

# 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):

\$12,175,000

City of Hillsdale Hospital Finance Authority (Michigan)

Hospital Revenue Bonds, Series 1998

Hillsdale Community Health Center

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

432492AE6

432492AF3

432492AG1

432492AH9

432492AJ5

432492AL0

432492AM8

432492AN6

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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) 34  Paper (number of pages attached) \_\_\_\_\_

If information is also available on the Internet, give URL: 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: July 1, 2002 – June 30, 2003 (FY2003)

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

Fiscal Period Covered: July 1, 2002 – June 30, 2003 (FY2003)

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: \_\_\_\_\_

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 Overridge Drive City Ann Arbor State MI Zip Code 48104  
Telephone (734) 761-3624 Fax (734) 761-3614  
Email Address aronson@firstriver.com Relationship to Issuer Dissemination Agent

**Obligor Contact, if any:**

Name Ronald M. Larsen Title Chief Financial Officer  
Employer Hillsdale Community Health Center  
Address 168 South Howell Street City Hillsdale State MI Zip Code 49242  
Telephone (517) 437-5232 Fax (517) 437-0246  
Email Address rlarsen@hchc.com Obligor Web Site Address \_\_\_\_\_

**Investor Relations Contact, if any:**

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

# HILLSDALE COMMUNITY HEALTH CENTER

168 South Howell Street

Hillsdale, MI 49242

## OFFICER'S CERTIFICATE

**DATED: OCTOBER 29, 2003**

Pursuant to Section 5.6(b)(i) of the Loan Agreement dated as of June 15, 1998 between the City of Hillsdale Hospital Finance Authority and Hillsdale Community Health Center, the undersigned hereby certifies that, to the best of my knowledge, no Event of Default under the Loan Agreement exists, nor has any event occurred which, with notice and/or passage of time, would constitute such an Event of Default. All capitalized terms used herein are defined in such Loan Agreement.

Included in this Municipal Secondary Market Disclosure filing are the following documents:

1. Audited financial statements prepared in accordance with GAAP by an Independent Public Accountant, in compliance with Section 5.6(a)(i) of the Loan Agreement; and
2. The Annual Report referred to in the Continuing Disclosure Agreement dated as of June 15, 1998, in accordance with Rule 15c2-12 of the Securities Exchange Commission.

The Corporation hereby appoints First River Advisory L.L.C. as the Dissemination Agent pursuant to Section 7 of the Continuing Disclosure Agreement.



Charles A. Bianchi, President

# HILLSDALE COMMUNITY HEALTH CENTER

## ANNUAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2003 (FY2003)

Unless otherwise noted, all data apply to the Fiscal Year Ended June 30, 2002, or are accurate as of June 30, 2002, as appropriate. OS pages refer to the Official Statement relating to the Securities, dated June 17, 1998.

### MEDICAL STAFF

<i>Active Staff Specialization [OS Page A-12]</i>					
<i>Internal Medicine</i>		<i>Surgery</i>		<i>Other</i>	
General	4	General Surgery	2	Family Practice	6
Cardiology	1	Ophthalmology	1	Obstetrics/Gynecology	2
Gastroenterology	2	Orthopedic Surgery	4	Pediatrics	3
Oncology	1	Otorhinolaryngology	1	Emergency Medicine	2
Neurology	1	Podiatry	3	Pathology	1
		Urology	2	Radiology	2
				Chiropractic	4
<b>Total Internal Medicine</b>	<b>9</b>	<b>Total Surgery</b>	<b>13</b>	<b>GRAND TOTAL</b>	<b>42</b>

<i>Age Distribution of the Active Staff [OS Page A-13]</i>		
<i>Age Range</i>	<i>Number of Physicians</i>	<i>Percent of Active Staff</i>
34 and under	4	9.5%
35 - 44	16	38.1%
45 - 54	18	42.9%
55 - 64	4	9.5%
65 and over	0	0.0%
TOTAL	42	
Note: Column may not add to 100.0 due to rounding		

<i>Active Staff Physicians, by Major Specialty [OS Page A-13]</i>				
	<i>Number</i>	<i>Median Age</i>	<i>Number Board-Certified</i>	<i>Number Board-Eligible</i>
Family Practice	6	42	6	0
Internal Medicine	9	49	8	1
Surgery	13	39	8	5
Obstetrics/Gynecology	2	49	1	1

**MUNICIPAL SECONDARY MARKET DISCLOSURE**  
**City of Hillsdale Hospital Finance Authority / Hillsdale Community Health Center**  
**Fiscal Year Ended June 30, 2003**

