



WILLMAR



FINANCE

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**FINANCE COMMITTEE MEETING
4:45 P.M. MONDAY, MAY 14, 2012
CITY OFFICE BUILDING, CONFERENCE ROOM #1**

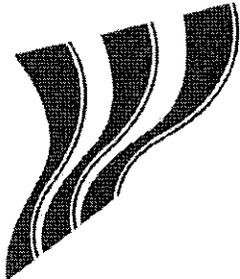
**Chair: Denis Anderson
Vice Chair: Rick Fagerlie**

**Members: Jim Dokken
Tim Johnson**

AGENDA

- 1) Rice Memorial Hospital – 1st Quarter Financial
- 2) Willmar Municipal Utilities – 1st Quarter Financial
- 3) Willmar HRA – Bethesda Conduit Financing Resolution
- 4) Municipal Tort Limits – Resolution
- 5) Industrial Development Fund Budget – Amend Resolution
- 6) 2012 Departmental Budget Amendments/Car Allowance – Resolution
- 7) Fire Department Retirement Allocation – Resolution
- 8) 2012 Street Program Financing
- 9) 2013 Budget Process – Administrator Update
- 10) Miscellany
- 11) Adjourn





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

Agenda Item Number: 1 & 2

Meeting Date: May 14, 2012

Attachments: Yes No

CITY COUNCIL ACTION

Date: May 21, 2012

Approved Denied
 Amended Tabled
 Other

Originating Department: Finance

Action Requested: Receive and review reports for information and discussion.

Guiding Principle: To receive and review component unit financial reports to monitor unit's performance.

Introduction: Representatives from Rice Memorial Hospital and Willmar Municipal Utilities will be presenting their first quarter reports and will be available to answer any questions.

Background/Justification: 1) 2012 1st Quarter Rice Memorial Hospital
2) 2012 1st Quarter Willmar Municipal Utilities

Fiscal Impact: N/A

Alternatives: Hold reports for further discussion and explanation.

Staff Recommendation: Receive reports and order staff to place on file.

Reviewed by: Steven B. Okins, Finance Director

Preparer: Steven B. Okins

Signature:

Comments:

Rice Memorial Hospital
Financial Statements
March 31, 2012

Executive Summary

March was a negative month in terms of financial performance compared to budget and in terms of actual performance. Rice generated a loss of \$161,000 from operations in March compared to budgeted operating income of \$335,000. The primary contributing factor was lower than expected inpatient and outpatient activity. Volumes continued to be soft compared to budget and last year. The overall net loss was \$243,000 compared to budgeted net income of \$420,000.

March 31, 2012 Balance Sheet:

The March balance sheet showed a decrease in net assets of \$65,000. Total Assets have decreased \$778,000 while total liabilities have increased \$712,000. The Total Asset increase was due to an increase in current assets of \$73,000; a decrease in assets whose use is limited of \$445,000; an increase in property, plant, and equipment of \$266,000, and a decrease in other assets of \$672,000. The increase in current assets was due to decreases in Cash and Bond Reserves offset by increases in Receivables. Assets whose use is limited decreased due to the refunding of the 2002 Bond Issue which resulted in decreased investments in the reserve funds. Property, Plant, and Equipment increased due to the Epic project expenditures while Other Assets have decreased due to decreases in investments offset by an increase in the investment in Willmar Medical Services. Cash & General Investments have increased \$2.8 million since December 31, 2011 due to poor operating performance and revenue cycle issues. A positive was that Long-Term Debt decreased by \$2.6 million due to the refunding of the 2002 Bond Issue.

March 2012 Results:

The overall net operating loss was \$161,000 compared to budgeted operating income of \$335,000 and compared to last year's operating income of \$557,000. Patient revenues were \$1.5 million (8.4%) less than budget for the month and 4.9% less than the prior year. Hospital revenues were less than budget with inpatient revenues 11.0% less than budget and outpatient revenues 5.9% less than budget. Inpatient revenues were driven by the decreased census while Outpatient revenues were the result of decreased volumes and charge capture. The charge capture issue is directly related to the computer conversion to Epic. There continued to be numerous process changes that came with the computer conversion and some of these are still outstanding. Additional resources have been deployed on a temporary basis to further understand the process issues and make any necessary changes or edits to the system to ensure that services provided are documented and coded accurately to ensure that all earned revenues are captured or recorded. Compounding the system conversion issues were that volumes were down in a few departments including Inpatient Nursing Units, Surgery, and Laboratory. In addition, revenues were down compared to budget at the Care Center and Home Medical. Care Center revenues were down (8.0%) due to lower census which has subsequently increased while Home Medical revenues were down (20.7%) due to lower sales and rental activity.

Consolidated deductions from revenue were \$1.1 million (12.1%) less than budget and when netted against total patient revenues yielded a negative net patient revenue variance of \$443,000 (4.7%). The Hospital's reimbursement rate for the month was 49.75% compared to a budget of 47.50%; a positive variance of \$356,000.

Other operating revenues were \$425,000 (27.5%) less than budget due to lower activity at Willmar Medical Services (WMS). Profits were down in February and thus adjusting February's activity to actual results and a lower accrual for March was a double negative hit in March. WMS activity at Rice was also less than budget by \$114,000 (5.9%) due to decreased Radiation Oncology revenues. Total operating revenues were \$8.2 million or \$754,000 (8.3%) less than budget and \$523,000 (5.9%) less than last year.

Net Expenses were \$8.4 million which was \$257,000 (3.0%) less than budget. Expenses were mostly lower for the month with Salaries \$200,000 (5.0%) less than budget due to decreased activity and vacancies. Contract Labor was \$122,000 (67.8%) greater than budget due to Emergency Room Physicians and contracted costs in a few other departments while Benefits were \$142,000 (11.7%) less than budget due to lower than anticipated health insurance costs. Supplies were \$110,000 (9.9%) less than budget due to lower activity in Surgery and Home Medical while Drugs were \$41,000 (7.0%) less due to Medical Oncology activity. Purchased Services were \$81,000 (13.4%) greater due to consulting and legal costs. In these costs, the appeal relating to MN Care Taxes paid and the MA Surcharge was successful and thus additional fees were owed to Grant Thornton which performed the work on a contingent basis. Repairs were \$31,000 (10.5%) higher due to service contracts and elevator repairs. Utilities were \$34,000 (23.6%) less than budget due to mild weather while Insurance was slightly less than budget. Patient Related Travel was \$3,600 (10.0%) less than budget due to timing of budgeted expenditures; Education, Travel, and Dues were \$2,800 (3.7%) less than budget; and Other was \$8,100 (18.4%) less than budget due to lower advertising. Depreciation was \$56,000 (9.4%) greater than budget due to a budget miscalculation while Interest was \$56,000 (27.5%) less than budget due to the refunding of the 2002 bonds. Depreciation and Interest variances will continue for the remainder of the year similar to the March variances. Bad Debts were \$71,000 (44.7%) less than budget due to improved quality of receivables and lower activity although receivables were higher. As mentioned above, an appeal was filed with the State of MN for overpayment of MN Care Taxes and MA Surcharges which was successful and thus Taxes had a favorable \$73,000 (38.9%) variance in March.

Non-operating income was \$167,000 less than budget due to unrealized losses. Rice continues to analyze its investments to determine if any securities should be sold to capture unrealized gains and at this point it is not advised.

The Hospital generated an operating loss of \$152,000 compared to budgeted operating income of \$290,000 and compared to last year's operating income of \$471,000. Care Center activity generated an operating loss for the month of \$11,000 compared to expected operating income of \$31,000 and last year's operating income of \$70,000. Negative revenue variances and contracted labor contributed to the loss. Home Medical activity generated operating income of \$2,900 compared to budgeted operating income of \$14,000 and last year's operating income of \$15,000.

March YTD 2012 Results:

The overall net operating loss was \$576,000 compared to budgeted operating income of \$436,000 and last year's operating income of \$1.2 million. Patient revenues were \$2.1 million (4.1%) less than budget and 0.2% greater than the prior year. Hospital revenues were less than budget with inpatient revenues 7.3% less than budget and outpatient revenues 1.3% less than budget. Inpatient revenues were driven by the decreased census and charge capture while Outpatient revenues were the result of flat volumes offset by charge capture issues. Care Center revenues were \$68,000 (3.5%) less than budget due to lower census while Home Medical revenues were \$447,000 (14.7%) less than budget due to lower sales and rental activity.

Consolidated deductions from revenue were \$1.6 million (6.3%) less than budget and when netted against total patient revenues yielded a negative net patient revenue variance of \$501,000 (1.9%). The Hospital's reimbursement rate was 48.76% compared to a budget of 47.57%; a positive variance of \$549,000.

Other operating revenues were \$613,000 (13.3%) less than budget due to lower activity and profits at Willmar Medical Services. Willmar Medical Services activity at Rice was less than budget by \$100,000 (1.9%) due to lower radiation oncology activity. Total operating revenues were \$24.8 million or \$1.0 million (3.9%) less than budget and \$323,000 (1.3%) less than last year.

Net Expenses were \$25.4 million which was at the budget. Expenses were mixed with Salaries \$35,000 (0.3%) greater than budget due to the Epic conversion costs greater than anticipated even though patient activity was down. Contract Labor was \$324,000 (61.3%) greater than budget due to Emergency Room Physicians and contracted therapy costs while Benefits were \$296,000 (8.4%) less than budget due to lower than anticipated health insurance costs. Supplies were \$343,000 (10.8%) less than budget due lower activity in numerous departments while Drugs were \$511,000 (32.3%) greater due to Medical Oncology purchases through Rice. Purchased Services were \$134,000 (7.5%) greater due to consulting and legal costs. Repairs were \$85,000 (9.4%) less due to lower activity in numerous departments while Utilities were \$44,000 (9.9%) less than budget due to mild weather. Insurance was \$4,900 (3.0%) less than budget; Patient Related Travel was \$3,800 (3.6%) less than budget; Education, Travel, and Dues were \$15,000 (6.7%) greater than budget due to annual costs expensed in January; and Other was \$1,200 (0.9%) greater than budget. Depreciation was \$161,000 (9.0%) greater than budget due to the budget miscalculation while Interest was \$56,000 (9.1%) less than budget due to the bond refunding. Bad Debts were \$146,000 (33.4%) less than budget due to improved quality and lower activity with Taxes \$105,000 (18.6%) less than budget due to reconciliations with amounts paid to the City and the successful MN Care Tax and MA Surcharge appeal.

Non-operating income was \$154,000 less than budget due to unrealized investment losses. If the interest rates rise, some of these unrealized losses should be reversed.

The Hospital generated an operating loss of \$597,000 compared to budgeted operating income of \$290,000 and compared to last year's operating income of \$1.1 million. Care Center activity generated operating income of \$33,000 compared to expected operating income of \$77,000 and last year's operating income of \$58,000. Home Medical activity generated an operating loss of \$13,000 compared to budgeted operating income of \$68,000 and last year's operating loss of \$21,000.

Statistical and Volume Summary

Statistics and volumes were mostly down for the month. Patient days were 2.1% less than budget while admissions were 16.6% greater than budget yielding a decrease in length of stay from a budget of 3.50 to 2.81. There are still some concerns with the inpatient statistical indicators which continue to be investigated. Compared to the prior year, patient days were 143 less for the month with admissions 19 greater than last year. The average daily census for the month was 35.3 compared to a budget of 36.0 and last year's 39.9. Observation patients were 4.3% less than budget and 7.5% greater than last year. Case mix indexes continue to be unavailable. Overall activity as measured in terms of adjusted admissions was 21.0% greater than budget and 9.6% greater than last year while adjusted patient days were 1.6% greater than budget and 8.0% less than last year. There were 65 deliveries for the month compared to a budget of 69 and 68 from a year ago. Care Center resident days were 9.6% less than budget with an average daily census of 67.8 compared to the budget of 75. The April census has increased to near capacity for most of the month.

On a YTD basis, patient days were 0.9% greater than budget but 6.7% less than last year with admissions 9.5% greater than budget and 4.4% greater than last year. This equated to an average length of stay for this year at 3.18 compared to the budget of 3.50 and 3.63 from last year. Observation patients were down by 5.7% to budget but 7.0% greater than last year. As case mix was not available for March, this is not reported. Adjusted admissions were 14.3% greater than budget and 11.5% greater than last year while adjusted patient days were 5.1% greater than budget and 0.5% less than last year. There were 173 deliveries compared to the budget of 196 and last year's 194. Care Center resident days were 5.6% less than budget with a census of 70.8 compared to the budget of 75.0 and last year's census of 63.5

Ancillary departments were mostly lower for the month. Surgeries were 26.9% less than budget and 28.3% less than last year while Emergency Room visits were 5.4% greater than budget and 5.7% greater than last year. Lab tests were down by 9.0% due to decreased inpatient activity and utilization with Medical Imaging procedures higher by 9.7% compared to budget. There are some concerns with the oncology statistical indicators and thus we are not confident in these numbers yet. GI procedures were flat compared with budget while Dialysis treatments were 2.5% less than budget. Rehab visits were 8.7% less than budget while Hospice visit were 13.0% greater. Ambulance runs were all flat compared to budget.

