

Treasurer's Office of Cook County, Illinois

Report to the Cook County Treasurer
May 31, 2023





RSM US LLP

1450 American Lane, Suite 1400
Schaumburg, IL 60173-6084

O +1 847 517 7070

F +1 847 517 7067

www.rsmus.com

May 31, 2023

The Honorable Maria Pappas, County Treasurer
Treasurer's Office of Cook County, Illinois
118 North Clark Street, Suite 112
Chicago, Illinois 60602-1423

Attention: The Honorable Maria Pappas

We are pleased to present this report related to our audit of the Fiduciary (Custodial Fund) financial statements of the Cook County Treasurer's Office of Cook County, Illinois (the Treasurer's Office) as of and for the year ended November 30, 2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Treasurer's Office's financial reporting process.

This report is intended solely for the information and use of the County Treasurer and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Treasurer's Office.

RSM US LLP

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

TABLE OF CONTENTS

Required Communications	1-3
Significant Accounting Estimates	4
Exhibit A—Significant Written Communications Between Management and Our Firm	
• Representation Letter	

REQUIRED COMMUNICATIONS

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated March 13, 2023. Our audit of the basic financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated March 13, 2023 regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Treasurer's Office. The Treasurer's Office did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Unusual Transactions

We did not identify any significant unusual transactions.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Departure From the Auditor's Standard Report

Expected Emphasis-of-Matter Paragraph

To make it clear to readers that the financial statements issued only represent the activity and balances of the Treasurer's Office, we will include an emphasis-of-matter paragraph in the auditor's report. Below is a draft of the paragraph to be included in the auditor's report:

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.

Expected Other-Matter Paragraphs

Management elected to omit the management discussion and analysis that is required by the Governmental Accounting Standards Board. In addition, management elected to include a Combining Statement of Fiduciary Net Position and Combining Statement of Changes in Fiduciary Net Position as Supplementary Information. In light of these matters, we will include other-matter paragraphs in the auditor's report. Below is a draft of the paragraphs to be included in the auditor's report:

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.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the basic financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Difficult or Contentious Matters That Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Shared Responsibilities for Independence

Independence is a **joint responsibility** and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with AICPA and *Government Accountability Office* (GAO) independence rules. For RSM to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and RSM each play an important role.

Our Responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. RSM is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality control over compliance with independence rules and firm policies.

The Treasurer's Office's Responsibilities

- Timely inform RSM, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, officers, or person in financial reporting and compliance oversight roles.
 - Changes in the reporting entity impacting affiliates such as partnerships, related entities, investments, or joint ventures.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Treasurer's Office and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with RSM.
- Not entering into arrangements of nonaudit services resulting in RSM being involved in making management decisions on behalf of the Treasurer's Office.
- Not entering into relationships resulting in RSM, RSM covered persons or their close family members, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the Treasurer's Office.

Significant Written Communications Between Management and Our Firm

A copy of the representation letter provided to us by management is attached as Exhibit A.

SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the Treasurer's November 30, 2022 basic financial statements.

Significant Accounting Estimates

Allowance for Uncollectible Property Taxes

Accounting policy	The Treasurer reports property tax additions and receivables net of uncollectible amounts.
Management's estimation process	Management estimates the uncollectible percentage of each tax levy year based on historical tax collection data.
Basis for our conclusion on the reasonableness of the estimate	We tested the data used by management in their calculation and concluded the allowance estimate is reasonable.

Current Year Tax Levy Receivable

Accounting policy	The Treasurer reports the estimated current year levy (net of allowance) as an addition and receivable.
Management's estimation process	Management estimates the expected increase in total current year levies based on historical levy extensions for the past five years.
Basis for our conclusion on the reasonableness of the estimate	We tested the data used by management in their calculation and concluded the estimated current year levy receivable is reasonable.

EXHIBIT A

Significant Written Communications Between Management and Our Firm



Maria Pappas

Cook County Treasurer

May 31, 2023

RSM US LLP
30 South Wacker Drive, Suite 3300
Chicago, IL 60606

This representation letter is provided in connection with your audit of the fiduciary (Custodial Fund) financial statements of the Treasurer's Office of Cook County, Illinois (Treasurer's Office), as of and for the year ended November 30, 2022 for the purpose of expressing an opinion on whether the basic financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of May 31, 2023:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 13, 2023, for the preparation and fair presentation of the basic financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. The methods, assumptions and data used to develop the property tax receivable – current levy and the allowance on the property tax receivable are as follows, and result in an estimate that is appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimate: Management developed the allowances based on the uncollectible percentage of each tax levy year, which was based on historical collection data. Management developed the property tax receivable – current levy based on the average increase on historical levy extensions for the past five years. Significant judgments made in making the estimate have taken into account all relevant information of which we are aware. All disclosures related to the estimate, including disclosures describing estimation uncertainty, are complete and reasonable in the context of U.S. GAAP. No subsequent events have occurred that would require adjustment to the estimate and related disclosures included in the financial statements.
6. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by the Treasurer's Office include:
 - a. Those with the primary government having accountability for the Treasurer's Office.

118 North Clark Street • Room 212 • Chicago, Illinois 60602 • Telephone (312) 603-6202 • FAX (312) 603-2113



Printed on Recycled Paper

7. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
8. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
10. Risk disclosures associated with deposits are presented in accordance with GASB requirements.
11. Provisions for uncollectible receivables have been properly identified and recorded.
12. Restricted net position is properly classified.
13. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
14. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.
15. We have reviewed the GASB Statements effective for the fiscal year ending November 30, 2022, and concluded the implementation of the following Statements did not have a material impact on the basic financial statements:
 - a. GASB Statement No. 87, *Leases*
 - b. GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
 - c. GASB Statement No. 92, *Omnibus 2020*
 - d. GASB Statement No. 93, *Replacement of Interbank Offered Rates*
 - e. GASB Statement No. 97, *Certain Component Unit Criteria*
16. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

17. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Treasurer's Office from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the County's governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
18. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
19. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.

20. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
21. We have no knowledge of allegations of fraud or suspected fraud affecting the Treasurer's Office's basic financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the basic financial statements.
22. We have no knowledge of any allegations of fraud or suspected fraud affecting the Treasurer's Office's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.
23. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
24. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
25. We have disclosed to you the identity of all of the Treasurer's Office's related parties and all the related-party relationships and transactions of which we are aware.
26. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Treasurer's Office's ability to record, process, summarize and report financial data.
27. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
28. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

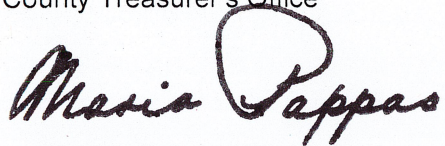
29. With respect to supplementary information presented in relation to the basic financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When supplementary information is not presented with the audited basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

Compliance Considerations

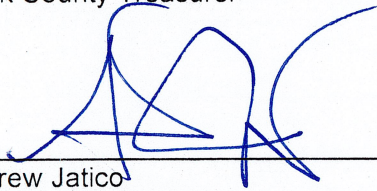
In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

30. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
31. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
32. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
33. Is responsible 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.
34. Acknowledges its responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
35. Has a process to track the status of audit findings and recommendations.
36. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
37. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Cook County Treasurer's Office



The Honorable Maria Pappas
Cook County Treasurer



Andrew Jatiko
Chief Financial Officer