New Issue

Ratings: See "Ratings" herein.
Uninsured:
5.70% Term Bonds due November 15, 2023 and
5.79% Term Bonds due November 15, 2029
S&P: AA; Moody's: Aa2; Fitch: AA
MBIA Insured:
5.76% Term Bonds due November 15, 2029
S&P: AAA; Moody's: Aaa; Fitch: AAA

$135,000,000
THE COUNTY OF COOK, ILLINOIS
Taxable General Obligation Bonds, Series 2004C

Dated: Date of Issuance **Due:** See Inside Cover

The Taxable General Obligation Bonds, Series 2004C (the **"Taxable Series 2004C Bonds"**) are direct and general obligations of The County of Cook, Illinois (the **"County"**). The full faith and credit of the County is pledged to the punctual payment of principal of and interest on the Taxable Series 2004C Bonds. Direct annual taxes have been levied on all taxable real property in the County in amounts sufficient to pay principal of and interest on the Taxable Series 2004C Bonds as those amounts come due, except for certain interest that will be capitalized as described herein. These taxes are to be extended for collection without limitation as to rate or amount. Collections of such taxes are to be deposited directly by the County Collector with Amalgamated Bank of Chicago, Chicago, Illinois, as Trustee (the **"Trustee"**), for the purpose of paying principal of and interest on the Taxable Series 2004C Bonds.

The Taxable Series 2004C Bonds are being issued to provide funds to finance certain of the County's self-insurance liabilities, to reimburse the County for a portion of the costs of certain capital equipment projects, to capitalize a portion of the interest to become due on the Taxable Series 2004C Bonds and to pay the costs of issuance of the Taxable Series 2004C Bonds, all as more particularly described herein. See "PLAN OF FINANCE."

The Taxable Series 2004C Bonds will be issuable in denominations that are multiples of $5,000 and will bear interest payable on May 15 and November 15 of each year, commencing on November 15, 2004. The Taxable Series 2004C Bonds are being offered for sale in book-entry only form and will be registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York (**"DTC"**). DTC will act as securities depository for the Taxable Series 2004C Bonds and purchases will be made through DTC participants.

The Taxable Series 2004C Bonds are subject to mandatory sinking fund redemption prior to maturity as described herein.

The $31,000,000 Taxable Series 2004C Bonds maturing on November 15, 2023, and bearing interest at the rate of 5.70% per annum and the $98,000,000 Taxable Series 2004C Bonds maturing on November 15, 2029, and bearing interest at the rate of 5.79% per annum will not be insured. Payment of the principal of and interest on the $6,000,000 Taxable Series 2004C Bonds maturing on November 15, 2029, and bearing interest at the rate of 5.76% per annum when due will be insured by a financial guaranty insurance policy to be issued simultaneously with the delivery of the Taxable Series 2004C Bonds by MBIA Insurance Corporation.

MBIA

Maturities, Principal Amounts, Interest Rates, Prices and CUSIP Numbers are set forth on the inside cover page.

The Taxable Series 2004C Bonds are offered when, as and if issued and accepted by the Underwriters and subject to delivery of separate approving legal opinions by Katten Muchin Zavis Rosenman, Chicago, Illinois, and William P. Tuggle, Esq., Chicago, Illinois, Co-Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Schiff Hardin LLP, Chicago, Illinois, and Garland W. Watt & Associates, LLC, Chicago, Illinois, Underwriters' Co-Counsel. It is expected that the Taxable Series 2004C Bonds will be available for delivery through the facilities of DTC on or about August 12, 2004.

George K. Baum & Company **Mesirow Financial, Inc.**

Blaylock & Partners, L.P. **LaSalle Capital Markets**
A Division of ABN AMRO Financial Services, Inc.

The Date of this Official Statement is August 2, 2004.

Maturity Schedule

$135,000,000
The County of Cook, Illinois
Taxable General Obligation Bonds, Series 2004C

$31,000,000 5.70% Term Bonds Due November 15, 2023; Price 100% CUSIP 213183 6T8[1]
$98,000,000 5.79% Term Bonds Due November 15, 2029; Price 100% CUSIP 213183 5R3 [1]
$6,000,000 5.76% Term Bonds Due November 15, 2029; Price 100% CUSIP 213183 6U5 [1][2]

(2) Insured

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement. Any such other information or representations must not be relied upon as statements of the County or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Taxable Series 2004C Bonds by any person in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale. The information set forth in this Official Statement is not guaranteed as to accuracy or completeness. Unless otherwise indicated, the County is the source of the tables and statistical and financial information contained in this Official Statement, except information relating to governmental bodies other than the County, which has been obtained from those governmental bodies or from other sources. The information and opinions expressed in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of Taxable Series 2004C Bonds made under it shall, under any circumstances, create any implication that there has been no change in the financial condition or the operations of the County since the date of this Official Statement. The County is not making any representations regarding its financial condition beyond the date of the auditor's opinion nor, for interim financial information presented, beyond the date of this Official Statement.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Official Statement. Where statutes, resolutions, reports or other documents are referred to in this Official Statement, reference is made to those items for more complete information.

THE TAXABLE SERIES 2004C BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE TAXABLE SERIES 2004C BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE TAXABLE SERIES 2004C BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF BEGUN, MAY BE ENDED OR INTERRUPTED AT ANY TIME WITHOUT NOTICE. THE UNDERWRITERS MAY OFFER AND SELL THE TAXABLE SERIES 2004C BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER OR YIELDS HIGHER THAN THE PUBLIC OFFERING PRICES OR YIELDS STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES AND YIELDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS WITHOUT NOTICE.

THE COUNTY OF COOK, ILLINOIS

President

Hon. John H. Stroger, Jr.

Chairman, Committee on Finance

John P. Daley

Members of the Board of Commissioners

Jerry Butler
Forest Claypool
Earlean Collins
John P. Daley
Elizabeth Ann Doody Gorman
Gregg Goslin
Carl R. Hansen
Roberto Maldonado
Joseph Mario Moreno
Joan P. Murphy
Anthony J. Peraica
Mike Quigley
Peter N. Silvestri
Deborah Sims
Bobbie L. Steele
John H. Stroger, Jr.
Larry Suffredin

County Treasurer
Ex-Officio County Collector

Hon. Maria Pappas

Chief Financial Officer

Thomas J. Glaser

County Comptroller

Walter K. Knorr

Director, Budget and Management Services

Donna L. Dunnings

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

OFFICIAL STATEMENT

$135,000,000

THE COUNTY OF COOK, ILLINOIS
Taxable General Obligation Bonds, Series 2004C

INTRODUCTION

This Official Statement is furnished by The County of Cook, Illinois (the "**County**") to provide information about its $135,000,000 aggregate principal amount of Taxable General Obligation Bonds, Series 2004C (the "**Taxable Series 2004C Bonds**"). The Taxable Series 2004C Bonds are being issued pursuant to an authorizing ordinance adopted by the Board of Commissioners of the County (the "**County Board**") on July 13, 2004 (the "**Bond Ordinance**") pursuant to the County's home rule powers under the 1970 Constitution of the State of Illinois.

The Taxable Series 2004C Bonds are direct and general obligations of the County. The full faith and credit of the County has been pledged to the punctual payment of the principal of and interest on the Taxable Series 2004C Bonds. The County has levied ad valorem real property taxes in amounts which, together with proceeds of the Taxable Series 2004C Bonds to be applied to pay the interest on the Taxable Series 2004C Bonds through May 15, 2006, will be sufficient to provide for the payment of the principal of and interest on the Taxable Series 2004C Bonds as those amounts come due. These taxes are required to be extended for collection against all taxable real property within the County, without limitation as to rate or amount. Collections of the Series 2004C Pledged Taxes (as hereinafter defined) are to be deposited directly by the County Collector with Amalgamated Bank of Chicago, Chicago, Illinois, as Trustee, for the purpose of paying principal and interest on the Taxable Series 2004C Bonds. See "SECURITY FOR THE TAXABLE SERIES 2004C BONDS."

The Taxable Series 2004C Bonds are being issued to (i) fund certain of the County's self-insurance liabilities, (ii) reimburse the County for a portion of the costs of certain capital equipment projects, (iii) capitalize a portion of the interest to become due on the Taxable Series 2004C Bonds and (iv) pay certain costs of issuance of the Taxable Series 2004C Bonds. The Taxable Series 2004C Bonds are one of four series of bonds expected to be issued as part of the County's common plan of finance to fund certain of the County's self-insurance liabilities, to reimburse the County for a portion of the costs of certain County capital equipment projects and to finance or reimburse the County for a portion of the costs of certain County capital improvement and capital equipment projects. See "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS."

Payment of the principal of and interest on the Taxable Series 2004C Bonds when due will be insured by a financial guaranty insurance policy to be issued simultaneously with the delivery of the Taxable Series 2004C Bonds by MBIA Insurance Corporation ("**MBIA**" or the "**Insurer**"). See "BOND INSURANCE."

Additional Information

Certain factors concerning the Taxable Series 2004C Bonds are described throughout this Official Statement, which should be read in its entirety. All references herein to laws, ordinances, resolutions, agreements and documents are qualified in their entirety by reference to the definitive forms thereof, and all references to the Taxable Series 2004C Bonds are further qualified by reference to the information with respect thereto contained in the Bond Ordinance. All statements, information and statistics contained in this Official Statement are believed to be correct but are not guaranteed by the County, the Underwriters, the Co-Financial Advisors, Co-Bond Counsel, Underwriters' Co-Counsel or the Trustee, and all expressions of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact. The information contained herein regarding DTC and the global book-entry system (the "**Book-Entry Only System**") was provided by DTC and has not been verified by the County, the Underwriters, the Co-Financial Advisors, Co-Bond Counsel, Underwriters' Co-Counsel or the Trustee. The information contained herein is provided as of the date hereof and is subject to change. The information contained herein regarding the Insurer was provided by MBIA, and has not been verified by the County, the Underwriters, the Co-Financial Advisors, Co-Bond Counsel, Underwriters' Co-Counsel or the Trustee.

County Contacts

Copies of statutes, ordinances, resolutions or other documents referred to in this Official Statement are available, upon request, from the County's Chief Financial Officer, 118 North Clark Street, Room 500, Chicago, Illinois 60602, telephone (312) 603-7590 or facsimile (312) 603-6686. Additional information on the County and its operations can be found on Cook County's web page at www.cookcountygov.com.

PLAN OF FINANCE

The County's common plan of finance involves the expected issuance of four series of bonds to finance or reimburse the County for a portion of the costs of certain County capital improvement and capital equipment projects (the "**Public Improvements**"), to fund certain of the County's self-insurance liabilities (the "**Self-Insurance Purposes**") and to reimburse the County for a portion of the costs of certain County capital equipment projects (the "**Equipment Reimbursements**").

The Taxable Series 2004C Bonds are being issued to (i) provide moneys for the Self-Insurance Purposes, (ii) provide moneys for the Equipment Reimbursements, (iii) capitalize interest accruing on the Taxable Series 2004C Bonds through May 15, 2006, and (iv) pay certain costs of issuance of the Taxable Series 2004C Bonds.

In furtherance of this common plan of finance, the County also plans to issue contemporaneously with the Taxable Series 2004C Bonds, (i) its Tax-Exempt General Obligation Capital Improvement Bonds, Series 2004B, in the principal amount of $165,000,000 (the "**Series 2004B Bonds**") to provide moneys for the Public Improvements, (ii) its Taxable General Obligation Variable Rate Bonds, Series 2004D, in the estimated principal amount of $130,000,000 (the "**Taxable Series 2004D Bonds**") to provide moneys for the Self-Insurance

Purposes and the Equipment Reimbursements, and (iii) its Tax-Exempt General Obligation Variable Rate Capital Improvement Bonds, Series 2004E, in the estimated principal amount of $170,000,000 (the "**Series 2004E Bonds**") to provide moneys for the Public Improvements.

The proceeds of the Taxable Series 2004C Bonds issued for the Self-Insurance Purposes will be deposited into the Insurance Reserve Fund established by the Bond Ordinance and continued by the Indenture and will be used to establish reserves for expected losses for liability or any liability for which the County is authorized to purchase insurance, including the payment of any tort judgment or settlement for compensatory damages for which the County or an employee acting within the scope of his or her employment is liable. The proceeds of the Series 2004B Bonds issued for the Equipment Reimbursements will be paid to the County.

The sum necessary to pay the costs of issuance shall be deposited into the "**Expense Fund**" and shall be used by the County to pay costs of issuance in accordance with normal County disbursement procedures. Proceeds of the Taxable Series 2004C Bonds will also be used to provide for capitalized interest accruing on the Taxable Series 2004C Bonds through May 15, 2006.

The Insurance Reserve Fund shall be held and maintained as a separate and segregated account by the Trustee. The Chief Financial Officer may allocate the proceeds of the Taxable Series 2004C Bonds to one or more related funds or accounts of the County already in existence; provided that the County and such officer shall not be relieved of the duty to account for the proceeds as if any such fund or account were created as provided in the Bond Ordinance or the Indenture. The County reserves the right, as it becomes necessary from time to time, to change the purposes of expenditure of the Insurance Reserve Fund, to change priorities, to revise cost allocations between expenditures and to substitute expenditures, in order to meet current needs of the County. The County is not obligated to maintain the Insurance Reserve Fund at any particular level in the future.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds relating to the Taxable Series 2004C Bonds are as follows:

Sources of Funds	
Principal Amount	$135,000,000.00
Net Original Issue Premium/(Discount)	-0-
Total	$135,000,000.00
Uses of Funds	
Self-Insurance Purposes	77,996,771.75
Equipment Reimbursements	42,320,880.00
Capitalized Interest	13,540,973.25
Costs of Issuance (including Underwriters' Discount and Premium for Bond Insurance Policy)	1,141,375.00
Total	$135,000,000.00

THE TAXABLE SERIES 2004C BONDS

General

The Taxable Series 2004C Bonds are dated and bear interest at rates per annum as set forth on the cover and inside cover page and are issuable as fully registered bonds each in the denomination of $5,000 or any integral multiple thereof ("**Authorized Denomination**"). The Taxable Series 2004C Bonds will be initially registered through a Book-Entry Only System operated by The Depository Trust Company, New York, New York ("**DTC**"). Details of payments of the Taxable Series 2004C Bonds when in the book-entry only form and the Book-Entry Only System are described below under the subcaption "Book-Entry Only System" and in APPENDIX D. Amalgamated Bank of Chicago, Chicago, Illinois, will serve as the trustee (the "**Trustee**") pursuant to the Bond Ordinance.

Each Taxable Series 2004C Bond will bear interest from the later of its dated date or the most recent interest payment date to which interest has been paid or duly provided for. Interest on the Taxable Series 2004C Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months and will be payable on November 15, 2004, and semi-annually thereafter on May 15 and November 15 of each year until paid.

The Taxable Series 2004C Bonds will mature in the principal amounts on November 15 of the years as set forth on the inside cover page of this Official Statement.

The principal and redemption price of the Taxable Series 2004C Bonds will be payable upon surrender of such Taxable Series 2004C Bonds at the principal corporate trust office of the Trustee. Interest on the Taxable Series 2004C Bonds will be payable on each interest payment date to the registered owners thereof at the close of business on the first day of the month in which any regularly scheduled interest payment date occurs and, in the event of a payment occasioned by a redemption other than a regularly scheduled interest payment date, the 15th day next preceding such payment date. If the Taxable Series 2004C Bonds are no longer registered under the Book-Entry Only System described below, the Taxable Series 2004C Bonds may be transferred or exchanged as provided in the Bond Ordinance.

Redemption

Optional Redemption. The Taxable Series 2004C Bonds are *not* subject to redemption prior to maturity at the option of the County.

Mandatory Redemption. The Taxable Series 2004C Bonds maturing on November 15, 2023, the $98,000,000 Taxable Series 2004C Bonds maturing on November 15, 2029, and bearing interest at the rate of 5.79% per annum, and the $6,000,000 Taxable Series 2004C Bonds maturing on November 15, 2029, and bearing interest at the rate of 5.76% per annum are term bonds (the "**Series 2004C Term Bonds**"). The Series 2004C Taxable Bonds maturing November 15, 2023, and bearing interest at the rate of 5.70% per annum, are subject to mandatory redemption prior to maturity, *pro rata* based upon the respective principal amounts of such Series 2004C Term Bonds held by each DTC Direct Participant, on November 15 of the years 2015 to 2022, both inclusive, by the application of sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed, and in the following principal amounts:

Year	Principal Amount
2015	$ 170,000
2016	700,000
2017	1,020,000
2018	1,440,000
2019	1,630,000
2020	2,270,000
2021	2,695,000
2022	3,225,000

The final maturity amount of the Taxable Series 2004C Bonds maturing on November 15, 2023, and bearing interest at the rate of 5.70% per annum, is $17,850,000.

The $6,000,000 Series 2004C Taxable Bonds maturing on November 15, 2029, and bearing interest at the rate of 5.76% per annum, are subject to mandatory redemption prior to maturity, *pro rata* based upon the respective principal amounts of such Series 2004C Term Bonds held by each DTC Direct Participant, on November 15 of the years 2024 to 2028, both inclusive, by the application of sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed, and in the following principal amounts:

Year	Principal Amount
2024	$2,185,000
2025	1,530,000
2026	650,000
2027	705,000
2028	870,000

The final maturity amount of the Series 2004C Taxable Bonds maturing on November 15, 2029, and bearing interest at the rate of 5.76% per annum is $60,000.

The $98,000,000 Series 2004C Taxable Bonds maturing November 15, 2029, and bearing interest at the rate of 5.79% per annum, are subject to mandatory redemption prior to maturity, *pro rata* based upon the respective principal amounts of such Series 2004C Term Bonds held by each DTC Direct Participant, on November 15 of the years 2024 to 2028, both inclusive, by the application of sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed, and in the following principal amounts:

Year	Principal Amount
2024	$35,660,000
2025	24,990,000
2026	10,655,000
2027	11,495,000
2028	14,205,000

The final maturity amount of the Series 2004C Taxable Bonds maturing on November 15, 2029, and bearing interest at the rate of 5.79% per annum is $995,000.

On or prior to the 60th day preceding any mandatory redemption date, the Trustee may, and if directed by the Chief Financial Officer shall, purchase Series 2004C Term Bonds in an amount not exceeding the amount of such Series 2004C Term Bonds required to be retired on such mandatory redemption date and at a price not exceeding par plus accrued interest. Any such Series 2004C Term Bonds so purchased shall be cancelled and the principal amount thereof shall be credited against the payment required on such next mandatory redemption date.

Selection of Taxable Series 2004C Bonds to be Redeemed. The Trustee shall provide for the mandatory redemption of Series 2004C Term Bonds without further notice from the County. Taxable Series 2004C Bonds shall be redeemed only in the principal amount of $5,000 each and integral multiples thereof. In the event of the redemption of less than all the Taxable Series 2004C Bonds of like maturity and interest rate, the aggregate principal amount thereof to be redeemed shall be $5,000 or an integral multiple thereof, and the Trustee shall direct DTC to select by a *pro rata* allocation the particular Series 2004C Term Bonds to be redeemed based upon the respective principal amounts of the Series 2004C Term Bonds of such maturity and interest rate held by each DTC Direct Participant.

Notice of Redemption. Unless waived by the owner of Taxable Series 2004C Bonds to be redeemed, notice of any such redemption shall be given by the Trustee on behalf of the

County by mailing the redemption notice by first class mail not less than 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Taxable Series 2004C Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owners to the Trustee.

All notices of redemption shall include at least the information as follows: (1) the redemption date; (2) the redemption price; (3) if less than all of the Taxable Series 2004C Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Taxable Series 2004C Bonds to be redeemed; (4) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after said date; and (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Trustee.

On or prior to any redemption date, the County shall deposit with the Trustee an amount of money sufficient to pay the redemption price of all the Taxable Series 2004C Bonds or portions of Bonds which are to be redeemed on that date.

Notice of redemption having been given as aforesaid, the Taxable Series 2004C Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the County shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Neither the failure to mail such redemption notice nor any defect in any notice so mailed to any particular registered owner of a Taxable Series 2004C Bond shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Taxable Series 2004C Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or the redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Taxable Series 2004C Bond, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Trustee at the redemption price. Interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Taxable Series 2004C Bond, there shall be prepared for the registered owner a new Taxable Series 2004C Bond or Bonds of the same maturity and interest rate in the amount of the unpaid principal.

If each Taxable Series 2004C Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by the Taxable Series 2004C Bond or portion of Bond so called for redemption. All Taxable Series 2004C Bonds which have been redeemed shall be cancelled and destroyed by the Trustee and shall not be reissued.

Book-Entry Only System

The Depository Trust Company, New York, New York ("**DTC**") will act as Securities Depository for the Taxable Series 2004C Bonds. The Taxable Series 2004C Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Taxable Series 2004C Bond certificate will be issued for each maturity of each series in the aggregate principal amount of each such maturity of the Taxable Series 2004C Bonds, and will be deposited with DTC. The Taxable Series 2004C Bonds will initially be available for purchase only in book-entry only form in authorized denominations.

In reading this Official Statement it should be understood that, while the Taxable Series 2004C Bonds are in the Book-Entry Only System, references in other sections of this Official Statement to registered owners should be read to include the Beneficial Owner, but (a) all rights of ownership must be exercised through DTC and the Book-Entry Only System and (b) notices that are to be given to registered owners by the County or the Trustee will be given only to DTC. Information about the Book-Entry Only System and DTC is set forth in APPENDIX D.

SECURITY FOR THE TAXABLE SERIES 2004C BONDS

The full faith and credit of the County are irrevocably pledged to the punctual payment of the principal of and interest on the Taxable Series 2004C Bonds. For the purpose of providing the funds required to pay the principal of and interest on the Taxable Series 2004C Bonds promptly as the same become due, there is levied by the Bond Ordinance upon all taxable property in the County a direct annual tax which, together with proceeds of the Taxable Series 2004C Bonds to be applied to the pay interest on the Taxable Series 2004C Bonds through May 15, 2006, will be sufficient to pay principal of and interest on the Taxable Series 2004C Bonds (the "**Series 2004C Pledged Taxes**"). The County has pledged the Series 2004C Pledged Taxes to secure the Taxable Series 2004C Bonds.

All receipts of the Series 2004C Pledged Taxes received by the County Collector shall be deposited daily, as far as practicable, with the Trustee. Interest or principal coming due at any time when there are insufficient funds on hand from the Series 2004C Pledged Taxes to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the Series 2004C Pledged Taxes; and when the Series 2004C Pledged Taxes shall have been collected, reimbursement shall be made to said funds in the amount so advanced. All other moneys appropriated or used by the County for the payment of the principal or redemption price of and interest on the Taxable Series 2004C Bonds shall be paid to the Trustee. All Series 2004C Pledged Taxes and all such moneys shall be deposited by the Trustee into the "Series 2004C Account" of the Bond Fund created under the Bond Ordinance (the "**Bond Fund**") and shall be applied to pay principal of and interest on the Taxable Series 2004C Bonds.

The County covenants and agrees with the purchasers and registered owners of the Taxable Series 2004C Bonds that so long as any of the Taxable Series 2004C Bonds remain outstanding, the County will not repeal, abate, or reduce the Series 2004C Pledged Taxes or otherwise take any action or fail to take any action the effect of which would be to restrict the levy, extension and collection of the Series 2004C Pledged Taxes, except that (i) the County may abate any such taxes to the extent that taxes are levied to pay principal of or interest on the

Taxable Series 2004C Bonds that at the time of the abatement shall have been paid or redeemed in full as to both principal and interest from other moneys of the County or for the payment or redemption of which provision shall have been made as provided in the Bond Ordinance, and (ii) the County may abate any such taxes for any tax levy year to the extent that, at the time of such abatement, moneys then held in the Bond Fund for such purpose, together with the amounts to be extended for collection taking into account the proposed abatement, will be sufficient for the punctual payment of the principal of, and interest on, the Taxable Series 2004C Bonds coming due in the bond year that commences in the calendar year next succeeding such tax levy year.

The Series 2004C Pledged Taxes and other moneys, securities and funds so pledged are required by the Bond Ordinance to be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Bond Ordinance. The County is required at all times, to the extent permitted by law, to defend, preserve and protect the pledge of the Series 2004C Pledged Taxes and other moneys, securities and funds pledged under the Bond Ordinance and all the rights thereto of the holders of the Taxable Series 2004C Bonds under the Bond Ordinance against all claims and demands of all persons whomsoever.

In the event of a failure to pay the principal of and interest on the Taxable Series 2004C Bonds when due, or the occurrence of any other "Event of Default" under the Bond Ordinance, the Trustee is required to enforce the rights of the holders of the Taxable Series 2004C Bonds. See "APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE – Events of Default and Remedies."

BOND INSURANCE

The following information has been furnished by MBIA for use in this Official Statement. Reference is made to Appendix F for a specimen of MBIA's financial guaranty insurance policy.

The MBIA Insurance Corporation Insurance Policy

MBIA's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the County (the "**Issuer**") to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the $6,000,000 Taxable Series 2004C Bonds maturing on November 15, 2029, and bearing interest at the rate of 5.76% per annum (the "**Insured Bonds**") as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by MBIA's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Insured Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "**Preference**").

MBIA's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Insured Bonds. MBIA's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Insured Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. MBIA's policy also does not insure against nonpayment of principal of or interest on the Insured Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Insured Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of an Insured Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Insured Bonds or presentment of such other proof of ownership of the Insured Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Insured Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Insured Bonds in any legal proceeding related to payment of insured amounts on the Insured Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Insured Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

MBIA

MBIA Insurance Corporation ("**MBIA**") is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "**Company**"). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by MBIA, changes in control and transactions among affiliates. Additionally, MBIA is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the policy and MBIA set forth under the heading "BOND INSURANCE." Additionally, MBIA makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds.

The Financial Guarantee Insurance Policies are not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

MBIA Information

The following documents filed by the Company with the Securities and Exchange Commission (the "**SEC**") are incorporated herein by reference:

(1) The Company's Annual Report on Form 10-K for the year ended December 31, 2003; and
(2) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, after the date of this Official Statement and prior to the termination of the offering of the Taxable Series 2004C Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2003, and (2) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004) are available (i) over the Internet at the SEC's web site at http://www.sec.gov; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at http://www.mbia.com; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of MBIA is (914) 273-4545.

As of December 31, 2003, MBIA had admitted assets of $9.9 billion (audited), total liabilities of $6.2 billion (audited), and total capital and surplus of $3.7 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of March 31, 2004 MBIA had admitted assets of $10.3 billion (unaudited), total liabilities of $6.5 billion (unaudited), and total capital and surplus of $3.8 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Financial Strength Ratings of MBIA

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of MBIA "AAA."

Fitch Ratings rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Insured Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Insured Bonds. MBIA does not guaranty the market price of the Insured Bonds nor does it guaranty that the ratings on the Insured Bonds will not be revised or withdrawn.

COOK COUNTY GOVERNMENT

The County covers a 956 square mile area in northeastern Illinois, including the City of Chicago and numerous suburban municipalities. Those suburbs with populations in excess of 50,000, based upon the 2000 U.S. Census, include Arlington Heights, Berwyn, Cicero, Des Plaines, Evanston, Mount Prospect, Oak Lawn, Oak Park, Orland Park, Palatine, Schaumburg and Skokie. The County is the second most populous county in the United States. It is a political subdivision of the State of Illinois (the "**State**"), and was established in 1831.

Under the 1970 Illinois Constitution, the County is a home rule unit of government and, except as limited by State law, may exercise any power and perform any function relating to its government and affairs, including the power to borrow money and levy taxes. There are no current statutory limitations on the power of the County to levy real property taxes or to issue general obligation bonds or notes. There is a constitutional provision that limits the maturity of County debt payable from ad valorem property taxation to 40 years.

Principal Functions of Cook County Government

The County presently performs three principal functions: the protection of persons and property; the provision of public health services; and general governmental services including, among others, the assessment of property, levy and collection of taxes and maintenance of certain highways.

Protection of Persons and Property (Public Safety Fund). Protection of persons and property consists mainly of the operation of the Circuit Court of Cook County, prosecution of persons charged with criminal offenses, operation of the County Jail and operation of a Sheriff's police department. The Circuit Court of Cook County is the second largest unified court system in the United States, and the County Jail is the largest single site jail facility in the country. The County operates Cermak Health Services, an 82 bed medical-surgical facility serving inmates in the County Jail complex.

Bureau of Health Services (Health Fund) - General. The Bureau of Health Services (the "**Bureau**") operates a delivery system composed of the following elements: Stroger Hospital of Cook County, Provident Hospital of Cook County, Oak Forest Hospital of Cook County, the Ambulatory and Community Health Network, the Cook County Department of Public Health, Cermak Health Services and the CORE Center. Stroger Hospital of Cook County, a new facility opened in December 2002, is located on the west side of Chicago and is currently operating 464 beds. The hospital is the tertiary hub of the Bureau system, providing a full array of highly specialized services, including the City of Chicago's largest Level 1 Trauma center, neonatology intensive care unit, and HIV/AIDS service. The hospital receives referrals from throughout the Bureau system as well as from other institutions around the County. Its emergency services are the largest in the Midwest, with 127,006 adult and 23,265 children's visits last year.

Provident Hospital of Cook County is a community teaching hospital located on the south side of Chicago. Currently staffed for 113 beds, Provident's emergency department is the second busiest in Chicago, with more than 53,000 visits annually.

Oak Forest Hospital of Cook County operates 550 rehabilitation, skilled nursing, acute care, ventilator and sub-acute beds, with a special unit devoted to the long term care of patients with HIV/AIDS. Located in the south suburbs, Oak Forest also provides emergency room and specialty outpatient care services for these communities.

The Ambulatory and Community Health Network operates 30 clinics throughout Chicago and suburban Cook County. Located in hospital, community and school settings, the network provides nearly 800,000 visits annually to largely uninsured patients.

The Cook County Department of Public Health is responsible for the public and environmental health protection of suburban Cook County. In addition to its regulatory and protective functions, the Department provides nearly 200,000 clinical visits (well-baby, communicable disease screenings, etc.) each year. The Department is supported equally by federal and state grants and by the County.

Cermak Health Services is the largest single jail health facility in the country, providing a full spectrum of public health, mental health and acute care services for more than 100,000 clinic visits annually. It is accredited by the National Commission on Correctional Health Care.

The CORE Center is an outpatient facility dedicated to the care of patients with HIV/AIDS and related infectious diseases. This facility is a collaboration with Rush-Presbyterian-St. Luke's Medical Center. The facility has been deemed by the United States Department of Health and Human Services to be a model for the rest of the country.

The Bureau has also developed partnerships with community hospitals to assure Stroger Hospital of Cook County's role for tertiary referrals. These relationships include: Bethany Hospital (where the Bureau is operating a primary care clinic), St. Anthony Hospital, St. Elizabeth's and Roseland Hospitals (partners in specialty pediatric and maternal services), and Thorek Hospital (in which the Bureau is operating a clinic with a primary focus on geriatric care to serve the large concentration of seniors in the community). In addition, partnerships exist with community clinics (such as Komed Health Center), the Veterans Administration (services for pregnant veterans), and the Chicago Department of Public Health.

Bureau of Health Services (Health Fund) - Medicaid Developments. Since 1991, the State and County have cooperated under several Intergovernmental Transfer Agreements (the "**IGT Agreements**") that specify the County's Medicaid reimbursement from the State and the County's fund transfers to the State to finance a portion of the State Medicaid program. In 2000 and 2001, federal legislation was enacted and regulations were promulgated by the Center for Medicare and Medicaid Services ("**CMS**") that had the prospective effect of restricting the State's ability to make payments to the County consistent with then-existing IGT Agreements. The federal legislation also substantially increased the State's authority to make disproportionate share hospital ("**DSH**") payments to Cook County. The IGT Agreements have been amended to conform to the federal regulations and legislation and increase DSH payments, resulting in a new increase in projected Medicaid revenues to the County. As currently enacted, one provision (175% upper payment limit) of the federal legislation, which mitigates the adverse effect of the CMS regulations of all states, would sunset for the State fiscal year beginning July 1, 2005. The County is working with the State and other states throughout the country to seek to extend the effectiveness of this provision beyond the sunset date. The IGT Agreements as originally negotiated meet federal guidelines and extend through 2008.

General Government Services (Corporate Fund). The Corporate Fund includes County revenues and expenditures for government management and supporting services, control of environment, maintenance of highways, economic and human development, the assessment of real property, the levy, extension and collection of taxes and the recording of property transfers.

Administration of the County

The President of the County Board, the County Board and the County Treasurer share responsibility for administration of the financial affairs of the County. The President of the County Board appoints, with the approval of the County Board, a Chief Financial Officer and the County Comptroller.

President of the County Board. The President of the County Board is John H. Stroger, Jr., who was elected to a third four-year term in 2002. Prior to his election, President Stroger served as a County Commissioner continuously from 1970 and as Chairman of the Committee on Finance of the County Board continuously from 1984. In 1993, President Stroger served as President of the National Association of Counties. President Stroger attended Xavier University of Louisiana in New Orleans and received a Bachelor of Science degree in Business Administration in 1952. He is a 1965 graduate of DePaul University College of Law.

The President is elected for a four-year term by the voters of the entire County. The President is the chief executive officer of the County and presides over the meetings of the County Board. The President has the power to veto resolutions and ordinances of the County Board. A four-fifths vote of the County Board is required to override the President's veto. The President is required to submit to the Committee on Finance of the County Board an Executive Budget that provides the basis upon which the Annual Appropriation Bill is prepared and enacted.

County Board. The County Board is the legislative body for County government. The County Board consists of 17 Commissioners elected for four-year terms. The Commissioners are elected from single member districts. The present Commissioners, all of whose terms expire in December 2006, are as follows:

Jerry Butler	Carl Hansen	Peter N. Silvestri
Forest Claypool	Roberto Maldonado	Deborah Sims
Earlean Collins	Joseph Mario Moreno	Bobbie L. Steele
John P. Daley	Joan P. Murphy	John H. Stroger, Jr.
Elizabeth Ann Doody Gorman	Mike Quigley	Larry Suffredin
Gregg Goslin	Anthony J. Peraica	

Chairman, Committee on Finance. John P. Daley is the Chairman of the Committee on Finance of the County Board. The Committee on Finance of the County Board consists of all the members of the County Board.

County Treasurer. The County Treasurer is Maria Pappas. The County Treasurer was elected in November 2002 for a four-year term. The County Treasurer is responsible for the receipt and custody of County funds, and, as ex-officio County Collector, is responsible for the collection and distribution of real property taxes.

Chief Financial Officer. Thomas J. Glaser serves as Chief Financial Officer for the County. He was appointed to the position by President Stroger in September 1995. The Chief Financial Officer is responsible for management and direction of the Bureau of Finance which oversees the Department of Budget and Management Services, the Purchasing Agent, the Office of Contract Compliance, the Department of Revenue, the Office of Comptroller and the Department of Risk Management. Mr. Glaser received a Bachelor of Science degree in Finance from Northern Illinois University and a Master of Business Administration degree from the University of Illinois at Chicago. Mr. Glaser is a Fellow of the Healthcare Financial Management Association, and a member of the Government Finance Officers Association Executive Board and ex-officio member of its Committee on Governmental Debt.

County Comptroller. The County Comptroller is Walter K. Knorr who was appointed by the President and approved by the County Board as County Comptroller effective May 1, 2004. The County Comptroller authorizes all payments in accordance with the County's Budget ($3.0 billion) including biweekly salary to over 26,000 employees. The County Comptroller also maintains the financial records and prepares annual financial statements and estimates of revenues for each fiscal year. Mr. Knorr is a trustee of the Cook County Annuity and Benefit Fund. Prior to becoming County Comptroller, Mr. Knorr was a Managing Director at Citigroup Capital Markets for two years and City Comptroller/Chief Financial Officer for the City of Chicago for fourteen years. Mr. Knorr is a graduate of Wittenberg University and a certified public accountant. He has served as a public member of the Municipal Securities Rulemaking Board and a member of the Government Accounting Standards Board Advisory Council.

Retirement Board of the County Employees' and Officers' Annuity and Benefit Fund. The Retirement Board of the County Employees' and Officers' Annuity and Benefit Fund (the "**Retirement Board**") is responsible for the management of the pension system for the County and the Forest Preserve District of Cook County. It consists of two statutory members, the County Treasurer and the County Comptroller, and six other members elected by active and retired employees. By statute, the County Board levies a property tax toward the required employer contribution to the County Employees' and Officers' Annuity and Benefit Fund (the "**Fund**"). Under the actuarial funding method utilized by the Fund (entry age normal method), the Fund had an unfunded liability as of December 31, 2003, of $2,851,768,562 on a going concern basis and an excess funding of $766,235,420 on a termination basis.

Employees

The County has budgeted the following number of positions for all of its departments in each of the five most recent fiscal years:

Year	Number
2004	26,521
2003	26,684
2002	26,699
2001	26,779
2000	26,847

Approximately 21,000 employees of the County are covered by collective bargaining agreements, the majority of which expire on November 30, 2004. The County believes that its relationships with its employees, including its unionized employees, are satisfactory.

