MARK MILFORD HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

Mary Taylor, CPA
Auditor of State

Board of Trustees
Mark Milford Hicksville Joint Township Hospital District
208 N. Columbus Street
Hicksville, Ohio 43526

We have reviewed the *Report of Independent Auditors* of the Mark Milford Hicksville Joint Township Hospital District, Defiance County, prepared by Blue & Co., LLC, for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Mark Milford Hicksville Joint Township Hospital District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 12, 2010

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MARK MILFORD HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT

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blue

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REPORT OF INDEPENDENT AUDITORS

Board of Trustees
Mark Milford Hicksville Joint Township Hospital District
Hicksville, Ohio

We have audited the accompanying balance sheets of Mark Milford Hicksville Joint Township Hospital District (the Hospital) as of December 31, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mark Milford Hicksville Joint Township Hospital District as of December 31, 2009 and 2008, and the results of its operations, changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2010, on our consideration of Mark Milford Hicksville Joint Township Hospital District internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis on pages i through vii is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods and measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Blue & Co., LLC

June 23, 2010

MARK MILFORD HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2009 AND 2008

The discussion and analysis of Mark Milford Hicksville Joint Township Hospital District (the Hospital) is to provide further information on the Hospital's financial performance as a whole. Readers should also read the notes to the basic financial statements to enhance their understanding of the Hospital's financial performance.

Financial Highlights

- Total assets decreased $1,046,241 from $19,891,720 at December 31, 2008 to $18,845,479 at December 31, 2009. Net days revenue in accounts receivable improved to 52 days at December 31, 2009, down from 56 days at December 31, 2008.

- Total liabilities decreased $531,808 which relates primarily to a decrease in third party settlements.

- Net patient service revenue increased $2,844,619, or 17.5% over 2008. Total operating expenses increased $1,586,739 or 9.2% over 2008. There was an operating income of $264,793 in 2009 compared to an operating loss of $993,087 in 2008.

- Net cash provided from operating activities was approximately $1,354,000 in 2009 compared to net cash provided from operating activities of approximately $1,993,000 in 2008.

The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Assets

The analysis of the Hospital finances beings on page ii. One of the most important questions asked about the Hospital's finances is, "Is the Hospital as a whole better or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Assets report information about the Hospital's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Hospital's net assets and related changes. You can think of the Hospital's net assets—the difference between assets and liabilities—as one way to measure the Hospital's financial health, or financial position. Over time, increases or decreases in the Hospital's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Hospital's patient base and measures of the quality of service it provides to the community as well as local economic factors to assess the overall health of the Hospital.

Statement of Cash Flows

The final required statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and related financing. It provides answers to such questions as "where did cash come from?" "what was cash used for?" and "what was the change in cash balance during the reporting period?"

Overview of the Financial Statements

This annual report consists of the financial statements and notes to those statements. These statements are organized to present the Hospital as a whole. Mark Milford Hicksville Joint Township Hospital (the Hospital) is organized as a Joint Township Hospital District under provisions of the general statutes of the State of Ohio, requiring no specific articles of incorporation.

While the Joint Township Hospital District is empowered with the approval of the electorate to levy property taxes to support the operation of the Hospital, the Hospital has been self-supporting and receives no tax revenues for its operations.

The Board of Governors, appointed by the Joint Township Board of Trustees, is charged with the maintenance, operation, and management of the Hospital, its finances, and staff. The Hospital's primary mission is to provide health care services to the citizens of the contiguous townships of Mark, Milford and Hicksville.

Financial Analysis of the Hospital

Total net assets decreased $182,208 from $3,961,480 at December 31, 2008 to $3,779,272 at December 31, 2009. Table 1 provides a summary of the Hospital's balance sheets at December 31, 2009, 2008 and 2007.

Table 1: Net Assets

	2009	2008	2007
Assets			
Current assets	$ 4,786,248	$ 4,394,214	$ 4,664,748
Assets whose use is limited, net of current portion	456,155	447,074	840,787
Capital assets	13,084,325	14,718,528	15,839,063
Other	518,751	331,904	243,704
Total assets	18,845,479	19,891,720	21,588,302
Liabilities			
Current liabilities	2,103,702	9,023,510	8,637,967
Long-term	12,174,000	5,786,000	5,891,000
Total liabilities	14,277,702	14,809,510	14,528,967
Interest rate swap	788,505	1,120,730	541,519
Net assets			
Invested in capital assets, net of related debt	888,325	2,318,528	3,239,063
Restricted	131,335	402,668	235,397
Unrestricted	2,759,612	1,240,284	3,043,356
Total net assets	$ 3,779,272	$ 3,961,480	$ 6,517,816

Capital Assets

Capital assets decreased from $14,718,528 in 2008 to $13,084,325 in 2009. The decrease relates primarily to $1,776,083 in depreciation expense offset by capital additions.

