INTRODUCTION

Cook County government provides vital services for 5.2 million residents of northeastern Illinois, including the city of Chicago, surrounding suburbs and unincorporated Cook County. These services include a system of public hospitals and ambulatory clinics; public safety services including the Office of the Cook County Sheriff and the Circuit Court System comprised of the State's Attorney, Public Defender, the Office of the Chief Judge, and court operations; property valuation and administration of property taxes for the County and all underlying jurisdictions; economic development activities; and finance and administration, including the administration of home rule taxes and central governmental service functions serving Cook County.

This Executive Budget Recommendation is driven by a number of key themes:

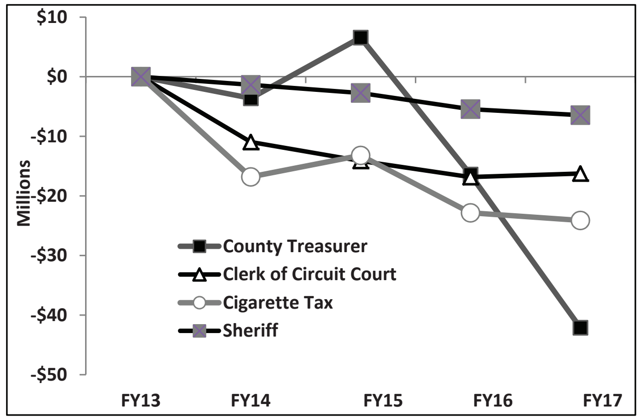
- Promote a long-term plan for fiscal sustainability to address legacy liabilities and incorporate transportation infrastructure needs
- Preservation of essential public safety and public health services
- Promote a sustained decline in the pre-trial detainee population at the Cook County Jail, and improve public safety outcomes
- Continue the transition of the Public health system focus on outpatient services versus less effective and more costly inpatient services
- Invest in strategic technology projects to modernize and transform County government
- Reduce County government's real estate footprint and associated cost structure

TRENDS AFFECTING FISCAL PLANNING

In recent years, Cook County has pushed to restructure and modernize services to moderate costs while improving services. Used as a baseline to plan for the FY17 budget, a preliminary forecast prepared in June 2016 identified a $174.3 million gap between revenues and expenditures. This projection assumed a flat operating tax allocation for the Cook County Health and Hospital System of $121 million; included an increase in legacy debt payments of roughly $30 million; an increase in labor costs due to settlement of 2012-2017 labor agreements; increased expenditures on technology and system maintenance and health benefits increases. The projection also reflected an additional $54.5 million in transportation infrastructure related spending and an increase in the supplemental pension appropriation of $80M from FY16, designed to address the outstanding unfunded pension liability at the County Employee's Annuity and Benefit Fund of Cook County.

Although the County has a diverse revenue base, expenditures rise over time due to inflationary pressures (with medical trends for health benefits, annual cost increases on specialty medications and technology contracts, and several other categories of expenditures traditionally growing faster than general inflation across the nation) whereas natural growth in revenues struggle to keep pace. A number of critical revenue sources are declining over time or growing at rates below general inflation. This makes structurally balancing the budget difficult and necessitates difficult decisions. Additionally, the Property Tax levy has not historically kept pace with inflation, and accordingly the value of the gross property tax levy will continue to decline net of inflation. When accounting for the full year implementation of the 1% Sales Tax increase and the 1% Hotel Accommodation Tax, ***after subtracting funds committed to additional pension payments, in 2017, General and Health Fund revenue available for operations are down $68 million or -2.2%.***

FY16 Projected Revenues	Amount	%
Declining	**$322,484,789**	**13.8%**
Failing to keep pace with inflation	**$751,957,329**	**32.2%**
Growing with economy	$953,162,729	40.8%
Other Growth/Decline patterns	$310,722,298	13.3%
Grand Total*	**$2,338,327,145**	**100.0%**



The County anticipates a continued decline in overall revenues and inflationary growth in expenditures in coming years and is taking steps toward long-term fiscal responsibility and preserving critical public safety and health services. Full Time Equivalent (FTE) positions are budgeted to decrease by 350.8 or 2.3% in the General Fund in FY2017 versus FY2016. Added to previous reductions, the County's overall workforce will be nearly 10% smaller since I took office in 2010.

FULFILLING OUR COMMITMENTS FROM THE FY2016 BUDGET

While tackling the challenges of the FY2017 budget, Cook County is keeping its commitment to dedicate funds from a Sales Tax increase to solve long-term structural challenges. An increase in the Retailers Occupation and Service Occupation Taxes, collectively referred to as Sales Tax, by 1% effective on January 1, 2016 to provide a much-needed funding for legacy debt service costs, supplemental pension appropriations to assist the County Employee's Annuity and Benefit Fund of Cook County with $5.9 billion of unfunded pension liabilities, and highway infrastructure needs in FY 2017 and beyond. This additional funding also allows the County to transition from debt-funded technology and equipment spending to increased pay-as-you-go financing.

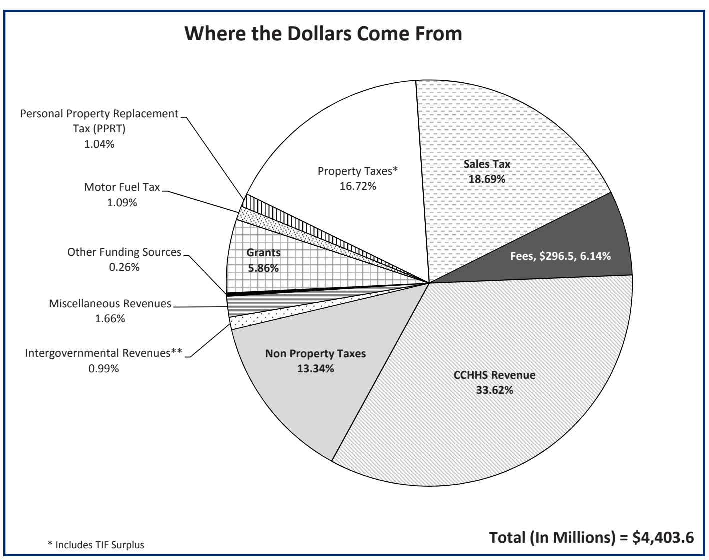
In the FY16 budget the increased Sales Tax was fully dedicated to pay for: an additional pension appropriation, increased transportation funding, and increased legacy debt service costs. In the FY17 budget the County is recommitting to dedicate a substantial portion of the Sales Tax revenue to pay for its legacy liabilities and increased transportation funding:

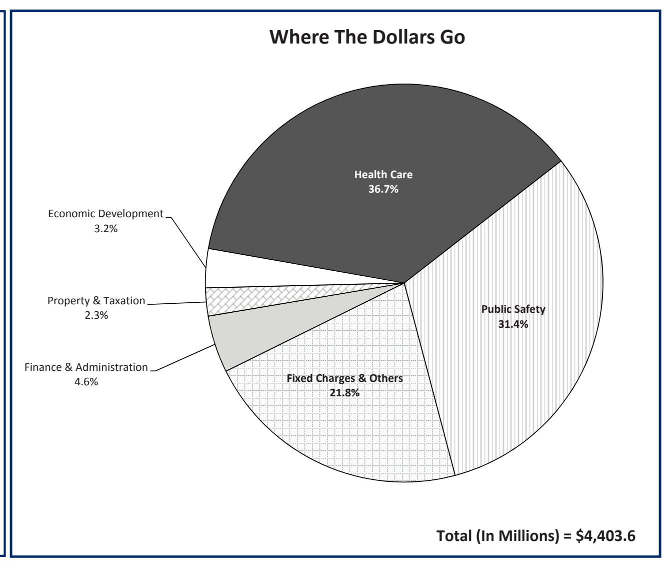
	Projection	FY2017 Budget
Additional Pension Appropriation	$340 M	$353.4M
Increased Transportation Funding	$64.5 M	$64.5M
Increased Debt Service Costs	$55 M	$57 M
Pay As You Go Capital Equipment	$13.6M	$20.3M
Total Uses	**$473M**	**$495M**

The County Officers' and Employee's Annuity and Benefit Fund of Cook County (the "Pension Fund" continues to face an unfunded accrued actuarial liability of $5.9 billion, or net pension liability of $15.3 billion based on recently adopted accounting standards. The County put forward a comprehensive pension reform legislative package in both 2014 and 2015, and the Pension Code is governed by State law. The County will continue to work towards legislative pension reform in the coming year, however the current pension benefit and statutory funding structure leads to a significant structural deficit at the Pension Fund. Under this current structure proscribed by State law, the Pension Fund's shortfall is growing exponentially absent some form of supplemental pension appropriations. The FY2017 Executive Budget Recommendation incorporates a fiscally responsible, alternative payment schedule that resulted in an additional $353.8 million appropriation in 2017 above the statutory payment formula. The payment was set at a level that was the lowest possible payment that would allow the County to consider potential future appropriations that grow at a rate slightly less than 2% in 2018 and thereafter. A payment structure that relies on optimistic future tax revenue growth assumptions in excess of inflation will not be sustainable in the long-run, which is why the County calculated an appropriation that was the lowest possible figure for 2017 that would still allow for growth consistent with the ten-year average of inflation.

FISCAL YEAR 2017 COOK COUNTY BUDGET OVERVIEW

Cook County receives operating revenues from several sources, primarily through Property Taxes, Fees, Sales and other Non-Property Taxes, Grants, and dedicated Special Purpose Funds revenues. Each of these revenue sources is detailed in the Revenue Estimates section. Revenues are allocated to the County's five service areas of health care, public safety, property and taxation, economic development, and finance and administration. Operating expenses such as building utility payments and technology maintenance costs are categorized as fixed charges. Finally, bond and interest payments and the County's pension expenses are also major operating expenditures. The charts below detail the proposed FY 2017 revenue sources and the proposed allocation of the revenues.