YTD ancillary activity was mixed. Surgeries were 14.7% less than budget and 16.4% less than last year. Emergency Room visits were 1.0% greater than budget and 1.4% greater than last year. Laboratory tests were 4.9% less than budget and 7.7% less than last year. Medical Imaging procedures were 5.8% greater than budget and 1.7% less than last year. GI procedures were 13.0% greater than budget but 5.8% less than last year while Dialysis treatments were 2.7% less than budget and 3.6% less than last year. Rehab visits were greater than budget by 1.3% and 2.0% greater than last year; Hospice visits were 4.8% greater than budget and 6.8% greater than last year; and Ambulance runs were 2.8% less than budget and 3.7% less than last year.

Full Time Equivalents (FTE's) for the month were 793 compared to a budget of 806 and compared to last year's total of 765. YTD FTE's were 808 compared to the budget of 794 and last year's 764.

Key Indicators

The key Operational indicators were negative for the month compared to budget and last year. Consolidated Operating Margin was a negative 1.9% compared to the budget target of 3.7% and last year's 6.3%. Excess Margin was a negative 3.0% compared to the budget of 4.6% and last year's 7.0%. The EBIDA margin was 6.8% for the month compared to a budget of 13.4% and last year's 16.3%.

The YTD Consolidated Operating Margin was a negative 2.3% compared to the budget of 1.7% and last year's 4.8%. Excess Margin was a negative 1.9% compared to the budget of 2.6% and last year's 5.3%. The EBIDA margin was 8.2% compared to the budget of 11.1% and last year's 15.1%

The Financial ratios indicate that the Debt/Capitalization ratio of 45% was at the year-end target of 45%. Debt service coverage was 2.0 compared to the budget of 2.9 and compared to the debt covenant of 1.25. Days in accounts receivable were 67 compared to a target of 50 and last year's 63. Home Medical days outstanding were 120 compared to the target of 70 indicating significant work needs to continue to drive the days down to the target. Days of Cash were 100 compared to the year-end target of 126 and compared to 102 from the prior year. The Financial Strength Index was a negative 0.60 compared to the budget of 1.10 and last year's 1.65.

YTD Hospital productivity ratios in terms of staffing was less than budget with FTE's per adjusted admit at 12.9 compared to a budget of 14.3; last year's ratio of 13.6; and the benchmark of 14.9. FTE's per adjusted patient day were 4.0 compared to the budget of 4.1; last year's ratio of 3.8; and the benchmark of 4.4. Care Center Hours per Resident Day were 6.2 compared to the budget of 5.5 and the benchmark of 5.8; thus indicating further work needs to be completed to decrease this ratio. Sales per FTE at Home Medical were \$149,000 which was 12.7% less than target.

**RICE MEMORIAL HOSPITAL
CONSOLIDATED
BALANCE SHEET**
For the Three Months Ending March 31, 2012

	CURRENT YEAR	PRIOR YEAR END	CHANGE
1 ASSETS			
2 CURRENT ASSETS			
3 CASH AND CASH EQUIVALENTS	\$2,107,295	\$3,728,757	(\$1,621,462)
4 TRUSTEE BOND AGREEMENTS - CURRENT	681,282	2,130,440	(1,449,158)
5 ACCOUNTS RECEIVABLE NET	19,350,815	16,143,018	3,207,797
6 OTHER RECEIVABLES	512,692	521,975	(9,283)
7 INVENTORY	1,891,970	1,858,419	33,551
8 PREPAID EXPENSES	1,430,212	1,517,862	(87,650)
10 TOTAL CURRENT ASSETS	25,974,266	25,900,470	73,796
12 ASSETS LIMITED AS TO USE			
13 HELD BY TRUSTEES - BOND AGREEMENTS	3,181,089	3,731,642	(550,552)
15 REMAINDER UNITRUST - RECEIVABLE	28,765	47,976	(19,211)
16 ENDOWMENT FUND - INVESTMENTS	2,590,365	2,466,271	124,093
18 TOTAL ASSETS - USE IS LIMITED	5,800,219	6,245,889	(445,670)
20 PROPERTY PLANT & EQUIPMENT			
21 PROPERTY PLANT & EQUIPMENT	131,505,656	129,292,102	2,213,554
22 LESS: ACCUMULATED DEPRECIATION	(69,469,876)	(67,522,491)	(1,947,385)
24 NET PROPERTY, PLANT & EQUIPMENT	62,035,780	61,769,611	266,169
26 OTHER ASSETS			
27 INVESTMENTS	23,932,818	25,125,564	(1,192,746)
28 INVESTMENTS - SHARED HEALTH RESOURCES	417,225	411,413	5,812
29 INVESTMENTS - WILLMAR MEDICAL SERVICES	4,154,807	3,335,316	819,491
30 OTHER INVESTMENTS	79,963	79,136	827
32 DEFERRED DEBT ACQUISITION COSTS	211,639	518,347	(306,708)
33 OTHER	473	0	473
35 TOTAL OTHER ASSETS	28,796,925	29,469,777	(672,851)
37 TOTAL ASSETS	\$122,607,190	\$123,385,747	(\$778,557)
40 LIABILITIES AND NET ASSETS			
41 CURRENT LIABILITIES			
42 CURRENT MATURITIES OF LONG TERM DEBT	\$2,252,084	\$1,981,181	\$270,902
43 ACCOUNTS PAYABLE - TRADE	2,369,861	1,563,350	806,510
44 ESTIMATED THIRD PARTY PAYOR SETTLEMENTS	193,963	217,700	(23,737)
45 ACCRUED SALARIES, WAGES AND BENEFITS	10,966,858	10,751,022	215,837
46 ACCRUED INTEREST AND DUE TO WMS	3,074,695	2,449,639	625,057
48 TOTAL CURRENT LIABILITIES	18,857,461	16,962,892	1,894,569
50 LONG TERM DEBT (LESS CURRENT PORTION)	46,662,629	49,270,010	(2,607,381)
52 TOTAL LIABILITIES	65,520,090	66,232,902	(712,812)
54 COMMITMENTS AND CONTINGENCIES			
56 NET ASSETS			
57 RESTRICTED FUNDS			
58 DEBT SERVICE AND RESERVE	3,001,698	3,552,250	(550,552)
59 SPECIFIC PURPOSE FUND	98,237	74,593	23,645
60 PERMANENT ENDOWMENT	2,590,365	2,466,271	124,093
61 CURRENT YEAR INCOME	(476,102)	6,006,621	(6,482,723)
62 UNRESTRICTED	51,872,903	45,053,110	6,819,793
64 TOTAL NET ASSETS	57,087,101	57,152,845	(65,744)
66 TOTAL LIABILITIES AND NET ASSETS	\$122,607,190	\$123,385,747	(\$778,557)

RICE MEMORIAL HOSPITAL, CONSOLIDATED
For the Three Months Ending March 31, 2012

	CURRENT MONTH			YEAR TO DATE		
	ACTUAL	BUDGET	VAR %	ACTUAL	BUDGET	VAR %
OPERATING REVENUE						
INPATIENT REVENUE	\$5,276,540	\$5,932,039	(11.0%)	\$15,823,946	\$17,074,890	(7.3%)
OUTPATIENT REVENUE	10,552,922	11,216,910	(5.9%)	30,313,140	30,697,349	(1.3%)
RICE CARE CENTER REVENUE	602,533	654,998	(8.0%)	1,854,517	1,922,735	(3.5%)
RICE HOME MEDICAL REVENUE	803,028	1,012,548	(20.7%)	2,602,144	3,050,132	(14.7%)
TOTAL PATIENT REVENUE	17,235,023	18,816,485	(8.4%)	50,593,747	52,745,106	(4.1%)
LESS DISCOUNTS & CONTRACTUALS	8,116,034	9,213,613	(11.9%)	24,130,201	25,679,398	(6.0%)
LESS UNCOMPENSATED CARE	119,387	159,282	(25.0%)	367,236	467,816	(21.5%)
TOTAL DEDUCTIONS FROM REVENUE	8,235,421	9,372,895	(12.1%)	24,497,437	26,147,214	(6.3%)
NET REVENUE FROM PATIENTS	8,999,602	9,443,590	(4.4%)	26,096,310	26,597,892	(1.9%)
OTHER OPERATING REVENUE	1,119,304	1,544,530	(27.5%)	4,001,476	4,614,617	(13.3%)
TOTAL OPERATING REVENUE	10,118,906	10,988,120	(7.9%)	30,097,786	31,212,509	(3.6%)
LESS: WILLMAR MEDICAL SERVICES OPERATING REVENUE	1,823,956	1,938,666	(5.9%)	5,258,571	5,359,068	(1.9%)
TOTAL OPERATING REVENUE	8,294,950	9,049,454	(8.3%)	24,839,215	25,853,441	(3.9%)
OPERATING EXPENSES						
SALARIES AND WAGES	3,781,153	3,981,702	(5.0%)	11,626,127	11,590,588	0.3%
CONTRACT LABOR	302,203	380,127	(20.8%)	854,380	579,588	48.4%
SUPPLEMENTAL BENEFITS	1,072,469	1,215,136	(11.7%)	3,247,205	3,543,877	(8.4%)
SUPPLIES	1,005,397	1,116,295	(9.9%)	2,826,874	3,170,792	(10.8%)
DRUGS	554,338	595,991	(7.0%)	2,093,359	1,582,340	32.3%
PURCHASED SERVICES	688,655	607,356	13.4%	1,930,165	1,795,889	7.5%
REPAIRS, SERVICE & RENTALS	334,990	303,135	10.5%	824,003	909,404	(9.4%)
UTILITIES	112,009	146,597	(23.6%)	410,828	455,790	(9.9%)
INSURANCE	54,717	55,706	(1.8%)	162,125	167,117	(3.0%)
PATIENT RELATED TRAVEL	40,493	36,814	10.0%	109,442	109,442	0.0%
EDUCATION, TRAVEL, & DUES	74,319	77,205	(3.7%)	230,127	234,366	(1.8%)
OTHER	36,242	44,400	(18.4%)	134,415	133,201	0.9%
DEPRECIATION AND AMORT	654,636	598,393	9.4%	1,956,362	1,795,178	9.0%
INTEREST	148,071	204,356	(27.5%)	563,115	619,600	(9.1%)
BAD DEBTS	88,851	160,728	(44.7%)	292,268	438,856	(33.4%)
TAXES & SURCHARGE	115,439	189,001	(38.9%)	461,512	567,008	(18.6%)
TOTAL OPERATING EXPENSES	9,063,982	9,512,962	(4.7%)	27,738,416	27,643,036	0.3%
LESS: WILLMAR MEDICAL SERVICES OPERATING EXPENSES	607,741	798,959	(23.9%)	2,322,409	2,225,787	4.3%
NET OPERATING EXPENSES	8,456,241	8,714,003	(3.0%)	25,416,007	25,417,249	(0.0%)
OPERATING INCOME (LOSS)	(161,291)	335,451	(148.1%)	(576,792)	436,192	(232.2%)
NON OPERATING INCOME	(82,457)	84,976	(167.4%)	100,691	254,929	(60.5%)
NET INCOME (LOSS)	(243,748)	420,427	(158.0%)	(476,101)	691,121	(145.4%)
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TOTAL OPERATING EXPENSES						
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NON OPERATING INCOME						
NET INCOME (LOSS)						
PRIOR YR						
TOTAL OPERATING REVENUE						
TOTAL OPERATING EXPENSES						
OPERATING INCOME (LOSS)						

