

Cook County Health Facilities Fund of Illinois

Financial Statements as of and for the Year Ended
November 30, 2007, Combined Supplemental
Schedules as of and for the Year Ended
November 30, 2007 and Independent Auditors' Report

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Cook County, Illinois

We have audited the accompanying financial statements of the Cook County Health Facilities Fund of Cook County, Illinois (CCHF), as of and for the year ended November 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the CCHF's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CCHF's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements referred to above present only the CCHF and do not purport to, and do not, present fairly the financial position of Cook County, Illinois, as of November 30, 2007, and the changes in its financial position, or its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the CCHF as of November 30, 2007, and the changes in its financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 8 and Schedule of Funding Progress on page 26 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 supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying combining supplementary schedules on pages 27 through 39, which is the responsibility of the CCHF's management, is not a required part of the basic financial statements, and we did not audit or apply limited procedures to such information and we do not express any assurances on such information.

Deloitte & Touche LLP

August 31, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This discussion and analysis provides the readers of the financial statements of the Cook County Health Facilities Fund of Illinois (the CCHF) with an overview of the financial activities and financial position for the fiscal year ended November 30, 2007. This discussion focuses on the significant financial issues and major financial activities and the resulting changes in financial position and includes comparative data for the prior year. It should be read in conjunction with the accompanying financial statements of the CCHF.

The CCHF includes the following entities: John H. Stroger Jr. Hospital (JSH); Oak Forest Hospital (OFH); Provident Hospital (PHCC); the Department of Public Health (DPH); the Ambulatory and Community Health Network (ACHN); and, the Bureau of Health Services (BHS). Collectively, these entities provide primary, intermediate, acute, and tertiary medical care to patients, without regard to their ability to pay. The Bureau of Health Services oversees the operational, planning, and policy activities of the CCHF.

CCHF is the third largest public hospital system in the United States operated by a unit of local government and is, by far, the largest provider of medical care to the uninsured, underinsured, and Medicaid populations in the state of Illinois. The emergency department at JSH is the busiest in the metropolitan Chicago area with a 2007 census of more than 128,600 patient encounters. The PHCC emergency department is the fourth largest in the area with almost 44,000 encounters in 2007.

The CCHF is included in the reporting entity of Cook County, Illinois, as an enterprise fund. As an enterprise fund, the CCHF's financial statements are prepared using proprietary fund accounting that focuses on the determination of changes in net assets, financial position, and cash flows in a manner similar to private sector businesses. The financial statements are prepared on an accrual basis of accounting, which recognizes revenue when earned and expenses when incurred.

Summary of Operating and Financial Highlights

A new Cook County Board President was sworn in on December 4, 2006. The Board President appointed new leadership at CCHF, including a new interim Chief of the Bureau of Health Services, a new Chief Operating Officer, and a new Chief Financial Officer. New clinical, operating, and financial leadership has also been established in various operating entities within CCHF. In addition, effective January 1, 2007, a new third-party vendor was hired to manage the information systems of CCHF.

Due to limited resources, the Bureau of Health undertook a significant restructuring which included, as part of the FY2007 budget, streamlining of organizational structures, consolidation or outsourcing of certain services, reducing services such as long-term care and layoffs of personnel. In FY 2008, management has continued its focus on operational efficiency and cost cutting due to budgetary constraints. In the short-term, these actions are meant to stabilize CCHF's operations so that the Bureau can continue to fulfill its mission of serving the health care needs of the region.

As more fully described in Note 2 to the notes to the financial statements, the CCHF continues to incur significant operating losses due to declining federal reimbursements, dependency on Illinois Medicaid payments, a large self pay patient population, and rising labor and medical costs. These factors will require the Board of Commissioners and the CCHF management to identify new sources of revenues, reduce costs, or realign services to remain financially viable in the long term. The Board of Commissioners passed a resolution on July 1, 2008, evidencing a commitment to continue to fund the operations of the CCHF.

Financial Highlights

All amounts within this Management's Discussion and Analysis are expressed in thousands of dollars.

- The assets of the CCHF exceeded its liabilities at the close of fiscal years 2007 and 2006 by \$600,998 and \$706,229, respectively. Of these amounts, \$70,961 and \$130,772, respectively, are unrestricted net assets. In addition, CCHF net investment in capital assets decreased \$45,393 primarily due to annual depreciation.
- Total net assets decreased by \$105,231 in FY2007 as compared to a decrease of \$155,564 in FY2006. These decreases are primarily the result of increasing self-pay population utilizing CCHF services, declining federal and state reimbursements, and rising labor and medical costs.
- Loss from operations in FY2007 was \$474,977 as compared to \$498,872 in FY2006. The \$23,895 decrease in the operating loss is primarily the result of a decrease in patient volume of 60 and a corresponding \$76,713 decrease in operating expenses.
- During FY2007, the self-pay component of the CCHF payor mix increased to 57% from 55% in FY2006, while Medicaid payor mix decreased to 28% from 29% over the same period.
- The provision for bad debt expense increased in FY2007 by approximately \$69,590 or 17% to \$335,059. This increase is due to an increase in uninsured and underinsured patients being treated at CCHF facilities as charity care.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the CCHF financial statements. The CCHF basic financial statements are comprised of two components: (1) fund financial statements, and (2) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the financial statements themselves.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The CCHF, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Proprietary Funds

The CCHF maintains one type of proprietary fund. Enterprise funds use the accrual basis of accounting. The CCHF uses one enterprise fund to account for its health care operation.

The proprietary fund financial statements can be found on pages 10–13 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 14–25 of this report.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the CCHF’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 25 of this report.

The combining statements are presented immediately following the required supplementary information on pensions. Combining statements and schedules can be found on pages 27–39 of this report.

Operating Statistics

The following table represents utilization statistics for the CCHF for the fiscal years ended November 30, 2007 and 2006:

	2007	2006	Percent Change
Patient days	207,829	268,769	-23%
Average daily census	569	736	-23%
Admissions	30,829	33,231	-7%
Average length of stay	6.74	8.09	-17%

Fund-Wide Financial Analysis

As previously noted, net assets may serve over time as a useful indicator of a fund’s financial position. In the case of the CCHF, assets exceeded liabilities by \$600,998 and \$706,229 at November 30, 2007 and 2006, respectively.

The largest portion of the CCHF net assets (87% and 81% for 2007 and 2006, respectively) reflects its investments in capital assets. The CCHF uses these capital assets to provide services; consequently, these assets are not available for future spending.

TABLE 1
BALANCE SHEETS
(In thousands)

	November 30	
	2007	2006
Current and other assets	\$ 502,434	\$ 515,183
Capital assets	<u>523,679</u>	<u>569,072</u>
Total assets	<u>\$1,026,113</u>	<u>\$1,084,255</u>
Current liabilities	\$ 413,322	\$ 368,083
Other liabilities	<u>11,793</u>	<u>9,943</u>
Total liabilities	425,115	378,026
Net assets:		
Invested in capital assets	523,679	569,072
Restricted for time and purpose	6,358	6,385
Unrestricted	<u>70,961</u>	<u>130,772</u>
Total net assets	<u>600,998</u>	<u>706,229</u>
Total liabilities and net assets	<u>\$1,026,113</u>	<u>\$1,084,255</u>

Net assets for the CCHF decreased by \$105,231 during FY2007 to \$600,998, and \$155,564 during FY2006 to \$706,229. Current and other assets decreased by \$12,749 during FY2007 to \$502,434, and \$20,773 during FY2006 to \$515,183. Cash and cash equivalents decreased \$32,961 or 16.5%, to \$166.7 million in FY2007, and increased \$37.2 million, or 22.9%, to \$199.7 million in FY2006. The current ratio decreased to 1.2 in FY2007 from 1.4 in FY2006.

Capital assets for the CCHF decreased by \$45,393 during FY2007 to \$523,679, and \$31,698 during FY2006 to \$569,072. Net additions for FY2007 and FY2006 were \$2,074 and \$19,082, respectively, while depreciation expense was \$47,478 and \$50,553, respectively. As a result, the average age of plant of CCHF's facilities increased to 6.1 years in FY2007 from 5.9 years in FY2006.

