

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 for list of current NRMSIRs and SIDs

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):

\$2,270,000

The County of Chippewa Hospital Finance Authority

Hospital Revenue Bonds, Series 1997A

Chippewa County War Memorial Hospital, Inc.

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

169700BM2

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.)

TYPE OF FILING:

Electronic (number of pages attached) 40 Paper (number of pages attached) _____

If information is also available on the Internet, give URL: www.firstriver.com

Municipal Secondary Market Disclosure Information Cover Sheet

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See www.sec.gov/info/municipal/nrmsir.htm for list of current NRMSIRs and SIDs

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):

\$14,000,000

The County of Chippewa Hospital Finance Authority

Hospital Revenue Refunding Bonds, Series 1997B

Chippewa County War Memorial Hospital, Inc.

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

169700BU4

169700BV2

169700BW0

169700BX8

169700BY6

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

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Electronic (number of pages attached) 40 Paper (number of pages attached) _____

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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: October 2001 – September 2002 (FY2002)

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: _____

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 I.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 Wm David Rencher Title President and Chief Executive Officer
Employer Chippewa County War Memorial Hospital, Inc.
Address 500 Osborn Boulevard City Sault Ste. Marie State MI Zip Code 49783
Telephone (906) 635-4350 Fax (906) 635-4467
Email Address drencher@wmhos.org Obligor Web Site Address www.wmhosp.org

Investor Relations Contact, if any:

Name _____ Title _____
Telephone _____ Email Address _____

**CHIPPEWA COUNTY WAR MEMORIAL HOSPITAL, INC.
500 OSBORN BOULEVARD
SAULT STE. MARIE, MI 49783**

OFFICER'S CERTIFICATE

DATED: June 6, 2003

This Officer's Certificate is delivered pursuant to Section 5.14(c) of the Loan Agreement between Chippewa County War Memorial Hospital, Inc. (the Hospital) and the County of Chippewa Hospital Finance Authority (the Authority), dated as of October 1, 1997. All capitalized terms used herein are as defined in the Loan Agreement or in the Trust Indenture between the Authority and NBD Bank (now known as Bank One Trust Company, N.A.), as Trustee, dated as of October 1, 1997.

In accordance with Section 5.14(b) of the Loan Agreement, attached are audited financial statements for the Fiscal Year ended September 30, 2002, including a balance sheet as of such date, a statement of activities and changes in net assets for the Fiscal Year, a statement of cash flows for the Fiscal Year and notes to the financial statements (the Annual Financial Statements). The undersigned certifies that:

1. I am the President and Chief Executive Officer of the Hospital and duly authorized to deliver this Officer's Certificate.
2. Though the Hospital has failed to comply with Sections 5.14(b) and 5.14(c) of the Loan Agreement due to the tardiness of the filing of the documents specified therein, Section 6.01(b) provides that such non-compliance shall not constitute an Event of Default under certain circumstances. Such circumstances are applicable to this situation.
3. To the best of my knowledge, the Hospital is not in default in the performance of any other covenant contained in either the Loan Agreement or the Hospital Facilities Lease Agreement dated as of November 1, 1986 between the Hospital and the County of Chippewa, Michigan, as amended and restated by the Amended and Restated Hospital Facilities Lease Agreement, dated November 21, 1997, between the same parties.

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



Wm. David Rencher,
President and Chief Executive Officer

CHIPPEWA COUNTY WAR MEMORIAL HOSPITAL, INC.
500 OSBORNE BOULEVARD
SAULT STE. MARIE, MI 49783

ANNOUNCEMENT
JUNE 2003

CHIEF EXECUTIVE OFFICER

Chippewa County War Memorial Hospital, Inc. (the Corporation) announces the promotion of Wm. David Rencher as its new President and Chief Executive Officer. Mr. Rencher was appointed after a long and extensive search process which commenced in mid-January 2003, shortly after the announcement of the resignation of Daniel L. Wakeman, Mr. Rencher's predecessor. Mr. Wakeman resigned to accept the position of President and Chief Executive Officer of Mercy Memorial Hospital in Monroe, Michigan. Mr. Rencher commenced his duties on June 1, 2003.

