

Cook County Health and Hospitals System of Illinois

An Enterprise Fund of Cook County, Illinois

Financial Statements as of and for the
Year Ended November 30, 2009,
Combining Supplemental Schedules as of and
for the Year Ended November 30, 2009,
and Independent Auditors' Report

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

TABLE OF CONTENTS

| | Page |
|--|-------------|
| INDEPENDENT AUDITORS' REPORT | 1-2 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 3-9 |
| FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED NOVEMBER 30, 2009: | |
| Balance Sheet | 10-11 |
| Statements of Revenues, Expenses, and Changes in Net Assets | 12 |
| Statements of Cash Flows | 13 |
| Notes to Financial Statements | 14-29 |
| REQUIRED SUPPLEMENTARY INFORMATION | 30-31 |
| SUPPLEMENTAL SCHEDULES: | 32 |
| Combining Balance Sheet Information | 33-34 |
| Combining Statement of Revenues, Expenses, and Changes in Net Assets Information | 35 |
| Combining Statement of Cash Flows Information | 36-37 |
| Combining Balance Sheet of Operating Accounts Information | 38-39 |
| Combining Statement of Revenues, Expenses, and Changes in Net Assets Information of Operating Accounts | 40 |
| Combining Statement of Cash Flows of Operating Accounts Information | 41-42 |
| Combining Balance Sheet of Restricted Purpose Accounts Information | 43 |
| Combining Statement of Revenues, Expenses, and Changes in Net Assets of Restricted Purpose Accounts Information | 44 |
| Combining Statement of Cash Flows of Restricted Purpose Accounts Information | 45 |

INDEPENDENT AUDITORS' REPORT

To the Board of Commissions of
Cook County Health and Hospitals System:

We have audited the accompanying basic financial statements of the Cook County Health and Hospitals System of Illinois (CCHHS) as of and for the year ended November 30, 2009, as listed in the table of contents. These financial statements are the responsibility of CCHHS's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CCHHS's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements referred to above present only CCHHS and do not purport to, and do not, present fairly the financial position of Cook County, Illinois, as of November 30, 2009, and the changes in its financial position or its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of CCHHS, as of November 30, 2009, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the Schedule of Funding Progress, as listed in the foregoing table of contents, are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. This required supplementary information is the responsibility of CCHHS's management. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CCHHS's financial statements. The accompanying combining supplementary schedules, as listed in the foregoing table of contents, are presented for purpose of additional analysis and are not a required part of the financial statements. This additional information is the responsibility of CCHHS's management. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

Deloitte & Touche LLP

August 31, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

In May 2008, the Cook County Board of Commissioners renamed the Cook County Health Facilities as the Cook County Health and Hospital System (CCHHS).

This discussion and analysis provides the readers of the financial statements of CCHHS with an overview of the financial activities and financial position for the fiscal years ended November 30, 2009 and 2008. 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.

CCHHS includes the following entities: John H. Stroger Jr. Hospital (JSH); Oak Forest Hospital (OFH); Provident Hospital (PHCC); the Department of Public Health (DPH); the Ambulatory and Community Health Network (ACHN); the Bureau of Health Services (BHS); and in 2009, Cook County transferred the Cermak Health Services (CHS) to CCHHS. Collectively, these entities provide primary, intermediate, acute, and tertiary medical care to patients, without regard to their ability to pay. The Bureau of Health Services oversees the operational, planning, and policy activities of CCHHS.

CCHHS is the third largest public hospital system in the United States operated by a unit of local government and is, by far, the largest provider of medical care to the uninsured, underinsured, and Medicaid populations in the state of Illinois. The emergency department at JSH is the busiest in the metropolitan Chicago area with a 2009 census of more than 132,000 patient encounters. The PHCC emergency department is the fourth largest in the area with almost 40,000 encounters in 2009.

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

Summary of Operating and Financial Highlights

In fiscal year 2008 a new Health and Hospital Systems Board was created by the Cook County Board of Commissioners to provide independent oversight of health care operations for a three-year term to expire 2011. In May of 2010, the Cook County Board of Commissioners voted to make the Health and Hospitals System Board permanent. The Cook County Health and Hospital Systems continues to undertake significant restructuring with a focus on operational efficiency so that CCHHS can better fulfill its mission of serving the health care needs of the region. Additionally, Management continues throughout fiscal year 2008 and fiscal year 2009 to recruit and hire permanent key leadership positions.

Due to limited resources, the Bureau of Health Services (BHS) undertook a significant restructuring which included, as part of the fiscal year 2007 budget, streamlining of organizational structures, consolidation or

outsourcing of certain services, reducing services such as long-term care and layoffs of personnel. In fiscal year 2008 and 2009, management has continued its focus on operational efficiency and cost cutting due to budgetary constraints. In the short-term, these actions are meant to stabilize CCHHS' operations so that the BHS can continue to fulfill its mission of serving the health care needs of the region.

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

Financial Highlights

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 years 2009 and 2008 by \$746,299 and \$588,488, respectively. Of these amounts, \$249,761 and \$82,025, respectively, are unrestricted net assets. In addition, in 2009 CCHHS net investment in capital assets decreased \$12,605 primarily due to annual depreciation.
- Total net assets increased by \$157,811 in fiscal year 2009 as compared to a decrease of \$12,510 in fiscal year 2008. The increase is primarily the result of \$321,053 increase in Medicaid reimbursement through the Secondary Interagency Agreement.
- Loss from operations in fiscal year 2009 was \$381,727 as compared to fiscal year 2008 was \$529,189. The \$147,462 decrease in the operating loss is primarily the result of \$321,053 increase in Medicaid reimbursement through the Secondary Interagency Agreement.
- During fiscal year 2009, the self-pay component of CCHHS payor mix decreased to 52% from 55% in fiscal year 2008, while Medicaid payor mix increased to 32% from 29% over the same period.
- The provision for bad debt expense increased in fiscal year 2009 by approximately \$6,418 or 2% to \$336,221. This increase is due to an increase in uninsured and underinsured patients being treated at CCHHS facilities.

Overview of the Financial Statements

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 operation.

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

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 14–26 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 benefits to its employees. Required supplementary information can be found on page 28 of this report.

The combining statements are presented immediately following the required supplementary information on pensions. Combining statements and schedules can be found on pages 30–42 of this report.

Operating Statistics

The following table represents utilization statistics for CCHHS for the fiscal years ended November 30, 2009 and 2008:

| | 2009 | 2008 | Percent Change |
|------------------------|-------------|-------------|-----------------------|
| Patient days | 156,364 | 160,719 | (3)% |
| Average daily census | 428 | 439 | (2)% |
| Admissions | 31,524 | 31,186 | 1 % |
| Average length of stay | 4.96 | 5.15 | (4)% |

Fund-Wide Financial Analysis

As previously noted, net assets may serve over time as a useful indicator of a fund’s financial position. In the case of CCHHS, assets exceeded liabilities by \$746,299 and \$588,488 at November 30, 2009 and 2008, respectively.

The largest portion of CCHHS net assets (66% and 86% for 2009 and 2008, 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
BALANCE SHEETS
NOVEMBER 30, 2009 AND 2008
(In thousands)

| | 2009 | 2008 |
|----------------------------------|--------------------|--------------------|
| Current and other assets | \$ 805,053 | \$ 599,530 |
| Capital assets | <u>491,876</u> | <u>504,481</u> |
| Total assets | <u>\$1,296,929</u> | <u>\$1,104,011</u> |
| Current liabilities | \$ 543,386 | \$ 505,931 |
| Other liabilities | <u>7,244</u> | <u>9,592</u> |
| Total liabilities | 550,630 | 515,523 |
| Net assets: | | |
| Invested in capital assets | 491,876 | 504,481 |
| Restricted for time and purpose | 4,662 | 1,982 |
| Unrestricted | <u>249,761</u> | <u>82,025</u> |
| Total net assets | <u>746,299</u> | <u>588,488</u> |
| Total liabilities and net assets | <u>\$1,296,929</u> | <u>\$1,104,011</u> |

Net assets for CCHHS increased by \$157,811 during fiscal year 2009 to \$746,299, and \$12,510 during fiscal year 2008 to \$588,488. Current assets increased \$205,523 during fiscal year 2009 to \$805,053, and \$97,096 during fiscal year 2008 to \$599,530. Cash and cash equivalents increased \$245,640 or 120%, to \$450,731 in fiscal year 2009, and increased \$38,382 or 23%, to \$205,090 in fiscal year 2008. The current ratio for fiscal years 2009 and 2008 were 1.5 and 1.2 respectively.

Capital assets for CCHHS decreased by \$12,605 during fiscal year 2009 to \$491,876, and \$19,198 during fiscal year 2008 to \$504,481. Additions for fiscal year 2009 and fiscal year 2008 were \$26,184 and \$19,964, respectively, while depreciation expense was \$35,959 and \$39,162, respectively. As a result, the average age of plant of CCHHS' facilities increased to 9.7 years in fiscal year 2009 from 8.3 years in fiscal year 2008.

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

| | 2009 | 2008 |
|---|-------------------|-------------------|
| Operating revenues: | | |
| Net patient service revenue — net of provision of \$336,221 and \$329,803, respectively) | \$ 599,532 | \$ 358,894 |
| Other revenue | <u>30,010</u> | <u>22,915</u> |
| Total operating revenues | <u>629,542</u> | <u>381,809</u> |
| Operating expenses: | | |
| Salaries and benefits | 666,244 | 629,459 |
| Supplies | 113,316 | 107,935 |
| Purchased services, rental, and other | 129,453 | 111,460 |
| Insurance | 43,621 | |
| Depreciation | 35,959 | 39,162 |
| Utilities | 18,412 | 18,891 |
| Services contributed to other County offices | <u>4,264</u> | <u>4,091</u> |
| Total operating expenses | <u>1,011,269</u> | <u>910,998</u> |
| Operating loss | <u>(381,727)</u> | <u>(529,189)</u> |
| Nonoperating revenue: | | |
| Property taxes | 138,561 | 139,615 |
| Sales tax | 285,027 | 160,337 |
| Cigarette taxes | 29,380 | 135,932 |
| Interest income | 62 | 291 |
| Retirement plan contribution | 58,606 | 56,449 |
| Services contributed by other County offices | <u>4,264</u> | <u>4,091</u> |
| Total nonoperating revenues — net | <u>515,900</u> | <u>496,715</u> |
| Loss before other revenue, expenses, gains, and losses | 134,173 | (32,474) |
| Transfers - Capital | 23,354 | 19,964 |
| Transfers - Cash | <u>284</u> | <u> </u> |
| Change in net assets | 157,811 | (12,510) |
| Net assets — beginning of year | <u>588,488</u> | <u>600,998</u> |
| Net assets — end of year | <u>\$ 746,299</u> | <u>\$ 588,488</u> |

Operating revenue, net of bad debt provision, increased to \$629,542 in fiscal year 2009 from \$381,809 in fiscal year 2008. This increase is primarily attributable to the \$321,053 increase in Medicaid reimbursement through the Secondary Interagency Agreement.

