

**Cook County Health and
Hospitals System of Illinois**
An Enterprise Fund of Cook County, Illinois

Financial Report
November 30, 2016

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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, 2016 and 2015, 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, 2016 and 2015, 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, 2016 and 2015, 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 3-10 and the pension and post-retirement benefit data on pages 37-39 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 40-65 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, 2017

Management's Discussion and Analysis

Introduction

This discussion and analysis provides the readers of the financial statements of Cook County Health and Hospitals System of Illinois (CCHHS) with an overview of the financial activities and financial position for the fiscal years ended November 30, 2016 and 2015. This discussion focuses on the significant financial issues and major financial activities and the resulting changes in financial position and includes comparative data for the prior year. It should be read in conjunction with the accompanying financial statements of CCHHS.

The mission of CCHHS is to deliver integrated health services with dignity and respect regardless of a patient's ability to pay, foster partnerships with other health providers and communities to enhance the health of the public, and advocate for policies which promote and protect the physical, mental and social well-being of the people of Cook County.

CCHHS operates throughout Chicago and suburban Cook County and offers a broad range of services from specialty to primary care to emergency, acute, outpatient and preventive care. CCHHS entities are: John H. Stroger, Jr. Hospital (JSH), Provident Hospital (PH), CountyCare, Oak Forest Health Center (OFHC), the Ambulatory and Community Health Network (ACHN), the Cook County Department of Public Health (DPH), the Ruth Rothstein Core Center (CORE), and Cermak Health Services (CHS), a correctional healthcare facility. The Bureau of Health Services (BHS) oversees the operational, planning and policy activities of CCHHS.

CCHHS is one of the largest public hospital systems in the United States operated by a unit of local government and is the largest provider of medical care to the uninsured, underinsured, and Medicaid populations in the State of Illinois. The emergency department at JSH is the busiest in the metropolitan Chicago area with a 2016 census of more than 115,000 patient encounters. PH's emergency department is one of the busiest in the area with more than 27,000 encounters in 2016.

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.

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

CountyCare began as an Illinois Medicaid demonstration program in 2013. 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. In 2016, CountyCare membership totals over 145,000 and included Affordable Care Act adults (ACA), Family Health Plan (FHP) members, and Integrated Care Program (ICP) members.

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 net deficit increased by \$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 \$177,720.
- 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 41.8%, while Medicaid payor mix decreased to 37.0% 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.

Financial Highlights for 2015

- The liabilities and deferred inflows of resources of CCHHS exceeded its assets and deferred outflows of resources at the close of fiscal year 2015 by \$3,798,643. Of this amount \$4,194,186 is unrestricted net deficit. This net deficit resulted from the recognition of \$4,232,625 net pension liability in connection with the implementation by CCHHS during fiscal year 2015 of GASB Statement No. 68. In addition, in 2015, CCHHS's net investment in capital assets decreased by \$5,419, primarily due to annual depreciation.
- Total net deficit increased by \$101,730 in fiscal year 2015. The change in net position for 2015 is the result of loss before capital contributions and transfers of \$181,847, and capital contributions and net transfers of \$80,117.
- Loss from operations in fiscal year 2015 was \$339,556. The increase in the loss is primarily the result of GASB 68 implementation, which resulted in CCHHS recording more pension expense than in the past.
- During fiscal year 2015, the self-pay component of CCHHS's payor mix decreased to 40.9%, while Medicaid payor mix increased to 38.2% over the same period.
- The provision for bad debt decreased slightly in fiscal year 2015 by \$451, or 0.24% to \$190,944.

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 11-15 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 16-36 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 37-39 of this report.

Operating Statistics

The utilization statistics for CCHHS for the fiscal years ended November 30, 2016 and 2015, are as follows:

	2016	2015	Percent Change	2014
Patient days	104,117	103,974	0.1 %	106,375
Average daily census	285	285	0.1 %	291
Admissions	22,078	22,236	(0.7) %	22,059
Average length of stay (days)	4.72	4.68	0.9 %	4.82

Fund-Wide Financial Analysis

Net position may serve over time as a useful indicator of a fund's financial position. In the case of CCHHS, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$3,995,080 at November 30, 2016, and by \$3,798,643 at November 30, 2015.

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, 2016 and 2015
(In Thousands)**

	2016	2015
Current assets	\$ 678,196	\$ 782,052
Refundable deposit	25,000	-
Capital assets	<u>397,363</u>	394,978
Total assets	<u>1,100,559</u>	1,177,030
Deferred outflows of resources	<u>659,063</u>	93,364
Current liabilities	547,309	631,842
Other liabilities	<u>5,047,785</u>	4,408,421
Total liabilities	<u>5,595,094</u>	5,040,263
Deferred inflow of resources	<u>159,608</u>	28,774
Net position (deficit)		
Net investment in capital assets	397,363	394,978
Restricted for patient care	269	565
Unrestricted	<u>(4,392,712)</u>	(4,194,186)
Total net position (deficit)	<u>\$ (3,995,080)</u>	<u>\$ (3,798,643)</u>

Fiscal year 2016 ended with an increase in net deficit for CCHHS by \$196,437 from fiscal year 2015 to a net deficit of \$3,995,080. 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. Current assets decreased by \$103,856 during fiscal year 2016 to \$678,196. Cash and cash equivalents decreased by \$85,065 to \$353,617 in fiscal year 2016. The current ratio for fiscal year 2016 was 1.30.

Capital assets for CCHHS increased \$2,386 during fiscal year 2016 to \$397,363 from fiscal year 2015. Additions for fiscal year 2016 were \$29,476 while depreciation expense was \$27,090. As a result, the average age of plant of CCHHS's facilities decreased slightly to 19.2 years in fiscal year 2016 from the prior year.

Fiscal year 2015 ended with a net deficit of \$3,798,643. Current assets increased by \$292,415 during fiscal year 2015 to \$782,052. Cash and cash equivalents increased by \$82,740 to \$438,682 in fiscal year 2015. The current ratio for fiscal year 2015 was 1.24.

Capital assets for CCHHS decreased \$5,419 during fiscal year 2015 to \$394,978 from fiscal year 2014. Additions for fiscal year 2015 were \$22,372 while depreciation expense was \$27,792. As a result, the average age of plant of CCHHS's facilities increased to 19.6 years in fiscal year 2015 from the prior year.

Table 2

**Statements of Revenues, Expenses, and Changes in Net Position
Years Ended November 30, 2016 and 2015
(In Thousands)**

	2016	2015
Operating revenues:		
Net patient service revenue - net of bad debt provision of \$281,197 in 2016 and \$190,944 in 2015	\$ 531,185	\$ 625,215
CountyCare capitation revenue	924,830	861,573
Provident capitation revenue	136,626	58,677
Grant revenue	12,105	12,609
Electronic health record incentive program revenue	2,624	5,894
Other revenue	7,390	7,737
Total operating revenues	1,614,760	1,571,705
Nonoperating revenues:		
Property taxes	123,503	143,417
Cigarette taxes	-	13,196
Other tobacco products taxes	-	1,094
Interest income	28	2
Total nonoperating revenues	123,531	157,709
Total revenues	1,738,291	1,729,414
Operating expenses:		
Salaries, wages and benefits	661,672	628,006
Pension	321,593	220,523
Supplies	129,139	114,793
Purchased services, rental and other	182,046	183,832
Foreign claims	718,028	660,301
Insurance	28,257	48,361
Depreciation	27,091	27,792
Utilities	13,355	12,678
Services contributed by other County offices	31,266	14,975
Total operating expenses	2,112,447	1,911,261
Loss before capital contributions and transfers	(374,156)	(181,847)
Capital contributions	22,356	17,129
Transfers in	155,364	62,988
Change in net position	(196,437)	(101,730)
Net deficit:		
Beginning of year	(3,798,643)	(3,696,913)
End of year	\$ (3,995,080)	\$ (3,798,643)

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.

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 by \$57,727 from the prior year 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.

2015 Activity

In fiscal year 2015, operating revenues, net of bad debt provision, increased to \$1,571,705 from the prior year, which represents a 24.3% increase in total operating revenues. This increase is primarily due to an increase in CountyCare revenue of \$205,544.

In fiscal year 2015, nonoperating revenues increased by \$11,968 from the prior year to \$157,709. The decrease in nonoperating revenues was due to the County allocation of tax revenue based on the fiscal year 2015 budget projection that CCHHS would receive additional revenue from CountyCare, and therefore be less reliant upon the home rule tax subsidy.

In fiscal year 2015, salaries, wages and benefits increased by \$14,602 to \$628,006 from the prior year. This is because 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 \$114,793. This increase is primarily due to the GPO contract with Owens and Minor ending before the contract with Cardinal GPO was executed, but due to operational needs CCHHS had to purchase supplies at higher contract prices than expected.

Purchased services, rental and other expenses increased by \$12,444 from the prior year to \$183,832 in fiscal year 2015. The increase is primarily due to an increase in the use of consultants on various IT initiatives in fiscal year 2015.

2015 Activity (continued)

Foreign claims expense increased by \$191,372 from the prior year to \$660,301 in fiscal year 2015. The increase is primarily due to an increase in CountyCare activity in fiscal year 2015.

In fiscal year 2015, the operating loss of CCHHS increased by \$125,905 from the prior year to \$339,556. The increase in the operating loss is due primarily to the GASB 68 implementation, which resulted in CCHHS recording more pension than in the prior year.

