

DEBT SERVICE FUNDS

Debt Service Funds are established to finance and account for the payments of interest and principal on all general obligation debt other than that payable exclusively from revenue bonds issued for and serviced by a governmental enterprise.

The County's Debt Service Funds are legal in nature. They are established in accordance with statutes and/or bond indentures. Their use enhances the attractiveness of bonds to prospective buyers resulting, possibly, in a lower rate of interest. Inclusion of Debt Service Fund provisions in the indenture indicates to the buyer that the timing of the acquisition of assets with which to satisfy maturing debt has been formalized and that a sophisticated administrative approach to servicing the debt will be followed.

The County's Debt Service Funds consist of the BPW #1 Village of Litchfield, BPW #2 Townships of Jefferson and Pittsford, BPW #6 Village of Jonesville, F.I.A. Building Authority Debt, and M.C.F. Building Authority Debt.

COUNTY OF HILLSDALE, MICHIGAN

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS

DECEMBER 31, 2002

	BPW #1 VILLAGE OF LITCHFIELD	BPW #2 TOWNSHIPS OF JEFFERSON AND PITTSFORD
ASSETS		
Cash and cash equivalents	\$ <u> 629</u>	\$ <u> 237</u>
FUND BALANCE	\$ <u> 629</u>	\$ <u> 237</u>

BPW #6
VILLAGE OF
JONESVILLE

F.I.A.
BUILDING
AUTHORITY
DEBT

M.C.F.
BUILDING
AUTHORITY
DEBT

TOTAL

\$ 23

\$ 38

\$ 68

\$ 995

\$ 23

\$ 38

\$ 68

\$ 995

COUNTY OF HILLSDALE, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	BPW #1 VILLAGE OF LITCHFIELD	BPW #2 TOWNSHIPS OF JEFFERSON AND PITTSFORD
REVENUES		
Local contributions	\$ 138,430	\$ 107,695
Interest	<u>86</u>	<u>8</u>
TOTAL REVENUES	<u>138,516</u>	<u>107,703</u>
EXPENDITURES		
Bond principal	110,000	91,000
Interest and fees	<u>28,430</u>	<u>16,520</u>
TOTAL EXPENDITURES	<u>138,430</u>	<u>107,520</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>86</u>	<u>183</u>
OTHER FINANCING SOURCES		
Operating transfers in	<u> </u>	<u> </u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	86	183
FUND BALANCE, JANUARY 1	<u>543</u>	<u>54</u>
FUND BALANCE, DECEMBER 31	<u>\$ 629</u>	<u>\$ 237</u>

BPW #6 VILLAGE OF JONESVILLE	F.I.A. BUILDING AUTHORITY DEBT	M.C.F. BUILDING AUTHORITY DEBT	TOTAL
\$ 104,285	\$ (250)	\$ 181,846	\$ 532,006
<u>4</u>	<u>30</u>	<u>68</u>	<u>196</u>
<u>104,289</u>	<u>(220)</u>	<u>181,914</u>	<u>532,202</u>
35,000	75,000	85,000	396,000
<u>69,285</u>	<u>93,874</u>	<u>96,846</u>	<u>304,955</u>
<u>104,285</u>	<u>168,874</u>	<u>181,846</u>	<u>700,955</u>
<u>4</u>	<u>(169,094)</u>	<u>68</u>	<u>(168,753)</u>
<u> </u>	<u>169,092</u>	<u> </u>	<u>169,092</u>
4	(2)	68	339
<u>19</u>	<u>40</u>	<u> </u>	<u>656</u>
\$ <u><u>23</u></u>	\$ <u><u>38</u></u>	\$ <u><u>68</u></u>	\$ <u><u>995</u></u>

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CAPITAL PROJECTS FUNDS

Capital Projects Funds are designed to account for the resources expended to acquire assets of a relatively permanent nature. These funds satisfy the special accounting requirements for bond proceeds and projects utilizing more than one funding source.

Capital Projects Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to a certain purpose are used only for that purpose and further enables them to report to creditors, and other grantors of Capital Projects Funds revenue, that their requirements regarding the use of the revenue were fully satisfied.

The County's Capital Projects Funds consist of BPW #1 Village of Litchfield Construction, BPW #2 Townships of Jefferson and Pittsford Construction, and F.I.A. Building Authority Construction.