<i>Active Staff Physicians, by Practice Location</i> <i>[OS Page A-14]</i>	
Physicians' Office Building	13
Other City of Hillsdale Locations	21
Hospital-Based	5
<i>Subtotal, City of Hillsdale Locations</i>	39
Hudson	0
Jonesville	1
Litchfield	1
Quincy	0
Battle Creek	0
Jackson	1
Total	42
Note: During FY2002, physicians vacated the on-campus Medical Building and moved to a physician-owned Physicians' Office Building located elsewhere in Hillsdale, where they were joined by other physicians	

<i>Gross Revenue Attributable to Physician Referrals</i> <i>[OS Page A-14]</i>		
	<i>\$000 Omitted</i>	<i>Percentage</i>
Active Staff	52,470,594	85.2%
Physicians holding consulting or courtesy privileges, plus <i>locum tenens</i> physicians	6,741,407	10.9%
Unassigned Revenue	2,361,106	3.8%
Total Revenue	61,573,107	100.0%

**MUNICIPAL SECONDARY MARKET DISCLOSURE**  
**City of Hillsdale Hospital Finance Authority / Hillsdale Community Health Center**  
**Fiscal Year Ended June 30, 2003**

<i>Leading Referring Physicians</i> <i>[OS Page A-15]</i>						
<i>Rank</i>	<i>Specialty or Subspecialty</i>	<i>Age</i>	<i>Board-Certified / Eligible</i>	<i>Gross Revenue</i>	<i>Percent of Gross Revenue</i>	<i>Cumulative Percent</i>
1	Orthopedic Surgery	45	C	\$4,984,274	8.1%	8.1%
2	Internal Medicine	35	C	\$4,243,484	6.9%	15.0%
3	Orthopedic Surgery	42	E	\$3,836,246	6.2%	21.2%
4	Gastroenterology	46	C	\$3,716,844	6.0%	27.3%
5	Internal Medicine	48	C	\$3,497,430	5.7%	32.9%
6	Obstetrics/Gynecology	51	C	\$3,116,172	5.1%	38.0%
7	Orthopedic Surgery	35	E	\$2,741,362	4.5%	42.4%
8	General Surgery	45	E	\$2,540,604	4.1%	46.6%
9	General Surgery	37	C	\$2,284,749	3.7%	50.3%
10	Internal Medicine	49	C	\$1,961,166	3.2%	53.5%
			C = Certified E = Eligible			

**MUNICIPAL SECONDARY MARKET DISCLOSURE**  
**City of Hillsdale Hospital Finance Authority / Hillsdale Community Health Center**  
**Fiscal Year Ended June 30, 2003**

**SERVICE VOLUMES AND UTILIZATION**

<i>Historical Adult Medical/Surgical (Including CCU) Utilization (excludes newborns) [OS Page A-17]</i>					
	<i>Fiscal Years Ended June 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Days in Period	365	365	365	366	365
Licensed Beds	47	47	47	47	47
Available Beds	40	40	40	40	31
Admissions	2,545	2,546	2,410	2,317	2,244
Patient Days	8,349	8,760	8,621	9,398	9,633
Average Daily Census	22.9	24.0	23.6	25.7	26.4
Average LOS	3.3	3.4	3.6	4.1	4.3
Occupancy Rate (%)*	57.2	60.0	59.0	64.2	85.1

\* Based on Available Beds rather than Licensed Beds

<i>Historical Pediatrics Utilization (excludes newborns) [OS Page A-17]</i>					
	<i>Fiscal Years Ended June 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Days in Period	365	365	365	366	365
Licensed Beds	9	9	9	9	9
Available Beds	4	4	4	4	4
Admissions	105	123	106	103	96
Patient Days	212	262	304	316	233
Average Daily Census	0.6	0.7	0.8	0.9	0.6
Average LOS	2.0	2.1	2.9	3.1	2.4
Occupancy Rate (%)*	14.5	17.9	20.8	21.6	16.0

\* Based on Available Beds rather than Licensed Beds

**MUNICIPAL SECONDARY MARKET DISCLOSURE**  
**City of Hillsdale Hospital Finance Authority / Hillsdale Community Health Center**  
**Fiscal Year Ended June 30, 2003**

