

# Cook County Treasurer's Office of Cook County, Illinois

Financial Statements as of November 30, 2016 and  
2015, Supplemental Information as of November 30,  
2016, and Independent Auditor's Reports

# COOK COUNTY TREASURER'S OFFICE OF COOK COUNTY, ILLINOIS

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RSM US LLP

## Independent Auditor's Report

The Honorable Maria Pappas, Cook County Treasurer and  
The Honorable President and the Board of Commissioners of  
Cook County, Illinois

### Report on the Financial Statements

We have audited the accompanying balance sheets of agency funds "A" and "D" of the Cook County Treasurer's Office of Cook County, Illinois (the "Treasurer"), as of November 30, 2016 and 2015, which collectively comprise the Treasurer's financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the agency funds "A" and "D" of the Cook County Treasurer's Office of Cook County, Illinois, as of November 30, 2016 and 2015, in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 2, the financial statements present only the funds "A" and "D" of the Cook County Treasurer's Office and do not purport to, and do not, present fairly the financial position of Cook County, Illinois, as of November 30, 2016 and 2015 in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters****Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–5 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Treasurer's financial statements. The accompanying Combined Statement of Additions and Deductions – Agency Funds "A" and "D" is presented for purposes of additional analysis and is not a required part of the financial statements.

The Combined Statement of Additions and Deductions – Agency Funds "A" and "D" is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combined Statement of Additions and Deductions – Agency Funds "A" and "D" is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2017 on our consideration of the Treasurer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Treasurer's internal control over financial reporting and compliance.

*RSM US LLP*

Chicago, Illinois  
May 31, 2017

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) is a required element of the reporting model established by the Governmental Accounting Standards Board (GASB). The MD&A of the Cook County Treasurer's Office (the "Treasurer") is designed to provide an overview of the Treasurer's financial activity, assist the reader in focusing on significant financial issues, and identify individual fund issues or concerns.

Since this MD&A is designed to focus on current activities, resulting changes, and current known facts, please read it in conjunction with the accompanying financial statements, notes to financial statements, and combined statement of additions and deductions.

### Required Financial Statements and Fund Structure

The Treasurer's accompanying balance sheets are prepared using the accrual basis of accounting applicable to agency funds. Agency funds are used to report resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. The Treasurer's accompanying balance sheets as of November 30, 2016 and 2015, report on the following funds A and D, as classified by state statute:

*A fund* — Includes all taxes such as real estate, railroad, and user taxes and special assessments received and held by the Treasurer pending distribution to local governments and authorities within Cook County, Illinois (the "County").

*D fund* — Includes all other monies held for the County, such as amounts held for estates of known and unknown heirs and certain escrow accounts for specific legal issues.

The purpose for fund B was completed in fiscal year 2013 and the Fund has been permanently closed.

Fund C is not included in the accompanying balance sheets because it is not held in an agency capacity for entities external to the County; however, it is included in the County's basic financial statements.

## Financial Highlights

Below is a comparative fiscal year 2016 to fiscal year 2015 and a fiscal year 2015 to fiscal year 2014 presentation of financial position for the A and D funds.

### Fund A

Comparative 2016 and 2015 financial position is as follows:

<b>Fund A — Balance Sheets (In millions)</b>	<b>2016</b>	<b>2015</b>	<b>Increase (Decrease)</b>
Total assets	\$116.3	\$123.4	(\$7.1)
Liabilities:			
Total undistributed tax collections	\$147.2	\$148.1	(\$0.9)
Applied and unapplied refunds	(36.5)	(34.0)	(2.5)
Undistributed property taxes — net	110.7	114.1	(3.4)
Other liabilities	2.2	4.1	(1.9)
Due to County Comptroller	3.4	5.2	(1.8)
Total liabilities	\$116.3	\$123.4	(\$7.1)

Total assets decreased \$7.1 million as of November 30, 2016, compared to November 30, 2015. The second installment due dates for tax years 2015 and 2014 were consistent, August 1, 2016 and August 3, 2015, respectively. The primary reason for the decrease is due to the timing of the distributions to taxing bodies. The corresponding \$3.4 million decrease in undistributed property taxes shown above is also due to the timing of the distributions.