RICE HOSPITAL
For the Three Months Ending March 31, 2012

	CURRENT MONTH			YEAR TO DATE		
	ACTUAL	BUDGET	VAR %	ACTUAL	BUDGET	VAR %
OPERATING REVENUE						
INPATIENT REVENUE	\$5,276,540	\$5,932,029	(11.0%)	\$17,074,890	\$17,250,944	(7.3%)
OUTPATIENT REVENUE	10,553,922	11,216,910	(5.9%)	30,697,349	29,584,451	(1.3%)
TOTAL PATIENT REVENUE	15,829,462	17,148,939	(7.7%)	47,772,239	46,710,655	(3.4%)
LESS DISCOUNTS & CONTRACTUALS	7,837,745	8,844,551	(11.4%)	24,578,516	23,154,023	(5.3%)
LESS UNCOMPENSATED CARE	116,316	159,282	(27.0%)	467,816	685,342	(22.7%)
TOTAL DEDUCTIONS FROM REVENUE	7,954,061	9,003,833	(11.7%)	25,046,332	23,839,365	(5.6%)
NET REVENUE FROM PATIENTS	7,875,401	8,145,106	(3.3%)	22,725,907	22,871,290	(1.0%)
OTHER OPERATING REVENUE	1,099,460	1,542,937	(28.7%)	4,609,877	4,201,571	(13.8%)
TOTAL OPERATING REVENUE	8,974,861	9,688,043	(7.4%)	27,335,784	27,072,861	(3.2%)
LESS: WILLMAR MEDICAL SERVICES						
OPERATING REVENUE	1,823,956	1,938,666	(5.9%)	5,359,068	4,968,420	(1.9%)
TOTAL OPERATING REVENUE	7,150,905	7,749,377	(7.7%)	21,976,716	22,104,441	(3.5%)
OPERATING EXPENSES	3,340,136	3,515,400	(5.0%)	10,221,708	9,787,802	0.7%
SALARIES AND WAGES	274,717	180,025	52.6%	778,462	529,290	47.1%
CONTRACT LABOR	932,810	1,052,111	(11.3%)	2,750,206	3,062,032	(10.2%)
SUPPLEMENTAL BENEFITS	738,372	743,762	(0.7%)	1,903,163	2,057,307	(7.5%)
SUPPLIES	536,060	584,139	(8.2%)	1,547,551	1,528,566	32.2%
DRUGS	641,004	573,145	11.8%	1,693,488	94,957	5.6%
PURCHASED SERVICES	312,587	280,693	11.4%	842,076	74,044	(8.8%)
REPAIRS, SERVICE & RENTALS	96,871	123,485	(21.6%)	379,356	(23,139)	(6.1%)
UTILITIES	46,394	47,430	(2.2%)	137,155	(5,134)	(3.6%)
INSURANCE	24,208	23,763	1.9%	62,799	(7,502)	(10.7%)
PATIENT RELATED TRAVEL	64,361	70,366	(8.5%)	218,751	7,653	3.6%
EDUCATION, TRAVEL, & DUES	29,815	37,196	(19.8%)	121,873	111,589	9.2%
OTHER	582,088	533,202	48.8%	1,599,676	140,533	8.8%
DEPRECIATION AND AMORT	132,963	188,765	(29.6%)	572,826	(55,072)	(9.6%)
INTEREST	82,234	155,221	(47.0%)	280,052	(142,414)	(33.7%)
BAD DEBTS	76,610	149,608	(48.8%)	363,574	448,823	(19.0%)
TAXES & SURCHARGE	7,911,230	8,258,311	(4.2%)	24,128,846	23,911,876	0.9%
TOTAL OPERATING EXPENSES	607,741	798,959	(23.9%)	2,322,409	2,223,787	4.3%
LESS: WILLMAR MEDICAL SERVICES						
OPERATING EXPENSES	7,303,489	7,459,352	(1.5%)	21,806,437	21,686,089	0.6%
NET OPERATING EXPENSES	(\$152,584)	\$290,025	(152.6%)	(\$597,163)	\$390,627	(305.5%)
OPERATING INCOME (LOSS)	7,000,321	7,459,352	(6.3%)	21,379,621	20,693,814	(3.3%)
TOTAL OPERATING INCOME (LOSS)	6,847,737	7,169,327	(4.3%)	20,782,458	20,303,217	(2.4%)

RICE CARE CENTER
For the Three Months Ending March 31, 2012

	CURRENT MONTH			YEAR TO DATE				
	ACTUAL	BUDGET	VAR %	ACTUAL	BUDGET	VAR %	PRIOR YR	VAR %
OPERATING REVENUE								
16.0% RICE CARE CENTER REVENUE	\$602,533	\$654,998	(\$52,465) (8.0%)	\$1,922,735	\$1,922,735	(\$68,218) (3.5%)	\$1,375,868	34.8%
16.0% TOTAL PATIENT REVENUE	602,533	654,998	(\$2,465) (8.0%)	1,922,735	1,922,735	(68,218) (3.5%)	1,375,868	34.8%
100.4% LESS DISCOUNTS & CONTRACTUALS	98,452	141,238	(42,786) (30.3%)	414,602	414,602	(123,253) (29.7%)	179,508	62.3%
100.4% TOTAL DEDUCTIONS FROM REVENUE	98,452	141,238	(42,786) (30.3%)	414,602	414,602	(123,253) (29.7%)	179,508	62.3%
7.2% NET REVENUE FROM PATIENTS	504,081	513,760	(9,679) (1.9%)	1,508,133	1,508,133	55,035 3.6%	1,196,360	30.7%
15.0% OTHER OPERATING REVENUE	711	593	118 19.9%	1,740	1,740	1,360 78.2%	3,262	(5.0%)
7.2% TOTAL OPERATING REVENUE	504,792	514,353	(9,561) (1.9%)	1,509,873	1,509,873	56,395 3.7%	1,199,622	30.6%
LESS: WILLMAR MEDICAL SERVICES								
7.2% TOTAL OPERATING REVENUE	504,792	514,353	(9,561) (1.9%)	1,509,873	1,509,873	56,395 3.7%	1,199,622	30.6%
OPERATING EXPENSES								
12.0% SALARIES AND WAGES	224,286	223,649	637 0.3%	684,595	656,572	28,023 4.3%	575,103	19.0%
39.167.1% CONTRACT LABOR	27,487	102	27,385 26,848.0%	75,918	298	75,620 25,375.8%	234	32,343.6%
19.0% SUPPLEMENTAL BENEFITS	92,373	94,203	(1,830) (1.9%)	297,375	277,434	19,941 7.2%	246,840	20.5%
6.8% SUPPLIES	30,626	39,325	(8,699) (22.1%)	101,845	115,627	(13,782) (11.9%)	84,004	21.2%
52.5% DRUGS	18,278	11,851	6,427 54.2%	47,106	34,789	12,317 35.4%	27,419	71.8%
45.9% PURCHASED SERVICES	19,169	10,159	9,010 88.7%	43,594	30,244	13,350 44.1%	28,586	52.5%
58.0% REPAIRS, SERVICE & RENTALS	7,850	4,354	3,496 80.3%	12,669	13,061	(392) (3.0%)	9,900	28.0%
14.3% INSURANCE	2,869	2,954	(85) (2.9%)	31,387	42,427	(11,040) (26.0%)	21,136	48.5%
296.5% PATIENT RELATED TRAVEL	226	122	104 85.2%	8,608	8,862	(254) (2.9%)	7,532	14.3%
(24.5%) EDUCATION, TRAVEL, & DUES	4,086	3,809	277 7.3%	14,563	11,426	3,137 27.5%	148	520.9%
(98.3%) OTHER	10	320	(310) (96.9%)	253	960	(707) (73.6%)	848	(70.2%)
142.6% DEPRECIATION AND AMORT	31,141	31,141	0 0.0%	93,353	93,353	0 0.0%	38,797	140.6%
(23.2%) INTEREST	10,900	11,337	(437) (3.9%)	33,080	34,012	(932) (2.7%)	22,955	44.1%
35.1% BAD DEBTS	2,935	2,033	902 44.4%	335	5,967	(5,632) (94.4%)	8,821	(96.2%)
77.1% TAXES & SURCHARGE	34,968	35,675	(707) (2.0%)	86,680	107,025	(20,345) (19.0%)	56,343	53.8%
29.1% TOTAL OPERATING EXPENSES	516,438	483,218	33,220 6.9%	1,432,422	1,432,422	99,858 7.0%	1,141,260	34.3%
LESS: WILLMAR MEDICAL SERVICES								
29.1% NET OPERATING EXPENSES	516,438	483,218	33,220 6.9%	1,432,422	1,432,422	99,858 7.0%	1,141,260	34.3%
(311,646) (\$31,135) (\$42,781) (137.4%)	\$70,955	\$70,955	(\$43,463) (61.4%)	\$77,451	\$77,451	(\$43,463) (56.1%)	\$58,563	(41.9%)

RICE HOME MEDICAL
For the Three Months Ending March 31, 2012

	CURRENT MONTH			YEAR TO DATE				
	ACTUAL	BUDGET	VAR %	ACTUAL	BUDGET	VAR %	PRIOR YR	VAR %
803,028	1,012,548	(209,520)	(20.7%)	2,602,144	3,050,132	(447,988)	2,403,149	(14.7%)
803,028	1,012,548	(209,520)	(20.7%)	2,602,144	3,050,132	(447,988)	2,403,149	(14.7%)
179,837	227,824	(47,987)	(21.1%)	558,654	686,280	(127,626)	548,479	(18.6%)
3,071		3,071	#DIV/0!	5,601		5,601		#DIV/0!
182,908	227,824	(44,916)	(19.7%)	564,255	686,280	(122,025)	548,479	(17.8%)
620,120	784,724	(164,604)	(21.0%)	2,037,889	2,363,852	(325,963)	1,854,670	(13.8%)
19,134	1,000	18,134	1,813.4%	25,784	3,000	22,784	4,228	759.5%
639,254	785,724	(146,470)	(18.6%)	2,063,673	2,366,852	(303,179)	1,858,898	(12.8%)
OPERATING REVENUE								
RICE HOME MEDICAL REVENUE (4.2%) 838,552 (20.7%) 838,552 (4.2%) 2,602,144 (14.7%) 2,403,149 (8.3%)								
TOTAL PATIENT REVENUE (4.2%) 838,552 (20.7%) 838,552 (4.2%) 2,602,144 (14.7%) 2,403,149 (8.3%)								
LESS DISCOUNTS & CONTRACTUALS (5.1%) 189,446 (21.1%) 189,446 (5.1%) 558,654 (18.6%) 548,479 (1.9%)								
LESS UNCOMPENSATED CARE #DIV/0! 3,071 #DIV/0! 5,601 #DIV/0! #DIV/0!								
TOTAL DEDUCTIONS FROM REVENUE (3.5%) 189,446 (19.7%) 189,446 (3.5%) 564,255 (17.8%) 548,479 (2.9%)								
NET REVENUE FROM PATIENTS (4.5%) 649,106 (21.0%) 649,106 (4.5%) 2,037,889 (13.8%) 1,854,670 (9.9%)								
OTHER OPERATING REVENUE 1,185.9% 1,488 (1.7%) 1,488 (1.7%) 25,784 (12.8%) 4,228 (509.8%)								
TOTAL OPERATING REVENUE (1.7%) 650,594 (18.6%) 650,594 (1.7%) 2,063,673 (12.8%) 1,858,898 (11.0%)								
LESS: WILLMAR MEDICAL SERVICES								
TOTAL OPERATING REVENUE (1.7%) 650,594 (18.6%) 650,594 (1.7%) 2,063,673 (12.8%) 1,858,898 (11.0%)								
OPERATING EXPENSES								
SALARIES AND WAGES 24.3% 174,355 (10.7%) 174,355 (24.3%) 645,631 (9.4%) 546,051 (18.2%)								
CONTRACT LABOR (100.0%) 4,961 #DIV/0! 0 #DIV/0! 9,569 (100.0%) 9,569								
SUPPLEMENTAL BENEFITS 3.5% 45,667 (31.3%) 45,667 (3.5%) 199,623 (2.3%) 156,939 (27.2%)								
SUPPLIES (13.7%) 273,881 (29.1%) 273,881 (13.7%) 821,867 (175,991) 798,310 (3.0%)								
PURCHASED SERVICES 22.7% 23,212 (18.4%) 23,212 (22.7%) 98,126 (25.970) 65,027 (50.9%)								
REPAIRS, SERVICE & RENTALS (20.4%) 18,284 (19.6%) 18,284 (20.4%) 43,303 (10,964) 49,629 (12.7%)								
UTILITIES (56.6%) 13,589 (46.0%) 13,589 (56.6%) 23,224 (10,784) 28,568 (18.7%)								
INSURANCE (3.0%) 5,621 (2.5%) 5,621 (3.0%) 16,362 (2.5%) 16,864 (3.0%)								
PATIENT RELATED TRAVEL 7.3% 14,967 (24.2%) 14,967 (7.3%) 38,776 (7.9%) 34,632 (20.8%)								
EDUCATION, TRAVEL, & DUES 81.4% 3,237 (93.8%) 3,237 (81.4%) 11,842 (42.0%) 8,699 (93.3%)								
OTHER (1.3%) 6,500 (6.8%) 6,500 (1.3%) 20,652 (40.5%) 12,018 (2.3%)								
DEPRECIATION AND AMORT 0.1% 41,386 (21.6%) 41,386 (0.1%) 122,800 (20.2%) 117,283 (4.7%)								
INTEREST (24.7%) 5,584 (1.1%) 5,584 (24.7%) 12,762 (481) 17,135 (28.3%)								
BAD DEBTS (336.0%) 208 (6.0%) 208 (336.0%) 1,459 (14.0%) 6,407 (85.4%)								
TAXES & SURCHARGE (29.5%) 5,476 (3.8%) 5,476 (29.5%) 11,160 (0.9%) 12,928 (12.9%)								
TOTAL OPERATING EXPENSES 0.2% 635,160 (17.5%) 635,160 (0.2%) 2,298,736 (221,444) 1,880,059 (10.5%)								
LESS: WILLMAR MEDICAL SERVICES								
NET OPERATING EXPENSES 0.2% 635,160 (17.5%) 635,160 (0.2%) 2,298,736 (221,444) 1,880,059 (10.5%)								
OPERATING INCOME (LOSS) (80.8%) \$15,434 (79.4%) \$88,136 (51,735) (\$21,161) (55.6%)								

