



# **Cook County Health and Hospitals System of Illinois**

An Enterprise Fund of Cook County, Illinois

Financial Report  
November 30, 2017

## Contents

Independent auditor's report	1-2
Management's discussion and analysis	3-9
Basic financial statements	
Statements of net position	10-11
Statements of revenues, expenses, and changes in net position	12
Statements of cash flows	13-14
Notes to financial statements	15-37
Required supplementary information	
Schedule of funding progress	38
Schedule of CCHHS's proportionate share of the net pension liability	39
Schedule of County contributions	40
Supplementary information	
Combining statement of net position information – 2017	41-42
Combining schedule of revenues, expenses, and changes in net position information – 2017	43
Combining schedule of cash flows information – 2017	44-45
Combining statement of net position of operating accounts information – 2017	46-47
Combining schedule of revenues, expenses, and changes in net position of operating accounts information – 2017	48
Combining schedule of cash flows of operating accounts information – 2017	49-50
Combining statement of net position of restricted purpose accounts information – 2017	51
Combining schedule of revenues, expenses, and changes in net position of restricted purpose accounts information – 2017	52
Combining schedule of cash flows of restricted purpose accounts information – 2017	53
Combining statement of net position information – 2016	54-55
Combining schedule of revenues, expenses, and changes in net position information – 2016	56
Combining schedule of cash flows information – 2016	57-58
Combining statement of net position of operating accounts information – 2016	59-60
Combining schedule of revenues, expenses, and changes in net position of operating accounts information – 2016	61
Combining schedule of cash flows of operating accounts information – 2016	62-63
Combining statement of net position of restricted purpose accounts information – 2016	64
Combining schedule of revenues, expenses, and changes in net position of restricted purpose accounts information – 2016	65
Combining schedule of cash flows of restricted purpose accounts information – 2016	66



RSM US LLP

## Independent Auditor's Report

To the Board of Directors  
Cook County Health and Hospitals System of Illinois

### Report on the Financial Statements

We have audited the accompanying basic financial statements of Cook County Health and Hospitals System of Illinois (CCHHS), an enterprise fund of Cook County, Illinois, as of and for the years ended November 30, 2017 and 2016, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CCHHS's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of CCHHS as of November 30, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the basic financial statements referred to above present only those of CCHHS and do not purport to, and do not, present fairly the financial position of Cook County, Illinois, as of November 30, 2017 and 2016, or the changes in its financial position, and, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-9 and the pension and post-retirement benefit data on pages 38-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise CCHHS's basic financial statements. The accompanying supplementary information as listed in the table of contents on pages 41-66 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*RSM US LLP*

Chicago, Illinois  
May 31, 2018

## **Management's Discussion and Analysis**

### **Introduction**

One of the largest public health systems in the nation, the Cook County Health and Hospitals System (CCHHS) serves as the safety net for health care in Chicago and suburban Cook County. CCHHS is comprised of two Joint Commission-accredited hospitals, Stroger and Provident, more than a dozen community health centers, the Ruth M. Rothstein Core Center, a primary care center for patients with HIV and other infectious diseases, the Cook County Department of Public Health and Cermak Health Services, which provides primary and specialty care to individuals at the Cook County Jail and the Juvenile Temporary Detention Center, and CountyCare, a managed Medicaid health plan with more than 290,000 members in FY2017.

CCHHS cares for more than 300,000 unique patients each year with a commitment to providing comprehensive, compassionate and high quality care. CCHHS's flagship 450-bed John H. Stroger, Jr. Hospital provides nationally-certified stroke, oncology and burn care and has centers of excellence in emergency medicine, infectious disease, endocrinology and others. The nation's first comprehensive trauma unit opened at Cook County Hospital in 1966. CCHHS's emergency department saw over 140,000 visits in FY2017.

CCHHS's history and mission to care for all dates back to 1835. In that time, the system has cared for millions of individuals, trained thousands of doctors and supported important research that has contributed to modern day best practices in hospitals.

CCHHS's Strategic Plan, Impact 2020, aims at transforming the provision of health care in Cook County by promoting community-based primary and preventive care, developing a robust, collaborative health plan and enhancing the patient experience.

The following discussion and analysis provides an overview of CCHHS's financial activities and financial position for the fiscal years ended November 30, 2017 and 2016. This discussion focuses on the significant financial and operational activities and the resulting changes in financial position including comparative data for the prior year and should be read in conjunction with the accompanying financial statements and related note disclosures.

### **Summary of Operating and Financial Highlights**

The Cook County Board of Commissioners established the Cook County Health and Hospitals System Board (CCHHS Board) in 2008 to provide independent oversight of health care operations. The CCHHS Board is accountable to the Cook County Board of Commissioners. CCHHS is included in the reporting entity of Cook County, Illinois (County) as an enterprise fund. As an enterprise fund, CCHHS's financial statements are prepared using proprietary fund accounting that focuses on the determination of changes in net position, 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.

### **Financial Highlights for 2017**

The CCHHS Board and Management continue to work to identify new sources of revenues, reduce costs or realign services in order to mitigate operating losses due to declining federal reimbursements, dependency on Illinois Medicaid payments, a large self-pay population, and rising labor and medical costs.

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

A broad measure of CCHHS's financial progress is net position, or assets and deferred outflows, minus liabilities and deferred inflows. CCHHS's net position reduced by \$145,454 in fiscal year 2017, a 26% improvement from a net position reduction of \$196,436 in fiscal year 2016.

- At November 30, 2017, CCHHS maintained a total cash and cash equivalents balance of \$324,414 or 58 days in cash.
- In 2017, CountyCare submitted a successful bid for the State of Illinois Medicaid Managed Care Request for Proposal (RFP) and through a strategic acquisition, grew membership to over 290,000 while balancing its member populations in various programs including Affordable Care Act (ACA) adults, Family Health Plan (FHP) members, Integrated Care Program (ICP), and Managed Long Term Supports and Services (MLTSS) members.
- The liabilities and deferred inflows of resources of CCHHS exceeded its assets and deferred outflows of resources at the close of fiscal year 2017 by \$4,140,534. Of this amount, \$4,587,612 is unrestricted net deficit. In addition, in 2017, CCHHS's net investment in capital assets increased by \$48,444. It is important to note that nearly all of the unrestricted net deficit is related to the net pension liability.
- Total reduction in net position was \$145,454 in fiscal year 2017. The change in net position for 2017 is the result of loss before capital contributions and transfers of \$403,673 and capital contributions and net transfers in of \$258,219.
- Loss from operations in fiscal year 2017 was \$506,172. The increase in the loss is primarily the result of the reduction in the capitation paid by the State of Illinois to CountyCare.
- During fiscal year 2017, CCHHS payor mix experienced the following changes: Medicare increased to 14.7%, Commercial Insurance decreased to 4.2%, Medicaid decreased to 31.7%, the Self-Pay component increased to 37.6%, and CountyCare decreased to 11.8%.
- Changes in estimates relating to prior years increased fiscal year 2017 net patient service revenue by approximately \$59,097 and increased fiscal year 2017 CountyCare capitation revenue by \$83,000.
- The provision for bad debt increased in fiscal year 2017 by \$60,576 or 24% to \$316,562. The increase is due to increase in self-pay and enhanced review for collectability of accounts before writing off to bad debt.

### **Financial Highlights for 2016**

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

- The liabilities and deferred inflows of resources of CCHHS exceeded its assets and deferred outflows of resources at the close of fiscal year 2016 by \$3,995,080. Of this amount, \$4,392,712 is unrestricted net deficit. In addition, in 2016, CCHHS's net investment in capital assets increased by \$2,386.
- Total reduction in net position was \$196,437 in fiscal year 2016. The change in net position for 2016 is the result of loss before capital contributions and transfers of \$374,156, and capital contributions and net transfers of \$177,719.
- Loss from operations in fiscal year 2016 was \$497,687. The increase in the loss is primarily the result of an increase in pension expense, an increase in salaries and wages expense, and a decrease in net patient service revenue.

- During fiscal year 2016, the Self-Pay component of CCHHS's payor mix increased to 36.7%, Medicaid payor mix decreased to 32.4%, Medicare increased to 14.1%, Commercial decreased to 4.5%, and CountyCare decreased to 12.3% over the same period.
- The provision for bad debt increased in fiscal year 2016 by \$65,042 or 34% to \$255,986. The increase is due to operations providing another level of review for collectability of accounts before writing off to bad debt.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to CCHHS's financial statements. CCHHS's basic financial statements are comprised of two components: (1) fund financial statements and (2) notes to 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. CCHHS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Proprietary Funds*

CCHHS maintains one type of proprietary fund. CCHHS uses one enterprise fund to account for its health care operations.

The proprietary fund financial statements can be found on pages 10-14 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 15-37 of this report.

*Other Information*

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension and post-employment health benefits to its employees. Required supplementary information can be found on pages 38-40 of this report.

**Operating Statistics**

The utilization statistics for CCHHS for the fiscal years ended November 30, 2017 and 2016, are as follows:

	2017	2016	Percent Change	2015
Patient days	98,843	104,117	(5.1) %	103,974
Average daily census	271	285	(5.1) %	285
Admissions	19,664	22,078	(10.9) %	22,236
Average length of stay (days)	5.03	4.72	6.6 %	4.68

**Fund-Wide Financial Analysis**

Net position may serve over time as a useful indicator of a fund's financial condition. In the case of CCHHS, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$4,140,534 at November 30, 2017, and by \$3,995,080 at November 30, 2016.

A portion of CCHHS's net position (deficit) reflects its investments in capital assets. CCHHS uses these capital assets to provide services; consequently, these assets are not available for future spending.

**Table 1****Statements of Net Position  
November 30, 2017 and 2016  
(In Thousands)**

	<b>2017</b>	<b>2016</b>
Current assets	<b>\$ 669,567</b>	\$ 678,196
Refundable deposit	<b>25,000</b>	25,000
Capital assets, net	<b>474,900</b>	397,363
<b>Total assets</b>	<b>1,169,467</b>	1,100,559
Deferred outflows of resources	<b>630,938</b>	659,063
Current liabilities	<b>684,792</b>	547,309
Other liabilities	<b>4,694,260</b>	5,047,785
<b>Total liabilities</b>	<b>5,379,052</b>	5,595,094
Deferred inflows of resources	<b>561,886</b>	159,608
Net position (deficit)		
Net investment in capital assets	<b>445,805</b>	397,363
Restricted for patient care	<b>1,273</b>	269
Unrestricted	<b>(4,587,612)</b>	(4,392,712)
<b>Total net position (deficit)</b>	<b>\$ (4,140,534)</b>	\$ (3,995,080)

**Table 2**

**Statements of Revenues, Expenses, and Changes in Net Position  
Years Ended November 30, 2017 and 2016  
(In Thousands)**

	2017	2016
Operating revenues:		
Net patient service revenue - net of bad debt provision of \$316,562 in 2017 and \$255,986 in 2016	\$ 593,240	\$ 531,185
CountyCare capitation revenue	836,538	924,830
Provident capitation revenue	112,840	136,626
Grant revenue	11,803	12,105
Electronic health record incentive program revenue	3,494	2,624
Other revenue	13,420	7,390
Total operating revenues	1,571,335	1,614,760
Nonoperating revenues:		
Property taxes	82,313	123,503
Cigarette taxes	3,331	-
Sweetened beverage taxes	16,729	-
Interest income	126	28
Total nonoperating revenues	102,499	123,531
Total revenues	1,673,834	1,738,291
Operating expenses:		
Salaries, wages and benefits	677,210	661,672
Pension	235,749	321,593
Supplies	138,590	129,139
Purchased services, rental and other	242,425	182,046
Foreign claims	680,190	718,028
Insurance	34,295	28,257
Depreciation	25,430	27,091
Utilities	13,695	13,355
Services contributed by other County offices	29,923	31,266
Total operating expenses	2,077,507	2,112,447
<b>Loss before capital contributions and transfers</b>	(403,673)	(374,156)
Capital contributions	68,710	22,356
Transfers in	189,509	155,363
<b>Change in net position</b>	(145,454)	(196,437)
Net deficit:		
Beginning of year	(3,995,080)	(3,798,643)
End of year	\$ (4,140,534)	\$ (3,995,080)

### **2017 Activity**

In fiscal year 2017, total operating revenues, net of bad debt provision decreased to \$1,571,335 from the prior year, which represents a 2.7% decrease in total operating revenues. This decrease is primarily due to a decrease in CountyCare capitation which was due to retroactive reductions in rates impacting 2016 and 2017 rates. CountyCare capitation revenue decreased by \$88,292 to \$836,538.

Changes in estimates relating to prior years increased fiscal year 2017 net patient service revenue by approximately \$59,097 and increased fiscal year 2017 CountyCare capitation revenue by \$83,000.

In fiscal year 2017, nonoperating revenues decreased by \$21,032 from the prior year to \$102,499. The drop in nonoperating revenues was due to the County allocation of tax revenue, a portion of which was based on the sweetened beverage tax changes.

In fiscal year 2017, salaries, wages and benefits (excluding pension expense) increased by \$15,538 to \$677,210 from the prior year. The normal step increases, along with the implementation of the new Collective Bargaining Agreements, accounted for most of this increase. Pension expense decreased \$85,844 (26.7%) from the prior year primarily due to an increase in the discount rate. The increase in the discount rate was caused by an improvement in the municipal rate since the prior measurement period.

Supplies expense, including pharmaceuticals, increased to \$138,590. This 7.3% increase is primarily due to the increase in prices for pharmaceuticals and supplies. It was compounded by more high cost drugs related to HIV and Hepatitis C being provided by the health system.

Purchased services, rental and other expenses increased \$60,379 (33.2%) from the prior year to \$242,425 in fiscal year 2017. The increase is primarily due to a decrease in County capital contributions, requiring more use of lease financing, and an increased investment in the update of clinical equipment and space. Purchased Services is the primary increase in this line due to the need for contractors to assist in difficult to fill positions.

Foreign claims expense decreased by \$37,838 (5.3%) from the prior year to \$680,190 in fiscal year 2017. The decrease is primarily due to a decrease in CountyCare membership in fiscal year 2017. Additional members were added on November 1, 2017, therefore increasing overall membership at year-end.

In fiscal year 2017, the operating loss of CCHHS increased by \$8,485 from the prior year to \$506,172.

### **2016 Activity**

In fiscal year 2016, total operating revenues, net of bad debt provision increased to \$1,614,760 from the prior year, which represents a 3% increase in total operating revenues. This increase is primarily due to an increase in CountyCare and Provident Hospital capitation revenue. CountyCare capitation revenue increased by \$63,257 to \$924,830. Provident Hospital capitation revenue increased \$77,948 to \$136,626.

In fiscal year 2016, nonoperating revenues decreased by \$34,178 from the prior year to \$123,531. The drop in nonoperating revenues was due to the County allocation of tax revenue based on the fiscal year 2016 budget projection that CCHHS would receive additional revenue from CountyCare, and therefore be less reliant upon the home rule tax subsidy.

In fiscal year 2016, salaries, wages and benefits increased by \$33,666 to \$661,673 from the prior year. The normal step increases, along with the implementation of the new Collective Bargaining Agreements, accounted for most of this increase. Additionally, CCHHS created new positions and units bringing some prior services that were outsourced to in house, such as the call center, and created new units such as project management, and other high level administrative positions.

Supplies expense, including pharmaceuticals, increased to \$129,139. This increase is primarily due to the increase in new services offered at CCHHS such as dental.

**2016 Activity (continued)**

Purchased services, rental and other expenses decreased \$1,786 from the prior year to \$182,046 in fiscal year 2016. The decrease is primarily due to a decrease in the use of consultants on various operation initiatives in fiscal year 2016.

Foreign claims expense increased to \$718,028 in fiscal year 2016. The increase is primarily due to an increase in CountyCare activity in fiscal year 2016.

In fiscal year 2016, the operating loss of CCHHS increased by \$158,131 from the prior year to \$497,687. The increase in the loss is primarily the result of an increase in pension expense, an increase in salaries and wages expense, and a decrease in net patient service revenue.

**Capital Assets and Debt Administration***Capital Assets*

CCHHS's investment in capital assets amounts to \$474,900, net of depreciation, as of November 30, 2017. This investment includes building, improvements, equipment and intangible assets. The \$77,537 increase in capital assets for fiscal year 2017 is the result of investment in capital assets of \$68,709 outpacing depreciation expense of \$25,430, and the acquisition of an intangible asset of \$29,094. In 2018 CCHHS will continue the progress of increasing the investment in capital to improve their patient experience and efficiency.

Additional information of CCHHS's capital assets can be found in Note 6 on pages 24 and 25 of this report.

*Debt Administration*

It should be noted that all debts associated with the capital assets of CCHHS are the general obligations of the County. These debts are expected to be paid by the County and, therefore, are not reflected in the financial statements of CCHHS.

**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 CCHHS. 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.

CCHHS had more insured patients than uninsured in fiscal year 2017. While it continues to carry the highest uninsured volume in the state of Illinois, this is a significant improvement. However, the percentage of its revenues tied to individuals insured by the government continues to rise and makes CCHHS subject to risks related to changes in state and federal policies covering these individuals.