TABLE 2
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
(In thousands)

	2007	2006
Operating revenues:		
Net patient service revenue (net of provision of \$335,059 and \$294,240, respectively)	\$ 450,204	\$ 501,463
Other revenue	<u>29,422</u>	<u>30,981</u>
Total operating revenues	<u>479,626</u>	<u>532,444</u>
Operating expenses:		
Salaries and benefits	647,408	682,084
Supplies	117,550	148,170
Purchased services, rental, and other	119,897	129,421
Depreciation	47,478	50,553
Utilities	15,877	17,484
Services contributed to other County offices	<u>6,393</u>	<u>3,604</u>
Total operating expenses	<u>954,603</u>	<u>1,031,316</u>
Operating loss	<u>(474,977)</u>	<u>(498,872)</u>
Nonoperating revenue (expenses):		
Property taxes	140,119	146,545
Sales tax	1,045	1,349
Cigarette taxes	134,263	96,833
Interest income	630	2,589
Retirement plan contribution	85,212	73,532
Services contributed by other County offices	<u>6,393</u>	<u>3,604</u>
Total nonoperating revenues — net	<u>367,662</u>	<u>324,452</u>
Loss before other revenue, expenses, gains, and losses	(107,315)	(174,420)
Gain of disposal of capital assets	10	(226)
Capital contributions	<u>2,074</u>	<u>19,082</u>
Change in net assets	(105,231)	(155,564)
Net assets — beginning of year	<u>706,229</u>	<u>861,793</u>
Net assets — end of year	<u>\$ 600,998</u>	<u>\$ 706,229</u>

Operating revenue, net of bad debt provision, decreased to \$479,626 in FY2007 from \$532,444 in FY2006. This decrease is primarily attributable to a decrease in admissions and a decrease in patient volume of 60,000 days.

Salaries and benefits decreased nominally in FY2007 by \$34,676, or approximately 5%, to \$647,408, and increased nominally in FY2006 by \$6,342, or approximately 1%, to \$682,084.

Supplies expense, including pharmaceuticals, decreased to \$117,550 in FY2007, a 21% decrease over the FY2006 amount of \$148,170. Despite rising pharmaceutical prices, utilization management programs implemented by CCHF limited increases in this line item.

Purchased services, rental, and other expenses decreased to \$119,897, or 7% in FY2007 from \$129,421 in FY2006. This is due primarily to the decrease in patient volume and patient admissions. CCHF also concentrated on consolidating operations in existing office buildings and eliminating office leases in FY2007.

As a result of the above factors, the operating loss of CCHF decreased \$23,895 in FY2007 to \$474,977, and increased \$124,878 in FY2006 to \$498,872. This continued deterioration in the financial operations of CCHF led to the adoption of a resolution by the Cook County Board of Commissioners on July 1, 2008, to continue to fund the operations of CCHF. Management understands that this trend is unsustainable and is examining ways to improve the registration, billing, and collection processes to maximize revenues to CCHF, as well as identifying ways to reduce operating costs.

Nonoperating revenue increased \$43,210 in FY2007 to \$367,662, and increased \$46,551 in FY2006 to \$324,452. These increases are primarily due to the Cook County Board of Commissioners voting to increase the allocation of nonoperating revenues for CCHF to help fund operations in FY2007 and FY2006.

Capital Assets and Debt Administration

Capital Assets

The CCHF investment in capital assets amounts to \$523,679 and \$569,072, net of depreciation, as of FY2007 and FY2006, respectively. This investment includes land, buildings, improvements, equipment, and construction-in-progress. The \$45,393 decrease in capital assets for FY2007 is the result of depreciation expense of \$47,478 outpacing the net investment in capital assets of \$2,074. The \$31,698 decrease in capital assets for FY2006 is the result of depreciation expense of \$50,553 outpacing the net investment in capital assets of \$19,082.

Additional information of the CCHF capital assets can be found in Note 6 on page 19 of this report.

Debt Administration

It should be noted that all debts associated with the capital assets of the CCHF are the general obligations of the County.

Economic Factors

The health care industry is highly dependent upon a number of factors that have a significant effect on the future operations and financial condition of the CCHF. These factors include federal and state regulatory authorities, Medicare and Medicaid laws and regulations, health care reform initiatives, and managed care contract terms and conditions.

As of the date of this report, there are no known facts, decisions, or conditions that are expected to have a significant effect on the net assets or the results of operations, other than the fact that salaries in the health care industry have become very competitive as a result of the national shortage of health care professionals.

The CCHF has provided for increases in salaries and benefits in the budget to assist in the hiring and retention of high quality employees.

Contacting CCHF's Financial Management

This financial report is intended to provide our patients, elected officials, citizens, creditors, and vendors with a general overview of the CCHF's finances and to demonstrate accountability for the tax funding that it receives. If you have any questions regarding this report or need additional information, please contact the CCHF's Chief Financial Officer at 1900 W. Polk Street, Room 505, Chicago, Illinois 60612, www.cookcountygov.com.

FINANCIAL STATEMENTS

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

BALANCE SHEET

AS OF NOVEMBER 30, 2007

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note 5):

Cash in banks	\$ 1,101,902
Cash held by Cook County Treasurer	53,269,551
Working cash fund	112,147,154
Time deposits	<u>190,484</u>

Total cash and cash equivalents 166,709,091

Property taxes receivable:

Tax levy — current year	144,388,125
Tax levy — prior year	<u>50,475,333</u>

Total property taxes receivable 194,863,458

Receivables:

Patient accounts — net of allowances for uncollectible accounts of \$1,866,867,845	129,235,100
Third-party settlements	447,246
Other receivables	3,529,231
Due from state of Illinois — sales tax	<u>175,453</u>

Total receivables 133,387,030

Inventories 7,474,400

Total current assets 502,433,979

CAPITAL ASSETS — Depreciable assets — net (Note 6) 523,679,321

TOTAL \$ 1,026,113,300

(Continued)

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

BALANCE SHEET

AS OF NOVEMBER 30, 2007

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Due to Cook County Treasurer	\$ 259,497,473
Accounts payable	76,448,525
Accrued salaries, wages, and other liabilities	24,762,968
Accrued vacation	26,543,283
Deferred revenue (Note 7)	23,859,297
Third-party settlements	1,835,753
Due to others	304,297
Trust funds	<u>69,950</u>

Total current liabilities 413,321,546

RESERVE FOR TAX OBJECTION SUITS (Note 8) 11,793,501

Total liabilities 425,115,047

COMMITMENTS AND CONTINGENCIES (Note 14)

NET ASSETS:

Invested in capital assets	523,679,321
Restricted for time and purpose	6,358,237
Unrestricted	<u>70,960,695</u>

Total net assets 600,998,253

TOTAL \$ 1,026,113,300

See notes to financial statements.

(Concluded)

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED NOVEMBER 30, 2007

OPERATING REVENUES:	
Net patient service revenue (net of provision of \$335,059,236)	\$ 450,204,102
Other revenue	<u>29,422,427</u>
Total operating revenues	<u>479,626,529</u>
OPERATING EXPENSES:	
Salaries and wages	475,116,703
Employee benefits	172,291,092
Supplies	117,550,182
Purchased services, rental, and other	119,897,451
Depreciation	47,477,763
Utilities	15,876,947
Services contributed by other County offices (Note 9)	<u>6,393,466</u>
Total operating expenses	<u>954,603,604</u>
OPERATING LOSS	<u>(474,977,075)</u>
NONOPERATING REVENUE (EXPENSES):	
Property taxes	140,118,621
Sales tax	1,045,331
Cigarette taxes	134,262,845
Interest income	629,485
Retirement plan contribution (Note 11)	85,211,653
Services contributed by other County offices (Note 9)	<u>6,393,466</u>
Total nonoperating revenue	<u>367,661,401</u>
Loss before other revenue, expenses, gains, and losses	(107,315,674)
Gain on disposal of fixed assets	10,240
Capital contributions (Note 9)	<u>2,074,270</u>
Change in net assets	(105,231,164)
NET ASSETS — Beginning of year	<u>706,229,417</u>
NET ASSETS — End of year	<u>\$ 600,998,253</u>

See notes to financial statements.

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED NOVEMBER 30, 2007

CASH FROM OPERATING ACTIVITIES:	
Receipts from third-party payors and patients	\$ 460,514,721
Payments to employees	(579,388,547)
Payments to suppliers	(176,699,206)
Other receipts	<u>27,943,109</u>
Net cash flows used in operating activities	<u>(267,629,923)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Borrowings from Working cash fund	132,000,000
Repayment of borrowings from Working cash fund	(132,000,000)
Real and personal property taxes received — net	98,945,844
Sales taxes received	1,043,051
Cigarette taxes received	134,262,845
Transfers to other County funds	<u>(212,639)</u>
Net cash flows provided by noncapital financing activities	234,039,101
CASH FLOWS FROM INVESTING ACTIVITIES — Interest received	<u>629,487</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(32,961,335)
CASH AND CASH EQUIVALENTS — Beginning of year	<u>199,670,426</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 166,709,091</u>
NONCASH TRANSACTIONS:	
Retirement plan contributions	<u>\$ 85,211,653</u>
Services contributed by other County offices	<u>\$ 6,393,466</u>
Contributed capital assets	<u>\$ 2,074,270</u>
Donated vaccines	<u>\$ 284,595</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	\$ (474,977,075)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation	47,477,763
Provision for bad debts	335,059,236
Retirement plan contribution	85,211,653
Services contributed by other County offices	6,393,466
Net change in assets and liabilities:	
Patient accounts receivables	(313,172,117)
Third-party settlements	(203,203)
Account payable	4,692,107
Accrued salaries	(2,883,442)
All other assets and liabilities — net	<u>44,771,689</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (267,629,923)</u>

See notes to financial statements.

