



Quick Funds, Inc.
222 3rd St SW
Willmar, MN 56201
Ph. # 320-231-3880

November 30th 2012

Mayor Frank Yanish
Mrs. Charlene Stevens, City Mgr.
Mr. Kevin Halliday- City Clerk
Mr. Denis Anderson- Finance Committee
Mr. Jim Dokken- Finance Committee
Mr. Rick Fagerlie- Finance Committee
Mr. Tim Johnson- Finance Committee

RE: Check Cashing by Wal-Mart, Cash Wise and La Fiesta

Hello Mayor, Mrs. Stevens etal;

You maybe know about the problem and issue which this spring was investigated and the Commerce Department gave you a verbal interpretation of the law which is old and outdated. The matter of fact, these three places are charging a fee, so therefore and non-compliant. Read my complain and you will see that it is solid and to date the Dept. of Commerce cannot get the facts on the true law so I have asked the State Attorney General to issue a cease and desist order immediately.

I am asking this committee and council not to issue any currency check cashing licenses to these establishment as there are two of us compliant business' that can well take care of the traffic.

We and you I am sure want to keep the mom and pop business' going too. As you know the big boys, want to put us out of business which is the ultimate goal so their employees, can go

on state entitlements, which I am sure you can agree that we don't need any more of that problem.

It is so nice you all serve on the exciting City board of Willmar MN. There are many more exciting days ahead.

I wish you all the best. Feel free to come over and visit me. The city assessor raised my taxes tremendously and I need to make more money. My intentions, IF all goes the right way, we can rent the Kidrowski building and get that corner looking beautiful, before the first of the year.

What you all do for now, is sit back and enjoy. This is a head's up notice. It is now the move of the Attorney General's Office.

I am sure to cool things down, these business' will be applying for a license and with all due respect, I hope you turn them all down.

Sincerely,

A handwritten signature in cursive script that reads "Darrell Sunvold".

Darrell Sunvold, CEO

Quick Funds, Inc.

222 3rd St SW

Willmar, MN 56201

Ph. # 320-231-3880

November 30th 2012

Investigative Unit

Attorney General Lori Swanson

Minnesota Attorney General's Office

1400 Bremer Tower

445 Minnesota Street

St. Paul, MN 55101

RE: Department of Commerce-Non Enforcement

Dear Mrs. Swanson and Investigator Staff:

We have been working on this problem for five years, so I had to address this serious issue with the Commissioner of the Department of Commerce, Mr. Mike Rothman on October 23rd. Please read the enclosed letters and take action ASAP. I am asking you to issue and cease and desist order effective Dec 15th.

Please feel free to call me by the 6th and tell me your plans. I need to move to a bigger office and get my line of credit for cash flow in order, as I expect these three business' to be shut down.

The main contact for you to call is MARTY HEISHACKER at 651-297-3239. We talked on Nov 6th and he was to get back to me by this date. He promised a 2-3 day sting operation would be done by now. Last week was big checks for Thanksgiving and now the Christmas bonus checks will be coming around the 20th and 21st of December. I expect them to be shut down by then.

Set certified - receipt

COPY

Again, very seriously, I am asking you to issue a cease and desist order to the following business' in Willmar and that you investigate the Minnesota Statutes and laws that the Commerce Department can't seem to produce. I need to move to another building, so notify me before Dec 7th as to what is happening.

The Business' are:

Attn: Mgr

**Cash Wise Foods
1300 5th ST SE
Willmar, MN 56201**

**Mgr
Wal-Mart Super Center
700 19th AVE SE
Willmar, MN 56201**

**Ablerto Gasca, Owner
La Fiesta Grocery Store
307 3rd ST SW
Willmar, MN 56201**

Sincerely,



Darrell Sunvold, CEO

COPY

Quick Funds, Inc.

222 3rd St SW

Willmar, MN 56201

Ph. # 320-231-3880

October 23rd 2012

**Mr. Mike Rothman, Commissioner
Minnesota Department of Commerce
85 7th Place East Suite 500
St. Paul, MN 55101**

RE: Follow up on letter dated October 5th 2012- enclosed

Hello Commissioner Rothman;

What is happening on this issue? I hope you aren't ignoring this serious problem. Keep in mind these stores are charging FEES for cashing checks.

I will be waiting to hear from you before the end of the month. If not, we will move forward with this.

All I need is the statues and laws that they can cash checks and charge a FEE. If it is not clear, then I ask you to stop them before December 1st 2012. I expect these stores to be assessed HUGE fines. They have been doing this for a minimum of five years.

When your office gets done with this case, I expect HEADLINE news all of the media.

Sincerely,



Darrell K. Sunvold-CEO

COPY

Sent Certified

Quick Funds, Inc.

222 3rd St SW

Willmar, MN 56201

Ph # 320-231-3880

October 5th 2012

**Mr. Mike Rothman, Commissioner
Minnesota Department of Commerce
85 7th Place East Suite 500
St. Paul, MN 55101**

RE: Unlicensed check and money laundering business'

Hello Commissioner Rothman;

I have talked, written and emailed the investigators and have told Mrs. Brown of the problems and nothing come out of my complaints. I have been doing this for a minimum of five years now. There are OFFICIALLY two check cashing business' in Willmar MN. Quick Funds Inc. and Ace Check Cashing-Bennet Ventures.

I have asked the investigators to get off their butts and come and do sting operations and we are completely ignored.

I do agree, that the law states: a merchant can cash a check if the client buys merchandise. I can live with that as it is intended that by the old outdate law, that most take home pay was \$350 or less.

As of that last five years plus, here is what is happening according to my observation and facts by those that cash their checks.

Problem # 1:

COPY

Approximately 7 out of 10 people go to Cash Wise-Corborn's Inc and they cash their checks and walk out. They cash their income tax refunds and walk out. Cash Wise in return gives them a \$5 or \$10 coupon to go buy groceries. In my eyes and also a quote from your investigator, who sat in my office, says this is definitely a BRIBE. I told him to do something about that. That was five years ago. We as a family business and we have lost thousands of dollars in revenue.

Problem #2:

WalMart-does the same thing, but don't give out coupons. They are now in the full banking business, cashing income tax refunds. This has taken thousands of dollars away from our family business too. They of course have no license. About six out of 10 customers cash their checks and walk out. A lot of Social security checks are cashed there.

Problem # 3:

La Fiesta Grocery Store: has no license-cashes five to ten times more checks than I do. Do they report their income from check cashing? I doubt it. I would say four or five out of ten cash their checks and buy nothing.

My Question and comments are:

What are you going to do to stop this by December 1st?? I would like a guarantee from your office, that these operations will cease by January 1st 2013 at the latest. Now is the time to do sting operations starting Thursday noon thru Saturday noon. For Social security checks, do a sting at Walmart and Cash Wise from the first of the month thru the 4th of the month.

Is it fair and just- ABSOLUTELY NO!!

Do you know that Walmart is doing their best to put the small family business' out of business, so they have a monopoly?? Is Coborn's -Cash Wise trying to do the same?

Are you in favor of this? I am begging you to put a stop to this by the end of the year at the latest.

You are the man, to take this situation under control and send these business' letters to seize operation immediately. Of course you should go back five years and fine these operations big money.

The sad part about this, their employees do not make a livable wage. Of course too, the majority of the secondary employees are part time and get no benefits.

Are you in favor of this continuing? Please let me know what your plans are. The Minnesota Attorney General is willing to investigate this, but I told them I would let them know, if we don't get satisfactory results.

My final comment is, why am I being compliant. A license is only for those that want to be investigated by the government. That is a well known fact in this town. Go after the mom and pop business'. Right??

Thanks for your time, and I would appreciate some action on these old forgoing problems that your people have not tried to resolve. I would love to go out and do sting operations, just to get out of the office.

I need the Minnesota laws that approve of what these business' are doing. The year passed. Author of the bills and the exact Statue provided to me. Please have this done, so action can be finalized before the start of the New Year. We need proof that you have shut these business' down. Hopefully before Thanksgiving.

I would like to hear from you on these issues, before October 20th, please.

Respectfully,

A handwritten signature in black ink, appearing to read "D. Sunvold", with a stylized flourish at the end.

Darrell K Sunvold-CEO

Charlene Stevens

From: Robert Scott <rtscott@flaherty-hood.com>
Sent: Friday, January 04, 2013 2:26 PM
To: Charlene Stevens
Cc: Chris Hood
Subject: RE: Quick Funds

Hi Charlene,

Pursuant to your request I have reviewed the information from Mr. Sunvold documenting his concerns about the check cashing practices of certain businesses in the City, as well as the applicable state regulations.

Check cashing is regulated by the Department of Commerce as "currency exchange." See Minn. Stat. § 53A.01. A person that is not "a bank, trust company, savings bank, savings association, credit union, or industrial loan and thrift company" may not engage in the business of cashing checks, drafts, money orders or travelers' checks for a fee without first obtaining a license from the State of Minnesota's Commerce Commissioner. Minn. Stat. §§ 53A.01-02. A person that provides these services incidental to the person's primary business is not required to obtain a license provided that "the charge for cashing a check or draft does not exceed \$1.00 or one percent of the value of the check or draft, whichever is greater." Minn. Stat. § 53A.01.

Minn. Stat. Ch. 53A establishes criteria for obtaining a currency exchange license as well as regulations for currency exchanges, the administration of which is handled by the Department of Commerce. The City does not issue currency exchange licenses, and plays no role in the administration of the currency exchange licensing scheme established by statute.

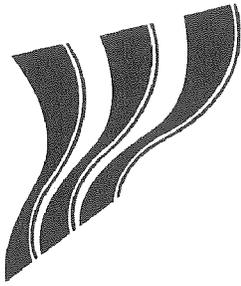
Minn. Stat. § 53A.10 makes the violation of Ch. 53A by any person, firm, association or corporation a misdemeanor. Therefore, if it is alleged that any businesses in the City are violating Ch. 53A with their check cashing practices or otherwise, evidence of such violations should be provided in the form of a criminal complaint to the Willmar Police Department, which can then evaluate such evidence and determine, in its discretion, whether a criminal investigation and/or prosecution is warranted.

Please let me know if you have any additional questions or if I may be of further assistance on this matter.

Thanks,

Please let me know if
Robert T. Scott, Senior Attorney
Flaherty & Hood, P.A.
525 Park Street, Suite 470
St. Paul, MN 55103
Phone (651) 225-8840
Fax (651) 225-9088
www.flaherty-hood.com

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

Agenda Item Number: 3

Meeting Date: January 14, 2013

Attachments: Yes No

CITY COUNCIL ACTION

Date:

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

Originating Department: Fire

Action Requested:

Pass a Resolution allowing survivor benefits to be paid in cases where firefighters die prior to becoming fully vested (5 years) in the Statewide Volunteer Firefighter Retirement Plan.

Guiding Principle:

As per the Statewide Volunteer Firefighter (SVF) Retirement Plan through PERA

Introduction:

The SVF Advisory Board is requesting all fire departments participating in the Volunteer Firefighter Retirement Plan pass a Resolution allowing survivor benefits to be paid when firefighters die prior to becoming fully vested (5 years).

Background/Justification:

The Willmar Fire Department has been a member of PERA's Statewide Volunteer Firefighter (SVF) Retirement Plan since January 2012.