The Corporation has begun to recruit a new Chief Financial Officer to replace Mr. Rencher.

CHIPPEWA COUNTY WAR MEMORIAL HOSPITAL, INC.

ANNUAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002 (FY2002)

Unless otherwise noted, all data apply to the Fiscal Year Ended September 30, 2002, or are accurate as of September 30, 2002, as appropriate. OS pages refer to the Official Statement relating to the Securities, dated November 14, 1997. The source of all data is the Corporation's records.

Certain figures relating to FY1998 and FY1999 which were published in Disclosure Reports relating to FYs prior to FY2000 have been reclassified in a manner consistent with subsequent audited financial statements and other information. In addition, certain information erroneously published in such prior FYs' Disclosure Reports has been corrected. The set of financial ratios published in this Disclosure Report represent those published by Standard & Poor's Ratings Group in "2000 Median Health Care Ratios," on October 19, 2000, and differ from the financial ratios published in the OS. Such financial ratios have been calculated from the Corporation's audited financial statements for all FYs since FY1998.

FACILITIES AND SERVICES

<i>Licensed Bed Capacity [OS Page A-7]</i>	
Medical/Surgical	70
Intensive Care Unit	6
Obstetrics/Gynecology	6
Subtotal, Acute Care	82
Skilled Nursing	51
TOTAL	133

MEDICAL STAFF

<i>Active Staff Specialization [OS Page A-9]</i>					
<i>PCPs</i>		<i>Specialists</i>		<i>Hospital-Based</i>	
Family Practice	12	Cardiology	3	Anesthesiology	2
Internal Medicine	6	General Surgery	3	Pathology	1
		Orthopedic Surgery	2	Radiology	2
		Obstetrics/Gynecology	2	Emergency Medicine	7
		Oncology	1		
		Ophthalmology	1		
		Otorhinolaryngology	1		
Total	18	Total	13	Total	12

MUNICIPAL SECONDARY MARKET DISCLOSURE

The County of Chippewa Hospital Finance Authority /
Chippewa County War Memorial Hospital, Inc.

Fiscal Year Ended September 30, 2002

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<i>Age Distribution of the Active Staff [OS Page A-10]</i>			
<i>Age Range</i>	<i>Number of Physicians</i>	<i>Percent of Physicians</i>	<i>Percent of Assigned Gross Revenue</i>
34 and under	8	18.6%	11.4%
35 - 44	12	27.9%	25.7%
45 - 54	15	34.9%	44.7%
55 - 64	8	18.6%	18.2%
65 and over	0	0.0%	0.0%
TOTAL	43		
Note: Columns may not add to 100.0% due to rounding			

<i>Gross Revenue Attributable to Physician Referrals (\$000s Omitted) [OS Page A-11]</i>			
	<i>PCPs</i>	<i>Specialists</i>	<i>Row Totals</i>
Inpatient Revenue	14,909	9,217	24,126
Outpatient Revenue	19,997	20,942	40,938
Total Assigned Revenue	34,906	30,158	65,064
Unassigned Revenue			0
Total Revenue			65,064
Note: This table has been modified to reflect current record-keeping practices.			

MUNICIPAL SECONDARY MARKET DISCLOSURE

The County of Chippewa Hospital Finance Authority /
Chippewa County War Memorial Hospital, Inc.

Fiscal Year Ended September 30, 2002

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<i>Leading Referring Physicians, Inpatient Services (\$000s omitted from Inpatient Revenue Column) [OS Page A-11]</i>						
<i>Rank</i>	<i>Specialty or Subspecialty</i>	<i>Age</i>	<i>Board- Certified / Eligible</i>	<i>Inpatient Revenue</i>	<i>Percent of Inpatient Revenue</i>	<i>Cumulative Percent</i>
1	Orthopedic Surgery	33	C	1,992	8.3%	8.3%
2	Internal Medicine	49	C	1,638	6.8%	15.0%
3	Internal Medicine	45	C	1,563	6.5%	21.5%
4	Orthopedic Surgery	52	C	1,511	6.3%	27.8%
5	Internal Medicine	36	C	1,258	5.2%	33.0%
6	General Surgery	33	C	1,244	5.2%	38.2%
7	Family Practice	49	C	1,221	5.1%	43.2%
8	Family Practice	47	C	1,194	4.9%	48.2%
9	General Surgery	50	C	1,187	4.9%	53.1%
10	Internal Medicine	38	C	1,137	4.7%	57.8%
			C = Certified E = Eligible			

MUNICIPAL SECONDARY MARKET DISCLOSURE

The County of Chippewa Hospital Finance Authority /
Chippewa County War Memorial Hospital, Inc.