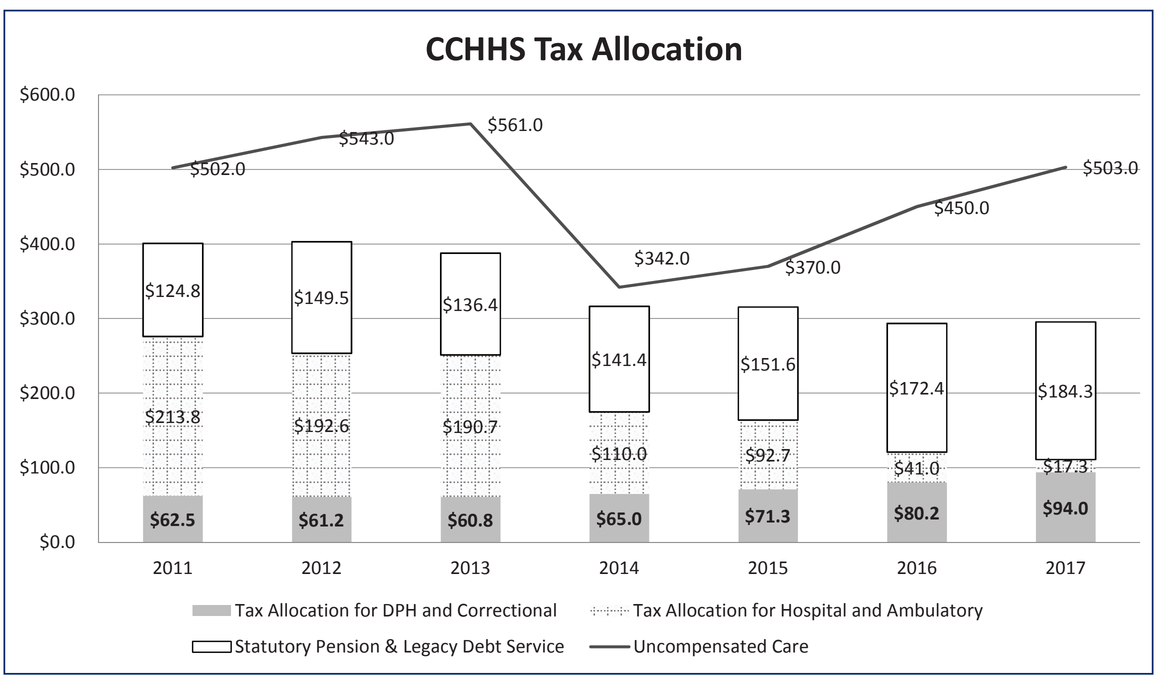
Cook County's operations are funded primarily through the General Fund and the Health Enterprise Fund. The General Fund contains two basic funds: Corporate and Public Safety. The Corporate Fund includes those departments that perform administrative and management functions, economic development, as well as certain services provided directly to the public under the Offices of the President and the Property and Taxation offices. The Public Safety Fund includes judicial and law enforcement agencies, and the Health Enterprise Fund contains departments related to the provision of public health care.

In addition to the General Fund and Health Enterprise Fund, the County utilizes special purpose funds that have dedicated revenues, generally fees, earmarked for a specific purpose. Significant special purpose funds include: GIS Fee Fund, Law Library, and several automation funds that affect different County agencies. Together, the General Fund, Health Enterprise Fund, grants, and special purpose funds are referred to as the operating budget.

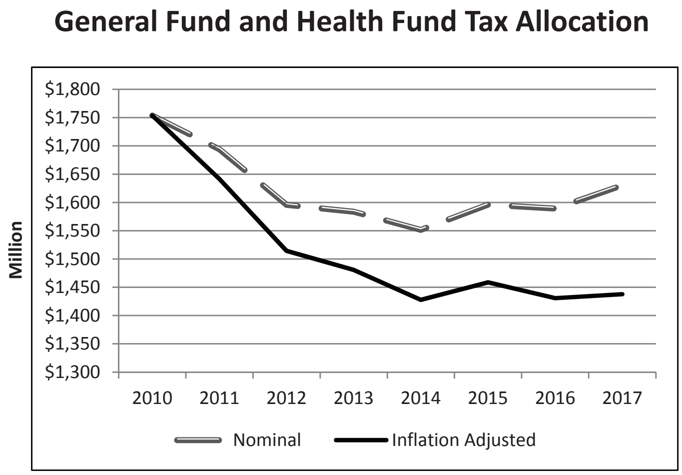
Cook County's total FY 2017 operating budget is $4.40 billion, an increase of4.4% from $4.22 billion in FY 2016. This increase is driven by the $353.8 million funding for outstanding pension liabilities ($83 million), legacy debt service costs ($27 million), and Grants ($33 million). Absent the dedicated grant funding and the growth in pension appropriations, the operating budget grows by a modest 1.7%, roughly equivalent to some forecasts for 2016 inflation.

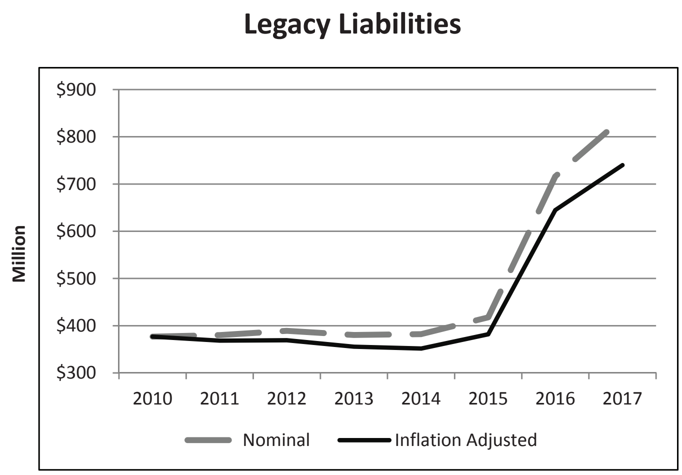
To avoid potential confusion, the distinction between the operating and total budget should be emphasized. The operating budget of $4.40 million is the total budget less appropriations for a separate Capital Budget of $475 million. Capital Budget appropriations are funded primarily by the proceeds from County bond issues, borrowing from lines of credit, a new Capital Projects Tax levy (pay-as-you-go) and Motor Fuel Tax revenues received from the State of Illinois. The service life of capital improvements are delivered over a period longer than the fiscal year and results in the County obtaining a capital asset.

Despite 3.25% wage increases related to settling 2012-2017 collective bargaining agreements, the General Fund increased by only 2.4%, adjusted for the pension funding increase and additional capital equipment being funded out of operating funds, which is consistent with inflation forecasts of 2.2-2.4% for the coming year. The Health Fund decreases by 3% overall, driven primarily by the reduced membership in CountyCare. The local taxpayer operating tax allocation to the Health Fund decrease by $10 million or 8.3% from 2016, continuing a trend that started in President Preckwinkle's first 2011 budget and Health Fund operating tax allocation have declined by 71.5% since 2010. When adjusting for the impact of inflation the year-over-year decline in 2017 is 10.2%, and the decline from 2010 is 74.8%.



Economic factors and legacy debt also continue to be a factor impacting the financial stability of the County. Local tax supported operating expenditures have declined since 2010 by 7% on a nominal basis and by 18% on an inflation adjusted basis, while statutory pension and legacy debt service expenditures have grown since 2010 by 28.8% on a nominal basis and by 13.6% on an inflation adjusted basis or by $51.2M, excluding the additional pension appropriation for 2017. Including the 2017 additional pension appropriation this growth is 122.7% on a nominal basis or 96.4% measured in 2010 dollars.



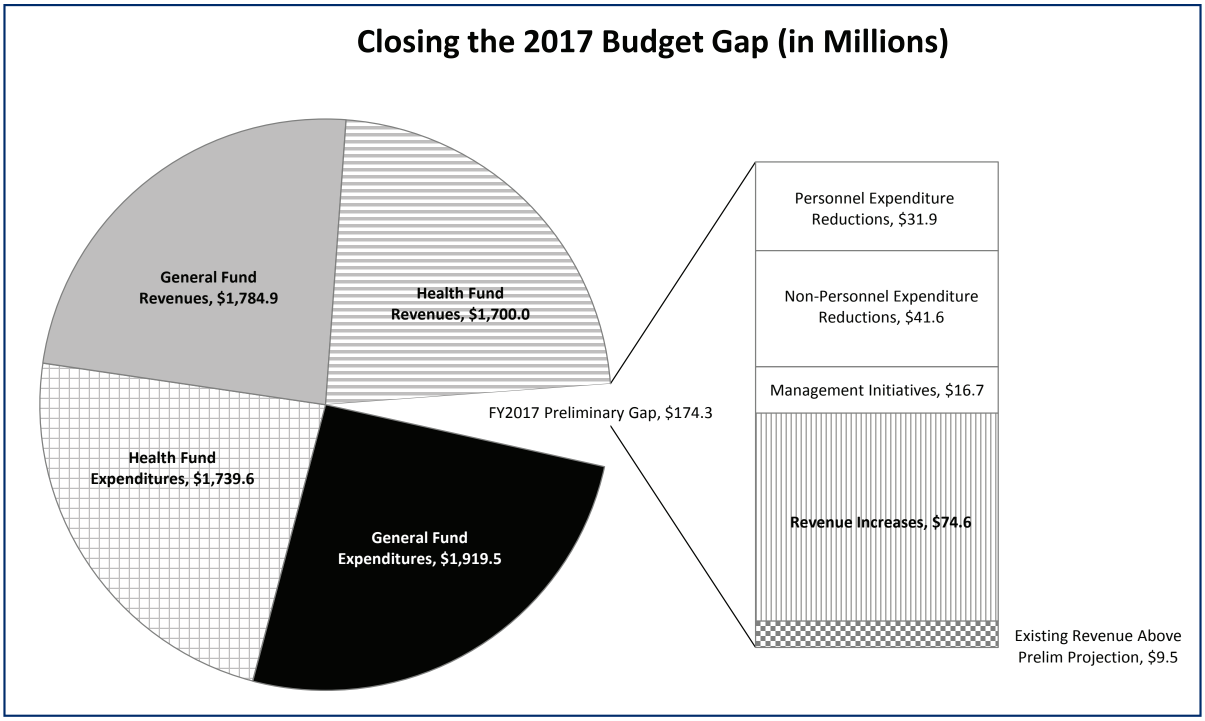


STATE BUDGET IMPASSE

The State of Illinois' delay in passing a full year FY2016 and FY2017 budget creates uncertainty for the County budget as well as for Public Safety and Public Health services to the County's residents. There is no indication that the State's budget issues will be resolved before January 2017. This delay is affecting the County's grant reimbursements for services incurred, and delays in the release of future agreements for direct and pass through grants, resulting in an increased risk to the County's cash flow. As of August the County is still owed $58.8M in State funding, this amount has been as high as $180M during the last 12 months. We are continuing to monitor the State budget situation closely, and committed to making adjustments if necessary during FY 2017.

CLOSING THE PRELIMINARY GAP

Through collaboration between the Board of Commissioners, County elected officials and employees; the 2017 Budget Recommendation incorporates cost reductions, new revenues, and management initiatives which will continue to bolster the stability of the County's finances. In order to come to a balanced budget recommendation, the County faced difficult choices that balance the services we provide to County residents, foremost of all the safety of the public, the mandates of the agencies, and the ability to provide a fiscally sound and financially stable government.