COUNTY OF HILLSDALE, MICHIGAN

COMBINING BALANCE SHEET

CAPITAL PROJECTS FUNDS

DECEMBER 31, 2002

	BPW #1 VILLAGE OF LITCHFIELD CONSTRUCTION	BPW #2 TOWNSHIPS OF JEFFERSON AND PITTSFORD CONSTRUCTION	F.I.A. BUILDING AUTHORITY CONSTRUCTION	TOTAL
ASSETS				
Cash and cash equivalents	\$ <u>16</u>	\$ <u>3,314</u>	\$ <u>6,323</u>	\$ <u>9,653</u>
FUND BALANCE				
Unreserved - undesignated	\$ <u>16</u>	\$ <u>3,314</u>	\$ <u>6,323</u>	\$ <u>9,653</u>

COUNTY OF HILLSDALE, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	BPW #1 VILLAGE OF LITCHFIELD CONSTRUCTION	BPW #2 TOWNSHIPS OF JEFFERSON AND PITTSFORD CONSTRUCTION	F.I.A. BUILDING AUTHORITY CONSTRUCTION	TOTAL
REVENUES				
Special assessments	\$ 42	\$ 3,503	\$ 250	\$ 3,753
Interest on investments	<u>42</u>	<u>1</u>	<u>76</u>	<u>119</u>
TOTAL REVENUES	<u>42</u>	<u>3,504</u>	<u>326</u>	<u>3,872</u>
EXPENDITURES				
Construction	<u>13,516</u>	<u>190</u>	<u>647</u>	<u>14,353</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(13,474)	3,314	(321)	(10,481)
FUND BALANCE, JANUARY 1	<u>13,490</u>	<u> </u>	<u>6,644</u>	<u>20,134</u>
FUND BALANCE, DECEMBER 31	<u>\$ 16</u>	<u>\$ 3,314</u>	<u>\$ 6,323</u>	<u>\$ 9,653</u>

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ENTERPRISE FUNDS

Enterprise Funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominately self-supporting by user charges. The significant characteristic of Enterprise Funds is that the accounting system must make it possible to show whether the activity is operated at a profit or loss, similar to comparable private enterprise. Thus, the reports of Enterprise Funds are self-contained and creditors, legislators or the general public can evaluate the performance of the municipal enterprise on the same basis as they can the performance of investor-owned enterprises in the same industry.

The County operates its Emergency Service Fund, E-911 Emergency Fund, and Geographic Information Systems Fund as Enterprise Funds.

HILLSDALE COUNTY, MICHIGAN

COMBINING BALANCE SHEET

ENTERPRISE FUND

DECEMBER 31, 2002

	EMERGENCY SERVICE	E-911 EMERGENCY	GEOGRAPHIC INFORMATION SYSTEMS	TOTAL
CURRENT ASSETS				
Cash and cash equivalents	\$ 416	\$ 27,547	\$ 37,746	\$ 65,709
Investments		150,000		150,000
Accounts receivable		81,424		81,424
Prepaid expenses		3,803		3,803
	<u>416</u>	<u>262,774</u>	<u>37,746</u>	<u>300,936</u>
TOTAL CURRENT ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
Office equipment		654,791		654,791
Less: Accumulated depreciation		<u>(438,793)</u>		<u>(438,793)</u>
NET PROPERTY, PLANT AND EQUIPMENT		<u>215,998</u>		<u>215,998</u>
TOAL ASSETS	<u>\$ 416</u>	<u>\$ 478,772</u>	<u>\$ 37,746</u>	<u>\$ 516,934</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accrued payroll	\$	\$ 13,262	\$	\$ 13,262
Accounts payable		<u>8,500</u>	<u>48</u>	<u>8,548</u>
TOTAL LIABILITIES		<u>21,762</u>	<u>48</u>	<u>21,810</u>
FUND EQUITY				
Retained earnings	<u>416</u>	<u>457,010</u>	<u>37,698</u>	<u>495,124</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 416</u>	<u>\$ 478,772</u>	<u>\$ 37,746</u>	<u>\$ 516,934</u>

HILLSDALE COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	EMERGENCY SERVICE	E-911 EMERGENCY	GEOGRAPHIC INFORMATION SYSTEMS	TOTAL
REVENUES				
Telephone surcharges	\$	\$ 674,751	\$	\$ 674,751
Township shared cost revenue			8,250	8,250
Other			965	965
Interest on investments		7,166		7,166
TOTAL REVENUES		<u>681,917</u>	<u>9,215</u>	<u>691,132</u>
EXPENSES				
Operating		<u>704,244</u>	<u>51,444</u>	<u>755,688</u>
NET LOSS BEFORE OPERATING TRANSFERS		<u>(22,327)</u>	<u>(42,229)</u>	<u>(64,556)</u>
OPERATING TRANSFERS				
Transfers in			<u>77,000</u>	<u>77,000</u>
NET INCOME (LOSS)		(22,327)	34,771	12,444
RETAINED EARNINGS, JANUARY 1	<u>416</u>	<u>479,337</u>	<u>2,927</u>	<u>482,680</u>
RETAINED EARNINGS, DECEMBER 31	<u>\$ 416</u>	<u>\$ 457,010</u>	<u>\$ 37,698</u>	<u>\$ 495,124</u>

