

# Municipal Secondary Market Disclosure Information Cover Sheet

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

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

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**IF THIS FILING RELATES TO A SINGLE BOND ISSUE:**

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

\$17,860,000

Gaylord Hospital Finance Authority

Hospital Revenue and Refunding Bonds, Series 2004

Otsego Memorial Hospital Association Obligated Group

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

368177AB7

368177AC5

368177AD3

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

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

Other Obligated Person's Name (if any): \_\_\_\_\_  
(Exactly as it appears on the Official Statement Cover)

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

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

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**TYPE OF FILING:**

Electronic (number of pages attached) 10  Paper (number of pages attached) \_\_\_\_\_

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

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

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

Fiscal Period Covered: \_\_\_\_\_

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

Fiscal Period Covered: \_\_\_\_\_

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

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

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

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

Period Covered: January – March 2008 (FY2008Q1)

F.  Other Secondary Market Information (Specify): \_\_\_\_\_

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

**Issuer Contact:**

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

**Dissemination Agent Contact, if any:**

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

**Obligor Contact, if any:**

Name Timothy R. Eckert Title Vice President of Finance  
Employer Otsego Memorial Hospital  
Address 825 North Center Street City Gaylord State MI Zip Code 49735  
Telephone (989) 731-2238 Fax (989) 731-2217  
Email Address [Teckert@otsegomemorialhospital.org](mailto:Teckert@otsegomemorialhospital.org) Obligor Web Site Address [www.otsegomemorialhospital.org](http://www.otsegomemorialhospital.org)

**Investor Relations Contact, if any:**

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

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

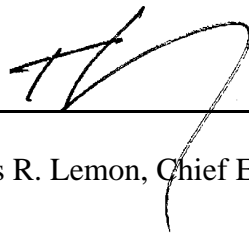
**OFFICER'S CERTIFICATE**

**DATED: May 12, 2008**

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

Attached are internally-prepared quarterly financial statements for the Fiscal Year quarter ended March 31, 2008, including a balance sheet as of such date and a statement of activities and changes in Net Assets for such quarter (the Quarterly Financial Statements). The undersigned certifies that:

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



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Thomas R. Lemon, Chief Executive Officer

**OTSEGO MEMORIAL HOSPITAL  
BALANCE SHEET w Foundation**

**Restated 4/22/08**

	<b>Current Month March-08</b>	<b>Prior Month February-08</b>	<b>Prior Year March-07</b>
<b>Current Assets</b>			
Cash and cash equivalents	592,281	238,647	913,562
Short-term investments-foundation	945,367	954,308	1,122,964
Accounts receivable, Net	6,404,844	6,556,387	5,529,633
Estimated third-party settlements	2,559,456	1,778,816	2,996,150
Other current assets	2,092,514	1,977,488	1,259,504
Total current assets	12,594,462	11,505,646	11,821,813
<b>Assets Limited as to Use</b>			
Bond payment fund	1,695,891	1,667,169	1,578,919
Funded depreciation	4,710,625	4,687,075	4,301,917
<b>Property and Equipment</b>	29,643,845	29,608,555	32,068,179
<b>Other Assets</b>			
Investment in joint ventures	478,253	478,253	561,382
Cash surrender value of life insurance	497,662	498,807	488,320
Bond issue costs	402,278	404,464	389,320
Long-term investments	609,172	599,484	445,229
Total assets	50,632,188	49,449,453	51,655,079
<b>Current Liabilities</b>			
Current portion of long-term debt	840,020	840,019	1,228,780
Notes payable	975,256	1,015,958	1,759,014
Accounts payable	3,972,038	3,226,978	3,050,007
Accrued liabilities and other:			
Accrued compensation	682,870	451,172	(204,196)
Accrued compensation absences	915,967	882,659	871,020
Accrued professional and other liability claims	300,000	300,000	300,000
Accrued interest	318,810	223,390	318,815
Total current liabilities	8,004,961	6,940,176	7,323,440
<b>Long-Term Debt</b>	23,231,629	23,297,597	24,838,098
<b>Other Liabilities - Deferred compensation</b>	609,172	599,484	445,229
Total liabilities	31,845,762	30,837,257	32,606,767
<b>Net Assets</b>			
Unrestricted	18,784,871	18,611,446	19,048,312
Temporarily restricted	1,555	750	0
Total liabilities and net assets	50,632,188	49,449,453	51,655,079

