

Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

See www.sec.gov/info/municipal/nrmsir.htm for list of current NRMSIRs and SIDs

IF THIS FILING RELATES TO A SINGLE BOND ISSUE:

Provide name of bond issue exactly as it appears on the cover of the Official Statement
(please include name of state where issuer is located):

\$17,860,000

Gaylord Hospital Finance Authority

Hospital Revenue and Refunding Bonds, Series 2004

Otsego Memorial Hospital Association Obligated Group

Provide nine-digit CUSIP* numbers if available, to which the information relates:

368177AB7

368177AC5

368177AD3

IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:

Issuer's Name (please include name of state where Issuer is located): _____

Other Obligated Person's Name (if any): _____

(Exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP* number(s), if available, of Issuer: _____

*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

TYPE OF FILING:

Electronic (number of pages attached) 9 Paper (number of pages attached) _____

If information is also available on the Internet, give URL: www.firstriver.com

WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)

A. Annual Financial Information and Operating Data pursuant to Rule 15c2-12
(Financial information and operating data should not be filed with the MSRB.)

Fiscal Period Covered: _____

B. Audited Financial Statements or CAFR pursuant to Rule 15c2-12

Fiscal Period Covered: _____

C. Notice of a Material Event pursuant to Rule 15c2-12 (Check as appropriate)

- | | |
|--|--|
| 1. <input type="checkbox"/> Principal and interest payment delinquencies | 6. <input type="checkbox"/> Adverse tax opinions or events affecting the tax-exempt status of the security |
| 2. <input type="checkbox"/> Non-payment related defaults | 7. <input type="checkbox"/> Modifications to the rights of security holders |
| 3. <input type="checkbox"/> Unscheduled draws on debt service reserves reflecting financial difficulties | 8. <input type="checkbox"/> Bond calls |
| 4. <input type="checkbox"/> Unscheduled draws on credit enhancements reflecting financial difficulties | 9. <input type="checkbox"/> Defeasances |
| 5. <input type="checkbox"/> Substitution of credit or liquidity providers, or their failure to perform | 10. <input type="checkbox"/> Release, substitution, or sale of property securing repayment of the securities |
| | 11. <input type="checkbox"/> Rating changes |

D. Notice of Failure to Provide Annual Financial Information as Required

E. Quarterly or Monthly Financial Information and Operating Data
(Financial information and operating data should not be filed with the MSRB.)

Period Covered: February 2011 (FY2011M02)

F. Other Secondary Market Information (Specify): _____

I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:

Issuer Contact:

Name _____ Title _____
Employer _____
Address _____ City _____ State _____ Zip Code _____
Telephone _____ Fax _____
Email Address _____ Issuer Web Site Address _____

Dissemination Agent Contact, if any:

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Investor Relations Contact, if any:

Name _____ Title _____
Telephone _____ Email Address _____

OTSEGO MEMORIAL HOSPITAL ASSOCIATION

FINANCIAL STATEMENTS

FY2011M02

<i>Obligated Group Balance Sheet</i> (<i>\$000s omitted</i>)			
	<i>At Feb. 28</i>	<i>At Jan. 31</i>	<i>At December 31</i>
	<i>2011</i>	<i>2011</i>	<i>2010</i>
	<i>Unaudited</i>		<i>Audited</i>
Cash, Cash Equivalents and Short-Term Investments ¹	1,108	812	1,358
Net Accounts Receivable	4,468	4,550	4,052
Current Assets Limited as to Use	191	97	574
Estimated Third-Party Payor Settlements	3,397	3,584	3,288
Prepaid Expenses and Other Current Assets	<u>2,229</u>	<u>2,215</u>	<u>1,811</u>
Total Current Assets	11,394	11,258	11,082
Investments ¹	3,317	3,061	2,822
Net Property and Equipment	26,907	27,074	27,185
Non-Current Assets Limited as to Use	2,573	2,569	2,558
Other Non-Current Assets	<u>811</u>	<u>810</u>	<u>811</u>
Total	45,002	44,772	44,458
Current Portion of Long-Term Debt	929	1,008	1,086
Short-Term Indebtedness	0	0	0
Accounts Payable	4,744	4,515	4,371
Estimated Third-Party Payor Settlements	1,996	2,201	1,783
Accrued Liabilities and Other	<u>2,366</u>	<u>2,156</u>	<u>2,284</u>
Total Current Liabilities	10,035	9,879	9,524
Long-Term Debt	21,273	21,282	21,292
Other Non-Current Liabilities	977	966	956
Net Assets	<u>12,717</u>	<u>12,644</u>	<u>12,687</u>
Total	45,002	44,772	44,458

¹ Corresponds to the definition of "Financial Assets" in the Master Indenture, and used in "Days' Cash on Hand" calculations