**Contacting CCHHS's Financial Management**

This financial report is intended to provide our patients, elected officials, citizens, creditors and vendors with a general overview of CCHHS'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 CCHHS's Deputy Chief Executive Officer for Finance and Strategy at 1900 West Polk Street, Room 200, Chicago, Illinois 60612, [www.cookcountygov.com](http://www.cookcountygov.com).

**Cook County Health and Hospitals System of Illinois**

**Statements of Net Position  
November 30, 2017 and 2016**

	2017	2016
<b>Assets and Deferred Outflows</b>		
Current assets:		
Cash and cash equivalents (Note 5):		
Cash in banks	\$ 4,616,197	\$ 2,837,518
Cash held by Cook County Treasurer	224,650,815	255,632,615
Working cash fund	95,147,154	95,147,154
Total cash and cash equivalents	<u>324,414,166</u>	<u>353,617,287</u>
Property taxes receivable - net of allowance of \$7,234,701 in 2017 and \$8,381,170 in 2016:		
Tax levy - current year	83,296,323	121,235,196
Tax levy - prior year	8,287,374	5,239,354
Total property taxes receivable	<u>91,583,697</u>	<u>126,474,550</u>
Receivables:		
Patient accounts - net of allowances of \$348,978,050 in 2017 and \$271,531,805 in 2016		
	95,631,329	84,793,838
Due from State of Illinois (Note 16)	40,908,792	45,786,270
Capitation receivable (Note 17)	100,746,634	43,442,900
Third-party settlements	-	2,817,381
Due from other County governmental fund	-	4,893,585
Other receivables	8,604,934	12,346,982
Total receivables	<u>245,891,689</u>	<u>194,080,956</u>
Inventories	<u>7,677,318</u>	4,023,099
Total current assets	<b>669,566,870</b>	678,195,892
Refundable deposit (Note 16)	<b>25,000,000</b>	25,000,000
Capital assets, net of accumulated depreciation (Note 6)	<b>401,475,920</b>	397,363,422
Capital assets not being depreciated (Note 6)	<b>73,423,881</b>	-
	<u>474,899,801</u>	397,363,422
Total assets	<u><b>1,169,466,671</b></u>	<u>1,100,559,314</u>
<b>Deferred Outflows of Resources:</b>		
Pension related amounts (Note 10)	<u>630,937,511</u>	659,063,246

(Continued)

**Cook County Health and Hospitals System of Illinois**

**Statements of Net Position (Continued)  
November 30, 2017 and 2016**

	2017	2016
<b>Liabilities, Deferred Inflows and Net Deficit</b>		
Current liabilities:		
Accounts payable	\$ 107,977,999	\$ 54,134,698
Accrued salaries, wages and other liabilities	33,350,627	33,988,688
Claims payable (Note 16)	372,936,988	212,778,304
Compensated absences	6,691,360	6,258,565
Pension contributions payable (Note 10)	51,273,515	46,361,517
Unearned revenue (Note 7)	19,815,362	77,392,953
Due to State of Illinois (Note 16)	57,192,935	-
Third-party settlements	1,156,802	86,962,409
Self-insurance claims (Notes 3 and 12)	32,765,226	28,470,894
Due to other County governmental fund	43,455	43,455
Due to others	706,909	25,530
Trust funds	881,058	891,839
Total current liabilities	<u>684,792,236</u>	<u>547,308,852</u>
Compensated absences, less current portion	37,917,714	35,465,203
Self-insurance claims, less current portion (Notes 3 and 12)	138,831,588	136,286,697
Property tax objections (Note 8)	13,002,650	13,147,459
Net pension liability (Note 10)	<u>4,504,508,046</u>	<u>4,862,886,038</u>
Total liabilities	<u>5,379,052,234</u>	<u>5,595,094,249</u>
Commitments and contingencies (Note 14)		
<b>Deferred Inflows of Resources:</b>		
Pension related amounts (Note 10)	<u>561,885,531</u>	159,607,998
<b>Net Position (Deficit):</b>		
Net investment in capital assets	445,805,801	397,363,422
Restricted for patient care	1,272,833	269,054
Unrestricted	<u>(4,587,612,217)</u>	<u>(4,392,712,163)</u>
Total net deficit	<u>\$ (4,140,533,583)</u>	<u>\$ (3,995,079,687)</u>

See notes to financial statements.

**Cook County Health and Hospitals System of Illinois**

**Statements of Revenues, Expenses, and Changes in Net Position  
Years Ended November 30, 2017 and 2016**

	2017	2016
Operating revenues:		
Net patient service revenue - net of bad debt provision of \$316,561,507 in 2017 and \$255,985,844 in 2016	\$ 593,240,096	\$ 531,185,161
CountyCare capitation (Note 16)	836,537,764	924,829,566
Provident Hospital capitation (Note 17)	112,839,675	136,625,714
Grant revenue	11,803,115	12,105,537
Electronic health record incentive program revenue	3,494,388	2,623,818
Other revenue	13,419,780	7,389,984
Total operating revenues	<b>1,571,334,818</b>	1,614,759,780
Operating expenses:		
Salaries and wages	585,161,968	572,515,541
Employee benefits	92,048,480	89,157,212
Pension (Note 10)	235,749,033	321,592,935
Supplies	138,589,745	129,139,283
Purchased services, rental and other	242,425,343	182,046,180
Foreign claims (Note 16)	680,190,176	718,027,744
Insurance	34,294,558	28,256,771
Depreciation	25,429,787	27,090,461
Utilities	13,694,655	13,355,573
Services contributed by other County offices (Note 9)	29,923,385	31,265,415
Total operating expenses	<b>2,077,507,130</b>	2,112,447,115
<b>Operating loss</b>	<b>(506,172,312)</b>	(497,687,335)
Nonoperating revenues:		
Property taxes	82,312,987	123,503,232
Cigarette taxes	3,331,185	-
Sweetened beverage taxes	16,728,786	-
Interest income	126,230	27,654
Total nonoperating revenues	<b>102,499,188</b>	123,530,886
<b>Loss before capital contributions and transfers in</b>	<b>(403,673,124)</b>	(374,156,449)
Capital contributions (Note 9)	68,709,710	22,356,318
Transfers in	189,509,518	155,363,619
<b>Change in net position</b>	<b>(145,453,896)</b>	(196,436,512)
Net deficit:		
Beginning of year	<b>(3,995,079,687)</b>	(3,798,643,175)
End of year	<b>\$ (4,140,533,583)</b>	\$ (3,995,079,687)

See notes to financial statements.

**Cook County Health and Hospitals System of Illinois**

**Statements of Cash Flows**  
**Years Ended November 30, 2017 and 2016**

	2017	2016
Cash flows from operating activities:		
Receipts from third-party payors and patients	\$ 1,414,006,340	\$ 1,547,434,618
Payments to employees	(675,540,102)	(675,514,749)
Contributions to the pension plan for employee benefits	(158,811,758)	(129,063,409)
Payments / allocations for self-insurance, net	-	4,965,205
Payments to contracted health care providers and suppliers	(925,970,454)	(1,075,669,862)
Other (payments) receipts	25,299,135	2,509,716
<b>Net cash used in operating activities</b>	<b>(321,016,839)</b>	<b>(325,338,481)</b>
Cash flows from capital financing activities:		
Acquisition of capital assets	(5,164,430)	(7,120,043)
<b>Net cash used in capital financing activities</b>	<b>(5,164,430)</b>	<b>(7,120,043)</b>
Cash flows from noncapital financing activities:		
Refundable deposit	-	(25,000,000)
Real and personal property taxes received, net	117,203,966	148,268,007
Cigarette taxes received	3,333,033	-
Sweetened beverage taxes received	16,728,786	-
Transfers from Cook County Treasurer	159,586,133	124,098,204
<b>Net cash provided by noncapital financing activities</b>	<b>296,851,918</b>	<b>247,366,211</b>
Cash flows from investing activities:		
Interest received	126,230	27,654
<b>Net cash provided by investing activities</b>	<b>126,230</b>	<b>27,654</b>
<b>Change in cash and cash equivalents</b>	<b>(29,203,121)</b>	<b>(85,064,659)</b>
Cash and cash equivalents:		
Beginning of year	353,617,287	438,681,946
End of year	<b>\$ 324,414,166</b>	<b>\$ 353,617,287</b>
Supplemental disclosure of noncash transactions:		
Transfers - capital assets	\$ 68,709,710	\$ 22,356,318
Acquired capital asset through accounts payable	\$ 29,094,000	\$ -

(Continued)

**Cook County Health and Hospitals System of Illinois**

**Statements of Cash Flows (Continued)  
Years Ended November 30, 2017 and 2016**

	2017	2016
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (506,172,312)	\$ (497,687,335)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	25,429,787	27,090,461
Provision for bad debts	316,561,507	255,985,844
Services contributed by other County offices	29,923,385	31,265,415
Net change in assets and liabilities:		
Patient accounts receivable	(327,398,998)	(273,545,809)
Due from State of Illinois	4,877,478	5,964,514
Capitation receivable	(57,303,734)	12,328,762
Third-party settlements	(82,988,226)	2,393,131
Other receivables	3,742,048	(3,240,959)
Inventories	(3,654,219)	415,330
Accounts payable	24,749,301	(31,102,229)
Accrued salaries, wages and other liabilities	(638,061)	(12,861,083)
Pension contributions payable	4,911,998	(2,866,435)
Self-insurance claims payable	6,839,223	6,766,535
Net pension liability	(358,377,992)	630,261,537
Deferred amounts related to pensions	430,403,268	(434,865,576)
Claims payable	160,158,684	24,114,115
Compensated absences	2,885,307	(1,181,124)
Unearned revenue	(57,577,591)	(558,545)
Due to State of Illinois	57,192,935	(59,915,794)
Due to others	681,379	4,506
Trust funds	(10,782)	857,896
Due to other County governmental fund	4,893,585	(4,893,585)
Property tax objections	(144,809)	(68,053)
<b>Net cash used in operating activities</b>	<b>\$ (321,016,839)</b>	<b>\$ (325,338,481)</b>

See notes to financial statements.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

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#### Note 1. Reporting Entity

Cook County Health and Hospitals System of Illinois (CCHHS) is included in the reporting entity of Cook County, Illinois (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. CCHHS also receives various tax and County subsidies to support its operations. The Board of Commissioners is responsible for the operation of CCHHS. CCHHS is presented as a business-type activity in the basic financial statements of the County.

CCHHS includes the following entities: John H. Stroger, Jr. Hospital of Cook County (JSH), Oak Forest Health Center (OFHC), CountyCare, Provident Hospital (PH), the Cook County Department of Public Health (DPH), the Bureau of Health Services (BHS), the Ambulatory and Community Health Network (ACHN), the Ruth Rothstein Core Center (CORE) and Cermak Health Services of Cook County (CHS).

BHS oversees the operational, planning and policy activities of CCHHS.

Collectively, JSH, OFHC, PH, DPH, ACHN, CORE and CHS 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.

CountyCare capitation, Medicaid and Medicare revenue account for a significant portion of CCHHS's total revenues. CCHHS receives Medicaid reimbursement under an interagency agreement between the Board of Commissioners and the Illinois Department of Healthcare and Family Services (DHFS) (see Note 7). Property and other taxes also represent an important source of financing for CCHHS. The receipt of future revenues by CCHHS is subject to, among other factors, federal and state policies affecting CCHHS and the health care industry.

In October 1998, Cook County/Rush Health Center (Health Center) was opened to combat HIV/AIDS and other related communicable diseases. The CORE Foundation, an Illinois not-for-profit corporation, funded the development and construction of the Health Center. CCHHS leases the Health Center from the CORE Foundation for \$1 per year. CCHHS staffs and operates the Health Center. CCHHS accounts for the Health Center as part of ACHN.

On May 20, 2008, the Board of Commissioners created the Cook County Health and Hospitals System Board of Directors to provide independent oversight of health care operations. The Cook County Health and Hospitals System Board of Directors is accountable to the Board of Commissioners. In May 2010, the Board of Commissioners voted to make the Cook County Health and Hospitals System Board of Directors permanent.

#### Note 2. Financial Condition

Losses from operations for CCHHS totaled \$506,172,312 and \$497,687,335 for the years ended November 30, 2017 and 2016, respectively.

The health care industry is highly dependent upon a number of factors that have a significant effect on operations, such as laws and regulations, and continuing shifts in payor utilization. Additionally, certain salaries in the health care industry have become very competitive as a result of the national shortage of health care professionals. During the year ended November 30, 2017, CCHHS experienced great success in its use of executive search firms in the recruitment and hiring of key operational positions. CCHHS will continue using this successful tool to aid in hiring key and difficult positions to fill in this highly competitive industry.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

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#### Note 2. Financial Condition (Continued)

In 2012, CCHHS and the Cook County Board Officials collaborated to cut Medicaid costs, help County taxpayers, and transform Cook County's hospital system by jump-starting national health care reform in Cook County. In October 2012, the Federal government approved CCHHS's Medicaid Expansion Program (CountyCare) by creating the Centers for Medicare and Medicaid Services (CMS) waiver under Section 1115 of the Social Security Act (1115 Waiver) for Cook County, allowing CCHHS to enroll more than 115,000 individuals who would become eligible for Medicaid in 2014 under the Affordable Care Act with no cost to the State of Illinois.

Once enrolled in CountyCare, members receive covered services at no cost including but not limited to primary and specialty visits within a broad network of doctors and hospitals. The CountyCare network consists of 138 primary care access points including CCHHS facilities, all Federally Qualified Health Centers (FQHCs) in Cook County, over 35 community hospitals, and five major academic medical centers.

CountyCare began as an Illinois Medicaid Demonstration program. When the demonstration program period ended on June 30, 2014, CountyCare members were transitioned into a County Managed Care Community Network (MCCN), which is an Illinois-designated Medicaid managed care structure to ensure members can remain with their medical home and network of care.

CCHHS management expects to reduce operating losses in the future by retaining CountyCare membership, growing specialty and clinical services, improving denials management, bending the cost curve and increasing patient satisfaction and retention. To this end, CCHHS is establishing initiatives to sustain the trend of managing operating losses. Like all Medicaid Managed care plans, CountyCare and by extension CCHHS, continues to be highly dependent on timely reimbursement from the DHFS for cash flow.

CCHHS management continues to work on strategies to increase revenues through making its services more attractive to patients, managed care organizations, and other providers. It is also working on decreasing costs by reducing overtime hours and bringing high cost services in-house where financially/operationally justifiable. The financial climate for safety net hospitals continues to be challenging and CCHHS must continue to grow its base activity and its ability to accurately capture, bill and collect for the services in the Medicaid managed care environment.

For the years ended November 30, 2017 and 2016, the CCHHS's payor utilization based on gross patient service revenue was as follows:

	2017	2016
Self-pay	\$ 608,778,705	\$ 570,796,288
Medicaid and Medicaid managed care	513,245,515	504,679,984
Medicare	238,494,550	220,278,203
Other	68,113,201	69,598,317
Total	<u>\$ 1,428,631,971</u>	<u>\$ 1,365,352,792</u>

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

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#### Note 2. Financial Condition (Continued)

For the years ended November 30, 2017 and 2016, estimated gross charges associated with services provided to CountyCare patients totaled approximately \$190,443,590 and \$195,177,000, respectively. Charges related to CountyCare patients are excluded from the table above as CCHHS is reimbursed through capitation rather than through patient service revenue, and any gross charges associated with CCHHS services provided to CountyCare patients are eliminated in combination.

CCHHS's revenue associated with CountyCare patients is reported in CountyCare capitation revenue in the statements of revenues, expenses, and changes in net position.

#### Note 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 of America and in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). 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, OFHC, CountyCare, PH, DPH, BHS, CORE, ACHN and CHS. The accounts of ACHN, CORE and OFHC are presented with those of JSH. All material intra-account transactions have been eliminated.

**Operating and restricted accounts:** Operating accounts are used for unrestricted funds, which arise from normal operations. 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 operating revenues and expenses.

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

Substantially all restricted net position is restricted for patient care services.

**Cash and cash equivalents:** Cash and cash equivalents consist primarily of time deposits and cash invested in other authorized short-term securities (Note 5) with maturities at the date of purchase of three months or less. Net appreciation (depreciation) in fair value attributable to cash equivalents, if any, is included as a component of nonoperating revenue in the statements of revenues, expenses, and changes in net position. Cash and cash equivalents are recorded at either amortized cost or fair value, depending on the nature of investment.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

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#### Note 3. Summary of Significant Accounting Policies (Continued)

**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 remits to CCHHS its respective portion. 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 bills. 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 taxes receivable at November 30, 2017, represents CCHHS's portion of the tax year 2017 taxes and uncollected tax year 2016 taxes.

CCHHS records property taxes as revenue in the year in which they are levied. Property taxes receivable are recognized for the current and prior fiscal year. 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. CCHHS records its portion of this provision and a corresponding allowance for loss against property taxes receivable.

**Patient accounts receivable:** Patient accounts receivable represents amounts owed to CCHHS for services provided to patients. The receivable is either due from a third-party payor, such as Medicare, Medicaid or commercial insurance carriers, or directly from the patient. Patient accounts receivable are presented net of allowances for contractual discounts and uncollectible accounts. CCHHS evaluates the collectability of its patient 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. Medicaid patient accounts receivable (excluding Medicaid managed care) represented approximately 29% and 51% of patient accounts receivable, net, as of November 30, 2017 and 2016, respectively.