Salaries and benefits increased nominally in fiscal year 2009 by \$36,785, or approximately 6%, to \$666,244, and decreased in fiscal year 2008 by \$17,949, or approximately 3%, to \$629,459. The nominal increase of 6%

in fiscal year 2009 is due an increase in staffing levels and new hires to fill permanent positions in CCHHS administration and finance staff.

Supplies expense, including pharmaceuticals, increased to \$113,316 in fiscal year 2009, and \$107,935 in fiscal year 2008. Despite rising pharmaceutical prices, utilization management programs implemented by CCHHS limited excessive increases in this line item.

Purchased services, rental, and other expenses increased to \$129,453, or 16% in fiscal year 2009 from \$111,460 in fiscal year 2008. This increase is primarily due to the increased use of consulting services for various CCHHS projects including, reorganization of the revenue cycle and supply chain, and the implementation of the Enterprise Resource Planning (ERP) Lawson System.

The operating loss of CCHHS decreased \$147,552 in fiscal year 2009 to \$381,637, and increased \$54,212 in fiscal year 2008 to \$529,189. These losses in the financial operations of CCHHS led to the adoption of a resolution by the Cook County Board of Commissioners on July 1, 2008 to continue to fund the operations of CCHHS. Management understands that this trend is unsustainable and is examining ways to improve the registration, billing, and collection processes to maximize revenues to CCHHS, as well as identifying ways to reduce operating costs.

Nonoperating revenue increased \$19,185 in fiscal year 2009 to \$515,900, and increased \$129,053 in fiscal year 2008 to \$496,715. The increase in 2009 is primarily due to the Cook County Board of Commissioners voting to increase the allocation of sales tax by \$124,690 and at the same time decrease the allocation of cigarette tax by \$106,552.

Capital Assets and Debt Administration

Capital Assets

CCHHS investment in capital assets amounts to \$491,876 and \$504,481, net of depreciation, as of fiscal year 2009 and fiscal year 2008, respectively. This investment includes buildings, improvements and equipment. The \$12,605 decrease in capital assets for fiscal year 2009 is the result of depreciation expense of \$35,959 outpacing the investment in capital assets of \$23,354. The \$19,198 decrease in capital assets for fiscal year 2008 is the result of depreciation expense of \$39,162 outpacing the net investment in capital assets of \$19,964.

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

Debt Administration

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

Economic Factors

The health care industry is highly dependent upon a number of factors that have a significant effect on the future operations and financial condition of 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.

As of the date of this report, there are no known facts, decisions, or conditions that are expected to have a significant effect on the net assets or the results of operations, other than the fact that salaries in the health

care industry have become very competitive as a result of the national shortage of health care professionals. CCHHS has provided for increases in salaries and benefits in the budget to assist in the hiring and retention of high quality employees.

Subsequent Event

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.

Contacting CCHHS' Financial Management

This financial report is intended to provide our patients, elected officials, citizens, creditors, and vendors with a general overview of CCHHS' 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' Chief Financial Officer at 1900 W. Polk Street, Room 505, Chicago, Illinois 60612, www.cookcountygov.com.

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

BALANCE SHEET AS OF NOVEMBER 30, 2009

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note 5):

| | |
|------------------------------------|-------------------|
| Cash in banks | \$ 1,189,030 |
| Cash held by Cook County Treasurer | 354,674,915 |
| Working cash fund | <u>94,867,375</u> |

| | |
|---------------------------------|--------------------|
| Total cash and cash equivalents | <u>450,731,320</u> |
|---------------------------------|--------------------|

Property taxes receivable — net of allowance for loss of \$4,465,612:

| | |
|-------------------------|-------------------|
| Tax levy — current year | 144,388,140 |
| Tax levy — prior year | <u>54,542,489</u> |

| | |
|---------------------------------|--------------------|
| Total property taxes receivable | <u>198,930,629</u> |
|---------------------------------|--------------------|

Receivables:

| | |
|---|-------------------|
| Patient accounts — net of allowances for uncollectible accounts of \$428,817,622 | 107,416,222 |
| Third-party settlements | 61,323 |
| Other receivables | 3,115,187 |
| Due from State of Illinois — sales tax | <u>37,443,169</u> |

| | |
|-------------------|--------------------|
| Total receivables | <u>148,035,901</u> |
|-------------------|--------------------|

| | |
|-------------|------------------|
| Inventories | <u>7,355,190</u> |
|-------------|------------------|

| | |
|----------------------|-------------|
| Total current assets | 805,053,040 |
|----------------------|-------------|

| | |
|--|--------------------|
| CAPITAL ASSETS — Depreciable assets — net (Note 6) | <u>491,875,750</u> |
|--|--------------------|

| | |
|-------|------------------------|
| TOTAL | <u>\$1,296,928,790</u> |
|-------|------------------------|

(Continued)

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

BALANCE SHEET AS OF NOVEMBER 30, 2009

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

| | |
|--|----------------|
| Due to Cook County Treasurer (Note 9) | \$ 281,826,606 |
| Accounts payable | 59,402,914 |
| Accrued salaries, wages, and other liabilities | 39,143,625 |
| Compensated absences | 43,435,954 |
| Deferred revenue (Note 7) | 112,451,256 |
| Third-party settlements | 2,865,474 |
| Due to State of Illinois | 4,063,877 |
| Due to other County governmental fund | 43,455 |
| Due to others | 86,712 |
| Trust funds | 66,280 |

Total current liabilities 543,386,153

RESERVE FOR TAX OBJECTION SUITS (Note 8) 7,243,917

Total liabilities 550,630,070

COMMITMENTS AND CONTINGENCIES (Note 15)

NET ASSETS:

| | |
|----------------------------|--------------------|
| Invested in capital assets | 491,875,750 |
| Restricted net assets | 4,662,371 |
| Unrestricted net assets | <u>249,760,599</u> |

Total net assets 746,298,720

TOTAL \$1,296,928,790

See notes to financial statements.

(Concluded)

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED NOVEMBER 30, 2009

OPERATING REVENUES:

| | |
|---|--------------------|
| Net patient service revenue — net of provision of \$336,221,236 | \$ 599,532,031 |
| Other revenue | <u>30,010,044</u> |
| Total operating revenues | <u>629,542,075</u> |

OPERATING EXPENSES:

| | |
|---|----------------------|
| Salaries and wages | 535,517,868 |
| Employee benefits | 130,725,673 |
| Supplies | 113,315,836 |
| Purchased services, rental, and other | 129,453,703 |
| Insurance | 43,621,367 |
| Depreciation | 35,959,075 |
| Utilities | 18,412,084 |
| Services contributed by other County offices (Note 9) | <u>4,264,067</u> |
| Total operating expenses | <u>1,011,269,673</u> |

OPERATING LOSS (381,727,598)

NONOPERATING REVENUE:

| | |
|---|--------------------|
| Property taxes | 138,561,251 |
| Sales tax | 285,027,113 |
| Cigarette taxes | 29,380,365 |
| Interest income | 62,155 |
| Retirement plan contribution (Note 11) | 58,605,619 |
| Services contributed by other County offices (Note 9) | <u>4,264,067</u> |
| Total nonoperating revenue | <u>515,900,570</u> |

LOSS BEFORE OTHER REVENUE, EXPENSES, GAINS,
LOSSES AND TRANSFERS 134,172,972

TRANSFERS — CAPITAL (Note 9) 23,354,239

TRANSFERS — CASH 283,962

CHANGE IN NET ASSETS 157,811,173

NET ASSETS — Beginning of year 588,487,547

NET ASSETS — End of year \$ 746,298,720

See notes to financial statements.

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

STATEMENT OF CASH FLOW FOR THE YEAR ENDED NOVEMBER 30, 2009

| | |
|--|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Receipts from third-party payors and patients | \$ 664,164,416 |
| Payments to employees | (599,098,704) |
| Payments to suppliers | (292,290,847) |
| Other receipts | <u>32,387,454</u> |
| Net cash used in operating activities | <u>(194,837,681)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| Borrowings from working cash fund (Note 9) | 80,000,000 |
| Repayment of borrowings from working cash fund (Note 9) | (80,000,000) |
| Real and personal property taxes received — net | 102,027,024 |
| Sales taxes received | 280,466,230 |
| Cigarette taxes received | 29,380,365 |
| Transfers from other County funds | <u>28,542,386</u> |
| Net cash provided by noncapital financing activities | <u>440,416,005</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES — Interest received | <u>62,155</u> |
| CHANGE IN CASH AND CASH EQUIVALENTS | 245,640,479 |
| CASH AND CASH EQUIVALENTS — Beginning of year | <u>205,090,841</u> |
| CASH AND CASH EQUIVALENTS — End of year | <u>\$ 450,731,320</u> |
| NONCASH TRANSACTIONS: | |
| Retirement plan contributions | <u>\$ 58,605,619</u> |
| Services contributed by other County offices | <u>\$ 4,264,067</u> |
| Transfers - capital | <u>\$ 23,354,239</u> |
| Donated vaccines | <u>\$ 262,580</u> |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES: | |
| Operating loss | \$(381,727,598) |
| Adjustment to reconcile operating loss to net cash used in operating activities: | |
| Depreciation | 35,959,075 |
| Provision for bad debts | 336,221,236 |
| Retirement plan contribution | 58,605,619 |
| Services contributed by other County offices | 4,264,067 |
| Net change in assets and liabilities: | |
| Patient accounts receivables | (286,265,345) |
| Third-party settlements | 1,583,993 |
| Accounts payable | (30,399,458) |
| Accrued salaries, wages, and other liabilities | 8,539,218 |
| All other assets and liabilities — net | <u>58,381,512</u> |
| NET CASH USED IN OPERATING ACTIVITIES | <u>\$ (194,837,681)</u> |

See notes to financial statements.

