

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

An Enterprise Fund of Cook County, Illinois

Financial Report  
November 30, 2014

## Contents

Independent Auditor's Report	1 – 2
Management's Discussion and Analysis	3 – 11
Basic Financial Statements	
Statements of net position	12 – 13
Statements of revenues, expenses, and changes in net position	14
Statements of cash flows	15 – 16
Notes to financial statements	17 – 33
Required supplementary information	
Schedule of funding progress	34
Supplementary Information	
Combining statement of net position information - 2014	35 – 36
Combining schedule of revenues, expenses, and changes in net position information - 2014	37
Combining schedule of cash flows information - 2014	38 – 39
Combining statement of net position of operating accounts information - 2014	40 – 41
Combining schedule of revenues, expenses, and changes in net position of operating accounts information - 2014	42
Combining schedule of cash flows of operating accounts information - 2014	43 – 44
Combining statement of net position of restricted purpose accounts information - 2014	45
Combining schedule of revenues, expenses, and changes in net position of restricted purpose accounts information - 2014	46
Combining schedule of cash flows of restricted purpose accounts information - 2014	47
Combining statement of net position information - 2013	48 – 49
Combining schedule of revenues, expenses, and changes in net position information - 2013	50
Combining schedule of cash flows information - 2013	51 – 52
Combining statement of net position of operating accounts information - 2013	53 – 54
Combining schedule of revenues, expenses, and changes in net position of operating accounts information - 2013	55
Combining schedule of cash flows of operating accounts information - 2013	56 – 57
Combining statement of net position of restricted purpose accounts information - 2013	58
Combining schedule of revenues, expenses, and changes in net position of restricted purpose accounts information - 2013	59
Combining schedule of cash flows of restricted purpose accounts information - 2013	60



## Independent Auditor's Report

To the Board of Directors  
Cook County Health and Hospitals System of Illinois  
Chicago, 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, 2014 and 2013, 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 audit 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, 2014 and 2013, 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, 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, 2014 and 2013, or the changes in 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 – 11 and the schedule of funding progress on page 34 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 35 – 60 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.

*McGladrey LLP*

Chicago, Illinois  
May 31, 2015

## **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, 2014 and 2013. 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 2014 census of more than 114,410 patient encounters. PH's emergency department is the one of the busiest in the area with almost 30,000 encounters in 2014.

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.

In 2012, CCHHS and the Cook County Board Officials collaborated to cut 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 early enroll more than 115,000 uninsured individuals who would become eligible for Medicaid in 2014 under the Affordable Care Act with no cost to the State of Illinois. Many of these patients were already being treated by our system without compensation. The 1115 Waiver was funded entirely by the Federal government.

Once enrolled in CountyCare, members receive covered services at no cost to members, 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. The reason for this vast network is to accomplish the goals of the Affordable Care Act, which are to expand coverage for Medicaid, improve quality of care, and reduce cost growth of health care by reducing the number of uninsured.

CountyCare began as an Illinois Medicaid demonstration program. In 2013 over 135,000 applications for CountyCare were initiated resulting in approximately 61,000 members joining the 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. CountyCare enrollment continues to grow, and in early 2015 membership totals over 175,000 and included Affordable Care Act adults (ACA), Family Health Plan (FHP) members, and Integrated Care Program (ICP) members.

### **Financial Highlights for 2014**

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

- The assets of CCHHS exceeded its liabilities at the close of fiscal year 2014 by \$491,048. Of this amount \$90,385 is unrestricted net position. In addition, in 2014, CCHHS's net investment in capital assets decreased by \$25,958, primarily due to annual depreciation.
- Total net position increased by \$22,206 in fiscal year 2014. The change in net position for 2014 is the result of gain before capital contributions and transfers of \$14,116, and capital contributions and net transfers of \$8,090.
- Loss from operations in fiscal year 2014 was \$213,652. The decrease in the loss is primarily the result of increase in CountyCare and Medicaid revenue and the decrease in self-pay and charity care activity.
- During fiscal year 2014, the self-pay component of CCHHS's payor mix decreased to 36.5%, while Medicaid payor mix increased to 47.7% over the same period.
- The provision for bad debt and charity decreased in fiscal year 2014 by \$160,528, or 46%, to \$191,395. The decrease is due to an increase in CountyCare and Medicaid volume of patients being treated at CCHHS facilities.

### **Financial Highlights for 2013**

- The assets of CCHHS exceeded its liabilities at the close of fiscal year 2013 by \$468,842. Of this amount, \$36,299 is unrestricted net position. In addition, in 2013, CCHHS's net investment in capital assets decreased by \$14,268, primarily due to annual depreciation.
- Total net position decreased by \$67,643 in fiscal year 2013. The change in net position for 2013 is the result of loss before capital contributions and transfers of \$93,061 and capital contributions and transfers of \$25,418.

- Loss from operations in fiscal year 2013 was \$394,408. The decrease in the loss is due to an increase in operating revenue from the new Medicaid expansion program, with an offsetting increase in operating expenses as a result of caring for the patient activity in this new program and an overall result of a decrease in the loss.
- During fiscal year 2013, Medicaid Expansion revenue (CountyCare) totaled \$117,543, which represents 17% of overall operating revenue. This is the first year of collection for this revenue which caused a drop in the self-pay component of CCHHS's payor mix and an increase in the Medicaid component. CountyCare (1115 Waiver) is a new initiative started in 2013 and accounted for approximately 10% of CCHHS's patient volume in fiscal year 2013 measured by gross charges.
- The provision for bad debt and charity increased in fiscal year 2013 by \$9,060, or 3%, to \$351,923. This increase is due to an increase in the related patient service revenue.

### **Financial Highlights for 2012**

- The assets of CCHHS exceeded its liabilities at the close of fiscal year 2012 by \$536,485. Of this amount, \$95,131 is unrestricted net position. In addition, in 2012, CCHHS's net investment in capital assets decreased by \$15,538, primarily due to annual depreciation.
- Total net position decreased by \$88,883 in fiscal year 2012. The change in net position for 2012 is the result of loss before capital contributions and transfers of \$109,104 and capital contributions and transfers of \$20,221.
- Loss from operations in fiscal year 2012 was \$417,831. The decrease in the loss is primarily the result of decrease in operational expenses.
- During fiscal year 2012, the self-pay component of CCHHS's payor mix decreased to 56%, while Medicaid payor mix increased to 31% over the same period.
- The provision for bad debt and charity decreased in fiscal year 2012 by \$81,647, or 19%, to \$342,863. This decrease is due to a decrease in the overall volume of patients being treated at CCHHS facilities.

### **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 12 – 16 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 17 – 33 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 page 34 of this report.

The combining statements are presented immediately following the required supplementary information on pension and post employment health benefits. Combining statements and schedules can be found on pages 35 – 60 of this report.

### **Operating Statistics**

The utilization statistics for CCHHS for the fiscal years ended November 30, 2014, 2013 and 2012, are as follows:

	2014	2013	Percent Change	2012
Patient days	106,375	114,210	(6.9) %	118,934
Average daily census	291	313	(7.0) %	326
Admissions	22,059	24,429	(9.7) %	25,334
Average length of stay (days)	4.82	4.68	3.0 %	4.69

### **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, assets exceeded liabilities by \$491,048, \$468,842, \$536,485 at November 30, 2014, 2013 and 2012, respectively.

The largest portion of CCHHS's net position (82%, 91% and 82% for 2014, 2013 and 2012, respectively) 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, 2014, 2013 and 2012  
(In Thousands)**

	2014	2013	2012
Current assets	\$ 489,637	\$ 362,396	\$ 304,054
Capital assets	<b>400,397</b>	426,355	440,623
<b>Total assets</b>	<b>\$ 890,034</b>	<b>\$ 788,751</b>	<b>\$ 744,677</b>
Current liabilities	\$ 352,909	\$ 271,592	\$ 158,842
Other liabilities	<b>46,077</b>	48,317	49,350
<b>Total liabilities</b>	<b>398,986</b>	319,909	208,192
Net position			
Net investment in capital assets	<b>400,397</b>	426,355	440,623
Restricted for patient care	<b>266</b>	6,188	731
Unrestricted	<b>90,385</b>	36,299	95,131
<b>Total net position</b>	<b>491,048</b>	468,842	536,485
<b>Total liabilities and net position</b>	<b>\$ 890,034</b>	<b>\$ 788,751</b>	<b>\$ 744,677</b>

Fiscal year 2014 ended with an increase in net position for CCHHS by \$22,206 to \$491,048 from fiscal year 2013. Current assets increased by \$127,241 during fiscal year 2014 to \$489,637. Cash and cash equivalents increased by \$217,115 to \$355,942 in fiscal year 2014. The current ratio for fiscal year 2014 was 1.39.

Capital assets for CCHHS decreased \$25,958 during fiscal year 2014 to \$400,397 from fiscal year 2013. Additions for fiscal year 2014 were \$6,539 while depreciation expense was \$32,497. As a result, the average age of plant of CCHHS's facilities increased to 15.9 years in fiscal year 2014 from the prior year. Fiscal year 2013 ended with a decrease in net position for CCHHS by \$67,643 to \$468,842 from fiscal year 2012. Current assets increased by \$58,342 during fiscal year 2013 to \$362,396. Cash and cash equivalents increased by \$2,728 to \$138,827 in fiscal year 2013. The current ratio for fiscal year 2013 was 1.33.

Capital assets for CCHHS decreased \$14,268 during fiscal year 2013 to \$426,355 from fiscal year 2012. Additions for fiscal year 2013 were \$21,859, while depreciation expense was \$34,265. As a result, the average age of plant of CCHHS's facilities increased to 14.1 years in fiscal year 2013 from fiscal year 2012.

Fiscal year 2012 ended with a decrease in net position for CCHHS by \$88,883 to \$536,485 from fiscal year 2011. Current assets decreased by \$75,814 during fiscal year 2012 to \$304,054. Cash and cash equivalents increased by \$14,556 to \$136,099 in fiscal year 2012. The current ratio for fiscal year 2012 was 1.91.

Capital assets for CCHHS decreased \$15,538 during fiscal year 2012 to \$440,623 from fiscal year 2011. Additions for fiscal year 2012 were \$16,978, while depreciation expense was \$32,512. As a result, the average age of plant of CCHHS's facilities increased 13.8 years in fiscal year 2012 from the prior year.

Table 2

**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended November 30, 2014, 2013 and 2012**  
**(In Thousands)**

	2014	2013	2012
<b>Operating revenues:</b>			
Net patient service revenue - net of bad debt and charity provision of \$191,395 and \$351,923, \$342,863, respectively	\$ 573,660	\$ 546,068	\$ 536,177
CountyCare capitation revenue	656,029	117,543	-
Grant revenue	13,372	24,998	11,741
Electronic health record incentive program revenue	4,781	8,278	9,864
Other revenue	16,779	12,573	7,848
Total operating revenues	<u>1,264,621</u>	<u>709,460</u>	<u>565,630</u>
<b>Nonoperating revenues (expenses):</b>			
Property taxes	37,346	73,129	79,630
Sales taxes	-	22,944	57,524
Cigarette taxes	126,676	144,338	106,004
Other tobacco products taxes	5,639	5,933	6,543
Interest income	16	25	42
Retirement plan contribution	58,090	56,841	58,985
Capital assets transferred to governmental activities	-	(1,863)	-
Total nonoperating revenues	<u>227,767</u>	<u>301,347</u>	<u>308,728</u>
Total revenues	<u>1,492,388</u>	<u>1,010,807</u>	<u>874,358</u>
<b>Operating expenses:</b>			
Salaries, wages and benefits	671,494	652,342	638,583
Supplies	228,673	116,554	106,774
Purchased services, rental, and other	499,162	260,726	156,336
Insurance	24,620	24,495	32,739
Depreciation	32,497	34,265	32,512
Utilities	12,826	11,927	13,271
Services contributed by other County offices	9,000	3,559	3,247
Total operating expenses	<u>1,478,272</u>	<u>1,103,868</u>	<u>983,462</u>
<b>Income (loss) before capital contributions and transfers</b>	<b>14,116</b>	<b>(93,061)</b>	<b>(109,104)</b>
Capital contributions	6,539	21,859	16,974
Transfers	<u>1,551</u>	<u>3,559</u>	<u>3,247</u>
<b>Change in net position</b>	<b>22,206</b>	<b>(67,643)</b>	<b>(88,883)</b>
<b>Net position:</b>			
Beginning of year	<u>468,842</u>	<u>536,485</u>	<u>625,368</u>
End of year	<u>\$ 491,048</u>	<u>\$ 468,842</u>	<u>\$ 536,485</u>

## **2014 Activity**

In fiscal year 2014, operating revenues, net of bad debt and charity provision, increased to \$1,264,621 from the prior year, which represents a 78% increase in total operating revenues. This increase is primarily due to increase in CountyCare revenue (Medicaid Expansion) of \$656,029.

In fiscal year 2014, nonoperating revenues decreased by \$73,580 to \$227,767 from the prior year. The drop in nonoperating revenues was due to the County allocation of tax revenue based on the fiscal year 2014 budget projection that CCHHS would receive additional revenue from CountyCare, and therefore be less reliant upon the home rule tax subsidy.