**Inventories:** Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method.

**Capital assets:** The County contributes to the acquisition of capital assets for the operation of CCHHS. The assets, which include land improvements, buildings, building improvements, and equipment and furniture, are recorded at cost at the time of receipt. Prior to fiscal year 2017, construction in progress was transferred to CCHHS from the County at the time of completion. Beginning in fiscal year 2017, construction in progress is transferred to CCHHS from the County throughout construction and recorded in CCHHS's financial statements. No value has been assigned to the land upon which most of CCHHS facilities are located. Capital assets are defined by CCHHS as assets with an initial, individual cost of \$1,000 or more. Donated capital assets from parties outside of the County are recorded at acquisition value at the date of donation, beginning in FY2016. Prior to that, donated capital assets were recorded at their estimated fair value. 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 costs are incurred.

**Cook County Health and Hospitals System of Illinois**

**Notes to Financial Statements**

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**Note 3. Summary of Significant Accounting Policies (Continued)**

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

Land improvements	5–25 years
Buildings	20–40 years
Building improvements	5–40 years
Equipment and furniture	3–20 years
Intangible asset	4 years

Depreciation is calculated on a straight-line method for all institutions, except JSH, which used the 150% declining balance on assets acquired prior to 2008. Beginning in 2008, new acquisitions at JSH are depreciated using the straight-line method for better cost allocation. One-half year's depreciation is taken in the year of acquisition.

**Claims payable:** Claims payable represents amounts payable to providers outside of CCHHS for services provided to CountyCare members. This estimate reflects the estimated ultimate cost of services incurred but not paid, net of expected stop-loss insurance recoveries. Stop-loss coverage limits vary based on the services provided and are reimbursed based on a percentage of charges. Management believes that the claims payable liability is adequate to cover the claims incurred but not paid as of November 30, 2017.

**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 to employee benefits expense 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. Changes in compensated absences were as follows for the years ended November 30, 2017 and 2016:

Balance, December 1, 2016	Additions	Reductions	Balance, November 30, 2017	Amount Due Within One Year
\$ 41,723,768	\$ 50,035,118	\$ (47,149,812)	\$ 44,609,074	\$ 6,691,360

Balance, December 1, 2015	Additions	Reductions	Balance, November 30, 2016	Amount Due Within One Year
\$ 42,904,891	\$ 41,477,476	\$ (42,658,599)	\$ 41,723,768	\$ 6,258,565

**Cook County Health and Hospitals System of Illinois**

**Notes to Financial Statements**

**Note 3. Summary of Significant Accounting Policies (Continued)**

**Self-insurance claims payable:** Self-insurance claims payable represents CCHHS's allocation of an actuarially-determined estimate of the County's liability for medical malpractice, workers' compensation, general automobile and other self-insured risks. Changes in self-insurance claims payable were as follows for the years ended November 30, 2017 and 2016:

Balance, December 1, 2016	Additions	Reductions	Balance, November 30, 2017	Amount Due Within One Year
\$ 164,757,591	\$ 35,126,378	\$ (28,287,155)	\$ 171,596,814	\$ 32,765,226

Balance, December 1, 2015	Additions	Reductions	Balance, November 30, 2016	Amount Due Within One Year
\$ 157,991,056	\$ 33,044,518	\$ (26,277,983)	\$ 164,757,591	\$ 28,470,894

Balance, December 1, 2014	Additions	Reductions	Balance, November 30, 2015	Amount Due Within One Year
\$ 143,208,252	\$ 45,741,926	\$ (30,959,122)	\$ 157,991,056	\$ 31,879,452

**Net position:** CCHHS classifies its net position into three categories as follows:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, other debt and deferred inflows and outflows of resources that are attributable to the acquisition, construction or improvement of those assets.

Restricted – results when constraints placed on the use of the net position are either externally imposed by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of the remaining net position that does not meet the previously listed criteria.

**Operating and nonoperating revenues and expenses:** The principal operating revenues of the CCHHS enterprise fund, with the exception of DPH, are charges to patients for services performed and payments received under CountyCare. The principal operating revenues of DPH are grants. Operating expenses of CCHHS include the cost of patient care services to CCHHS patients, services provided by providers outside of CCHHS to CountyCare members, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Net patient service revenue:** A significant amount of CCHHS'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.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

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#### **Note 3. Summary of Significant Accounting Policies (Continued)**

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 considered in the recognition of revenue on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined. Estimated amounts due from or to third-party payors are reported as third-party settlements in the statements of net position.

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 reimbursements based on the results of subsequent reviews and cost report audits. Net patient service revenue increased approximately \$1,222,000 and \$1,348,000 for the years ended November 30, 2017 and 2016, respectively, for third-party settlements and changes in estimates related to services rendered in previous years. See Note 7 for additional information regarding a significant change in estimate affecting net patient service revenue for the year ended November 30, 2017.

**Cigarette taxes revenue:** Annually, the County Board of Commissioners determines the allocation of cigarette taxes revenue to the various County funds. The cigarette tax is imposed at a rate of 150 mills, or \$0.15 per cigarette, and is imposed upon all cigarettes possessed for sale in Cook County. The tax imposed is paid by the purchase of tax stamps sold by the County Department of Revenue (DOR) to cigarette distributors licensed in the State of Illinois. Taxes collected are remitted monthly by the County DOR. For the years ended November 30, 2017 and 2016, the County Board of Commissioners allocated cigarette tax to CCHHS approximately \$3,331,000 and none, respectively.

**Sweetened beverage taxes revenue:** The sweetened beverage tax, which went into effect August 2017 and ceased on November 30, 2017, is imposed at the rate of \$0.01 per ounce on the retail sale of all sweetened beverages in Cook County. The tax imposed resulted in approximately \$16,729,000 additional revenue for the year ended November 30, 2017.

**New accounting pronouncements:** CCHHS implemented the following GASB Statements during the fiscal year ended November 30, 2017:

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- GASB Statement No. 77, *Tax Abatement Disclosures*
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

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#### Note 3. Summary of Significant Accounting Policies (Continued)

Management is currently assessing the impact that the adoption of the following GASB Statements, which are not implemented and not required for the fiscal year ended November 30, 2017, will have in CCHHS's future financial statements:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will become effective for CCHHS's fiscal year ending November 30, 2018.
- GASB Statement No. 81, *Irrevocable Split Interest Agreements*, will become effective for CCHHS's fiscal year ending November 30, 2018.
- GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, will become effective for CCHHS's fiscal year ending November 30, 2018.
- GASB Statement No. 83, *Certain Asset Retirement Obligations*, will become effective for CCHHS's fiscal year ending November 30, 2019.
- GASB Statement No. 84, *Fiduciary Activities*, will become effective for CCHHS's fiscal year ending November 30, 2020.
- GASB Statement No. 85, *Omnibus 2017*, will become effective for CCHHS's fiscal year ending November 30, 2018.
- GASB Statement No. 87, *Leases*, will become effective for CCHHS's fiscal year ending November 30, 2021.

Management has not yet determined the impact these pronouncements will have on the CCHHS financial statements; however the provisions of GASB Statement No. 75 are expected to reduce net position by a material amount.

**Reclassifications:** Certain prior-year amounts have been reclassified to conform to the current-year presentation. Such reclassifications had no effect on the previously-reported cash and cash equivalents and change in net position.

#### Note 4. Charity Care

CCHHS's mission is to treat all patients in need of medical services without regard to their ability to pay. Medical services are available at all CCHHS's locations for those patients that are unable to pay for them. All patients are evaluated through the CCHHS financial counseling services. If a patient qualifies for Medicaid or other federal programs, CCHHS will assist the patient in completing the applications for those programs.

For those patients who do not qualify for Medicaid or any other Federal programs, CCHHS has a charity care program for Cook County residents that evaluates the patient's need based on family size and income. The guidelines to qualify for charity care are adjusted each year based on changes in the federal government's poverty guidelines. The charity program covers patients with incomes up to 600% of the federal poverty guidelines. CCHHS is committed to identifying patients needing charity care at the point of service.

Patients who are not residents of Cook County that need financial assistance in paying for their medical services are also offered a discount under the Illinois Uninsured Patient Discount program if their income is less than 600% of the federal poverty guidelines.

Charity care is measured based on the CCHHS's estimated direct and indirect costs of providing charity care services. That estimate is made by calculating a ratio of cost to gross charges, applied to the uncompensated charges associated with providing charity care to patients.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

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#### Note 4. Charity Care (Continued)

For the years ended November 30, 2017 and 2016, charges foregone for charity care and the related estimated costs were as follows:

	2017	2016
Charges forgone	\$ 432,423,926	\$ 459,409,395
Estimated costs incurred	\$ 273,297,481	\$ 281,015,133

#### Note 5. Cash Management

The Cook County Treasurer and the County Comptroller each maintains cash records for the County funds, including CCHHS. The County Comptroller maintains cash records for each individual fund, whereas the Cook County Treasurer maintains records for the County Comptroller's cash on a pooled basis. The Cook County Treasurer deposits cash into various bank accounts. 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. Balances in the disbursement accounts, which represent checks not yet presented, are invested by the County Treasurer.

The Cook County Treasurer invests 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. 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 of Illinois law. The Cook County Treasurer does not invest in derivatives, structured notes, or other leveraged investments.

As of November 30, 2017 and 2016, CCHHS's cash and cash equivalents consisted of the following:

	2017	2016
Demand deposits held by Cook County Treasurer	\$ 224,650,815	\$ 255,632,615
Working cash fund	95,147,154	95,147,154
Demand deposits held in banks	4,616,197	2,837,518
Total	\$ 324,414,166	\$ 353,617,287

**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 CCHHS's deposits may not be returned. 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 Federal Deposit Insurance Corporation (FDIC). CCHHS's total bank deposits as of November 30, 2017 and 2016, were fully insured or collateralized.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

#### Note 5. Cash Management (Continued)

Working cash funds are maintained by the County. 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. Monies on deposit in the working cash funds are invested with the interest earnings being credited to the working cash funds. Of the total working cash funds maintained by the County, as of November 30, 2017 and 2016, \$95,147,154 is reported at CCHHS.

#### Note 6. Capital Assets

A summary of capital assets activity for the years ended November 30, 2017 and 2016, follows:

	Balance, December 1, 2016	Additions and Transfers	Disposals	Balance, November 30, 2017
Depreciable capital assets:				
Land improvements	\$ 2,717,511	\$ -	\$ -	\$ 2,717,511
Buildings and building improvements	683,665,902	59,720	-	683,725,622
Equipment and furniture	281,783,244	391,765	3,200	282,171,809
Intangible asset	-	29,094,000	-	29,094,000
Total depreciable capital assets	968,166,657	29,545,485	3,200	997,708,942
Less accumulated depreciation:				
Land improvements	1,916,964	86,939	-	2,003,903
Buildings and building improvements	336,881,026	14,871,887	-	351,752,913
Equipment and furniture	232,005,245	10,470,961	-	242,476,206
Total accumulated depreciation	570,803,235	25,429,787	-	596,233,022
Total depreciable capital assets at cost, net	397,363,422	4,115,698	3,200	401,475,920
Capital assets not being depreciated:				
Land	-	990,911	-	990,911
Construction in process	-	72,432,970	-	72,432,970
Total capital assets not being depreciated	-	73,423,881	-	73,423,881
Total capital assets, net	\$ 397,363,422	\$ 77,539,579	\$ 3,200	\$ 474,899,801

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

#### Note 6. Capital Assets (Continued)

	Balance, December 1, 2015	Additions and Transfers	Disposals	Balance, November 30, 2016
Depreciable capital assets:				
Land improvements	\$ 2,717,511	\$ -	\$ -	\$ 2,717,511
Buildings and building improvements	669,278,643	14,387,259	-	683,665,902
Equipment and furniture	266,694,142	15,089,102	-	281,783,244
Total depreciable capital assets	938,690,296	29,476,361	-	968,166,657
Less accumulated depreciation:				
Land improvements	1,830,025	86,939	-	1,916,964
Buildings and building improvements	321,949,802	14,931,224	-	336,881,026
Equipment and furniture	219,932,947	12,072,298	-	232,005,245
Total accumulated depreciation	543,712,774	27,090,461	-	570,803,235
Total capital assets at cost, net	\$ 394,977,522	\$ 2,385,900	\$ -	\$ 397,363,422

#### Note 7. Interagency Transfer Agreements

CCHHS receives enhanced Medicaid reimbursement by means of an Interagency Transfer Agreement (Agreement) between the Board of Commissioners and the DHFS. Under terms of the Agreement, DHFS will direct additional funding to CCHHS for cost reimbursement methodologies. In addition, the Agreement requires DHFS to provide CCHHS additional funding to assist CCHHS in offsetting the cost of its uncompensated care from disproportionate share (DSH) and Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA). Such adjustment amounts include federal matching funds.

Under the terms of the Agreement, CCHHS received \$296,986,882 and \$294,713,312 in additional payments from DHFS during the years ended November 30, 2017 and 2016, respectively. Of the amounts received, \$17,500,000 and \$77,392,953 are unearned as of November 30, 2017 and 2016, respectively, and are included in unearned revenue in the statements of net position. Such unearned revenue is excluded from net patient service revenue and represents amounts to be earned during CCHHS's following fiscal year. Included in net patient service revenue as earned is \$357,187,580 and \$295,210,760 for the years ended November 30, 2017 and 2016, respectively, which takes into consideration the prior-year unearned revenue of \$77,700,698 and \$77,951,498, respectively.

Based on the receipt of additional information related to certain federal funds received by CCHHS under the Agreement, management changed its method of estimating unearned revenue during the year ended November 30, 2017, which resulted in a decrease in unearned revenue of approximately \$59,097,000 as of November 30, 2017, with a corresponding increase in net patient service revenue for the year ended November 30, 2017.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

#### Note 7. Interagency Transfer Agreements (Continued)

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

#### Note 8. Other Liabilities

Long-term liability activity for the years ended November 30, 2017 and 2016, was as follows:

	Balance, December 1, 2016	Increase	Decrease	Balance, November 30, 2017
Property tax objections	\$ 13,147,459	\$ 3,507,403	\$ (3,652,212)	\$ 13,002,650

  

	Balance, December 1, 2015	Increase	Decrease	Balance, November 30, 2016
Property tax objections	\$ 13,215,512	\$ -	\$ (68,053)	\$ 13,147,459

#### Note 9. Related-Party Transactions

During 2017 and 2016, significant related-party transactions between the County and CCHHS 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 County's 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 the accompanying financial statements. Amounts advanced from the County's Working Cash Fund may be designated as either loans or operating contributions. During the years ended November 30, 2017 and 2016, there were no working cash loans received by CCHHS from the County's Working Cash Fund.

**Cash held by Cook County Treasurer:** The County maintains bank accounts for the cash receipts and disbursements of CCHHS. Cash held by the Cook County Treasurer represents balances maintained for CCHHS activities by the Cook County Treasurer. These balances are reflected as a current asset in the statements of net position.

**Provision of services:** The County contributes certain services, such as purchasing, data, and payroll processing, to the operations of CCHHS. Accordingly, these services, which totaled \$29,923,385 and \$31,265,415 during the years ended November 30, 2017 and 2016, respectively, are reflected as both transfers in and operating expenses of CCHHS in the statements of revenue, expenses, and changes in net position. The value of the contributed services is estimated based in part on the salaries and benefits of the employees providing the services.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

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#### Note 9. Related-Party Transactions (Continued)

**Contribution of capital assets:** The County has contributed the construction and acquisition of significant capital assets to the operations of CCHHS. The general obligation bonds issued to finance such contributed assets are reported in the County's long-term obligations and, therefore, are not reflected in the accompanying financial statements. The County does not expect the payment of the debt related to the capital assets to be repaid from the operating results of CCHHS and, therefore, the debt resides with the County.

During the years ended November 30, 2017 and 2016, CCHHS has recognized capital assets and capital contributions from the County of \$68,709,710 and \$22,356,318, respectively, in the accompanying statements of revenues, expenses, and changes in net position.

#### Note 10. Pension Plan

##### General Information about the Pension Plan

**Plan description:** Substantially all of CCHHS's full-time employees participate in the County Employees' and Officers' Annuity and Benefit Fund of Cook County (the A & B Plan), which is the administrator of the single employer defined benefit pension plan established by the State of Illinois on January 1, 1926. The A & B Plan is governed by legislation contained in the Illinois Pension Code particularly Chapter 40 of the Illinois Compiled Statutes (ILCS), Article 9 (Article). The A & B Plan (including employer and employee contribution requirements) can be amended only by the Illinois Legislature. The A & B Plan 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 A & B Plan Board consists of nine members – two members of the Board are ex officio, four are elected by the employee members of the A & B Plan and three are elected by the annuitants of the A & B Plan. 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. The County Employees' and Officers' Annuity and Benefit Fund of Cook County issues a publicly available financial report that includes financial statements and required supplementary information for the A & B Plan.