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED NOVEMBER 30, 2009

1. REPORTING ENTITY

In May 2008, the Cook County Board of Commissioners (the “Board of Commissioners”) renamed Cook County Health Facilities as the Cook County Health and Hospitals System of Illinois (CCHHS).

CCHHS is included in the reporting entity of Cook County, Illinois (the “County”), as an enterprise fund. Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered through revenue from user fees, various taxes, and County subsidies. The 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 Hospital Jr. (JSH), Oak Forest Hospital (OFH), Provident Hospital (PH), the Department of Public Health (DPH), the Bureau of Health Services (BOHS), the Ambulatory and Community Health Network (ACHN), and in 2009, Cook County transferred the Cermak Health Services (CHS) to CCHHS.

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

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

Medicaid and Medicare revenue accounts for a significant portion of CCHHS’ total revenues. CCHHS receives Medicaid reimbursement under an interagency agreement between the Board of Commissioners and the Illinois Department of Public Aid (see Note 7). Property and other taxes also represent an important source of financing for 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 June 1997, Cook County/Rush Health Center (the “Health Center”) was opened to combat HIV/AIDS and other related communicable diseases. The CORE Foundation (CORE), an Illinois not-for-profit corporation, funded the development and construction of the Health Center. CCHHS leases the Health Center from the CORE for \$1 per year. CCHHS staffs and operates the Health Center. CCHHS accounts for the Health Center as part of the ACHN.

On May 20, 2008, the Board of Commissioners created the Cook County Health and Hospital Systems Board to provide independent oversight of health care operations. The Cook County Health and Hospital Systems Board is accountable to the Board of Commissioners. The Cook County Health and Hospital Systems Board and the Ordinance creating it shall terminate after three years from the effective date, unless the Board of Commissioners acts to renew its powers and responsibilities.

2. FINANCIAL CONDITION

Losses from operations for CCHHS totaled \$381,727,598 for the fiscal year ended November 30, 2009.

CCHHS continues to experience rising costs attributable to labor, insurance, pharmaceuticals, and new technology. Moreover, CCHHS continues to be highly dependent on reimbursement from the State of Illinois Department of Healthcare and Family Services (DHFS). Management of CCHHS believes CCHHS will continue as a going concern. Management's combination of its' ongoing initiatives to improve operations such as monitoring payment levels from DHFS and other payors, and on July 1, 2008, the Board of Commissioners passed a resolution to continue to fund the BOHS, currently known as Cook County Health and Hospital System. However, future declines in DHFS reimbursement or continued significant cost increases may require management and the Board of Commissioners to further realign or reduce services to the community.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The financial statements have been presented in conformity with accounting principles generally accepted in the United States of America and in accordance with the pronouncements of the Governmental Accounting Standards Board. Also, CCHHS has chosen not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, pursuant to Paragraph 7 of Government Accounting Standards Board Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. Accounting records are maintained on the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Operating and Restricted Accounts — Operating accounts 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 other nonoperating revenues and expenses of the operating accounts.

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

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

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

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

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

Property Taxes Receivable — Property taxes are levied each calendar year on all taxable real property. The owner of the property on January 1 in any year is liable for taxes of that year. Property taxes attach as an enforceable lien on property as of January 1 of the levy year. The taxes are collected by the Cook County Collector (who is also the “Cook County Treasurer”), who remits their respective portion to CCHHS. The County’s taxes levied in one year become payable during the following year in two installments, one on March 1 and the second on August 1 or 30 days after the tax bills are mailed, whichever is later. The first installment is an estimated bill and is one-half of the prior year’s tax bill. The second installment is based on the current levy, assessment, and equalization and reflects any changes from the prior year in those factors. Any changes from the prior year will be reflected in the second installment bill. Property taxes receivable at November 30, 2009, represent the fiscal year 2009 taxes levied on February 9, 2010, and uncollected fiscal year 2008 taxes.

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

Capital Assets — Capital assets, which include land improvements, buildings, building improvements, and equipment and furniture, are recorded at cost. No value has been assigned to the land upon which 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 | 10 to 25 years |
| Buildings | 25 to 40 years |
| Building improvements | 10 to 25 years |
| Equipment and furniture | 5 to 20 years |

Depreciation is calculated on the straight-line method for all 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.

Compensated Absences — Employees can earn from 10 to 25 vacation days per year, depending on their length of employment with the County. An employee can accumulate no more than the equivalent of two years' vacation. Accumulated vacation leave is due to the employee, or employee's beneficiary, at the time of termination or death. Salaried employees can accumulate sick leave at the rate of one day for each month worked, up to a maximum of 175 days. Accumulated sick leave is forfeited at the termination of employment; therefore, sick leave pay is not accrued and is charged as expenditure when paid. Sick leave does not vest, but any unused sick and vacation leave, up to six months in duration, accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes.

Net Patient Service Revenue — A significant amount of CCHHS' net patient service revenue is derived from the Medicaid and Medicare programs. Payments under these programs are based on a specific amount per case or on a contracted price or cost, as defined, of rendering services to program beneficiaries.

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

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change. Estimates for cost report settlements and contractual allowances can differ from actual reimbursement based on the results of subsequent reviews and cost report audits. For the year ended November 30, 2009, net patient service revenues have decreased by \$2,804,151 for third-party settlements and changes in estimates related to services rendered in previous years.

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

4. CHARITY CARE

For the years ended November 30, 2009, CCHHS' payor utilization based on gross patient service revenue was as follows:

| | |
|----------|-------|
| Medicare | 9 % |
| Medicaid | 32 |
| Self-Pay | 52 |
| Other | 7 |
| | <hr/> |
| | 100% |

Consistent with its mission, JSH, OFH, PH, and ACHN treat patients in need of medical services without regard to their ability to pay. The entities maintain records to identify and monitor the level of charity care they provide. These records include charges forgone and estimated costs incurred for charity care services. These services are not reported as revenue. During 2009, the following levels of charity care were provided:

| | |
|--------------------------|-----------------------|
| Charges forgone | <u>\$ 156,318,291</u> |
| Estimated costs incurred | <u>\$ 165,059,346</u> |

5. CASH MANAGEMENT

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

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

As of November 30, 2009, CCHHS' cash and cash equivalents consisted of the following:

| | |
|--|-----------------------|
| Demand deposits held by County Treasurer | \$ 354,674,915 |
| Working cash fund | 94,867,375 |
| Demand deposits held by CCHHS | <u>1,189,030</u> |
| Total | <u>\$ 450,731,320</u> |

Custodial Credit Risk — Cash and Certificates of Deposit — In the case of deposits, there is the risk that in the event of a bank failure, the County's or CCHHS' 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 bank balance was \$451,641,651 at November 30, 2009.

6. CAPITAL ASSETS

Capital assets are recorded at cost. A summary of the activity for the years ended November 30, 2009, consists of the following:

| | Balance — December 1, 2008 | Additions and Transfers | Disposals | Balance — November 30, 2009 |
|--|---|--|---------------------|--|
| Depreciable assets: | | | | |
| Land improvements | \$ 2,717,511 | \$ - | \$ - | \$ 2,717,511 |
| Buildings and building improvements | 637,601,223 | 11,763,461 | (4,957,595) | 644,407,089 |
| Equipment and furniture | <u>190,804,188</u> | <u>14,421,213</u> | <u>(11,761,770)</u> | <u>193,463,631</u> |
| Total capital assets | <u>831,122,922</u> | <u>26,184,674</u> | <u>(16,719,365)</u> | <u>840,588,231</u> |
| Less accumulated depreciation: | | | | |
| Land improvements | 1,073,928 | 118,788 | | 1,192,716 |
| Buildings and building improvements | 193,563,864 | 20,963,558 | (4,957,595) | 209,569,827 |
| Equipment and furniture | <u>132,004,544</u> | <u>17,707,164</u> | <u>(11,761,770)</u> | <u>137,949,938</u> |
| Total accumulated depreciation | <u>326,642,336</u> | <u>38,789,510</u> | <u>(16,719,365)</u> | <u>348,712,481</u> |
| Total capital assets at cost — net | <u>\$ 504,480,586</u> | <u>\$(12,604,836)</u> | <u>\$ -</u> | <u>\$ 491,875,750</u> |

7. INTERAGENCY TRANSFER AGREEMENTS

CCHHS receives enhanced Medicaid reimbursement by means of an Interagency Agreement (the “Agreement”) between the Board of Commissioners and the DHFS. Under terms of the Agreement, the DHFS will direct additional funding to CCHHS for inpatient and outpatient services based on per-diem and per-visit cost reimbursement methodologies. In addition, the Agreement requires the 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 terms of the Secondary Interagency Agreement, (collectively, the “Agreements”) CCHHS received approximately \$342,055,417 in net additional payments from the DHFS during fiscal year 2009. Of that amount, approximately \$229,604,161 was earned and the remaining \$112,451,256 is included in deferred revenue on the balance sheet. Such deferred revenue, is excluded from net patient service revenue in these financial statements, and represents amounts to be earned during December through June, the last seven months of the State’s 2009 fiscal year.

Reimbursement under the Agreements 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 Agreements . The Agreements will also automatically terminate in any year in which the General

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

8. OTHER LIABILITIES

Changes in long-term liability activity for the years ended November 30, 2009, was as follows:

| | Balance — December 1, 2008 | Increase | Decrease | Balance — November 30, 2009 | Amount Due Within One Year |
|---------------------------------|---|-----------------|---------------------|--|---|
| Reserve for tax objection suits | <u>\$ 9,592,122</u> | <u>\$ -</u> | <u>\$ 2,348,205</u> | <u>\$ 7,243,917</u> | <u>\$ -</u> |

9. RELATED-PARTY TRANSACTIONS

During 2009, 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 Working Cash Fund and the outstanding bonds that were issued to create it are reported in the County's long-term obligations and, therefore, are not reflected in these financial statements. Amounts advanced from the Working Cash Fund may be designated as either loans or operating contributions. In 2009, the Working Cash Fund made loans of \$80,000,000 to CCHHS. These loans were repaid in full during fiscal year 2009. At November 30, 2008, CCHHS recorded \$28,900,000 as a receivable from the County's working cash fund; this amount was repaid to CCHHS during 2009.

