS PROFIT	4,436,985	35.21%	4,300,321	37.03%	4,749,432	42.22%	4,290,272	39.77%
OTHER OPERATING REVENUE	108,522	0.86%	93,581	0.81%	90,281	0.80%	50,612	0.47%
TOTAL OPERATING REVENUE	4,545,507	36.07%	4,393,902	37.83%	4,839,712	43.03%	4,340,884	40.24%
OPERATING EXPENSES								
SALARIES & WAGES	2,237,197	17.75%	2,427,982	20.91%	2,336,260	20.77%	2,472,866	22.92%
CONTRACT LABOR	0	0.00%	0	0.00%	0	0.00%	945	0.01%
SUPPLEMENTAL BENEFITS	776,918	6.17%	815,476	7.02%	887,781	7.89%	937,871	8.69%
SUPPLIES AND DRUGS	48,812	0.39%	60,579	0.52%	80,515	0.72%	73,389	0.68%
PURCHASED SERVICES	513,422	4.07%	362,276	3.12%	280,448	2.49%	261,988	2.43%
REPAIRS, SERVICE & RENTALS	157,681	1.25%	175,674	1.51%	188,384	1.67%	197,353	1.83%
UTILITIES	88,747	0.70%	94,636	0.81%	96,913	0.86%	110,220	1.02%
INSURANCE	42,841	0.34%	42,290	0.36%	40,918	0.36%	38,902	0.36%
PATIENT RELATED TRAVEL	65,347	0.52%	73,015	0.63%	75,524	0.67%	118,370	1.10%
EDUCATION, TRAVEL, & DUES	25,768	0.20%	24,378	0.21%	33,574	0.30%	25,508	0.24%
OTHER EXPENSE	134,278	1.07%	96,040	0.83%	141,824	1.26%	132,750	1.23%
DEPRECIATION & AMORTIZATION	697,431	5.53%	796,767	6.86%	798,935	7.10%	930,120	8.62%
TAXES	52,484	0.42%	51,854	0.45%	54,536	0.48%	37,185	0.34%
TOTAL OPERATING EXPENSES	4,840,925	38.42%	5,020,969	43.23%	5,015,613	44.59%	5,337,469	49.48%
NET OPERATING INCOME (LOSS)	(295,418)	(2.34%)	(627,067)	(5.40%)	(175,901)	(1.56%)	(996,585)	(9.24%)
INVESTMENT INCOME (LOSS)	24,536	0.19%	(16,726)	(0.14%)	(35,108)	(0.31%)	(72,187)	(0.67%)
OTHER GAIN (LOSS)	5,823	0.05%	(898)	(0.01%)	7,693	0.07%	17,435	0.16%
NET INCOME (LOSS)	(\$265,060)	(2.10%)	(\$644,691)	(5.55%)	(\$203,316)	(1.81%)	(\$1,051,337)	(9.75%)

**RICE MEMORIAL HOSPITAL
CONSOLIDATED CASH FLOW STATEMENT**

**FOR THE PERIOD ENDED:
October 31, 2017**

Line #	Current YTD	Prior YTD
1 Sources of Cash & Investments:		
2 Net Income	\$ 1,747,304	\$ 4,689,340
3 Depreciation & Amortization	6,137,557	\$ 7,007,599
4 Debt Proceeds	2,151,774	188,017
5 Other		
6		
7 Total Sources	<u>10,036,635</u>	<u>11,884,956</u>
8		
9 Uses		
10 Property, Plant, and Equipment - Gross	5,328,559	9,526,301
11 Debt Payments/Re-funding	3,309,822	2,254,053
12 Working Capital Changes & Other - Net	(2,857,421)	(2,732,297)
13		
14 Total Uses	<u>5,780,960</u>	<u>9,048,057</u>
15		
16 Increase / (Decrease) Cash & Investments	4,255,675	2,836,899
17		
18 Beginning of Period (January 1)	<u>30,234,861</u>	<u>27,588,692</u>
19		
20 End of Period	<u>\$ 34,490,536</u>	<u>\$ 30,425,591</u>

