

# 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](http://www.sec.gov/info/municipal/nrmsir.htm) for list of current NRMSIRs and SIDs

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**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

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**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.)

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**TYPE OF FILING:**

Electronic (number of pages attached) 15  Paper (number of pages attached) \_\_\_\_\_

If information is also available on the Internet, give URL: [www.firstriver.com](http://www.firstriver.com)

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**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: July – September 2011 (FY2011Q3)

F.  Other Secondary Market Information (Specify): 13-Week Cash Flow Forecast and Assumptions as of November 4, 2011

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:**

Name Shelley J. Aronson Title President  
Employer First River Advisory L.L.C.  
Address 2640 Override Drive City Ann Arbor State MI Zip Code 48104  
Telephone (734) 761-3624 Fax (734) 761-3614  
Email Address [aronson@firstriver.com](mailto:aronson@firstriver.com) Relationship to Issuer Dissemination Agent

**Obligor Contact, if any:**

Name Robert J. Courtois, CPA, CIA Title Chief Financial Officer  
Employer Otsego Memorial Hospital  
Address 825 North Center Street City Gaylord State MI Zip Code 49735  
Telephone (989) 731-2238 Fax (989) 731-2217  
Email Address [rcourtois@otsegohospital.org](mailto:rcourtois@otsegohospital.org) Obligor Web Site Address [www.otsegohospital.org](http://www.otsegohospital.org)

**Investor Relations Contact, if any:**

Name \_\_\_\_\_ Title \_\_\_\_\_  
Telephone \_\_\_\_\_ Email Address \_\_\_\_\_

**OTSEGO MEMORIAL HOSPITAL ASSOCIATION**  
**825 NORTH CERTER STREET**  
**GAYLORD, MI 49735**

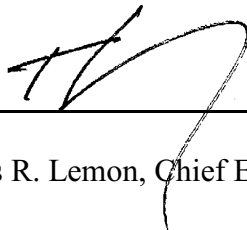
**OFFICER'S CERTIFICATE**

**DATED: NOVEMBER 4, 2011**

This Officer's Certificate is delivered pursuant to Section 5.10(b) of the Loan Agreement between Otsego Memorial Hospital Association (on behalf of Itself and as Obligated Group Agent on behalf of the Obligated Group) (the Corporation) and Gaylord Hospital Finance Authority (the Issuer), dated as of November 1, 2004, and Section 605(a)(ii) of the Indenture and Loan Agreement among the Corporation, the Issuer and Fifth Third Bank (Northern Michigan), dated as of February 1, 2005, relating to the Issuer's \$9,000,000 Hospital Revenue Bonds, Series 2005, issued on behalf of the Corporation (the Series 2005 Bonds). All capitalized terms used herein are as defined in the Loan Agreement, in the Indenture and Loan Agreement, or in the Master Trust Indenture between the Issuer and Wells Fargo Bank, N.A., as Master Trustee, dated as of November 1, 2004.

Attached are internally-prepared quarterly financial statements for the Fiscal Year quarter ended September 30, 2011, including a balance sheet as of such date and a statement of activities and statement of cash flows for such quarter on a FY-to-date basis (the Quarterly Financial Statements). The undersigned certifies that:

1. I am the Chief Executive Officer of the Corporation and duly authorized to deliver this Officer's Certificate;
2. the Quarterly Financial Statements have been prepared on substantially the same accounting basis as the Corporation's audited financial statements for its Most Recent Fiscal Year; and
3. the Quarterly Financial Statements are, to the best of my belief, true and correct, but may be subject to audit and Fiscal Year-end adjustments.



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Thomas R. Lemon, Chief Executive Officer

# **OTSEGO MEMORIAL HOSPITAL ASSOCIATION**

## **MANAGEMENT'S REPORT**

**FY2011Q3**

This Management's Report is delivered pursuant to Section 5.10(b) of the Loan Agreement between Otsego Memorial Hospital Association (on behalf of Itself and as Obligated Group Agent on behalf of the Obligated Group) (the Corporation) and Gaylord Hospital Finance Authority (the Issuer), dated as of November 1, 2004, relating to the Issuer's \$17,860,000 Hospital Revenue and Refunding Bonds, Series 2004, issued on behalf of the Corporation (the Series 2004 Bonds), and Section 605(a)(ii) of the Indenture and Loan Agreement among the Corporation, the Issuer and Fifth Third Bank (Northern Michigan), dated as of February 1, 2005, relating to the Issuer's \$9,000,000 Hospital Revenue Bonds, Series 2005, issued on behalf of the Corporation (the Series 2005 Bonds). All capitalized terms used herein are as defined in the Loan Agreement, in the Indenture and Loan Agreement, in the Master Trust Indenture between the Issuer and Wells Fargo Bank, N.A., as Master Trustee, dated as of November 1, 2004, or in the Official Statement relating to the Series 2004 Bonds dated November 11, 2004 (the OS).