To obtain a copy of this report, write:  
Cook County Pension Board  
70 West Madison Street, Suite 1925  
Chicago, Illinois 60602, or at  
[www.cookcountypension.com](http://www.cookcountypension.com)

**Benefits provided:** The A & B Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Tier 1 employees age 50 or over and Tier 2 employees age 62 or over with at least 10 years of service are entitled to receive a minimum formula annuity of 2.4% for each year of credited service to a maximum benefit of 80% of the final average monthly salary. For Tier 1 employees under age 60 and Tier 2 employees under age 67, the monthly retirement benefit is reduced ½ percent for each month the participant is below the age. This reduction is waived for Tier 1 participants having 30 or more years of credited service.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are 3.0% compounded annually for Tier 1 participants, and the lesser of 3.0% or one half of the increase in the Consumer Price Index for Tier 2 participants.

If a covered employee leaves employment without qualifying for an annuity, accumulated employee contributions are refundable with interest (3% or 4% depending on when the employee became a participant).

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

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#### Note 10. Pension Plan (Continued)

**Contributions and payable to the pension plan:** The A & B Plan is a single employer defined benefit pension plan with a defined contribution minimum. Illinois Compiled Statutes (40 ILCS 5/9-169) establish the contribution requirements of the County and may only be amended by the Illinois legislature. The County is required to levy a tax at a rate not more than an amount equal to the total amount of contributions by the employees to the A & B Plan made in the fiscal year two years prior to the year for which the annual applicable tax is levied, multiplied by a factor of 1.54.

For the years ended November 30, 2017 and 2016, employees were required to contribute 8.5% of their salary to the A & B Plan, subject to the salary limitations for Tier 2 participants in 40 ILCS 5/1-160. The County's actual contributions to the A & B Plan for the years ended November 30, 2017 and 2016, were \$551 million and \$456 million, respectively (County and CCHHS totals). Contributions legally due to the A & B Plan for the County's current fiscal year pension contributions are reported as a payable to the A & B Plan. Amounts remitted to the A & B Plan by the County during the current fiscal year represent collections of the prior fiscal year levy, and personal property replacement taxes collected during the current fiscal year.

CCHHS's portion of the contributions to the A & B Plan are determined using an allocation based on the percentage of CCHHS's covered payroll to all covered payroll (County and CCHHS combined). Contributions to the A & B Plan made by the County on behalf of CCHHS were \$158,811,758 and \$129,063,409 during the years ended November 30, 2017 and 2016, respectively. These contributions are reflected as transfers in within the statements of revenues, expenses, and changes in net position, and are reflected in the determination of the net pension liability and pension expense. Contributions payable by CCHHS to the A & B Plan totaled \$51,273,515 and \$46,361,517 as of November 30, 2017 and 2016, respectively, and are reported within current liabilities in the statements of net position.

**Net pension liability:** The County's net pension liability was measured as of December 31, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 and 2015. CCHHS's proportionate share of the County's net pension liability as of December 31, 2016 and 2015, was \$4,504,508,046 and \$4,862,886,038, respectively, or approximately 31.89% and 31.74% of the total net pension liability (County and CCHHS combined), respectively. These percentages were determined based on the percentage of CCHHS's covered payroll to the total covered payroll (County and CCHHS combined).

**Cook County Health and Hospitals System of Illinois**

**Notes to Financial Statements**

**Note 10. Pension Plan (Continued)**

**Pension expense and deferred outflows (inflows) of resources related to pensions:** For the years ended November 30, 2017 and 2016, CCHHS recognized total pension expense of \$235,749,033 and \$321,592,935, respectively. At November 30, 2017 and 2016, CCHHS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	
	2017	2016
Changes of assumptions	\$ 216,585,068	\$ 319,232,020
Net differences between expected and actual experience	76,682,865	-
Net differences between projected and actual earnings on pension plan investments	156,260,553	207,599,374
Changes in proportion, less amortization	17,303,828	-
Contributions subsequent to measurement date	164,105,197	132,231,852
	<u>\$ 630,937,511</u>	<u>\$ 659,063,246</u>

  

	Deferred Inflows of Resources	
	2017	2016
Net differences between expected and actual experience	\$ 20,586,499	\$ 30,343,133
Changes of assumptions	456,573,426	-
Changes in proportion	84,725,606	129,264,865
	<u>\$ 561,885,531</u>	<u>\$ 159,607,998</u>

Contributions subsequent to the measurement date of \$164,105,197 and \$132,231,852 for 2017 and 2016, respectively, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending November 30

2018	\$ (13,124,167)
2019	(4,889,685)
2020	(66,172,902)
2021	(10,866,463)
Total	<u>\$ (95,053,217)</u>

**Payable to the Pension Plan:** At November 30, 2017 and 2016, CCHHS reported a payable of \$51,273,515 and \$46,361,517, respectively, for the outstanding amount of contributions payable to the A & B Plan.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

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#### Note 10. Pension Plan (Continued)

**Actuarial assumptions:** The total pension liability in the December 31, 2016 and 2015 actuarial valuations was determined using the Entry Age Normal actuarial cost method and using the following actuarial assumptions, applied to all periods included in the measurement:

2016	
Inflation	3.25%
Salary increases	3.75% to 8.00%
Investment rate of return	7.50%, net of investment expense, including inflation
Municipal bond rate	3.71%
Discount rate	4.64%

  

2015	
Inflation	3.25%
Salary increases	3.75% to 8.00%
Investment rate of return	7.50%, net of investment expense, including inflation
Municipal bond rate	3.20%
Discount rate	4.15%

Mortality rates were based on an experience analysis of the County Employees Annuity and Benefit Fund over the period 2009 through 2012. The RP-2000 Blue Collar Mortality Table, base year 2000, fully generational based on Scale BB, was used.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

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#### Note 10. Pension Plan (Continued)

The long-term expected rate of return on the Fund's investments was determined based on the results of an experience review performed by a consultant. The investment return assumption was based on the current asset allocation of the A & B Plan. In the experience review, the consultant developed best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or geometric real rates of return for each major asset class included in the Fund's target asset allocation are listed in the table below.

	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed income	32%	2.03%
Domestic equity	25%	9.36%
International equity	20%	7.61%
Real estate	8%	6.91%
Private equity	9%	4.68%
Hedge funds	6%	12.40%

**Discount rate:** For the years ended November 30, 2017 and 2016, the discount rate used to measure the total pension liability was 4.64 percent and 4.15 percent, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates required by the Illinois compiled statutes (40 ILCS 5/9-169). Based on this assumption, the A & B Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members in 2038.

For the years ended November 30, 2017 and 2016, municipal bond rates of 3.71 percent and 3.20 percent, respectively, were used in the development of the blended discount rate after that point. These rates are based on the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement dates (December 31, 2016 and 2015, respectively). For the years ended November 30, 2017 and 2016, based on the long-term rate of return of 7.50 percent and the municipal bond rates of 3.71 percent and 3.20 percent, respectively, the blended discount rate would be 4.64 percent and 4.15 percent, respectively.

**Cook County Health and Hospitals System of Illinois**

**Notes to Financial Statements**

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**Note 10. Pension Plan (Continued)**

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of CCHHS, calculated using the discount rate of 4.64 and 4.15 percent, as of November 30, 2017 and 2016, respectively, as well as what CCHHS’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	Net Pension Liability		
	1% Decrease	Current Discount Rate	1% Increase
FY2017	\$ 5,817,948,203	\$ 4,504,508,046	\$ 3,467,757,330
FY2016	6,291,823,360	4,862,886,038	3,745,590,267

Additional information on changes in the net pension liability can be found in the County’s Comprehensive Annual Financial Report (CAFR) at [www.cookcountyil.gov](http://www.cookcountyil.gov). Additional information about the pension plan’s fiduciary net position is available in the separately issued A & B Plan financial report at [www.cookcountypension.com](http://www.cookcountypension.com).

**Note 11. Other Postemployment Benefits (OPEB)**

**Plan description:** The County Employees’ and Officers’ Annuity and Benefit Fund of Cook County administers the Health Care Premium Plan (HPP), a single-employer defined benefit postemployment health care plan. HPP is administered in accordance with Chapter 40, Article 5/9 of the Illinois Compiled Statutes, which assigns the authority to establish and amend benefit provisions to the HPP’s Board of Trustees. HPP provides a health care premium subsidy to annuitants who elect to participate in HPP. HPP is currently allowed, in accordance with State Statutes, to pay all or a portion of medical insurance premiums for the annuitants. The HPP is included in the County’s financial statements as a pension trust fund. The financial statements of the HPP are audited by an independent public accountant and are the subject of a separate report.

**Funding policy:** The contribution requirement of plan members and the County is established and may be amended by the State legislature. The required contribution is based on projected “pay-as-you-go” financing requirements. HPP pays all or any portion of the premium for health insurance on behalf of each annuitant who participates in any of the HPP’s health care plans. HPP is paying approximately 52% of the total premiums for retiree annuitants, including the cost of any family coverage, and 67% of the premiums for survivor annuitants, including the cost of family coverage. The remaining premium cost is borne by the annuitant.

The County maintains and funds the HPP, which includes CCHHS employees. The OPEB liability is included in the County Comprehensive Annual Financial Report (CAFR); separate information for CCHHS employees is not available. Information related to the Plan as a whole is included in the County’s CAFR which can be obtained at the address noted below.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

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#### **Note 11. Other Postemployment Benefits (OPEB) (Continued)**

To obtain a copy of the County's CAFR, write:

Controller, Cook County,  
118 North Clark  
Chicago, Illinois 60602

To obtain a copy of the HPP's financial statements, write:

Executive Director,  
Office of the Cook County and Forest Preserve District Employees' and  
Officers' Annuity and Benefit Funds,  
70 West Madison Street, Suite 1925  
Chicago, Illinois 60602

The schedule of funding progress, presented in the Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of the County OPEB Trust Fund assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### **Note 12. Insurance**

The County self-insures many risks, including medical malpractice, workers' compensation, general automobile, employee health claims and other liabilities. The County purchases excess liability coverage for medical malpractice and other claims that exceed the County's self-insured retentions. The current medical malpractice policy is on a claims-made basis and provides up to \$75 million of limits above the County's self-insured retention of \$25 million per claim. 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. Additional information on the County's self-insurance claims, including those pertaining to CCHHS are available in the County's CAFR.

The County engages an independent actuary to provide an actuarial estimate of its liabilities for self-insured expenses. For the years ended November 30, 2017 and 2016, the liability recorded reflects 1.9 percent and 1.31 percent discount factors, respectively. CCHHS's portion of the self-insurance liability included in the self-insurance fund in the County's financial statements was \$171,596,814 and \$164,757,591 at November 30, 2017 and 2016, respectively. Beginning in fiscal year 2009, the County began to allocate a portion of self-insurance costs to other County funds; CCHHS has recorded insurance expense of \$6,839,222 and \$1,801,331 related to this allocation during the years ended November 30, 2017 and 2016, respectively.

The County funds its self-insurance liabilities, including those of CCHHS, 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 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 and an estimate for claims incurred but not reported; however, the discovery of additional information concerning specific cases could affect estimated costs in the future.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

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#### Note 13. General Obligation Bonds Issued by Cook County

Approximately \$506,077,000 and \$458,737,000 of the County's outstanding debt as of November 30, 2017 and 2016, respectively, pertain to CCHHS capital projects. These outstanding bonds are expected to be paid by the County and, therefore, are not reflected in the financial statements of CCHHS.

#### Note 14. Commitments and Contingencies

**Leases:** CCHHS leases data processing and other equipment. Lease agreements frequently include renewal options and usually require CCHHS to pay for maintenance costs. Rental payments for operating leases are charged to operating expense in the period incurred. Rental expense for operating leases was approximately \$15,570,000 and \$10,591,000 during the years ended November 30, 2017 and 2016, respectively.

Approximate minimum future payments under noncancelable lease obligations are as follows:

Years Ending November 30	
2018	\$ 13,023,696
2019	11,345,813
2020	9,592,904
2021	1,724,793
2022	314,364
Thereafter	<u>788,411</u>
Total	<u>\$ 36,789,981</u>

**Asset use and disposal:** During 1990, the County purchased property known as the Provident Hospital facility 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.

**Third-party administrator (TPA) contract:** CCHHS executed a contract on March 31, 2016, with Evolent (Valence), to provide third-party administrative services, managed care and clinical services for CountyCare. This contract is a 3-year contract with options for two 1-year renewals. The administrative portion of the contract is \$72,099,000. The CCHHS Board has also approved claims payments to Evolent to be paid to providers in the amount of \$1,420,510,582. CCHHS has also contracted with additional benefit managers to process claims, including OptumRX (United Healthcare) for pharmacy claims, Dentaquest (Eyequest) for dental and vision claims, and First Transit for transportation claims. First Transit and Dentaquest were already contracted vendors performing these services. IlliniCare's subsidiaries, Opticare and US Scripts, were previously providing services for vision and pharmacy claims, respectively. Valence began processing claims with dates of service beginning April 1, 2016.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

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#### Note 14. Commitments and Contingencies (Continued)

**Health care regulation:** The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Recently, governmental activity has continued with respect to investigations 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.

Congress passed the Medicare Modernization Act in 2003, which among other things established a three-year demonstration of the Medicare Recovery Audit Contractor (RAC) program. The program, which uses RACs to search for potentially improper Medicare payments that may have been made to health care providers, identified and corrected a significant amount of improper overpayments to providers. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states by 2010. CMS implemented the RAC program in Illinois in 2010. CCHHS deducts from revenue amounts that are assessed under the RAC audits when sufficient information is available to make a reasonable estimate of amounts due.

Management believes that CCHHS is in compliance, in all material respects, with 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.

The State of Illinois has restructured the Medicaid managed care organization (MCO) program. During July 2017, CountyCare was awarded one of the MCO insurer contracts.

CCHHS continues to honor the Interagency Transfer Agreement (Agreement) in order to receive enhanced Medicaid reimbursement.

#### Note 15. Functional Expenses

CCHHS provides health care services to patients within its geographic region. Expenses related to providing these services for the years ended November 30, 2017 and 2016, were as follows:

	2017	2016
Patient care services	\$ 1,462,211,111	\$ 1,588,771,475
General and administrative	615,296,019	523,675,640
Total	<u>\$ 2,077,507,130</u>	<u>\$ 2,112,447,115</u>

#### Note 16. CountyCare

As described in Note 2, in October 2012 the federal government approved CCHHS's Medicaid Expansion Program (CountyCare) by creating the CMS waiver under Section 1115 of the Social Security Act (1115 Waiver) for Cook County. CountyCare began as an Illinois Medicaid demonstration project that ran through June 30, 2014, at which time CountyCare members were transitioned into a County Managed Care Community Network (MCCN). Before the 1115 Waiver, most of the CountyCare members were already patients being treated by CCHHS without compensation.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

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#### **Note 16. CountyCare (Continued)**

Under the 1115 Waiver, CCHHS received Per Member Per Month (PMPM) revenue for CountyCare members of \$629, but subject to the Federal Medical Assistance Percentage (FMAP), which CCHHS funded through the Interagency Transfer Agreement. As a result, through December 31, 2013, CCHHS retained only \$314.50 PMPM. Effective January 1, 2014, the PMPM increased to \$632, with no FMAP requirement. Currently PMPM varies by membership type.

At November 30, 2017 and 2016, estimated amounts due from the State of Illinois relating to the CountyCare program totaled \$40,081,223 and \$45,786,270, respectively, which are reported in due from State of Illinois in the statements of net position. At November 30, 2017, estimated amounts due to the State of Illinois relating to the CountyCare program totaled \$57,192,935, which is included in due to State of Illinois in the statement of net position.

All claims for payment of CountyCare are handled by Evolent, a third party administrator (TPA) under contract, whether the claims are generated by CCHHS facilities (domestic claims) or the network of outside providers (foreign claims). Total estimated foreign claims expense for the years ended November 30, 2017 and 2016, was approximately \$680,190,000 and \$718,028,000, respectively. Estimated foreign claims incurred but not paid as of November 30, 2017 and 2016, were \$371,061,999 and \$209,814,236 at November 30, 2017 and 2016, respectively, and are included in claims payable in the statements of net position.

Under the agreement with the current TPA, CountyCare maintains on deposit with the TPA \$25,000,000 at November 30, 2017 and 2016, which is available for use by the TPA to pay claims. This amount is reported as refundable deposit in the statements of net position.

While it was an Illinois Medicaid Demonstration program, CountyCare had to demonstrate that its costs were justified for the PMPM rate negotiated. If CountyCare's costs during the demonstration period were less than the PMPM rate, CCHHS must repay the overpayment of PMPM received. At November 30, 2016, CCHHS has reserved estimated overpayments of \$83,000,000, which is included in third-party settlements liability in the statement of net position. CCHHS management determined that the reserved estimated amount of \$83,000,000 was no longer due and outstanding. The reserve was originally constructed based on uncertainty in claims processing on both CCHHS and the State of Illinois. CCHHS management now believes this reserve is no longer needed and no repayment is necessary. The reversal of this reserve increased CountyCare capitation revenue by \$83,000,000 during the year ended November 30, 2017.

On November 1, 2017, CCHHS acquired Family Health Network's (FHN) Cook County membership. The final acquisition cost will be determined by remaining FHN membership at April 1, 2018. The final acquisition cost will be approximately \$29,000,000. This acquisition, along with the subsequent acquisition of Aetna's Cook County membership on January 1, 2018, made CountyCare the largest Medicaid managed care organization (MCO) in Cook County (see Note 18). The acquisition of FHN membership is reflected on the statement of net position as a capitalized intangible asset that will be amortized over four years.