County's Continuing Capital Improvement Program

Due to the scope and nature of its activities and the need to maintain its current facilities, the County has and will continue to have various ongoing capital improvement projects. To coordinate planning and to manage the development of County construction projects, the President of the County Board has appointed a Director of Capital Planning and Policy. The Director reviews all current and planned capital projects, which may result in changes in the nature and scope of certain projects.

The County Board may approve additional capital improvement projects and borrow to finance them at its discretion.

The Forest Preserve District of Cook County

While the Forest Preserve District of Cook County (the "**Forest Preserve District**") is a separate governmental entity from the County, it is coterminous with the County and is governed by a board composed of the members of the County Board. The President of the County Board serves as President of the Forest Preserve District. The Forest Preserve District establishes, maintains and operates forest preserves in the County. Within the forest preserves are numerous recreation facilities including 80 miles of bicycle trails, 10 golf courses and 4 driving ranges. The Brookfield Zoo and the Chicago Botanic Garden, operated by private, not-for-profit organizations, are located on property owned by the Forest Preserve District. The Forest

Preserve District includes amounts in its property tax levy to pay a portion of costs of the operations of these two institutions.

The Forest Preserve District, as a non-home rule unit of government, is subject to the State Limitation Law described below under the heading "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES - State and County Limitation Laws." Obligations of the Forest Preserve District are not obligations of the County. The cash of the Forest Preserve District is not commingled with the cash of the County. The Retirement Board for the County serves also as the retirement board for the Forest Preserve District.

The financial operations of the Forest Preserve District are included in the County's Comprehensive Annual Financial Report as a Special Revenue Fund in the Non Major Governmental Funds. See "APPENDIX A – AUDITED BASIC FINANCIAL STATEMENTS (2002)."

OTHER LOCAL GOVERNMENTAL UNITS

There are more than 800 governmental units (the "**Units**") located in whole or in part within the boundaries of the County, each of which (i) is separately incorporated and derives its power and authority under laws of the State, (ii) has an independent tax levy or revenue source, and (iii) maintains its own financial records and accounts; and most of which are authorized to issue debt obligations. Although the taxing units share tax bases to some extent, they are separate entities with separate financial circumstances.

Approximately 43% of the Equalized Assessed Valuation of taxable property in the County is located within the City of Chicago. The remainder is located in other municipalities and unincorporated areas.

Other major governments within the County include the Forest Preserve District, the Metropolitan Water Reclamation District of Greater Chicago, the Chicago Park District, the Chicago School Finance Authority, the Chicago Board of Education and Community College District No. 508 (the "**Chicago City Colleges**"). The financial impact of these units of government is further described in the tables captioned "Tax Rates Extended by City-Wide Local Governmental Units for Real Property in the City of Chicago" and "DEBT INFORMATION - Direct and Overlapping Debt."

A variety of special purpose entities have been created under Illinois law to facilitate the operations and financing of municipal, park, educational, transportation, health, sports, convention and port facilities, highways, housing, industrial development and other activities, none of which are authorized to impose real property taxes. These include (1) the Public Building Commission of Chicago, which issues bonds to finance the acquisition, construction and improvement of public buildings and leases its facilities to certain other governmental units; (2) the Regional Transportation Authority ("**RTA**"), which provides planning, funding, coordination and fiscal oversight of public mass transportation services in a six-county area of northeastern Illinois, including the County (the RTA Act provides for three service boards, including the Chicago Transit Authority ("**CTA**"), the suburban rail division ("**METRA**") and the suburban bus division ("**PACE**"); (3) the CTA, which owns, operates and maintains a transportation system (including both rail and bus transport) in the metropolitan area of the County and receives an annual $2,000,000 contribution from the County which is required by State law; (4) the Metropolitan Pier and Exposition Authority, which owns and operates the McCormick Place convention, exposition and related hotel facilities and Navy Pier; and (5) the Illinois Sports Facilities Authority which has issued bonds to provide funds for the construction of U.S. Cellular Field (formerly known as Comiskey Park) and the reconstruction of Soldier Field and the provision of lakefront improvements, which bonds are primarily supported by hotel tax revenues.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Information under this caption describes the procedures in effect as of the date of this Official Statement for real property assessment, tax levy and tax collection in the County. There can be no assurance that the procedures described herein will not be changed. Illinois laws relating to real property taxation are contained in the Illinois Property Tax Code (the "**Property Tax Code**"). See "Recent Amendments to the Property Tax Code" below for a description of recent changes to the Property Tax Code.

Assessment

The County Assessor, who is elected by the voters of the County, is responsible for the assessment of all taxable real property within the County, except for certain railroad property, low sulphur dioxide emission coal-fueled devices and pollution control facilities which are assessed directly by the State. One-third of the real property in the County is reassessed each year on a repeating triennial schedule established by statute. The suburbs in the southwestern and southern portions of the County were reassessed in 2002. The City of Chicago was reassessed in 2003 and the suburbs in the northern and northwestern portions of the County are being reassessed in 2004.

Pursuant to the County's Real Property Assessment Classification Ordinance (the "**Classification Ordinance**"), real property in the County is separated into nine major classifications for assessment purposes. After the County Assessor establishes the fair cash value of a parcel of land, that value is multiplied by one of the classification percentages to arrive at the assessed valuation (the "**Assessed Valuation**") for the parcel. The current classification percentages range from 16% for certain residential, commercial and industrial properties to 36% and 38%, respectively, for other industrial and commercial properties.

The County Assessor has established procedures enabling taxpayers to contest their tentative Assessed Valuations. Once the County Assessor certifies the Assessed Valuations, a taxpayer can seek review of the assessment by the Cook County Board of Review (the "**Board of Review**"). The Board of Review has powers to review and adjust Assessed Valuations set by the Assessor.

Property taxpayers can appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the "**PTAB**"), a state-wide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Depending on the amount of the proposed change in Assessed Valuation, taxpayers may appeal decisions of the PTAB to either the Circuit Court of Cook County or the Illinois Appellate Court under the Illinois Administrative Review Law.

In March 2000 and August 2001, the PTAB rendered two series of decisions in which it granted reduced assessed valuations to the owners of certain real property in the County by employing lower levels of assessment. In the March 2000 decisions, the PTAB utilized the median levels of assessment derived from the Illinois Department of Revenue's sales-ratio studies (the "**Sales-Ratio Studies**") as the mechanism for determining correct assessment levels, instead of those set forth in the Classification Ordinance. Use of the Sales-Ratio Studies resulted in a lower assessment level than required by the Classification Ordinance. In its August 2001 decisions, after examining the Sales-Ratio Studies, the PTAB held that the Assessor's assessment practices violated a provision of the State Constitution, which limits the level of assessment of the highest class of property, in a county that classifies property, to two and one-half times the level of assessment of the lowest class of property in that county. As a result, the PTAB established a maximum assessment level that is significantly below the assessment levels of commercial and industrial property currently set forth in the Classification Ordinance.

The Board of Review appealed the March 2000 decisions and August 2001 decisions of the PTAB to the Illinois Appellate Court (the "**Appellate Court**"). On August 20, 2002, the Appellate Court issued an opinion affirming in part and reversing in part the March 2000 decisions, and remanding the cases to the PTAB with directions to apply the level of assessment mandated by the Classification Ordinance. Shortly thereafter, the PTAB filed a petition for leave to appeal with the Illinois Supreme Court asking the Court to review the Appellate Court's decision. On October 7, 2003, the Illinois Supreme Court denied the PTAB's petition for leave to appeal. The PTAB then filed a motion asking the Court to reconsider the denial of the petition for leave to appeal. On or about November 7, 2003, the Court denied the motion requesting reconsideration of the denial of the petition for leave to appeal.

In November of 2003, the Appellate Court heard oral argument on the PTAB's August 2001 decisions concerning the two and one-half times level of assessment. In December of 2003, the Appellate Court remanded the cases to the PTAB with directions to apply the level of assessment contained in the Classification Ordinance, concluding that the taxpayer did not timely raise proper challenges so as to justify the relief granted. In reaching this conclusion, the Court did not consider the PTAB's reading of the constitutional ratio limitation or the PTAB's use of Sales-Ratio Studies as authority to deviate from the Classification Ordinance.

The Appellate Court did not necessarily foreclose a taxpayer from proving the validity of the Sales-Ratio Studies and establishing a level of assessment for County property types other than the levels of assessment indicated by the Classification Ordinance. It did, however, reject the argument that the PTAB may take "judicial notice" of the Sales-Ratio Studies.

If either of the PTAB decisions are affirmed in a final judicial decision, the lower levels of assessments would be applied to all property tax appeals then pending before either the PTAB or before a court, resulting in corresponding property tax refunds that the County would be obligated to pay. The County is unable to predict the outcome of the appeals or the amount of any refunds that may result from any unfavorable final order.

Despite any potential short-term impact on the County's general revenues, the County anticipates that the long-term impact of the PTAB decisions on the County will be negligible as none of these decisions questions the County's ability to levy or collect real property taxes or the amount of the County's real property tax levy.

As an alternative to seeking review of Assessed Valuations by the PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court of Cook County. In addition, subject to certain time limits, in cases where the County Assessor agrees that an assessment error has been made after the assessment process is completed, the County Assessor can correct the Assessed Value, and thus reduce the amount of taxes due, by issuing a certificate of error.

All reviews of assessments, whether before the Board of Review, the PTAB or the courts, are decided on a case-by-case basis.

Equalization

After the Assessed Valuation for each parcel of real estate in a county has been determined for a given year (including any revisions made by the Board of Review), the Illinois Department of Revenue reviews the assessments and determines an equalization factor (the "**Equalization Factor**"), commonly called the "**multiplier**," for each county. The purpose of equalization is to bring the aggregate assessed value of all real estate in each county to the statutory requirement of 33-1/3 percent of estimated fair cash value. Adjustments in Assessed Valuation made by the PTAB or the courts are not reflected in the Equalization Factor. The Assessed Valuation of each parcel of real estate in the County is multiplied by the County's Equalization Factor to determine the parcel's equalized assessed valuation (the "**Equalized Assessed Valuation**").

The Equalized Assessed Valuation for each parcel is the final property valuation used for determination of tax liability. The aggregate Equalized Assessed Valuation for all parcels in any taxing body's jurisdiction, after reduction for all applicable exemptions, plus the valuation of property assessed directly by the State, constitutes the total real estate tax base for the taxing body and is the figure used to calculate tax rates (the "**Assessment Base**").

The following table sets forth the Equalization Factors for the last ten years.

Tax Year	Equalization Factor
2002	2.4689
2001	2.3098
2000	2.2235
1999	2.2505
1998	2.1799
1997	2.1489
1996	2.1517
1995	2.1243
1994	2.1135
1993	2.1407

Tax bills in Cook County are based on the Assessment Base for the preceding year. Property taxes billed in 2004 (for the 2003 tax year) will be based on the 2003 Equalized Assessed Valuation.

Exemptions

See "Recent Amendments to the Property Tax Code" below for a description of recent changes to certain property tax exemptions, some of which are discussed under this caption.

The annual General Homestead Exemption provides for the reduction of the Equalized Assessed Valuation of certain property owned and used for residential purposes by the amount of any increase over the 1977 Equalized Assessed Valuation, up to a maximum reduction of $5,000. Additional exemptions exist for (i) senior citizens, with the exemption operating annually to reduce the Equalized Assessed Valuation on a senior citizen's home by $3,000 and (ii) disabled veterans, with the exemption operating annually to exempt up to $58,000 of the Assessed Valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. A Homestead Improvement Exemption allows owners of single-family residences to make up to $75,000 in home improvements without increasing the Assessed Valuation of their property for at least four years. For rehabilitation of certain historic property, the Equalized Assessed Valuation is limited for eight years to the value of such property when the rehabilitation work began. The Senior Citizens Tax Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older and have annual incomes of $45,000 or less. In general, the exemption limits the annual real property tax bill of such property by granting to senior citizens an exemption as to a portion of the valuation of their property. The exempt amount is the difference between the current Equalized Assessed Valuation of their residence and the Equalized Assessed Valuation of their residence for the year prior to the year in which the senior citizen first qualifies and applies for the exemption (plus the Equalized Assessed Valuation of improvements since such year). In addition, certain property is exempt from taxation on the basis of ownership and/or use such as public parks, public schools, churches, and not for profit and public hospitals.

Additionally, since 1996 counties have been authorized to create special property tax exemptions in long-established residential areas or in areas of deteriorated, vacant or abandoned homes and properties. Under such an exemption, longtime, residential owner-occupants in eligible areas would be entitled to a deferral or exemption from that portion of property taxes resulting from an increase in market value because of refurbishment or renovation of other residences or construction of new residences in the area. On June 5, 2001, the County enacted the Longtime Homeowner Exemption Ordinance, which provides property tax relief from dramatic rises in property taxes directly or indirectly attributable to gentrification in the form of an exemption of certain homeowners who have resided in their homes for 10 consecutive years (or five consecutive years for homeowners who have received assistance in the acquisition of the property as part of a government or nonprofit housing program), and whose annual household income for the year of assessment does not exceed 115% of the Chicago Primary Metropolitan Statistical Area median income as defined by the United States Department of Housing and Urban Development.

Recent Amendments to the Property Tax Code

Illinois Public Act 093-0715, containing a number of amendments to the Property Tax Code (the "**2004 Amendments**"), was enacted into law effective July 12, 2004. The 2004 Amendments change several existing property tax exemptions as follows:

- The annual General Homestead Exemption was increased from a maximum of $4,500 to $5,000 in Cook County.

- The additional annual exemption for senior citizens was increased from $2,500 to $3,000 in Cook County.

- The Homestead Improvement Exemption was increased from $45,000 in home improvements to $75,000.

- The maximum annual income for eligibility for the freeze of property tax assessments for homeowners who are 65 and older under the Senior Citizens Tax Freeze Homestead Exemption was increased from $40,000 to $45,000.

- The Longtime Homeowner Exemption is capped at $20,000 in equalized assessed value per levy year.

In addition, the 2004 Amendments created an optional "Alternative General Homestead Exemption" which could be adopted by the various counties at the discretion of each respective county. On July 13, 2004 the Cook County Board adopted an enabling ordinance implementing the Alternative General Homestead Exemption.

The Alternative General Homestead Exemption limits future increases in the Equalized Assessed Valuation of residential property to an average annual increase of not more than 7% per year. The 2004 Amendments provide that the amount of this exemption for each applicable year is the Equalized Assessed Valuation of the homestead property for the current tax year minus the adjusted homestead value. The 2004 Amendments define "adjusted homestead value" as the lesser of (i) the property's base homestead value increased by 7% for each tax year after 2002 through and including the current tax year or (ii) the property's Equalized Assessed Valuation for the current tax year minus $4,500 in 2003 and $5,000 in 2004 and thereafter. However, the total exemptions claimed by a homeowner under the Alternative General Homestead Exemption cannot exceed $20,000 for any taxable year. Additionally, the total exemption is limited to $4,500 in 2003 and $5,000 in 2004 and thereafter for homeowners who are also entitled to the Senior Citizens Tax Freeze Homestead Exemption.

The Alternative General Homestead Exemption is temporary and is only available for three years following the year a homeowner's property is assessed. If the general assessment year for the property is 2003, the Alternative General Homestead Exemption applies for the assessment years 2003, 2004 and 2005. If the general assessment year for the property is 2004, the Alternative General Homestead Exemption applies for the assessment years 2004, 2005 and 2006. Lastly, if the general assessment year for the property is 2005, the Alternative General Homestead Exemption applies for the assessment years 2005, 2006 and 2007. For the first taxable year only after the Alternative General Homestead Exemption no longer applies, the 2004 Amendments create an additional general homestead exemption of $5,000 for owners (i) who have not been granted a Senior Citizens Tax Freeze Homestead Exemption for the taxable year, (ii) whose qualified property has an Assessed Valuation that has increased by more than 20% over the previous Assessed Valuation of the property, and (iii) who have a household income of $30,000 or less. After the Alternative General Homestead Exemption is phased out, homeowners are entitled to the General Homestead Exemption and other exemptions described above.

The County believes that the primary impact of the Alternative General Homestead Exemption will be to grant some tax relief to residential property owners who experience a large increase in the assessed value of their residences in the applicable years by effectively shifting the tax burden to residential properties that have not had such large increases in assessed valuation and to industrial, commercial and other non-residential properties.

Tax Levy

In addition to the County, the major Units having taxing power over real property within the County include the Forest Preserve District, the Metropolitan Water Reclamation District of Greater Chicago, the City of Chicago, the Chicago Park District, the Chicago School Finance Authority, the Chicago Board of Education and Chicago City Colleges.

As part of the annual budgetary process of the Units, proceedings are adopted by the designated body for each Unit each year in which it determines to levy real estate taxes. Such proceedings levy the Units' respective real estate taxes in terms of a dollar amount. Each Unit certifies its real estate tax levy, as established by the proceedings, to the County Clerk's Office. The remaining administration and collection of the real estate taxes is statutorily assigned to the County Clerk and the County Treasurer, who is ex-officio the County Collector.

After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit by dividing the levy of each Unit by the Assessment Base of the respective Unit. If any tax rate thus calculated or any component of such a tax rate (such as a levy for a particular fund) exceeds any applicable statutory rate limit, the County Clerk disregards the excessive rate and applies the maximum rate permitted by law.

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over that particular parcel. The County Clerk enters the tax (determined by multiplying the total tax rate by the Equalized Assessed Valuation of that parcel) in the Warrant Books prepared for the County Collector, along with the tax rates, the Assessed Valuation and Equalized Assessed Valuation. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

The Illinois Truth in Taxation Law imposes procedural limitations on a Unit's real estate taxing powers and requires that notice in the prescribed form must be published if the aggregate annual levy is estimated to exceed 105% of the levy of the preceding year, exclusive of levies for debt service, election costs and payments due under public building commission leases. A public hearing must also be held, which may not be in conjunction with the budget hearing of the Unit on the adoption of the annual levy. No amount in excess of 105% of the preceding year's levy may be used as the basis for issuing tax bills to property owners unless the levy is accompanied by a certification of compliance with the foregoing procedures. This Law does not impose any limitations on the rate or the amount of the levy to pay principal of and interest on County general obligation bonds and notes.

The Cook County Truth in Taxation Law was in effect in the County until December 31, 2002, and was repealed by its own terms as of January 1, 2003. The County has complied with the applicable procedures under the Illinois Truth in Taxation Law and the Cook County Truth in Taxation Law in each year they have been effective and applicable to the County.

Collection

Property taxes are collected by the County Collector, who remits to each Unit its share of the collections. Taxes levied in one year are extended and become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. The first installment is an estimated bill equal to one-half of the prior year's tax bill. The second installment is for the balance of the current year's tax bill, and is based on the current levy, Assessed Valuation and Equalization Factor and applicable tax rates, and reflects any changes from the prior year in those factors. Taxes on railroad real property used for transportation purposes are payable in one lump sum on the same date as the second installment. For each of the last 10 years, delays in the assessment and assessment appeal process have delayed the second installment "penalty due" (that is, the date after which interest is due on unpaid amounts) beyond August 1. It is possible that delays in the assessment process or changes to the assessment appeal process will cause similar delays in the preparation and mailing of the second installment tax bills in future years.

The following table sets forth the second installment penalty date (that is the date after which interest is due on unpaid amounts) for the last ten years; the first installment penalty date has been March 1 for all years.

Tax Year	Second Installment Penalty Date
2002	October 1, 2003
2001	November 1, 2002
2000	November 1, 2001
1999	October 2, 2000
1998	November 1, 1999
1997	October 28, 1998
1996	September 19, 1997
1995	September 11, 1996
1994	November 3, 1995
1993	September 1, 1994

During periods of peak collections, the County Collector, as recipient of tax collections, forwards tax receipts to each Unit, including the County, on no less than a weekly basis. Upon receipt of taxes from the County Collector, the County Treasurer, as holder of County funds, promptly credits the taxes received to the funds for which they were levied. Amounts for debt service for certain bonds issued by the County in the past are deposited directly with escrow agents or trustees for those obligations. Tax receipts collected to pay debt service on the Taxable Series 2004C Bonds will be deposited by the County Collector directly with the Trustee.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court order resulting from the application for judgment provides for an annual sale of all unpaid taxes shown on that year's Warrant Books (the "**Annual Tax Sale**"). The Annual Tax Sale is a public sale, at which time successful tax buyers pay the unpaid taxes plus penalties. Unpaid taxes accrue penalties at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 18% interest for each six-month period after the sale. If no redemption is made within the applicable period (ranging from six months to two and one-half years depending on the type and occupancy of the property) and the tax buyer files a petition in Circuit Court, notifying the necessary parties in accordance with applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens and for civil actions to collect taxes.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, and the taxes remain unpaid, the taxes are forfeited and eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

A scavenger sale (the "**Scavenger Sale**"), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is scheduled every two years on all property on which two or more years' taxes are delinquent. The sale price of the unpaid taxes is the amount bid at the Scavenger Sale, which may be less than the amount of the delinquent taxes. Redemption periods vary from six months to two and one-half years, depending upon the type and occupancy of the property.

The Annual Appropriation Bill of the County has a provision for an allowance for uncollectible taxes. The County reviews this provision annually and makes adjustments accordingly. The allowance for uncollected taxes is 3% for fiscal year 2004. For financial reporting purposes, uncollected taxes are written off by the County at the end of the fiscal year immediately following the year in which the taxes become due, although taxes remain liens against the properties taxed.

State and County Limitation Laws

Through a combination of strong financial controls and the adoption of the Cook County Tax Relief Ordinance (described below), the County has controlled the growth of property taxes that it imposes on its citizens. By virtue of its constitutional home rule powers, the enactment of any legislation by the State applying any statutory tax rate limit to the County would require a three-fifths vote of each house of the Illinois General Assembly. No legislation is currently pending to impose a limit on the property tax rates which may be levied by home-rule units of government in Illinois, nor has any such legislation been proposed in the recent past, although the State has recently enacted, with the required three-fifths vote of each house, legislation which imposes limitations on the ability of home-rule units, such as the County, to increase real property transfer taxes. It is not possible to predict whether, or in what form, any property tax limitations applicable to the County would be enacted by the Illinois General Assembly. The adoption by the Illinois General Assembly of any such limits on the extension of real property taxes may, in future years, adversely affect the County's ability to levy property taxes to finance operations at current levels and the County's power to issue additional general obligation debt without the prior approval of voters. However, any property tax limits that might be imposed by the Illinois General Assembly after the issuance of the Taxable Series 2004C Bonds would not affect the amount of taxes levied to pay the principal of and interest on the Taxable Series 2004C Bonds.

The State Limitation Law. As the result of certain legislation enacted by the State in 1991, and amended in 1995 (the "**State Limitation Law**"), the Property Tax Code limits (a) the amount of property taxes that can be extended for non-home rule units located in the County and counties contiguous to the County and (b) the ability of those taxing districts to issue unlimited tax general obligation bonds without voter approval (the "**State Tax Cap**"). Generally, the extension of property taxes for a taxing district subject to the State Tax Cap may increase in any year by five percent or the percent increase in the Consumer Price Index, whichever is less, or the amount approved by referendum. In 1995, the State Tax Cap was amended to authorize the issuance of "limited bonds" payable from the "debt service extension base" and to exclude from the State Tax Cap "double-barreled alternate bonds" issued pursuant to Section 15 of the Local Government Debt Reform Act of the State.

The Cook County Tax Relief Ordinance. On March 1, 1994, the County Board approved Ordinance No. 94-0-15, known as the Cook County Property Tax Relief Ordinance (the "**County Ordinance**"). Beginning with the real estate tax levies for the Corporate, Public Safety and Health Funds for 1995 for taxes paid in 1996 and thereafter, the County Board has resolved not to increase the aggregate tax levy for such funds for any year over the prior year's aggregate levy by an amount greater than five percent or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year, whichever is less. The County Board may adopt an aggregate levy for any year in excess of the foregoing limitations if approved by a two-thirds vote of the members of the County Board then in office. Tax levy increases for pensions, elections and debt service are excluded from the limit imposed by the County Ordinance. The County Ordinance can be repealed or amended by the County Board.

TAXATION OF REAL PROPERTY - STATISTICAL INFORMATION

The Equalized Assessed Valuation and the estimated fair market value of real property in the County over recent years are set forth below. The figures shown for each year for estimated fair market value correspond to the Equalized Assessed Valuation for the same year.

Estimated Fair Market Value[1]

Tax Year	Chicago	Outside Chicago	Total Cook County
2002	$189,362,475,118	$220,070,146,600	$409,432,621,718
2001	164,572,707,886	206,061,740,289	370,634,448,175
2000	165,520,129,904	175,774,045,203	341,294,175,107
1999	124,544,157,747	178,000,611,549	302,544,769,296
1998	112,606,894,143	158,980,052,018	271,586,946,161
1997	106,282,206,560	156,144,047,036	262,426,253,596
1996	100,460,112,578	154,725,416,129	255,185,528,707
1995	97,291,355,992	144,412,766,369	241,704,122,361
1994	92,572,461,358	138,730,866,304	231,303,327,662
1993	94,219,758,929	131,173,049,219	225,392,808,148

(1) Source: Civic Federation, Chicago, Illinois, based upon information from the Illinois Department of Revenue. Excludes railroad property.

Equalized Assessed Valuation[1]

Tax Year	Chicago	Outside Chicago	Total Cook County
2002	$45,330,892,358	$59,754,320,644	$105,085,213,002
2001	41,981,912,323	52,927,743,804	94,909,656,127
2000	40,480,077,486	46,828,104,949	87,308,182,435
1999	35,354,802,059	47,305,121,590	82,659,923,649
1998	33,940,145,776	44,516,200,073	78,456,345,849
1997	33,349,557,227	42,134,556,668	75,484,113,895
1996	30,765,001,358	42,034,673,017	72,799,674,375
1995	30,381,480,347	40,035,226,980	70,416,707,327
1994	30,090,355,467	37,672,993,567	67,763,349,034
1993	28,661,954,119	38,166,137,285	66,828,091,404

(1) Source: Cook County Clerk, Tax Extension Division.

Equalized Assessed Valuation (in thousands) by Property Type[1]

Tax Year	Residential	Commercial	Industrial	Railroad	Farm	Totals
2002[2]						$105,085,213
2001	$49,288,711	$30,633,742	$14,567,049	$410,981	$9,170	94,909,656
2000	43,798,090	29,351,360	13,775,950	373,298	9,484	87,308,182
1999	39,681,038	28,761,783	13,761,652	343,219	12,232	82,659,924
1998	37,046,553	27,730,213	13,349,244	320,174	10,162	78,456,346
1997	34,898,530	27,076,292	13,181,058	317,388	10,846	75,484,114
1996	33,307,326	26,254,332	12,917,611	308,930	11,475	72,799,674
1995	31,610,855	25,924,442	12,565,357	304,846	11,207	70,416,707
1994	29,815,701	25,446,269	12,198,144	291,842	11,395	67,763,351
1993	29,025,132	25,270,176	12,225,854	295,490	11,440	66,828,092
1992	27,495,798	24,429,818	11,733,337	288,048	12,337	63,959,338

(1) Source: Cook County Clerk, Tax Extension Division.
(2) Breakdown by property for 2002 not yet available.

The following tables show (i) the rates at which taxes have been extended for collection in the City of Chicago; (ii) the rates at which taxes have been extended for collection for the various County funds; (iii) the dollar amount of taxes extended for collection for each of the various County funds; and (iv) the dollar amount of taxes extended and collected for the County.

Tax Rates Extended by City-Wide Local Governmental Units for Real Property in the City of Chicago (Per $100 Equalized Assessed Valuation)[1]

Tax Year[2]	Cook County	Forest Preserve District	Metropolitan Water Reclamation District	City of Chicago	Chicago Park District	Chicago School Finance Authority	Chicago Board of Education	Chicago City Colleges	Total Rate
2002	$.690	$.061	$.371	$1.591	$.545	$.177	$3.562	$.280	$7.277
2001	.746[3]	.067	.401	1.637	.567	.223	3.744	.307	7.692
2000	.824	.069	.415	1.660	.572	.223	3.714	.331	7.788
1999	.854[3]	.070	.419	1.860	.627	.255	4.104	.347	8.536
1998	.911	.072	.444	1.998	.653	.268	4.172	.354	8.872
1997	.919[3]	.074	.451	2.024	.665	.270	4.084	.356	8.843
1996	.989	.074	.492	2.182	.721	.291	4.327	.377	9.453
1995	.994[3]	.072	.495	2.131	.730	.296	4.251	.376	9.345
1994	.993	.073	.495	2.158	.741	.265	4.167	.372	9.264
1993	.971[3]	.072	.471	2.288	.778	.150	4.324	.381	9.435

(1) After abatement.
(2) Based on taxes extended for collection in the succeeding year as a percentage of the Equalized Assessed Valuation for the tax year.
(3) In addition, a tax of $0.032 for 2001, $0.023 for 1999, $0.027 for 1997, $0.029 for 1995 and $0.022 for 1993 was extended against all real property in the County outside the City of Chicago for election costs.

County Tax Rates by Fund[1]
(Per $100 Equalized Assessed Valuation)

Fund	Tax Year[2] 2002	2001	2000	1999	1998
Corporate	$0.011939	$ 0.013219	$ 0.014370	0.015187	$ 0.026703
Health	0.155925	0.201411	0.218947	0.235619	0.237731
Public Safety	0.200408	0.221894	0.231212	0.244214	0.257299
Election[3]	0.025865	0.000000	0.030157	0.000000	0.029660
Bond and Interest	0.141420	0.157128	0.164121	0.182772	0.190022
Employees' Annuity and Benefit	0.153804	0.152372	0.164295	0.175808	0.169585
TOTALS	$0.689361	$ 0.746000	$ 0.823102	$ 0.854000	$ 0.911000

(1) After abatement.
(2) Taxes for a tax year are extended for collection in the succeeding year.
(3) In addition, a tax of $0.032 for 2001 and $0.023 for 1999 was extended against all real property in the County outside the City of Chicago for election costs.

County Tax Extensions by Fund

Fund	2002	2001	2000	1999	1998
			Tax Year[1]		
Corporate	$ 12,546,123	$ 12,546,107	$ 12,546,186	$ 12,546,222	$ 20,663,760
Health	163,854,118	191,158,488	191,158,646	194,762,278	186,514,856
Public Safety	210,599,173	210,598,832	201,866,995	201,867,242	201,867,242
Election[2]	27,180,290	16,912,060	26,329,529	10,763,606	23,269,961
Bond and Interest	148,611,508	149,129,644	143,291,062	151,078,793	149,084,090
Employees' Annuity and Benefits	161,625,261	144,615,741	143,442,978	145,323,051	133,050,215
TOTALS	$724,416,473	$724,960,872	$718,635,396	$716,341,192	$714,450,124

(1) Taxes for a tax year are extended for collection in the succeeding year
(2) Includes tax for the years 2001 and 1999 extended on all property in the County outside the City of Chicago for election costs.

County Tax Extensions and Collections
(Calendar Years)

				First Calendar Year Collections of Net Extensions [1]			Total Cumulative Collections as of February 4, 2004		
Tax Year[2]	Gross Tax Extensions	Allowance for Uncollected Taxes[3]	Net Tax Extensions	Amount Collected	Percent Gross	Percent Net	Amount Collected	Percent Gross	Percent Net
2002	$725,087,969	$16,883,713	$708,204,256	$710,375,867	97.97%	100.31%	$710,375,867	97.97%	100.31%
2001	724,962,913	16,903,012	708,059,901	681,715,120	94.03	96.28	721,299,787	99.49	101.87
2000	719,419,423	17,255,782	702,163,641	698,636,984	97.11	99.50	712,566,264	99.05	101.48
1999	716,795,926	16,807,636	699,988,290	698,651,461	97.47	99.81	712,471,569	99.40	101.78
1998	714,737,311	17,441,998	697,295,313	662,916,651	92.75	95.07	701,039,740	98.08	100.54
1997	705,075,667	17,137,133	687,938,534	658,482,731	93.39	95.72	672,019,749	95.31	97.69
1996	719,988,780	18,227,271	701,761,509	690,800,512	95.95	98.44	699,416,777	97.14	99.67
1995	711,552,287	17,832,256	693,720,031	690,869,872	97.09	99.59	690,217,606	97.00	99.50
1994	672,890,056	17,268,930	655,621,126	646,511,470	96.08	98.61	653,341,607	97.09	99.65
1993	648,900,768	15,135,376	633,765,392	638,454,700	98.39	100.74	639,241,629	98.51	100.86

(1) Source: Cook County Treasurer. Beginning with second installment penalty date in year of extension.
(2) Taxes for a tax year are extended for collection in the succeeding year.
(3) The allowance for uncollected taxes was 3% for 1993 through 2002.

DEBT INFORMATION

The following tables describe the County's general obligation bonded debt as set forth below.

Direct and Overlapping Debt

The following table sets forth the direct and overlapping bonded debt applicable to the County as of July 1, 2004 (except as noted below), adjusted for the issuance of the Series 2004B Bonds, the Taxable Series 2004C Bonds, the Taxable Series 2004D Bonds and the Series 2004E Bonds.

Direct Debt	
General Obligation Bonds	$2,545,815,000
Series 2004B Bonds......................................	165,000,000
Taxable Series 2004C Bonds........................	135,000,000
Taxable Series 2004D Bonds........................	130,000,000*
Series 2004E Bonds......................................	170,000,000*
Total Direct Debt	$3,145,815,000*
Overlapping Debt(1)	
City of Chicago..	$5,022,097,000
Chicago Board of Education (2)(3)	3,882,286,659
Chicago School Finance Authority...............	328,920,000
Chicago Park District (2)(4)	948,155,000
Chicago City Colleges (2)	99,375,000
Metropolitan Water Reclamation District(5)...	1,366,739,115
Forest Preserve District.................................	37,355,000
Other Bonded Debt(6)...................................	4,833,803,449
Total Overlapping Debt	$16,518,731,223
Total Direct Debt and Overlapping Debt	$19,664,556,223*

(1) Excludes short-term cash flow notes.
(2) Includes responsibility for principal amounts of bonds issued by the Public Building Commission.
(3) Primarily consists of "alternate bonds"; which are secured by a dedicated pledge of revenues and the general obligation taxing ability of the issuer.
(4) Includes "alternate bonds."
(5) Includes loans payable to the Illinois Environmental Protection Agency.
(6) As of 7/1/04 and includes debt issued by all governmental units within Cook County outside the City of Chicago. Excludes "alternate bonds" and special service area debt.
* Preliminary, subject to change.

Selected Debt Statistics

2000 Population	5,376,741
2002 Equalized Assessed Valuation	$105,085,213,002
2002 Estimated Fair Market Value	$409,432,621,718

	Per Capita*	% of Equalized Assessed Valuation*	% of Estimated Fair Market Value*
Direct Debt	$ 584.93	2.99%	0.77%
Direct and Overlapping Debt	3,657.18	18.71	4.80

* Preliminary, subject to change.