During FY2007Q4, the Master Trustee, with the consent of the Beneficial Owners of the Series 2004 Bonds and Series 2005 Bonds, waived the Obligated Group's failure to comply with the Debt Service Coverage Ratio covenant relating to FY2006. In consideration for having granted this waiver, the Corporation (on behalf of Itself and as Obligated Group Agent on behalf of the Obligated Group) executed a Supplemental Indenture Number 6 which amends and supplements the Master Trust Indenture (as previously amended and supplemented) and a First Amendment to Indenture and Loan Agreement which amends and supplements the Indenture and Loan Agreement, each dated as of December 1, 2007.

This Management's Report should be read in conjunction with the most recent Management's Report which related to FY2011Q2.

Attached are patient service volume and utilization data for the Fiscal Year (FY) quarter ended September 30, 2011. These data are presented in a cumulative FY-to-date format, with a comparison to the same cumulative period in the prior FY.

### **MANAGEMENT'S DISCUSSION**

The following comments by management are required by Section 201(a)(i)(A) of Supplemental Indenture Number 6 and Section 2(i)(A) of the First Amendment to Indenture and Loan Agreement. Certain statements included or incorporated by reference in these comments constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially

different from any future results, performance or achievements expressed or implied by such forward-looking statements.

#### PATIENT SERVICE VOLUMES AND INCOME STATEMENT

The same volume, revenue and expense patterns witnessed in the first half of the year have continued into the third quarter. Soft volumes on the inpatient side were offset by improved surgical volumes and clinic encounters, prices increase and charge capture processes. Through September 30, 2011, patient care volumes have continued the shift from the inpatient to the outpatient setting, but net patient service revenues were up 6.4 percent over the first nine months of FY2010. Other operating revenue in the third quarter includes the recognition of \$815,000 in Medicaid “meaningful use” funding. Increased revenues, along with continued tight expense management, contributed to a \$3,223,000 (3.5 percent) FY-to-date net operating income. After investment losses, the FY2011-to-date excess of revenue over expenses was \$3,050,000, \$2,039,000 favorable to the first three quarters of FY2010.

Total admissions year to date were nine percent below the first three quarters of FY2010, due in part to patients categorized as observation status. Accordingly, patient days were down seven percent over the prior FY. FY-to-date increases were experienced for emergency visits (four percent), inpatient surgeries (six percent) and births (18 percent). Outpatient surgery volumes continued to run approximately 10 percent below the prior FY due, in part, to turnover among surgeons. Ambulatory services encounters improved during FY2011Q3, and are up two percent over the first three quarters of FY2010. Most ancillary service volumes were running ahead of budget and the prior FY.

Favorable gross patient service revenues for the month and on a FY-to-date basis are partially offset by increases in related provisioning, bad debt expense and other operating expenses. Provisioning and bad debt expense are slightly ahead of budget due to allowances for price increases, continued shifts to lower quality payors and outpatient services for which the Corporation is paid a lower percentage of charges. Other operating revenues in the third quarter include \$815,000 in Medicaid “meaningful use” funding; OMH was among the first hospitals in the country to qualify. With the meaningful use dollars, total operating revenues of \$35,917,000 for FY2011Q3 are 7.1 percent favorable to the first three quarters of FY2010.

After adjusting for volumes and case mix, expense trends remain favorable. Salaries and benefits are up 5.2 percent chiefly due to a three percent pay increase in January, employees health cost increases and new physicians. Other than the four new physicians (two OB/GYNs, a general practitioner and a general surgeon) who started during the third quarter, staffing levels have not been increased. Supplies, drugs and other expenses are up in conjunction with related volumes and, overall, expense control remains strong. FY-to-date savings under the 340(b) drug discount program have produced savings of approximately \$725,000, most of which relates to infusion services.

FY2011Q3 net operating income stood at \$3,223,000, \$2,008,000 favorable to budget and \$2,401,000 over the first three quarters of FY2010. Investment activity year to date (net) decreased the excess of revenue over expenses to \$3,050,000 vs. the prior FY's \$1,011,000. The debt service coverage ratio of 2.65 times Maximum Annual Debt Service Requirements is well above the covenant of 1.50 times.