Fiscal Year Ended September 30, 2002

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<i>Leading Referring Physicians, Outpatient Services (\$000s omitted from Outpatient Revenue Column) [OS Page A-12]</i>						
<i>Rank</i>	<i>Specialty or Subspecialty</i>	<i>Age</i>	<i>Board-Certified / Eligible</i>	<i>Outpatient Revenue</i>	<i>Percent of Outpatient Revenue</i>	<i>Cumulative Percent</i>
1	Orthopedic Surgery	52	C	2,981	7.3%	7.3%
2	Internal Medicine	36	C	2,764	6.8%	14.0%
3	Emergency Medicine	59	C	2,116	5.2%	19.2%
4	General Surgery	50	C	2,041	5.0%	24.2%
5	General Surgery	33	C	1,818	4.4%	28.6%
6	Otorhinolaryngology	39	C	1,781	4.4%	33.0%
7	Internal Medicine	49	C	1,640	4.0%	37.0%
8	Orthopedic Surgery	33	C	1,401	3.4%	40.4%
9	Emergency Medicine	42	C	1,247	3.0%	43.5%
10	Internal Medicine	45	C	1,223	3.0%	46.4%
			C = Certified E = Eligible			

<i>Additions to the Active and Hospital-Based Staff during FY2002 [OS Page A-13]</i>			
<i>Specialty</i>	<i>Age</i>	<i>Hospital Employee</i>	<i>Affiliation</i>
Orthopedic Surgery	33	No	Independent
Radiology	43	No	Great Lakes Imaging

MUNICIPAL SECONDARY MARKET DISCLOSURE

The County of Chippewa Hospital Finance Authority /
Chippewa County War Memorial Hospital, Inc.

Fiscal Year Ended September 30, 2002

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SERVICE VOLUMES AND UTILIZATION

INPATIENT ACUTE CARE

<i>Historical Acute Care Utilization (excludes newborns but includes observation patients) [OS Page A-13]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
Days in Period	365	365	366	365	365
Licensed Beds	82	82	82	86	86
Admissions	2,683	2,481	2,309	2,266	2,218
Patient Days	9,448	9,268	8,924	8,520	8,730
Observation Patients*	698	939	813	851	769
Average Daily Census	25.9	25.4	24.4	23.3	23.9
Average Length of Stay	3.5	3.7	3.9	3.8	3.9
Occupancy Rate (%)	31.6	31.0	29.7	27.1	27.8
* Neither Average Daily Census, Average Length of Stay nor Occupancy Rate calculations reflect Observation Patients					

SNF

<i>Historical SNF Utilization [OS Page A-14]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
Days in Period	365	365	366	365	365
Licensed Beds	51	51	51	51	51
Patient Days	18,455	18,219	18,255	18,154	18,320
Average Daily Census	50.6	49.9	49.9	49.7	50.2
Occupancy Rate (%)	99.1	97.9	97.8	97.5	98.4

MUNICIPAL SECONDARY MARKET DISCLOSURE

The County of Chippewa Hospital Finance Authority /
Chippewa County War Memorial Hospital, Inc.