The County of Cook, Illinois
General Obligation Bond Debt Service as of July 1, 2004
Adjusted for the Issuance of the Series 2004B, C, D and E Bonds

(11/30) Fiscal	Outstanding Debt		Plus: Taxable Series 2004C Bonds		Plus: Series 2004B Bonds, Taxable Series 2004D Bonds and Series 2004E Bonds		Total Debt Service			% Principal Retired	
Year	**Principal**	**Interest[(1)(2)]**	**Principal**	**Interest[(2)]**	**Principal**	**Interest[(2) (3)]**	**Principal**	**Interest**	**Total P&I**	**Annual**	**Cumulative**
2004	$ 52,650,000	$ 89,101,453					$ 52,650,000	$89,101,452	$141,751,452	2.07%	2.07%
2005	26,835,000	117,871,021					26,835,000	117,871,021	144,706,021	1.05	3.12
2006	47,750,000	126,744,980		$3,893,400		$3,250,000	47,750,000	133,888,380	181,638,380	1.88	5.00
2007	61,370,000	124,318,238		7,786,800		14,422,983	61,370,000	146,528,021	207,898,021	2.41	7.41
2008	64,540,000	121,288,878		7,786,800		22,345,967	64,540,000	151,421,645	215,961,645	2.54	9.94
2009	68,175,000	118,028,288		7,786,800	$3,200,000	22,345,967	71,375,000	148,161,055	219,536,055	2.68	12.62
2010	72,240,000	114,122,160		7,786,800	3,200,000	22,202,967	75,440,000	144,111,927	219,551,927	2.84	15.46
2011	76,220,000	110,237,483		7,786,800	3,400,000	22,078,367	79,620,000	140,102,650	219,722,650	2.99	18.45
2012	80,480,000	105,946,595		7,786,800	3,900,000	21,936,367	84,380,000	135,669,762	220,049,762	3.16	21.61
2013	84,950,000	101,733,885		7,786,800	4,100,000	21,741,367	89,050,000	131,262,052	220,312,052	3.34	24.95
2014	89,805,000	96,993,875		7,786,800	4,300,000	21,568,250	94,105,000	126,348,925	220,453,925	3.53	28.48
2015	94,710,000	92,032,206	$170,000	7,786,800	4,500,000	21,396,250	99,380,000	121,215,256	220,595,256	3.72	32.20
2016	99,695,000	87,182,913	700,000	7,777,110	4,500,000	21,160,000	104,895,000	116,120,022	221,015,022	3.92	36.11
2017	104,930,000	82,065,275	1,020,000	7,737,210	4,500,000	20,923,750	110,450,000	110,726,235	221,176,235	4.12	40.24
2018	110,440,000	76,702,675	1,440,000	7,679,070	4,500,000	20,687,500	116,380,000	105,069,245	221,449,245	4.34	44.57
2019	116,450,000	71,043,844	1,630,000	7,596,990	4,500,000	20,451,250	122,580,000	99,092,083	221,672,083	4.57	49.15
2020	122,645,000	65,020,594	2,270,000	7,504,080	4,500,000	20,215,000	129,415,000	92,739,673	222,154,673	4.82	53.97
2021	129,195,000	58,658,769	2,695,000	7,374,690	4,500,000	19,978,750	136,390,000	86,012,208	222,402,208	5.07	59.04
2022	136,010,000	51,920,163	3,225,000	7,221,075	4,500,000	19,753,750	143,735,000	78,894,987	222,629,987	5.34	64.38
2023	127,935,000	45,026,075	17,850,000	7,037,250	4,500,000	19,528,750	150,285,000	71,592,075	221,877,075	5.03	69.41
2024	115,055,000	38,604,925	37,845,000	6,019,800	4,500,000	19,303,750	157,400,000	63,928,475	221,328,475	4.52	73.93
2025	120,360,000	32,826,550	26,520,000	3,829,230	4,500,000	19,078,750	151,380,000	55,734,530	207,114,530	4.73	78.66
2026	125,330,000	26,781,644	11,305,000	2,294,181	4,500,000	18,853,750	141,135,000	47,929,574	189,064,574	4.92	83.58
2027	132,415,000	20,198,138	12,200,000	1,639,816	4,500,000	18,617,500	149,115,000	40,455,454	189,570,454	5.20	88.78
2028	138,380,000	13,935,538	15,075,000	933,648	4,500,000	18,381,250	157,955,000	33,250,435	191,205,435	5.44	94.22
2029	61,230,000	7,389,175	1,055,000	61,066	95,500,000	18,145,000	157,785,000	25,595,241	183,380,241	2.41	96.62
2030	42,565,000	4,437,100			123,500,000	13,370,000	166,065,000	17,807,100	183,872,100	1.67	98.29
2031	43,455,000	2,246,025			59,900,000	7,240,000	103,355,000	9,486,525	112,841,525	1.71	100.00
2032					49,000,000	4,545,000	49,000,000	4,545,000	53,545,000		
2033					52,000,000	2,340,000	52,000,000	2,340,000	54,340,000		
Total[(4)]	$2,545,815,000	$2,002,458,460	$135,000,000	$148,679,817	$465,000,000	$495,862,738	$3,145,815,000	$2,647,001,015	$5,792,816,015	100.00%	

(1) Net of capitalized interest on Series 2001 Bonds and Series 2002A, B and C Bonds.
(2) Interest rate on variable rate bonds assumed to be: Series 2002A (5.00%); Series 2002B (4.50%); Series 2004D (8.00%); Series 2004E (6.00%).
(3) Net of capitalized interest.
(4) Total may not add due to rounding.

ACCOUNTING AND FINANCIAL INFORMATION

Description of Accounting Practices

The accounting system of the County is operated and maintained on a fund accounting basis implemented to present the financial position and results of operations of each fund. The accounting system of the County is also designed to provide budgetary control over the revenues and expenditures of each fund. Generally accepted governmental accounting principles promulgated by the Government Accounting Standards Board are followed. As described in the notes to the Audited Basic Financial Statements (2002), in fiscal year 2002 the County implemented Governmental Accounting Standards Board Statements No. 34, No. 37 and No. 38 and Governmental Accounting Standards Board Interpretation No. 6. For a summary of significant accounting practices of the County, see "APPENDIX A - AUDITED BASIC FINANCIAL STATEMENTS (2002) - Notes to Basic Financial Statements."

The County's basic financial statements for the fiscal year ended November 30, 2002 have been audited by the independent accounting firm of Deloitte & Touche. The County's basic financial statements and the independent auditors report thereon are included as Appendix A. These basic financial statements, along with related notes to the financial statements, are intended to provide the reader with a broad overview of the financial position and operating results of the County's governmental and business-type activities and its major funds.

The County's Comprehensive Annual Financial Report for the fiscal year ended November 30, 2002 is available online at the County's website at www.cookcountygov.com.

Cash Management

The County Treasurer maintains a cash record for each of the County funds. However, except as discussed below, cash is deposited in the County's operating bank accounts, which are treated as a single aggregate cash account. Investments are made on an aggregate basis as well, but the interest thereon is posted to the individual funds. As of November 30, 2003, the County had an estimated cash balance of $209,620,009 in its Corporate, Public Safety, Health, Election and Motor Fuel Tax funds combined, excluding money escrowed or held by trustees for payment of bonds which are not commingled with general County funds.

Investment Policy

The County Treasurer, who is responsible for the investment of certain County funds, has a written investment policy applicable to County funds. Under the current policy, safety of principal is the primary investment objective, followed by liquidity and rate of return. All public moneys are deposited in banks that are required to collateralize deposited funds with approved securities equal to 110% of market value. The County Treasurer maintains a system to monitor the market value of such collateral securities. All collateral is held at third party safekeeping institutions acting as custodian. Securities approved for investment include (1) U.S. Treasury Bills, Notes and Bonds, (2) certificates of deposit or time deposits issued by national or state chartered banks within Cook County, and (3) certain other investments permitted by State law, including, (a) interest-bearing savings accounts constituting direct obligations of a bank, (b) shares or other securities issued by savings and loan associations, provided they are insured by the Federal Deposit Insurance Corporation, (c) securities guaranteed by the full faith and credit of the United States of America as to principal and interest, and (d) short-term discount obligations of Fannie Mae. This investment policy is subject to change by the County Treasurer in accordance with applicable law. In addition, the Treasurer is authorized to invest in the Illinois Treasurer's Investment Pool pursuant to an ordinance adopted by the County Board.

Working Cash

The County's taxes levied for its budget for a fiscal year are extended for collection in the calendar year following the end of the fiscal year. Thus, taxes levied for operating expenses for the County's 2003 fiscal year ending November 30, 2003, will be extended for collection in calendar year 2004. In order to finance operations pending the collection of taxes and to provide for month-to-month cash flow needs, the County maintains a Working Cash Fund.

The County maintains a consolidated Working Cash Fund for corporate, public safety, health and election purposes. The money to establish and increase this Working Cash Fund was obtained from the issuance of long-term bonds and from legally available County funds.

Working Cash Funds Available Amounts
(as of November 30)

Fund	2003 Unaudited Actual	2002	2001	2000	1999
Corporate	$ 23,391,873	$ 23,724,980	$ 19,663,943	$ 22,441,782	$ 21,233,029
Public Safety	119,769,565	134,949,564	133,627,441	141,909,202	134,611,749
County Health	128,350,104	128,098,063	127,434,505	124,540,640	118,110,654
Subtotals	$271,511,542	$286,773,237	$280,725,889	$288,891,624	$273,955,432
Election	22,491,668	22,237,418	21,826,823	20,833,250	19,512,404
Totals	**$294,003,210**	**$309,010,655**	**$302,552,712**	**$309,724,874**	**$293,467,836**

In addition to advances from the Working Cash Fund, cash credited to the operating funds that is not currently required for operations may also be borrowed by other funds on a temporary basis to cover needs for cash prior to anticipated cash receipts by the borrowing fund. These interfund borrowings result from the issuance of checks in amounts in excess of the cash credited to the fund for which the check was issued. No interfund borrowings are made from funds maintained for debt service.

Financial Information (Budgetary Basis)

The financial information on the following pages pertaining to the County's fiscal year 2003 and 2004 Budgets and the 2003 fiscal year unaudited actual revenues and expenditures is prepared on a legally prescribed budgetary basis of accounting that differs from generally accepted accounting principles (GAAP). Such financial information as presented herein was prepared based on records maintained by the County Comptroller and the presentation of the information on a budgetary basis has not been examined by the County's external auditors.

The significant differences in accounting practices between the operating statements presented under GAAP and the budgetary operating statements follow:

i) Property tax levies and personal property replacement taxes ("**PPRT**") are recognized as revenue in the budgetary statements in the year levied or the year replacement personal property taxes would have been levied. The fund operating statements prepared under GAAP recognize property tax levies as revenue in the subsequent year when they become available; PPRT are recognized when collected by the County.

ii) Expenditures related to specific property tax levies (i.e., pension obligation, principal and interest on general obligation bonds, rental obligations, and allowances for uncollectible taxes) are recognized in the budgetary statements in the year the taxes are levied. The GAAP fund operating statements recognize these expenditures when the related liability is incurred with the exception of principal and interest on general long-term debt, which is recognized when due.

iii) Encumbrances are combined with expenditures in the budgetary statements but are excluded in the GAAP fund operating statements.

iv) Incurred obligations (i.e., accounts payable and accrued salaries) are recognized as expenditures when paid in the budgetary statements while the GAAP fund operating statements recognize these items when the related liability is incurred.

v) Revenue is recognized when received in the budgetary statements, while the GAAP fund operating statements recognize these items when measurable and available for financing current obligations.

Reconciliation of the differences between the GAAP and budgetary operating statements for the year ended November 30, 2002 is set forth in "APPENDIX A – AUDITED BASIC FINANCIAL STATEMENTS (2002) - Notes to Basic Financial Statements - Note 2."

Corporate Fund Statement of Revenues and Expenditures and Encumbrances for 2004 and 2003 Budget Information — Budgetary Basis[(1)]

REVENUES	2004 Budget	2003 Budget	2003 Unaudited Actual
Real Estate Property Tax	$ 12,169,835	$ 12,169,835	$ 12,169,835
Fee Offices	116,379,025	94,788,895	135,498,199
Inter-Governmental	13,216,650	13,692,918	13,496,573
Cigarette Tax	2,360,600	2,424,400	2,524,003
Cable T.V. Franchise	700,000	700,000	823,394
Miscellaneous	3,664,250	7,532,972	1,558,649
Adjustments[(2)]	0	0	1,212,116
Total Revenues	**$148,490,360**	**$131,309,020**	**$167,282,769**
Estimated Fund Balance Available for Appropriation	59,890,774	60,726,792	60,726,792
Less: Operating Transfer to County Law Library	(2,500,000)	(2,500,000)	(2,500,000)
Less: Operating Transfer to Public Safety	(12,218,617)	0	0
Total Revenues and Fund Balance Available for Appropriation	**$193,662,517**	**$189,535,812**	**$225,509,561**
EXPENDITURES AND ENCUMBRANCES			
Government Management and Support Services	$ 95,007,421	$89,033,952	$67,857,320
Control of Environment	2,720,165	2,790,401	2,446,392
Economic and Human Development	3,047,941	3,677,013	2,258,733
Assessment and Collection of Taxes	57,911,017	58,736,497	59,576,309
Election	4,057,016	4,169,485	3,789,077
Transportation	30,918,957	31,128,464	27,730,806
Total Expenditures and Encumbrances	**$193,662,517**	**$189,535,812**	**$163,658,637**

(1) Unaudited.
(2) Represents the net amount of various items such as earnings on investments, purchase order adjustments, write-off of prior years' taxes and miscellaneous adjustments.
Source: Cook County Comptroller.

Public Safety Fund Statement of Revenues and Expenditures and Encumbrances for 2004 and 2003 Budget Information - Budgetary Basis(1)

REVENUES	2004 Budget	2003 Budget	2003 Unaudited Actual
Real Estate Property Tax	$169,948,992	$202,243,930	$202,243,903
Personal Property Replacement Tax	0	10,600,000	10,600,000
Fee Offices	101,908,000	98,949,900	108,362,267
Reimbursement from Others	48,289,069	22,491,210	27,587,683
Motor Fuel Tax Fund Grant	32,000,000	32,000,000	32,000,000
Retail Sale of Motor Vehicles	3,500,000	3,500,000	3,679,837
Retailers' and Service Occupation Tax	4,000,000	4,100,000	4,464,877
Wheel Tax	900,000	800,000	989,338
State Income Derivative Share	8,500,000	8,650,000	7,808,078
County Sales Tax	256,782,585	242,500,000	248,004,704
County Use Tax	51,000,000	52,000,000	51,710,333
Alcoholic Beverage Tax	24,000,000	24,000,000	25,886,507
Cigarette Tax	47,543,400	27,489,200	28,612,786
Gasoline Tax/Diesel Tax	103,000,000	105,000,000	103,470,045
Amusement Tax	14,000,000	12,000,000	15,445,947
Parking Lot and Garage Operations Tax	34,000,000	32,000,000	33,643,765
Bail Bond Forfeiture	900,000	900,000	240,576
Off Track Betting Commission	3,100,000	3,100,000	2,935,250
Miscellaneous	27,771,003	21,213,927	34,163,788
Adjustments(2)	0	0	4,291,452
TOTAL REVENUES	**$ 931,143,049**	**$ 903,538,167**	**$ 946,141,163**
Estimated Fund Balance Available for Appropriation	109,084,282	107,700,837	107,700,837
TOTAL REVENUES AND FUND BALANCE AVAILABLE FOR APPROPRIATION	**$1,040,227,331**	**$1,011,239,004**	**$1,053,842,000**
Expenditures and Encumbrances			
Government Management and Support Services	$ 55,806,910	$ 54,296,909	$ 54,393,035
Judicial Administration	1,651,532	1,757,365	901,115
Sheriff	401,871,707	391,170,757	380,725,722
Cermak Health Service	44,699,955	41,846,967	41,152,865
State's Attorney	108,681,268	105,507,521	104,532,292
Medical Examiner	8,610,728	8,575,557	7,633,349
Public Defender	62,711,611	60,063,736	52,160,106
Chief Judge	184,175,086	182,265,323	177,693,327
Clerk of Circuit Court	102,120,162	98,067,146	94,245,486
Public Administrator	1,131,944	1,102,974	1,043,689
Juvenile Detention Center	28,764,920	27,888,017	26,515,750
Supportive Services	1,163,531	1,090,276	996,972
Public Safety/Judicial Coordination	798,896	571,221	445,949
Fixed Charges	38,039,081	37,035,235	22,450,098
TOTAL EXPENDITURES AND ENCUMBRANCES	**$1,040,227,331**	**$1,011,239,004**	**$964,889,755**

(1) Unaudited.
(2) Represents the net amount of various items such as earnings on investment, purchase order adjustments, write-off of prior years' taxes and miscellaneous adjustments.
Source: Cook County Comptroller.

Health Fund Statement of Revenues and Expenditures and Encumbrances for 2004 and 2003 Budget Information — Budgetary Basis[(1)]

Revenues	2004 Budget	2003 Budget	2003 Unaudited Actual
Real Estate Property Tax	$144,388,125	$154,088,125	$154,088,125
Patient Fees	618,187,731	535,508,881	548,908,874
County Sales Tax	16,217,415	27,500,000	28,124,245
Cigarette Tax	19,471,000	8,086,400	8,418,618
Miscellaneous	4,779,890	4,224,060	4,620,345
Adjustment[(2)]	0	0	6,445,809
TOTAL REVENUES	**$803,044,161**	**$729,407,466**	**$750,606,016**
Estimated Fund Balance Available for Appropriation	34,043,551	51,582,780	51,582,780
Less: Operating Transfer to Self Insurance Reserve for Future Obligations	0	0	0
TOTAL REVENUES AND FUND BALANCE AVAILABLE FOR APPROPRIATION	**$837,087,712**	**$780,990,246**	**$802,188,796**
Expenditures and Encumbrances			
Office of Chief Administrative Officer for Health Services	$ 5,683,536	$ 3,557,321	$ 3,173,173
Provident Hospital	98,877,964	89,557,303	88,917,090
South Suburban Ambulatory Network Services Ambulatory/ Community Health	106,136,946	101,278,794	99,691,580
Bureau of Health Services CORE Center	12,554,708	12,473,994	11,872,656
Department of Public Health	20,872,941	17,729,786	17,157,772
John H. Stroger, Jr. Hospital	460,964,633	429,437,268	431,364,019
Oak Forest Hospital	127,597,867	122,934,141	115,879,773
Fixed Charges and Special Purpose Appropriations	4,399,117	4,021,639	89,182
TOTAL EXPENDITURES AND ENCUMBRANCES	**$837,087,712**	**$780,990,246**	**$768,145,245**

(1) Unaudited.
(2) Represents the net amount of various items such as earnings on investments, purchase order adjustments, write-off of prior year's taxes and miscellaneous adjustments.
Source: Cook County Comptroller.

DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

Discussion of Financial Operations (Budgetary Basis)

The financial information on which this discussion is based pertains to the County's fiscal year 2004 and 2003 Budgets and fiscal year 2003 unaudited actual revenues and expenditures and was prepared on the budgetary basis of accounting. The budgetary basis of accounting is different in several respects from GAAP. The financial information presented herein was prepared based on records maintained by the County Comptroller and this presentation has not been examined by the County's external auditors. The County Board adopted the 2004 Budget on February 24, 2004. The County does not budget an ending fund balance. Any balance at the beginning of a year is appropriated as a revenue source in that year's budget; unexpended appropriations or revenues in excess of budget provide the ending fund balance. The County anticipates maintaining a fund balance in the operating funds of at least 5% of expenditures.

The introduction of the County sales tax in 1992 and the implementation of several additional revenue sources have alleviated some of the reliance of the operating funds on the property tax levy. Certain revenue sources, such as the property tax, patient fees and court fees, are required to be expended in the respective funds. The sales tax, however, may be allocated to any of the operating funds. From year to year the County may change that allocation.

Principal Sources of Revenues and Expenditures

In the County's Executive Budget for its fiscal year ending November 30, 2004, the principal sources of revenues for the County are: fees (approximately 29.1%); property taxes (approximately 24.1%); home rule taxes (approximately 19.2%); and intergovernmental transfers (approximately 15.0%). Corporate Fund appropriations account for approximately 6.5% of the County's 2004 Budget, Health Fund appropriations account for approximately 28.0% of the County's 2004 Budget, and Public Safety Fund appropriations account for approximately 34.8% of the County's 2004 Budget. Other major appropriations are for Bond and Interest (approximately 5.5%), Employees' Annuity and Benefits (approximately 7.4%), and Capital Improvements (approximately 7.34%).

Major Fund Revenues and Expenditures: 2003 Unaudited Actual through 2004 Budget

Corporate Fund. The major Corporate Fund functions include government management and support services; the assessment of real property; the levy, extension and collection of taxes; the recording of real property transfers and transportation.

2004 Executive Budget. Overall expenditures are projected to increase $4.1 million, or 2.2% in fiscal year 2004, driven primarily by expenditures for government management and support services, which are expected to increase 6.7%. Corporate Fund major revenue sources are projected to be fee revenues (60.4%), property taxes (6.3%), home rule taxes (1.2%) and intergovernmental revenues (6.8%). Fund balance available for appropriation of $45.2 million represents 23.3% of total resources available in 2004.

2003 Budget. Expenditures were projected to increase $9.0 million, or 5.0% in fiscal year 2003. Personal Services are expected to increase as a result of provisions for collective bargaining agreements. Corporate Fund major revenue sources were projected to be fee revenues (50.4%), property taxes (6.4%), home rule taxes (1.3%) and intergovernmental revenues (7.2%). Fund balance available for appropriation represents 30.7% of total resources available in 2003.

2003 Actual (Unaudited). As compared to fiscal year 2002, expenditures increased $2.3 million, or 1.4%, in fiscal year 2003. Revenues increased $22.1 million, or 15.1%, due to increases in fee revenues.

Public Safety Fund. The major Public Safety Fund functions relate to the protection of persons and property. The major expenditures include the Sheriff's Office, which includes operation of the County Jail, the Circuit Court and the State's Attorney's Office.

2004 Executive Budget. Expenditures are projected to increase $29 million, or 2.9% in fiscal year 2004. This increase is necessitated by the County's continuing commitment in ensuring justice and the safety of its citizens. Public Safety Fund major revenue sources are projected to be fee revenues (10.4%), property taxes (16.3%), home rule taxes (51.4%) and intergovernmental revenues (6.3%). Fund balance available for appropriation of $109.1 million is 10.5% of total resources in 2004.

2003 Budget. Expenditures were projected to increase $42.1 million, or 4.3% in fiscal year 2003. This increase was necessitated by the County's continuing commitment to the safety of its citizens with additional positions being made available to support the Sheriff's Office, Chief Judge and the Clerk of the Circuit Court Offices. Public Safety Fund major revenue sources were projected to be fee revenues (9.8%) property taxes (20.0%), home rule taxes (49.4%) and intergovernmental revenues (8.0%). Fund balance available for appropriation is 10.7% of total resources in 2003.

2003 Actual (Unaudited). As compared to fiscal year 2002, expenditures increased $59.1 million, or 6.6% in fiscal year 2003 for all Public Safety Fund functions. Although overall revenues increased $59.1 million, or 6.7%, home rule taxes, intergovernmental revenues and miscellaneous revenues all increased in fiscal year 2003.

Health Fund. The major Health Fund functions relate to providing health care for the citizens of the County. Major expenses include the operations of Stroger Hospital of Cook County, Provident Hospital of Cook County and Oak Forest Hospital.

2004 Executive Budget. Expenditures are projected to increase $56.1 million, or 7.2% in fiscal year 2004. This increase reflects both the fact that health care expenditures are increasing nationally and provisions for collective bargaining agreements. The projected expenditures also reflect the continued downsizing at Stroger Hospital of Cook County. County Health Fund major revenue sources are projected to be fee revenues (74.0%), property taxes (17.3%) and home rule taxes (4.3%). Fund balance available for appropriation of $34 million is 4.1% of total resources in 2004.

2003 Budget. Expenditures were projected to increase $44.2 million, or 6.0% in fiscal year 2003. This reflected that health expenditures were increasing nationally, although this increase reflected the provisions for collective bargaining agreements, it also reflected the continued downsizing at Stroger Hospital of Cook County. County Health Fund major revenue sources were projected to be fee revenues (68.6%), property taxes (19.7%) and home rule taxes (4.6%). Fund balance available for appropriation is 6.6% of total resources in 2003.

2003 Actual (Unaudited). As compared to fiscal year 2002, expenditures increased $49.5 million, or 6.9%, in fiscal year 2003. Revenues increased by $57.9 million, or 8.3%, due to increases in patient's fees.

Self-Insurance

The County self-insures all risks, including medical malpractice, workers' compensation, general, automobile and other liability. The County is a defendant in lawsuits alleging medical malpractice, work-related injuries, highway cases and other claims in which it is involved. Cases related to these areas are in various stages of the legal process.

The County engages an external actuary to provide an actuarial estimate of its liabilities for self-insured expenses. The liability recorded reflects a 6% discount factor. If the discounted estimate were not used, the ultimate liability for the self-insured programs would be approximately $97.6 million higher than the amount recorded in the financial statements at November 30, 2003.

Beginning in fiscal year 2001, the County purchased excess liability insurance coverage related to medical malpractice and other claims. The medical malpractice policy is on a claims made basis and provides a policy maximum of $10 million of coverage for settlements. The liability recorded as of November 30, 2003 reflects the estimated discount effect of approximately $2.0 million for the claims expected to be covered by the policies.

The County funds its self-insurance liabilities, including those of the Health Facilities, on a current basis and has the authority to finance such liabilities through the levy of property taxes. While it is difficult to estimate the timing or amount of expenditures, management of the County believes that the self-insurance liabilities recorded at November 30, 2003 are adequate to provide for potential losses resulting from medical malpractice, workers' compensation and other claims including incurred but not reported claims. The self-insurance liabilities recorded are based on facts known at the current time; however, the discovery of additional information concerning specific cases could affect estimated costs in the future.

For the fiscal year ended November 30, 2003, amounts charged by the self-insurance fund to other County funds for worker's compensation are reported as revenues to the self-insurance fund and expenditure/expenses of the fund charged.

The following table describes the activity during fiscal years 2002 and 2003 for the primary classifications of liabilities (in millions):

Type	Balance at Nov. 30, 2001	Insurance and Claims Payouts	Expense, Net of Actuarial Adjustments	Balance at Nov. 30, 2002	Insurance and Claims Payouts	Expense, Net of Actuarial Adjustments	Balance at Nov. 30, 2003
Medical Malpractice	$171.0	$(21.1)	$61.5	$211.4	$(28.4)	$13.2	$196.2
Workers Compensation	36.9	(11.7)	16.7	41.9	(11.7)	18.9	49.1
General	4.6	(0.1)	3.2	7.7	(1.3)	(2.1)	4.3
Automobile	3.1	(0.4)	0.4	3.1	(0.2)	0.6	3.5
Claim Expense Reserves	6.2		3.4	9.6		2.5	12.1
Other	32.6	(3.6)	8.9	37.9	(5.9)	7.9	39.9
Total Internal Service Fund Claims Liability	$254.4	$(36.9)	$94.0	$311.5	$(47.5)	$41.1	$305.1

Source: Cook County Comptroller.

BUDGETARY PROCEDURES AND INFORMATION

The fiscal year of the County begins on December 1. The County Board adopted the Annual Appropriation Bill for fiscal year 2004 on February 24, 2004.

The development of the annual budget begins with each department submitting a detailed request for appropriation. Meetings are then held by the President of the County Board, Chief Financial Officer and Budget Director with each department to review the requests. Based on department requests and available resources, an Executive Budget is prepared for the President of the County Board by the Chief Financial Officer, in conjunction with the Budget Director.

Concurrently with this process the Chief Financial Officer and County Comptroller prepare and submit a report of estimates of revenues and other available resources to the County Board, prior to submission of the Executive Budget.

The Executive Budget, as approved by the President of the County Board, is submitted to the Committee on Finance, which in turn holds hearings involving each department. The Committee on Finance prepares the Annual Appropriation Bill in tentative form, which is made available for public inspection for at least ten days prior to final action. Public hearings on the tentative Annual Appropriation Bill are then held. Amendments to the tentative Annual Appropriation Bill are then approved by the Committee on Finance. Subsequently, the Executive Budget in the form of the Annual Appropriation Bill is approved and adopted by the County Board. For a summary of budgetary procedures of the County, see "APPENDIX A - AUDITED BASIC FINANCIAL STATEMENTS (2002) - Notes to Basic Financial Statements."

Summary of Appropriations and Expenditures for Fiscal Year 2003 and Comparative Appropriations for Fiscal Year 2004 - Budgetary Basis(1)

The table below sets forth the funds appropriated in the Annual Appropriation Bill of the County for fiscal years 2004 and 2003 and actual unaudited expenditures for fiscal year 2003.

Funds	2004 Appropriations	2003 Appropriations	2003(1) Unaudited Expenditures
Corporate	$193,662,517	$189,535,812	$163,658,637
Public Safety	1,040,227,331	1,011,239,004	964,889,755
Health	837,087,712	780,990,246	768,145,245
Election	29,953,502	20,010,017	17,569,930
Bond and Interest	164,246,728	154,492,824	154,492,824
Employees' Annuity and Benefit	220,223,000	187,745,000	187,745,000
Animal Control	2,705,266	3,139,405	2,669,712
Law Library	5,719,853	6,117,361	5,878,619
Clerk of the Circuit Court Automation	7,111,857	7,389,001	6,953,719
Clerk of the Circuit Court Document Storage	5,076,690	6,923,666	5,916,794
Clerk of the Circuit Court Dispute Resolution	200,000	200,000	200,000
Recorder's Document Storage	5,674,907	3,679,867	3,208,566
County Clerk Automation	1,252,658	1,106,282	946,958
Intergovernmental Agreement/E.T.S.B.	1,192,089	1,060,206	1,065,388
Self Insurance	74,600,166	57,250,734	46,168,085
Managed Care Support	517,811	791,791	560,139
Adult Probation/Probation Services Fee	3,613,484	4,511,354	2,753,425
Social Services/Probation and Court Fee	7,550,184	2,286,040	1,531,986
Juvenile Probation – Supplementary Officers	3,419,272	3,181,146	2,888,030
Sheriff's Youthful Offender Alcohol/Drug Education	25,398	21,766	14,558
Treasurer Tax Sales Automation	1,261,817	1,090,614	777,068
Motor Fuel Tax Illinois First	9,168,486	7,656,160	4,459,198
CC Lead Poisoning Prevention	3,968,295	3,747,398	442,860
Geographical Information Systems - GIS	2,015,792	2,015,792	1,456,034
Federal, State and Private Grants	137,880,733	135,177,927	135,177,927
Allowance for Uncollected Taxes	10,911,153	11,911,170	11,911,170
SUBTOTALS	**$2,769,266,701**	**$2,603,270,583**	**$2,491,481,627**
Capital Improvements Program(2)	219,215,158	266,749,560	186,869,043
TOTALS	**$2,988,481,859**	**$2,870,020,143**	**$2,678,350,670**

(1) Unaudited.

(2) This amount includes moneys allocated from Motor Fuel, Highway and Special Revenue Funds that are used to pay for specified capital projects.

Source: Cook County Comptroller.

Summary of Budget Appropriations by Major Purposes for Fiscal Year 2004

Funds	General Expense(1)	Capital Outlay(2)	Debt Service(3)	Pension Fund(4)	Allowance for Uncollected Taxes	Total Appropriations
Corporate	$ 193,622,516	$ 40,001			$ 376,387	$ 194,038,904
Public Safety	1,040,227,331				5,256,154	1,045,483,485
Health	837,087,712				4,465,612	841,553,324
Election	29,703,502	250,000			813,000	30,766,502
Bond and Interest			$164,246,728			164,246,728
County Employee's Annuity and Benefit				$220,223,000		220,223,000
Animal Control	2,579,266	126,000				2,705,266
Law Library	5,675,853	44,000				5,719,853
Clerk of the Circuit Court						
Automation	6,739,870	371,987				7,111,857
Document Storage	4,705,458	371,232				5,076,690
Dispute Resolution	200,000					200,000
Recorder's Document Storage	2,659,147	3,015,760				5,674,907
County Clerk Automation	1,082,708	169,950				1,252,658
Intergovernmental Agreement/E.T.S.B.	1,192,089					1,192,089
Self Insurance	74,600,166					74,600,166
Managed Care Support	517,811					517,811
Adult Probation/Probation Services Fee	3,456,415	157,069				3,613,484
Social Casework Services/Probation and Court Fee	7,497,117	53,067				7,550,184
Sheriff's Youthful Offender Alcohol/Drug Education	25,398					25,398
CC Lead Poisoning Prevention	3,968,295					3,968,295
Juvenile Probation Supplementary Officers	3,419,272					3,419,272
Treasurer Tax Sales Automation	1,056,817	205,000				1,261,817
Motor Fuel Tax Illinois First	9,168,486					9,168,486
Geographical Information Systems	1,695,792	320,000				2,015,792
Federal, State and Private Grants	135,188,239	2,692,494				137,880,733
SUBTOTAL	**$2,366,069,260**	**$7,816,560**	**$164,246,728**	**$220,223,000**	**$10,911,153**	**$2,769,266,701**
Capital Improvements Program (5)		219,215,158				219,215,158
TOTAL – CURRENT	**$2,366,069,260**	**$227,031,718**	**$164,246,728**	**$220,223,000**	**$10,911,153**	**$2,988,481,859**

(1) General expense includes appropriations for expenditures for operation, maintenance, ordinary repairs and miscellaneous items of expense, and includes some amounts classifiable as capital outlay such as engineering and other service expenditures on construction projects. Also included are inter-fund appropriations.

(2) Capital outlay includes appropriations for expenditures for purchase of new and replacement equipment, permanent improvements including rehabilitation and replacement, purchase of land and expenditures incidental to the acquisition of land.

(3) Debt service includes appropriations for redemption of debt and interest on debt, and for required reserves, and County bond and interest projected for 2004.

(4) Pension funds appropriations represent the gross amounts of general property taxes to be levied for the County's contribution to the pension funds without any deduction for loss in the collection of taxes.

(5) Capital improvements program appropriations reflect the November 30, 2003 estimated unencumbered balance and the 2004 capital improvements program appropriations and the projected 2004 expenditures.

Source: Cook County Comptroller.

Summary of Estimated Revenues by Major Purposes for Fiscal Year 2004

Funds	Property Tax Levy[1]	Home Rule Taxes[2]	Fees[3]	Inter-Governmental[4]	Other Revenues[5]	Total Revenue	Fund Balance[6]	Total
2004 Corporate Revenue	$ 12,169,835	$ 2,360,600	$117,079,025	$ 13,216,650	$ 3,664,250	$148,490,360	$ 45,172,157	$193,662,517
Allowance for Uncollected Taxes	376,387					376,387		376,387
2004 Public Safety Revenue	169,948,992	534,725,985	107,908,000	95,889,069	22,671,003	931,143,049	109,084,282	1,040,227,331
Allowance for Uncollected Taxes	5,256,154					5,256,154		5,256,154
2004 Health Revenue	144,388,125	35,688,415	618,187,731		4,779,890	803,044,161	34,043,551	837,087,712
Allowance for Uncollected Taxes	4,465,612					4,465,612		4,465,612
2004 Election Revenue	26,287,000					26,287,000	3,666,502	29,953,502
Allowance for Uncollected Taxes	813,000					813,000		813,000
Bond and Interest	164,246,728					164,246,728		164,246,728
Employee's Annuity and Benefit	192,531,709			27,691,291		220,223,000		220,223,000
Animal Control			2,400,000		303,644	2,703,644	1,622	2,705,266
Law Library			3,130,000	2,500,000		5,630,000	89,853	5,719,853
Circuit Court Automation			4,000,000	2,500,000		6,500,000	611,857	7,111,857
Circuit Court Document Storage			4,000,000		1,066,327	5,066,327	10,363	5,076,690
Circuit Dispute Resolution			200,000			200,000		200,000
Recorder's Document Storage			4,000,000			4,000,000	1,674,907	5,674,907
County Clerk Automation			1,000,000			1,000,000	252,658	1,252,658
Intergovernmental Agreement/E.T.S.B.				1,192,089		1,192,089		1,192,089
Self Insurance				74,600,166		74,600,166		74,600,166
Managed Care Support							517,811	517,811
Adult Probation/Probation Services Fee			1,700,000			1,700,000	1,913,484	3,613,484
Social Services/Probation and Court Fee			2,100,000			2,100,000	5,450,184	7,550,184
Sheriff's Youthful Offender Alcohol/Drug				25,398		25,398		25,398
CC Lead Poisoning Prevention Fund						0	3,968,295	3,968,295
Juvenile Probation Supplementary Officers				3,419,272		3,419,272		3,419,272
Treasurer Tax Sales Automation			900,000			900,000	361,817	1,261,817
Motor Fuel Tax Illinois First				9,168,486		9,168,486		9,168,486
Geographical Information Systems (GIS)			2,015,792			2,015,792		2,015,792
Capital Improvements				80,412,000	138,803,158	219,215,158		219,215,158
Federal, State and Private Grants				137,880,733		137,880,733		137,880,733
PROJECTED - TOTAL	**$720,483,542**	**$572,775,000**	**$868,620,548**	**$448,495,154**	**$171,288,272**	**$2,781,662,516**	**$206,819,343**	**$2,988,481,859**

(1) Property tax levy includes allowance for uncollected taxes.
(2) Home rule taxes include alcoholic beverage tax, cigarette tax, gas/diesel fuel tax, wheel tax, retail sale of motor vehicles, Cook County sales tax .75%, use tax, amusement tax and County parking lot, garage and operations tax.
(3) Fees include fees from County offices, patient fees and cable television franchise tax.
(4) Inter-governmental includes motor fuel tax, off-track betting commissions, personal property replacement tax, retailers' and services occupation tax, state income derivative share grants and reimbursements from other governments. In Fiscal Year 2004, the self insurance fund may be financed from a combination of long term debt, transfers from working cash, settlement of lawsuits, or other available resources.
(5) Other includes bail bond forfeitures, bond proceeds (capital improvements) and miscellaneous.
(6) Fund balance available for appropriation.
Source: Cook County Comptroller.

LITIGATION

The County, like other large units of state and local government, is involved in litigation on matters relating principally to claims arising from contracts, personal injury, property damage, tax claims and other matters. See "ACCOUNTING AND FINANCIAL INFORMATION - Self Insurance." However, there is no litigation pending, or, to the best of the County's knowledge, threatened, seeking to restrain, enjoin or adversely affect the issuance or delivery of the Taxable Series 2004C Bonds or in any way contesting the validity or enforceability of the Taxable Series 2004C Bonds or the collection, pledge or application of the County's full faith, credit and taxing power for their payment.