#### **BALANCE SHEET**

The statement of financial position as of September 30, 2011 continues to reflect improvement, with days cash on hand increased to 36 days, vs. 25 days at June 30. Capital expenditures of approximately \$2,340,000, includes \$1,340,000 relating to operating lease buyouts, and have reduced operating expenses and off balance sheet obligations, and will improve long term cash flow. Accounts receivable days stand at 38 for the Hospital and 41 for the physician practices. Days expenses in accounts payable are averaging 39 days, while unrestricted net assets have grown to \$15.7 million.

#### **SUBSEQUENT PERIOD HIGHLIGHTS**

Looking ahead, in addition to the four physicians hired in the third quarter, the Corporation hired an orthopedic surgeon who started in October. Related office appointments are ramping up and are favorably impacting volume projections for the remainder of the year and into FY2012. Settlement payments from Medicaid totaling approximately \$1.5 million have been delayed due to information systems conversions, but are still expected before the end of FY2011. Challenges lay ahead with legislative uncertainty related to health care reform and state budgetary issues, but top line revenue growth and sustained patient focused improvements in cost performance portend favorable prospects.

#### **CONFERENCE CALL WITH BENEFICIAL OWNERS OF THE RELATED BONDS**

The next conference call for the Beneficial Owners of the Corporation's Series 2004 and Series 2005 Bonds, as required by Section 202 of Supplemental Indenture Number 6 and Section 2 of the First Amendment to Indenture and Loan Agreement, will be held at 1:00 P.M., Eastern Standard Time, on Wednesday, November 9. First River Advisory L.L.C., the Corporation's Financial Advisor, will provide access information to such Beneficial Owners.

#### **FINANCIAL RATIO CALCULATIONS**

The following calculations of financial ratios are required by Section 201(a)(i)(B) of Supplemental Indenture Number 6 and Section 2(i)(B) of the First Amendment to Indenture and Loan Agreement.

<b>Debt Service Coverage Ratio Calculation</b>					
<b>for the Rolling Four Quarters Ended September 30, 2011</b>					
<b>(\$000s omitted, except for Debt Service Coverage Ratio)</b>					
			<i>Minus</i>	<i>Plus</i>	
		<i>FY2010</i>	<i>FY2010Q3</i>	<i>FY2011Q3</i>	<i>Rolling Four Quarters</i>
		<i>Audited</i>	<i>Unaudited</i>		
Excess (Deficit) of Revenue over Expenses		519	1,011	3,050	2,557
Depreciation and Amortization Expense		1,998	1,471	1,840	2,368
Interest Expense		1,514	1,138	1,091	1,467
Unrealized (Gains) Losses on Investment Securities		(246)	(94)	144	(7)
(Gains) Losses on the Disposition of Capital Assets		(6)	(6)	39	39
(Gains) Losses on Extinguishment of Debt		0	0	0	0
Net Income Available for Debt Service	NIADS	3,780			6,424
Maximum Annual Debt Service Requirements	MADS				2,425
Debt Service Coverage Ratio	NIADS / MADS				2.65

<b>Debt Service Coverage Ratio Calculation</b>				
<b>for the Annualized Three-Month Period Ended September 30, 2011</b>				
<b>(\$000s omitted, except for Debt Service Coverage Ratio)</b>				
			<i>Minus</i>	
		<i>FY2011Q3</i>	<i>FY2011Q2</i>	<i>Three- Month Period</i>
		<i>Unaudited</i>	<i>Unaudited</i>	
Excess (Deficit) of Revenue over Expenses		3,050	1,677	1,373
Depreciation and Amortization Expense		1,840	1,144	696
Interest Expense		1,091	737	354
Unrealized (Gains) Losses on Investment Securities		144	(59)	203
(Gains) Losses on the Disposition of Capital Assets		39	44	(5)
(Gains) Losses on Extinguishment of Debt		0	0	0
Net Income Available for Debt Service	NIADS	6,164	3,543	2,621
¼ of Maximum Annual Debt Service Requirements	MADS			606
Debt Service Coverage Ratio	NIADS / MADS			4.32

<b><i>Days' Cash on Hand Calculation at September 30, 2011            (for information only – not a covenant measurement date)            (\$000s omitted, except for Days' Cash on Hand)</i></b>		
a	Cash and Cash Equivalents	2,215
b	Short-Term Investments	0
c	Corporation and Foundation Investments	4,360
d	Outstanding Principal Balance of Short-Term Indebtedness	0
e = a + b + c - d	Financial Assets	6,575
f	Operating Expenses	52,033
g	Minus: Depreciation and Amortization Expense	(1,840)
h = f - g	Adjusted Operating Expenses	50,194
i = h / days	Daily Operating Expenses	184
e ÷ i	Days' Cash on Hand	36