#### **Note 17. Provident Hospital Capitated Access Payments**

In 2014, the CCHHS Board entered into an agreement with the State of Illinois to receive payments from other Medicaid MCOs to continue to make services available at Provident Hospital. CCHHS receives a payment of \$10 per member, per month, but these payments are subject to the Federal Medical Assistance Program (FMAP) which CCHHS funds through the Interagency Transfer Agreement. At November 30, 2017 and 2016, estimated amounts due from various Medicaid MCOs for these capitated payments totaled approximately \$98,871,000 and \$43,443,000, respectively. These are included as capitation receivable in the statements of net position.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

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#### **Note 18. Subsequent Events**

Management has evaluated subsequent events and transactions through May 31, 2018, the date that these financial statements were issued. During this period, management identified the following subsequent events requiring recognition or disclosure in the financial statements.

On January 1, 2018, CountyCare acquired Aetna's Cook County Medicaid members. The acquisition cost was \$9 million and will be reflected as an asset and amortized over time. This acquisition, along with the existing membership, made CountyCare the largest Medicaid MCO in Cook County.

## **Required Supplementary Information**

**Cook County Health and Hospitals System of Illinois**

**Schedule of Funding Progress  
Years Ended November 30, 2017 and 2016  
(Information for all County Employees)**

<b>Actuarial Valuation Date Year Ended December 31</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (b-a)/c</b>
Postemployment group health benefit plan:						
2014	\$ -	\$ 1,980,088,617	\$ 1,980,088,617	0.00	\$ 1,514,550,023	130.74 %
2015	-	2,134,106,707	2,134,106,707	0.00	1,597,597,077	133.58 %
2016	-	1,957,804,688	1,957,804,688	0.00	1,609,559,234	121.64 %

Source: The information above was taken from the actuarial statements for each of the respective plans and reflects County-wide data.

Separate information for CCHHS is not available.

**Cook County Health and Hospitals System of Illinois**

**Schedule of CCHHS's Proportionate Share of the Net Pension Liability  
Last 10 Fiscal Years\***

	2017	2016	2015
CCHHS's proportion of the net pension liability	31.89%	31.74%	32.87%
CCHHS's proportionate share of the net pension liability	\$ 4,504,508,046	\$ 4,862,886,038	\$ 4,232,624,501
CCHHS's covered payroll	\$ 504,124,427	\$ 498,907,277	\$ 521,919,207
CCHHS's proportionate share of the net pension liability as a percentage of its covered payroll	893.53%	974.71%	810.97%
Plan fiduciary net position as a percentage of total pension liability	41.32%	36.07%	39.22%

\*Information is only available for the December 31, 2017, 2016 and 2015 measurement dates.

**Cook County Health and Hospitals System of Illinois**

**Schedule of County Contributions  
Last 10 Fiscal Years  
(Information for all County Employees)  
(Dollars in Thousands)**

Fiscal Year Ended November 30:	Statutory Maximum Required Contributions	Actual Contributions in Relation to the Statutory Maximum Contributions	Contribution Deficiency	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2017	\$ 212,069,887	\$ 197,140,648	\$ 14,929,239	\$ 1,580,754,792	12%
2016	199,160,990	185,912,498	13,248,492	1,571,758,023	12%
2015	196,493,559	191,609,506	4,884,053	1,529,695,523	13%
2014	198,459,042	190,032,872	8,426,170	1,514,550,023	13%
2013	196,469,308	187,817,644	8,651,664	1,484,269,715	13%
2012	199,352,794	190,720,776	8,632,018	1,478,253,368	13%
2011	196,805,657	198,837,424	(2,031,767)	1,456,444,123	14%
2010	190,616,126	184,722,634	5,893,492	1,494,093,569	12%
2009	189,493,175	183,713,870	5,779,305	1,498,161,713	12%
2008	187,376,070	183,916,221	3,459,849	1,463,372,408	13%

Separate information for CCHHS is not available.

## **Supplementary Information**

**Cook County Health and Hospitals System of Illinois**

**Combining Statement of Net Position Information  
November 30, 2017**

	Operating Accounts	Restricted Purpose Accounts	Pension and Self Insurance	Total
<b>Assets and Deferred Outflows</b>				
Current assets:				
Cash and cash equivalents:				
Cash in banks	\$ 3,735,139	\$ 881,058	\$ -	\$ 4,616,197
Cash held by (due to) Cook County Treasurer	225,399,871	(749,056)	-	224,650,815
Working cash fund	95,147,154	-	-	95,147,154
<b>Total cash and cash equivalents</b>	<b>324,282,164</b>	<b>132,002</b>	<b>-</b>	<b>324,414,166</b>
Property taxes receivable - net:				
Tax levy - current year	83,296,323	-	-	83,296,323
Tax levy - prior year	8,287,374	-	-	8,287,374
<b>Total property taxes receivable</b>	<b>91,583,697</b>	<b>-</b>	<b>-</b>	<b>91,583,697</b>
Receivables:				
Patient accounts - net of allowances of \$348,978,050	95,631,329	-	-	95,631,329
Due from State of Illinois	40,081,223	827,569	-	40,908,792
Capitation receivable	100,746,634	-	-	100,746,634
Other receivables	4,542,889	4,062,045	-	8,604,934
<b>Total receivables</b>	<b>241,002,075</b>	<b>4,889,614</b>	<b>-</b>	<b>245,891,689</b>
Inventories	7,677,318	-	-	7,677,318
<b>Total current assets</b>	<b>664,545,254</b>	<b>5,021,616</b>	<b>-</b>	<b>669,566,870</b>
Refundable deposit	25,000,000	-	-	25,000,000
Capital assets, net of accumulated depreciation	401,475,920	-	-	401,475,920
Capital assets not being depreciated	73,423,881	-	-	73,423,881
	474,899,801	-	-	474,899,801
<b>Total assets</b>	<b>1,164,445,055</b>	<b>5,021,616</b>	<b>-</b>	<b>1,169,466,671</b>
<b>Deferred Outflows of Resources:</b>				
Pension related amounts	-	-	630,937,511	630,937,511

(Continued)

**Cook County Health and Hospitals System of Illinois**

**Combining Statement of Net Position Information (Continued)  
November 30, 2017**

	Operating Accounts	Restricted Purpose Accounts	Pension and Self Insurance	Total
<b>Liabilities, Deferred Inflows and Net Position (Deficit)</b>				
Current liabilities:				
Accounts payable	\$ 107,905,663	\$ 72,336	\$ -	\$ 107,977,999
Accrued salaries, wages and other liabilities	33,121,431	229,196	-	33,350,627
Claims payable	372,936,988	-	-	372,936,988
Compensated absences	6,653,736	37,624	-	6,691,360
Pension contributions payable	-	-	51,273,515	51,273,515
Unearned revenue	17,500,000	2,315,362	-	19,815,362
Due to State of Illinois	57,192,935	-	-	57,192,935
Third-party settlements	1,156,802	-	-	1,156,802
Due to other County governmental funds	43,455	-	-	43,455
Self-insurance claims	-	-	32,765,226	32,765,226
Due to others	706,909	-	-	706,909
Trust funds	-	881,058	-	881,058
<b>Total current liabilities</b>	<b>597,217,919</b>	<b>3,535,576</b>	<b>84,038,741</b>	<b>684,792,236</b>
Compensated absences, less current portion	37,704,507	213,207	-	37,917,714
Self-insurance claims, less current portion	-	-	138,831,588	138,831,588
Property tax objections	13,002,650	-	-	13,002,650
Net pension liability	-	-	4,504,508,046	4,504,508,046
<b>Total liabilities</b>	<b>647,925,076</b>	<b>3,748,783</b>	<b>4,727,378,375</b>	<b>5,379,052,234</b>
<b>Deferred Inflows of Resources:</b>				
Pension related amounts	-	-	561,885,531	561,885,531
<b>Net Position (Deficit):</b>				
Net investment in capital assets	445,805,801	-	-	445,805,801
Restricted for patient care	-	1,272,833	-	1,272,833
Unrestricted	70,714,178	-	(4,658,326,395)	(4,587,612,217)
<b>Total net position (deficit)</b>	<b>\$ 516,519,979</b>	<b>\$ 1,272,833</b>	<b>\$ (4,658,326,395)</b>	<b>\$ (4,140,533,583)</b>

**Cook County Health and Hospitals System of Illinois**

**Combining Schedule of Revenues, Expenses, and  
Changes in Net Position Information  
Year Ended November 30, 2017**

	Operating Accounts	Restricted Purpose Accounts	Pension and Self Insurance	Total
<b>Operating revenues:</b>				
Net patient service revenue - net of bad debt provision of \$316,561,507	\$ 593,240,096	\$ -	\$ -	\$ 593,240,096
CountyCare capitation	836,537,764	-	-	836,537,764
Provident Hospital capitation	112,839,675	-	-	112,839,675
Grant revenue	-	11,803,115	-	11,803,115
Electronic health record incentive program revenue	3,494,388	-	-	3,494,388
Other revenue	13,419,780	-	-	13,419,780
<b>Total operating revenues</b>	<b>1,559,531,703</b>	<b>11,803,115</b>	<b>-</b>	<b>1,571,334,818</b>
<b>Operating expenses:</b>				
Salaries and wages	580,014,646	5,147,322	-	585,161,968
Employee benefits	90,873,112	1,175,368	-	92,048,480
Pension	-	-	235,749,033	235,749,033
Supplies	138,310,664	279,081	-	138,589,745
Purchased services, rental and other	238,233,919	4,191,424	-	242,425,343
Foreign claims	680,190,176	-	-	680,190,176
Insurance	27,455,336	-	6,839,222	34,294,558
Depreciation	25,426,587	3,200	-	25,429,787
Utilities	13,688,514	6,141	-	13,694,655
Services contributed by other County offices	29,923,385	-	-	29,923,385
<b>Total operating expenses</b>	<b>1,824,116,339</b>	<b>10,802,536</b>	<b>242,588,255</b>	<b>2,077,507,130</b>
<b>Operating loss</b>	<b>(264,584,636)</b>	<b>1,000,579</b>	<b>(242,588,255)</b>	<b>(506,172,312)</b>
<b>Nonoperating revenues:</b>				
Property taxes	82,312,987	-	-	82,312,987
Cigarette taxes	3,331,185	-	-	3,331,185
Sweetened beverage taxes	16,728,786	-	-	16,728,786
Interest income	126,230	-	-	126,230
<b>Total nonoperating revenues</b>	<b>102,499,188</b>	<b>-</b>	<b>-</b>	<b>102,499,188</b>
<b>Loss before capital contributions and transfers</b>	<b>(162,085,448)</b>	<b>1,000,579</b>	<b>(242,588,255)</b>	<b>(403,673,124)</b>
Capital contributions	68,709,710	-	-	68,709,710
Transfers in	30,697,760	-	158,811,758	189,509,518
<b>Change in net position</b>	<b>(62,677,978)</b>	<b>1,000,579</b>	<b>(83,776,497)</b>	<b>(145,453,896)</b>
<b>Net position (deficit):</b>				
Beginning of year	579,197,957	272,254	(4,574,549,898)	(3,995,079,687)
End of year	\$ 516,519,979	\$ 1,272,833	\$ (4,658,326,395)	\$ (4,140,533,583)

**Cook County Health and Hospitals System of Illinois**

**Combining Schedule of Cash Flows Information  
Year Ended November 30, 2017**

	Operating Accounts	Restricted Purpose Accounts	Pension and Self Insurance	Total
<b>Cash flows from operating activities:</b>				
Receipts from third-party payors and patients	\$ 1,399,887,863	\$ 14,118,477	\$ -	\$ 1,414,006,340
Payments to employees	(669,170,208)	(6,369,894)	-	(675,540,102)
Contributions to the pension plan for employee benefits	-	-	(158,811,758)	(158,811,758)
Payments to contracted health care providers and suppliers	(921,554,565)	(4,415,889)	-	(925,970,454)
Other (payments) receipts	26,248,075	(948,940)	-	25,299,135
<b>Net cash (used in) provided by operating activities</b>	<b>(164,588,835)</b>	<b>2,383,754</b>	<b>(158,811,758)</b>	<b>(321,016,839)</b>
<b>Cash flows from capital financing activities:</b>				
Acquisition of capital assets	(5,164,430)	-	-	(5,164,430)
<b>Net cash used in capital financing activities</b>	<b>(5,164,430)</b>	<b>-</b>	<b>-</b>	<b>(5,164,430)</b>
<b>Cash flows from noncapital financing activities:</b>				
Real and personal property taxes received, net	117,203,966	-	-	117,203,966
Cigarette taxes received	3,333,033	-	-	3,333,033
Sweetened beverage taxes received	16,728,786	-	-	16,728,786
Transfers from Cook County Treasurer	774,375	-	158,811,758	159,586,133
<b>Net cash provided by noncapital financing activities</b>	<b>138,040,160</b>	<b>-</b>	<b>158,811,758</b>	<b>296,851,918</b>
<b>Cash flows from investing activities:</b>				
Interest received	126,230	-	-	126,230
<b>Net cash provided by investing activities</b>	<b>126,230</b>	<b>-</b>	<b>-</b>	<b>126,230</b>
<b>Change in cash and cash equivalents</b>	<b>(31,586,875)</b>	<b>2,383,754</b>	<b>-</b>	<b>(29,203,121)</b>
<b>Cash and cash equivalents:</b>				
Beginning of year	355,869,039	(2,251,752)	-	353,617,287
End of year	\$ 324,282,164	\$ 132,002	\$ -	\$ 324,414,166
<b>Supplemental disclosure of noncash transactions:</b>				
Transfers - capital assets	\$ 68,709,710	\$ -	\$ -	\$ 68,709,710
Acquired capital asset through accounts payable	\$ 29,094,000	\$ -	\$ -	\$ 29,094,000

(Continued)

**Cook County Health and Hospitals System of Illinois**

**Combining Schedule of Cash Flows Information (Continued)  
Year Ended November 30, 2017**

	Operating Accounts	Restricted Purpose Accounts	Pension and Self Insurance	Total
Reconciliation of operating (loss) gain to net cash (used in) provided by operating activities:				
Operating (loss) gain	\$ (264,584,636)	\$ 1,000,579	\$ (242,588,255)	\$ (506,172,312)
Adjustments to reconcile operating (loss) gain to net cash (used in) provided by operating activities:				
Depreciation	25,426,587	3,200	-	25,429,787
Provision for bad debts	316,561,507	-	-	316,561,507
Services contributed by other County offices	29,923,385	-	-	29,923,385
Net change in assets and liabilities:				
Patient accounts receivable	(327,398,998)	-	-	(327,398,998)
Due from State of Illinois	5,705,047	(827,569)	-	4,877,478
Capitation receivable	(57,303,734)	-	-	(57,303,734)
Third-party settlements	(82,988,226)	-	-	(82,988,226)
Other receivables	3,863,420	(121,372)	-	3,742,048
Inventories	(3,654,219)	-	-	(3,654,219)
Accounts payable	24,677,761	71,540	-	24,749,301
Accrued salaries, wages and other liabilities	(648,433)	10,372	-	(638,061)
Pension contributions payable	-	-	4,911,998	4,911,998
Self-insurance claims payable	-	-	6,839,223	6,839,223
Net pension liability	-	-	(358,377,992)	(358,377,992)
Deferred amounts related to pensions	-	-	430,403,268	430,403,268
Claims payable	160,158,684	-	-	160,158,684
Compensated absences	2,942,882	(57,575)	-	2,885,307
Unearned revenue	(59,892,952)	2,315,361	-	(57,577,591)
Due to State of Illinois	57,192,935	-	-	57,192,935
Due to others	681,379	-	-	681,379
Trust funds	-	(10,782)	-	(10,782)
Due to other County governmental fund	4,893,585	-	-	4,893,585
Property tax objections	(144,809)	-	-	(144,809)
<b>Net cash (used in) provided by operating activities</b>	<b>\$ (164,588,835)</b>	<b>\$ 2,383,754</b>	<b>\$ (158,811,758)</b>	<b>\$ (321,016,839)</b>

Cook County Health and Hospitals System of Illinois

Combining Statement of Net Position of Operating Accounts Information  
November 30, 2017

	Bureau of Health Services	John H. Stroger, Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	County Care	Intra-Activity Eliminations	Total
<b>Assets</b>								
Current assets:								
Cash and cash equivalents								
Cash in banks	\$ -	\$ 3,497,762	\$ 237,377	\$ -	\$ -	\$ -	\$ -	\$ 3,735,139
Cash held by Cook County Treasurer	-	744,427,241	204,046,838	128,332,984	-	1,073,262,378	(1,924,669,570)	225,399,871
Working cash fund	-	95,147,154	-	-	-	-	-	95,147,154
Total cash and cash equivalents	-	843,072,157	204,284,215	128,332,984	-	1,073,262,378	(1,924,669,570)	324,282,164
Property taxes receivable - net:								
Tax levy - current year	5,106,609	3,913,329	-	1,042,966	73,233,419	-	-	83,296,323
Tax levy - prior year	401,121	4,247,588	1,502,453	17,488	2,118,724	-	-	8,287,374
Total property taxes receivable	5,507,730	8,160,917	1,502,453	1,060,454	75,352,143	-	-	91,583,697
Receivables:								
Patient accounts - net of allowances of \$348,978,050	-	90,414,126	5,217,203	-	-	-	-	95,631,329
Due from State of Illinois	-	-	-	-	-	40,081,223	-	40,081,223
Capitation receivable	-	87,361,264	98,870,645	-	-	-	(85,485,275)	100,746,634
Other receivables	-	3,178,749	-	892	1,363,248	-	-	4,542,889
Total receivables	-	180,954,139	104,087,848	892	1,363,248	40,081,223	(85,485,275)	241,002,075
Inventories	-	6,874,891	444,770	-	357,657	-	-	7,677,318
Total current assets	5,507,730	1,039,062,104	310,319,286	129,394,330	77,073,048	1,113,343,601	(2,010,154,845)	664,545,254
Refundable deposit	-	-	-	-	-	25,000,000	-	25,000,000
Capital assets, net of accumulated depreciation	7,029,435	344,915,149	19,791,644	1,166	644,526	29,094,000	-	401,475,920
Capital assets not being depreciated	-	73,423,881	-	-	-	-	-	73,423,881
Total assets	12,537,165	1,457,401,134	330,110,930	129,395,496	77,717,574	1,167,437,601	(2,010,154,845)	1,164,445,055

