

COOK COUNTY, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

November 30, 2018

I. Budgetary Basis of Accounting

The accompanying Schedules of Revenues, Expenditures and Encumbrances – Budget and Actual have been prepared on a legally prescribed budgetary basis of accounting that differs from GAAP. The significant differences in accounting practices between the operating statements presented under GAAP and the budgetary operating statements include:

- Property tax levies are recognized as revenue in the budgetary statements in the year they are earned (levied). The operating statements prepared under GAAP recognize property tax levies as revenue when they are earned and available (collected during the period or within 60 days after year-end).
- Expenditures related to specific property tax levies (i.e. pension obligation, principal and interest on general obligation bonds, rental obligations, and allowances for uncollectible taxes) are recognized in the budgetary statements in the year the taxes are levied. The GAAP operating statements recognize these expenditures when the related liability is incurred with the exception of principal and interest on general long-term debt, which is recognized when due.
- Encumbrances are combined with expenditures in the budgetary statements but are excluded in the GAAP operating statements.
- Revenue other than property taxes is recognized when received in the monthly budgetary statements (cash basis), while the GAAP operating statements recognize these items when measurable and available for financing current obligations (modified accrual).

The following schedule provides a reconciliation of the change in fund balance on the budgetary basis to the change in fund balance on a GAAP basis for the General Fund and major special revenue funds:

	General Fund	Annuity & Benefit Fund
Change in fund balances - GAAP basis from Exhibit 5	\$ 87,380,979	\$ -
Effect of deferring 2017 property tax levy	36,887,133	15,442,100
Effect of accruing certain revenue	(7,060,565)	(5,315,877)
Effect of not including encumbrances as expenditures	(175,047,336)	(74,304,956)
Effect of excluding unbudgeted transfers	151,520,509	64,178,733
Revenues and other financing sources over expenditures and encumbrances and other financing uses - budgetary basis from Budget and Actuals respectively	<u>\$ 93,680,720</u>	<u>\$ -</u>