Capital Assets and Debt Administration*Capital Assets*

CCHHS's investment in capital assets amounts to \$397,363, net of depreciation, as of November 30, 2016. This investment includes building, improvements and equipment. The \$2,386 increase in capital assets for fiscal year 2016 is the result of investment in capital assets of \$29,476 outpacing depreciation expense of \$27,090. In 2017 CCHHS will continue the progress of increasing the investment in capital to improve their patient experience and efficiency.

CCHHS's investment in capital assets amounts to \$394,978, net of depreciation, as of November 30, 2015. This investment includes building, improvements and equipment. The \$5,419 decrease in capital assets for fiscal year 2015 is the result of depreciation expense of \$27,792 outpacing the investment in capital assets of \$22,372.

Additional information of CCHHS's capital assets can be found in Note 6 on pages 25 and 26 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 2016. 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.

Cook County Health and Hospitals System of Illinois

**Statements of Net Position
November 30, 2016 and 2015**

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents (Note 5):		
Cash in banks	\$ 2,837,518	\$ 1,569,541
Cash held by Cook County Treasurer	255,632,615	341,965,251
Working cash fund	95,147,154	95,147,154
Total cash and cash equivalents	<u>353,617,287</u>	<u>438,681,946</u>
Property taxes receivable - net of allowance of \$8,381,170 in 2016 and \$5,835,492 in 2015:		
Tax levy - current year	121,235,196	149,756,021
Tax levy - prior year	5,239,354	1,483,304
Total property taxes receivable	<u>126,474,550</u>	<u>151,239,325</u>
Receivables:		
Patient accounts - net of allowances of \$271,531,805 in 2016 and \$250,451,807 in 2015	84,793,838	67,233,873
Due from State of Illinois - CountyCare (Note 16)	45,786,270	51,750,784
Capitation receivable (Note 17)	43,442,900	55,771,662
Third-party settlements	2,817,381	3,830,072
Due from other County governmental fund	4,893,585	-
Other receivables	12,346,982	9,106,023
Total receivables	<u>194,080,956</u>	<u>187,692,414</u>
Inventories	<u>4,023,099</u>	<u>4,438,429</u>
Total current assets	678,195,892	782,052,114
Refundable deposit (Note 16)	25,000,000	-
Capital assets, net of accumulated depreciation (Note 6)	<u>397,363,422</u>	394,977,522
Total assets	<u>1,100,559,314</u>	<u>1,177,029,636</u>
Deferred outflows of resources:		
Pension related amounts (Note 10)	<u>659,063,246</u>	93,364,101

(Continued)

Cook County Health and Hospitals System of Illinois

Statements of Net Position (Continued)

November 30, 2016 and 2015

	2016	2015
Liabilities and Net Deficit		
Current liabilities:		
Accounts payable	\$ 54,134,698	\$ 85,236,927
Accrued salaries, wages and other liabilities	33,988,688	46,849,771
Claims payable (Note 16)	212,778,304	188,664,189
Compensated absences	6,258,565	6,435,734
Pension contributions payable (Note 10)	46,361,517	49,227,952
Unearned revenue (Note 7)	77,392,953	77,951,498
Due to State of Illinois (Notes 16 and 17)	-	59,915,794
Third-party settlements	86,962,409	85,581,969
Self-insurance claims payable	28,470,894	31,879,452
Due to other County governmental fund	43,455	43,455
Due to others	25,530	21,024
Trust funds	891,839	33,944
Total current liabilities	<u>547,308,852</u>	631,841,709
Compensated absences, less current portion	35,465,203	36,469,157
Self-insurance claims, less current portion	136,286,697	126,111,604
Property tax objections (Note 8)	13,147,459	13,215,512
Net pension liability (Note 10)	<u>4,862,886,038</u>	4,232,624,501
Total liabilities	<u>5,595,094,249</u>	5,040,262,483
Commitments and contingencies (Note 14)		
Deferred inflows of resources:		
Pension related amounts (Note 10)	<u>159,607,998</u>	28,774,429
Net position (deficit):		
Net investment in capital assets	397,363,422	394,977,522
Restricted for patient care	269,054	564,564
Unrestricted	<u>(4,392,712,163)</u>	(4,194,185,261)
Total net deficit	<u>\$ (3,995,079,687)</u>	<u>\$ (3,798,643,175)</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, 2016 and 2015**

	2016	2015
Operating revenues:		
Net patient service revenue - net of bad debt provision of \$255,985,844 in 2016 and \$190,943,545 in 2015	\$ 531,185,161	\$ 625,214,692
CountyCare capitation (Note 16)	924,829,566	861,572,979
Provident hospital capitation (Note 17)	136,625,714	58,677,250
Grant revenue	12,105,537	12,608,407
Electronic health record incentive program revenue	2,623,818	5,894,055
Other revenue	7,389,984	7,737,330
Total operating revenues	<u>1,614,759,780</u>	<u>1,571,704,713</u>
Operating expenses:		
Salaries and wages	572,515,541	540,701,241
Employee benefits	89,157,212	87,305,307
Pension (Note 10)	321,592,935	220,522,538
Supplies	129,139,283	114,793,420
Purchased services, rental and other	182,046,180	183,831,771
Foreign claims (Note 16)	718,027,744	660,300,874
Insurance	28,256,771	48,360,806
Depreciation	27,090,461	27,791,777
Utilities	13,355,573	12,677,634
Services contributed by other County offices (Note 9)	31,265,415	14,975,380
Total operating expenses	<u>2,112,447,115</u>	<u>1,911,260,748</u>
Operating loss	<u>(497,687,335)</u>	<u>(339,556,035)</u>
Nonoperating revenues:		
Property taxes	123,503,232	143,417,429
Cigarette taxes	-	13,196,187
Other tobacco products taxes	-	1,093,901
Interest income	27,654	1,662
Total nonoperating revenues	<u>123,530,886</u>	<u>157,709,179</u>
Loss before capital contributions and transfers in	<u>(374,156,449)</u>	<u>(181,846,856)</u>
Capital contributions (Note 9)	22,356,318	17,128,696
Transfers in	<u>155,363,619</u>	<u>62,987,754</u>
Change in net position	<u>(196,436,512)</u>	<u>(101,730,406)</u>
Net deficit:		
Beginning of year	<u>(3,798,643,175)</u>	<u>(3,696,912,769)</u>
End of year	<u>\$ (3,995,079,687)</u>	<u>\$ (3,798,643,175)</u>

See notes to financial statements.

Cook County Health and Hospitals System of Illinois

Statements of Cash Flows

Years Ended November 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Receipts from third-party payors and patients	\$ 1,547,434,618	\$ 1,483,571,901
Payments to employees	(675,514,749)	(614,080,969)
Contributions to the pension plan for employee benefits	(129,063,409)	(48,012,374)
Payments / allocations for self-insurance, net	4,965,205	-
Payments to contracted health care providers and suppliers	(1,075,669,862)	(846,222,757)
Other receipts	2,509,716	13,186,169
Net cash used in operating activities	(325,338,481)	(11,558,030)
Cash flows from capital financing activities:		
Acquisition of capital assets	(7,120,043)	(5,243,730)
Net cash used in capital financing activities	(7,120,043)	(5,243,730)
Cash flows from noncapital financing activities:		
Borrowings from County Working Cash Fund (Note 9)	-	65,000,000
Repayment of borrowings from County Working Cash Fund (Note 9)	-	(65,000,000)
Refundable deposit	(25,000,000)	-
Real and personal property taxes received - net	148,268,007	37,237,515
Cigarette taxes received	-	13,196,187
Other tobacco products taxes received	-	1,093,901
Transfers from Cook County Treasurer	124,098,204	48,012,374
Net cash provided by noncapital financing activities	247,366,211	99,539,977
Cash flows from investing activities:		
Interest received	27,654	1,662
Net cash provided by investing activities	27,654	1,662
Change in cash and cash equivalents	(85,064,659)	82,739,879
Cash and cash equivalents:		
Beginning of year	438,681,946	355,942,067
End of year	\$ 353,617,287	\$ 438,681,946
Supplemental disclosure of noncash transactions		
Transfers - capital assets	\$ 22,356,318	\$ 17,128,696

(Continued)

Cook County Health and Hospitals System of Illinois

**Statements of Cash Flows (Continued)
Years Ended November 30, 2016 and 2015**

	2016	2015
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (497,687,335)	\$ (339,556,035)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	27,090,461	27,791,777
Provision for bad debts	255,985,844	190,943,545
Services contributed by other County offices	31,265,415	14,975,380
Net change in assets and liabilities:		
Patient accounts receivable	(273,545,809)	(199,800,850)
Due from State of Illinois - CountyCare	5,964,514	(38,149,640)
Capitation receivable	12,328,762	(55,771,662)
Third-party settlements	2,393,131	13,286,474
Other receivables	(3,240,959)	(1,975,570)
Inventories	415,330	(972,732)
Accounts payable	(31,102,229)	25,864,448
Accrued salaries, wages and other liabilities	(12,861,083)	12,629,844
Pension contributions payable	(2,866,435)	(778,112)
Self-insurance claims payable	6,766,535	14,782,804
Net pension liability	630,261,537	187,871,884
Deferred amounts related to pensions	(434,865,576)	(14,583,608)
Claims payable	24,114,115	87,111,785
Compensated absences	(1,181,123)	1,434,309
Unearned revenue	(558,545)	1,129,723
Due to State of Illinois	(59,915,794)	59,841,357
Due to others	4,506	(8,840)
Trust funds	857,895	(13,219)
Due from other County governmental fund	(4,893,585)	-
Property tax objections	(68,053)	2,388,908
Net cash used in operating activities	\$ (325,338,481)	\$ (11,558,030)

See notes to financial statements.