RICHE HOME MEDICAL
For the Month Ending March 31, 2012

	ACTUAL	% of SALES/GP	BUDGET	% of SALES/GP	% CHANGE	Prior Yr	% of SALES/GP	% CHANGE
GROSS SALES								
SALES REVENUE	\$493,128	61.4%	\$631,347	62.4%	(21.9%)	\$512,972	61.2%	(3.9%)
RENTS REVENUE	309,899	38.6%	381,201	37.6%	(18.7%)	325,579	38.8%	(4.8%)
GROSS SALES	803,027	100.0%	1,012,548	100.0%	(20.7%)	838,551	100.0%	(4.2%)
LESS: CONTRACTUAL ALLOWANCES	(179,837)	(22.4%)	(227,824)	(22.5%)	(21.1%)	(189,446)	(22.6%)	(5.1%)
LESS: UNCOMPENSATED CARE	(3,071)	(0.4%)		0.0%	0.0%		0.0%	0.0%
NET SALES	620,119	77.2%	784,724	77.5%	(21.0%)	649,105	77.4%	(4.5%)
COST OF GOODS SOLD								
OXYGEN	11,777	1.9%	12,125	1.5%	(2.9%)	8,612	1.3%	36.8%
EQUIPMENT	54,891	8.9%	106,419	13.6%	(48.4%)	68,732	10.6%	(20.1%)
SUPPLY - FREIGHT	13,899	2.2%	14,801	1.9%	(6.1%)	12,747	2.0%	9.0%
SUPPLY	136,290	22.0%	170,624	21.7%	(20.1%)	162,579	25.0%	(16.2%)
EQUIPMENT REPAIR	7,137	1.2%	17,821	2.3%	(60.0%)	7,055	1.1%	1.2%
SHOP EXPENSE	3,600	0.6%	367	0.0%	880.9%	3,668	0.6%	(1.9%)
EQUIPMENT RENTAL & LEASES		0.0%	348	0.0%	(100.0%)		0.0%	0.0%
PURCHASE DISCOUNTS	(19,134)	(3.1%)	(1,000)	(0.1%)	1,813.4%	(1,488)	(0.2%)	1,185.9%
TOTAL COST OF GOODS SOLD	208,460	33.6%	321,505	41.0%	(35.2%)	261,905	40.3%	(20.4%)

GROSS PROFIT 593,567 73.2% 693,243 68.7% 576,200 69.2%

OPERATING EXPENSES								
SALARIES & WAGES	216,730	34.9%	242,653	30.9%	(10.7%)	174,355	26.9%	24.3%
CONTRACT LABOR		0.0%		0.0%	0.0%	4,961	0.8%	(100.0%)
SUPPLEMENTAL BENEFITS	47,286	7.6%	68,841	8.8%	(31.3%)	45,667	7.0%	3.5%
SUPPLIES AND DRUGS	8,806	1.4%	10,703	1.4%	(17.7%)	10,488	1.6%	(16.0%)
PURCHASED SERVICES	28,483	4.6%	24,052	3.1%	18.4%	23,212	3.6%	22.7%
REPAIRS, SERVICE & RENTALS	14,552	2.3%	18,089	2.3%	(19.6%)	18,284	2.8%	(20.4%)
UTILITIES	5,904	1.0%	10,928	1.4%	(46.0%)	13,589	2.1%	(56.6%)
INSURANCE	5,454	0.9%	5,322	0.7%	2.5%	5,621	0.9%	(3.0%)
PATIENT RELATED TRAVEL	16,059	2.6%	12,929	1.6%	24.2%	14,967	2.3%	7.3%
EDUCATION, TRAVEL, & DUES	5,871	0.9%	3,030	0.4%	93.8%	3,237	0.5%	81.4%
OTHER EXPENSE	6,416	1.0%	6,884	0.9%	(6.8%)	6,500	1.0%	(1.3%)
DEPRECIATION & AMORTIZATION	41,407	6.7%	34,050	4.3%	21.6%	41,386	6.4%	0.1%
INTEREST EXPENSE	4,207	0.7%	4,254	0.5%	(1.1%)	5,584	0.9%	(24.7%)
BAD DEBTS	3,682	0.6%	3,474	0.4%	6.0%	(1,560)	(0.2%)	(336.0%)
TAXES	3,861	0.6%	3,718	0.5%	3.8%	5,476	0.8%	(29.5%)
TOTAL OPERATING EXPENSES	408,718	65.9%	448,927	57.2%	(9.0%)	371,767	57.3%	9.9%
NET OPERATING INCOME (LOSS)	2,941	0.5%	14,292	1.8%	(79.4%)	15,433	2.4%	(80.9%)
NON-OPERATING INCOME	915	0.1%	1,060	0.1%	(13.7%)	5,544	0.9%	(83.5%)

NET INCOME (LOSS) 3,856 0.6% 15,352 1.5% 20,977 2.5%

RICE HOME MEDICAL
For the Three Months Ending March 31, 2012

	ACTUAL	% of SALES/GP	BUDGET	% of SALES/GP	% CHANGE	Prior Yr	% of SALES/GP	% CHANGE
GROSS SALES								
SALES REVENUE	\$1,659,719	63.8%	\$1,883,788	61.8%	(11.9%)	\$1,514,393	63.0%	9.6%
RENTS REVENUE	942,424	36.2%	1,166,344	38.2%	(19.2%)	888,756	37.0%	6.0%
MISC REVENUE		0.0%		0.0%	0.0%	137	0.0%	(100.0%)
GROSS SALES	2,602,143	100.0%	3,050,132	100.0%	(14.7%)	2,403,286	100.0%	8.3%
LESS: CONTRACTUAL ALLOWANCES	(558,654)	(21.5%)	(686,280)	(22.5%)	(18.6%)	(548,479)	(22.8%)	1.9%
LESS: UNCOMPENSATED CARE	(5,601)	(0.2%)		0.0%	0.0%		0.0%	0.0%
NET SALES	2,037,888	78.3%	2,363,852	77.5%	(13.8%)	1,854,807	77.2%	9.9%
COST OF GOODS SOLD								
OXYGEN	33,199	1.6%	37,779	1.6%	(12.1%)	34,507	1.9%	(3.8%)
EQUIPMENT	201,115	9.9%	302,324	12.8%	(33.5%)	248,286	13.4%	(19.0%)
SUPPLY - FREIGHT	42,175	2.1%	44,403	1.9%	(5.0%)	29,964	1.6%	40.8%
SUPPLY	484,427	23.8%	529,904	22.4%	(8.6%)	427,294	23.0%	13.4%
EQUIPMENT REPAIR	24,318	1.2%	50,757	2.1%	(52.1%)	21,785	1.2%	11.6%
SHOP EXPENSE	14,001	0.7%	1,101	0.0%	1,171.7%	7,513	0.4%	86.4%
EQUIPMENT RENTAL & LEASES		0.0%	1,044	0.0%	(100.0%)		0.0%	0.0%
PURCHASE DISCOUNTS	(25,784)	(1.3%)	(3,000)	(0.1%)	759.5%	(4,091)	(0.2%)	530.3%
TOTAL COST OF GOODS SOLD	773,451	38.0%	964,312	40.8%	(19.8%)	765,258	41.3%	1.1%

GROSS PROFIT 1,264,437 (48.5%) 1,399,540 (45.9%) 9.1% 1,638,029 (78.7%) 31.7%

OPERATING EXPENSES								
SALARIES & WAGES	645,631	31.7%	712,308	30.1%	(9.4%)	546,051	29.4%	18.2%
CONTRACT LABOR		0.0%		0.0%	0.0%	9,569	0.5%	(100.0%)
SUPPLEMENTAL BENEFITS	199,623	9.8%	204,410	8.6%	(2.3%)	156,939	8.5%	27.2%
SUPPLIES AND DRUGS	22,633	1.1%	30,546	1.3%	(25.9%)	28,961	1.6%	(21.9%)
PURCHASED SERVICES	98,126	4.8%	72,156	3.1%	36.0%	65,027	3.5%	50.9%
REPAIRS, SERVICE & RENTALS	43,303	2.1%	54,267	2.3%	(20.2%)	49,629	2.7%	(12.7%)
UTILITIES	23,224	1.1%	34,008	1.4%	(31.7%)	28,568	1.5%	(18.7%)
INSURANCE	16,362	0.8%	15,966	0.7%	2.5%	16,864	0.9%	(3.0%)
PATIENT RELATED TRAVEL	41,834	2.1%	38,776	1.6%	7.9%	34,632	1.9%	20.8%
EDUCATION, TRAVEL, & DUES	16,813	0.8%	11,842	0.5%	42.0%	8,699	0.5%	93.3%
OTHER EXPENSE	12,289	0.6%	20,652	0.9%	(40.5%)	12,018	0.6%	2.3%
DEPRECIATION & AMORTIZATION	122,800	6.0%	102,149	4.3%	20.2%	117,283	6.3%	4.7%
INTEREST EXPENSE	12,281	0.6%	12,762	0.5%	(3.8%)	17,135	0.9%	(28.3%)
BAD DEBTS	11,881	0.6%	10,422	0.4%	14.0%	6,407	0.3%	85.4%
TAXES	11,258	0.6%	11,160	0.5%	0.9%	12,928	0.7%	(12.9%)
TOTAL OPERATING EXPENSES	1,278,058	62.7%	1,331,424	56.3%	(4.0%)	1,110,710	59.9%	15.1%
NET OPERATING INCOME (LOSS)	(13,621)	(0.7%)	68,116	2.9%	(120.0%)	(21,161)	(1.1%)	(35.6%)
NON-OPERATING INCOME	10,939	0.5%	3,180	0.1%	244.0%	16,004	0.9%	(31.6%)

NET INCOME (LOSS) (2,882) (0.1%) 71,296 (3.0%) (05.8%) (5,157) (0.3%)

**RICE MEMORIAL HOSPITAL
CONSOLIDATED CASH FLOW STATEMENT**

**FOR THE PERIOD ENDED:
March 31, 2012**

Line #	Current YTD	Prior YTD
1 Sources of Cash & Investments:		
2 Net Income	\$ (476,104)	\$ 1,345,600
3 Depreciation & Amortization	1,956,363	\$ 1,841,621
4 Debt Proceeds	-	
5 Other		
6		
7 Total Sources	<u>1,480,259</u>	<u>3,187,221</u>
8		
9 Uses		
10 Property, Plant, and Equipment - Gross	2,443,526	1,563,037
11 Debt Payments	2,336,478	348,176
12 Working Capital Changes & Other - Net	(485,537)	(3,903,519)
13		
14 Total Uses	<u>4,294,467</u>	<u>(1,992,306)</u>
15		
16 Increase / (Decrease) Cash & Investments	(2,814,208)	5,179,527
17		
18 Beginning of Period (January 1)	<u>28,854,321</u>	<u>19,798,398</u>
19		
20 End of Period	<u>\$ 26,040,113</u>	<u>\$ 24,977,925</u>

**RICE MEMORIAL HOSPITAL
STATISTICAL AND VOLUME SUMMARY
FOR THE PERIOD ENDED:
March 31, 2012**

Line #	CURRENT MONTH			YEAR-TO-DATE			Act/Prior				
	Actual	Budget	Var.	Var. %	Prior Yr.	Actual	Budget	Var.	Var. %		
1	574	605	(31)	-5.1%	692	1,740	1,756	(16)	-0.9%	1,977	-12.0%
2	237	248	(11)	-4.4%	260	757	736	21	2.9%	749	1.1%
3	77	72	5	6.9%	81	228	207	21	10.1%	218	4.6%
4	206	192	14	7.3%	204	566	564	2	0.4%	584	-3.1%
5	1,094	1,117	(23)	-2.1%	1,237	3,291	3,263	28	0.9%	3,528	-6.7%
6											
7	35.3	36.0	(0.7)	-2.1%	39.9	36.2	35.9	0.3	0.9%	39.2	-7.7%
8											
9	2.81	3.50	(0.69)	-19.9%	3.51	3.18	3.50	(0.32)	-9.2%	3.63	-12.5%
10											
11	372	319	53	16.6%	353	1,021	932	89	9.5%	978	4.4%
12	258	270	(12)	-4.3%	240	751	797	(46)	-5.7%	702	7.0%
13											
14	-	1,265	(1,265)	-100.0%	1,125	-	1,265	(1,265)	-100.0%	1,195	-100.0%
15	-	1,035	(1,035)	-100.0%	1,004	-	1,035	(1,035)	-100.0%	1,038	-100.0%
16											
17	1,116	923	193	21.0%	1,018	2,982	2,608	373	14.3%	2,675	11.5%
18	3,282	3,229	53	1.6%	3,566	9,595	9,129	466	5.1%	9,641	-0.5%
19											
20	7	35	(28)	-80.0%	43	22	90	(68)	-75.6%	125	-82.4%
21	134	143	(9)	-6.3%	158	352	420	(68)	-16.2%	448	-21.4%
22											
23	4.5	5.7	(1.2)	-20.8%	6.5	4.1	5.6	(1.5)	-26.7%	6.4	-35.4%
24											
25	65	69	(4)	-5.8%	68	173	196	(23)	-11.7%	194	-10.8%
26											
27	2,101	2,325	(224)	-9.6%	1,924	6,441	6,825	(384)	-5.6%	5,719	12.6%
28	67.8	75.0	(7.2)	-9.6%	62.1	70.8	75.0	(4.2)	-5.6%	63.5	11.4%
29											