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED NOVEMBER 30, 2007

1. REPORTING ENTITY

The Cook County Health Facilities Fund of Illinois (CCHF) is included in the reporting entity of Cook County, Illinois (the “County”), as an enterprise fund. Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered through revenue from user fees, various taxes, and County subsidies. The Cook County Board of Commissioners (the “Board of Commissioners”) is responsible for the operation of the CCHF. The CCHF is presented as a business-type activity in the basic financial statements of the County.

The CCHF includes the following entities: John H. Stroger Hospital Jr. (JSH); Oak Forest Hospital (OFH); Provident Hospital (PH); the Department of Public Health (DPH); the Bureau of Health Services (BOHS); and the Ambulatory and Community Health Network (ACHN).

BOHS oversees the operational, planning, and policy activities of the CCHF.

Collectively, JSH, OFH, PH, DPH, and ACHN provide primary, intermediate, acute, and tertiary medical care to patients, without regard to their ability to pay. These entities also provide disease prevention and health promotion services.

Medicaid and Medicare revenue accounts for a significant portion of CCHF’s total revenues. The CCHF receives Medicaid reimbursement under an interagency agreement between the Board of Commissioners and the Illinois Department of Public Aid (see Note 7). Property and other taxes also represent an important source of financing for the CCHF. The receipt of future revenues by the CCHF is subject to, among other factors, federal and state policies affecting the CCHF and the health care industry.

In June 1997, Cook County/Rush Health Center (the “Health Center”) was opened to combat HIV/AIDS and other related communicable diseases. The CORE Foundation (CORE), an Illinois not-for-profit corporation, funded the development and construction of the Health Center. The CCHF leases the Health Center from the CORE Foundation for \$1 per year. The CCHF staffs and operates the Health Center. The CCHF accounts for the Health Center as part of the ACHN.

On July 24, 2006, the 94th Illinois General Assembly through the passage of Public Act 94-1050 (70 ILCS 920/5.4) dissolved the Suburban Cook County: Tuberculosis Sanitarium District (District), to become effective July 24, 2007. Public Act 94-1050 provided that the Cook County Department of Public Health assume responsibility for the prevention, care, treatment, and control of tuberculosis within the areas previously served by the District to wit: all of suburban Cook County including Evanston, Oak Park, Skokie, and Stickney Township, which are also served by state-certified local health departments and that the employees of the District become employees of Cook County. Furthermore, the legislation provided that upon dissolution, the tax base of the dissolved District shall be added to the tax base of Cook County. The District, as required by Public Act 94-1050, transferred all of the existing programs, personnel, and infrastructure to the Cook County Department of Public Health and transferred all District assets and liabilities to the Cook County Board of Commissioners. In accordance with Public Act 94-1050, the District’s monetary assets were deposited into a County special-purpose fund

for the prevention, care, treatment, and control of tuberculosis in suburban Cook County. Prior to the dissolution, the Board of Commissioners passed a Resolution on June 19, 2007, to provide for the assumption of programs of the District by the Cook County Department of Public Health and to establish a special purpose fund for the prevention, care, treatment, and control of tuberculosis in Cook County. The dissolution of the District and transfer to the Board of Commissioners occurred on July 25, 2007.

2. FINANCIAL CONDITION

Losses from operations for the CCBF totaled \$474,977,075 for the fiscal year ended November 30, 2007.

The CCHF continues to be pressured by rising costs attributable to labor, insurance, pharmaceuticals, and new technology. Moreover, the CCHF continues to be highly dependent on reimbursement from the State of Illinois Department of Healthcare and Family Services (DHFS). Management continues to monitor payment levels from DHFS and other payors, and on July 1, 2008, the Board of Commissioners passed a resolution to continue to fund the BOHS, currently known as Cook County Health and Hospital System. However, future declines in DHFS reimbursement or continued significant cost increases may require management and the Board of Commissioners to further realign or reduce services to the community.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The financial statements have been presented in conformity with accounting principles generally accepted in the United States and in accordance with the pronouncements of the Governmental Accounting Standards Board. Also, the CCHF has chosen not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, pursuant to Paragraph 7 of Government Accounting Standards No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting*. Accounting records are maintained on the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. Actual results could differ from those estimates.

Combination — These financial statements include the accounts of JSH, OFH, PH, DPH, BOHS, CORE, and ACHN. The accounts of ACHN and CORE are presented with those of JSH. All material intra-account transactions have been eliminated.

Operating and Restricted Accounts — Operating accounts arise from, and are expended in, the operation of the CCHF for their stated purposes. Restricted accounts are resources whose use has been limited by donors or grantors. Restricted accounts are accounted for in specific purpose accounts until expended for their identified purpose, at which time they are reported as other nonoperating revenues and expenses of the operating accounts.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the CCHF's policy to first apply restricted resources and then unrestricted resources to the expense.

Substantially all restricted net assets are restricted for patient care services.

Cash and Cash Equivalents — Cash and cash equivalents consist primarily of secured time deposits and cash invested in other authorized short-term securities (see Note 5) with maturities at the date of purchase of 90 days or less. Realized gains and losses and changes in unrealized gains and losses attributable to cash equivalents are included as investment income, a component of nonoperating revenue in the statement of revenues, expenses, and changes in net assets. Cash and cash equivalents are recorded at their approximate fair value.

Inventories — Inventories are stated at the lower of cost or market.

Accounts Receivable — The CCHF evaluates the collectibility of its accounts receivable based on the length of time the receivable is outstanding, payor class, and historical experience. Accounts receivable are charged against the allowance for uncollectible accounts when they are deemed uncollectible.

Property Taxes Receivable — Property taxes are levied each calendar year on all taxable real property. The owner of the property on January 1 in any year is liable for taxes of that year. Property taxes attach as an enforceable lien on property as of January 1 of the levy year. The taxes are collected by the Cook County Collector (who is also the "Cook County Treasurer"), who remits their respective portion to the CCHF. The County's taxes levied in one year become payable during the following year in two installments, one on March 1 and the second on August 1 or 30 days after the tax bills are mailed, whichever is later. 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 reflects any changes from the prior year in those factors. Any changes from the prior year will be reflected in the second installment bill. Property tax receivable at November 30, 2007 represents the fiscal year 2007, taxes levied on February 23, 2007, and uncollected fiscal year 2006 taxes.

The CCHF records property taxes as revenue in the year in which they are levied. Property taxes receivable are recognized for the current and prior fiscal years. Uncollected taxes are written off at the end of the fiscal year immediately following the year in which the taxes become due. The County's annual appropriation ordinance includes a provision for uncollectible property taxes. The CCHF records its portion of this provision.

Capital Assets — Capital assets, which include land improvements, buildings, building improvements, and equipment and furniture, are recorded at cost. No value has been assigned to the land upon which the CCHF is located. Capital assets are defined by the CCHF as assets with an initial, individual cost of \$1,000 or more. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as construction projects are substantially completed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Land improvements	10 to 25 years
Buildings	25 to 40 years
Building improvements	10 to 25 years
Equipment and furniture	5 to 20 years

Depreciation is calculated on the straight-line method for all the CCHF entities except JSH, which uses the 150% declining balance method. One-half year's depreciation is taken in the year of acquisition.

Compensated Absences — 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 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.

Net Patient Service Revenue — A significant amount of the CCHF's net patient service revenue 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 cost, as defined, of rendering services to program beneficiaries.

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

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change. Estimates for cost report settlements and contractual allowances can differ from actual reimbursement based on the results of subsequent reviews and cost report audits. For the year ended November 30, 2007, net patient service revenue has been decreased by approximately \$1,388,500 for third-party settlements and changes in estimates related to services rendered in previous years.