# OTSEGO MEMORIAL HOSPITAL ASSOCIATION

## FINANCIAL STATEMENTS

FY2011Q3

<i>Obligated Group Balance Sheet (\$000s omitted)</i>			
	<i>At Sept. 30</i>	<i>At Aug. 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 <sup>1</sup>	2,215	743	1,358
Net Accounts Receivable	4,836	4,062	4,052
Current Assets Limited as to Use	287	192	574
Estimated Third-Party Payor Settlements	2,700	2,778	3,288
Prepaid Expenses and Other Current Assets	<u>2,049</u>	<u>2,100</u>	<u>1,810</u>
Total Current Assets	12,088	9,874	11,082
Investments <sup>1</sup>	4,360	4,269	2,822
Net Property and Equipment	27,513	27,606	27,185
Non-Current Assets Limited as to Use	2,536	2,663	2,558
Other Non-Current Assets	<u>1,065</u>	<u>775</u>	<u>811</u>
Total	47,562	45,188	44,458
Current Portion of Long-Term Debt	1,086	1,086	1,086
Short-Term Indebtedness	0	0	0
Accounts Payable	3,548	2,944	4,371
Estimated Third-Party Payor Settlements	2,572	1,293	1,783
Accrued Liabilities and Other	<u>3,192</u>	<u>2,928</u>	<u>2,284</u>
Total Current Liabilities	10,398	8,251	9,524
Long-Term Debt	20,494	20,584	21,292
Other Non-Current Liabilities	947	1,074	955
Net Assets	<u>15,723</u>	<u>15,278</u>	<u>12,687</u>
Total	47,562	45,188	44,458

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

<b><i>Obligated Group Statement of Operations</i></b> <b><i>(\$000s omitted)</i></b>					
	<b><i>Nine Months Ended September 30</i></b>				
	<b><i>2011</i></b>			<b><i>2010</i></b>	
	<b><i>Actual</i></b>	<b><i>Budget</i></b>	<b><i>Favorable/ (Unfavorable)</i></b>	<b><i>Actual</i></b>	<b><i>Favorable/ (Unfavorable)</i></b>
Gross Patient Service Revenue	91,272	82,248	11.0%	79,707	14.5%
Contractual Allowances and Other Deductions	<u>(37,662)</u>	<u>(31,848)</u>	<u>(18.3)%</u>	<u>(32,532)</u>	<u>(15.8)%</u>
Net Patient Service Revenue	53,609	50,399	6.4%	47,175	13.6%
Other Operating Revenue	<u>1,646</u>	<u>1,130</u>	<u>45.7%</u>	<u>2,570</u>	<u>(35.9)%</u>
Total Operating Revenue	55,256	51,529	7.2%	49,745	11.1%
Salaries and Wages	22,109	21,898	(1.0)%	21,293	(3.8)%
Employee Benefits	6,351	5,913	(7.4)%	5,770	(10.1)%
Operating Supplies	838	658	(27.3)%	689	(21.6)%
Medical Supplies	4,150	3,317	(25.1)%	3,299	(25.8)%
Pharmaceuticals	4,135	3,742	(10.5)%	3,705	(11.6)%
Purchased Services	1,968	2,081	5.4%	1,729	(13.9)%
Professional Services	1,273	1,188	(7.1)%	809	(57.3)%
Provider Tax	1,003	1,230	18.5%	1,250	19.8%
Facilities	3,293	3,862	14.7%	4,142	20.5%
Insurance	502	496	(1.1)%	558	10.1%
Other Expenses	572	616	7.1%	591	3.2%
Depreciation Expense	1,840	1,648	(11.6)%	1,471	(25.1)%
Interest Expense	1,091	1,136	4.0%	1,138	4.2%
Provision for Uncollectible Accounts	<u>2,909</u>	<u>2,528</u>	<u>(15.1)%</u>	<u>2,479</u>	<u>(17.3)%</u>
Total Operating Expenses	52,033	50,314	(3.4)%	48,923	(6.4)%
Income from Operations	3,223	1,215	165.3%	822	292.1%
Net Nonoperating Revenue (Loss)	<u>(173)</u>	<u>92</u>	<u>(286.7)%</u>	<u>189</u>	<u>(191.2)%</u>
Excess of Revenue over Expenses	3,050	1,307	133.3%	1,011	201.6%