HILLSDALE COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	EMERGENCY SERVICE	E-911 EMERGENCY	GEOGRAPHIC INFORMATION SYSTEMS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss before transfers	\$	\$ (22,327)	\$ (42,229)	\$ (64,556)
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation		73,930		73,930
Operating transfers in			77,000	77,000
(Increase) decrease in current assets				
Accounts receivable		(36,190)	10,000	(26,190)
Prepaid expenses		(358)		(358)
Increase (decrease) in current liabilities				
Accounts payable		(20,194)	(3,330)	(23,524)
Accrued payroll		(2,095)	(291)	(2,386)
Interfund overdrafts - pooled cash			(3,404)	(3,404)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		<u>(7,234)</u>	<u>37,746</u>	<u>30,512</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments		<u>50,000</u>		<u>50,000</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments on notes payable		<u>(93,999)</u>		<u>(93,999)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(51,233)	37,746	(13,487)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>416</u>	<u>78,780</u>		<u>79,196</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 416</u>	<u>\$ 27,547</u>	<u>\$ 37,746</u>	<u>\$ 65,709</u>

HILLSDALE COUNTY, MICHIGAN
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER
STATEMENT OF CASH FLOWS TO THE BALANCE SHEET
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	CASH	INVESTMENT	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JANUARY 1	\$ 79,196	\$	\$ 79,196
NET DECREASE	<u>(13,487)</u>	<u> </u>	<u>(13,487)</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 65,709</u>	<u>\$</u>	<u>\$ 65,709</u>

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INTERNAL SERVICE FUNDS

Internal Service Funds are established to finance and account for services and/or commodities furnished by a designated program to other programs within the County. Since the services and commodities are supplied exclusively to programs under the County's jurisdiction, they are distinguishable from those services which are rendered to the public in general and which are accounted for in General, Special Revenue or Enterprise Funds.

The County's Delinquent Tax Revolving Fund, Self Insurance Fund, and Sheriff Department Retirement Fund are operated as Internal Service Funds.

HILLSDALE COUNTY, MICHIGAN

COMBINING BALANCE SHEET

INTERNAL SERVICE FUNDS

DECEMBER 31, 2002

	UMBRELLA TAX PAYMENT	1997 TAX PAYMENT	1998 TAX PAYMENT
ASSETS			
Cash and cash equivalents	\$ 144,508	\$ 39,988	\$ 48,509
Investments			
Delinquent taxes receivable	20,466	17,789	16,597
Due from state of Michigan			
TOTAL ASSETS	<u>\$ 164,974</u>	<u>\$ 57,777</u>	<u>\$ 65,106</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Notes payable	\$	\$	\$
Interfund overdrafts - pooled cash			
Due to state of Michigan			233
TOTAL LIABILITIES			<u>233</u>
FUND EQUITY			
Retained earnings			
Unreserved	<u>164,974</u>	<u>57,777</u>	<u>64,873</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 164,974</u>	<u>\$ 57,777</u>	<u>\$ 65,106</u>

1999 TAX PAYMENT	2000 TAX PAYMENT	2001 TAX PAYMENT	SELF INSURANCE	SHERIFF DEPARTMENT RETIREMENT	TOTAL
\$ 66,575	\$ 750,000	\$ 44,932	\$ 53,068	\$ 28,933	\$ 426,513
7,704	143,192	500,000			1,250,000
	2,871	969,782			1,175,530
<u>74,279</u>	<u>896,063</u>	<u>1,514,714</u>	<u>53,068</u>	<u>28,933</u>	<u>2,854,914</u>
\$	\$ 500,000	\$ 1,400,000	\$	\$	\$ 1,900,000
	70,745				70,745
					233
	<u>570,745</u>	<u>1,400,000</u>			<u>1,970,978</u>
<u>74,279</u>	<u>325,318</u>	<u>114,714</u>	<u>53,068</u>	<u>28,933</u>	<u>883,936</u>
\$ <u>74,279</u>	\$ <u>896,063</u>	\$ <u>1,514,714</u>	\$ <u>53,068</u>	\$ <u>28,933</u>	\$ <u>2,854,914</u>

HILLSDALE COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	UMBRELLA TAX PAYMENT	1997 TAX PAYMENT	1998 TAX PAYMENT
REVENUES			
Interest on taxes	\$ 735	\$ 68	\$ 12,021
Interest on investments			
Other revenue		<u>5</u>	<u>1,132</u>
TOTAL REVENUE	<u>735</u>	<u>73</u>	<u>13,153</u>
EXPENSES			
Bond expense			
Interest and fiscal charges			
Administration	4,324	212	914
Retirement			
Insurance claims			
TOTAL EXPENSES	<u>4,324</u>	<u>212</u>	<u>914</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(3,589)	(139)	12,239
OTHER FINANCING USES			
Operating transfers out	<u>(45,000)</u>		
NET INCOME (LOSS)	(48,589)	(139)	12,239
RETAINED EARNINGS, JANUARY 1	<u>213,563</u>	<u>57,916</u>	<u>52,634</u>
RETAINED EARNINGS, DECEMBER 31	<u>\$ 164,974</u>	<u>\$ 57,777</u>	<u>\$ 64,873</u>