Fiscal Year Ended September 30, 2002

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OUTPATIENT AND ANCILLARY SERVICES

<i>Emergency Room / Community Care Clinic (CCC) Volumes</i> <i>[OS Page A-14]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
Truly Emergent Visits	14,927	14,419	13,663	14,098	13,321
Change / Previous Period	3.5%	5.5%	(3.1)%	5.8%	7.3%
CCC Visits	9,332	9,606	9,108	6,910	6,034
Change / Previous Period	(2.9)%	5.5%	31.8%	14.5%	8.1%
Total ER Visits	24,259	24,025	22,771	21,008	19,355
Change / Previous Period	1.0%	5.5%	8.4%	8.5%	7.6%

<i>Ancillary Services Provided to Inpatients</i> <i>[OS Page A-15]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
Laboratory ¹	90,904	78,035	70,919	67,582	65,094
Electrocardiography ¹	6,242	4,826	3,714	3,271	3,173
Radiology & Ultrasound ¹	5,288	4,406	4,350	4,379	2,791
MRI Scanning ¹	103	74	52	37	54
CT Scanning ¹	1,155	901	1,017	988	640
Nuclear Medicine ¹	847	497	398	289	389
Cardiopulmonary ¹	24,155	31,030	27,569	23,630	25,290
Physical Therapy ²	8,587	9,388	9,977	10,652	13,617
Occupational Therapy ³	5,443	4,699	3,948	3,407	2,864
Speech Therapy ³	360	297	554	438	837
¹ Procedures ² Modalities ³ Visits					

MUNICIPAL SECONDARY MARKET DISCLOSURE

The County of Chippewa Hospital Finance Authority /
Chippewa County War Memorial Hospital, Inc.

Fiscal Year Ended September 30, 2002

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<i>Ancillary Services Provided to Outpatients</i> <i>[OS Page A-15]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
Laboratory ¹	248,933	241,298	227,598	221,698	166,514
Electrocardiography ¹	13,411	9,148	8,264	7,075	6,974
Radiology & Ultrasound ¹	29,690	29,456	26,687	24,562	21,406
MRI Scanning ¹	2,065	1,689	1,345	1,049	1,023
CT Scanning ¹	3,932	3,751	3,672	3,027	2,520
Nuclear Medicine ¹	4,649	4,237	2,497	1,515	1,517
Cardiopulmonary ¹	1,809	2,439	3,558	3,825	4,587
Physical Therapy ²	55,722	45,422	40,184	45,512	40,896
Occupational Therapy ³	26,375	14,648	9,933	7,879	2,426
Speech Therapy ³	21,630	16,419	15,312	9,870	1,315
Home Health Therapy ³	8,221	6,811	5,687	10,010	13,241
¹ Procedures ² Modalities ³ Visits					

<i>Surgical Procedures</i> <i>[OS Page A-16]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
Inpatient	888	914	903	725	635
Outpatient	2,910	2,606	2,142	1,768	1,692
Total	3,798	3,520	3,045	2,493	2,327
Percent Outpatient	76.6%	74.0%	70.3%	70.9%	72.7%

MUNICIPAL SECONDARY MARKET DISCLOSURE

The County of Chippewa Hospital Finance Authority /
Chippewa County War Memorial Hospital, Inc.

Fiscal Year Ended September 30, 2002

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COMPETING FACILITIES

<i>Inpatient Acute Care Market Share for County Residents, All DRGs [OS Page A-21]</i>					
	<i>Calendar Years Ended December 31</i>				
	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>
War Memorial Hospital	61.3%	62.3%	62.4%	60.5%	62.0%
Northern Michigan	16.0%	16.2%	13.7%	18.8%	20.1%
Marquette General	11.1%	11.4%	11.9%	9.8%	6.3%
Munson	3.2%	2.3%	2.5%	2.3%	2.9%
Newberry	0.8%	0.8%	0.9%	1.3%	1.4%
All Other Hospitals	7.6%	6.9%	8.7%	7.4%	7.3%

Source: MHA Interactive Data System, 1997-2001
Note: Many of the figures in this table correct errors contained in prior Disclosure Reports

FINANCIAL MATTERS

THIRD-PARTY REIMBURSEMENT METHODOLOGIES

<i>Medicaid SNF Reimbursement Rates [OS Page A-24]</i>					
	<i>Fiscal Years Ended/Ending September 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Variable Cost Component	\$162.85	\$136.17	\$136.17	N/A	\$127.68
Plant Cost Component	5.41	5.41	5.41	N/A	5.41
Continuous Quality Improvement Incentive	0.00	4.42	4.42	N/A	4.42
Wage Pass-through Add-on	0.00	0.00	0.00	N/A	0.00
OBRA Training & Testing Add-on	0.00	0.00	0.00	N/A	0.00
Medicaid Reimbursement Rate	\$168.26	\$146.00	\$146.00	\$0.00	\$137.51

MUNICIPAL SECONDARY MARKET DISCLOSURE

The County of Chippewa Hospital Finance Authority /
Chippewa County War Memorial Hospital, Inc.