Debt

At December 31, 2009, the Hospital had $12,196,000 of debt outstanding. The Hospital manages a portion of its interest rate risk through a pay-fixed interest rate swap related to $6,600,000 of its bonds. At December 31, 2009, the Hospital was not in compliance with the provisions of the bond covenants which require net assets to be greater than $8,000,000. The Hospital has obtained a waiver of these covenants.

Revenues and Expenses

Table 2 shows the changes in revenues and expenses for 2009 compared to 2008 and 2007.

Table 2:
Revenues and Expenses

	2009	2008	2007
Operating revenue			
Net patient service revenue	$ 19,072,020	$ 16,227,401	$ 14,569,306
Operating expenses			
Salaries and wages	8,645,452	7,738,839	6,899,675
Purchased services	2,229,698	1,856,282	1,673,458
Employee benefits	1,996,847	2,360,052	2,011,478
Physician services	1,059,179	1,076,888	1,087,136
Depreciation	1,776,083	1,478,782	1,652,322
Supplies	1,242,768	1,077,606	1,118,612
Maintenance and repairs	472,502	426,934	432,105
Utilities	572,584	568,278	478,749
Miscellaneous	397,343	326,158	208,596
Insurance	414,771	310,669	294,799
Total operating expenses	18,807,227	17,220,488	15,856,930
Operating income (loss)	264,793	(993,087)	(1,287,624)
Non-operating revenue (expenses)			
Investment and other income, net	37,200	190,271	556,998
Change in unrealized gains and losses	-	(260,400)	(521,479)
Interest rate swap	332,225	(579,211)	(541,519)
Interest expense	(816,426)	(670,309)	(639,201)
Total non-operating revenues (expenses)	(447,001)	(1,319,649)	(1,145,201)
Excess of expenses over revenues	(182,208)	(2,312,736)	(2,432,825)
Other changes in net assets			
Transfers to Foundation	-	(243,600)	-
Change in net assets	$ (182,208)	$ (2,556,336)	$ (2,432,825)

Net Patient Service Revenue

Net patient service revenue increased $2,844,619 or 17.5% from $16,227,401 in 2008 to $19,072,020 in 2009. This increase is primarily a result of increased patient volume due to an increase in patient admissions of 9% and additional services provided by the Hospital during 2009.

Gross patient service revenue increased $5,182,627 or 19%. Inpatient revenue increased approximately $1,154,988 during 2009 while outpatient revenue increased approximately $4,027,639 consistent with the industry trend of shifting healthcare services to an outpatient basis.

Total patient days increased in 2009 as shown below in relation to 2008 and 2007:

Table 3

Unit	2009 Patient Days	2008 Patient Days	2007 Patient Days
Medical	1,472	1,567	1,242
Medical Beds	27	-	-
Surgical	104	56	53
Pediatrics	38	43	34
Swing Bed	935	962	876
Maternity	289	247	241
Nursery	241	214	185
Respite	4	6	-
Total	3,110	3,095	2,631

Deductions from Revenue

Contractual service adjustments and charity care, expressed as a percentage of gross revenues, were 38% in 2009, compared to 36% in 2008.

Charity care for 2009 increased to $992,001 from $407,123 in 2008. The number of uninsured and underinsured continues to grow in the State of Ohio. The State of Ohio developed a program in the late 1980's designed to help hospitals address the increasing number of low income, special need patients. The program, named the State of Ohio Care Assurance Program, is funded through as assessment of all Ohio hospitals and matched with federal funds. The entire pool of dollars is then redistributed to all Ohio hospitals with no guarantee that each hospital will receive back its initial assessment.

Operating Expenses

Total operating expenses in 2009 exceeded 2008 levels by $1,586,739 representing a 9.2% increase.

The largest increases in operating expenses in 2009 over 2008 level are reflected in salaries and wages, purchased services, depreciation and supplies.

Non-operating Revenues (Expenses)

Non-operating revenues consist primarily of investment related returns, change in value of an interest rate swap and interest expense.

Cash Flow

Changes in cash flows are consistent with changes in operating losses and non-operating revenues and expenses discussed earlier.

Economic Factors and Next Year's Budget

The Board of Trustees approved the 2010 Hospital operating budget at their November 2009 meeting. The budget was developed after a review of key volume indicators and trends seen at other hospitals in Northwest Ohio as well as trends for the Hospital.

