JOEL POMERENE MEMORIAL HOSPITAL

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

Mary Taylor, CPA
Auditor of State

Board of Trustees
Joel Pomerene Memorial Hospital
981 Wooster Road
Millersburg, Ohio 44654

We have reviewed the *Report of Independent Auditors* of the Joel Pomerene Memorial Hospital, Holmes County, prepared by Blue & Co., LLC, for the audit period January 1, 2008 through December 31, 2008. 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 Joel Pomerene Memorial Hospital is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 21, 2009

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

This Page is Intentionally Left Blank.

JOEL POMERENE MEMORIAL HOSPITAL

TABLE OF CONTENTS
DECEMBER 31, 2008 AND 2007

Page

Report of Independent Auditors 1

Required Supplementary Information

Management's Discussion and Analysis (unaudited) .... i-v

Combined Financial Statements

Combined Balance Sheets 3

Combined Statements of Operations and Changes in Net Assets 4

Combined Statements of Cash Flows 5

Notes to Combined Financial Statements 6

Additional Information

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 22

Schedule of Audit Findings and Responses – Year Ended December 31, 2008 24

CPAs · ADVISORS

blue

Blue & Co., LLC / 8800 Lyra Drive, Suite 450 / Columbus, OH 43240
main 614.885.BLUE (2583) *fax* 614.885.0580 *email* blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS

Board of Trustees
Joel Pomerene Memorial Hospital
Millersburg, Ohio

We have audited the accompanying combined balance sheets of Joel Pomerene Memorial Hospital (the Hospital), a business-type activity of Holmes County, Ohio, as of December 31, 2008 and 2007, and the related combined statements of operations and changes in net assets and cash flows for the years then ended. These combined financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these combined 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 combined financial position of the Hospital as of December 31, 2008 and 2007, and the combined 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 May 1, 2009 on our consideration of the Hospital's 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 audits.

The Management Discussion and Analysis on pages i through v 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

May 1, 2009

The discussion and analysis of the combined financial statements for Joel Pomerene Memorial Hospital (the Hospital) provides an overview of the Hospital's financial activities for the years ended December 31, 2008, 2007, and 2006. The intent of this discussion and analysis is to provide further information on the Hospital's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the financial performance.

Financial Highlights

- In 2008, total assets increased $1,513,003 over 2007 levels.
- Net accounts receivable decreased $756,375. Net days in accounts receivable were 52, 67, and 72 at December 31, 2008, 2007, and 2006, respectively.
- Total liabilities increased $1,380,290; current liabilities decreased $21,812; other long term liabilities increased $1,402,102 from December 31, 2007 to December 31, 2008.
- Net cash flows from operating activities were $2,500,892, $517,343, and $1,224,761 in 2008, 2007, and 2006 respectively.

Overview of Financial Statements

This annual report consists of financial statements and notes to those statements. These statements are organized to present Joel Pomerene Memorial Hospital as a financial whole. These statements then proceed to provide an increasingly detailed look at specific financial activities.

Joel Pomerene Memorial Hospital (the Hospital), a component unit of Holmes County, is organized as a county hospital under the provisions of the general statues of the State of Ohio.

While the County is empowered to appropriate money from its general fund, from certain state and federal money it receives, and with approval of the electorate, levy taxes to support the operation of the Hospital, the Hospital has been self-supporting and receives no County appropriations for operations.

The Board of Trustees, appointed by the Board of County Commissioners, the Probate and Common Pleas Judges, is charged with maintenance, operation and management of the Hospital, its finances and staff. The Hospital's primary mission is to provide high quality, cost-effective healthcare in a compassionate and friendly manner to the citizens of the greater Holmes County community.

The combined financial statements include the accounts and transactions of the Hospital and Joel Pomerene Foundation. All significant inter-company accounts and transactions have been eliminated from the financial statements.

The combined Statements of Operations and Changes in Net Assets and Combined Statements of Cash Flows provide an indication of the Hospital's financial health. The Combined Balance Sheets include the Hospital's assets and liabilities, using the accrual basis of accounting as well as an indication about which assets can be utilized for general purposes and which are restricted for other purposes. The Combined Statement of Cash Flows reports the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of debt and capital asset acquisitions.

Financial Analysis of the Hospital

Pomerene Hospital's net assets were $23,517,072, $24,381,294 and $24,514,007 in 2006, 2007, and 2008, respectively. Table 1 provides a summary of the Hospitals total net assets for 2008 compared to 2007 and 2006.