Operating and Nonoperating Revenue and Expenses — The principal operating revenues of the CCHF enterprise fund are charges to patients for services performed. Operating expenses of the CCHF include the cost of services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

4. CHARITY CARE

For the year ended November 30, 2007, the CCHF's payor utilization was as follows based on gross patient service revenue:

Medicare	11 %
Medicaid	28
Self-Pay	57
Other	4

Consistent with its mission, JSH, OFH, PH, and ACHN treat patients in need of medical services without regard to their ability to pay. The entities maintain records to identify and monitor the level of charity care they provide. These records include charges forgone and estimated costs incurred for charity care services. These services are not reported as revenue. During 2007, the following levels of charity care were provided:

Charges forgone	<u>\$ 98,929,533</u>
Estimated costs incurred	<u>\$ 109,522,558</u>

5. CASH MANAGEMENT

The County Treasurer and Comptroller both maintain cash records for the County funds, including the CCHF. The County Comptroller maintains cash records for each individual fund, whereas the County Treasurer maintains records, for the County Comptroller's cash on a pooled basis. The County Treasurer deposits cash into various bank accounts, which are treated as a single aggregate bank account for County cash resources. The County Comptroller issues checks for authorized County expenditures, which represent a claim for payment when presented to the County's operating disbursement bank. Funding for County checks is made at the time of issue into the appropriate disbursement checking account. Funding is accomplished via book transfers and wire transfers from the appropriate fund into the disbursement account. Balances in the disbursement accounts, which represent checks not yet presented, are invested nightly via an automated sweep into a money market mutual fund. A separate money market mutual fund account is maintained for each disbursement account. The Illinois State Statutes authorize use of the money market mutual funds. The Comptroller credits interest earned on balances swept from the disbursement accounts to the appropriate fund.

The County Treasurer invests monies of the County funds on an aggregate basis, consistent with a written investment policy. The current policy is primarily concerned with the safety of invested principal and then with liquidity and rates of return. Monies of the County funds are deposited in banks that are required to collateralize these funds with approved securities equal to 102% of market value. Securities approved for investment include U.S. government securities, certificates of deposit, or time deposits issued by certain banks and limited other investments permitted by state law. The County Treasurer does not invest in derivatives, structured notes, or other leveraged investments, including repurchase agreements.

As of November 30, 2007, the CCHF's cash and cash equivalents consisted of the following:

Demand deposits held by County Treasurer	\$ 165,607,189
Demand deposits held by the CCHF	<u>1,101,902</u>
Total	<u>\$ 166,709,091</u>

Custodial Credit Risk — Cash and Certificates of Deposit — In the case of deposits, there is the risk that in the event of a bank failure, the County’s or the CCHF’s deposits may not be returned to it. The County’s Investment Policy states that in order to protect the County’s public fund deposits, depository institutions are to maintain collateral pledges on County certificates of deposit during the term of the deposit of at least 102% of marketable U.S. government or approved securities or surety bonds issued by top-rated issuers. Collateral is required as security whenever deposits exceed the insured limits of the FDIC. Cash and certificates of bank balance was \$168,215,383.

6. CAPITAL ASSETS

Capital assets are recorded at cost. A summary of the activity for the year ended 2007, consists of the following:

	Balance at December 1, 2006	Additions and Transfers	Disposals and Reclassifications	Balance at November 30, 2007
Non-depreciable assets:				
Construction in progress	\$ 5,632,779	\$ (5,632,779)	\$ -	\$ -
Depreciable assets:				
Land improvements	2,717,511			2,717,511
Buildings	529,789,858		(8,445,008)	521,344,850
Building improvements	106,629,736		(1,860,118)	104,769,618
Equipment and furniture	<u>224,444,470</u>	<u>7,707,049</u>	<u>(49,811,130)</u>	<u>182,340,389</u>
Total capital assets	<u>869,214,354</u>	<u>2,074,270</u>	<u>(60,116,256)</u>	<u>811,172,368</u>
Less accumulated depreciation:				
Land improvements	836,352	118,788		955,140
Buildings	81,858,073	16,335,090	(8,445,008)	89,748,155
Building improvements	76,734,028	7,047,029	(1,860,118)	81,920,939
Equipment and furniture	<u>140,713,328</u>	<u>23,976,856</u>	<u>(49,821,371)</u>	<u>114,868,813</u>
Total accumulated depreciation	<u>300,141,781</u>	<u>47,477,763</u>	<u>(60,126,497)</u>	<u>287,493,047</u>
Total capital assets at cost, net	<u>\$ 569,072,573</u>	<u>\$ (45,403,493)</u>	<u>\$ 10,241</u>	<u>\$ 523,679,321</u>

7. INTERAGENCY TRANSFER AGREEMENTS

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

Under terms of the Secondary Interagency Agreement, (collectively, the “Agreements”) the CCHF received approximately \$32,000,000 in net additional payments from the DHFS during fiscal year 2007. Of that amount, approximately \$10,000,000 was earned and the remaining \$22,000,000 is included in

deferred revenue on the balance sheet. Such deferred revenue, which is excluded in net patient service revenue in these financial statements, represents amounts earned during the first five months of the state's 2008 fiscal year less any payments received.

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 in which the General Assembly of the state of Illinois fails to appropriate or reappropriate funds to pay the DHFS's obligations under these arrangements or any time that such funds are not available. The Agreements can be terminated by either party upon 15 days' notice. Additionally, the Agreements require the parties to comply with certain laws, regulations, and other terms of operations.

In January 2001, the Centers for Medicare and Medicaid Services (CMS) issued regulations to revise the upper payment limit calculation in Health Care Financing Authority regulations in a manner that would restrict the state's ability to make payments to the Health Facilities consistent with the existing Agreements. The impact of the new regulations was phased in beginning July 1, 2004, and will not become fully effective until 2008.

8. OTHER LIABILITIES

Changes in long-term liability activity for the year ended November 30, 2007, were as follows:

	Balance at December 1, 2006	Increase	Decrease	Balance at November 30, 2007	Amount Due Within One Year
Reserve for tax objection suits	\$ 9,942,768	\$ 1,850,733	\$ -	\$ 11,793,501	\$ -

9. RELATED-PARTY TRANSACTIONS

During 2007, significant related-party transactions between the County and the CCHF included the provision of various services and the contribution of capital assets.

Working Cash Loan — 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 Working Cash Fund and the outstanding bonds that were issued to create it are reported in the County's long-term obligations and, therefore, are not reflected in these financial statements. Amounts advanced from the Working Cash Fund may be designated as either loans or operating contributions. In 2007, the Working Cash Fund made loans of \$132,000,000 to the CCHF. These loans were repaid in full during fiscal year 2007.

Due to Cook County Treasurer — The County maintains bank accounts for the cash receipts and disbursements of the CCHF. Cash Held by (debit) or Due to Cook County Treasurer (credit) represent balances maintained for the CCHF activities by the Cook County Treasurer. These balances are reflected as current assets and current liabilities on the balance sheet.

Provision of Services — The County contributes certain services, such as purchasing, data, and payroll processing, to the operations of the CCHF. Accordingly, these services, which totaled \$6,393,466 during 2007, are reflected as both nonoperating revenues and operating expenses of the CCHF.

Contribution of Capital Assets — The County has contributed the construction and acquisition of significant capital assets to the operations of the CCHF. The outstanding bonds issued to finance such contributed assets are reported in the County’s long-term obligations and, therefore, are not reflected in these financial statements.

In 2007, the CCHF has recorded capital contributions of \$2,074,270 in the accompanying financial statements.

10. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Included in the balance of due to others as of November 30, 2007, is \$30,779 representing amounts due to restricted funds. This outstanding balance in due to restricted funds results mainly from the timing difference between the date that monies are received from funding agency, appropriate budget and appropriation ledger are established, and monies are wired to the County Treasurer. These amounts are expected to be remitted in the subsequent year.

11. PENSION PLAN

County Pension Plan — The County 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 “Article”). 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, 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 “Plan”). The financial statements of the Plan are audited by an independent public accountant and are the subject of a separate report. Copies of the Plan’s report for the year ended December 31 are available upon request to the Pension Board. Covered employees are required to contribute 8.5% of their salary to the Plan.

The financial statements of the Fund are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The government’s contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. All Plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the government’s balance sheet date. Securities without an established market are reported at estimated fair value.

For the year ended November 30, 2007, the County made employer contributions of \$85,211,653 on behalf of the CCHF. Employer contributions were \$73,532,211 and \$68,822,312 in 2006 and 2005, respectively. Accordingly, this contribution is reflected as both nonoperating revenue and employee benefits expenses in the statement of revenues, expenses, and changes in net assets.

The fund's required contribution was determined as part of an actuarial valuation as of December 31, 2007.