(Continued)

Cook County Health and Hospitals System of Illinois

Combining Statement of Net Position of Operating Accounts Information (Continued)  
November 30, 2017

	Bureau of Health Services	John H. Stroger, Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	County Care	Intra-Activity Eliminations	Total
<b>Liabilities and Net Position (Deficit)</b>								
Current liabilities:								
Due to Cook County Treasurer	\$ 1,393,842,768	\$ 347,117,056	\$ -	\$ -	\$ 183,709,746	\$ -	\$ (1,924,669,570)	\$ -
Accounts payable	13,512,953	69,125,983	3,983,797	270,360	19,703	20,992,867	-	107,905,663
Accrued salaries, wages and other liabilities	2,361,680	24,758,472	1,855,593	485,447	3,409,726	250,513	-	33,121,431
Claims payable	-	-	-	-	-	458,422,263	(85,485,275)	372,936,988
Compensated absences	402,828	5,166,732	419,712	114,280	516,381	33,803	-	6,653,736
Unearned revenue	-	18,753,198	(1,253,198)	-	-	-	-	17,500,000
Due to State of Illinois	-	-	-	-	-	57,192,935	-	57,192,935
Third-party settlements	-	890,497	266,305	-	-	-	-	1,156,802
Due to other County governmental funds	-	31,455	5,000	7,000	-	-	-	43,455
Due to others	-	-	706,909	-	-	-	-	706,909
Interaccount payable (receivable)	(243,285,944)	(515,492,794)	89,621,537	1,629	3,846,754	665,308,818	-	-
Total current liabilities	1,166,834,285	(49,649,401)	95,605,655	878,716	191,502,310	1,202,201,199	(2,010,154,845)	597,217,919
Compensated absences, less current portion	2,282,690	29,278,147	2,378,370	647,589	2,926,161	191,550	-	37,704,507
Property tax objections	2,370,383	2,982,808	85,817	111,823	7,451,819	-	-	13,002,650
Total liabilities	1,171,487,358	(17,388,446)	98,069,842	1,638,128	201,880,290	1,202,392,749	(2,010,154,845)	647,925,076
<b>Net Position (Deficit):</b>								
Net investment in capital assets	7,029,435	418,339,030	19,791,644	1,166	644,526	-	-	445,805,801
Unrestricted	(1,165,979,628)	1,056,450,550	212,249,444	127,756,202	(124,807,242)	(34,955,148)	-	70,714,178
Total net position (deficit)	\$ (1,158,950,193)	\$ 1,474,789,580	\$ 232,041,088	\$ 127,757,368	\$ (124,162,716)	\$ (34,955,148)	\$ -	\$ 516,519,979

Cook County Health and Hospitals System of Illinois

Combining Schedule of Revenues, Expenses, and  
Changes in Net Position of Operating Accounts Information  
Year Ended November 30, 2017

	Bureau of Health Services	John H. Stroger, Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	County Care	Intra-Activity Eliminations	Total
<b>Operating revenues:</b>								
Net patient service revenue - net of bad debt provision of \$316,561,507	\$ -	\$ 676,474,478	\$ 2,250,893	\$ -	\$ -	\$ -	\$ (85,485,275)	\$ 593,240,096
CountyCare capitation	-	-	-	-	-	836,537,764	-	836,537,764
Provident Hospital capitation	-	-	112,839,675	-	-	-	-	112,839,675
Electronic health record incentive program revenue	-	3,494,388	-	-	-	-	-	3,494,388
Other revenue	15,048	11,186,686	324,489	1,675,686	217,871	-	-	13,419,780
<b>Total operating revenues</b>	<b>15,048</b>	<b>691,155,552</b>	<b>115,415,057</b>	<b>1,675,686</b>	<b>217,871</b>	<b>836,537,764</b>	<b>(85,485,275)</b>	<b>1,559,531,703</b>
<b>Operating expenses:</b>								
Salaries and wages	37,118,389	442,763,531	32,591,526	8,637,786	56,467,605	2,435,809	-	580,014,646
Employee benefits	4,013,036	65,780,384	5,624,832	1,850,533	13,000,569	603,758	-	90,873,112
Supplies	1,147,566	121,829,119	5,595,232	33,267	9,697,340	27,838,656	(27,830,516)	138,310,664
Purchased services, rental and other	66,184,261	116,383,641	30,048,287	683,514	1,818,122	23,116,094	-	238,233,919
Foreign claims	70,944	-	-	-	-	737,773,991	(57,654,759)	680,190,176
Insurance	272,250	25,426,158	1,322,609	63,323	370,996	-	-	27,455,336
Depreciation	3,813,337	19,922,318	1,584,838	2,443	103,651	-	-	25,426,587
Utilities	14,233	12,080,911	1,452,592	96,046	16,366	28,366	-	13,688,514
Services contributed by other County offices	-	27,685,109	2,238,276	-	-	-	-	29,923,385
<b>Total operating expenses</b>	<b>112,634,016</b>	<b>831,871,171</b>	<b>80,458,192</b>	<b>11,366,912</b>	<b>81,474,649</b>	<b>791,796,674</b>	<b>(85,485,275)</b>	<b>1,824,116,339</b>
<b>Operating (loss) gain</b>	<b>(112,618,968)</b>	<b>(140,715,619)</b>	<b>34,956,865</b>	<b>(9,691,226)</b>	<b>(81,256,778)</b>	<b>44,741,090</b>	<b>-</b>	<b>(264,584,636)</b>
<b>Nonoperating revenues:</b>								
Property taxes	-	4,681,319	721,763	971,286	75,938,619	-	-	82,312,987
Cigarette taxes	193,542	300,263	30,314	39,641	2,767,425	-	-	3,331,185
Sweetened beverage taxes	-	13,383,029	-	-	3,345,757	-	-	16,728,786
Interest income	-	123,795	2,435	-	-	-	-	126,230
<b>Total nonoperating revenues</b>	<b>193,542</b>	<b>18,488,406</b>	<b>754,512</b>	<b>1,010,927</b>	<b>82,051,801</b>	<b>-</b>	<b>-</b>	<b>102,499,188</b>
<b>(Loss) gain before capital contributions and transfers</b>	<b>(112,425,426)</b>	<b>(122,227,213)</b>	<b>35,711,377</b>	<b>(8,680,299)</b>	<b>795,023</b>	<b>44,741,090</b>	<b>-</b>	<b>(162,085,448)</b>
Capital contributions	54,027	66,879,445	1,372,268	-	403,970	-	-	68,709,710
Transfers in	-	28,459,484	2,238,276	-	-	-	-	30,697,760
<b>Change in net position</b>	<b>(112,371,399)</b>	<b>(26,888,284)</b>	<b>39,321,921</b>	<b>(8,680,299)</b>	<b>1,198,993</b>	<b>44,741,090</b>	<b>-</b>	<b>(62,677,978)</b>
<b>Net position (deficit):</b>								
Beginning of year	(1,046,578,794)	1,501,677,864	192,719,167	136,437,667	(125,361,709)	(79,696,238)	-	579,197,957
End of year	\$ (1,158,950,193)	\$ 1,474,789,580	\$ 232,041,088	\$ 127,757,368	\$ (124,162,716)	\$ (34,955,148)	\$ -	\$ 516,519,979

Cook County Health and Hospitals System of Illinois

Combining Schedule of Cash Flows of Operating Accounts Information  
Year Ended November 30, 2017

	Bureau of Health Services	John H. Stroger, Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	County Care	Intra-Activity Eliminations	Total
Cash flows from operating activities:								
Receipts from third-party payors and patients	\$ -	\$ 714,418,666	\$ 56,310,943	\$ -	\$ -	\$ 816,435,746	\$ (187,277,492)	\$ 1,399,887,863
Payments to employees	(40,866,247)	(507,517,264)	(38,432,743)	(10,503,500)	(68,965,464)	(2,884,990)	-	(669,170,208)
Payments to contracted health care providers and suppliers	(65,923,558)	(461,951,328)	(27,205,348)	(752,003)	(14,843,367)	(538,156,453)	187,277,492	(921,554,565)
Other (payments) receipts	1,086,103	21,444,465	502,411	1,725,198	1,489,898	-	-	26,248,075
<b>Net cash (used in) provided by operating activities</b>	<b>(105,703,702)</b>	<b>(233,605,461)</b>	<b>(8,824,737)</b>	<b>(9,530,305)</b>	<b>(82,318,933)</b>	<b>275,394,303</b>	<b>-</b>	<b>(164,588,835)</b>
Cash flows from capital financing activities:								
Acquisition of capital assets	-	(5,164,430)	-	-	-	-	-	(5,164,430)
<b>Net cash used in capital financing activities</b>	<b>-</b>	<b>(5,164,430)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,164,430)</b>
Cash flows from noncapital financing activities:								
Transfers from Cook County Treasurer	87,799,474	347,891,431	-	-	3,946,070	-	(438,862,600)	774,375
Real and personal property taxes received, net	17,710,686	26,147,432	79,774	1,008,242	72,257,832	-	-	117,203,966
Cigarette taxes received	193,542	300,264	30,313	39,640	2,769,274	-	-	3,333,033
Sweetened beverage taxes received	-	13,383,029	-	-	3,345,757	-	-	16,728,786
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>105,703,702</b>	<b>387,722,156</b>	<b>110,087</b>	<b>1,047,882</b>	<b>82,318,933</b>	<b>-</b>	<b>(438,862,600)</b>	<b>138,040,160</b>
Cash flows from investing activities:								
Interest received	-	123,795	2,435	-	-	-	-	126,230
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>123,795</b>	<b>2,435</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126,230</b>
<b>Change in cash and cash equivalents</b>	<b>-</b>	<b>149,076,060</b>	<b>(8,712,215)</b>	<b>(8,482,423)</b>	<b>-</b>	<b>275,394,303</b>	<b>(438,862,600)</b>	<b>(31,586,875)</b>
Cash and cash equivalents:								
Beginning of year	-	693,996,097	212,996,430	136,815,407	-	797,868,075	(1,485,806,970)	355,869,039
End of year	\$ -	\$ 843,072,157	\$ 204,284,215	\$ 128,332,984	\$ -	\$ 1,073,262,378	\$ (1,924,669,570)	\$ 324,282,164
Supplemental disclosure of noncash transactions:								
Transfers - capital assets	\$ 54,027	\$ 66,879,445	\$ 1,372,267	\$ -	\$ 403,971	\$ -	\$ -	\$ 68,709,710
Acquired capital asset through accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,094,000	\$ -	\$ 29,094,000

(Continued)

Cook County Health and Hospitals System of Illinois

Combining Schedule of Cash Flows of Operating Accounts Information (Continued)  
Year Ended November 30, 2017

	Bureau of Health Services	John H. Stroger, Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	County Care	Intra-Activity Eliminations	Total
Reconciliation of operating (loss) gain to net cash (used in) provided by operating activities:								
Operating (loss) gain	\$ (112,618,968)	\$ (140,715,619)	\$ 34,956,865	\$ (9,691,226)	\$ (81,256,778)	\$ 44,741,090	\$ -	\$ (264,584,636)
Adjustments to reconcile operating (loss) gain to net cash (used in) provided by operating activities:								
Depreciation	3,813,337	19,922,318	1,584,838	2,443	103,651	-	-	25,426,587
Provision for bad debts	-	285,929,749	30,631,758	-	-	-	-	316,561,507
Services contributed by other County offices	-	27,685,109	2,238,276	-	-	-	-	29,923,385
Net change in assets and liabilities:								
Patient accounts receivable	-	(296,202,429)	(31,196,569)	-	-	-	-	(327,398,998)
Due from State of Illinois	-	-	-	-	-	5,705,047	-	5,705,047
Capitation receivable	-	99,916,229	(55,427,745)	-	-	-	(101,792,218)	(57,303,734)
Third-party settlements	-	(126,586)	138,360	-	-	(83,000,000)	-	(82,988,226)
Other receivables	36,551	5,059,845	128,985	(892)	(1,361,069)	-	-	3,863,420
Interaccount receivable (payable)	3,825,784	(208,651,254)	8,555,944	-	(4,729,766)	200,999,292	-	-
Inventories	-	(3,907,183)	155,503	-	97,461	-	-	(3,654,219)
Accounts payable	(1,650,730)	35,995,188	2,122,749	147,785	(208,059)	(11,729,172)	-	24,677,761
Accrued salaries, wages and other liabilities	359,055	(2,002,035)	101,369	30,511	741,158	121,509	-	(648,433)
Claims payable	-	(2,964,068)	-	-	-	61,330,534	101,792,218	160,158,684
Compensated absences	(93,876)	3,039,537	(317,754)	(45,692)	327,599	33,068	-	2,942,882
Unearned revenue	-	(56,685,905)	(3,207,047)	-	-	-	-	(59,892,952)
Due to State of Illinois	-	-	-	-	-	57,192,935	-	57,192,935
Due to others	-	(25,529)	706,908	-	-	-	-	681,379
Due to other County governmental fund	1,034,504	1,692,691	48,936	50,404	2,067,050	-	-	4,893,585
Property tax objections	(409,359)	(1,565,519)	(46,113)	(23,638)	1,899,820	-	-	(144,809)
<b>Net cash (used in) provided by operating activities</b>	<b>\$ (105,703,702)</b>	<b>\$ (233,605,461)</b>	<b>\$ (8,824,737)</b>	<b>\$ (9,530,305)</b>	<b>\$ (82,318,933)</b>	<b>\$ 275,394,303</b>	<b>\$ -</b>	<b>\$ (164,588,835)</b>

**Cook County Health and Hospitals System of Illinois**

**Combining Statement of Net Position of Restricted Purpose Accounts Information  
November 30, 2017**

	John H. Stroger, Jr. Hospital	Department of Public Health	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents			
Cash in banks	\$ 881,058	\$ -	\$ 881,058
Cash due to Cook County Treasurer	(161,325)	(587,731)	(749,056)
Total cash and cash equivalents	<u>719,733</u>	<u>(587,731)</u>	<u>132,002</u>
Other receivables	614,401	3,447,644	4,062,045
Due from State of Illinois	9,721	817,848	827,569
Total receivables	<u>624,122</u>	<u>4,265,492</u>	<u>4,889,614</u>
Total current assets	<u>1,343,855</u>	<u>3,677,761</u>	<u>5,021,616</u>
Total assets	<u>1,343,855</u>	<u>3,677,761</u>	<u>5,021,616</u>
<b>Liabilities and Net Position (Deficit)</b>			
Current liabilities:			
Accounts payable	21,744	50,592	72,336
Accrued salaries, wages and other liabilities	17,678	211,518	229,196
Compensated absences	3,740	33,885	37,624
Unearned revenue	631,795	1,683,566	2,315,362
Trust funds	881,058	-	881,058
Total current liabilities	<u>1,556,015</u>	<u>1,979,561</u>	<u>3,535,576</u>
Compensated absences, less current portion	<u>21,192</u>	<u>192,015</u>	<u>213,207</u>
Total liabilities	<u>1,577,207</u>	<u>2,171,576</u>	<u>3,748,783</u>
<b>Net Position (Deficit):</b>			
Restricted for patient care	<u>(233,352)</u>	<u>1,506,185</u>	<u>1,272,833</u>
Total net position (deficit)	<u>\$ (233,352)</u>	<u>\$ 1,506,185</u>	<u>\$ 1,272,833</u>

**Cook County Health and Hospitals System of Illinois**

**Combining Schedule of Revenues, Expenses, and Changes in Net Position of  
Restricted Purpose Accounts Information  
Year Ended November 30, 2017**

	John H. Stroger, Jr. Hospital	Department of Public Health	Total
Grant revenue	\$ 768,130	\$ 11,034,985	\$ 11,803,115
Total operating revenues	<u>768,130</u>	<u>11,034,985</u>	<u>11,803,115</u>
Operating expenses:			
Salaries and wages	415,287	4,732,035	5,147,322
Employee benefits	95,203	1,080,165	1,175,368
Supplies	17,756	261,325	279,081
Purchased services, rental and other	523,250	3,668,174	4,191,424
Depreciation	3,200	-	3,200
Utilities	-	6,141	6,141
Total operating expenses	<u>1,054,696</u>	<u>9,747,840</u>	<u>10,802,536</u>
<b>Operating (loss) income</b>	<u>(286,566)</u>	<u>1,287,145</u>	<u>1,000,579</u>
<b>Change in net position</b>	(286,566)	1,287,145	1,000,579
Net position (deficit):			
Beginning of year	<u>53,214</u>	<u>219,040</u>	<u>272,254</u>
End of year	<u>\$ (233,352)</u>	<u>\$ 1,506,185</u>	<u>\$ 1,272,833</u>