The budget provides for an income from operations of approximately 5.2%

Community Memorial Hospital (CMH) demonstrated steady improvement in 2009. The net patient revenue for the year improved by 17.5% and our operating expenses increased 9.2% over 2008 giving us a 1.4% margin. We improved our accounts receivable days by 4 days over the course of 2009. The day's cash on hand are 39 days at year end compared to 37 days at the end of 2008. Salaries and benefits as a percentage of net revenue have improved moving toward our goal of 50%. The change in net assets for 2009 is approximately $2.4 million better that at the end of 2008. The progress that CMH has made is due to a tremendous amount of hard work from our senior management staff and department managers to manage expenses.

The end of 2009 saw the completion of three years of CMH in the new facility. In those three years we experienced strong volume growth. Our analysis indicates a 13% compounded annual growth (adjusted patient days) since our opening. This increase is evidence that we are making a positive impact on our community-reflecting increased utilization of existing services and the development of new services as well.

The Healthcare and Education Affordability Reconciliation Act of 2010 is now the law. If Massachusetts is the template for this national program, it seems clear reform will exacerbate financial pressures on providers. For Ohio, the state's recent hospital provider tax has added over $200,000 annually to the cost of our hospital to provide services.

The economic outlook for Community Memorial Hospital will be affected by these political forces, as well as the general economy of our area. The economic outlook for hospitals is uncertain. The limited range of the uncertainty reflects the increasing but undefined future role of government.

The dynamics in healthcare have never been more acute. It will require CMH to continue developing strategic initiatives that will guide us over the next several years and to recognize that there will be multiple demands made on us on a daily basis. To survive and thrive in the future, we need to be more specialized, integrated, and connected.

Contacting the Mark Milford Hicksville Joint Hospital District Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Hospital's finances. If you have any questions about this report or need additional information, contact the Hospital's Chief Financial Officer at 208 N. Columbus Street, Hicksville, Ohio 43526.

MARK MILFORD HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT

BALANCE SHEETS
DECEMBER 31, 2009 AND 2008

ASSETS

	2009	2008
Current assets		
Cash and cash equivalents	$ 1,172,967	$ 967,713
Investments	202,197	179,895
Patient accounts receivable, net of allowance for doubtful accounts of $860,000 and $766,000 for 2009 and 2008, respectively	2,710,711	2,499,238
Other receivables	269,272	306,065
Supplies inventory	176,972	198,456
Prepaid expenses	123,551	140,186
Estimated third-party settlements	27,258	-
Assets limited as to use - current portion	103,320	102,661
Total current assets	4,786,248	4,394,214
Assets limited as to use		
Internally designated	559,475	549,735
Less current portion	(103,320)	(102,661)
Total assets limited as to use	456,155	447,074
Capital assets, net	13,084,325	14,718,528
Other		
Other receivables, long term	291,854	96,603
Bond Issuance costs	226,897	235,301
	13,603,076	15,050,432
Total assets	$ 18,845,479	$ 19,891,720

See accompanying notes to financial statements.

MARK MILFORD HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT

BALANCE SHEETS
DECEMBER 31, 2009 AND 2008

LIABILITIES AND NET ASSETS

	2009	2008
Current liabilities		
Accounts payable	$ 644,619	$ 728,116
Accrued expenses	794,529	871,142
Compensated absences	450,554	460,024
Estimated third party settlement	-	350,228
Current portion of long-term debt	214,000	6,614,000
Total current liabilities	2,103,702	9,023,510
Long-term debt	11,982,000	5,786,000
Other long term liabilities	192,000	-
Total liabilities	14,277,702	14,809,510
Interest rate swap	788,505	1,120,730
Net assets		
Invested in capital assets, net of related debt	888,325	2,318,528
Restricted	131,335	402,668
Unrestricted	2,759,612	1,240,284
Total net assets	3,779,272	3,961,480
Total liabilities and net assets	$ 18,845,479	$ 19,891,720

See accompanying notes to financial statements.

MARK MILFORD HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Operating revenue		
Net patient service revenue	19,072,020	16,227,401
Operating expenses		
Salaries and wages	8,645,452	7,738,839
Employee benefits	1,996,847	2,360,052
Physician services	1,059,179	1,076,888
Purchased services	2,229,698	1,856,282
Supplies	1,242,768	1,077,606
Maintenance and repairs	472,502	426,934
Utilities	572,584	568,278
Insurance	414,771	310,669
Miscellaneous	397,343	326,158
Depreciation	1,776,083	1,478,782
Total operating expenses	18,807,227	17,220,488
Operating gain(loss)	264,793	(993,087)
Non-operating revenues (expenses)		
Investment and other income, net	37,200	190,271
Change in unrealized gains and losses	-	(260,400)
Change in interest rate swap	332,225	(579,211)
Interest expense	(816,426)	(670,309)
Total non-operating revenues (expenses)	(447,001)	(1,319,649)
Excess of expenses over revenues	(182,208)	(2,312,736)
Other changes in net assets		
Transfers to Foundation	-	(243,600)
Total other changes in net assets	-	(243,600)
Change in net assets	(182,208)	(2,556,336)
Net assets, beginning of year	3,961,480	6,517,816
Net assets, end of year	$ 3,779,272	$ 3,961,480

See accompanying notes to financial statements.