Actuarial Methods and Assumptions

Actuarial valuation date	December 31, 2007
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Amortization period	30 years
Actuarial asset valuation method	5-year average smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Project salary increases:	
Inflation	3.0%
Seniority merit	2.0%
Postretirement benefit increases	3.0% per year compounded for employee and widow(er) annuitants
Increases in postretirement health insurance costs:	
2008	9.00%
2009	8.00%
2010	7.00%
2011	6.00%
2012 and thereafter	5.00%

12. INSURANCE COVERAGE

The County self-insures all risks, including workers' compensation, general automobile insurance, and other liability. The County is a defendant in lawsuits alleging work-related injuries, malpractice, and other claims in which it is involved. Cases related to these areas are in various stages in 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 5% discount factor. The CCHF's portion of the self-insurance liability included in the self-insurance fund in the County's basic financial statements was \$225,555,914 at November 30, 2007.

The County funds its self-insurance liabilities, including those of the CCHF, 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, 2007, 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, 2007, the CCHF was not charged by the County's self-insurance fund for insurance and claims paid.

13. GENERAL OBLIGATION BONDS ISSUED BY COOK COUNTY LEAVE NOTE 12 AS IS-CLIENT

The following outstanding general obligation bonds issued by the County include amounts to finance capital improvement projects at the CCHF:

- In 1996, the County Board approved the sale of \$486,345,000 of general obligation bonds, \$204,425,000 of which were term bonds and \$281,920,000 of which were serial bonds. \$202,430,000 of the proceeds were used to refund all or portions of certain series of the County's outstanding general obligation bonds. \$283,915,000 of the proceeds was used to fund costs of planning for a replacement Cook County Hospital (CCH) facility. The serial bonds accrue interest at various rates between 4.9% and 6.5% and mature through the year 2014. The term bonds accrue interest at 5.875% and mature in 2014. At November 30, 2007, \$106,975,000 of these bonds remains outstanding.
- In 1999, the County approved the sale of \$329,655,000 of general obligation bonds, \$132,380,000 of which were serial bonds, and \$77,110,000 and \$120,165,000 of which were term bonds. The proceeds were used to pay for certain capital improvements, including construction of the new CCH facility. The serial bonds accrue interest at various rates between 5.0% and 5.25% and mature through the year 2019. The term bonds accrue interest at 5.0% and mature in 2023 and 2028. At November 30, 2007, \$204,000,000 of these bonds remains outstanding.
- In 1999, the County approved the sale of \$80,485,000 general obligation serial bonds. The proceeds were used to refund certain of the County's outstanding general obligation bonds. The bonds accrue interest at various rates between 4.0% and 5.125% and mature in 2012. At November 30, 2007, \$49,155,000 of these bonds remains outstanding.
- In 2001, the County approved the sale of \$375,000,000 of Series 1996 general obligation bonds, \$159,315,000 of which were serial bonds and \$84,150,000, \$74,915,000, and \$56,620,000 of which were term bonds. \$110,500,000 of the proceeds were used to refund portions of the Series 1996 general obligation bonds. \$264,500,000 of the proceeds were used to pay for certain public improvements, including construction of, and equipping of, the new CCH facility and the renovation and construction of the County health clinics. The serial bonds accrue interest at various rates between 5.0% and 5.5% and mature through the year 2026. The term bonds accrue interest at 5.125%, 5.25%, and 5.5% and mature in 2026, 2029, and 2031, respectively. At November 30, 2007, \$29,640,000 of these bonds remains outstanding.
- In 2002, the County approved the sale of \$245,400,000 of general obligation bonds. The proceeds were used to pay for certain public improvements, including construction of, and equipping of, the new CCH facility and the renovation and construction of the County health clinics. These bonds accrue interest at a variable rate, which is currently approximately 4.5%. The bonds mature in 2026 through 2031. At November 30, 2007, \$245,400,000 of these bonds remains outstanding.
- In 2002, the County approved the sale of \$226,060,000 of general obligation bonds, \$77,250,000 of which were serial bonds, and \$148,810,000 of which were term bonds. The proceeds were used to pay for certain public improvements, including construction of, and equipping of, the new CCH facility and the renovation and construction of the County health clinics. The serial bonds accrue interest at 5.0% and 5.5% and mature in 2023 and 2026, respectively. The term bonds accrue interest at 5.0% and mature in 2026. At November 30, 2007, \$157,810,000 of these bonds remains outstanding.

- In 2002, the County approved the sale of \$173,565,000 of general obligation bonds. The proceeds were used to refund certain of the County's outstanding general obligation bonds. The bonds accrue interest at various rates between 4.75% and 5.25% and mature through the year 2022. At November 30, 2007, \$173,565,000 of these bonds remains outstanding.
- In 2004, the County approved the sale of \$165,000,000 of general obligation tax-exempt capital improvement bonds. These bonds accrue interest at various rates between 3.30% and 5.25% and mature through the year 2029. At November 30, 2007, \$165,000,000 of these bonds remains outstanding.
- In 2004, the County approved the sale of \$170,000,000 of variable rate capital improvement bonds. These bands mature in the year 2033. At November 30, 2007, \$170,000,000 of these bonds remains outstanding.

These outstanding bonds are obligations of the County and, therefore, are not reflected in the financial statements of the CCHF.

14. COMMITMENTS AND CONTINGENCIES

Leases — The CCBF leases data processing and other equipment. Lease agreements frequently include renewal options and usually require the CCHF to pay for maintenance costs. Future minimum lease payments for all leases at November 30, 2007, are not significant. Rental payments for operating leases are charged to operating expenses in the period incurred. Rental expense for operating leases was approximately \$2,468,254 in fiscal year 2007.

Approximate minimum future payments under noncancelable lease obligations for years ending November 30, are as follows:

2008	\$ 1,666,653
2009	1,110,329
2010	1,108,173
2011	761,854
2012	515,983
Thereafter	<u>2,773,198</u>
Total	<u>\$7,936,190</u>

Asset Use and Disposal — During 1990, the County purchased 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.

Health Care Regulation — The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Recently, governmental activity has increased with respect to investigation and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations create a possibility of significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Management believes that the CCHF is in compliance, in all material respects, with fraud and abuse, as well as other applicable government laws and regulations. While no regulatory inquiries have been made that are expected to have a material effect on the financial statements, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

15. FUNCTIONAL EXPENSES

The CCHF provides health care services to patients within its geographic region. Expenses related to providing these services were as follows:

Patient care services	\$ 607,992,409
General and administrative	<u>346,611,195</u>
Total	<u>\$ 954,603,604</u>

16. SUBSEQUENT EVENT

In May 2008, the Cook County Board of Commissioners renamed the Cook County Health Facilities as the Cook County Health and Hospital System. A new Interim Board of Directors was also created for a minimum of three years to oversee the operations of the Health System. The new Board has been charged with steering the course for the future of the health system, including recruiting and hiring key leadership positions.

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REQUIRED SUPPLEMENTARY INFORMATION

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED NOVEMBER 30, 2007 (Information for all County Employees)

Actuarial Valuation Date 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
2005(1)	\$7,027,508,138	\$8,340,404,845	\$1,312,896,707	84.26 %	\$1,387,459,142	94.63 %
2006(1)	7,462,683,122	8,826,581,465	1,363,898,343	84.55	1,412,878,627	96.53
2007(1)	8,059,879,804	9,386,287,797	1,326,407,993	85.87	1,370,844,734	96.76

(1) Pension benefits only.

COMBINING SUPPLEMENTARY SCHEDULES

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

COMBINING BALANCE SHEET AS OF NOVEMBER 30, 2007

ASSETS	Operating Accounts	Restricted Purpose Accounts	Total
CURRENT ASSETS:			
Cash and cash equivalents:			
Cash in banks	\$ 1,020,051	\$ 81,851	\$ 1,101,902
Cash held by Cook County Treasurer	45,099,088	8,170,463	53,269,551
Working cash fund	112,147,154		112,147,154
Time deposits	190,484		190,484
Total cash and cash equivalents	158,456,777	8,252,314	166,709,091
PROPERTY TAXES RECEIVABLE:			
Tax levy — current year	144,388,125		144,388,125
Tax levy — prior year	50,475,333		50,475,333
Total property taxes receivable	194,863,458		194,863,458
RECEIVABLES:			
Patient accounts — net of allowances for uncollectible accounts of \$1,866,867,845	129,235,100		129,235,100
Third-party settlements	447,246		447,246
Other receivables	2,980,961	548,270	3,529,231
Due from state of Illinois — sales tax	175,453		175,453
Total receivables	132,838,760	548,270	133,387,030
Inventories	7,474,400		7,474,400
Total current assets	493,633,395	8,800,584	502,433,979
CAPITAL ASSETS:			
Depreciable assets — net	523,679,321		523,679,321
TOTAL	\$ 1,017,312,716	\$ 8,800,584	\$ 1,026,113,300

(Continued)