1999 TAX PAYMENT	2000 TAX PAYMENT	2001 TAX PAYMENT	SELF INSURANCE	SHERIFF DEPARTMENT RETIREMENT	TOTAL
\$ 36,954	\$ 130,086	\$ 73,254	\$	\$	\$ 253,118
13,165	1,200			561	14,926
<u>92,010</u>	<u>128,767</u>	<u>76,669</u>	<u>55,316</u>	<u>265,704</u>	<u>619,603</u>
<u>142,129</u>	<u>260,053</u>	<u>149,923</u>	<u>55,316</u>	<u>266,265</u>	<u>887,647</u>
	1,350	16,168			17,518
29,698	52,303	17,765			99,766
4,628	9,579	1,276			20,933
				257,017	257,017
			<u>34,442</u>		<u>34,442</u>
<u>34,326</u>	<u>63,232</u>	<u>35,209</u>	<u>34,442</u>	<u>257,017</u>	<u>429,676</u>
107,803	196,821	114,714	20,874	9,248	457,971
(240,000)					(285,000)
<u>(132,197)</u>	<u>196,821</u>	<u>114,714</u>	<u>20,874</u>	<u>9,248</u>	<u>172,971</u>
<u>206,476</u>	<u>128,497</u>		<u>32,194</u>	<u>19,685</u>	<u>710,965</u>
<u>\$ 74,279</u>	<u>\$ 325,318</u>	<u>\$ 114,714</u>	<u>\$ 53,068</u>	<u>\$ 28,933</u>	<u>\$ 883,936</u>

HILLSDALE COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	UMBRELLA TAX PAYMENT	1997 TAX PAYMENT	1998 TAX PAYMENT
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before operating transfers	\$ (3,589)	\$ (139)	\$ 12,239
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Operating transfers out	(45,000)		
(Increase) decrease in current assets			
Delinquent taxes receivable	10,774	2,630	25,624
Due from state of Michigan		212	
Increase (decrease) in current liabilities			
Due to state of Michigan			(3,972)
Accounts payable			
Interfund overdrafts - pooled cash			
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(37,815)</u>	<u>2,703</u>	<u>33,891</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Principal payment on bonds payable			
Proceeds from issuance of long-term debt			
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(37,815)	2,703	33,891
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>182,323</u>	<u>37,285</u>	<u>14,618</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 144,508</u>	<u>\$ 39,988</u>	<u>\$ 48,509</u>

1999 TAX PAYMENT	2000 TAX PAYMENT	2001 TAX PAYMENT	SELF INSURANCE	SHERIFF DEPARTMENT RETIREMENT	TOTAL
\$ 107,803	\$ 196,821	\$ 114,714	\$ 20,874	\$ 9,248	\$ 457,971
(240,000)					(285,000)
99,237	714,542 (2,871)	(969,782)			(116,975) (2,659)
(303)	(493) 70,745		(1,506)		(3,972) (2,302) 70,745
<u>(33,263)</u>	<u>978,744</u>	<u>(855,068)</u>	<u>19,368</u>	<u>9,248</u>	<u>117,808</u>
<u>250,000</u>	<u>(250,000)</u>	<u>(500,000)</u>			<u>(500,000)</u>
<u>(790,000)</u>	<u>(970,000)</u>	<u>1,400,000</u>			<u>(1,760,000)</u> <u>1,400,000</u>
<u>(790,000)</u>	<u>(970,000)</u>	<u>1,400,000</u>			<u>(360,000)</u>
(573,263)	(241,256)	44,932	19,368	9,248	(742,192)
<u>639,838</u>	<u>241,256</u>		<u>33,700</u>	<u>19,685</u>	<u>1,168,705</u>
<u>\$ 66,575</u>	<u>\$</u>	<u>\$ 44,932</u>	<u>\$ 53,068</u>	<u>\$ 28,933</u>	<u>\$ 426,513</u>

HILLSDALE COUNTY, MICHIGAN
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER
STATEMENT OF CASH FLOWS TO THE COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	CASH	INVESTMENT	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JANUARY 1	\$ 1,168,705	\$	\$ 1,168,705
NET DECREASE	<u>(742,192)</u>	<u> </u>	<u>(742,192)</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 426,513</u>	<u>\$</u>	<u>\$ 426,513</u>

HILLSDALE COUNTY, MICHIGAN
SCHEDULE OF INDEBTEDNESS
DELINQUENT TAX REVOLVING FUND
DECEMBER 31, 2002

	INTEREST RATE	DATE OF MATURITY	AMOUNT OUTSTANDING DECEMBER 31
Hillsdale County 2000 Delinquent Tax Notes			
Date of Issue: 6-27-2001			
Amount of Issue: \$2,170,000	4.45 %	4-1-03	250,000
	4.60	10-1-03	<u>250,000</u>
			<u>\$ 500,000</u>
Hillsdale County 2001 Delinquent Tax Notes			
Date of Issue: 6-13-2002			
Amount of Issue: \$2,100,000	3.28 %	4-1-03	\$ 700,000
	3.28	10-1-03	250,000
	3.28	4-1-04	250,000
	3.28	10-1-04	<u>200,000</u>
			<u>\$ 1,400,000</u>

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FIDUCIARY FUNDS

Trust and Agency Funds are established to administer resources received and held by a governmental unit as the trustee or as the agent for others. Use of the funds facilitates the discharge of responsibilities placed upon the governmental unit by virtue of law or other similar authority.