In fiscal year 2014, salaries, wages, and benefits increased nominally by \$19,152 to \$671,494 from the prior year. This increase is primarily due to hiring additional professional staff related to various initiatives within CCHHS.

Supplies expense, including pharmaceuticals, increased to \$228,673. This increase is primarily due to an increase in activity for the CountyCare program.

Purchased services, rental, and other expenses increased by 91% to \$499,162 in fiscal year 2014 from the prior year. The increase is primarily due to an increase in foreign claims expense related to the CountyCare program.

In fiscal year 2014, the operating loss of CCHHS decreased significantly by \$180,756 to \$213,652 from the prior year. The decrease in the operating loss is due to an increase in operating revenue from the CountyCare program and increase in operating revenue from Medicaid, with an offsetting increase in operating expenses as a result of caring for the increased patient activity, with an overall result of a decrease in the operating loss. The significant reduction in the operating loss is expected to continue; however, long term results will be related to improved patient experience and reductions in cost. To this end, CCHHS has several initiatives to improve performance, patient satisfaction, and patient retention.

## **2013 Activity**

In fiscal year 2013, operating revenues, net of bad debt and charity provision, increased to \$709,460 from the prior year. This increase is primarily due to Medicaid expansion revenue (1115 Waiver) of \$117,543, which represents 17% of overall operating revenue. This is the first year of collection for this revenue.

In fiscal year 2013, nonoperating revenues decreased nominally by \$7,381 to \$301,347 from the prior year. The marginal drop in nonoperating revenues was due to the County allocation of tax revenue based on the fiscal year 2013 budget projection that CCHHS would receive additional revenue from the Medicaid Expansion program, and therefore be less reliant upon the home rule tax subsidy.

In fiscal year 2013, salaries, wages, and benefits increased nominally by \$13,759 to \$652,342 from the prior year. This increase is primarily due to hiring additional professional staff related to the Medicaid expansion program (1115 Waiver).

Supplies expense, including pharmaceuticals, increased to \$116,554 in fiscal year 2013 from the prior year. This increase is primarily due to an increase in activity for the Medicaid expansion program (1115 Waiver).

Purchased services, rental, and other expenses increased by 67% to \$260,726 in fiscal year 2013 from the prior year. The increase is primarily due to an increase in foreign claims expense related to the Medicaid expansion program (1115 Waiver).

In fiscal year 2013, the operating loss of CCHHS decreased by \$23,423 to \$394,408 from the prior year. The decrease in the operating loss is due to an increase in operating revenue from the new Medicaid expansion program, with an offsetting increase in operating expenses as a result of caring for the patient activity in this new program, with an overall result of a decrease in the operating loss. CCHHS recognizes that the continued trend in losses is unsustainable and in June 2010, the Health and Hospitals System Board of Directors approved the Vision 2015 Strategic Plan, a five-year plan of restructuring the health system to deliver the best possible care within the constraints of dollar resources by better allocating resources.

## **2012 Activity**

In fiscal year 2012, operating revenues, net of bad debt and charity provision, increased to \$565,630 from the prior year. This increase is primarily attributable to \$9,864 of electronic health record incentive program revenue which was received for the first time in 2012.

In fiscal year 2012, nonoperating revenues decreased nominally by \$6,968 to \$308,728 from the prior year. The marginal drop in nonoperating revenue was the combination of many factors. The County reallocated the sales and tobacco taxes to compensate for the drop in sales taxes due to the roll back and the drop in property taxes due to the continued decline in the real estate market resulting in increased foreclosures and decline in property sales. The new tax for other tobacco products also increased revenues, but ultimately home rule taxes could not make up the difference in the decline in the statute property tax.

In fiscal year 2012, salaries, wages, and benefits decreased nominally by \$16,027 to \$638,583 from the prior year. This decrease occurred because CCHHS was not able to fill all of the open positions as planned for within the budget year. Human Resources had several open positions which occurred, therefore slowing down the recruitment and hiring process.

Supplies expense, including pharmaceuticals, decreased to \$106,774 in fiscal year 2012 from the prior year. This decreased because CCHHS did a better job in managing pharmacy purchases, ordering more efficiently based upon operational needs.

Purchased services, rental, and other expenses decreased by 10% to \$156,336, in fiscal year 2012 from the prior year. The 2012 decrease is primarily due to decrease in reliance upon consultant services, and completion of various CCHHS projects.

In fiscal year 2012, the operating loss of CCHHS decreased by \$54,662 to \$417,831 from the prior year. The decrease is due to a decrease in operational expenses, less reliance upon consulting services, and completion of various CCHHS projects. CCHHS recognizes that the continued trend in losses is unsustainable and in June 2010, the CCHHS Board of Directors approved the Vision 2015 Strategic Plan, a five-year plan of restructuring the health system to deliver the best possible care within the constraints of dollar resources by better allocating resources.

## **Capital Assets and Debt Administration**

### *Capital Assets*

CCHHS's investment in capital assets amounts to \$400,397, net of depreciation, as of November 30, 2014. This investment includes building, improvements, and equipment. The \$25,958 decrease in capital assets for fiscal year 2014 is the result of depreciation expense of \$32,497 outpacing the investment in capital assets of \$6,539. In 2015 CCHHS is taking steps to increase the investment in capital to improve their patient experience and efficiency.

CCHHS's investment in capital assets amounts to \$426,355, net of depreciation, as of November 30, 2013. This investment includes buildings, improvements, and equipment. The \$14,268 decrease in capital assets for fiscal year 2013 is the result of depreciation expense of \$34,265 outpacing the investment in capital assets of \$21,859.

CCHHS's investment in capital assets amounts to \$440,623, net of depreciation, as of November 30, 2012. This investment includes buildings, improvements, and equipment. The \$15,538 decrease in capital assets for fiscal year 2012 is the result of depreciation expense of \$32,512 outpacing the investment in capital assets of \$16,978.

Additional information of CCHHS's capital assets can be found in Note 6 on pages 25 – 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, for the first time in its history, had more insured patients than uninsured in fiscal year 2014. 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 154, Chicago, IL 60612, [www.cookcountygov.com](http://www.cookcountygov.com).

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

**Statements of Net Position  
November 30, 2014 and 2013**

	2014	2013
<b>Assets</b>		
Current Assets		
Cash and cash equivalents (Note 5):		
Cash in banks	\$ 4,068,354	\$ 1,688,833
Cash held by Cook County Treasurer	256,726,559	41,990,889
Working cash fund	95,147,154	95,147,154
	<u>355,942,067</u>	<u>138,826,876</u>
Property taxes receivable - net of allowance of \$1,203,863 in 2014 and \$6,051,905 in 2013:		
Tax levy - current year	38,924,897	80,675,059
Tax levy - prior year	6,134,515	3,908,917
	<u>45,059,412</u>	<u>84,583,976</u>
Receivables:		
Patient accounts - net of allowance for uncollectible accounts of \$292,872,308 in 2014 and \$289,127,798 in 2013	58,376,569	71,950,316
Due from State of Illinois - CountyCare (Note 17)	13,601,144	49,612,218
Third-party settlements	6,061,214	4,982,443
Other receivables	7,130,453	1,450,969
Due from State of Illinois - sales tax	-	7,448,857
	<u>85,169,380</u>	<u>135,444,803</u>
Inventories	<u>3,465,697</u>	<u>3,540,434</u>
Total current assets	489,636,556	362,396,089
Capital Assets, net of accumulated depreciation (Note 6)	<u>400,396,877</u>	<u>426,355,232</u>
Total assets	<u>\$ 890,033,433</u>	<u>\$ 788,751,321</u>

See Notes to Financial Statements.

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

**Statements of Net Position (Continued)  
November 30, 2014 and 2013**

	2014	2013
<b>Liabilities and Net Position</b>		
Current Liabilities		
Accounts payable	\$ 59,372,479	\$ 50,432,599
Accrued salaries, wages, and other liabilities	34,219,927	19,052,922
Claims payable - CountyCare (Note 17)	101,552,404	48,156,132
Compensated absences	6,220,587	6,494,691
Unearned revenue (Note 7)	76,821,775	79,200,380
Advance from State of Illinois - CountyCare (Note 17)	74,437	30,051,000
Third-party settlements	74,526,637	38,085,926
Due to other County governmental fund	43,455	43,455
Due to others	29,871	27,734
Trust funds	47,163	47,325
	<hr/>	<hr/>
Total current liabilities	352,908,735	271,592,164
Compensated Absences, less current portion	35,249,995	36,652,259
Property Tax Objections (Note 8)	10,826,604	11,664,708
	<hr/>	<hr/>
Total liabilities	398,985,334	319,909,131
Commitments and Contingencies (Note 15)		
Net Position		
Net investment in capital assets	400,396,877	426,355,232
Restricted for patient care	266,319	6,187,511
Unrestricted	90,384,903	36,299,447
	<hr/>	<hr/>
Total net position	491,048,099	468,842,190
	<hr/>	<hr/>
Total liabilities and net position	\$ 890,033,433	\$ 788,751,321

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, 2014 and 2013**

	2014	2013
Operating revenues:		
Net patient service revenue - net of bad debt and charity provision of \$191,394,685 in 2014 and \$351,922,531 in 2013	\$ 573,659,569	\$ 546,067,828
CountyCare capitation (Note 17)	656,028,981	117,542,922
Grant revenue	13,371,975	24,997,904
Electronic health record incentive program revenue	4,780,763	8,278,487
Other revenue	16,779,010	12,573,220
Total operating revenues	<u>1,264,620,298</u>	<u>709,460,361</u>
Operating expenses:		
Salaries and wages	530,511,405	518,000,286
Employee benefits	140,982,657	134,342,008
Supplies	228,673,048	116,554,239
Purchased services, rental, and other	499,162,118	260,726,227
Insurance	24,619,913	24,495,338
Depreciation	32,497,046	34,264,802
Utilities	12,825,721	11,926,973
Services contributed by other County offices (Note 9)	9,000,449	3,558,667
Total operating expenses	<u>1,478,272,357</u>	<u>1,103,868,540</u>
<b>Operating loss</b>	<u>(213,652,059)</u>	<u>(394,408,179)</u>
Nonoperating revenues (expenses):		
Property taxes	37,346,269	73,128,663
Sales taxes	-	22,944,367
Cigarette taxes	126,676,006	144,337,574
Other tobacco products taxes	5,638,767	5,933,437
Interest income	16,428	24,983
Retirement plan contribution (Note 11)	58,090,216	56,840,708
Capital assets transferred to governmental activities	-	(1,862,622)
Total nonoperating revenues	<u>227,767,686</u>	<u>301,347,110</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>14,115,627</u>	<u>(93,061,069)</u>
Capital contributions (Note 9)	6,538,685	21,859,230
Transfers	<u>1,551,597</u>	<u>3,558,667</u>
<b>Change in net position</b>	<u>22,205,909</u>	<u>(67,643,172)</u>
Net position:		
Beginning of year	<u>468,842,190</u>	<u>536,485,362</u>
End of year	<u>\$ 491,048,099</u>	<u>\$ 468,842,190</u>

See Notes to Financial Statements.



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

**Statements of Cash Flows**

**Years Ended November 30, 2014 and 2013**

	2014	2013
<b>Cash Flows from Operating Activities</b>		
Receipts from third-party payors and patients	<b>\$ 1,293,079,693</b>	\$ 660,282,490
Payments to employees	<b>(599,746,138)</b>	(594,276,098)
Payments to suppliers	<b>(702,338,625)</b>	(364,013,542)
Other receipts	<b>16,918,229</b>	39,143,122
<b>Net cash provided by (used in) operating activities</b>	<b>7,913,159</b>	<b>(258,864,028)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Borrowings from County Working Cash Fund (Note 9)	<b>60,000,000</b>	93,000,000
Repayment of borrowings from County Working Cash Fund (Note 9)	<b>(60,000,000)</b>	(93,000,000)
Real and personal property taxes received - net	<b>76,870,836</b>	78,580,392
Sales taxes received	<b>7,448,856</b>	32,715,539
Cigarette taxes received	<b>126,676,006</b>	144,337,573
Other tobacco products taxes received	<b>5,194,093</b>	5,933,437
Firearms tax received	<b>444,671</b>	-
Transfer from Cook County Treasurer	<b>1,760,664</b>	-
Transfers to other County funds	<b>(9,209,522)</b>	-
<b>Net cash provided by noncapital financing activities</b>	<b>209,185,604</b>	<b>261,566,941</b>
<b>Cash Flows from Investing Activities</b>		
Interest received	<b>16,428</b>	24,983
<b>Net cash provided by investing activities</b>	<b>16,428</b>	<b>24,983</b>
<b>Change in cash and cash equivalents</b>	<b>217,115,191</b>	<b>2,727,896</b>
<b>Cash and cash equivalents:</b>		
Beginning of year	<b>138,826,876</b>	136,098,980
End of year	<b>\$ 355,942,067</b>	<b>\$ 138,826,876</b>
<b>Supplemental Disclosure of Noncash Transactions</b>		
Transfers - capital assets	<b>\$ 6,538,685</b>	<b>\$ 21,859,230</b>

See Notes to Financial Statements.