MARK MILFORD HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Cash flows from operating activities		
Cash received from patients and third-party payors	$ 18,324,603	$ 17,523,116
Cash paid to suppliers for services and goods	(6,434,223)	(7,205,203)
Cash payments to employees for services	(10,536,382)	(8,324,830)
Net cash from operating activities	1,353,998	1,993,083
Cash flows from capital and related financing activities		
Payments on long-term debt	(204,000)	(394,385)
Acquisitions and construction of capital assets, net	(176,337)	(379,857)
Loss on disposal of capital assets	34,457	21,610
Interest paid on capital related debt and capital leases	(808,022)	(661,906)
Net cash from capital and related financing activities	(1,153,902)	(1,414,538)
Cash flows from investing activities		
Other changes in investments and assets whose use is limited, net	-	574,945
Interest on investments	37,200	190,271
Net cash from investing activities	37,200	765,216
Net change in cash and cash equivalents	237,296	1,343,761
Cash and cash equivalents, beginning of year	1,697,343	353,582
Cash and cash equivalents, end of year	$ 1,934,639	$ 1,697,343
Cash and cash equivalents include the following		
Cash and equivalents	$ 1,172,967	$ 967,713
Assets limited as to use and investments - cash and cash equivalents	761,672	729,630
Total cash and cash equivalents	$ 1,934,639	$ 1,697,343
Reconciliation of operating gains/(loss) to net cash flows from operating activities		
Operating gain/(loss)	$ 264,793	$ (993,087)
Adjustments to reconcile operating gains/(loss) to net cash from operating activities		
Depreciation	1,776,083	1,478,782
Bad debt	1,114,880	1,289,167
Changes in operating assets and liabilities		
Patient accounts receivable	(1,326,353)	(911,790)
Estimated third-party settlements	(377,486)	918,338
Other receivables	(158,458)	(144,139)
Supplies inventory	21,484	38,557
Prepaid expenses	16,635	(7,445)
Accounts payable	(83,497)	20,201
Accrued expenses	(86,083)	304,499
Other long term liabilities	192,000	-
Net cash from operating activities	$ 1,353,998	$ 1,993,083
Supplemental disclosure of non cash activities		
Unconditional promises to give made by donors as of December 31	$ 131,335	$ 402,668
Change in interest rate swap	$ 332,225	$ (579,211)

See accompanying notes to financial statements.

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Hospital

The Mark Milford Hicksville Joint Township Hospital District, Defiance County, (the Hospital) was established for the purpose of exercising the rights and privileges conveyed to it by law. The Mark Milford Hicksville Joint Township Hospital District is a Hospital district created under provisions of Section 513.07 of the Ohio Revised Code. The Hospital operates under the direction of a nine-member board consisting of the township trustees of Mark, Milford and Hicksville Townships. The Hospital is responsible for establishing, constructing, and maintaining a joint township district hospital or other hospital facilities for the residents of the contiguous townships of Mark, Milford, and Hicksville.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Enterprise fund accounting

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting,* as amended, the Authority has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Cash Equivalents

Cash equivalents include all highly liquid investments purchased with original maturities of three months or less.

Capital Assets

Capital assets are reported on the basis of cost, except for donated items, which are recorded at fair value at the date of the donation. Expenditures which materially increase values, change capacities, or extend useful lives are capitalized. Depreciation is computed using the straight-line method over the expected useful lives of depreciable assets. Equipment under capital leases is amortized using the straight-line method over the lesser of the lease term or the estimated useful life of the equipment. The Hospital recognizes a capital asset when the cost of the item purchased is (1) greater than $2,500 or a minimum useful life of 3 years (2) a group of 3 or more like items with each items costing more than $1,500 or (3) a building or remodeling project with total costs in excess of $10,000.

Net Assets

Net assets of the Hospital are classified in three components. Net assets invested in capital assets net of related debt consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net assets are net assets that must be used for a particular purpose as specified by creditors, grantors, or contributors external to the Hospital. Restricted net assets are restricted to Hospital capital additions by donors. Unrestricted net assets are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted.

Operating Revenues and Expenses

The Hospital's statement of revenue, expenses and changes in net assets distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services. Non-operating items consist of investment income, donations and interest expense. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Restricted Resources

It is the Hospital's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Unrestricted resources are used only after restricted resources have been depleted.