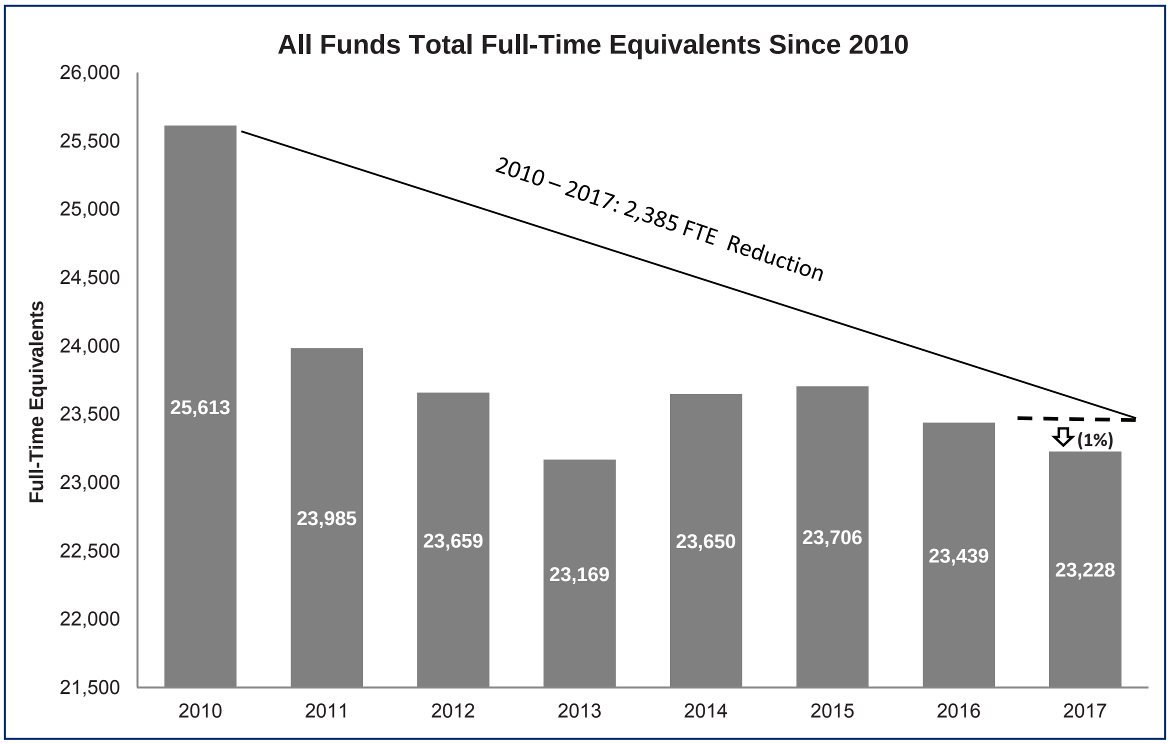
EXPENDITURE REDUCTIONS

A total of $78.4 million in cost reductions are included in the FY17 Budget Recommendation. These are comprised of a $10 million reduction in the tax allocation to the Cook County Health and Hospitals System (CCHHS), personnel savings driven by reduced full time employees in the coming year, and numerous non-personnel cost cuts across County government. Management initiatives, highlighted by jury fee and fleet reductions for $2.5 million in savings; shuttering one of the County's three warehouses which is an investment that will save $1.5 million in future years; and employee health benefit savings of $9.1 million driven by numerous initiatives.

The Cook County Health and Hospitals System is reducing taxpayer support for operations by $10 million, from $121 million in FY2016 to $111 million in FY2017, though we note that additional local tax payer funds are also used for debt service on health system facilities and health system employee pension costs that are not accounted for in the Heath Fund as they have been in previous years. Notably, $94 million of this funding is to cover the direct costs of Correctional Health for inmates, and the Department of Public Health—net of this amount, the operating tax allocation is $17 million.

The Health System continues to invest in less costly community-based outpatient clinical care, including the expansion of services like behavioral health care to reduce unnecessary and costly emergency room visits. Overall, Health System expenditures are expected to decrease by about $49 million, or 3%, from the prior year with budgeted expenses for FY2017 totaling about $1.6 billion. This is largely a function of a projected modest decline in CountyCare membership, the Health System's managed care program, to 142,500 members in FY2017. This will result in an $82 million reduction in managed care claims paid to third-party health care providers. Separately the system projects a savings of $22.5 million due to the adoption of a new third-party administrator for the CountyCare program. The CountyCare program has been a central component that has led to a reduction in uninsured/self-pay patients at CCHHS from 56% in 2012 before the advent of a County program to effectively early adopt the Affordable Care Act, to 33% in 2016 with the full implementation of the Affordable Care Act. The system is investing in additional key strategic initiatives to continue to minimize local taxpayer funding of its operations.

In the General Fund, excluding the $353.8 million additional pension appropriation in 2017 to address the Pension Fund's growing unfunded liabilities, personnel costs represent 85.4% of expenditures. Accordingly, the primary driver of savings in the FY2017 budget is from personnel savings. The budget recommendation reduces Full Time Equivalents (FTE) in the General Fund by 350.8, or 2.3% of positions. Principally from vacant position reductions, the County anticipates saving over $35.5 million in personnel costs. Across all funds, the County continues to make government more efficient and has reduced the FTE count by 2,385 positions since 2010.



In recent years the County has been effectively managing its employee health benefit related costs through various management initiatives that have allows our medical expense trend rate to be lower than that experienced across employer sponsored health plans nationally. Combined these initiatives have saved the County $9.1M in FY17 alone and are as follows:

- Conducted a dependent eligibility audit to eliminated costs associated with carrying non-eligible dependents on the benefit roles
- Moved to self-insured PPO plan to realize savings from lower coverage cost, taxes and administrative fees.
- Negotiated a preferred drug formulary program along with maintenance choice and generic step therapy to control runaway pharmacy related cost growth

This budget contains $41.6 million in cuts to non-Personnel Expenditures The County also anticipates another $4.7 million in cost reductions through management initiatives. These management initiatives include savings from a fleet centralization and reduction program, reduction in leased space and consolidating County warehouses.

Additionally, in an effort to adhere to President Preckwinkle's principle of Transparency and Accountability, the County for the first time in the FY17 budget is allocating employee benefit costs to departments to facilitate clarity for the total cost of operations.

SWEETENED BEVERAGE TAX AND ITS IMPACT ON THE OPERATING BUDGET

In order to preserve and protect essential public health and safety services, the FY17 budget proposes a one cent per fluid ounce tax on Sweetened Beverages. The tax, which has long been a goal of many public health advocates, includes carbonated soft drinks, fruit beverages (excluding 100% fruit juice), sports drinks like Gatorade, ready-to-drink (RTD) tea, energy drinks, and RTD coffee. This applies to both canned and bottled sweetened beverages and fountain drinks as well as diet drinks and flavored/enhanced water. The tax is expected to provide $74.6 million in revenue in FY 17 based on an effective date of July 1, 2017. ***The tax will structurally balance our budget over a three year planning horizon and allows us to commit to a freeze in tax rates during that three year period in conjunction with this budget.***

The proposed tax is expected to have an important secondary impact of reducing the consumption of these sweetened beverages that have been linked to health problems that disproportionately impact poorer communities like diet-related diabetes that could create down-the-line health care savings as well.

Without new revenue the County will not be able to meet our obligation in the Public Safety arena in 2017 and across a three year planning horizon. We would be looking at significant layoffs for public safety officials, under-staffed court rooms, less public defenders and State's Attorney's. Without the tax the County would need to eliminate over 500 public safety positions in 2017 and additional reductions in 2018 and 2019 for a total impact of greater than 1,300 public safety positions over three years. This level of impact on the public safety system would be dangerous, and at the worst time as the County is working with the City and all stakeholders to reduce local violence.

Without the proposed tax, based on the annual decline rate of numerous existing revenue sources, the County could expect increased caseloads and further delays in court time, jeopardize the timely distribution of property taxes to local governments across the County that has been accomplished in each of the last few years following 35 years of failure, and most significantly disruption through the court system and Jail system that would cause an unsafe and dangerous environment for users of the Cook County justice system. This level of impact on the public safety system would be dangerous and at the worst time as we hit an inflection point to reform our criminal justice system.

REVENUES THAT EXCEEDED PRELIMINARY ESTIMATES

The Preliminary Forecast projected less revenue available for the General Fund and Health Fund versus the prior year when factoring out the intended supplemental pension appropriation. Despite accounting for the full year of the 1% Sale Tax increase and the 1% Hotel Accommodation tax, net General and Health Fund revenue available for operations are down $68 million or -2.2%.

Enhanced enforcement activities accounted for increases over the preliminary budget amongst the County Use Tax, Gas Tax, Cigarette Tax, and Parking Operations Tax as the Department of Revenue continues its compliance efforts to ensure a level playing field for all taxpayers. These revenue initiatives offset a reduction in available Property Tax Levy funds available to the General Fund and Health Enterprise Fund as a result of a $27 million increase in rising bond and interest expenses associated with legacy debt service and a $13 million increase to the annuity and benefits fund for statutory payments toward the County's pension obligation.

The General Fund no longer includes revenues from the Motor Fuel Tax (MFT) which the State collects and remits to the County; these funds are now dedicated to support the Highway and Transportation plan. The decline of $54.5 million from 2016 reflects the County's commitment to completely rollback MFT transfers to the General Fund. The Cook County Department of Transportation has developed the first Long Range Transportation Plan for Cook County since 1940. Through that process, a need for increased funding to support and rebuild infrastructure was identified.

Together the expenditure reductions and revenue initiatives provide a balanced budget recommendation.

Fiscal Year 2017 Summary of Activities by Fund Type

Revenues and Other Funding									
Revenue and Other FundingType	**General Fund**	**Health Enterprise Fund**	**Special Purpose Fund**	**Grants**	**Capital Programs**	**Election Fund**	**Debt Service Fund**	**Annuity & Benefits**	**Total All Funds**
Property Taxes*	186.9	87.9			20.6	22.0	277.1	162.3	756.8
Sales Tax	823.0								823.0
Fees	217.5	1,480.4	79.0						1,777.0
Non Property Taxes	562.0	23.4	1.9						587.3
Intergovernmental Revenues**	43.5				20.5				64.0
Miscellaneous Revenues	28.6		44.4						73.0
Other Funding Sources	11.6								11.6
Grants				257.9					257.9
Debt Proceeds					342.2				342.2
Motor Fuel Tax			48.2		41.5				89.7
Personal Property Replacement Tax (PPRT)								46.0	46.0
Revenue Total:	**1,873.1**	**1,591.7**	**173.6**	**257.9**	**424.9**	**22.0**	**277.1**	**208.2**	**4,828.5**

Expenditures									
Control Officer	**General Fund**	**Health Enterprise Fund**	**Special Purpose Fund**	**Grants**	**Capital Programs**	**Election Fund**	**Debt Service Fund**	**Annuity & Benefits**	**Total All Funds**
Health and Hospital System		1,591.1	9.8	14.8					1,615.7
Offices Under the President	216.1		62.9	156.0					435.1
Cook County Board of Commissioners	9.0								9.0
Assessor	26.8		3.5						30.2
Board of Review	10.9								10.9
Board of Election Commissioners						1.1			1.1
Chief Judge	263.3		17.1	5.7					286.2
Clerk of the Circuit Court	103.8		19.3	2.8					125.9
County Clerk	10.6		1.7			20.9			33.2
Recorder of Deeds	6.8		5.9						12.7
Sherriff	622.4		1.9	8.7					633.0
States Attorney	123.2		3.5	21.7					148.5
Treasurer	1.3		11.0						12.3
Land Bank Authority			27.1	7.7					34.7
Independent Inspector General	2.1								2.1
Public Administrator	1.4								1.4
Fixed Charges***	475.5						277.1	208.2	960.8
Capital Equipment Plan			9.7	7.1	66.9				83.7
Capital Improvement Plan		0.6			290.9				291.6
Highway Improvement Plan				33.4	67.0				100.4
Expenditure Total:	**1,873.1**	**1,591.7**	**173.6**	**257.9**	**424.9**	**22.0**	**277.1**	**208.2**	**4,828.5**