<b><i>Obligated Group Statement of Cash Flows</i></b> <b><i>(\$000s omitted)</i></b>		
	<b><i>Nine Months Ended Sept. 30, 2011</i></b>	<b><i>FY2010</i></b>
	<b><i>Unaudited</i></b>	<b><i>Audited</i></b>
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets	3,018	551
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation and Amortization	1,786	2,085
Net change in unrealized and realized gains (losses) on investments	304	(240)
Undistributed gain on equity investments	(40)	(47)
(Gain) loss on disposal of equipment	44	(6)
Restricted contributions	14	(32)
Provision for bad debts	2,909	4,149
Changes in assets and liabilities which (used) provided cash:		
Accounts receivable	(3,693)	(1,358)
Other current assets	(408)	173
Cost report settlements receivable	588	(2,728)
Other assets	0	4
Accounts payable	(823)	(333)
Accrued liabilities	883	(411)
Cost report settlements payable	789	1,783
Other liabilities	16	387
<b><i>Net Cash Provided (Used) by Operating Activities</i></b>	<b>5,388</b>	<b>3,977</b>

<b><i>Obligated Group Statement of Cash Flows</i></b> <b><i>(\$000s omitted)</i></b>		
	<b><i>Nine Months Ended Sept. 30, 2011</i></b>	<b><i>FY2010</i></b>
	<b><i>Unaudited</i></b>	<b><i>Audited</i></b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(2,340)	(772)
Proceeds from sale of property and equipment	5	6
Purchase of investments	(2,991)	(3,132)
Proceeds from sales and maturities of investments	1,475	5,224
Net distribution from investment in affiliate	<u>50</u>	<u>150</u>
<i>Net Cash Provided (Used) by Investing Activities</i>	(3,800)	1,476
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of debt obligations	0	0
Principal repayments on long-term debt	(716)	(938)
Payments on line of credit and margin loan	0	(3,385)
Restricted contributions	<u>(14)</u>	<u>32</u>
<i>Net Cash Provided (Used) by Financing Activities</i>	(729)	(4,292)
<b>Net Increase (Decrease) in Cash</b>		
	858	1,162
Cash and Cash Equivalents – Beginning of Period	1,358	196
Cash and Cash Equivalents – End of Period	2,215	1,358

## SERVICE VOLUMES AND UTILIZATION

FY2011Q3

<i>Historical Acute Care Utilization (excludes newborns)</i>					
<i>Nine Months Ended September 30</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	273	273		273	
Licensed Beds	46	46		46	
Admissions	1,193	1,404	(15.0)%	1,295	(7.9)%
Discharges	1,191	1,321	(9.8)%	1,294	(8.0)%
Patient Days	3,649	4,056	(10.0)%	4,033	(9.5)%
Observation Days	662	600	10.3%	609	8.7%
Births	205	167	22.8%	174	17.8%
Average Daily Census	13.4	14.9	(10.1)%	14.8	(9.5)%
Average Length of Stay <sup>1</sup>	3.1	3.1	0.0%	3.1	0.0%
<sup>1</sup> Based on discharges					

<b>McReynolds Hall (Skilled Nursing) Utilization</b>					
	<b>Nine Months Ended September 30</b>				
	<b>2011</b>			<b>2010</b>	
	<i>Actual</i>	<i>Budget</i>	<i>Favorable / Unfavorable</i>	<i>Actual</i>	<i>Favorable / Unfavorable</i>
Days in Period	273	273		273	
Licensed and Staffed Beds	34	34		34	
Patient Days	8,457	8,340	1.4%	8,036	5.2%
Average Daily Census	31.0	30.5	1.6%	29.4	5.4%
Occupancy Rate (%)	91.1	89.9	1.4%	86.6	5.2%

<b>Outpatient Volumes</b>						
		<b>Nine Months Ended September 30</b>				
		<b>2011</b>			<b>2010</b>	
		<i>Actual</i>	<i>Budget</i>	<i>Favorable / Unfavorable</i>	<i>Actual</i>	<i>Favorable / Unfavorable</i>
ED Visits		10,455	10,151	3.0%	10,081	3.7%
Employed Physician Encounters	MedCare Walk-in Clinic	11,500	11,401	0.9%	11,460	0.3%
	OMH Medical Group	51,873	53,592	(3.2)%	51,667	0.4%
	Montmorency Clinic	7,218	6,754	6.9%	6,848	5.4%
	Orthopedic Surgeons	10,176	9,378	8.5%	9,455	7.6%
	Total Encounters	80,767	81,125	(0.4)%	79,430	1.7%
Outpatient Registrations		50,976	49,182	3.6%	50,141	1.7%