In this category, Hillsdale County administers the transactions of the Trust and Agency Fund, Cemetery Trust Fund, Endowment Fund, Carl Gilmore Trust, and Library Penal Fines Fund.

HILLSDALE COUNTY, MICHIGAN

COMBINING BALANCE SHEET

FIDUCIARY FUNDS

DECEMBER 31, 2002

	<u>NON-EXPENDABLE TRUST FUNDS</u>		<u>EXPENDABLE TRUST FUNDS</u>	
	CEMETERY TRUST	ENDOWMENT	CEMETERY TRUST	ENDOWMENT
ASSETS				
Cash and cash equivalents	\$	\$	\$ 130	\$ 381
Investments	<u>100</u>	<u>2,000</u>	<u>130</u>	<u>381</u>
TOTAL ASSETS	<u>\$ 100</u>	<u>\$ 2,000</u>	<u>\$ 130</u>	<u>\$ 381</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$	\$	\$	\$
Due to state of Michigan				
Due to federal government				
Due to other taxing units				
Undistributed tax collections				
Bonds and deposits				
Undistributed penal fines				
TOTAL LIABILITIES	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE				
Reserved	100	2,000	130	381
Unreserved	<u> </u>	<u> </u>	<u>130</u>	<u>381</u>
TOTAL FUND BALANCE	<u>100</u>	<u>2,000</u>	<u>130</u>	<u>381</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 100</u>	<u>\$ 2,000</u>	<u>\$ 130</u>	<u>\$ 381</u>

EXPENDABLE
TRUST FUNDS
CARL
GILMORE
TRUST

AGENCY FUNDS

TRUST
AND
AGENCY

LIBRARY
PENAL
FINES

TOTAL

\$ 46	\$ 1,052,862	\$ 114,005	\$ 1,167,424
			2,100
<u>\$ 46</u>	<u>\$ 1,052,862</u>	<u>\$ 114,005</u>	<u>\$ 1,169,524</u>
\$	\$ (29,151)	\$	\$ (29,151)
	601,495		601,495
	39,298		39,298
	(60,943)		(60,943)
	408,662		408,662
	93,314		93,314
	187		114,192
	<u>1,052,862</u>	<u>114,005</u>	<u>1,166,867</u>
			2,100
<u>46</u>			<u>557</u>
<u>46</u>			<u>2,657</u>
<u>\$ 46</u>	<u>\$ 1,052,862</u>	<u>\$ 114,005</u>	<u>\$ 1,169,524</u>

HILLSDALE COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	CEMETERY TRUST	ENDOWMENT	TOTAL
REVENUES			
Interest on investments	\$	\$	\$
EXPENSES			
Endowment expense	<u> </u>	<u> </u>	<u> </u>
NET INCOME BEFORE OPERATING TRANSFERS	<u> </u>	<u> </u>	<u> </u>
OTHER FINANCING SOURCES			
Operating transfers in	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE, JANUARY 1	<u> 100</u>	<u> 2,000</u>	<u> 2,100</u>
FUND BALANCE, DECEMBER 31	<u><u> 100</u></u>	<u><u> 2,000</u></u>	<u><u> 2,100</u></u>

HILLSDALE COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	CEMETERY TRUST	ENDOWMENT	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before operating transfers	\$	\$	\$
Adjustments to reconcile net income to net cash provided by operating activities			
Operating transfer in	<u> </u>	<u> </u>	<u> </u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS, JANUARY 1	<u> 100</u>	<u> 2,000</u>	<u> 2,100</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u> 100</u>	<u> 2,000</u>	<u> 2,100</u>

HILLSDALE COUNTY, MICHIGAN
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER
STATEMENT OF CASH FLOWS TO THE COMBINING BALANCE SHEET
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	CASH	INVESTMENT	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JANUARY 1	\$	\$ 2,100	\$ 2,100
NET INCREASE	<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ <u> </u>	\$ <u>2,100</u>	\$ <u>2,100</u>

HILLSDALE COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	CEMETERY TRUST	ENDOWMENT	CARL GILMORE TRUST	TOTAL
REVENUES				
Interest on investment	\$ <u>7</u>	\$ <u>24</u>	\$ _____	\$ <u>31</u>
OTHER FINANCING USES				
Operating transfers out	_____	_____	_____	_____
EXCESS OF REVENUES AND OTHER SOURCES OVER OTHER USES	7	24		31
FUND BALANCE, JANUARY 1	<u>123</u>	<u>357</u>	<u>46</u>	<u>526</u>
FUND BALANCE, DECEMBER 31	<u>\$ 130</u>	<u>\$ 381</u>	<u>\$ 46</u>	<u>\$ 557</u>