*includes Tax Increment Financing Surplus

**20.5 Million Intergovernmental Revenue included in MFT Table

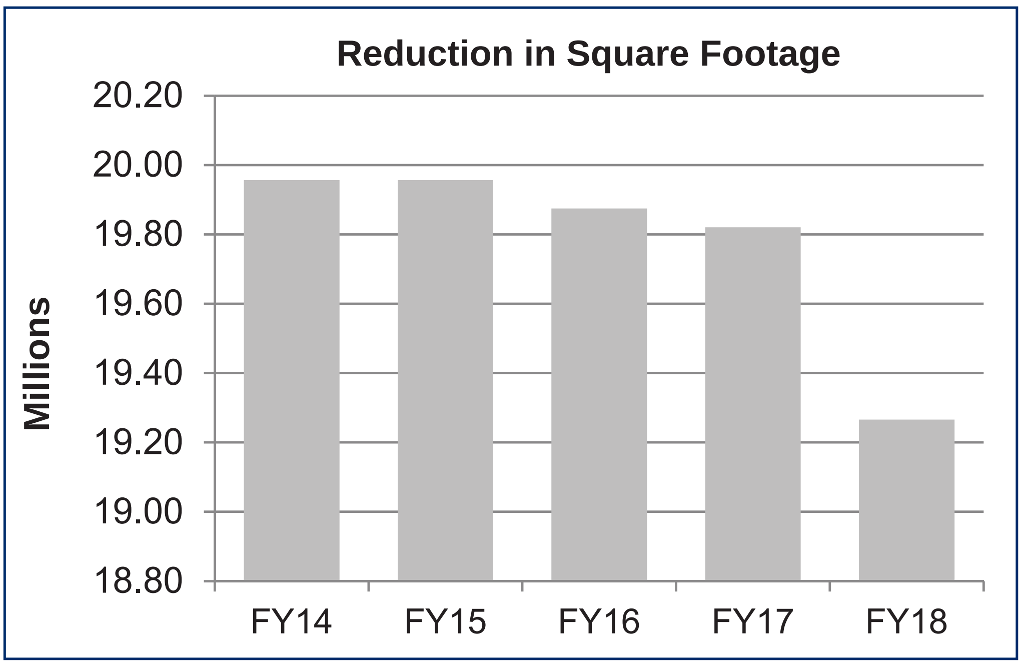
***Supplimental Appropriation for Pensions are budgeted in Fixed Charges

FISCAL YEAR 2017 BUDGET POLICY GOALS

The FY 2017 budget facilitates the primary policy goals of Cook County in the areas of ***fiscal responsibility, innovative leadership, transparency and accountability, and improved services.*** These include stabilizing the County's finances, reforming the county's criminal justice system, investing in technology that will modernize Cook County Government, and transforming the public health system to increase its focus on more effective and patient friendly inpatient care.

FISCAL RESPONSIBILITY

The FY2017 budget recommendation continues to emphasize long-term fiscal sustainability while preserving crucial public health and safety services. The County will continue to address its primary long-term challenges in this budget: legacy debt service, the Pension Fund's shortfall, and infrastructure funding.



The County has sought to limit the issuance of long-term debt, and has reduced bonded debt outstanding by 10.7% since 2011. This focus on reducing bonded indebtedness has been coupled with a focus on advocating for comprehensive pension reform, providing the public and Board of Commissioners with a long-term capital budget and debt forecast, and a long-range transportation plan, the County's first since 1940. This approach was necessitated by the significant debt burden the County faced upon President Preckwinkle assuming office, as well as the Pension Fund's unfunded accrued actuarial liability of $5.9 billion, or net pension liability of $15.3 billion based on recently adopted accounting standards. In the Fiscal 2017 Executive Budget Recommendation the County has incorporated long-term sustainable plans to address each of these challenges and promote fiscal stability for Cook County government and the services it provides to County residents.

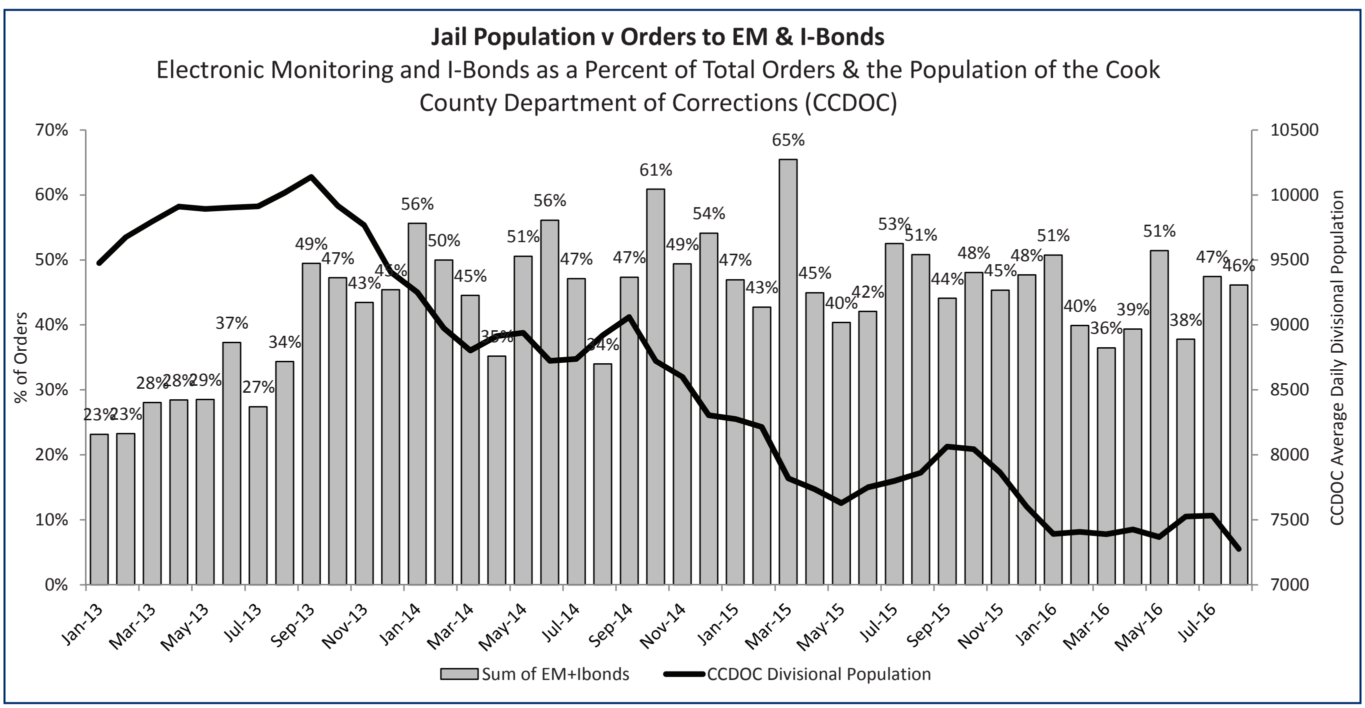
The County is consolidating two County warehouses during 2017 that will create an estimated annual operating savings of $1.46 million in future years. The plan will reduce the County's footprint by 495,000 square feet, the equivalent of nine acres or almost seven football fields, by Fiscal Year 2018 as the County will shutter one of three current warehouses. This plan is one of several components that leads to a goal of 1 million square foot reduction by the end of 2018.

Since 2011, annual revenue from leasing space at Dunne Building (69 W. Washington) has increased by $2 million by leasing the 4th, 34th and 35th floors. The County is targeting leasing 60,000 additional square feet by 2018, valued at approximately $3 million.

INNOVATIVE LEADERSHIP

The Public Safety Fund includes the Sheriff's Office, States Attorney's Office, Public Defender's Office, Office of the Chief Judge, Clerk of the Circuit Court and the Juvenile Temporary Detention Center, and comprises 33.2% of the total budget. In FY 2017, the Executive Recommendation for Public Safety is $1,463 million, which includes the general fund, special purpose funds and grants, that represents a 2.7% increase over the prior year. Several investments were made in this area to achieve compliance with mandates, meet the needs presented by legislative requirements and to improve public safety and access to justice.

Through collaborative efforts between the Public Safety stakeholders, the jail population is at its lowest since 1991. Cook County is moving forward with an effort to demolish three units on the Department of Corrections campus over the next two years. The plan saved $3.5 million in fiscal year 2017 in building operating costs and avoids $188 million in maintenance costs over the next decade. This is part of President Preckwinkle's continued criminal justice reform efforts to reduce the pre-trial jail population. For years, the daily jail population hovered at roughly 10,000. Today, it is approximately 7,300 largely because of these efforts.



The County is also working with the Office of the Chief Judge to improve jury utilization in the County. The County projects to save upwards of $1 million by refining and improving its jury summons process by reducing the number of summonses being sent out and increasing the percentage of jurors who report to court. Increasing the number of prospective jurors who are actually used by as little as 15%, starting a move towards national recommendations would save almost 35,000 people the trouble of reporting for jury duty to no productive outcome, and simultaneously reduce County expenses.

With Cook County at an inflection point in criminal justice; this budget prevents destructive cuts over the next three years that could endanger current reform efforts while supporting our criminal justice system, and it enables the County to double its investment in community-based anti-violence efforts.

TRANSPARENCY AND ACCOUNTABILITY

In FY 2017, Cook County continues to make significant investments in technologies which not only modernize operations and improve services to County residents, but also increase collaboration and innovation across the county. These new systems have the potential to dramatically increase the value of County services for its citizens while significantly increasing efficiency. Modernization efforts will allow the County to stop servicing outdated mainframe and mid-range systems over the next five years, and ultimately save $5.8M annually in coming years.

The Integrated Property system is a landmark collaboration effort for the County's property and taxation agencies. In addition to creating an improved central database of the County's 1.8 million land parcels and all of the related data behind each parcel from five different County agencies it will also provide more streamlined ways of processing land services as they travel between each agency. Similarly, the Integrated Revenue system brings together diverse tax types within a centralized and modern administration system that will improve the experience of our taxpaying public. The system streamlines and automates processes, improving efficiency and accuracy.

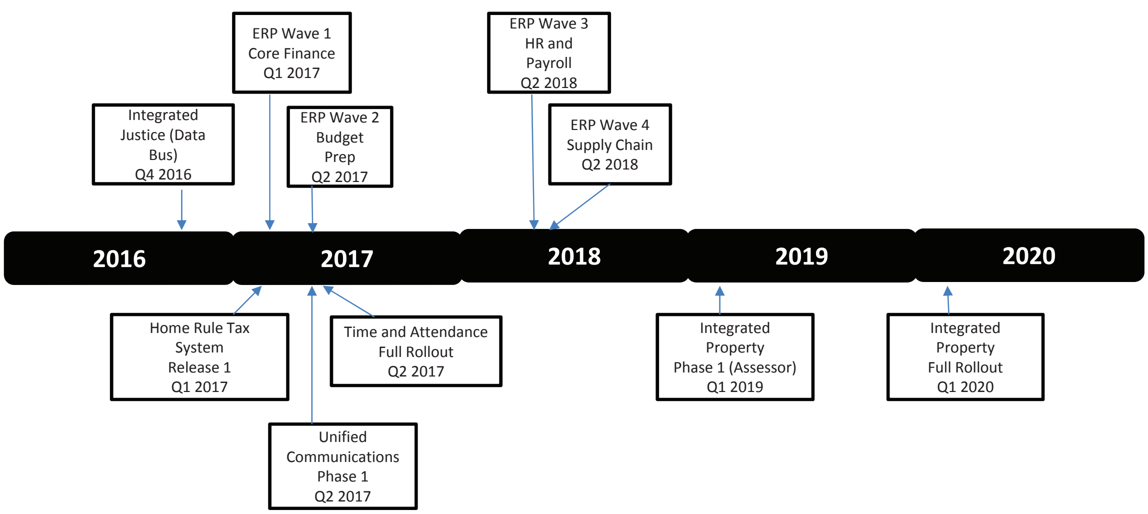
The Integrated Justice system allows automated communication for all of the County's justice agencies – Chief Judge, Clerk of the Circuit Court, Public Defender, Sheriff and State's Attorney. It translates and routs data between all the disparate systems used by these agencies. The first two exchanges will go live in FY16. In FY2017 several new exchanges will be added. Each new exchange: improves communication between the justice and public safety agencies; insures quality, accuracy, accessibility and timeliness of criminal history information; and helps solve the problem of communication errors with real-world consequences for those in the criminal justice system.