<i>Historical Obstetrics Utilization (excludes newborns) [OS Page A-18]</i>					
	<i>Fiscal Years Ended June 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Days in Period	365	365	365	366	365
Licensed Beds	9	9	9	9	9
Available Beds	8	8	8	8	8
Admissions	464	469	497	498	428
Patient Days	837	923	939	799	799
Average Daily Census	2.3	2.5	2.6	2.2	2.2
Average LOS	1.8	2.0	1.9	1.6	1.9
Occupancy Rate (%)*	28.7	31.6	32.2	27.3	27.4
* Based on Available Beds rather than Licensed Beds					

<i>Historical Acute Care Utilization (excludes newborns) [OS Page A-19]</i>					
	<i>Fiscal Years Ended June 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Days in Period	365	365	365	366	365
Licensed Beds	65	65	65	65	65
Available Beds	52	52	52	52	43
Admissions	3,114	3,137	3,013	2,918	2,768
Adjusted Admissions <sup>1,2</sup>	6,115	7,097	6,786	6,316	5,853
Patient Days	9,398	9,949	9,864	10,688	10,665
Average Daily Census	25.7	27.3	27.0	29.2	29.2
Average LOS	3.0	3.2	3.3	3.7	3.9
Occupancy Rate (%) <sup>3</sup>	49.5	52.4	52.0	56.2	68.0
Net Patient Revenue per Adjusted Admission <sup>1,4</sup>	\$6,243	\$5,019	\$4,727	\$4,605	\$4,583
Gross Outpatient Revenue per Adjusted Admission <sup>1,4</sup>	\$5,848	\$4,774	\$4,609	\$4,382	\$4,124
<sup>1</sup> The FY2001 figure reported in the report relating to FY2001 was erroneous; this is the correct figure <sup>2</sup> Admissions are adjusted by the percentage gross revenue attributable to outpatient services <sup>3</sup> Based on Available Beds rather than Licensed Beds <sup>4</sup> Calculated by management from the Corporation's audited financial statements and other records, using definitions published by Standard & Poor's Corporation in <i>CreditWeek Municipal</i> , October 20, 1997 and in <i>CreditWeek</i> , October 1994					

**MUNICIPAL SECONDARY MARKET DISCLOSURE**  
**City of Hillsdale Hospital Finance Authority / Hillsdale Community Health Center**  
**Fiscal Year Ended June 30, 2003**

<i>McGuire Unit Utilization</i> <i>[OS Page A-20]</i>					
	<i>Fiscal Years Ended June 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Days in Period*	365	365	365	366	365
Licensed Beds	21	21	21	21	21
Patient Days	6,773	6,516	6,629	6,747	7,042
Average Daily Census	18.6	17.9	18.2	18.4	19.3
Occupancy Rate (%)	88.4	85.0	86.5	87.8	91.9

<i>Surgical Procedures</i> <i>[OS Page A-20]</i>					
	<i>Fiscal Years Ended June 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Inpatient	951	933	818	786	858
Outpatient	2,967	2,781	2,443	2,171	1,912
Total	3,918	3,714	3,261	2,957	2,770
Percent Outpatient (%)	75.7	74.9	74.9	73.4	69.0

<i>Emergency Department Volumes</i> <i>[OS Page A-21]</i>					
	<i>Fiscal Years Ended June 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Visits	27,813	29,178	27,488	26,376	25,238
Change over Previous Period (%)	(4.7)	6.1	4.2	4.5	8.3
Transfers to Other Hospitals	135	133	139	139	122
Transfers per Thousand ED Visits	4.9	4.6	5.1	5.3	4.8

<i>Outpatient Service Volumes</i> <i>[OS Page A-21]</i>					
	<i>Fiscal Years Ended June 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Scheduled Registrations	115,381	108,673	104,419	101,221	96,661
Change over Previous Period (%)	6.2	4.1	3.2	4.7	5.5

**MUNICIPAL SECONDARY MARKET DISCLOSURE**  
**City of Hillsdale Hospital Finance Authority / Hillsdale Community Health Center**  
**Fiscal Year Ended June 30, 2003**

<i>Ancillary Services Provided to Inpatients</i> <i>[OS Page A-22]</i>					
	<i>Fiscal Years Ended June 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Laboratory <sup>1</sup>	67,126	62,754	59,755	57,810	55,045
MRI Scanning <sup>2</sup>	173	111	109	86	65
CT Scanning <sup>2</sup>	1,132	1,121	1,022	873	652
Ultrasonography <sup>2</sup>	2,327	2,429	2,610	2,425	2,157
Other Radiology <sup>2</sup>	4,944	4,802	4,863	5,182	4,847
Nuclear Medicine <sup>2</sup>	278	343	463	414	539
Electrocardiography <sup>1</sup>	4,494	4,030	4,300	4,310	4,351
Electroencephalography <sup>1</sup>	27	47	22	15	11
Cardiovascular Lab <sup>3,4</sup>	51	56	115	77	105
Physical Therapy <sup>3</sup>	2,128	1,932	1,826	2,054	1,942
Respiratory Therapy <sup>3</sup>	30,504	27,062	22,094	24,391	25,824
	<sup>1</sup> Tests	<sup>2</sup> Examinations	<sup>3</sup> Procedures	<sup>4</sup> Includes stress tests, Holter monitors, vascular studies and cardiac rehabilitation	