Compensated Absences

The Hospital's employees earn vacation days at varying rates depending on years of service. Employees also earn sick leave benefits based on varying rates depending on years of service. The estimated amount of compensated absences payable as termination payments is reported as a current liability in 2009 and 2008.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses and natural disasters; and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Investments and Assets Limited as to Use

Investments and assets limited as to use are reported at fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in nonoperating revenue when earned.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market.

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies and equivalent service statistics. The amount of charity care not recorded as revenue was $992,001 and $407,123 in 2009 and 2008, respectively.

Federal Income Tax

The Hospital, as a political subdivision, is exempt from federal income taxes under Section 115 of the Internal Revenue Code.

Physician Recruitment Agreements and Physician Advances Receivable

Consistent with the Hospital's policy on physician recruitment, the Hospital provides income guarantees to certain physicians who agree to relocate to the community to fill a need in the Hospital's service area and commit to remain in practice for a specified term. Under such agreements, the Hospital is required to make payments to the physicians in excess of amounts earned in their respective practices up to the of the income guarantee. Income guarantee periods are generally three years. Such payments are recoverable from the physicians in the event that their commitment period is not met, which is typically three years. The Hospital also advances monies to physicians under various loan agreements. These loans are unsecured and are forgiven systematically in accordance with the loan agreements. Should the arrangement between the Hospital and the physician be terminated prior to the end date agreed upon by both parties, the Hospital will pursue collection by outstanding advances.

The Hospital recorded a liability of approximately $336,000 in accrued expenses and other long term liabilities at December 31, 2009 for the estimated obligation to the Hospital (current and long-term) under these arrangements with an offsetting asset recorded in other receivables within the accompanying balance sheet. There were no guarantees recorded in 2008.

Reclassification

Certain amounts have been reclassified in the 2008 amounts to conform to the 2009 presentation. The most significant reclassification was the inclusion of the change in fair value of the swap agreement to the other income section of the statement of operations and changes in unrestricted net assets.

Subsequent Events

The Hospital has evaluated events or transactions occurring subsequent to the balance sheet date for recognition and disclosure in the accompanying financial statements through the date the financial statements are issued which is June 23, 2010.

2. NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payment to the Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's billings at established rates for services and amounts reimbursed by third-party payors. The Hospital estimates an allowance for doubtful accounts based on an evaluation of historical losses, current economic conditions and other factors unique to the Hospital. A summary of the basis of reimbursement with major payors follows:

Medicare The Hospital is designated as a critical access facility by the Medicare program. As a result, Medicare inpatient and outpatient services are reimbursed at the approximate cost plus 1% of providing those services. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.

Medicaid Medicaid services are reimbursed at prospectively determined rates except for capital. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organization, and preferred provider organization. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Reimbursement for Medicare and Medicaid patients is subject to audit and final settlements by the respective intermediaries. Final settlements have been reached with Medicare through 2008 and with Medicaid through 2003. The amounts reported in the financial statements represent the estimated settlements outstanding at December 31, 2009, which Hospital management believes will approximate final settlements after audit by the respective agencies.

3. PATIENT ACCOUNTS RECEIVABLE

The details of patient accounts receivable are set forth below:

	2009	2008
Patient accounts receivable	$ 4,769,864	$ 4,248,376
Allowance for uncollectible accounts	(859,961)	(766,495)
Allowance for contractual adjustments	(1,199,192)	(982,643)
Net patient accounts receivable	$ 2,710,711	$ 2,499,238

The Hospital grants credit without collateral to its patients, most of who are insured under third-party agreements. The mix of revenues and receivables as of December 31 was as follows:

	2009		2008	
	Accounts Receivable	Gross Revenue	Accounts Receivable	Gross Revenue
Medicare	22%	30%	23%	31%
Medicaid	11%	4%	12%	5%
Blue Cross	11%	17%	15%	20%
Other third-party payors	26%	44%	20%	40%
Self-pay	30%	5%	30%	4%
	100%	100%	100%	100%

4. DEPOSITS AND INVESTMENTS

Cash deposits, assets whose use is limited, and investments (all of which are considered available for sale) of the Hospital are composed of the following:

	Fair value	Cost
Demand deposits and money market accounts	$ 1,010,918	$ 1,010,918
Certificates of deposit	923,721	923,721
Total	$ 1,934,639	$ 1,934,639

At December 31, 2009, the financial institution balance of the Hospital's demand deposits, certificates of deposit and money market accounts totaled $2,013,018. Of this balance, $1,209,630 was covered by federal depository insurance and $803,388 was collateralized with securities held at the pledging banks.

Interest Rate Risk. The Hospital does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Credit Risk. The Hospital may invest in United States obligations or any other obligation guaranteed by the United States; bonds, notes or any other obligations or securities issued by the federal government or instrumentality; time certificate of deposits or savings or deposit accounts, including passbook accounts; certain bonds and other obligations; no load money market funds; certain commercial paper; and certain repurchase agreements.

