

Cook County, Illinois
Management's Discussion and Analysis
Year Ended November 30, 2018, continued

Debt Administration

General Obligation and Sales Tax Revenue bonds are issued pursuant to an authorizing Bond Ordinance which is adopted by the Cook County Board of Commissioners. The County has the authority to issue bonds under its home rule powers as defined by the 1970 Illinois Constitution. Each bond issue is sold to investors with the net proceeds from the bond sales being utilized to finance the costs, including design, construction and furnishing of the capital projects and capital equipment which are approved by the Board. Historically, in prior years the County has also sold bonds to fund interest during construction of the capital projects and capital equipment as well as finance working cash accounts and self-insurance accounts.

The full faith and credit of the County is pledged for the punctual payment of principal and interest due on the General Obligation bonds. The County has levied ad valorem real property taxes to provide for these payments. These taxes are required to be extended for collection against all taxable real property within the County, without limitation as to rate and amount. The Sales Tax Revenue bonds are limited obligations of the County and are payable solely from the pledged sales tax revenues, which comprise the first collection of Home Rule local option sales tax revenues.

The County continues to obtain long-term financing for the construction, acquisition or renovation of various long-term assets. It is management's objective to meet the County's overall demands for capital improvements and capital equipment and, at the same time, to ensure that property taxpayers are not overburdened with General Obligation bonds payable from future ad valorem taxes.

On November 1, 2018, the County extended an agreement for \$125.0 million General Obligation Bond Series 2014D and Series 2018 for \$50 million as a variable rate revolving line of credit with PNC Bank. The purpose is to provide for a financing mechanism for capital projects during acquisition/construction phase of each such project. As of November 30, 2018, the outstanding balance was \$7.2 million. More detailed information is provided in the Long-term Debt Footnotes.

As of November 30, 2018, the total net outstanding bond debt was \$3,559.6 million. The following table indicates the changes in the County's long-term debt that occurred during FY 2018 (in millions):