RATINGS

The Insured Bonds are expected to be rated "AAA" by Fitch Ratings ("**Fitch**"), "Aaa" by Moody's Investors Service ("**Moody's**") and "AAA" by Standard and Poor's, a Division of The McGraw-Hill Companies, Inc., ("**S&P**"), based on the issuance of the Bond Insurance Policy by MBIA Insurance Corporation. See "BOND INSURANCE" above. The Taxable Series 2004C Bonds maturing on November 15, 2023, and bearing interest at the rate of 5.70% per annum, and the $98,000,000 Taxable Series 2004C Bonds maturing on November 15, 2029, and bearing interest at the rate of 5.79% per annum, are not insured and are expected to receive ratings of "AA" by Fitch, "Aa2" by Moody's and "AA" by S&P. Such ratings reflect only the views of the respective rating agencies and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, One State Street Plaza, New York, New York 10004; Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007; and Standard and Poor's, 25 Broadway, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Taxable Series 2004C Bonds.

TAX MATTERS

Interest on the Taxable Series 2004C Bonds is includible in gross income for federal income tax purposes. Purchasers of the Taxable Series 2004C Bonds should consult their tax advisors with respect to the inclusion of interest on the Taxable Series 2004C Bonds in gross income for federal income tax purposes or regarding any pending or proposed federal tax legislation.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Taxable Series 2004C Bonds are subject to the separate approving legal opinions of Katten Muchin Zavis Rosenman, Chicago, Illinois, and William P. Tuggle, Esq., Chicago, Illinois, as Co-Bond Counsel who have been retained by, and act as, Co-Bond Counsel to the County. Certain legal matters will be passed upon for the Underwriters by Underwriters' Co-Counsel, Schiff Hardin LLP, Chicago, Illinois and Garland W. Watt & Associates, LLC, Chicago, Illinois.

FINANCIAL STATEMENTS

The audited basic financial statements of the County for the fiscal year ended November 30, 2002, together with the report thereon dated March 30, 2004 of Deloitte & Touche LLP, independent public accountants, are included as APPENDIX A to this Official Statement.

CO-FINANCIAL ADVISORS

The County has engaged A.C. Advisory, Inc., Gardner, Underwood and Bacon LLC and DJ Walker Advisors, each of Chicago, Illinois, as co-financial advisors in connection with the authorization, issuance and sale of the Taxable Series 2004C Bonds.

UNDERWRITING

The Underwriters set forth on the cover page of this Official Statement have agreed to purchase the Taxable Series 2004C Bonds at a price of $134,204,500 (representing an Underwriters' discount of $795,500). The Underwriters reserve the right to join with dealers and other underwriters in offering the Taxable Series 2004C Bonds to the public. The obligations of the Underwriters to accept delivery of the Taxable Series 2004C Bonds are subject to various conditions of the Bond Purchase Agreement with respect to the Taxable Series 2004C Bonds, but the Underwriters are obligated to purchase all of the Taxable Series 2004C Bonds if they purchase any of the Taxable Series 2004C Bonds.

SECONDARY MARKET DISCLOSURE

The County will enter into a Continuing Disclosure Undertaking (the "**Undertaking**") for the benefit of the beneficial owners of the Taxable Series 2004C Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "**Rule**") adopted by the Securities and Exchange Commission (the "**SEC**") under the Securities Exchange Act of 1934, as amended (the "**1934 Act**"). The information to be provided on an annual basis, the events that will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below.

Except as described in the next paragraph, the County has complied with each undertaking previously entered into by it pursuant to the Rule. A failure by the County to comply with the Undertaking will not constitute a default under the Bond Ordinance and beneficial owners of the Taxable Series 2004C Bonds are limited to the remedies described in the Undertaking. See "Consequences of Failure of the County to Provide Information" under this caption.

Due to the implementation of GASB 34 across such a broad asset base, as well as a change in the County's external auditors, the County did not generate its FY2002 audited financial statements and annual financial information within the time prescribed by a previous continuing disclosure undertaking to file with certain national information repositories. The

County expects to file its FY2003 and subsequent year's audits and annual financial information within prescribed deadlines.

The following is a brief summary of certain provisions of the Undertaking and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the County.

Co-Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

Annual Financial Information Disclosure

The County covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (as described below) to each Nationally Recognized Municipal Securities Information Repository (a "**NRMSIR**") then recognized by the SEC for purposes of the Rule and to any public or private repository designated by the State of Illinois as the state depository (the "**SID**") and recognized as such by the SEC for purposes of the Rule. The County is required to deliver such information so that such entities receive the information by the dates specified in the Undertaking. To the extent that Annual Financial Information is included in the County's Audited Financial Statements, it need not be separately delivered.

"***Annual Financial Information***" means information generally consistent with that contained under the captions "TAXATION OF REAL PROPERTY - STATISTICAL INFORMATION" and "DEBT INFORMATION."

"***Audited Financial Statements***" means the audited basic financial statements of the County prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time.

The Annual Financial Information is required to be disseminated no more than fifteen (15) months after the last day of the County's fiscal year, which is currently November 30. The Audited Financial Statements are expected to be filed at the same time as the Annual Financial Information, provided that if the Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and the Audited Financial Statements will be filed within 30 days after they become available.

Events Notification; Material Event Disclosure

The County covenants that it will disseminate to each NRMSIR or to the Municipal Securities Rulemaking Board (the "**MSRB**") and to the SID, if any, in a timely manner the disclosure of the occurrence of an Event (as described below) that is material, as materiality is interpreted under the 1934 Act. The "**Events**" are:

(a) principal and interest payment delinquencies;
(b) non-payment related defaults;
(c) unscheduled draws on debt service reserves reflecting financial difficulties;
(d) unscheduled draws on credit enhancements reflecting financial difficulties;
(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions or events affecting the tax-exempt status of the security;
(g) modifications to rights of security holders;
(h) bond calls;
(i) defeasances;
(j) release, substitution or sale of property securing repayment of the securities; and
(k) rating changes.

Consequences of Failure of the County to Provide Information

The County shall give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the County to comply with any provision of the Undertaking, the beneficial owner of each Taxable Series 2004C Bond may seek mandamus or specific performance by court order, to cause the County to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Taxable Series 2004C Bonds or the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the County to comply with the Undertaking shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the County may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) the amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the County or type of business conducted;

(b) the Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver does not materially impair the interests of the beneficial owners of the Taxable Series 2004C Bonds, as determined by a party unaffiliated with the County (such as bond counsel) at the time of the amendment.

Termination of Undertaking

The Undertaking shall be terminated if the County shall no longer have any legal liability for any obligation on or relating to repayment of the Taxable Series 2004C Bonds under the Bond Ordinance. If this provision is applicable, the County shall give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the County chooses to include any information from any document or notice of occurrence of a material Event in addition to that which is specifically required by the Undertaking, the County shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a material Event.

CONCLUSION

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Taxable Series 2004C Bonds, the security for the payment or purchase of the Taxable Series 2004C Bonds and the rights and obligations of the registered owners thereof. Such documents may be examined, or copies thereof will be furnished, upon request to the Underwriters.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered owners of the Taxable Series 2004C Bonds.

CERTIFICATION AS TO OFFICIAL STATEMENT

At the time of delivery of the Taxable Series 2004C Bonds, the County will furnish a certificate executed by the Chief Financial Officer stating that to the best of his knowledge, after reasonable investigation, this Official Statement did not (as of its date) and does not (at the date of delivery of the Taxable Series 2004C Bonds) contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements in it, in the light of the circumstances under which they were made, not misleading.

This Official Statement has been duly executed and delivered by the following officer on behalf of the County.

THE COUNTY OF COOK, ILLINOIS

By: /s/ Thomas J. Glaser
Its: Chief Financial Officer

APPENDIX A
Audited Basic Financial Statements (2002)

[THIS PAGE INTENTIONALLY LEFT BLANK]

Deloitte

Deloitte & Touche LLP
Two Prudential Plaza
180 North Stetson Avenue
Chicago, IL 60601-6779
USA

Tel: +1 312 946 3000
Fax: +1 312 946 2600
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of Cook County, Illinois:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cook County, Illinois (the "County"), as of and for the year ended November 30, 2002, which collectively comprise the County's basic financial statements. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Health Facilities, the County's and the Forest Preserve District's Employees' and Officers' Annuity and Benefit Funds, the Chicago Zoological Society, the Emergency Telephone System, the Forest Preserve District of Cook County, and the Clerk of the Circuit Court, which represent 100 percent and 100 percent, respectively, of the assets and revenues of the business-type activities, 93 percent and 100 percent, respectively, of the assets and revenues of the fiduciary funds, 52 percent and 65 percent, respectively, of the assets and revenues of the discretely presented component units, 36 percent and 22 percent, respectively, of the assets and revenues of the aggregate nonmajor governmental funds, and 29 percent of the assets of the agency funds. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities, fiduciary funds, discretely presented component units, aggregate nonmajor governmental funds and the agency funds is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the respective financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Cook County, Illinois as of November 30, 2002, and the respective changes in financial position and respective cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, the Motor Fuel Tax Fund, and the Annuity and Benefit Fund for the year then ended, in conformity with the accounting principles generally accepted in the United States of America.

As discussed in Note 1, beginning in fiscal year 2002, the County implemented Governmental Accounting Standards Board Statements No. 34, No. 37 and No. 38 and Governmental Accounting Standards Board Interpretation No. 6. Beginning balances of the 2002 basic financial statements have been restated for the provisions of these standards.

Management's Discussion and Analysis and the required supplemental information are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Deloitte & Touche LLP

March 30, 2004

Cook County, Illinois
Management Discussion and Analysis (MD&A)
November 30, 2002

This section of the County's Comprehensive Annual Financial Report ("CAFR") provides a narrative overview and analysis of the financial activities of the County for the fiscal year ended November 30, 2002. The new reporting model required by the Government Accounting Standards Board ("GASB") Statement No. 34 was implemented during fiscal year 2002. The presentation of comparative data is not required in the year of implementation, which would have required information for fiscal year 2001 be converted to the new model. Comparative information will be provided commencing with the issuance of next year's report. The reader is encouraged to consider the information presented here in conjunction with information provided in the letter of transmittal that preceded this section and the basic financial statements and the accompanying notes, which follow this section.

Financial Highlights for FY2002

- At November 30, 2002, the assets of the County exceeded its liabilities by $1.26 billion. Of this amount, unrestricted net assets of $800.0 million may be used to meet the County's ongoing obligations.

- The County's total net assets decreased by $213.4 million, or almost 17%, during fiscal 2002. This decrease is largely attributable to governmental activities declining $280.4 million as expenses outpaced revenues.

- As of November 30, 2002, the unreserved fund balance in the general fund was $206.5 million or 18.7% of total general fund expenditures of $1.1 billion.

- The County issued four series of bonds during fiscal year 2002. In March, the County issued $123.8 million Series 2002A taxable variable rate demand bonds to fund its self insurance liabilities, and $245.4 million Series 2002B tax-exempt variable rate demand bonds to fund its ongoing capital improvement program. In February, the County issued $226.1 million Series 2002C fixed rate, insured general obligation bonds to also fund its ongoing capital improvement program, while in September, to take advantage of favorable interest rates, the County issued $173.6 million of general obligation refunding bonds.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The new reporting model focuses attention on the County as a whole (government-wide) and on major individual funds. Both perspectives are presented to enable the reader to address relevant questions, broaden the basis of comparison and enhance the County's accountability.

Cook County's basic financial statements comprise three components: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to the financial statements. This report also contains other supplementary information and statistical data in addition to the basic financial statements themselves.

Organization of the County of Cook, Illinois

Comprehensive Annual Financial Report

<table>
<tr><td rowspan="13">CAFR</td><td>Introductory Section</td><td colspan="4">INTRODUCTORY SECTION</td></tr>
<tr><td colspan="5">+</td></tr>
<tr><td rowspan="9">Financial Section</td><td colspan="4">Management's Discussion and Analysis</td></tr>
<tr><td>Government-wide Financial Statements</td><td colspan="3">Fund Financial Statements</td></tr>
<tr><td rowspan="2">Statement of net assets</td><td>Governmental Funds</td><td>Proprietary Funds</td><td>Fiduciary Funds</td></tr>
<tr><td>Balance Sheet</td><td>Statement of net assets</td><td>Statement of fiduciary net assets</td></tr>
<tr><td rowspan="2">Statement of activities</td><td>Statement of revenues, expenditures and changes in fund balances</td><td>Statement of revenues, expenses, and changes in fund net assets</td><td rowspan="2">Statement of changes in fiduciary net assets</td></tr>
<tr><td>Budgetary comparison statement</td><td>Statement of cash flows</td></tr>
<tr><td colspan="4">Notes to the Financial Statements</td></tr>
<tr><td colspan="4">Required Supplementary Information Other Than MD&A</td></tr>
<tr><td colspan="4">Information on individual non-major funds and other supplementary information that is not required</td></tr>
<tr><td colspan="5">+</td></tr>
<tr><td>Statistical Section</td><td colspan="4">STATISTICAL SECTION</td></tr>
</table>

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, in a manner similar to private sector businesses.

The governmental activities of the County include public safety responsibilities through the operation of the second largest unified court system in the nation, the operation of the largest single site jail complex in the United States and a police department, and corporate functions that include the design, operation and maintenance of a highway system, control of the environment, the assessment, levy, collection and distribution of property taxes; and, general administration and finance. The business-type or enterprise activities of the County include the operation of a three-hospital system and a network of 30 neighborhood-based clinics, as well as a department of public health.

The Government-wide financial statements include the primary government composed of the County itself as well as the Forest Preserve District of Cook County ("the District"), a legally separate unit of government with the same Board of Commissioners as the County, which is included as a blended component unit. In addition, there are three discreetly presented entities because of their financial relationship with the County or the District and include the Chicago Zoological Society and the Chicago Horticultural Society as both operate on land owned by the District and the Emergency Telephone System which provides emergency 911 services primarily in unincorporated areas of the County.

The **Statement of Net Assets** presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets, over time, may serve as a benchmark as to the improvement or deterioration in the County's financial position. Additionally, non-financial factors, such as changes in the County's property tax base or the condition of County facilities, should be considered to assess the overall financial health of the County.

The **Statement of Activities** presents information on how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years, such as revenue pertaining to uncollected taxes and expenses relating to earned, but not used, vacation and sick leave.

Both of the Government-wide financial statements distinguish functions of the County that are primarily supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The Government-wide financial statements can be found on pages 17 and 18 of this report.

Fund Financial Statements

The fund financial statements are designed to report groupings of related accounts which are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with budgetary and other financial-related legal requirements. All of the funds of the County can be divided into the following categories: **governmental** funds, **proprietary** funds and **fiduciary** funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; i.e., most of the County's basic services are reported in the governmental funds. These statements focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near term to finance the County's various programs.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages 19 and 21 of this report.

Proprietary funds. Proprietary funds are generally used to account for services for which the County charges a fee for services provided. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The County maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses the enterprise funds to account for the operations of its various health care activities, which are considered to be a major fund of the County.
- **Internal Service funds** are used to report activities that provide goods and services for certain County programs and activities. The County uses internal service funds to account for the provision of general liability, medical malpractice, and worker's compensation activities in the Self-Insurance Fund.

The basic proprietary fund financial statements can be found on pages 26 - 28 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. These funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County's fiduciary funds consist of pension trust funds and agency funds.

The fiduciary fund financial statements can be found on pages 29 and 30 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages 33 - 80 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this section presents certain required supplementary information concerning the County's financial activities.

The required supplementary information can be found on page 81 of this report.

Combining Statements

The combining statements in connection with non-major governmental funds, internal service funds, and fiduciary funds are presented immediately following the required supplemental information on pension trust funds.

The combining and individual fund statements and schedules can be found on pages 82 - 128 of this report.

Government-wide Financial Analysis

This is the first year in which the County applied Governmental Accounting Standards Board (GASB) Statement No. 34. The County has not restated prior periods for purposes of providing the comparative data for the Management's Discussion and Analysis (MD&A) because certain prior year information is unavailable. In future years, however, a comparative analysis of government-wide data will be presented.

The difference between a government's assets and liabilities is its net assets. As noted earlier, net assets over time may serve as a useful indicator of a government's financial position. At November 30, 2002, the County's assets exceeded liabilities by $1.26 billion. The County's net assets are summarized below:

Cook County, Illinois
Statement of Net Assets
November 30, 2002

	Governmental Activities	Business-type Activities	Total
Current and other assets	$ 1,899,847,737	$ 580,940,623	$ 2,480,788,360
Capital assets	1,520,089,089	695,406,146	2,215,495,235
Total assets	3,419,936,826	1,276,346,769	4,696,283,595
Current and other liabilities	204,148,876	179,964,168	384,113,044
Long-term liabilities	3,040,394,540	7,996,823	3,048,391,363
Total liabilities	3,244,543,416	187,960,991	3,432,504,407
Net assets:			
Invested in capital assets, net of related debt	(646,014,864)	694,406,146	48,391,282
Restricted net assets	410,127,785	5,274,739	415,402,524
Unrestricted net assets	411,280,489	388,704,893	799,985,382
Total net assets	$ 175,393,410	$ 1,088,385,778	$ 1,263,779,188

Analysis of Net Assets

At November 30, 2002, the County reported positive balances in all three categories of net assets, corresponding assets as a whole, as well as for its separate governmental and business-type activities. The debit balance shown in the Statement of Net Assets table above in the category "Net assets: Invested in capital assets, net of related debt" of the Governmental Activities that is offset with the credit balance shown for the Business-type Activities is the result of the process whereby monies used to construct capital assets of the health facilities are obtained from general obligation bonds financed by the governmental funds of the County. Accordingly, the capital debt is shown in the Government Activities and the corresponding capital assets are shown in the Business-type Activities.

Governmental Activities

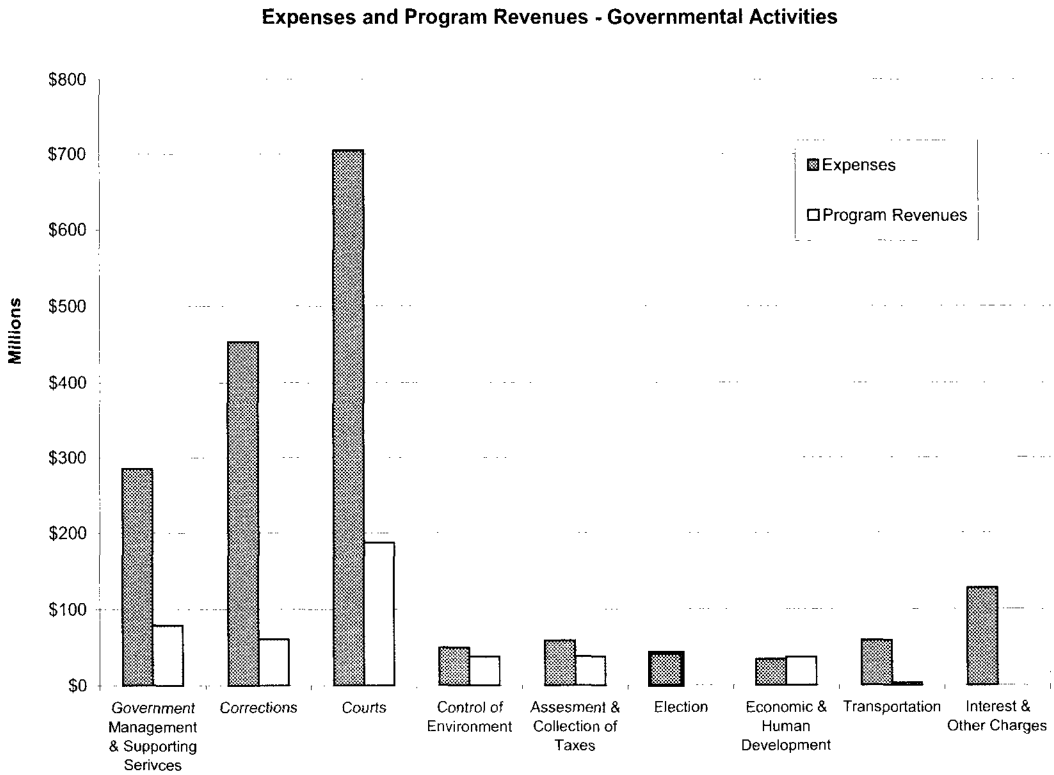
The following schedule compares the revenues, expenses, and changes in net assets for the primary government:

Cook County, Illinois
Revenues, Expenses and Changes in Net Assets
For the fiscal year ending November 30, 2002

Revenues	Governmental Activities	Business-type Activities	Total
Program revenues:			
Charges for services	$ 244,492,898	$ 432,382,261	$ 676,875,159
Operating grants and contributions	192,403,369	21,993,166	214,396,535
Capital grants and contributions	8,531,769	-	8,531,769
General revenues:			
Property taxes	578,254,840	155,766,738	734,021,578
Personal property replacement tax	29,807,190	-	29,807,190
County sales taxes	213,758,854	61,538,872	275,297,726
County use tax	54,484,115	-	54,484,115
State income tax	8,326,861	-	8,326,861
Alcohol beverage tax	25,467,066	-	25,467,066
Gasoline tax	105,706,037	-	105,706,037
Cigarette taxes	33,131,006	8,214,786	41,345,792
Amusement tax	13,802,069	-	13,802,069
Parking lot & garage operation tax	37,770,138	-	37,770,138
Motor fuel tax & other	107,106,193	-	107,106,193
Other nonproperty taxes	20,493,696	-	20,493,696
Miscellaneous Revenue	21,209,964	-	21,209,964
Investment income	21,300,210	2,612,064	23,912,274
Lawsuit settlement	44,578,557	-	44,578,557
Gain/(loss) on sale of land, net	(1,560,020)	-	(1,560,020)
Restricted gifts, grants, and bequests	-	22,257,925	22,257,925
Total revenues:	1,759,064,812	704,765,812	2,463,830,624
Expenses:			
Government management and supporting services	284,450,021	-	284,450,021
Corrections	453,517,946	-	453,517,946
Courts	704,840,955	-	704,840,955
Control of environment	50,292,707	-	50,292,707
Assessment and collection of taxes	59,336,498	-	59,336,498
Election	41,299,876	-	41,299,876
Economic and human development	34,556,113	-	34,556,113
Transportation	59,172,233	-	59,172,233
Interest and other charges	127,089,106	-	127,089,106
Health facilities	-	869,467,512	869,467,512
Total expenses:	1,814,555,455	869,467,512	2,684,022,967
Increase (decrease) in net assets before transfers	(55,490,643)	(164,701,700)	(220,192,343)
Capital contributions	(160,554,564)	160,554,564	-
Transfers	(64,400,920)	71,139,190	6,738,270
Increase (decrease) in net assets	(280,446,127)	66,992,054	(213,454,073)
Net assets - 11/30/01	455,839,537	1,021,393,724	1,477,233,261
Net assets - 11/30/02	$ 175,393,410	$ 1,088,385,778	$ 1,263,779,188

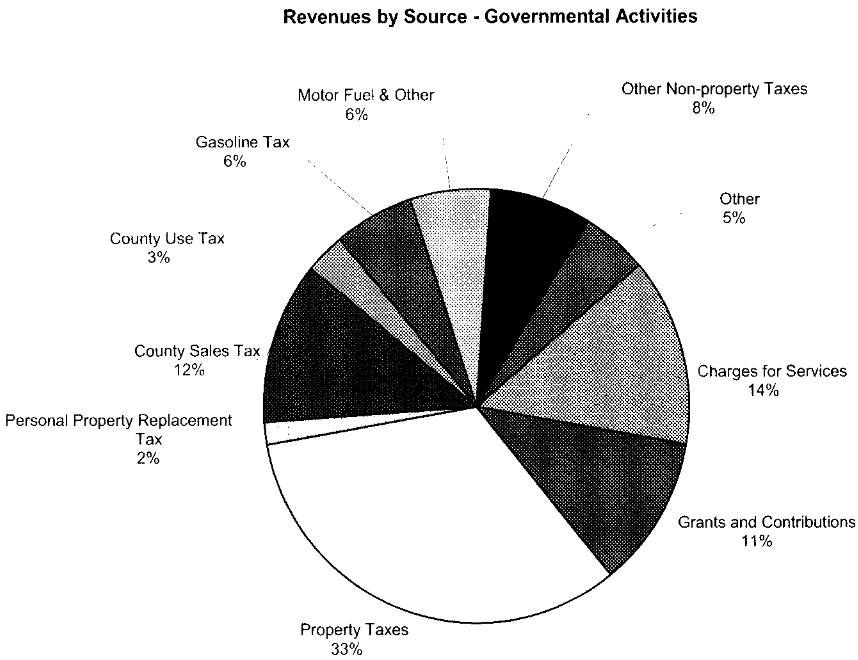
Net assets of governmental activities decreased $280.4 million in fiscal year 2002. This represents a decrease of more than 62% from the net assets of $455.8 million at the beginning of the fiscal year. The largest source of non-program revenues is property taxes (33%), followed by sales taxes (12%) and gas (6%) and motor fuel (6%) taxes. Despite a 10.7% increase in the equalized assessed valuation of property in the County in 2002, the property tax levy was held constant for the third consecutive year.

The following is a chart of expenses and program revenues by program at November 30, 2002.



Total expenses for governmental activities were $1.81 billion at November 30, 2002. The largest portion of these expenses was used to fulfill the County's public safety responsibilities in the operation of the circuit court system (39%), and correction (25%). Capital contributions to business-type activities were $160.6 million for various capital projects in the County's health care operations.

The following is a chart of revenues by source for governmental activities at November 30, 2002:



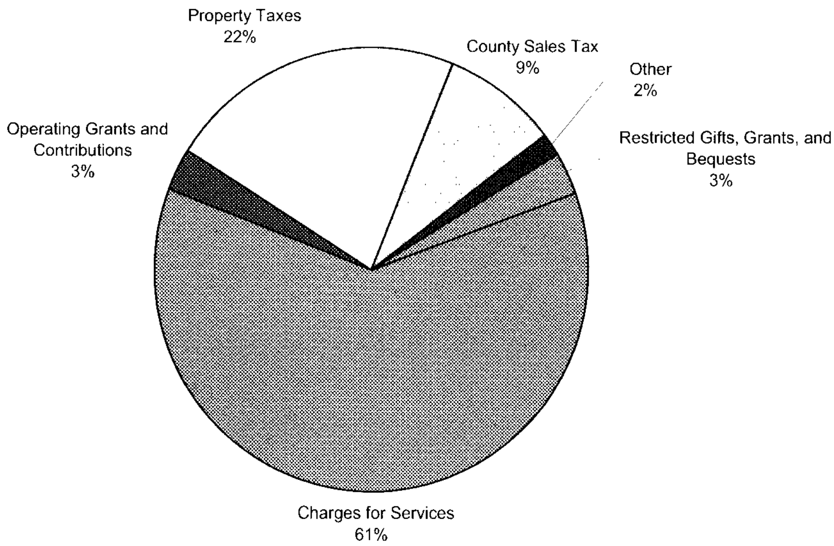
Business-type Activities

The County's major business type activities include the following health care operations:

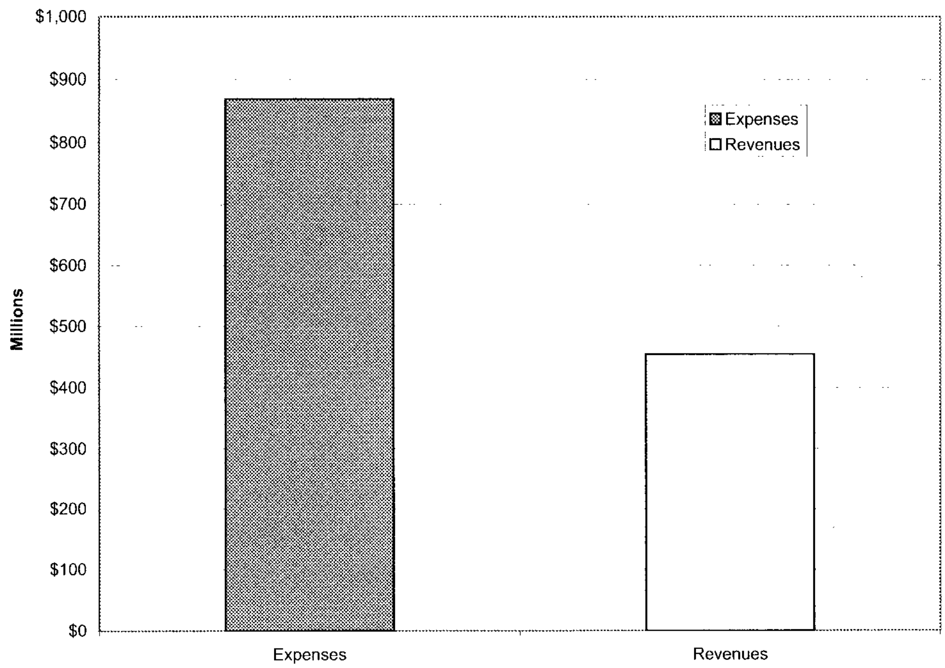
- Bureau of Health Services
- John H. Stroger, Jr. Hospital of Cook County (formerly Cook County Hospital)
- Provident Hospital of Cook County
- Oak Forest Hospital of Cook County
- Ambulatory and Community Health Network of Cook County
- Department of Public Health

The net assets of business-type activities increased $67.0 million, or almost 7%, during the year. As shown in the pie chart below, the largest source of non program revenues is property taxes (22%), followed by sales taxes (9%). The following bar graph summarizes the expenses and program revenues of the business-type activities:

Revenue by Source - Business-type Activities



Expenses and Program Revenues - Business-type Activities



Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The General Fund is the County's principal operating fund and is used to account for most of its governmental activities. The General Fund had a fund balance of $229.8 million on November 30, 2002. Of this amount, $206.5 million, or 90%, is unreserved. The fund balance in the General Fund decreased $61.6 million from the previous year primarily as a result of labor costs outpacing growth in the County's revenue streams.

The Motor Fuel Tax Fund reported a balance of $153.6 million on November 30, 2002. Of this amount $79.6 million, or 52%, is reserved for encumbrances. The remaining fund balance of $74.0 million constitutes unreserved fund balance which is available for future spending in accordance with approved budgetary ordinance.

The Capital Projects Fund reported a balance of $159.6 million on November 30, 2002. Of this amount $97.5 million, or 50%, is reserved for encumbrances. The remaining fund balance of $62.1 million constitutes unreserved fund balance which is available for future spending in accordance with approved budgetary ordinance.

The Debt Service Fund reported a balance of $193.5 million on November 30, 2002. The fund balance constitutes unreserved fund balance which is available for future spending in accordance with approved budgetary ordinance.

The Other Governmental Funds reported a balance of $175.5 million on November 30, 2002. Of this amount $13.4 million, or 8%, is reserved for encumbrances; $41.2 million, or 23% is reserved for debt service. The remaining fund balance of $120.9 million constitutes unreserved fund balance which is available for future spending in accordance with approved budgetary ordinance.

Proprietary Funds

The County's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net assets of the enterprise funds were $388.7 million. Factors concerning the finances of this fund have been previously discussed in the County's business-type activities.

General Fund Budgetary Highlights

The County's FY2002 actual General Operating Fund revenues came in $63.8 million higher than budget estimates. Fee revenues were $36.7 million higher than estimated primarily due to fees from the Recorder of Deeds being $21.1 million higher than expected as new home sales and the refinancing of existing mortgages, driven by historically low interest rates, generated additional filing fees. Despite the overall slow economy, sales tax revenues came in $9.2 million higher than budget. This is primarily the result of conservative revenue estimates, as well as discounting by retailers to generate store sales activity. Revenues from the Treasurer were $8.9 million higher than expected as a result of penalties for delinquent real estate tax payments being higher than projected.

Actual General Operating Fund expenditures and encumbrances for fiscal year 2002 were $67.2 million less than budget. This positive variance is attributable to lower than expected expenditures in Courts ($35.1 million), Government Management and Supporting Services ($18.1 million) and Corrections ($11.4 million). These surpluses have been re-appropriated in the fiscal year 2003 budget.

Capital Assets

The County's investment in capital assets for its governmental and business-type activities was $48.4 million, net of the related debt outstanding used to acquire those assets at November 30, 2002. Capital assets include land, buildings and improvements, and machinery and equipment. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt is provided primarily by property taxes, since the capital assets themselves cannot be used to liquidate these liabilities.

Cook County, Illinois
Capital Assets (net of depreciation)
November 30, 2002

	Governmental Activities	Business-type Activities	Total
Land	$ 282,086,924	$ -	$ 282,086,924
Buildings and Other Improvements	721,103,491	96,755,008	817,858,499
Machinery and Equipment	129,277,415	58,864,186	188,141,601
Infrastructure	281,043,457	-	281,043,457
Construction in Progress	106,577,802	538,786,952	645,364,754
Total	$ 1,520,089,089	$ 694,406,146	$ 2,214,495,235

Additional information on the County's capital assets can be found in Note 5 to the Basic Financial Statements.

Debt Administration

The County has various general obligation bond issues outstanding. The following table indicates the changes in the County's long-term debt that occurred during the year (in thousands):

	11/30/2002	11/30/2001	Increase
Bonds Outstanding	$2,657,865	$2,120,910	$536,955

During the current fiscal year the County issued the following bonds:

- On February 28, 2002, the County issued approximately $226 million of Series 2002C General Obligation Capital Improvement Bonds to finance the costs of certain capital improvement projects, including the purchase of capital equipment.
- On March 12, 2002, the County issued approximately $245 million of Series 2002B General Obligation Variable Rate Capital Improvement Bonds to finance the costs of certain capital improvement projects, including the purchase of capital equipment.
- On March 26, 2002, the County issued approximately $124 million of Series 2002A Taxable General Obligation Variable Rate Bonds to fund the County's self insurance liabilities and to increase the County's working cash fund.
- On September 20, 2002, the County issued approximately $174 million of Series 2002D Taxable General Obligation Refunding Bonds.

Additional information on the County's long-term debt can be found in Note 7 to the Basic Financial Statements.

Bond Ratings

Cook County continues to meet the needs of its ongoing capital improvement program through the prudent use of its revenues and effective debt financing programs. The County's financial strength and solid financial management practices are reflected in its general obligation bond ratings. In August, 2002, Standard & Poor's upgraded the County's bond rating to "AA" from "AA-" citing our strong and diverse economy and tax base, sustained liquidity and moderate additional debt needs. As a result, the County's underlying ratings on general obligation bonds as of November 30, 2002 were:

Fitch	AA
Moody's Investors Service	Aa2
Standard & Poor's Corporation	AA

Other Obligations

The County administers a self-insurance program for all risks, including worker's compensation, medical malpractice, auto and general liability and other liabilities subject to certain stop loss provisions. Detailed information about the County's liabilities related to the self-insurance program is included in Note 1(l) to the Basic Financial Statements. Other obligations include compensated absences for vacation and sick time earned by employees.

Requests for Information

This financial report is designed to provide a general overview of the Cook County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County of Cook, Illinois, Office of the Chief Financial Officer, 118 N. Clark, Room 500, Chicago, Illinois 60602.

Exhibit 1
COOK COUNTY, ILLINOIS
STATEMENT OF NET ASSETS
November 30, 2002

	Primary Government			
	Governmental Activities	**Business-type Activities**	**Totals**	**Component Units**
ASSETS				
Cash and Investments	$ 857,066,640	$ 265,072,591	$ 1,122,139,231	$ 61,984,171
Cash and Investments with trustees	196,318,795	-	196,318,795	118,085
Tax receivable	587,933,500	160,934,821	748,868,321	8,951,000
Other assets	2,922,767	1,357,561	4,280,328	24,946,986
Due from other governments	84,131,482	36,395,998	120,527,480	185,000
Internal balances	(759,000)	759,000	-	-
Loans receivable, net	27,799,335	-	27,799,335	-
Fixed Assets, net of accumulated depreciation	1,520,089,089	694,406,146	2,214,495,235	153,328,517
Pension asset	137,252,924	-	137,252,924	-
Deferred bond issuance costs	7,181,294	-	7,181,294	635,000
Pateint accounts -				
Net of allowances for uncollectible accounts - $656,868,779	-	94,295,774	94,295,774	-
Third-party settlements	-	11,730,573	11,730,573	391,000
Inventories	-	11,394,305	11,394,305	1,598,000
Total Assets	$ 3,419,936,826	$ 1,276,346,769	$ 4,696,283,595	$ 252,137,759
LIABILITIES				
Accounts payable	$ 96,497,403	$ 29,776,032	$ 126,273,435	$ 3,406,308
Accrued salaries payable	42,198,102	60,863,347	103,061,449	2,400,723
Deferred revenue - property tax	37,321,253	-	37,321,253	8,642,000
Deferred revenue - other	17,913,423	-	17,913,423	3,172,000
Other liabilities	4,390,001	89,324,789	93,714,790	10,241,085
Accrued interest	5,828,694	-	5,828,694	-
Non current liabilities:				
Due within one year	115,488,505	-	115,488,505	195,000
Due in more than one year	2,924,906,035	7,996,823	2,932,902,858	25,602,967
Total Liabilities	$ 3,244,543,416	$ 187,960,991	$ 3,432,504,407	$ 53,660,083
NET ASSETS				
Invested in capital assets, net of debt	$ (646,014,864)	$ 694,406,146	$ 48,391,282	$ 123,077,000
Restricted for:				
Debt service	272,874,861	-	272,874,861	-
Other restricted funds for specific purposes	137,252,924	5,274,739	142,527,663	47,628,676
Unrestricted	411,280,489	388,704,893	799,985,382	27,772,000
Total Net Assets	$ 175,393,410	$ 1,088,385,778	$ 1,263,779,188	$ 198,477,676

The accompanying notes to the basic financial statements are an integral part of this statement.