**MUNICIPAL SECONDARY MARKET DISCLOSURE**  
**City of Hillsdale Hospital Finance Authority / Hillsdale Community Health Center**  
**Fiscal Year Ended June 30, 2003**

<i>Ancillary Services Provided to Outpatients (includes ED, Home Care and McGuire Unit patients) [OS Page A-23]</i>					
	<i>Fiscal Years Ended June 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Laboratory <sup>1</sup>	226,445	212,245	193,108	180,740	169,872
MRI Scanning <sup>2</sup>	1,866	1,757	1,365	1,166	991
CT Scanning <sup>2</sup>	4,034	4,064	3,351	2,858	1,871
Ultrasonography <sup>2</sup>	7,797	7,204	6,840	6,810	5,922
Other Radiology <sup>2</sup>	33,811	30,198	29,752	23,898	22,598
Nuclear Medicine <sup>2</sup>	5,959	4,946	5,500	4,615	3,914
Electrocardiography <sup>1</sup>	3,170	3,284	2,964	2,669	2,918
Electroencephalography <sup>1</sup>	127	94	69	70	62
Cardiovascular Lab <sup>3,4,5</sup>	3,772	3,679	2,924	2,478	2,272
Physical Therapy <sup>3</sup>	18,283	16,231	17,763	20,896	20,136
Respiratory Therapy <sup>3</sup>	12,367	6,903	9,782	10,882	8,689
Endoscopy <sup>3</sup>	1,651	2,052	2,122	1,756	1,581
Sleep Studies <sup>1</sup>	201	216	191	159	89
	<sup>1</sup> Tests	<sup>2</sup> Examinations	<sup>3</sup> Procedures	<sup>4</sup> Includes stress tests, Holter monitors, vascular studies and cardiac rehabilitation	
<sup>5</sup> The FY2001 figure reported in the report relating to FY2001 was erroneous; this is the correct figure					

<i>Home Care Visits [OS Page A-23]</i>				
<i>Fiscal Years Ended June 30</i>				
<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
9,552	10,381	9,899	11,612	9,326

**MUNICIPAL SECONDARY MARKET DISCLOSURE**  
**City of Hillsdale Hospital Finance Authority / Hillsdale Community Health Center**  
**Fiscal Year Ended June 30, 2003**

**FINANCIAL INFORMATION**

<i>McGuire Unit Payor Mix (expressed as percentages of patient-days) [OS Page A-32]</i>					
	<i>Fiscal Years Ended June 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Medicare	95.5%	93.6%	93.5%	91.8%	96.7%
Medicaid	0.3%	0.2%	0.0%	0.8%	0.1%
Private Pay and Commercial Insurance	4.2%	6.2%	6.5%	7.4%	3.2%
TOTALS	100.0%	100.0%	100.0%	100.0%	100.0%

<i>Payor Mix [OS Page A-33]</i>										
	<i>Fiscal Years Ended June 30</i>									
	<i>By Gross Revenue</i>					<i>By Acute Care Patient-Days</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Medicare	42.7	41.9	42.2	45.1	44.3	57.0	58.1	58.3	62.4	63.7
Medicaid	9.2	9.0	8.8	8.0	7.8	8.5	8.8	9.6	8.6	8.1
Blue Cross	25.6	25.3	23.5	21.3	21.1	17.6	17.9	15.1	13.8	12.8
Commercial Insurance	19.0	20.5	21.9	21.5	22.5	13.6	12.5	14.1	12.2	12.3
Self-Pay	3.5	3.3	3.6	4.1	4.3	3.3	2.7	2.9	3.0	3.1
TOTALS	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

<i>Gross Patient Revenue by Service [OS Page A-33]</i>					
	<i>Fiscal Years Ended June 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Inpatient	38.8%	39.6%	39.7%	42.0%	42.5%
Outpatient	54.2%	53.3%	53.4%	50.2%	50.8%
McGuire Unit	4.4%	4.6%	4.6%	5.1%	4.7%
Home Care	2.6%	2.5%	2.3%	2.7%	2.0%
TOTALS	100.0%	100.0%	100.0%	100.0%	100.0%

