

# Cook County, Illinois

Report to the County President, Board of  
Commissioners and the Audit Committee  
May 31, 2024





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May 31, 2024

Members of the County Board of Commissioners, and  
The Honorable Bridget Degnen, Chairman, Cook County Audit Committee  
Cook County, Illinois  
118 North Clark Street, Room 1127  
Chicago, IL 60602-1423

We are pleased to present this report related to our audit of the basic financial statements of Cook County, Illinois (the County) as of and for the year ended November 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the County's financial reporting process.

This report is intended solely for the information and use of the County Board President and County Board of Commissioners, the Audit Committee 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 County.

*RSM US LLP*

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## TABLE OF CONTENTS

Required Communications	1-4
Significant Accounting Estimates	5-7
Exhibits	
Exhibit A—Internal Control and Compliance Matters	
Exhibit B—Significant Written Communications Between Management and Our Firm - Management Representation Letter	
Exhibit C—Recorded Audit Adjustments	
Exhibit D—Recent Accounting Pronouncements	

## 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 basic financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

### Our Responsibilities With Regard to the Financial Statement and Compliance 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 engagement letter dated January 26, 2024. 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 April 4, 2024 regarding the planned scope and timing of our audit and identified significant risks.

Subsequent to that letter, an additional risk was identified relating to revenue recognition for opioid settlements. This is a new revenue stream for the County which relates to federal opioid settlements that are being disbursed to the State of Illinois, and then further allocated to the County.

### 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 County. The following is a description of significant accounting policies or their application that were either initially selected or changed during the year:

The County implemented the following Governmental Accounting Standards Board (GASB) Statements in the 2023 fiscal year:

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was effective for the County in fiscal year 2023. This statement requires the County to recognize certain subscription assets and related liabilities for software subscriptions that were previously expensed as they were paid. This statement had a significant impact on the 2023 statements.

As a result of implementing this standard, the December 1, 2022 balances for intangible right-to-use subscription assets and subscription liabilities were restated each from \$0, as previously reported, to \$32.8 million for Governmental Activities and \$26.2 million for Business-type Activities. The implementation of this standard had no impact on December 1, 2021 fund balances or net position.

- GASB Statement No. 91, *Conduit Debt Obligations*, was effective for the County in fiscal year 2023. This statement did not have a significant impact on the 2023 statements.
- GASB Statement No. 94, *Public-Private and Public-Public Partnership and Availability Payment Arrangements*, was effective for the County in fiscal year 2023. This statement did not have a significant impact on the 2023 statements.
- GASB Statement No. 99, *Omnibus 2022*, was effective for the County in fiscal year 2023. This statement did not have a significant impact on the 2023 statements.

### **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**

Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the County are shown in the attached list of Recorded Audit Adjustments (Exhibit C).

Uncorrected misstatements are summarized in the attached list of Uncorrected Misstatements within Exhibit B. Uncorrected misstatements or matters underlying these uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

## **Departure From the Auditor's Standard Report**

### **Expected Emphasis-of-Matter Paragraph**

As of December 1, 2022, the County implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. In light of this matter, 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 I, the financial statements have been restated for the implementation of GASB Statement No. 87, *Leases*. As a result of the implementation, right-to-use capital assets and lease obligations were restated as of December 1, 2021, for Governmental Activities, Business-type Activities, and the Cook County Health and Hospital System fund (CCH). Our opinions are not modified with respect to this matter.

### **Substantial Doubt About the Entity's Ability to Continue as a Going Concern**

The financial statements were prepared on the assumption that the County will continue as a going concern. During the audit, we noted the following events or conditions that indicated there could be substantial doubt about the County's ability to continue as a going concern:

- Total net position (deficit) for the County was (\$13.6) billion as of November 30, 2023.