The SVF Advisory Board is recommending one change to plan provisions to allow survivor benefits to be paid in cases where firefighters die prior to becoming fully vested (5 years). This plan is already a requirement for relief associations that are not part of the SVF plan, so the change would put the SVF plan in compliance with relief association laws.

All 63 fire departments participating in the Volunteer Firefighter Retirement Plan must pass this resolution in order for the plan change to become effective.

Fiscal Impact:

No fiscal impact to the City

Alternatives:

If not passed, the SVF Advisory Board and PERA will not be able to pass this amendment to plan provisions.

Staff Recommendation: Pass a Resolution allowing survivor benefits to be paid in cases where firefighters die prior to becoming fully vested (5 years)

Reviewed by:

Preparer: Gary Hendrickson, Fire Chief

Signature:

Resolution No. _____

WHEREAS, The Willmar Fire Department has joined the Statewide Volunteer Firefighter Retirement Plan administered by the Public Employees Retirement Association (PERA); and

WHEREAS, The Statewide Plan offers survivor benefits to the families of firefighters who die after providing at least 5 years of service; and

WHEREAS, The City highly values the contributions of volunteer firefighters and wishes to also provide similar survivor benefits to the families of firefighters who die before providing 5 years of service; and

WHEREAS, The City understands that should this provision be approved and passed into law, it would not increase required contribution amounts.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Willmar to ratify the addition of a plan provision allowing survivor benefits to be paid to firefighters who die within their first five years of service, should such a provision be passed into law.

Dated this _____ day of _____, 2013

Mayor

Attest:

City Clerk

Public Employees Retirement Association of Minnesota

60 Empire Drive, Suite 200

Saint Paul, Minnesota 55103-2088

Member Information Services: 651-296-7460 or 1-800-652-9026

Employer Response Lines: 651-296-3636 or 1-888-892-7372

PERA Fax Number: 651-296-8392 ◆ PERA Website: www.mnpera.org



January 4, 2013

Steven Okins
City of Willmar
333 6th Street SW
Willmar, MN 56201

Dear Steven Okins:

The Statewide Volunteer Firefighter (SVF) Retirement Plan has now been in existence for three full years. As of January 1, 2013 a total of 63 fire departments have joined the SVF plan, and several more have requested information about joining in 2014.

The SVF Advisory Board, made up of representatives from townships, cities and the firefighting community, met in December to review plan provisions. The Board recommended that we make one change to plan provisions to allow survivor benefits to be paid in the few instances when a firefighter dies before being in the plan five years, the minimum amount of service required to be vested. That plan provision is already a requirement for relief associations that are not a part of the SVF plan, so the change would put the SVF plan in compliance with relief association laws. Implementing the change would not add any cost to the plan, and would not affect the calculation of required municipal contributions.

The Advisory Board recommends adjusting Minnesota Statute 353G.12, subdivision 2 by adding language similar to the underlined portion below:

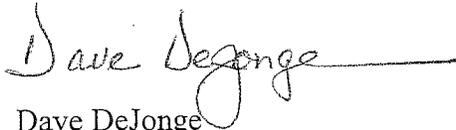
Subd. 2. Survivor benefit amount. The amount of the survivor benefit is the amount of the service pension that would have been payable to the member of the retirement plan on the date of death if the member had been age 50 or older on that date, without regard to whether the member had attained the minimum amount of service and membership credit required to be vested.

In order for the plan provision change to become effective, however, the plan provision needs to first be approved by each of the 63 entities that sponsor the SVF plan fire departments. If your fire department is sponsored by a municipality, the ratification needs to come from the City or Township. If the fire department is run by an independent nonprofit firefighting corporation, the ratification needs to come from the corporation--similar to how the resolution to join the SVF plan was originally handled. If all 63 entities ratify the change, we will introduce legislation and attempt to have the change signed into law.

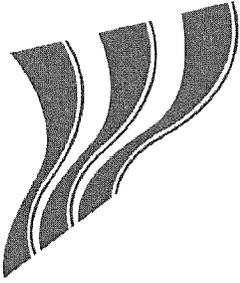
I am enclosing a resolution that can be used as a model when approving this change. If the change is ratified, please return the signed resolution to me by March 31, 2013 via mail, email or fax. Our address and fax number are shown in our letterhead. If you decide not to approve the change, please let me know as soon as possible. If all 63 entities accept the change and let me know by March 31, we will attempt to introduce the legislation in the 2013 legislative session. If we do not receive all 63 resolutions by March 31, we may have to wait until 2014 to introduce the legislation.

If you have questions about the proposed language change, please feel free to contact me. My email address is dave.dejonge@mnpera.org and my direct phone number is 651-201-2641. You can also call PERA's member information services number, 1-800-652-9026, and ask for me.

Sincerely,

A handwritten signature in cursive script that reads "Dave DeJonge". The signature is written in black ink and includes a horizontal line extending to the right from the end of the name.

Dave DeJonge
Assistant Director, PERA



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

Agenda Item Number: 4

Meeting Date: January 14, 2013

Attachments: Yes No

CITY COUNCIL ACTION

Date: January 22, 2013

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

Originating Department: City Clerk

Action Requested: Review of the City of Willmar Investment Policy

Guiding Principle: City Council Policy Requirement

Introduction: Annual review as required by Section 16.0 of Policy

Background/Justification: No recommended changes at this time.

Fiscal Impact: N/A

Alternatives: Recommend changes by committee.

Staff Recommendation: Accept the policy as submitted with no amendments at this time.

Reviewed by: Steven B. Okins, Finance Director

Preparer: Steven B. Okins, Finance Director

Signature:

Comments:

CITY OF WILLMAR INVESTMENT POLICY

Dated: December 20, 1995
Revised: January 13, 1997
Revised: January 21, 1998
Revised: February 3, 1999
Revised: January 24, 2000
Revised: January 6, 2002
Revised: December 15, 2003
Revised: March 16, 2009
Revised: September 20, 2010
Revised: March 7, 2011
Revised: September 4, 2012

1.0 Policy:

It is the policy of the City of Willmar to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

2.0 Scope:

This investment policy applies to all financial assets of the City of Willmar. These funds are accounted for the City's **Annual Financial Report** and include:

2.1 **Funds:**

2.1.1 General Fund

2.1.2 Special Revenue Funds

2.1.3 General Debt Service Funds:

2.1.4 Capital Projects Funds:

2.1.5 Enterprise Funds:

2.1.6 Internal Service Funds:

2.1.7 Trust and Agency Funds

3.0 Prudence:

Investments shall be made with judgment and care - under circumstances then prevailing - which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

3.1 The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectation are reported in a timely

fashion and appropriate action is taken to control adverse developments.

4.0 **Objective:**

The primary objectives, in priority order, of the City of Willmar investment activities shall be:

4.1 **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City of Willmar be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, **diversification** is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

4.2 **Liquidity:** The City of Willmar investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

4.3 **Return on Investments:** The City of Willmar investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 **Delegation of Authority:**

Authority to manage the City of Willmar's investment program is derived from trading resolutions and Minnesota statutes. Management responsibility for the investment program is hereby delegated to the City Clerk-Treasurer,

who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to person responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Clerk-Treasurer. The City Clerk-Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

6.0 **Ethics and Conflicts of Interest:**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decision. Employees and investment officials shall disclose to the City Administrator any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City of Willmar, particularly with regard to the time of purchases and sales.

7.0 **Authorized Financial Dealers and Institutions:**

The City Clerk-Treasurer will maintain a list of financial institutions authorized to

provide investment services. In addition, a list will also be maintained of approved security **broker/dealers** selected by credit worthiness who are authorized to provide investment services in the State of Minnesota. These may include “**primary**” **dealers** or regional dealers that qualify under **Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule)**. No public deposit shall be made except in a **qualified public depository** as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the City Clerk-Treasurer with a **Notification to Broker and Certification by Broker** pursuant to Minnesota Statute 118A.04.

8.0 Authorized and Suitable Investments

Minnesota Statutes, Section 118A.04, Subdivision 1 through Subdivision 7, lists all permissible investments for municipalities. This list established the maximum investments risk permitted for a Minnesota municipality. The City of Willmar will not authorize its employees to invest in all of these investments, staying consistent with its number one priority of safety of capital. The following are investments the City will be authorized to invest in:

8.1 Government Securities: Instruments such as bonds, notes, bills, mortgages and other securities which are direct obligations of the federal government or its agencies and instrumentalities, with the principal fully guaranteed by the U.S. government or its agencies. The City will

not invest in any mortgage or mortgage related security unless a return of principal is completely guaranteed by a federal entity.

8.2 Certificate of Deposit: A negotiable or nonnegotiable instrument issued by commercial banks and insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC). (See 9.0 “Collateralization”)

8.3 Repurchase Agreement: An investment which consists of two simultaneous transactions, where the City purchases securities from a bank or dealer. At the same time, the selling bank or dealer agrees to repurchase the securities at the same price plus interest at some agreed-upon future date. The security purchased is the collateral protecting the investment.

8.4 Prime Commercial Paper: An investment used by corporations to finance receivables. A short-term (matures in 270 days or less) unsecured promissory note is issued for maturity specified by the purchaser. The City will only invest in commercial paper that has the highest rating of two (2) of the three (3) rating agencies.

8.5 Any security which is a **general obligation of the State of Minnesota** or any of its municipalities.

8.6 Bankers Acceptances of United States banks eligible for purchase by the Federal Reserve System.

8.7 Investment Pools: Governmental sponsored pools and money market mutual funds are allowable short-term cash management facilities. These

pools/funds can provide safety, liquidity and yield in a single investment instrument. However, the City will follow due diligence standard which applies to the use of pools/funds. A thorough investigation of the pool/fund is required prior to investing. Currently the City uses the Minnesota Money Market Mutual Fund (4M) sponsored by the League of Minnesota Cities.

8.8 Mutual Funds: Shares of an investment company registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933 whose portfolio consists of direct obligations or are guaranteed issued of the United States, its agencies or instrumentalities. ***Effective January 1, 1997, mutual funds will be limited to funds held as of December 31, 1996, or a funds whose portfolio consists of the aforementioned obligations with a maturity of thirteen (13) months or shorter. Reinvestment of dividends paid from a fund holding obligation maturing beyond thirteen months will be prohibited.*** Generally speaking, participation in this investment type shall maintain a target balance of 15-20% of the portfolio and staff shall exercise discretion in setting mutual fund investment levels given market conditions and cash flow projections.

Investing in mutual funds is deemed long term and local restrictions therefore, prohibit the purchase of shares from any **general debt service fund** or any other city funds anticipating investment proceeds within a 36 month period and forcing the liquidation of shares in an unfavorable market.

9.0 Collateralization:

Collateralization will be required on two types of investments: certificates of deposit where the par value exceeds the Federal Deposit Insurance Corporation (FDIC) coverage limit, and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be at least 10 percent more than the amount on deposit at the close of the financial institution's banking day, except when the collateral is irrevocable standby letters of credit issued by Federal Reserve Banks. In that case, the amount of collateral must be at least equal the amount of deposit.

Collateral will always be held by an independent third party with whom the entity has a current custodial agreement or physically remitted to the City. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.