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

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 \$4,264,067 during 2009, are reflected as both nonoperating revenues and operating expenses of CCHHS.

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 these financial statements.

In 2009, CCHHS has recorded capital contributions of \$ 23,354,239 in the accompanying financial statements from the County.

10. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Included in the balance of due to others as of November 30, 2009, is \$6,527 representing amounts due to restricted funds. This outstanding balance in due to restricted funds results mainly from the timing difference between the date that monies are received from funding agency, appropriation budget and appropriation ledger are established, and monies are wired to the County Treasurer. These amounts are expected to be remitted in the subsequent year.

11. PENSION PLAN

County Pension Plan — The County Employees' and Officers' Annuity and Benefit Fund of Cook County ("the Plan") 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. Copies of the Plan's report for the year ended December 31, 2009 are available upon request to the Retirement Board.

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

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

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

For the year ended November 30, 2009, the County made employer contributions of \$58,605,619, on behalf of CCHHS. Accordingly, this contribution is reflected as both nonoperating revenue and employee benefits expenses in the statement of revenues, expenses, and changes in net assets. Employer contributions were \$56,448,732 and \$85,211,653 in 2008 and 2007, respectively.

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

Covered employees are required to contribute 8.5% (9% for County Police) of their salary to the Plan. 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's payroll for employees covered by the Plan for 2009 and 2008 was \$1,498,161,713 and \$1,463,372,408, respectively.

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

At December 31, 2009, the Plan membership consisted of the following:

| | |
|--|---------------|
| Retirees and beneficiaries currently receiving benefits | <u>14,915</u> |
| Terminated employees entitled to benefits or a refund of contributions, but not yet receiving them | <u>11,826</u> |
| Current employees: | |
| Vested | 14,189 |
| Nonvested | <u>9,381</u> |
| | <u>23,570</u> |

The Plan's annual pension cost and net pension obligation to the Plan for the current year is as follows:

| | |
|---|-------------------------|
| Annual required contribution (ARC) | \$ 352,850,988 |
| Interest on net pension obligation | 75,816,293 |
| Adjustment to annual required contribution | <u>(82,286,823)</u> |
| Annual pension cost | 346,380,458 |
| Contributions made | <u>152,506,089</u> |
| Increase in net pension cost | 193,874,369 |
| Net pension obligation at beginning of year | <u>1,010,883,913</u> |
| Net pension obligation at end of year | <u>\$ 1,204,758,282</u> |

The County's annual pension cost, the percentage of annual pension cost contributed to the Plan, and the net pension obligation for the most recent fiscal year is as follows:

| Year | Employer Contribution | | Net Pension Obligation |
|------|-----------------------|------------------------|------------------------|
| | Annual Pension Cost | Percentage Contributed | |
| 2007 | \$ 385,012,483 | 43.61 % | \$ 882,869,667 |
| 2008 | 278,241,606 | 27.52 | 1,010,883,913 |
| 2009 | 346,380,458 | 28.75 | 1,204,758,282 |

As of December 31, 2009, the most recent actuarial valuation date, the Plan was 69.2% funded. The actuarial value of Assets was \$7,945,567,096 and the actuarial accrued liability (AAL) value of assets

was \$11,489,081,298, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,543,514,202. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,498,161,713 and the ratio of the UAAL to the covered payroll was 236.52 percent.

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 Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs between the employer and the plan members to that point. Additional information as of the December 31, 2009 actuarial valuation included:

| | |
|----------------------------------|--|
| Actuarial valuation date | December 31, 2009 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level Dollar |
| Amortization period (remaining) | 30 years |
| Asset valuation method | Five Year Smoothed Average Market |
| Actuarial assumptions: | |
| Investment rate of return | 7.5% compounded annually |
| Projected salary increases: | |
| Inflation | 3.0% compounded annually |
| Merit and seniority | 2.0% compounded annually |
| Postretirement benefit increases | 3.0% compounded per year for employee and widow(er) annuitants |

12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description — The County Employees’ and Officers’ Annuity and Benefit Fund of Cook County administer the Health care Premium Plan (HPP), a single-employer defined benefit postemployment health care plan. 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 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. Copies of the Plan’s report for the year ended December 31, 2009 are available upon request from the Retirement Board.

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’s financial statements have been combined with the Plan’s financial statements and are presented using the accrual basis of accounting. The Plan considers the premium subsidy an additional retirement benefit, with no contribution rate or asset allocation associated with it. The cost for postemployment group health benefits is approximately equal to the premium subsidy. Actual costs may differ based on claims experience. Health care premium subsidies are recognized when due and payable.

The contribution requirement of Plan members and the County are 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 participate 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. For the fiscal year 2009, the County contributed \$35,779,227 to the Plan.

At December 31, 2009 and 2008, there were 23,570 and 23,436 active employees currently receiving benefits, respectively. Additionally, the number of annuitants and surviving spouses whose cost to participate in the program was subsidized, totaled 7,367 and 7,300 for the respective years, 2009 and 2008, were also receiving benefits.

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The County's annual OPEB cost and net OPEB obligation for the most recent fiscal year is as follows:

| | |
|--|-----------------------|
| Annual required contribution (ARC) | \$ 157,964,519 |
| Interest on net OPEB obligation | 5,941,917 |
| Adjustment to annual required contribution | <u>(7,914,676)</u> |
| Annual OPEB cost | 155,991,760 |
| Contributions made | <u>35,779,227</u> |
| Increase in net OPEB obligation | 120,212,533 |
| Net OPEB obligation at beginning of year | <u>132,042,595</u> |
| Net OPEB obligation at end of year | <u>\$ 252,255,128</u> |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the most recent fiscal year is as follows:

| Year | Employer Contribution | | Net OPEB Obligation |
|------|-----------------------|--|---------------------|
| | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | |
| 2008 | \$ 169,823,905 | 22.25 % | \$ 132,042,595 |
| 2009 | 155,991,760 | 22.65 | 252,255,128 |

Three years of trend information will be displayed in future years

The actuarial valuations of the HPP of the Plan as of December 31, 2009 and December 31, 2008 indicate the annual required contribution to be \$155,991,760 and \$169,823,905 for 2009 and 2008 respectively. The annual required contribution is based on an annual projected payroll of \$1,498,161,713 for 23,570 active members in 2009 and \$1,463,372,408 for 23,436 active members during 2008.

As of December 31, 2009, the most recent actuarial valuation date the Plan was zero percent funded. The actuarial value of Assets was zero, and the actuarial accrued liability (AAL) value of assets was \$1,686,872,018, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,686,872,018. The

covered payroll (annual payroll of active employees covered by the plan) was \$1,498,161,713 and the ratio of the UAAL to the covered payroll was 112.60 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future.

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations. Additional information as of the December 31, 2009 actuarial valuation follows:

| | |
|---|--------------------------|
| Actuarial valuation date | December 31, 2009 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level Dollar |
| Amortization period (remaining) | 30 years |
| Actuarial assumptions: | |
| Investment rate of return | 4.5% compounded annually |
| Inflation rate | 3.0% compounded annually |
| Increases in Postretirement health care costs | |
| 2011 | 8.0% |
| 2012 | 7.5% |
| 2013 | 7.0% |
| 2014 | 6.5% |
| 2015 | 6.0% |
| 2016 | 5.5% |
| 2017 and later | 5.0% |

13. INSURANCE COVERAGE

The County self-insures all risks, including workers' compensation, general automobile insurance, 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 5% discount factor. CCHHS' portion of the self-insurance liability included in the self-insurance fund in the County's basic financial statements was \$181,937,113 at November 30, 2009. Beginning in fiscal year 2009, the County began to allocate a portion of self-insurance costs to other County funds; CCHHS has recorded an expense of \$47,621,367 related to this allocation.

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 at November 30, 2009 and 2008, are adequate to provide for potential losses resulting from medical malpractice, workers' compensation, and general liability claims, including incurred but not reported claims. The self-insurance liabilities recorded are based on facts known at the current time; however, the discovery of additional information concerning specific cases could affect estimated costs in the future.

14. GENERAL OBLIGATION BONDS ISSUED BY COOK COUNTY

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

- In 1996, the Board of Commissioners approved the sale of \$486,345,000 of general obligation bonds, \$204,425,000 of which were term bonds and \$281,920,000 of which were serial bonds. \$202,430,000 of the proceeds were used to refund all or portions of certain series of the County's outstanding general obligation bonds. \$283,915,000 of the proceeds was used to fund costs of planning for a replacement Cook County Hospital (CCH) facility. The serial bonds accrue interest at various rates between 4.9% and 6.5% and mature through the year 2014. The term bonds accrue interest at 5.875% and mature in 2014. At November 30, 2009, \$77,675,000 of these bonds remain outstanding.
- In 1999, the County approved the sale of \$329,655,000 of general obligation bonds, \$132,380,000 of which were serial bonds, and \$77,110,000 and \$120,165,000 of which were term bonds. The proceeds were used to pay for certain capital improvements, including construction of the new CCH facility. The serial bonds accrue interest at various rates between 5.0% and 5.25% and mature through the year 2019. The term bonds accrue interest at 5.0% and mature in 2023 and 2028. At November 30, 2009, \$160,600,000 of these bonds remain outstanding.
- In 1999, the County approved the sale of \$80,485,000 general obligation serial bonds. The proceeds were used to refund certain of the County's outstanding general obligation bonds. The bonds accrue interest at various rates between 4.0% and 5.125% and mature in 2012. At November 30, 2009, \$2,675,000 of these bonds remain outstanding.
- In 2001, the County approved the sale of \$375,000,000 of Series 1996 general obligation bonds, \$159,315,000 of which were serial bonds and \$84,150,000, \$74,915,000, and \$56,620,000 of which were term bonds. \$110,500,000 of the proceeds were used to refund portions of the Series 1996 general obligation bonds. \$264,500,000 of the proceeds were used to pay for certain public improvements, including construction of, and equipping of, the new CCH facility and the renovation and construction of the County health clinics. The serial bonds accrue interest at various rates between 5.0% and 5.5% and mature through the year 2026. The term bonds accrue interest at 5.125%, 5.25%, and 5.5% and mature in 2026, 2029, and 2031, respectively. At November 30, 2009, \$27,915,000 of these bonds remain outstanding.
- In 2002, the County approved the sale of \$245,400,000 of general obligation bonds. The proceeds were used to pay for certain public improvements, including construction of, and equipping of, the new CCH facility and the renovation and construction of the County health clinics. These bonds accrue interest at a variable rate, which is currently approximately 4.5%. The bonds mature in 2026 through 2031. At November 30, 2009, \$245,400,000 of these bonds remain outstanding.