**Cook County Health and Hospitals System of Illinois**

**Combining Schedule of Cash Flows of Restricted Purpose  
Accounts Information  
Year Ended November 30, 2017**

	John H. Stroger, Jr. Hospital	Department of Public Health	Total
<b>Cash flows from operating activities:</b>			
Receipts from third-party payors and patients	\$ 1,399,926	\$ 12,718,551	\$ 14,118,477
Payments to employees	(505,500)	(5,864,394)	(6,369,894)
Payments to contracted health care providers and suppliers	(530,044)	(3,885,845)	(4,415,889)
Other payments	(520,495)	(428,445)	(948,940)
<b>Net cash provided by (used in) operating activities</b>	<b>(156,113)</b>	<b>2,539,867</b>	<b>2,383,754</b>
<b>Change in cash and cash equivalents</b>	<b>(156,113)</b>	<b>2,539,867</b>	<b>2,383,754</b>
<b>Cash and cash equivalents:</b>			
Beginning of year	875,846	(3,127,598)	(2,251,752)
End of year	<u>\$ 719,733</u>	<u>\$ (587,731)</u>	<u>\$ 132,002</u>
<b>Reconciliation of operating (loss) gain to net cash provided by (used in) operating activities:</b>			
Operating (loss) gain	\$ (286,566)	\$ 1,287,145	\$ 1,000,579
<b>Adjustments to reconcile operating (loss) gain to net cash provided by (used in) operating activities:</b>			
Depreciation	3,200	-	3,200
<b>Net changes in assets and liabilities:</b>			
Other receivables	(510,775)	389,403	(121,372)
Due from State of Illinois	(9,721)	(817,848)	(827,569)
Accounts payable	21,744	49,796	71,540
Accrued salaries, wages and other liabilities	8,771	1,601	10,372
Compensated absences	(3,779)	(53,796)	(57,575)
Unearned revenue	631,795	1,683,566	2,315,361
Trust funds	(10,782)	-	(10,782)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (156,113)</b>	<b>\$ 2,539,867</b>	<b>\$ 2,383,754</b>

**Cook County Health and Hospitals System of Illinois**

**Combining Statement of Net Position Information  
November 30, 2016**

	Operating Accounts	Restricted Purpose Accounts	Pension and Self Insurance	Total
<b>Assets and Deferred Outflows</b>				
Current assets:				
Cash and cash equivalents:				
Cash in banks	\$ 1,943,094	\$ 894,424	\$ -	\$ 2,837,518
Cash held by (due to) Cook County Treasurer	258,778,791	(3,146,176)	-	255,632,615
Working cash fund	95,147,154	-	-	95,147,154
<b>Total cash and cash equivalents</b>	<b>355,869,039</b>	<b>(2,251,752)</b>	<b>-</b>	<b>353,617,287</b>
Property taxes receivable - net:				
Tax levy - current year	121,235,196	-	-	121,235,196
Tax levy - prior year	5,239,354	-	-	5,239,354
<b>Total property taxes receivable</b>	<b>126,474,550</b>	<b>-</b>	<b>-</b>	<b>126,474,550</b>
Receivables:				
Patient accounts - net of allowances of \$271,531,805	84,793,838	-	-	84,793,838
Due from State of Illinois	45,786,270	-	-	45,786,270
Capitation receivable	43,442,900	-	-	43,442,900
Third-party settlements	2,817,381	-	-	2,817,381
Due from other County governmental fund	4,893,585	-	-	4,893,585
Other receivables	8,406,307	3,940,675	-	12,346,982
<b>Total receivables</b>	<b>190,140,281</b>	<b>3,940,675</b>	<b>-</b>	<b>194,080,956</b>
Inventories	4,023,099	-	-	4,023,099
<b>Total current assets</b>	<b>676,506,969</b>	<b>1,688,923</b>	<b>-</b>	<b>678,195,892</b>
Refundable deposit	25,000,000	-	-	25,000,000
Capital assets, net of accumulated depreciation	397,360,222	3,200	-	397,363,422
<b>Total assets</b>	<b>1,098,867,191</b>	<b>1,692,123</b>	<b>-</b>	<b>1,100,559,314</b>
<b>Deferred Outflows of Resources:</b>				
Pension related amounts	-	-	659,063,246	659,063,246

(Continued)

Cook County Health and Hospitals System of Illinois

Combining Statement of Net Position Information (Continued)  
November 30, 2016

	Operating Accounts	Restricted Purpose Accounts	Pension and Self Insurance	Total
<b>Liabilities, Deferred Inflows and Net Position (Deficit)</b>				
Current liabilities:				
Accounts payable	\$ 54,133,902	\$ 796	\$ -	\$ 54,134,698
Accrued salaries, wages and other liabilities	33,769,862	218,826	-	33,988,688
Claims payable	212,778,304	-	-	212,778,304
Compensated absences	6,212,304	46,261	-	6,258,565
Pension contributions payable	-	-	46,361,517	46,361,517
Unearned revenue	77,392,953	-	-	77,392,953
Third-party settlements	86,962,409	-	-	86,962,409
Self-insurance claims	-	-	28,470,894	28,470,894
Due to other County governmental fund	43,455	-	-	43,455
Due to others	25,530	-	-	25,530
Trust funds	-	891,839	-	891,839
<b>Total current liabilities</b>	<b>471,318,719</b>	<b>1,157,722</b>	<b>74,832,411</b>	<b>547,308,852</b>
Compensated absences, less current portion	35,203,056	262,147	-	35,465,203
Self-insurance claims, less current portion	-	-	136,286,697	136,286,697
Property tax objections	13,147,459	-	-	13,147,459
Net pension liability	-	-	4,862,886,038	4,862,886,038
<b>Total liabilities</b>	<b>519,669,234</b>	<b>1,419,869</b>	<b>5,074,005,146</b>	<b>5,595,094,249</b>
<b>Deferred Inflows of Resources:</b>				
Pension related amounts	-	-	159,607,998	159,607,998
<b>Net Position (Deficit):</b>				
Net investment in capital assets	397,360,222	3,200	-	397,363,422
Restricted for patient care	-	269,054	-	269,054
Unrestricted	181,837,735	-	(4,574,549,898)	(4,392,712,163)
<b>Total net position (deficit)</b>	<b>\$ 579,197,957</b>	<b>\$ 272,254</b>	<b>\$ (4,574,549,898)</b>	<b>\$ (3,995,079,687)</b>

Cook County Health and Hospitals System of Illinois

Combining Schedule of Revenues, Expenses, and  
Changes in Net Position Information  
Year Ended November 30, 2016

	Operating Accounts	Restricted Purpose Accounts	Pension and Self Insurance	Total
<b>Operating revenues:</b>				
Net patient service revenue - net of bad debt provision of \$255,985,844	\$ 531,185,161	\$ -	\$ -	\$ 531,185,161
CountyCare capitation	924,829,566	-	-	924,829,566
Provident hospital capitation	136,625,714	-	-	136,625,714
Grant revenue	830,669	11,274,868	-	12,105,537
Electronic health record incentive program revenue	2,623,818	-	-	2,623,818
Other revenue	7,389,984	-	-	7,389,984
<b>Total operating revenues</b>	<b>1,603,484,912</b>	<b>11,274,868</b>	<b>-</b>	<b>1,614,759,780</b>
<b>Operating expenses:</b>				
Salaries and wages	568,137,032	4,378,509	-	572,515,541
Employee benefits	87,471,871	1,685,341	-	89,157,212
Pension	-	-	321,592,935	321,592,935
Supplies	129,095,752	43,531	-	129,139,283
Purchased services, rental and other	176,583,183	5,462,997	-	182,046,180
Foreign claims	718,027,744	-	-	718,027,744
Insurance	26,455,441	-	1,801,330	28,256,771
Depreciation	27,084,062	6,399	-	27,090,461
Utilities	13,355,573	-	-	13,355,573
Services contributed by other County offices	31,265,415	-	-	31,265,415
<b>Total operating expenses</b>	<b>1,777,476,073</b>	<b>11,576,777</b>	<b>323,394,265</b>	<b>2,112,447,115</b>
<b>Operating loss</b>	<b>(173,991,161)</b>	<b>(301,909)</b>	<b>(323,394,265)</b>	<b>(497,687,335)</b>
<b>Nonoperating revenues:</b>				
Property taxes	123,503,232	-	-	123,503,232
Interest income	27,654	-	-	27,654
<b>Total nonoperating revenues</b>	<b>123,530,886</b>	<b>-</b>	<b>-</b>	<b>123,530,886</b>
<b>Loss before capital contributions and transfers</b>	<b>(50,460,275)</b>	<b>(301,909)</b>	<b>(323,394,265)</b>	<b>(374,156,449)</b>
Capital contributions	22,356,318	-	-	22,356,318
Transfers in	31,265,415	-	124,098,204	155,363,619
<b>Change in net position</b>	<b>3,161,458</b>	<b>(301,909)</b>	<b>(199,296,061)</b>	<b>(196,436,512)</b>
<b>Net position (deficit):</b>				
Beginning of year	576,036,499	574,163	(4,375,253,837)	(3,798,643,175)
End of year	\$ 579,197,957	\$ 272,254	\$ (4,574,549,898)	\$ (3,995,079,687)

**Cook County Health and Hospitals System of Illinois**

**Combining Schedule of Cash Flows Information  
Year Ended November 30, 2016**

	Operating Accounts	Restricted Purpose Accounts	Pension and Self Insurance	Total
Cash flows from operating activities:				
Receipts from third-party payors and patients	\$ 1,536,220,846	\$ 11,213,772	\$ -	\$ 1,547,434,618
Payments to employees	(669,465,240)	(6,049,509)	-	(675,514,749)
Contributions to the pension plan for employee benefits	-	-	(129,063,409)	(129,063,409)
Payments / allocations for self-insurance, net	-	-	4,965,205	4,965,205
Payments to contracted health care providers and suppliers	(1,070,987,021)	(4,682,841)	-	(1,075,669,862)
Other receipts	4,055,255	(1,545,539)	-	2,509,716
<b>Net cash used in operating activities</b>	<b>(200,176,160)</b>	<b>(1,064,117)</b>	<b>(124,098,204)</b>	<b>(325,338,481)</b>
Cash flows from capital financing activities:				
Acquisition of capital assets	(7,120,043)	-	-	(7,120,043)
<b>Net cash used in capital financing activities</b>	<b>(7,120,043)</b>	<b>-</b>	<b>-</b>	<b>(7,120,043)</b>
Cash flows from noncapital financing activities:				
Refundable deposit	(25,000,000)	-	-	(25,000,000)
Real and personal property taxes received - net	148,268,007	-	-	148,268,007
Transfers from Cook County Treasurer	-	-	124,098,204	124,098,204
<b>Net cash provided by noncapital financing activities</b>	<b>123,268,007</b>	<b>-</b>	<b>124,098,204</b>	<b>247,366,211</b>
Cash flows from investing activities:				
Interest received	27,654	-	-	27,654
<b>Net cash provided by investing activities</b>	<b>27,654</b>	<b>-</b>	<b>-</b>	<b>27,654</b>
<b>Change in cash and cash equivalents</b>	<b>(84,000,542)</b>	<b>(1,064,117)</b>	<b>-</b>	<b>(85,064,659)</b>
Cash and cash equivalents:				
Beginning of year	439,869,581	(1,187,635)	-	438,681,946
End of year	\$ 355,869,039	\$ (2,251,752)	\$ -	\$ 353,617,287
Supplemental disclosure of noncash transactions:				
Transfers - capital assets	\$ 22,356,318	\$ -	\$ -	\$ 22,356,318

(Continued)

**Cook County Health and Hospitals System of Illinois**

**Combining Schedule of Cash Flows Information (Continued)**  
**Year Ended November 30, 2016**

	Operating Accounts	Restricted Purpose Accounts	Pension and Self Insurance	Total
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (173,991,161)	\$ (301,909)	\$ (323,394,265)	\$ (497,687,335)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	27,084,062	6,399	-	27,090,461
Provision for bad debts	255,985,844	-	-	255,985,844
Services contributed by other County offices	31,265,415	-	-	31,265,415
Net change in assets and liabilities:				
Patient accounts receivable	(273,545,809)	-	-	(273,545,809)
Due from State of Illinois - CountyCare	5,964,514	-	-	5,964,514
Capitation receivable	12,328,762	-	-	12,328,762
Third-party settlements	2,393,131	-	-	2,393,131
Other receivables	(1,695,420)	(1,545,539)	-	(3,240,959)
Inventories	415,330	-	-	415,330
Accounts payable	(31,068,020)	(34,209)	-	(31,102,229)
Accrued salaries, wages and other liabilities	(12,879,383)	18,300	-	(12,861,083)
Pension contributions payable	-	-	(2,866,435)	(2,866,435)
Self-insurance claims payable	-	-	6,766,535	6,766,535
Net pension liability	-	-	630,261,537	630,261,537
Deferred amounts related to pensions	-	-	(434,865,576)	(434,865,576)
Claims payable	24,114,115	-	-	24,114,115
Compensated absences	(1,177,166)	(3,958)	-	(1,181,124)
Unearned revenue	(497,448)	(61,097)	-	(558,545)
Due to State of Illinois	(59,915,794)	-	-	(59,915,794)
Due to others	4,506	-	-	4,506
Trust funds	-	857,896	-	857,896
Due to other County governmental fund	(4,893,585)	-	-	(4,893,585)
Property tax objections	(68,053)	-	-	(68,053)
<b>Net cash used in operating activities</b>	<b>\$ (200,176,160)</b>	<b>\$ (1,064,117)</b>	<b>\$ (124,098,204)</b>	<b>\$ (325,338,481)</b>

Cook County Health and Hospitals System of Illinois

Combining Statement of Net Position of Operating Accounts Information  
November 30, 2016

	Bureau of Health Services	John H. Stroger, Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	County Care	Intra-Activity Eliminations	Total
<b>Assets</b>								
Current assets:								
Cash and cash equivalents								
Cash in banks	\$ -	\$ 1,751,026	\$ 192,068	\$ -	\$ -	\$ -	\$ -	\$ 1,943,094
Cash held by Cook County Treasurer	-	597,097,917	212,804,362	136,815,407	-	797,868,075	(1,485,806,970)	258,778,791
Working cash fund	-	95,147,154	-	-	-	-	-	95,147,154
Total cash and cash equivalents	-	693,996,097	212,996,430	136,815,407	-	797,868,075	(1,485,806,970)	355,869,039
Property taxes receivable - net:								
Tax levy - current year	22,106,609	27,807,673	802,752	1,042,966	69,475,196	-	-	121,235,196
Tax levy - prior year	1,111,807	1,819,358	57,585	54,444	2,196,160	-	-	5,239,354
Total property taxes receivable	23,218,416	29,627,031	860,337	1,097,410	71,671,356	-	-	126,474,550
Receivables:								
Patient accounts - net of allowances of \$271,531,805	-	80,141,447	4,652,391	-	-	-	-	84,793,838
Due from State of Illinois	-	-	-	-	-	45,786,270	-	45,786,270
Capitation receivable	-	187,277,492	43,442,900	-	-	-	(187,277,492)	43,442,900
Third-party settlements	-	2,817,381	-	-	-	-	-	2,817,381
Other receivables	36,551	8,238,591	128,985	-	2,180	-	-	8,406,307
Due from other County governmental fund	1,034,504	1,692,691	48,936	50,404	2,067,050	-	-	4,893,585
Total receivables	1,071,055	280,167,602	48,273,212	50,404	2,069,230	45,786,270	(187,277,492)	190,140,281
Inventories	-	2,967,708	600,273	-	455,118	-	-	4,023,099
Total current assets	24,289,471	1,006,758,438	262,730,252	137,963,221	74,195,704	843,654,345	(1,673,084,462)	676,506,969
Refundable deposit	-	-	-	-	-	25,000,000	-	25,000,000
Capital assets, net of accumulated depreciation	10,788,911	366,217,473	20,004,340	3,608	345,890	-	-	397,360,222
Total assets	35,078,382	1,372,975,911	282,734,592	137,966,829	74,541,594	868,654,345	(1,673,084,462)	1,098,867,191

(Continued)

Cook County Health and Hospitals System of Illinois

Combining Statement of Net Position of Operating Accounts Information (Continued)  
November 30, 2016