10.0 Safekeeping and Custody:

All security transactions entered into by the City of Willmar shall be held in safekeeping by the respective investment dealer on behalf of the City of Willmar and evidenced by safekeeping receipts. Each investment dealer must provide evidence to the City of possessing customer account insurance protection of \$500,000 from Securities Investor Protection Corporation (SIPC) plus other insurance totaling at a minimum \$10,000,000 per account.

11.0 Diversification:

The City will diversify its investments by

security type and institution. No more than **40%** of the City's total deposits will be invested with a single financial institution or broker/dealer on the day of purchase.

12.0 Maximum Maturities:

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than 10 years from date of purchase. Funds dedicated to capital projects anticipated to be completed within one year shall not be invested in instruments maturing beyond one year. Reserve funds may be invested in securities exceeding 10 years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

13.0 Internal Control:

The development of a system of internal controls shall be established by the City Clerk-Treasurer.

The City Clerk-Treasurer shall assist in an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

14.0 Performance Standards:

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

14.1 Market Yield (Benchmark): The City's investment strategy is active and mildly aggressive, yet it always yields to the objective of safety of principal. Given this strategy, the basis used by the City Clerk-Treasurer to determine whether market yields are being achieved shall be the annual goal of one and one-half (1 ½) percent above the annualized earnings at the Fed Funds rate during the year.

15.0 Reporting:

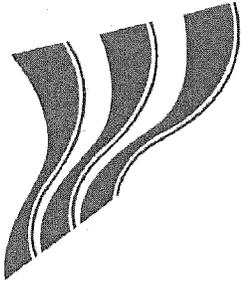
The Finance Director shall provide to the City Council quarterly investment reports which provide a clear picture of the status of the current investment portfolio. The report should include comments on the markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies.

Schedules in the quarterly report should include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category
- Average life and final maturity of all investments listed
- Coupon, discount or earnings rate
- Par value and Market Value

16.0 Investment Policy Adoption:

The City of Willmar investment policy shall be adopted by resolution of the Willmar City Council. The policy shall be reviewed annually by the Finance Committee and any modifications made thereto must be approved by the City Council.



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

Agenda Item Number: 5

Meeting Date: January 15, 2013

Attachments: Yes No

CITY COUNCIL ACTION

Date: January 17, 2012

Approved Denied
 Amended Tabled
 Other

Originating Department: Willmar Police

Action Requested:

- Pass a resolution increasing the fee charged for each electronic reportable pawn transaction by \$0.30 (30 cents) which is to be charged to pawn brokers within the City of Willmar. This will raise the existing \$1.10 fee currently being charged to \$1.40.
- Direct the Chief of Police to notify in writing all businesses which are subjected to the "Automated Pawn System" of the \$0.30 (30 cent) fee increase.

Guiding Principle: An ordinance regulating automated pawn transactions was initially passed on April 1, 2006. The ordinance, section 8-202 (d) (2) incorporates the use of fees to be charged to pawnbrokers using the automated pawn system.

The ordinance requires licensees to be notified in writing 30 days before any adjustment is implemented.

Introduction: Electronic automated pawn transactions are regulated along with a fee schedule which is applied to each pawn transaction. Part of the fee structure charged for pawn transactions is determined by the City of Minneapolis which controls the APS (Automated Pawn System).

Chief Wyffels received a letter from the City of Minneapolis dated January 1, 2013 indicating that an increase of \$0.30 (30 cents) is being applied to each transaction. (See copy of attached letter of notification).

Background/Justification: When City Ordinance 8-202 regulating pawn transactions was first passed in April, 2006 the fee for each pawn transaction assessed to the business owner was \$1.50. One dollar (\$1.00) of the total fee amount being charged at that time was forwarded to the City of Minneapolis for each transaction and the City of Willmar collected the remaining \$0.50 (fifty cents).

In 2010, the City of Minneapolis reduced their fee amount they were charging from \$1.00 to \$0.60 (sixty cents) per transaction. This savings was passed directly back to the local business owners and the City of Willmar maintained their original fifty cent per transaction fee. In 2013, the City of Minneapolis indicated they need to raise their fee amount from the existing sixty cent per transaction charge to ninety cents per transaction.

Chief Wyffels believes it is fair to pass this increase on to the businesses affected by the APS increase as they were the direct recipient of the decrease given three years ago.

Fiscal Impact: If the fee adjustment is implemented, the City suffers no fiscal impact in either direction.

If the fee adjustment is not implemented the City will suffer a potential loss of revenue or incorporate an additional expense of at least \$624.00 per calendar year. In 2012, there were 2080 electronic pawn transactions.

Alternatives: None.

Staff Recommendation: To adjust the fee schedule charged per each electronic pawn transaction from the current rate of \$1.10 per transaction to \$1.40 per transaction and to direct the Chief of Police to notify affected business owners accordingly.

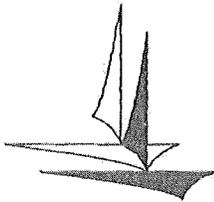
Reviewed by:

Preparer: Chief David Wyffels

Signature:



Comments:



Minneapolis
City of Lakes

Police Department

Janeé L. Harteau
Chief of Police

350 South 5th Street - Room 130
Minneapolis MN 55415-1389

612 673-2735

TTY 612 673-2157

David Wyffels, Chief
Willmar Police Department
2201 23rd Street, #102
Willmar, MN 56201

January 1, 2013

Chief Wyffels,

In 2010, the APS transaction fee was reduced by 40% - from \$1.00 to \$.60. This was done in response to higher than anticipated revenues and lower than expected expenses. Since then, we have undertaken several initiatives that have again driven our costs up. Additionally, we are looking at several new and exciting endeavors that aim to keep us leaders in the regulation of pawn and secondhand property dealers, and the recovery of stolen property.

Some of the things that we are currently working for 2013 include:

- 1) Implementing the XML standard for the electronic exchange of data – This will help to greatly reduce the errors in the transmission of data to and from the stores, thus ensuring less work for stores and more timely and accurate information for investigators.
- 2) Investigation of strategic partnering opportunities with similarly positioned law enforcement programs. This could greatly increase the amount of information available to the investigators that use APS. Additionally, this could enable APS to acquire additional functionality that would again benefit the end users of APS. If after thorough investigation we find a strategic partnership would be in the best interest of our members, we will need to provide the design, development and implementation resources needed to make it work.
- 3) SNAPERS – Serial Number and Property Registration System – A system being investigated and designed for citizens of communities that use APS. This system is set up to allow citizens to securely log their property information into a personal data base which would include the ability to store photos, serial numbers, and additional descriptors. The system will also allow users of SNAPERS (a working name at this time) to query items against NCIC. This is a GIGANTIC step in addressing the Craigslist and EBay selling of stolen property. All of what SNAPERS offers to its users is free of charge as long as their police department is an APS user.

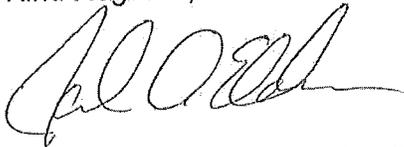


- 4) Scrap Metal – There are multiple associations planning on banding together to push for a Scrap Metal Bill for this year's legislation. APS plans to be an integral part of this legislation. If the initiative is successful, we will need to expand our capabilities to address any additional reporting requirements mandated by the law. Additional programmers will need to be engaged to ensure that this is done in both an efficient and timely manner.

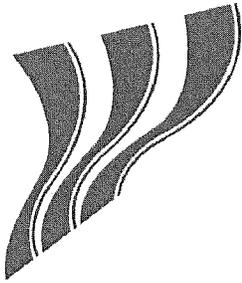
With all that we have accomplished in 2012 (release of version 5.0, coding for tribal identification cards, etc.) and all that is planned for 2013 and beyond, it will be necessary for a raise in fees. Effective February 1, 2013, fees will go to \$.90 per transaction.

Please do not hesitate to contact me if you have any questions.

Kind Regards,



John A. Elder, Manager, Intellectual Properties Initiative
Minneapolis Police Department
350 South 5th Street, Room 127
Minneapolis, Minnesota 55415
612.673.3829 Direct
612.673.2619 Fax
612.578.4322 Mobile



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

Agenda Item Number: 6

Meeting Date: January 14, 2013

Attachments: Yes No

CITY COUNCIL ACTION

Date: January 22, 2013

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

Originating Department: Finance Department

Action Requested: Receive for information only. Review and comment.

Guiding Principle: City Charter and/or Council Policies and Procedures.

Introduction: The submission of various project summary reports accounted through the City Finance Office.

Background/Justification: A. The Baseball Stadium Project
B. CVB Financial as of November 30, 2012
C. L.O.S.T. Financial as of November 30, 2012
D. Rice Hospital November 30, 2012 Financial Report
E. November Rice Trust Activity Report

Fiscal Impact: N/A

Alternatives: N/A

Staff Recommendation: Receive reports, comments and place in file for future reference.

Reviewed by: Steven B. Okins, Finance Director

Preparer: Steven B. Okins, Finance Director

Signature:

Comments:

Baseball Stadium Construction Project Revenues/Expenditures

As of 12/31/2010

Revenues

Service Charges			
Plans & Specifications	\$ 788.65	\$ 788.65	
Miscellaneous			
Contributions/Donations	\$ 430,877.12		
Refunds/Reimbursements (PW Paid)	166.70		
Insurance Reimbursements	<u>66,598.15</u>	\$ 497,641.97	
Other Financing Sources			
Transfers In General Fund	\$ 120,060.89	\$ 120,060.89	

Total Revenues

\$ 618,491.51 \$ 618,491.51

Expenditures

Leisure Services			
Capital Outlay			
Buildings & Structures	\$ 1,010.00		
Other Improvements	<u>24,904.00</u>	\$ 25,914.00	\$ 25,914.00
Project #1			
Other Services			
Cleaning & Waste Removal	<u>69.08</u>	69.08	
Capital Outlay			
Other Improvements	<u>11,403.72</u>	<u>11,403.72</u>	11,472.80
Project #2			
Supplies			
Small Tools	79.21		
Maintenance of Structures	2,309.44		
Maintenance of Other Improvements	49,508.37		
General Supplies	<u>470.50</u>	52,367.52	
Other Services			
Maintenance of Structures	500.00		
Maintenance of Other Improvements	408,328.38		
Cleaning & Waste Removal	<u>58.74</u>	408,887.12	
Other Charges			
Rents	1,864.78		
Professional Services	13,222.02		
Advertising	408.95		
Other Charges	<u>60.89</u>	15,556.64	
Capital Outlay			
Buildings & Structures	<u>3,399.14</u>	<u>3,399.14</u>	480,210.42

Project #3

Supplies

Maintenance of Structures	14,927.55	
Maintenance of Other Improvements	30,834.48	
General Supplies	20.26	45,782.29

Other Services

Maintenance of Other Improvements	127.50	127.50
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Other Charges

Rents	250.00	
Professional Services	20,500.95	
Advertising	155.25	20,906.20
		66,815.99

Project #4

Supplies

Maintenance of Other Improvements	743.05	743.05
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Other Services

Maintenance of Other Improvements	1,009.00	
Other Services	30,000.00	31,009.00

Capital Outlay

Furniture & Equipment	2,326.25	2,326.25	34,078.30
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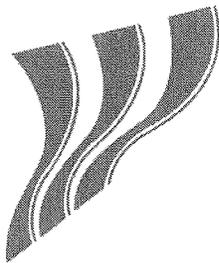
Grand Total Expenditures