- In 2002, the County approved the sale of \$226,060,000 of general obligation bonds, \$77,250,000 of which were serial bonds, and \$148,810,000 of which were term bonds. The proceeds were used to pay for certain public improvements, including construction of, and equipping of, the new CCH facility and the renovation and construction of the County health clinics. The serial bonds accrue interest at 5.0% and 5.5% and mature in 2023 and 2026, respectively. The term bonds accrue interest at 5.0% and mature in 2026. At November 30, 2009, \$157,810,000 of these bonds remain outstanding.
- In 2002, the County approved the sale of \$173,565,000 of general obligation bonds. The proceeds were used to refund certain of the County's outstanding general obligation bonds. The bonds accrue interest at various rates between 4.75% and 5.25% and mature through the year 2022. At November 30, 2009, \$170,575,000 of these bonds remain outstanding.
- In 2004, the County approved the sale of \$165,000,000 of general obligation tax-exempt capital improvement bonds. These bonds accrue interest at various rates between 3.30% and 5.25% and mature through the year 2029. At November 30, 2009, \$161,800,000 of these bonds remain outstanding.
- In 2004, the County approved the sale of \$170,000,000 of variable rate capital improvement bonds. These bonds mature in the year 2033. At November 30, 2009, \$170,000,000 of these bonds remain outstanding.
- In 2009, the County approved the sale of \$176,005,000 of general obligation bonds. The proceeds were used to refund certain of the County's outstanding general obligation bonds. The bonds accrue interest at various rates between 3% to 5% and mature through the year 2019. At November 30, 2009, \$176,005,000 of these bonds remain outstanding.
- In 2009, the County approved the sale of \$251,410,000 of general obligations bonds. The proceeds were used to pay the cost of certain capital improvement and capital equipment projects. The bonds accrue interest at 6.31% on \$120,205,000 and 6.36% on \$131,205,000 and matures on 2031 and 2033 respectively. At November 30, 2009, \$251,410,000 of these bonds remain outstanding.

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

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 expenses in the period incurred. Rental expense for operating leases was approximately \$3,589,428 in fiscal year 2009.

Approximate minimum future payments under noncancelable lease obligations for year ending November 30, 2009, are as follows:

| Years Ending November 30 | |
|-------------------------------------|------------------------|
| 2010 | \$2,327,131 |
| 2011 | 1,560,023 |
| 2012 | 1,092,992 |
| 2013 | 955,828 |
| 2014 | 953,219 |
| Thereafter | <u>1,723,074</u> |
| Total | <u>\$8,612,267</u> |

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

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

Management believes that 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.

16. FUNCTIONAL EXPENSES

CCHHS provides health care services to patients within its geographic region. Expenses related to providing these services as of November 30, 2009, were as follows :

| | |
|----------------------------|-----------------------------|
| Patient care services | \$ 662,294,489 |
| General and administrative | <u>348,975,184</u> |
| Total | <u>\$ 1,011,269,673</u> |

17. SUBSEQUENT EVENTS

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.

In fiscal year 2008, a new Health and Hospital Systems Board was created by the Cook County Board of Commissioners to provide independent oversight of health care operations, for a three-year term. In May of 2010, the Cook County Board of Commissioners voted to make this Health and Hospitals System Board permanent.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED NOVEMBER 30, 2009 (Information for all County Employees)

| Actuarial Valuation Date Year Ended December 31 | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/c |
|---|-------------------------------|---------------------------------------|---------------------------|--------------------|---------------------|---|
| Pension Benefits: | | | | | | |
| 2007 | 8,059,879,804 | 9,386,287,797 | 1,326,407,993 | 85.87 % | 1,370,844,734 | 96.76 % |
| 2008 | 8,036,074,797 | 10,097,027,865 | 2,060,953,068 | 79.59 | 1,463,372,408 | 140.84 |
| 2009 | 7,945,567,096 | 11,489,081,298 | 3,543,514,202 | 69.16 | 1,498,161,713 | 236.52 |
| Postemployment Group Health Benefit Plan: | | | | | | |
| 2007 | | 1,554,123,496 | 1,554,123,496 | | 1,370,844,734 | 113.37 |
| 2008 | | 1,448,828,756 | 1,448,828,756 | | 1,463,372,408 | 99.01 |
| 2009 | | 1,686,872,018 | 1,686,872,018 | | 1,498,161,713 | 112.60 |

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

SUPPLEMENTARY SCHEDULES

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

COMBINING BALANCE SHEET INFORMATION AS OF NOVEMBER 30, 2009

| ASSETS | Operating Accounts | Restricted Purpose Accounts | Total |
|--|-------------------------------|--|-------------------------|
| CURRENT ASSETS: | | | |
| Cash and cash equivalents: | | | |
| Cash in banks | \$ 1,126,257 | \$ 62,773 | \$ 1,189,030 |
| Cash held by Cook County Treasurer | 345,964,985 | 8,709,930 | 354,674,915 |
| Working cash fund | 94,867,375 | | 94,867,375 |
| Total cash and cash equivalents | 441,958,617 | 8,772,703 | 450,731,320 |
| Property taxes receivable: | | | |
| Tax levy — current year | 144,388,140 | | 144,388,140 |
| Tax levy — prior year | 54,542,489 | | 54,542,489 |
| Total property taxes receivable | 198,930,629 | - | 198,930,629 |
| Receivables: | | | |
| Patient accounts — net of allowances for uncollectible accounts of \$428,817,622 | 107,416,222 | | 107,416,222 |
| Third-party settlements | 61,323 | | 61,323 |
| Other receivables | 925,924 | 2,189,263 | 3,115,187 |
| Due from State of Illinois — sales tax | 37,443,169 | | 37,443,169 |
| Total receivables | 145,846,638 | 2,189,263 | 148,035,901 |
| Inventories | 7,355,190 | | 7,355,190 |
| Total current assets | 794,091,074 | 10,961,966 | 805,053,040 |
| CAPITAL ASSETS — Depreciable assets — net | | | |
| | 491,792,495 | 83,255 | 491,875,750 |
| TOTAL | \$ 1,285,883,569 | \$ 11,045,221 | \$ 1,296,928,790 |

(Continued)

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

COMBINING BALANCE SHEET INFORMATION AS OF NOVEMBER 30, 2009

| LIABILITIES AND NET ASSETS | Operating Accounts | Restricted Purpose Accounts | Total |
|--|-------------------------------|--|------------------------|
| CURRENT LIABILITIES: | | | |
| Due to Cook County Treasurer | \$ 281,826,606 | \$ | \$ 281,826,606 |
| Accounts payable | 58,926,230 | 476,684 | 59,402,914 |
| Accrued salaries, wages, and other liabilities | 34,093,740 | 5,049,885 | 39,143,625 |
| Compensated absences | 42,729,208 | 706,746 | 43,435,954 |
| Deferred revenue | 112,451,256 | | 112,451,256 |
| Third-party settlements | 2,865,474 | | 2,865,474 |
| Due to State of Illinois | 4,063,877 | | 4,063,877 |
| Due to other County governmental fund | 43,455 | | 43,455 |
| Due to others | 86,712 | | 86,712 |
| Trust funds | | 66,280 | 66,280 |
| | 537,086,558 | 6,299,595 | 543,386,153 |
| Total current liabilities | 537,086,558 | 6,299,595 | 543,386,153 |
| Reserve for tax objection suits | 7,243,917 | | 7,243,917 |
| Total liabilities | 544,330,475 | 6,299,595 | 550,630,070 |
| NET ASSETS: | | | |
| Invested in capital assets | 491,792,495 | 83,255 | 491,875,750 |
| Restricted net assets | | 4,662,371 | 4,662,371 |
| Unrestricted net assets | 249,760,599 | | 249,760,599 |
| Total net assets | 741,553,094 | 4,745,626 | 746,298,720 |
| TOTAL | \$1,285,883,569 | \$ 11,045,221 | \$1,296,928,790 |

(Concluded)