	Bureau of Health Services	John H. Stroger, Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	County Care	Intra-Activity Eliminations	Total
<b>Liabilities and Net Position (Deficit)</b>								
Current liabilities:								
Due to Cook County Treasurer	\$ 1,306,043,459	\$ -	\$ -	\$ -	\$ 179,763,511	\$ -	\$ (1,485,806,970)	\$ -
Accounts payable	15,163,683	33,130,794	1,861,048	122,575	227,762	3,628,040	-	54,133,902
Accrued salaries, wages and other liabilities	2,002,625	26,760,505	1,754,224	454,936	2,668,568	129,004	-	33,769,862
Claims payable	-	2,964,068	-	-	-	397,091,728	(187,277,492)	212,778,304
Compensated absences	416,909	4,710,801	467,375	121,134	467,242	28,843	-	6,212,304
Unearned revenue	-	75,439,104	1,953,849	-	-	-	-	77,392,953
Third-party settlements	-	3,834,464	127,945	-	-	83,000,000	-	86,962,409
Due to other County governmental fund	-	31,455	5,000	7,000	-	-	-	43,455
Due to others	-	25,530	-	-	-	-	-	25,530
Interaccount payable (receivable)	(247,111,728)	(306,841,539)	81,065,593	1,629	8,576,519	464,309,526	-	-
<b>Total current liabilities</b>	<b>1,076,514,948</b>	<b>(159,944,818)</b>	<b>87,235,034</b>	<b>707,274</b>	<b>191,703,602</b>	<b>948,187,141</b>	<b>(1,673,084,462)</b>	<b>471,318,719</b>
Compensated absences, less current portion	2,362,485	26,694,539	2,648,461	686,427	2,647,702	163,442	-	35,203,056
Property tax objections	2,779,743	4,548,326	131,930	135,461	5,551,999	-	-	13,147,459
<b>Total liabilities</b>	<b>1,081,657,176</b>	<b>(128,701,953)</b>	<b>90,015,425</b>	<b>1,529,162</b>	<b>199,903,303</b>	<b>948,350,583</b>	<b>(1,673,084,462)</b>	<b>519,669,234</b>
<b>Net Position (Deficit):</b>								
Net investment in capital assets	10,788,911	366,217,473	20,004,340	3,608	345,890	-	-	397,360,222
Unrestricted	(1,057,367,705)	1,135,460,391	172,714,827	136,434,059	(125,707,599)	(79,696,238)	-	181,837,735
<b>Total net position (deficit)</b>	<b>\$ (1,046,578,794)</b>	<b>\$ 1,501,677,864</b>	<b>\$ 192,719,167</b>	<b>\$ 136,437,667</b>	<b>\$ (125,361,709)</b>	<b>\$ (79,696,238)</b>	<b>\$ -</b>	<b>\$ 579,197,957</b>

Cook County Health and Hospitals System of Illinois

Combining Schedule of Revenues, Expenses, and  
Changes in Net Position of Operating Accounts Information  
Year Ended November 30, 2016

	Bureau of Health Services	John H. Stroger, Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	County Care	Intra-Activity Eliminations	Total
Operating revenues:								
Net patient service revenue - net of bad debt provision of \$255,985,844	\$ -	\$ 713,203,337	\$ 5,259,316	\$ -	\$ -	\$ -	\$ (187,277,492)	\$ 531,185,161
CountyCare capitation	-	-	-	-	-	924,829,566	-	924,829,566
Provident hospital capitation	-	-	136,625,714	-	-	-	-	136,625,714
Grant revenue	-	-	-	830,669	-	-	-	830,669
Electronic health record incentive program revenue	-	2,623,818	-	-	-	-	-	2,623,818
Other revenue	-	4,702,234	322,040	2,139,162	226,548	-	-	7,389,984
<b>Total operating revenues</b>	<b>-</b>	<b>720,529,389</b>	<b>142,207,070</b>	<b>2,969,831</b>	<b>226,548</b>	<b>924,829,566</b>	<b>(187,277,492)</b>	<b>1,603,484,912</b>
Operating expenses:								
Salaries and wages	34,364,717	435,514,425	34,949,226	8,849,925	52,811,360	1,647,379	-	568,137,032
Employee benefits	5,391,982	66,550,152	5,474,960	1,394,943	8,232,590	427,244	-	87,471,871
Supplies	348,926	114,455,415	6,054,121	68,640	8,139,012	28,924,382	(28,894,744)	129,095,752
Purchased services, rental and other	84,836,871	81,295,588	5,895,741	262,671	4,172,234	120,078	-	176,583,183
Foreign claims	-	-	-	-	-	876,410,492	(158,382,748)	718,027,744
Insurance	-	21,243,982	1,121,613	-	-	4,089,846	-	26,455,441
Depreciation	4,834,354	20,526,776	1,581,104	3,110	138,718	-	-	27,084,062
Utilities	46,418	11,579,527	1,646,006	57,879	24,678	1,065	-	13,355,573
Services contributed by other County offices	-	28,960,616	2,304,799	-	-	-	-	31,265,415
<b>Total operating expenses</b>	<b>129,823,268</b>	<b>780,126,481</b>	<b>59,027,570</b>	<b>10,637,168</b>	<b>73,518,592</b>	<b>911,620,486</b>	<b>(187,277,492)</b>	<b>1,777,476,073</b>
<b>Operating (loss) gain</b>	<b>(129,823,268)</b>	<b>(59,597,092)</b>	<b>83,179,500</b>	<b>(7,667,337)</b>	<b>(73,292,044)</b>	<b>13,209,080</b>	<b>-</b>	<b>(173,991,161)</b>
Nonoperating revenues:								
Property taxes	22,944,407	28,037,649	750,949	988,738	70,781,489	-	-	123,503,232
Interest income	-	27,013	641	-	-	-	-	27,654
<b>Total nonoperating revenues</b>	<b>22,944,407</b>	<b>28,064,662</b>	<b>751,590</b>	<b>988,738</b>	<b>70,781,489</b>	<b>-</b>	<b>-</b>	<b>123,530,886</b>
<b>(Loss) gain before capital contributions and transfers</b>	<b>(106,878,861)</b>	<b>(31,532,430)</b>	<b>83,931,090</b>	<b>(6,678,599)</b>	<b>(2,510,555)</b>	<b>13,209,080</b>	<b>-</b>	<b>(50,460,275)</b>
Capital contributions	1,842,346	19,388,029	933,919	-	192,024	-	-	22,356,318
Transfers in	-	28,960,616	2,304,799	-	-	-	-	31,265,415
<b>Change in net position</b>	<b>(105,036,515)</b>	<b>16,816,215</b>	<b>87,169,808</b>	<b>(6,678,599)</b>	<b>(2,318,531)</b>	<b>13,209,080</b>	<b>-</b>	<b>3,161,458</b>
Net position (deficit):								
Beginning of year	(941,542,279)	1,484,861,649	105,549,359	143,116,266	(123,043,178)	(92,905,318)	-	576,036,499
End of year	\$ (1,046,578,794)	\$ 1,501,677,864	\$ 192,719,167	\$ 136,437,667	\$ (125,361,709)	\$ (79,696,238)	\$ -	\$ 579,197,957

Cook County Health and Hospitals System of Illinois

Combining Schedule of Cash Flows of Operating Accounts Information  
Year Ended November 30, 2016

	Bureau of Health Services	John H. Stroger, Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	County Care	Intra-Activity Eliminations	Total
Cash flows from operating activities:								
Receipts from third-party payors and patients	\$ -	\$ 757,285,980	\$ 105,883,854	\$ -	\$ -	\$ 915,554,780	\$ (242,503,768)	\$ 1,536,220,846
Payments to employees	(40,498,073)	(511,787,375)	(41,832,979)	(10,601,655)	(62,731,056)	(2,014,102)	-	(669,465,240)
Payments to contracted health care providers and suppliers	(96,915,157)	(500,383,537)	1,933,059	(756,370)	(10,626,134)	(706,742,650)	242,503,768	(1,070,987,021)
Other receipts	(1,049,444)	982,454	278,031	2,919,427	(1,840,503)	2,765,290	-	4,055,255
<b>Net cash (used in) provided by operating activities</b>	<b>(138,462,674)</b>	<b>(253,902,478)</b>	<b>66,261,965</b>	<b>(8,438,598)</b>	<b>(75,197,693)</b>	<b>209,563,318</b>	<b>-</b>	<b>(200,176,160)</b>
Cash flows from capital financing activities:								
Acquisition of capital assets	(2,027,731)	(5,092,312)	-	-	-	-	-	(7,120,043)
<b>Net cash used in capital financing activities</b>	<b>(2,027,731)</b>	<b>(5,092,312)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,120,043)</b>
Cash flows from noncapital financing activities:								
Refundable deposit	-	-	-	-	-	(25,000,000)	-	(25,000,000)
Due to Cook County Treasurer	108,992,281	-	-	-	12,420,692	-	(121,412,973)	-
Real and personal property taxes received - net	31,498,124	51,047,440	1,450,870	1,494,572	62,777,001	-	-	148,268,007
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>140,490,405</b>	<b>51,047,440</b>	<b>1,450,870</b>	<b>1,494,572</b>	<b>75,197,693</b>	<b>(25,000,000)</b>	<b>(121,412,973)</b>	<b>123,268,007</b>
Cash flows from investing activities:								
Interest received	-	27,013	641	-	-	-	-	27,654
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>27,013</b>	<b>641</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,654</b>
<b>Change in cash and cash equivalents</b>	<b>-</b>	<b>(207,920,337)</b>	<b>67,713,476</b>	<b>(6,944,026)</b>	<b>-</b>	<b>184,563,318</b>	<b>(121,412,973)</b>	<b>(84,000,542)</b>
Cash and cash equivalents:								
Beginning of year	-	901,916,434	145,282,954	143,759,433	-	613,304,757	(1,364,393,997)	439,869,581
End of year	\$ -	\$ 693,996,097	\$ 212,996,430	\$ 136,815,407	\$ -	\$ 797,868,075	\$ (1,485,806,970)	\$ 355,869,039
Supplemental disclosure of noncash transactions:								
Transfers - capital assets	\$ 1,842,345	\$ 19,388,029	\$ 933,920	\$ -	\$ 192,024	\$ -	\$ -	\$ 22,356,318

(Continued)

Cook County Health and Hospitals System of Illinois

Combining Schedule of Cash Flows of Operating Accounts Information (Continued)  
Year Ended November 30, 2016

	Bureau of Health Services	John H. Stroger, Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	County Care	Intra-Activity Eliminations	Total
Reconciliation of operating (loss) gain to net cash (used in) provided by operating activities:								
Operating (loss) gain	\$ (129,823,268)	\$ (59,597,092)	\$ 83,179,500	\$ (7,667,337)	\$ (73,292,044)	\$ 13,209,080	\$ -	\$ (173,991,161)
Adjustments to reconcile operating (loss) gain to net cash (used in) provided by operating activities:								
Depreciation	4,834,354	20,526,776	1,581,104	3,110	138,718	-	-	27,084,062
Provision for bad debts	-	232,109,582	23,876,262	-	-	-	-	255,985,844
Services contributed by other County offices	-	28,960,616	2,304,799	-	-	-	-	31,265,415
Net change in assets and liabilities:								
Patient accounts receivable	-	(246,818,377)	(26,727,432)	-	-	-	-	(273,545,809)
Due from State of Illinois - CountyCare	-	-	-	-	-	5,964,514	-	5,964,514
Capitation receivable	-	55,226,276	12,328,762	-	-	-	(55,226,276)	12,328,762
Third-party settlements	-	2,341,859	51,272	-	-	-	-	2,393,131
Other receivables	(14,940)	(4,449,101)	5,511	-	(2,179)	2,765,289	-	(1,695,420)
Interaccount receivable (payable)	591,268	(260,285,063)	17,229,911	-	60,264	242,403,620	-	-
Inventories	-	477,698	(45,652)	-	(16,716)	-	-	415,330
Accounts payable	(14,092,618)	738,917	(92,345)	21,217	(69,630)	(17,573,561)	-	(31,068,020)
Accrued salaries, wages and other liabilities	(954,703)	(8,416,116)	(1,322,065)	(352,869)	(1,857,884)	24,254	-	(12,879,383)
Claims payable	-	(9,085,315)	-	-	-	(22,026,846)	55,226,276	24,114,115
Compensated absences	213,328	(1,508,487)	(87,312)	(3,919)	172,956	36,268	-	(1,177,166)
Unearned revenue	-	419,198	(916,646)	-	-	-	-	(497,448)
Due to State of Illinois	-	-	(44,676,494)	-	-	(15,239,300)	-	(59,915,794)
Due to others	-	4,506	-	-	-	-	-	4,506
Due to other County governmental fund	(1,034,504)	(1,692,691)	(48,936)	(50,404)	(2,067,050)	-	-	(4,893,585)
Property tax objections	1,818,409	(2,855,664)	(378,274)	(388,396)	1,735,872	-	-	(68,053)
<b>Net cash (used in) provided by operating activities</b>	<b>\$ (138,462,674)</b>	<b>\$ (253,902,478)</b>	<b>\$ 66,261,965</b>	<b>\$ (8,438,598)</b>	<b>\$ (75,197,693)</b>	<b>\$ 209,563,318</b>	<b>\$ -</b>	<b>\$ (200,176,160)</b>

**Cook County Health and Hospitals System of Illinois**

**Combining Statement of Net Position of Restricted Purpose Accounts Information  
November 30, 2016**

	John H. Stroger, Jr. Hospital	Department of Public Health	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents			
Cash in banks	\$ 894,424	\$ -	\$ 894,424
Cash held by (due to) Cook County Treasurer	(18,578)	(3,127,598)	(3,146,176)
Total cash and cash equivalents	<u>875,846</u>	<u>(3,127,598)</u>	<u>(2,251,752)</u>
Other receivables	103,628	3,837,047	3,940,675
Total receivables	<u>103,628</u>	<u>3,837,047</u>	<u>3,940,675</u>
Total current assets	979,474	709,449	1,688,923
Capital assets:			
Net of accumulated depreciation	3,200	-	3,200
Total assets	<u>982,674</u>	<u>709,449</u>	<u>1,692,123</u>
<b>Liabilities and Net Position</b>			
Current liabilities:			
Accounts payable	-	796	796
Accrued salaries, wages and other liabilities	8,909	209,917	218,826
Compensated absences	4,307	41,954	46,261
Trust funds	891,839	-	891,839
Total current liabilities	905,055	252,667	1,157,722
Compensated absences, less current portion	24,405	237,742	262,147
Total liabilities	<u>929,460</u>	<u>490,409</u>	<u>1,419,869</u>
Net position:			
Net investment in capital assets	3,200	-	3,200
Restricted for patient care	50,014	219,040	269,054
Total net position	<u>\$ 53,214</u>	<u>\$ 219,040</u>	<u>\$ 272,254</u>

**Cook County Health and Hospitals System of Illinois**

**Combining Schedule of Revenues, Expenses, and Changes in Net Position of  
Restricted Purpose Accounts Information  
Year Ended November 30, 2016**

	John H. Stroger, Jr. Hospital	Department of Public Health	Total
Grant revenue	\$ 225,824	\$ 11,049,044	\$ 11,274,868
Total operating revenues	<u>225,824</u>	<u>11,049,044</u>	<u>11,274,868</u>
Operating expenses:			
Salaries and wages	171,845	4,206,664	4,378,509
Employee benefits	57,350	1,627,991	1,685,341
Supplies	-	43,531	43,531
Purchased services, rental and other	36,463	5,426,534	5,462,997
Depreciation	6,399	-	6,399
Total operating expenses	<u>272,057</u>	<u>11,304,720</u>	<u>11,576,777</u>
<b>Operating loss</b>	<u>(46,233)</u>	<u>(255,676)</u>	<u>(301,909)</u>
<b>Change in net position</b>	(46,233)	(255,676)	(301,909)
Net position:			
Beginning of year	<u>99,447</u>	<u>474,716</u>	<u>574,163</u>
End of year	<u>\$ 53,214</u>	<u>\$ 219,040</u>	<u>\$ 272,254</u>

**Cook County Health and Hospitals System of Illinois**

**Combining Schedule of Cash Flows of Restricted Purpose  
Accounts Information  
Year Ended November 30, 2016**

	John H. Stroger, Jr. Hospital	Department of Public Health	Total
<b>Cash flows from operating activities:</b>			
Receipts from third-party payors and patients	\$ 222,068	\$ 10,991,704	\$ 11,213,772
Payments to employees	(224,331)	(5,825,178)	(6,049,509)
Payments to contracted health care providers and suppliers	819,793	(5,502,634)	(4,682,841)
Other revenue (expense)	16,210	(1,561,749)	(1,545,539)
<b>Net cash provided by (used in) operating activities</b>	<b>833,740</b>	<b>(1,897,857)</b>	<b>(1,064,117)</b>
<b>Change in cash and cash equivalents</b>	<b>833,740</b>	<b>(1,897,857)</b>	<b>(1,064,117)</b>
<b>Cash and cash equivalents:</b>			
Beginning of year	42,106	(1,229,741)	(1,187,635)
End of year	<u>\$ 875,846</u>	<u>\$ (3,127,598)</u>	<u>\$ (2,251,752)</u>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>			
Operating loss	\$ (46,233)	\$ (255,676)	\$ (301,909)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	6,399	-	6,399
Net changes in assets and liabilities:			
Other receivables	16,211	(1,561,750)	(1,545,539)
Accounts payable	(1,640)	(32,569)	(34,209)
Accrued salaries, wages and other liabilities	1,219	17,081	18,300
Compensated absences	3,646	(7,604)	(3,958)
Unearned revenue	(3,758)	(57,339)	(61,097)
Trust funds	857,896	-	857,896
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 833,740</b>	<b>\$ (1,897,857)</b>	<b>\$ (1,064,117)</b>