



**WILLMAR**



**FINANCE**

City Office Building  
Box 755  
Willmar, Minnesota 56201  
320-235-4984  
FAX: 320-235-4917

**FINANCE COMMITTEE MEETING  
4:45 P.M. MONDAY, APRIL 23, 2012  
CITY OFFICE BUILDING, CONFERENCE ROOM #1**

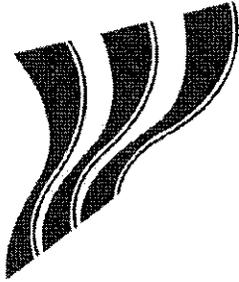
**Chair: Denis Anderson  
Vice Chair: Rick Fagerlie**

**Members: Jim Dokken  
Tim Johnson**

**AGENDA**

- 1) Capital Asset Policy Amendment
- 2) 2013 Budget Process Questions
- 3) Reports
- 4) Future Agendas
- 5) Miscellany
- 6) Adjourn





**CITY OF WILLMAR, MINNESOTA  
REQUEST FOR COMMITTEE ACTION**

**Agenda Item Number: 1**

**Meeting Date: April 23, 2012**

**Attachments:  Yes  No**

**CITY COUNCIL ACTION**

**Date: May 7, 2012**

Approved     Denied  
 Amended     Tabled  
 Other

**Originating Department: Finance**

**Action Requested: Amend recording limits from \$350 - \$1,000 to \$1,000 - \$5,000 and Capitalization threshold from \$1,000 to \$5,000.**

**Guiding Principle: Cost benefit and savings.**

**Introduction: Amending the Capital Asset Policy thresholds.**

**Background/Justification: A formally written Capital Asset Policy was adopted in July, 2011, setting the Capitalization Thresholds at levels that were in place for several years. Since adoption, staff review has taken place along with a comparison to other communities and a recommendation to raise the thresholds has been formulated to be more in line with other communities and standards.**

**Fiscal Impact: None**

**Alternatives: Not to amend the policy as recommended.**

**Staff Recommendation: Amend the Capital Asset Policy to new Thresholds:  
A. Asset Inventory \$1,000 - \$5,000  
B. Capitalize \$5,000 and above**

**Reviewed by: Steve Okins, City Finance Director**

**Preparer: Steve Okins, City Finance Director**

**Signature:**

**Comments:**

## CAPITAL ASSETS

### Purpose

The capital asset policy is to provide guidance to management for recording, depreciating and tracking the capital assets of the City.

### Provisions

A *capital asset* is defined as a financial resource that is tangible or intangible in nature, complete in and of itself, and is not a component of another. The asset has a useful life of not less than three (3) years, is not a repair part or supply item and has a value greater than the capitalization threshold of ~~\$1,000~~ <sup>\$5,000</sup> or is considered to be an asset for which control is desirable.

An *inexhaustible land improvement* is defined as an improvement that does not require maintenance or replacement, expenditures to bring land into a condition to commence assembly of structures (but not part of the structure), and expenditures for land improvements that do not deteriorate with use or passage of time. The additions are part of the cost of the land and are generally not exhaustible; thus, not depreciable.

A *capital lease* is a lease that may be capitalized as a City capital asset if any one of the following criteria applies:

- Ownership of the property transfers to the lessee by the end of the lease term,
- The lease contains a bargain purchase option,
- The lease term is equal to 75% of the estimated useful life of the asset, or
- The present value of the minimum lease payments exceeds 90% of the fair value of the asset at the beginning of the lease.

### Capital Assets to be inventoried

The following capital assets are considered inventory items and must be carried on the property records of the City:

- All land and land improvements (inexhaustible) regardless of value,
- Capitalized capital assets with a unit cost (including sales tax and ancillary costs) of ~~\$1,000~~ <sup>\$5,000</sup> or greater. These assets would include the following:
  - Land improvements (exhaustible):
    - Fencing and gates
    - Landscaping
    - Parking lots/driveways/parking barriers
    - Outside sprinkler systems
    - Recreation areas and athletic fields (including bleachers)
    - Disc golf course
    - Paths and trails
    - Stadiums
    - Swimming pools/tennis courts/basketball courts
    - Fountains
    - Retaining walls
  - Buildings and building improvements,
  - Infrastructure and infrastructure improvements,