We evaluated the events and conditions in the aggregate and concluded that there was not substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

## Other Information Included in Annual Reports

Our responsibility for other information included in annual reports is to read the information and consider whether its content or the manner of its presentation is materially inconsistent with the financial information covered by our auditor's report, whether it contains a material misstatement of fact or whether the other information is otherwise misleading. We read the County's Introductory and Statistical Sections. We did not identify material inconsistencies with the audited financial statements.

## 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 (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (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 management over compliance with independence rules and firm policies.

### **The County's Responsibilities**

- Timely inform RSM, before the effective date of transactions or other business changes, of the following:
  - New affiliates, directors, or officers.
  - Changes in the organizational structure or the reporting entity impacting affiliates such as partnerships, related entities, investments, joint ventures, component units, or jointly governed organizations.
- 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 County 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 County.
- Not entering into relationships resulting in close family members of RSM covered persons, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the County.

### **Internal Control and Compliance Matters**

We have separately communicated significant deficiencies and material weaknesses in internal control and compliance findings over financial reporting identified during our audit of the basic financial statements as required by *Government Auditing Standards*. This communication is attached as Exhibit A.

### **Significant Written Communications Between Management and Our Firm**

Copies of significant written communications between our firm and the management of the County, including the representation letter provided to us by management, are attached as Exhibit B.

## 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 County's November 30, 2023 basic financial statements.

### Significant Accounting Estimates

#### Depreciation of Capital Assets

<b>Accounting policy</b>	The County reports its capital assets at net book value. Donated capital assets are recorded at acquisition value. Depreciation of capital assets is over the estimated useful life of the asset on the straight-line basis.
<b>Management's estimation process</b>	Management establishes estimated useful lives of individual assets based on their expected life and use. Management uses all relevant facts available to them to make the best judgment about useful lives of assets.
<b>Basis for our conclusion on the reasonableness of the estimate</b>	We tested the depreciation calculation and determined it was appropriate. We reviewed the established useful lives of assets and found them to be reasonable.

#### Self-Insured Risk Liabilities and Expense

<b>Accounting policy</b>	The County recognizes an estimate of the probable loss for workers' compensation, medical malpractice, liability, employee health and other claims. The accrued liability and expense represent an estimate of the eventual loss on claims including claims incurred but not reported (IBNR). Amounts are reported in governmental activities and business-type activities (and the CCH Fund) based on the nature of the claim.
<b>Management's estimation process</b>	The County's risk management and legal departments provide details of open cases, loss estimates, claims payment activity and other information to the actuary. This data is used by the actuary to estimate the probable liabilities and related expense based on historical trends and other loss factor data. Employee health claim liabilities are estimated based on lag report data. Management reviews and approves the actuarial results.
<b>Basis for our conclusion on the reasonableness of the estimate</b>	We obtained the actuary's report directly from the actuary. We tested certain source data (information on claims and claims payments) provided to the actuary. An RSM actuary reviewed the methods and assumptions used by the County's actuary for reasonableness. We concluded all adjusted estimates were reasonable.



## Significant Accounting Estimates

### Net Pension Liability and Total OPEB Liability

<b>Accounting policy</b>	Net pension liability, total OPEB liability, deferred outflows of resources, deferred inflows of resources and Pension/OPEB expense are reported by the County in accordance with GASB Statements No. 68 (pensions) and No. 75 (OPEB) in governmental activities and business-type activities (and the CCH Fund) based on the proportionate share of each (based on covered payroll for pensions and headcount for OPEB).
<b>Management's estimation process</b>	The County works with the Plan and the actuary to develop reasonable assumptions such as the long-term rate of return on investments, mortality tables, healthcare cost trend rates and assumptions about future cash flows that impact the discount rate projection. County management obtains Schedules of Pension Amounts and OPEB amounts from the Plan's auditor, which is based on the actuary's calculations, to determine the total amounts related to the County.
<b>Basis for our conclusion on the reasonableness of the estimate</b>	We obtained the actuary's pension and OPEB reports and Schedule of Pension/OPEB Amounts directly from the actuary and plan auditor together with confirmation of their independence and objectivity. We also obtained a copy of the employee census data provided to the actuary. On a sample basis, we tested that the census data provided was accurate. An RSM actuary reviewed the methods and assumptions used by the County's actuary. We tested the covered payroll and employee headcount data. We concluded the estimates were reasonable.