Comparative 2015 to 2014 financial position is as follows:

<b>Fund A — Balance Sheets (In millions)</b>	<b>2015</b>	<b>2014</b>	<b>Increase (Decrease)</b>
Total assets	\$123.4	\$130.1	(\$6.7)
Liabilities:			
Total undistributed tax collections	\$148.1	\$161.7	(\$13.6)
Applied and unapplied refunds	(34.0)	(36.2)	2.2
Undistributed property taxes — net	114.1	125.5	(11.4)
Other liabilities	4.1	1.4	2.7
Due to County Comptroller	5.2	3.2	2.0
Total liabilities	\$123.4	\$130.1	(\$6.7)

Total assets decreased \$6.7 million as of November 30, 2015, compared to November 30, 2014. The second installment due dates for tax years 2014 and 2013 were consistent, August 3, 2015 and August 1, 2014, respectively. The primary reason for the decrease is due to the timing of the distributions to taxing bodies. The corresponding \$11.4 million decrease in undistributed property taxes shown above is also due to the timing of the distributions.

## Fund D

Comparative 2016 and 2015 financial position is as follows:

<b>Fund D — Balance Sheets (In millions)</b>	<b>2016</b>	<b>2015</b>	<b>Increase (Decrease)</b>
Total assets	\$29.8	\$31.9	(\$2.1)
Liabilities:			
Estates	\$12.4	\$12.4	\$0.0
Escrows	17.1	19.2	(2.1)
Pension funds	0.2	0.2	0.0
Other	0.1	0.1	0.0
Total liabilities	\$29.8	\$31.9	(\$2.1)

Total assets decreased \$2.1 million as of November 30, 2016, compared to November 30, 2015. The primary reason is attributable to a decrease in Escrows due to a \$2.1 million decrease in amounts held for Condemnations based on timing of court-ordered deposits and payouts.

Comparative 2015 to 2014 financial position is as follows:

<b>Fund D — Balance Sheets (In millions)</b>	<b>2015</b>	<b>2014</b>	<b>Increase (Decrease)</b>
Total assets	\$31.9	\$51.2	(\$19.3)
Liabilities:			
Estates	\$12.4	\$13.0	(\$0.6)
Escrows	19.2	37.9	(18.7)
Pension funds	0.2	0.2	0.0
Other	0.1	0.1	0.0
Total liabilities	\$31.9	\$51.2	(\$19.3)

Total assets decreased \$19.3 million as of November 30, 2015, compared to November 30, 2014. The primary reasons for the decrease are as follows:

- A decrease in Escrows due to transferring \$8.2 million in the Torrens Indemnity Fund to the County Lead Poisoning Prevention Special Purpose Fund.
- A decrease in Escrows due to a \$9.7 million decrease in amounts held for Condemnations based on timing of court-ordered deposits and payouts.

# COOK COUNTY TREASURER'S OFFICE OF COOK COUNTY, ILLINOIS

## BALANCE SHEETS — AGENCY FUNDS “A” AND “D” AS OF NOVEMBER 30, 2016 AND 2015 (In millions)

	November 30, 2016			November 30, 2015		
	A Fund	D Fund	Total	A Fund	D Fund	Total
<b>ASSETS</b>						
CASH AND INVESTMENTS (Note 3)	\$ 116.3	\$ 29.8	\$ 146.1	\$ 123.4	\$ 31.9	\$ 155.3
TOTAL	<u>\$ 116.3</u>	<u>\$ 29.8</u>	<u>\$ 146.1</u>	<u>\$ 123.4</u>	<u>\$ 31.9</u>	<u>\$ 155.3</u>
<b>LIABILITIES</b>						
DUE TO LOCAL GOVERNMENTS FOR UNDISTRIBUTED PROPERTY TAXES (Note 4)	\$ 110.7	\$ -	\$ 110.7	\$ 114.1	\$ -	\$ 114.1
DUE TO ESTATES OF KNOWN AND UNKNOWN HEIRS (Note 6)	-	12.4	12.4	-	12.4	12.4
DUE TO BENEFICIARIES OF ESCROW ACCOUNTS (Note 5)	-	17.1	17.1	-	19.2	19.2
DUE TO PENSION FUNDS (Note 2)	-	0.2	0.2	-	0.2	0.2
DUE TO OTHER	2.2	0.1	2.3	4.1	0.1	4.2
DUE TO COUNTY COMPTROLLER (Note 2)	<u>3.4</u>	<u>-</u>	<u>3.4</u>	<u>5.2</u>	<u>-</u>	<u>5.2</u>
TOTAL	<u>\$ 116.3</u>	<u>\$ 29.8</u>	<u>\$ 146.1</u>	<u>\$ 123.4</u>	<u>\$ 31.9</u>	<u>\$ 155.3</u>