Table 1
Net Assets

	2008	2007	2006
Assets			
Current assets	$ 7,847,655	$ 7,996,540	$ 9,335,450
Assets whose use is limited	6,031,542	5,076,514	6,598,365
Other assets	248,372	481,483	258,045
Capital assets	14,993,020	14,053,049	9,930,060
Total assets	$ 29,120,589	$ 27,607,586	$ 26,121,920
Liabilities			
Current liabilities	3,086,378	3,108,190	2,463,867
Long-term liabilities	1,520,204	118,102	140,981
Total liabilities	$ 4,606,582	$ 3,226,292	$ 2,604,848
Net assets			
Capital assets net of related debt	13,287,399	13,778,869	9,634,256
Unrestricted	10,508,058	9,302,353	12,188,461
Restricted	718,550	1,300,072	1,694,355
Total net assets	$ 24,514,007	$ 24,381,294	$ 23,517,072

The Hospital maintains sufficient cash balances in current assets to cover approximately 30 days of expenses. All excess cash is transferred to assets limited as to use. The assets limited as to use at the end of 2008 were $6,031,542 compared to $5,076,514 and $6,598,365 at the end of 2007 and 2006, respectively.

Capital Assets

Business-type capital assets increased from $14,053,049 in 2007 to $14,993,020 in 2008. The increase relates to $2,587,343 in capital additions, offset by $1,647,372 in depreciation expense. Major capital additions include the purchase of land, room renovations and imaging equipment.

Federal Grant

During 2007 the Hospital received a federal grant of approximately $2.0 million for building renovations at the Hospital.

Debt

At December 31, 2008, the Hospital had $1,705,621 in outstanding borrowings under notes payable and capital leases. In 2008, the Hospital entered into a note payable for $1,250,000 and two new capital leases totaling $394,408.

The note payable contains certain restrictive covenants that the Hospital was in compliance with at December 31, 2008.

Revenues and Expenses

Table 2 shows the changes in revenues and expense for 2008 compared to 2007 and 2006.

Table 2
Revenues and Expenses

	2008	2007	2006
Revenue			
Net patient service revenue	$ 29,976,707	$ 27,510,839	$ 27,963,695
Other revenues	734,931	198,442	475,191
Total revenue	30,711,638	27,709,281	28,438,886
Operating expenses			
Salaries and wages	12,753,575	12,293,228	11,709,164
Employee benefits	3,462,094	3,318,456	3,278,380
Supplies and other	8,304,046	8,476,731	8,387,242
Medical professional fees	4,274,117	3,690,218	2,494,453
Physician recruiting	155,210	351,219	504,852
Depreciation	1,647,372	1,422,160	1,349,334
Other	19,000	25,147	34,389
Total expenses	30,615,414	29,577,159	27,757,814
Operating income (loss)	96,224	(1,867,878)	681,072
Non operating Income	183,701	295,576	307,782
Federal grant	-	2,468,975	-
NE Network Grant expenses	-	(28,327)	(49,823)
Change in fair value of investments	(147,212)	(4,124)	(849)
Change in net assets	$ 132,713	$ 864,222	$ 938,182

Net Patient Service Revenues

Compared to 2007, net patient service revenues increased $2,465,868 or 9% in 2008.

For fiscal year 2008, the Hospital Board of Trustees approved a price increase of 5%. Inpatient admissions increased 3% and outpatient registrations were down 1%.

Deductions from Revenue

Deductions from revenue expressed as a percentage of gross revenues were 49% in 2008, compared to 48% in 2007.

Charity care for 2008 increased 19% when compared to 2007 levels. In the 1980's the State of Ohio developed a program designed to help hospitals address the increasing number of low income, special needs patients. The Hospital Care Assurance Program (HCAP) is funded through an assessment of all Ohio hospitals and matched with federal funds. The entire pool of funds is then redistributed to all Ohio hospitals with no guarantee that each hospital will receive back its initial assessment. For 2008, Pomerene Hospital's HCAP distribution was $374,756 more than its assessment, compared to $195,093 in 2007.

Operating Expenses

Total operating expenses in 2008 exceeded 2007 levels by $1,038,255 or 4%.

Salary & Wages

Total FTEs increased 1.75% from 2007 to 2008.

Employee Benefits

The amounts paid relating to employee benefits for the Hospital increased $143,638 from 2007 to 2008.

Medical and Professional Fees

Medical and professional fees increased $583,899 in 2008 when compared to 2007.

The 2009 Operating Budget

The Board of Trustees approved the 2009 Operating Budget at its November 2008 meeting. The Budget was developed in conjunction with internal and external economic factors including the expected level of inflation, salary and wage surveys, new physicians and new services. The 2009 budget has 8% lower net revenues compared to 2008.

The 2009 budget calls for an excess of revenues over expenses of $1,298,151 or a 4% operating margin.

Contacting the Hospital's Management

This financial report is intended to provide the people of Holmes County, the state and federal governments, and our debt holders with a general overview of the Hospital's finances, and to show the Hospital's accountability for the money it receives from the services it provides. If you have any questions about this report or need additional information, we welcome you to contact the Chief Financial Officer at 981 Wooster Road, Millersburg, Ohio 44654.