### Property Tax Objections Liability

<b>Accounting policy</b>	The County records an estimated liability for future refunds related to property tax objections and other matters in governmental activities and business-type activities (and the CCH Fund).
<b>Management's estimation process</b>	The County assesses historical refund activity by refund type and levy year to estimate the life cycle of refunds for any given levy year. The term of the life cycle is then used to estimate future refunds for levy years in which refunds are still anticipated.
<b>Basis for our conclusion on the reasonableness of the estimate</b>	We reviewed the methodology used and tested the historical tax collection and refund activity and recalculated the estimate. We concluded the estimate was reasonable.

### Property Tax Allowance

<b>Accounting policy</b>	The County reports property tax revenues and receivables net of uncollectible amounts. Each year the County identifies the portion of the property tax levy that is estimated to be uncollectible and records an allowance for uncollectible property taxes.
<b>Management's estimation process</b>	The County estimates the uncollectible percentage of each tax levy each year based on historical tax collection data. Once the provision is determined, it is included for approval in the Annual Appropriation Bill.

## Significant Accounting Estimates

### 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.

## Fair Value of Investments

### Accounting policy

The County records its investments in accordance with the provisions of GASB Statement No. 72. Short-term fixed income securities with a final maturity of one year or less from the acquisition date, and investments in the Illinois Funds pool are at cost. Most other investments are at fair value.

### Management's estimation process

Fair value is generally provided by the custodian. The County reviews the information received to determine it is reasonable. The County's investments that are not at cost, are valued using a quoted price for an identical security or using matrix pricing. The County does not have Level 3 investments.

### Basis for our conclusion on the reasonableness of the estimate

We confirmed the County's investments to verify existence. We used a third-party pricing service to independently determine fair value as of the County's year-end for a sample of investments. We tested fair value estimates and found them to be reasonable.

## Housing Loans Allowance

### Accounting policy

The County records loans net of an allowance for uncollectible amounts.

### Management's estimation process

The allowance is calculated using a 100% allowance for deferred loans and loans in the non-performing category, and a 75% allowance on the performing loans and new loans.

### Basis for our conclusion on the reasonableness of the estimate

We reviewed management's methodology for estimating uncollectible loans and recalculated the allowance in accordance with the policy. We reviewed collections during the year for a sample of loans and determined the associated allowance was appropriate in accordance with the County's policy.

## Incremental Borrowing Rate for Leases and Subscriptions

### Accounting policy

Management records leases receivable, lease obligations, and subscription obligations based on the present value of lease receipts (as lessor) or lease payments (as lessee or as subscriber), using an estimated incremental borrowing rate.

### Management's estimation process

Management developed a discount rate based on their incremental borrowing rate for recent debt issuances of the County.

### Basis for our conclusion on the reasonableness of the estimate

We reviewed the support for the discount rate used by the County and determined it was reasonable.

## **EXHIBIT A**

### **Internal Control and Compliance Matters**



**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***

RSM US LLP

**Independent Auditor's Report**

The Honorable Toni Preckwinkle, County Board President  
and Members of the County Board of Commissioners  
Cook County, Illinois

We have audited, in accordance with the 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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cook County, Illinois (County) as of and for the year ended November 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 31, 2024. Our report includes an emphasis of matter for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units (the Forest Preserve District of Cook County and the Emergency Telephone System Board) and the Clerk of the Circuit Court Custodial Fund, as described in our report on the County's financial statements. This report does not include the Clerk of the Circuit Court Custodial Fund, the Forest Preserve District of Cook County, or the Emergency Telephone System Board that are reported on separately by the auditors who audited the financial statements of the Clerk of the Circuit Court Custodial Fund, the Forest Preserve District of Cook County, and the Emergency Telephone System Board.