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

COMBINING BALANCE SHEET AS OF NOVEMBER 30, 2007

	Operating Accounts	Restricted Purpose Accounts	Total
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Due to Cook County Treasurer	\$ 259,497,473	\$ -	\$ 259,497,473
Accounts payable	76,127,684	320,841	76,448,525
Accrued salaries, wages, and other liabilities	24,535,254	227,714	24,762,968
Accrued vacation	26,543,283		26,543,283
Deferred revenue	22,035,455	1,823,842	23,859,297
Third-party settlements	1,835,753		1,835,753
Due to others	304,297		304,297
Trust funds		69,950	69,950
	<u>410,879,199</u>	<u>2,442,347</u>	<u>413,321,546</u>
Total current liabilities	410,879,199	2,442,347	413,321,546
Reserve for tax objection suits	<u>11,793,501</u>		<u>11,793,501</u>
Total liabilities	422,672,700	2,442,347	425,115,047
COMMITMENTS AND CONTINGENCIES			
NET ASSETS:			
Invested in capital assets	523,679,321		523,679,321
Restricted for time and purpose		6,358,237	6,358,237
Unrestricted	<u>70,960,695</u>		<u>70,960,695</u>
Total net assets	<u>594,640,016</u>	<u>6,358,237</u>	<u>600,998,253</u>
TOTAL	<u><u>\$ 1,017,312,716</u></u>	<u><u>\$ 8,800,584</u></u>	<u><u>\$ 1,026,113,300</u></u>

See notes to financial statements.

(Concluded)

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED NOVEMBER 30, 2007

	Operating Accounts	Restricted Purpose Accounts	Total
OPERATING REVENUES:			
Net patient service revenue (net of provision of \$335,059,236)	\$ 450,204,102	\$ -	\$ 450,204,102
Other revenue	<u>6,019,102</u>	<u>23,403,325</u>	<u>29,422,427</u>
Total operating revenues	456,223,204	23,403,325	479,626,529
OPERATING EXPENSES:			
Salaries and wages	463,685,854	11,430,849	475,116,703
Employee benefits	168,258,776	4,032,316	172,291,092
Supplies	117,667,189	(117,007)	117,550,182
Purchased services, rental, and other	111,813,375	8,084,076	119,897,451
Depreciation	47,477,763		47,477,763
Utilities	15,876,947		15,876,947
Services contributed by other County offices	<u>6,393,466</u>		<u>6,393,466</u>
Total operating expenses	<u>931,173,370</u>	<u>23,430,234</u>	<u>954,603,604</u>
Operating loss	(474,950,166)	(26,909)	(474,977,075)
NONOPERATING REVENUE (EXPENSES):			
Property taxes	140,118,621		140,118,621
Sales tax	1,045,331		1,045,331
Cigarette taxes	134,262,845		134,262,845
Interest income	629,485		629,485
Retirement plan contribution	85,211,653		85,211,653
Services contributed by other County offices	<u>6,393,466</u>		<u>6,393,466</u>
Total nonoperating revenue	<u>367,661,401</u>	<u>-</u>	<u>367,661,401</u>
Loss before other revenue, expenses, gains, and losses	(107,288,765)	(26,909)	(107,315,674)
Gain on disposal of fixed assets	10,240		10,240
Capital contributions	<u>2,074,270</u>		<u>2,074,270</u>
Change in net assets	(105,204,255)	(26,909)	(105,231,164)
NET ASSETS — Beginning of year	<u>699,844,271</u>	<u>6,385,146</u>	<u>706,229,417</u>
NET ASSETS — End of year	<u>\$ 594,640,016</u>	<u>\$ 6,358,237</u>	<u>\$ 600,998,253</u>

See notes to financial statements.

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED NOVEMBER 30, 2007

	Operating Accounts	Restricted Purpose Accounts	Total
CASH FROM OPERATING ACTIVITIES:			
Receipts from third-party payors and patients	\$ 460,514,721	\$ -	\$ 460,514,721
Payments to employees	(563,507,473)	(15,881,074)	(579,388,547)
Payments to suppliers	(168,654,761)	(8,044,445)	(176,699,206)
Other receipts	<u>3,120,222</u>	<u>24,822,887</u>	<u>27,943,109</u>
Net cash flows (used in) provided by operating activities	<u>(268,527,291)</u>	<u>897,368</u>	<u>(267,629,923)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Borrowings from Working Cash Fund	132,000,000		132,000,000
Repayment of borrowings from Working Cash Fund	(132,000,000)		(132,000,000)
Real and personal property taxes received — net	98,945,844		98,945,844
Sales taxes received	1,043,051		1,043,051
Cigarette taxes received	134,262,845		134,262,845
Transfers to other County funds	<u>(212,639)</u>		<u>(212,639)</u>
Net cash flows provided by noncapital financing activities	234,039,101	-	234,039,101
CASH FLOWS FROM INVESTING ACTIVITIES —			
Interest received	<u>629,487</u>		<u>629,487</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(33,858,703)	897,368	(32,961,335)
CASH AND CASH EQUIVALENTS — Beginning of year	<u>192,315,480</u>	<u>7,354,946</u>	<u>199,670,426</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 158,456,777</u>	<u>\$ 8,252,314</u>	<u>\$ 166,709,091</u>
NONCASH TRANSACTIONS:			
Retirement plan contributions	\$ 85,211,653	\$ -	\$ 85,211,653
Services contributed by other County offices	6,393,466		6,393,466
Contributed capital assets	2,074,270		2,074,270
Donated vaccines	284,595		284,595

(Continued)

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED NOVEMBER 30, 2007

	Operating Accounts	Restricted Purpose Accounts	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:			
Operating loss	\$ (474,950,166)	\$ (26,909)	\$ (474,977,075)
Adjustment to reconcile operating loss to cash used in operating activities:			
Depreciation	47,477,763		47,477,763
Provision for bad debts	335,059,236		335,059,236
Retirement plan contribution	85,211,653		85,211,653
Services contributed by other County offices	6,393,466		6,393,466
Net change in assets and liabilities:			
Patient accounts receivables	(313,172,117)		(313,172,117)
Third-party settlements	(203,203)		(203,203)
Account payable	4,690,152	1,955	4,692,107
Accrued salaries	(2,465,533)	(417,909)	(2,883,442)
Other receivables	(2,898,880)	1,267,622	(1,631,258)
Inventories	1,015,917		1,015,917
Accrued vacation	(14,308,964)		(14,308,964)
Deferred revenue	(11,373,297)	151,940	(11,221,357)
Reserve for tax objection	1,850,733		1,850,733
Trust funds		(79,331)	(79,331)
Due to Cook County Treasurer	69,145,949		69,145,949
	<u>69,145,949</u>	<u> </u>	<u>69,145,949</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (268,527,291)</u>	<u>\$ 897,368</u>	<u>\$ (267,629,923)</u>

See notes to financial statements.

(Concluded)

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

COMBINING BALANCE SHEET OF OPERATING ACCOUNTS AS OF NOVEMBER 30, 2007

ASSETS	Bureau of Health Services	John H. Stroger Jr. Hospital	Oak Forest Hospital	Provident Hospital	Department of Public Health	Total
CURRENT ASSETS:						
Cash and cash equivalents:						
Cash in banks	\$ -	\$ 450,359	\$ 92,573	\$ 472,252	\$ 4,867	\$ 1,020,051
Cash held by Cook County Treasurer			19,005,502	17,902,617	8,190,969	45,099,088
Working cash fund		112,147,154				112,147,154
Time deposits		190,484				190,484
Total cash and cash equivalents	<u>-</u>	<u>112,787,997</u>	<u>19,098,075</u>	<u>18,374,869</u>	<u>8,195,836</u>	<u>158,456,777</u>
PROPERTY TAXES RECEIVABLE:						
Tax levy — current year	3,211,632	96,881,253	13,224,360	17,002,752	14,068,128	144,388,125
Tax levy — prior year	<u>1,126,768</u>	<u>33,865,770</u>	<u>4,621,948</u>	<u>5,939,825</u>	<u>4,921,022</u>	<u>50,475,333</u>
Total property taxes receivable	<u>4,338,400</u>	<u>130,747,023</u>	<u>17,846,308</u>	<u>22,942,577</u>	<u>18,989,150</u>	<u>194,863,458</u>
RECEIVABLES:						
Patient accounts — net of allowances for uncollectible accounts of \$1,866,867,845		101,218,907	10,474,150	17,542,043		129,235,100
Third-party settlements			447,246			447,246
Other receivables		2,937,654	12,339	30,333	635	2,980,961
Due from state of Illinois — sales tax	3,903	117,725	16,069	20,661	17,095	175,453
Interaccount (payable) receivable	<u>11,730,391</u>	<u>(34,913,546)</u>	<u>22,947,906</u>	<u>(45,209)</u>	<u>280,458</u>	
Total receivables	11,734,294	69,360,740	33,897,710	17,547,828	298,188	132,838,760
Inventories		<u>5,489,224</u>	<u>979,748</u>	<u>1,005,428</u>		<u>7,474,400</u>
Total current assets	16,072,694	318,384,984	71,821,841	59,870,702	27,483,174	493,633,395
CAPITAL ASSETS —						
Depreciable assets — net	<u>8,795,850</u>	<u>462,669,450</u>	<u>26,138,325</u>	<u>25,991,337</u>	<u>84,359</u>	<u>523,679,321</u>
TOTAL	<u>\$24,868,544</u>	<u>\$781,054,434</u>	<u>\$97,960,166</u>	<u>\$85,862,039</u>	<u>\$27,567,533</u>	<u>\$1,017,312,716</u>