JOEL POMERENE MEMORIAL HOSPITAL

COMBINED BALANCE SHEETS

DECEMBER 31, 2008 AND 2007

ASSETS

	2008	2007
Current assets		
Cash and cash equivalents	$ 1,828,529	$ 1,004,026
Investments	640,475	1,038,527
Patient accounts receivable, net of uncollectible accounts of $2,230,000 in 2008 and $2,650,000 in 2007	4,281,384	5,037,759
Current portion of pledges receivable, less allowance for uncollectible pledges	70,684	190,008
Inventories	438,108	441,694
Estimated third-party settlements	285,726	85,240
Prepaid expenses and other assets	302,749	199,286
Total current assets	7,847,655	7,996,540
Other	248,372	481,483
Assets limited as to use	6,031,542	5,076,514
Capital assets, net of depreciation	14,993,020	14,053,049
Total assets	$ 29,120,589	$ 27,607,586

LIABILITIES AND NET ASSETS

	2008	2007
Current liabilities		
Current portion of long-term debt and leases	$ 185,417	$ 156,078
Accounts payable	662,039	631,490
Accrued salaries, wages and employee benefits	1,839,123	1,869,912
Other accrued expenses	399,799	450,710
Total current liabilities	3,086,378	3,108,190
Long-term debt, net of current portion		
Debt and leases, less current portion	1,520,204	118,102
Total liabilities	4,606,582	3,226,292
Net assets		
Capital assets, net of related debt	13,287,399	13,778,869
Restricted by donor for specific uses	718,550	1,300,072
Unrestricted	10,508,058	9,302,353
Total net assets	24,514,007	24,381,294
Total liabilities and net assets	$ 29,120,589	$ 27,607,586

See accompanying notes to combined financial statements.

JOEL POMERENE MEMORIAL HOSPITAL

COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Revenue		
Net patient service revenue	$ 29,976,707	$ 27,510,839
Other operating revenue	734,931	198,442
Total revenue	30,711,638	27,709,281
Expenses		
Salaries and wages	12,753,575	12,293,228
Employee benefits	3,462,094	3,318,456
Supplies and other	8,304,046	8,476,731
Medical professional fees	4,274,117	3,690,218
Physician recruiting and incentive	155,210	351,219
Depreciaton and amortization	1,647,372	1,422,160
Other	19,000	25,147
Total operating expenses	30,615,414	29,577,159
Operating income (loss)	96,224	(1,867,878)
Nonoperating gains (losses)		
Non-operating income, net	183,701	295,576
NE network grant, net	-	(28,327)
Federal grant	-	2,468,975
Change in fair value of investments	(147,212)	(4,124)
Nonoperating gains (losses)	36,489	2,732,100
Change in net assets	132,713	864,222
Net assets, beginning of year	24,381,294	23,517,072
Net assets, end of year	$ 24,514,007	$ 24,381,294

See accompanying notes to combined financial statements.

JOEL POMERENE MEMORIAL HOSPITAL
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Cash flows from operating activities		
Cash received from patients and third-party payors	$ 30,532,596	$ 28,775,844
Cash paid to suppliers for services and goods	(12,769,149)	(14,728,469)
Cash payments to employees for services	(16,116,810)	(15,531,759)
Other operating revenue received	854,255	2,001,727
Net cash from operating and nonoperating activities	2,500,892	517,343
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(2,192,935)	(5,402,431)
Issuance of long term debt	1,250,000	-
Principal payments on long term debt	(25,000)	-
Principal payments on capital leases	(187,967)	(164,342)
Net cash from capital and related financing activities	(1,155,902)	(5,566,773)
Cash flows from noncapital financing activities		
Other nonoperating activities	(147,212)	2,436,524
Net cash from noncapital financing activities	(147,212)	2,436,524
Cash flow from investing activities		
Interest on investments	183,701	295,576
Net change in investments and assets whose use is limited	346,842	2,412,886
Net cash from investing activities	530,543	2,708,462
Net change in cash and cash equivalents	1,728,321	95,556
Cash and cash equivalents - beginning of year	6,032,431	5,936,875
Cash and cash equivalents- end of year	$ 7,760,752	$ 6,032,431
Cash and cash equivalents include the following:		
Cash and equivalents	$ 1,828,529	$ 1,004,026
Assets limited as to use cash and cash equivalents		
Board designated for future capital improvements	5,873,319	4,970,679
Funds available for future construction and equipment	58,904	57,726
Total cash and cash equivalents	$ 7,760,752	$ 6,032,431
A reconciliation of the operating income (loss) to net cash flows from operating activities:		
Income (loss) from operations	$ 96,224	$ (1,867,878)
Adjustments to reconcile income (loss) from operations to net cash from operating activities:		
Depreciation and amortization	1,647,372	1,422,160
Bad debt expense	3,165,843	3,336,386
Changes in assets and liabilites:		
Patient accounts receivable	(2,409,468)	(2,778,781)
Pledges receivable	119,324	(20,654)
Inventories	3,586	(31,032)
Prepaid expenses and other assets	129,648	(178,231)
Accounts payable	30,549	200,991
Accrued expenses	(81,700)	442,077
Estimated third-party settlements	(200,486)	(7,695)
Net cash from operating activities	$ 2,500,892	$ 517,343
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 10,533	$ 20,067
Capital assets acquired under capital leases	$ 394,408	$ 142,718

See accompanying notes to combined financial statements.