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

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 (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 \$497,687,335 and \$339,556,035 for the years ended November 30, 2016 and 2015, 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. CCHHS has provided for increases in salaries and benefits in its fiscal year 2017 budget to assist in the hiring and retention of high-quality employees.

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

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 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 experienced an increase in its operating loss in 2015 due to GASB 68 implementation, which resulted in CCHHS recording more pension expense than in the past. CCHHS expects operating losses in the future to decrease due to increased CountyCare membership and increases in Provident Access revenue, but understands that to sustain this trend it is dependent upon decreasing costs and increasing patient satisfaction and retention. To this end, CCHHS is establishing initiatives to sustain the trend of decreasing operating losses. Even with the favorable impact of the CountyCare revenue, CCHHS continues to be highly dependent on reimbursement from the Illinois Department of Healthcare and Family Service (DHFS). Future declines in DHFS reimbursement could have a significant adverse effect on CCHHS's operating results.

CCHHS 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 and bringing high cost services in-house. The financial climate for safety net hospitals continues to be challenging and CCHHS must continue to grow its base activity and its ability to collect for the services provided if it is to flourish moving forward.

For the years ended November 30, 2016 and 2015, the CCHHS's payor utilization based on gross patient service revenue was as follows:

	2016	2015
Self-pay	\$ 570,796,288	\$ 458,335,358
Medicaid and Medicaid managed care	504,679,984	428,397,160
Medicare	220,278,203	175,044,211
Other	69,598,317	59,846,540
Total	<u>\$ 1,365,352,792</u>	<u>\$ 1,121,623,269</u>

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

Note 2. Financial Condition (Continued)

For the years ended November 30, 2016 and 2015, estimated gross charges associated with services provided to CountyCare patients totaled approximately \$195,177,000 and \$180,712,000. 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. Realized gains and losses and changes in unrealized gains and losses attributable to cash equivalents are 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 their fair value.

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

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, 2016, represents CCHHS's portion of the tax year 2016 taxes and uncollected tax year 2015 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 years. Uncollected taxes are written off at the end of the fiscal year immediately following the year in which the taxes become due. The County's annual appropriation ordinance includes a provision for uncollectible property taxes. 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 a commercial insurance carrier, 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 51% and 47% of patient accounts receivable, net, as of November 30, 2016 and 2015, 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 and, in the case of construction in progress, are transferred from the County at the time of completion. No value has been assigned to the land upon which CCHHS is located. Capital assets are defined by CCHHS as assets with an initial, individual cost of \$1,000 or more. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as construction projects are substantially completed.

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

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

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, 2016.

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, 2016 and 2015:

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

Balance, December 1, 2014	Additions	Reductions	Balance, November 30, 2015	Amount Due Within One Year
\$ 41,470,582	\$ 43,216,726	\$ (41,782,417)	\$ 42,904,891	\$ 6,435,734

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. Prior to November 30, 2014, all self-insurance liability was accounted for and recorded in the County's financial statements. Changes in self-insurance claims payable were as follows for the years ended November 30, 2016 and 2015:

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.

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.

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

Note 3. Summary of Significant Accounting Policies (Continued)

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 \$1,348,000 and decreased by approximately \$7,956,000 for the years ended November 30, 2016 and 2015, respectively, for third-party settlements and changes in estimates related to services rendered in previous years.

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 mils, 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 Department of Revenue to cigarette distributors licensed with the State of Illinois. Taxes collected are remitted monthly by the Illinois Department of Revenue. In 2016, the County Board of Commissioners did not allocate any cigarette tax to CCHHS.

New accounting pronouncements: CCHHS implemented the following GASB Statements during the fiscal year ended November 30, 2016:

- GASB Statement No. 72, *Fair Value Measurement and Application*.
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

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, 2016, will have in CCHHS's future financial statements:

- 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*, will become effective for CCHHS's fiscal year ending November 30, 2017.
- 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. 77, *Tax Abatement Disclosures*, will become effective for CCHHS's fiscal year ending November 30, 2017.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*, will become effective for CCHHS's fiscal year ending November 30, 2017.
- 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, 2017.

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

Note 3. Summary of Significant Accounting Policies (Continued)

- 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.

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.

For the years ended November 30, 2016 and 2015, charges foregone for charity care and the related estimated costs were as follows:

	2016	2015
Charges foregone	\$ 459,409,395	\$ 365,044,304
Estimated costs incurred	\$ 281,015,133	\$ 265,739,453

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

Note 5. Cash Management

The Cook County Treasurer, the County 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, which are treated as a single aggregate bank account for County cash resources. The County Comptroller issues checks for authorized County expenditures, which represent a claim for payment when presented to the County's operating disbursement bank. Funding for County checks is made at the time of issue into the appropriate disbursement checking account. Funding is accomplished via book transfers and wire transfers from the appropriate fund into the disbursement account. Balances in the disbursement accounts, which represent checks not yet presented, are invested 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. Funds are deposited in banks that are required to collateralize uninsured deposits with approved securities equal to 102% of market value. Securities approved for investment include U.S. government securities, certificates of deposit, or time deposits issued by certain banks and limited other investments permitted by State of Illinois law. The Cook County Treasurer does not invest in derivatives, structured notes, or other leveraged investments.

As of November 30, 2016 and 2015, CCHHS's cash and cash equivalents consisted of the following:

	2016	2015
Demand deposits held by Cook County Treasurer	\$ 255,632,615	\$ 341,965,251
Working cash fund	95,147,154	95,147,154
Demand deposits held in banks	2,837,518	1,569,541
Total	<u>\$ 353,617,287</u>	<u>\$ 438,681,946</u>

Custodial credit risk – cash and certificates of deposit: In the case of deposits, there is the risk that in the event of a bank failure the County's or 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, 2016 and 2015, were fully insured or collateralized.

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, 2016 and 2015, \$95,147,154 is reported at CCHHS.

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

Note 6. Capital Assets

A summary of capital assets activity for the years ended November 30, 2016 and 2015, follows:

	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

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

Note 6. Capital Assets (Continued)

	Balance, December 1, 2014	Additions and Transfers	Disposals	Balance, November 30, 2015
Depreciable capital assets:				
Land improvements	\$ 2,717,511	\$ -	\$ -	\$ 2,717,511
Buildings and building improvements	667,614,316	1,664,327	-	669,278,643
Equipment and furniture	245,986,047	20,708,095	-	266,694,142
 Total depreciable capital assets	 916,317,874	 22,372,422	 -	 938,690,296
Less accumulated depreciation:				
Land improvements	1,742,287	87,738	-	1,830,025
Buildings and building improvements	306,460,122	15,489,680	-	321,949,802
Equipment and furniture	207,718,588	12,214,359	-	219,932,947
 Total accumulated depreciation	 515,920,997	 27,791,777	 -	 543,712,774
 Total capital assets at cost, net	 \$ 400,396,877	 \$ (5,419,355)	 \$ -	 \$ 394,977,522

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 Department of Health and Family Services (DHFS). Under terms of the Agreement, DHFS will direct additional funding to CCHHS for inpatient and outpatient services based on per-diem and per-visit 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. Such adjustment amounts include federal matching funds.

Under the terms of the Agreement, CCHHS received \$294,713,312 and \$292,900,988 in additional payments from DHFS during the years ended November 30, 2016 and 2015, respectively. Of the amounts received, \$77,392,953 and \$77,951,498 are unearned as of November 30, 2016 and 2015, 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 December through June, the last seven months of the State of Illinois' fiscal year. Included in net patient service revenue as earned is \$295,210,760 and \$291,776,026 for the years ended November 30, 2016 and 2015, respectively, which takes into consideration the prior-year unearned revenue of \$77,951,498 and \$76,765,440, respectively.

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 Interagency 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 Interagency Agreement can be terminated by either party upon 15 days' notice. Additionally, the Interagency Agreement require 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, 2016 and 2015, was as follows:

	Balance, December 1, 2015	Increase	Decrease	Balance, November 30, 2016
Property tax objections	\$ 13,215,512	\$ -	\$ (68,053)	\$ 13,147,459
	Balance, December 1, 2014	Increase	Decrease	Balance, November 30, 2015
Property tax objections	\$ 10,826,604	\$ 2,388,908	\$ -	\$ 13,215,512

Note 9. Related-Party Transactions

During 2016 and 2015, 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 year ended November 30, 2016, there were no working cash loans received by CCHHS from the County's Working Cash Fund. During the year ended November 30, 2015, the County's Working Cash Fund made loans of \$65,000,000 to CCHHS.

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 \$31,265,415 and \$14,975,380 during the years ended November 30, 2016 and 2015, respectively, are reflected as both transfers and operating expenses of CCHHS.

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

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, 2016 and 2015, CCHHS has recognized capital assets and capital contributions from the County of \$22,356,318 and \$17,128,696, 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
33 N Dearborn St #1000
Chicago, Illinois 60602

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.

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

Note 10. Pension Plan (Continued)

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).

