

CALENDAR YEAR

2008

ANNUAL FINANCIAL REPORT

HILLSDALE COUNTY

**BOARD OF COUNTY ROAD
COMMISSIONERS**

AND

PARK COMMISSIONERS

Michael A. Parney, Chairman

William L. Watkins, Vice-Chairman

Robert R. Godfrey, Member

Stanley L. Clingerman, P.E., Engineer-Manager

Janet Aemisegger, Clerk

Kenneth McCosh, Park Director

March 23, 2009

To: The Honorable Board of Commissioners
of The County of Hillsdale, Michigan

From: Hillsdale County Road and Park Commission

Re: 2008 Annual Financial Report

The Board of County Road and Park Commissioners of the County of Hillsdale, in compliance with Act 51 of 1951 as amended, does hereby submit the annual financial report of the road commission and park commission for the fiscal year ending December 31, 2008.

ROAD COMMISSION ACTIVITIES

The county road commission received \$7,684,939 in revenues for our 2008 operations. Our expenditures for the year totaled \$8,134,715. This resulted in an operating deficit for the year of \$449,776. This planned deficit was fortunately much smaller than forecasted. Our ending operating fund balance decreased to \$1,218,242 - the lowest since 2005. It is important to note that the fund balance includes inventories of parts and road materials that are not available to us in cash. A more realistic look at our financial status is our year-end cash and investment balance of \$246,293 which is only 3.2% of revenues.

The Board purposely spent more than we received in 2008 to take advantage of good bid prices for items like paving and sealcoat. We paved 10 miles of roadway and sealcoated another 75 miles to preserve our pavements, but we should have paved 30 miles and sealed 120 miles to match the recommended preservation cycle. We were able to avoid the large price increases when petroleum prices skyrocketed last summer. We also purchased 2 new tandem scraper trucks - our first heavy truck purchase in 3 years, and probably the last for several years to come. The Board realizes that we need to carefully monitor our expenses and have made drastic cuts in our 2009 budget.

On the revenue side, our receipts from the Michigan Transportation Fund continue to decline from the highest year of 2004. We are operating with roughly \$450,000 less per year or a loss of 10%. Township contributions were a healthy \$725,768 - about the same as last year. We greatly appreciate the townships support for helping us maintain and improve the local road system. The road commission was successful in obtaining federal aid and grant funds in the amount of \$1,714,596 for two special road and bridge projects.

Looking at the expense side of the budget, the road commission accomplished long-awaited projects in 2008. Reading Road was upgraded to all-season status from the City of Reading to S. Hillsdale Road (5.5 miles) at a cost of \$898,802. A narrow, posted 1928 bridge on Territorial Road in Amboy Township was replaced at a cost of \$813,634. Four local roads (5.1 miles) that were previously pulverized were re-paved at a cost of \$449,304, including Card and Bear Lake Roads in Cambria Township, Mosherville Road in Litchfield Township and Humphrey Road in Reading Township. Overall, almost \$2.5 million was spent on construction work in 2008.

Most of our expenses usually occur in road and bridge maintenance, and those costs were \$4.8 million in 2008. Local road maintenance continues to be a big concern as 56% of our expenses were for local roads, but only 40% of our MTF revenues are designated for local roads. Overall, our construction and maintenance expenses for local roads exceeded revenues by \$1,024,387 requiring transfers for both our primary and county road funds to balance the deficit. Finally, snow removal costs for 2008 exceeded last year's record amount, and cost \$1,220,127 for county roads.

The future for our county road system remains challenging as declining revenues and increased costs make it extremely difficult to make improvements to the system. We'll be fortunate to just maintain what we have. We would like to thank our employees and contractors for their cooperation and professional work on our road system last year. We pledge to do our best to provide a reasonably safe and convenient system of county roads and bridges with responsive and dependable customer service with the funds available.

PARK COMMISSION ACTIVITIES


Community center revenues at Lewis Emery Park were down 6.5% in 2008 largely due to the economic climate in our area. Our appropriations from the County Board of Commissioners has been frozen at \$25,000 since 2003. Fortunately, the rental house at Lewis Emery park was occupied the entire year resulting in maximum revenue from this property. Total park revenues were \$59,610 and expenses were \$71,087 resulting in a further decline of our fund balance.