(Continued)

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

COMBINING BALANCE SHEET OF OPERATING ACCOUNTS AS OF NOVEMBER 30, 2007

LIABILITIES AND NET ASSETS	Bureau of Health Services	John H. Stroger Jr. Hospital	Oak Forest Hospital	Provident Hospital	Department of Public Health	Total
CURRENT LIABILITIES:						
Due to Cook County Treasurer	\$ 31,513,822	\$ 227,983,651	\$ -	\$ -	\$ -	\$ 259,497,473
Accounts payable	2,739,595	54,216,412	7,192,397	11,045,470	933,810	76,127,684
Accrued salaries, wages, and other liabilities	138,346	17,701,622	3,459,639	3,150,128	85,519	24,535,254
Accrued vacation	75,014	16,213,013	4,642,513	4,572,656	1,040,087	26,543,283
Deferred revenue		14,271,176	5,048,368	2,715,911		22,035,455
Third-party settlements		991,045		844,708		1,835,753
Due to others		275,660	19,225	9,412		304,297
Total current liabilities	34,466,777	331,652,579	20,362,142	22,338,285	2,059,416	410,879,199
Reserve for tax objection suits	261,816	7,913,439	1,080,285	1,389,274	1,148,687	11,793,501
Total liabilities	34,728,593	339,566,018	21,442,427	23,727,559	3,208,103	422,672,700
COMMITMENTS AND CONTINGENCIES						
NET ASSETS:						
Invested in capital assets	8,795,850	462,669,450	26,138,325	25,991,337	84,359	523,679,321
UNRESTRICTED:						
Beginning balance	(9,484,758)	3,080,482	76,125,314	47,412,442	13,638,217	130,771,697
Bond depreciation	8,901,218	32,439,773	3,715,497	2,404,793	16,482	47,477,763
Excess revenue (expense)	(18,072,359)	(56,701,289)	(29,461,397)	(13,674,092)	10,620,372	(107,288,765)
Ending balance	(18,655,899)	(21,181,034)	50,379,414	36,143,143	24,275,071	70,960,695
Total net assets	(9,860,049)	441,488,416	76,517,739	62,134,480	24,359,430	594,640,016
TOTAL	\$ 24,868,544	\$ 781,054,434	\$ 97,960,166	\$ 85,862,039	\$ 27,567,533	\$ 1,017,312,716

See notes to financial statements.

(Concluded)

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS OF OPERATING ACCOUNTS FOR THE YEAR ENDED NOVEMBER 30, 2007

	Bureau of Health Services	John H. Stroger Jr. Hospital	Oak Forest Hospital	Provident Hospital	Department of Public Health	Total
OPERATING REVENUES:						
Net patient service revenue (net of provision of \$335,059,236)	\$ -	\$ 322,746,553	\$ 75,029,785	\$ 52,401,529	\$ 26,235	\$ 450,204,102
Other revenue		3,366,792	162,065	233,889	2,256,356	6,019,102
Total operating revenues	-	326,113,345	75,191,850	52,635,418	2,282,591	456,223,204
OPERATING EXPENSES:						
Salaries and wages	2,473,482	322,404,144	72,304,523	56,680,259	9,823,446	463,685,854
Employee benefits	856,767	116,222,283	29,187,999	19,091,863	2,899,864	168,258,776
Supplies	20,065	83,792,154	24,603,043	8,194,321	1,057,606	117,667,189
Purchased services, rental, and other	12,455,440	63,373,899	9,586,470	20,859,593	5,537,973	111,813,375
Depreciation	8,901,218	32,439,773	3,715,497	2,404,793	16,482	47,477,763
Utilities		10,975,433	2,975,589	1,853,052	72,873	15,876,947
Services contributed by other County office:		3,019,568	595,851	2,778,047		6,393,466
Total operating expenses	24,706,972	632,227,254	142,968,972	111,861,928	19,408,244	931,173,370
Operating loss	(24,706,972)	(306,113,909)	(67,777,122)	(59,226,510)	(17,125,653)	(474,950,166)
NONOPERATING REVENUE (EXPENSES):						
Property taxes	3,111,172	94,041,836	12,837,929	16,477,072	13,650,612	140,118,621
Sales tax	23,251	701,394	95,741	123,095	101,850	1,045,331
Cigarette taxes	2,986,415	90,087,413	12,296,996	15,810,427	13,081,594	134,262,845
Interest income	14,536	431,700	95,835	86,751	663	629,485
Retirement plan contribution	499,239	61,130,709	12,393,373	10,277,026	911,306	85,211,653
Services contributed by other County office:		3,019,568	595,851	2,778,047		6,393,466
Total nonoperating revenue	6,634,613	249,412,620	38,315,725	45,552,418	27,746,025	367,661,401
(Loss) gain before other revenue, expenses, gains, losses, and transfers	(18,072,359)	(56,701,289)	(29,461,397)	(13,674,092)	10,620,372	(107,288,765)
Gain on disposal of fixed assets		10,240				10,240
Capital contributions	2,981,342	(4,506,954)	2,036,415	1,563,467		2,074,270
Change in net assets	(15,091,017)	(61,198,003)	(27,424,982)	(12,110,625)	10,620,372	(105,204,255)
NET ASSETS — Beginning of year	5,230,968	502,686,419	103,942,721	74,245,105	13,739,058	699,844,271
NET ASSETS — End of year	\$ (9,860,049)	\$ 441,488,416	\$ 76,517,739	\$ 62,134,480	\$ 24,359,430	\$ 594,640,016

See notes to financial statements.

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

COMBINING STATEMENT OF CASH FLOWS OF OPERATING ACCOUNTS FOR THE YEAR ENDED NOVEMBER 30, 2007

	Bureau of Health Services	John H. Stroger Jr. Hospital	Oak Forest Hospital	Provident Hospital	Department of Public Health	Total
CASH FROM OPERATING ACTIVITIES:						
Receipts from third-party payors and patients	\$ -	\$ 321,651,664	\$ 79,141,647	\$ 59,695,175	\$ 26,235	\$ 460,514,721
Payments to employees	(2,846,184)	(392,097,400)	(91,100,958)	(65,445,316)	(12,017,615)	(563,507,473)
Payments to suppliers	(2,375,468)	(86,535,141)	(43,498,251)	(29,674,899)	(6,571,002)	(168,654,761)
Other receipts		445,159	160,798	258,544	2,255,721	3,120,222
Net cash flows used in operating activities	<u>(5,221,652)</u>	<u>(156,535,718)</u>	<u>(55,296,764)</u>	<u>(35,166,496)</u>	<u>(16,306,661)</u>	<u>(268,527,291)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Borrowings from Working cash fund	500,000	102,000,000	10,000,000	15,000,000	4,500,000	132,000,000
Repayment of borrowings from Working Cash Fund	(500,000)	(102,000,000)	(10,000,000)	(15,000,000)	(4,500,000)	(132,000,000)
Real and personal property taxes received — net	2,197,501	66,409,465	9,065,725	11,625,791	9,647,362	98,945,844
Sales taxes received	23,200	699,864	95,533	122,826	101,628	1,043,051
Cigarette taxes received	2,986,415	90,087,413	12,296,996	15,810,427	13,081,594	134,262,845
Transfers to other County funds		(217,840)	5,967	(766)		(212,639)
Net cash flows provided by noncapital financing activities	5,207,116	156,978,902	21,464,221	27,558,278	22,830,584	234,039,101
CASH FLOWS FROM INVESTING ACTIVITIES — Interest received						
	<u>14,536</u>	<u>431,702</u>	<u>95,835</u>	<u>86,751</u>	<u>663</u>	<u>629,487</u>
CHANGE IN CASH AND CASH EQUIVALENTS						
		874,886	(33,736,708)	(7,521,467)	6,524,586	(33,858,703)
CASH AND CASH EQUIVALENTS — Beginning of year						
		<u>111,913,111</u>	<u>52,834,783</u>	<u>25,896,336</u>	<u>1,671,250</u>	<u>192,315,480</u>
CASH AND CASH EQUIVALENTS — End of year						
	<u>\$ -</u>	<u>\$ 112,787,997</u>	<u>\$ 19,098,075</u>	<u>\$ 18,374,869</u>	<u>\$ 8,195,836</u>	<u>\$ 158,456,777</u>
NONCASH TRANSACTIONS:						
Retirement plan contributions	\$ 499,239	\$ 61,130,709	\$ 12,393,373	\$ 10,277,026	\$ 911,306	\$ 85,211,653
Services contributed by other County offices		3,019,568	595,851	2,778,047		6,393,466
Contributed capital assets	2,981,342	(4,506,954)	2,036,415	1,563,467		2,074,270
Donated vaccines					284,595	284,595
See notes to financial statements.						(Continued)