The financial statements of the County Employees' and Officers' Annuity and Benefit Fund of Cook County (County Pension Trust Fund and County Post-employment Healthcare Trust Fund) were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the County Employees' and Officers' Annuity and Benefit Fund of Cook County.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 County'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. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings on Internal Control over Financial Reporting and Compliance as items 2023-001 and 2023-002 that we consider to be material weaknesses.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County'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*.

### **County's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings on Internal Control over Financial Reporting and Compliance. The County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **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 County'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, 2024

## Cook County, Illinois

### Schedule of Findings on Internal Control Over Financial Reporting and Compliance For the Year Ended November 30, 2023

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#### Finding 2023–001: Inadequate Controls over Expense Recognition

##### Condition followed by Criteria and Cause

Due to insufficient supervisory/management review of the trial balances, supporting documents, and schedules relating to expenditures and payables, there were errors detected by the auditors and corrected by management, as noted below:

- The County recorded a duplicate entry relating to a \$10.8 million settlement, overstating accounts payable and expense in the general fund and governmental activities.
- The County recorded a duplicate entry relating to grant expenditures in the amount of \$6.2 million, causing revenue and expense to be overstated in the governmental grants fund and governmental activities.
- The County recorded grant expenditures for advances made to a subrecipient prior to the subrecipient having incurred eligible expenditures in the amount of \$8.5 million. This caused revenue and expense to be overstated and receivables and unearned revenue to be understated in the governmental grants fund and governmental activities.

The following expense cutoff errors noted during the audit were deemed immaterial and not corrected by management:

- General fund expense cutoff errors resulted in an overstatement of expenses (\$4.8 million) and liabilities (\$0.7 million) and an understatement of prepaid expenses (\$4.1 million) in the general fund and governmental activities.
- Governmental grant fund expense cutoff errors resulted in an overstatement of liabilities (\$1.6 million), opening fund balance/net position (\$2.0 million), and expenses (\$3.6 million) in the governmental grant fund and governmental activities.
- Motor fuel tax fund expense cutoff errors resulted in an overstatement of expenses and an understatement of prepaid expenses in the amount of \$0.2 million in the motor fuel tax fund and governmental activities.

In accordance with generally accepted accounting principles, expenditures/expenses should be recorded in the period in which they are incurred.

County management indicated the errors were due to oversight.

##### Effect

The financial statements of the County could be materially misstated by not recording expenses in the proper period. Additionally, lack of sufficient supervisory review of reported balances and supporting documentation could result in future misstatements as well as misstatements that are not identified by the auditors.

##### Recommendation

To improve the County's year-end financial reporting close process which includes improving the quality and timeliness of preparing the year-end Annual Comprehensive Financial Report, we recommend County personnel perform thorough reviews of year-end general ledger account balances, supporting schedules, reconciliations, closing entries, footnotes and other documentation.

**Schedule of Findings on Internal Control  
Over Financial Reporting and Compliance (Continued)  
For the Year Ended November 30, 2023**

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**Finding 2023–001: Inadequate Controls over Expense Recognition (continued)**

Management Response

Management agrees with the recommendations and will continue its strategic plan to implement process improvements that will ensure effective County-wide accounting and business systems which are accurate and timely. The plan will include the following:

- restructure and incorporate additional resources in its Financial Reporting and General Accounting areas to enhance accounting and financial reporting processes.
- continue to develop checklists and add multiple levels of review on all year-end workpapers.
- implement a monthly account analysis process with managerial review.
- implementation of standardized County-wide accounting and financial reporting procedures. This should result in automation and streamlining of existing manual County-wide accounting and financial reporting processes.
- conduct internal training on accounting and financial reporting processes to identify and implement potential process improvements.