- o Plant and lines,
- o Easements,
- o Sewer treatment and conveyance rights,
- o Furniture, vehicles, equipment, machinery,
- o Leasehold improvements, and
- o Construction in progress
  - The City recognizes that construction in progress is on-going and that when deemed complete by Administration and City Engineering staff, construction in progress will be listed as an acquired asset and normal depreciation procedures will be followed. <sup>5,000</sup> <sup>1,000</sup>
- Accountable assets and highly piferable property with a unit cost (including sales tax and ancillary costs) less than ~~\$1,000~~ <sup>5,000</sup> but greater than ~~\$330~~ <sup>1,000</sup> identified as small and attractive will not be capitalized, but will remain inventoried. These assets are as follows:
  - o Communications equipment,
  - o Audio equipment,
  - o Video equipment,
  - o Cameras and photographic projection equipment,
  - o Microcomputer systems, laptops and notebook computers, pda's,
  - o Other IT accessorial equipment and components (i.e. scanners, data displays, etc.), and
  - o Radios, television sets, tape recorders, video cassette recorders, digital video devices, and video cameras.

#### Value of the Capital Assets to be inventoried:

The capital asset is valued at its historical value or the estimated historical value if the actual value is not known at the time of purchase. The cost of a capital asset should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition of use. Donated assets will be reported at their estimated fair value at the time of donation, plus ancillary charges if any.

Ancillary costs to be *included* in the value of the capital asset include the following items:

- o Freight and handling charges (including shipping insurance),
- o Cost of construction,
- o Allocation of fringe benefits and overhead expenses,
- o Insurance premiums during construction,
- o Installation and inspection costs,
- o Appraisal and negotiation fees,
- o Title, legal, commission, closing and survey fees incurred in connection with the acquisition of land,
- o External architectural, engineering, and design costs,
- o Land preparation and demolition costs of existing buildings or other structures with the intent of using the cleared land, and
- o Other charges incurred to place the asset into use.

Costs to be *excluded* from the cost of a capital asset include the following items:

- o Other charges incurred to place the asset into use.
- o Demolition, removal and disposition of existing equipment in preparation for a new project, EXCEPT for the cost to remove and demolish a building or other structure existing at the time of acquisition of land,
- o Relocation and rearrangement of existing equipment,
- o Start-up, including the costs of correcting flaws,

- o Licensing and registration fees for vehicles and operational equipment,
- o Extraordinary costs incidental to the construction of capital assets, such as those due to lightning, flood, fire, or other causes,
- o For asset exchanges, monies paid or received as part of the exchange,
- o Costs to maintain and repair assets (including street seal-coating),
- o Costs of abandoned construction,
- o Administrative and executive salaries, even though a portion of the salary may be related to the acquisition of the capital asset, and
- o Interest related to the construction period.

### **Inventory Records Requirements**

The main control of asset inventory records will be the responsibility of Finance department. The Finance department will update inventory records when applicable or at the fiscal year end. Department heads will be responsible for tagging capital assets within their department, maintaining necessary control, and maintenance of the asset. Department heads will be responsible to notify the Finance department of changes to any assets acquired, such as but not limited to, additions, disposal of assets due to damage, there is no longer any usefulness of life, additions or repairs that may increase the usefulness of life.

The City shall use Banyon software to track capital assets and Laser fiche for bar coding assets.

### **Physical Inventory**

The City will conduct a physical inventory at least once every other fiscal year for all inventoriable capital assets.

Each Department head is responsible for all capital assets within their department. However, in order to ensure objective reporting of inventory items, physical inventories should be performed by personnel having no direct responsibility (custody and receipt/issue authority) for assets subject to the inventory count. If it is not feasible to use such personnel for any part of the inventory, then those portions are, at least, to be tested and verified by a person with neither direct responsibility for that portion of the inventory nor supervised by the person directly responsible. The Department head is responsible for scheduling the inventory count at the minimum annual basis.

The Finance department will also conduct periodic spot checks of the capital assets at least two times per year. The spot check will not be a full inventory count, but a random sampling selection of inventoriable assets. The Finance department is responsible for writing procedures for inventorying capital assets and what to do if changes to the records are required.