<b><i>Surgical and Other Procedures</i></b>						
<b><i>Nine Months Ended September 30</i></b>						
<b><i>2011</i></b>			<b><i>2010</i></b>			
	<b><i>Actual</i></b>	<b><i>Budget</i></b>	<b><i>Favorable / Unfavorable</i></b>	<b><i>Actual</i></b>	<b><i>Favorable / Unfavorable</i></b>	
Inpatient Surgeries	522	492	6.1%	506	3.2%	
Outpatient	Surgeries	2,518	2,851	(11.7)%	2,783	(9.5)%
	Other Procedures	2,789	3,119	(10.6)%	3,064	(9.0)%
	Total Outpatient	5,307	5,970	(11.1)%	5,847	(9.2)%
Grand Total	5,829	6,462	(9.8)%	6,353	(8.2)%	
Percent Outpatient	91.0%	92.4%		92.0%		

<b><i>Ancillary Services</i></b>					
<b><i>(the Corporation no longer distinguishes between ancillary services provided to inpatients and outpatients in its record-keeping)</i></b>					
<b><i>Nine Months Ended September 30</i></b>					
<b><i>2011</i></b>			<b><i>2010</i></b>		
	<b><i>Actual</i></b>	<b><i>Budget</i></b>	<b><i>Favorable / Unfavorable</i></b>	<b><i>Actual</i></b>	<b><i>Favorable / Unfavorable</i></b>
Laboratory Orders	215,733	205,213	5.1%	205,130	5.2%
General Radiology Examinations	15,968	14,778	8.1%	15,276	4.5%
Ultrasound Examinations	3,197	3,039	5.2%	3,006	6.4%
Mammography Examinations	1,965	2,036	(3.5)%	1,975	(0.5)%
Nuclear Medicine Examinations	1,684	1,683	0.1%	1,669	0.9%
CT Scan Examinations	5,434	4,925	10.3%	5,030	8.0%
MRI Examinations	2,362	2,148	10.0%	2,163	9.2%
Electrocardiology Procedures	5,355	5,795	(7.6)%	5,754	(6.9)%
Cardio-Pulmonary Procedures	19,281	20,377	(5.4)%	20,139	(4.3)%
Infusion Services	6,248	5,473	14.2%	4,942	26.4%

<b>Therapy Services</b> <i>(the Corporation no longer distinguishes between therapy services provided to inpatients and outpatients in its record-keeping)</i>					
<b>Nine Months Ended September 30</b>					
	<b>2011</b>			<b>2010</b>	
	<i>Actual</i>	<i>Budget</i>	<i>Favorable / Unfavorable</i>	<i>Actual</i>	<i>Favorable / Unfavorable</i>
Physical Therapy Procedures	19,791	19,110	3.6%	19,813	(0.1)%
Occupational Therapy Procedures	13,753	13,682	0.5%	13,264	3.7%
Speech Therapy Procedures	728	926	(21.4)%	894	(18.6)%
Cardiac Rehabilitation Visits	2,869	3,092	(7.2)%	3,265	(12.1)%
<b>Total Therapies</b>	<b>37,141</b>	<b>36,810</b>	<b>0.9%</b>	<b>37,236</b>	<b>(0.3)%</b>

Prepared by Management  
13 Week Cash Forecast - Otsego Wk Ended 110611 as of 110411