**Schedule of Findings on Internal Control  
Over Financial Reporting and Compliance (Continued)  
For the Year Ended November 30, 2023**

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**Finding 2023–002: Inadequate Controls over Revenue Recognition**

Condition followed by Criteria and Cause

Due to insufficient supervisory/management review of the trial balances, supporting documents, and schedules relating to revenues and receivables, there were errors detected by the auditors which were deemed immaterial and not corrected:

- The County did not record receivables for opioid settlement agreements reached prior to year-end and did not record several of these settlements in the prior year. The impact was an understatement of receivables and unavailable revenue in the amount of \$23.8 million, and an overstatement of revenue and understatement of opening fund balance of \$3.5 million in the aggregate nonmajor governmental funds. The impact to governmental activities was an understatement of receivables and opening net position of \$23.8 million and \$29.1 million respectively, and an overstatement of revenue of \$5.3 million.
- The County recorded additional revenue beyond the availability period which resulted in an overstatement of revenue and an understatement of unavailable revenue in the amount of \$1.5 million in the governmental grants fund.
- The County failed to record a receipt for casino taxes, resulting in an understatement of receivables and revenue in the amount of \$1.4 million in the general fund.

In accordance with generally accepted accounting principles, fund level revenues should be recognized if received within the availability period, and governmental revenues should be recorded in the period in which they are earned.

County management indicated the errors were due to oversight.

Effect

The financial statements of the County could be materially misstated by not recording revenues in the proper period. Additionally, lack of sufficient supervisory review of reported balances and supporting documentation could result in future misstatements as well as misstatements that are not identified by the auditors.

Recommendation

To improve the County's year-end financial reporting close process which includes improving the quality and timeliness of preparing the year-end Annual Comprehensive Financial Report, we recommend County personnel perform thorough reviews of year-end general ledger account balances, supporting schedules, reconciliations, closing entries, footnotes and other documentation.

Management Response

Management agrees with the recommendations and will continue its strategic plan to implement process improvements that will ensure effective County-wide accounting and business systems which are accurate and timely. The plan will include the following:

- restructure and incorporate additional resources in its Financial Reporting and General Accounting areas to enhance accounting and financial reporting processes.
- continue to develop checklists and add multiple levels of review on all year-end workpapers.
- implement a monthly account analysis process with managerial review.



**Cook County, Illinois**

**Schedule of Findings on Internal Control  
Over Financial Reporting and Compliance (Continued)  
For the Year Ended November 30, 2023**

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- implementation of standardized County-wide accounting and financial reporting procedures. This should result in automation and streamlining of existing manual County-wide accounting and financial reporting processes.
- conduct internal training on accounting and financial reporting processes to identify and implement potential process improvements.

**Cook County, Illinois**

**Status of Prior Findings  
For the Year Ended November 30, 2023**

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**Finding 2022-001: Financial Accounting and Reporting - County**

County management did not perform sufficient supervisory/management reviews of the trial balances, draft footnotes, supporting documents and schedules relating to revenues/accounts receivable, expenditures/payables, self-insurance, and leases resulting in errors detected by the auditors.

Portions of this finding have been repeated as Finding 2023-001: Inadequate Controls over Expense Recognition and Finding 2023-002: Inadequate Controls over Revenue Recognition.

County management was able to correct some of the errors reported in the prior year including the errors relating to self-insurance and leases. The remaining errors occur because of the magnitude of revenue and expense transactions that needs to be reviewed and recorded for year-end reporting.

**Finding 2022-002: Transfers from the County - CCH**

CCH management did not perform sufficient supervisory/management reviews of the trial balances, draft footnotes, supporting documents and schedules relating to transfers resulting in errors detected by the auditors.

During the current audit, no errors were detected relating to transfers between the County and CCH. As a result, this finding is not repeated.

**Finding 2022-003: Implementation of GASB Statement 87, Leases - CCH**

CCH management did not perform sufficient supervisory/management reviews of the trial balances, draft footnotes, supporting documents and schedules relating to the implementation of GASB Statement No. 87, *Leases*, resulting in errors detected by the auditors.

During the current audit, no errors were detected by the auditors relating to leases recorded or disclosed. As such, this finding is not repeated.