The Enterprise Resource Planning (ERP) System will operate County-wide to manage business processes. This system allows the County to collect, store, manage and interpret data across all aspects of County operations, allowing the County to manage its resources efficiently and more cost effectively. A new biometric Time and Attendance system will integrate tightly with the ERP system. It will simplify how time and attendance reporting works across Cook County government, reduce the potential for fraud and increase accountability while providing a strong return on investment for County government.

The County will also continue working on its 10-gigabit broadband network—connecting hospitals, public safety facilities and the downtown campus with high-speed fiber cables for fast data transfers. The County needs a robust network to handle the new systems coming online in the coming months. The Telecom and Network Support Team is also going into year two of a multi-year Wi-Fi deployment throughout the County; it is bringing forward a procurement for a modern voice over internet (VoIP) system in FY2016, implementation of which will begin in FY2017. The project will be a $22 Million dollar capital investment over several years. The VoIP Project, also known as "Unified Communications" replaces the current cadre of legacy voice infrastructure and voicemail systems, supporting approximately 30,000 traditional voice endpoints with a modern system that provides a single interface with access to multiple collaboration tools. This project improves overall communications, reduces costs, ensures compliance with Federal and State laws, and provides disaster recovery and business continuity capabilities.

When combined these over $100 million investments will significantly improve the County's operations and position it to deliver the critical services needed to its residents in a more efficient and effective manner.

Technology Investments



IMPROVED SERVICES

The Cook County Health and Hospitals System (CCHHS) will continue efforts related to the managed care program known as CountyCare, a healthcare option made possible by the Affordable Care Act. Prior to the program's implementation, approximately 57% of patients served by CCHHS were not insured and limited in their ability to pay for medical treatment; data through August 2016 indicates that the self-pay population has declined to 33% of total CCHHS patients in 2016. Membership projections for 2017 forecast 142,000 CountyCare members in FY2017. The CountyCare program is expected to generate more than $809 million in revenue which is used to pay claims costs for member care, with $221 million of this expected to be received by CCHHS as reimbursement for care rendered to CountyCare members. In addition to caring for CountyCare patients, CCHHS continues to increase its contracts with managed care health plans and commercial insurers to further drive new reimbursement to the system.

CCHHS will continue to expand the integration of behavioral health services into primary care in order to reduce unnecessary and costly emergency room visits, invest in new and existing clinical services and facilities, bolster the Patient Support Center to improve patient experience and utilization of services, develop more comprehensive care coordination services at the provider level through enhanced pre-registration, and improve standardized data and reporting capabilities. The Health and Hospitals System is also increasing nursing staffing to improve quality and the patient experience while also reducing overtime.

The CCHHS budget decreases to $1,592 million from $1,640 million, a reduction of $48.7 million. The primary drivers of this decrease include a new third-party administrator for the CountyCare program, resulting in savings for CCHHS in the amount of $22.5 million. Additionally, enrollment of Affordable Care Act (ACA) adults, Family Health Plan (FHP) and Seniors and Persons with Disabilities (SPD) is projected to stabilize at 142,500 members per month in FY2017, leading to an $82 million reduction in managed care claims paid to third-party health care providers. After subtracting the associated third party provider costs and personnel expenses, the revenue from the federal reimbursement for CountyCare members is projected to have a net positive impact of $261.5 million to offset system expenditures in fiscal 2017.

COOK COUNTY LONG-TERM REVENUE AND EXPENSE FORECAST

Pursuant to Executive Order 2012-01, Cook County prepares a long-term financial forecast to support responsible long-term planning. The County's $4.4 billion operating budget helps support vital public safety, public health and property tax related services for its citizens. Although the County has a diverse revenue base, expenditures rise over time due to inflationary pressures (with medical trends for health benefits and several other categories of expenditures growing faster than general inflation) whereas natural growth in revenues struggle to keep pace. A number of critical revenue sources are declining over time or growing at rates below general inflation. This makes structurally balancing the budget difficult and necessitates difficult decisions.

Importantly, 99% of the FY2017 budget solutions are structural changes that when combined with the new proposed Sweetened Beverage Tax, will eliminate the deficit over the next three year period and continue to reduce the deficit beyond that. These are in addition to the structural changes that were implemented in the current fiscal year. The recurring actions taken to balance the 2017 budget have substantially improved the outlook through fiscal year 2019 by reducing the expected deficit to zero versus the projection for $134M in FY2017 included in the FY2016 Appropriation bill. Although 42% of the changes came in the way of new revenue increases, they also included over $78 million in expenditure reductions as well as other management initiatives.

Traditionally, the County solves for existing budgetary gaps with changes that flow into future years, as over 90% of those changes are structural in nature. However, despite those efforts, deficits continue to remain in out years, since several of the County's revenue streams decline or fail to keep up with inflation on a year-over-year basis. ***To help address this issue the County is proposing a new 1% per fluid ounce Sweetened Beverage Tax, that will not only solve the budgetary gap for FY17, without damaging cuts to its Public Safety apparatus; but also will allow the County to address its traditional structural deficit through 2019.*** Without this revenue, the County would have to eliminate an additional 1300 plus positions to solve for the deficits through 2019. This would materially impact the Public Safety mandate at critical juncture in our community.

Beyond 2019, we expect cost reductions through operational improvements and efficiencies gained from our strategic investments in technology, as well as revenue forecast revisions to address the expanding structural deficit shown in 2020 and 2021 in the accompanying charts. Though the County is required by statute to present a balanced budget annually, the forecast provides a critical tool in evaluating the long-term fiscal challenges the County faces. This forecast examines the County's General Fund and Health Enterprise Fund only, as special purpose funds are inherently self-balancing. FY2016 was the first year the Health Fund was treated as an enterprise fund separate from the General Fund in the forecast; the Health Fund will still receive a tax allocation in the 2017 budget and is therefore included in the forecast analysis.

METHODOLOGY

In projecting each of the revenue sources the County took into consideration economic drivers like inflation and GDP growth, operating initiatives and regulatory factors that may affect collection of those revenues. This resulted in revenue specific models, which included single and multiple linear regressions that projected a growth or decline rate in each revenue category. Similarly, expenses were analyzed as falling into three primary categories, (i) those expenses that grow at or around the rate of inflation; (ii) employee healthcare related costs that traditionally grow at a medical inflation rate that exceeds the general rate of inflation; (iii) CountyCare purchased services from third party healthcare providers, which are a function of enrollment projections. The first category includes salaries, supplies, utilities and other non-personnel costs related to the Health System; the majority of which were projected using a 1.86% growth rate, which is the average rate of inflation (CPI-U) over the last 10 years plus 0.36% growth in salaries related to step increases. The healthcare costs were further divided into medical insurance projected using a 5% growth rate, and pharmacy related costs projected using a 12% growth rate. The final category was projected as a function of projections for CountyCare revenues and related expenses for which moderate growth is assumed until 2020 and then slight decline in 2021.

PROPERTY TAX PROJECTIONS

In comparison to FY2016 levels, the forecast continues to show a decline in net Property Tax revenues available for operations due to increasing legacy debt service payments, which are projected to rise from $250M in FY2016 to $290M in FY2021. Legacy debt service payments will rise due to substantial borrowings in prior years, and will be coupled with an impact of new borrowings to fund the County's Capital investment needs. Furthermore, the Property Tax levy has not historically kept pace with inflation, and accordingly the value of the gross property tax levy will continue to decline on a real basis, net of inflation. Notably, the County will continue to push for pension reform legislation with the Illinois General Assembly. However, any possible changes to the statutory payments associated with the County Annuity and Benefit fund have not been incorporated in this forecast, though for the purpose of this model the forecasters assume that the County will continue to make additional appropriations using the same methodology used in the 2017 Budget recommendation. No representations are being made that these appropriations will continue in this manner, nor should any parties rely on this forecast.

SALES TAX PROJECTIONS

As of January 1, 2016, the effective sales tax rate in Cook County increased to 1.75%. The tax is County-wide including both incorporated and unincorporated areas and has been adjusted overtime by the County Board. The State collects the sales tax on behalf of Cook County, and remits the tax receipts to the County. In FY2016, a significant portion of the tax was dedicated to pensions ($270.5M), legacy debt service ($25) and increased infrastructure spending ($10M).

The FY 2017 Cook County gross sales tax estimate is $823 million and is distributed between the Public Safety Fund and Corporate Fund, with approximately $353.8 million dedicated to a supplemental appropriation for an additional payment to the Pension Fund. Furthermore, the additional revenue, has allowed the County to budget for an increase in legacy debt service ($27M), infrastructure funding ($54M) and pay-as-you-go capital equipment funding ($20.3M).

In FY 2018, the revenue from sales tax is forecasted to be at $805.8 million, slightly lower due to projected lower economic activity tracking the national economy.

COUNTYCARE PROJECTIONS

FY2016 was the third full year of the implementation of CountyCare, which resulted from Medicaid Expansion as part of the Affordable Care Act (ACA), which has expanded from just adults to families, seniors and persons with disabilities. The Cook County Health and Hospital System (CCHHS) receives a per member per month (PMPM) payment for each member enrolled in CountyCare. In FY2017, CCHHS estimates the composite PMPM to be $654 for the Affordable Care Act (ACA) population, $270 for the Family Health Plan (FHP) population, and $1,590 for the Integrated Care Program (ICP) population. ACA members, roughly 45% of CountyCare's membership, is at a 95% Federal match. In FY17, CCHHS expects to retain 142,500 average monthly members in CountyCare for ACA adults, with additional family health plan and senior/disabled populations also participating in the program. Beginning in 2017, the Federal match also begins to come down, which is an additional reason for a forecasted decline in revenues for 2017 and 2018. However, the Health System is forecasting an increase in membership beginning in 2019 that will offset some of the decline experienced from the match reductions. The Health System also continues to improve efforts to capture a greater share of the CountyCare revenues by driving the membership to increase use of the system's healthcare facilities.

A number of other significant revenue sources continue to decline – the Cigarette Tax continues to be bolstered by the Department of Revenue's enforcement actions. However, underlying sales continue to fall as smoking cessation programs make their intended impact. Similarly, Fuel Tax also continues to fall, while non-Medicaid patient insurance coverage continues to decline in the Health System. Due to the revenue declines outlined above, overall revenue will trend downwards in the near term and exhibits a mild long-term secular decline.