1. NATURE OF OPERATIONS

The accompanying combined financial statements include the accounts of Joel Pomerene Memorial Hospital (the Hospital) and its subsidiary, Joel Pomerene Foundation (collectively, the Organization). All significant intercompany transactions and balances have been eliminated in consolidation.

Joel Pomerene Memorial Hospital (the Hospital) is a general acute care hospital owned by Holmes County, Ohio. The ultimate responsibility and ownership of the Hospital is vested in the Holmes Country Board of Commissioners who, together with the Probate and Common Please Court Judges, appoint a Board of Trustees for the administrative control of the Hospital. The Hospital's activity is reflected as an enterprise fund in the Holmes County Financial Statements. The Hospital has 55 beds.

Joel Pomerene Foundation (the Foundation) manages and coordinates fund raising campaigns, deferred-giving programs, and similar activities for the financial and volunteer support of the Hospital. The Foundation is a blended component unit of the Hospital. The Foundation actively participates in consortia, preferred provider organizations, and similar activities and develops innovative health care delivery strategies in which to participate on behalf of the Hospital. In addition, the Foundation owns and operates the Health Professionals of Holmes County, Inc. This company employs staff which are in turn leased directly to the Hospital.

The Foundation and Health Professionals of Holmes County have been granted an exemption from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental hospitals and local governmental units. Pursuant to Governmental Accounting Standards (GASB) Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting,* the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989.

Measurement Focus

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Organization are included on the statement of net assets.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting.

Cash and Cash Equivalents and Investments

Cash and investments with a maturity of three months or less at the time they are purchased by the Organization are considered to be cash equivalents.

During fiscal year 2008, the Organization had investments in common stock, mutual funds, government securities, certificates of deposits, and bank accounts. The Hospital holds Level 1, Level 2 and Level 3 investments. For Level 1 investments the fair market values are readily determinable using quoted prices in active markets for identical assets as determined by FAS 157: *Fair Value Measurements.* For Level 2 investments, the fair value is based on prices from broker-dealers who derive fair values for those assets from observable inputs. For Level 3 investments the fair value is based on significant other unobservable inputs. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in non-operating gains (losses) unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are included in changes in net assets.

Patient Accounts Receivable and Revenue

Patient accounts receivable and revenue are recorded when patient services are performed. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

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.

In 2008 and 2007, approximately 28% and 34%, respectively, of the Hospital's gross patient revenue was derived from Medicare payments while 10% of the Hospital's gross patient revenue in 2008 and 2007, was derived from Medicaid payments. Additionally, approximately 23% of the Hospital's total patient revenue was derived from individual self-payments in 2008 and 22% in 2007. The remaining revenue was derived primarily from commercial insurance payments.

Inventories

Inventories are presented at the lower of cost or market on a first-in first-out basis.

Assets Limited as to Use

Assets limited as to use consist of invested funds designated by the Board of Trustees for future capital improvements and funds invested in accordance with agreements with a third-party.

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Organization maintains a capitalization threshold of five hundred dollars. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed as incurred.

All reported capital assets except land are depreciated. Improvements are depreciated over the useful lives of the related capital assets. Depreciation is computed using the straight-line method. Equipment under capital lease is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

Charity Care

The Hospital maintains a policy whereby care is provided to patients who meet certain criteria without charge or at amounts less than established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Federal Income Tax

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

Accounting for Uncertainty in Income Taxes

The Financial Accounting Standards Board ("FASB") has issued Interpretation No. 48 ("FIN 48"), which clarifies generally acceptable accounting principles for recognition, measurement, presentation and disclosure relating to uncertain tax positions. FIN 48 applies to business enterprises, not-for-profit entities, and pass-through entities, such as S corporations and limited liability companies. As permitted by FIN 48 (as amended), the Hospital has elected to defer the application of FIN 48 until issuance of its December 31, 2009 financial statements. For financial statements covering periods prior to calendar 2009, the Hospital evaluates uncertain tax positions in accordance with existing generally accepted accounting principles and makes such accruals and disclosures as might be required thereunder.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Organization applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Reclassifications

Certain 2007 amounts have been reclassified to conform to the 2008 presentation. These changes had no effect on the change in net assets.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

Statement on Financial Accounting Standards No. 157, *Fair Value Measurements (as amended),* requires certain disclosures regarding the fair value of financial instruments. Financial instruments held by the Hospital impacted by this pronouncement include the Hospital's investments which are measured using quoted prices in active markets.

The Hospital partially adopted the provisions of FAS 157 for fiscal year 2008, but will delay adoption of non-financial assets and non-financial liabilities covered by FASB Staff Position No. FAS 157-2. This Staff Position permits companies to partially defer the effective date of FAS 157 for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis, until fiscal year 2009.