**MUNICIPAL SECONDARY MARKET DISCLOSURE**  
**City of Hillsdale Hospital Finance Authority / Hillsdale Community Health Center**  
**Fiscal Year Ended June 30, 2003**

<i>Summary of Statements of Operations – Unrestricted</i> ( <i>\$000s omitted</i> ) ( <i>OS Page A-34</i> )					
	<i>Fiscal Years Ended June 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Net Patient Service Revenue	38,178	35,038	31,455	29,082	26,826
Other Operating Revenue	<u>601</u>	<u>581</u>	625	<u>500</u>	<u>290</u>
Total Operating Revenue	38,779	35,619	32,080	29,582	27,116
Depreciation Expense	1,629	1,481	1,475	1,389	1,125
Interest Expense	632	635	639	577	643
Bad Debt Expense	2,612	2,354	2,492	2,054	1,647
Other Operating Expenses	<u>31,452</u>	<u>29,078</u>	<u>25,817</u>	<u>24,711</u>	<u>22,015</u>
Total Operating Expenses	36,324	33,548	30,423	28,731	25,430
Income from Operations	2,455	2,071	1,657	851	1,686
Net Nonoperating (Losses)	<u>(982)</u>	<u>(855)</u>	<u>(984)</u>	<u>(410)</u>	<u>(670)</u>
Revenue and Gains in Excess of Expenses	1,473	1,216	673	441	1,016
Depreciation included in Net Nonoperating (Losses)	0	26	28	28	28
Net Income Available for Debt Service (EBIDA)	3,734	3,358	2,815	2,435	2,812
Capital Expenditures	1,607	1,483	1,506	1,697	2,659
* Calculated by management from the Corporation's audited financial statements, using definitions published by Standard & Poor's Corporation in <i>CreditWeek Municipal</i> , October 20, 1997					

<i>Profitability Ratios</i> ( <i>OS Page A-35</i> )					
	<i>Fiscal Years Ended June 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Debt Service Coverage Ratio*	2.43	2.15	3.35	2.90	3.34
Excess Margin	3.90%	3.50%	2.16%	1.50%	3.84%
Operating Margin	6.33%	5.81%	5.17%	2.90%	6.22%
* Based on FY2003 Annual Debt Service on the Series 1998 Bonds and other Long-Term Debt of \$1,538,522. This figure includes \$541,603 of annual debt service that in the form of a Guaranty of the debt of a limited liability company (the LLC) that owns the Physicians' Office Building (the POB), which Guaranty is subordinate to the several, though not joint, guaranties of the physicians who are members of the LLC and who occupy the POB. If the annual debt service relating to this Guaranty were not included in the calculation of FY2003 Annual Debt Service, the Debt Service Coverage Ratio would have been 3.75 in FY2003. Note: Calculated by management from the Corporation's audited financial statements, using definitions published by Standard & Poor's Corporation in <i>CreditWeek Municipal</i> , October 20, 1997 and in <i>CreditWeek</i> , October 1994					

**MUNICIPAL SECONDARY MARKET DISCLOSURE**  
**City of Hillsdale Hospital Finance Authority / Hillsdale Community Health Center**  
**Fiscal Year Ended June 30, 2003**

<b>Cost and Productivity Measures</b> <i>[OS Page A-35]</i>					
	<b>Fiscal Years Ended June 30</b>				
	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Total FTEs	287.6	285.0	265.8	267.5	260.5
FTEs per Adjusted Admission	0.047	0.012	0.039	0.042	0.044
FTEs per Adjusted Occupied Bed	4.4	4.5	4.2	4.1	4.1
Adjusted Acute Care Patient-Days	24,159	23,327	23,122	23,084	23,411
Paid-hours per Adjusted Patient-Day	25.5	25.1	23.7	24.7	22.8
McGuire Unit Paid Hours per Patient-Day	6.0	6.0	5.7	6.3	5.8
Capital Expense / Total Expenses	6.2%	6.3%	6.6%	6.9%	7.1%
Bad Debt Expense / Operating Revenue	6.7%	6.6%	7.8%	6.9%	6.1%

Note: Calculated by management from the Corporation's audited financial statements and other records, using definitions published by Standard & Poor's Corporation in *CreditWeek Municipal*, October 20, 1997