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS INFORMATION FOR THE YEAR ENDED NOVEMBER 30, 2009

| | Operating Accounts | Restricted Purpose Accounts | Total |
|---|-----------------------|-----------------------------------|-----------------------|
| OPERATING REVENUES: | | | |
| Net patient service revenue — net of provision of \$336,221,236 | \$ 599,532,031 | \$ - | \$ 599,532,031 |
| Other revenue | <u>6,978,544</u> | <u>23,031,500</u> | <u>30,010,044</u> |
| Total operating revenues | <u>606,510,575</u> | <u>23,031,500</u> | <u>629,542,075</u> |
| OPERATING EXPENSES: | | | |
| Salaries and wages | 524,226,146 | 11,291,722 | 535,517,868 |
| Employee benefits | 127,433,626 | 3,292,047 | 130,725,673 |
| Supplies | 111,778,192 | 1,537,644 | 113,315,836 |
| Purchased services, rental, and other | 125,223,891 | 4,229,812 | 129,453,703 |
| Insurance | 43,621,367 | | 43,621,367 |
| Depreciation | 35,951,958 | 7,117 | 35,959,075 |
| Utilities | 18,412,084 | | 18,412,084 |
| Services contributed by other County offices | <u>4,264,067</u> | | <u>4,264,067</u> |
| Total operating expenses | <u>990,911,331</u> | <u>20,358,342</u> | <u>1,011,269,673</u> |
| OPERATING LOSS | <u>(384,400,756)</u> | <u>2,673,158</u> | <u>(381,727,598)</u> |
| NONOPERATING REVENUE | | | |
| Property taxes | 138,561,251 | | 138,561,251 |
| Sales tax | 285,027,113 | | 285,027,113 |
| Cigarette taxes | 29,380,365 | | 29,380,365 |
| Interest income | 62,155 | | 62,155 |
| Retirement plan contribution | 58,605,619 | | 58,605,619 |
| Services contributed by other County offices | <u>4,264,067</u> | | <u>4,264,067</u> |
| Total nonoperating revenue | <u>515,900,570</u> | <u>-</u> | <u>515,900,570</u> |
| LOSS BEFORE OTHER REVENUE, EXPENSES, GAINS, LOSES AND TRANSFERS | 131,499,814 | 2,673,158 | 134,172,972 |
| TRANSFERS - CAPITAL | 23,263,867 | 90,372 | 23,354,239 |
| TRANSFERS - CASH | <u>283,962</u> | | <u>283,962</u> |
| CHANGE IN NET ASSETS | 155,047,643 | 2,763,530 | 157,811,173 |
| NET ASSETS — Beginning of year | <u>586,505,451</u> | <u>1,982,096</u> | <u>588,487,547</u> |
| NET ASSETS — End of year | <u>\$ 741,553,094</u> | <u>\$ 4,745,626</u> | <u>\$ 746,298,720</u> |

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

COMBINING STATEMENT OF CASH FLOWS INFORMATION FOR THE YEAR ENDED NOVEMBER 30, 2009

| | Operating Accounts | Restricted Purpose Accounts | Total |
|---|-----------------------|-----------------------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Receipts from third-party payors and patients | \$ 664,164,416 | \$ - | \$ 664,164,416 |
| Payments to employees | (585,695,600) | (13,403,104) | (599,098,704) |
| Payments to suppliers | (286,709,436) | (5,581,411) | (292,290,847) |
| Other receipts | <u>10,695,720</u> | <u>21,691,734</u> | <u>32,387,454</u> |
| Net cash (used in) provided by operating activities | <u>(197,544,900)</u> | <u>2,707,219</u> | <u>(194,837,681)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Borrowings from working cash fund | 80,000,000 | | 80,000,000 |
| Repayment of borrowings from working cash fund | (80,000,000) | | (80,000,000) |
| Real and personal property taxes received — net | 102,027,024 | | 102,027,024 |
| Sales taxes received | 280,466,230 | | 280,466,230 |
| Cigarette taxes received | 29,380,365 | | 29,380,365 |
| Transfers from other County funds | <u>28,542,386</u> | | <u>28,542,386</u> |
| Net cash provided by noncapital financing activities | <u>440,416,005</u> | <u>-</u> | <u>440,416,005</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES — Interest received | | | |
| | <u>62,155</u> | <u>-</u> | <u>62,155</u> |
| CHANGE IN CASH AND CASH EQUIVALENTS | 242,933,260 | 2,707,219 | 245,640,479 |
| CASH AND CASH EQUIVALENTS — Beginning of year | <u>199,025,357</u> | <u>6,065,484</u> | <u>205,090,841</u> |
| CASH AND CASH EQUIVALENTS — End of year | <u>\$ 441,958,617</u> | <u>\$ 8,772,703</u> | <u>\$ 450,731,320</u> |
| NONCASH TRANSACTIONS: | | | |
| Retirement plan contributions | <u>\$ 58,605,619</u> | <u>\$ -</u> | <u>\$ 58,605,619</u> |
| Services contributed by other County offices | <u>\$ 4,264,067</u> | <u>\$ -</u> | <u>\$ 4,264,067</u> |
| Transfers - capital | <u>\$ 23,263,867</u> | <u>\$ 90,372</u> | <u>\$ 23,354,239</u> |
| Donated vaccines | <u>\$ 262,580</u> | <u>\$ -</u> | <u>\$ 262,580</u> |

(Continued)

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

COMBINING STATEMENT OF CASH FLOWS INFORMATION FOR THE YEAR ENDED NOVEMBER 30, 2009

| | Operating Accounts | Restricted Purpose Accounts | Total |
|---|----------------------------|-----------------------------------|----------------------------|
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES: | | | |
| Operating gain (loss) | \$(384,400,756) | \$ 2,673,158 | \$(381,727,598) |
| Adjustment to reconcile operating loss to net cash used in operating activities: | | | |
| Depreciation | 35,951,958 | 7,117 | 35,959,075 |
| Provision for bad debts | 336,221,236 | | 336,221,236 |
| Retirement plan contribution | 58,605,619 | | 58,605,619 |
| Services contributed by other County offices | 4,264,067 | | 4,264,067 |
| Net change in assets and liabilities: | | | |
| Patient accounts receivables | (286,265,345) | | (286,265,345) |
| Third-party settlements | 1,583,993 | | 1,583,993 |
| Accounts payable | (30,592,002) | 192,544 | (30,399,458) |
| Accrued salaries, wages, and other liabilities | 7,358,553 | 1,180,665 | 8,539,218 |
| All other assets and liabilities — net | <u>59,727,777</u> | <u>(1,346,265)</u> | <u>58,381,512</u> |
| NET CASH USED IN OPERATING ACTIVITIES | <u>\$(197,544,900)</u> | <u>\$ 2,707,219</u> | <u>\$(194,837,681)</u> |

(Concluded)

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

COMBINING BALANCE SHEET OF OPERATING ACCOUNTS INFORMATION AS OF NOVEMBER 30, 2009

| | Bureau of Health Services | John H. Stroger Jr. Hospital | Oak Forest Hospital | Provident Hospital | Department of Public Health | Cermak Health Services | Total |
|---|---------------------------------|------------------------------------|---------------------------|-----------------------|-----------------------------------|------------------------------|-------------------------|
| ASSETS | | | | | | | |
| CURRENT ASSETS: | | | | | | | |
| Cash and cash equivalents: | | | | | | | |
| Cash in banks | \$ - | \$ 625,367 | \$ 84,920 | \$ 414,081 | \$ 1,889 | \$ - | \$ 1,126,257 |
| Cash held by Cook County Treasurer | | 118,550,363 | 70,568,599 | 89,397,096 | 60,969,685 | 6,479,242 | 345,964,985 |
| Working cash fund | | 94,867,375 | | | | | 94,867,375 |
| Total cash and cash equivalents | - | 214,043,105 | 70,653,519 | 89,811,177 | 60,971,574 | 6,479,242 | 441,958,617 |
| Property taxes receivable: | | | | | | | |
| Tax levy — current year | 3,211,632 | 96,881,268 | 13,224,360 | 17,002,752 | 14,068,128 | | 144,388,140 |
| Tax levy — prior year | 1,217,059 | 36,594,831 | 4,994,500 | 6,418,936 | 5,317,163 | | 54,542,489 |
| Total property taxes receivable | 4,428,691 | 133,476,099 | 18,218,860 | 23,421,688 | 19,385,291 | - | 198,930,629 |
| Receivables: | | | | | | | |
| Patient accounts — net of allowances for uncollectible accounts of \$428,817,622) | | 78,247,190 | 14,253,088 | 14,915,944 | | | 107,416,222 |
| Third-party settlements | | | 61,323 | | | | 61,323 |
| Other receivables | | 780,391 | 96,500 | 30,953 | 16,406 | 1,674 | 925,924 |
| Due from State of Illinois — sales tax | 659,389 | 22,089,550 | 2,967,253 | 3,956,337 | 3,296,948 | 4,473,692 | 37,443,169 |
| Interaccount receivable (payable) | 108,857,580 | (119,444,467) | 19,783,065 | (9,194,549) | (1,629) | | - |
| Total receivables | 109,516,969 | (18,327,336) | 37,161,229 | 9,708,685 | 3,311,725 | 4,475,366 | 145,846,638 |
| Inventories | | 5,200,106 | 909,471 | 1,009,491 | | 236,122 | 7,355,190 |
| Total current assets | 113,945,660 | 334,391,974 | 126,943,079 | 123,951,041 | 83,668,590 | 11,190,730 | 794,091,074 |
| CAPITAL ASSETS — Depreciable assets — net | | | | | | | |
| | 6,273,816 | 429,478,584 | 29,887,368 | 25,869,599 | 51,827 | 231,301 | 491,792,495 |
| TOTAL | \$ 120,219,476 | \$ 763,870,558 | \$ 156,830,447 | \$ 149,820,640 | \$ 83,720,417 | \$ 11,422,031 | \$ 1,285,883,569 |

(Continued)

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

COMBINING BALANCE SHEET OF OPERATING ACCOUNTS INFORMATION AS OF NOVEMBER 30, 2009

| | Bureau of Health Services | John H. Stroger Jr. Hospital | Oak Forest Hospital | Provident Hospital | Department of Public Health | Cermak Health Services | Total |
|---|---------------------------------|------------------------------------|---------------------------|-----------------------|-----------------------------------|------------------------------|-------------------------|
| LIABILITIES AND NET ASSETS | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | |
| Due to Cook County Treasurer | \$ 281,826,606 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 281,826,606 |
| Accounts payable | 18,971,942 | 28,207,471 | 4,270,956 | 5,599,970 | 1,064,186 | 811,705 | 58,926,230 |
| Accrued salaries, wages, and other liabilities | 2,157,918 | 22,218,772 | 4,023,703 | 3,656,631 | 212,276 | 1,824,440 | 34,093,740 |
| Compensated absences | 2,703,328 | 27,363,410 | 4,611,951 | 4,643,489 | 1,646,287 | 1,760,743 | 42,729,208 |
| Deferred revenue | | 78,954,541 | 17,641,116 | 15,855,599 | | | 112,451,256 |
| Third-party settlements | | 2,566,701 | | 298,773 | | | 2,865,474 |
| Due to State of Illinois | | | 512,091 | 3,551,786 | | | 4,063,877 |
| Due to other County governmental fund | | 21,405 | 10,050 | 5,000 | 7,000 | | 43,455 |
| Due to others | | 61,005 | 19,225 | 6,482 | | | 86,712 |
| Total current liabilities | 305,659,794 | 159,393,305 | 31,089,092 | 33,617,730 | 2,929,749 | 4,396,888 | 537,086,558 |
| Reserve for tax objection suits | 160,815 | 4,860,668 | 663,543 | 853,333 | 705,558 | | 7,243,917 |
| Total liabilities | 305,820,609 | 164,253,973 | 31,752,635 | 34,471,063 | 3,635,307 | 4,396,888 | 544,330,475 |
| NET ASSETS: | | | | | | | |
| Invested in capital assets | 6,273,816 | 429,478,584 | 29,887,368 | 25,869,599 | 51,827 | 231,301 | 491,792,495 |
| Unrestricted net assets | (191,874,949) | 170,138,001 | 95,190,444 | 89,479,978 | 80,033,283 | 6,793,842 | 249,760,599 |
| Total net assets | (185,601,133) | 599,616,585 | 125,077,812 | 115,349,577 | 80,085,110 | 7,025,143 | 741,553,094 |
| TOTAL | \$ 120,219,476 | \$ 763,870,558 | \$ 156,830,447 | \$ 149,820,640 | \$ 83,720,417 | \$ 11,422,031 | \$ 1,285,883,569 |