Exhibit 2
COOK COUNTY, ILLINOIS
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended November 30, 2002

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
Government Management and Supporting Services	$ 284,450.021	$ 74.849.591	$ 4.701,586	$ -	$ (204,898.844)	$ -	$ (204.898.844)
Corrections	453,517,946	23,726.494	35.099,042	2.405.020	(392.287,390)	-	(392.287.390)
Courts	704.840,955	93,908.860	87,176,316	5,969,636	(517,786,143)	-	(517.786,143)
Control of Environment	50 292,707	12,993,794	25.302,989	157.113	(11.838.811)	-	(11,838.811)
Assessment and Collection of Taxes	59.336,498	39,014,159	-	-	(20.322.339)	-	(20.322.339)
Election	41 299,876	-	-	-	(41.299,876)	-	(41 299,876)
Economic and Human Development	34.556.113	-	37.182.914	-	2.626.801	-	2.626.801
Transportation	59,172.233	-	2.940.522	-	(56.231.711)	-	(56,231.711)
Interest and other charges	127,089.106	-	-	-	(127.089.106)	-	(127,089 106)
Total Governmental Activities	1,814,555,455	244,492,898	192,403,369	8,531,769	(1,369,127,419)	-	(1,369,127,419)
Business-type Activities:							
Health Facilities	869.467.512	432,382.261	21,993,166	-	-	(415.092.085)	(415 092.085)
Total business-type Activities	869.467.512	432.382.261	21.993.166	-	-	(415.092.085)	(415.092.085)
Total primary government	$ 2,684,022,967	$ 676,875,159	$ 214,396,535	$ 8,531,769	$ (1,369,127,419)	$ (415,092,085)	$ (1,784,219,504)
Component units:							
Chicago Zoological Society	$ 49,845.000	$ 31.976.000	$ -	$ 5 940,000	$ -	$ -	$ -
Chicago Horticultural Society	28.963.000	19.312,000	86.000	2.205.000	-	-	-
Emergency Telephone Systems	1.816.860	2.435.796	97 108	-	-	-	-
Total component units	$ 80,624,860	$ 53,723,796	$ 183,108	$ 8,145,000	$ -	$ -	$ -
General Revenues							
Taxes:							
Property taxes - tax levy					$ 578 254.840	$ 155.766.738	$ 734.021.578
Nonproperty taxes:							
Personal property replacement tax					29 807,190	-	29.807,190
County Sales taxes					213 758,854	61.538,872	275,297,726
County use tax					54,484,115	-	54 484.115
State income tax					8.326,861	-	8,326,861
Alcohol beverage tax					25,467.066	-	25.467.066
Gasoline tax					105,706,037	-	105 706,037
Cigarette taxes					33,131.006	8,214,786	41.345,792
Amusement tax					13,802.069	-	13.802,069
Parking lot & garage operation tax					37,770.138	-	37,770.138
Motor fuel tax & other					107,106.193	-	107.106.193
Other nonproperty taxes					20.493.696	-	20,493.696
Total nonproperty taxes					649.853,225	69.753.658	719.606.883
Total Taxes					1.228.108,065	225,520.396	1,453,628.461
Miscellaneous Revenue					21,209,964	-	21.209.964
Investment income (loss)					21.300,210	2.612.064	23.912.274
Lawsuit settlement					44,578,557	-	44,578.557
Gain/loss on Sale of Land, net					(1,560,020)	-	(1.560,020)
Restricted gifts, grants, and bequests					-	22,257,925	22.257,925
Transfers					(64,400,920)	71.139,190	6.738,270
Contributed capital					(160,554.564)	160,554,564	-
Total General revenues and transfers					$ 1.088,681.292	$ 482.084.139	$ 1.570,765.431
Change in net assets					$ (280,446.127)	$ 66,992,054	$ (213.454.073)
Net Assets at beginning of year. restated					455,839.537	1.021.393.724	1.477.233.261
Net Assets-ending					$ 175,393,410	$ 1,088,385,778	$ 1,263,779,188

The accompanying notes to the basic financial statements are an integral part of this statement.

Exhibit 3
COOK COUNTY, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
November 30, 2002

	General	Motor Fuel Tax	Annuity and Benefit	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and investments	$ 248,342,057	$ 149,603,869	$ -	$ -	$ 191.132.978	$ 179 456.695	$ 768.535.599
Cash and investments with trustees	4,035,889	-	-	192,282.906	-	-	196.318 795
Taxes receivable							-
(net of allowance for loss) -							
Tax levy - current year	216,450,765	-	156,775,999	-	144,152.991	64.497,868	581.877.623
Tax levy - prior year	2,344,751	-	1,473.058	-	2,171,322	66,746	6,055,877
Accrued interest receivable	12,693	34,441	-	346,125	210,820	159.203	763 282
Prepaid assets	-	-	-	-	-	49.327	49,327
Accounts receivable -							
Due from others	7,534,802	-	-	-	-	139.098	7,673.900
Due from other governments	53,376,298	9,112,796	-	-	-	21,642 388	84.131.482
Due from other funds	10,924,172	-	-	83,180,432	-	16,732 401	110,837.005
Inventories and other assets	953,575	-	-	-	-	-	953.575
Loans receivable, net	-	-	-	-	-	27,799.335	27,799 335
Total assets	$ 543,975,002	$ 158,751,106	$ 158,249,057	$ 275,809.463	$ 337,668,111	$ 310,543,061	$ 1,784,995,800
LIABILITIES AND FUND BALANCES:							
Accounts payable	$ 40,140,608	$ 5,091,090	$ -	$ 33,020,564	$ -	$ 13,290,732	$ 91.542.994
Accrued salaries payable	37,389,111	-	-	-	-	4.808,991	42 198.102
Amounts held for outstanding warrants	1,214,956	-	-	-	-	-	1 214 956
Due to other funds	12,454,339	-	1,473,058	83,180,432	-	16.147,237	113 255,066
Due to other governments	-	-	-	-	-	390,045	390.045
Due to others	-	-	-	-	-	586,417	586 417
Deferred revenue - property tax	216,450,765	-	156,775,999	-	144,152,991	64,471,010	581,850.765
Deferred revenue - other	6,563,405	-	-	-	-	34,554,135	41.117 540
Other liabilities	-	-	-	-	-	725,525	725,525
Total liabilities	$ 314,213,184	$ 5,091,090	$ 158,249,057	$ 116,200,996	$ 144,152,991	$ 134,974,092	$ 872,881,410
Fund Balances (deficit)-							
Reserved -							
Encumbrances - prior year	$ 1,202,113	$ -	$ -	$ -	$ -	$ 317,928	$ 1,520,041
Encumbrances - current year	22,082,664	79,658,725	-	97,463,887	-	13 095,915	212,301,191
Reserve for loans outstanding	-	-	-	-	-	27.799,335	27,799,335
Interfund loans	-	-	-	-	-	13,312,259	13,312,259
Unreserved (deficit), reported in:							-
General Fund	206,477,041	-	-	-	-	-	206,477,041
Special Revenue Fund	-	74,001,291	-	-	-	121,187,022	195,188,313
Capital Projects Fund	-	-	-	62,144,580	-	-	62,144,580
Debt Service Fund	-	-	-	-	193,515.120	-	193.515.120
Forest Preserve District - Debt Service Fund	-	-	-	-	-	1,663,952	1,663,952
Forest Preserve District - Capital Projects Fund	-	-	-	-	-	(1,807,442)	(1,807,442)
Total fund balances (deficit)	$ 229,761,818	$ 153,660,016	$ -	$ 159,608,467	$ 193,515,120	$ 175,568,969	$ 912,114,390
Total liabilities and fund balances	$ 543,975,002	$ 158,751,106	$ 158,249,057	$ 275,809,463	$ 337,668,111	$ 310,543,061	

The accompanying notes to the basic financial statement are an integral part of this statement.

Exhibit 4
COOK COUNTY, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
November 30, 2002

Total Fund Balance – Governmental Funds	$ 912,114,390
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,515,805,200
Revenues that have been deferred in the governmental funds but are recognized as revenue in the government-wide financial statements	567,733,629
Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	(234,223,199)
The net pension asset is not recorded in governmental fund statements	137,252,924
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(2,723,289,534)
Total Net Assets	$ 175,393,410

The accompanying notes to the basic financial statements are an integral part of this statement.

Exhibit 5
COUNTY OF COOK, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended November 30, 2002

	General	Motor Fuel Tax	Annuity and Benefit	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES:							
Taxes -							
Property	$ 215,455,963	$ -	$ 138,995,705	$ -	$ 145,591,471	$ 54,374,103	$ 554,417,242
Nonproperty	526,660,762	98,091,957	16,086,270	-	-	9,014,236	649,853,225
Fees and licenses	205,756,882	-	-	-	-	28,118,054	233,874,936
Federal government	-	-	-	-	-	68,949,341	68,949,341
State of Illinois	-	1,278,077	-	-	-	58,585,913	59,863,990
Other governments	-	1,662,445	-	-	-	14,201,435	15,863,880
Investment income	4,605,548	2,049,669	-	4,949,664	3,389,349	4,449,625	19,443,855
Reimbursements from other governments	33,053,810	-	-	-	-	-	33,053,810
Miscellaneous	16,147,300	6,734	-	5,994,099	-	10,559,346	32,707,479
Total revenues	1,001,680,265	103,088,882	155,081,975	10,943,763	148,980,820	248,252,053	1,668,027,758
EXPENDITURES:							
Current -							
Government management and supporting services	130,860,540	-	11,106,756	-	-	4,049,343	146,016,639
Corrections	339,545,508	-	28,834,659	-	-	36,229,921	404,610,088
Courts	550,836,586	-	49,192,564	-	-	69,565,265	669,594,415
Control of environment	2,603,163	-	355,290	-	-	47,232,528	50,190,981
Assessment and collection of taxes	47,001,805	-	4,295,255	-	-	939,484	52,236,544
Election	13,641,004	-	447,920	-	-	26,885,867	40,974,791
Economic and human development	3,100,884	-	22,761	-	-	31,401,031	34,524,676
Transportation	21,301,227	81,047,982	3,457,120	-	-	2,604,272	108,410,601
Enterprise Fund	-	-	57,369,650	-	-	375,295	57,744,945
Capital Outlay	-	-	-	250,298,942	-	2,867,524	253,166,466
Debt service -							
Principal	2,141,944	-	-	-	54,820,000	2,564,313	59,526,257
Interest and other charges	-	-	-	292,146	124,575,874	1,789,611	126,657,631
Bond Issuance costs	-	-	-		6,598,318	-	6,598,318
Other	949	-	-		-	99,817	100,766
Amounts incurred in the above accounts for the Enterprise Funds	(9,125,404)	-	-	-	-	-	(9,125,404)
Total expenditures	1,101,908,206	81,047,982	155,081,975	250,591,088	185,994,192	226,604,271	2,001,227,714
Revenues over (under) expenditures	(100,227,941)	22,040,900	-	(239,647,325)	(37,013,372)	21,647,782	(333,199,956)
OTHER FINANCING SOURCES (USES):							
Operating transfers in	44,972,603	-	-	-	-	11,247,108	56,219,711
Operating transfers out	(16,775,404)	(34,500,000)	-	(4,975,738)	-	(9,093,973)	(65,345,115)
Payment to refunded bond escrow	-	-	-	-	(190,293,711)	-	(190,293,711)
Proceeds of general obligation bonds	4,000,000	-	-	399,536,630	281,764,422	-	685,301,052
Sale of land	-	-	-	-	-	390,826	390,826
Capital leases	6,425,833	-	-	-	-	-	6,425,833
Total other financing sources (uses)	38,623,032	(34,500,000)	-	394,560,892	91,470,711	2,543,961	492,698,596
Revenues and other financing sources over (under) expenditures and other financing uses	(61,604,909)	(12,459,100)	-	154,913,567	54,457,339	24,191,743	159,498,640
FUND BALANCE, November 30, 2001 as reported	96,644,307	166,141,253	-	4,694,900	139,057,781	116,180,783	522,719,024
Cumulative effect of accounting change	194,722,420	(22,137)	-	-	-	35,196,443	229,896,726
FUND BALANCE, November 30, 2001 as restated	291,366,727	166,119,116	-	4,694,900	139,057,781	151,377,226	752,615,750
FUND BALANCE, November 30, 2002	$ 229,761,818	$ 153,660,016	$ -	$ 159,608,467	$ 193,515,120	$ 175,568,969	$ 912,114,390

The accompanying notes to the basic financial statements are an integral part of this statement.

COOK COUNTY, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
November 30, 2002

Net change in fund balance - governmental funds	$	159,498,640
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period		67,204,157
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		47,041,715
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items		(532,456,685)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds but are considered as other long-term liabilities		(3,500,396)
The change in the net pension asset is not recognized in governmental funds		(48,981,272)
The net revenue of certain activities of internal service funds is reported with governmental activities		30,747,714
Change in net assets - governmental activities	$	(280,446,127)

The accompanying notes to the basic financial statements are an integral part of this statement.

Exhibit 7
COOK COUNTY, ILLINOIS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
For the Fiscal Year Ended November 30, 2002

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES:			
Taxes -			
Property	$ 216,450,765	$ 216,940,387	$ 489,622
Nonproperty taxes	500,245,500	523,720,540	23,475,040
Total taxes	716,696,265	740,660,927	23,964,662
Fee Offices	164,255,275	200,995,149	36,739,874
Other governments	-	374,151	374,151
Interest on investments	-	3,231,051	3,231,051
Reimbursements from other governments	28,063,542	28,344,309	280,767
Miscellaneous	28,767,529	27,981,688	(785,841)
Total revenues	937,782,611	1,001,587,275	63,804,664
EXPENDITURES AND ENCUMBRANCES:			
Current -			
Government management and supporting services	134,565,494	116,420,291	18,145,203
Corrections	350,330,099	338,884,616	11,445,483
Control of environment	2,859,566	2,540,560	319,006
Courts	567,250,677	532,142,932	35,107,745
Assessment and collection of taxes	55,563,412	47,842,588	7,720,824
Election	4,065,315	13,521,149	(9,455,834)
Economic and human development	3,933,546	3,063,357	870,189
Transportation	23,936,838	20,900,447	3,036,391
Total expenditures and encumbrances	1,142,504,947	1,075,315,940	67,189,007
Revenues over (under) expenditures and encumbrances	(204,722,336)	(73,728,665)	130,993,671
OTHER FINANCING SOURCES (USES):			
Operating transfers in	36,385,170	44,862,456	8,477,286
Operating transfers out	(2,650,000)	(2,650,000)	-
Total other financing uses	33,735,170	42,212,456	8,477,286
Revenues over (under) expenditures and encumbarances and other financing uses	$ (170,987,166)	$ (31,516,209)	$ 139,470,957

The accompanying notes to the basic financial statements are an integral part of this statement.

Exhibit 8
COOK COUNTY, ILLINOIS
MOTOR FUEL TAX FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
For the Fiscal Year Ended November 30, 2002

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES:			
Nonproperty tax	$ 95,294,335	$ 97,264,594	$ 1,970,259
State of Illinois	-	1,278,077	1,278,077
Other governments	-	1,662,445	1,662,445
Interest on investments	-	2,157,207	2,157,207
Miscellaneous	-	6,734	6,734
Total revenues	95,294,335	102,369,057	7,074,722
EXPENDITURES AND ENCUMBRANCES:			
Transportation	155,608,920	98,054,552	57,554,368
Total expenditures and encumbrances	155,608,920	98,054,552	57,554,368
Revenues over (under) expenditures and encumbrances	(60,314,585)	4,314,505	64,629,090
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	-
Operating transfers out	(34,500,000)	(34,500,000)	-
Total other financing uses	(34,500,000)	(34,500,000)	-
Revenues over (under) expenditures and encumbarances and other financing uses	$ (94,814,585)	$ (30,185,495)	$ 64,629,090

The accompanying notes to the basic financial statements are an integral part of this statement.

Exhibit 9
COOK COUNTY, ILLINOIS
ANNUITY AND BENEFIT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
For the Fiscal Year Ended November 30, 2002

	Original and Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES:			
Property tax	$ 161,624,740	$ 161,624,740	$ -
Personal property replacement tax	17,978,260	17,978,260	-
Total revenues	179,603,000	179,603,000	-
EXPENDITURES - Pension Contributions:			
Governement management and supporting services	12,862,919	12,862,919	-
Corrections	33,393,856	33,393,856	-
Courts	56,970,840	56,970,840	-
Protection of Health	66,440,128	66,440,128	-
Control of environment	411,986	411,986	-
Economic and human development	26,445	26,445	-
Assessment and collection of taxes	4,974,229	4,974,229	-
Election	518,678	518,678	-
Transportation	4,003,919	4,003,919	-
Total expenditures and encumbrances	179,603,000	179,603,000	-
Revenues over (under) expenditures	$ -	$ -	$ -

The accompanying notes to the basic financial statements are an integral part of this statement.

Exhibit 10
COOK COUNTY, ILLINOIS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
BALANCE SHEET
November 30, 2002

ASSETS	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund	Total
CURRENT ASSETS:			
Cash in banks	$ 3,687,374	$ 992,065	$ 4,679,439
Cash held by Cook County Treasurer	129,435,217	81,159,003	210,594,220
Time deposits	131,950,000	-	131,950,000
Total cash and investments	265,072,591	82,151,068	347,223,659
Taxes receivable (net of allowance for loss) -			
Tax levy - current year	158,938,329	-	158,938,329
Tax levy - prior year	1,996,492	-	1,996,492
Total tax receivable	160,934,821	-	160,934,821
Accounts Receivable -			
Due from others -			
Settlements under third-party programs	11,730,573	-	11,730,573
Grants receivable	584,375	-	584,375
Other receivables	14,186	-	14,186
Due from other governments	4,654,998	-	4,654,998
Internal balances	759,000	-	759,000
Accrued interest receivable	-	48,659	48,659
Patient accounts receivable, net of allowance for doubtful accounts of $656,868,779	94,295,774	-	94,295,774
Accrued revenue under secondary interagency agreement	32,500,000	-	32,500,000
Total accounts receivable	144,538,906	48,659	144,587,565
Inventories at lower of cost (weighted average) or market	11,394,305	-	11,394,305
Total current assets	581,940,623	82,199,727	664,140,350
PROPERTY AND EQUIPMENT, at cost:			
Property and equipment, net	694,406,146	-	694,406,146
Total assets	$ 1,276,346,769	$ 82,199,727	$ 1,358,546,496
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES:			
Accounts payable	$ 29,776,032	$ 4,954,409	$ 34,730,441
Accrued salaries payable	22,968,135	-	22,968,135
Accrued vacation leave	37,895,212	-	37,895,212
Self-insurance claims	-	311,468,517	311,468,517
Due to others	70,648	-	70,648
Cash overdraft	89,254,141	-	89,254,141
Trust funds	118,260	-	118,260
Total current liabilities	180,082,428	316,422,926	496,505,354
Property tax objections	7,878,563	-	7,878,563
Total liabilities	187,960,991	316,422,926	504,383,917
NET ASSETS:			
Invested in capital assets, net of related debt	694,406,146	-	694,406,146
Restricted	5,274,739	-	5,274,739
Unrestricted	388,704,893	(234,223,199)	154,481,694
Total net assets	1,088,385,778	(234,223,199)	854,162,579
Total liabilities and fund equity	$ 1,276,346,769	$ 82,199,727	$ 1,358,546,496

The accompanying notes to the basic financial statements are an integral part of this statement.

Exhibit 11
COOK COUNTY, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended November 30, 2002

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund	Total
OPERATING REVENUES:			
Net patient service revenue	$ 432,382,261	$ -	$ 432,382,261
Miscellaneous	21,993,166	44,578,557	66,571,723
Charges to other funds	-	11,298,287	11,298,287
Total operating revenues	454,375,427	55,876,844	510,252,271
OPERATING EXPENSES:			
Salaries and wages	499,000,429	-	499,000,429
Employee benefits	128,624,032	-	128,624,032
Supplies	115,364,538	-	115,364,538
Insurance expense	254	-	254
Purchased services, rental and other	79,260,897	-	79,260,897
Depreciation	27,096,557	-	27,096,557
Utilities	10,995,401	-	10,995,401
Services contributed by other County offices	9,125,404	-	9,125,404
Claims expense, net of actuarial adjustments	-	127,106,432	127,106,432
Total operating expenses	869,467,512	127,106,432	996,573,944
OPERATING LOSS	(415,092,085)	(71,229,588)	(486,321,673)
NONOPERATING REVENUES:			
Property taxes	155,766,738	-	155,766,738
Sales taxes	61,538,872	-	61,538,872
Cigarette taxes	8,214,786	-	8,214,786
Investment income	2,612,064	976,802	3,588,866
Retirement plan contribution	62,013,786	-	62,013,786
Proceeds from general obligation bonds	-	101,000,500	101,000,500
Total nonoperating revenues	290,146,246	101,977,302	392,123,548
Net income (loss) before operating transfer	(124,945,839)	30,747,714	(94,198,125)
OPERATING TRANSFERS IN	9,125,404	-	9,125,404
Net income (loss)	(115,820,435)	30,747,714	(85,072,721)
CONTRIBUTED CAPITAL	160,554,564	-	160,554,564
RESTRICTED GIFTS, GRANTS, AND BEQUESTS	22,257,925	-	22,257,925
Increase (decrease) in net assets	66,992,054	30,747,714	97,739,768
NET ASSETS, November 30, 2001	1,021,393,724	(264,970,913)	756,422,811
NET ASSETS, November 30, 2002	$ 1,088,385,778	$ (234,223,199)	$ 854,162,579

The accompanying notes to the basic financial statements are an integral part of this statement.

Exhibit 12
CCOK COUNTY, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended November 30, 2002

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from third-party payors and patients	$ 454,158,736	$ -	$ 454,158,736
Payments to employees	(557,666,805)	-	(557,666,805)
Payments to suppliers	(187,763,199)	(7,886,551)	(195,649,750)
Receipt from legal settlement with the State	-	40,000,000	40,000,000
Payments to other funds		(18,238,797)	(18,238,797)
Receipts from other funds		11,298,287	11,298,287
Payments of insurance and claims	-	(49,529,071)	(49,529,071)
Other receipts	25,071,588	4,578,557	29,650,145
Net cash used in operating activities	(266,199,680)	(19,777,575)	(285,977,255)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Borrowings from Working Cash Fund	139,000,000	-	139,000,000
Repayment of borrowings from Working Cash Fund	(139,000,000)	-	(139,000,000)
Transfers from restricted funds, restricted gifts, grants and bequests	22,031,997	-	22,031,997
Real and personal property taxes received, net	181,917,558	-	181,917,558
Sales taxes received	65,716,618	-	65,716,618
Cigarette taxes received	8,214,786	-	8,214,786
Net cash flows from noncapital financing activities	277,880,959	-	277,880,959
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from bonds	-	101,000,500	101,000,500
Net cash flows from capital and related financing activities	-	101,000,500	101,000,500
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	2,612,064	928,143	3,540,207
Net cash flows from investing activities	2,612,064	928,143	3,540,207
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,293,343	82,151,068	96,444,411
CASH AND CASH EQUILVALENTS, November 30, 2001	250,779,248	-	250,779,248
CASH AND CASH EQUILVALENTS, November 30, 2002	$ 265,072,591	$ 82,151,068	$ 347,223,659
NON-CASH TRANSACTIONS:			
Retirement plan contribution	$ 62,013,786	$ -	$ 62,013,786
Services contributed by other County offices	9,125,404	-	9,125,404
Contributed capital assets	160,554,564	-	160,554,564
RECONCILIATION OF GAIN (LOSS) FROM OPERATIONS TO NET CASH USED IN OPERATING ACTIVITIES			
Gain (loss) from operations	$ (415,092,085)	$ (71,229,588)	$ (486,321,673)
Adjustments to reconcile loss from operations to net cash cash used in operating activities:			
Depreciation	27,096,557	-	27,096,557
Provision for bad debts	277,528,299	-	277,528,299
Retirement plan contribution	62,013,786	-	62,013,786
Services contributed by other County offices	9,125,404	-	9,125,404
Change in assets and liabilities:		-	-
Patient accounts receivable	(244,693,922)	-	(244,693,922)
Third-party settlements	(11,057,902)	-	(11,057,902)
Other receivables	81,038	-	81,038
Due from County fund	4,578,960	-	4,578,960
Inventories	2,709,272	-	2,709,272
Accounts payable	177,636	(7,886,551)	(7,708,915)
Accrued salaries	5,194,130	-	5,194,130
Accrued vacation	4,261,339	-	4,261,339
Reserve for tax objection suits	1,169,894	-	1,169,894
Due to others	(248,766)	-	(248,766)
Due to other funds	(1,639,440)	(18,238,797)	(19,878,237)
Claims liability	(1,511,599)	77,577,361	76,065,762
Due to Cook County Treasurer	14,107,719	-	14,107,719
Net cash used in operating activities	$ (266,199,680)	$ (19,777,575)	$ (285,977,255)

The accompanying notes to the basic financial statements are an integral part of this statement.

Exhibit 13
COOK COUNTY, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
November 30, 2002

ASSETS:	County Pension Trust Fund	Forest Preserve Pension Trust Fund	Agency
Cash	$ 16,503,306	$ 635,289	$ 432,862,525
Receivables -			
Due from employer (property taxes)	153,589,242	3,726,766	-
Accrued interest	22,249,263	733,256	-
Due from other funds	3,073,596	-	1,154,828
Due from others	-	-	15,778,697
Investments -			
U.S. Government obligations	1,052,008,016	29,877,070	-
Corporate bonds	669,375,734	22,324,469	-
Demand notes	195,319,521	3,814,287	-
Stocks	2,086,659,034	63,877,124	-
Mutual funds	1,208,107,098	43,673,925	-
Limited partnerships	194,630,233	-	-
Less unsettled investment trades	(66,964,509)	151,698	-
Total investments	5,339,135,127	163,718,573	-
Other assets	634,716	41,151	1,314,318
Total assets	$ 5,535,185,250	$ 168,855,035	$ 451,110,368
LIABILITIES AND NET ASSETS:			
Accounts payable	$ 5,098,809	$ 174,785	$ -
Due to other funds	-	268,453	-
Due to other governments	-	-	142,327,396
Due to employees	-	-	4,416,202
Due to others	-	-	304,366,770
Total liabilities	5,098,809	443,238	451,110,368
Net assets held in trust for pension benefits	$ 5,530,086,441	$ 168,411,797	$ -

The accompanying notes to the basic financial statements are an integral part of this statement.

Exhibit 14
COOK COUNTY, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the fiscal year ended November 30, 2002

	County Pension Trust Fund	Forest Preserve Pension Trust Fund
ADDITIONS		
Contributions		
Employer	$ 156,979,687	$ 3,674,270
Plan members	125,798,208	3,095,756
Total contributions	282,777,895	6,770,026
Investment income (loss)		
Net appreciation (depreciation)		
fair value of investments	(215,345,360)	(4,430,041)
Dividends	26,548,629	744,941
Interest	161,444,449	5,423,429
Limited partnership income (loss)	(2,901,753)	-
Commission recapture	342,237	14,546
	(29,911,798)	1,752,875
Investment expense	(8,050,150)	(233,286)
Net investment income (loss)	(37,961,948)	1,519,589
Other		
Federal subsidized programs	3,526,852	-
Recapture of prior years' annuities	586,203	-
Miscellaneous	304,874	-
Total other additions	4,417,929	-
Total additions	$ 249,233,876	$ 8,289,615
DEDUCTIONS		
Benefits		
Annuities		
Employee	$ 168,814,760	$ 4,819,344
Spouse and children	12,258,733	775,882
Disability benefits		
Ordinary	9,885,529	289,147
Duty	400,753	32,648
Group hospital premiums	21,150,226	910,977
Total benefits	212,510,001	6,827,998
Transfers (from) reciprocating funds	(53,289)	-
Refunds	22,274,689	500,539
Net administrative expenses	5,054,769	146,758
Total deductions	239,786,170	7,475,295
NET INCREASE	9,447,706	814,320
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of year	5,520,638,735	167,597,477
End of year	$ 5,530,086,441	$ 168,411,797

The accompanying notes to the basic financial statements are an integral part of this statement.

Exhibit 15
COOK COUNTY, ILLINOIS
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
November 30, 2002

	Component Units: Chicago Zoological Society	Component Units: Chicago Horticultural Society	Component Units: Emergency Telephone Systems	Component Units Total
ASSETS				
Cash and investments	$ 19,384,000	$ 36,939,000	$ 5,661,171	$ 61,984,171
Cash and investments with trustee	-	-	118,085	118,085
Tax receivable:				
Tax Levy - current	-	8,951,000	-	8,951,000
Accounts receivable:				
Due from others	-	-	738,595	738,595
Due from other funds	185,000	-	-	185,000
Other assets	8,732,000	15,476,000	391	24,208,391
Deferred bond issuance costs	287,000	348,000	-	635,000
Third party settlements	-	391,000	-	391,000
Inventory	1,138,000	460,000	-	1,598,000
Other capital assets	92,347,000	59,720,000	1,261,517	153,328,517
Total Assets	$ 122,073,000	$ 122,285,000	$ 7,779,759	$ 252,137,759
LIABILITIES				
Accounts payable	$ 1,603,000	$ 1,700,000	$ 103,308	$ 3,406,308
Accrued salaries payable	1,598,000	-	802,723	2,400,723
Deferred revenue-other	3,172,000	8,642,000	-	11,814,000
Other liabilities	9,413,000	710,000	118,085	10,241,085
Current portion of revenue bonds payable	195,000	-	-	195,000
Compensated absences due in more than 1 year	1,773,000	-	-	1,773,000
Revenue bonds payable, less current portion	-	20,000,000	-	20,000,000
Accrued postretirement benefits	3,824,000	-	5,967	3,829,967
Total Liabilities	$ 21,578,000	$ 31,052,000	$ 1,030,083	$ 53,660,083
NET ASSETS				
Invested in capital assets, net of debt	$ 83,357,000	$ 39,720,000	$ -	$ 123,077,000
Restricted for :				
Capital projects	14,227,000	26,652,000	6,749,676	47,628,676
Debt services	-	-	-	-
Retirement benefits	-	-	-	-
Unrestricted (deficit)	2,911,000	24,861,000	-	27,772,000
Total Net Assets	$ 100,495,000	$ 91,233,000	$ 6,749,676	$ 198,477,676

The accompanying notes to the basic financial statements are an integral part of this statement.

Exhibit 16
COOK COUNTY, ILLINOIS
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
November 30, 2002

		Program Revenues			Net (Expense) Revenue and Change in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution	Chicago Zoological Society	Chicago Horticultural Society	Emergency Telephone Systems	Component Units Total
Functions/Programs								
Chicago Zoological Society	$ 49,845,000	$ 31,976,000	$ -	$ 5,940,000	$ (11,929,000)	$ -	$ -	$ (11,929,000)
Chicago Horticultural Society	28,963,000	19,312,000	86,000	2,205,000	-	(7,360,000)	-	(7,360,000)
Emergency Telephone Systems	1,816,860	2,435,796	97,108	-	-	-	716,044	716,044
Total component units	$ 80,624,860	$ 53,723,796	$ 183,108	$ 8,145,000	$ (11,929,000)	$ (7,360,000)	$ 716,044	$ (18,572,956)
General revenues								
Taxes:								
Property taxes					$ 14,116,000	$ 8,643,000	$ -	$ 22,759,000
Investment income (loss)					(1,151,000)	(8,748,000)	-	(9,899,000)
Total general revenues and transfers					12,965,000	(105,000)	-	12,860,000
Change in net assets					1,036,000	(7,465,000)	716,044	(5,712,956)
Net assets at beginning of year, restated					99,459,000	98,698,000	6,033,632	204,190,632
Net assets-ending					$ 100,495,000	$ 91,233,000	$ 6,749,676	$ 198,477,676

The accompanying notes to the basic financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

November 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cook County, Illinois (the "County"), a home rule unit under the Illinois Constitution of 1970, was created by the State of Illinois in 1831. The County is currently managed by 17 Commissioners elected from single member districts for four-year terms. The President of the County Board of Commissioners (the "County Board") is also elected and serves as the chief executive officer; he may also be elected as a Commissioner. Currently, the President is a Commissioner. All 17 Commissioners serve as the legislative body.

The accompanying financial statements of the County have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In fiscal year 2002, the County adopted three new GASB statements: Statement No. 34 (as amended by Statement No. 37), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and at a later date, Statement No. 38, *Certain Financial Statement Disclosures*. Significant changes in the financial statements include the following:

For the first time the financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the County's overall financial position and results of operations.
- Government-wide Financial Statements prepared using full accrual accounting for all the County's activities, including infrastructure (roads, bridges, etc.).
- A change in the fund financial statements to focus on the *major* funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the basic financial statements).

a. Financial Reporting Entity

As required by accounting principles generally accepted in the United States ("GAAP"), these financial statements present the County (the primary government) and its component units. As used both on the face of the financial statements and in the footnotes, the term "Primary Government" includes both County funds and Blended

Component Units while the term "Component Units" includes only Discretely Presented Component Units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. The following component units have been blended into the County's financial statements:

(1) The Forest Preserve District of Cook County, Illinois (the "District") was established pursuant to Illinois Compiled Statutes (Chapter 40, Act 5, Sections 9-101 to 10-108) on July 1, 1914. The District is governed by the same Board of Commissioners that currently serve as members of the County's Board. As a result, in accordance with GAAP, the operations of the District are blended with the County for financial reporting purposes. The President of the District appoints management positions and has authority for budgets, fiscal management and the setting of charges and fees for the use of forest preserve facilities. As a separate taxing body, The District is subject to its own statutory tax rate limitations. The District has the power to create forest preserve facilities and may issue debt secured by the full faith and credit of the District. The County is not responsible for financing operating deficits or debt service of the District. The boundaries of the District are coterminous with the boundaries of the County. The District's financial statements for the year ended December 31, 2002, are blended into Cook County's financial statements, except for two of the District's component units, which are discretely presented and discussed below.

(2) The County Employees' and Officers' Annuity and Benefit Fund and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (the "Pension Trust Funds") are defined benefit, single-employer pension plans established by Illinois Compiled Statutes (Chapter 40, Acts 5/9 and 5/10). The County's Retirement Board is the administrator of the County Employees' and Officers' Annuity and Benefit Fund and consists of nine members, two of whom are appointed and seven of whom are elected. Cook County's Retirement Board also acts as the ex-Officio Retirement Board for the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County. The Pension Funds are maintained and operated for the benefit of the employees and officers of the County and the Forest Preserve District. As a result, the Pension Funds are financed by investment income, employees' payroll deductions and property taxes levied and collected by the County and the Forest Preserve. In accordance with GAAP, both Pension Trust Funds' financial statements for the year ended December 31, 2001, are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets.

The following three component units have been discretely presented due to the nature and significance of their relationship to the County as described below:

(1) The Chicago Zoological Society maintains and operates Brookfield Zoo (the "Zoo") in accordance with a contract with the District through April 2006. The contract provides for an automatic renewal for an additional 20 years unless revoked in writing 12 months prior to the end of the contract by either the District

or the Zoo. The District funds a portion of the Zoo's operations through tax levies. Also, all the land has been provided by the District. The Zoo, which follows not-for-profit accounting principles, is presented for the year ended December 31, 2002.

(2) The Chicago Horticultural Society (the "Society") operates the Chicago Botanic Garden (the "Garden") under an agreement with the District that expires in 2015. The agreement provides for an automatic renewal for 40 years upon agreement of both parties. The District funds a portion of the Garden's operations through tax levies. All the land the Garden occupies is owned by the District. The Society, which follows not-for-profit accounting principles, is presented for the year ended December 31, 2002.