\$ 618,491.51

Breakdown of Funding Including subsequent payments to Willmar Baseball Boosters for Stadium Debt:

Willmar Baseball Boosters Paid toward construction costs:	\$ 393,371.12	
Less City Pymt to Boosters 1/27/10 for debt service:	(15,000.00)	
Less City Pymt to Boosters 1/12/11 for debt service:	(15,000.00)	
Less City Pymt to Boosters 2/29/12 for debt service:	(16,500.00)	
Less Final City Pymt to Boosters by 12/31/12 for ds:	(13,000.00)	\$ 333,871.12
City of Willmar Paid 5 Installments to Boosters for constr:	150,000.00	
Plus Pymt to Boosters 1/27/10 for debt service:	15,000.00	
Plus Pymt to Boosters 1/12/11 for debt service:	15,000.00	
Plus Pymt to Boosters 2/29/12 for debt service:	16,500.00	
Plus Final Pymt to Boosters by 12/31/12 for ds:	13,000.00	209,500.00 *
City of Willmar Insurance Paid		66,598.15 *
City of Willmar Additionally Paid		60.89 *
City of Willmar Public Works Paid		166.70 *
Willmar Electric Services Donated		7,506.00
Plans & Specs Payments Received		788.65
		\$ 618,491.51

* 276,325.74 Total funded by City of Willmar



City of Willmar
CONVENTION & VISITORS BUREAU
Balance Sheet as of November 30, 2012
(As of 12/10/12)

Assets

Cash	\$ 21,366.77
Petty Cash	50.00
Investments	177,055.00
Taxes Receivable	-
Accounts Receivable	-
Prepaid Expenses	13,019.17
Interest Receivable	-

Total Assets \$ 211,490.94

Liabilities

Accounts Payable	\$ -
Due to General Fund	-
Due to Capital Improvements	-

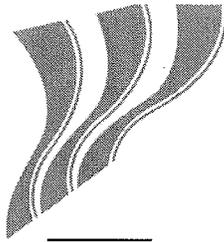
Total Liabilities -

Fund Balance

Restricted Fund Balance - CVB	13,319.41
Committed Fund Balance - CVB	31,193.62
Assigned Fund Balance - Petty Cash/CVB	50.00
Assigned Fund Balance - CVB	166,927.91

Total Fund Balance 211,490.94

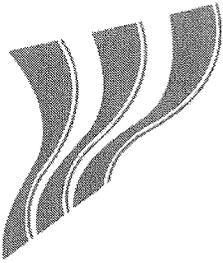
Total Liabilities & Fund Balance \$ 211,490.94



City of Willmar
CONVENTION & VISITORS BUREAU
COMPARATIVE INCOME STATEMENT
 For the Period Ended November 30, 2012
 (As of 12/10/12)

	<u>Budget</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
Lodging Receipts	\$ 140,000.00	\$ 140,198.22 *	\$ 135,913.23
State Tourism Grant	-	4,922.16 *	6,462.36 *
Kandiyohi County	15,000.00	14,728.80	14,625.30
Kandiyohi Co. Tourism Phone Reim	1,000.00	-	-
Kandiyohi Co. Tourism Partnerhip	34,000.00	34,000.00	34,000.00
Advertising Sales	4,000.00	2,653.50	-
Miscellaneous	-	1,105.00 *	233.95 *
Interest Earnings	6,000.00	2,720.50	4,171.40
Market Value Increase (Decr)	-	651.07 *	5,374.53 *
Refunds & Reimbursements	-	2,601.81 *	1,235.41 *
Total Revenues	200,000.00	203,581.06	202,016.18
 <u>Expenditures</u>			
Operating			
Full Time Exec Director Salary	81,000.00	61,444.77	58,105.24
Temporary Employee Salaries	-	-	1,762.91 *
Benefits and Taxes	19,000.00	13,267.63	12,945.76
Office Supplies/Copies	2,900.00	2,116.87	2,126.46
Small Tools	-	751.59 *	483.18 *
Postage	1,100.00	985.62	245.42
Mtce. of Equipment	1,000.00	-	52.50
General Supplies	1,800.00	350.92	2,338.72
Telephone/Fax	3,900.00	3,400.92	2,657.20
Printing & Publishing	2,000.00	1,453.70	668.80
Travel/Lodging/Dues	4,700.00	6,049.35 *	4,916.61
Mtce. of Equipment	-	-	-
Other Services	-	768.92 *	308.10 *
Rents	8,000.00	6,266.10	6,266.10
Insurances & Bonds	350.00	355.00 *	330.00
Awards & Indemnities	200.00	256.50 *	456.50 *
Subscription/Membership	1,500.00	1,562.19 *	2,849.05 *
Professional Services	2,400.00	2,598.00 *	2,050.00
Advertising/Marketing	-	-	-
Other Charges	-	-	-
Contingency Fund	5,300.00	4,105.07	12.50
City Transfer (5%)	7,000.00	-	-
Transfer Out Capital Improvement	-	-	-
Refunds and Reimbursements	-	46.78 *	410.00 *
Market Value Adjustment	-	607.37 *	2,207.50 *
Tourism Expenses	34,000.00	38,005.24 *	30,782.04
Ad Development & Revisions	250.00	-	-
Conference & Convention	21,000.00	15,064.58	14,654.41
Group Tour Promotions	2,000.00	1,972.00	3,972.46 *
Leisure Travel	21,000.00	26,217.78 *	11,285.19
Fall/Winter Promotions	6,000.00	3,491.85	3,010.32
Spring/Summer Promotions	-	-	-
Special Projects	7,000.00	5,750.00	4,500.00
Strategic Marketing	6,000.00	3,123.52	5,326.15
Total Expenditures	239,400.00	200,012.27	174,723.12
Net Income (Loss)	(39,400.00)	3,568.79	27,293.06
Fund Balance January 1	207,922.15	207,922.15	211,651.32
Prior Period Adjustment	-	-	-
Fund Balance November 30	\$ 168,522.15	\$ 211,490.94	\$ 238,944.38

* Indicates Over Budget



City of Willmar
Local Option Sales Tax
Balance Sheet As of November 30, 2012
As of 12/10/12

Assets

Cash	\$ 6,697.61
Investments	8,091,104.98
Taxes Receivable	-
Due From C.P.-Airport	-
Interest Receivable	-

Total Assets \$ 8,097,802.59

Liabilities

Due to C.P. LOST	\$ -
Due to Other Governmental Units	-

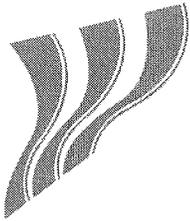
Total Liabilities -

Fund Balance

Restricted Fund Balance	8,097,802.59
Restricted Fund Balance - LOST	-
Restricted Fund Balance - EDA	-

Total Fund Balance 8,097,802.59

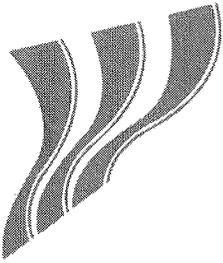
Total Liabilities and Fund Balance \$ 8,097,802.59



City Of Willmar
Local Option Sales Tax
Comparative Income and Expense Statement
For the Period Ending November 30, 2012
(As of 12/10/12)

	<u>Budget</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
<u>Revenues</u>			
Sales/Use Tax	\$ 1,800,000.00	\$ 1,378,102.25	\$ 1,274,908.07
Excise Tax	50,000.00	39,060.00	42,990.00
Interest Earnings	75,000.00	83,072.59 *	54,843.33
Market Value Adjustment	-	20,419.89 *	72,561.02 *
Refunds/Reimbursements	-	160.00 *	-
Transfer In - C.P. Airport	-	330,716.00 *	-
Total Revenues	\$ 1,925,000.00	\$ 1,851,530.73	\$ 1,445,302.42
<u>Expenditures</u>			
Other Charges	\$ -	\$ 21,837.30 *	\$ 19,338.06 *
Transfer Out - Industrial Dev.	5,868,889.00	-	-
Transfer Out - C.P. 2010	-	-	-
Refunds/Reimbursements	-	160.00 *	-
Market Value Adjustment	-	14,721.23 *	17,813.59 *
Total Expenditures	\$ 5,868,889.00	\$ 36,718.53	\$ 37,151.65
Net Income (Loss)	\$ (3,943,889.00)	\$ 1,814,812.20	\$ 1,408,150.77
Fund Balance January 1	6,282,990.39	6,282,990.39	2,416,756.29
Prior Period Adjustment	-	-	-
Fund Balance November 30	\$ 2,339,101.39	\$ 8,097,802.59	\$ 3,824,907.06

* Indicates Over Budget



City of Willmar
Local Option Sales Tax Capital Projects Fund
Balance Sheet As of November 30, 2012
(As of 12/10/12)

Assets

Cash	\$ 15,638.81
Due From LOST Special Revenue Fund	\$ -
Due From Other Governmental Units	-
Total Assets	\$ 15,638.81

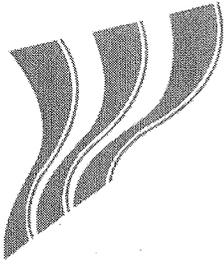
Liabilities

Deferred Revenue	\$ -
Total Liabilities	-

Fund Balance

Designated - Civic Center Connection	3,675.14
Assigned Fund Balance	11,963.67
Total Fund Balance	15,638.81

Total Liabilities and Fund Balance **\$ 15,638.81**



City of Willmar
Local Option Sales Tax Capital Projects Fund
Balance Sheet As of November 30, 2012
(As of 12/10/12)

Assets

Cash	\$ 15,638.81
Due From LOST Special Revenue Fund	\$ -
Due From Other Governmental Units	-
Total Assets	\$ 15,638.81

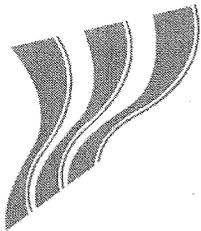
Liabilities

Deferred Revenue	\$ -
Total Liabilities	-

Fund Balance

Designated - Civic Center Connection	3,675.14
Assigned Fund Balance	11,963.67
Total Fund Balance	15,638.81

Total Liabilities and Fund Balance **\$ 15,638.81**



City Of Willmar
Local Option Sales Tax Capital Projects Fund
Comparative Income and Expense Statement
For the Period Ending November 30, 2012
(As of 12/10/12)

	<u>Budget</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
<u>Revenues</u>			
Interest Earnings	\$ -	\$ -	\$ -
Refunds & Reimbursements	-	-	-
Transfer In - L.O.S.T.	-	-	-
Total Revenues	\$ -	\$ -	\$ -
<u>Expenditures</u>			
Airport Development	\$ -	\$ -	\$ -
Industrial Park Development	-	2,498.25 *	-
Civic Center Annex	-	-	-
Land Development	-	-	-
Bike Path Projects	-	-	-
Total Expenditures	\$ -	\$ 2,498.25	\$ -
Net Income (Loss)	\$ -	\$ (2,498.25)	\$ -
Fund Balance January 1	18,137.06	18,137.06	(48,621.94)
Prior Period Adjustment	-	-	-
Fund Balance November 30	\$ 18,137.06	\$ 15,638.81	\$ (48,621.94)

* Indicates Over Budget

Rice Memorial Hospital

Financial Statements

November 30, 2012

Executive Summary

November was a profitable month in terms of financial performance but was less than budget and last year. Rice posted a profit of \$100,000 from operations compared to budgeted operating income of \$195,000 and last year's operating income of \$456,000. Inpatient volumes were down slightly but outpatient activity lagged budgeted revenues by nearly 10%. In addition, Willmar Medical Services activity continued to lag projected financial performance. On a more positive note, expenses were down for the month by 3.9% which helped to offset some of the negative revenue variances. The overall net income was \$269,000 as non-operating activity incurred positive results.