RICE MEMORIAL HOSPITAL
STATISTICAL AND VOLUME SUMMARY
FOR THE PERIOD ENDED:
October 31, 2017

Line #	Patient Days	CURRENT MONTH				Act/2016		Act/Avg	
		Actual	Forecast	Var.	Var. %	2016	Var. %	Avg-3 mth	Var. %
1	Adult Health Care	518	543	(25)	-4.5%	520	-0.4%	539	-3.9%
2	Women and Children's Care	170	171	(1)	-0.4%	162	4.9%	160	6.3%
3	ICCU	27	38	(11)	-28.3%	28	-3.6%	37	-27.0%
4	Mental Health	232	252	(20)	-7.9%	313	-25.9%	217	6.9%
5	Total Adult & Peds	947	1,003	(56)	-5.6%	1,023	-7.4%	953	-0.6%
6									
7	Average Daily Census	30.5	32.4	(1.8)	-5.6%	33.0	-7.4%	31.1	-1.7%
8									
9	Average Length of Stay	3.5	3.6	(0.1)	-4.0%	3.6	-5.1%	3.4	3.2%
10	Average Length of Stay-CMI	2.7	3.4	(0.6)	-18.7%	3.5	-21.4%	2.8	-2.2%
11									
12	Admissions-Inpatient	297	279	18	6.5%	268	10.8%	279	6.5%
13	Observation patients	117	131	(14)	-10.5%	108	8.5%	98	19.9%
14									
15	Medicare Case Mix Index	1,375	1,291	0.084	6.5%	1,233	11.5%	1,414	-2.8%
16	Case Mix Index-Total	1,258	1,064	0.194	18.2%	1,042	20.8%	1,196	5.2%
17									
18	Adjusted Admissions	1,018	809	209	25.8%	909	11.9%	957	6.4%
19	Adjusted Patient Days	3,245	2,909	337	11.6%	3,472	-6.5%	3,264	-0.6%
20									
21	Births	65	62	3	4.8%	66	-1.5%	59	10.2%
22									
23	Rice Care Center-Days	2,241	2,232	9	0.4%	2,230	0.5%	2,212	1.3%
24	Rice Care Center-Average Daily Census	72.3	72.0	0.3	0.4%	71.9	0.5%	72.1	0.2%
25	Rice Care Center Case Mix Index	1,079	1,055	0.024	2.3%	1,014	6.4%	1,077	0.1%
26									
27									
28									
		YEAR-TO-DATE				Act/2016		Act/2015	
		Actual	Forecast	Var.	Var. %	2016	Var. %	2015	Var. %
29	Patient Days								
30	Adult Health Care	5,410	5,346	64	1.2%	5,089	6.3%	5,167	4.7%
31	Women and Children's Care	1,731	1,767	(36)	-2.0%	1,788	-3.2%	1,975	-12.4%
32	ICCU	361	420	(59)	-14.0%	394	-8.4%	511	-29.4%
33	Mental Health	2,444	2,821	(377)	-13.4%	3,042	-19.7%	2,293	6.6%
34	Total Adult & Peds	9,946	10,353	(407)	-3.9%	10,313	-3.6%	9,946	0.0%
35									
36	Average Daily Census	32.7	34.1	(1.3)	-3.9%	33.8	-3.2%	32.7	0.0%
37									
38	Average Length of Stay	3.3	3.6	(0.27)	-7.6%	3.6	-7.6%	3.6	-8.3%
39	Average Length of Stay-CMI	2.9	3.4	(0.46)	-13.6%	3.4	-14.4%	3.7	-20.5%
40									
41	Admissions-Inpatient	3,004	2,877	127	4.4%	2,858	5.1%	2,732	10.0%
42	Observation patients	1,240	1,129	111	9.8%	1,106	12.1%	1,659	-25.2%
43									
44	Medicare Case Mix Index	1,355	1,291	0.064	4.9%	1,278	6.0%	1,253	8.1%
45	Case Mix Index-Total	1,137	1,064	0.073	6.9%	1,054	7.9%	0,986	15.4%
46									
47	Adjusted Admissions	9,841	8,343	1,498	17.9%	9,350	5.2%	8,760	12.3%
48	Adjusted Patient Days	32,582	30,024	2,559	8.5%	33,763	-3.5%	31,780	2.5%
49									
50	Births	633	620	13	2.1%	632	0.2%	674	-6.1%
51									
52	Rice Care Center-Days	22,118	21,888	230	1.1%	21,917	0.9%	22,033	0.4%
53	Rice Care Center-Average Daily Census	72.8	72.0	0.8	1.1%	71.9	1.2%	72.5	0.4%
54	Rice Care Center Case Mix Index	1,070	1,055	0.015	1.4%	1,055	1.4%	1,067	0.2%