**Otsego Memorial Hospital & Foundation**  
**13 Week Cash Flow Forecast**

	Actual	1	2	3	4	5	6	7	8	9	10	11	12	13	13 Week	
	Starting	10/31/11	11/7/11	11/14/11	11/21/11	11/28/11	12/5/11	12/12/11	12/19/11	12/26/11	1/2/12	1/9/12	1/16/12	1/23/12	Total	
	Ending	10/30/11	11/6/11	11/13/11	11/20/11	11/27/11	12/4/11	12/11/11	12/18/11	12/25/11	1/1/12	1/8/12	1/15/12	1/22/12	1/29/12	
Opening Operating Cash Balance	\$	832,827	\$ 1,383,334	\$ 855,001	\$ 1,480,560	\$ 774,413	\$ 1,813,606	\$ 1,105,141	\$ 1,759,025	\$ 1,208,209	\$ 2,019,549	\$ 1,532,994	\$ 2,489,514	\$ 2,091,512	\$ 3,021,295	\$ 1,383,334
<b>Cash Receipts:</b>																
Blue Cross - BIP - Weekly		259,900	259,900	259,900	259,900	259,900	259,900	259,900	259,900	259,900	259,900	259,900	259,900	259,900	259,900	3,378,700
Medicare - PIP - Bi - Weekly		262,101	0	262,101	0	262,101	0	262,101	0	262,101	0	262,101	0	262,101	0	1,572,606
Medicare Part B & Output pay		147,547	187,872	190,969	194,945	197,518	199,945	202,369	207,588	207,671	202,118	200,416	203,675	195,219	199,192	2,589,497
Medicaid - MIP - Bi - Monthly		0	0	67,938	0	67,938	0	67,938	0	67,938	0	67,938	0	67,938	0	407,628
Medicaid - CIP - Bi-Weekly		900	0	900	0	900	0	900	0	900	0	900	0	900	0	5,400
Medicaid QAS / MACI / DSH		35,770	0	0	0	285,115	35,770	0	0	0	35,770	0	0	0	35,770	392,425
Medicaid Other Fee For Service		18,932	37,991	24,408	25,715	25,378	24,329	24,879	24,175	25,726	26,575	25,148	25,241	25,182	25,157	339,905
PIP, MIP & BIP, QAS review, adjustments		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial		234,219	281,529	322,686	319,777	319,112	321,030	324,895	317,478	310,475	304,564	311,416	313,530	306,726	312,768	4,065,985
PMB & Clinic and Rural Health Clinic pmts		213,391	218,333	215,314	219,285	217,762	218,522	221,062	220,374	224,472	222,739	603,902	219,638	219,483	219,990	3,240,876
Self Pay & Other		62,485	56,649	65,133	64,907	65,755	66,093	66,812	67,079	67,646	67,335	66,399	65,668	65,163	65,387	850,027
Transfers from (to) Foundation		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers from (to) Savings or Investments		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Misc. (Meaningful Use, DSG Sales Proceeds)		10,867	429,305	10,015	17,141	68,127	17,222	14,784	15,365	14,007	14,627	15,458	585,557	15,085	106,712	1,323,405
<b>Total Cash Receipts</b>		<b>1,246,112</b>	<b>1,471,579</b>	<b>1,419,365</b>	<b>1,101,671</b>	<b>1,769,606</b>	<b>1,142,810</b>	<b>1,445,640</b>	<b>1,111,960</b>	<b>1,440,836</b>	<b>1,133,628</b>	<b>1,813,578</b>	<b>1,673,208</b>	<b>1,349,759</b>	<b>1,292,814</b>	<b>18,166,454</b>
<b>Cash Disbursements:</b>																
Operating supplies		25,590	18,780	18,353	20,892	19,512	21,431	19,492	19,407	19,975	20,118	19,989	20,069	19,842	19,900	257,759
Medical Supplies & Pharmacy		207,453	261,926	417,634	209,590	367,000	157,000	367,000	117,000	387,000	127,000	247,000	367,000	157,000	367,000	3,549,150
Purchased Services		42,053	119,111	19,925	32,818	20,000	48,435	20,000	20,000	20,000	10,000	58,818	20,000	20,000	20,000	429,106
Professional Fees		22,500	25,489	5,000	5,000	26,500	5,000	5,000	5,000	5,000	5,000	26,500	5,000	5,000	26,500	149,989
Facilities (leases, utilities and other)		60,852	44,225	25,000	39,562	39,571	39,562	39,562	39,562	39,562	10,562	68,571	39,562	39,562	39,562	504,426
Insurance		98,099	0	0	14,704	849	8,000	12,000	14,705	8,000	0	86,000	0	15,000	8,000	167,258
Payroll , Employment Taxes & 403(b)		0	1,277,155	6,912	1,263,357	3,456	1,270,256	5,184	1,266,806	4,320	1,268,531	4,752	1,267,669	4,536	1,268,100	8,911,034
Equipment Leases		33,055	37,467	0	0	26,842	37,467	0	5,807	0	0	62,270	0	0	24,803	194,656
5/3 Bond ,Principal & Interest 2005 Bonds		0	87,117	0	0	0	85,729	0	0	0	85,729	0	0	0	0	258,575