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, 2016 and 2015, 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, 2016 and 2015 were \$469.7 million and \$194.8 million, respectively. 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 required contributions to the A & B Plan are determined using an allocation based on the percentage of CCHHS's covered-employee payroll to the County's total covered-employee payroll. Contributions to the A & B Plan made by the County on behalf of CCHHS were \$129,063,409 and \$48,012,374 during the years ended November 30, 2016 and 2015, respectively. These contributions are reflected as both pension expense and transfers in the statements of revenues, expenses, and changes in net position. Contributions payable by CCHHS to the A & B Plan totaled \$46,361,517 and \$49,227,952 as of November 30, 2016 and 2015, 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, 2015 and 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 and 2014. CCHHS's proportionate share of the County's net pension liability as of December 31, 2015 and 2014 was \$4,862,886,038 and \$4,232,624,501, respectively, or approximately 32% and 33% of the County's net pension liability, respectively. This percentage was determined based on the percentage of CCHHS's covered-employee payroll to the County's total covered-employee payroll.

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

Note 10. Pension Plan (Continued)

Pension expense and deferred outflows of resources of resources related to pensions: For the years ended November 30, 2016 and 2015, CCHHS recognized total pension expense of \$321,592,935 and \$220,522,538, respectively. At November 30, 2016 and 2015, CCHHS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	
	2016	2015
Changes of assumptions	\$ 207,599,374	\$ -
Net differences between projected and actual earnings on pension plan investments	319,232,020	44,136,149
Contributions subsequent to measurement date	132,231,852	49,227,952
	<u>\$ 659,063,246</u>	<u>\$ 93,364,101</u>
	Deferred Inflows of Resources	
	2016	2015
Differences between expected and actual experience	\$ 159,607,998	\$ 28,774,429

Actuarial assumptions: The total pension liability in the December 31, 2015 and 2014, actuarial valuation was determined using the Entry Age Normal actuarial cost method and using the following actuarial assumptions, applied to all periods included in the measurement:

	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%
	2014
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	3.34%

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

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.

	Target <u>Allocation</u>	Long-term Expected Real <u>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, 2016 and 2015, the discount rate used to measure the total pension liability was 4.15 percent and 4.50 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 Pension Code (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, 2016 and 2015, municipal bond rates of 3.20 percent and 3.34 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, 2015 and 2014, respectively). For the years ended November 30, 2016 and 2015, based on the long-term rate of return of 7.50 percent and the municipal bond rates of 3.20 percent and 3.34 percent, respectively, the blended discount rate would be 4.15 percent and 4.50 percent, respectively.

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

Note 10. Pension Plan (Continued)

Changes in the net pension liability were as follows for the years ended November 30, 2016 and 2015:

Balance, December 1, 2015	Additions	Reductions	Balance, November 30, 2016	Amount Due Within One Year
\$ 4,232,624,501	\$ 673,454,610	\$ (43,193,073)	\$ 4,862,886,038	\$ -

Balance, December 1, 2014	Additions	Reductions	Balance, November 30, 2015	Amount Due Within One Year
\$ 4,044,752,616	\$ 187,871,885	\$ -	\$ 4,232,624,501	\$ -

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 55% of the total premiums for retiree annuitants, including the cost of any family coverage, and 70% 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 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.

To obtain a copy of the County's CAFR, write:
 Controller, Cook County,
 118 North Clark
 Chicago, Illinois 60602

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

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

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,
33 North Dearborn
Chicago, Illinois 60603

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 all risks, including medical malpractice, workers' compensation, general automobile 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. 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 Comprehensive Annual Financial Report.

The County engages an independent actuary to provide an actuarial estimate of its liabilities for self-insured expenses. For the years ended November 30, 2016 and 2015, the liability recorded reflects a 1.31% and 3.60% discount factors, respectively. CCHHS's portion of the self-insurance liability included in the self-insurance fund in the County's financial statements was \$164,757,591 and \$157,991,056 at November 30, 2016 and 2015, 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 \$1,801,331 and \$14,782,804 related to this allocation during the years ended November 30, 2016 and 2015, 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.

Note 13. General Obligation Bonds Issued by Cook County

Approximately \$458,737,000 and \$422,588,000 of the County's outstanding debt as of November 30, 2016 and 2015, 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.

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

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 \$10,591,000 and \$8,434,000 during the years ended November 30, 2016 and 2015, respectively.

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

Years Ending November 30	
2017	\$ 14,355,800
2018	12,166,442
2019	10,648,362
2020	9,415,301
2021	1,619,075
Thereafter	<u>1,066,562</u>
Total	<u>\$ 49,271,542</u>

Construction commitments: During 2016, CCHHS entered into agreements with contractors for the construction of a new health center to be located at the corner of Polk Street and Damen Avenue. Total commitments as of November 30, 2016, are estimated to be approximately \$23,000,000, and the project is anticipated to be completed in 2018.

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 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 Valence 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.

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.

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

Note 14. Commitments and Contingencies (Continued)

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 Governor of the State of Illinois has announced a restructuring of the Medicaid managed care organization (MCO) program. The Governor plans to rebid the MCO insurer contracts, with the goal of improving health care delivery to Medicaid recipients in Illinois. CountyCare is one of the MCO insurer contracts that will be part of the bidding process for a piece of the state's managed care business.

CCHHS is continuing with existing operations pursuant to the Order to Enforce Consent Decree, filed July 24, 2015, which grants an emergency motion to compel the State of Illinois to make all Medicaid payments for claims properly billed, including capitated payments to managed care entities that would have been paid in absence of the budget impasse on July 1, 2015, and make timely and scheduled Medicaid payments in compliance with applicable federal law, until the budget impasse is resolved. CCHHS continues to honor the Interagency Transfer Agreement (Agreement) in order to receive enhanced Medicaid reimbursement.

Medicaid payments to CCHHS facilities are different than most of the providers in the State of Illinois. The Medicaid payments to CCHHS are paid from federal dollars rather than State revenues. CCHHS should not be affected by the delays that other health care providers have experienced in 2016 and 2015 because of the State's backlog of unpaid bills.

The Congress and current Presidential administration in Washington, D.C. have made numerous statements regarding their intent to repeal various provisions of the Affordable Care Act which has included expanded Medicaid eligibility standards that have led to a significant decline in the uninsured population treated by the Cook County Health and Hospitals System. The U.S. House of Representatives has, in fact, passed a bill to that effect on May 3, 2017. The prospect for the bill remains uncertain in the U.S. Senate, and the ultimate outcome with regards to Medicaid expansion in particular remains unknown. Should a bill ultimately be signed into law that does have an impact on Medicaid it could have a material impact on the Cook County Health and Hospitals System by increasing the uninsured population and reducing Medicaid payments to the system.

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

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, 2016 and 2015, were as follows:

	2016	2015
Patient care services	\$ 1,588,771,475	\$ 1,577,306,187
General and administrative	523,675,640	333,954,561
Total	<u>\$ 2,112,447,115</u>	<u>\$ 1,911,260,748</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.

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.

At November 30, 2016 and 2015, estimated amounts due from the State of Illinois relating to the CountyCare program totaled \$45,786,270 and \$51,750,784, respectively, which are reported as due from State of Illinois – CountyCare in the statements of net position. At November 30, 2015, estimated amounts due to the State of Illinois relating to the CountyCare program totaled \$15,239,300, which is included in due to State of Illinois in the statement of net position.

All claims for payment of CountyCare are handled by a TPA, 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, 2016 and 2015, was approximately \$718,028,000 and \$660,301,000, respectively. Estimated foreign claims incurred but not paid as of November 30, 2016 and 2015, were \$209,814,236 and \$176,614,807 at November 30, 2016 and 2015, 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, 2016, which is available for use by the TPA to pay claims. This amount is reported as refundable deposit in the statement of financial 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 and 2015, CCHHS has reserved estimated overpayments of \$83,000,000, which are included in third-party settlements liability in the statements of net position. This estimated liability will be settled based on cost reports summarizing the 1115 Waiver activity.

Cook County Health and Hospitals System of Illinois

Notes to Financial Statements

Note 17. Provident Hospital Capitated Access Payments

In 2014, the CCHHS Board entered into an agreement with the State of Illinois to receive capitated payments for selected services provided at Provident Hospital to members of certain Medicaid managed care plans. CCHHS receives a payment of \$10 PMPM, but these payments are subject to the Federal Medical Assistance Program (FMAP) which CCHHS funds through the Interagency Transfer Agreement. At November 30, 2016 and 2015, estimated amounts due from the State of Illinois for these capitated payments totaled approximately \$43,443,000 and \$55,772,000, respectively. These are included as capitation receivable in the statements of net position. At November 30, 2015, estimated assessment tax amounts due to the State of Illinois totaled \$44,676,494, which is included in due to State of Illinois in the statement of net position.

Note 18. Subsequent Events

Management has evaluated subsequent events and transactions through May 31, 2017, the date that these financial statements were issued. During this period, there were no subsequent events requiring recognition or disclosure in the financial statements.