When fully adopted, the Hospital will apply the provisions of FAS 157-2 to certain non-financial assets and liabilities and is currently evaluating the impact of the full adoption of this statement on the consolidated results of operations and consolidated financial position.

Fair values of financial instruments at December 31, 2008 follow:

		Fair Value Measurements at Reporting Date Using:		
Description:	12/31/2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	$ 739,794	$ 476,476	$ 238,318	$ 25,000

In addition to quoted market prices in active markets, valuation techniques for Level 3 investments included a valuation provided by a third party. Activity related to the Level 3 investment was as follows:

	Significant Unobservable Inputs (Level 3)
Beginning Balance	$ 25,000
Total realized/unrealized gain included in changes in net assets	-
Ending Balance	$ 25,000
The amount of total gains for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	$ -

4. DEPOSITS AND INVESTMENTS

The classification of cash and cash equivalents, assets whose use is limited, and investments on the financial statements differs from criteria set forth in GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements". A reconciliation between the general fund classifications of cash and cash equivalents, assets whose use is limited and investments on the financial statements and the classification of deposits and investments per GASB Statement No. 3 is as follows:

	2008			2007		
	Cash and Cash Equivalents	Assets whose use is limited	Investments	Cash and Cash Equivalents	Assets whose use is limited	Investments
Financial statements	$ 1,828,529	$ 6,031,542	$ 640,475	$ 1,004,026	$ 5,076,514	$ 1,038,527
Cash deposits	3,184,618	(2,959,655)	(224,963)	2,386,113	(2,082,366)	(303,847)
Certificates of deposit	2,688,701	(2,688,701)	-	2,584,566	(2,584,566)	-
Construction deposits	58,904	(58,904)	-	57,726	(57,726)	-
GASB Statement 3 Deposits	$ 7,760,752	$ 324,282	$ 415,512	$ 6,032,431	$ 351,856	$ 734,680

Deposits- At December 31, 2008, the carrying amount of the Organization's deposits for all funds is $7,760,752 as compared to bank balances of $7,384,287. The differences in carrying amounts and bank balances are caused by outstanding checks, deposits in-transit, and other reconciling items. Of the bank balances, $1,085,710 is covered by Federal insurance programs and $6,298,577 is collateralized with securities held by the financial institution or by its trust departments or agent but not in the Organization's name.

Investments- Investments of the Organization are reported at fair value. As of December 31, 2008 the Organization had the following investments:

Investment/Market Rating

Moody's	S&P	Morning Star	Entity	Fair Value	Maturities in years (less than 1)	Maturities in years (1-5)	As part of Total Investments
N/A-1	N/A-1	N/A-1	Commerical Savings Bank Common Stock	$ 128,640	N/A-3	N/A-3	17.4%
N/A-1	N/A-1	N/A-1	Killbuck Savings Bank Common Stock	185,458	N/A-3	N/A-3	25.1%
N/A-1	N/A-1	N/A-1	Newell-Rubbermaid Common Stock	1,956	N/A-3	N/A-3	0.3%
N/A-2	N/A-2	N/A-2	U.S. Treasury Bonds	8,228	8,228	-	1.1%
Aaa	AAA		FNM Bank	115,703	115,703	-	15.6%
Aaa	AAA		GE Capital Corp Notes	114,387	35,131	79,256	15.5%
		***	Federated Mutual Funds-Equity	7,471	N/A-3	-	1.0%
		***	Fidelity Mutual Funds-Equity	47,081	N/A-3	-	6.4%
		***	T. Rowe Price Mutual Funds-Equity	64,401	N/A-3	N/A-3	8.7%
		***	Vanguard Mutual Funds - Equity	41,469	N/A-3	N/A-3	5.6%
N/A-1	N/A-1	N/A-1	Ohio Hospital Association Stock	25,000	N/A-3	N/A-3	3.4%
				$ 739,794	$ 159,062	$ 79,256	100.0%

N/A-1: Common Stock not publicly traded.
N/A-2: Exempt from ratings since explicitly guaranteed by a U.S. Government Agency
N/A-3: Stock investments, no maturity period to report

Interest rate risk - The Ohio Revised Code has established criteria for the type of investments the Hospital may purchase. The Hospital's investment policy has indicated that all investments must abide by these rules. The policy also specifically states that any investment must mature within five years, unless matched to a specific obligation or debt of the Hospital. The Hospital's investment policy also states that no investment will be made unless the Board of Trustees reasonably believes at the time the investment is made that the investment can be held until maturity. However, an investment may be sold prior to maturity if the Board of Trustees determines that such sale is prudent.

Credit risk - The Hospital's investment credit or market ratings are summarized above.

Concentration of credit risk - The Board of Trustees places no limit on the amount the Hospital may invest in any one issuer. See the table above for the percentage of investments as compared to the total of all investments.

5. RESTRICTED NET ASSETS

The Foundation reports net assets disaggregated into restricted and unrestricted components.

The Foundation's restricted net assets for December 31, 2008 is summarized below.