Fiscal Year Ended September 30, 2002

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<i>SNF Revenue Basis</i> <i>[OS Page A-25]</i>					
	<i>Fiscal Years Ended/Ending September 30</i>				
	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Charge for Semi-Private Room ¹	\$185.00	\$175.00	\$166.00	N/A	\$145.00
Medicaid Reimbursement Rate	\$168.26	\$146.00	\$146.00	N/A	\$137.52
Discount from Semi-Private Room Charge	9.0%	16.6%	12.0%	N/A	5.2%

¹ The FY2001 figures corrects an error which appeared on the FY2000 Disclosure Report

<i>SNF Payor Mix</i> <i>(expressed as percentages of gross revenue)</i> <i>[OS Page A-25]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
Medicare	8.6%	7.7%	5.9%	15.4%	17.8%
Medicaid	65.7%	72.8%	68.5%	62.1%	62.3%
Other	25.7%	19.5%	25.6%	22.5%	19.9%

Note: The percentages in the corresponding table in the OS were expressed in terms of patient-days, rather than gross revenue

MUNICIPAL SECONDARY MARKET DISCLOSURE

The County of Chippewa Hospital Finance Authority /
Chippewa County War Memorial Hospital, Inc.

Fiscal Year Ended September 30, 2002

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SOURCES OF ACUTE CARE REVENUE

<i>Payor Mix</i> <i>[OS Page A-26]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
<i>By Acute Care Admissions</i>					
Medicare	44.9	43.9	41.4	42.9	43.1
Medicaid	17.2	13.9	14.7	15.8	17.6
Blue Cross	26.3	27.8	28.8	24.5	25.5
Other	11.6	14.4	15.1	16.8	13.8
Totals	100.0	100.0	100.0	100.0	100.0
<i>By Acute Care Patient-Days</i>					
Medicare	56.2	57.4	52.8	56.8	58.8
Medicaid	12.8	10.4	10.9	11.8	11.5
Blue Cross	21.4	20.5	22.9	19.0	19.3
Other	9.6	11.7	13.4	12.4	10.4
Totals	100.0	100.0	100.0	100.0	100.0

COST STRUCTURE

<i>Cost Structure Measures</i> <i>[OS Page A-26]</i>						
		<i>Fiscal Years Ended September 30</i>				
		<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
Per Case	Adjusted Cost	\$5,026	\$4,572	\$4,689	\$4,903	\$4,586
	Case-Mix Adjusted Operating Cost	\$5,142	\$4,588	\$4,994	\$5,532	\$5,217

MUNICIPAL SECONDARY MARKET DISCLOSURE

The County of Chippewa Hospital Finance Authority /
Chippewa County War Memorial Hospital, Inc.

Fiscal Year Ended September 30, 2002

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<i>Labor Productivity Measures</i> <i>[OS Page A-26]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
Adjusted FTEs per Occupied Bed	5.70	5.32	4.70	4.95	4.67
SNF FTEs per Occupied Bed	1.05	1.00	0.78	0.74	0.69
Total FTEs	539.7	495.7	464.8	426.9	393.1
Percentage of Non-Productive Hours	14.6%	14.3%	13.9%	13.9%	13.9%