**RICE MEMORIAL HOSPITAL
STATISTICAL AND VOLUME SUMMARY
FOR THE PERIOD ENDED:
October 31, 2017**

	CURRENT MONTH				Act/2016		Act/Avg	
	Actual	Forecast	Var.	Var. %	2016	Var. %	Avg-3 mth	Var. %
Ancillary Services								
1 IP Surgeries	81	79	2	2.5%	74	9.5%	78	3.8%
2 OP Surgeries	222	215	7	3.4%	257	-13.6%	210	5.7%
3 Total Surgeries	303	294	9	3.2%	331	-8.5%	288	5.2%
4								
5 ER Visits-Inpatient	168	175	(7)	-3.8%	161	4.3%	170	-1.2%
6 ER Visits-Outpatient	986	961	25	2.6%	983	0.3%	987	-0.1%
7 ER Visits-Total	1,154	1,136	18	1.6%	1,144	0.9%	1,157	-0.3%
8								
9 Lab Tests	25,735	23,609	2,126	9.0%	25,165	2.3%	22,867	12.5%
10 Medical Imaging Procedures	1,687	1,562	125	8.0%	1,410	19.6%	1,588	6.2%
11 Radiation Oncology Treatments	386	518	(132)	-25.5%	377	2.4%	535	-27.9%
12 Medical Oncology Visits	892	789	103	13.0%	739	20.7%	823	8.4%
13								
14 Dialysis Treatments	929	874	55	6.3%	975	-4.7%	882	5.3%
15 Rehab Visits	5,128	4,911	217	4.4%	4,445	15.4%	4,997	2.6%
16 Hospice Visits	2,020	1,712	308	18.0%	1,624	24.4%	1,765	14.4%
17 Ambulance Runs	264	236	28	11.9%	243	8.6%	229	15.3%
18								
19								
Full Time Equivalents (FTE's)								
21 FTE's - Hospital	631	616	16	2.5%	631	0.1%	635	-0.6%
22 FTE's - Care Center	92	82	9	11.5%	89	3.2%	91	0.6%
23 FTE's - Home Medical	60	61	(1)	-1.2%	68	-11.7%	60	0.7%
24 Total FTE's	783	759	24	3.2%	788	-0.6%	786	-0.3%
25								
26								
27								
28								
	YEAR-TO-DATE				Act/2016		Act/2015	
	Actual	Forecast	Var.	Var. %	2016	Var. %	2015	Var. %
Ancillary Services								
30 IP Surgeries	770	760	10	1.3%	736	4.6%	772	-0.3%
31 OP Surgeries	2,084	2,204	(120)	-5.4%	2,296	-9.2%	1,948	7.0%
32 Total Surgeries	2,854	2,964	(110)	-3.7%	3,032	-5.9%	2,720	4.9%
33								
34 ER Visits-Inpatient	1,738	1,764	(26)	-1.5%	1,709	1.7%	1,831	-5.1%
35 ER Visits-Outpatient	9,674	9,542	132	1.4%	9,677	0.0%	9,793	-1.2%
36 ER Visits-Total	11,412	11,306	106	0.9%	11,386	0.2%	11,624	-1.8%
37								
38 Lab Tests	237,683	231,586	6,097	2.6%	224,937	5.7%	222,043	7.0%
39 Medical Imaging Procedures	16,141	14,745	1,396	9.5%	14,371	12.3%	14,800	9.1%
40 Radiation Oncology Treatments	5,166	5,169	(3)	-0.1%	5,156	0.2%	5,690	-9.2%
41 Medical Oncology Visits	8,086	7,452	634	8.5%	7,217	12.0%	6,280	28.8%
42								
43 Dialysis Treatments	8,588	9,013	(425)	-4.7%	9,170	-6.3%	10,305	-16.7%
44 Rehab Visits	49,374	44,474	4,900	11.0%	40,410	22.2%	38,574	28.0%
45 Hospice Visits	17,529	17,065	464	2.7%	17,819	-1.6%	18,234	-3.9%
46 Ambulance Runs	2,380	2,368	12	0.5%	2,313	2.9%	2,303	3.3%
47								
48								
Full Time Equivalents (FTE's)								
50 FTE's - Hospital	634	633	1	0.1%	626	1.3%	612	3.7%
51 FTE's - Care Center	91	82	8	10.3%	92	-1.2%	93	-2.4%
52 FTE's - Home Medical	64	61	2	3.4%	69	-7.3%	71	-10.9%
53 Total FTE's	788	777	11	1.5%	786	0.3%	776	1.6%