November 30, 2012 Balance Sheet:

The November Balance Sheet showed an increase in net assets of \$2.2 million; a \$400,000 increase from last month. Total Assets have increased \$117,000 while total liabilities have decreased \$2.1 million. The Total Asset increase was due to an increase in current assets of \$1.0 million; a decrease in assets whose use is limited of \$423,000; a decrease in net property, plant, and equipment of \$2.2 million; and an increase in other assets of \$1.7 million. The increase in current assets was due to increases in Cash and Receivables and partially offset by a decrease in Prepaid Expenses. Assets whose use is limited decreased due to the refunding of the 2002 Bond Issue which resulted in decreased investments in the reserve funds but offset some by an increase in the Rice Trust Endowment. Net Property, Plant, and Equipment decreased due to depreciation expense greater than capital expenditures. Other Assets have increased due to increases in general investments and an increase in the investment in Willmar Medical Services. Cash & General Investments have increased \$1.2 million since December 31, 2011 with Days of Cash at 118 days.

November 2012 Results:

The overall net operating income was \$100,000 compared to budgeted operating income of \$195,000 and last year's operating income of \$456,000. Patient Revenues were \$1.0 million (6.3%) less than budget for the month and 4.4% less than last year. Hospital revenues were less than budget with inpatient revenues 1.4% less than budget and outpatient revenues 9.7% less than budget. Outpatient revenue variances were the result of decreased revenues in Emergency Room, Radiation Therapy, and Hospice. Revenues at the Care Center were up by 41.7% due to increased therapy services provided to the residents even though there was a slight decrease in the census. Home Medical revenues were 27.3% less than budget due to lower sales and rentals. In addition, the conversion to the new software system has delayed the confirmation of orders thus delaying the recognition of \$400,000 of revenue. This is only a timing issue and will be resolved over the next couple of months.

Consolidated deductions from revenue were \$787,000 (9.1%) less than budget due to revenue decreases and a slightly improved payer mix. Included in this variance was a

decrease in Uncompensated Care which was 38.4% less than budget and 49.2% less than last year. When netted against Total Patient Revenues it yielded a negative Net Patient Revenue variance of \$307,000 (3.5%). The Hospital reimbursement ratio for the month was 49.33% compared to the budget of 47.29%; a positive variance of \$298,000.

Other operating revenues were \$318,000 (21.1%) less than budget due to lower than projected financial performance of Willmar Medical Services (WMS). WMS patient activity at Rice was less than budget by \$208,000 (11.9%) due to decreased Medical Oncology and Radiation Therapy revenues. Total operating revenues were \$8.0 million or \$417,000 (4.9%) less than budget and \$900,000 (10.0%) less than last year.

Net Expenses were \$7.9 million which was \$322,000 (3.9%) less than budget. Expenses were mixed for the month with Salaries \$50,000 (1.4%) less than budget due to lower patient activity. Contract Labor was \$141,000 greater than budget due to contracted Behavioral Health physicians, Sleep Lab technicians, and Care Center therapy. Benefits were \$12,000 (1.1%) less than budget due to lower salaries. The overall Compensation ratio as a percentage of Total Operating Revenues was 52.6%, a negative variance compared to the budgeted ratio of 49.6%. Supplies were \$111,000 (10.6%) less than budget due to lower activity in Home Medical. Drugs were \$285,000 (55.3%) less than budget due to lower Medical Oncology activity purchased through Rice. Included in the Drug variance was a small adjustment to the year-end inventory counts. During the year, Finance utilizes a rolling average of cost of goods sold approach and applies this average to relieve inventory based on revenues. Once a year, this is reconciled with actual inventory counts which resulted in only a \$26,000 positive adjustment. Purchased Services were \$205,000 (34.5%) lower due to a change in recording Hospice nursing home activity whereby revenues charged by Rice offset purchased services costs from the nursing home facility. This was offset by consulting costs in Administration (Revenue Cycle project) and increases in reference lab costs. Repairs were \$43,000 (14.4%) lower due to numerous positive variances in departments; Utilities were \$2,400 (1.8%) less than budget while Insurance was at \$8,200 (13.7%) greater than budget due to renewals. Patient Related Travel was at budget while Education, Travel, and Dues were \$21,000 (28.1%) less than budget due to lower activity. Other expense was \$5,200 (11.8%) greater than budget due to community benefit costs; Depreciation was \$57,000 (9.7%) greater than budget while Interest was \$59,000 (29.5%) less than budget due to the refunding of the 2002 bonds. Bad Debts were \$12,000 (9.1%) greater than budget while Taxes and Surcharge were \$20,000 (10.9%) less than budget. Total Bad Debts and Uncompensated Care was \$253,000 compared to the budget of \$302,000.

Non-operating income was \$84,000 greater than budget due to unrealized gains. Rice will continue to analyze its investments to determine if any additional securities should be sold to capture realized gains.

The Hospital posted operating income of \$123,000 compared to budgeted operating income of \$130,000 and last year's operating income of \$412,000. Care Center activity generated operating income of \$54,000 compared to expected operating income of \$31,000 and last year's operating income of \$22,000. Increased therapy services contributed to the positive income variance. Home Medical activity posted an operating loss of \$78,000 compared to a budgeted operating income of \$32,000 and last year's operating income of \$21,000.

November YTD 2012 Results:

The consolidated net operating income was \$733,000 compared to budgeted operating income of \$1.7 million and last year's operating income of \$4.2 million. Patient revenues were \$8.8 million (4.6%) less than budget and 3.2% less than last year. Hospital revenues were less than budget with inpatient revenues 8.3% less than budget and outpatient revenues 3.5% less than budget. Inpatient revenues were driven by lower surgical volumes while Outpatient revenues were the result of flat volumes in many departments and lower Surgery, Emergency Room, and Radiation Therapy revenue. Care Center revenues were \$1.5 million (22.1%) greater than budget while Home Medical revenues were \$1.4 million (13.5%) less than budget due to lower sales and rental activity than projected but 1.1% greater than last year.

Consolidated Deductions from Revenue were \$7.8 million (8.1%) less than budget and when netted against Total Patient Revenues yielded a negative Net Patient Revenue variance of \$1.0 million (1.1%). The Hospital's reimbursement rate was 49.31% compared to a budget of 47.34%; a positive variance of \$3.2 million, which includes the \$500,000 CMS settlement received earlier in the year.

Other Operating Revenues were \$633,000 (3.8%) less than budget due to lower activity and profits at WMS but offset by the Meaningful Use payment. WMS activity at Rice was less than budget by \$987,000 (4.9%) due to lower Oncology activity. Total operating revenues were \$92.9 million or \$694,000 (0.7%) less than budget and \$13,000 (0.0%) less than last year.

Net Expenses were \$92.1 million which was \$319,000 (0.3%) greater than budget and 3.9% greater than last year. Expenses were mixed with Salaries \$546,000 (1.3%) less than budget due lower activity and vacancies but offset by the Epic conversion costs which were greater than anticipated. Contract Labor was \$1.5 million greater than budget due to Emergency Room Physicians, Pharmacy, and contracted therapy costs. Benefits were \$547,000 (4.3%) less than budget due to lower than anticipated health insurance costs and lower salaries. The Hospital Compensation ratio was 50.5% compared to the budget of 49.8%, a negative variance of \$686,000. Supplies were \$634,000 (5.5%) less than budget due lower activity in numerous departments including Surgery and Home Medical while Drugs were \$1.7 million (28.7%) greater due to Medical Oncology purchases. Purchased Services were \$71,000 (1.1%) greater due to consulting and legal costs, pharmacy costs, and reference lab costs. Repairs were \$482,000 (14.5%) less than budget due to lower activity in numerous departments while Utilities were \$121,000 (7.4%) less than budget due to mild weather and lower than anticipated costs. Insurance was \$24,000 (3.9%) greater than budget; Patient Related Travel was \$3,300 (0.8%) less than budget; Education, Travel, and Dues were \$25,000 (3.0%) greater than budget due to SWEPT costs; and Other was \$25,000 (5.3%) greater than budget due to marketing and donations. Depreciation was \$722,000 (11.0%) greater than budget due to the budget miscalculation while Interest was \$522,000 (23.2%) less than budget due to the bond refunding. Bad Debts were \$133,000 (8.3%) greater than budget and including Uncompensated Care, this combined total was \$3.0 million compared to the budget of \$3.3 million and last year's total of \$3.5 million. Taxes and Surcharges were \$143,000 (6.9%) less than budget due to the successful MN Care Tax and MA Surcharge appeal.

Non-operating income was \$73,000 greater than budget due to unrealized investment gains. Investment income should be lower than budget for a few months due to investment redemptions and sales but offset somewhat by the increased level of investments as positive cash flows have resumed.

The Hospital posted operating income of \$473,000 compared to budgeted operating income of \$1.2 million and last year's operating income of \$4.2 million. Care Center activity generated operating income of \$572,000 compared to expected operating income of \$325,000 and last year's operating income of \$14,000. Home Medical activity posted an operating loss of \$313,000 compared to budgeted operating income of \$156,000 and last year's operating break even.

Statistical and Volume Summary

Statistics and volumes were mixed for the month. Patient days were 7.5% greater than budget while admissions were 5.1% greater than budget yielding an increase in length of stay from a budget of 3.50 to 3.75. Compared to the prior year, patient days were 118 less for the month with admissions 33 less than last year. The average daily census for the month was 33.8 compared to a budget of 31.4 and last year's 37.7. Observation patients were 8.6% less than budget and 15.1% less than last year. Total Case Mix Index was 6.6% greater than budget and 4.7% greater than last year. Overall activity as measured in terms of adjusted admissions was 0.3% less than budget and 12.2% less than last year while adjusted patient days were 1.9% greater than budget and 12.2% less than last year. Care Center resident days were 2.6% less than budget with an average daily census of 73.1 compared to the budget of 75.

On a YTD basis, patient days were 0.6% greater than budget but 7.6% less than last year with admissions 0.8% less than budget and 8.2% less than last year. This equated to an average length of stay of 3.57 compared to the budget of 3.50 and 3.54 last year. Average daily census was 33.4 compared to the budget of 33.2 and last year's 36.2. Observation patients were down by 16.5% to budget and 10.1% less than last year. Total Case Mix was 0.9% higher than budget and 1.2% higher than last year. Adjusted admissions were 2.8% greater than budget but 5.5% less than last year while adjusted patient days were 4.2% greater than budget but 5.0% less than last year. Deliveries were 7.8% less than budget and 8.8% less than last year. Care Center resident days were 3.1% less than budget with a census of 72.7 compared to the budget of 75.0 and last year's census of 65.5.

