

Cook County Treasurer's Office of Cook County, Illinois

Financial Statements as of November 30, 2022,
Supplemental Information as of November 30, 2022,
and Independent Auditor's Reports

COOK COUNTY TREASURER'S OFFICE OF COOK COUNTY, ILLINOIS

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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 Audit of the Financial Statements

Opinion

We have audited the fiduciary financial statements of the Cook County Treasurer's Office of Cook County, Illinois (the "Treasurer"), as of and for the year ended November 30, 2022, and the related notes to the financial statements, which collectively comprise the Treasurer's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Treasurer, as of November 30, 2022, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Treasurer, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the fiduciary financial statements of the Cook County Treasurer's Office of Cook County, Illinois are intended to present the fiduciary activities of the Treasurer. They do not purport to, and do not, present fairly the financial position or activities of Cook County, Illinois, as of November 30, 2022, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Treasurer's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fiduciary financial statements that collectively comprise the Treasurer's basic financial statements. The accompanying Combining Statement of Fiduciary Net Position and Combining Statement of Changes in Fiduciary Net Position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Combining Statement of Fiduciary Net Position and Combining Statement of changes in Fiduciary Net Position are 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, 2023 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 solely 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 the effectiveness of the Treasurer's 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 VS LLP

Chicago, Illinois
May 31, 2023

Cook County Treasurer's Office of Cook County
Statement of Fiduciary Net Position
November 30, 2022
(in millions)

	<u>2022</u>
Assets:	
Cash and investments	\$ 388.1
Property tax receivable, net - current levy	16,517.3
Property tax receivable, net - prior levy	7,751.6
Due from County funds	1.1
Total assets	<u>\$ 24,658.1</u>
 Liabilities:	
Due to other governments	\$ 24,622.2
Other liabilities	7.7
Total liabilities	<u>\$ 24,629.9</u>
 Net Position - restricted for amounts awaiting court orders	<u><u>\$ 28.2</u></u>

See Notes to Financial Statements.

Cook County Treasurer's Office of Cook County
Statement of Changes in Fiduciary Net Position
November 30, 2022
(in millions)

	2022
Additions:	
Property tax amounts for other governments	\$ 16,517.3
Escrow related collections	100.8
Unclaimed estates	13.9
Other additions	22.3
Total Additions	\$ 16,654.3
Deductions:	
Property tax amounts for other governments	\$ 16,517.3
Escrow related payments	103.4
Claimed estates	13.2
Other deductions	22.3
Total Deductions	\$ 16,656.2
Increase (decrease) in fiduciary net position	\$ (1.9)
Net Position, beginning of year	30.1
Net Position, end of year	\$ 28.2

See Notes to Financial Statements.

COOK COUNTY TREASURER'S OFFICE OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS AS OF NOVEMBER 30, 2022

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 amounts to billions in cash disbursements and receipts during each fiscal year 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 fiduciary 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-fiduciary activities of the Treasurer which are included in the "C" Fund are excluded from this report and are included in the County's annual comprehensive financial report ("ACFR").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity — The fiduciary funds "A" and "D" are activities of the Treasurer, which is a custodial fund 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. The activities with Cook County are eliminated from the financial statements.

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"). These amounts are eliminated from the financial statements.

Basis of Presentation — The accompanying Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position are prepared using the accrual basis of accounting applicable to fiduciary funds. The Treasurer's Office is a custodial fund of Cook County. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

COOK COUNTY TREASURER'S OFFICE OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF NOVEMBER 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Treasurer's basic financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Liabilities — Custodial fund types recognize a liability to the beneficiaries of the fiduciary activity when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

Additions and Deductions — Fiduciary fund financial statements, including Custodial Funds, are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Additions are recorded when earned and deductions are recorded when a liability is incurred. Property tax additions are earned when an enforceable legal claim to the resources arises, or when the resources are received, whichever occurs first.

Property tax receivable — As shown below, the current property tax receivable represents the estimated tax year 2022 property tax extension net of an allowance for taxes not expected to be collected in future fiscal years. The gross current year property tax receivable is estimated to be 104.7% of prior year's property tax extension based on historical increases. The current year allowance is the estimated amount of uncollected taxes based on historical collection rates.