(3) The Cook County Emergency Telephone System (the "System") is a venture established by resolution of the Cook County Board of Commissioners in accordance with the Emergency Telephone System Act of the Illinois Compiled Statutes. The Cook County Board of Commissioners and the Sheriff's Office appoints the System's board members. The System was organized for the purpose of providing equipment, services, personnel, facilities and other items necessary for the implementation, operation, maintenance and repair of the E-911 Emergency Telephone System within the unincorporated portions of Cook County and the municipalities of Robbins, Ford Heights, Stone Park, Northlake, Golf and Phoenix, Illinois. The System, for the year ended November 30, 2002, is presented on the accrual basis of accounting.

The County is not aware of any other entity over which it exercises significant operational or financial control as to result in the entity being blended or discretely presented in the County's financial statements.

Please refer to the transmittal letter page for information on where to obtain the financial statements of the Forest Preserve District, the Pension Funds, the Brookfield Zoo, the Chicago Botanic Gardens, and the Emergency Telephone System.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identified with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting system of the County, which is maintained by the County Comptroller, is a fund system implemented to present the financial position and the results of operations of each fund. It is also designed to provide budgetary control over the revenues and expenditures of each fund. Separate funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund is an independent fiscal and accounting entity made up of a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and residual balances, and changes therein.

Accounting records for the District, the Zoo, the Society, the System, the Pension Trust Funds, and the various fee offices are maintained by these respective entities.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied, except for the property taxes levied by the District.

The effect of interfund activity has been eliminated from the government wide financial statements. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual method of accounting, revenues are recognized when measurable and available for financing current obligations. Accordingly, property taxes are recognized as deferred revenue in the year of levy and as revenue in the subsequent year when the taxes become measurable and collectible within the current period, or 60 days thereafter. Uncollected taxes are written off by the County at the end of the fiscal year immediately following the year that the taxes become due. County sales tax revenues are being recorded in the accounting period when they are measurable and available. Accordingly, sales tax amounts that are held by the State of Illinois at the County's fiscal year-end and are transmitted to the County within 60 days of fiscal year-end have been recorded as fiscal 2002 revenues. Other taxes assessed by the County (use, gasoline, parking, alcohol and cigarette taxes) are reported as revenues for the month of assessment since such amounts are collected by the County within 30 days of month end. For Federal and State grants, reimbursements from other governments are recognized as revenue when collected within 60 days of fiscal year end. Interest on investments is recognized when earned. All other revenues are recognized when collected by the County.

Expenditures, other than principal and interest on long-term debt, which is recognized as due, are recognized when obligations are incurred. Claims and judgments are recorded to the extent that it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements, and the amount of loss can be reasonably estimated.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

In the fund financial statements, proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Funds

The County reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources, except those required to be accounted for in another fund. There are two accounts used by the County for General Fund financial resources: the Corporate Account and the Public Safety Account. The Corporate Account includes all revenues and expenditures attributable to government management and supporting services, control of environment, assessment, collection and distribution of taxes, election, economic and human development and transportation. The Public Safety Account includes the revenues and expenditures attributable to the protection of persons and property (corrections and courts), government management and supporting services and revenues and expenditures of Cermak Health Services and the Medical Examiner.

Motor Fuel Tax Fund – The Motor Fuel Tax Fund was established to provide for the design, construction and maintenance of streets, roads and highways. Revenues are derived from reimbursements from the State of Illinois, the Federal Government, other governments and other miscellaneous sources. A major portion of the revenue is from the County's share of the State's Motor Fuel Tax on gasoline.

Annuity & Benefit Fund - The Annuity and Benefit Fund was established to account for the yearly revenues and expenditures of the fund. Revenues are derived from employee payroll deductions, taxes receivable from both current and prior year tax levies, investments and interest earnings.

Capital Projects Fund – The Capital Projects Fund is used to account for the acquisition, construction and renovation of major capital facilities of the County. The Capital Projects Fund includes the following accounts; Transportation, Government Management and Supporting Services, Public Health, Corrections and Courts.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources to pay principal and interest, when due, of the debt incurred by the County.

Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The Proprietary Funds have chosen to not apply Financial Accounting Standards Board pronouncements issued after November 30, 1989, pursuant to paragraph 7 of Government Accounting Standards Board Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting.

The County reports the following proprietary funds:

Enterprise Fund – The Enterprise Fund is used to account for the operations of the Cook County Health Facilities. The Cook County Health Facilities (the "Health Facilities"), which includes the following entities: John H. Stroger, Jr. Hospital (formerly knows as Cook County Hospital), Provident Hospital of Cook County, Oak Forest Hospital, the Cook County Department of Public Health, the Cook County Bureau of Health Services and the Ambulatory and Community Health Network of Cook County.

Accounting records are maintained on an accrual basis, and revenue is recognized when earned and measurable. Expenses are recognized at the time liabilities are incurred.

(1) Net Patient Service Revenue

A significant amount of the Health Facilities' net revenue from patient services is derived from the Medicaid and Medicare programs. Payments under these programs are based on a specific amount per case, or on a contracted price or costs, as defined, of rendering services to program beneficiaries.

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payers and others for services rendered. Retroactive adjustments under reimbursement agreements with third-party payers are accrued in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

During fiscal year 2002, the Health Facilities' payers mix was as follows, based on gross patient service revenue:

Self-pay	41%
Medicaid	35%
Medicare	12%
Other	12%
	100%

(2) Charity Care

John H. Stroger, Jr. Hospital, Oak Forest Hospital, Provident Hospital and the Ambulatory and Community Health Network of Cook County treat patients in need of medical services without regard to their ability to pay. These entities maintain records to identify and monitor the level of charity care they provide. These records include the amount of charges forgone for services and supplies furnished as well as the estimated costs incurred for charity care services. During 2002, the following levels of charity care were provided:

Charges forgone for charity care	$127,734,000
Estimated costs incurred for charity care	$136,686,000

(3) Interagency Transfer Agreements

The Health Facilities receives enhanced Medicaid reimbursement by means of an Interagency Agreement (the "Agreement" between the Board of Commissioners and the Illinois Department of Public Aid (the "IDPA"). Under terms of the Agreement, the IDPA will direct additional funding to the Health Facilities for inpatient and outpatient services based on per diem and per visit cost reimbursement methodologies. In addition, the Agreement requires the IDPA to provide the Health Facilities additional funding to assist the Health Facilities in offsetting the cost of its uncompensated care. Such adjustment amounts include federal matching funds.

Under terms of the Secondary Interagency Agreement, the Health Facilities earned $102 million in net additional payments from the IDPA for fiscal 2002 as follows: seven months of revenues relate to the State's Fiscal year 2002, which ended on June 30, 2002, and five months of revenues for the State's fiscal 2003, which began on July 1, 2002. Accordingly, the combined financial statements as of November 30, 2002, include accrued revenue under the Secondary Interagency Agreement of $32,500,000. Such accrued revenue, which is included in net patient service revenue in these combined financial statements, represents amounts earned during the first five months of the State's 2003 fiscal year, less a $10 million payment from the State related specifically to the State's fiscal year 2003 contribution.

Reimbursement under the Agreements will automatically terminate if federal funds under Title XIX are no longer available to match amounts collected and disbursed according to the terms of the Agreements at the rate of at least 50%. The Agreements will also automatically terminate in any year which the General Assembly of the State of Illinois fails to appropriate or reappropriate funds to pay the IDPA's obligations under these arrangements or any time that such funds are not available. The Interagency Agreements can be terminated by either party upon 15 days' notice. Additionally, the Interagency Agreements require the parties to comply with certain laws, regulations, and other terms of operations.

Internal Service Fund – The Internal Service Fund is used to account for Cook County's Self-Insurance Fund. The Internal Service Fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. The operating statement presents increases (revenues) and decreases (expenditures) in total net assets.

The accrual basis of accounting is utilized by the Internal Service Fund. Under this method, revenue is recognized when earned and measurable, and expenditures are recognized at the time liabilities are incurred. The Internal Service Fund is included in government-wide Statement of Activities and the Statement of Net Assets.

Fiduciary Funds

The County reports the following fiduciary funds:

Pension Trust Funds – The Pension Trust Funds are used to account for transactions, assets, liabilities and net assets available for plan benefits of the County Employees' and Officers' Annuity and Benefit Fund of Cook County and Forest Preserve District Employees' Annuity and Benefit Fund of Cook County.

The Pension Trust Funds utilize the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and measurable, and expenditures are recognized at the time liabilities are incurred.

Agency Funds – The Agency Funds are used to account for resources received and held by the County as an agent to be expended or invested in its agency capacity. Agency Funds include amounts held by the following offices: the County Treasurer, the Clerk of the Circuit Court, the County Sheriff, the State's Attorney, the Public Guardian, the Public Administrator, the Forest Preserve District, Payroll Deductions and Other Fee Offices.

d. Adoption of New Accounting Standards

During fiscal year 2002, the County adopted Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State of Local Governments: Omnibus, an amendment to GASB Statements No. 21 and No. 34*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

During the year, the County implemented GASB Interpretation No.6, *Recognition and Measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements*, which clarified that certain liabilities are not recognized as governmental fund liabilities until they actually mature and payment is required. Prior to GASB Interpretation No. 6, the County had recognized a governmental fund liability for accrued vacation pay. The liability has been removed from the governmental funds and beginning fund balances have been increased accordingly.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The following shows the beginning fund balance restated for the effects of the implementation of GASB No.34 and GASB Interpretation No. 6:

Fund balance at November 30, 2001 - Governmental funds	$ 522,719,024
Accrued vacation pay	39,097,714
Working cash funds	190,799,012
Fund balance at November 30, 2001 - Governmental funds (as restated)	$ 752,615,750

The following shows the beginning net assets restated for the effects of implementation of GASB No.34:

Fund balance at November 30, 2001- Governmental funds (as restated)	$ 752,615,750
Long- term liabilities	(2,452,303,366)
Capital assets	1,448,601,043
Pension assets	186,234,196
Deferred revenue	520,691,914
Net assets as of December 1, 2001 (as restated)	$ 455,839,537

e. Budget

(1) County

The development of the annual budget begins with each department submitting a detailed request for appropriation. Meetings are then held by the President of the County Board and Bureau of Finance staff with each department and elected official to review the request. Based on department requests and available resources, the Chief Financial Officer, in conjunction with the Budget Director, prepares an executive budget, which is submitted to the President for approval. Concurrent with this process, the Chief Financial Officer and the County Comptroller prepare an estimate of revenues and other resources available for appropriations. This estimate is required by County ordinance to be submitted on or before November 1st of each year.

The executive budget, as approved by the President, is submitted to the County Board's Committee on Finance, which in turn holds public hearings with each department and elected official.

After public hearings on the budget are held, the Committee on Finance recommends the budget to the County Board with such amendments, as it may deem appropriate. The County Board with any further amendments that may be made by the County Board then approves the budget, in the form of the Appropriation Ordinance. The Annual Appropriation Ordinance must be adopted by March 1st of the current fiscal year. Each year, the County attempts to adopt the budget prior to the beginning of the current fiscal year.

The budget is prepared on an encumbrance accounting basis in which the current year's encumbrances are treated as expenditures of the current period on the budgetary operating statements. Annual budgetary appropriation accounts are established for the General Fund, budgeted Special Revenue Funds, the Debt Service Fund and the Health Facilities Fund. These appropriation accounts represent the maximum expenditures authorized during the fiscal year, and they cannot legally be exceeded unless subsequently amended by the County Board. Unexpended and unencumbered appropriations lapse at the end of each fiscal year.

Unencumbered balances in the various fund accounts of the County and other fund accounts may be inadequate to pay for services already rendered because of unforeseen commitments at the time the Annual Appropriation Ordinance is passed. The Comptroller and the Treasurer are authorized to use these unexpended balances as transfers so that fund deficiencies may be liquidated. The Capital Project Funds apply project length budgets for fiscal control. The level of control where expenditures may not exceed the budget is the fund level of activity.

Governmental grants and other non-budgeted special revenue funds are not budgeted within the annual budgeting process, as discussed above. The County controls expenditures from nonbudgeted funds by monitoring cash balances through its accounting and cash disbursement system. Any Nonbudgeted Debt Service Funds' expenditures, which arise after the passage of the budget, are determined by the terms of specific bond indentures.

The County Board is authorized to amend the Annual Appropriation Ordinance by approving appropriation line item transfers within a department's budget or intrafund transfers between departments. Total appropriations for each fund cannot be changed unless the County Board approves a supplemental appropriation. Supplemental appropriation ordinances are approved when matched with estimated appropriable resources. During the fiscal year, the County Board approved no supplemental appropriations.

(2) Forest Preserve District

The District's Committee on Finance submits to the Forest Preserve Board a proposed operating budget for the fiscal year commencing January 1st. The operating budget includes proposed expenditures and the means of financing them. The budget document is available for public inspection for at least 30 days prior to the Board's passage of the Annual Appropriation Ordinance. The Board must hold at least one public hearing on the budget prior to its passage.

Within 60 days (March 1st) of the beginning of the fiscal year, the Board legally enacts the budget through the passage of the Annual Appropriation Ordinance. The Board is authorized to transfer budgeted amounts between various line items within any fund. The Board must approve any revisions altering the total expenditures of any fund. The budget information stated in the financial statements includes adjustments, if any, made during the year. The level of control where expenditures may not exceed the budget is the fund level of activity.

With the exception of unspent capital projects (construction and development funds), budgetary amounts lapse at year-end and are not carried forward to succeeding years. State statute permits the capital projects funds to be carried forward for four succeeding years until the fund is closed.

The budget is prepared on the cash basis of accounting for expenditures except for certain transactions, which are accounted for on a basis other than accounting principles generally accepted in the United States ("GAAP basis"). The Special Revenue-General Surplus is the legally adopted expenditures from prior years that have not been expended to date. The major differences between the budget and GAAP basis are that for the Governmental Funds of the District, property tax revenues are recorded on the modified accrual method, while for budget purposes the current year's property tax levy (net of an allowance for loss) is recognized as revenue.

The following funds have legally adopted budgets: Special Revenue - General, Debt Service, Real Estate Acquisition and Capital Projects.

f. Encumbrances/Commitments

The encumbrance system of accounting is followed in all governmental funds (except the Forest Preserve District and the Fiduciary Fund Types) under which current year's appropriations are charged when purchase orders, contracts and other commitments are made in order to reserve that portion of the applicable appropriation.

Encumbrances are not the equivalent of expenditures in GAAP operating statements; therefore, the reserve for encumbrances is reported as part of the fund balance. Encumbrances outstanding at the end of the fiscal year are carried forward as a reserve for encumbrances to be disbursed in the subsequent year(s).

Of the County's total reserve for encumbrances for fiscal 2002, $177,605,879 is due to contractual commitments for County architectural, engineering and construction services for various construction and rehabilitation projects.

The Forest Preserve District has entered into a number of contractual commitments for construction and repair of various facilities the District owns. At December 31, 2002, the District has approximately $31,783,372 of major commitments.

g. Cash Management and Investments

(1) County (all reporting entities other than Forest Preserve District, Agency Funds and Pension Trust Funds)

The County Treasurer and County Comptroller maintain cash records for all of the County Funds except the Forest Preserve District Funds, the Pension Trust Funds and the Agency Funds that are discussed below. The County Comptroller maintains detailed cash records of receipts and disbursements for the following individual funds: 1) Corporate 2) Public Safety 3) Health Services 4) Special Revenue 5) Capital Projects and 6) Grants and the following four disbursement accounts: 1) Salary 2) Supply 3) Juror and 4) Election. The County Treasurer segregates and deposits cash receipts into the proper operating funding accounts that are recorded as individual bank accounts for each individual fund. The County Comptroller issues checks for authorized County expenditures. Funding for County checks is made at time of issue into the appropriate disbursement checking account. Funding is accomplished when the County Comptroller communicates the verified balances from the daily funding report to the County Treasurer and transmits the daily issuance file to the County's operating disbursement bank. The County Treasurer then facilitates the movement of cash through wire transfers from the appropriate funding account into the appropriate disbursement account. The daily issuance transmissions to the County's operating disbursement bank are confirmed on a daily basis. Daily balances in the disbursement accounts, which represent checks not yet presented to the bank for payment, are invested nightly through an automated sweep into a money market mutual fund account, which is permissible under the law of the State of Illinois. A separate money market mutual fund account is maintained for each of the four individual disbursement accounts. The County Comptroller credits the Corporate Account for interest earned on the daily balances swept from the disbursement accounts to the money market mutual fund accounts.

The County Treasurer makes daily investments and the interest earned is credited by the Comptroller to the appropriate fund.

During the year, the County Treasurer invested in interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits, United States Treasury securities, various tax-exempt municipal securities and mutual funds. These investments are authorized by the Illinois State Statutes.

The County has an ordinance that directs all elected and appointed officials to invest public funds in their possession for which they are the custodians in interest-bearing accounts and that amounts in excess of insured limits must be collateralized at 110%.

The County Treasurer has adopted an investment policy that limits the types of investments to be made for funds held by the Treasurer to the following investments authorized by the State of Illinois Public Fund Investment Act:

(a) Bonds, notes, certificates of indebtedness, Treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest, which have a liquid market with a readily determinable market value;

(b) Bonds, notes debentures or other similar obligations of the United States of America or its agencies;

(c) Interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 IL CS 5/1, *et seq.*) (including the Investment Advisor and its bank affiliates), *provided however*, that any such bank must be insured by the Federal Deposit Insurance

Corporation and be on the Treasurer's Office list of approved financial institutions;

(d) Repurchase agreements whose underlying purchased securities consist of the foregoing instruments described in (a) through (c) above;

(e) Short-term obligations of corporations organized in the United States of America with assets exceeding $500,000,000, *provided however*, that such obligations are rated at the time of purchase within one of the three highest classifications established by at least two naturally recognized rating services, such obligations mature not later than 180 days from the date of purchase, and such purchases does not exceed 10% of the applicable corporation's outstanding obligation and *further provided, however*, that no more than one-third of the Treasurer's assets shall be invested in such short-term obligations at any one time;

(f) Money market mutual funds registered under the Investment Company Act of 1940, as from time to time amended (including those funds managed by the Investment Advisor and its affiliates), *provided however*, that the portfolio of any such money market fund is limited to obligations described in paragraph (a) or (b) above and to agreements to repurchase such obligations;

(g) Local government investment pools (such as the Illinois Funds or the Illinois Metropolitan Investment Fund) either state-administered or through joint powers statutes and other intergovernmental agreement legislation;

(h) Any other investment instruments now permitted by the provisions of the Investment Act or any other applicable statutes, or hereafter permitted by reason of the amendment of the Investment Act or the adoption of any other statute or ordinance applicable to the investment of County funds, provided that such instruments are approved in writing prior to purchase by the Investment Policy Committee.

The County Treasurer's policy prohibits the purchase of financial forwards or futures contracts, any leveraged investments, lending securities, or reverse repurchase agreements.

The majority of the County's investments either has a maturity date of less than one year or is not held for investment purposes. As a result, the County carries these investments at amortized cost. Equity investments held by the Public Guardian's agency fund are carried at fair value. Pension plan investments are carried at fair value.

Temporary cash borrowings take place among the various operating funds. These interfund borrowings allow idle cash not currently required in some funds to be borrowed by other funds on a temporary basis. Since the County's operating bank accounts are maintained on a pooled basis, temporary interfund borrowings result from the issuance of checks in amounts in excess of the cash credited to the fund for which the check was issued. The County believes that prudent interfund borrowing of temporarily idle moneys constitutes an appropriate cash management practice since it reduces the need for external borrowings. Interfund borrowings are not made from cash accounts maintained for debt service or rental payments.

Working cash funds are maintained for the County and Forest Preserve District purposes. The money to establish and increase these working cash funds was obtained from the issuance of long-term bonds and from legally available County resources. The working cash funds, as of November 30, 2002, totaled $313,472,574, of which $154,638,654 is for General, $128,098,693 for Health Facilities, $22,237,419 for Election and $8,497,808 at December 31, 2002, for Forest Preserve District purposes. As part of the County's adoption of GASB No. 34, these working cash accounts are reported in the related operating fund, rather than as separate trust fund balances.

The County maintains separate and restricted trust accounts with Trustees for almost all outstanding general obligation debt. Current tax collections are transferred into individual trust accounts to satisfy the above liabilities as they become due. The County invests the principal in the accounts in accordance with the provisions of each bond ordinance. Investments are primarily investment grade commercial paper, certificates of deposit, treasury notes and money market funds.

(2) Forest Preserve District

The Forest Preserve District maintains a cash and investment pool that is available for use by all funds. This pool holds deposits, certificates of deposit, repurchase agreements and other investments with a maturity of less than one year. The portion of each fund's share of this pool is displayed as "Cash and Short Term Investments".

Investments are stated at fair value. Accrued interest on investments is separately stated. Per State statute, the District has discretion in allocating interest income to the various funds, except for the pro-rata share belonging to the Bond and Interest Fund.

The District's deposit and investment policies are governed by State statute. Illinois State Statutes limits the uninsured, uncollateralized deposits of a public agency to 75% of the financial institution's (bank or savings and loan) net worth. The District is in compliance with this statute.

The District's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the District or its agents holds the securities in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust departments or agent in the District's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer of by its trust department or agent by not in the District's name.

(3) Agency Funds

The Agency Funds, which include various fee offices of the County, maintain their own cash and investment accounts to manage the various activities of the County. The funds are governed by the County's Taxpayers Interest Assurance Ordinance, which requires that all cash held by the fee offices be placed into interest-bearing bank accounts and for those amounts in excess of insured limits, collateralized at 110%, except for economic reasons or if funds are prohibited by law from being invested (i.e. trust funds).

(4) Pension Trust Funds

Pension Trust Funds are administered by the respective fund's Retirement Board and its cash and investments are held by a designated custodian. The Funds are authorized to invest in bonds, notes, certificates of indebtedness, mortgage notes, real estate, stocks, debentures or other obligations set forth in the Illinois Compiled Statutes. Investments are reported at fair value, which generally represents reported market value as of the last business day of the year. Gains and losses are recognized when securities are sold and for the net appreciation (depreciation) in fair value of plan investments.

h. Taxes

(1) Real Property Tax

Following the approval of the Annual Appropriation Bill proceedings are adopted by the County Board, authorizing the raising of revenue by direct taxes on real property. This is known as the tax levy and must be certified to and filed in the County Clerk's Office. The real property taxes become a lien on property and a receivable as of January 1st in the budget year for which taxes are levied.

The County Assessor is responsible for the assessment of all taxable real property within the County, except for certain railroad property and pollution control equipment, which is assessed directly by the State. One-third of the County is reassessed each year on a repeating triennial schedule established by the Assessor.

Property assessed by the County is subject to equalization by the State. The equalized value is added to the valuation of property assessed directly by the State (to which an equalization factor is not applied) to arrive at the assessment base used by the County Clerk in determining the tax rate for the County's tax levy. By virtue of its Constitutional "home rule" powers, the County does not have a statutory tax limit, except as described below. However, the Forest Preserve

District has the following maximum statutory tax rate limits for each of the District's taxing funds, per $100 of equalized assessed valuation:

Special Revenue – General	$.060
Zoological Fund	.035
Botanic Gardens Fund	.015
Capital Projects Fund (construction and development)	.021
Debt Service (Bond and Interest Fund)	Limited by maximum debt
Agency – Employees' Annuity and Benefit Fund	No limit

The County Board passed The Property Tax Relief Ordinance, which voluntarily restricts the growth in the aggregate real property tax levy for the General (Corporate and Public Safety Accounts) and the Health Facilities Funds, to the lesser of 5% or the Consumer Price Index for All Urban Consumers. The Bond and Interest levy, the Pension levy and Election levy are excluded from this ordinance.

Property taxes are collected by the County Collector (who is also the County Treasurer), who remits to the County its respective share of the collections. Taxes levied in one year normally become due and payable in two installments, on March 1st and September 1st during the following year. The first installment is an estimated bill and is one half of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill. Railroad property taxes (based on the State's assessments) are due in full at the time the second installment is due. Property tax revenue for fiscal year 2002 represents the amount of property taxes levied in fiscal year 2001 and collected in fiscal year 2002 and 60 days thereafter. Property tax receivable at November 30, 2002 represents the fiscal year 2002 taxes levied on January 8, 2002 and uncollected fiscal year 2001 taxes.

Property, on which property taxes are unpaid after the due date, is eligible to be sold at a public sale. If property sold for taxes is not redeemed within two years, the tax buyer receives a deed to the property.

The Annual Appropriation Bill of the County has a provision for an allowance for uncollectible taxes. The County's present policy allows for approximately a 3% provision for uncollectible property taxes. It is the County's policy to review this provision annually and to make adjustments accordingly.

On July 29, 1981, State law, requiring additional procedures in connection with the annual levying of property taxes, became effective. The law states that, if an aggregate annual levy, exclusive of election costs and debt service requirements, is estimated to exceed 105% of the levy of the preceding year, a public hearing shall be held on the proposed increase. If the final levy as adopted exceeds 105% of the prior year's levy and exceeds the proposed levy specified in the notice, or is more than 105% of such proposed levy and no notice was required, notice of the adoption of such levy must be published within 15 days of the adoption thereof. No amount in excess of 105% of the preceding year's levy may be extended unless the levy is accompanied by a certification of compliance with the foregoing procedures. The express purpose of the law is to require published disclosure of an intention to adopt a levy in excess of the specified levels. The County and District, at public hearings on its 2002 budget, complied with this law.

During 1995, the State extended the provisions of the Property Tax Extension Limitation Law (the "Limitation Law") to non-home rule taxing districts in Cook County, including the Forest Preserve District. Subject to specific exceptions, the Limitation Law limits the annual growth in property tax extensions for the Forest Preserve District to (i) 5% for taxes extended in 1995 and (ii) the lesser of 5% or the percentage increase in the Consumer Price Index for All Urban Consumers during the calendar year preceding the relevant levy year for taxes extended in years after 1995.

(2) Personal Property Replacement Tax

All personal property taxes in the State of Illinois were abolished, effective January 1, 1979. A personal property replacement tax was enacted, effective July 1, 1979.

The personal property replacement tax represents an additional income tax for corporations (including certain utilities) at the rate of 2.5% of net taxable income; an additional income tax for trusts at the rate of 1.5% of net taxable income; a new income tax for partnerships and Subchapter S Corporations at the rate of 1.5% of net taxable income; and a new tax at the rate of 0.8% of invested capital for public utilities providing gas, communications, electrical and water services. Partnerships and Subchapter S Corporations previously had not been subject to the Illinois income tax.

The replacement tax law provides that monies received by the County from the tax shall be applied, first, toward payment of the proportionate amount of debt service, which was previously levied and extended against personal property for bonds outstanding as of December 31, 1978, and, next, applied toward payment of the proportionate share of the pension or retirement obligations of the County which were previously levied and extended against personal property.

i. Inventory

Inventory is valued at the lower of cost or market.

j. Fixed Assets

Fixed assets, for all funds other than the Proprietary Funds are recorded as an expenditure of the fund from which the expenditure was made in the fund financial statements.

Fixed Assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, and sidewalks and lighting systems) are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Fixed assets are defined, by the County, as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of three years. Capital assets are recorded at cost. Costs recorded do not include interest incurred as a result of financing asset acquisition or construction. Assets acquired by gift or bequest are recorded at their fair market value at the date of gift. Upon sale or retirement, the cost of the assets and the related accumulated depreciation, if any, are removed from the accounts. Maintenance and repair costs are charged to operations.

Depreciation is provided over the estimated useful life of each class of assets. The estimated useful lives are as follows:

Land improvements	5 to 63 years
Buildings	40 to 100 years
Leasehold and building improvements	10 to 68 years
Machinery and equipment	3 to 25 years
Fixed plant & institutional equipment	10 years
Medical, dental & lab equipment	5 years
Telecommunications & computer equipment	5 years
Furniture & office equipment	10 years
Lease purchased & other equipment	5 years
Vehicles & vehicle equipment	5 years
HVAC purchase	15 years
Infrastructure	20 to 50 years

Depreciation on fixed assets included in the governmental type activities is computed on the straight-line method.

Depreciation on fixed assets included in the business type activities other than Stroger Hospital is computed on the straight-line method except for assets acquired prior to August 1, 1970, which use the double-declining balance method. Stroger Hospital depreciation is calculated using the 150% declining-balance method.

During fiscal year 1990, the County purchased the property known as Provident Hospital from the U.S. Department of Housing and Urban Development for $1. The purchase agreement restricts the use of the property to a "general public hospital or other public health care facility for a period of 50 years" or the remaining useful life of the property. Additional restrictions exist related to the distribution of proceeds from any sale of the property.

At November 30, 2002, the County was in the process of numerous construction and renovation projects at the various Health Facilities' sites. Contributed Capital from other County funds for equipment and construction in progress amounted to $160,554,564 for the year ended November 30, 2002, and is included in the Enterprise Fund's net assets.

k. Vacation and Sick Leave

Governmental and Business-type Activities – Employees can earn from 10 to 25 vacation days per year, depending on their length of employment with the County. An employee can accumulate no more than the equivalent of two years' vacation. Accumulated vacation leave is due to the employee, or employee's beneficiary, at the time of termination or death.

Salaried employees can accumulate sick leave at the rate of one day for each month worked, up to a maximum of 175 days. Accumulated sick leave is forfeited at the termination of employment; therefore, sick leave pay is not accrued and is charged as an expenditure when paid.

Sick leave does not vest, but any unused sick and vacation leave, up to six months in duration, accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes.

Forest Preserve District – District employees are granted vacation and sick leave as follows:

(1) Employees can generally carry over a portion or all of vacation earned in one year to the following year. In the event of death, retirement or termination, other than by discharge for cause, unused vacation is usually paid to the employee or the employee's beneficiary. The payment often provides for partial vacation credits earned in the current year.

(2) Full-time employees usually earn eight hours of sick leave for each month worked. Non-union employees have the discretion to accumulate a maximum of 960 hours (120 days) of sick leave. Union employees have the discretion to accumulate a maximum of 1,400 hours (175 days) of sick leave. All rights for compensation for sick leave terminate when an employee severs employment with the District. Since sick pay is not vested, a provision for accumulated sick pay is not provided.

I. Self-Insurance/Other Contingencies

County – The County (except for the Forest Preserve District Fund discussed below) self-insures all risks, including medical malpractice, workers' compensation, general, automobile and other liabilities. The County is a defendant in lawsuits alleging medical malpractice, work-related injuries, highway cases and other claims in which it is involved. Cases related to these areas are in various stages of the legal process.

The County engages an external actuary to provide an actuarial estimate of its liabilities for self-insured expenses. The liability recorded reflects a 6% discount factor. If the discounted estimate were not used, the ultimate liability for the self-insured programs would be approximately $93 million higher than the amount recorded in the financial statements at November 30, 2002.

Beginning in fiscal year 2001, the County purchased excess liability insurance coverage related to medical malpractice and other claims. The medical malpractice policy is on claims made basis and provides a policy maximum of $10 million of coverage. For settlements in excess of $10 million per claim or aggregate retention levels or for the excess of settlements in the aggregate over $25 million for all claims covered by the policy. The liability recorded as of November 30, 2002 reflects the estimated discounted effect of approximately $3.3 million for the claims expected to be covered by the policy. For the past three years, no insurance settlement has exceeded the insurance coverage available.

The County funds its self-insurance liabilities, including those of the Health Facilities, on a current basis and has the authority to finance such liabilities through the levy of property taxes. While it is difficult to estimate the timing or amount of expenditures, management of the County believes that the self-insurance liabilities recorded at November 30, 2002, are adequate to provide for potential losses resulting from medical malpractice, workers' compensation and general liability claims including incurred but not reported claims. The self-insurance liabilities recorded are based on facts known at the current time; however, the discovery of additional information concerning specific cases could affect estimated costs in the future.

For the fiscal year ended November 30, 2002, amounts charged by the self-insurance fund to other County funds relating to workers' compensation are reported as revenues to the self-insurance fund and expenditures of the fund charged. Also included in revenue are proceeds totaling approximately $40 million from a legal settlement with the State.

The following table describes the activity during fiscal years 2001 and 2002 for the primary classifications of liabilities (in millions):

Type	Balance at Nov. 30, 2000	Insurance and Claims Payouts	Expense, Net of Actuarial Adjustments	Balance at Nov. 30, 2001	Insurance and Claims Payouts	Expense, Net of Actuarial Adjustments	Balance at Nov. 30, 2002
Medical Malpractice	$141.6	$(30.3)	$59.7	$171.0	$(21.1)	$61.5	$211.4
Workers Compensation	37.8	(10.4)	9.5	36.9	(11.7)	16.7	41.9
General	3.9	(1.3)	2.0	4.6	(0.1)	3.1	7.6
Automobile	1.3	(0.3)	2.1	3.1	(0.4)	0.4	3.1
Claim Expense Reserves	8.4	-	(2.2)	6.2	-	3.4	9.6
Other	41.7	(20.1)	11.0	32.6	(3.6)	8.9	37.9
Total Internal Service Fund Claims Liability	$234.7	$(62.4)	$82.1	$254.4	$(36.9)	$94.0	$311.5

Forest Preserve District – The Forest Preserve District is self-insured for the following various claims:

- Casualty and public liability claims
- Automobile liability
- Property and contents
- Workers' compensation claims
- Employees' health insurance (reimbursed to a provider on a cost plus basis)

The District recognizes the liability for such claims when the amount of the expenditure is measurable, i.e., when agreement is acquired both as to the issue of liability and the dollar amount. The expenditure recognition for insurance claims (included in "fixed charges" on the combined statement of revenue, expenditures and changes in fund balances) is the fiscal year's cash disbursement adjusted for a 60-day accrual. The claims expenditure recognition for other funds is essentially a transfer for the specific fund's budgeted amount.

The District's estimate of liabilities for tort claims is based on reserves established by the respective trial attorneys. Any matter in which the likelihood of loss is probable has been recorded. The District has recorded a long-term liability of $4,716,516 for tort claims in the Statement of Net Assets.

The District has made its own determination, without the use of an enrolled actuary, of claims incurred but not reported at year-end. To date, the District has made no separate funding arrangement for these claims reserves. However, the District has the statutory authority to impose a tax levy for settlement bonds to satisfy major claims.

The District is subject to the State of Illinois Unemployment Compensation Act and has elected the reimbursing employer option for providing unemployment insurance benefits for eligible former employees. The District reimburses the State for claims paid by the State on a quarterly basis.

m. Long-Term Obligations

General obligation bonds and other forms of long-term debt supported by general revenues are obligations of either the County as a whole or the Forest Preserve District as a whole and not of the individual constituent funds of either government. General obligation debt proceeds are used to finance Health Facilities' projects and accordingly, are not recorded in the Business-type Activities. Unmatured obligations of the County and the Forest Preserve District are recorded as non-current liabilities in the Statement of Net Assets.

n. Indirect Costs

Indirect costs are charged to various federal programs and other funds based on a formal plan developed annually by the County. These costs are reflected as expenditures in those funds benefiting from the services provided and as reimbursements to the General Fund, which provides the services.

o. Cash and Cash Equivalents in the Statement of Cash Flows

For purposes of the Statement of Cash Flows, the County considers all unrestricted, highly liquid investments with a maturity date of three months or less from the date of purchase to be cash equivalents. Restricted investments consist of investments with a maturity date greater than three months from the date of purchase.

p. Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures, or expenses during the reporting period. Actual results could differ from those estimates.

2. BUDGETARY BASIS OF ACCOUNTING

The accompanying Statements of Revenues, Expenditures and Encumbrances and Changes in Unreserved Fund Balance - Budget and Actual have been prepared on a legally prescribed budgetary basis of accounting that differs from GAAP. The significant differences in accounting practices between the operating statements presented under GAAP and the budgetary operating statements follow:

- Property tax levies and personal property replacement taxes ("PPRT") are recognized as revenue in the budgetary statements in the year levied or the year personal property replacement taxes would have been levied. The operating statements prepared under GAAP recognize property tax levies as revenue in the subsequent year when they become available.

- Expenditures related to specific property tax levies (i.e., pension obligation, principal and interest on general obligation bonds, rental obligations, and allowances for uncollectible taxes) are recognized in the budgetary statements in the year the taxes are levied. The GAAP operating statements recognize these expenditures when the related liability is incurred with the exception of principal and interest on general long-term debt, which is recognized when due.

- Encumbrances are combined with expenditures in the budgetary statements but are excluded in the GAAP operating statements.

- Incurred obligations (i.e., accounts payable and accrued salaries) are recognized as expenditures when paid in the budgetary statements while the GAAP operating statements recognize these items when the related liability is incurred.

- Revenue is recognized when received in the budgetary statements, while the GAAP operating statements recognize these items when measurable and available for financing current obligations.

