

WHAT IS COOK COUNTY HIDING?



**\$3.4 Billion
in
Hidden Debt**

47% of Cook County's retirement debt is not clearly disclosed on its balance sheet.

Once these hidden debts are counted, Cook County's balance sheet doesn't look so great. In fact, the county is sinking in debt. One of the reasons Cook County is in this precarious financial position is public officials use antiquated accounting rules to report the county's financial condition.

Truth in Accounting's detailed analysis discovered a total of \$7.4 billion of retirement benefits are owed, but not funded. Because of the confusing way the state does its accounting, only \$3.9 billion of these liabilities are reported on Cook County's balance sheet. If this debt is included, Cook has a \$8.6 billion shortfall, which effectively represents compensation and other costs that have been pushed into the future.

COOK COUNTY'S BILLS EXCEED ITS ASSETS

**\$1.6 Billion
ASSETS
AVAILABLE**

**\$10.2 Billion
BILLS**

**\$8.6 Billion
NEEDED TO
PAY BILLS**

THE FINANCIAL STATE OF COOK COUNTY

The County's Bills Exceed Its Assets

Assets	\$5,276,158,000
Less: Capital Assets	\$2,735,690,000
Restricted Assets	\$909,821,000
Assets Available to Pay Bills	\$1,630,647,000
Less: Bills	\$10,217,484,000
Money Needed to Pay Bills	\$8,586,837,000
Each Taxpayer's Share of Debt	\$5,100

Cook County has \$5.3 billion in assets, but most of these assets are not available to pay county bills.

The \$2.7 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$910 million of the assets is restricted by law or contract.

That leaves \$1.6 billion of county's assets available to pay \$10.2 billion of bills as they come due.

The \$8.6 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Each Taxpayer's share of the county's debt is \$5,100.



Truth in Accounting is committed to educating and empowering citizens with understandable, reliable and transparent government financial information.

We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.

To be knowledgeable participants in their government and its budget process, citizens need to be provided with truthful and transparent financial information.

www.TruthInAccounting.org

www.StateDataLab.org

The Bills Cook County Has Accumulated

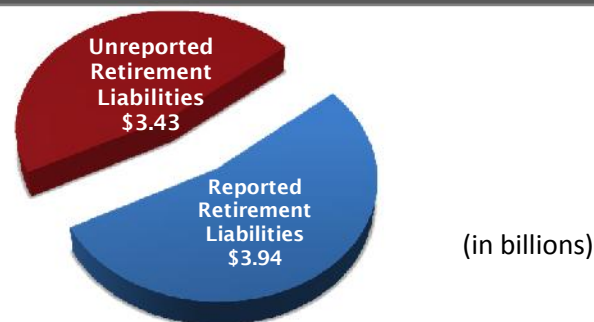
Bonds	\$3,740,338,000
Other Liabilities	\$1,523,377,000
Less: Debt Related to Capital Assets	\$2,420,792,000
Unfunded Pension Benefits	\$5,348,582,000
Unfunded Retirees' Health Care Benefits	\$2,025,979,000
Bills	\$10,217,484,000

Despite the balanced budget requirement, the county has accumulated bonds of \$3.7 billion and other liabilities of \$1.5 billion. The calculation of assets available to pay bills does not include capital assets, so \$2.4 billion of related debt is removed from the calculation of county bills.

Unfunded employees' retirement benefits represent 72% of county bills. These unfunded liabilities have accumulated because county employees have been promised \$5.3 billion of pension benefits and \$2 billion of retirees' health care benefits, but the county has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

Not All Retirement Liabilities Are Clearly Disclosed



A detailed study of Cook County's actuaries' schedules found retirement benefits totaling \$7.37 billion have been promised, but not funded. A review of the county's balance sheet determined only \$3.94 billion of these liabilities are reported. This means the county does not report \$3.43 billion of retirement liabilities on its balance sheet.

Data is derived from the county of Cook County's November 30, 2014 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

Number of taxpayers is based on an estimation of the county's population with a federal tax liability.