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

**Statements of Cash Flows (Continued)**  
**Years Ended November 30, 2014 and 2013**

	2014	2013
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities		
Operating loss	<b>\$ (213,652,059)</b>	\$ (394,408,179)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	<b>32,497,048</b>	34,264,802
Provision for bad debts	<b>191,394,685</b>	351,922,531
Retirement plan contribution	<b>58,090,216</b>	56,840,708
Services contributed by other County offices	<b>9,000,449</b>	3,558,667
Net change in assets and liabilities:		
Patient accounts receivable	<b>(177,820,938)</b>	(370,983,898)
Due from State of Illinois - CountyCare	<b>36,011,074</b>	(49,612,218)
Third-party settlements	<b>35,361,940</b>	33,114,732
Other receivables	<b>(5,347,981)</b>	1,271,206
Prepaid expense	<b>(331,500)</b>	-
Due from other funds	-	339,275
Inventories	<b>74,735</b>	(234,521)
Accounts payable	<b>8,939,878</b>	2,749,376
Accrued salaries, wages, and other liabilities	<b>15,167,002</b>	906,154
Claims payable	<b>53,396,272</b>	48,156,132
Compensated absences	<b>(1,676,368)</b>	(136,260)
Unearned revenue	<b>(2,378,604)</b>	(5,840,995)
Advance from State of Illinois - CountyCare	<b>(29,976,563)</b>	30,051,000
Due to other County governmental fund	-	43,455
Due to others	<b>2,137</b>	29,527
Trust funds	<b>(161)</b>	(1,390)
Property tax objections	<b>(838,103)</b>	(894,132)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 7,913,159</b>	<b>\$ (258,864,028)</b>

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, CountyCare, PH, DPH, ACHN, 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 accounts 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 (CORE), an Illinois not-for-profit corporation, funded the development and construction of the Health Center. CCHHS leases the Health Center from CORE 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 \$213,652,059 and \$394,408,179 for the years ended November 30, 2014 and 2013, 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 2015 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)

Once enrolled in CountyCare, members receive covered services at no cost to members 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. Membership continues to grow and, in early 2015, membership totals over 175,000.

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. However, when the State of Illinois begins to fund the program in July 2016 there is risk that the State will cut funding or not pay timely.

CCHHS experienced a significant reduction in its operating loss in 2014 due to an increase in CountyCare and Medicaid revenue. CCHHS expects this trend in reduced operating losses to continue, 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.

For the years ended November 30, 2014 and 2013, the CCHHS's payor utilization based on gross patient service revenue was as follows:

	2014	2013
Self-Pay	\$ 450,343,721	\$ 670,670,034
Medicaid (including CountyCare)	376,743,891	275,749,313
Medicare	149,003,633	134,453,147
Other	45,905,479	31,888,066
Total	<u>\$ 1,021,996,724</u>	<u>\$ 1,112,760,560</u>

For the years ended November 30, 2014 and 2013, estimated gross charges associated with services provided to CountyCare patients totaled approximately \$211,685,000 and \$131,503,000, respectively.

The impact of CountyCare has moved patients from the self-pay payor mix into the Medicaid payor mix. CCHHS's revenue associated with CountyCare patients is reported in CountyCare capitation revenue in the statements of revenues, expenses and changes in net position.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

---

#### 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 CountyCare, 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.

**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, 2014, represents CCHHS's portion of the tax year 2014 taxes and uncollected tax year 2013 taxes.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

---

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

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. 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 represented approximately 58% and 67% of patient accounts receivable, net, as of November 30, 2014 and 2013, 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 market value at the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as construction projects are substantially completed.

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 – CountyCare:** Claims payable – CountyCare 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, 2014 and 2013.

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

**Notes to Financial Statements**

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

**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, 2014 and 2013:

Balance, December 1, 2013	Additions	Reductions	Balance, November 30, 2014	Amount Due Within One Year
\$ 43,146,950	\$ 37,336,023	\$ 39,012,391	\$ 41,470,582	\$ 6,220,587

Balance, December 1, 2012	Additions	Reductions	Balance, November 30, 2013	Amount Due Within One Year
\$ 43,283,210	\$ 40,557,956	\$ 40,694,216	\$ 43,146,950	\$ 6,494,691

**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 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.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change. Estimates for cost report settlements and contractual allowances can differ from actual reimbursement based on the results of subsequent reviews and cost report audits. Net patient service revenue was increased by approximately \$6,313,000 and \$3,718,800 for the years ended November 30, 2014 and 2013, respectively, for third-party settlements and changes in estimates related to services rendered in previous years.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

---

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

**Medicare and Medicaid Electronic Health Record (EHR) incentive programs:** The American Recovery and Reinvestment Act of 2009 (ARRA) provides for Medicare and Medicaid incentive programs beginning in federal fiscal year 2011 for eligible acute care hospitals that are meaningful users of certified EHR technology, as defined by the Federal Register. CCHHS has implemented certified EHR technology that has enabled it to qualify for the incentive programs. The initial incentive payments received for both the Medicare and Medicaid EHR incentive programs are estimates based upon data from prior year's cost reports. The final settlements will be determined after the submission of the current annual cost reports and subsequent audits by the fiscal intermediary. CCHHS's compliance with the meaningful use criteria is also subject to audit by the Federal government. The EHR incentive programs are expected to continue through September 30, 2017, and the payments will be calculated annually. CCHHS accounts for EHR incentive revenue using the grant accounting model. Under this model, CCHHS records EHR incentive revenue when it is reasonably assured that it will meet the meaningful use criteria for the required reporting period and that the grant will be received.

During the years ended November 30, 2014 and 2013, CCHHS received Medicaid hospital EHR incentive payments of \$1,664,203 and \$7,065,565, respectively, which are reported as operating revenue in the accompanying statements of revenues, expenses, and changes in net position.

During the years ended November 30, 2014 and 2013, CCHHS recorded Medicare hospital EHR revenue of \$3,116,560 and \$1,212,922, respectively, which is reported as operating revenue in the accompanying statements of revenues, expenses, and changes in net position. CCHHS recorded related receivables of \$1,680,688 and \$1,212,922 at November 30, 2014 and 2013, respectively, which are reported in other receivables in the accompanying statements of net position.

ARRA also provides for Medicare and Medicaid EHR incentives for eligible professionals that are meaningful users of certified EHR technology. During the years ended November 30, 2014 and 2013, CCHHS recognized Medicaid physician EHR incentive revenue of \$566,798 and \$488,750, respectively, which is reported as operating revenue in the accompanying statements of revenues, expenses, and changes in net position.

**Cigarette taxes revenue:** Annually, the 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 and upon the use of all cigarettes 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 Department of Revenue.

**Reclassifications:** Certain reclassifications of 2013 amounts have been made to conform to the 2014 presentation with no effect on previously, reported total assets or net position.



## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

---

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

**New accounting pronouncements:** CCHHS implemented the following GASB Statements during the fiscal year ended November 30, 2014:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*
- GASB Statement No. 66, *Technical Corrections - 2012*
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

There was no significant impact to the financial statements as a result of the implementation of these pronouncements.

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, 2014, will have on CCHHS's future financial statements:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, will become effective for CCHHS's fiscal year ending November 30, 2015. Historically, the pension liability has been recorded in the County's financial statements (see Note 11). Should this practice change, GASB Statement No. 68 could have a significant effect on CCHHS's financial statements.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, will become effective for CCHHS's fiscal year ending November 30, 2015.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

GASB Statement No. 72, *Fair Value Measurement and Application*, will become effective for CCHHS's fiscal year ending November 30, 2016.

#### 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. In 2011, CCHHS revised its charity program to cover patients with incomes up to 600% of the federal poverty guidelines. The CareLink program replaced the existing Limit of Liability program. 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.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

---

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

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.

	2014	2013
Charges forgone	<u>\$ 238,410,551</u>	<u>\$ 311,399,757</u>
Estimated costs incurred	<u>\$ 173,942,176</u>	<u>\$ 251,524,764</u>

The decrease in charges forgone for charity and estimated costs incurred for charity during the year end November 30, 2014 reflects previously uninsured patients who would have received charity care in prior years, obtaining coverage through CountyCare or traditional Medicaid.

#### 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, 2014 and 2013, CCHHS's cash and cash equivalents consisted of the following:

	2014	2013
Demand deposits held by Cook County Treasurer	\$ 256,726,559	\$ 41,990,889
Working cash fund	95,147,154	95,147,154
Demand deposits held in banks	4,068,354	1,688,833
Total	<u>\$ 355,942,067</u>	<u>\$ 138,826,876</u>

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

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

**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, 2014 and 2013, 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, 2014 and 2013, \$95,147,154 is reported at CCHHS.

#### Note 6. Capital Assets

A summary of capital assets activity for the years ended November 30, 2014 and 2013, follows:

	Balance, December 1, 2013	Additions and Transfers	Disposals	Balance, November 30, 2014
Depreciable capital assets:				
Land improvements	\$ 2,717,511	\$ -	\$ -	\$ 2,717,511
Buildings and building improvements	665,131,205	2,483,106	-	667,614,311
Equipment and furniture	241,930,467	4,055,580	-	245,986,047
<b>Total depreciable capital assets</b>	<b>909,779,183</b>	<b>6,538,686</b>	<b>-</b>	<b>916,317,869</b>
Less accumulated depreciation:				
Land improvements	1,646,483	95,804	-	1,742,287
Buildings and building improvements	287,660,514	18,799,603	-	306,460,117
Equipment and furniture	194,116,954	13,601,634	-	207,718,588
<b>Total accumulated depreciation</b>	<b>483,423,951</b>	<b>32,497,041</b>	<b>-</b>	<b>515,920,992</b>
<b>Total capital assets at cost, net</b>	<b>\$ 426,355,232</b>	<b>\$ (25,958,355)</b>	<b>\$ -</b>	<b>\$ 400,396,877</b>

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

**Notes to Financial Statements**

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

	Balance, December 1, 2012	Additions and Transfers	Disposals	Balance, November 30, 2013
Depreciable capital assets:				
Land improvements	\$ 2,717,511	\$ -	\$ -	\$ 2,717,511
Buildings and building improvements	657,629,550	9,854,440	2,352,785	665,131,205
Equipment and furniture	229,925,677	12,004,790	-	241,930,467
<b>Total depreciable capital assets</b>	<b>890,272,738</b>	<b>21,859,230</b>	<b>2,352,785</b>	<b>909,779,183</b>
Less accumulated depreciation:				
Land improvements	1,539,284	107,199	-	1,646,483
Buildings and building improvements	269,171,088	18,979,584	490,158	287,660,514
Equipment and furniture	178,938,935	15,178,019	-	194,116,954
<b>Total accumulated depreciation</b>	<b>449,649,307</b>	<b>34,264,802</b>	<b>490,158</b>	<b>483,423,951</b>
<b>Total capital assets at cost, net</b>	<b>\$ 440,623,431</b>	<b>\$ (12,405,572)</b>	<b>\$ 1,862,627</b>	<b>\$ 426,355,232</b>

**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 Secondary Interagency Transfer Agreement, CCHHS received \$291,919,771 and \$291,815,478 in additional payments from DHFS during the years ended November 30, 2014 and 2013, respectively. Of the amounts received, \$76,765,440 and \$76,561,917 are unearned as of November 30, 2014 and 2013, respectively, and are included in unearned revenue on 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 \$291,716,248 and \$289,751,734 for the years ended November 30, 2014 and 2013, respectively, which takes into consideration the prior-year unearned revenue of \$76,561,917 and \$74,498,173, 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 Agreements. The Interagency Agreements 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 Agreements can be terminated by either party upon 15 days' notice. Additionally, the Interagency Agreements require the parties to comply with certain laws, regulations, and other terms of operations.

#### Note 8. Other Liabilities

Long-term liability activity for the years ended November 30, 2014 and 2013, was as follows:

	Balance, December 1, 2013	Increase	Decrease	Balance, November 30, 2014	Amount Due Within One Year
Property tax objections	\$ 11,664,708	\$ -	\$ 838,104	\$ 10,826,604	\$ -

	Balance, December 1, 2012	Increase	Decrease	Balance, November 30, 2013	Amount Due Within One Year
Property tax objections	\$ 12,558,840	\$ -	\$ 894,132	\$ 11,664,708	\$ -

#### Note 9. Related-Party Transactions

During 2014 and 2013, significant related-party transactions between the County and CCHHS included the provision of various services and the contribution of capital assets.

**Working cash loan:** In order to finance operations pending the collection of taxes and to provide for month-to-month cash flow needs, the County maintains a Working Cash Fund. The County's Working Cash Fund and the outstanding bonds that were issued to create it are reported in the County's long-term obligations and, therefore, are not reflected in the accompanying financial statements. Amounts advanced from the County's Working Cash Fund may be designated as either loans or operating contributions. During the years ended November 30, 2014 and 2013, the County's Working Cash Fund made loans of \$60,000,000 and \$93,000,000 to CCHHS. These loans were repaid in full by the end of each fiscal year.

**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 \$9,000,449 and \$3,558,667 during the years ended November 30, 2014 and 2013, 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, 2014 and 2013, CCHHS has recognized capital assets and capital contributions from the County of \$6,538,685 and \$21,859,230, respectively, in the accompanying statements of revenues, expenses, and changes in net position.

#### Note 10. Interfund Receivables, Payables, and Transfers

As of November 30, 2014 and 2013, CCHHS reported amounts due to the other County funds of \$43,455. Balances between CCHHS and the County result from the time lag between the dates that services are provided between the two entities, versus when cash payment is made.