The following is a reconciliation of the budgetary and GAAP fund balances:

	General Funds	Motor Fuel Tax Fund	Annuity & Benefit Fund
Revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis per Exhibit 5	$ (61,604,909)	$ (12,459,100)	$ -
Effect of deferring 2002 property tax levy	1,484,424	-	22,629,035
Effect of accruing certain revenue	(1,577,414)	(719,825)	1,891,990
Effect of not including encumbrances as expenditures	(27,210,613)	(12,061,000)	-
Effect of recognizing incurred obligations at November 30, 2002	62,769,357	(4,945,570)	(24,521,025)
Effect of excluding working cash funds	(5,377,054)	-	-
Revenues and other financing sources over (under) expenditures and encumbrances and other financing uses - budgetary basis	$ (31,516,209)	$ (30,185,495)	$ -

3. CASH AND INVESTMENTS

The County's deposits and investments are categorized into one of three custodial credit risk categories:

1. Demand accounts or time deposits insured or collateralized with securities held by the County or its agent in the County's name. Investment securities insured, registered or held by the County or its agent in the County's name.

2. Demand accounts or time deposits collateralized with securities held by the pledging financial institution's trust department or its agent in the County's name. Investment securities held by the financial institution's trust department or its agent in the County's name.

3. Demand accounts or time deposits uncollateralized or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the County's name. Investment securities held by the financial institution or its trust department or its agent but not in the County's name.

County pooled and other investments are categorized as follows at November 30, 2002 as follows:

	Credit Risk Category (1)	(2)	(3)	Bank or Fair Value	Carrying Amount
Deposits-					
Demand	$ 591,481,676	$ 2,101,193	$ 433,259	$ 594,016,128	$ 542,401,549
Time	734,408,215	100,000	-	734,508,215	734,508,215
Investments-					
U.S. Treasury obligations	1,121,303,909	-	-	1,121,303,909	1,121,290,416
Corporate bonds	691,700,203	-	-	691,700,203	691,700,203
Common and preferred stocks	2,155,924,830	-	-	2,155,924,830	2,155,924,830
Totals	$ 5,294,818,833	$ 2,201,193	$ 433,259	$5,297,453,285	$ 5,245,825,213
Investments not categorized-					
Deferred compensation				$ 419,325	$ 419,325
IPTIP				766,236	766,236
Clerk of Circuit Court				1,002,001	1,002,001
Public Guardian Fund				4,420,060	4,420,060
Mutual Funds				1,866,511,508	1,801,808,448
Limited partnerships				194,630,233	194,630,233
Unsettled trades				(66,812,811)	(66,812,811)
				$ 2,000,936,552	$ 1,936,233,492
					$ 7,182,058,705
Reconciliation to financial statements					
Exhibit 1:					
Cash and investments (net of cash overdrafts of $89,254,141)					$ 1,032,885,090
Cash and investments with trustees					196,318,795
Exhibit 13:					
Cash					450,001,120
Investments					5,502,853,700
					$ 7,182,058,705

The majority of the County's investments either has a maturity date of less than one year or is not held for investment purposes. As a result, the County carries these investments at amortized cost. Equity investments held by the Public Guardian as an agency fund are carried at fair value. Pension plan investments are carried at fair value.

4. INDIVIDUAL FUND DISCLOSURES

During the course of normal operations the County has numerous transactions between funds including expenditures and transfer of resources to provide services. These transactions are recorded as operating transfers and are reported as other financial sources (uses) in the Governmental Funds and as transfers in the Enterprise Funds. Transfers between fund types during the year were:

Operating Transfers Summary – All Funds November 30, 2002	**Operating Transfer In**	**Operating Transfer Out**
General Fund -		
CC Lead Poisoning Prevention	$ 252,650	$ -
Election Fund	272,268	-
County Law Library	1,086,577	2,650,000
Animal Control Fund	357,413	-
County Recorder Document Storage	59,147	-
County Clerk Automation	63,526	-
County Emergency Telephone System	110,145	-
Treasury Tax Sales Automation Fund	271,510	-
MFT Illinois First	473,242	-
Capital Projects – Govt Mgmt and Supporting Services	4,975,738	-
Circuit Court Document Storage	626,072	-
Circuit Court Automation	362,683	-
Adult Probation Services Fees	377,151	-
Social Service Probation	200,905	-
Other Non-Budgeted Special Revenue Funds	3,483,576	-
Health Facilities	-	9,125,404
Forest Preserve District – General Fund	-	5,000,000
Motor Fuel Tax Fund -	32,000,000	-
Nonmajor Governmental Funds -		
CC Lead Poisoning Prevention – General Fund	-	252,650
Election Fund – General Fund	-	272,268
County Law Library – General Fund	2,650,000	1,086,577
Animal Control Fund – General Fund	-	357,413
County Recorder Document Storage – General Fund	-	59,147
County Clerk Automation – General Fund	-	63,526
County Emergency Telephone System – General Fund	-	110,145
Treasury Tax Sales Automation Fund – General Fund	-	271,510
MFT Illinois First – General Fund	-	473,242
Motor Fuel Tax – General Fund	-	32,000,000
Motor Fuel Tax – Circuit Court Automation	-	2,500,000
Circuit Court Document Storage – General Fund	-	626,072
Circuit Court Automation – General Fund	-	362,683
Circuit Court Automation – Motor Fuel Tax	2,500,000	
Adult Probation Services Fees – General Fund	-	377,151
Social Service Probation – General Fund	-	200,905
Other Non-Budgeted Special Revenue Funds – General Fund	-	3,483,576
Forest Preserve District – General – General Fund	5,000,000	-
Forest Preserve District – General – Forest Preserve – Capital Projects	1,097,108	-
Capital Projects Fund -		
Government Management and Supporting Services - General Fund	-	4,975,738
Forest Preserve Capital Projects – Forest Preserve General Fund	-	1,097,108
Enterprise Fund -		
Cook County Hospital – General Fund	9,125,404	-
Total of all funds	$65,345,115	$65,345,115

Interfund receivable and payable balances among Governmental Funds at year end are the result of the time lag between the dates that interfund goods and services are provided, the date the transactions are recorded in the accounting system and the date payments between funds are made. Interfund receivables do not equal interfund payables at November 30, 2002 due to the fact that certain component units have different fiscal year ends than the County. All interfund balances are expected to be settled during the subsequent year.

Interfund Receivables and Payables November 30, 2002		**Receivable Fund Due from**	**Payable Fund Due to**
General Fund			
	Corporate Account	$ 4,812,300	$ 1,095,800
	Public Safety Account	6,111,872	11,358,539
		10,924,172	12,454,339
Annuity & Benefit	Fiduciary Funds	-	1,473,058
		-	1,473,058
Capital Projects Fund			
	Transportation	2,480,327	-
	Government Management and Supporting Services	7,756,129	83,180,432
	Protection of Health	42,900,933	-
	Corrections	13,072,957	-
	Courts	16,970,086	-
		83,180,432	83,180,432
Nonmajor Governmental Funds			
	County Law Library	130,861	-
	Animal Control	345	-
	Circuit Court Document Storage	259,047	-
	Circuit Court Automation	141,744	-
	Circuit Court Dispute Resolution	7,777	-
	County Emergency Telephone System	-	332,231
	Chief Judge Juvenile Justice	-	754,288
	Cook County Lead Poisoning Prevention	1,086,518	-
	Forest Preserve District - General	224,491	10,359,333
	Forest Preserve District - Real Estate Acquisition	2,003,876	-
	Forest Preserve District - Grant	-	125,458
	Governmental Grants	962,257	916,866
	Forest Preserve District - Capital Projects	6,183,815	3,659,061
	Forest Preserve District – Working Cash Funds	1,608,934	-
	Forest Preserve District - Debt Service Fund	4,122,736	-
		16,732,401	16,147,237
	Total	$110,837,005	$113,255,066

5. FIXED ASSETS

Governmental Funds

The County obtained an independent, third-party inventory of its general fixed assets as of November 30, 2001. The following is a summary of capital assets activity for the year:

Governmental Activities:	November 30, 2001	Additions	Disposals and Transfers	November 30, 2002
Capital assets, not being depreciated:				
Land	$ 271,407,034	$ 10,679,890	$ -	$ 282,086,924
Construction in progress	162,873,120	76,299,597	(132,594,915)	106,577,802
Total capital assets, not being depreciated	434,280,154	86,979,487	(132,594,915)	388,664,726
Capital assets being depreciated:				
Buildings and other improvements	1,083,719,795	70,045,628	-	1,153,765,423
Machinery and equipment	184,377,202	63,523,388	(9,846,570)	238,054,020
Infrastructure	1,010,160,829	63,260,639	-	1,073,421,468
Total capital assets being depreciated	2,278,257,826	196,829,655	(9,846,570)	2,465,240,911
Less accumulated depreciation for:				
Buildings and other improvements	403,992,043	28,669,889	-	432,661,932
Machinery and equipment	90,311,097	26,361,232	(7,895,724)	108,776,605
Infrastructure	769,633,798	22,744,213	-	792,378,011
Total accumulated depreciation	1,263,936,938	77,775,334	(7,895,724)	1,333,816,548
Total capital assets being depreciated, net	1,014,320,888	119,054,321	(1,950,846)	1,131,424,363
Total Governmental Activities capital assets, net	$ 1,448,601,042	$ 206,033,808	$ (134,545,761)	$ 1,520,089,089

Enterprise Funds

The following is a summary of the changes in property and equipment for the Enterprise Fund for the year ended November 30, 2002:

Business-type Activities:	November 30, 2001	Additions	Disposals and Transfers	November 30, 2002
Capital assets, not being depreciated:				
Land	$ -	$ -	$ -	$ -
Construction in progress	405,846,581	132,940,371	-	538,786,952
Total capital assets, not being depreciated	405,846,581	132,940,371	-	538,786,952
Capital assets being depreciated:				
Buildings and other improvements	405,256,262	5,926,896	(3,253,228)	407,929,930
Machinery and equipment	190,419,880	20,587,527	(259,955)	210,747,452
Infrastructure	-	-	-	-
Total capital assets being depreciated	595,676,142	26,514,423	(3,513,183)	618,677,382
Less accumulated depreciation for:				
Buildings and other improvements	302,277,841	11,517,179	(2,620,098)	311,174,922
Machinery and equipment	136,014,560	15,901,707	(33,001)	151,883,266
Infrastructure	-	-	-	-
Total accumulated depreciation	438,292,401	27,418,886	(2,653,099)	463,058,188
Total capital assets being depreciated, net	157,383,741	(904,463)	(860,084)	155,619,194
Total Business-type Activities capital assets, net	$ 563,230,322	$ 132,035,908	$ (860,084)	$ 694,406,146

Depreciation expense was charged to functions/programs of the County and the District as follows:

Governmental Activities:	
Government management and supporting services	$ 10,512,092
Corrections	25,729,430
Courts	13,891,985
Control of Environment	2,615,669
Assessment and Collection of Taxes	497,362
Transportation	24,528,796
Total depreciation expense - governmental activities:	$ 77,775,334
Business-type Activities:	
Total depreciation expense - business-type activities	$ 27,096,557

6. LEASES

Operating Leases

The County is committed under two leases for data processing equipment and Health Information System services. These leases are considered for accounting purposes to be noncancelable operating leases. Lease expenditures for the year ended November 30, 2002, amounted to $753,528. Future minimum lease payments for these leases are as follows:

Fiscal Year Ending	Amount
2003	$ 4,117,123
2004	194,890
2005	194,890
2006	129,935
Total	$ 4,636,838

The Health Facilities leases data processing and other equipment. Lease agreements frequently include renewal option and usually require the Health Facilities to pay for maintenance costs. Future minimum lease payments for all leases at November 30, 2002 are not significant. Rental payments for operating leases are charged to operating expenses in the period incurred. Rental expense for operating leases was approximately $2,606,000 in fiscal year 2002.

Capital Leases

The County is committed under one lease for mainframe hardware, software and other related services and therefore $6,425,833 has been recorded as equipment on the Statement of Net Assets. The lease is considered for accounting purposes to be a non-cancelable capital lease.

The following is a schedule of future minimum lease payments under capital leases together with the present value of future minimum lease payments as of November 30, 2002:

Fiscal Year Ending	**Governmental Activities**
2003	$ 2,333,100
2004	2,333,100
Total minimum lease payments	4,666,200
Less: amount representing interest	382,311
Present value of minimum lease payments	$ 4,283,889

7. LONG-TERM DEBT

General Obligation Bonds Debt Service Funds are maintained for retirement of bonded debt. Property tax receipts for bonds issued prior to 1993 are deposited into a cash escrow account, and property tax receipts for bonds issued in 1992 and thereafter are deposited with a bond trustee for payment of the principal and interest. The annual debt service requirements to retire bonds outstanding at November 30, 2002, are detailed as follows:

Fiscal Year	**Total Principal**	**Total Interest**	**Total Requirements**
2003	$ 59,960,000	$ 91,618,962	$ 151,578,962
2004	53,400,000	97,388,862	150,788,862
2005	54,670,000	121,977,033	176,647,033
2006	59,830,000	129,285,094	189,115,094
2007	63,210,000	125,963,537	189,173,537
2008 – 2012	372,595,000	573,864,656	946,459,656
2013 – 2017	482,325,000	460,298,074	942,623,074
2018 – 2022	605,150,000	321,860,845	927,010,845
2023 – 2027	621,095,000	163,437,332	784,532,332
2028 – 2031	285,630,000	28,007,838	313,637,838
Total	$ 2,657,865,000	$ 2,113,702,233	$ 4,771,567,233

General obligation bonds outstanding at November 30, 2002, are composed of the following:

1990	County serial bonds of $144,210,000, due in annual installments of $1,160,000 to $11,790,000 through November 1, 2007; interest at 6.5% to 7.3%	$ 29,085,000
1992C	County bonds of $159,835,000, due in annual installments of $260,000 to $31,185,000 through November 15, 2009, interest at 2.9% to 6%	76,570,000
1993A	County bonds of $235,000,000; $100,445,000 serial bonds due in annual installments of $2,125,000 to $13,780,000 through November 15, 2008; interest at 2.75% to 5.4%; $20,000,000 of 5.375% term bonds due November 15, 2012; and $114,555,000 of 5% term bonds due November 15, 2023	84,575,000
1993B	County bonds of $260,480,000; $164,535,000 serial bonds due in annual installments of $1,730,000 to $26,340,000 through November 15, 2010; interest at 2.25% to 5.4%; $20,365,000 of 5.375% term bonds due November 15, 2012; and $75,580,000 of 5.375% term bonds due November 15, 2018	215,820,000
1996	County bonds of $486,345,000; $281,920,000 serial bonds due in annual installments of $450,000 to $25,370,000 through November 15, 2016; interest at 4.9% to 6.5%; $204,425,000 of 5.875% term bonds due November 15, 2014	176,585,000
1997A	County bonds of $206,400,000; $134,500,000 serial bonds due in annual installments of $625,000 to $26,740,000 through November 15, 2019; interest at 5% to 6.25%; $71,900,000 of 5.625% term bonds due November 15, 2022	206,400,000
1997B	County serial bonds of $74,535,000 due in annual installments of $345,000 to $10,440,000 through November 15, 2017; interest at 4% to 5.125%	73,465,000
1998A	County bonds of $281,965,000; $129,510,000 serial bonds due in annual installments of $1,060,000 to $29,700,000 through November 15, 2018; interest at 4% to 5%; $152,455,000 of 5% term bonds due November 15, 2022	279,365,000
1999A	County bonds of $329,655,000; $132,380,000 serial bonds due in annual installments of $11,090,000 to $17,040,000 through November 15, 2019; interest at 5% to 5.25%; $77,110,000 of 5% term bonds due November 15, 2023; $120,165,000 of 5% term bonds due November 15, 2028	287,945,000
1999B	County bonds of $80,485,000; $80,485,000 serial bonds due in annual installments of $350,000 to $26,520,000 through November 15, 2012; interest at 4% to 5.125%	79,400,000
2001A	County bonds of $375,000,000; $159,315,000 serial bonds due in annual installments of $1,060,000 to $15,010,000 through November 15, 2022; interest at 5.0% to 5.5%; $84,150,000 of 5.125% term bonds due November 15, 2026; $74,915,000 of 5.25% term bonds due November 15, 2029; and $56,620,000 of 5.50% term bonds due November 15, 2031	340,370,000
2002A	County taxable general obligation variable rate bonds of $123,800,000 due November 1, 2023	123,800,000
2002B	County general obligation variable note capital improvement bonds of $245,400,000 due November 1, 2031	245,400,000
2002C	County bonds of $226,060,000; $9,000,000 serial bonds due November 15, 2003 interest rate of 5%; $148,810,000 term bonds due November 15, 2025 interest rate of 5%; $68,250,000 serial bonds due November 15, 2026 interest rate of 5.5%	226,060,000
2002D	County bonds of $173,565,000 serial bonds due in annual installments of $1,405,000 to $14,350,000 through November 15, 2022; interest at 4.75% to 5.25%	173,565,000
	Total County General Obligation Bonds	2,618,405,000
1993	Forest Preserve District bonds of $25,120,000; $17,425,000 serial bonds due in annual installments of $755,000 to $3,020,000 through November 1, 2008, interest at 3% to 5.65%; and $7,695,000 5.6% term bonds due November 1, 2014	1,030,000
1996	Forest Preserve District bonds of $25,540,000; $13,900,000 limited tax bonds due in annual installments of $255,000 to $9,010,000 through November 1, 2016; interest at 4.1% to 5.6%; $11,640,000 of 4.1% to 5.8% term bonds due November 1, 2016	3,400,000
2001 A&B	Forest Preserve District refunding bonds of $35,285,000; interest at 4.5% to refund $32,410,000 of 1993 and 1996 series bonds with an average interest of 5.6%	35,030,000
	Total Forest Preserve District General Obligation Bonds	39,460,000
Total General Obligation Bonds		$2,657,865,000

On February 28, 2002, the County issued approximately $226 million of Series 2002C General Obligation Capital Improvement Bonds to finance the costs of certain capital improvement projects, including the purchase of capital equipment.

On March 12, 2002, the County issued approximately $245 million of Series 2002B General Obligation Variable Rate Capital Improvement Bonds to finance the costs of certain capital improvement projects, including the purchase of capital equipment.

On March 26, 2002, the County issued approximately $124 million of Series 2002A Taxable General Obligation Variable Rate Bonds to fund certain of the County's self insurance liabilities and to increase the County's working cash fund.

On October 10, 2002, the County issued approximately $174 million of Series 2002D General Obligation Refunding Bonds. In connection with the issuance the County deposited $190,293,711 of the proceeds in a irrevocable trust with an escrow agent to provide for the advance refunding of $3,950,000 of its 1990 Series Bonds which will mature in the years 2005, 2006, 2007. $61,415,000 of its 1992 B Series Bonds which will mature 2008, 2009, 2020, 2021 and 2022, $34,585,000 of its 1993A series bonds which will mature in 2007, 2010, 2011, 2012 and 2013. As result of this issuance $176,290,000 is considered to be defeased and the liability from the November 30, 2002 Statement of Net Assets. The advance refunding of the above bonds results in an economic gain (difference between present values of the debt-service payment on the old and new debt) of $9,123,707 and a decrease in the absolute dollar amount of debt service payments of $9,647,919.

Defeased Debt

Defeased bonds have been removed from the Statement of Net Assets because related assets have been placed in irrevocable trust that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest. Defeased bonds at November 30, 2002 are as follows:

Defeased bonds as of November 30, 2002	**Amount Defeased**	**Amount Outstanding**
General Obligation Capital Improvement Bonds, Series 1983B	$ 35,000,000	$ -
General Obligation Capital Improvement Bonds, Series 1985	20,700,000	-
General Obligation Bonds, Series 1988	52,385,000	11,960,000
General Obligation Bonds, Series 1989	96,895,000	71,730,000
General Obligation Bonds, Series 1990	79,140,000	63,075,000
General Obligation Capital Improvement and Refunding Bonds, Series 1991	207,928,341	181,368,341
General Obligation Capital Improvement Bonds, Series 1992A	166,535,000	166,535,000
General Obligation Capital Improvement Bonds, Series 1992B	169,970,000	168,895,000
General Obligation Capital Improvement Bonds, Series 1993A	96,815,000	90,135,000
General Obligation Capital Improvement and Refunding Bonds, Series 1996	275,780,000	275,780,000
General Obligation Capital Improvement Bonds, Series 1999A	41,710,000	41,710,000
General Obligation Capital Improvement Bonds, Series 2001A	34,630,000	34,630,000
Total	$ 1,277,488,341	$ 1,105,818,341

Long-term Liabilities

Long-term liabilities activity for the year ended November 30, 2002 was as follows:

Governmental Activities:	November 30, 2001	Additions	Reductions	November 30, 2002	Due Within One Year
Bonds payable:					
General obligation bonds	$ 2,122,714,313	$ 592,535,000	$ (57,384,313)	$ 2,657,865,000	$ 59,960,000
Less deferred amounts:					
Net discount (premium)	608,874	16,371,690	(132,801)	16,847,763	868,055
Refunding	(2,348,575)	(14,003,711)	703,842	(15,648,444)	(1,281,495)
Capital lease	-	6,425,833	(2,141,944)	4,283,889	2,141,945
Self insurance claims	233,891,156	127,106,432	(49,529,071)	311,468,517	53,800,000
Property tax objections	18,061,414	3,450,781	-	21,512,195	-
Tort liability	2,396,938	-	(69,531)	2,327,407	-
Compensated absences	40,624,359	1,113,854	-	41,738,213	-
Total governmental activities	$ 2,415,948,479	$ 732,999,879	$ (108,553,818)	$ 3,040,394,540	$ 115,488,505

8. PROPERTY TAX OBJECTIONS

The County makes refunds of property taxes collected in error and other refunds relating to settlements of prior-year property tax objection suits. Property tax objection suits have been resolved in court for tax levy years up to 1993. As of November 30, 2002, there are no significant unpaid settlements for the General and Health Facilities Funds relating to tax levy years up to 1993. According to the Cook County State's Attorney, similar suits have been filed for tax years 1994-2000. The County has estimated probable amounts payable relating to such years for which suits have been filed but are not settled. Additional amounts have been estimated for other specific property tax objections and errors for which refunds are expected to be paid.

All settlements and refunds are payable from (a) previous property tax collections which have not been distributed to the County and are held by the Cook County Treasurer specifically for the payment of settled amounts and refunds and (b) future collections of property taxes.

These amounts are reflected as non current liabilities since payments will be made from property tax collections (including amounts from prior tax levy years) made subsequent to the fiscal year-end.

The following summarizes the activity of property tax objections during the year ended November 30, 2002:

	Business-type Activities	Governmental Activities
Property tax objection liability, November 30, 2001	$ 6,708,668	$ 18,061,414
Current year activity, net	1,169,895	3,450,781
Property tax objection liability, November 30, 2002	$ 7,878,563	$ 21,512,195

The amount, exclusive of $7,878,563 recorded as a liability in the Health Facilities Funds, of unpaid settlements and estimated future settlements and refunds, net of amounts held by the County Treasurer, is $21,512,195 at November 30, 2002.

In the opinion of County management, the amount recorded is adequate to reflect future payments relating to prior tax levy years.

9. POSTRETIREMENT BENEFITS

In addition to the pension benefits described in Note 10, the County provides, through its Pension Trust Fund, postretirement health care benefits to all retired employees of the County who meet the pension plan eligibility requirements. The Pension Trust Fund now fully and directly assumes validated claims for medical and hospitalization costs incurred by retirees and their dependents. Expenditures for postretirement health care benefits are recognized in the Pension Trust Funds as group hospital premiums, which for the County and the Forest Preserve District were $21,150,226 and $910,977, respectively.

10. PENSION PLANS

a. County Pension Plan

The Employees' and Officers' Annuity and Benefit Fund of Cook County ("the Fund") was established on January 1, 1926 and is governed by legislation contained in the Illinois Compiled Statutes, particularly Chapter 40, Article 5/9. The Fund can be amended only by the Illinois Legislature. The Fund is a single employer defined benefit pension plan with a defined contribution minimum. The Fund was created for the purpose of providing retirement, death (spouse or children) and disability benefits for full-time employees of the County and the dependents of such employees. The Fund is considered to be a component unit of Cook County and is included in the County's financial statements as a pension trust fund. The financial statements of the Fund are audited by an independent public accountant and are the subject of a separate report. Copies of the Fund's report for the year ended December 31, 2001 are available upon request to the Pension Board.

The financial statements reflect an accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer, Cook County, has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments are reported at fair value, which generally represents reported market value as of the last business day of the year. Demand notes are carried at cost which approximates fair value. Limited partnerships are carried at fair value as estimated by each partnership's general partner. Where less than an entire holding is sold, average value is used to determine realized gain or loss.

The Statutes authorize a Board of Trustees (Retirement Board) of eight members to carry out the provisions of the Article. According to the Article, two members of the Board are ex-officio, four are to be elected by the employee members of the Fund, and two are to be elected by the annuitants of the Fund. The two ex-officio members are the Comptroller of Cook County or someone chosen by the Comptroller and the Treasurer of Cook County or someone chosen by the Treasurer. All members of the Retirement Board are fiduciaries with respect to the Fund, and are statutorily mandated to discharge their duties, as such, solely in the interest of the Fund's participants and beneficiaries.

The Board has the powers and duties required in the Article to collect all contributions due to the Fund, to invest the Fund's reserves, to have an annual audit, to appoint employees, to authorize or suspend payment of any benefit, and to have exclusive original jurisdiction in all matters relating to or affecting the Fund. The Board approves its own budget, which is prepared by the administrative staff of the Fund. The Board is required annually to submit to the County Board of Cook County a detailed report of the financial affairs and status of the reserves of the Fund. Provisions in other articles of Chapter 40 require the Board to submit its annual audit and actuarial valuation reports to the State of Illinois Department of Insurance, as well as another detailed annual report, the form and content of which is specified by the Department of Insurance.

Employees of Cook County who have a position with the County are eligible for benefits. Covered employees are required to contribute 8.5% of their salary to the Fund. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3% or 4% depending on when the employee became a participant). Cook County, for its employer's portion, is required by State Statutes to contribute an amount equal to 8% of each individual employee's salary as well as the remaining amounts necessary to finance the requirements of the Fund. The County's total contribution is limited to an amount not more than the total amount of contributions made by the employees to the Fund in the calendar year two years prior to the current year, multiplied by 1.54. The source of funds for the County's contributions has been designated by State Statutes as the County's annual property tax levy. The County's payroll for employees covered by the Plan for 2001 and 2000 was $1,274,942,064 and $1,261,050,576, respectively.

The County Employees' and Officers' Annuity and Benefit Fund provides retirement as well as death and disability benefits. Employees age 50 or over with at least 10 years of service are entitled to receive a minimum formula annuity of 2.2% for each of the first 20 years of credited service and 2.4% for each year thereafter to maximum benefit of 80% of the final average monthly salary. For retirement between age 50 and 60, the monthly retirement benefit is reduced ½ percent for each month the participant is under age 60. This reduction is waived for participants having 30 or more years of credited service.

The County payroll for employees covered by the Plan for the year ended December 31, 2001, was $1,274,942,064 for 26,540 active members.

At December 31, 2001, the Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	11,035
Terminated employees entitled to benefits or a refund of contributions, but not yet receiving them	8,583
Current employees -	
Vested	12,732
Nonvested	13,808
Total	26,540

Participants should refer to the summary plan description or applicable State Statutes for more complete information.

At December 31, 2001 investments in excess of 5% of the Fund's net assets consisted of the following:

Investments	**Risk Category**	**2001**
U.S. Government obligations	1	$ 1,052,008,016
Corporate bonds	1	669,375,734
Demand notes	1	195,319,521
Stocks	1	2,086,659,034
		4,003,362,305
Mutual funds:		
NTGI EB G/C Bond Index		347,451,621
NTGI EB U.S. Market cap Equity Index		269,725,402
Other		590,930,075
Limited partnerships		194,630,233
		1,402,737,331
Net unsettled investment trades		(66,964,509)
Total investments		$ 5,339,135,127

Employer contributions are funded primarily through a County tax levy which is currently limited when extended to an amount not to exceed an amount equal to the total contributions by the employees of the Fund made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.54.

The current actuarial studies of the Fund dated June 24, 2002 as of December 31, 2001 indicated a minimum annual contribution by the County to maintain the Fund on a minimum valuation basis to be $253,942,375. This minimum annual contribution is based on an annual payroll of $1,274,942,064 for 26,540 active members during 2001.

The Entry Age Normal Cost Method is the actuarial funding method used in determining the contributions necessary to accumulate sufficient assets to pay benefits when due. Under GASB 25, the initial unfunded liability that existed as of January 1, 1976 must be amortized over a period of forty years. This method of financing is termed Normal Cost Plus 40 Year Amortization Method. Previously, the Normal Cost Plus Interest Method was used in financing the unfunded liability. Under the Normal Cost Plus Interest Method, the unfunded liability was recognized but not amortized.

2001 contributions made to the Fund were less than the actuarial contribution requirements determined by an actuarial valuation as follows:

	Amount	Percentage of Covered Payroll
Employer (County) contributions (1)	$ 156,979,687	12.31%
Plan member (employee) contributions (2)	125,798,208	9.87%
Total	$ 282,777,895	22.18%
Covered payroll – prior year	$ 1,274,942,064	

(1) Net tax levy by the County.
(2) Includes contributions made by the County on behalf of participants receiving disability.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	December 31, 2001
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period (remaining)	40 years (open period)
Asset valuation method	5 year Average Smoothed Market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases:	
Inflation	3.5%
Seniority merit	2.0%
Postretirement benefit increases	3.0% compounded per year for employee and widow(er) annuitants
Postretirement health insurance	10.0% compounded per year

Six-year trend information may be found in the Annual Report of the Pension Trust Fund. The Annual Pension Cost is equal to the Actuarially Acquired Contribution. The Annual Pension Cost and related information for the three most recent fiscal years is as follows:

Year Ended December	Employer Required Contribution, Normal Cost Plus 40 Year Level Dollar Amortization (ARC) (a)	Required Statutory Basis (1) (b)	Actual (2) (c)	Percent of ARC Contributed (c/a)	Net Pension Obligation (NPO) (3)
1999	$ 196,850,449	$ 156,643,360	$ 160,940,258	81.76%	$ (202,328,934)
2000	190,557,579	154,617,030	158,474,997	83.16	(175,904,740)
2001	211,188,715	155,880,940	161,141,138	76.30	(128,123,135)

(1) Tax levy by the County after overall loss
(2) Net tax levy by the County plus miscellaneous income
(3) Negative balance as the County has no pension related liability under GASB 27

b. Forest Preserve District Pension Fund

The Forest Preserve District Employees' Annuity and Benefit Fund of Cook County was established on July 1, 1931 and is governed by legislation contained in the Illinois Compiled Statutes, particularly Chapter 40, Article 5/10. The Plan can be amended only by the Illinois Legislature. The Forest Preserve District Employees' Annuity and Benefit Fund of Cook County is single employer defined benefit pension plan with a defined contribution minimum. The Plan was created for the purpose of providing retirement, death (spouse or children) and disability benefits for full-time employees of the Forest Preserve District of Cook County, Illinois (Forest Preserve District) and the dependents of such employees. The Plan is considered to be a component unit of the Forest Preserve District of Cook County, Illinois and is included in the Forest Preserve District's financial statements as a pension trust fund. The financial statements of the Plan are audited by an independent public accountant and are the subject of a separate report. Copies of the Fund's report are available upon request to the Pension Board.

The financial statements reflect an accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer, Forest Preserve District of Cook County, Illinois, has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments are reported at fair value, which generally represents reported market value as of the last business day of the year. Demand notes are carried at cost which approximates fair value. Where less than an entire holding is sold, average value is used to determine realized gain or loss.

The Statutes authorize a Board of Trustees (Retirement Board) of eight members to carry out the provisions of the Article. According to the Article, two members of the Board are ex-officio, four are to be elected by the employee members of the Fund, and two are to be elected by the annuitants of the Fund. The two ex-officio members are the Comptroller of Cook County or someone chosen by the Comptroller and the Treasurer of Cook County or someone chosen by the Treasurer. All members of the Retirement Board are fiduciaries with respect to the Fund, and are statutorily mandated to discharge their duties, as such, solely in the interest of the Fund's participants and beneficiaries.

The Board has the powers and duties required in the Article to collect all contributions due to the Fund, to invest the Plan's reserves, to have an annual audit, to appoint employees, to authorize or suspend payment of any benefit, and to have exclusive original jurisdiction in all matters relating to or affecting the Fund. The Board is required annually to submit to the Forest Preserve District Board of Cook County a detailed report of the financial affairs and status of the reserves of the Fund. Provisions in other articles of Chapter 40 require the Board to submit its annual audit and actuarial valuation reports to the State of Illinois Department of Insurance, as well as another detailed annual report, the form and content of which is specified by the Department of Insurance.

Employees of the Forest Preserve District are eligible for benefits. Covered employees are required to contribute 8.5% of their salary to the Fund. If any employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3% or 4% depending on when the employee became a participant.) The Forest Preserve District for its employer's portion is required by State

Statutes to contribute an amount equal to 8% of each individual employee's salary as well as the remaining amounts necessary to finance the requirements of the Fund. The Forest Preserve District's total contribution is limited to an amount not more than the total amount of contributions made by the employees to the Fund in the calendar year two years prior to the year for which annual applicable tax is levied, multiplied by 1.30. The source of funds for the Forest Preserve District's contributions has been designated by State Statutes as the Forest Preserve District's annual property tax levy.

The Forest Preserve District Employees' Annuity and Benefit Fund provides retirement as well as death and disability benefits. Employees age 50 or over with at least 10 years of service are entitled to receive a minimum formula annuity of 2.2% for each of the first 20 years of credited service and 2.4% for each year thereafter to a maximum benefit of 80% of the final average salary. For retirement between age 50 and age 60, the monthly retirement benefit is reduced ½ percent for each month the participant is under age 60. This reduction is waived for participants having 30 or more years of credited service.

The Forest Preserve District's payroll for employees covered by the Plan for the year ended December 31, 2001 was $28,631,232. At December 31, 2001, membership in the Fund was as follows:

Retirees and beneficiaries currently receiving benefits	394
Current employees -	
Vested	431
Nonvested	277
Total	708

Participants should refer to the summary plan description or applicable State Statutes for more complete information.

At December 31, 2001 investments in excess of 5% of the Fund's net assets consisted of the following:

Investments	**Risk Category**	**2001**
U.S. Government obligations	1	$ 29,877,070
Corporate bonds	1	22,324,469
Demand notes	1	3,814,287
Stocks	1	63,877,124
		119,892,950
Mutual funds:		
NTGI EB G/C Bond Index		14,167,736
NTGI EB U.S. Market cap Equity Index		13,786,604
Other		15,719,585
Total mutual funds		43,673,925
Net unsettled investment trades		151,698
Total investments		$ 163,718,573

Employer contributions are funded primarily through a Forest Preserve District tax levy which is currently limited when extended to an amount not to exceed an amount equal to the total contributions by the employees to the Fund made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.30.

The current actuarial studies of the Fund dated June 24, 2002 as of December 31, 2001, indicates a minimum annual contribution by the Forest Preserve District to maintain the Fund on a minimum valuation basis to be $5,165,490. This minimum annual contribution is based on an annual payroll of $28,631,232 for 708 active members during 2001.

The entry Age Normal Cost Method is the actuarial funding method used in determining the contributions necessary to accumulate sufficient assets to pay benefits when due. Under GASB 25, the initial unfunded liability that existed as of January 1, 1976 must be amortized over a period of forty years. This method of financing is termed Normal Cost Plus 40 Year Amortization Method. Previously, the Normal Cost Plus Interest Method was used in financing the unfunded liability. Under the Normal Cost Plus Interest Method, the unfunded liability was recognized but not amortized.

2001 contributions made to the Fund were less than the actuarial contribution requirements determined by an actuarial valuation, as follows:

	Amount	Percentage of Current Covered Payroll
Employer (District) contributions (1)	$ 3,674,270	11.41%
Employee contributions (2)	3,095,756	9.61%
Total	$ 6,770,026	21.02%
Covered payroll – prior year	$ 32,211,624	

(1) Tax levy by the Forest Preserve District.

(2) Includes contributions made by the Forest Preserve District on behalf of participants receiving disability.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dated indicated. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	December 31, 2001
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	40 years (open period)
Asset valuation method	5 year Average Smoothed Market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases:	
Inflation	3.5%
Seniority merit	2.0%
Postretirement benefit increases	3.0% compounded per year for employee and widow(er) annuitants
Postretirement health insurance	10.0% compounded per year

Six-year trend information may be found in the Annual Report of the Forest Preserve Pension Trust Fund. The Annual Pension Cost is equal to the Actuarially Acquired Contribution. The Annual Pension Cost and related information for the three most recent fiscal years is as follows:

Year Ended December	Employer Required Contribution, Normal Cost Plus 40 Year Level Dollar Amortization (ARC) (a)	Required Statutory Basis (1) (b)	Actual (2) (c)	Percent of ARC Contributed (c/a)	Net Pension Obligation (NPO) (3)
1999	$ 3,713,401	$ 3,639,020	$ 3,520,932	94.82%	$ (10,548,656)
2000	3,741,475	3,402,630	3,379,201	90.32	(10,329,456)
2001	4,816,346	3,726,690	3,674,270	76.29	(9,129,789)

(1) Tax levy by the District after overall loss
(2) Net tax levy by the District
(3) Negative balance as the District has no pension related liability under GASB 27

11. DEFICIT FUND BALANCES

The following details unreserved deficit fund balances at November 30, 2002 (December 31, 2002, for the Forest Preserve District):

Special Revenue Funds -	
Forest Preserve District – General	$ (12,268,618)
Chief Judge Juvenile Justice	(287,889)
Emergency Telephone System	(6,675)
Forest Preserve Grants	(456,847)
Capital Projects Fund -	
Government Management and Supporting Services	(58,343,989)
Internal Service Fund -	
Self Insurance	$ (234,223,199)

The deficit in the Special Revenue Funds – Forest Preserve District – General Fund is caused by recognizing property tax levies in the year when they become available as required by GAAP. Current-year operations of the funds are financed through loans from the working cash fund. Refer to footnote 17 for discussion of the transfer from the County to the Forest Preserve District.