**OTSEGO MEMORIAL HOSPITAL  
STATEMENT OF OPERATIONS - COMBINED w Foundation**

<i>For the Month Ended March 2008</i>				<i>Year to Date Ended March 2008</i>				
<u>Current</u>	<u>Budget</u>	<u>Variance Fav (Unfav)</u>	<u>Prior Year</u>		<u>Current</u>	<u>Budget</u>	<u>Variance Fav (Unfav)</u>	<u>Prior Year</u>
				<b>Gross Revenue</b>				
\$ 2,737,119	\$ 2,351,904	\$ 385,215	\$ 2,204,139	Inpatient	\$ 7,721,962	\$ 7,083,133	\$ 638,829	\$ 6,377,895
5,478,506	5,997,455	(518,949)	5,309,806	Outpatient	16,743,191	17,949,020	(1,205,829)	15,666,613
\$ 8,215,625	\$ 8,349,359	\$ (133,734)	\$ 7,513,945	Total gross revenue	\$ 24,465,153	\$ 25,032,153	\$ (567,000)	\$ 22,044,508
(3,166,805)	(3,279,562)	112,757	(3,071,370)	Revenue Deductions	(9,384,001)	(9,794,305)	410,304	(8,432,188)
\$ 5,048,820	\$ 5,069,797	\$ (20,977)	\$ 4,442,575	Net patient service revenue	\$ 15,081,152	\$ 15,237,848	\$ (156,696)	\$ 13,612,320
297,694	270,097	27,597	248,683	Other operating revenue	842,250	778,487	63,763	653,470
\$ 5,346,514	\$ 5,339,894	\$ 6,620	\$ 4,691,258	Total operating revenue	\$ 15,923,402	\$ 16,016,335	\$ (92,933)	\$ 14,265,790
				<b>Expenses</b>				
\$ 2,294,165	\$ 2,316,262	22,097	\$ 2,012,713	Salaries and wages	\$ 6,951,756	\$ 6,832,721	\$ (119,035)	\$ 6,108,584
615,894	632,624	16,730	600,902	Employee benefits	1,868,582	1,906,747	38,165	1,734,789
92,113	97,159	5,046	37,837	Leases	318,939	298,150	(20,789)	317,348
654,239	661,966	7,727	557,574	Supplies	2,165,831	2,090,705	(75,126)	2,094,209
268,539	256,786	(11,753)	8,273	Drugs	652,933	754,849	101,916	484,670
244,607	248,656	4,049	133,271	Purchased Services	650,683	788,758	138,075	565,467
138,704	106,803	(31,901)	106,305	Provider Tax	345,799	318,833	(26,966)	317,314
75,920	48,952	(26,968)	57,081	Utilities	258,630	177,516	(81,114)	206,202
317,866	323,140	5,274	281,460	Other expenses	826,710	901,743	75,033	835,236
164,077	181,993	17,916	168,029	Depreciation	490,107	545,979	55,872	508,331
154,537	137,194	(17,343)	149,525	Interest	445,583	419,173	(26,410)	463,542
158,055	157,679	(376)	374,984	Provision for doubtful accounts	642,866	527,065	(115,801)	580,465
\$ 5,178,716	\$ 5,169,214	\$ (9,502)	\$ 4,487,954	Total expenses	\$ 15,618,419	\$ 15,562,239	\$ (56,180)	\$ 14,216,157
167,798	170,680	(2,882)	203,304	<b>Income from operations</b>	304,983	\$ 454,096	(149,113)	49,633
(41,546)	49,108	(90,654)	28,088	Non Operating Revenue	(37,955)	146,127	(184,082)	103,800
\$ 126,252	\$ 219,788	\$ (93,536)	\$ 231,392	<b>Revenue over expenses</b>	\$ 267,028	\$ 600,223	\$ (333,195)	\$ 153,433

**OTSEGO MEMORIAL HOSPITAL  
STATEMENT OF CASH FLOWS**

	<b>Year-to-Date Mar-08</b>
<b>Cash Flows from Operating Activities</b>	
Cash received from customers and third-party payors	\$ 13,362,353
Cash paid to suppliers and employees	(15,388,708)
Interest received	43,235
Interest paid	(445,583)
Other cash receipts	<u>396,604</u>
Net cash provided by (used in) operating activities	(2,032,099)
<b>Cash Flows from Investing Activities</b>	
Purchase of property and equipment	(227,927)
Change in assets limited as to use	<u>79,782</u>
Net cash (used in) provided by investing activities	(148,145)
<b>Cash Flows from Financing Activities</b>	
Proceeds from issuance of long-term debt	-
Principal payments on long-term debt	716,998
Increase in deferred charges	<u>-</u>
Net cash (used in) provided by financing activities	<u>716,998</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,463,246)
<b>Cash and Cash Equivalents - Beginning of period</b>	<u>3,000,822</u>
<b>Cash and Cash Equivalents - End of period</b>	<u><u>\$ 1,537,576</u></u>

# **OTSEGO MEMORIAL HOSPITAL ASSOCIATION**

## **MANAGEMENT'S REPORT**

### **FY2008Q1**

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

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

This Management's Report should be read in conjunction with the most recent Management's Report which related to FY2007Q4.

Attached are volume and utilization data for the Fiscal Year (FY) quarter ended March 31, 2008. These data are presented in a cumulative FY-to-date format, with a comparison to the same cumulative period in the prior FY. Certain FY2007 figures reflects a change in statistical basis to conform to newly-implemented productivity standards. Unless the corresponding FY2007 figures reflect similar changes, the two FYs' figures may not be comparable.

#### **MANAGEMENT'S DISCUSSION**

The following comments by management are required by Section 201(a)(i)(A) of Supplemental Indenture Number 6 and Section 2(i)(A) of the First Amendment to Indenture and Loan Agreement.