Required Supplementary Information

Cook County Health and Hospitals System of Illinois

Schedule of Funding Progress
 Years Ended November 30, 2016 and 2015
 (Information for all County Employees)

Actuarial Valuation Date Year Ended December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
Postemployment group health benefit plan:						
2013	\$ -	\$ 1,978,767,490	\$ 1,978,767,490	0.00	\$ 1,484,269,715	133.32 %
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 %

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 Measurement Dates***

	2016	2015
CCHHS's proportion of the net pension liability	31.70%	32.87%
CCHHS's proportionate share of the net pension liability	\$ 4,862,886,038	\$ 4,232,624,501
CCHHS's covered-employee payroll	\$ 506,438,273	\$ 521,919,207
CCHHS's proportionate share of the net pension liability as a percentage of its covered-employee payroll	960.21%	810.97%
Plan fiduciary net position as a percentage of total pension liability	36.07%	41.32%

*Information is only available for the December 31, 2015 and 2014 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-employee Payroll	Actual Contributions as a Percentage of Covered-employee Payroll
2016	\$ 469,686,990	\$ 456,438,498	\$ 13,248,492	\$ 1,572,417,298	29%
2015	198,459,042	190,032,872	8,426,170	1,514,550,023	13%
2014	196,469,308	187,817,644	8,651,664	1,484,269,715	13%
2013	199,352,794	190,720,776	8,632,018	1,478,253,368	13%
2012	196,805,657	198,837,424	(2,031,767)	1,456,444,123	14%
2011	190,616,126	184,722,634	5,893,492	1,494,093,569	12%
2010	189,493,175	183,713,870	5,779,305	1,498,161,713	12%
2009	187,376,070	183,916,221	3,459,849	1,463,372,408	13%
2008	268,289,161	258,141,230	10,147,931	1,370,844,734	19%
2007	229,447,378	221,186,219	8,261,159	1,412,878,627	16%

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, 2016

	Operating Accounts	Restricted Purpose Accounts	Pension and Self Insurance	Total
Assets				
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
Total cash and cash equivalents	355,869,039	(2,251,752)	-	353,617,287
Property taxes receivable - net:				
Tax levy - current year	121,235,196	-	-	121,235,196
Tax levy - prior year	5,239,354	-	-	5,239,354
Total property taxes receivable	126,474,550	-	-	126,474,550
Receivables:				
Patient accounts - net of allowances of \$255,985,844	84,793,838	-	-	84,793,838
Due from State of Illinois - CountyCare	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
Total receivables	190,140,281	3,940,675	-	194,080,956
Inventories	4,023,099	-	-	4,023,099
Total current assets	676,506,969	1,688,923	-	678,195,892
Refundable deposit	25,000,000	-	-	25,000,000
Capital assets, net of accumulated depreciation	397,360,222	3,200	-	397,363,422
Total assets	1,098,867,191	1,692,123	-	1,100,559,314
Deferred Outflows of Resources				
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
Liabilities and Net Position (Deficit)				
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 payable	-	-	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
Total current liabilities	471,318,719	1,157,722	74,832,411	547,308,852
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
Total liabilities	519,669,234	1,419,869	5,074,005,146	5,595,094,249
Deferred inflow of resources:				
Pension related amounts	-	-	159,607,998	159,607,998
Net position (deficit):				
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)
Total net position (deficit)	\$ 579,197,957	\$ 272,254	\$ (4,574,549,898)	\$ (3,995,079,687)

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
Operating revenues:				
Net patient service revenue - net of bad debt provision of \$281,197,270	\$ 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
Total operating revenues	1,603,484,912	11,274,868	-	1,614,759,780
Operating expenses:				
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
Total operating expenses	1,777,476,073	11,576,777	323,394,265	2,112,447,115
Operating loss	(173,991,161)	(301,909)	(323,394,265)	(497,687,335)
Nonoperating revenues:				
Property taxes	123,503,232	-	-	123,503,232
Interest income	27,654	-	-	27,654
Total nonoperating revenues	123,530,886	-	-	123,530,886
Loss before capital contributions and transfers	(50,460,275)	(301,909)	(323,394,265)	(374,156,449)
Capital contributions	22,356,318	-	-	22,356,318
Transfers	31,265,415	-	124,098,204	155,363,619
Change in net position	3,161,458	(301,909)	(199,296,061)	(196,436,512)
Net position (deficit):				
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
Net cash used in operating activities	(200,176,160)	(1,064,117)	(124,098,204)	(325,338,481)
Cash flows from capital financing activities:				
Acquisition of capital assets	(7,120,043)	-	-	(7,120,043)
Net cash used in capital financing activities	(7,120,043)	-	-	(7,120,043)
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
Transfer from Cook County Treasurer	-	-	124,098,204	124,098,204
Net cash provided by noncapital financing activities	123,268,007	-	124,098,204	247,366,211
Cash flows from investing activities:				
Interest received	27,654	-	-	27,654
Net cash provided by investing activities	27,654	-	-	27,654
Change in cash and cash equivalents	(84,000,542)	(1,064,117)	-	(85,064,659)
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)
Net cash used in operating activities	\$ (200,176,160)	\$ (1,064,117)	\$ (124,098,204)	\$ (325,338,481)

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
Assets								
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 - CountyCare	-	-	-	-	-	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
Liabilities and Net Position (Deficit)								
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	-	-
Total current liabilities	1,076,514,948	(159,944,818)	87,235,034	707,274	191,703,602	948,187,141	(1,673,084,462)	471,318,719
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
Total liabilities	1,081,657,176	(128,701,953)	90,015,425	1,529,162	199,903,303	948,350,583	(1,673,084,462)	519,669,234
Net position (deficit):								
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
Total net position (deficit)	\$ (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 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	\$ -	\$ 525,925,845	\$ 5,259,316	\$ -	\$ -	\$ -	\$ -	\$ 531,185,161
CountyCare capitation	-	187,277,492	-	-	-	924,829,566	(187,277,492)	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
Total operating revenues	-	720,529,389	142,207,070	2,969,831	226,548	924,829,566	(187,277,492)	1,603,484,912
Operating expenses:								
Salaries and wages	34,364,717	435,514,425	34,949,227	8,849,925	52,811,359	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	29,638	-	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	-	-	-	-	-	905,305,236	(187,277,492)	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
Total operating expenses	129,823,268	780,126,481	59,027,570	10,637,168	73,518,592	911,620,486	(187,277,492)	1,777,476,073
Operating (loss) gain	(129,823,268)	(59,597,092)	83,179,500	(7,667,337)	(73,292,044)	13,209,080	-	(173,991,161)
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
Total nonoperating revenues	22,944,407	28,064,662	751,590	988,738	70,781,489	-	-	123,530,886
(Loss) gain before capital contributions and transfers	(106,878,861)	(31,532,430)	83,931,090	(6,678,599)	(2,510,555)	13,209,080	-	(50,460,275)
Capital contributions	1,842,346	19,388,029	933,919	-	192,024	-	-	22,356,318
Transfers	-	28,960,616	2,304,799	-	-	-	-	31,265,415
Change in net position	(105,036,515)	16,816,215	87,169,808	(6,678,599)	(2,318,531)	13,209,080	-	3,161,458
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
Net cash (used in) provided by operating activities	(138,462,674)	(253,902,478)	66,261,965	(8,438,598)	(75,197,693)	209,563,318	-	(200,176,160)
Cash flows from capital financing activities:								
Acquisition of capital assets	(2,027,731)	(5,092,312)	-	-	-	-	-	(7,120,043)
Net cash used in capital financing activities	(2,027,731)	(5,092,312)	-	-	-	-	-	(7,120,043)
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
Net cash provided by (used in) noncapital financing activities	140,490,405	51,047,440	1,450,870	1,494,572	75,197,693	(25,000,000)	(121,412,973)	123,268,007
Cash flows from investing activities:								
Interest received	-	27,013	641	-	-	-	-	27,654
Net cash provided by investing activities	-	27,013	641	-	-	-	-	27,654
Change in cash and cash equivalents	-	(207,920,337)	67,713,476	(6,944,026)	-	184,563,318	(121,412,973)	(84,000,542)
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)
Net cash (used in) provided by operating activities	\$ (138,462,674)	\$ (253,902,478)	\$ 66,261,965	\$ (8,438,598)	\$ (75,197,693)	\$ 209,563,318	\$ -	\$ (200,176,160)

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
Assets			
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>
Liabilities and Net Position			
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>
Operating loss	<u>(46,233)</u>	<u>(255,676)</u>	<u>(301,909)</u>
Change in net position	(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
Cash flows from operating activities:			
Receipts from grants	\$ 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)
	<hr/>		
Net cash provided by (used in) operating activities	833,740	(1,897,857)	(1,064,117)
	<hr/>		
Change in cash and cash equivalents	833,740	(1,897,857)	(1,064,117)
Cash and cash equivalents:			
Beginning of year	42,106	(1,229,741)	(1,187,635)
	<hr/>		
End of year	\$ 875,846	\$ (3,127,598)	\$ (2,251,752)
	<hr/>		
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
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
	<hr/>		
Net cash provided by (used in) operating activities	\$ 833,740	\$ (1,897,857)	\$ (1,064,117)
	<hr/>		