**RICE MEMORIAL HOSPITAL
KEY PERFORMANCE INDICATORS**

FOR THE PERIOD ENDED: 03/31/12

Line #		Month-to-Date					Year-to-Date							
		Actual	Budget	Prior Yr	Variance		Actual	Budget	Prior Yr	Variance		Industry Benchmarks		
					Act vs Bud	Act vs Prior				Act vs Bud	Act vs Prior			
1	OPERATIONAL													
2	Operating Margin	-2.1%	3.7%	6.1%	-5.9%	-8.3%	-2.8%	1.3%	5.3%	-4.1%	-8.1%			
3	Rice Hospital	-2.3%	6.1%	15.1%	-8.4%	-17.4%	2.2%	5.1%	4.9%	-3.0%	-2.7%			
4	Rice Care Center	0.5%	1.8%	2.4%	-1.4%	-1.9%	-0.7%	2.9%	-1.1%	-3.5%	0.5%			
5	Rice Home Medical													
6														
7	Consolidated Operating Margin	-1.9%	3.7%	6.3%	-5.7%	-8.3%	-2.3%	1.7%	4.8%	-4.0%	-7.1%			1.6%
8	Consolidated Excess Margin	-3.0%	4.6%	7.0%	-7.6%	-9.9%	-1.9%	2.6%	5.3%	-4.6%	-7.2%			3.0%
9														
10	EBIDA													
11	(Earnings Before Interest + Depreciation + Amortization)	6.8%	13.4%	16.3%	-6.6%	-9.5%	8.2%	11.1%	15.1%	-2.9%	-6.9%			9.7%
12														
13	FINANCIAL													
14	Debt/Capitalization Ratio						45%	45%	49%	-0.1%	-4.5%			41%
15	Debt Service Coverage						2.0	2.9	3.3	-30.7%	-39.8%			2.9
16	Net Days in Accounts Receivable-Hospital						67	50	63	33.5%	6.0%			45
17	Days of Cash						100	126	102	-20.7%	-1.7%			134
18	Unrestricted Cash/Debt						56%	71%	49%	-21.4%	15.0%			97%
19	Cushion Ratio						6.4	8.0	5.5	-19.9%	17.2%			9.6
20	Average Age of Plant						8.9	10.5	9.2	-15.5%	-3.9%			10.2
21	Financial Strength Index						(0.60)	1.10	1.65	-155.0%	-136.7%			0.30
22	PRODUCTIVITY													
23	Rice Hospital													
24														
25	Controllable Expense/Adj. Admit	\$ 6,380	\$ 8,006	\$ 6,998	-20.3%	-8.8%	\$ 7,225	\$ 8,162	\$ 7,634	-11.5%	-5.4%			\$ 8,429
26	Compensation Ratio	50.7%	49.0%	48.4%	3.4%	4.7%	52.2%	49.8%	49.0%	4.9%	6.5%			50%
27	FTE per Adjusted Admit	11.2	13.8	12.0	-18.9%	-6.3%	12.9	14.3	13.6	-9.7%	-5.4%			14.9
28	FTE per Adjusted Patient Day	3.8	4.4	3.4	-13.6%	11.6%	4.0	4.1	3.8	-2.3%	5.9%			4.4
29	Supply Expense per CMI Adjusted Discharge	#DIV/0!	\$ 779	\$ 769	#DIV/0!	#DIV/0!	#DIV/0!	\$ 762	\$ 734	#DIV/0!	#DIV/0!			
30	Drug Expense per CMI Adjusted Discharge	#DIV/0!	\$ 612	\$ 507	#DIV/0!	#DIV/0!	#DIV/0!	\$ 573	\$ 556	#DIV/0!	#DIV/0!			
31	Total Supply & Drug Expense per CMI Adj. Disch	#DIV/0!	\$ 1,391	\$ 1,276	#DIV/0!	#DIV/0!	#DIV/0!	\$ 1,335	\$ 1,290	#DIV/0!	#DIV/0!			\$ 1,271
32	Bad Debt as % of Net Patient Revenue	1.0%	1.9%	1.9%	-45.2%	-44.8%	1.2%	1.9%	1.8%	-33.0%	-30.2%			5.9%
33	Capital Expense (Interest + Depreciation)	9.0%	8.7%	9.4%	3.4%	-3.9%	9.4%	9.1%	9.8%	3.0%	-4.9%			6.9%
34	Rice Care Center Hours per Day	6.3	5.5	6.1	14.7%	3.4%	6.2	5.5	6.0	12.2%	4.3%			5.8
35	Rice Home Medical													
36	Sales per FTE	\$ 138,175	\$ 170,224	\$ 157,499	-18.8%	-12.3%	\$ 149,850	\$ 171,693	\$ 146,489	-12.7%	2.3%			
37	Inventory Turns	5.76	6.95	7.77	-17.1%	-25.8%	5.76	6.95	7.77	-17.1%	-25.8%			
38	Inventory Days on Hand	63.3	52.5	47.0	20.7%	34.8%	63.3	52.5	47.0	20.7%	34.8%			
39	1st Days in Accounts Receivable	120	70	89	70.8%	33.8%	120	70	89	70.8%	33.8%			

WILLMAR MUNICIPAL UTILITIES
FINANCIAL STATEMENTS SUMMARY
THRU FIRST QUARTER ENDING MARCH 31

	2012	2011	INCREASE (DECREASE)	% INCREASE (DECREASE)
CONSUMPTION				
ELECTRIC	KWH	KWH	KWH	
RESIDENTIAL	17,433,509	19,118,325	(1,684,816)	-8.81%
COMMERCIAL/INDUSTRIAL	49,850,125	51,457,366	(1,607,241)	-3.12%
TOTAL	67,283,634	70,575,691	(3,292,057)	-4.66%
WATER (CU.FT.)	34,131,700	35,819,300	(1,687,600)	-4.71%
HEATING (KWH)	10,681,717	13,180,160	(2,498,443)	-18.96%
COMBINED				
REVENUES	\$7,056,358	\$6,552,622	\$503,736	7.69%
EXPENSES	\$5,598,646	\$6,017,679	(\$419,033)	-6.96%
OPERATING INCOME	\$1,457,712	\$534,943	\$922,769	172.50%
RETAINED EARNINGS	\$965,109	\$35,466	\$929,643	2621.22%
ELECTRIC DIVISION				
REVENUES	\$6,237,627	\$5,670,604	\$567,023	10.00%
EXPENSES	\$4,970,535	\$5,355,305	(\$384,770)	-7.18%
OPERATING INCOME	\$1,267,092	\$315,299	\$951,793	301.87%
RETAINED EARNINGS(LOSS)	\$822,006	(\$125,249)	\$947,255	756.30%
WATER DIVISION				
REVENUES	\$442,104	\$419,264	\$22,840	5.45%
EXPENSES	\$416,817	\$408,465	\$8,352	2.04%
OPERATING INCOME	\$25,287	\$10,799	\$14,488	134.16%
RETAINED EARNINGS(LOSS)	(\$1,972)	(\$20,056)	\$18,084	90.17%
HEATING DIVISION				
REVENUES	\$376,627	\$462,754	(\$86,127)	-18.61%
EXPENSES	\$211,294	\$253,909	(\$42,615)	-16.78%
OPERATING INCOME	\$165,333	\$208,845	(\$43,512)	-20.83%
RETAINED EARNINGS	\$145,075	\$180,771	(\$35,696)	-19.75%

**WILLMAR MUNICIPAL UTILITIES
COMBINING STATEMENT OF OPERATIONS
FOR FIRST QUARTER ENDED MARCH 31, 2012 AND 2011**

Y E A R T O D A T E

	ELECTRIC DIVISION	WATER DIVISION	HEATING DIVISION	2012 TOTAL	2,011 TOTAL	INCREASE (DECREASE)
OPERATING REVENUES:						
UTILITY REVENUES	6,169,537	428,274	375,523	6,973,334	6,475,499	497,835
PENALTIES	45,579	8,279	1,104	54,962	47,847	7,115
OTHER	22,511	5,551		28,062	29,276	(1,214)
TOTAL OPERATING REVENUES	6,237,627	442,104	376,627	7,056,358	6,552,622	503,736
OPERATING EXPENSES:						
PRODUCTION:						
OPERATIONS	746,408	70,590	104,449	921,447	1,052,491	(131,044)
MAINTENANCE	89,227	33,812		123,039	141,897	(18,858)
PURCHASED POWER	2,781,977	31,523		2,813,500	3,072,289	(258,789)
TRANSMISSION	62,291			62,291	66,981	(4,690)
DISTRIBUTION:						
OPERATIONS	113,859	19,676	13,442	146,977	164,629	(17,652)
MAINTENANCE	56,873	17,785	1,796	76,454	96,439	(19,985)
CUSTOMER ACCOUNTS	55,975	38,603	1,931	96,509	96,308	201
ENERGY SERVICES	43,347			43,347	30,486	12,861
ADMINISTRATIVE AND GENERAL	603,149	111,695	29,785	744,629	719,913	24,716
DEPRECIATION	417,429	93,133	59,891	570,453	576,246	(5,793)
TOTAL OPERATING EXPENSES	4,970,535	416,817	211,294	5,598,646	6,017,679	(419,033)
OPERATING INCOME	1,267,092	25,287	165,333	1,457,712	534,943	922,769
OTHER INCOME (EXPENSES)						
INTEREST INCOME	63,207	7,615	5,331	76,153	71,870	4,283
MERCHANDISE AND CONTRACT WORK, NET	5,674			5,674	2,342	3,332
INTEREST EXPENSE	(87,683)	(5,634)		(93,317)	(98,828)	5,511
AMORTIZATION EXPENSE	(954)	(453)		(1,407)	(1,935)	528
TOTAL OTHER EXPENSES, NET	(19,756)	1,528	5,331	(12,897)	(26,551)	13,654
INCOME (LOSS)	1,247,336	26,815	170,664	1,444,815	508,392	936,423
DEDUCT INTERGOVERNMENTAL TRANSFER	425,330	28,787	25,589	479,706	472,926	6,780
NET INCOME (LOSS)	822,006	(1,972)	145,075	965,109	35,466	929,643
	13.00%	-0.00%	39.00%	14.00%	1.00%	

WILLMAR MUNICIPAL UTILITIES
 STATEMENT OF COMPARISON IN CONSUMPTIONS
 FOR FIRST QUARTER ENDED MARCH 31, 2012 AND 2011

	2012	2011	INCREASE (DECREASE)
<u>ELECTRIC (KWH)</u>			
RESIDENTIAL	17,433,509	19,118,325	(1,684,816)
COMMERCIAL AND INDUSTRIAL	49,850,125	51,457,366	(1,607,241)
TOTAL	<u>67,283,634</u>	<u>70,575,691</u>	<u>(3,292,057)</u>
<u>WATER (CU. FT.)</u>			
RESIDENTIAL AND COMMERCIAL	34,131,700	35,819,300	(1,687,600)
<u>HOT WATER (KWH)</u>			
RESIDENTIAL AND COMMERCIAL	10,681,717	13,180,160	(2,498,443)

**WILLMAR MUNICIPAL UTILITIES
STATEMENT OF OPERATIONS-ELECTRIC DIVISION
FOR FIRST QUARTER ENDED MARCH 31, 2012 AND 2011**

	2012	2011	INCREASE (DECREASE)
OPERATING REVENUES:			
UTILITY REVENUES	1,832,757	1,733,020	99,737
RESIDENTIAL	4,336,780	3,874,188	462,592
COMMERCIAL AND INDUSTRIAL			
TOTAL UTILITY REVENUES	6,169,537	5,607,208	562,329
OTHER OPERATING REVENUES			
PENALTIES	45,579	39,659	5,920
MISCELLANEOUS SERVICE REVENUE	22,511	23,737	(1,226)
TOTAL OPERATING REVENUES	6,237,627	5,670,604	567,023
OPERATING EXPENSES:			
PRODUCTION - OPERATION	746,408	841,336	(94,928)
PRODUCTION - MAINTENANCE	89,227	113,886	(24,659)
PURCHASED POWER	2,781,977	3,039,995	(258,018)
TRANSMISSION	62,291	66,981	(4,690)
DISTRIBUTION - OPERATION	113,859	131,726	(17,867)
DISTRIBUTION - MAINTENANCE	56,873	69,559	(12,686)
CUSTOMER ACCOUNTS EXPENSES	55,975	55,859	116
ENERGY SERVICES	43,347	30,486	12,861
ADMINISTRATIVE AND GENERAL	603,149	583,130	20,019
DEPRECIATION	417,429	422,347	(4,918)
TOTAL OPERATING EXPENSES	4,970,535	5,355,305	(384,770)
OPERATING INCOME	1,267,092	315,299	951,793
OTHER INCOME (EXPENSE)			
INTEREST INCOME	63,207	59,652	3,555
MERCHANDISE AND CONTRACT WORK, NET	5,674	2,342	3,332
INTEREST EXPENSE	(87,683)	(91,358)	3,675
AMORTIZATION EXPENSE	(954)	(1,314)	360
OTHER INCOME (EXPENSES), NET	(19,756)	(30,678)	10,922
INCOME (LOSS)	1,247,336	284,621	962,715
DEDUCT INTERGOVERNMENTAL TRANSFER	425,330	409,870	15,460
NET INCOME (LOSS)	822,006	(125,249)	947,255
PERCENT OF TOTAL REVENUE	13.00%	-2.00%	

**WILLMAR MUNICIPAL UTILITIES
STATEMENT OF OPERATING EXPENSES-ELECTRIC DIVISION
FOR FIRST QUARTER ENDED MARCH 31, 2012 AND 2011**