Surgical procedures were 9.0% greater than budget and 7.0% greater than last year. Inpatient surgical procedures were at budget while outpatient procedures were 14.7% higher than budget. Emergency Room visits were 10.5% less than budget and 10.2% less than last year. Lab tests were 4.6% less than budget while Medical Imaging procedures were 3.6% greater than budget. Radiation Oncology treatments were 32.8% less than budget and xxx compared to last year as it was a year ago that the department was shut down due to the installation of the new linear accelerator. Medical Oncology visits were 34.1% greater than budget and 30.3% greater than last year. GI procedures were 7.4% less than budget while Dialysis treatments were 12.9% greater than budget. Rehab visits were 9.9% greater than budget while Hospice visits were 0.3% greater than budget and Ambulance runs 7.3% less than budget.

YTD ancillary activity was mixed. Surgical procedures were 8.2% less than budget and 9.9% less than last year with inpatient procedures 14.1% less than budget and 16.2% less than last year and outpatient procedures 5.0% less than budget and 6.5% less than last year. Emergency Room visits were 4.5% less than budget and 4.2% less than last year. Laboratory tests were 4.0% less than budget and 6.0% less than last year. Medical Imaging procedures were 5.7% greater than budget but 3.5% less than last year. Radiation Oncology treatments were 5.9% less than budget and 0.1% greater than last year while Medical Oncology visits were 19.8% greater than budget and 16.8% greater than last year. GI procedures were 2.8% less than budget and 19.1% less than last year while Dialysis treatments were 8.0% greater than budget and 5.0% greater than last year. Rehab visits were greater than budget by 4.9% and 3.7% greater than last year; Hospice visits were 2.8% greater than budget and 1.2% greater than last year; and Ambulance runs were 0.5% less than budget and 1.7% less than last year.

Full Time Equivalents (FTE's) for the month were 800 compared to a budget of 774 and compared to last year's total of 794. FTE's were 2.0% greater than budget at the Hospital; 11.9% greater at the Care Center; and 6.1% higher at Home Medical. YTD FTE's were 803 compared to the budget of 780 (3.0% higher) and last year's 771 (4.3% higher). Hospital FTE's were 2.2% higher than budget and 2.5% higher than last year. Care Center FTE's were 11.6% higher than budget and 14.0% higher than last year. Home Medical FTE's were 1.1% greater than budget and 10.5% higher than last year.

Key Indicators

The key Operational indicators were positive for the month but lower compared to budget and last year. Consolidated Operating Margin was 1.2% compared to the budget of 2.3% and last year's 5.1%. Excess Margin was 3.3% compared to the budget of 3.3% and last year's 5.8%. The EBIDA margin was 13.0% compared to a budget of 12.6% and last year's 15.2%.

The YTD Consolidated Operating Margin was 0.8% compared to the budget of 1.9% and last year's 4.6%. Excess Margin was 1.9% compared to the budget of 2.8% and last year's 5.9%. The EBIDA margin was 11.5% compared to the budget of 12.1% and last year's 15.5%.

The Financial ratios indicate that the Debt/Capitalization ratio of 44% was less than the year-end target of 45%. Debt service coverage was 2.9 compared to the budget of 2.9 and compared to the debt covenant of 1.25. Days in accounts receivable were 60 compared to a target of 50 and last year's 55. Days of Cash were 118 compared to the year-end target of 126 and last year's 118. The Cash/Debt ratio was 65% compared to the budget of 71% and last year's ratio of 59%. The Financial Strength Index was 0.70 compared to the budget of 1.10 and last year's 1.65.

YTD Hospital productivity ratios in terms of staffing was slightly higher than the budget with FTE's per adjusted admit at 14.6 compared to a budget of 14.3; last year's ratio of 13.3; and the benchmark of 14.9. FTE's per adjusted patient day were 4.1 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. The increase relates to the contracted therapy service which has been much greater than anticipated. Sales per FTE at Home Medical were \$142,000 which was 14.4% less than target and 8.5% less than last year.

**RICE MEMORIAL HOSPITAL
CONSOLIDATED
BALANCE SHEET
For the Eleven Months Ending November 30, 2012**

	CURRENT YEAR	PRIOR YEAR END	CHANGE
1 ASSETS			
2 CURRENT ASSETS			
3 CASH AND CASH EQUIVALENTS	\$4,116,621	\$3,728,757	\$387,865
4 TRUSTEE BOND AGREEMENTS - CURRENT	2,141,897	2,130,440	11,457
5 ACCOUNTS RECEIVABLE NET	17,112,457	16,143,018	969,440
6 OTHER RECEIVABLES	568,021	521,975	46,046
7 INVENTORY	1,871,360	1,858,419	12,941
8 PREPAID EXPENSES	1,100,495	1,517,862	(417,366)
10 TOTAL CURRENT ASSETS	26,910,851	25,900,470	1,010,381
11 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	2,612,694	2,466,271	146,422
18 TOTAL ASSETS - USE IS LIMITED	5,822,548	6,245,889	(423,341)
19 PROPERTY PLANT & EQUIPMENT			
21 PROPERTY PLANT & EQUIPMENT	131,632,234	129,292,102	2,340,132
22 LESS: ACCUMULATED DEPRECIATION	(72,128,956)	(67,522,491)	(4,606,465)
24 NET PROPERTY, PLANT & EQUIPMENT	59,503,279	61,769,611	(2,266,332)
25 OTHER ASSETS			
27 INVESTMENTS	25,976,542	25,125,564	850,978
28 INVESTMENTS - SHARED HEALTH RESOURCES	417,225	411,413	5,812
29 INVESTMENTS - WILLMAR MEDICAL SERVICES	4,569,688	3,335,316	1,234,371
30 OTHER INVESTMENTS	79,963	79,136	827
31 GOODWILL, NET	21,167	0	21,167
32 DEFERRED DEBT ACQUISITION COSTS	201,647	518,347	(316,700)
35 TOTAL OTHER ASSETS	31,266,232	29,469,777	1,796,455
37 TOTAL ASSETS	\$123,502,910	\$123,385,747	\$117,163
39 LIABILITIES AND NET ASSETS			
40 CURRENT LIABILITIES			
42 CURRENT MATURITIES OF LONG TERM DEBT	\$2,254,231	\$1,981,181	\$273,049
43 ACCOUNTS PAYABLE - TRADE	1,218,442	1,563,350	(344,909)
44 ESTIMATED THIRD PARTY PAYOR SETTLEMENTS	(29,504)	217,700	(247,204)
45 ACCRUED SALARIES, WAGES AND BENEFITS	10,718,986	10,751,022	(32,036)
46 ACCRUED INTEREST AND DUE TO WMS	3,825,633	2,449,639	1,375,994
48 TOTAL CURRENT LIABILITIES	17,987,787	16,962,892	1,024,895
49 LONG TERM DEBT (LESS CURRENT PORTION)	46,062,499	49,270,010	(3,207,511)
50 TOTAL LIABILITIES	64,050,286	66,232,902	(2,182,616)
53 COMMITMENTS AND CONTINGENCIES			
55 NET ASSETS			
57 RESTRICTED FUNDS			
58 DEBT SERVICE AND RESERVE	3,181,089	3,731,642	(550,552)
59 SPECIFIC PURPOSE FUND	95,672	74,593	21,080
60 PERMANENT ENDOWMENT	2,612,694	2,466,271	146,422
61 CURRENT YEAR INCOME	1,740,991	6,006,621	(4,265,629)
62 UNRESTRICTED	51,822,177	44,873,718	6,948,459
64 TOTAL NET ASSETS	59,452,624	57,152,845	2,299,779
66 TOTAL LIABILITIES AND NET ASSETS	\$123,502,910	\$123,385,747	\$117,163

RICE MEMORIAL HOSPITAL - CONSOLIDATED
For the Eleven Months Ending November 30, 2012

	CURRENT MONTH			YEAR TO DATE				
	ACTUAL	BUDGET	VAR %	ACTUAL	BUDGET	VAR %	PRIOR YR	VAR %
OPERATING REVENUE	8,414,254	8,721,829	(3.5%)	95,955,197	97,002,515	(1.1%)	96,503,220	(0.6%)
INPATIENT REVENUE	7,760,552	8,486,569	(8.6%)	871,162,525	94,564,073	(7.8%)	92,230,564	(5.5%)
OUTPATIENT REVENUE	98,616	160,165	(38.4%)	1,318,653	1,754,749	(24.9%)	1,776,781	(25.8%)
RICE CARE CENTER REVENUE	7,859,168	8,646,734	(9.1%)	88,481,178	96,318,822	(8.1%)	94,007,345	(5.9%)
RICE HOME MEDICAL REVENUE	8,414,254	8,721,829	(3.5%)	95,955,197	97,002,515	(1.1%)	96,503,220	(0.6%)
TOTAL PATIENT REVENUE	1,190,584	1,509,193	(21.1%)	16,152,574	16,786,467	(3.8%)	15,983,554	1.1%
LESS DISCOUNTS & CONTRACTUALS	9,604,838	10,231,022	(6.1%)	112,107,771	113,788,982	(1.5%)	112,486,774	(0.3%)
LESS UNCOMPENSATED CARE	1,542,376	1,751,078	(11.9%)	19,207,514	20,194,564	(4.9%)	19,573,364	(1.9%)
TOTAL DEDUCTIONS FROM REVENUE	8,062,462	8,479,944	(4.9%)	2,900,257	3,554,418	(20.7%)	2,913,310	(0.0%)
NET REVENUE FROM PATIENTS	3,679,778	3,730,174	(1.4%)	41,209,047	41,755,885	(1.3%)	40,185,480	2.5%
OTHER OPERATING REVENUE	304,026	162,838	86.7%	3,452,274	1,852,536	86.4%	1,787,611	93.1%
TOTAL OPERATING REVENUE	1,135,511	1,147,633	(1.1%)	12,242,544	12,790,256	(4.3%)	11,826,430	3.5%
OPERATING EXPENSES	941,738	1,053,305	(11.1%)	10,796,231	11,430,486	(5.5%)	10,922,558	(1.2%)
SALARIES AND WAGES	230,667	515,991	(55.3%)	7,640,889	5,938,756	28.7%	6,447,620	18.0%
CONTRACT LABOR	390,445	596,170	(34.5%)	6,529,407	6,458,132	1.1%	6,447,569	1.3%
SUPPLEMENTAL BENEFITS	259,468	303,131	(14.4%)	2,851,615	3,334,461	(14.5%)	2,799,960	1.8%
DRUGS	135,512	137,950	(1.8%)	1,514,964	1,636,779	(7.4%)	1,478,492	2.5%
PURCHASED SERVICES	68,467	60,206	13.7%	650,849	626,263	3.9%	571,776	13.8%
REPAIRS, SERVICE & RENTALS	36,241	36,301	(0.2%)	397,060	397,060	(0.8%)	397,352	(0.9%)
UTILITIES	56,061	78,003	(28.1%)	881,482	855,527	3.0%	855,331	3.1%
INSURANCE	49,528	44,315	11.8%	514,055	488,061	5.3%	440,233	16.8%
PATIENT RELATED TRAVEL	655,976	598,203	9.7%	7,300,777	6,578,205	11.0%	6,745,124	8.2%
EDUCATION, TRAVEL, & DUES	142,843	202,730	(29.5%)	1,725,658	2,248,222	(23.2%)	2,296,881	(24.9%)
OTHER	155,314	142,380	9.1%	1,747,430	1,614,160	8.3%	1,807,759	(3.3%)
DEPRECIATION AND AMORT	168,383	189,001	(10.9%)	1,935,436	2,079,012	(6.9%)	1,932,749	0.1%
INTEREST	8,409,958	8,998,351	(6.5%)	101,386,365	100,083,801	1.3%	96,968,925	4.6%
BAD DEBITS	447,567	713,615	(37.3%)	9,219,304	8,236,625	11.9%	8,303,023	11.0%
TAXES & SURCHARGE	7,962,391	8,284,736	(3.9%)	92,167,061	91,847,176	0.3%	88,665,902	3.9%
TOTAL OPERATING EXPENSES	100,071	195,208	(48.7%)	733,196	1,747,242	(58.0%)	4,247,508	(82.7%)
NET OPERATING INCOME	169,716	84,976	99.7%	1,007,796	934,740	7.8%	1,285,798	(21.6%)
NON OPERATING INCOME	\$269,787	\$280,184	(3.7%)	\$1,740,992	\$2,681,982	(35.1%)	\$5,553,300	(68.5%)
NET INCOME (LOSS)	\$439,503	\$564,160	(22.1%)	\$2,748,788	\$3,616,722	(24.6%)	\$7,839,098	(65.0%)
LESS: WILLMAR MEDICAL SERVICES OPERATING EXPENSES	447,567	713,615	(37.3%)	9,219,304	8,236,625	11.9%	8,303,023	11.0%
NET OPERATING EXPENSES	7,962,391	8,284,736	(3.9%)	92,167,061	91,847,176	0.3%	88,665,902	3.9%
OPERATING INCOME (LOSS)	100,071	195,208	(48.7%)	733,196	1,747,242	(58.0%)	4,247,508	(82.7%)
NON OPERATING INCOME	169,716	84,976	99.7%	1,007,796	934,740	7.8%	1,285,798	(21.6%)
NET INCOME (LOSS)	\$269,787	\$280,184	(3.7%)	\$1,740,992	\$2,681,982	(35.1%)	\$5,553,300	(68.5%)