**Finding 2022-004: Third-party Settlements Receivable**

Due to insufficient supervisory/management review of the third-party settlements receivables, errors were detected by the auditors relating to third-party settlements receivable and net patient services revenue.

During the current audit, no errors were detected by the auditors relating to third-party settlement receivables. As such, this finding is not repeated.

**Finding 2022-005: Weaknesses in Information System Controls - County**

During the prior audit, control weaknesses were identified over the County's Enterprise Resources Planning (ERP) system, Oracle, relating to user access reviews, access modifications, and termination of users.

During the current audit, no control weaknesses were identified relating to the ERP system. As such, this finding is not repeated.

## **EXHIBIT B**

### **Significant Written Communications Between Management and Our Firm**



**COOK COUNTY**  
**BUREAU OF**  
**FINANCE**

**Tanya S. Anthony**  
Chief Financial Officer  
(312) 603-4458  
Tanya.Anthony@cookcountyil.gov

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Chicago, Illinois 60601

**TONI PRECKWINKLE**  
President  
Cook County Board  
of Commissioners

May 31, 2024

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DONNA MILLER  
6th District

ALMA E. ANAYA  
7th District

ANTHONY QUEZADA  
8th District

MAGGIE TREVOR  
9th District

BRIDGET GAINER  
10th District

JOHN P. DALEY  
11th District

BRIDGET DEGENEN  
12th District

JOSINA MORITA  
13th District

SCOTT R. BRITTON  
14th District

KEVIN B. MORRISON  
15th District

FRANK J. AGUILAR  
16th District

SEAN M. MORRISON  
17th District

This representation letter is provided in connection with your audit of the basic financial statements of Cook County, Illinois (the County) as of and for the year ended November 30, 2023 for the purpose of expressing an opinion on whether the 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, 2024:

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 26, 2024 for the preparation and fair presentation of the 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. We acknowledge the significant deficit in net position as displayed in the government-wide financial statements. We have considered the need for an optional note disclosure explaining our plans for addressing the deficit over time; however, we have determined that the financial statements are sufficient for external users.

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 County include:
  - a. Those with component units for which the County is accountable.
  - b. Those with other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
  - c. Interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees.
7. Allocations of liabilities to the Cook County Health and Hospital System (CCH) are based on the intention that CCH will ultimately pay those liabilities in future periods. Liabilities that are not expected to be paid by CCH (G.O. Bonds) are not reported in the CCH fund or business-type activities.
8. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
9. The County followed either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or followed paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.
10. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
11. 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.
12. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
13. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
14. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
15. Provisions for uncollectible receivables have been properly identified and recorded.
16. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
17. The County has properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

18. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
19. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
20. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
21. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
22. The County's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
23. The County has disclosed the names or types of entities with which it has a tax abatement agreement, the total gross amount of taxes abated during the period, the specific taxes that were abated and whether any commitments other than to reduce taxes were made as part of any tax abatement agreement as required by GASB Statement No. 77, *Tax Abatement Disclosures*.
24. The County has disclosed tax abatements entered into by other governments that affect its revenues, including the names of the governments that entered into the agreements, the specified taxes being abated, and the gross dollar amount of taxes abated during the period, as required by GASB Statement No. 77.
25. In the audit engagement letter dated January 26, 2024, we requested that you perform the nonaudit service of formatting, editing, and production of the financial statements.

With respect to these services:

- a. We have made all management decisions and performed all management functions;
  - b. We assigned an appropriate individual to oversee the services;
  - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
  - d. We have accepted responsibility for the results of the services; and
  - e. We have accepted responsibility for all significant judgments and decisions that were made.
26. 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.
  27. To the best of our knowledge, 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. In connection therewith, we specifically represent that we are responsible for determining that we are subject to the requirements of the Single Audit Act because we have received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit. We have engaged Washington, Pittman & McKeever, LLC to perform this engagement.