### **Depreciation Method**

The City will use the straight-line method with the full year convention to depreciate all of its exhaustible capital assets. Property placed in service at any time during a given month will be treated as if it had been placed in service on the first day of that year. If property is disposed of prior to the end of the estimated useful life, no depreciation is allowed for the year of disposition.

Land, inexhaustible land improvements, easements and construction in progress will not be depreciated.

### Useful Lives of Capital Assets

The following table is a guideline to use when determining the life of a capital asset. A capital asset should normally be within the range given; however, there are exceptions to the rule. To be considered a capital asset, the item must have a useful life of three or more years.

Land Improvements:	
Landscaping	5-15 years
Paving projects	15-20 years
Fencing, signs, and other	10-20 years
Buildings, Non-Park	40 years
Buildings, Park	30 years
Building Improvements	15 years
Infrastructure and Infrastructure Improvements:	
Street Construction/Reconstruction	15 years
Street Overlays	10 years
Curb & Gutter/Sidewalks	25 years
Residential Alleys	15 years
Non-Residential Alleys	15 years
Water Systems	40 - 50 years
Sanitary Sewer Systems	40 - 50 years
Storm Sewer Systems	40 - 50 years
St. Cloud Sewer Treatment Rights:	
Wastewater Treatment Facility	50 years
Wastewater Conveyance System	20 years
Furniture & Fixtures	5-10 years
Vehicles:	
Light general purpose	5 years
Heavy general purpose	5-7 years
Fire Trucks	20 years
Equipment:	
Computer and Peripherals (Hardware)	3-5 years
Computer (Software)	3 years
Office	3-7 years
Playground	5-7 years
Fire/Police	5-7 years
Street/Sewer/Water/Other	5-7 years
Machinery	5-7 years

### Reporting Requirements:

The Finance Director will provide a written report to the Administrator and City Council after each inventory is completed. Any significant deficiencies in capital asset tracking will be reported to the Administrator and City Council as soon as they are discovered with corrective action plan suggestions. The City's Auditors will present an annual overview of the City's financial position, including capital assets, to the City Council.

### **Other Considerations**

Specific procedures for maintaining the capital asset records will be provided and updated by the Finance department. The Finance department's capital asset tracking procedures are attached to this document, but are not approved by City Council as part of the Capital Asset Policy.

## **CAPITAL ASSET TRACKING PROCEDURES**

### **Purpose**

The capital asset procedures are a detailed account for maintaining records and are intended to be a guideline for staff and to give insight to the policy makers to the internal controls taken to maintain creditability of the assets held by the City.

### **Capital Asset Tracking**

The main inventory control of capital assets will be held within the Finance department of the City. The Finance Director and staff will maintain all records of acquired, disposed, or changes that may reduce the useful life or increase the useful life of an asset within the inventory of capital assets.

Assets will be inventoried and categorized following the Capital Asset Policy set forth by the City Council. The physical inventory record shall include but is not limited to the following data elements:

- Location and department of asset
- Purchase price including any ancillary costs
- Useful life
- Manufacturer
- Quantity
- Acquisition date
- Description of asset
- Local tag number
- Serial and/or model number
- Parcel number (Land use only)

### **Physical Inventory**

A full physical inventory will be conducted at least once every other fiscal year by City staff not directly responsible or supervised for the inventoried department assets. If it is not feasible to use such personnel for any part of the physical inventory, then at least portions will be tested and verified by staff not directly responsible or supervised for the department assets. A final bi-annual written report will be submitted by the Finance Director to the Administrator and City Council.

A physical inventory by department will be conducted annually to include all insurable and capital assets. The annual department inventory shall be conducted by each department and conclude with a statement of the completed inventory. The statement should read the inventory was completed on the exact number of items inventoried, who conducted the inventory, any findings and corrective action plans, and the department head's approving signature. The inventory results will be turned into the Finance Director. The Finance Director will report the inventory results to the Administrator and City Council.

A physical spot check inventory will be conducted at least two (2) times per year by the Finance department to test for existence and completeness. The Finance department will randomly select ten (10) inventoried items from the capital asset tracking system (Banyon) to the locations the asset is assigned to. The Finance department will randomly select ten (10) assets around the City to verify the assets are on the capital asset tracking system. Further, the assets' barcode information will be verified in Laser fiche.