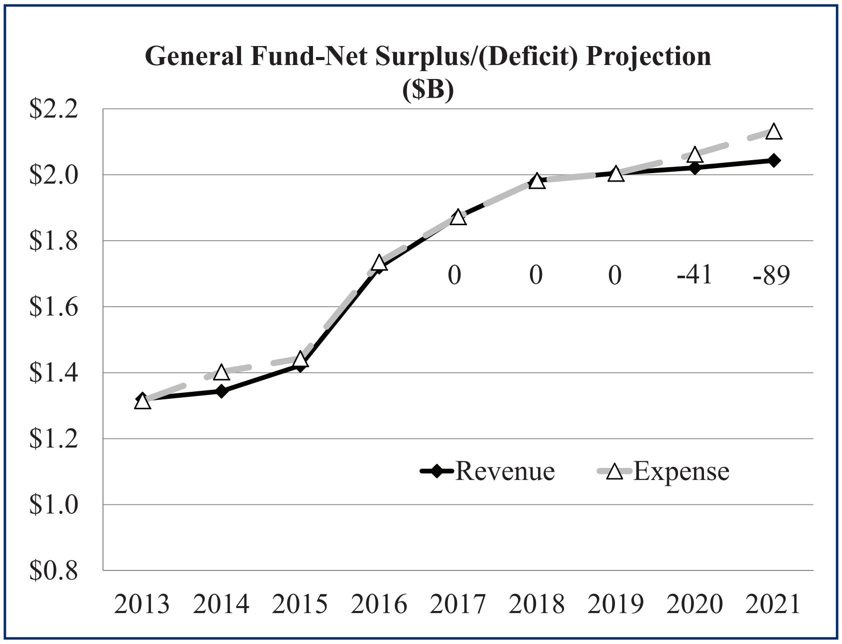
EXPENDITURES PROJECTION

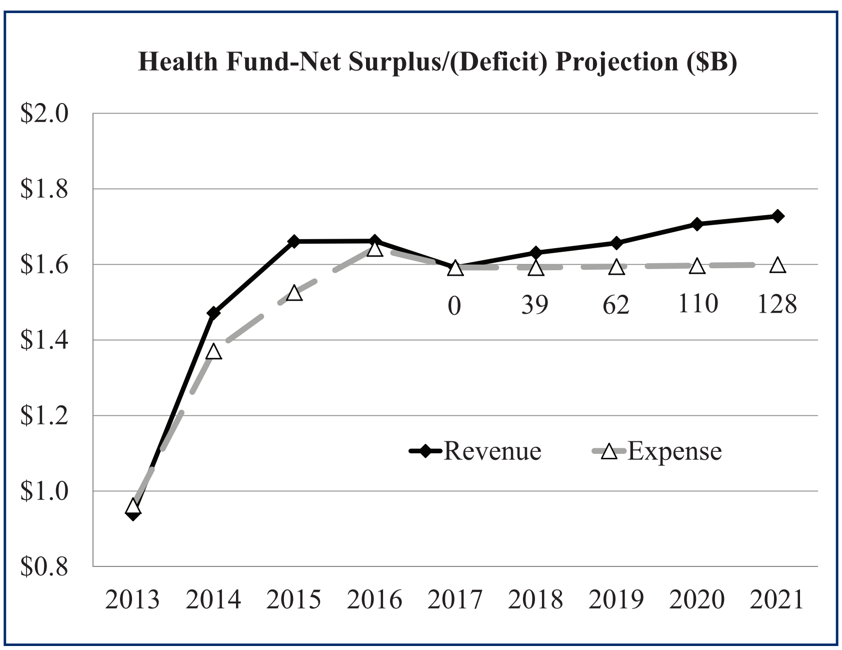
The majority of the expenses including salaries, supplies and utilities are expected to grow at 1.86%, which is the average rate of inflation (CPI-U) over the last 10 years. Health insurance and Pharmacy benefits also are expected to grow at medical inflation rates which significantly outpace general inflation (5% for health insurance and 12% for pharmacy costs). Despite the high growth rate experienced in medical and pharmacy related costs, the overall County healthcare benefit expenditures are going down year over year by approximately $1.7M in 2017 mainly due to management initiatives undertaken to more effectively control health care costs and negotiated benefit concessions with County unions. However, overall trends in health related costs will continue to rise faster than the growth rate of County revenues.

As the County makes substantial investments in technology, the ongoing portion of those costs for example, software and hardware infrastructure maintenance, are expected to grow at 4%. While the majority of the County's non-personnel related expenses are expected to grow at inflation, the Health system's non personnel expenses are expected to grow at a 1% rate, due their enhanced focus on a self-delivery model.

FISCAL FORECAST

The charts below depict what the County anticipates in overall revenue and expenditures in coming years. Accordingly, the forecast model projects a balanced budget thorough 2019 with moderate deficits in out years. The County will continue to focus on structural, recurring initiatives to balance future year budgets in order to improve the long-term fiscal outlook.





General Fund - Projected Annual Revenues and Expenses, by Source

	Actual			Actual/Projection	Dept. Estimate	Projection			
	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Property Tax - Tax Levy	275,245,115	311,131,218	201,310,756	188,852,350	177,836,169	211,670,000	214,050,000	207,830,000	204,880,000
Property Tax - TIF Surplus	1,908,785	2,666,265	6,715,296	11,266,000	9,040,000	9,241,000	9,450,000	9,660,000	9,870,000
	277,153,900	313,797,483	208,026,052	200,118,350	186,876,169	220,911,000	223,500,000	217,490,000	214,750,000
Non Property Taxes									
Sales Tax [1]	331,121,305	333,455,361	346,771,478	642,523,000	823,000,395	805,800,000	825,800,000	847,700,000	870,300,000
Use tax	65,383,972	73,344,296	81,001,557	81,291,313	81,000,000	77,290,000	81,000,000	82,990,000	85,020,000
Off Track Betting Commission	2,566,854	1,326,863	1,783,185	1,504,586	1,000,000	1,620,000	1,620,000	1,620,000	1,620,000
Gaming	8,345,435	8,453,396	8,508,058	11,384,804	8,500,000	8,761,000	8,760,000	8,760,000	8,760,000
Retail Sale of Motor Vehicles	2,829,772	3,061,674	3,634,741	3,200,000	3,400,000	3,635,000	3,540,000	3,460,000	3,370,000
Retailer's Occupation Tax	3,114,338	2,828,396	2,747,398	2,919,000	2,930,000	2,900,000	2,900,000	2,900,000	2,900,000
Wheel Tax	3,735,016	3,836,749	3,721,626	4,100,000	4,200,000	4,085,000	4,090,000	4,090,000	4,090,000
State Income Tax	11,748,205	11,963,348	13,384,885	12,813,000	13,160,000	12,240,000	12,570,000	12,900,000	13,250,000
Alcoholic Beverage Tax	35,028,556	35,760,729	36,616,942	37,584,508	37,250,000	37,250,000	38,220,000	38,670,000	39,120,000
Gas Tax/Diesel	85,720,251	89,659,844	90,592,398	94,441,729	91,500,000	89,588,000	88,710,000	87,840,000	86,980,000
Cigarette Tax	3,677,595	4,579,975	121,833,141	128,862,663	121,803,880	117,390,000	113,100,000	109,000,000	105,100,000
Other Tobacco Products	1,923,334	1,576,615	6,219,272	8,605,330	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Firearms Tax	244,560	444,672	426,590	1,072,697	1,210,000	1,210,000	1,230,000	1,260,000	1,280,000
Hotel Accomodations				16,617,830	31,500,000	29,930,000	30,800,000	31,690,000	32,610,000
Gambling Machine Tax	244,560	522,903	987,923	5,165,987	2,100,000	1,543,000	1,590,000	1,630,000	1,680,000
Sweetened Beverage Tax	0	0	0	0	54,600,000	162,080,000	160,380,000	158,690,000	157,020,000
Non Retailer Transactions	14,923,212	9,285,927	15,302,087	22,037,061	20,200,000	20,200,000	20,780,000	21,380,000	22,000,000
Amusement tax	25,827,250	27,791,345	33,860,666	34,038,848	32,300,000	31,172,000	33,170,000	35,300,000	37,560,000
Parking Lot/Garage Operations	41,535,228	44,808,128	46,712,293	48,069,659	47,300,000	46,025,000	48,380,000	50,850,000	53,450,000
Non-Titled Use Tax	4,214,295	0	0	0	0	0	0	0	0
Total Non Property Taxes	642,183,738	652,700,221	814,104,240	1,156,232,015	1,384,954,275	1,460,719,000	1,484,640,000	1,508,730,000	1,534,110,000
Fees									
County Treasurer	84,119,202	80,510,200	90,677,013	54,222,000	54,000,000	59,169,000	57,460,000	55,800,000	54,180,000
County Clerk	9,802,771	9,986,333	10,120,275	10,447,218	10,595,000	11,889,000	12,040,000	12,200,000	12,350,000
Recorder of Deeds	40,219,547	35,947,286	40,078,645	31,967,558	36,500,000	34,522,000	35,520,000	36,550,000	37,600,000
Recorder of Deeds Audit	0	0	113,745	162,953	200,000	200,000	200,000	200,000	200,000
Clerk of Circuit Court	89,457,031	78,498,527	75,313,655	72,026,371	72,000,000	65,438,000	62,760,000	62,760,000	62,760,000
Clerk of Circuit Court - Title IV D	0	0	0	0	0	0	0	0	0
Sheriff	24,687,386	23,321,700	21,958,296	21,448,472	18,226,300	19,641,000	18,740,000	17,880,000	17,881,000
State's Attorney	1,913,993	1,861,607	1,688,347	1,678,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Building & Zoning	3,301,259	3,673,233	4,400,817	3,520,934	3,500,000	4,904,000	4,900,000	4,900,000	4,900,000
Environmental Control	4,871,993	5,126,418	4,680,171	4,770,000	4,700,000	4,770,000	4,770,000	4,770,000	4,770,000
County Assessor	77,532	67,044	67,747	56,760	56,760	60,000	60,000	60,000	60,000
Assessor Tax Fraud	0	238,697	1,756,934	1,622,400	0	0	0	0	0
Highway Permits	625,046	935,199	1,501,258	1,863,582	1,800,000	2,239,000	2,240,000	2,240,000	2,240,000
Public Administrator	630,871	798,559	750,068	900,000	900,000	900,000	900,000	900,000	900,000
Liquor Licenses	340,000	365,904	348,935	331,000	305,000	305,000	310,000	310,000	310,000
Public Guardian	2,818,114	2,638,121	2,625,635	2,799,954	3,027,127	3,216,000	3,220,000	3,220,000	3,220,000
Medical Examiner	1,045,893	1,054,581	1,276,312	1,275,000	1,400,000	1,500,000	1,500,000	1,500,000	1,500,000
Court Services fee	10,021,713	9,063,448	8,231,200	8,200,886	7,440,885	6,166,000	5,600,000	5,600,000	5,600,000
Cable TV Franchise	1,246,995	1,278,586	1,195,470	1,134,587	1,000,000	900,000	800,000	800,000	800,000
Other Fees	46,620	53,953	277,214	244,725	253,000	250,000	250,000	250,000	250,000
Total Fees	275,225,966	255,419,396	267,061,737	218,672,400	217,504,072	217,669,000	212,870,000	211,540,000	211,121,000
Intergovernmental Revenues									
State Criminal Alien Assist.(SCAAP)	1,565,152	1,298,659	1,350,766	1,436,985	1,436,985	1,086,000	1,090,000	1,090,000	1,090,000
Probation Off, Juv. CT & JTDC	17,604,542	21,623,559	42,756,732	42,536,680	39,967,570	39,968,000	39,970,000	39,970,000	39,970,000
Salaries of State's Attorney	195,784	195,784	195,784	195,784	195,784	196,000	200,000	200,000	200,000
Salaries of Public Defender	120,523	122,945	124,666	129,703	131,320	135,000	140,000	140,000	143,000
Forest Preserve Reimbursement	0	0	0	0	1,815,377	1,815,000	1,820,000	1,820,000	1,820,000
Total Intergovernmental	19,486,001	23,240,947	44,427,948	44,299,152	43,547,036	43,200,000	43,220,000	43,220,000	43,223,000
Miscellaneous Revenues									
Investment Income	135,236	105,000	260,579	260,236	760,236	760,000	760,000	760,000	760,000
Estate of Heirs	286,245	500,000	0	500,000	500,000	500,000	500,000	500,000	500,000
Telephone Commissions	4,297,492	2,837,628	3,356,293	3,357,600	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Real Estate and Rental Income	5,472,260	5,976,277	5,905,004	7,782,360	8,857,599	8,858,000	8,860,000	8,860,000	8,860,000
Other Reimbursements/Transfers	10,787,635	5,085,020	4,614,843	25,234,239	16,282,061	16,280,000	16,280,000	16,280,000	16,280,000
Total Miscellaneous Revenues	20,978,868	14,503,925	14,136,719	37,134,435	28,599,896	28,598,000	28,600,000	28,600,000	28,600,000
Other Revenues									
Motor Fuel Tax	74,500,000	74,500,000	64,500,000	54,500,000	0	0	0	0	0
Indirect Costs	10,688,563	9,511,455	9,515,057	8,871,978	11,594,089	11,594,000	11,590,000	11,590,000	11,590,000
Total other	85,188,563	84,011,455	74,015,057	63,371,978	11,594,089	11,594,000	11,590,000	11,590,000	11,590,000
Total Revenue	1,320,217,036	1,343,673,427	1,421,771,753	1,719,828,330	1,873,075,537	1,982,691,000	2,004,420,000	2,021,170,000	2,043,394,000
Change Year over Year					8.9%	5.9%	1.1%	0.8%	1.1%