28. We have reviewed the GASB Statements effective for the fiscal year ending November 30, 2023, and concluded the implementation of the following Statements did not have a material impact on the basic financial statements:
- a. GASB Statement No. 91, *Conduit Debt Obligations*
  - b. GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
  - c. GASB Statement No. 99, *Omnibus 2022*
29. We believe the implementation of the GASB Statement listed below is appropriate:
- a. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this standard resulted in the recognition of right-of use subscription assets, along with a corresponding subscription liability. The County restated beginning balances in the footnotes related to capital assets and long-term liabilities. There was no impact on beginning net position.
30. To the best of our knowledge, we have informed you of all uncorrected misstatements. As of and for the year ended November 30, 2023, we believe that the effects of the uncorrected misstatements aggregated by you and summarized in Schedule A, are quantitatively and qualitatively immaterial, both individually and in the aggregate, to the opinion units of the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.
31. We have determined that the Annuity and Benefit fund is a public interest fund and is important to the financial statements and properly reported as a major fund.
32. The County has no arbitrage liability to report within the financial statements as of November 30, 2023.
33. The County has no conduit debt obligations that meet the definition of GASB Statement 91 to be recognized within the financial statements as of November 30, 2023.
34. We have requested an unsecured electronic copy of the auditor's report and basic financial statements and agree that the auditor's report and basic financial statements will not be modified in any manner.

**Information Provided**

35. 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 County from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing boards and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

36. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
37. 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.
38. While we have no knowledge that the basic financial statements may be materially misstated as a result of fraud, 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.
39. We have no knowledge of allegations of fraud or suspected fraud affecting the County'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.
40. We have no knowledge of any allegations of fraud or suspected fraud affecting the County's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.
41. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
42. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
43. We have disclosed to you the identity of all of the County's related parties and all the related-party relationships and transactions of which we are aware.
44. We have informed you of all 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 County's ability to record, process, summarize and report financial data.
45. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
46. It is our responsibility to inform you of all current and potential affiliates of the County as defined by the "State and Local Government Client Affiliates" interpretation (ET sec. 1.224.020). Financial interests in, and other relationships with, affiliates of the County may create threats to independence. We have:
  - a. Provided you with all information we are aware of with respect to current and potential affiliates, including degree of influence assessments and materiality assessments.
  - b. Notified you of all changes to relevant considerations that may impact our determination of the existence of current or potential affiliates involving (i) changes in the determination of the materiality of an entity to the



County's financial statements as a whole, (ii) the level of influence the County has over an entity's financial reporting process or (iii) the level of control or influence the County or a potential or current affiliate has over an investee that is not trivial or clearly inconsequential, sufficiently in advance of their effective dates to enable the County and RSM US LLP to identify and eliminate potential impermissible services and relationships between RSM US LLP or its associated entities and those potential affiliates, prior to the effective dates.

- c. Made you aware, to the best of our knowledge and belief, of any nonaudit services that the County or any of our affiliates has engaged RSM US LLP or any of its associated entities to perform.

47. We agree with the findings of the specialists in evaluating self-insured liabilities, the net pension liability and the OPEB liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

48. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan's actuary.

49. We believe that the information obtained from the audited financial statements of and other participant information provided by the County Employees' and Officers' Annuity and Benefit Fund of Cook County (Plan) is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the Plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Plan or its auditor.

50. 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**

51. 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.

52. With respect to Required Supplementary Information as listed in the table of contents, presented as required by GASB to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
  - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.

**Compliance Considerations**

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

- 53. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
- 54. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the County.
- 55. 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.
- 56. 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.
- 57. Acknowledges its responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
- 58. Has taken timely and appropriate steps to remedy identified or suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that the auditor reports.
- 59. Has a process to track the status of audit findings and recommendations.
- 60. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 61. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
- 62. Has identified for the auditor any investigations or legal proceedings that have been initiated with respect to the period under audit.