Cook County Health and Hospitals System of Illinois

**Combining Statement of Net Position Information
November 30, 2015**

	Operating Accounts	Restricted Purpose Accounts	Pension and Self Insurance	Total
Assets				
Current assets:				
Cash and cash equivalents:				
Cash in banks	\$ 1,539,069	\$ 30,472	\$ -	\$ 1,569,541
Cash held by (due to) Cook County Treasurer	343,183,358	(1,218,107)	-	341,965,251
Working cash fund	95,147,154	-	-	95,147,154
Total cash and cash equivalents	439,869,581	(1,187,635)	-	438,681,946
Property taxes receivable - net:				
Tax levy - current year	149,756,021	-	-	149,756,021
Tax levy - prior year	1,483,304	-	-	1,483,304
Total property taxes receivable	151,239,325	-	-	151,239,325
Receivables:				
Patient accounts - net of allowances of \$250,451,807	67,233,873	-	-	67,233,873
Due from State of Illinois - CountyCare	51,750,784	-	-	51,750,784
Capitation receivable	55,771,662	-	-	55,771,662
Third-party settlements	3,830,072	-	-	3,830,072
Other receivables	6,710,887	2,395,136	-	9,106,023
Total receivables	185,297,278	2,395,136	-	187,692,414
Inventories	4,438,429	-	-	4,438,429
Total current assets	780,844,613	1,207,501	-	782,052,114
Capital assets, net of accumulated depreciation	394,967,923	9,599	-	394,977,522
Total assets	1,175,812,536	1,217,100	-	1,177,029,636
Deferred Outflows of Resources				
Pension related amounts	-	-	93,364,101	93,364,101

(Continued)

Cook County Health and Hospitals System of Illinois

**Combining Statement of Net Position Information (Continued)
November 30, 2015**

	Operating Accounts	Restricted Purpose Accounts	Pension and Self Insurance	Total
Liabilities and Net Position (Deficit)				
Current liabilities:				
Accounts payable	\$ 85,201,922	\$ 35,005	\$ -	\$ 85,236,927
Accrued salaries, wages and other liabilities	46,649,245	200,526	-	46,849,771
Claims payable	188,664,189	-	-	188,664,189
Compensated absences	6,388,879	46,855	-	6,435,734
Pension contributions payable	-	-	49,227,952	49,227,952
Unearned revenue	77,890,401	61,097	-	77,951,498
Due to State of Illinois	59,915,794	-	-	59,915,794
Third-party settlements	85,581,969	-	-	85,581,969
Self-insurance claims payable	-	-	31,879,452	31,879,452
Due to other County governmental fund	43,455	-	-	43,455
Due to others	21,024	-	-	21,024
Trust funds	-	33,944	-	33,944
Total current liabilities	550,356,878	377,427	81,107,404	631,841,709
Compensated absences, less current portion	36,203,647	265,510	-	36,469,157
Self-insurance claims, less current portion	-	-	126,111,604	126,111,604
Property tax objections	13,215,512	-	-	13,215,512
Net pension liability	-	-	4,232,624,501	4,232,624,501
Total liabilities	599,776,037	642,937	4,439,843,509	5,040,262,483
Deferred inflows of resources:				
Pension related amounts	-	-	28,774,429	28,774,429
Net position (deficit):				
Net investment in capital assets	394,967,923	9,599	-	394,977,522
Restricted for patient care	-	564,564	-	564,564
Unrestricted	181,068,576	-	(4,375,253,837)	(4,194,185,261)
Total net position (deficit)	\$ 576,036,499	\$ 574,163	\$ (4,375,253,837)	\$ (3,798,643,175)

Cook County Health and Hospitals System of Illinois

Combining Schedule of Revenues, Expenses, and
Changes in Net Position Information
November 30, 2015

	Operating Accounts	Restricted Purpose Accounts	Pension and Self Insurance	Total
Operating revenues:				
Net patient service revenue - net of bad debt provision of \$190,943,545	\$ 625,214,692	\$ -	\$ -	\$ 625,214,692
CountyCare capitation	861,572,979	-	-	861,572,979
Provident hospital capitation	58,677,250	-	-	58,677,250
Grant revenue	1,391,777	11,216,630	-	12,608,407
Electronic health record incentive program revenue	5,894,055	-	-	5,894,055
Other revenue	7,737,330	-	-	7,737,330
Total operating revenues	1,560,488,083	11,216,630	-	1,571,704,713
Operating expenses:				
Salaries and wages	536,655,233	4,046,008	-	540,701,241
Employee benefits	85,546,865	1,758,442	-	87,305,307
Pension	-	-	220,522,538	220,522,538
Supplies	114,739,260	54,160	-	114,793,420
Purchased services, rental and other	178,771,996	5,059,775	-	183,831,771
Foreign claims	660,300,874	-	-	660,300,874
Insurance	33,578,002	-	14,782,804	48,360,806
Depreciation	27,785,378	6,399	-	27,791,777
Utilities	12,677,634	-	-	12,677,634
Services contributed by other County offices	14,975,380	-	-	14,975,380
Total operating expenses	1,665,030,622	10,924,784	235,305,342	1,911,260,748
Operating (loss) gain	(104,542,539)	291,846	(235,305,342)	(339,556,035)
Nonoperating revenues:				
Property taxes	143,417,429	-	-	143,417,429
Cigarette taxes	13,196,187	-	-	13,196,187
Other tobacco products taxes	1,093,901	-	-	1,093,901
Interest income	1,662	-	-	1,662
Total nonoperating revenues	157,709,179	-	-	157,709,179
Income (loss) before capital contributions and transfers	53,166,640	291,846	(235,305,342)	(181,846,856)
Capital contributions	17,128,696	-	-	17,128,696
Transfers	14,975,380	-	48,012,374	62,987,754
Change in net position	85,270,716	291,846	(187,292,968)	(101,730,406)
Net position (deficit):				
Beginning of year	490,765,783	282,317	(4,187,960,869)	(3,696,912,769)
End of year	\$ 576,036,499	\$ 574,163	\$ (4,375,253,837)	\$ (3,798,643,175)

Cook County Health and Hospitals System of Illinois

**Combining Schedule of Cash Flows Information
November 30, 2015**

	Operating Accounts	Restricted Purpose Accounts	Pension and Self Insurance	Total
Cash flows from operating activities:				
Receipts from third-party payors and patients	\$ 1,472,350,511	\$ 11,221,390	\$ -	\$ 1,483,571,901
Payments to employees	(608,295,654)	(5,785,315)	-	(614,080,969)
Contributions to the pension plan for employee benefits	-	-	(48,012,374)	(48,012,374)
Payments to contracted health care providers and suppliers	(841,183,824)	(5,038,933)	-	(846,222,757)
Other receipts	13,065,732	120,437	-	13,186,169
Net cash provided by (used in) operating activities	35,936,765	517,579	(48,012,374)	(11,558,030)
Cash flows from capital financing activities:				
Acquisition of capital assets	(5,243,730)	-	-	(5,243,730)
Net cash used in capital financing activities	(5,243,730)	-	-	(5,243,730)
Cash flows from noncapital financing activities:				
Borrowings from County Working Cash Fund	65,000,000	-	-	65,000,000
Repayment of borrowings from County Working Cash Fund	(65,000,000)	-	-	(65,000,000)
Real and personal property taxes received - net	37,237,515	-	-	37,237,515
Transfer from Cook County Treasurer	-	-	48,012,374	48,012,374
Cigarette taxes received	13,196,187	-	-	13,196,187
Other tobacco products taxes received	1,093,901	-	-	1,093,901
Net cash provided by noncapital financing activities	51,527,603	-	48,012,374	99,539,977
Cash flows from investing activities:				
Interest received	1,662	-	-	1,662
Net cash provided by investing activities	1,662	-	-	1,662
Change in cash and cash equivalents	82,222,300	517,579	-	82,739,879
Cash and cash equivalents:				
Beginning of year	357,647,281	(1,705,214)	-	355,942,067
End of year	\$ 439,869,581	\$ (1,187,635)	\$ -	\$ 438,681,946
Supplemental disclosure of noncash transactions:				
Transfers - capital assets	\$ 17,128,696	\$ -	\$ -	\$ 17,128,696

(Continued)

Cook County Health and Hospitals System of Illinois

**Combining Schedule of Cash Flows Information (Continued)
November 30, 2015**

	Operating Accounts	Restricted Purpose Accounts	Pension and Self Insurance	Total
Reconciliation of operating gain (loss) to net cash provided by (used in) operating activities:				
Operating gain (loss)	\$ (104,542,539)	\$ 291,846	\$ (235,305,342)	\$ (339,556,035)
Adjustments to reconcile operating gain (loss) to net cash provided by (used in) operating activities:				
Depreciation	27,785,378	6,399	-	27,791,777
Provision for bad debts	190,943,545	-	-	190,943,545
Services contributed by other County offices	14,975,380	-	-	14,975,380
Net change in assets and liabilities:				
Patient accounts receivable	(199,800,850)	-	-	(199,800,850)
Due from State of Illinois - CountyCare	(38,149,640)	-	-	(38,149,640)
Capitation receivable	(55,771,662)	-	-	(55,771,662)
Third-party settlements	13,286,474	-	-	13,286,474
Other receivables	(2,096,008)	120,438	-	(1,975,570)
Interaccount receivable (payable)	(67,532)	67,532	-	-
Inventories	(972,732)	-	-	(972,732)
Accounts payable	25,843,758	20,690	-	25,864,448
Accrued salaries, wages and other liabilities	12,602,001	27,843	-	12,629,844
Pension contributions payable	-	-	(778,112)	(778,112)
Self-insurance claims payable	-	-	14,782,804	14,782,804
Net pension liability	-	-	187,871,884	187,871,884
Deferred amounts related to pensions	-	-	(14,583,608)	(14,583,608)
Claims payable	87,111,785	-	-	87,111,785
Compensated absences	1,443,019	(8,710)	-	1,434,309
Unearned revenue	1,124,963	4,760	-	1,129,723
Due to State of Illinois	59,841,357	-	-	59,841,357
Due to others	(8,840)	-	-	(8,840)
Trust funds	-	(13,219)	-	(13,219)
Property tax objections	2,388,908	-	-	2,388,908
Net cash provided by (used in) operating activities	\$ 35,936,765	\$ 517,579	\$ (48,012,374)	\$ (11,558,030)