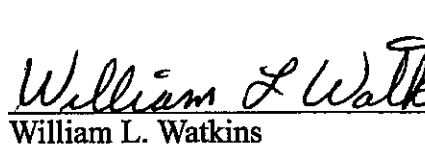
There were no improvements made at any of the three parks this year. The funds available allowed for maintenance only. Several projects at our parks have been put on hold due to budget constraints. These issues must be addressed soon if we are going to maintain the same level of service and safety to the community. A major project at Lewis Emery Park that needs to be done as soon as possible is a new water well. Under the current budget conditions, the future of our parks is rather bleak.


Thanks to the Hillsdale County Park Commission staff for their efforts and cooperation in 2008.

Respectfully submitted,

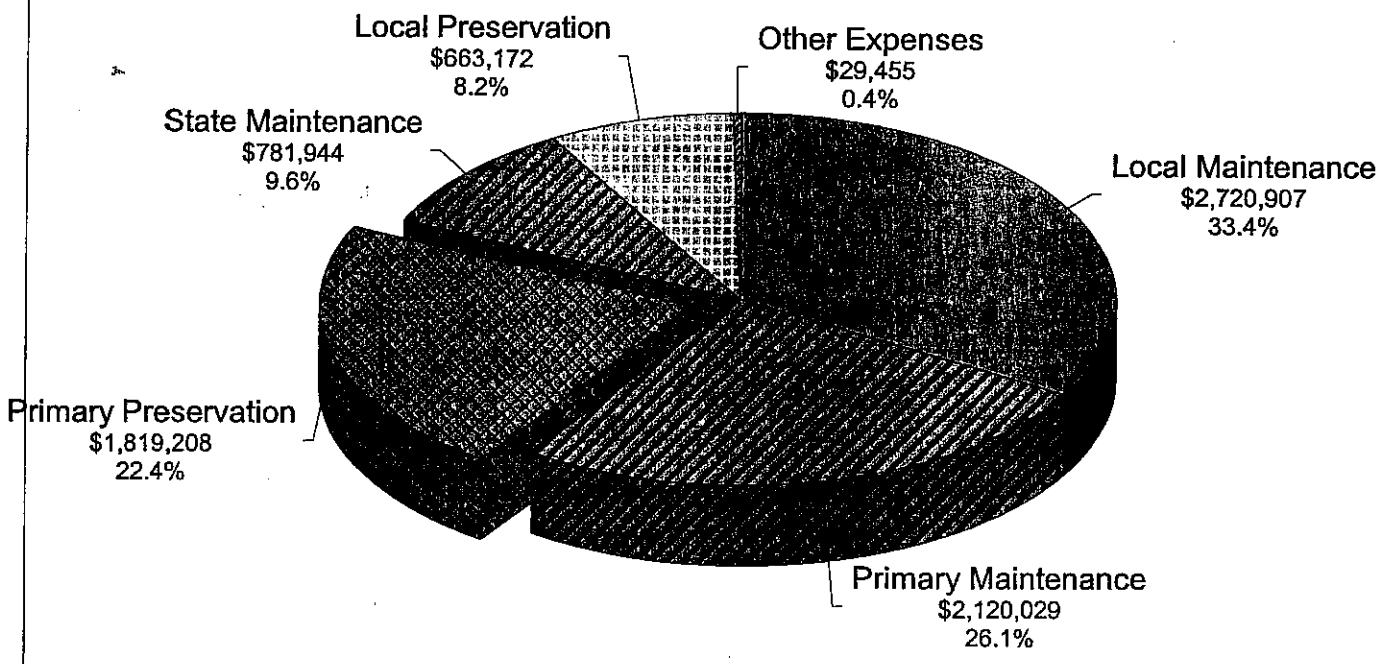
Board of County Road & Park Commissioners


Michael A. Parney
Chairman


William L. Watkins
Vice-Chairman


Robert R. Godfrey
Member

HILLSDALE COUNTY ROAD COMMISSION 2008 EXPENDITURES



HILLSDALE COUNTY ROAD COMMISSION

2008 REVENUES