	2012	2011	INCREASE (DECREASE)
PRODUCTION:			
OPERATIONS:			
SUPERVISION AND ENGINEERING	11,870	8,523	3,347
FUEL	568,848	752,062	(183,214)
STEAM EXPENSE	142,074	110,285	31,789
WIND TURBINES	8,573	15,723	(7,150)
STEAM TRANSFERRED	(117,033)	(174,550)	57,517
ELECTRIC EXPENSE	106,148	98,563	7,585
OTHER	25,928	30,730	(4,802)
TOTAL	746,408	841,336	(94,928)
MAINTENANCE:			
SUPERVISION AND ENGINEERING			
STRUCTURES	11,424	10,084	1,340
BOILER PLANT	339	350	(11)
ELECTRIC PLANT	71,537	78,249	(6,712)
WIND TURBINES	5,531	24,324	(18,793)
	396	879	(483)
TOTAL	89,227	113,886	(24,659)
DISTRIBUTION:			
OPERATION:			
SUPERVISION AND ENGINEERING	26,063	28,229	(2,166)
STATION EXPENSE	5,623	4,912	711
OVERHEAD LINE	32,117	44,509	(12,392)
UNDERGROUND LINE	18,139	28,784	(10,645)
METER EXPENSE	13,336	7,494	5,842
OTHER	18,581	17,798	783
TOTAL	113,859	131,726	(17,867)
MAINTENANCE:			
SUPERVISION AND ENGINEERING			
OVERHEAD LINE	8,523	8,522	1
UNDERGROUND LINE	26,203	29,670	(3,467)
TRANSFORMERS	10,147	5,087	5,060
STREET LIGHTS	12,000	17	(11,983)
METERS	23,071	23,071	(11,071)
	3,192	3,192	(3,192)
TOTAL	56,873	69,559	(12,686)

WILLMAR MUNICIPAL UTILITIES
STATEMENT OF OPERATIONS-WATER DIVISION
FOR FIRST QUARTER ENDED MARCH 31, 2012 AND 2011

	2012	2011	INCREASE (DECREASE)
OPERATING REVENUES:			
UTILITY REVENUES			
RESIDENTIAL AND COMMERCIAL	428,274	406,500	21,774
PENALTIES	8,279	7,225	1,054
MISCELLANEOUS SERVICE REVENUE	5,551	5,539	12
TOTAL OPERATING REVENUES	442,104	419,264	22,840
OPERATING EXPENSES:			
PRODUCTION - OPERATION	70,590	68,377	2,213
PRODUCTION - MAINTENANCE	33,812	28,011	5,801
PURCHASED POWER	31,523	32,294	(771)
DISTRIBUTION - OPERATION	19,676	19,113	563
DISTRIBUTION - MAINTENANCE	17,785	20,224	(2,439)
CUSTOMER ACCOUNTS EXPENSES	38,603	38,523	80
ADMINISTRATIVE AND GENERAL	111,695	107,987	3,708
DEPRECIATION	93,133	93,936	(803)
TOTAL OPERATING EXPENSES	416,817	408,465	8,352
OPERATING INCOME	25,287	10,799	14,488
OTHER INCOME (EXPENSE), NET			
OTHER INCOME (EXPENSE)			
INTEREST INCOME	7,615	7,187	428
MERCHANDISE AND CONTRACT WORK, NET	0	0	0
INTEREST EXPENSE	(5,634)	(7,470)	1,836
AMORTIZATION EXPENSE	(453)	(621)	168
OTHER INCOME (EXPENSES), NET	1,528	(904)	2,432
INCOME (LOSS)	26,815	9,895	16,920
DEDUCT INTERGOVERNMENTAL TRANSFER	28,787	29,951	(1,164)
NET INCOME (LOSS)	(1,972)	(20,056)	18,084
PERCENT OF TOTAL REVENUE	-0.00%	-5.00%	

WILLMAR MUNICIPAL UTILITIES
STATEMENT OF OPERATING EXPENSES-WATER DIVISION
FOR FIRST QUARTER ENDED MARCH 31, 2012 AND 2011

	2012	2011	INCREASE (DECREASE)
PRODUCTION:			
OPERATION:			
SUPERVISION AND ENGINEERING	20,431	21,491	(1,060)
STATION EXPENSE	33,296	36,848	(3,552)
OTHER	16,863	10,038	6,825
TOTAL	70,590	68,377	2,213
MAINTENANCE:			
STRUCTURES			
WELLS, PUMPS AND EQUIPMENT	9,394		9,394
	24,418	28,011	(3,593)
TOTAL	33,812	28,011	5,801
DISTRIBUTION:			
OPERATION:			
SUPERVISION AND ENGINEERING	5,674	5,665	9
UNDERGROUND MAINS	4,556	4,272	284
METER EXPENSE	7,104	6,988	116
CUSTOMER INSTALLATION EXPENSE	357	407	(50)
OTHER	1,985	1,781	204
TOTAL	19,676	19,113	563
MAINTENANCE:			
STRUCTURES			
UNDERGROUND MAINS	386	926	(540)
SERVICES	12,597	14,112	(1,515)
METERS	3,573	2,361	1,212
OTHER	691	2,825	(2,134)
TOTAL	17,785	20,224	(2,439)

**WILLMAR MUNICIPAL UTILITIES
STATEMENT OF OPERATIONS-HEATING DIVISION
FOR FIRST QUARTER ENDED MARCH 31, 2012 AND 2011**

	2012	2011	INCREASE (DECREASE)
OPERATING REVENUES:			
UTILITY REVENUES			
RESIDENTIAL & COMMERCIAL	375,523	461,791	(86,268)
PENALTIES	1,104	963	141
MISCELLANEOUS SERVICE REVENUE			0
TOTAL OPERATING REVENUES	376,627	462,754	(86,127)
OPERATING EXPENSES:			
PRODUCTION - OPERATION	104,449	142,778	(38,329)
DISTRIBUTION - OPERATION	13,442	13,790	(348)
DISTRIBUTION - MAINTENANCE	1,796	6,656	(4,860)
CUSTOMER ACCOUNTS EXPENSES	1,931	1,926	5
ADMINISTRATIVE AND GENERAL	29,785	28,796	989
DEPRECIATION	59,891	59,963	(72)
TOTAL OPERATING EXPENSES	211,294	253,909	(42,615)
OPERATING INCOME	165,333	208,845	(43,512)
OTHER INCOME (EXPENSE)			
INTEREST INCOME			
MERCHANDISE AND CONTRACT	5,331	5,031	300
WORK, NET			0
INTEREST EXPENSE			0
AMORTIZATION EXPENSE			0
OTHER INCOME (EXPENSES), NET	5,331	5,031	300
INCOME (LOSS)	170,664	213,876	(43,212)
DEDUCT INTERGOVERNMENTAL			
TRANSFER	25,589	33,105	(7,516)
NET INCOME (LOSS)	145,075	180,771	(35,696)
PERCENT OF TOTAL REVENUE	39.00%	39.00%	

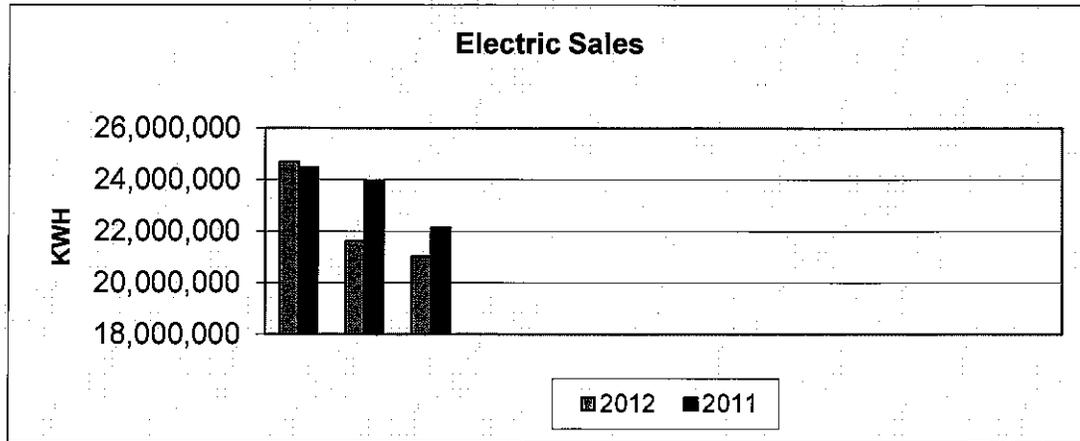
WILLMAR MUNICIPAL UTILITIES
STATEMENT OF OPERATING EXPENSES-HEATING DIVISION
FOR FIRST QUARTER ENDED MARCH 31, 2012 AND 2011

	2012	2011	INCREASE (DECREASE)
DISTRIBUTION:			
OPERATION:			
SUPERVISION AND ENGINEERING	7,566	7,604	(38)
UNDERGROUND MAINS	57	55	2
METER EXPENSE	357	903	(546)
CUSTOMER INSTALLATION	587	3,481	(2,894)
OTHER	4,875	1,747	3,128
TOTAL	13,442	13,790	(348)
MAINTENANCE:			
UNDERGROUND TUNNELS AND MAINS			
METERS	736	57	(57)
BUILDING SYSTEM	1,060	3,907	(3,171)
OTHER	0	2,692	(1,632)
TOTAL	1,796	6,656	(4,860)

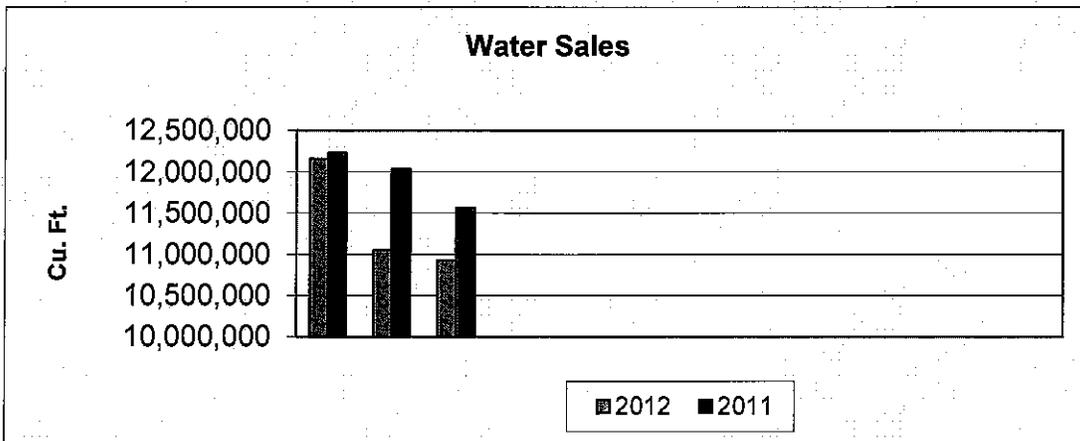
**WILLMAR MUNICIPAL UTILITIES
STATEMENT OF CONSOLIDATED EXPENSES
FOR FIRST QUARTER ENDED MARCH 31, 2012 AND 2011**

	2012	2011	INCREASE (DECREASE)
CUSTOMER ACCOUNTS EXPENSE:			
SUPERVISION	6,069	4,705	1,364
METER READING	32,531	34,103	(1,572)
CUSTOMER RECORDS AND COLLECTION EXPENSE	48,909	48,500	409
UNCOLLECTIBLE ACCOUNTS	9,000	9,000	0
TOTAL CUSTOMER ACCOUNTS EXPENSE	96,509	96,308	201
ALLOCATION OF CUSTOMER ACCOUNTS EXPENSE:			
ELECTRIC	55,975	55,859	116
WATER	38,603	38,523	80
HEATING	1,931	1,926	5
TOTAL ALLOCATION OF CUSTOMER ACCOUNTS EXPENSE	96,509	96,308	201
ADMINISTRATIVE AND GENERAL EXPENSE:			
ADMINISTRATIVE AND GENERAL SALARY	146,350	121,200	25,150
OFFICE SUPPLIES AND EXPENSE	60,285	62,256	(1,961)
OUTSIDE SERVICES EMPLOYED	9,625	8,968	657
PROPERTY INSURANCE	83,838	80,379	3,459
INJURIES AND DAMAGES INSURANCE	23,097	20,922	2,175
EMPLOYEE'S PENSIONS AND BENEFITS	357,691	357,783	(92)
TRANSPORTATION EXPENSE	20,527	20,779	(252)
MAINTENANCE AND GENERAL PLANT	43,206	47,626	(4,420)
TOTAL ADMINISTRATIVE AND GENERAL EXPENSE	744,629	719,913	24,716
ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSE:			
ELECTRIC	603,149	583,130	20,019
WATER	111,695	107,987	3,708
HEATING	29,785	28,796	989
TOTAL ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSE	744,629	719,913	24,716