Current year property tax receivable (In millions)	2022
Gross Current Year Property Tax Receivable	\$ 16,608.4
Allowance	(91.1)
Net Current Year Property Tax Receivable	<u>\$ 16,517.3</u>

The prior year property tax receivable represents the gross property tax amount uncollected as of November 30, 2022, net of an allowance based on historical collection rates. Uncollected property taxes older than five years are deemed uncollectable and not accounted for in the gross prior year property tax receivable.

Prior year property tax receivable (In millions)	2022
Gross Prior Year Property Tax Receivable	\$ 8,231.0
Allowance	(479.4)
Net Prior Year Property Tax Receivable	<u>\$ 7,751.6</u>

COOK COUNTY TREASURER'S OFFICE OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF NOVEMBER 30, 2022

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, 2022, 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, 2022 the Treasurer had no investments. Certificates of deposit, if any, are recorded at cost.

4. DUE TO OTHER GOVERNMENTS

The table below represents the amount due to other governments, excluding amounts with Cook County.

Due to other governments (in millions)	2022
Taxes collected but not yet distributed	\$ 498.7
Unapplied refunds	(58.0)
Applied refunds	(88.5)
Property tax amounts for other governments not yet received	24,270.0
Total	\$ 24,622.2

COOK COUNTY TREASURER'S OFFICE OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF NOVEMBER 30, 2022

5. CONTINGENCIES

The Treasurer is responsible for administering the payment of court-ordered refunds relating to property taxes for specific objections and certificates of error and 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, 2022 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.

6. SUBSEQUENT EVENT

As a result of delays in the assessment process, the second installment bills were mailed by December 1, 2022, with a due date of December 30, 2022. The Treasurer had significant collections on these bills during the month of December.

SUPPLEMENTAL INFORMATION

Cook County Treasurer's Office of Cook County
Combining Statement of Fiduciary Net Position
November 30, 2022
(in millions)

	2022		
	A Fund	D Fund	Total
Assets:			
Cash and investments	\$ 359.9	\$ 28.2	\$ 388.1
Property tax receivable, net - current levy	16,517.3	-	16,517.3
Property tax receivable, net - prior levy	7,751.6	-	7,751.6
Due from County funds	1.1	-	1.1
Total assets	\$ 24,629.9	\$ 28.2	\$ 24,658.1
Liabilities:			
Due to other governments	\$ 24,622.2	\$ -	\$ 24,622.2
Other liabilities	7.7	-	7.7
Total liabilities	\$ 24,629.9	\$ -	\$ 24,629.9
Net Position - restricted for amounts awaiting court orders	\$ -	\$ 28.2	\$ 28.2

Cook County Treasurer's Office of Cook County
Combining Statement of Changes in Fiduciary Net Position
November 30, 2022
(in millions)

	2022		
	A Fund	D Fund	Total
Additions:			
Property tax amounts for other governments	\$ 16,517.3	\$ -	\$ 16,517.3
Escrow related collections	-	100.8	100.8
Unclaimed estates	-	13.9	13.9
Other additions	22.3	-	22.3
Total Additions	\$ 16,539.6	\$ 114.7	\$ 16,654.3
Deductions:			
Property tax amounts for other governments	\$ 16,517.3	\$ -	\$ 16,517.3
Escrow related payments	-	103.4	103.4
Claimed estates	-	13.2	13.2
Other deductions	22.3	-	22.3
Total Deductions	\$ 16,539.6	\$ 116.6	\$ 16,656.2
Increase (decrease) in fiduciary net position	\$ -	\$ (1.9)	\$ (1.9)
Net Position, beginning of year	-	30.1	30.1
Net Position, end of year	\$ -	\$ 28.2	\$ 28.2

**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***

Independent Auditor's Report

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 (*Government Auditing Standards*), the fiduciary financial statements of the Treasurer's Office of Cook County, Illinois (the "Treasurer"), as of November 30, 2022, and the related notes to the financial statements, which collectively comprise the Treasurer's basic financial statements, and have issued our report thereon dated May 31, 2023. Our report contained the following emphasis of matter: As discussed in Note 1, the fiduciary financial statements of the Cook County Treasurer's Office of Cook County, Illinois are intended to present the fiduciary activities of the Treasurer. They do not purport to, and do not, present fairly the financial position or activities of Cook County, Illinois, as of November 30, 2022, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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*.

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 Treasurer'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, 2023