### Inventoried Capital Assets Missing

- When capital assets from the master inventory control list are missing, it will be necessary to notify the department head that is responsible for the asset.
- The Department head will need to determine if the asset has been transferred to different department, placed in storage, scrapped or converted to another asset and complete the necessary **Capital Asset Acquisition/Disposal/Change Form** describing the events surrounding the loss of asset.
- If there are a significant number of assets missing or the value of the missing asset exceeds ~~\$5,000~~ <sup>\$4,000</sup> the department head must determine why there is a problem and submit a plan of action to correct the situation to the Administrator, and copy the Finance department.

### Capital Assets Located but not Inventoried

- When capital assets have been located but are not on the master inventory control list, a search of the complete inventory list should be completed.
- The **Capital Asset Acquisition/Disposal/Change Form** will need to be completed by the department head and the Finance department.
- If there are a significant number of assets located, the department head must determine why there is a problem and submit a plan of action to correct the situation to the Administrator, and copy the Finance department.

Upon completion of the physical inventory personnel will sign certifying all findings and actions that have been taken to correct the inventory. These reports will then be given to the Finance Director for review and for final approval by the Administrator and City Council for the corrective action to the master inventory control list.

### Additions to Capital Assets

The department head is ultimately responsible for ensuring *Capital Asset Acquisition/ Disposal/ Change Forms* are provided to the Finance department. The Finance department will monitor City invoices for possible capital asset additions. If the Finance department receives an invoice for an item that should be added to the capital asset tracking system, the Finance department will contact the department head to complete the proper forms.

Specific procedures for capital asset additions are as follows:

- Upon receipt and acceptance of an inventoried capital asset the department head is responsible for supervising the addition of the asset to the inventory system.
- *Capital Asset Acquisition/Disposal/Change Forms* shall be initiated by the gaining department recognizing that an inventory item has been delivered and property ownership has been transferred to the City. To be complete the information on this form will have to be completed between the Finance department and the department head.
- If an appraisal is completed to value the asset, the appraisal report must be submitted to the Finance department to properly value the capital asset.
- The Finance department will issue the local tag number to the department head, based on the department and the sequential number of the inventory system. The department heads are responsible for making sure the capital asset receives a bar coded tag.

Besides the procedures listed here, the department head must follow Minnesota Statutes and the City's Purchasing Policy relating to acquiring of capital assets.

## Disposal of Capital Assets

The department head is responsible for notifying the Finance department for capital assets that are disposed. The Finance department will review cash receipts for assets sold also.

Specific procedures for capital asset disposals are as follows:

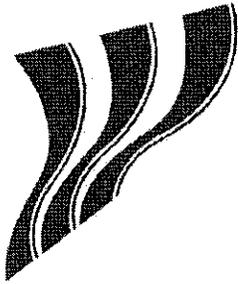
- Department heads will first notify the Finance Director of the potential disposal of a capital asset.
- The Finance Director will determine the proper procedure to dispose of the asset. If the item has no value or is cost prohibitive to sell, the department head will be notified to make the asset available to other cities, schools, counties, or the State of Minnesota before making it available to the general public.
- The Finance Director will notify the Administrator of the asset to be disposed and the matter will be placed on the next City Council agenda for the Council to declare the property surplus. Once the Council has declared the property surplus the appropriate disposal method will be followed.
- Department heads are responsible to complete the *Capital Asset Acquisition/ Disposal/ Change Form* indicating if the asset was sold or junked. Sold assets will be accompanied with any appraisal information, bill of sale, receipt showing value of sale, and who acquired the asset.
- After completing the *Capital Asset Acquisition/Disposal/Change Form*, the form will be returned to the Finance department for recording of disposed asset to the capital asset tracking system.
- The Finance department will enter any receipts for the sale of a capital asset through Banyon's Point of Sale software. The receipt will be coded to the proper fund and recorded as an "other finance source" for the sale of a capital asset.
- The department head is responsible for removing the local tag number and any other identifying marks that would indicate the asset belonged to the City. The tag should be turned into the Finance department with the disposal form if salvageable.