Concentration of Credit Risk. The Hospital places no limit on the amount it may invest in any one issuer. The Hospital maintains its investments, which at times may exceed federally insured limits. The Hospital has not experienced any losses in such accounts. The Hospital believes that it is not exposed to any significant credit risk on investments.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

Major classes of assets and liabilities that are measured at fair value are categorized according to a fair value hierarchy that prioritizes the inputs to value techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Level 1 inputs are readily determinable using unadjusted quoted prices for identical assets or liabilities in active markets. Level 2 inputs are derived from quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets (other than those included in Level 1) which are observable for the asset and liability, either directly or indirectly. Level 3 inputs are derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable. If the inputs used fall within different levels of the hierarchy, the categorization is based upon the lowest level input that is significant to the fair value measurement.

Liabilities measured at fair value on a recurring basis as of December 31, 2009 are as follows:

	Level 1	Level 2	Level 3	Total
Interest rate swap agreements	$ -	$ 788,505	$ -	$ 788,505

Liabilities measured at fair value on a recurring basis as of December 31, 2008 are as follows:

	Level 1	Level 2	Level 3	Total
Interest rate swap agreements	$ -	$ 1,120,730	$ -	$ 1,120,730

6. CAPITAL ASSETS

Capital assets consist of the following at December 31, 2009:

2009	12/31/2008	Increases	Decreases	12/31/2009
Land	$ 176,778	$ -	$ -	$ 176,778
Construction in progress	453,852	176,337	(558,876)	71,313
Land and land improvements	318,172	-	-	318,172
Building and fixed equipment	15,690,631	-	-	15,690,631
Furniture and fixtures	7,256,834	558,876	(198,632)	7,617,078
Capital leases	100,000	-	-	100,000
Rehabilitation center	898,169	-	-	898,169
Contractual equipment	13,903	-	-	13,903
Total capital assets	24,908,339	735,213	(757,508)	24,886,044
Less accumulated depreciation				
Land and land improvements	(254,693)	(10,432)	-	(265,125)
Building and fixed equipment	(8,535,984)	(1,677,252)	164,175	(10,049,061)
Family health center	(946,949)	(49,070)	-	(996,019)
Rehabilitation center	(438,282)	(39,329)	-	(477,611)
Contractual equipment	(13,903)	-	-	(13,903)
Total accumulated depreciation	(10,189,811)	(1,776,083)	164,175	(11,801,719)
Total capital assets, net	$ 14,718,528	$ (1,040,870)	$ (593,333)	$ 13,084,325

Capital assets consist of the following at December 31, 2008:

2008	12/31/2007	Increases	Decreases	12/31/2008
Land	$ 176,778	$ -	$ -	$ 176,778
Construction in progress	657,421	356,432	(560,001)	453,852
Land and land improvements	295,381	22,791	-	318,172
Building and fixed equipment	15,296,503	560,635	(166,507)	15,690,631
Furniture and fixtures	7,256,834	-	-	7,256,834
Capital leases	100,000	-	-	100,000
Rehabilitation center	898,169	-	-	898,169
Contractual equipment	13,903	-	-	13,903
Total capital assets	24,694,989	939,858	(726,508)	24,908,339
Less accumulated depreciation				
Land and land improvements	(242,369)	(12,324)	-	(254,693)
Building and fixed equipment	(7,308,289)	(1,372,592)	144,897	(8,535,984)
Family health center	(897,879)	(49,070)	-	(946,949)
Rehabilitation center	(393,486)	(44,796)	-	(438,282)
Contractual equipment	(13,903)	-	-	(13,903)
Total accumulated depreciation	(8,855,926)	(1,478,782)	144,897	(10,189,811)
Total property and equipment, net	$ 15,839,063	$ (538,924)	$ (581,611)	$ 14,718,528

7. LONG-TERM DEBT

Long term debt consists of the following at December 31:

	2009	2008
2005 County Hospital Facilities Revenue Bonds (2005 Bonds), adjustable interest rate (0.75% at December 31, 2009), due December 1, 2032, mandatory annual redemption beginning December 1, 2008, in installments ranging from $95,000 to $475,000 plus interest	$ 6,410,000	$ 6,505,000
Ohio Hospital Facilities Revenue Refunding (2007 Bonds), 4.125% fixed rate, mandatory annual redemption beginning December 1, 2008, in installments ranging from $105,000 to $338,000, maturity date of December 1, 2037	5,786,000	5,895,000
Less current portion	(214,000)	(6,614,000)
Long-term debt	$ 11,982,000	$ 5,786,000

