

**COOK COUNTY, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**November 30, 2018**

The following table presents the activity of the County during fiscal years 2017 and 2018 for the risk management estimated liabilities (in millions):

Type	Balance at Nov. 30, 2016	Insurance and Claims Payouts	Expense, Net of Actuarial Adjustments	Balance at Nov. 30, 2017	Insurance and Claims Payouts	Expense, Net of Actuarial Adjustments	*Balance at Nov. 30, 2018
Medical Malpractice	\$ 117.0	\$ (15.0)	\$ 30.7	\$ 132.7	\$ (25.7)	\$ 23.5	\$ 130.5
Workers' Compensation	94.3	(33.5)	55.2	116.0	(33.4)	39.2	121.8
General	1.5	(0.5)	(0.2)	0.8	(0.1)	0.2	0.9
Automobile	6.0	(3.9)	(0.1)	2.0	(0.3)	1.1	2.8
Claim Expense Reserve	37.6	(7.1)	9.4	39.9	(14.4)	25.7	51.2
Civil	104.7	(21.0)	39.6	123.3	(18.3)	59.6	164.6
Employee health claims	16.5	(182.6)	185.0	18.9	(198.1)	196.8	17.6
Total Claims Liability	<u>\$ 377.6</u>	<u>\$ (263.6)</u>	<u>\$ 319.6</u>	<u>\$ 433.6</u>	<u>\$ (290.3)</u>	<u>\$ 346.1</u>	<u>\$ 489.4</u>

\*Represents the present value of the estimated losses based on a 2.83% interest rate.

## **B. Encumbrances/Commitments**

The encumbrance system of accounting is followed in all governmental funds under which current year's appropriations are charged when purchase orders, contracts and other commitments are made in order to reserve that portion of the applicable appropriation.

Encumbrances are not the equivalent of expenditures/expenses in GAAP operating statements; therefore, the reserve for encumbrances is reported as part of the restricted, committed or assigned fund balance. The County's total encumbrances were \$43.0 million at November 30, 2018: General Fund - \$7.7 million; Capital Projects Funds - \$27.8 million; and Nonmajor Governmental Funds - \$7.5 million.

The County had contractual commitments for construction activities totaling \$33.8 million at year-end. This amount includes architectural, engineering and construction amounts and will be financed with proceeds from future debt issues.

## **C. Contingent liabilities**

### **1. Federal and State grant programs**

The County participates in a number of Federal and State grant programs. The County's participation in these programs is subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant.

### **2. Arbitrage Liability**

The Tax Reform Act of 1986 requires issuers of state and local government bonds to rebate to the federal government arbitrage profits earned on those bonds under certain circumstances. There was no arbitrage liability at November 30, 2018.