Cook County Health and Hospitals System of Illinois

Combining Statement of Net Position of Operating Accounts Information
November 30, 2015

	Bureau of Health Services	John H. Stroger, Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	County Care	Intra-Activity Eliminations	Total
Assets								
Current assets:								
Cash and cash equivalents								
Cash in banks	\$ -	\$ 1,341,868	\$ 197,201	\$ -	\$ -	\$ -	\$ -	\$ 1,539,069
Cash held by Cook County Treasurer	-	805,427,412	145,085,753	143,759,432	-	613,304,758	(1,364,393,997)	343,183,358
Working cash fund	-	95,147,154	-	-	-	-	-	95,147,154
Total cash and cash equivalents	-	901,916,434	145,282,954	143,759,432	-	613,304,758	(1,364,393,997)	439,869,581
Property taxes receivable - net:								
Tax levy - current year	31,662,630	51,807,673	1,502,752	1,542,966	63,240,000	-	-	149,756,021
Tax levy - prior year	109,502	829,149	57,506	60,279	426,868	-	-	1,483,304
Total property taxes receivable	31,772,132	52,636,822	1,560,258	1,603,245	63,666,868	-	-	151,239,325
Receivables:								
Patient accounts - net of allowances of \$250,451,807	-	65,432,652	1,801,221	-	-	-	-	67,233,873
Due from State of Illinois - CountyCare	-	-	-	-	-	51,750,784	-	51,750,784
Capitation receivable	-	242,503,768	55,771,662	-	-	-	(242,503,768)	55,771,662
Third-party settlements	-	3,823,471	6,601	-	-	-	-	3,830,072
Other receivables	21,611	3,789,490	134,497	-	-	2,765,289	-	6,710,887
Total receivables	21,611	315,549,381	57,713,981	-	-	54,516,073	(242,503,768)	185,297,278
Inventories	-	3,445,406	554,621	-	438,402	-	-	4,438,429
Total current assets	31,793,743	1,273,548,043	205,111,814	145,362,677	64,105,270	667,820,831	(1,606,897,765)	780,844,613
Capital assets, net of accumulated depreciation	11,753,188	362,263,908	20,651,525	6,718	292,584	-	-	394,967,923
Total assets	43,546,931	1,635,811,951	225,763,339	145,369,395	64,397,854	667,820,831	(1,606,897,765)	1,175,812,536

(Continued)

Cook County Health and Hospitals System of Illinois

Combining Statement of Net Position of Operating Accounts Information (Continued)
November 30, 2015

	Bureau of Health Services	John H. Stroger, Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	County Care	Intra-Activity Eliminations	Total
Liabilities and Net Position (Deficit)								
Current liabilities:								
Due to Cook County Treasurer	\$ 1,197,051,178	\$ -	\$ -	\$ -	\$ 167,342,819	\$ -	\$ (1,364,393,997)	\$ -
Accounts payable	29,256,302	32,391,874	1,953,393	101,360	297,392	21,201,601	-	85,201,922
Accrued salaries, wages and other liabilities	2,957,327	35,176,621	3,076,290	807,805	4,526,451	104,751	-	46,649,245
Claims payable	-	12,049,382	-	-	-	419,118,575	(242,503,768)	188,664,189
Compensated absences	384,909	4,937,077	480,472	121,721	441,298	23,402	-	6,388,879
Unearned revenue	-	75,019,906	2,870,495	-	-	-	-	77,890,401
Due to State of Illinois	-	-	44,676,494	-	-	15,239,300	-	59,915,794
Third-party settlements	-	2,498,695	83,274	-	-	83,000,000	-	85,581,969
Due to other County governmental fund	-	31,455	5,000	7,000	-	-	-	43,455
Due to others	-	21,024	-	-	-	-	-	21,024
Interaccount payable (receivable)	(247,702,996)	(46,556,476)	63,835,682	1,629	8,516,256	221,905,905	-	-
Total current liabilities	981,946,720	115,569,558	116,981,100	1,039,515	181,124,216	760,593,534	(1,606,897,765)	550,356,878
Compensated absences, less current portion	2,181,157	27,976,753	2,722,676	689,757	2,500,689	132,615	-	36,203,647
Property tax objections	961,333	7,403,991	510,204	523,857	3,816,127	-	-	13,215,512
Total liabilities	985,089,210	150,950,302	120,213,980	2,253,129	187,441,032	760,726,149	(1,606,897,765)	599,776,037
Net position (deficit):								
Net investment in capital assets	11,753,188	362,263,908	20,651,525	6,718	292,584	-	-	394,967,923
Unrestricted	(953,295,467)	1,122,597,741	84,897,834	143,109,548	(123,335,762)	(92,905,318)	-	181,068,576
Total net position (deficit)	\$ (941,542,279)	\$ 1,484,861,649	\$ 105,549,359	\$ 143,116,266	\$ (123,043,178)	\$ (92,905,318)	\$ -	\$ 576,036,499

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, 2015

	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 \$190,943,545	\$ -	\$ 610,107,907	\$ 15,106,785	\$ -	\$ -	\$ -	\$ -	\$ 625,214,692
CountyCare capitation	-	242,503,768	-	-	-	861,572,979	(242,503,768)	861,572,979
Provident hospital capitation	-	-	58,677,250	-	-	-	-	58,677,250
Grant revenue	-	-	-	1,391,777	-	-	-	1,391,777
Electronic health record incentive program revenue	-	6,083,461	(189,406)	-	-	-	-	5,894,055
Other revenue	478	5,638,038	367,648	1,485,633	235,533	10,000	-	7,737,330
Total operating revenues	478	864,333,174	73,962,277	2,877,410	235,533	861,582,979	(242,503,768)	1,560,488,083
Operating expenses:								
Salaries and wages	30,479,172	414,133,730	33,546,011	8,560,579	48,309,454	1,626,287	-	536,655,233
Employee benefits	4,939,312	65,179,614	5,742,933	1,376,186	7,887,047	421,773	-	85,546,865
Supplies	725,102	100,756,179	5,241,898	48,146	7,959,202	8,733	-	114,739,260
Purchased services, rental and other	74,277,574	85,736,377	7,706,433	278,708	5,759,146	5,013,758	-	178,771,996
Foreign claims	-	-	-	-	-	902,804,642	(242,503,768)	660,300,874
Insurance	1,383,588	27,318,188	1,789,988	429,251	2,453,858	203,129	-	33,578,002
Depreciation	5,187,613	20,732,837	1,661,626	9,232	194,070	-	-	27,785,378
Utilities	1,563,942	9,412,067	1,507,111	136,807	23,864	33,843	-	12,677,634
Services contributed by other County offices	-	13,763,410	1,211,970	-	-	-	-	14,975,380
Total operating expenses	118,556,303	737,032,402	58,407,970	10,838,909	72,586,641	910,112,165	(242,503,768)	1,665,030,622
Operating (loss) gain	(118,555,825)	127,300,772	15,554,307	(7,961,499)	(72,351,108)	(48,529,186)	-	(104,542,539)
Nonoperating revenues:								
Property taxes	31,449,749	46,659,259	1,103,378	894,090	63,310,953	-	-	143,417,429
Cigarette taxes	959,928	7,393,163	509,458	523,091	3,810,547	-	-	13,196,187
Other tobacco products taxes	48,542	800,451	25,762	26,452	192,694	-	-	1,093,901
Interest income	-	1,631	31	-	-	-	-	1,662
Total nonoperating revenues	32,458,219	54,854,504	1,638,629	1,443,633	67,314,194	-	-	157,709,179
(Loss) gain before capital contributions and transfers	(86,097,606)	182,155,276	17,192,936	(6,517,866)	(5,036,914)	(48,529,186)	-	53,166,640
Capital contributions	2,366,453	14,613,376	75,301	-	73,566	-	-	17,128,696
Transfers	-	13,763,410	1,211,970	-	-	-	-	14,975,380
Change in net position	(83,731,153)	210,532,062	18,480,207	(6,517,866)	(4,963,348)	(48,529,186)	-	85,270,716
Net position (deficit):								
Beginning of year	(857,811,126)	1,274,329,587	87,069,152	149,634,132	(118,079,830)	(44,376,132)	-	490,765,783
End of year	\$ (941,542,279)	\$ 1,484,861,649	\$ 105,549,359	\$ 143,116,266	\$ (123,043,178)	\$ (92,905,318)	\$ -	\$ 576,036,499

Cook County Health and Hospitals System of Illinois

Combining Schedule of Cash Flows of Operating Accounts Information
Year Ended November 30, 2015