#### Note 11. 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 Plan) which was established on January 1, 1926, and is governed by legislation contained in the Illinois Compiled Statutes (Statutes), particularly Chapter 40, Article 5/9 (the Article). The Plan can be amended only by the Illinois Legislature. The Plan is a single-employer defined benefit pension plan with a defined contribution minimum. The Plan was created for the purpose of providing retirement, death (spouse or children), and disability benefits for full-time employees of the County and the dependents of such employees. The Plan is included in the County's financial statements as a pension trust fund. The financial statements of the Plan are audited by an independent public accountant and are the subject of a separate report.

**Funding policy:** Covered employees are required to contribute 8.5% of their salary to the Plan, subject to the salary limitations for Tier 2 participants in 5/1-160. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3% or 4% depending on when the employee became a participant). The County's total contribution is the amount of contributions made by the employees to the Plan in the calendar year two years prior to the year for which annual applicable tax is levied, multiplied by 1.54. The source of funds for the County's contributions has been designated by State Statute as the County's annual property tax levy.

The County Employees' and Officers' Annuity and Benefit Fund provides retirement as well as death and disability benefits. 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 required age. This reduction is waived for Tier 1 participants having 30 or more years of credited service.

Employer contributions to the Plan made by the County on behalf of CCHHS were \$58,090,216 and \$56,840,708 during the years ended November 30, 2014 and 2013, respectively. These contributions are reflected as both nonoperating revenue and employee benefits expense in the statements of revenues, expenses, and changes in net position.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

---

#### Note 11. Pension Plan (Continued)

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

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

To obtain a copy of the Plan'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 for the County Plan, presented in the Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the Plan's assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### Note 12. 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), is 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 Plan's Board of Trustees. HPP provides a health care premium subsidy to annuitants who elect to participate in HPP. The Plan 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. The Plan pays all or any portion of the premium for health insurance on behalf of each annuitant who participates in any of the Plan's health care plans. The Plan 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 Plan, 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 12. Other Postemployment Benefits (OPEB) (Continued)**

To obtain a copy of the Plan'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 value of the County OPEB Trust Fund assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### **Note 13. Insurance Coverage**

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

The County engages an external actuary to provide an actuarial estimate of its liabilities for self-insured expenses. The liability recorded reflects a 3.6% discount factor. CCHHS's portion of the self-insurance liability included in the self-insurance fund in the County's financial statements was \$135,500,398 and \$129,550,892 at November 30, 2014 and 2013, 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 \$24,619,913 and \$24,495,338 related to this allocation during the years ended November 30, 2014 and 2013, 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 by not reported; however, the discovery of additional information concerning specific cases could affect estimated costs in the future.

#### **Note 14. General Obligation Bonds Issued by Cook County**

Approximately \$406,090,000 and \$397,439,000 of the County's outstanding debt as of November 30, 2014 and 2013, respectively, pertained to CCHHS capital projects. These outstanding bonds are expected to be paid by the County and, therefore, are not reflected in the financial statements of CCHHS.

#### **Note 15. 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 \$7,521,000 and \$5,979,000 during the years ended November 30, 2014 and 2013, respectively.



## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

---

#### Note 15. Commitments and Contingencies (Continued)

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

Years Ending November 30	
2015	\$ 7,526,113
2016	6,192,578
2017	3,568,456
2018	2,384,006
2019	912,250
Thereafter	<u>1,268,086</u>
Total	<u>\$ 21,851,489</u>

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

**Third-party administrator contract:** On March 28, 2014, the CCHHS Board of Directors approved a five-year contract with IlliniCare Health Plan, Inc. to provide third-party administrative services, managed care and clinical services for CountyCare. The contract took effect July 1, 2014. Costs of this contract are not to exceed \$1,796,000,000. Amounts are charged monthly by the third-party administrator based on membership levels and expensed as incurred.

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

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

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

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act (the Act), a comprehensive health care reform bill. The Act includes measures that change the dynamics of the health care industry, and is subject to change, including through the adoption of related regulations, the way in which its provisions are interpreted and the manner in which it is enforced. CCHHS remains uncertain as to the ultimate impact these changes will have on its operations because of the numerous steps required to implement the Act.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

---

#### Note 15. Commitments and Contingencies (Continued)

The Governor of the State of Illinois is proposing significant reductions in the Illinois Medicaid program to help balance the State's budget. CCHHS's management is concerned about any changes in the rules that govern Medicaid eligibility in Illinois. If the State eliminates Medicaid eligibility for groups of patients in Illinois, it may increase the numbers of patients who are unable to pay for their medical services that come to CCHHS facilities. In addition to changing the eligibility rules, if the state is forced to reduce its work force, it may extend the time it takes to get a patient qualified for Medicaid.

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 2014 and 2013 because of the state's backlog of unpaid bills.

#### Note 16. 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, 2014 and 2013, were as follows:

	2014	2013
Patient care services	\$ 1,187,806,508	\$ 813,193,074
General and administrative	290,465,849	290,675,466
Total	<u>\$ 1,478,272,357</u>	<u>\$ 1,103,868,540</u>

#### Note 17. CountyCare

As described in Note 1, in October 2012 the federal government approved CCHHS's Medicaid Expansion Program (County Care) by creating the CMS waiver under Section 1115 of the Social Security Act (1115 Waiver) for Cook County. County Care 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.

Estimated PMPM revenue for the year ended November 30, 2013 was \$104,768,681. In addition to the PMPM revenue, CCHHS was entitled to reimbursement for certain administrative costs under the CountyCare contract. Such reimbursement totaled \$12,774,241 for the year ended November 30, 2013. The PMPM and administrative revenue are included in CountyCare capitation revenue in the 2013 statement of revenues, expenses and changes in net position.

At November 30, 2014 and 2013, estimated amounts due from the State of Illinois relating to the CountyCare program totaled \$13,601,144 and \$49,612,218, respectively, which are reported as Due from State of Illinois – CountyCare in the statements of net position. In connection with the implementation of the CountyCare program, DHFS approved a modification of the Interagency Transfer Agreement (see Note 7) that resulted in a one-time deferral of required payments of approximately \$30,000,000 until 2014. Such amount is reported as Advance from State of Illinois – CountyCare in the November 30, 2013 statement of net position.

## Cook County Health and Hospitals System of Illinois

### Notes to Financial Statements

---

#### **Note 17. CountyCare (Continued)**

All claims for payment of CountyCare are handled by a Third Party Administrator (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, 2014 and 2013, were approximately \$245,248,000 and \$80,582,000, respectively, and are included in purchased services, rental and other expense in the statements of revenues, expenses and changes in net position.

Estimated foreign claims incurred but not paid as of November 30, 2014 and 2013 were \$101,552,404 and \$48,156,132 at November 30, 2014 and 2013, respectively, and are reported as Claims payable – CountyCare in the statements of net position.

While it was an Illinois Medicaid Demonstration program, CountyCare had to demonstrate that its costs were justified for the PMPM rate negotiated. If CountyCare's costs during the demonstration period were less than the PMPM rate, CCHHS must repay the overpayment of PMPM received. At November 30, 2014 and 2013, CCHHS has reserved estimated overpayments of approximately \$73,000,000 and \$33,500,000, respectively, included in third-party settlements liability in the statements of net position. Of the \$73,000,000, \$33,500,000 relates to fiscal year 2013 because the 2013 cost report has not been settled to date. This estimated liability will be settled based on cost reports summarizing the 1115 Waiver activity.

## **Required Supplementary Information**

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

**Schedule of Funding Progress  
Years Ended November 30, 2014 and 2013  
(Information for all County Employees)**

<b>Actuarial Valuation Date Year Ended December 31</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (b-a)/c</b>
Pension benefits:						
2011	\$ 7,897,102,116	\$ 12,628,274,561	\$ 4,731,172,445	62.54	\$ 1,456,444,123	324.84 %
2012	7,833,882,926	13,418,486,943	5,584,604,017	58.38	1,478,253,368	377.78 %
2013	8,381,444,287	13,636,576,177	5,255,131,890	61.46	1,484,269,715	354.06 %
Postemployment group health benefit plan:						
2011	\$ -	\$ 1,678,571,388	\$ 1,678,571,388	0.00	\$ 1,456,444,123	115.25 %
2012	-	1,845,609,132	1,845,609,132	0.00	1,478,253,368	124.85 %
2013	-	1,978,767,490	1,978,767,490	0.00	1,484,269,715	133.32 %

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.

## **Supplementary Information**

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

**Combining Statement of Net Position Information  
November 30, 2014**

	Operating Accounts	Restricted Purpose Accounts	Total
<b>Assets</b>			
Current Assets			
Cash and cash equivalents:			
Cash in banks	\$ 4,024,872	\$ 43,482	\$ 4,068,354
Cash held by (due to) Cook County Treasurer	258,475,254	(1,748,695)	256,726,559
Working cash fund	95,147,154	-	95,147,154
<b>Total cash and cash equivalents</b>	<b>357,647,280</b>	<b>(1,705,213)</b>	<b>355,942,067</b>
Property taxes receivable - net:			
Tax levy - current year	38,924,897	-	38,924,897
Tax levy - prior year	6,134,515	-	6,134,515
<b>Total property taxes receivable</b>	<b>45,059,412</b>	<b>-</b>	<b>45,059,412</b>
Receivables:			
Patient accounts - net of allowance for uncollectible accounts of \$292,872,308	58,376,569	-	58,376,569
Due from State of Illinois - CountyCare	13,601,144	-	13,601,144
Third-party settlements	6,061,214	-	6,061,214
Other receivables	4,614,880	2,515,573	7,130,453
<b>Total receivables</b>	<b>82,653,807</b>	<b>2,515,573</b>	<b>85,169,380</b>
Inventories	3,465,697	-	3,465,697
<b>Total current assets</b>	<b>488,826,196</b>	<b>810,360</b>	<b>489,636,556</b>
Capital Assets, net of accumulated depreciation	400,380,879	15,998	400,396,877
<b>Total assets</b>	<b>\$ 889,207,075</b>	<b>\$ 826,358</b>	<b>\$ 890,033,433</b>

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

**Combining Statement of Net Position Information (Continued)  
November 30, 2014**

	Operating Accounts	Restricted Purpose Accounts	Total
<b>Liabilities and Net Position</b>			
Current Liabilities			
Accounts payable	\$ 59,358,164	\$ 14,315	\$ 59,372,479
Accrued salaries, wages, and other liabilities	34,047,244	172,683	34,219,927
Claims payable - CountyCare	101,552,404	-	101,552,404
Compensated absences	6,172,426	48,161	6,220,587
Unearned revenue	76,765,439	56,336	76,821,775
Advance from State of Illinois - CountyCare	74,437	-	74,437
Third-party settlements	74,526,637	-	74,526,637
Due to other County governmental fund	43,455	-	43,455
Due to others	29,871	-	29,871
Interaccount payable (receivable)	67,530	(67,530)	-
Trust funds	-	47,163	47,163
	<hr/>		
Total current liabilities	352,637,607	271,128	352,908,735
Compensated Absences, less current portion	34,977,082	272,913	35,249,995
Property Tax Objections	10,826,604	-	10,826,604
	<hr/>		
Total liabilities	398,441,293	544,041	398,985,334
<hr/>			
Net Position			
Net investment in capital assets	400,380,879	15,998	400,396,877
Restricted for patient care	-	266,319	266,319
Unrestricted	90,384,903	-	90,384,903
	<hr/>		
Total net position	490,765,782	282,317	491,048,099
	<hr/>		
Total liabilities and net position	\$ 889,207,075	\$ 826,358	\$ 890,033,433
	<hr/> <hr/>		



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

**Combining Schedule of Revenues, Expenses, and  
Changes in Net Position Information  
Year Ended November 30, 2014**

	Operating Accounts	Restricted Purpose Accounts	Total
<b>Operating revenues:</b>			
Net patient service revenue - net of bad debt and charity provision of \$191,394,685	\$ 573,659,569	\$ -	\$ 573,659,569
CountyCare capitation	656,028,981	-	656,028,981
Grant revenue	1,205,016	12,166,959	13,371,975
Electronic health record incentive program revenue	4,780,763	-	4,780,763
Other revenue	16,779,010	-	16,779,010
<b>Total operating revenues</b>	<b>1,252,453,339</b>	<b>12,166,959</b>	<b>1,264,620,298</b>
<b>Operating expenses:</b>			
Salaries and wages	526,237,051	4,274,354	530,511,405
Employee benefits	138,942,915	2,039,742	140,982,657
Supplies	228,654,056	18,992	228,673,048
Purchased services, rental, and other	487,407,055	11,755,063	499,162,118
Insurance	24,619,913	-	24,619,913
Depreciation	32,486,729	10,317	32,497,046
Utilities	12,825,721	-	12,825,721
Services contributed by other County offices	9,000,449	-	9,000,449
<b>Total operating expenses</b>	<b>1,460,173,889</b>	<b>18,098,468</b>	<b>1,478,272,357</b>
<b>Operating loss</b>	<b>(207,720,550)</b>	<b>(5,931,509)</b>	<b>(213,652,059)</b>
<b>Nonoperating revenues:</b>			
Property taxes	37,346,269	-	37,346,269
Cigarette taxes	126,676,006	-	126,676,006
Other tobacco products taxes	5,638,767	-	5,638,767
Interest income	16,428	-	16,428
Retirement plan contribution	58,090,216	-	58,090,216
<b>Total nonoperating revenues</b>	<b>227,767,686</b>	<b>-</b>	<b>227,767,686</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>20,047,136</b>	<b>(5,931,509)</b>	<b>14,115,627</b>
Capital contributions	6,538,685	-	6,538,685
Transfers	1,551,597	-	1,551,597
<b>Change in net position</b>	<b>28,137,418</b>	<b>(5,931,509)</b>	<b>22,205,909</b>
<b>Net position:</b>			
Beginning of year	462,628,364	6,213,826	468,842,190
End of year	<b>\$ 490,765,782</b>	<b>\$ 282,317</b>	<b>\$ 491,048,099</b>