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

COMBINING STATEMENT OF CASH FLOWS OF OPERATING ACCOUNTS FOR THE YEAR ENDED NOVEMBER 30, 2007

	Bureau of Health Services	John H. Stroger Jr. Hospital	Oak Forest Hospital	Provident Hospital	Department of Public Health	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:						
Operating loss	\$ (24,706,972)	\$(306,113,909)	\$ (67,777,122)	\$ (59,226,510)	\$ (17,125,653)	\$(474,950,166)
Adjustment to reconcile operating (loss) gain to cash used in operating activities:						
Depreciation	8,901,218	32,439,773	3,715,497	2,404,793	16,482	47,477,763
Provision for bad debts		267,140,574	26,483,979	41,434,683		335,059,236
Retirement plan contribution	499,239	61,130,709	12,393,373	10,277,026	911,306	85,211,653
Services contributed by other County offices		3,019,568	595,851	2,778,047		6,393,466
Net change in assets and liabilities:						
Patient accounts receivables		(260,578,188)	(19,383,403)	(33,210,526)		(313,172,117)
Third-party settlements		(380,070)	(309,046)	485,913		(203,203)
Accounts payable	380,613	3,770,935	(11,848)	633,264	(82,812)	4,690,152
Accrued salaries	53,634	(1,221,743)	(930,293)	12,822	(379,953)	(2,465,533)
Other receivables		(2,921,633)	(1,267)	24,655	(635)	(2,898,880)
Interfund receivables		6,921,819	(6,531,183)	(390,636)		
Inventories		204,141	40,354	771,422		1,015,917
Accrued vacation	(68,808)	(13,379,940)	(1,071,516)	36,958	174,342	(14,308,964)
Deferred revenue		(7,277,205)	(2,679,668)	(1,416,424)		(11,373,297)
Reserve for tax objection	41,087	1,241,839	169,528	218,017	180,262	1,850,733
Due to Cook County Treasurer	9,678,337	59,467,612				69,145,949
NET CASH USED IN OPERATING ACTIVITIES	\$ (5,221,652)	\$(156,535,718)	\$ (55,296,764)	\$ (35,166,496)	\$ (16,306,661)	\$(268,527,291)

See notes to financial statements.

(Concluded)

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

COMBINING BALANCE SHEET OF RESTRICTED PURPOSE ACCOUNTS AS OF NOVEMBER 30, 2007

ASSETS	John H. Stroger Jr. Hospital	Oak Forest Hospital	Department of Public Health	Total
CURRENT ASSETS:				
Cash and cash equivalents:				
Cash in banks	\$ -	\$ 81,851	\$ -	\$ 81,851
Cash held by Cook County Treasurer	<u>1,750,799</u>	<u> </u>	<u>6,419,664</u>	<u>8,170,463</u>
Total cash and cash equivalents	1,750,799	81,851	6,419,664	8,252,314
Other receivables	<u>267,991</u>	<u> </u>	<u>280,279</u>	<u>548,270</u>
TOTAL	<u>\$2,018,790</u>	<u>\$81,851</u>	<u>\$6,699,943</u>	<u>\$8,800,584</u>
 LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ 320,841	\$ 320,841
Accrued salaries, wages, and other liabilities	56,195	<u> </u>	171,519	227,714
Deferred revenue	<u> </u>	<u>69,950</u>	1,823,842	1,823,842
Trust funds	<u> </u>	<u> </u>	<u> </u>	<u>69,950</u>
Total current liabilities	<u>56,195</u>	<u>69,950</u>	<u>2,316,202</u>	<u>2,442,347</u>
 COMMITMENTS AND CONTINGENCIES				
NET ASSETS:				
Restricted for time and purpose:				
Beginning balance	1,711,074	9,289	4,664,783	6,385,146
Excess revenue (expense)	<u>251,521</u>	<u>2,612</u>	<u>(281,042)</u>	<u>(26,909)</u>
Total operating net assets	<u>1,962,595</u>	<u>11,901</u>	<u>4,383,741</u>	<u>6,358,237</u>
TOTAL	<u>\$2,018,790</u>	<u>\$81,851</u>	<u>\$6,699,943</u>	<u>\$8,800,584</u>

See notes to financial statements.

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS OF RESTRICTED PURPOSE ACCOUNTS FOR THE YEAR ENDED NOVEMBER 30, 2007

	John H. Stroger Jr. Hospital	Oak Forest Hospital	Department of Public Health	Total
OPERATING REVENUES:				
Other revenue	\$ 1,930,520	\$ 27,531	\$ 21,445,274	\$ 23,403,325
Total operating revenues	<u>1,930,520</u>	<u>27,531</u>	<u>21,445,274</u>	<u>23,403,325</u>
OPERATING EXPENSES:				
Salaries and wages	1,231,504		10,199,345	11,430,849
Employee benefits	318,458		3,713,858	4,032,316
Supplies	37,720		(154,727)	(117,007)
Purchased services, rental, and other	<u>91,317</u>	<u>24,919</u>	<u>7,967,840</u>	<u>8,084,076</u>
Total operating expenses	<u>1,678,999</u>	<u>24,919</u>	<u>21,726,316</u>	<u>23,430,234</u>
Operating (loss) gain	<u>251,521</u>	<u>2,612</u>	<u>(281,042)</u>	<u>(26,909)</u>
(Loss) gain before other revenue, expenses, gains, losses, and transfers	<u>251,521</u>	<u>2,612</u>	<u>(281,042)</u>	<u>(26,909)</u>
Change in net assets	251,521	2,612	(281,042)	(26,909)
NET ASSETS — Beginning of year	<u>1,711,074</u>	<u>9,289</u>	<u>4,664,783</u>	<u>6,385,146</u>
NET ASSETS — End of year	<u>\$ 1,962,595</u>	<u>\$ 11,901</u>	<u>\$ 4,383,741</u>	<u>\$ 6,358,237</u>

See notes to financial statements.

COOK COUNTY HEALTH FACILITIES FUND OF ILLINOIS

COMBINING STATEMENT OF CASH FLOWS OF RESTRICTED PURPOSE ACCOUNTS FOR THE YEAR ENDED NOVEMBER 30, 2007

	John H. Stroger Jr. Hospital	Oak Forest Hospital	Department of Public Health	Total
OPERATING ACTIVITIES:				
Payment to employees	\$ (1,558,248)	\$ -	\$ (14,322,826)	\$ (15,881,074)
Payment to suppliers	(145,157)	(104,250)	(7,795,038)	(8,044,445)
Other receipts	<u>2,155,394</u>	<u>27,962</u>	<u>22,639,531</u>	<u>24,822,887</u>
Net cash flows (used in) provided by operating activities	451,989	(76,288)	521,667	897,368
CASH AND CASH EQUIVALENTS —				
Beginning of year	<u>1,298,810</u>	<u>158,139</u>	<u>5,897,997</u>	<u>7,354,946</u>
CASH AND CASH EQUIVALENTS —				
End of year	<u>\$ 1,750,799</u>	<u>\$ 81,851</u>	<u>\$ 6,419,664</u>	<u>\$ 8,252,314</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:				
Operating (loss) gain	\$ 251,521	\$ 2,612	\$ (281,042)	\$ (26,909)
Adjustments to reconcile operating (loss) gain to net cash (used in) provided by operating activities:				
Net changes in assets and liabilities:				
Other receivables	224,874	431	1,042,317	1,267,622
Accounts payable	(16,120)		18,075	1,955
Accrued salaries	(8,286)		(409,623)	(417,909)
Trust funds		(79,331)		(79,331)
Deferred revenue			<u>151,940</u>	<u>151,940</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$ 451,989</u>	<u>\$ (76,288)</u>	<u>\$ 521,667</u>	<u>\$ 897,368</u>

See notes to financial statements.