Description	Balance 12/31/2007	Contributions	Released or Expended	Adjustments	Balance 12/31/2008
Restricted net assets					
Captial Campaign:					
-Capital Additions to Joel Pomerene Memorial Hospital	$ 751,160	$ 20,841	$ 500,000	$ -	$ 272,001
Harold B. Miley Grant					
-Nursing Education and Scholarship	490,385	-	9,930	(93,548)	386,907
Ken Hochstelter Memorial					
- Radiology education	4,528	192	-	-	4,720
Memorials Fund					
- General Memorial Fund	670	-	-	-	670
Stan Boyd Emergency Fund					
- Prescription purchases	2,830	631	862	-	2,599
Emergency Medical Fund					
- Prescription purchases	499	2,400	1,246	-	1,653
Elisa Galley Estate					
-Elderly/Handicapped parking lot	50,000	-	-	-	50,000
	$ 1,300,072	$ 24,064	$ 512,038	$ (93,548)	$ 718,550

6. PATIENT ACCOUNTS RECEIVABLE

The details of patient accounts receivable are set forth below:

	December 31, 2008	December 31, 2007
Total patient accounts receivable	$ 9,613,535	$ 11,683,984
Less allowance for:		
Contractual adjustments	3,330,151	3,996,225
Uncollectible adjustments	2,002,000	2,650,000
Net patient accounts receivable	$ 4,281,384	$ 5,037,759

7. PLEDGES RECEIVABLE

During 2002, the Foundation began a capital campaign to solicit funds in support a building project planned by Joel Pomerene Memorial Hospital. As a part of this campaign, the Foundation received pledges to contribute over the next 5 years. The following schedule summarizes gross pledge support by year in which the receipt is expected.

	December 31, 2008	December 31, 2007
Less than one year	$ 150,208	$ 131,661
One to five years	33,342	153,164
Total Pledges Receivable	$ 183,550	$ 284,825

As required by generally accepted accounting principles, the Foundation estimated an allowance for uncollectible pledges. The following schedule reconciles gross pledges receivable to the pledges less the allowance for uncollectible accounts.

	December 31, 2008	December 31, 2007
Gross pledges receivable	$ 183,550	$ 284,825
Allowance for uncollectible pledges	(112,866)	(94,817)
Net Pledges Receivable	$ 70,684	$ 190,008

8. THIRD-PARTY SETTLEMENTS

The Hospital has agreements with Medicare and Medicaid that provide for reimbursements to the Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's established rates for services and amount reimbursed by third-party payers. The Hospital has reached final settlement with Medicare through 2006 and Medicaid through 2003.

9. ASSETS LIMITED AS TO USE

The composition of assets limited as to use is set forth in the following table.

	December 31	
	2008	2007
Internally designated for future capital improvements		
Cash and cash equivalents	$ 2,959,655	$ 2,082,366
Certificate of deposit	2,688,701	2,584,566
Investments in common stock and mutual funds	324,282	351,856
	5,972,638	5,018,788
Funds available for future construction-cash and cash equivalents	58,904	57,726
Total assets limited as to use	$ 6,031,542	$ 5,076,514

Funds available for future construction represent the unexpended proceeds from the County of Holmes Hospital Improvement Notes, which were refinanced in 1991.

10. CAPITAL ASSETS

Capital assets consist of the following:

2008	12/31/2007	Increase	Decrease	12/31/2008
Capital assets not being depreciated				
Land	$ 1,347,389	$ 22,933	$ -	$ 1,370,322
Construction in progress	776,443	1,155,561	(1,932,004)	-
Total capital assets not being depreciated	2,123,832	1,178,494	(1,932,004)	1,370,322
Capital assets being depreciated				
Building and fixed equipment	15,249,314	2,489,935	-	17,739,249
Moveable equipment	12,158,447	850,918	(49,746)	12,959,619
Sub-specialty medical clinic	214,198	-	-	214,198
Modular medical office building	560,323	-	-	560,323
OB/GYN clinic moveable equipment	34,000	-	-	34,000
OB/GYN clinic	169,583	-	-	169,583
Total capital assets being depreciated	28,385,865	3,340,853	(49,746)	31,676,972
Less accumulated depreciation	(16,456,648)	(1,647,372)	49,746	(18,054,274)
Total capital assets being depreciated, net	11,929,217	1,693,481	-	13,622,698
Total capital assets, net	$ 14,053,049	$ 2,871,975	$ (1,932,004)	$ 14,993,020