RICE MEMORIAL HOSPITAL
KEY PERFORMANCE INDICATORS

FOR THE PERIOD ENDED:

Line #	10/31/17 Actual	2017 YTD Actual	2017 Forecast	2016 Actual	2015 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual	Industry Benchmarks
1	OPERATIONAL									
2	Operating Margin									
3	-3.5%	1.1%	3.8%	5.0%	2.4%	-3.6%	-1.5%	1.3%	5.0%	
4	13.0%	15.7%	3.9%	1.9%	7.2%	6.5%	1.0%	8.7%	-0.1%	
5	-7.8%	-3.6%	-3.7%	-7.6%	-1.5%	-9.0%	-22.5%	-3.0%	1.4%	
6										
7	-2.3%	2.0%	3.2%	3.6%	2.4%	-3.3%	-3.2%	1.4%	4.4%	2.8%
8										
9	-2.1%	2.0%	3.6%	0.7%	3.3%	-1.8%	-3.6%	2.4%	5.8%	5.4%
10										
11	6.5%	10.5%	12.2%	13.0%	12.9%	7.1%	7.0%	11.6%	14.6%	11.1%
12										
13	FINANCIAL									
14		38.5%	37.0%	40.1%	43.5%	45.8%	46.3%	43.3%	46.3%	35.5%
15		2.6	3.6	2.6	3.6	2.4	1.8	3.0	3.5	3.3
16		49	51	52	63	53	52	64	55	47
17		129	137	116	116	116	128	114	116	161
18		80%	85%	68%	59%	57%	64%	63%	59%	101%
19		8.2	7.3	7.2	7.4	7.7	8.9	7.1	6.3	11.0
20		13.5	12.3	12.0	11.4	10.6	9.3	9.1	9.2	9.8
21		0.89	1.34	0.32	0.94	(0.33)	(0.52)	0.75	1.65	0.30
22	PRODUCTIVITY									
23	Rice Hospital									
24										
25	\$ 7,975	\$ 8,237		\$ 8,243	\$ 8,008	\$ 8,197	\$ 8,255	\$ 8,287	\$ 7,610	
26										
27	91.5%	89.1%	87.9%	87.6%	89.9%	93.5%	90.0%	89.1%	85.0%	
28										
29	53%	52%	51.9%	51.4%	52.3%	55.5%	52.6%	50.5%	48.1%	57%
30										
31	12.2	12.7	12.7	13.1	13.5	14.6	14.9	14.6	13.4	14.9
32	3.8	3.8	3.5	3.7	3.8	3.9	4.2	4.1	3.8	4.4
33										
34	\$ 687	\$ 694		\$ 756	\$ 748	\$ 771	\$ 770	\$ 755	\$ 739	
35	\$ 720	\$ 827		\$ 712	\$ 713	\$ 584	\$ 684	\$ 762	\$ 614	
36	\$ 1,407	\$ 1,521		\$ 1,461	\$ 1,355	\$ 1,454	\$ 1,517	\$ 1,353		
37										
38		1.1%	0.8%	0.9%	1.4%	2.6%	2.0%	2.2%	2.1%	7.4%
39										
40		6.7%	8.0%	7.9%	8.6%	9.3%	9.1%	9.0%	9.6%	6.9%
41										
42	Rice Care Center									
43	6.7	6.6	6.6	6.7	6.7	6.7	6.6	6.7	6.5	5.8
44										
45	87.0%	84.3%	99.9%	98.1%	92.8%	93.5%	99.0%	91.3%	100.1%	
46										
47	Rice Home Medical									
48	\$ 260,600	\$ 238,000	\$ 196,500	\$ 210,900	\$ 194,900	\$ 171,700	\$ 161,600	\$ 144,500	\$ 158,000	
49										
50	115.3%	106.5%	109.4%	113.5%	102.6%	115.5%	142.0%	104.9%	97.7%	
51										
52		4.9	4.4	4.9	4.6	4.9	4.7	5.8	6.0	
53		74	84	74	80	74	78	63	61	
54										