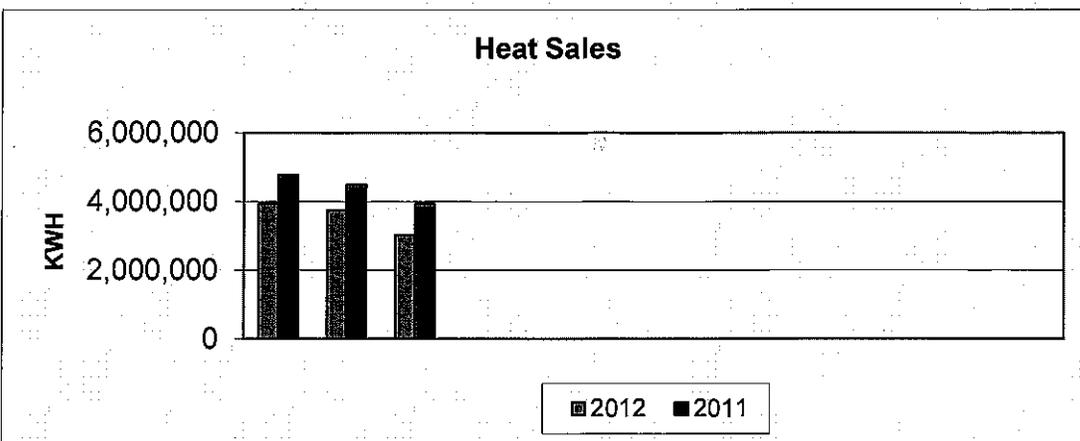
Willmar Municipal Utilities



	2012	2011
Jan	24,680,100	24,465,300
Feb	21,598,400	23,967,100
Mar	21,005,200	22,143,200
Apr		
May		
Jun		
Jul		
Aug		
Sep		
Oct		
Nov		
Dec		
<hr/>		
	67,283,700	70,575,600
	Decrease of 4.7%	

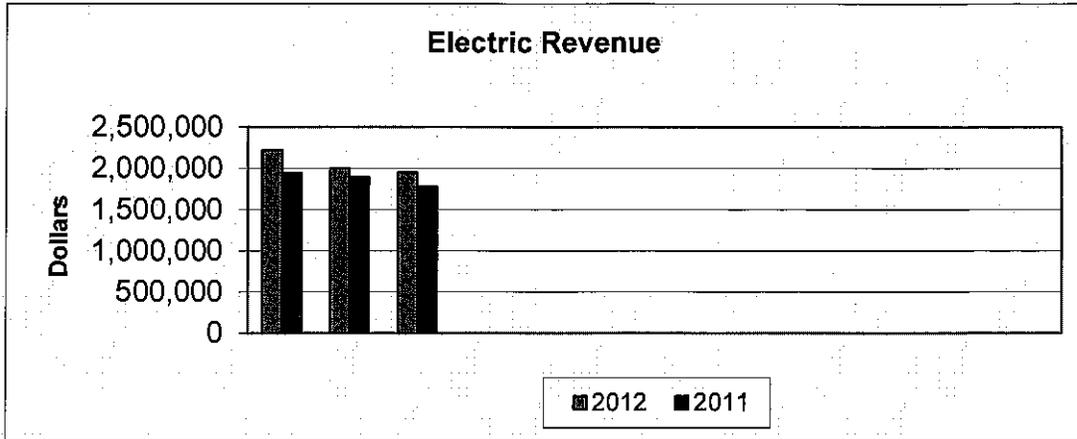


	2012	2011
Jan	12,155,800	12,226,100
Feb	11,049,100	12,031,200
Mar	10,926,800	11,562,000
Apr		
May		
Jun		
Jul		
Aug		
Sep		
Oct		
Nov		
Dec		
<hr/>		
	34,131,700	35,819,300
	Decrease of 4.7%	

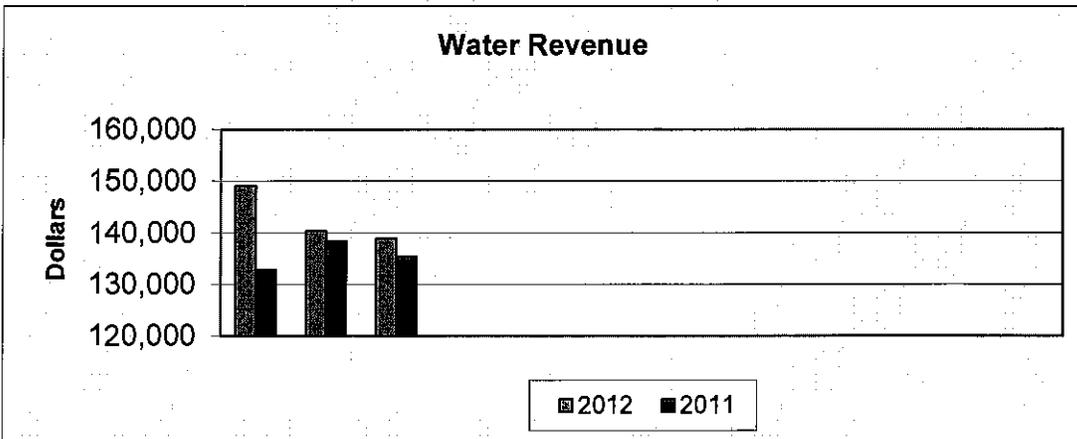


	2012	2011
Jan	3,929,100	4,773,100
Feb	3,736,700	4,482,100
Mar	3,015,900	3,924,900
Apr		
May		
Jun		
Jul		
Aug		
Sep		
Oct		
Nov		
Dec		
<hr/>		
	10,681,700	13,180,100
	Decrease of 19.0%	

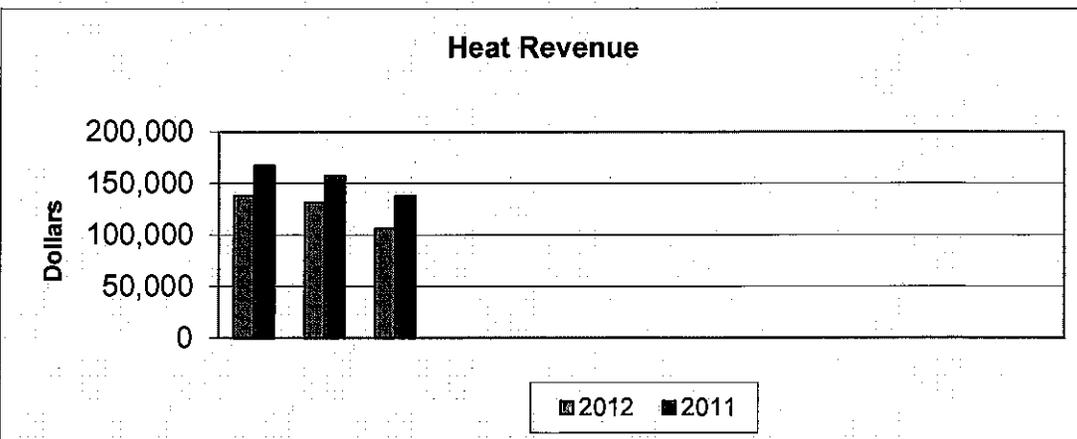
Willmar Municipal Utilities



	2012	2011
Jan	2,220,500	1,941,500
Feb	2,001,900	1,892,600
Mar	1,947,100	1,773,100
Apr		
May		
Jun		
Jul		
Aug		
Sep		
Oct		
Nov		
Dec		
Total	6,169,500	5,607,200
Increase of	10.0%	



	2012	2011
Jan	149,100	132,800
Feb	140,300	138,400
Mar	138,900	135,300
Apr		
May		
Jun		
Jul		
Aug		
Sep		
Oct		
Nov		
Dec		
Total	428,300	406,500
Increase of	5.4%	



	2012	2011
Jan	137,900	167,000
Feb	131,300	157,000
Mar	106,400	137,800
Apr		
May		
Jun		
Jul		
Aug		
Sep		
Oct		
Nov		
Dec		
Total	375,600	461,800
Decrease of	18.7%	



CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION

Agenda Item Number: 3

Meeting Date: May 14, 2012

Attachments: Yes No

CITY COUNCIL ACTION

Date: May 21, 2012

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

Originating Department: Housing and
Redevelopment Authority

Action Requested: Approve Resolution Allowing HRA to Issue Bonds for Bethesda's Refunding Conduit Financing Request.

Guiding Principle: The HRA is required to receive the City Council's approval to issue bonds. Because this is a refunding project, an HRA public hearing is not required.

Introduction: The HRA has received a request from Bethesda Health and Housing to issue bonds for the purpose of consolidating existing principal bond debt and saving interest expense.

Background/Justification: There is outstanding principal balance from the City of Willmar's 1998 \$6,200,000 Nursing Home Revenue Bonds, 2004 \$1,405,000 Nursing Home Revenue Bonds, and 2009 \$6,700,000 Nursing Home Revenue Note which were issued to finance improvements to Bethesda's Heritage Center and Pleasant View nursing homes. The HRA issuing the bonds would allow the 1998 Revenue Bond refunding to be bank qualified allowing Bethesda to refinance all of the debt with a local bank and receive a lower interest rate on its outstanding debt. The amount of the note that exceeds the outstanding principal on the 2004 AND 2009 Revenue Bonds would count against the HRA's annual \$10,000,000 allowable bank qualified bond cap.

Fiscal Impact: \$0.00 to the City and HRA. Neither the City nor HRA will be responsible for repaying the bonds.

Alternatives: To not approve the HRA issuing the bonds for Bethesda's request. Bethesda would not refinance at the reduced interest rate.

Staff Recommendation:

Reviewed by:

Preparer: HRA Executive Director Jill Bengtson

Signature:

Comments: Resolution and Bethesda Application to the HRA are attached.

Extract of Minutes of a Meeting of the
City Council of the City of Willmar, Minnesota

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Willmar, Minnesota, was duly held at the Municipal Utilities Building in said City on Monday, May 21, 2012, at 7:00 P.M.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. _____
RESOLUTION APPROVING THE ISSUANCE OF
NURSING HOME REVENUE REFUNDING NOTES
UNDER MINNESOTA STATUTES, CHAPTER 469.152 TO 469.1651
(BETHESDA PROJECT)

The motion for the adoption of the foregoing resolution was duly seconded by member _____, and after full discussion thereof and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

RESOLUTION APPROVING THE ISSUANCE OF
NURSING HOME REVENUE REFUNDING NOTES
UNDER MINNESOTA STATUTES, CHAPTER 469.152 TO 469.1651
(BETHESDA PROJECT)

BE IT RESOLVED, by the City Council (the "Council") of the City of Willmar, Minnesota (the "City") as follows:

Section 1. Description of the Project.

(a) Bethesda (the "Borrower"), has proposed that the Housing and Redevelopment Authority in and for the City of Willmar, Minnesota (the "Issuer") issue revenue refunding notes under Minnesota Statutes, Chapter 469.152 to 469.1651, (the "Act"), in one or more series, in an aggregate amount not to exceed \$10,400,000 (the "Notes") to refund the outstanding principal balance of the City of Willmar's \$6,200,000 Nursing Home Revenue Bonds, Series 1998 (Bethesda Project) (the "Series 1998 Bonds"), the \$1,405,000 Nursing Home Revenue Bonds, Series 2004A (Bethesda Project) (the "Series 2004 Bonds") and the \$6,700,000 Nursing Home Revenue Note, Series 2009 (Bethesda Project) (the "Series 2009 Note" and together the Series 1998 Bonds and the Series 2004 Bonds, the "Prior Obligations"), the proceeds of which were issued to finance improvements to the existing nursing home facilities in the City of Willmar, Minnesota (the "City") commonly known as Heritage Center Nursing Home, located at 1012 Southeast Third Street, and Pleasant View Nursing Home, located at 901 Southeast Willmar Avenue (collectively, the "Project"). The Project is owned and operated by the Borrower.

(b) The City has been advised that the Notes or other obligations, as and when issued, will not constitute a charge, lien or encumbrance upon any property of the City or the Issuer, except the Project and the revenues to be derived from the Project. Such Notes or obligations will not be a charge against the general credit or taxing powers of the City or the Issuer, but are payable from sums to be paid by the Borrower pursuant to a revenue agreement.

Section 2. Recital of Representations Made by the Borrower.

(a) The Borrower has agreed to pay any and all costs incurred by the City in connection with the issuance of the Notes, whether or not such issuance is carried to completion.

(b) The Borrower has represented to the City that no public official of the City has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project.

Section 3. Consent to Refunding. In accordance with Minnesota Statutes, Section 469.155 Subd. 12, the City hereby approves the issuance by the Issuer of the Bonds to refinance the Project and refund the Prior Obligations. The City hereby consents to the Borrower calling the Prior Obligations for redemption.

Mayor

ATTEST:

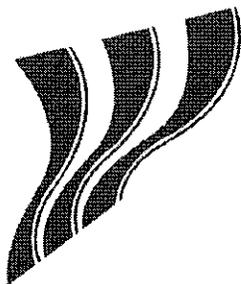
City Clerk

STATE OF MINNESOTA
COUNTY OF KANDIYOHI
CITY OF WILLMAR

I, the undersigned, being the duly qualified and acting Clerk of the City of Willmar, Minnesota, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City duly called and held on the date therein indicated, insofar as such minutes relate to granting approval to the issuance of revenue notes to refinance a project in the City.

WITNESS my hand this ____ day of _____, 2012.

Clerk



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

Agenda Item Number: 4

Meeting Date: May 14, 2012

Attachments: Yes No

CITY COUNCIL ACTION

Date: May 21, 2012

- Approved Denied
- Amended Tabled
- Other

Originating Department: City Clerk-Treasurer

Action Requested: Adopt Resolution with the municipal tort limits set at \$500,000 per claimant, \$1,500,000 per occurrence.

Guiding Principle: Minnesota State Statute

Agenda Item: Statutory Municipal Liability Coverage Limits —City Options

Background/Justification: The statutory municipal tort liability limits for 2012 are set at \$500,000 per claimant, \$1,500,000 per occurrence.