<i>Obligated Group Statement of Operations</i> <i>(\$000s omitted)</i>					
	<i>Two Months Ended February 28</i>				
	<i>2011</i>			<i>2010</i>	
	<i>Actual</i>	<i>Budget</i>	<i>Favorable/ (Unfavorable)</i>	<i>Actual</i>	<i>Favorable/ (Unfavorable)</i>
Gross Patient Service Revenue	18,214	17,653	3.2%	16,794	8.5%
Contractual Allowances and Other Deductions	<u>(7,368)</u>	<u>(6,790)</u>	<u>(8.5)%</u>	<u>(6,899)</u>	<u>(6.8)%</u>
Net Patient Service Revenue	10,846	10,863	(0.2)%	9,894	9.6%
Other Operating Revenue	<u>154</u>	<u>165</u>	<u>(6.6)%</u>	<u>529</u>	<u>(70.9)%</u>
Total Operating Revenue	11,000	11,028	(0.3)%	10,423	5.5%
Salaries and Wages	4,727	4,731	0.1%	4,704	(0.5)%
Employee Benefits	1,379	1,330	(3.7)%	1,298	(6.3)%
Operating Supplies	156	142	(10.2)%	155	(1.0)%
Medical Supplies	828	657	(26.0)%	750	(10.4)%
Pharmaceuticals	765	809	5.4%	859	10.9%
Purchased Services	415	452	8.3%	340	(22.0)%
Professional Services	222	244	9.1%	151	(47.0)%
Provider Tax	220	273	19.6%	252	12.7%
Facilities	828	822	(0.8)%	994	16.7%
Insurance	118	110	(6.6)%	130	9.4%
Other Expenses	113	123	7.8%	95	(19.2)%
Depreciation Expense	364	365	0.5%	325	(12.0)%
Interest Expense	252	253	0.1%	249	(1.5)%
Provision for Uncollectible Accounts	<u>665</u>	<u>543</u>	<u>(22.6)%</u>	<u>478</u>	<u>(39.1)%</u>
Total Operating Expenses	11,052	10,855	(1.8)%	10,778	(2.5)%
Income from Operations	(52)	173	(129.8)%	(354)	(85.4)%
Net Nonoperating Revenue (Loss)	<u>89</u>	<u>17</u>	<u>430.3%</u>	<u>57</u>	<u>56.7%</u>
Excess of Revenue over Expenses	37	190	(80.7)%	(298)	(112.3)%

<i>Obligated Group Statement of Cash Flows</i> <i>(\$000s omitted)</i>		
	<i>Two Months Ended</i> <i>February 28</i>	<i>FY2010</i>
	<i>Unaudited</i>	<i>Unaudited</i>
Operating Activities		
Cash Received from Patients and Third-Party Payors	9,746	64,966
(Cash Paid) to Suppliers and Employees	(9,763)	(64,482)
Depreciation and Amortization	364	1,998
Investment Income Received	95	371
(Interest Paid)	(252)	(1,514)
Other Operating Receipts (Disbursements)	(41)	(233)
Net Cash Provided (Used) by Operating Activities	147	1,106
Investing Activities		
(Purchases of) Property and Equipment	(85)	(1,500)
Proceeds from Disposal of Property and Equipment	-	-
Net (Purchases) Sales and Maturities of Investments	(492)	5,092
Change in Assets Limited as to Use	353	-
Proceeds from Life Insurance Contracts	-	-
Net (Investment in) Distribution from Joint Ventures	<u>4</u>	<u>56</u>
Net Cash Provided (Used) by Investing Activities	(221)	3,648

<i>Obligated Group Statement of Cash Flows</i> <i>(\$000s omitted)</i>		
	<i>Two Months Ended</i> <i>February 28</i>	<i>FY2010</i>
	<i>Unaudited</i>	<i>Unaudited</i>
Financing Activities		
Proceeds from Issuance of Debt Obligations	-	-
(Principal Repayments) on Debt Obligations	(175)	(3,592)
Proceeds from Restricted Contributions	=	=
Net Cash Provided (Used) by Financing Activities	(175)	(3,592)
Net Increase (Decrease) in Cash	(249)	1,162
Cash and Cash Equivalents – Beginning of Period	1,358	196
Cash and Cash Equivalents – End of Period	1,109	1,358

SERVICE VOLUMES AND UTILIZATION

FY2011M01

<i>Historical Acute Care Utilization (excludes newborns)</i>					
<i>Two Months Ended February 28</i>					
<i>2011</i>			<i>2010</i>		
	<i>Actual</i>	<i>Budget</i>	<i>Favorable / Unfavorable</i>	<i>Actual</i>	<i>Favorable / Unfavorable</i>
Days in Period	59	59		59	
Licensed Beds	46	46		46	
Admissions	227	290	(21.7)%	307	(26.1)%
Discharges	223	286	(22.0)%	302	(26.2)%
Patient Days	655	881	(25.7)%	980	(33.2)%
Observation Days	148	130	13.8%	151	(2.0)%
Births	34	37	(8.1)%	37	(8.1)%
Average Daily Census	11.1	14.9	(25.5)%	16.6	(33.1)%
Average Length of Stay ¹	2.9	3.1	(6.5)%	3.2	(9.4)%
¹ Based on discharges					