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

**Combining Schedule of Cash Flows Information  
Year Ended November 30, 2014**

	Operating Accounts	Restricted Purpose Accounts	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from third-party payors and patients	\$ 1,283,494,861	\$ 9,584,832	\$ 1,293,079,693
Payments to employees	(593,357,839)	(6,388,299)	(599,746,138)
Payments to suppliers	(687,103,909)	(15,234,716)	(702,338,625)
Other receipts (expenses)	19,316,062	(2,397,833)	16,918,229
<b>Net cash provided by (used in) operating activities</b>	<b>22,349,175</b>	<b>(14,436,016)</b>	<b>7,913,159</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Borrowings from County Working Cash Fund	60,000,000	-	60,000,000
Repayment of borrowings from County Working Cash Fund	(60,000,000)	-	(60,000,000)
Real and personal property taxes received - net	76,870,836	-	76,870,836
Transfer from Cook County Treasurer	-	1,760,664	1,760,664
Sales taxes received	7,448,856	-	7,448,856
Cigarette taxes received	126,676,006	-	126,676,006
Other tobacco products taxes received	5,194,093	-	5,194,093
Firearms tax received	444,671	-	444,671
Transfers to other County funds	(7,448,858)	(1,760,664)	(9,209,522)
<b>Net cash provided by noncapital financing activities</b>	<b>209,185,604</b>	<b>-</b>	<b>209,185,604</b>
<b>Cash Flows from Investing Activities</b>			
Interest received	16,428	-	16,428
<b>Net cash provided by investing activities</b>	<b>16,428</b>	<b>-</b>	<b>16,428</b>
<b>Change in cash and cash equivalents</b>	<b>231,551,207</b>	<b>(14,436,016)</b>	<b>217,115,191</b>
<b>Cash and cash equivalents:</b>			
Beginning of year	126,096,073	12,730,803	138,826,876
End of year	\$ 357,647,280	\$ (1,705,213)	\$ 355,942,067
<b>Supplemental Disclosure of Noncash Transactions</b>			
Transfers - capital	\$ 6,538,685	\$ -	\$ 6,538,685

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

**Combining Schedule of Cash Flows Information (Continued)**

**Year Ended November 30, 2014**

	Operating Accounts	Restricted Purpose Accounts	Total
<b>Reconciliation of Operating Loss to Net Cash</b>			
<b>Provided by (Used in) Operating Activities</b>			
Operating loss	\$ (207,720,550)	\$ (5,931,509)	\$ (213,652,059)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	32,486,729	10,319	32,497,048
Provision for bad debts	191,394,685	-	191,394,685
Retirement plan contribution	58,090,216	-	58,090,216
Services contributed by other County offices	9,000,449	-	9,000,449
Net change in assets and liabilities:			
Patient accounts receivable	(177,820,938)	-	(177,820,938)
Due from State of Illinois - CountyCare	36,011,074	-	36,011,074
Third-party settlements	35,361,940	-	35,361,940
Other receivables	(2,950,148)	(2,397,833)	(5,347,981)
Prepaid expense	(331,500)	-	(331,500)
Inventories	74,735	-	74,735
Accounts payable	8,938,310	1,568	8,939,878
Accrued salaries, wages, and other liabilities	15,161,375	5,627	15,167,002
Claims payable - CountyCare	53,396,272	-	53,396,272
Compensated absences	(1,596,534)	(79,834)	(1,676,368)
Unearned revenue	203,522	(2,582,126)	(2,378,604)
Advance from State of Illinois - CountyCare	(29,976,563)	-	(29,976,563)
Due to others	2,137	-	2,137
Trust funds	-	(161)	(161)
Property tax objections	(838,103)	-	(838,103)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 18,887,108</b>	<b>\$ (10,973,949)</b>	<b>\$ 7,913,159</b>

Cook County Health and Hospitals System of Illinois

Combining Statement of Net Position of Operating Accounts Information  
November 30, 2014

	Bureau of Health Services	John H. Stroger Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	Intra-Activity Eliminations	Total
<b>Assets</b>							
<b>Current Assets</b>							
Cash and cash equivalents							
Cash in banks	\$ -	\$ 3,556,343	\$ 468,529	\$ -	\$ -	\$ -	\$ 4,024,872
Cash held by Cook County Treasurer	-	1,184,015,017	123,540,063	150,532,808	-	(1,199,612,634)	258,475,254
Working cash fund	-	95,147,154	-	-	-	-	95,147,154
Total cash and cash equivalents	-	1,282,718,514	124,008,592	150,532,808	-	(1,199,612,634)	357,647,280
Property taxes receivable - net:							
Tax levy - current year	2,831,506	21,807,673	1,502,752	1,542,966	11,240,000	-	38,924,897
Tax levy - prior year	215,127	4,924,029	381,266	614,093	-	-	6,134,515
Total property taxes receivable	3,046,633	26,731,702	1,884,018	2,157,059	11,240,000	-	45,059,412
Receivables:							
Patient accounts - net of allowance for uncollectible accounts of \$292,872,308	-	57,787,595	588,974	-	-	-	58,376,569
Due from State of Illinois - CountyCare	-	13,601,144	-	-	-	-	13,601,144
Third-party settlements	-	6,061,214	-	-	-	-	6,061,214
Other receivables	454,941	3,647,443	512,496	-	-	-	4,614,880
Total receivables	454,941	81,097,396	1,101,470	-	-	-	82,653,807
Inventories	-	2,691,452	396,114	-	378,131	-	3,465,697
Total current assets	3,501,574	1,393,239,064	127,390,194	152,689,867	11,618,131	(1,199,612,634)	488,826,196
Capital Assets, net of accumulated depreciation	10,906,616	366,807,373	22,237,852	15,950	413,088	-	400,380,879
Total assets	\$ 14,408,190	\$ 1,760,046,437	\$ 149,628,046	\$ 152,705,817	\$ 12,031,219	\$ (1,199,612,634)	\$ 889,207,075

Cook County Health and Hospitals System of Illinois

Combining Statement of Net Position of Operating Accounts Information (Continued)  
November 30, 2014

	Bureau of Health Services	John H. Stroger Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	Intra-Activity Eliminations	Total
<b>Liabilities and Net Position</b>							
Current Liabilities							
Due to Cook County Treasurer	\$ 1,083,720,476	\$ -	\$ -	\$ -	\$ 115,892,158	\$ (1,199,612,634)	\$ -
Accounts payable	31,461,588	25,242,182	2,144,142	253,871	256,381	-	59,358,164
Accrued salaries, wages, and other liabilities	3,078,511	25,282,984	2,112,916	727,869	2,844,964	-	34,047,244
Claims payable - CountyCare	-	101,552,404	-	-	-	-	101,552,404
Compensated absences	103,710	4,964,979	554,586	149,786	399,365	-	6,172,426
Unearned revenue	-	75,005,806	1,759,633	-	-	-	76,765,439
Advance from State of Illinois - CountyCare	-	74,437	-	-	-	-	74,437
Third-party settlements	-	74,443,671	82,966	-	-	-	74,526,637
Due to other County governmental fund	-	31,455	5,000	7,000	-	-	43,455
Due to others	-	29,871	-	-	-	-	29,871
Interaccount payable (receivable)	(247,112,651)	186,637,815	52,085,621	1,629	8,455,116	-	67,530
Total current liabilities	871,251,634	493,265,604	58,744,864	1,140,155	127,847,984	(1,199,612,634)	352,637,607
Compensated Absences, less current portion	587,693	28,134,878	3,142,657	848,788	2,263,066	-	34,977,082
Property Tax Objections	379,989	8,692,501	671,370	1,082,744	-	-	10,826,604
Total liabilities	872,219,316	530,092,983	62,558,891	3,071,687	130,111,050	(1,199,612,634)	398,441,293
Net Position							
Net investment in capital assets	10,906,616	366,807,373	22,237,852	15,950	413,088	-	400,380,879
Unrestricted	(868,717,742)	863,146,081	64,831,303	149,618,180	(118,492,919)	-	90,384,903
Total net position	(857,811,126)	1,229,953,454	87,069,155	149,634,130	(118,079,831)	-	490,765,782
Total liabilities and net position	\$ 14,408,190	\$ 1,760,046,437	\$ 149,628,046	\$ 152,705,817	\$ 12,031,219	\$ (1,199,612,634)	\$ 889,207,075

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, 2014

	Bureau of Health Services	John H. Stroger Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	Intra-Activity Eliminations	Total
<b>Operating revenues:</b>							
Net patient service revenue - net of bad debt and charity provision of \$191,394,685	\$ -	\$ 780,075,321	\$ 14,929,443	\$ -	\$ -	\$ (221,345,195)	\$ 573,659,569
CountyCare capitation revenue	-	656,028,981	-	-	-	-	656,028,981
Grant revenue	-	-	-	1,205,016	-	-	1,205,016
Electronic health record incentive program revenue	-	4,344,338	436,425	-	-	-	4,780,763
Other revenue	6,750	6,483,506	316,298	9,970,360	2,096	-	16,779,010
<b>Total operating revenues</b>	<b>6,750</b>	<b>1,446,932,146</b>	<b>15,682,166</b>	<b>11,175,376</b>	<b>2,096</b>	<b>(221,345,195)</b>	<b>1,252,453,339</b>
<b>Operating expenses:</b>							
Salaries and wages	46,263,573	391,888,097	34,234,731	11,259,513	42,591,137	-	526,237,051
Employee benefits	12,194,802	102,521,957	9,519,607	2,988,599	11,717,950	-	138,942,915
Supplies	29,274,584	210,516,865	3,196,775	358,362	1,174,643	(15,867,173)	228,654,056
Purchased services, rental, and other	74,517,263	608,876,554	7,367,118	840,715	1,283,427	(205,478,022)	487,407,055
Insurance	2,012,089	19,121,433	1,392,117	418,432	1,675,842	-	24,619,913
Depreciation	6,047,258	24,439,136	1,743,635	15,947	240,753	-	32,486,729
Utilities	1,551,980	9,658,492	1,534,650	73,100	7,499	-	12,825,721
Services contributed by other County offices	-	8,245,844	754,605	-	-	-	9,000,449
<b>Total operating expenses</b>	<b>171,861,549</b>	<b>1,375,268,378</b>	<b>59,743,238</b>	<b>15,954,668</b>	<b>58,691,251</b>	<b>(221,345,195)</b>	<b>1,460,173,889</b>
<b>Operating income (loss)</b>	<b>(171,854,799)</b>	<b>71,663,768</b>	<b>(44,061,072)</b>	<b>(4,779,292)</b>	<b>(58,689,155)</b>	<b>-</b>	<b>(207,720,550)</b>
<b>Nonoperating revenues:</b>							
Property taxes	2,776,288	20,529,939	1,407,756	1,392,286	11,240,000	-	37,346,269
Cigarette taxes	8,158,012	77,776,951	5,534,960	6,692,599	28,513,484	-	126,676,006
Other tobacco products taxes	334,713	3,632,366	226,713	273,882	1,171,093	-	5,638,767
Interest income	-	16,359	66	1	2	-	16,428
Retirement plan contribution	5,156,568	42,670,834	3,868,343	1,516,935	4,877,536	-	58,090,216
<b>Total nonoperating revenues</b>	<b>16,425,581</b>	<b>144,626,449</b>	<b>11,037,838</b>	<b>9,875,703</b>	<b>45,802,115</b>	<b>-</b>	<b>227,767,686</b>
<b>(Loss) income before capital contributions and transfers</b>	<b>(155,429,218)</b>	<b>216,290,217</b>	<b>(33,023,234)</b>	<b>5,096,411</b>	<b>(12,887,040)</b>	<b>-</b>	<b>20,047,136</b>
Capital contributions	1,400,672	4,975,924	156,189	-	5,900	-	6,538,685
Sales Tax Refund	(169,446)	(4,241,562)	(853,432)	(716,635)	(1,467,777)	-	(7,448,852)
Service by other County offices	(199,822)	8,451,945	754,605	(6,281)	2	-	9,000,449
<b>Change in net position</b>	<b>(154,397,814)</b>	<b>225,476,524</b>	<b>(32,965,872)</b>	<b>4,373,495</b>	<b>(14,348,915)</b>	<b>-</b>	<b>28,137,418</b>
<b>Net position:</b>							
Beginning of year	(703,413,312)	1,004,476,930	120,035,027	145,260,630	(103,730,911)	-	462,628,364
End of year	\$ (857,811,126)	\$ 1,229,953,454	\$ 87,069,155	\$ 149,634,125	\$ (118,079,826)	\$ -	\$ 490,765,782