See notes to financial statements.



# COOK COUNTY TREASURER'S OFFICE OF COOK COUNTY, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS AS OF NOVEMBER 30, 2016 AND 2015

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### 1. NATURE OF OPERATIONS

The Cook County Treasurer's Office of Cook County, Illinois (the "Treasurer") is the custodian of all funds, both public and private, required to be held by the Treasurer for Cook County, Illinois (the "County") and the State of Illinois (the "State"). The Treasurer is responsible for the collection and distribution of real estate property taxes levied by the approximately 2,200 taxing agencies in the County, which has amounted to approximately \$13.3 billion and \$12.6 billion collected during fiscal year 2016 and 2015, respectively, from nearly 1.8 million parcels of property. Property taxes collected but not yet distributed to designated taxing agencies are deposited and invested by the Treasurer. The Treasurer is also responsible for the collection of, and serves as custodian for, other County funds including various operating fund accounts of the County.

This report includes only the balances of the Treasurer's Agency Funds ("A" and "D") and is not intended to present fairly the financial position of the Treasurer or of Cook County, Illinois in conformity with accounting principles generally accepted in the United States of America. Non-agency activities of the Treasurer's Office which are included in the "C" fund are excluded from this report but are included in the County's comprehensive annual financial report (CAFR).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity** — The agency funds "A" and "D" are an activity of the Treasurer's Office which is a part of the Cook County financial reporting entity.

**Fund Structure** — State statutes require that funds held by the Treasurer are to be classified in the following manner:

*A fund* — Includes all taxes such as real estate, railroad, and user taxes and special assessments received and held by the Treasurer pending distribution to local governments and authorities within the County.

*D fund* — Includes all other monies held for the County and others, such as amounts held for estates of known and unknown heirs and certain escrow accounts for specific legal issues. Under the statutes, the Treasurer serves as ex-officio Treasurer and Custodian of the Cook County Employees' and Officers' Annuity and Benefit Fund and the Forest Preserve District Employees' Annuity & Benefit Fund (the "pension funds"). As of November 30, 2016 and 2015, the D fund included \$0.2 million of the pension funds.

**Basis of Presentation** — The accompanying balance sheets of funds A and D are prepared using the accrual basis of accounting applicable to agency funds. Agency funds are used to report resources held in a purely custodial capacity (assets equal liabilities) and does not report results of operations.

**Due to County Comptroller** — Monies collected by the Treasurer that are representative of user taxes and other fees that have not been transferred to the County Comptroller's Office at the end of the fiscal year are referred to as "Due to County Comptroller."

### 3. CASH

**Cash** — Cash represents demand deposits held by various financial institutions. The Treasurer’s investment policy states that in order to protect the Treasurer’s deposits, financial institutions are to maintain collateral pledges on the Treasurer’s deposits during the term of the deposit of at least 102% of the market value of that amount of funds deposited exceeding the insurance limitation provided by the Federal Deposit Insurance Corporation (FDIC). Of the bank balance as of November 30, 2016, 100% was either insured by the FDIC or collateralized at a minimum of 102% with securities held by the Treasurer’s agent in the Treasurer’s name.

**Investment Policy** — The Treasurer has adopted an investment policy that conforms to the requirements of Illinois State Statutes and applicable local laws and ordinances. Illinois State Statutes authorize the Treasurer to invest funds in permissible types of investment or financial instruments. These include government obligation securities, banker’s acceptances, commercial paper, medium-term notes, pass-through securities, repurchase agreements, money market mutual funds, Illinois Public Treasurers’ Investment Pool (Illinois Funds), and collateralized certificates of deposit.