In addition the guidelines listed above, all disposals must follow Minnesota Statutes relating to disposal of equipment (assets).

## Changes to Capital Assets

There are various times that a capital asset may require a change. A few examples are:

- The asset transferred to another department,
- The asset is damaged causing the book value to be in excess of the actual,
- The asset's life is extended or decreased from the original estimated life, or
- An appraisal had been completed and found that the fair market value of the asset should be changed.
  - Whenever there is a question as to change in value, the department head and Finance Director should determine if a change in value should occur and the *Capital Asset Acquisition/Disposal/Change Form* completed and signed by the department head.



**CITY OF WILLMAR, MINNESOTA  
REQUEST FOR COMMITTEE ACTION**

**Agenda Item Number: 2**

**Meeting Date: April 23, 2012**

**Attachments:  Yes  No**

**CITY COUNCIL ACTION**

**Date: May 7, 2012**

- |                                   |                                 |
|-----------------------------------|---------------------------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Denied |
| <input type="checkbox"/> Amended  | <input type="checkbox"/> Tabled |
| <input type="checkbox"/> Other    |                                 |

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**Originating Department: Finance**

**Action Requested: Review discussion and questions concerning 2013 Budget Process. Information Only.**

**Guiding Principle:**

**Introduction:**

**Background/Justification: Committee to provide input on 2013 Budget Process and Calendar:**  
A. May 14<sup>th</sup> – City Administrator, Fire Chief, Police Chief  
B. May 30<sup>th</sup> – CER Director, Public Works Director  
C. June 11<sup>th</sup> – Planning Director, City Clerk, Finance Director  
D. June 25<sup>th</sup> – Civic Organizations

**Fiscal Impact: None**

**Alternatives: Change Process or Calendar.**

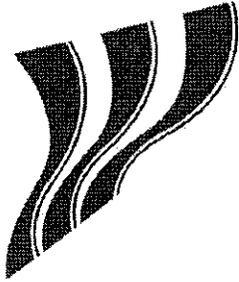
**Staff Recommendation: Continue with the 2013 Budget Process and Calendar as established.**

**Reviewed by: Steve Okins, City Finance Director**

**Preparer: Steve Okins, City Finance Director**

**Signature:**

**Comments:**



**CITY OF WILLMAR, MINNESOTA  
REQUEST FOR COMMITTEE ACTION**

**Agenda Item Number: 3**

**Meeting Date: April 23, 2012**

**Attachments:  Yes  No**

**CITY COUNCIL ACTION**

**Date: May 7, 2012**

- Approved     Denied  
 Amended     Tabled  
 Other

**Originating Department: Finance**

**Action Requested: Receive and review reports.  
Information Only.**

**Guiding Principle:**

**Introduction:**

**Background/Justification: A. 1<sup>st</sup> Quarter Interest/Dividends by Institution  
B. 1<sup>st</sup> Quarter Investment Activity  
C. 03/31/2012 Cash/Investment Portfolio  
D. 10-Year Historical Interest/Dividends Per Quarter  
E. 10-Year Historical Investments Per Quarter**

**Fiscal Impact: N/A**

**Alternatives: N/A**

**Staff Recommendation: Receive and review reports for information only.**

**Reviewed by: Steve Okins, City Finance Director**

**Preparer: Steve Okins, City Finance Director**

**Signature:**

**Comments:**



# WILLMAR



## FINANCE

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### 2012 Interest/Dividends Received By Institution

<u>Institution</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>2012 Year-To-Date</u>	<u>2011 Year-To-Date</u>
Franklin Templeton	\$ -	\$ -	\$ -	\$ -	\$ 1,878.50
Heritage Bank	\$ 1,371.96	\$ 1,037.81	\$ 1,233.58	\$ 3,643.35	\$ 1,143.35
Morgan Stanley Smith Barney	\$ 15,702.18	\$ -	\$ 0.30	\$ 15,702.48	\$ 56,371.11
UBS	\$ -	\$ -	\$ 56,250.00	\$ 56,250.00	\$ 80,263.89
Wells Fargo	\$ 4,184.72	\$ 11,250.00	\$ 19,687.50	\$ 35,122.22	\$ 36,250.00
Wells Fargo Advisors	\$ 7,000.00	\$ 16,153.84	\$ 10,000.00	\$ 33,153.84	\$ 105,900.17
<b>Totals</b>	<b>\$ 28,258.86</b>	<b>\$ 28,441.65</b>	<b>\$ 87,171.38</b>	<b>\$ 143,871.89</b>	<b>\$ 281,807.02</b>