	Revenue Bonds Series 2005	Revenue Refunding 2007 Bonds	Total
December 31, 2008	$ 6,505,000	$ 5,895,000	$ 12,400,000
Payments	95,000	109,000	204,000
December 31, 2009	$ 6,410,000	$ 5,786,000	$ 12,196,000
Amounts due within one year	$ 100,000	$ 114,000	$ 214,000

	Revenue Bonds Series 2005	Revenue Refunding 2007 Bonds	Total
December 31, 2007	$ 6,600,000	$ 6,000,000	$ 12,600,000
Payments	95,000	105,000	200,000
December 31, 2008	$ 6,505,000	$ 5,895,000	$ 12,400,000
Amounts due within one year	$ 6,505,000	$ 109,000	$ 6,614,000

Scheduled payments on long-term debt are as follows:

	Series 2005 Bonds			2007 Refunding Bonds		
Year ending December 31,	Principal	Interest	Interest Rate Swap, Net	Principal	Interest	Total
2010	$ 100,000	$ 48,075	$ 243,728	$ 114,000	$ 238,673	$ 744,476
2011	110,000	47,325	239,926	118,000	233,970	749,221
2012	115,000	46,500	235,743	123,000	229,103	749,346
2013	180,000	45,638	231,370	128,000	224,029	809,037
2014	185,000	44,288	224,526	134,000	218,749	806,563
2015-2019	1,090,000	199,013	1,008,943	755,000	1,006,294	4,059,250
2020-2024	1,425,000	469,875	342,398	924,000	837,253	3,998,526
2025-2029	1,845,000	440,480	-	1,131,000	630,301	4,046,781
2030-2034	1,360,000	376,102	-	1,384,000	377,026	3,497,128
2035-2037	-	-	-	975,000	81,511	1,056,511
Total	$ 6,410,000	$ 1,717,296	$ 2,526,634	$ 5,786,000	$ 4,076,909	$ 20,516,839

At December 31, 2009, the Hospital was not in compliance with a provision of the bond covenants which requires net assets to be greater than $8,000,000. The Hospital has obtained a waiver of these covenants.

During 2005, the Hospital obtained $12,600,000 of Adjustable Rate Demand Hospital Facilities Revenue Bonds, Series 2005 (2005 Bonds), for constructing, equipping, installing and improving additional Hospital facilities. The bonds are payable in varying annual installments beginning December 2008. The bonds mature December 2032. The adjustable interest rate at December 31, 2009 was 0.75%.

The debt is collateralized by Hospital receipts and a letter of credit issued by Fifth Third Bank. The letter of credit expires December 11, 2011.

During 2007, the Hospital obtained $6,000,000 of Ohio Hospital Facilities Revenue Refunding Bonds (2007 Bonds). The bonds refunded a portion of the series 2005 bond issue. The bonds are payable in varying annual installments beginning December 2008 and mature December 2037. The bonds bear interest at an annual fixed rate of 4.125%. The carrying amount reported on the balance sheet for long-term debt is approximately fair value.

8. INTEREST RATE SWAP

As a means to lower its borrowing costs, the Hospital entered into an interest rate swap in connection with $6,600,000 of series 2005 bonds. This derivative was not designated as a hedging instrument. The swap effectively changes the Hospital's variable interest rate on the bonds to a fixed rate of 4.46% through January 1, 2021. The swap is included in the balance sheet at fair value at the end of each period. The valuation of the swap is determined through analysis of the present value of cash flows based on the underlying terms of the swap. The swap had a negative fair value of $788,505 and $1,120,730 at December 31, 2009 and 2008, respectively. During 2009 and 2008, a gain of $332,225 and a loss of $579,211, respectively, was included in excess of expenses over revenues as a result of the change in fair value.

The swap agreement matures on January 1, 2021. The swap's notional amount matches the outstanding principal amount of the related bonds. The notional amount and the principal amount of the associated debt decline through the termination date of the swap agreement. See schedule of payments on long-term debt at note 7.

The Hospital is exposed to credit loss in the event of nonperformance by other parties to the interest rate swap agreements. However, the Hospital does not anticipate nonperformance by the counterparties.

Cash flow from interest rate swap contracts is included in interest paid and are classified as a capital and related financing activity on the statement of cash flow.

9. OPERATING LEASES

The Hospital has lease agreements for certain buildings and office equipment under operating leases. The net future minimum lease payments for this lease follow:

2010	$ 417,377
2011	417,377
2012	417,377
2013	557,870
	$ 1,810,001

Total rental expense for operating leases, including those with terms of one month or less, for the year ended December 31, 2009 and 2008, was $510,252 and $401,499 and is included within other expenses on the statements of operations and changes in net assets.