Cook County Health and Hospitals System of Illinois

Combining Schedule of Cash Flows of Operating Accounts Information

Year Ended November 30, 2014

	Bureau of Health Services	John H. Stroger Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	Intra-Activity Eliminations	Total
<b>Cash Flows from Operating Activities</b>							
Receipts from third-party payors and patients	\$ -	\$ 1,489,304,151	\$ 15,535,905	\$ -	\$ -	\$ (221,345,195)	\$ 1,283,494,861
Payments to employees	(55,215,631)	(439,078,358)	(38,412,807)	(12,440,680)	(48,210,363)	-	(593,357,839)
Payments to suppliers	(119,573,947)	(783,611,245)	(3,069,348)	1,559,658	(3,754,222)	221,345,195	(687,103,909)
Other receipts (expenses)	(439,627)	7,796,071	781,685	11,175,377	2,556	-	19,316,062
<b>Net cash provided by (used in) operating activities</b>	<b>(175,229,205)</b>	<b>274,410,619</b>	<b>(25,164,565)</b>	<b>294,355</b>	<b>(51,962,029)</b>	<b>-</b>	<b>22,349,175</b>
<b>Cash Flows from Noncapital Financing Activities</b>							
Borrowings from County Working Cash Fund	30,000,000	30,000,000	-	-	-	-	60,000,000
Repayment of borrowings from County Working Cash Fund	(30,000,000)	(30,000,000)	-	-	-	-	(60,000,000)
Due to Cook County Treasurer	164,238,137	-	-	-	22,277,451	(186,515,588)	-
Real and personal property taxes received - net	2,698,164	61,718,376	4,766,858	7,687,438	-	-	76,870,836
Sales taxes received	169,446	4,241,562	853,432	716,635	1,467,781	-	7,448,856
Cigarette taxes received	8,158,012	77,776,951	5,534,960	6,692,599	28,513,484	-	126,676,006
Other tobacco products taxes received	334,713	3,187,694	226,712	273,881	1,171,093	-	5,194,093
Firearms tax received	-	444,671	-	-	-	-	444,671
Transfers to other County funds	(369,267)	(4,041,742)	(853,432)	(716,635)	(1,467,782)	-	(7,448,858)
<b>Net cash provided by noncapital financing activities</b>	<b>175,229,205</b>	<b>143,327,512</b>	<b>10,528,530</b>	<b>14,653,918</b>	<b>51,962,027</b>	<b>(186,515,588)</b>	<b>209,185,604</b>
<b>Cash Flows from Investing Activities</b>							
Interest received and	-	16,359	66	1	2	-	16,428
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>16,359</b>	<b>66</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>16,428</b>
<b>Change in cash and cash equivalents</b>	<b>-</b>	<b>417,754,490</b>	<b>(14,635,969)</b>	<b>14,948,274</b>	<b>-</b>	<b>(186,515,588)</b>	<b>231,551,207</b>
<b>Cash and cash equivalents:</b>							
Beginning of year	-	864,964,024	138,644,561	135,584,534	-	(1,013,097,046)	126,096,073
End of year	\$ -	\$ 1,282,718,514	\$ 124,008,592	\$ 150,532,808	\$ -	\$ (1,199,612,634)	\$ 357,647,280
<b>Supplemental Disclosure of Noncash Transactions</b>							
Transfers - capital	\$ 1,400,672	\$ 4,975,924	\$ 156,189	\$ -	\$ 5,900	\$ -	\$ 6,538,685

Cook County Health and Hospitals System of Illinois

Combining Schedule of Cash Flows of Operating Accounts Information (Continued)

Year Ended November 30, 2014

	Bureau of Health Services	John H. Stroger Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	Intra-Activity Eliminations	Total
Reconciliation of Operating Income (Loss) to Net Cash							
Provided by (Used in) Operating Activities							
Operating income (loss)	\$ (171,854,799)	\$ 71,663,768	\$ (44,061,072)	\$ (4,779,292)	\$ (58,689,155)	\$ -	\$ (207,720,550)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	6,047,258	24,439,136	1,743,635	15,947	240,753	-	32,486,729
Provision for bad debts	-	179,696,398	11,698,287	-	-	-	191,394,685
Retirement plan contribution	5,156,568	42,670,834	3,868,343	1,516,935	4,877,536	-	58,090,216
Services contributed by other County offices	-	8,245,844	754,605	-	-	-	9,000,449
Net change in assets and liabilities:							
Patient accounts receivable	-	(167,616,076)	(10,204,862)	-	-	-	(177,820,938)
Due from State of Illinois - CountyCare	-	36,011,074	-	-	-	-	36,011,074
Third-party settlements	-	35,460,378	(98,438)	-	-	-	35,361,940
Other receivables	(446,377)	(2,534,303)	30,062	6	464	-	(2,950,148)
Prepaid expense	-	(331,500)	-	-	-	-	(331,500)
Intercompany receivable (payable)	-	-	-	3,462,067	-	-	3,462,067
Interaccount receivable (payable)	(23,992,586)	13,047,238	10,795,068	-	150,280	-	-
Inventories	-	(64,980)	(57,549)	-	197,264	-	74,735
Accounts payable	11,795,832	(2,532,881)	(214,045)	(150,238)	39,642	-	8,938,310
Accrued salaries, wages, and other liabilities	1,286,707	11,365,192	901,979	357,660	1,249,837	-	15,161,375
Claims payable - CountyCare	-	53,396,272	-	-	-	-	53,396,272
Compensated absences	(3,200,531)	1,129,704	570,109	(67,166)	(28,650)	-	(1,596,534)
Unearned revenue	-	1,056,365	(852,843)	-	-	-	203,522
Advance from State of Illinois - CountyCare							
Medicaid Expansion	-	(29,976,563)	-	-	-	-	(29,976,563)
Due to others	-	2,137	-	-	-	-	2,137
Property tax objections	(21,277)	(717,418)	(37,844)	(61,564)	-	-	(838,103)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (175,229,205)</b>	<b>\$ 274,410,619</b>	<b>\$ (25,164,565)</b>	<b>\$ 294,355</b>	<b>\$ (51,962,029)</b>	<b>\$ -</b>	<b>\$ 22,349,175</b>



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

**Combining Statement of Net Position of Restricted Purpose Accounts Information  
November 30, 2014**

	John H. Stroger Jr. Hospital	Department of Public Health	Total
<b>Assets</b>			
Current Assets			
Cash and cash equivalents			
Cash in banks	\$ 43,482	\$ -	\$ 43,482
Cash held by (due to) Cook County Treasurer	11,969	(1,760,664)	(1,748,695)
Total cash and cash equivalents	<u>55,451</u>	<u>(1,760,664)</u>	<u>(1,705,213)</u>
Other receivables	57,973	2,457,600	2,515,573
Total receivables	<u>57,973</u>	<u>2,457,600</u>	<u>2,515,573</u>
Total current assets	113,424	696,936	810,360
Capital assets			
Net of accumulated depreciation	15,998	-	15,998
Total assets	<u>\$ 129,422</u>	<u>\$ 696,936</u>	<u>\$ 826,358</u>
<b>Liabilities and Net Position</b>			
Current Liabilities			
Accounts payable	\$ -	\$ 14,315	\$ 14,315
Accrued salaries, wages, and other liabilities	6,854	165,829	172,683
Compensated absences	3,304	44,857	48,161
Trust funds	47,163	-	47,163
Unearned revenue	-	56,336	56,336
Interaccount payable (receivable)	(67,533)	3	(67,530)
Total current liabilities	(10,212)	281,340	271,128
Compensated Absences, less current portion	18,724	254,189	272,913
Total liabilities	<u>8,512</u>	<u>535,529</u>	<u>544,041</u>
Net Position			
Net investment in capital assets	15,998	-	15,998
Restricted for patient care	104,912	161,407	266,319
Total net position	<u>120,910</u>	<u>161,407</u>	<u>282,317</u>
Total liabilities and net position	<u>\$ 129,422</u>	<u>\$ 696,936</u>	<u>\$ 826,358</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, 2014**

	John H. Stroger Jr. Hospital	Department of Public Health	Total
Grant revenue	\$ 1,026,966	\$ 11,139,993	\$ 12,166,959
Total operating revenues	<u>1,026,966</u>	<u>11,139,993</u>	<u>12,166,959</u>
Operating expenses:			
Salaries and wages	88,893	4,185,461	4,274,354
Employee benefits	111,826	1,927,916	2,039,742
Supplies	-	18,992	18,992
Purchased services, rental, and other	775,861	10,979,202	11,755,063
Depreciation	10,317	-	10,317
Total operating expenses	<u>986,897</u>	<u>17,111,571</u>	<u>18,098,468</u>
<b>Change in net position</b>	40,069	(5,971,578)	(5,931,509)
Net position:			
Beginning of year	<u>80,841</u>	<u>6,132,985</u>	<u>6,213,826</u>
End of year	<u>\$ 120,910</u>	<u>\$ 161,407</u>	<u>\$ 282,317</u>

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

**Combining Schedule of Cash Flows of Restricted Purpose  
Accounts Information  
Year Ended November 30, 2014**

	John H. Stroger Jr. Hospital	Department of Public Health	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from grants	\$ 356,834	\$ 9,227,998	\$ 9,584,832
Payments to employees	(234,248)	(6,154,051)	(6,388,299)
Payments to suppliers	(1,054,080)	(14,180,636)	(15,234,716)
Other expense	(54,364)	(2,343,469)	(2,397,833)
<b>Net cash used in operating activities</b>	<b>(985,858)</b>	<b>(13,450,158)</b>	<b>(14,436,016)</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Due to Cook County Treasurer	-	1,760,664	1,760,664
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>1,760,664</b>	<b>1,760,664</b>
<b>Change in cash and cash equivalents</b>	<b>(985,858)</b>	<b>(11,689,494)</b>	<b>(12,675,352)</b>
<b>Cash and cash equivalents:</b>			
Beginning of year	1,041,310	11,689,493	12,730,803
End of year	<u>\$ 55,452</u>	<u>\$ (1)</u>	<u>\$ 55,451</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities</b>			
Operating income (loss)	\$ 40,069	\$ (5,971,578)	\$ (5,931,509)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation	10,319	-	10,319
Net changes in assets and liabilities:			
Other receivables	(54,364)	(2,343,469)	(2,397,833)
Interaccount receivable (payable)	(278,057)	(3,184,010)	(3,462,067)
Accounts payable	-	1,568	1,568
Accrued salaries, wages and other liabilities	(1,870)	7,497	5,627
Compensated absences	(31,663)	(48,171)	(79,834)
Unearned revenue	(670,132)	(1,911,994)	(2,582,126)
Trust funds	(161)	-	(161)
<b>Net cash used in operating activities</b>	<b>\$ (985,859)</b>	<b>\$ (13,450,157)</b>	<b>\$ (14,436,016)</b>

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

**Combining Statement of Net Position Information  
November 30, 2013**

	Operating Accounts	Restricted Purpose Accounts	Total
<b>Assets</b>			
Current Assets			
Cash and cash equivalents:			
Cash in banks	\$ 1,645,118	\$ 43,715	\$ 1,688,833
Cash held by Cook County Treasurer	29,303,801	12,687,088	41,990,889
Working cash fund	95,147,154	-	95,147,154
Total cash and cash equivalents	<u>126,096,073</u>	<u>12,730,803</u>	<u>138,826,876</u>
Property taxes receivable - net:			
Tax levy - current year	80,675,059	-	80,675,059
Tax levy - prior year	3,908,917	-	3,908,917
Total property taxes receivable	<u>84,583,976</u>	<u>-</u>	<u>84,583,976</u>
Receivables:			
Patient accounts - net of allowance for uncollectible accounts of \$289,127,798	71,950,316	-	71,950,316
Due from State of Illinois - CountyCare	49,612,218	-	49,612,218
Third-party settlements	4,982,443	-	4,982,443
Other receivables	1,333,228	117,741	1,450,969
Due from State of Illinois - sales tax	7,448,857	-	7,448,857
Total receivables	<u>135,327,062</u>	<u>117,741</u>	<u>135,444,803</u>
Inventories	<u>3,540,434</u>	<u>-</u>	<u>3,540,434</u>
Total current assets	349,547,545	12,848,544	362,396,089
Capital Assets, net of accumulated depreciation	<u>426,328,917</u>	<u>26,315</u>	<u>426,355,232</u>
Total assets	<u>\$ 775,876,462</u>	<u>\$ 12,874,859</u>	<u>\$ 788,751,321</u>