Willmar



2005



**WILLMAR**

**FINANCE**

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**INVESTMENT ACTIVITY REPORT FOR QUARTER ENDING MARCH 31, 2012**

**BALANCE AT PRIOR QUARTER ENDING DECEMBER 31, 2011** **\$ 46,841,372.72**

**SUMMARY OF JANUARY, 2012, THROUGH MARCH, 2012, TRANSACTIONS:**

(01/13/2012) SOLD: Wells Fargo, FHLB-313375AB3, 1.150%	(1,000,000.00)
(01/13/2012) Market Value Adjustment: Wells Fargo, FHLB-313371AB3	(17.00)
(01/27/2012) PURCHASED: Wells Fargo, FHLB-313376SR7, 1.15%	1,000,000.00
(01/30/2012) SOLD: MSSB, FNMA-3136FPTT4, 2.000 - 5.000%	(1,000,000.00)
(01/30/2012) Market Value Adjustment: MSSB, FNMA-3136FPTT4	(930.00)
(01/30/2012) SOLD: Wells Fargo Advisors, FHLB-313371E85 (Partial), 2.000-10.000%	(1,400,000.00)
(01/31/2012) SOLD: MSSB, CP-36969HAX5, .010%	(1,999,982.22)
(01/31/2012) Market Value Adjustment: MSSB, CP-36969HAX5	42.22
(02/08/2012) PURCHASED: MSSB, CD-2546703M2, 1.75%	245,000.00
(02/15/2012) PURCHASED: MSSB, FHLMC-3134G3LC2, 2.000-7.000%	1,000,000.00
(02/22/2012) PURCHASED: Wells Fargo Advisors, FHLB-313376WD3, 2.000-8.000%	1,500,000.00
(02/23/2012) SOLD: Wells Fargo Advisors, FHLB-313376BX2 (Partial) 2.000 - 6.000%	(1,230,769.23)
(02/24/2012) SOLD: Wells Fargo Advisors, FNMA-3136FRL76, 2.000 - 6.000%	(1,000,000.00)
(02/24/2012) Market Value Adjustment: Wells Fargo Advisors, FNMA-3136FRL76	(150.00)
(02/27/2012) SOLD: Wells Fargo, FNMA-3136FPCL9, 2.250 - 5.000%	(1,000,000.00)
(02/27/2012) Market Value Adjustment: Wells Fargo, FNMA-3136FPCL9	(1,992.00)
(03/09/2012) SOLD: Wells Fargo Advisors, FHLB-313375DV6, 2.000-10.000%	(1,000,000.00)
(03/09/2012) Market Value Adjustment: Wells Fargo Advisors, FHLB-313375DV6	(190.00)
(03/23/2012) SOLD: Wells Fargo, FHLB-313375JV0, 2.250 - 8.000%	(1,750,000.00)
(03/23/2012) Market Value Adjustment: Wells Fargo, FHLB-313375JV0	(3,458.00)
(03/28/2012) PURCHASED: Wells Fargo Advisors, FHLB-313378J28, 03/28/2022, 2.000-10.000%	2,000,000.00
(03/31/2012) Market Value Adjustment at Quarter-End	(76,108.82)