RICE HOSPITAL
For the Eleven Months Ending November 30, 2012

	CURRENT MONTH			YEAR TO DATE		
	ACTUAL	BUDGET	VAR %	ACTUAL	BUDGET	VAR %
OPERATING REVENUE						
INPATIENT REVENUE	\$5,338,573	\$5,415,926	(1.4%)	\$5,493,540	\$5,493,540	(0.0%)
OUTPATIENT REVENUE	9,286,584	10,287,509	(9.7%)	9,909,147	11,092,466	(10.6%)
TOTAL PATIENT REVENUE	14,625,157	15,703,435	(6.9%)	15,402,687	16,586,006	(7.7%)
0.0% LESS DISCOUNTS & CONTRACTUALS	7,317,106	8,117,856	(9.9%)	7,316,565	7,544,463	(3.0%)
49.0% LESS UNCOMPENSATED CARE	98,616	160,165	(38.4%)	193,249	1,754,749	(94.3%)
TOTAL DEDUCTIONS FROM REVENUE	7,415,722	8,278,021	(10.4%)	7,509,814	9,299,212	(19.9%)
NET REVENUE FROM PATIENTS	7,209,435	7,425,414	(2.9%)	7,892,873	7,286,847	(8.5%)
OTHER OPERATING REVENUE	1,184,302	1,507,619	(21.4%)	1,251,681	1,674,229	(28.4%)
TOTAL OPERATING REVENUE	8,393,737	8,933,033	(6.0%)	9,144,554	8,961,076	(2.0%)
LESS: WILLMAR MEDICAL SERVICES	1,542,376	1,751,078	(11.9%)	1,367,129	1,957,364	(29.2%)
TOTAL OPERATING REVENUE	6,851,361	7,181,955	(4.6%)	7,777,425	7,003,712	(10.9%)
OPERATING EXPENSES						
SALARIES AND WAGES	3,230,209	3,278,884	(1.5%)	3,239,606	3,671,640	(12.0%)
CONTRACT LABOR	199,971	162,739	22.9%	239,200	1,851,437	(87.1%)
SUPPLEMENTAL BENEFITS	986,035	988,254	(0.2%)	984,916	1,018,637	(3.7%)
SUPPLIES	675,799	677,272	(1.4%)	631,186	7,452,521	(91.1%)
DRUGS	217,615	504,522	(56.9%)	825,701	5,810,686	(92.6%)
PURCHASED SERVICES	345,609	562,076	(38.5%)	636,302	6,082,509	(94.3%)
REPAIRS, SERVICE & RENTALS	239,761	280,688	(14.6%)	226,453	3,087,590	(92.3%)
UTILITIES	118,002	118,085	(0.1%)	105,062	1,398,498	(91.2%)
INSURANCE	57,397	51,930	10.5%	45,248	535,227	(91.5%)
PATIENT RELATED TRAVEL	23,431	23,160	1.2%	30,262	256,283	(90.2%)
EDUCATION, TRAVEL, & DUES	48,457	70,066	(30.8%)	56,409	772,825	(93.0%)
OTHER	39,472	37,111	6.4%	32,661	408,817	(91.8%)
DEPRECIATION AND AMORT	583,926	536,174	8.9%	555,740	5,872,896	(90.0%)
INTEREST	128,051	187,139	(31.6%)	193,026	2,076,718	(93.8%)
BAD DEBTS	152,432	136,939	11.3%	342,377	1,533,979	(89.9%)
TAXES & SURCHARGE	129,028	149,608	(13.8%)	130,447	1,645,683	(91.7%)
TOTAL OPERATING EXPENSES	7,175,195	7,764,647	(7.6%)	8,254,596	86,540,946	(91.2%)
LESS: WILLMAR MEDICAL SERVICES	447,567	713,615	(37.3%)	889,661	8,236,625	(94.5%)
TOTAL OPERATING EXPENSES	6,727,628	7,051,032	(4.6%)	7,364,935	78,304,321	(91.2%)
OPERATING INCOME (LOSS)	\$1,123,733	\$1,029,923	9.1%	\$412,529	\$1,264,907	(67.6%)
TOTAL OPERATING INCOME (LOSS)	\$1,123,733	\$1,029,923	9.1%	\$412,529	\$1,264,907	(67.6%)

RICE HOME MEDICAL
For the Month Ending November 30, 2012

	ACTUAL	% of SALES/GP	BUDGET	% of SALES/GP	% CHANGE	Prior Yr	% of SALES/GP	% CHANGE
GROSS SALES								
SALES REVENUE	\$467,360	62.3%	\$639,112	62.0%	(26.9%)	\$563,613	58.9%	(17.1%)
RENTS REVENUE	282,557	37.7%	391,842	38.0%	(27.9%)	392,977	41.1%	(28.1%)
GROSS SALES	749,917	100.0%	1,030,954	100.0%	(27.3%)	956,590	100.0%	(21.6%)
LESS: CONTRACTUAL ALLOWANCES	(181,356)	(24.2%)	(231,966)	(22.5%)	(21.8%)	(306,742)	(32.1%)	(40.9%)
LESS: UNCOMPENSATED CARE		0.0%		0.0%	0.0%	(762)	(0.1%)	(100.0%)
NET SALES	568,561	75.8%	798,988	77.5%	(28.8%)	649,086	67.9%	(12.4%)
COST OF GOODS SOLD								
OXYGEN	11,663	2.1%	12,970	1.6%	(10.1%)	11,731	1.8%	(0.6%)
EQUIPMENT	59,645	10.5%	101,896	12.8%	(41.5%)	70,488	10.9%	(15.4%)
SUPPLY - FREIGHT	12,126	2.1%	14,801	1.9%	(18.1%)	12,806	2.0%	(5.3%)
SUPPLY	117,518	20.7%	179,627	22.5%	(34.6%)	148,757	22.9%	(21.0%)
EQUIPMENT REPAIR	5,125	0.9%	17,036	2.1%	(69.9%)	7,119	1.1%	(28.0%)
SHOP EXPENSE	2,810	0.5%	370	0.0%	659.5%	4,171	0.6%	(32.6%)
EQUIPMENT RENTAL & LEASES		0.0%	348	0.0%	(100.0%)		0.0%	0.0%
PURCHASE DISCOUNTS	(5,371)	(0.9%)	(1,000)	(0.1%)	437.1%	(2,168)	(0.3%)	147.7%
TOTAL COST OF GOODS SOLD	203,516	35.8%	326,048	40.8%	(37.6%)	252,904	39.0%	(19.5%)
GROSS PROFIT	365,045	64.2%	472,940	59.2%	(22.8%)	396,182	61.0%	(7.9%)
OPERATING EXPENSES								
SALARIES & WAGES	225,366	39.6%	234,828	29.4%	(4.0%)	183,487	28.3%	22.8%
SUPPLEMENTAL BENEFITS	65,038	11.4%	67,784	8.5%	(4.1%)	46,578	7.2%	39.6%
SUPPLIES AND DRUGS	13,874	2.4%	10,834	1.4%	28.1%	10,567	1.6%	31.3%
PURCHASED SERVICES	26,859	4.7%	24,052	3.0%	11.7%	34,970	5.4%	(23.2%)
REPAIRS, SERVICE & RENTALS	16,848	3.0%	18,089	2.3%	(6.9%)	16,367	2.5%	2.9%
UTILITIES	8,779	1.5%	9,681	1.2%	(9.3%)	7,266	1.1%	20.8%
INSURANCE	7,022	1.2%	5,322	0.7%	31.9%	5,685	0.9%	23.5%
PATIENT RELATED TRAVEL	12,485	2.2%	13,019	1.6%	(4.1%)	11,588	1.8%	7.7%
EDUCATION, TRAVEL, & DUES	2,628	0.5%	4,128	0.5%	(36.3%)	7,491	1.2%	(64.9%)
OTHER EXPENSE	9,072	1.6%	6,884	0.9%	31.8%	7,705	1.2%	17.7%
DEPRECIATION & AMORTIZATION	44,071	7.8%	34,051	4.3%	29.4%	36,352	5.6%	21.2%
INTEREST EXPENSE	3,892	0.7%	4,254	0.5%	(8.5%)	4,146	0.6%	(6.1%)
BAD DEBTS	3,012	0.5%	3,474	0.4%	(13.3%)	(1,217)	(0.2%)	(347.5%)
TAXES	4,387	0.8%	3,718	0.5%	18.0%	3,575	0.6%	22.7%
TOTAL OPERATING EXPENSES	443,333	78.0%	440,118	55.1%	0.7%	374,560	57.7%	18.4%
NET OPERATING INCOME (LOSS)	(78,288)	(13.8%)	32,822	4.1%	(338.5%)	21,622	3.3%	(462.1%)
NON-OPERATING INCOME		0.0%	1,060	0.1%	(100.0%)	440	0.1%	(100.0%)
NET INCOME (LOSS)	(\$78,288)	(13.8%)	\$33,882	4.2%	(331.1%)	\$22,062	3.4%	(454.9%)