HILLSDALE COUNTY, MICHIGAN
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	BALANCE, JANUARY 1	ADDITIONS	DEDUCTIONS	BALANCE, DECEMBER 31,
TRUST AND AGENCY				
ASSETS				
Cash and cash equivalents	\$ <u>1,032,425</u>	\$ <u>18,611,085</u>	\$ <u>18,590,648</u>	\$ <u>1,052,862</u>
LIABILITIES				
Accounts payable	\$ 21,615	\$ 520,882	\$ 571,648	\$ (29,151)
Due to state of Michigan	540,372	7,694,877	7,633,754	601,495
Due to federal government	41,497	3,427,334	3,429,533	39,298
Due to other taxing units	(7,248)	292,274	345,969	(60,943)
Undistributed tax collections	352,812	6,178,328	6,122,478	408,662
Bonds and deposits	86,262	340,096	333,044	93,314
Undistributed penal fines	<u>(2,885)</u>	<u>103,372</u>	<u>100,300</u>	<u>187</u>
TOTAL LIABILITIES	\$ <u>1,032,425</u>	\$ <u>18,557,163</u>	\$ <u>18,536,726</u>	\$ <u>1,052,862</u>
LIBRARY PENAL FINES				
ASSETS				
Cash and cash equivalents	\$ <u>97,705</u>	\$ <u>220,862</u>	\$ <u>204,562</u>	\$ <u>114,005</u>
LIABILITIES				
Undistributed penal fines	\$ <u>97,705</u>	\$ <u>220,862</u>	\$ <u>204,562</u>	\$ <u>114,005</u>
TOTAL-ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ <u>1,130,130</u>	\$ <u>18,831,947</u>	\$ <u>18,795,210</u>	\$ <u>1,166,867</u>
LIABILITIES				
Accounts payable	\$ 21,615	\$ 520,882	\$ 571,648	\$ (29,151)
Due to state of Michigan	540,372	7,694,877	7,633,754	601,495
Due to federal government	41,497	3,427,334	3,429,533	39,298
Due to other taxing units	(7,248)	292,274	345,969	(60,943)
Undistributed tax collections	352,812	6,178,328	6,122,478	408,662
Bonds and deposits	86,262	340,096	333,044	93,314
Undistributed penal fines	<u>94,820</u>	<u>324,234</u>	<u>304,862</u>	<u>114,192</u>
TOTAL LIABILITIES	\$ <u>1,130,130</u>	\$ <u>18,778,025</u>	\$ <u>18,741,288</u>	\$ <u>1,166,867</u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the governmental unit as a whole and not its individual constituent funds. Also, the proceeds of such debt may be spent on facilities, which are utilized in the operations of several funds. For these reasons, the amount of such unmatured long-term indebtedness is recorded and accounted for in a separate self-balancing group of accounts titled "General Long-Term Debt Account Group."

HILLSDALE COUNTY, MICHIGAN
STATEMENT OF GENERAL LONG-TERM DEBT
GENERAL LONG-TERM DEBT ACCOUNT GROUP
DECEMBER 31, 2002

AVAILABLE IN DEBT SERVICE FUNDS	\$	995
AMOUNT TO BE PROVIDED BY OTHER GOVERNMENTAL UNITS AND OTHER GOVERNMENTAL FUNDS FOR PAYMENT OF GENERAL LONG-TERM DEBT		6,619,005
AMOUNT TO BE PROVIDED BY COUNTY FOR ACCUMULATED VACATION AND SICK PAY		<u>149,041</u>
TOTAL	\$	<u><u>6,769,041</u></u>
GENERAL LONG-TERM DEBT PAYABLE		
Hillsdale County, Water Supply and Distribution System #1 (Village of Jonesville) bonds	\$	1,255,000
Hillsdale County, Sanitary Sewage Disposal System #7 (Townships of Pittsford and Jefferson) bonds		300,000
Hillsdale County, Sanitary Sewage Disposal System (City of Litchfield) bonds		1,365,000
Hillsdale County, F.I.A. Building Authority bonds payable		1,640,000
Hillsdale County, M.C.F. Building Authority bonds payable		2,060,000
Accumulated Unpaid Vacation and Sick Pay		<u>149,041</u>
TOTAL	\$	<u><u>6,769,041</u></u>