**MARCH 31, 2012 BALANCE**

**\$ 41,122,817.67**

\*Morgan Stanley Smith Barney



**CASH/INVESTMENT PORTFOLIO AS OF MARCH 31, 2012**

	<u>INSTITUTION</u>	<u>SECURITY TYPE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>PAR VALUE</u>	<u>MARKET VALUE</u>
1	MSSB	CP-36959HFT9	06/27/2012	0.300%	1,000,000.00	999,600.00
2	MSSB	CD-05568PND5	12/31/2012	3.600%	96,000.00	97,977.60
3	MSSB	CD-591557DP5	10/07/2013	1.150%	245,000.00	245,365.05
4	MSSB	CD-70153RGY8	10/15/2013	1.250%	245,000.00	245,742.35
5	MSSB	CD-02580VDA0	12/24/2013	4.750%	96,000.00	101,658.24
6	MSSB	CD-02586TDA9	12/24/2013	4.750%	96,000.00	101,658.24
7	MSSB	CD-36159CGN0	12/30/2013	4.100%	96,000.00	100,634.88
8	MSSB	CD-381426XZ3	12/31/2013	4.000%	96,000.00	100,478.40
9	MSSB	CD-36160TFS0	01/23/2014	3.400%	96,000.00	100,047.36
10	MSSB	CD-795450HC2	01/23/2014	3.500%	96,000.00	99,778.56
11	MSSB	CD-140653G26	01/28/2014	3.500%	96,000.00	99,806.40
12	MSSB	CD-02004MU84	10/08/2014	1.750%	150,000.00	150,921.00
13	MSSB	CD-36159CUU8	10/08/2014	1.700%	150,000.00	150,736.50
14	Wells Fargo	FHLB-313376SR7	07/27/2016	1.150%	1,000,000.00	999,896.00
15	Wells Fargo	FNMA-3136FTPC7	11/28/2016	1.000-4.000%	2,000,000.00	2,004,694.00
16	MSSB	CD-36160TE51	12/09/2016	2.100%	150,000.00	150,666.00
17	MSSB	CD-06740KFC6	12/14/2016	1.950%	245,000.00	244,448.75
18	MSSB	CD-38143ADT9	12/14/2016	2.050%	150,000.00	150,333.00
19	MSSB	CD-02587DJS8	12/15/2016	2.050%	150,000.00	150,333.00
20	MSSB	CD-2546703M2	02/08/2017	1.750%	245,000.00	242,172.70
21	Wells Fargo Advisors	FHLB-313371E85	10/29/2020	2.000-10.000%	3,500,000.00 *	
	Wells Fargo Advisors	FHLB-313371E85	10/29/2020	2.000-10.000%	(1,400,000.00)	
	Wells Fargo Advisors	FHLB-313371E85	10/29/2020	2.000-10.000%	2,100,000.00	2,101,218.00
22	Wells Fargo	FFCB-31331KQ94	11/09/2020	2.800%	2,000,000.00	2,009,420.00
23	Wells Fargo Advisors	FNMA-3136FREX7	04/12/2021	3.250-6.500%	2,250,000.00 *	2,251,462.50
24	UBS	FHLMC-3134G2H47	09/30/2021	2.250-6.000%	2,000,000.00	1,998,060.00
25	UBS	FHLMC-3134G2H47	09/30/2021	2.250-6.000%	3,000,000.00	2,997,090.00
26	Wells Fargo Advisors	FHLB-313375TN7	10/12/2021	2.000-8.000%	2,000,000.00	2,000,480.00
27	MSSB	FHLMC-3134G2U75	10/25/2021	2.250-8.000%	4,000,000.00	3,985,800.00
28	Wells Fargo Advisors	FHLMC-3134G2U75	10/25/2021	2.250-8.000%	3,000,000.00 *	2,980,380.00
29	UBS	FHLMC-3134G2Y97	10/26/2021	2.000-8.000%	1,000,000.00	1,002,810.00
30	UBS	FNMA-3136FTGF0	10/27/2021	2.000-6.000%	1,000,000.00	1,001,280.00
31	Wells Fargo Advisors	FHLB-313376BX2	11/23/2021	2.000-6.000%	4,000,000.00 *	
	Wells Fargo Advisors	FHLB-313376BX2	11/23/2021	2.000-6.000%	(1,230,769.23)	
	Wells Fargo Advisors	FHLB-313376BX2	11/23/2021	2.000-6.000%	2,769,230.77	2,772,166.14
32	Wells Fargo Advisors	FHLMC-3134G24B5	11/23/2021	2.500-5.000%	2,000,000.00 *	2,003,580.00
33	UBS	FHLMC-3134G3AJ9	12/13/2021	2.500-6.000%	2,000,000.00	2,001,260.00
34	Wells Fargo	FHLMC-3134G3AJ9	12/13/2021	2.500-6.000%	1,000,000.00	1,000,628.00
35	MSSB	FHLMC-3134G3LC2	02/15/2022	2.000-7.000%	1,000,000.00	995,910.00
36	Wells Fargo Advisors	FHLB-313376WD3	02/22/2022	2.000-8.000%	1,500,000.00	1,499,385.00
37	Wells Fargo Advisors	FHLB-313378J28	03/28/2022	2.000-10.000%	2,000,000.00	1,984,940.00
	<b>TOTAL INVESTMENT</b>				<b>\$ 41,117,230.77</b>	<b>\$ 41,122,817.67</b>
40	Heritage Bank	Low Activity Ckg	None	0.200%	8,001,149.61	8,001,149.61
41	Heritage Bank	SB Ckg/Law Enf.Forf	None	0.100%	40,857.98	40,857.98
42	Heritage Bank	SB Ckg/Cafeteria	None	0.100%	5,001.31	5,001.31
43	Heritage Bank	Commercial Ckg	None	0.100%	135,798.85	135,798.85
	<b>TOTAL PORTFOLIO FOR MARCH 31, 2012</b>				<b>\$ 49,300,038.52</b>	<b>\$ 49,305,625.42</b>