2007	12/31/2006	Increase	Decrease	12/31/2007
Capital assets not being depreciated				
Land	$ 1,277,737	$ 69,652	$ -	$ 1,347,389
Construction in progress	360,823	3,901,767	(3,486,147)	776,443
Total capital assets not being depreciated	1,638,560	3,971,419	(3,486,147)	2,123,832
Capital assets being depreciated				
Building and fixed equipment	11,684,079	3,565,235	-	15,249,314
Moveable equipment	10,770,389	1,526,181	(138,123)	12,158,447
Sub-specialty medical clinic	214,198	-	-	214,198
Modular medical office building	560,323	-	-	560,323
OB/GYN clinic moveable equipment	34,000	-	-	34,000
OB/GYN clinic	169,583	-	-	169,583
Total capital assets being depreciated	23,432,572	5,091,416	(138,123)	28,385,865
Less accumulated depreciation	(15,141,072)	(1,422,160)	106,584	(16,456,648)
Total capital assets being depreciated, net	8,291,500	3,669,256	(31,539)	11,929,217
Total capital assets, net	$ 9,930,060	$ 7,640,675	$ (3,517,686)	$ 14,053,049

11. LONG TERM DEBT

In 2008, the Hospital obtained a $1,250,000, unsecured interest-free, loan from Aultman Health Foundation (Aultman), with monthly principal only payments of $4,167 through July 2033. Aultman has option to call loan in July 2018.

The Hospital has entered into various non-cancelable capital lease agreements for equipment. These capital leases are due in monthly installments including interest at rates ranging from 2.8% to 7.5%. They expire at various times through 2013 and are collateralized by the equipment leased.

	December 31	
	2008	2007
Cost of equipment under capital lease	$ 1,136,825	$ 742,417
Less: Accumulated Depreciation	339,854	335,181
Net carrying amount	$ 796,971	$ 407,236

The Hospital has entered into various operating lease agreements for equipment, which expire at various times through 2014. Operating lease expense totaled $654,890 in 2008 and $568,353 in 2007.

Effective March 1, 1999, the Hospital signed a six-year lease agreement for office space from Aultman Health Foundation. The lease expired March 1, 2005, at which time the Hospital exercised the option to begin renewing the lease on an annual basis up to an additional four years. Office lease expense totaled $241,352 and $236,745 in 2008 and 2007, respectively.

Effective April 27, 2004, the Hospital signed a ten-year lease agreement for a medical facility in Berlin, Ohio. The lease expires in 2014 with the option to lease for additional three year terms. Lease expense was $65,115 and $65,295 in 2008 and 2007, respectively.

Minimum payments on these obligations to maturity as of December 31, 2008 are as follows:

	Note	Capital Leases	Operating Lease
2009	$ 50,000	$ 164,447	$ 65,295
2010	50,000	133,085	65,295
2011	50,000	93,954	65,295
2012	50,000	93,954	65,295
2013	50,000	70,467	65,295
2014-2017	975,000	-	21,765
Total payments	1,225,000	555,907	348,240
Less amount representing interest	-	75,286	-
Total	$ 1,225,000	$ 480,621	$ 348,240

The Hospital's long-term debt and capital leases are stated at the historical amount, which approximate the fair value at December 31, 2008. The current rates and terms offered to the hospital are comparable to the weighted average interest rates and terms of the current outstanding long-term debt and capital leases.

The Hospital is required to meet certain covenants with respect to the Aultman note agreement, including minimum debt service coverage. The Hospital was in compliance with these covenants at December 31, 2008.

12. CHARITY CARE

The Hospital provides medical care without charge, or at a reduced cost, to residents of its community, primarily through (1) services provided at no charge to the uninsured; (2) the difference between public programs' payments (primarily Medicare and Medicaid) and the related costs of providing such services; and (3) the services provided to patients expressing a willingness to pay but who are determined to be unable to pay because of socioeconomic factors. The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for service and supplies furnished under its charity care policy. Charges foregone for services rendered under the Hospital's charity care policy were approximately $1,657,000 and $1,395,000 in 2008 and 2007, respectively.

13. NET PATIENT SERVICE REVENUE

The Hospital provides services to certain patients covered by various third-party payer arrangements that provide fixed payments to the Hospital at amounts different than its established rates. Gross patient service revenue and the allowances to reconcile to net patient service revenue for the years ended December 31, 2008 and 2007 are as follows:

	Year Ended December 31	
	2008	2007
Gross patient service revenue	$ 58,525,643	$ 52,674,263
Revenue deductions:		
Provision for contractual allowances	23,726,068	20,431,587
Bad debts	3,165,843	3,336,386
Charity	1,657,025	1,395,451
Total revenue deductions	28,548,936	25,163,424
Total net patient service revenue	$ 29,976,707	$ 27,510,839

14. PENSION PLANS

The Hospital contributed to the Ohio Public Employees Retirement System (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 provides retirement and disability benefits, annual cost-of-living adjustments, healthcare benefits and death benefits to plan members and beneficiaries. Members of the MD plan do not qualify for ancillary benefits, including post-employment health care coverage. OPERS issues a publicly available comprehensive annual financial report, which includes financial statements and required supplementary information for OPERS. That report may be obtained by writing to Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio, 43215-4642 or by calling (614) 222-5601 or (800) 222-PERS (7377).