**Investments** — As of November 30, 2016 and 2015, the Treasurer had investments in non-participating certificates of deposits in the amount of \$42.5 million and \$4 million, respectively. Certificates of deposit are recorded at cost.

### 4. UNDISTRIBUTED PROPERTY TAXES

The liability for undistributed property taxes represents the amount of collections that have not yet been distributed to taxing bodies offset by refund amounts paid to taxpayers that are to be recovered from taxing bodies by means of reductions to future distributions. Balances as of November 30, 2016 and 2015, are as follows (in millions):

	<u>2016</u>	<u>2015</u>
Undistributed tax collections	\$ 143.4	\$ 142.8
Unapplied refunds	-	(0.2)
Refunds & collections applied but not yet recovered	(36.5)	(33.8)
Other undistributed taxes	<u>3.8</u>	<u>5.3</u>
Undistributed property taxes — net	<u>\$ 110.7</u>	<u>\$ 114.1</u>

As of November 30, 2016, of the \$143.4 million in undistributed tax collections and no unapplied refunds, \$142.5 million have either been paid to taxing bodies or offset by applicable refunds through May 31, 2017.

As of November 30, 2015, of the \$142.8 million in undistributed tax collections and \$0.2 million in unapplied refunds, \$131.4 million have either been paid to taxing bodies or offset by applicable refunds through May 20, 2016.

As of November 30, 2016, of the \$36.5 million in refunds and collections applied but not yet recovered, \$13.3 million was related to closed sub or escrow taxing agencies in which \$1.4 million has been recovered subsequent to November 30, 2016 through May 31, 2017.

Other undistributed taxes include \$1.0 million and \$2.0 million at November 30, 2016 and November 30, 2015, respectively, of Treasurer’s accounts that are not supported by prior-year records sufficient to

determine what amounts may be due to what parties. The Treasurer is unable to determine the impact of the issues that gave rise to the corresponding amounts reported. The Treasurer distributed \$0.4 million in 2016 due to a past opinion from the State’s Attorney’s Office that funds related to these other undistributed taxes could be distributed to the taxing agencies. No amounts were distributed in 2015 to taxing agencies for other undistributed taxes. The Treasurer’s Office has determined that the remaining balance of \$1.0 million should be reserved for possible claims and adjustments relating to the tax years not supported by prior-year records mentioned above.

**5. ESCROW ACCOUNTS**

Included in the D Fund are assets and an offsetting liability relating to the following escrow accounts as of November 30 (in millions):

	<u>2016</u>	<u>2015</u>
Condemnations	\$ 13.2	\$ 13.3
911 phone	3.4	5.4
Other	<u>0.5</u>	<u>0.5</u>
 Total escrow accounts	 <u>\$ 17.1</u>	 <u>\$ 19.2</u>

**6. CONTINGENCIES**

The Treasurer is responsible for administering the payment of court-ordered judgments from the Indemnity Judgment Fund. Such payments are to be made from specified sources or receipts upon collection by the Treasurer. Accordingly, liabilities for these judgments are reported in fund A only to the extent that assets are available for payment. At November 30, 2016 and 2015, there were \$10.1 million and \$11.5 million in outstanding judgments, respectively. Illinois State Statutes establish that amounts in excess of \$2.0 million be paid to the General Corporate Fund of the County for general County governmental purposes. Since outstanding judgments and the amount to be retained exceeded the cash balance at November 30, 2016 and 2015, no indemnity funds are included in the fund A “Due to County Comptroller” account balance as of those dates.

The Treasurer is responsible for administering the payment of court-ordered refunds relating to property taxes for specific objections and certificates of error and relating to sales in error and refund payments resulting from administrative tax objections before the Property Tax Appeal Board. In accordance with Illinois statutes, payments relating to these settlements are made from future property tax collections prior to distribution to taxing bodies. Any such refunds that have been paid but not yet recouped from taxing bodies as of November 30, 2016 and 2015 are shown as unapplied refunds in Note 4.