[1] Reflects rate reductions for FY12 and FY13, and first 4 months of FY14; rate increases for last 8 months of FY16, and first 4 months of FY17.

56,545,300.00

General Fund Expenses

	Actual			Actual/Projection	Dept. Estimate	Projection			
	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Health Ins (176)		184,636,999	155,114,480	149,680,660	149,538,530	157,015,000	164,870,000	173,110,000	181,770,000
Pharmacy (181)			35,863,375	41,853,826	46,625,616	52,221,000	58,490,000	65,510,000	73,370,000
Dental/Vision				7,034,716	7,200,620	7,381,000	7,570,000	7,760,000	7,950,000
Payroll				989,738,109	1,009,452,151	1,019,547,000	1,019,550,000	1,019,550,000	1,019,550,000
Pay-Go Capital					15,000,000	74,652,000	26,790,000	16,020,000	16,380,000
New Bond Issuance Debt Service					4,500,000	6,865,000	14,720,000	19,290,000	23,101,413
Comm. & IS Maint.(220/441)				31,474,464	52,529,269	54,630,000	56,820,000	59,090,000	61,450,000
Contingent Pension Appropriations				270,526,000	349,300,000	366,146,000	383,320,000	400,830,000	418,690,000
All Other Expense				244,760,171	238,929,351	244,234,000	272,290,000	300,970,000	330,290,000
Total	1,315,036,364	1,402,418,356	1,442,769,359	1,735,067,945	1,873,075,537	1,982,691,000	2,004,420,000	2,062,130,000	2,132,551,413
Compensation (Payroll, Health, Pharmacy) Growth					2.1%	1.9%	1.2%	1.2%	1.3%
Overall Expense Growth Year over Year					8.0%	5.9%	1.1%	2.9%	3.4%
Total Revenue	1,320,217,036	1,343,673,427	1,421,771,753	1,719,828,330	1,873,075,537	1,982,691,000	2,004,420,000	2,021,170,000	2,043,394,000
Total Expenses [2]	1,315,036,364	1,402,418,356	1,442,769,359	1,735,067,945	1,873,075,537	1,982,691,000	2,004,420,000	2,062,130,000	2,132,551,413
Surplus/(Deficit)	5,180,672	-58,744,929	-20,997,606	-15,239,615	0	0	0	-40,960,000	-89,157,413

[2] FY13-15 expenditures from Comptroller's Trial Balances. FY16 projected by DBMS.
FY17: Budgeted Appropriation. FY18-21: 5.0 % CAGR for health insurance, 12% for pharmacy; Comm & IS at 4%, 1% for FY18 payroll; 1.96% for Additional Pension Funding; and the 10 year CPI-U average of 1.86% plus .36% average salary growth, for all other.

Cook County Health & Hospital System - Projected Annual Revenues and Expenses, by Source

	Actual			Actual/Projection	Dept. Estimate	Projection			
	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
CCHHS Fees									
Patient fees (Medicare, Other)	233,397,899	280,772,465	333,388,826	337,101,438	375,119,387	831,406,723	845,327,960	877,948,113	868,628,069
CCHHS BIPA	161,300,000	101,300,000	138,668,750	134,586,500	132,337,500	381,269,710	387,653,764	413,411,490	452,048,077
Medicaid DSH	170,941,106	169,680,018	157,709,645	156,718,352	156,700,000	157,000,000	157,000,000	152,912,644	142,144,148
Managed Care	101,819,547	727,722,979	859,295,613	906,101,212	809,273,903	132,338,000	132,338,000	132,338,000	132,338,000
CCHHS Misc., CCDPH	6,349,615	20,387,105	7,721,898	6,000,000	7,000,000	15,000,000	18,000,000	11,000,000	11,000,000
Total fees	673,808,167	1,299,862,567	1,496,784,732	1,540,507,502	1,480,430,790	1,517,014,433	1,540,319,724	1,587,610,247	1,606,158,294
Property Tax - Tax Levy	80,675,065	38,924,897	149,756,021	121,235,196	87,863,880	51,090,000	54,353,951	57,665,203	61,024,273
Sales Tax	32,595,929	-	-	-					
Cigarette Tax	130,000,000	129,808,586	12,984,118	-	3,386,120	3,260,000	3,145,070	3,031,063	2,921,168
Other Tobacco Products	5,973,037	5,891,649	784,891	-					
Sweetened Beverage Tax	-	-	-	-	20,000,000	59,370,000	58,745,000	58,129,000	57,517,000
Firearms Tax	300,000	375,000	475,000	-	-	-	-	-	-
County Tax Allocation	265,225,729	171,288,790	163,921,726	121,235,196	111,250,000	113,720,000	116,244,020	118,829,000	121,457,000
Total Expenses [2]									
Health Ins (176)		75,377,095	60,480,354	55,181,743	61,074,195	64,100,000	67,300,000	70,700,000	74,200,000
Pharmacy (181)			16,195,923	20,949,950	20,812,782	23,300,000	26,100,000	29,200,000	32,700,000
Dental/Vision				2,997,077	2,940,861	3,010,000	3,090,000	3,170,000	3,250,000
CountyCare		489,401,621	568,560,247	645,873,302	547,783,028	531,349,537	515,409,051	515,588,299	515,690,299
Payroll				523,120,704	520,788,741	542,107,578	552,796,501	563,161,436	573,526,370
Comm. & IS Maint.(220/441)				67,569,242	64,173,747	66,100,000	68,100,000	70,100,000	72,200,000
All Other Expense				326,637,016	374,107,436	395,657,787	414,204,448	416,080,265	422,670,239
Total Health	961,668,679	1,370,808,744	1,525,621,970	1,642,329,034	1,591,680,790	1,625,624,902	1,647,000,000	1,668,000,000	1,694,236,908
Overall Expense Growth Year over Year									
Total Revenue	939,033,896	1,471,151,357	1,660,706,458	1,661,742,698	1,591,680,790	1,630,734,433	1,656,564,724	1,706,439,247	1,727,615,294
Total Expenses	961,668,679	1,370,808,744	1,525,621,970	1,642,329,034	1,591,680,790	1,591,681,000	1,594,264,000	1,596,851,000	1,599,442,000
Surplus/(Deficit)	-22,634,783	100,342,613	135,084,488	19,413,664	0	39,053,433	62,300,724	109,588,247	128,173,294

[2] FY13-15 expenditures from Comptroller's Trial Balances. FY16 projected per DBMS. 17: Budgeted Appropriation. FY18-21: projected by CCHHS

All Fund Total Surplus(Deficit)

	Actual			Actual/Projection	Dept. Estimate	Projection			
	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Total Revenue	2,259,250,932	2,814,824,784	3,082,478,211	3,381,571,028	3,464,756,327	3,613,430,000	3,660,980,000	3,727,610,000	3,771,010,000
Total Expenses	2,276,705,043	2,773,227,100	2,968,391,329	3,377,396,979	3,464,756,327	3,574,372,000	3,598,684,000	3,658,981,000	3,731,993,000
Surplus/(Deficit)	-17,454,111	41,597,684	114,086,882	4,174,049	0	39,058,000	62,296,000	68,629,000	39,017,000

PERFORMANCE MANAGEMENT

The County is working to create a culture of data driven decision making through the Set Targets, Achieve Results (STAR) program. The STAR Performance Management Program is a collaborative effort of the Board of Commissioners, Agencies, employees, and residents. All offices and agencies of the County report progress toward stated goals through an open-data web portal -- **https://performance.cookcountyil.gov**.

The STAR Program publishes performance reports on the website quarterly, allowing the public to access current performance data in an open data format. The County measures and reports on progress toward critical measures in each of the County's major functional areas. The system-wide goals for public safety, healthcare, economic development, and finance and administration highlight the top outcomes that the systems are working toward delivering.

PUBLIC SAFETY

The County has set and achieved a goal of reducing reliance on pretrial detention in the adult criminal court system. The elected officials in the public safety offices meet quarterly on policy changes and operational improvements to improve bond court and pretrial services. Since the start of the project, non-cash orders to release at central bond court, the Leighton Criminal Courthouse, have increased while cash bond amounts have declined. The resulting increased release of defendants at and after bond court has generated a reduction in the jail population, to 7,300 detainees from over 10,000. The County is now working to implement a pilot bond court project that utilizes a state-of-the-art risk assessment tool and to further reduce the use of monetary bonds.