10. SALARIES, WAGES AND RELATED ACCRUALS

The details of accrued liabilities at December 31, 2009 and 2008 are as follows:

	2009	2008
Payroll and related items	$ 406,724	$ 540,526
Self-insured benefits	207,272	116,981
Health insurance claims	180,533	213,635
Total salaries, wages and related accruals	$ 794,529	$ 871,142

11. PENSION PLAN

The Hospital contributed to the Ohio Public Employees Retirement System of Ohio, (OPERS). OPERS administers three separate pension plans: The Traditional Pension Plan – a cost sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.0% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 7.0% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Hospital's contributions, representing 100% of employer contributions, for the last three years follow:

Year	Contribution
2009	$ 1,121,771
2008	$ 1,057,156
2007	$ 957,269

Hospital contributions made to fund post-employment benefits approximated $471,000, $529,000 and $380,000 for 2009, 2008 and 2007, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

12. RISK MANAGEMENT

The Hospital is self-insured, subject to certain stop-loss coverage, for its employees' health benefits. The Hospital accrues the estimated costs of reported and incurred-but-not-reported claims based on its actual claims history. The plan is covered by a stop-loss policy that covers claims over $70,000 per employee per annum up to an aggregate amount of $1,000,000. Expenses charged to operations, including an estimate of incurred but unreported claims, total $508,547 and $773,764 in 2009 and 2008, respectively.

13. COMMITMENTS AND CONTINGENCIES

The Hospital entered into a consulting agreement starting January 1, 2010 to help implement and monitor physician billing and collections software. Future annual minimum payments under the agreement are as follows:

2010	$ 237,600
2011	237,600
2012	237,600
2013	237,600
2014	237,600
Total	$ 1,188,000

14. AFFILIATION

On July 23, 2003 the Hospital entered into an affiliation agreement with IOM Health System, LPA d/b/a Lutheran Health Network. The affiliation is for the purposes of collaboration for expanded development and integration of services to residents of the Hicksville area. The affiliation does not lead to ownership or management of either Hospital by the other.

CPAs / ADVISORS

blue

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Mark Milford Hicksville Joint Township Hospital District
Hicksville, Ohio

We have audited the financial statements of Mark Milford Hicksville Joint Township Hospital District, as of and for the year ended December 31, 2009, and have issued our report thereon dated June 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as 2009:1 that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mark Milford Hicksville Joint Township Hospital District's financial statements are free of material misstatement, we performed tests of it compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of Mark Milford Hicksville Joint Township Hospital District in a separate letter dated June 23, 2010.

Mark Milford Hicksville Joint Township Hospital District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Mark Milford Hicksville Joint Township Hospital District's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, and the Auditor of the State of Ohio and is not intended to be an should not be used by anyone other than those specified parties.

Blue & Co., LLC

June 23, 2010

Mark Milford Hicksville Joint Hospital District
Schedule of Audit Findings and Responses
Year Ended December 31, 2009

2009:1 Physician Recruitment Asset and Liabilities

Condition: The Hospital did not accrue for future payments to be paid to physicians under contracts including income guarantees in accordance with FASB Staff Position FIN 45-3, "Application of FASB Interpretation No. 45 to Minimum Revenue Guarantees Granted to a Business of Its Owners."

Criteria: Physician contracts should be evaluated against FIN 45-3 for potential income guarantees which would require the Hospital to make payments in the future.

Cause: During 2009, the Hospital entered into a physician agreement which included an income guarantee which was not recorded by the Hospital.

Effect: An audit adjustment was necessary to record an intangible asset and related liability related to physician and physician group agreements.

Recommendation: We recommend that management analyze physician and physician group agreements with income guarantees for possible recognition of future commitments.

Management's Response: We will review future physician contracts entered into by the Hospital, and record any necessary guarantees.

Mark Milford Hicksville Joint Hospital District
Schedule of Prior Audit Findings and Responses
Year Ended December 31, 2008

2008:1 Contractual and Bad Debt Allowances

Condition: The Hospital's contractual allowance model related to patient accounts receivable did not include updates relating to payors and payments.

Criteria: The contractual allowance model should be updated on a continuous basis to include new payors and current contractual percentages.

Cause: Estimated payment percentages for all payors within the contractual allowance and bad debt models were not updated during 2008. New payors were also not included in the model.

Effect: As a result, contractual allowances were materially misstated and adjustments to contractual allowances were required.

Recommendation: We recommend that the Hospital review and update the contractual allowance model at least quarterly to help ensure accurate interim financial reporting.

Management's Response: These allowances were evaluated periodically throughout the year and contractual and bad debt allowances were adjusted appropriately.

Mary Taylor, CPA
Auditor of State

MARK MILFORD HICKSVILLE JOINT TOWNSHIP HOSPITAL DISTRICT

DEFIANCE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 27, 2010