	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	\$ -	\$ 605,915,092	\$ 17,847,217	\$ -	\$ -	\$ 848,588,202	\$ -	\$ 1,472,350,511
Payments to employees	(33,665,005)	(469,141,985)	(38,818,172)	(10,043,924)	(54,235,456)	(2,391,112)	-	(608,295,654)
Payments to contracted health care providers and suppliers	(80,164,492)	(232,764,299)	39,728,180	(1,604,311)	(12,338,062)	(554,040,840)	-	(841,183,824)
Other receipts	433,808	11,388,022	554,748	2,877,410	235,533	(2,423,789)	-	13,065,732
Net cash (used in) provided by operating activities	(113,395,689)	(84,603,170)	19,311,973	(8,770,825)	(66,337,985)	289,732,461	-	35,936,765
Cash flows from capital financing activities:								
Acquisition of capital assets	(3,667,732)	(1,575,998)	-	-	-	-	-	(5,243,730)
Net cash (used in) provided by capital financing activities	(3,667,732)	(1,575,998)	-	-	-	-	-	(5,243,730)
Cash flows from noncapital financing activities:								
Borrowings from County Working Cash Fund	35,000,000	30,000,000	-	-	-	-	-	65,000,000
Repayment of borrowings from County Working Cash Fund	(35,000,000)	(30,000,000)	-	-	-	-	-	(65,000,000)
Due to Cook County Treasurer	113,330,703	-	-	-	51,450,660	-	(164,781,363)	-
Real and personal property taxes received - net	2,724,249	20,754,136	1,427,141	1,447,904	10,884,085	-	-	37,237,515
Cigarette taxes received	959,927	7,393,166	509,457	523,091	3,810,546	-	-	13,196,187
Other tobacco products taxes received	48,542	800,452	25,760	26,453	192,694	-	-	1,093,901
Net cash provided by noncapital financing activities	117,063,421	28,947,754	1,962,358	1,997,448	66,337,985	-	(164,781,363)	51,527,603
Cash flows from investing activities:								
Interest received	-	1,631	31	-	-	-	-	1,662
Net cash provided by investing activities	-	1,631	31	-	-	-	-	1,662
Change in cash and cash equivalents	-	(57,229,783)	21,274,362	(6,773,377)	-	289,732,461	(164,781,363)	82,222,300
Cash and cash equivalents:								
Beginning of year	-	959,146,217	124,008,592	150,532,809	-	323,572,297	(1,199,612,634)	357,647,281
End of year	\$ -	\$ 901,916,434	\$ 145,282,954	\$ 143,759,432	\$ -	\$ 613,304,758	\$ (1,364,393,997)	\$ 439,869,581
Supplemental disclosure of noncash transactions:								
Transfers - capital assets	\$ 2,366,453	\$ 14,613,377	\$ 75,300	\$ -	\$ 73,566	\$ -	\$ -	\$ 17,128,696

(Continued)

Cook County Health and Hospitals System of Illinois

Combining Schedule of Cash Flows of Operating Accounts Information (Continued)
Year Ended November 30, 2015

	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 gain (loss) to net cash (used in) provided by operating activities:								
Operating (loss) gain	\$ (118,555,825)	\$ 127,300,772	\$ 15,554,307	\$ (7,961,499)	\$ (72,351,108)	\$ (48,529,186)	\$ -	\$ (104,542,539)
Adjustments to reconcile operating (loss) gain to net cash (used in) provided by operating activities:								
Depreciation	5,187,613	20,732,837	1,661,626	9,232	194,070	-	-	27,785,378
Provision for bad debts	-	172,692,948	18,250,597	-	-	-	-	190,943,545
Services contributed by other County offices	-	13,763,410	1,211,970	-	-	-	-	14,975,380
Net change in assets and liabilities:								
Patient accounts receivable	-	(180,338,006)	(19,462,844)	-	-	-	-	(199,800,850)
Due from State of Illinois - CountyCare	-	-	-	-	-	(38,149,640)	-	(38,149,640)
Capitation receivable	-	(242,503,768)	(55,771,662)	-	-	-	242,503,768	(55,771,662)
Third-party settlements	-	3,292,767	(6,293)	-	-	10,000,000	-	13,286,474
Other receivables	433,329	(473,547)	377,999	-	-	(2,433,789)	-	(2,096,008)
Interaccount receivable (payable)	(590,345)	(26,857,419)	11,750,061	-	61,139	15,569,032	-	(67,532)
Inventories	-	(753,955)	(158,507)	-	(60,270)	-	-	(972,732)
Accounts payable	(2,205,286)	7,463,230	(190,750)	(152,511)	41,013	20,888,062	-	25,843,758
Accrued salaries, wages and other liabilities	(121,184)	10,410,786	963,374	79,935	1,681,487	(412,397)	-	12,602,001
Claims payable	-	12,049,382	-	-	-	317,566,171	(242,503,768)	87,111,785
Compensated absences	1,874,664	(99,357)	(494,095)	(187,095)	279,557	69,345	-	1,443,019
Unearned revenue	-	14,101	1,110,862	-	-	-	-	1,124,963
Due to State of Illinois	-	-	44,676,494	-	-	15,164,863	-	59,841,357
Due to others	-	(8,840)	-	-	-	-	-	(8,840)
Property tax objections	581,345	(1,288,511)	(161,166)	(558,887)	3,816,127	-	-	2,388,908
Net cash (used in) provided by operating activities	\$ (113,395,689)	\$ (84,603,170)	\$ 19,311,973	\$ (8,770,825)	\$ (66,337,985)	\$ 289,732,461	\$ -	\$ 35,936,765

Cook County Health and Hospitals System of Illinois

**Combining Statement of Net Position of Restricted Purpose Accounts Information
November 30, 2015**

	John H. Stroger, Jr. Hospital	Department of Public Health	Total
Assets			
Current assets:			
Cash and cash equivalents			
Cash in banks	\$ 30,472	\$ -	\$ 30,472
Cash held by (due to) Cook County Treasurer	11,634	(1,229,741)	(1,218,107)
Total cash and cash equivalents	<u>42,106</u>	<u>(1,229,741)</u>	<u>(1,187,635)</u>
Other receivables	119,839	2,275,297	2,395,136
Total receivables	<u>119,839</u>	<u>2,275,297</u>	<u>2,395,136</u>
Total current assets	161,945	1,045,556	1,207,501
Capital assets:			
Net of accumulated depreciation	9,599	-	9,599
Total assets	<u>171,544</u>	<u>1,045,556</u>	<u>1,217,100</u>
Liabilities and Net Position			
Current liabilities:			
Accounts payable	1,640	33,365	35,005
Accrued salaries, wages and other liabilities	7,687	192,839	200,526
Compensated absences	3,761	43,094	46,855
Trust funds	33,944	-	33,944
Unearned revenue	3,759	57,338	61,097
Total current liabilities	50,791	326,636	377,427
Compensated absences, less current portion	21,306	244,204	265,510
Total liabilities	<u>72,097</u>	<u>570,840</u>	<u>642,937</u>
Net position:			
Net investment in capital assets	9,599	-	9,599
Restricted for patient care	89,848	474,716	564,564
Total net position	<u>\$ 99,447</u>	<u>\$ 474,716</u>	<u>\$ 574,163</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, 2015**

	John H. Stroger, Jr. Hospital	Department of Public Health	Total
Grant revenue	\$ 558,906	\$ 10,657,724	\$ 11,216,630
Total operating revenues	<u>558,906</u>	<u>10,657,724</u>	<u>11,216,630</u>
Operating expenses:			
Salaries and wages	238,851	3,807,157	4,046,008
Employee benefits	66,740	1,691,702	1,758,442
Supplies	-	54,160	54,160
Purchased services, rental and other	268,377	4,791,398	5,059,775
Depreciation	6,399	-	6,399
Total operating expenses	<u>580,367</u>	<u>10,344,417</u>	<u>10,924,784</u>
Operating (loss) income	<u>(21,461)</u>	<u>313,307</u>	<u>291,846</u>
Change in net position	<u>(21,461)</u>	<u>313,307</u>	<u>291,846</u>
Net position:			
Beginning of year	<u>120,908</u>	<u>161,409</u>	<u>282,317</u>
End of year	<u>\$ 99,447</u>	<u>\$ 474,716</u>	<u>\$ 574,163</u>

Cook County Health and Hospitals System of Illinois

**Combining Schedule of Cash Flows of Restricted Purpose
Accounts Information
Year Ended November 30, 2015**

	John H. Stroger, Jr. Hospital	Department of Public Health	Total
Cash flows from operating activities:			
Receipts from grants	\$ 562,664	\$ 10,658,726	\$ 11,221,390
Payments to employees	(301,717)	(5,483,598)	(5,785,315)
Payments to contracted health care providers and suppliers	(212,425)	(4,826,508)	(5,038,933)
Other (expense) revenue	(61,865)	182,302	120,437
Net cash (used in) provided by operating activities	(13,343)	530,922	517,579
Change in cash and cash equivalents	(13,343)	530,922	517,579
Cash and cash equivalents:			
Beginning of year	55,449	(1,760,663)	(1,705,214)
End of year	<u>\$ 42,106</u>	<u>\$ (1,229,741)</u>	<u>\$ (1,187,635)</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:			
Operating (loss) gain	\$ (21,461)	\$ 313,307	\$ 291,846
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:			
Depreciation	6,399	-	6,399
Net changes in assets and liabilities:			
Other receivables	(61,865)	182,303	120,438
Interaccount receivable	67,532	-	67,532
Accounts payable	1,640	19,050	20,690
Accrued salaries, wages and other liabilities	836	27,007	27,843
Compensated absences	3,037	(11,747)	(8,710)
Unearned revenue	3,758	1,002	4,760
Trust funds	(13,219)	-	(13,219)
Net cash (used in) provided by operating activities	\$ (13,343)	\$ 530,922	\$ 517,579