

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

the budget in the form of the Appropriation Ordinance. Current state statute, enacted prior to the current state constitution, provides that the Annual Appropriation Ordinance is to be adopted before March 1st of the current fiscal year.

The fiscal year budget is prepared on a budgetary accounting basis in which the current year's encumbrances are treated as expenditures of the current period on the budgetary operating statements. Annual budgetary appropriation accounts are established for the General Fund, the Debt Service Fund, the Cook County Health and Hospital System ("CCHHS"), and Special Revenue Funds (other than Township Roads, Governmental Grants, and other non-budgeted special revenue funds).

The County's total appropriation, including such sums as are appropriated on a continuing basis for the Health and Hospital System, represents the maximum expenditure amount authorized during the fiscal year, and cannot be legally exceeded unless subsequently amended by the County Board or as required by law. Unencumbered appropriations lapse at the end of each fiscal year. Unencumbered balances in the various fund accounts of the County and other fund accounts may be inadequate to pay for services already rendered because of unforeseen commitments at the time the Annual Appropriation Ordinance is passed. The Comptroller, Budget Director, and the Treasurer are authorized by the County Board to use unexpended balances as transfers so that fund deficiencies may be appropriately adjusted. The Capital Projects Fund applies project length budgets for fiscal control.

Under the FY 2018 Appropriation Bill and corresponding Budget Resolution promulgated under the County's constitutional home rule authority, total County operating expenditures may not exceed the total sum appropriated for FY 2018 (including such sums as are appropriated on a continuing basis for the Health and Hospital System). The formatting arrangement of appropriations by object level in the FY 2018 Appropriation Bill does not per se limit spending at the object level, and expenditures greater than an object level may be accomplished through permissible transfers. Total County operating expenditures did not exceed the total sum appropriated through the 2018 Appropriation Bill.

By operation of Law, the County's Debt Service Funds are funded by relevant bond ordinances, not through the appropriation bill. The County's bond ordinances and the indentures promulgated thereunder ensure that those who buy County Bonds receive payment without regard to whether the County appropriates real estate taxes by way of the appropriation bill. The sums set forth in the appropriation bill for Debt Service Funds reflect the County's projections regarding variable rate and fixed rate bonds, and those sums are utilized primarily to estimate the sums to be collected through the annual real estate levy for the General and Health Fund.

The Governmental Grants Fund, Township Roads Fund and the Other Non-budgeted Special Revenue Funds are not budgeted within the annual budgeting process, as discussed above. The County controls expenditures from non-budgeted funds by monitoring cash balances through its accounting and cash disbursement system.