RECENT FINANCIAL PERFORMANCE

<i>Balance Sheet Summary</i> <i>(\$000s omitted)</i> <i>[OS Page A-27]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
Cash, Cash Equivalents and Short-term Investments*	2,706	3,238	2,920	1,548	2,625
Net Patient Accounts Receivable	7,621	6,510	5,922	5,902	4,629
Other Current Assets	<u>5,318</u>	<u>3,621</u>	<u>3,177</u>	<u>3,882</u>	<u>2,717</u>
Total Current Assets	15,645	13,369	12,019	11,332	9,970
Board-Designated Investments*	4,159	4,000	3,692	3,540	4,438
Other Restricted Funds	1,700	1,662	1,824	1,749	2,050
Net Property and Equipment	14,127	13,580	13,985	14,479	14,483
Other Assets	<u>417</u>	<u>478</u>	<u>515</u>	<u>553</u>	<u>590</u>
Total Assets	<u>36,048</u>	<u>33,089</u>	<u>32,036</u>	<u>31,653</u>	<u>31,531</u>
Current Liabilities	8,742	5,826	5,227	5,047	5,069
Long-Term Obligations	12,791	14,133	14,607	15,337	15,528
Other Liabilities	1,027	1,012	986	948	998
Unrestricted Net Assets	13,488	12,119	11,177	10,098	9,936
Temporarily Restricted Net Assets	<u>0</u>	<u>0</u>	<u>38</u>	<u>223</u>	<u>0</u>
Total Liabilities and Net Assets	<u>36,048</u>	<u>33,089</u>	<u>32,036</u>	<u>31,653</u>	<u>31,531</u>

Note: This table has been modified in order to clarify the corresponding table published in the OS
* Used in "Days' Cash on Hand," "Cushion Ratio" and "Cash / Long-Term Debt" calculations

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Liquidity Ratios <i>[OS Page A-28]</i>					
	Fiscal Years Ended September 30				
	2002	2001	2000	1999	1998
Days' Cash on Hand	60.3	72.3	75.4	64.5	98.0
Cushion Ratio ¹	3.3	3.4	3.5	2.7	4.2
Cash / Long-Term Debt	53.7%	51.2%	45.3%	33.2%	45.5%
Days in Patient Accounts Receivable	65.1	62.2	64.2	71.4	61.9
Payment Period (Days)	76.8	58.2	59.6	63.9	70.3
Note: Calculated from the Corporation's audited financial statements, using definitions published by Standard & Poor's Ratings Group in <i>2000 Median Health Care Ratios</i> , October 19, 2000 ¹ Calculated using Maximum Annual Debt Service figures indicated below, based on the Series 1997 Bonds, a HELP loan from the Michigan State Hospital Finance Authority and a capitalized lease in FY2002 and FY2001, based on the Series 1997 Bonds and the HELP loan in FY2000 and FY1999; and based on the Series 1997 Bonds alone in FY1998					
Maximum Annual Debt Service	2,109,082	2,124,172	1,900,662	1,900,662	1,679,739

Capitalization Ratios <i>[OS Page A-28]</i>					
	Fiscal Years Ended September 30				
	2002	2001	2000	1999	1998
Debt / Capitalization	48.7%	53.8%	56.7%	60.3%	61.0%
Average Age of Net Fixed Assets (Years)	11.1	10.5	9.7	9.4	10.6
Note: Calculated from the Corporation's audited financial statements, using definitions published by Standard & Poor's Ratings Group in <i>2000 Median Health Care Ratios</i> , October 19, 2000					

Gross Patient Revenue by Service <i>[OS Page A-28]</i>					
	Fiscal Years Ended September 30				
	2002	2001	2000	1999	1998
Inpatient	30.6%	30.3%	31.8%	34.5%	N/A
Outpatient	64.8%	64.9%	62.8%	59.1%	N/A
SNF	4.6%	4.8%	5.4%	6.4%	N/A