RICE HOME MEDICAL
For the Eleven Months Ending November 30, 2012

	ACTUAL	% of SALES/GP	BUDGET	% of SALES/GP	% CHANGE	Prior Yr	% of SALES/GP	% CHANGE
GROSS SALES								
SALES REVENUE	\$5,920,785	62.9%	\$6,678,083	61.4%	(11.3%)	\$5,611,525	60.3%	5.5%
RENTS REVENUE	3,485,518	37.0%	4,197,483	38.6%	(17.0%)	3,694,263	39.7%	(5.7%)
MISC REVENUE	2,464	0.0%		0.0%	0.0%	4,666	0.1%	(47.2%)
GROSS SALES	9,408,767	100.0%	10,875,566	100.0%	(13.5%)	9,310,454	100.0%	1.1%
LESS: CONTRACTUAL ALLOWANCES	(2,075,159)	(22.1%)	(2,447,006)	(22.5%)	(15.2%)	(2,174,444)	(23.4%)	(4.6%)
LESS: UNCOMPENSATED CARE	(9,753)	(0.1%)		0.0%	0.0%	(2,034)	0.0%	379.5%
NET SALES	7,323,855	77.8%	8,428,560	77.5%	(13.1%)	7,133,976	76.6%	2.7%
COST OF GOODS SOLD								
OXYGEN	124,618	1.7%	137,785	1.6%	(9.6%)	127,318	1.8%	(2.1%)
EQUIPMENT	781,739	10.7%	1,044,103	12.4%	(25.1%)	812,199	11.4%	(3.8%)
SUPPLY - FREIGHT	152,043	2.1%	162,811	1.9%	(6.6%)	141,279	2.0%	7.6%
SUPPLY	1,763,839	24.1%	1,912,868	22.7%	(7.8%)	1,705,630	23.9%	3.4%
EQUIPMENT REPAIR	102,658	1.4%	178,042	2.1%	(42.3%)	110,985	1.6%	(7.5%)
SHOP EXPENSE	55,705	0.8%	3,949	0.0%	1,310.6%	50,963	0.7%	9.3%
EQUIPMENT RENTAL & LEASES		0.0%	3,828	0.0%	(100.0%)		0.0%	0.0%
PURCHASE DISCOUNTS	(93,485)	(1.3%)	(38,024)	(0.5%)	145.9%	(47,017)	(0.7%)	98.8%
TOTAL COST OF GOODS SOLD	2,887,117	39.4%	3,405,362	40.4%	(15.2%)	2,901,357	40.7%	(0.5%)
GROSS PROFIT	4,436,738	60.6%	5,033,198	59.6%	(11.7%)	4,232,619	59.3%	4.8%
OPERATING EXPENSES								
SALARIES & WAGES	2,445,374	33.4%	2,622,232	31.1%	(6.7%)	2,007,114	28.1%	21.8%
CONTRACT LABOR		0.0%		0.0%	0.0%	53,454	0.7%	(100.0%)
SUPPLEMENTAL BENEFITS	700,264	9.6%	750,910	8.9%	(6.7%)	614,850	8.6%	13.9%
SUPPLIES AND DRUGS	98,631	1.3%	109,048	1.3%	(9.6%)	100,567	1.4%	(1.9%)
PURCHASED SERVICES	278,501	3.8%	264,572	3.1%	5.3%	314,811	4.4%	(11.5%)
REPAIRS, SERVICE & RENTALS	163,958	2.2%	198,979	2.4%	(17.6%)	160,041	2.2%	2.4%
UTILITIES	84,704	1.2%	105,881	1.3%	(20.0%)	93,999	1.3%	(9.9%)
INSURANCE	64,496	0.9%	58,542	0.7%	10.2%	58,561	0.8%	10.1%
PATIENT RELATED TRAVEL	147,897	2.0%	139,439	1.7%	6.1%	138,477	1.9%	6.8%
EDUCATION, TRAVEL, & DUES	56,850	0.8%	40,805	0.5%	39.3%	53,833	0.8%	5.6%
OTHER EXPENSE	110,124	1.5%	75,724	0.9%	45.4%	78,364	1.1%	40.5%
DEPRECIATION & AMORTIZATION	445,010	6.1%	374,557	4.4%	18.8%	416,967	5.8%	6.7%
INTEREST EXPENSE	44,579	0.6%	46,794	0.6%	(4.7%)	54,256	0.8%	(17.8%)
BAD DEBTS	61,017	0.8%	38,214	0.5%	59.7%	46,537	0.7%	31.1%
TAXES	48,354	0.7%	40,904	0.5%	18.2%	41,430	0.6%	16.7%
TOTAL OPERATING EXPENSES	4,749,759	64.9%	4,866,601	57.7%	(2.4%)	4,233,261	59.3%	12.2%
NET OPERATING INCOME (LOSS)	(313,021)	(4.3%)	156,597	1.9%	(299.9%)	(642)	0.0%	48,657.2%
NON-OPERATING INCOME	1,599	0.0%	11,660	0.1%	(86.3%)	29,086	0.4%	(94.5%)
NET INCOME (LOSS)	(\$311,422)	(4.3%)	\$168,257	2.0%	(285.1%)	\$28,144	0.4%	(1194.9%)

**RICE MEMORIAL HOSPITAL
CONSOLIDATED CASH FLOW STATEMENT**

**FOR THE PERIOD ENDED:
November 30, 2012**

Line #	Current YTD	Prior YTD
1 Sources of Cash & Investments:		
2 Net Income	\$ 1,740,984	\$ 5,533,306
3 Depreciation & Amortization	7,300,778	\$ 6,745,124
4 Debt Proceeds	-	3,000,000
5 Other		
6		
7 Total Sources	<u>9,041,762</u>	<u>15,278,430</u>
8		
9 Uses		
10 Property, Plant, and Equipment - Gross	5,268,561	7,237,915
11 Debt Payments/Re-funding	2,934,461	2,464,767
12 Working Capital Changes & Other - Net	(400,102)	(3,677,121)
13		
14 Total Uses	<u>7,802,920</u>	<u>6,025,561</u>
15		
16 Increase / (Decrease) Cash & Investments	1,238,842	9,252,869
17		
18 Beginning of Period (January 1)	<u>28,854,321</u>	<u>19,798,398</u>
19		
20 End of Period	<u>\$ 30,093,163</u>	<u>\$ 29,051,267</u>

RICE MEMORIAL HOSPITAL
STATISTICAL AND VOLUME SUMMARY
FOR THE PERIOD ENDED:
November 30, 2012

Line #	CURRENT MONTH			YEAR-TO-DATE			Act/Prior	
	Actual	Budget	Var.	Actual	Budget	Var.	Prior Yr.	Var. %
1	578	492	86	5,883	5,925	(42)	6,359	-0.7%
2	168	199	(31)	2,320	2,425	(105)	2,642	-4.3%
3	53	69	(16)	661	755	(94)	831	-12.5%
4	214	182	32	2,321	2,008	313	2,269	15.6%
5	1,013	942	71	11,185	11,113	72	12,101	0.6%
6								
7	33.8	31.4	2.4	33.4	33.2	0.2	36.2	0.6%
8								
9	3.75	3.50	0.25	3.57	3.50	0.07	3.54	2.1%
10								
11	283	269	14	3,150	3,175	(25)	3,430	-0.8%
12	220	241	(21)	2,263	2,711	(448)	2,516	-16.5%
13								
14	-	1,268	(1,268)	-	1,268	(1,268)	1,259	-100.0%
15	1,104	1,036	0,068	1,045	1,036	0,009	1,032	0.9%
16								
17	778	780	(3)	9,476	9,217	259	10,033	2.8%
18	2,784	2,731	53	33,619	32,260	1,358	35,384	4.2%
19								
20	29	28	1	164	265	(101)	236	-38.1%
21	126	140	(14)	1,420	1,547	(127)	1,647	-8.2%
22								
23	5.2	5.6	(0.4)	4.7	5.4	(0.7)	5.6	-12.6%
24								
25	52	69	(17)	685	743	(58)	751	-7.8%
26								
27	2,192	2,250	(58)	24,344	25,124	(780)	21,870	-3.1%
28	73.1	75.0	(1.9)	72.7	75.0	(2.3)	65.5	-3.1%
29								

Patient Days

Adult Health Care

Women and Children's Care

ICCU

Mental Health

Total Adult & Peds

Average Daily Census

Average Length of Stay

Admissions-Inpatient

Observation patients

Medicare Case Mix Index

Case Mix Index-Total

Adjusted Admissions

Adjusted Patient Days

Intermediate Care Nursery

Nursery

Average Daily Census-ICN/Nursery

Births

Rice Care Center-Days

Rice Care Center-Average Daily Census



Investment Management & Trust

1100 West St. Germain Street
St. Cloud, MN 56301

Account Summary

Statement of Value and Activity

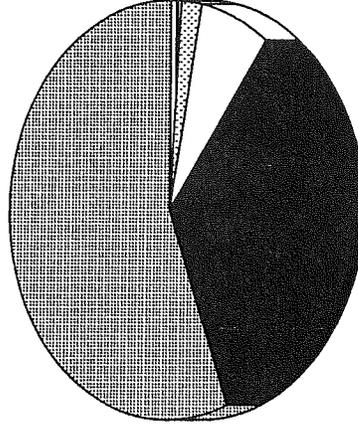
November 1, 2012 - November 30, 2012

Market Value Reconciliation

	This Period	1/1/12 to 11/30/12
Beginning Market Value	\$2,580,928.74	\$2,466,271.49
Additions	\$530.05	\$530.05
Withdrawals	-\$530.05	-\$70,352.92
Expenses/ Fees/ Taxes	-\$1,689.59	-\$19,966.44
Income	\$4,211.68	\$50,578.96
Other	\$0.00	\$0.00
Change in Market Value	\$16,573.90	\$172,963.59
Ending Market Value	\$2,600,024.73	\$2,600,024.73
Realized Gains/Losses (Included in Total Above)	\$7,917.12	\$2,468.36

Asset Allocation

Asset Class	Balance
Equities	\$1,448,274.78
Fixed Income	\$882,399.57
Alternative	\$190,043.35
Other	\$46,632.33
Cash and Money Market	\$32,674.70
Total Assets Value	\$2,600,024.73





*Investment Management
& Trust*

Selected Period Performance
RICE CUSHMAN A CHAR TR
 Account 180205
 Period Ending: 11/30/2012

<u>Sector</u>	<u>Market Value</u>	<u>1 Month</u>	<u>Year to Date (11 Months)</u>
Total Fund	2,559,820	.87	9.50
Total Fd Net Fee	2,559,820	.80	8.70
Fixed Income	887,300	.19	4.06
BarCap Int Aggregate Bd		.14	3.55
Domestic Equity	1,145,958	1.21	14.18
S&P 500 Index		.58	14.94
Russell 2000 Index		.53	12.34
Intl. Equity	303,844	2.31	16.36
MSCI EAFE (US\$ & Net) Index		2.42	13.69
Short Term Cash	25,081	.00	.01
Citigroup 1 Month Treas Bill		.00	.03
Alternative Investments	190,043	-.18	1.03
Citigroup 3 Month Treas Bill		.01	.08
Uninvested Cash	7,594	.00	.00

While the information and statistics given are believed to be complete and accurate, we cannot guarantee their completeness or accuracy. Past performance is no guarantee of future results.