(Concluded)

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS INFORMATION OF OPERATING ACCOUNTS FOR THE YEAR ENDED NOVEMBER 30, 2009

| | Bureau of Health Services | John H. Stroger Jr. Hospital | Oak Forest Hospital | Provident Hospital | Department of Public Health | Cermak Health Services | Total |
|--|---------------------------------|------------------------------------|---------------------------|-----------------------|-----------------------------------|------------------------------|-----------------------|
| OPERATING REVENUES: | | | | | | | |
| Net patient service revenue — net of provision of \$336,221,236 | \$ - | \$ 416,991,801 | \$ 100,511,313 | \$ 82,021,232 | \$ 7,685 | \$ - | \$ 599,532,031 |
| Other revenue | <u> </u> | <u>4,270,045</u> | <u>233,749</u> | <u>380,986</u> | <u>2,068,249</u> | <u>25,515</u> | <u>6,978,544</u> |
| Total operating revenues | <u>-</u> | <u>421,261,846</u> | <u>100,745,062</u> | <u>82,402,218</u> | <u>2,075,934</u> | <u>25,515</u> | <u>606,510,575</u> |
| OPERATING EXPENSES: | | | | | | | |
| Salaries and wages | 30,690,731 | 335,238,028 | 61,836,722 | 58,024,959 | 11,536,995 | 26,898,711 | 524,226,146 |
| Employee benefits | 8,080,455 | 82,908,365 | 17,993,415 | 12,586,299 | 2,802,354 | 3,062,738 | 127,433,626 |
| Supplies | 19,402,272 | 80,566,160 | 6,309,715 | 4,368,046 | 602,105 | 529,894 | 111,778,192 |
| Purchased services, rental, and other | 45,310,700 | 50,492,506 | 7,580,611 | 14,234,495 | 3,115,960 | 4,489,619 | 125,223,891 |
| Insurance | | 31,676,718 | 7,543,713 | 4,400,936 | | | 43,621,367 |
| Depreciation | 3,337,187 | 26,697,722 | 3,272,552 | 2,495,435 | 14,836 | 134,226 | 35,951,958 |
| Utilities | 61,597 | 11,976,179 | 3,847,824 | 2,428,978 | 97,506 | | 18,412,084 |
| Services contributed by other County offices | <u> </u> | <u>2,459,970</u> | <u>879,638</u> | <u>924,459</u> | <u> </u> | <u> </u> | <u>4,264,067</u> |
| Total operating expenses | <u>106,882,942</u> | <u>622,015,648</u> | <u>109,264,190</u> | <u>99,463,607</u> | <u>18,169,756</u> | <u>35,115,188</u> | <u>990,911,331</u> |
| OPERATING LOSS | <u>(106,882,942)</u> | <u>(200,753,802)</u> | <u>(8,519,128)</u> | <u>(17,061,389)</u> | <u>(16,093,822)</u> | <u>(35,089,673)</u> | <u>(384,400,756)</u> |
| NONOPERATING REVENUE | | | | | | | |
| Property taxes | 3,076,060 | 92,974,604 | 12,692,209 | 16,322,514 | 13,495,864 | | 138,561,251 |
| Sales tax | 4,858,851 | 165,210,201 | 22,144,486 | 29,669,392 | 24,747,457 | 38,396,726 | 285,027,113 |
| Cigarette taxes | 653,292 | 19,716,782 | 2,690,026 | 3,458,605 | 2,861,660 | | 29,380,365 |
| Interest income | 428 | 42,881 | 7,821 | 5,926 | 2,151 | 2,948 | 62,155 |
| Retirement plan contribution | 3,291,541 | 37,976,831 | 7,178,871 | 6,188,380 | 904,343 | 3,065,653 | 58,605,619 |
| Services contributed by other County offices | <u> </u> | <u>2,459,970</u> | <u>879,638</u> | <u>924,459</u> | <u> </u> | <u> </u> | <u>4,264,067</u> |
| Total nonoperating revenue | <u>11,880,172</u> | <u>318,381,269</u> | <u>45,593,051</u> | <u>56,569,276</u> | <u>42,011,475</u> | <u>41,465,327</u> | <u>515,900,570</u> |
| (LOSS) GAIN BEFORE OTHER REVENUE, EXPENSES, GAINS, LOSSES, AND TRANSFERS | (95,002,770) | 117,627,467 | 37,073,923 | 39,507,887 | 25,917,653 | 6,375,654 | 131,499,814 |
| TRANSFERS - CAPITAL | 2,387,946 | 17,955,969 | 1,795,861 | 758,564 | | 365,527 | 23,263,867 |
| TRANSFERS - CASH | <u>378,132</u> | <u>(5,593,375)</u> | <u>1,557,013</u> | <u>2,001,874</u> | <u>1,656,356</u> | <u>283,962</u> | <u>283,962</u> |
| CHANGE IN NET ASSETS | (92,236,692) | 129,990,061 | 40,426,797 | 42,268,325 | 27,574,009 | 7,025,143 | 155,047,643 |
| NET ASSETS — Beginning of year | <u>(93,364,441)</u> | <u>469,626,524</u> | <u>84,651,015</u> | <u>73,081,252</u> | <u>52,511,101</u> | <u> </u> | <u>586,505,451</u> |
| NET ASSETS — End of year | <u>\$ (185,601,133)</u> | <u>\$ 599,616,585</u> | <u>\$ 125,077,812</u> | <u>\$ 115,349,577</u> | <u>\$ 80,085,110</u> | <u>\$ 7,025,143</u> | <u>\$ 741,553,094</u> |

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

COMBINING STATEMENT OF CASH FLOWS OF OPERATING ACCOUNTS INFORMATION FOR THE YEAR ENDED NOVEMBER 30, 2009

| | Bureau of Health Services | John H. Stroger Jr. Hospital | Oak Forest Hospital | Provident Hospital | Department of Public Health | Cermak Health Services | Total |
|---|---------------------------------|------------------------------------|---------------------------|-----------------------|-----------------------------------|------------------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | |
| Receipts from third-party payors and patients | \$ - | \$ 479,665,141 | \$ 93,701,154 | \$ 90,790,436 | \$ 7,685 | \$ - | \$ 664,164,416 |
| Payments to employees | (35,977,043) | (377,891,272) | (71,700,368) | (64,024,932) | (12,791,372) | (23,310,613) | (585,695,600) |
| Payments to suppliers | 27,749,215 | (256,044,248) | (24,451,345) | (25,240,844) | (4,278,284) | (4,443,930) | (286,709,436) |
| Other receipts | 112 | 6,655,093 | 1,118,586 | 845,757 | 2,052,331 | 23,841 | 10,695,720 |
| Net cash used in operating activities | <u>(8,227,716)</u> | <u>(147,615,286)</u> | <u>(1,331,973)</u> | <u>2,370,417</u> | <u>(15,009,640)</u> | <u>(27,730,702)</u> | <u>(197,544,900)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | | | |
| Borrowings from working cash fund | 5,000,000 | 55,000,000 | 10,000,000 | 5,000,000 | 5,000,000 | | 80,000,000 |
| Repayment of borrowings from working cash fund | (5,000,000) | (55,000,000) | (10,000,000) | (5,000,000) | (5,000,000) | | (80,000,000) |
| Real and personal property taxes received — net | 2,265,000 | 68,460,133 | 9,345,675 | 12,018,784 | 9,937,432 | | 102,027,024 |
| Sales taxes received | 4,930,864 | 165,183,941 | 22,188,888 | 29,585,183 | 24,654,320 | 33,923,034 | 280,466,230 |
| Cigarette taxes received | 653,292 | 19,716,782 | 2,690,026 | 3,458,605 | 2,861,660 | | 29,380,365 |
| Transfers from other County funds | 378,132 | 22,666,682 | 1,557,013 | 2,000,241 | 1,656,356 | 283,962 | 28,542,386 |
| Net cash provided by noncapital financing activities | <u>8,227,288</u> | <u>276,027,538</u> | <u>35,781,602</u> | <u>47,062,813</u> | <u>39,109,768</u> | <u>34,206,996</u> | <u>440,416,005</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES — | | | | | | | |
| Interest received | 428 | 42,881 | 7,821 | 5,926 | 2,151 | 2,948 | 62,155 |
| CHANGE IN CASH AND CASH EQUIVALENTS | | 128,455,133 | 34,457,450 | 49,439,156 | 24,102,279 | 6,479,242 | 242,933,260 |
| CASH AND CASH EQUIVALENTS — Beginning of year | | <u>85,587,972</u> | <u>36,196,069</u> | <u>40,372,021</u> | <u>36,869,295</u> | | <u>199,025,357</u> |
| CASH AND CASH EQUIVALENTS — End of year | <u>\$ -</u> | <u>\$ 214,043,105</u> | <u>\$ 70,653,519</u> | <u>\$ 89,811,177</u> | <u>\$ 60,971,574</u> | <u>\$ 6,479,242</u> | <u>\$ 441,958,617</u> |
| NONCASH TRANSACTIONS: | | | | | | | |
| Retirement plan contributions | <u>\$ 3,291,541</u> | <u>\$ 37,976,831</u> | <u>\$ 7,178,871</u> | <u>\$ 6,188,380</u> | <u>\$ 904,343</u> | <u>\$ 3,065,653</u> | <u>\$ 58,605,619</u> |
| Services contributed by other County offices | <u>\$ -</u> | <u>\$ 2,459,970</u> | <u>\$ 879,638</u> | <u>\$ 924,459</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,264,067</u> |
| Transfers - capital | <u>\$ 2,387,946</u> | <u>\$ 17,955,969</u> | <u>\$ 1,795,861</u> | <u>\$ 758,564</u> | <u>\$ -</u> | <u>\$ 365,527</u> | <u>\$ 23,263,867</u> |
| Donated vaccines | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 262,580</u> | <u>\$ -</u> | <u>\$ 262,580</u> |

