

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting system of the County, which is maintained by the County Comptroller (the “Comptroller”) is a fund system implemented to present the balances and activities of each fund. It is also designed to provide budgetary control over the revenues and expenditures of each fund. Separate funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund is an independent fiscal and accounting entity made up of a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and residual balances, and changes therein.

Accounting records for the Forest Preserve District, the Trust Funds, and the various fee offices are maintained by management of the respective entities.

The government-wide, proprietary fund and pension (including OPEB) trust fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Funds have no measurement focus and are reported on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Derived tax revenues and State shared revenues (home rule taxes, State sales tax, PPRT, etc.) are recorded when the underlying exchange takes place. Property taxes are recognized as revenues in the year for which they are levied.

Revenues such as property taxes, non-property taxes, investment income and miscellaneous in the governmental fund financial statements are mostly reported as general revenues on the government-wide statement of activities. Revenues such as fees and licenses, Federal government grants, State of Illinois (the “State”) grants and charges for services are reported as program revenues on the government-wide statement of activities.

Governmental fund financial statements are reported using the flow of *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available for financing current obligations. Accordingly, property taxes are recognized as deferred inflows of resources in the year of levy (because the collections are unavailable at year-end) and as revenue in the subsequent year when the taxes are collected throughout the year, or within 60 days thereafter. Uncollected taxes are written off by the County at the end of the fiscal year immediately following the year that the taxes become due.

Derived tax revenues and State shared revenues (home rule taxes, State sales tax, PPRT, etc.) are recorded when the underlying exchange takes place, subject to availability. Federal and State grant revenues are recognized when the County has met all eligibility requirements, subject to availability. Interest on investments is recognized when earned. The County considers amounts to be available if collected during the period, or within 2 months after fiscal year-end. Amounts related to the current fiscal year but not collected within the first 2 months of the subsequent year are recorded as deferred inflows of resources (unavailable).

Property taxes, most non-property taxes, intergovernmental grants and investment income are susceptible to accrual. Most other revenues (fees, fines, cigarette taxes, etc.) are recognized when collected by the County or its agencies on the cash basis.