HILLSDALE COUNTY, MICHIGAN
 SCHEDULE OF INDEBTEDNESS
 GENERAL LONG-TERM ACCOUNT GROUP
 DECEMBER 31, 2002

	INTEREST RATE	DATE OF MATURITY	AMOUNT OF ANNUAL MATURITY	AMOUNT OUTSTANDING, DECEMBER 31
Water Supply and Distribution #1 Village of Jonesville Date of Issue: 3/1/96 Amount of Issue: \$1,360,000				
	4.60 %	1/1/2003	\$ 35,000	\$ 35,000
	4.75	11/1/2004	35,000	35,000
	4.85	11/1/2005	35,000	35,000
	5.00	11/1/2006	35,000	35,000
	5.10	11/1/2007	70,000	70,000
	5.20	11/1/2008	100,000	100,000
	5.25	11/1/2009	135,000	135,000
	5.30	11/1/2010	135,000	135,000
	5.40	11/1/2011	135,000	135,000
	5.50	11/1/2012	135,000	135,000
	5.60	11/1/2013	135,000	135,000
	5.65	1/1/2014	135,000	135,000
	5.70	11/1/2015	135,000	135,000
				<u>\$ 1,255,000</u>

The bond indenture contains a provision which allows the County to call bonds maturing in 2001 to 2015 at premiums from 1% to 2%.

Sanitary Sewage Disposal #7
Townships of Pittsford and
Jefferson

Date of Issue: 4/5/88 Amount of Issue: \$901,000				
	4.65 %	5/1/2003	\$ 87,000	\$ 87,000
	4.75	5/1/2004	109,000	109,000
	4.85	5/1/2005	104,000	104,000
				<u>\$ 300,000</u>

The bond indenture contains a provision which allows the County to call bonds maturing in years 2001 to 2005 at premiums from 1% to 2%.

HILLSDALE COUNTY, MICHIGAN
SCHEDULE OF INDEBTEDNESS - Concluded
GENERAL LONG-TERM ACCOUNT GROUP
DECEMBER 31, 2002

	INTEREST RATE	DATE OF MATURITY	AMOUNT OF ANNUAL MATURITY	AMOUNT OUTSTANDING, DECEMBER 31
Sanitary Sewage Disposal				
City of Litchfield				
Date of Issue: 9/30/93				
Amount of Issue: \$2,305,000				
	2.00 %	4/1/03-04	\$ 110,000	\$ 220,000
	2.00	4/1/05-06	115,000	230,000
	2.00	4/1/07-08	120,000	240,000
	2.00	4/1/09-10	125,000	250,000
	2.00	4/1/11-12	130,000	260,000
	2.00	4/1/2013	135,000	135,000
	2.00	4/1/2014	30,000	30,000
				<u>\$ 1,365,000</u>
F.I.A. Building Authority				
Date of Issue: 9/1/96				
Amount of Issue: \$2,000,000				
	5.25 %	11/1/2003	\$ 80,000	\$ 80,000
	5.25	11/1/2004	80,000	80,000
	5.25	11/1/2005	85,000	85,000
	5.25	11/1/2006	90,000	90,000
	5.25	11/1/2007	95,000	95,000
	5.30	11/1/2008	105,000	105,000
	5.40	11/1/2009	110,000	110,000
	5.50	11/1/2010	120,000	120,000
	5.50	11/1/2011	125,000	125,000
	5.60	11/1/2012	130,000	130,000
	5.60	11/1/2013	140,000	140,000
	5.60	11/1/2014	150,000	150,000
	5.70	11/1/2015	160,000	160,000
	5.70	11/1/2016	170,000	170,000
				<u>\$ 1,640,000</u>
M.C.F. Building Authority				
Date of Issue: 8-1-98				
Amount of Issue: \$2,300,000				
	4.60 %	5/1/2003	\$ 85,000	\$ 85,000
	4.60	5/1/2004	90,000	90,000
	4.60	5/1/2005	95,000	95,000
	4.60	5/1/2006	100,000	100,000
	4.60	5/1/2007	105,000	105,000
	4.60	5/1/2008	110,000	110,000
	4.60	5/1/2009	115,000	115,000
	4.60	5/1/2010	120,000	120,000
	4.60	5/1/2011	130,000	130,000
	4.60	5/1/2012	135,000	135,000
	4.60	5/1/2013	140,000	140,000
	4.60	5/1/2014	150,000	150,000
	4.60	5/1/2015	160,000	160,000
	4.625	5/1/2016	165,000	165,000
	4.625	5/1/2017	175,000	175,000
	4.625	5/1/2018	185,000	185,000
				<u>\$ 2,060,000</u>

COMPONENT UNITS

A discretely presented component unit is an entity that is legally separate from the County, but for which the County is financially accountable or its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete.

The County's Drain Special Assessment Fund, Drain Revolving Fund, Lake Level Special Assessment Fund, Lake Level Revolving Fund, and Drain Equipment Revolving Fund are component units.