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

**Combining Statement of Net Position Information (Continued)**

**November 30, 2013**

	Operating Accounts	Restricted Purpose Accounts	Total
<b>Liabilities and Net Position</b>			
Current Liabilities			
Accounts payable	\$ 50,419,852	\$ 12,747	\$ 50,432,599
Accrued salaries, wages, and other liabilities	18,885,868	167,054	19,052,922
Claims payable - CountyCare	48,156,132	-	48,156,132
Compensated absences	6,411,906	82,785	6,494,691
Unearned revenue	76,561,917	2,638,463	79,200,380
Advance from State of Illinois - CountyCare	30,051,000	-	30,051,000
Third-party settlements	38,085,926	-	38,085,926
Due to other County governmental fund	43,455	-	43,455
Due to others	27,734	-	27,734
Interaccount payable (receivable)	(3,394,536)	3,394,536	-
Trust funds	-	47,325	47,325
	<hr/>	<hr/>	<hr/>
Total current liabilities	265,249,254	6,342,910	271,592,164
Compensated Absences, less current portion	36,334,136	318,123	36,652,259
Property Tax Objections	11,664,708	-	11,664,708
	<hr/>	<hr/>	<hr/>
Total liabilities	313,248,098	6,661,033	319,909,131
Net Position			
Net investment in capital assets	426,328,917	26,315	426,355,232
Restricted for patient care	-	6,187,511	6,187,511
Unrestricted	36,299,447	-	36,299,447
	<hr/>	<hr/>	<hr/>
Total net position	462,628,364	6,213,826	468,842,190
	<hr/>	<hr/>	<hr/>
Total liabilities and net position	<u>\$ 775,876,462</u>	<u>\$ 12,874,859</u>	<u>\$ 788,751,321</u>

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

**Combining Schedule of Revenues, Expenses, and  
Changes in Net Position Information  
Year Ended November 30, 2013**

	Operating Accounts	Restricted Purpose Accounts	Total
<b>Operating revenues:</b>			
Net patient service revenue - net of bad debt and charity provision of \$351,922,531	\$ 546,067,828	\$ -	\$ 546,067,828
CountyCare capitation revenue	117,542,922	-	117,542,922
Grant revenue	1,427,522	23,570,382	24,997,904
Electronic health record incentive program revenue	8,278,487	-	8,278,487
Other revenue	12,573,220	-	12,573,220
<b>Total operating revenues</b>	<b>685,889,979</b>	<b>23,570,382</b>	<b>709,460,361</b>
<b>Operating expenses:</b>			
Salaries and wages	508,937,984	9,062,302	518,000,286
Employee benefits	132,253,692	2,088,316	134,342,008
Supplies	116,470,839	83,400	116,554,239
Purchased services, rental, and other	253,846,808	6,879,419	260,726,227
Insurance	24,495,338	-	24,495,338
Depreciation	34,250,567	14,235	34,264,802
Utilities	11,926,973	-	11,926,973
Services contributed by other County offices	3,558,667	-	3,558,667
<b>Total operating expenses</b>	<b>1,085,740,868</b>	<b>18,127,672</b>	<b>1,103,868,540</b>
<b>Operating (loss) income</b>	<b>(399,850,889)</b>	<b>5,442,710</b>	<b>(394,408,179)</b>
<b>Nonoperating revenues (expenses):</b>			
Property taxes	73,128,663	-	73,128,663
Sales taxes	22,944,367	-	22,944,367
Cigarette taxes	144,337,574	-	144,337,574
Other tobacco products taxes	5,933,437	-	5,933,437
Interest income	24,983	-	24,983
Retirement plan contribution	56,840,708	-	56,840,708
Capital assets transferred to governmental activities	(1,862,622)	-	(1,862,622)
<b>Total nonoperating revenues</b>	<b>301,347,110</b>	<b>-</b>	<b>301,347,110</b>
<b>(Loss) income before capital contributions and transfers</b>	<b>(98,503,779)</b>	<b>5,442,710</b>	<b>(93,061,069)</b>
Capital contributions	21,859,230	-	21,859,230
Transfers	3,558,667	-	3,558,667
<b>Change in net position</b>	<b>(73,085,882)</b>	<b>5,442,710</b>	<b>(67,643,172)</b>
<b>Net position:</b>			
Beginning of year	535,714,246	771,116	536,485,362
End of year	\$ 462,628,364	\$ 6,213,826	\$ 468,842,190

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

**Combining Schedule of Cash Flows Information  
Year Ended November 30, 2013**

	Operating Accounts	Restricted Purpose Accounts	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from third-party payors and patients	\$ 660,282,490	\$ -	\$ 660,282,490
Payments to employees	(582,679,014)	(11,597,084)	(594,276,098)
Payments to suppliers	(360,509,668)	(3,503,874)	(364,013,542)
Other receipts	23,089,984	16,053,138	39,143,122
<b>Net cash provided by (used in) operating activities</b>	<b>(259,816,208)</b>	<b>952,180</b>	<b>(258,864,028)</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Real and personal property taxes received - net	78,580,392	-	78,580,392
Sales taxes received	32,715,539	-	32,715,539
Cigarette taxes received	144,337,573	-	144,337,573
Other tobacco products taxes received	5,933,437	-	5,933,437
<b>Net cash provided by noncapital financing activities</b>	<b>261,566,941</b>	<b>-</b>	<b>261,566,941</b>
<b>Cash Flows from Investing Activities</b>			
Interest received	24,983	-	24,983
<b>Net cash provided by investing activities</b>	<b>24,983</b>	<b>-</b>	<b>24,983</b>
<b>Change in cash and cash equivalents</b>	<b>1,775,716</b>	<b>952,180</b>	<b>2,727,896</b>
<b>Cash and cash equivalents:</b>			
Beginning of year	124,320,357	11,778,623	136,098,980
End of year	\$ 126,096,073	\$ 12,730,803	\$ 138,826,876
<b>Supplemental Disclosure of Noncash Transactions</b>			
Transfers - capital	\$ 21,859,230	\$ -	\$ 21,859,230

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

**Combining Schedule of Cash Flows Information (Continued)**

**Year Ended November 30, 2013**

	Operating Accounts	Restricted Purpose Accounts	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>			
<b>Provided by (Used in) Operating Activities</b>			
Operating income (loss)	\$ (399,850,889)	\$ 5,442,710	\$ (394,408,179)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>			
Depreciation	34,250,567	14,235	34,264,802
Provision for bad debts	351,922,531	-	351,922,531
Retirement plan contribution	56,840,708	-	56,840,708
Services contributed by other County offices	3,558,667	-	3,558,667
<b>Net change in assets and liabilities:</b>			
Patient accounts receivable	(370,983,898)	-	(370,983,898)
Due from State of Illinois - CountyCare	(49,612,218)	-	(49,612,218)
Third-party settlements	33,114,732	-	33,114,732
Other receivables	883,626	387,580	1,271,206
Due from other funds	339,275	-	339,275
Interaccount receivable (payable)	(3,462,066)	3,462,066	-
Inventories	(234,521)	-	(234,521)
Accounts payable	2,751,193	(1,817)	2,749,376
Accrued salaries, wages, and other liabilities	1,352,544	(446,390)	906,154
Claims payable	48,156,132	-	48,156,132
Compensated absences	(136,185)	(75)	(136,260)
Unearned revenue	2,063,744	(7,904,739)	(5,840,995)
Advance from State of Illinois - CountyCare	30,051,000	-	30,051,000
Due to other County governmental fund	43,455	-	43,455
Due to others	29,527	-	29,527
Trust funds	-	(1,390)	(1,390)
Property tax objections	(894,132)	-	(894,132)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (259,816,208)</b>	<b>\$ 952,180</b>	<b>\$ (258,864,028)</b>



Cook County Health and Hospitals System of Illinois

Combining Statement of Net Position of Operating Accounts Information  
November 30, 2013

	Bureau of Health Services	John H. Stroger Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	Intra-Activity Eliminations	Total
<b>Assets</b>							
Current Assets							
Cash and cash equivalents							
Cash in banks	\$ -	\$ 1,434,754	\$ 210,364	\$ -	\$ -	\$ -	\$ 1,645,118
Cash held by Cook County Treasurer	-	768,382,116	138,434,197	135,584,534	-	(1,013,097,046)	29,303,801
Working cash fund	-	95,147,154	-	-	-	-	95,147,154
<b>Total cash and cash equivalents</b>	<b>-</b>	<b>864,964,024</b>	<b>138,644,561</b>	<b>135,584,534</b>	<b>-</b>	<b>(1,013,097,046)</b>	<b>126,096,073</b>
Property taxes receivable - net:							
Tax levy - current year	2,831,506	64,772,673	5,002,752	8,068,128	-	-	80,675,059
Tax levy - prior year	137,001	3,147,465	240,368	384,083	-	-	3,908,917
<b>Total property taxes receivable</b>	<b>2,968,507</b>	<b>67,920,138</b>	<b>5,243,120</b>	<b>8,452,211</b>	<b>-</b>	<b>-</b>	<b>84,583,976</b>
Receivables:							
Patient accounts - net of allowance for uncollectible accounts of \$289,127,798	-	69,867,917	2,082,399	-	-	-	71,950,316
Due from State of Illinois - CountyCare	-	49,612,218	-	-	-	-	49,612,218
Third-party settlements	-	4,982,443	-	-	-	-	4,982,443
Other receivables	8,565	781,641	542,560	1	461	-	1,333,228
Due from State of Illinois - sales tax	169,446	4,241,562	853,432	716,635	1,467,782	-	7,448,857
<b>Total receivables</b>	<b>178,011</b>	<b>129,485,781</b>	<b>3,478,391</b>	<b>716,636</b>	<b>1,468,243</b>	<b>-</b>	<b>135,327,062</b>
Inventories	-	2,626,473	338,566	-	575,395	-	3,540,434
<b>Total current assets</b>	<b>3,146,518</b>	<b>1,064,996,416</b>	<b>147,704,638</b>	<b>144,753,381</b>	<b>2,043,638</b>	<b>(1,013,097,046)</b>	<b>349,547,545</b>
Capital Assets, net of accumulated depreciation	15,553,202	386,264,305	23,825,295	38,174	647,941	-	426,328,917
<b>Total assets</b>	<b>\$ 18,699,720</b>	<b>\$ 1,451,260,721</b>	<b>\$ 171,529,933</b>	<b>\$ 144,791,555</b>	<b>\$ 2,691,579</b>	<b>\$ (1,013,097,046)</b>	<b>\$ 775,876,462</b>

Cook County Health and Hospitals System of Illinois

Combining Statement of Net Position of Operating Accounts Information (Continued)  
November 30, 2013

	Bureau of Health Services	John H. Stroger Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	Intra-Activity Eliminations	Total
<b>Liabilities and Net Position</b>							
Current Liabilities							
Due to Cook County Treasurer	\$ 919,482,338	\$ -	\$ -	\$ -	\$ 93,614,708	\$ (1,013,097,046)	\$ -
Accounts payable	19,665,756	27,775,065	2,358,187	404,106	216,738	-	50,419,852
Accrued salaries, wages, and other liabilities	1,791,804	13,917,792	1,210,937	370,209	1,595,126	-	18,885,868
Claims payable - CountyCare	-	48,156,132	-	-	-	-	48,156,132
Compensated absences	583,790	4,795,523	469,070	159,861	403,662	-	6,411,906
Unearned revenue	-	73,949,441	2,612,476	-	-	-	76,561,917
Advance from State of Illinois - CountyCare	-	30,051,000	-	-	-	-	30,051,000
Third-party settlements	-	37,904,522	181,404	-	-	-	38,085,926
Due to other County governmental fund	-	31,455	5,000	7,000	-	-	43,455
Due from others	-	27,734	-	-	-	-	27,734
Interaccount payable (receivable)	(223,120,066)	173,590,577	41,290,554	(3,460,438)	8,304,837	-	(3,394,536)
<b>Total current liabilities</b>	<b>718,403,622</b>	<b>410,199,241</b>	<b>48,127,628</b>	<b>(2,519,262)</b>	<b>104,135,071</b>	<b>(1,013,097,046)</b>	<b>265,249,254</b>
Compensated Absences, less current portion	3,308,144	27,174,630	2,658,064	905,879	2,287,419	-	36,334,136
Property Tax Objections	401,266	9,409,920	709,214	1,144,308	-	-	11,664,708
<b>Total liabilities</b>	<b>722,113,032</b>	<b>446,783,791</b>	<b>51,494,906</b>	<b>(469,075)</b>	<b>106,422,490</b>	<b>(1,013,097,046)</b>	<b>313,248,098</b>
Net Position							
Net investment in capital assets	15,553,202	386,264,305	23,825,295	38,174	647,941	-	426,328,917
Unrestricted	(718,966,514)	618,212,625	96,209,732	145,222,456	(104,378,852)	-	36,299,447
<b>Total net position</b>	<b>(703,413,312)</b>	<b>1,004,476,930</b>	<b>120,035,027</b>	<b>145,260,630</b>	<b>(103,730,911)</b>	<b>-</b>	<b>462,628,364</b>
<b>Total liabilities and net position</b>	<b>\$ 18,699,720</b>	<b>\$ 1,451,260,721</b>	<b>\$ 171,529,933</b>	<b>\$ 144,791,555</b>	<b>\$ 2,691,579</b>	<b>\$ (1,013,097,046)</b>	<b>\$ 775,876,462</b>

Cook County Health and Hospitals System of Illinois

Combining Schedule of Revenues, Expenses, and  
Changes in Net Position of Operating Accounts Information  
Year Ended November 30, 2013