(Continued)

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

COMBINING STATEMENT OF CASH FLOWS OF OPERATING ACCOUNTS INFORMATION FOR THE YEAR ENDED NOVEMBER 30, 2009

| | Bureau of Health Services | John H. Stroger Jr. Hospital | Oak Forest Hospital | Provident Hospital | Department of Public Health | Cermak Health Services | Total |
|--|---------------------------------|------------------------------------|---------------------------|-----------------------|-----------------------------------|------------------------------|-------------------------|
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES: | | | | | | | |
| Operating loss | \$ (106,882,942) | \$ (200,753,802) | \$ (8,519,128) | \$ (17,061,389) | \$ (16,093,822) | \$ (35,089,673) | \$ (384,400,756) |
| Adjustment to reconcile operating loss to net cash used in operating activities: | | | | | | | |
| Depreciation | 3,337,187 | 26,697,722 | 3,272,552 | 2,495,435 | 14,836 | 134,226 | 35,951,958 |
| Provision for bad debts | | 291,283,764 | 8,707,561 | 36,229,911 | | | 336,221,236 |
| Retirement plan contribution | 3,291,541 | 37,976,831 | 7,178,871 | 6,188,380 | 904,343 | 3,065,653 | 58,605,619 |
| Services contributed by other County offices | | 2,459,970 | 879,638 | 924,459 | | | 4,264,067 |
| Net change in assets and liabilities: | | | | | | | |
| Patient accounts receivables | | (236,199,604) | (17,608,641) | (32,457,100) | | | (286,265,345) |
| Third-party settlements | | 1,511,652 | 6,326 | 66,015 | | | 1,583,993 |
| Accounts payable | (11,774,720) | (18,692,573) | (423,119) | (279,069) | (234,226) | 811,705 | (30,592,002) |
| Accrued salaries, wages, and other liabilities | (497,398) | 2,278,290 | 950,898 | 397,946 | 643,634 | 3,585,183 | 7,358,553 |
| All other assets and liabilities — net | 104,298,616 | (54,177,536) | 4,223,069 | 5,865,829 | (244,405) | (237,796) | 59,727,777 |
| NET CASH USED IN OPERATING ACTIVITIES | <u>\$ (8,227,716)</u> | <u>\$ (147,615,286)</u> | <u>\$ (1,331,973)</u> | <u>\$ 2,370,417</u> | <u>\$ (15,009,640)</u> | <u>\$ (27,730,702)</u> | <u>\$ (197,544,900)</u> |

(Concluded)

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

COMBINING BALANCE SHEET OF RESTRICTED PURPOSE ACCOUNTS INFORMATION AS OF NOVEMBER 30, 2009

| | John H. Stroger Jr. Hospital | Oak Forest Hospital | Department of Public Health | Total |
|---|------------------------------------|---------------------------|-----------------------------------|-----------------------------|
| ASSETS | | | | |
| CURRENT ASSETS: | | | | |
| Cash and cash equivalents: | | | | |
| Cash in banks | \$ - | \$ 62,773 | \$ - | \$ 62,773 |
| Cash held by Cook County Treasurer | <u>908,507</u> | <u> </u> | <u>7,801,423</u> | <u>8,709,930</u> |
| Total cash and cash equivalents | 908,507 | 62,773 | 7,801,423 | 8,772,703 |
| Other receivables | <u>251,462</u> | <u>3,507</u> | <u>1,934,294</u> | <u>2,189,263</u> |
| Total current assets | 1,159,969 | 66,280 | 9,735,717 | 10,961,966 |
| CAPITAL ASSETS — Depreciable assets — net | | | | |
| | <u>83,255</u> | <u> </u> | <u> </u> | <u>83,255</u> |
| TOTAL | <u><u>\$ 1,243,224</u></u> | <u><u>\$ 66,280</u></u> | <u><u>\$ 9,735,717</u></u> | <u><u>\$ 11,045,221</u></u> |
| LIABILITIES AND NET ASSETS | | | | |
| CURRENT LIABILITIES: | | | | |
| Accounts payable | \$ - | \$ - | \$ 476,684 | \$ 476,684 |
| Accrued salaries, wages, and other liabilities | 74,639 | | 4,975,246 | 5,049,885 |
| Compensated absences | 49,053 | | 657,693 | 706,746 |
| Trust funds | <u> </u> | <u>66,280</u> | <u> </u> | <u>66,280</u> |
| Total current liabilities | <u>123,692</u> | <u>66,280</u> | <u>6,109,623</u> | <u>6,299,595</u> |
| NET ASSETS: | | | | |
| Invested in capital assets | 83,255 | | | 83,255 |
| Restricted net assets | <u>1,036,277</u> | <u> </u> | <u>3,626,094</u> | <u>4,662,371</u> |
| Total net assets | <u>1,119,532</u> | <u> </u> | <u>3,626,094</u> | <u>4,745,626</u> |
| TOTAL | <u><u>\$ 1,243,224</u></u> | <u><u>\$ 66,280</u></u> | <u><u>\$ 9,735,717</u></u> | <u><u>\$ 11,045,221</u></u> |

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS OF RESTRICTED PURPOSE ACCOUNTS INFORMATION FOR THE YEAR ENDED NOVEMBER 30, 2009

| | John H. Stroger Jr. Hospital | Department of Public Health | Total |
|---------------------------------------|------------------------------------|-----------------------------------|---------------------|
| OPERATING REVENUES — Other revenue | <u>\$1,683,763</u> | <u>\$21,347,737</u> | <u>\$23,031,500</u> |
| Total operating revenues | <u>1,683,763</u> | <u>21,347,737</u> | <u>23,031,500</u> |
| OPERATING EXPENSES: | | | |
| Salaries and wages | 1,166,391 | 10,125,331 | 11,291,722 |
| Employee benefits | 334,379 | 2,957,668 | 3,292,047 |
| Supplies | 24,958 | 1,512,686 | 1,537,644 |
| Purchased services, rental, and other | 5,336 | 4,224,476 | 4,229,812 |
| Depreciation | <u>7,117</u> | <u> </u> | <u>7,117</u> |
| Total operating expenses | <u>1,538,181</u> | <u>18,820,161</u> | <u>20,358,342</u> |
| OPERATING INCOME | <u>145,582</u> | <u>2,527,576</u> | <u>2,673,158</u> |
| TRANSFERS - CAPITAL | <u>90,372</u> | <u> </u> | <u>90,372</u> |
| CHANGE IN NET ASSETS | 235,954 | 2,527,576 | 2,763,530 |
| NET ASSETS — Beginning of year | <u>883,578</u> | <u>1,098,518</u> | <u>1,982,096</u> |
| NET ASSETS — End of year | <u>\$1,119,532</u> | <u>\$ 3,626,094</u> | <u>\$ 4,745,626</u> |

COOK COUNTY HEALTH AND HOSPITALS SYSTEM OF ILLINOIS

COMBINING STATEMENT OF CASH FLOWS OF RESTRICTED PURPOSE ACCOUNTS INFORMATION FOR THE YEAR ENDED NOVEMBER 30, 2009

| | John H. Stroger Jr. Hospital | Oak Forest Hospital | Department of Public Health | Total |
|---|------------------------------------|---------------------------|-----------------------------------|---------------------|
| OPERATING ACTIVITIES: | | | | |
| Payment to employees | \$(1,446,323) | \$ - | \$(11,956,781) | \$(13,403,104) |
| Payment to suppliers | (30,294) | (6,499) | (5,544,618) | (5,581,411) |
| Other receipts | <u>1,659,739</u> | <u>(63)</u> | <u>20,032,058</u> | <u>21,691,734</u> |
| Net cash used in operating activities | 183,122 | (6,562) | 2,530,659 | 2,707,219 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | | | |
| | <u>183,122</u> | <u>(6,562)</u> | <u>2,530,659</u> | <u>2,707,219</u> |
| CASH AND CASH EQUIVALENTS — Beginning of year | | | | |
| | <u>725,385</u> | <u>69,335</u> | <u>5,270,764</u> | <u>6,065,484</u> |
| CASH AND CASH EQUIVALENTS — End of year | | | | |
| | <u>\$ 908,507</u> | <u>\$ 62,773</u> | <u>\$ 7,801,423</u> | <u>\$ 8,772,703</u> |
| NONCASH TRANSACTIONS: | | | | |
| Transfers - capital | <u>\$ 90,372</u> | <u>\$</u> | <u>\$</u> | <u>\$ 90,372</u> |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES: | | | | |
| Operating gain (loss) | \$ 145,582 | \$ - | \$ 2,527,576 | \$ 2,673,158 |
| Adjustments to reconcile operating loss to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 7,117 | | | 7,117 |
| Net changes in assets and liabilities: | | | | |
| Accounts payable | | | 192,544 | 192,544 |
| Accrued salaries, wages and other liabilities | 54,447 | | 1,126,218 | 1,180,665 |
| All other assets and liabilities — net | <u>(24,024)</u> | <u>(6,562)</u> | <u>(1,315,679)</u> | <u>(1,346,265)</u> |
| NET CASH USED IN OPERATING ACTIVITIES | | | | |
| | <u>\$ 183,122</u> | <u>\$ (6,562)</u> | <u>\$ 2,530,659</u> | <u>\$ 2,707,219</u> |