HILLSDALE COUNTY, MICHIGAN

COMPONENT UNIT

COMBINING BALANCE SHEET

DRAINAGE DISTRICTS

DECEMBER 31, 2002

	DEBT SERVICE	CAPITAL PROJECTS		
	DRAIN CONSTRUCTION DEBT	DRAIN SPECIAL ASSESSMENT	DRAIN REVOLVING	LAKE LEVEL SPECIAL ASSESSMENT
ASSETS				
Cash and cash equivalents	\$ 300	\$ 285,978	\$ 19,512	\$ 83,510
Property, plant and equipment (net)				
Due from other funds			369,976	
TOTAL ASSETS	<u>\$ 300</u>	<u>\$ 285,978</u>	<u>\$ 389,488</u>	<u>\$ 83,510</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Advance from general fund	\$	\$	\$ 389,488	\$
Interfund overdrafts - pooled cash				
Due to other funds		369,976		2,064
Bonds and notes payable				
TOTAL LIABILITIES		<u>369,976</u>	<u>389,488</u>	<u>2,064</u>
FUND EQUITY				
Retained earnings				
Unreserved				
Undesignated	300	(83,998)		81,446
TOTAL FUND EQUITY	<u>300</u>	<u>(83,998)</u>		<u>81,446</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 300</u>	<u>\$ 285,978</u>	<u>\$ 389,488</u>	<u>\$ 83,510</u>

CAPITAL PROJECTS			INTERNAL SERVICE DRAIN EQUIPMENT REVOLVING	ALL COMPONENT UNITS
LAKE LEVEL REVOLVING	DRAIN CONSTRUCTION	TOTAL		TOTAL
\$ 16,416	\$ 4,638	\$ 410,354	\$ 95,918	\$ 506,272
<u>2,064</u>		<u>372,040</u>	<u>312,975</u>	<u>312,975</u>
\$ <u>18,480</u>	\$ <u>4,638</u>	\$ <u>782,394</u>	\$ <u>408,893</u>	\$ <u>1,191,287</u>
\$ 18,480	\$	\$ 407,968	\$ 219	\$ 407,968
		<u>372,040</u>		<u>219</u>
<u>18,480</u>		<u>780,008</u>	<u>117,564</u>	<u>372,040</u>
			<u>117,783</u>	<u>117,564</u>
			291,110	291,110
	<u>4,638</u>	<u>2,386</u>		<u>2,386</u>
	<u>4,638</u>	<u>2,386</u>	<u>291,110</u>	<u>293,496</u>
\$ <u>18,480</u>	\$ <u>4,638</u>	\$ <u>782,394</u>	\$ <u>408,893</u>	\$ <u>1,191,287</u>

HILLSDALE COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
DRAINAGE DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	
	<u>DRAIN CONSTRUCTION DEBT</u>	<u>DRAIN SPECIAL ASSESSMENT</u>	<u>DRAIN REVOLVING</u>
REVENUES			
Special assessment	\$ 300	\$ 218,363	\$
Interest on investments		6,297	
TOTAL REVENUES	<u>300</u>	<u>224,660</u>	
EXPENDITURES			
Construction		<u>363,954</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	300	(139,294)	
FUND BALANCE, JANUARY 1		<u>55,296</u>	
FUND BALANCE, DECEMBER 31	<u>\$ 300</u>	<u>\$ (83,998)</u>	<u>\$</u>

CAPITAL PROJECTS

LAKE LEVEL SPECIAL ASSESSMENT	LAKE LEVEL REVOLVING	DRAIN CONSTRUCTION	TOTAL
\$ 13,902	\$	\$ 15,000	\$ 247,565
1,341		6	7,644
<u>15,243</u>		<u>15,006</u>	<u>255,209</u>
4,389		10,368	378,711
10,854		4,638	(123,502)
<u>70,592</u>			<u>125,888</u>
<u>\$ 81,446</u>	<u>\$</u>	<u>\$ 4,638</u>	<u>\$ 2,386</u>

HILLSDALE COUNTY, MICHIGAN
COMPONENT UNITS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
DRAINAGE DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>INTERNAL SERVICE DRAIN EQUIPMENT REVOLVING</u>
REVENUES	
Equipment rental	\$ 151,926
Interest on investments	<u>888</u>
 TOTAL REVENUES	 <u>152,814</u>
 EXPENSES	
Operating expenses	<u> </u>
 NET INCOME	 152,814
 RETAINED EARNINGS, JANUARY 1	 <u>138,296</u>
 RETAINED EARNINGS; DECEMBER 31	 \$ <u><u>291,110</u></u>

HILLSDALE COUNTY, MICHIGAN
COMPONENT UNITS
STATEMENT OF CASH FLOWS
DRAINAGE UNITS
FOR THE YEAR ENDED DECEMBER 31, 2002

	INTERNAL SERVICE <u>DRAIN</u> EQUIPMENT REVOLVING
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ 152,814
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	33,749
Increase (decrease) in current liabilities	
Accounts payable	(40,000)
Interfund overdrafts - pooled cash	<u>(4,781)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>141,782</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments on bonds payable	<u>(35,868)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(45,764)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	60,150
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>35,768</u>
-CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 95,918</u>

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