\* Par Value is not equal to Purchase Amount

## Historical Interest/Dividends Received Per Quarter 2001 through 03/31/2012

<u>Year</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Annual Totals</u>
2012	\$ 143,871.89				\$ 143,871.89
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
2006	\$ 392,269.92	\$ 398,251.19	\$ 435,489.27	\$ 424,705.40	\$ 1,650,715.78
2005	\$ 297,617.30	\$ 358,311.00	\$ 323,683.93	\$ 417,349.67	\$ 1,396,961.90
2004	\$ 256,365.99	\$ 349,941.03	\$ 239,169.92	\$ 363,170.98	\$ 1,208,647.92
2003	\$ 347,623.33	\$ 429,146.02	\$ 278,583.40	\$ 303,848.26	\$ 1,359,201.01
2002	\$ 551,583.58	\$ 287,590.69	\$ 540,822.04	\$ 329,102.76	\$ 1,709,099.07
2001	\$ 713,182.28	\$ 493,687.69	\$ 729,179.95	\$ 347,902.87	\$ 2,283,952.79

# Historical Balances At the End of Each Quarter 2001 through 03/31/2012

Year	Investments				Operating Cash (Flex Gold and Checking)			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2012	\$41,122,817.67 #				\$ 8,136,948.46			
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)
2006	\$40,287,460.83	\$39,045,724.67	\$45,986,724.51	\$48,565,446.01	\$ 239,513.13	\$ 982,309.33	\$ 1,133,968.89	\$ 171,495.87
2005	\$36,768,248.22	\$37,768,170.45	\$48,355,084.17	\$48,354,326.94	\$ 1,513,953.62	\$ 961,246.67	\$ 1,454,324.57	\$ 1,007,718.38
2004	\$33,825,796.69	\$36,595,276.05	\$36,590,625.49	\$41,648,716.38	\$ 4,244,239.97	\$ 1,158,817.03	\$ 201,061.64	\$ 275,984.98
2003	\$34,064,199.18	\$30,950,347.81	\$35,925,098.63	\$40,818,791.70	\$ 3,859,939.14 **	\$ 7,755,088.56 **	\$ 2,656,112.08 **	\$ 933,074.61 **
2002	\$31,853,393.91	\$27,584,130.86	\$29,071,601.97	\$35,075,314.75	\$ 1,383,844.54 **	\$ 5,702,861.27 **	\$ 5,727,765.04 **	\$ 5,683,814.13 **
	\$ 3,051,496.86 *	\$ 2,470,803.20 *	\$ 2,453,090.69 *	\$ 2,453,090.69 *				
	\$34,904,890.77	\$30,054,934.06	\$31,524,692.66	\$37,528,405.44				
2001	\$33,214,771.32	\$33,705,625.12	\$30,724,399.03	\$34,338,693.50			\$ 8,169,308.49	\$ 3,479,217.64
				\$ 3,051,496.86 *				
				\$37,390,190.36				

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

\*\*4M, Flex Gold, General Ckg

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