COOK COUNTY HEALTH AND HOSPITALS SYSTEM (CCHHS)

CCHHS continues its transition and expansion of the managed care model of health care delivery. The number of patients enrolled in the County's managed care network, CountyCare is projected to be 142,000 per month in 2017. As the Health System moves to expand the managed care model they are working to improve scheduling and access to their clinic network through extended hours and improved preauthorization. The Health System is also focused on improving the patient experience at the County's two hospitals by improving staff communication and customer focus in an effort to make the Health System the provider of choice. Finally, the Emergency Department at Stroger hospital has achieved a reduction in wait times from arrival to discharge by 35%, as well as a decrease by 75% of the number of patients who leave without being seen by a provider.

ECONOMIC DEVELOPMENT

The County is working to coordinate regional economic development efforts. President Preckwinkle, in partnership with the six neighboring counties and the City of Chicago, has launched the Chicago Regional Growth Initiative (CRGI). As a result of this unprecedented collaboration, CRGI works to support and strengthen the metal and machinery sectors through the establishment and work of the Chicago Metro Metal Consortium, increase export opportunities for small and medium sized businesses via the one year old, Metro Chicago Exports and rationalize the permitting process for overweight and oversized trucks in conjunction with CMAP, the Supply Chain Innovation Network of Chicago (SINC) and transportation leaders. CRGI meets semi-annually to review the progress of current efforts, identify additional opportunities for collaboration and to deepen the relationships among the public and private sectors economic development leaders. In 2017, CRGI anticipates developing a strategy to foster Foreign Direct Investment in the manufacturing and service sectors to further economic growth of the region.

PROPERTY AND TAXATION

The County has successfully issued the second installment of the property tax bills on time for five years in a row after issuing them late for over three decades. The property and tax elected offices continue to meet quarterly to automate the process and build upon the progress that has been made.

REPORTING

For the Offices Under the President, the Performance Management Office (PMO) holds weekly performance management sessions led by the Chief of Staff and attended by County Bureau Chiefs and Bureau of Finance Department Heads. The PMO facilitated 60 STAR review performance management sessions in FY 2016 (a 107% increase from FY 2015) with all participating departments presenting at least twice. The sessions allowed departments to work through zero based budgeting exercises and report out on efficiency, output and outcome metrics, many of which were created and tracked for the first time. The PMO also switched to an off the shelf product, Quick Score, for the management of performance data, which resulted in a decrease of more than $100,000 budgeted for this purpose. The County continues to demonstrate progress on efforts to reform the operations of its finance and administration functions.

In addition to the reporting responsibilities, the Performance Management Office works with agencies to refine measures, train midlevel managers on how to integrate data into their day-to-day decision making and perform process improvement evaluations, so targeted operational objectives are achieved. In 2017, the Performance Management Office will continue the process of aligning measures with programs and costs and executing interfaces with the new Oracle based finance and budgeting information systems (Enterprise Resource Planning) to ensure accurate data is entered directly into the performance management software Quick Score. This process will also be used to further facilitate departments' understanding of program based budgeting and the use of "zero based budgeting" practices the County Board mandated by ordinance in 2015.

Zero based budgeting is a tool in producing program based budgets which will represent a break from the traditional use of incremental budgeting. With incremental budgeting departmental managers justify only variances versus past years based on the assumption that the "baseline" is automatically approved. By contrast, a program based budget requires that a budget request be re-evaluated by the outputs, efficiencies and outputs of its services, starting from the zero-base. This involves, as a start, calculating the actual current cost of a department's activities services by the cost per unit (for Facilities Management an example would be "operating cost per square foot of building.") From there services are grouped into programs and a budget per program is created.

President Preckwinkle and the Board of Commissioners supported an ordinance to increase Countywide fiscal responsibility, transparency and accountability through increased information reporting. The new measure is aimed at improving the delivery of public services and internal management by establishing new requirements for County departments, agencies, separately elected officials, appointed officials and the Cook County Health and Hospitals System to report information.

Under the new ordinance, each County department and agency will now be required to submit highly detailed information with its budget request to the president and budget director. This new performance management information includes an organizational chart where all employment positions requested are accounted for; program Inventory including an allocation of all requested budgetary costs and all requested employment positions to provide greater detail on County services and programs to residents; and data including Outcome Metrics, Output Metrics and Efficiency Metrics;

Finance & Administration	Reporting Office	2014 Actual	2015 Actual	2016 Q3 YTD	2016 Q3 YTD Target	Variance	2017 Target
Number of Departments Tracking Above Current Budget Overall	Budget	20	10	24	0	-	0
Revenue Collected from all Home Rule Taxes (excluding Tobacco Tax) (Millions)	Revenue	$297	$322	$237	$222	7%	$356
Revenue Collected from Tobacco Tax (Millions)	Revenue	$133	$138	$87	$89	-2%	$125
Paid Sick Leave per Employee in Offices Under the President in Hours Per Month	Human Resources	7	7	6	5	20%	5
Average Hiring Cycle Time	Human Resources	90	85	91	98	-7%	98
Percent of Procurements Completed on Target	Procurement	29%	36%	45%	70%	-25%	70%
Invoice Payment Cycle Time	Comptroller	49	54	56	30	87%	30

Public Safety	Reporting Office	2014 Actual	2015 Actual	2016 Q3 YTD	2016 Q3 YTD Target	Variance	2017 Target
Average Daily Population - Adult (CCDOC Divisional Population)	Justice Advisory Council	8,870	7,947	7,455	7,500	-1%	7,500
Percent of Orders at Central Bond Court Resulting in I-Bonds or Electronic Monitoring	Justice Advisory Council	46%	48%	43%	45%	-2%	45%
Average Daily Population - Youth (Juvenile Temporary Detention Center)	Justice Advisory Council	308	327	293	288	2%	288
Adult Transfer Population held at JTDC	Justice Advisory Council	97	133	117	120	-3%	120

Healthcare		2014 Actual	2015 Actual	2016 Q3 YTD	2016 Q3 YTD Target	Variance	2017 Target
Number County Care Enrollees	Managed Care	93,635	165,949	154,483	178,457	-13%	180,000
Venous Thromboembolism (VTE) Prevention (%)	Stroger Hospital	84%	89%		99%	-99%	99%
Surgery Begins at the Scheduled Time (%)	Stroger Hospital	40%	50%	52%	80%	-28%	80%
Willing to Recommend Hospital (%)	Stroger Hospital	65%	69%	71%	85%	-14%	85%
Venous Thromboembolism (VTE) Prevention (%)	Provident Hospital	90%	97%		99%	-99%	99%
Surgery Begins at the Scheduled Time (%)	Provident Hospital	40%	62%	75%	80%	-5%	80%
Willing to Recommend Hospital (%)	Provident Hospital	63%	69%	76%	85%	-9%	85%
Percent Moving Through the Clinic Visit	ACHN	68%	63%	63%	75%	-12%	75%
Percent of Ease Getting Clinic on the Phone	ACHN	62%	62%	60%	75%	-15%	75%
Average Hiring Cycle Time	CCHHS	203	140	140	139	1%	139

Economic Development	Reporting Office	2014 Actual	2015 Actual	2016 Q3 YTD	2016 Q3 YTD Target	Variance	2017 Target
Number of Businesses Assisted	Planning & Development	106	157	64	27	137%	-
Number of Affordable Housing Units Supported	Planning & Development	136	194	223	100	123%	-
Number of Jobs Supported	Planning & Development	1,200	2,100	1,188	1,330	-11%	-

Property & Taxation	Reporting Office	2013 Tax Year	2014 Tax Year	2015 Tax Year	TY2015 Target	Variance	2016 Target
Date Second Installment Tax Bills are Mailed	Countywide	6/27/2014	7/1/2015	-	7/1/2016	-	-
Valuation Time for Assessment Process	Assessor	326	310	-	331	-	-
Date to Complete Complaint Session	Board of Review	4/17/2014	4/15/2015	4/14/2016	4/18/2016	-1%	4/19/2017
Percent Property Tax Parcels Paid On-Time	Treasurer	90%	90%	90%	90%	0%	90%

BUDGET PROCESS

Cook County prepares an annual budget that provides a spending plan for the next fiscal year. The County produces a balanced budget, as required by the State of Illinois' Counties Code, which accounts for the County's estimated revenue and intended spending. The budgetary basis of accounting is combination of cash plus encumbrances and accrual basis for property taxes. The County's Comprehensive Annual Financial Report (CAFR) is prepared in accordance with generally accepted accounting principles using the accrual basis of accounting for the government-wide financial statements and the modified accrual basis of accounting for the governmental fund financial statements. The Health Enterprise Fund's annual budget is also prepared on a cash plus encumbrances basis, while their financial report is prepared using the accrual basis.

The budget process begins in early summer when departments inform the Department of Budget and Management Services (DBMS) of their expected personnel and non-personnel needs for the next year. DBMS prepares revenue estimates and analyzes other resources available to accurately forecast the fiscal outlook for the coming year.

DBMS prepares the preliminary budget forecast based on the departmental request and estimated collected revenues. The preliminary forecast is required to be filed with the President's Office by June 30 of each year. The forecast is provided to the Cook County Board of Commissioners and made available for County residents. This year, the County presented its preliminary budget forecast on June 30, 2016. Pursuant to Executive Order 2012-01, the President holds a preliminary budget hearing to allow residents to express their opinions concerning items within the proposed budget. After receiving input from residents, the President of the County Board and DBMS work with each department to develop a final executive recommendation.

The executive budget, as recommended by the President, is submitted to the County Board's Committee on Finance, which in turn holds hearings with each department. The Finance Committee holds public hearings at four sites throughout the County to hear resident comments regarding the budget. The County Board considers the budget carefully and may submit amendments that have a net zero impact to the overall County operating budget.

WE WANT TO HEAR FROM YOU
What are your ideas for improving county services? What are your ideas for making county government more efficient? How can we improve the budget process for next year? For more information and to share your ideas, visit our website: http://www.cookcountyil.gov/budget

COOK COUNTY BUDGET CALENDAR

MAY/JUNE

Departments submit preliminary revenue and expense estimates to the Department of Budget and Management Services (DBMS). The agencies specifically summarize issues, request specific funding levels, and justify staffing requests.

JUNE

DBMS prepares the preliminary budget forecast based on the requests submitted by the departments and the revenue the County expects will be collected. The preliminary budget forecast is filed with the President's Office by June 30.

JULY

The President holds a public hearing on the Preliminary Budget, allowing the public to provide feedback during the development of the Executive Budget Recommendation.

SEPTEMBER

Residents and departments provide input during the final development of the County budget. The President and DBMS work to balance department requests with available resources.

OCTOBER

The President submits the Executive Budget Recommendation to the Committee on Finance of Cook County.

OCTOBER — NOVEMBER

The proposed budget is made available for public review at various locations throughout the County. Public hearings are conducted during which the Committee on Finance considers testimony from service providers, program staff, and the general public. After the hearings have been completed and any amendments inserted, the Board of Commissioners approves and adopts the Appropriation Bill, which authorizes funding and staffing levels for each department.

DECEMBER

The fiscal year begins. The Appropriation Ordinance is implemented on December 1.

ONGOING

Quarterly allotments are implemented and monthly expenditure and revenue reports are reviewed to ensure the resources allocated through the Appropriation Ordinance are managed. In accordance with the STAR Performance Management program, offices report data about how well programs are functioning and services are being provided to ensure high quality services are provided with the resources collected.

SEAL OF COOK COUNTY • ILLINOIS •

JANUARY 1831