Wells Fargo Bond, Interest 2004 Bonds		0	0	95,420	0	0	0	95,420	0	0	0	95,420	0	0	0	286,260
CAPEX		44,278	0	54,181	60,235	72,127	51,666	0	15,000	0	0	38,600	228,663	0	0	520,472
Additional Professional Fees		23,304	0	4,682	0	8,895	0	0	0	0	0	20,000	0	0	0	33,577
Health Insurance		67,365	65,783	46,995	40,000	87,000	62,500	40,000	40,000	87,000	40,000	62,500	40,000	40,000	40,000	691,778
Transfer to Investments		50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	650,000
QAAP Taxes, Cost Reports, Ins & Pat Refunds		0	0	40,005	65,000	0	1,593	129,869	65,000	0	0	1,593	25,006	65,000	0	393,065
Fees and service charges		0	2,558	0	1,260	0	8,000	0	1,260	0	0	8,000	0	0	0	21,078
Other		21,055	10,301	9,700	5,400	8,660	4,637	8,230	3,228	8,639	3,242	7,046	8,241	4,037	8,668	90,031
<b>Total Cash Disbursements</b>		<b>695,604</b>	<b>1,999,912</b>	<b>793,806</b>	<b>1,807,818</b>	<b>730,413</b>	<b>1,851,275</b>	<b>791,757</b>	<b>1,662,776</b>	<b>629,496</b>	<b>1,620,183</b>	<b>857,059</b>	<b>2,071,210</b>	<b>419,976</b>	<b>1,872,533</b>	<b>17,108,213</b>
Operating Cash Flow		550,508	(528,333)	625,559	(706,147)	1,039,193	(708,465)	653,884	(550,816)	811,340	(486,555)	956,519	(398,002)	929,783	(579,719)	1,058,242
<b>Ending Operating Cash Balance</b>		<b>1,383,334</b>	<b>855,001</b>	<b>1,480,560</b>	<b>774,413</b>	<b>1,813,606</b>	<b>1,105,141</b>	<b>1,759,025</b>	<b>1,208,209</b>	<b>2,019,549</b>	<b>1,532,994</b>	<b>2,489,514</b>	<b>2,091,512</b>	<b>3,021,295</b>	<b>2,441,576</b>	<b>2,441,576</b>
PNC Account (QAAP Depository)		300,325	409,126	409,126	409,126	408,426	408,426	506,576	506,576	506,576	505,876	505,876	604,026	604,026	603,326	603,326
<b>Total Operating + QAAP Cash Balance</b>		<b>1,683,659</b>	<b>1,264,126</b>	<b>1,889,685</b>	<b>1,183,539</b>	<b>2,222,032</b>	<b>1,513,567</b>	<b>2,265,601</b>	<b>1,714,785</b>	<b>2,526,125</b>	<b>2,038,870</b>	<b>2,995,389</b>	<b>2,695,538</b>	<b>3,625,320</b>	<b>3,044,902</b>	<b>3,044,902</b>
<b>Additional Cash &amp; Investments Balances:</b>																
Hospital Investments		3,773,987	3,823,987	3,873,987	3,923,987	3,973,987	4,023,987	4,073,987	4,123,987	4,173,987	4,223,987	4,273,987	4,323,987	4,373,987	4,423,987	4,423,987
Foundation Cash		22,064	26,064	30,064	34,064	38,064	42,064	46,064	50,064	54,064	58,064	62,064	66,064	70,064	74,064	74,064
Foundation Investments		1,000,924	1,001,524	1,002,124	1,002,724	1,003,324	1,003,924	1,004,524	1,005,124	1,005,724	1,006,324	1,006,924	1,007,524	1,008,124	1,008,724	1,008,724
Total additional cash & investments		4,796,975	4,851,575	4,906,175	4,960,775	5,015,375	5,069,975	5,124,575	5,179,175	5,233,775	5,288,375	5,342,975	5,397,575	5,452,175	5,506,775	5,506,775
Total Cash & Investments	\$	6,480,634	\$ 6,115,701	\$ 6,795,860	\$ 6,144,314	\$ 7,237,406	\$ 6,583,542	\$ 7,390,175	\$ 6,893,960	\$ 7,759,900	\$ 7,327,245	\$ 8,338,364	\$ 8,093,113	\$ 9,077,495	\$ 8,551,676	\$ 8,551,676
Cumulative Average Daily Cash Expenditures		188,975		190,625		191,697		190,263		190,207	YE	188,657		188,792		188,002
Days Cash On Hand (Rolling 52 weeks avg)		34		36		38		39		41		44		48		45
Note: Float (Ending Op Cash Bal vs Cash in Bank)		779,769														
Total Cash in Bank plus float	\$	7,260,402														
Cash in Bank - Operating plus float	\$	2,163,103														
Notes:																
Cash receipts exclude approximately \$1.5 MM in Medicaid settlements expced in the 4th Qtr.																
The daily cash disbursements calculation is based on a rolling 52 weeks of expenditures. The average in the "13 Week Total" column is based on just the expenditures in the 13 weeks presented.																
All known material expenditures are reflected.																