The deficits in the Special Revenue Funds – Chief Judge Juvenile Justice will be financed through future revenues.

The deficit in the Capital Projects Funds will be financed through future bond issues.

The deficit in the Internal Service Fund will be financed through future bond issuances and other sources.

12. NON-GOVERNMENTAL LIMITED OBLIGATION DEBT ISSUES

The following information represents outstanding limited obligation non-government debt issues, which bear the name of the County. These debt issues are not obligations of the County.

Mortgage Revenue Bonds

In prior years, the County issued mortgage revenue bonds relating to lending programs secured by first mortgage loans on eligible residences. The bonds do not represent a liability of the County.

Industrial Development Bonds

As of November 30, 2002, the County had participated in 4 Industrial Development Bond issues for the purpose of assisting private developers in financing various capital projects:

Issue Date	Amount	Description
June 1, 1996	$25,680,000	The County of Cook, Illinois Revenue Bonds, Series 1996 (Jewish Federation of Metropolitan Chicago Projects)
June 27, 2000	$2,500,000	The County of Cook, Illinois Industrial Development Bonds, (Kenneth Properties, L.L.C. Project) Series 2000
August 16, 2000	$3,000,000	The County of Cook, Illinois Industrial Development Bonds (128th Street Limited Partnership Project) Series 2000
July 2, 2001	$4,755,000	The County of Cook, Illinois Industrial Development Bonds, Series 2001 (Little Lady Foods, Inc. Project)

These bonds, and the related interest, are solely payable from revenues arising from the capital projects. The bonds and interest therein do not constitute an indebtedness of the County.

13. CONTINGENT LIABILITIES

The County participates in a number of Federal and State grant programs. The County's participation in these programs is subject to financial and compliance audits by the grantors or their representatives. In management's opinion, expenditures that may be disallowed because of the grantors' audits would not be material.

14. HEALTH FACILITIES FUNDS

Certain expenses incurred by various departments of the County in the operation of the Health Facilities have been recorded in the financial statements of the Health Facilities (e.g., Data Processing, Purchasing and Auditing) as an expense, with a corresponding credit to operating transfer in for the subsidy. These expenses amounted to $9,125,404 in fiscal year 2002 and are also included as expenditures of the General Fund. Since the allocation of these expenditures between the functions of the General Fund is not known, total expenditures are reduced on the accompanying combined statement of revenues, expenditures and changes in fund balance by the line item entitled "Amounts incurred in the above accounts for the Enterprise Fund" with an offsetting debit to operating transfer out.

These expenses are included in the cost reimbursement reports submitted by the Health Facilities to the State and Federal health care intermediary.

In addition, the County made contributions of $62,013,786 for fiscal year 2002, to the Cook County Employees' and Officers' Annuity and Benefit Fund, on behalf of the Health Facilities, which the County is not reimbursed for, but is included in the cost reimbursement reports.

Construction-in-progress and other capital expenditures affecting the Health Facilities are accounted for in various Capital Project Funds maintained by the Cook County Comptroller. These expenditures amounted to $160,554,564 for fiscal year 2002. The corresponding long-term debt which finances these expenditures is reflected as a liability in the County's Statement of Net Assets, since they are obligations of applicable Capital Project Funds and Debt Service Fund of the County and not the Health Facilities Funds. The Health Facilities records construction-in-progress expenditures as additions to the construction in progress and the contributed capital accounts of its books in the year the expenditures are accrued. Interest on construction borrowings is either capitalized or included as expense on the Health Facilities' cost report five years is transferred to the General (Corporate) Fund.

15. UNKNOWN HEIRS FUND

In August 2002, a court order decreed that the County was authorized to escheat amounts retained in the Unknown Heirs Funds, held by the Treasurer, in excess of $5 million. These escheated funds of the County are useable for such purposes as the law allows. In accordance with the court order, the Treasurer continues to honor all valid court orders directing withdrawals from the Unknown Heirs Funds. If, due to payment of court-ordered withdrawals, the amount in the Unknown Heirs Fund falls below $5 million, the County reimburses the Unknown Heirs Fund in a timely manner to maintain a balance of $5 million. For fiscal year 2002 the County requested $40 million to be escheated from the Treasurer.

16. STATE TREASURER CLAIM

The Cook County Treasurer has received demands from the Illinois State Treasurer for certain monies, which are claimed to be subject to the Illinois Uniform Disposition of Unclaimed Property Act. The Cook County State's Attorney has reviewed the State Treasurer's demands and concluded that the claims are generally without merit with the exception of amounts related to certain warrants outstanding. The County believes, however, that the warrant list used in establishing the amounts claimed is inaccurate and that the demand and listing are excessive and incorrect. The County presently maintains a cash balance and an offsetting liability of $1,214,956 related to outstanding warrants. The County does not believe that the final resolution of the amounts claimed will have a material impact on the County's financial statements.

17. TRANSFER TO FOREST PRESERVE DISTRICT

During 2002 the County Board authorized the County to provide $5 million to the Forest Preserve District to provide funds toward the District's accumulated operating deficit. This amount is presented as a transfer in the financial statements.

18. SUBSEQUENT EVENTS

Sale of General Obligation Bonds
On March 13, 2003, the County issued approximately $23 million of Series 2003A and $187 million of Series 2003B General Obligation Refunding Bonds.

Cook County Administration Building Fire
On October 17, 2003, a fire occurred in The Cook County Administration Building, a 35-story office building owned by Cook County in downtown Chicago. The fire killed six individuals and injured several others. Through the purchase of an independent insurance policy, the County is fully insured for losses related to the fire. To date, the County has not been a named party in litigation related to the fire deaths, but has paid on several workers' compensation claims.

COOK COUNTY, ILLINOIS

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULES OF FUNDING PROGRESS

November 30, 2002

County Pension Plan

Year Ended December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
1999	$ 5,273,208,730	$ 5,555,661,795	$282,453,065	94.92	$1,162,538,616	24.30
2000	5,706,998,091	6,070,267,055	363,268,964	94.02	1,261,050,576	28.81
2001 (1)	5,935,506,269	6,678,219,689	742,713,420	88.88	1,274,942,064	58.25

(1) Change in actuarial assumptions occurred during this year.

Forest Preserve District Pension Plan

Year Ended December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded AAL (OAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	OAAL as a Percentage of Covered Payroll (a-b)/c
1999	$167,074,543	$158,528,015	$(8,546,528)	105.39	$29,563,392	(28.91)
2000	177,865,868	171,593,116	(6,272,752)	103.66	32,211,624	(19.47)
2001 (1)	180,733,922	184,441,770	3,707,848	97.99	28,631,232	12.95

(1) Change in actuarial assumptions occurred during this year.

Source: The information above was taken from the actuarial statements prepared for each of the respective plans.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B
Demographic and Economic Information

[THIS PAGE INTENTIONALLY LEFT BLANK]

DEMOGRAPHIC AND ECONOMIC INFORMATION

Except as otherwise noted, the economic and demographic data listed below were collected and published by the Cook County Department of Planning and Development, Office of Economic Development.

Population

	2000	1990	1980
Chicago	2,896,016	2,783,786	3,005,072
Cook County	**5,376,741**	**5,105,067**	**5,253,655**
Illinois	12,419,293	11,430,602	11,426,518

Source: United States Department of Census.

Per Capita Income

	2000	1999	1998	1997	1996
Chicago[1]	$35,336	$34,743	$33,406	$31,452	$29,940
Cook County	**33,704**	**33,398**	**32,131**	**30,261**	**28,788**
Illinois	32,259	31,138	30,006	28,356	27,005
USA	29,451	28,546	27,321	25,874	24,651

Source: United States Department of Commerce, Bureau of Economic Analysis
[1] Source: Northern Illinois University, Center for Governmental Studies.

Unemployment Rates

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Chicago	7.6%	6.5%	5.4%	5.6%	5.4%	5.6%	6.0%	6.7%	6.7%	7.0%
Cook County	**6.8**	**6.7**	**5.9**	**4.7**	**4.4**	**4.7**	**4.9**	**5.5**	**5.5**	**5.9**
Illinois	6.7	6.5	5.4	4.4	4.3	4.4	4.7	5.3	5.2	5.7
USA	5.7	6.0	4.8	4.0	4.2	4.5	4.9	5.4	5.6	6.1

Source: United States Department of Labor, Bureau of Labor Statistics and Illinois Department of Employment Security.

Cook County, Illinois
Top Ten Property Taxpayers - Assessed Value
Fiscal Year 2002
(Dollars in thousands; Unaudited)

	Name	Dollar Amount
1.	EProperty Tax Dept.	$169,194
2.	BRE Randolph Drive LLC	114,999
3.	Sears Roebuck	92,617
4.	Shorenstein Realty	93,542
5.	Industry Consulting	93,188
6.	Monroe & Adams Dela Inc.	79,572
7.	Woodfield Retax Adm	66,893
8.	Lakeside Tech Ct	65,034
9.	NACA Ltd Partnership	63,102
10.	Madison Two Associates	60,933
	TOTAL	**$899,074**

Source: Cook County Clerk's Office, Tax Extension Division.

Cook County, Illinois
Top Ten Property Taxpayers - Assessed Value
Fiscal Year 2001
(Dollars in thousands; Unaudited)

	Name	Dollar Amount
1.	EProperty Tax Dept	$174,970
2.	BRE Randolph DR LLC	115,000
3.	Shorenstein Realty	93,542
4.	Industry Consulting	93,188
5.	Sears	92,386
6.	Monroe & Adams Dela Inc	90,891
7.	Woodfield Retax Adm	66,893
8.	NACA Ltd Partnership	63,103
9.	Madison Two Associates	60,933
10.	L. Burnett M. Breslin	60,043
	TOTAL	**$910,949**

Source: Cook County Clerk's Office, Tax Extension Division.

Top Employers for Cook County, Illinois (By Number of Employees)

Public Employers

		2003
1	U.S. Government	88,000
2.	Chicago Public Schools	46,184
3.	City of Chicago	39,275
4.	**Cook County**	**26,082**
5.	State of Illinois	17,049

		2002
1	U.S. Government	75,000
2.	Chicago Public Schools	46,179
3.	City of Chicago	40,324
4.	**Cook County**	**27,042**
5.	State of Illinois	18,915

Source: Crain's Chicago Business

Private Employers

		2003
1.	Jewel-Osco Inc.	39,220
2.	Advocate Health Care	25,293
3.	SBC Communications	21,000
4.	United Parcel Service	19,063
5.	Walgreen Co.	17,567

		2002
1.	Jewel-Osco Inc.	39,201
2.	SBC Ameritech	22,400
3.	Advocate Health Care	20,573
4.	United Parcel Service	19,373
5.	United Airlines	18,276

Source: Crain's Chicago Business

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C
Form of Opinions of Co-Bond Counsel

[THIS PAGE INTENTIONALLY LEFT BLANK]

FORM OF CO-BOND COUNSEL OPINION

Each of Katten Muchin Zavis Rosenman, Chicago, Illinois, and William P. Tuggle, Esq., Chicago, Illinois, Co-Bond Counsel, proposes to issue its approving opinion upon issuance of the Taxable Series 2004C Bonds in substantially the following form.

August 12, 2004

The Board of Commissioners of
The County of Cook, Illinois

Dear Commissioners:

We have examined a record of proceedings relating to the issuance of $135,000,000 principal amount of Taxable General Obligation Bonds, Series 2004C (the "Bonds") of The County of Cook (the "County"), a body politic and corporate and a home rule unit of the State of Illinois. The Bonds are authorized and issued pursuant to the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the Board of Commissioners of the County on July 13, 2004, and entitled: "An Ordinance Providing for the Issuance of One or More Series of General Obligation Bonds, Series 2004, of The County of Cook, Illinois" (the "Ordinance").

The Bonds are issuable in fully registered form in the denominations of $5,000 or any integral multiple thereof. The Bonds delivered on original issuance are dated August 12, 2004. The Bonds mature on November 15 in each of the following years in the respective principal amount set opposite each such year in the following table, and the Bonds maturing in each such year bear interest from their date, payable on November 15, 2004 and semiannually thereafter on May 15 and November 15 of each year, at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Rate of Interest
2023	$31,000,000	5.70%
2029	6,000,000	5.76
2029	98,000,000	5.79

The Bonds maturing November 15, 2023, are subject to mandatory redemption prior to maturity, on November 15 of the years 2015 to 2022, both inclusive, by the application of sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed, and in the following principal amounts:

Year	Principal Amount
2015	$ 170,000
2016	700,000
2017	1,020,000
2018	1,440,000
2019	1,630,000
2020	2,270,000
2021	2,695,000
2022	3,225,000

The Bonds maturing November 15, 2029, and bearing interest at the rate of 5.76% per annum, are subject to mandatory redemption prior to maturity, on November 15 of the years 2024 to 2028, both inclusive, by the application of sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed, and in the following principal amounts:

Year	Principal Amount
2024	$2,185,000
2025	1,530,000
2026	650,000
2027	705,000
2028	870,000

The Bonds maturing November 15, 2029, and bearing interest at the rate of 5.79% per annum, are subject to mandatory redemption prior to maturity, on November 15 of the years 2024 to 2028, both inclusive, by the application of sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed, and in the following principal amounts:

Year	Principal Amount
2024	$35,660,000
2025	24,990,000
2026	10,655,000
2027	11,495,000
2028	14,205,000

The Bonds to be redeemed by application of a particular sinking fund installment are to be selected pro-rata based upon the respective principal amount of the applicable Bonds held by each direct participant of The Depository Trust Company.

We are of the opinion that:

1. The County had and has the right and power to adopt the Ordinance and to authorize the Bonds. The Ordinance has been duly adopted, is presently in full force and effect,

is valid and binding upon the County and is enforceable in accordance with its terms as part of its contract with the owners of the Bonds.

2. The Bonds have been duly authorized and issued in accordance with the Ordinance, are valid and legally binding general obligations of the County, are entitled to the benefits and security of the Ordinance and are enforceable in accordance with their terms.

3. The full faith and credit of the County are irrevocably pledged to the punctual payment of the Bonds and the County has power and is obligated to levy ad valorem taxes upon all the taxable property within the County for the punctual payment of the Bonds and the interest thereon without limitation as to rate or amount.

Interest on the Bonds is not exempt from present Federal or Illinois income taxes.

In rendering the foregoing opinion, we advise that the enforceability (but not the validity or binding effect) of the Bonds and the Ordinance (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought.

Very truly yours,

APPENDIX D
Book-Entry Only System

[THIS PAGE INTENTIONALLY LEFT BLANK]

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and the Book-Entry System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Authority, the Underwriter, the Bond Trustee, the Corporation or the other Members of the Obligated Group, if any.

Beneficial ownership in the Taxable Series 2004C Bonds will be available to Beneficial Owners (as described below) only by or through DTC Participants via a book-entry system (the "**Book-Entry System**") maintained by DTC.

DTC and Its Participants

DTC will act as securities depository for the Taxable Series 2004C Bonds. The Taxable Series 2004C Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for the Taxable Series 2004C Bonds, in the aggregate principal amount of such Taxable Series 2004C Bonds, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, ether directly or indirectly ("**Indirect Participants**"). DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Taxable Series 2004C Bonds under the Book-Entry System must be made by or through Direct Participants, which will receive a credit for the Taxable Series 2004C Bonds on DTC's records. The ownership interest of each actual purchaser of each Taxable Series 2004C Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect

Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Taxable Series 2004C Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Taxable Series 2004C Bonds, except in the event that use of the Book-Entry System for the Taxable Series 2004C Bonds is discontinued.

To facilitate subsequent transfers, all Taxable Series 2004C Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Taxable Series 2004C Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Taxable Series 2004C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Taxable Series 2004C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Taxable Series 2004C Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Taxable Series 2004C Bonds, such as redemptions, tenders, defaults, and proposed amendments to security documents. For example, Beneficial Owners of the Taxable Series 2004C Bonds may wish to ascertain that the nominee holding the Taxable Series 2004C Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Taxable Series 2004C Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Taxable Series 2004C Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Taxable Series 2004C Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Taxable Series 2004C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Taxable Series 2004C Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County or the Bond Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Trustee, the County or the Corporation or any other Member of the Obligated Group, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Tenders

A Beneficial Owner shall give notice to elect to have its Taxable Series 2004C Bonds purchased or tendered, through its Participant, to the Bond Trustee, and shall effect delivery of such Taxable Series 2004C Bonds by causing the Direct Participant to transfer the Participant's interest in the Taxable Series 2004C Bonds, on DTC's records, to the Bond Trustee. The requirement for physical delivery of Taxable Series 2004C Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Taxable Series 2004C Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Taxable Series 2004C Bonds to the Bond Trustee's DTC's account.

Discontinuance of DTC Services

DTC may discontinue providing its services as securities depository with respect to Taxable Series 2004C Bonds at any time by giving notice to the County and the Bond Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of the Official Statement

WHILE THE TAXABLE SERIES 2004C BONDS ARE IN THE BOOK-ENTRY SYSTEM, REFERENCE IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT TO OWNERS OF SUCH BONDS SHOULD BE READ TO INCLUDE ANY PERSON FOR WHOM A PARTICIPANT ACQUIRES AN INTEREST IN THE TAXABLE SERIES 2004C BONDS, BUT (I) ALL RIGHTS OF OWNERSHIP, AS DESCRIBED HEREIN, MUST BE EXERCISED THROUGH DTC AND THE BOOK-ENTRY SYSTEM AND (II) NOTICES THAT ARE TO BE GIVEN TO REGISTERED OWNERS BY THE BOND TRUSTEE WILL BE GIVEN ONLY TO DTC. DTC IS REQUIRED TO FORWARD (OR CAUSE TO BE FORWARDED) THE NOTICES TO THE PARTICIPANTS BY ITS USUAL PROCEDURES SO THAT SUCH PARTICIPANTS MAY FORWARD (OR CAUSE TO BE FORWARDED) SUCH NOTICES TO THE BENEFICIAL OWNERS.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E
Summary of Certain Provisions of the Bond Ordinance

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

The following is a summary of certain provisions of the Bond Ordinance and does not purport to be complete Reference is made to the Bond Ordinance for the complete provisions thereof.

THE BOND FUND

The Series 2004C Account of the Bond Fund shall be the fund for the payment of principal of and interest on the Taxable Series 2004C Bonds. The Series 2004C Account of the Bond Fund shall be held and maintained as a separate and segregated account by the Trustee. Accrued interest, capitalized interest and premium, if any, received upon delivery of the Taxable Series 2004C Bonds shall be deposited into the Series 2004C Account of the Bond Fund and be applied to pay first interest coming due on the Taxable Series 2004C Bonds.

The Series 2004C Pledged Taxes shall either be deposited into the Series 2004C Account of the Bond Fund and used solely and only for paying the principal of and interest on the Taxable Series 2004C Bonds or be used to reimburse a fund or account from which advances to the Series 2004C Account of the Bond Fund may have been made to pay principal of or interest on the Taxable Series 2004C Bonds prior to receipt of Series 2004C Pledged Taxes. Interest income or investment profit earned in the Series 2004C Account of the Bond Fund shall be retained in the Series 2004C Account of the Bond Fund for payment of the principal of and interest on the Taxable Series 2004C Bonds on the interest payment date next after such interest or profit is received or, to the extent lawful and as determined by the County, transferred to such other funds as may be determined. The County pledges, as equal and ratable security for the Taxable Series 2004C Bonds, all present and future proceeds of the Series 2004C Pledged Taxes on deposit in the Series 2004C Account of the Bond Fund for the sole benefit of the registered owners of the Taxable Series 2004C Bonds, subject to the reserved right of the Corporate Authorities to transfer certain interest income or investment profit earned in the Series 2004C Account of the Bond Fund to other funds of the County, as described in the preceding sentence.

INVESTMENTS

The moneys on deposit in the Bond Fund may be invested from time to time in Qualified Investments (as defined in the Bond Ordinance). Any such investments may be sold from time to time by the Trustee without further direction from the County as moneys may be needed for the purposes for which the Bond Fund has been created. The moneys on deposit in each Project Fund (as defined and described in the Bond Ordinance) shall be invested in any lawful investment for County funds. In addition, the Chief Financial Officer shall direct the Trustee to sell such investments when necessary to remedy any deficiency in the Bond Fund, any Project Fund or any accounts created therein. All other investment earnings shall be attributed to the account for which the investment was made.

PAYMENT AND DISCHARGE

The Taxable Series 2004C Bonds may be discharged, payment provided for, and the County's liability terminated as follows:

(a) *Discharge of Indebtedness*. If (i) the County shall pay or cause to be paid to the registered owners of the Taxable Series 2004C Bonds the principal, premium, if any, and interest to become due thereon at the times and in the manner stipulated in the Bond Ordinance, (ii) all fees and expenses of the Trustee shall have been paid, and (iii) the County shall keep, perform and observe all and singular the covenants and promises in the Taxable Series 2004C Bonds and in the Bond Ordinance expressed as to be kept, performed and observed by it or on its part, then the rights granted by the Taxable Series 2004C Bonds and the Bond Ordinance shall cease, determine and be void. If the County shall pay or cause to be paid to the registered owners of all Outstanding Taxable Series 2004C Bonds, or of a particular maturity thereof, the principal, premium, if any, and interest to become due thereon at the times and in the manner stipulated in such Taxable Series 2004C Bonds and the Bond Ordinance, such Taxable Series 2004C Bonds shall cease to be entitled to any lien, benefit or security under the Bond Ordinance, and all covenants, agreements and obligations of the County to the holders of such Taxable Series 2004C Bonds shall thereupon cease, terminate and become void and discharged and satisfied.

(b) *Provision for Payment*. Taxable Series 2004C Bonds for the payment or redemption or prepayment of which sufficient monies or sufficient Defeasance Obligations (as defined in the Bond Ordinance) shall have been deposited with the Trustee or an escrow agent having fiduciary capacity (whether upon or prior to the maturity or the redemption date of such Taxable Series 2004C Bonds) shall be deemed to be paid within the meaning of the Bond Ordinance and no longer outstanding under the Bond Ordinance; *provided, however,* that if such Taxable Series 2004C Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given as provided in the Bond Ordinance or arrangements satisfactory to the Trustee shall have been made for the giving thereof. Defeasance Obligations shall be considered sufficient only if said investments mature and bear interest in such amounts and at such times as will assure sufficient cash to pay currently maturing interest or principal and redemption premiums if any when due on the Taxable Series 2004C Bond.

(c) *Termination of County's Liability*. Upon the discharge of indebtedness under paragraph (a) above, or upon the deposit with the Trustee of sufficient money and Defeasance Obligations (such sufficiency being determined as provided in paragraph (b) above) for the retirement of any particular Taxable Series 2004C Bond or Bonds, all liability of the County in respect of such Taxable Series 2004C Bond or Bonds shall cease, determine and be completely discharged and the holders thereof shall thereafter be entitled only to payment out of the money and the proceeds of the Defeasance Obligations deposited with aforesaid for their payment.

EVENTS OF DEFAULT AND REMEDIES

If one or more of the following events, herein called "**Events of Default**", shall happen, that is to say, in case:

(i) default shall be made in the payment of the principal of or redemption premium, if any, on any Outstanding Series 2004B Bond, Taxable Series 2004C Bond, Taxable Series 2004D Bond or Series 2004E Bond (collectively, the "**Bonds**") when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(ii) default shall be made in the payment of any installment of interest on any Outstanding Bond when and as such installment of interest shall become due and payable; or

(iii) the County shall (I) commence a voluntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or state bankruptcy, insolvency or other similar law, (2) make an assignment for the benefit of its creditors, (3) consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (4) be adjudicated a bankrupt or any petition for relief shall be filed in respect of an involuntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or state bankruptcy, insolvency or other similar law and such order continue in effect for a period of 60 days without stay or vacation; or

(iv) a court of competent jurisdiction shall enter an order, judgment or decree appointing a receiver of the County, or of the whole or any substantial part of its property, or approving a petition seeking reorganization of the County under the Federal bankruptcy laws or any other applicable Federal or state law or statute and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days from the date of the entry thereof, or

(v) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the County or of the whole or any substantial part of its property, and such custody or control shall not be terminated or stayed within 60 days from the date of assumption of such custody or control;

then in each and every such case the Trustee may, and upon the written request of the registered owners of twenty-five percent (25%) in principal amount of the Bonds affected by the Event of Default and then outstanding under the Bond Ordinance shall proceed to protect and enforce its rights and the rights of the holders of the Taxable Series 2004C Bonds by a suit, action or special proceeding in equity or at law, by mandamus or otherwise, either for the specific performance of any covenant or agreement contained in the Bond Ordinance or in aid or execution of any power granted in the Bond Ordinance or for any enforcement of any proper legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce the rights aforesaid.

During the continuance of an Event of Default, all Series 2004C Pledged Taxes received by the Trustee under the Bond Ordinance from the County shall be applied by the Trustee in accordance with the terms of the Bond Ordinance described in this Appendix E under "Application of Moneys After Default."

NOTICES OF DEFAULT UNDER ORDINANCE

Promptly after the occurrence of an Event of Default or the occurrence of an event which, with the passage of time or the giving of notice or both, would constitute an Event of Default, the Trustee shall mail to the Taxable Series 2004C Bondholders at the address shown on the Taxable Series 2004C Bond Register, the Insurer, and also directly to any beneficial owner of $500,000 or more in aggregate principal amount of Taxable Series 2004C Bonds then Outstanding at such address as the Trustee shall obtain from the Depository, notice of all Events of Default or such events known to the Trustee unless such defaults or prospective defaults shall have been cured before the giving of such notice.

TERMINATION OF PROCEEDINGS BY TRUSTEE

In case any proceedings taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the County, the Trustee, and the Taxable Series 2004C Bondholders shall be restored to their former positions and rights under the Bond Ordinance, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

RIGHT OF HOLDERS TO CONTROL PROCEEDINGS

Subject to the provisions of the commitment from the Insurer to issue the Bond Insurance Policy (the "**Commitment**"), anything in the Bond Ordinance to the contrary notwithstanding, the registered owners of a majority in principal amount of the Bonds then outstanding shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Bond Ordinance in respect of the Taxable Series 2004C Bonds, respectively; *provided* that such direction shall not be otherwise than in accordance with law and the Trustee shall be indemnified to its satisfaction against the costs, expenses and liabilities to be incurred therein or thereby.

RIGHT OF HOLDERS TO INSTITUTE SUIT

Subject to the provisions of the Commitment, no holder of any of the Taxable Series 2004C Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Bond Ordinance, or for any other remedy under the Bond Ordinance or on the Taxable Series 2004C Bonds unless such holder previously shall have given to the Trustee written notice of an Event of Default as provided in the Bond Ordinance, and unless also the registered owners of twenty-five percent (25%) in principal amount of the Bonds then outstanding shall have made written request of the Trustee after the right to exercise such powers, or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Bond Ordinance, or to institute such action, suit, or proceeding in its name; and unless, also, there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Bond Ordinance or for any other remedy under the Bond Ordinance; it being understood and intended that no one or more holders of the Taxable Series 2004C Bonds shall have any right in any manner whatever by his, her or their action to affect, disturb or prejudice the security of the Bond Ordinance, or to enforce any right under the Bond Ordinance, except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Bond Ordinance and for the equal benefit of all holders of the outstanding Taxable Series 2004C Bonds.

Nothing in the Bond Ordinance contained shall, however, affect or impair the right of each Taxable Series 2004C Bondholder, which is absolute and unconditional, to enforce the payment of the principal of and redemption premium, if any, and interest on his or her Taxable Series 2004C Bonds, out of the Series 2004C Account of the Bond Fund, or the obligation of the County to pay the same, at the time and place in the Taxable Series 2004C Bonds expressed.

SUITS BY TRUSTEE

All rights of action under the Bond Ordinance, or under any of the Taxable Series 2004C Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Taxable Series 2004C Bonds or the production thereof at the trial or other proceeding relative thereto, and any such suit, or proceeding, instituted by the Trustee shall be brought in its name for the ratable benefit of the holders of the Taxable Series 2004C Bonds affected by such suit or proceeding, subject to the provisions of the Bond Ordinance.

REMEDIES CUMULATIVE

No remedy under the Bond Ordinance conferred upon or reserved to the Trustee, the Insurer or the Taxable Series 2004C Bondholders, is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Bond Ordinance or now or hereafter existing at law or in equity or by statute.

WAIVER OF DEFAULT

No delay or omission of the Trustee or of each Taxable Series 2004C Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given to the Trustee and the Taxable Series 2004C Bondholders, respectively, may be exercised from time to time, and as often as may be deemed expedient. In the event any Event of Default shall be waived by the Taxable Series 2004C Bondholders or the Trustee, such waiver shall be limited to the particular Event of Default so waived and shall not be deemed to waive any other Event of Default under the Bond Ordinance.

APPLICATION OF MONIES AFTER DEFAULT

Subject to the Commitment, the County covenants that if an Event of Default shall happen and shall not have been remedied, the Trustee shall apply all monies, securities and funds received by the Trustee pursuant to any right given or action taken as follows:

(1) First, to the payment of all reasonable costs and expenses of collection, fees, and other amounts due to the Trustee under the Bond Ordinance; and thereafter

(2) All such remaining monies shall be applied as follows:

(A) first, to the payment to the persons entitled thereto of all installments of interest on Outstanding Bonds then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

(B) second, to the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Outstanding Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which monies are held pursuant to the provisions of the Bond Ordinance), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such premium, then to the payment ratably according to the amount of such principal and premium due on such date, and then to the payment of such principal ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

(C) third, to the payment of Swap Payments (as defined in the Bond Ordinance).

Whenever monies are to be applied by the Trustee pursuant to the provisions described above, such monies shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such monies available for application and the likelihood of additional monies becoming available for such application in the future. The deposit of such monies with the paying agents, or otherwise setting aside such monies, in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the County, to any Taxable Series 2004C Bondholder or to any other person for any delay in applying any such funds, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Bond Ordinance as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such funds, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date and of the endorsement to be entered on each Taxable Series 2004C Bond on which payment shall be made, and shall not be required to make payment to the holder of any unpaid Taxable Series 2004C Bond until such Taxable Series 2004C Bond shall be presented to the Trustee for appropriate endorsement, or some other procedure deemed satisfactory by the Trustee.

SUPPLEMENTAL ORDINANCES

Supplemental ordinances may be passed as follows:

(a) *Supplemental Ordinances Not Requiring Consent of Bondholders.* The County, by the Corporate Authorities, and the Trustee from time to time and at any time, subject to the conditions and restrictions in the Bond Ordinance and the Commitment contained, may pass and accept an ordinance or ordinances supplemental to the Bond Ordinance, which ordinance or ordinances thereafter shall form a part of the Bond Ordinance, for any one or more of the following purposes:

(i) To add to the covenants and agreements of the County in the Bond Ordinance contained, other covenants and agreements thereafter to be observed or to surrender, restrict or limit any right or power reserved in the Bond Ordinance to or conferred upon the County;

(ii) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Bond Ordinance, or in regard to matters or questions arising under the Bond Ordinance, as the County may deem necessary or desirable and not inconsistent with the Bond Ordinance and which in the opinion of the Trustee shall not adversely affect the interests of the registered owners of the Taxable Series 2004C Bonds;

(iii) To designate one or more bond registrars or paying agents;

(iv) To comply with the provisions of the Bond Ordinance relating to payment and discharge when money and the Defeasance Obligations designated therein sufficient to provide for the retirement of Taxable Series 2004C Bonds shall have been deposited with the Trustee; and

(v) as to Taxable Series 2004C Bonds which are authorized but unissued under the Bond Ordinance to change in any way the terms upon which such Bonds may be issued or secured.

Any supplemental ordinance authorized by the above-described provisions may be passed by the County and accepted by the Trustee without the consent of or notice to the registered owners of any of the Taxable Series 2004C Bonds at the time outstanding, but with notice to the Insurer, notwithstanding any of the provisions of paragraph (b), but the Trustee shall not be obligated to accept any such supplemental ordinance which affects the Trustee's own rights, duties or immunities under the Bond Ordinance or otherwise.

(b) *Supplemental Ordinances Requiring Consent of Bondholders*. With the consent of the registered owners of not less than a majority in aggregate principal amount of the Bonds at the time outstanding, and subject to the Commitment, the County, by the Corporate Authorities, may pass, and the Trustee may accept from time to time and at any time an ordinance or ordinances supplemental to the Bond Ordinance for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Bond Ordinance or of any supplemental ordinance; provided that no such modification or amendment shall extend the maturity or reduce the interest rate on or otherwise alter or impair the obligation of the County to pay the principal, interest or redemption premium, if any, at the time and place and at the rate and in the currency provided therein of any Taxable Series 2004C Bond, without the express consent of the registered owner of such Taxable Series 2004C Bond or permit the creation of a preference or priority of any Taxable Series 2004C Bond or Bonds, as the case may be, over any other Taxable Series 2004C Bond or Bonds, as the case may be, or reduce the percentage of Taxable Series 2004C Bonds, required for the affirmative vote or written consent to an amendment or modification, or deprive the registered owners of the Taxable Series 2004C Bonds (except as aforesaid) of the right to payment of the Taxable Series 2004C Bonds from the Series 2004C Pledged Taxes without the consent of the registered owners of all the Taxable Series 2004C Bonds then outstanding. Upon receipt by the Trustee of a certified copy of such ordinance and upon the filing with the Trustee of evidence of the consent of Bondholders as aforesaid, the Trustee shall accept unless such supplemental ordinance affects the Trustee's own rights, duties or immunities under the Bond Ordinance or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, accept such supplemental ordinance.

Promptly after the passage by the County and the acceptance by the Trustee of any supplemental ordinance pertaining to the Taxable Series 2004C Bonds pursuant to the provisions described in paragraph (b) above, the County shall publish a notice, setting forth in general terms the substance of such supplemental ordinance, at least once in a financial newspaper or journal printed in the English language, customarily published on each business day and of general circulation among dealers in municipal securities in the City of New York, New York. If, because of temporary or permanent suspension of the publication or general circulation of any financial newspaper or journal or for any other reason it is impossible or impractical to publish such notice of supplemental ordinance in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute sufficient publication of notice. Any failure of the County to given such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental ordinance.

ELIGIBILITY OF TRUSTEE

The Bond Ordinance shall always have a Trustee that is a commercial bank with trust powers or a trust company organized and doing business under the laws of the United States of America or any state thereof, is authorized under such laws and the laws of the State to exercise corporate trust powers and is subject to supervision or examination by United States of America or state authority. If at any time the Trustee ceases to be eligible in accordance with this paragraph, the Trustee shall resign immediately as set forth in the Bond Ordinance.

REPLACEMENT OF TRUSTEE

The Trustee may resign with thirty (30) days' written notice to the County, effective upon the execution, acknowledgment and delivery by a successor Trustee to the County of appropriate instruments of succession. Provided that no Event of Default shall have occurred and be continuing, the County may remove the Trustee and appoint a successor Trustee at any time by an instrument or concurrent instruments in writing delivered to the Trustee; *provided, however,* that the holders of a majority in aggregate principal amount of the Bonds outstanding at the time may at any time remove the Trustee and appoint a successor Trustee by an instrument or concurrent instrument in writing signed by such Bondholders, and further provided that any conflict between the County and such holders regarding such removal and appointment shall be resolved in favor of such holders. Such successor Trustee shall be a corporation authorized under applicable laws to exercise corporate trust powers and may be incorporated under the laws of the United States of America or any state thereof. Such successor Trustee shall in all respects meet the requirements set forth in the preceding paragraph.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the County shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the County. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee; the resignation or removal of the retiring Trustee shall then (but only then) become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under the Bond Ordinance.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the County or the registered owners a majority in principal amount of the Bonds then outstanding may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust assets) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F
Specimen Bond Insurance Policy

[THIS PAGE INTENTIONALLY LEFT BLANK]

FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

SPECIMEN

____
President

Attest: ______________________________
Assistant Secretary

STD-R-6
4/95

[THIS PAGE INTENTIONALLY LEFT BLANK]

Recycled Paper - Printed by
IMAGEMASTER 800.452.5152