<b>Balance Sheet Summary</b> <i>(\$000s omitted)</i> <i>[OS Page A-36]</i>					
	<b>Fiscal Years Ended June 30</b>				
	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Cash and Temporary Investments <sup>1</sup>	5,490	2,648	3,750	893	2,415
Net Patient Accounts Receivable	5,043	5,443	5,127	5,028	4,362
Other Current Assets <sup>2</sup>	<u>1,422</u>	<u>1,985</u>	<u>1,708</u>	<u>3,168</u>	<u>3,003</u>
Total Current Assets <sup>2</sup>	11,955	10,076	10,585	9,089	9,780
Non-Current Cash and Investments (unrestricted) <sup>1</sup>	5,708	5,658	4,127	4,360	3,122
Property and Equipment	12,273	12,213	12,526	12,524	12,214
Other Assets <sup>2</sup>	<u>2,763</u>	<u>3,326</u>	<u>2,651</u>	<u>2,231</u>	<u>3,404</u>
Total Assets	32,700	31,273	29,889	28,204	28,520
Current Liabilities	5,423	5,412	5,337	4,241	4,918
Long-Term Debt	11,170	11,460	11,577	11,497	11,751
Net Assets	<u>16,106</u>	<u>14,401</u>	<u>12,975</u>	<u>12,466</u>	<u>11,851</u>
Total	32,700	31,273	29,889	28,204	28,520

<sup>1</sup> Used in Days' Cash on Hand, Cash-to-Debt and Quick Ratio calculations  
<sup>2</sup> FY2001 amounts have been changed to reflect balance sheet reclassifications reported in connection with the FY2002 audited financial statements

**MUNICIPAL SECONDARY MARKET DISCLOSURE**  
**City of Hillsdale Hospital Finance Authority / Hillsdale Community Health Center**  
**Fiscal Year Ended June 30, 2003**

<i>Liquidity Ratios</i> <i>[OS Page A-37]</i>					
	<i>Fiscal Years Ended June 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Current Ratio <sup>1</sup>	2.20	1.86	1.98	2.14	1.99
Quick Ratio <sup>1</sup>	2.99	2.54	2.44	2.96	2.42
Days in Patient Accounts Receivable	48.2	56.7	59.5	63.3	59.4
Days Cash on Hand	117.8	94.6	99.4	70.2	83.2
Cash-to-Debt <sup>2</sup>	97.1%	70.5%	66.4%	44.6%	46.1%

<sup>1</sup> The FY2001 ratios have been changed to reflect balance sheet reclassifications reported in connection with the FY2002 audited financial statements

<sup>2</sup> The denominator of this ratio includes the current portion of long-term debt

Note: Calculated by management from the Corporation's audited financial statements and other records, using definitions published by Standard & Poor's Corporation in *CreditWeek Municipal*, October 20, 1997 and *CreditWeek*, October 1994, and by Moody's Investors Service in *Health Care Medians*, June 1996

<i>Case-Mix Indices</i> <i>[OS Page A-38]</i>					
	<i>Fiscal Years Ended June 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Medicare	1.2650	1.1740	1.1461	1.2890	1.2346
Medicaid	0.7204	0.6171	0.4816	0.5546	0.7252
Blue Cross	0.7846	0.8598	1.2475	0.9331	0.7382

**MUNICIPAL SECONDARY MARKET DISCLOSURE****City of Hillsdale Hospital Finance Authority / Hillsdale Community Health Center****Fiscal Year Ended June 30, 2003**

<i>Top Ten DRGs [OS Page A-39]</i>					
<i>DRG</i>	<i>Description</i>	<i>Discharges</i>	<i>Percent</i>	<i>Cumulative Percent</i>	<i>Average LOS</i>
391	Normal Newborn	327	9.3%	9.3%	1.5
373	Vaginal Delivery, without Complications	282	8.0%	17.2%	1.5
209	Major Joint and Limb Reattachment Procedures, Lower Extremity	230	6.5%	23.7%	3.7
127	Heart Failure and Shock	122	3.5%	27.2%	3.8
132	Atherosclerosis with Complications	112	3.2%	30.4%	1.9
88	Chronic Obstructive Pulmonary Disease	94	2.7%	33.0%	3.6
89	Simple Pneumonia and Pleurisy, > Age 17, with Complications	93	2.6%	35.6%	4.4
371	Cesarean Section, without Complications	87	2.5%	38.1%	3.0
143	Chest Pain	66	1.9%	40.0%	1.3
140	Angina Pectoris	65	1.8%	41.8%	1.5