The city will have \$1,500,000 of coverage limits available for most claims. But on those claims to which the statutory limits apply, the city, and LMCIT will be able to use the statutory tort liability limit to limit an individual claimant's recovery to no more that \$500,000.

The statutory liability limit only comes into play if somebody has been injured by the city's negligence, and has proved to the court that his/her actual injuries exceed \$500,000. The statutory liability limit means, very literally, that the city and LMCIT won't fully compensate that individual for his/her injuries, which the city caused. Because of this, some cities may decide that as a matter of public policy you want to have more than \$500,000 available to compensate a citizen who has been injured by the city's negligence.

Since it increases the exposure, there is an additional premium charge of 3.5% if the city decides to waive the statutory per-person limit. Options for the Council to consider are:

- If the city does not waive the statutory tort limits, an individual claimant would be able to recover no more than \$500,000 on any claim to which the statutory tort limits apply. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. These statutory tort limits would apply regardless of whether or not the city purchases the optional excess liability coverage.*
- If the city waives the statutory tort limits and does not purchase excess liability coverage; a single claimant could potentially recover up to \$1,500,000 on a single occurrence. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000, regardless of the number of claimants.*
- If the city waives the statutory tort limits and purchases excess liability coverage, a single claimant could potentially recover an amount up to the limit of the coverage purchased (example \$10 Million). The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants.*

Fiscal Impact: No fiscal impact unless a new option is selected

Alternatives: Waive limits and purchase excess liability coverage from the LMCIT.

Staff Recommendation: Recommend that the City Council not waive the statutory tort liability limits

Preparer: City Clerk-Treasurer

Signature:

RESOLUTION NO. _____

WHEREAS, cities obtaining liability coverage from the League of Minnesota Cities Insurance Trust must decide whether or not to waive the statutory tort liability limits to the extent of coverage purchased, and

WHEREAS, the City Council has reviewed the various options for monetary limits on municipal tort liability, and

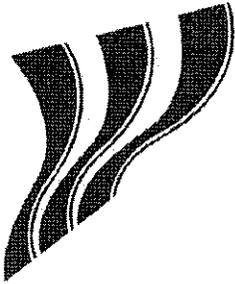
NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Willmar that the City does not waive the monetary limits on municipal tort liability established by Minnesota Statutes 466.04.

Dated this 21st day of May, 2012

MAYOR

Attest:

CITY CLERK-TREASURER



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

Agenda Item Number: 5
Meeting Date: May 14, 2012
Attachments: Yes No

CITY COUNCIL ACTION

Date: May 21, 2012

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

Originating Department: Finance

Action Requested: Amend the 2012 Industrial Development Fund Budget to better reflect development plans.

Guiding Principle:

Introduction: Reduction of Revenues	A) \$ 756,711
Reduction of Development Costs	B) \$ 4,000,000

Background/Justification: It was planned to sell excess land and develop old airport site in 2012. Local Options Sales Tax funding expires in 2012 and land release was anticipated. Due to delay in land release and time needed to develop plan, the City and most activity would be better served by delaying \$4,000,000 until 2013.

Fiscal Impact: A) Land sales \$660,000 plus Land Rental \$96,711
B) Delay development activity until 2013 primarily due to delay in land release from MNDOT Aeronautics at old airport site.

Alternatives: Not to amend budget as recommended. Direct staff to pursue 2012 development on shortened time schedule.

Staff Recommendation: To amend budget as recommended and plan development for 2013 instead of 2012.

Reviewed by: Steven B. Okins, Finance Director

Preparer: Steven B. Okins

Signature:

Comments:

2013

INDUSTRIAL DEVELOPMENT

The Industrial Development Fund was established for the systematic development of the City's Industrial Park. Starting as soon as the land release is obtained from the FAA this fund will be used for the redevelopment of the Old Airport Site.

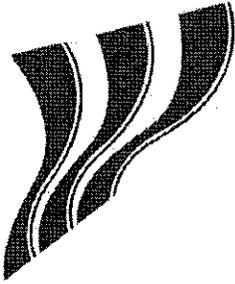
	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Budget</u>	<u>2013 Dept. Adj.</u>	<u>2013 Proposed</u>
Undesignated Bal. \$	----	----	----	----	----
Designated Bal.	0	0	0	4,416,141	4,416,141
Revenues	24,991	0	5,868,889		
Expenditures	(24,991)	0	(2,000,000)	(4,000,000)	
Prior Adjust.	----	----	547,252	----	----
Balance-Dec. 31	<u>0</u>	<u>0</u>	<u>4,416,141</u>	<u>416,141</u>	<u>4,416,141</u>

2013

INDUSTRIAL DEVELOPMENT

The Industrial Development Fund was established for the systematic development of the City's Industrial Park. Starting as soon as the land release is obtained from the FAA this fund will be used for the redevelopment of the Old Airport Site.

	2010 <u>Actual</u>	2011 <u>Actual</u>	2012 <u>Budget</u>	2013 <u>Dept. Adj.</u>	2013 <u>Proposed</u>
Undesignated Bal. \$	----	----	----	----	----
Designated Bal.	0	0	0	1,172,852	1,172,852
Revenues	24,991	0	6,625,600		
Expenditures	(24,991)	0	(6,000,000)	(4,000,000)	
Prior Adjust.	----	----	547,252	----	----
Balance-Dec. 31	<u>0</u>	<u>0</u>	<u>1,172,852</u>	<u>(2,827,148)</u>	<u>1,172,852</u>



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

Agenda Item Number: 6
Meeting Date: May 14, 2012
Attachments: Yes No

CITY COUNCIL ACTION

Date: May 21, 2012

- Approved Denied
 Amended Tabled
 Other

Originating Department: Finance

Action Requested: Pass a resolution amending the Police, Fire, and Engineering 2012 Departmental Budgets.

Guiding Principle: Amend Operating Budgets to accurately account for anticipated costs and contract obligations.

Introduction: Contract obligations of assigned vehicles or Car Allowance.

Background/Justification: Due to the determination to reassign vehicles, Contract obligations require the issues of Car Allowances, which historically have not been funded due to one or the other being management's right to determine.

Fiscal Impact: Reallocation of \$12,983 from Non-Departmental to Police Department \$4,200, Fire Department \$4,261, and Engineering \$4,521. Zero net effect on the General Fund.

Alternatives: Fund additional contract obligations from another source or reissue assigned vehicles.

Staff Recommendation: Pass resolution amending budgets as presented.

Reviewed by: Steven B. Okins, Finance Director

Preparer: Steven B. Okins

Signature:

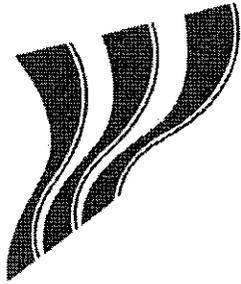
Comments:

2012 Fixed Charges

4/10/2012

Adjustment for Car Allowance

	10	13	14	
	Salary	Pensions	Insurance	Total
Police (101.42411) Wyffels				
Adopted	94,564	13,236	24,404	132,204
Adjustment	98,764	13,236	24,404	136,404
Difference	4,200	-	-	4,200
Fire Dept. (101.42412) Calvin				
Adopted	94,564	14,607	24,404	133,575
Adjustment	98,764	14,668	24,404	137,836
Difference	4,200	61	0	4,261
Engineering (101.43417) Wilson				
Adopted	93,914	13,848	22,382	130,144
Adjustment	98,114	14,169	22,382	134,665
Difference	4,200	321	0	4,521



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

Agenda Item Number: 7

Meeting Date: May 14, 2012

Attachments: Yes No

CITY COUNCIL ACTION

Date: May 21, 2012

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

Originating Department: Finance

Action Requested: Adopt a resolution to amend the 2012 Fire Department Budget funding pension obligation of \$14,552.

Guiding Principle: Amend operating budgets to accurately account for anticipated costs and contract obligations.

Introduction: Need to fund City obligations to PERA for change in on-call paid firefighters' pensions.

Background/Justification: With the change in retirement from the Firefighter Relief Association to the State PERA system, the City experienced a \$14,552 obligation in the transition period. This cost, as explained in previous presentations, should be reduced to \$-0- until the year 2017.

Fiscal Impact: Reallocation of \$14,552 from Non-Departmental to Fire Department Pension line item. Zero net effect on General Fund.

Alternatives: Fund additional obligations from other sources.

Staff Recommendation: Pass resolution amending budget as presented..

Reviewed by: Steven B. Okins, Finance Director

Preparer: Steven B. Okins

Signature:

Comments:

Public Employees Retirement Association

60 Empire Drive, Suite 200, St. Paul, MN 55103-2088
Employer Response Lines: 651-296-3636 or 1-888-892-7372
PERA Fax: 651-296-2493; PERA Web site: www.mnpera.org



SVFP Contributions Invoice

STEVEN OKINS
CITY OF WILLMAR
333 6TH ST SW
WILLMAR MN 56201-3222

Invoice Date: 05/03/2012
Invoice No.: 73763
Employer No: 8412-00
Due Date: 12/31/2012

Dear Steven:

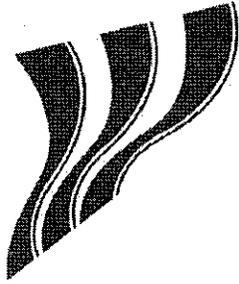
Based on calculations from the SC-11 form filed with the State Auditor's Office, the city's required contribution to the statewide volunteer firefighter retirement plan for 2012 is \$14,552. That amount is due to PERA on or before the last working day in December, 2012. When you make your payment, please refer to invoice #73763 so that the payment is routed to the Willmar Fire account.

I will be calculating 2013 contributions in July and will send that information to you at that time.

If you have any questions, please feel free to contact me via phone at (651) 201-2641 or via email at dave.dejonge@mnpera.org.

Description	Date	Amount
SVFP Contributions	05/03/2012	\$14,552.00 \$0.00

Total Amount Due: \$14,552.00



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

Agenda Item Number: 8

Meeting Date: May 14, 2012

Attachments: Yes No

CITY COUNCIL ACTION

Date: May 21, 2012

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

Originating Department: **Finance**

Action Requested: Introduce the ordinance to sell General Obligation Bonds to finance the 2012 Street Improvement Program and set a public hearing for June 4, 2012, for consideration.

Guiding Principle: To continue Street funding under present formula and policy.

Introduction: To start the process of issuing bonds to fund the 2012 street work.

Background/Justification: Starts the process to fund action taken by the City Council to improve City streets for 2012.

Fiscal Impact: Citizens affected will see assessment increases for their affected footage. City will increase obligations for funding its share of program from dedicated funds.

Alternatives: Finance street work with Tax Levy or not do the improvements.

Staff Recommendation: Introduce ordinance and set public hearing for June 4, 2012.

Reviewed by: Steven B. Okins, Finance Director

Preparer: Steven B. Okins

Signature:

Comments:

**City of Willmar, Minnesota
General Obligation Improvement Bonds, Series 2012A
Revised: May 3, 2012**

May 2012						
S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

June 2012						
S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

July 2012						
S	M	T	W	Th	F	S
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8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

August 2012						
S	M	T	W	Th	F	S
		1	2	3	4	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

September 2012						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

October 2012						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Schedule of Events		
Date	Event	Responsible Party
April 27, 2012	Request for Official Statement Information sent to City Staff.	Springsted
May 9, 2012	Finalize Bond structure and prepare Terms of Proposal.	Springsted
May 14, 2012	Finance Committee Meeting.	City Staff
May 16, 2012	Materials submitted to City for setting the public hearing.	Kennedy & Graven
May 21, 2012	City Council calls for public hearing on the ordinance.	City Counsel Kennedy & Graven
May 22, 2012	Submit ordinance hearing to the local paper. (The publication must appear in local paper at least 7 days prior to the hearing.)	City Staff
May 28, 2012	Last day for publication for hearing on ordinance.	City Staff

Schedule of Events

Date	Event	Responsible Party
May 29, 2012	Sale Recommendations and Bond Resolution delivered to City	Springsted Kennedy & Graven
June 4, 2012	Information forwarded to Springsted for preparation of the Official Statement.	City Staff
June 4, 2012	City Council conducts public hearing on the ordinance. City Council considers Resolution authorizing the Bond sale.	City Council
June 5, 2012	Submit Ordinance for publication in local paper.	City Staff
June 11, 2012	Rough draft of Official Statement sent out to City Staff and Kennedy & Graven for review.	Springsted
June 15, 2012	Final comments to Springsted on Official Statement draft (no later than noon).	City Staff Kennedy & Graven
June 16, 2012	Last day for Publication of Ordinance (15 day petition period begins).	City Staff
June 18, 2012	Posting of Official Statement and application for rating forwarded to rating agency.	Springsted
June 23, 2012	Target date for final date for filing of certificate of intent (15 days from publication of ordinance).	City Staff Kennedy & Graven Springsted
Week of June 25, 2012	Rating of the Bonds.	Moody's City Staff Springsted
June 25, 2012	Form of Award Resolution delivered to the City	Kennedy & Graven
July 2, 2012	Sale and consideration and award of the Bonds by City Council.	City Springsted
July 10, 2012	Distribution of addendum to Official Statement.	Springsted
Late July, 2012	Settlement of the Bonds; receipt of Bond proceeds.	City Staff Kennedy & Graven Springsted