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<i>Summary of Unrestricted Revenue and Expenses</i> <i>(\$000s omitted)</i> <i>[OS Page A-29]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
Net Patient Service Revenue	42,705	38,222	33,685	30,191	27,295
Other Operating Revenue	<u>1,048</u>	<u>1,007</u>	<u>1,021</u>	<u>757</u>	<u>739</u>
Total Operating Revenue	43,753	39,229	34,706	30,948	28,034
Depreciation Expense	2,486	2,380	2,323	2,172	1,715
Interest Expense	799	830	861	911	925
Other Operating Expenses	<u>40,742</u>	<u>35,729</u>	<u>31,155</u>	<u>27,898</u>	<u>25,382</u>
Total Operating Expenses	44,027	38,939	34,339	30,981	28,022
Income from Operations	(274)	290	367	(33)	12
Net Nonoperating Revenue (Loss)	<u>324</u>	<u>481</u>	<u>365</u>	<u>402</u>	<u>656</u>
Revenue and Gains in Excess of Expenses	50	772	732	369	668
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	0	0	231	189	99
Change in Net Unrealized Gains/(Losses)	(47)	132	116	(396)	338
Extraordinary Items	<u>1,366</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(740)</u>
Increase in Unrestricted Net Assets	<u>1,369</u>	<u>904</u>	<u>1,079</u>	<u>162</u>	<u>365</u>
Note: This table has been modified in order to clarify the corresponding table published in the OS					

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<i>Profitability, Cash Flow and Operational Ratios</i> <i>[OS Page A-29]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
Profit Margin	0.1%	1.9%	2.7%	1.8%	2.7%
Operating Margin	(0.6)%	0.7%	1.1%	(0.1)%	0.0%
EBIDA Margin	7.6%	10.0%	11.8%	11.6%	11.9%
Debt Service Coverage Ratio (S&P) ¹	1.58	1.87	2.18	1.92	2.03
Debt Service Coverage Ratio (Indenture) ^{2,3}	2.08	2.37	2.80	2.41	2.48
Interest Coverage	4.2	4.8	4.8	4.0	3.7
Cash Flow / Total Liabilities	11.2%	15.0%	14.7%	11.9%	11.0%
Maximum Annual Debt Service / Total Revenue ³	4.8%	5.4%	5.5%	6.1%	6.0%
Nonoperating Revenue / Total Revenue	0.7%	1.2%	1.7%	1.9%	2.6%
Bad Debt Expense / Total Operating Revenue	2.4%	2.7%	3.4%	3.0%	2.7%
Note: Calculated from the Corporation's audited financial statements, using definitions published by Standard & Poor's Ratings Group in <i>2000 Median Health Care Ratios</i> , October 19, 2000 ¹ Calculated according to the published Standard & Poor's definition ² Calculated according to the definition specified in the Trust Indenture relating to the Series 1997 Bonds ³ Calculated using Maximum Annual Debt Service figures indicated below, based on the Series 1997 Bonds, a HELP loan from the Michigan State Hospital Finance Authority and a capitalized lease in FY2002 and FY2001, based on the Series 1997 Bonds and the HELP loan in FY2000 and FY1999; and based on the Series 1997 Bonds alone in FY1998					
Maximum Annual Debt Service	2,109,082	2,124,172	1,900,662	1,900,662	1,679,739

<i>Case-Mix Indices</i> <i>[OS Page A-30]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
Medicare	1.1777	1.1960	1.1925	1.1544	1.1290
Medicaid	0.6188	0.5977	0.6965	0.7780	0.7580
Blue Cross	0.7835	0.7873	0.7697	0.7021	0.7788
Note: The Medicaid figure for FY2001 has been corrected.					

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<i>Top Ten DRGs, FY2002 [OS Page A-30]</i>					
<i>DRG</i>	<i>Description</i>	<i>Discharges</i>	<i>Percent</i>	<i>Cumulative Percent</i>	<i>ALOS</i>
391	Normal newborns	287	9.3%	9.3%	2.1
373	Vaginal delivery without complicating diagnosis	230	7.5%	16.8%	2.1
127	Heart failure and shock	111	3.6%	20.4%	4.1
89	Simple pneumonia and pleurisy, age >17, with complications	107	3.5%	23.9%	3.5
132	Atherosclerosis with complications	87	2.8%	26.7%	1.7
14	Specific cerebrovascular disorders except trans-ischemic attacks (CVAs)	81	2.6%	29.3%	4.5
143	Chest pain	75	2.4%	31.7%	1.2
88	Chronic obstructive pulmonary disease	71	2.3%	34.0%	3.4
209	Major Joint and Limb Reattachment Procedures, Lower Extremity	67	2.2%	36.2%	3.4
371	Cesarean sections without complications	63	2.1%	38.3%	3.0