	Bureau of Health Services	John H. Stroger Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	Total
Operating revenues:						
Net patient service revenue - net of bad debt charity provision of \$351,922,531	\$ -	\$ 520,841,989	\$ 25,225,839	\$ -	\$ -	\$ 546,067,828
CountyCare capitation revenue	-	117,542,922	-	-	-	117,542,922
Grant revenue	-	-	-	1,427,522	-	1,427,522
Electronic health record incentive program revenue	-	6,653,988	1,624,499	-	-	8,278,487
Other revenue	34,220	5,426,077	379,924	6,727,236	5,763	12,573,220
Total operating revenues	34,220	650,464,976	27,230,262	8,154,758	5,763	685,889,979
Operating expenses:						
Salaries and wages	48,122,421	376,193,295	32,615,634	10,697,701	41,308,933	508,937,984
Employee benefits	12,139,554	96,836,541	8,393,490	3,943,284	10,940,823	132,253,692
Supplies	10,358,860	99,390,706	3,618,004	388,979	2,714,290	116,470,839
Purchased services, rental, and other	69,584,679	173,669,136	7,895,339	1,013,627	1,684,027	253,846,808
Insurance	2,364,705	18,112,353	1,527,921	342,943	2,147,416	24,495,338
Depreciation	6,343,287	25,539,903	1,910,939	215,441	240,997	34,250,567
Utilities	1,482,416	9,018,193	1,313,810	45,579	66,975	11,926,973
Services contributed by other County offices	-	3,107,257	451,410	-	-	3,558,667
Total operating expenses	150,395,922	801,867,384	57,726,547	16,647,554	59,103,461	1,085,740,868
<b>Operating loss</b>	(150,361,702)	(151,402,408)	(30,496,285)	(8,492,796)	(59,097,698)	(399,850,889)
Nonoperating revenues (expenses):						
Property taxes	2,566,333	58,685,481	4,549,445	7,327,404	-	73,128,663
Sales taxes	521,938	13,065,086	2,628,786	2,207,416	4,521,141	22,944,367
Cigarette taxes	4,809,673	115,551,356	9,734,879	14,241,666	-	144,337,574
Other tobacco products taxes	188,671	4,794,000	389,006	561,760	-	5,933,437
Interest income	6	24,577	320	26	54	24,983
Retirement plan contribution	4,916,808	41,552,353	3,731,591	2,254,512	4,385,444	56,840,708
	-	-	-	(1,862,622)	-	(1,862,622)
Total nonoperating revenues	13,003,429	233,672,853	21,034,027	24,730,162	8,906,639	301,347,110
<b>(Loss) income before capital contributions and transfers</b>	(137,358,273)	82,270,445	(9,462,258)	16,237,366	(50,191,059)	(98,503,779)
Capital contributions	6,250,896	11,772,515	3,701,364	3,706	130,749	21,859,230
Transfers	-	3,107,257	451,410	-	-	3,558,667
<b>Change in net position</b>	(131,107,377)	97,150,217	(5,309,484)	16,241,072	(50,060,310)	(73,085,882)
Net position:						
Beginning of year	(572,305,935)	907,326,713	125,344,511	129,019,558	(53,670,601)	535,714,246
End of year	\$ (703,413,312)	\$ 1,004,476,930	\$ 120,035,027	\$ 145,260,630	\$ (103,730,911)	\$ 462,628,364

Cook County Health and Hospitals System of Illinois

Combining Schedule of Cash Flows of Operating Accounts Information  
Year Ended November 30, 2013

	Bureau of Health Services	John H. Stroger Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	Intra-Activity Eliminations	Total
<b>Cash Flows from Operating Activities</b>							
Receipts from third-party payors and patients	\$ -	\$ 645,539,801	\$ 14,742,689	\$ -	\$ -	\$ -	\$ 660,282,490
Payments to employees	(54,914,459)	(430,325,254)	(37,366,591)	(12,457,701)	(47,615,009)	-	(582,679,014)
Payments to suppliers	(126,441,940)	(218,275,951)	(5,225,782)	(5,706,690)	(4,859,305)	-	(360,509,668)
Other receipts	34,770	12,589,574	2,264,716	8,194,394	6,530	-	23,089,984
<b>Net cash provided by (used in) operating activities</b>	<b>(181,321,629)</b>	<b>9,528,170</b>	<b>(25,584,968)</b>	<b>(9,969,997)</b>	<b>(52,467,784)</b>	<b>-</b>	<b>(259,816,208)</b>
<b>Cash Flows from Noncapital Financing Activities</b>							
Due to Cook County Treasurer	172,877,530	-	-	-	46,021,200	(218,898,730)	-
Real and personal property taxes received - net	2,701,538	63,385,148	4,785,133	7,708,573	-	-	78,580,392
Sales taxes received	744,211	18,629,031	3,748,292	3,147,475	6,446,530	-	32,715,539
Cigarette taxes received	4,809,673	115,551,355	9,734,879	14,241,666	-	-	144,337,573
Other tobacco products taxes received	188,671	4,794,000	389,006	561,760	-	-	5,933,437
<b>Net cash provided by noncapital financing activities</b>	<b>181,321,623</b>	<b>202,359,534</b>	<b>18,657,310</b>	<b>25,659,474</b>	<b>52,467,730</b>	<b>(218,898,730)</b>	<b>261,566,941</b>
<b>Cash Flows from Investing Activities</b>							
Interest received	6	24,577	320	26	54	-	24,983
<b>Net cash provided by investing activities</b>	<b>6</b>	<b>24,577</b>	<b>320</b>	<b>26</b>	<b>54</b>	<b>-</b>	<b>24,983</b>
<b>Change in cash and cash equivalents</b>	<b>-</b>	<b>211,912,281</b>	<b>(6,927,338)</b>	<b>15,689,503</b>	<b>-</b>	<b>(218,898,730)</b>	<b>1,775,716</b>
<b>Cash and cash equivalents:</b>							
Beginning of year	-	653,051,743	145,571,899	119,895,031	-	(794,198,316)	124,320,357
End of year	\$ -	\$ 864,964,024	\$ 138,644,561	\$ 135,584,534	\$ -	\$ (1,013,097,046)	\$ 126,096,073
<b>Supplemental Disclosure of Noncash Transactions</b>							
Transfers - capital	\$ 6,250,896	\$ 11,772,515	\$ 3,701,364	\$ 3,706	\$ 130,749	\$ -	\$ 21,859,230

Cook County Health and Hospitals System of Illinois

Combining Schedule of Cash Flows of Operating Accounts Information (Continued)  
Year Ended November 30, 2013

	Bureau of Health Services	John H. Stroger Jr. Hospital	Provident Hospital	Department of Public Health	Cermak Health Services	Intra-Activity Eliminations	Total
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities							
Operating loss	\$ (150,361,702)	\$ (151,402,408)	\$ (30,496,285)	\$ (8,492,796)	\$ (59,097,698)	\$ -	\$ (399,850,889)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:							
Depreciation	6,343,287	25,539,903	1,910,939	215,441	240,997	-	34,250,567
Provision for bad debts	-	326,831,133	25,091,398	-	-	-	351,922,531
Retirement plan contribution	4,916,808	41,552,353	3,731,591	2,254,512	4,385,444	-	56,840,708
Services contributed by other County offices	-	3,107,257	451,410	-	-	-	3,558,667
Net change in assets and liabilities:							
Patient accounts receivable	-	(345,339,553)	(25,644,345)	-	-	-	(370,983,898)
Due from State of Illinois - CountyCare							
Medicaid Expansion	-	(49,612,218)	-	-	-	-	(49,612,218)
Third-party settlements	-	33,033,322	81,410	-	-	-	33,114,732
Other receivables	(8,488)	677,257	214,083	5	769	-	883,626
Due from other funds	9,037	254,700	42,905	32,633	-	-	339,275
Interaccount receivable (payable)	(36,860,816)	25,063,029	9,933,103	(3,462,067)	1,864,685	-	(3,462,066)
Inventories	-	(127,781)	(59,809)	-	(46,931)	-	(234,521)
Accounts payable	(5,895,340)	8,888,342	120,510	(297,964)	(64,355)	-	2,751,193
Accrued salaries, wages, and other liabilities	319,201	812,771	38,163	(23,679)	206,088	-	1,352,544
Claims payable - CountyCare	-	48,156,132	-	-	-	-	48,156,132
Compensated absences	111,507	(114,443)	(128,916)	(47,550)	43,217	-	(136,185)
Unearned revenue	-	12,077,972	(10,014,228)	-	-	-	2,063,744
Advance from State of Illinois - CountyCare							
Medicaid Expansion	-	30,051,000	-	-	-	-	30,051,000
Due to other County governmental fund	-	31,455	5,000	7,000	-	-	43,455
Due to others	-	29,527	-	-	-	-	29,527
Property tax objections	104,877	18,420	(861,897)	(155,532)	-	-	(894,132)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (181,321,629)</b>	<b>\$ 9,528,170</b>	<b>\$ (25,584,968)</b>	<b>\$ (9,969,997)</b>	<b>\$ (52,467,784)</b>	<b>\$ -</b>	<b>\$ (259,816,208)</b>

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

**Combining Statement of Net Position of Restricted Purpose Accounts Information  
November 30, 2013**

	John H. Stroger Jr. Hospital	Department of Public Health	Total
<b>Assets</b>			
Current Assets			
Cash and cash equivalents			
Cash in banks	\$ 43,715	\$ -	\$ 43,715
Cash held by Cook County Treasurer	997,595	11,689,493	12,687,088
Total cash and cash equivalents	<u>1,041,310</u>	<u>11,689,493</u>	<u>12,730,803</u>
Other receivables	3,610	114,131	117,741
Total receivables	<u>3,610</u>	<u>114,131</u>	<u>117,741</u>
Total current assets	1,044,920	11,803,624	12,848,544
Capital Assets			
Net of accumulated depreciation	26,315	-	26,315
Total assets	<u>\$ 1,071,235</u>	<u>\$ 11,803,624</u>	<u>\$ 12,874,859</u>
<b>Liabilities and Net Position</b>			
Current Liabilities			
Accounts payable	\$ -	\$ 12,747	\$ 12,747
Accrued salaries, wages, and other liabilities	8,723	158,331	167,054
Compensated absences	30,702	52,083	82,785
Trust funds	47,325	-	47,325
Unearned revenue	670,132	1,968,331	2,638,463
Interaccount payable	210,524	3,184,012	3,394,536
Total current liabilities	967,406	5,375,504	6,342,910
Compensated Absences, less current portion	22,988	295,135	318,123
Total liabilities	<u>990,394</u>	<u>5,670,639</u>	<u>6,661,033</u>
Net Position			
Net investment in capital assets	26,315	-	26,315
Restricted for patient care	54,526	6,132,985	6,187,511
Total net position	<u>80,841</u>	<u>6,132,985</u>	<u>6,213,826</u>
Total liabilities and net position	<u>\$ 1,071,235</u>	<u>\$ 11,803,624</u>	<u>\$ 12,874,859</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, 2013**

	John H. Stroger Jr. Hospital	Department of Public Health	Total
Grant revenue	\$ 996,549	\$ 22,573,833	\$ 23,570,382
Total operating revenues	<u>996,549</u>	<u>22,573,833</u>	<u>23,570,382</u>
Operating expenses:			
Salaries and wages	876,894	8,185,408	9,062,302
Employee benefits	157,448	1,930,868	2,088,316
Supplies	-	83,400	83,400
Purchased services, rental, and other	71,053	6,808,366	6,879,419
Depreciation	14,235	-	14,235
Total operating expenses	<u>1,119,630</u>	<u>17,008,042</u>	<u>18,127,672</u>
<b>Change in net position</b>	(123,081)	5,565,791	5,442,710
Net position:			
Beginning of year	<u>203,922</u>	<u>567,194</u>	<u>771,116</u>
End of year	<u>\$ 80,841</u>	<u>\$ 6,132,985</u>	<u>\$ 6,213,826</u>

Cook County Health and Hospitals System of Illinois

Combining Schedule of Cash Flows of Restricted Purpose  
Accounts Information  
Year Ended November 30, 2013

	John H. Stroger Jr. Hospital	Department of Public Health	Total
<b>Cash Flows from Operating Activities</b>			
Payments to employees	\$ (1,471,179)	\$ (10,125,905)	\$ (11,597,084)
Payments from (to) suppliers	205,698	(3,709,572)	(3,503,874)
Other receipts	1,196,994	14,856,144	16,053,138
<b>Net cash provided by (used in) operating activities and change in cash and cash equivalents</b>	<b>(68,487)</b>	<b>1,020,667</b>	<b>952,180</b>
<b>Cash and cash equivalents:</b>			
Beginning of year	1,109,797	10,668,826	11,778,623
End of year	<u>\$ 1,041,310</u>	<u>\$ 11,689,493</u>	<u>\$ 12,730,803</u>
<b>Reconciliation of Operating Loss to Net Cash</b>			
Provided by (Used in) Operating Activities			
Operating income (loss)	\$ (123,081)	\$ 5,565,791	\$ 5,442,710
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	14,235	-	14,235
Net changes in assets and liabilities:			
Other receivables	80,962	306,618	387,580
Interaccount receivable (payable)	278,055	3,184,011	3,462,066
Accounts payable	-	(1,817)	(1,817)
Accrued salaries, wages, and other liabilities	(448,945)	2,555	(446,390)
Compensated absences	12,109	(12,184)	(75)
Unearned revenue	119,568	(8,024,307)	(7,904,739)
Trust funds	(1,390)	-	(1,390)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (68,487)</b>	<b>\$ 1,020,667</b>	<b>\$ 952,180</b>