Practice volumes of new physicians hired during FY2007 have been increasing. These increased volumes are beginning to have a favorable impact on inpatient and ancillary department activity levels. During FY2008Q1, the Hospital has experienced:

- a 7 percent increase over budget in inpatient admissions, representing a 10 percent increase over FY2007 Q1;
- a 16 percent increase in total patient days, representing a 13 percent increase over FY2007Q1;
- a 5% increase in outpatient registrations over FY2007Q1; and
- volume increases among most ancillary departments over FY2007Q1.

**FINANCIAL RATIO CALCULATIONS**

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

<i>Debt Service Coverage Ratio Calculation for the Rolling Four Quarters Ended March 31, 2008 (\$000s omitted, except for Debt Service Coverage Ratio)</i>					
			<i>Minus</i>	<i>Plus</i>	
		<i>FY2007</i>	<i>FY2007Q1</i>	<i>FY2008Q1</i>	<i>Rolling Four Quarters</i>
		<i>Audited</i>	<i>Unaudited</i>		
Excess of Revenue over Expenses		16	153	267	129
Depreciation Expense		2,218	508	490	2,200
Interest Expense		1,743	464	446	1,726
Net Income Available for Debt Service	NIADS	3,977			4,054
Maximum Annual Debt Service Requirements	MADS				2,476
Debt Service Coverage Ratio	NIADS / MADS				1.6372

***Debt Service Coverage Ratio Calculation  
for the Annualized Three-Month Period Ended March 31, 2008  
(\$000s omitted, except for Debt Service Coverage Ratio)***

			<i>Minus</i>	
		<i>FY2008Q1</i>		<i>Three-Month Period</i>
		<i>Unaudited</i>	<i>Unaudited</i>	
Excess of Revenue over Expenses		268		268
Depreciation Expense		490		490
Interest Expense		446		446
Net Income Available for Debt Service	NIADS	1,204	0	1,204
¼ of Maximum Annual Debt Service Requirements	MADS			619
Debt Service Coverage Ratio	NIADS / MADS			1.94

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

Corporation management will schedule, via a separate communication, the quarterly conference call required by Section 202 of Supplemental Indenture Number 6 and Section 2 of the First Amendment to Indenture and Loan Agreement.

# OTSEGO MEMORIAL HOSPITAL ASSOCIATION

## SERVICE VOLUMES AND UTILIZATION

**FY20087Q1**

<i>Historical Acute Care Utilization (excludes newborns)</i>		
	<i>Three Months Ended March 31</i>	
	<i>2008</i>	<i>2007</i>
Days in Period	91	90
Licensed Beds	53	53
Staffed Beds	39	39
Admissions	536	486
Patient Days	1,695	1,497
Births	65	78
Average Daily Census	18.6	16.6
Average Length of Stay	3.2	3.1
Occupancy Rate <sup>1</sup> (%)	47.8	42.7
<sup>1</sup> Based on Staffed Beds		

<i>McReynolds Hall (Skilled Nursing) Utilization</i>		
	<i>Three Months Ended March 31</i>	
	<i>2008</i>	<i>2007</i>
Days in Period	91	90
Licensed and Staffed Beds	34	34
Patient Days	2,974	2,752
Average Daily Census	32.7	30.6
Occupancy Rate	96.1	89.9

<i>Outpatient Volumes</i>		
	<i>Three Months Ended March 31</i>	
	<i>2008</i>	<i>2007</i>
ED Patients	3,113	2,955
MedCare Encounters	3,484	3,795
Employed Physicians Encounters	16,773	16,675
Outpatient Registrations	19,289	18,321

<i>Surgical and Other Procedures</i>			
		<i>Three Months Ended March 31</i>	
		<i>2008</i>	<i>2007</i>
Inpatient Surgeries		255	203
Outpatient	Surgeries	949	1,023
	Other Procedures	1,125	1,312
	Total Outpatient	2,074	2,335
Grand Total		2,329	2,538
Percent Outpatient		89.1%	92.0%

<i>Ancillary Services</i> <i>(the Corporation no longer distinguishes between ancillary services provided to inpatients and outpatients in its record-keeping)</i>		
	<i>Three Months Ended March 31</i>	
	<i>2008</i>	<i>2007</i>
Laboratory Orders <sup>1</sup>	55,395	52,904
Electrocardiology Procedures <sup>2</sup>	2,299	2,223
General Radiology Examinations <sup>2</sup>	5,899	7,724
Ultrasound Examinations	859	N/A
Mammography Examinations	644	N/A
Nuclear Medicine Examinations	1,525	1,407
CT Scan Examinations	2,329	1,656
MRI Examinations	685	710
Cardio-Pulmonary Procedures <sup>2</sup>	7,624	7,471
Physical Therapy Procedures <sup>2</sup>	6,320	4,439
Occupational Therapy Procedures <sup>2</sup>	3,838	2,556
Cardiac Rehabilitation Visits <sup>2</sup>	1,829	2,489