McReynolds Hall (Skilled Nursing) Utilization					
	Two Months Ended February 28				
	2011			2010	
	<i>Actual</i>	<i>Budget</i>	<i>Favorable / Unfavorable</i>	<i>Actual</i>	<i>Favorable / Unfavorable</i>
Days in Period	59	59		59	
Licensed and Staffed Beds	34	34		34	
Patient Days	1,844	1,804	2.2%	1,778	3.7%
Average Daily Census	31.3	30.6	2.3%	30.1	4.0%
Occupancy Rate (%)	91.9	89.9	2.2%	88.6	3.7%

Outpatient Volumes						
	Two Months Ended February 28					
	2011			2010		
	<i>Actual</i>	<i>Budget</i>	<i>Favorable / Unfavorable</i>	<i>Actual</i>	<i>Favorable / Unfavorable</i>	
ED Visits	2,107	2,029	3.8%	1,971	6.9%	
MedCare Encounters	2,345	2,397	(2.2)%	2,048	14.5%	
Employed Physician Encounters	OMH Medical Group	11,007	11,268	(2.3)%	10,843	1.5%
	Montmorency Clinic	1,384	1,420	(2.5)%	1,385	(0.1)%
	Orthopedic Surgeons	1,836	1,972	(6.9)%	1,994	(7.9)%
	Total	14,227	14,660	(3.0)%	14,222	0.0%
Outpatient Registrations	10,652	10,627	0.2%	10,257	3.9%	

<i>Surgical and Other Procedures</i>						
<i>Two Months Ended February 28</i>						
		<i>2011</i>			<i>2010</i>	
		<i>Actual</i>	<i>Budget</i>	<i>Favorable / Unfavorable</i>	<i>Actual</i>	<i>Favorable / Unfavorable</i>
Inpatient Surgeries		96	106	(9.4)%	131	(26.7)%
Outpatient	Surgeries	558	616	(9.4)%	598	(6.7)%
	Other Procedures	608	674	(9.8)%	649	(6.3)%
	Total Outpatient	1,166	1,290	(9.6)%	1,247	(6.5)%
Grand Total		1,262	1,396	(9.6)%	1,378	(8.4)%
Percent Outpatient		92.4%	92.4%		90.5%	

<i>Ancillary Services</i> <i>(the Corporation no longer distinguishes between ancillary services provided to inpatients and outpatients in its record-keeping)</i>					
	<i>Two Months Ended February 28</i>				
	<i>2011</i>			<i>2010</i>	
	<i>Actual</i>	<i>Budget</i>	<i>Favorable / Unfavorable</i>	<i>Actual</i>	<i>Favorable / Unfavorable</i>
Laboratory Orders	43,206	44,352	(2.6)%	41,617	3.8%
Electrocardiology Procedures	1,152	1,252	(8.0)%	1,424	(19.1)%
General Radiology Examinations	3,464	3,194	8.5%	3,394	2.1%
Ultrasound Examinations	656	657	(0.2)%	611	7.4%
Mammography Examinations	409	440	(7.0)%	416	(1.7)%
Nuclear Medicine Examinations	347	364	(4.7)%	375	(7.5)%
CT Scan Examinations	1,122	1,066	5.3%	1,076	4.3%
MRI Examinations	480	464	3.4%	435	10.3%
Cardio-Pulmonary Procedures	4,212	4,404	(4.4)%	4,339	(2.9)%
Physical Therapy Procedures	4,615	4,130	11.7%	3,613	27.7%
Occupational Therapy Procedures	2,460	2,957	(16.8)%	2,939	(16.3)%
Speech Therapy Procedures	168	200	(16.0)%	198	(15.2)%
Cardiac Rehabilitation Visits	695	1,067	(34.9)%	992	(29.9)%
Infusion Services	1,283	1,186	8.2%	1,045	22.8%

MANAGEMENT'S COMMENTS

FY2011M02

Patient service volumes were stronger in February versus January, but remain unfavorable to budget. Weak inpatient volumes were offset by some volume increases in surgeries and outpatient services. Price increases and charge capture improvements in the surgery department have enhanced revenue, partially offsetting the softness in volumes. Provisioning and bad debt expenses have increased due to price increases, a continued shift to more stingy payors, and a shift in favor of outpatient services for which payments reflect lower percentages of charges.

Management has become more adept at adjusting staffing and resource utilization to correspond to lower patient service volumes and to changes in patient acuity. Unfavorable-to-budget net patient service revenue has been partially offset by favorable-to-budget operating expenses. After allowing for areas with favorable revenues (volume and case-mix adjusted), FTEs are at or below budget and expenses continue to be under control, except for the following:

- Benefit expenses have increased due to adverse health insurance claims among employees and increased unemployment insurance contributions;
- Supplies expenses have increased due to several complex spinal surgery cases; and
- Purchased services have increased reflecting final billings in connection with the FRS and Dell engagements.

The Corporation will be discontinuing circulating the weekly cash flow forecasts as of that dated as of March 27, 2011, though they will continue to be produced for internal management purposes. Circulation of these forecasts will resume should circumstances warrant.