The Treasurer is a defendant in various lawsuits arising in the ordinary course of business. Although the outcome of the lawsuits cannot be predicted with certainty, management believes the ultimate disposition of such matters will not have a material effect on the Treasurer’s financial condition.

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## **SUPPLEMENTAL INFORMATION**

# COOK COUNTY TREASURER'S OFFICE OF COOK COUNTY, ILLINOIS

## COMBINED STATEMENT OF ADDITIONS AND DEDUCTIONS — AGENCY FUNDS “A” and “D” FOR THE YEAR ENDED NOVEMBER 30, 2016 (In millions)

	Fund(s)	Combined Agency Funds A and D			Balance as of November 30, 2016
		Balance as of December 1, 2015	Additions	Deductions	
<b>ASSETS</b>					
CASH AND INVESTMENTS	A, D	\$ 155.3	\$ 13,299.3	\$ 13,308.5	\$ 146.1
TOTAL		<u>\$ 155.3</u>	<u>\$ 13,299.3</u>	<u>\$ 13,308.5</u>	<u>\$ 146.1</u>
<b>LIABILITIES</b>					
DUE TO LOCAL GOVERNMENTS FOR UNDISTRIBUTED PROPERTY TAXES	A	\$ 114.1	\$ 13,131.2	\$ 13,134.6	\$ 110.7
DUE TO ESTATES OF KNOWN AND AND UNKNOWN HEIRS	D	12.4	9.1	9.1	12.4
DUE TO BENEFICIARIES OF ESCROW ACCOUNTS	D	19.2	31.0	33.1	17.1
DUE TO PENSION FUNDS	D	0.2	1.7	1.7	0.2
DUE TO OTHER	A, D	4.2	43.2	45.1	2.3
DUE TO COUNTY COMPTROLLER	A, D	<u>5.2</u>	<u>83.1</u>	<u>84.9</u>	<u>3.4</u>
TOTAL		<u>\$ 155.3</u>	<u>\$ 13,299.3</u>	<u>\$ 13,308.5</u>	<u>\$ 146.1</u>

**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Honorable Maria Pappas, Cook County Treasurer and  
The Honorable President and the Board of Commissioners of  
Cook County, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Agency Fund "A" and "D" Balance Sheets of the Treasurer's Office of Cook County, Illinois (the "Treasurer"), as of November 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated May 31, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Treasurer's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Treasurer's internal control. Accordingly, we do not express an opinion on the effectiveness of the Treasurer's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying *schedule of findings and responses* as finding 2016-001 that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Treasurer's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**The Treasurer's Response to the Finding**

The Treasurer's response to the finding identified in our audit is described in the accompanying *schedule of findings and responses*. The Treasurer's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

Chicago, Illinois  
May 31, 2017

**Cook County Treasurer's Office of Cook County, Illinois**

**Schedule of Findings and Responses  
Year Ended November 30, 2016**

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**Finding 2016-001: Lack of timely review for the "A" Fund bank reconciliation**

**Criteria:** The Treasurer must ensure bank reconciliations for all funds are reviewed timely for completeness and accuracy.

**Condition:** Accounting personnel perform the monthly bank reconciliation function. However, there was not a timely review of the monthly "A" Fund bank reconciliations after they were completed during fiscal year 2016.

**Cause:** The Treasurer experienced turnover in several positions during fiscal year 2016. As a result, responsibilities within the Treasurer's office were reallocated and the bank reconciliations were not performed timely.

**Effect:** The timely review by a member of management ensures the checks and balances necessary for strong controls over cash.

**Recommendation:** We suggest that a member of management review all bank reconciliations for any unusual items, investigate and fully resolve any such items, and document their approval by initialing the form.

**Management's Response:** In response to this finding, the Treasurer's Office investigated this issue further to ensure that this finding is not repeated. We have implemented a rigorous review process of all monthly bank reconciliations in which it will be required that either a supervisor or the CFO signs off on all monthly reconciliations. This policy requires all signoffs to be completed by the end of the following month. In addition, all reconciliations were retroactively reviewed by the Assistant CFO as well as a staff accountant to ensure the integrity of each bank reconciliation completed during fiscal year 2016.