Funding Policy

The required, actuarially-determined contribution rates for the Hospital and for employees are 14% and 10%, respectively. The Hospital's contributions to OPERS for the years ended December 31, 2008, 2007 and 2006 were approximately $1,513,000, $1,478,000 and $1,382,000.

OPERS also provides post-retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability recipients and primary survivor recipients is available. The healthcare coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB). A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement healthcare. The Ohio Revised Code provides statutory authority for employer contributions. The portion of the 2008 employer contribution rates of 14% used to fund healthcare was 7.0%. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement healthcare through their contributions to OPERS.

The assumptions and calculations below are based on OPERS' latest actuarial review performed as of December 31, 2007. An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

The investment return assumption rate for 2007 was 6.5%. An annual increase of 4% compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from .5% to 6.3%. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5% to 4% for the next 7 years. In subsequent years (8 and beyond), healthcare costs were assumed to increase at 4% (the projected wage inflation rate).

The Traditional Pension and Combined Plans had 363,503 active contributing participants as of December 31, 2008. The number of active contributing participants for both plans used in the December 31, 2007 actuarial valuation was 364,076. The actuarial value of OPERS net assets available for OPEB at December 31, 2007 was $12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability for OPEB, based on the actuarial cost method was $29.8 billion and $17.0 billion, respectively.

OPEB are financed through employer contributions and investment earnings there on. The contributions allocated to retiree healthcare, along with investment income on allocated assets and periodic adjustments in healthcare provisions are expected to be sufficient to sustain the program indefinitely.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004 is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

15. ADVERTISING

The Hospital expenses advertising cost as they are incurred. Advertising expense was $173,775 and $147,897 for 2008 and 2007, respectively. Advertising expenses are included in operating expenses in the financial statements.

16. MEDICAL MALPRACTICE CLAIMS

The Hospital has purchased occurrence-based insurance to protect itself against losses from medical malpractice claims. The policy covers claims resulting from incidents that occur during the policy term, regardless of when the claims are reported to the insurance carrier. The Hospital is not aware of any medical malpractice claims, either asserted or unasserted, that would exceed the policy limits of $1,000,000 per individual claims and $3,000,000 in the annual aggregate.

17. RELATED ORGANIZATION

The Northeast Ohio Health Outreach Network (Network) is controlled by four area hospitals, one of which is Joel Pomerene Memorial Hospital. The Network was established to receive federal grant monies from the U.S. Department of Housing and Urban Development (HUD). Funds are distributed to the Hospital directly from HUD as determined by the Network. Changes in unrestricted net assets for 2008 and 2007 resulted from the following:

	Beginning Balance	Revenue	Expenses	Ending Balance
2008	$ 75,826	$ -	$ 25,782	$ 50,044
2007	$ 104,153	$ -	$ 28,327	$ 75,826

18. COMMITMENTS

The Hospital is involved in various pending claims and lawsuits. In the opinion of the Hospital's management, after consultation with legal counsel, the potential for loss on the claims and lawsuits will not materially effect the Hospital's financial position.

19. INCOME GRANTS AND FORGIVENESS OF EDUCATIONAL LOANS

As part of the hospitals recruitment program for new physicians, the Hospital offers income grants and forgiveness of education loans in exchange for a commitment to a minimum term of service. As of December 31, 2008 and 2007, the loan receivable in connection with these income grants and forgiveness of educations loans was $248,372 and $450,565, respectively. The loans will be forgiven over time as physicians fulfill their committed term of service.

CPAs ADVISORS

blue

Blue & Co., LLC / 8800 Lyra Drive, Suite 450 / Columbus, OH 43240
main 614.885.BLUE (2583) fax 614.885.0580 email blue@blueandco.com

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

Board of Trustees
Joel Pomerene Memorial Hospital
Millersburg, Ohio

We have audited the combined financial statements of Joel Pomerene Memorial Hospital (the Hospital) as of and for the year ended December 31, 2008, and have issued our report thereon dated May 1, 2009. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 material misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Hospital's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Hospital's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting (2008-1).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Hospital's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's combined financial statements are free of material misstatement, we performed tests of its 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 the Hospital in a separate letter dated May 1, 2009.

The Hospital's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Hospital's response 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 and should not be used by anyone other than those specified parties.

Blue & Co., LLC

May 1, 2009

Joel Pomerene Memorial Hospital
Schedule of Audit Findings and Responses
December 31, 2008

2008 – 1: Physician Recruitment Asset and Liability

In accordance with FASB Staff Position FIN 45-3, "Application of FASB Interpretation No. 45 to Minimum Revenue Guarantees Granted to a Business Or Its Owners," an adjustment was necessary to record a liability for the fair value of a guarantee with an offsetting asset recorded in other assets within the balance sheet. We recommend that management analyze new physician agreements with income guarantees for possible accounting of future commitments.

Management's Response:

As the Hospital enters into these agreements we will evaluate and account for related obligations in accordance with the guidance provided above.

JOEL POMERENE MEMORIAL HOSPITAL

HOLMES 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
JUNE 4, 2009