Cook County, Illinois

DocuSigned by:

  
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Toni Preckwinkle,  
Chief Executive Officer

DocuSigned by:

  
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Tanya S. Anthony  
Chief Financial Officer

**Schedule A  
Cook County  
Summary of Uncorrected Misstatements  
For the Year Ended November 30, 2023**

**Governmental Activities**

Description			Debit (Credit)		
	Assets	Liabilities	Net Position	Revenue	Expenses
Carryover impact from previous year	\$ -	\$ -	\$ 3,479,537	\$ (993,669)	\$ (2,485,868)
<b>Current Year Misstatements</b>					
Correct understatement of grant receivables	23,764,679	-	(29,071,599)	5,306,920	-
Correct overstatement of expenses	4,132,126	2,453,802	1,955,110	-	(8,541,038)
	<u>\$ 27,896,805</u>	<u>\$ 2,453,802</u>	<u>(23,636,952)</u>	<u>\$ 4,313,251</u>	<u>\$ (11,026,906)</u>
Effect of current year uncorrected misstatements on net position			(6,713,655)		
<b>Total</b>			<u>\$ (30,350,607)</u>		

**Passed Disclosure Error**

Property tax obligation additions and reductions within the long-term debt liability footnote are both understated by \$2,963,686.

**Passed Classification Errors**

Opioid settlement revenues are classified as miscellaneous revenue instead of charges for service (\$12,325,018).  
Capital assets recorded in CIP that should have been placed into service for \$8,504,004.

**Business-Type Activities and Enterprise Fund (CCH)**

Description			Debit (Credit)		
	Assets	Liabilities	Net Position	Revenue	Expenses
Carryover impact from previous year	\$ -	\$ -	\$ 8,066,859	\$ (363,475)	\$ (7,703,384)
<b>Current Year Misstatements</b>					
Correct understatement of asset retirement obligation	-	(3,161,790)	-	-	3,161,790
Correct understatement of subscription asset and liability	1,719,690	(1,684,517)	-	-	(35,173)
	<u>\$ 1,719,690</u>	<u>\$ (4,846,307)</u>	<u>8,066,859</u>	<u>\$ (363,475)</u>	<u>\$ (4,576,767)</u>
Effect of current year uncorrected misstatements on net position			(4,940,242)		
<b>Total</b>			<u>\$ 3,126,617</u>		

**Passed Disclosure Error**

Property tax obligation additions and reductions within the long-term debt liability footnote are both understated by \$2,111,037.

**General Fund**

Description			Debit (Credit)		
	Assets	Liabilities	Fund Balance	Revenue	Expenditures
Carryover impact from previous year	\$ -	\$ -	\$ 993,669	\$ (993,669)	\$ -
<b>Current Year Misstatements</b>					
Correct understatement of revenue	1,386,228	-	-	(1,386,228)	-
Correct overstatement of expenses	4,132,126	642,908	-	-	(4,775,034)
	<u>\$ 5,518,354</u>	<u>\$ 642,908</u>	<u>993,669</u>	<u>\$ (2,379,897)</u>	<u>\$ (4,775,034)</u>
Effect of current year uncorrected misstatements on fund balance			(7,154,931)		
<b>Total</b>			<u>\$ (6,161,262)</u>		

**Motor Fuel Tax Fund**

Description			Debit (Credit)		
	Assets	Liabilities	Fund Balance	Revenue	Expenditures
Carryover impact from previous year	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Current Year Misstatements</b>					
Correct overstatement of payables	-	168,226	-	-	(168,226)
	<u>\$ -</u>	<u>\$ 168,226</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (168,226)</u>
Effect of current year uncorrected misstatements on fund balance			(168,226)		
<b>Total</b>			<u>\$ (168,226)</u>		

**Governmental Grants Fund**

Description			Debit (Credit)		
	Assets	Liabilities	Fund Balance	Revenue	Expenditures
Carryover impact from previous year	\$ -	\$ -	\$ (670,961)	\$ -	\$ 670,961
<b>Current Year Misstatements</b>					
Correct unreversed prior year accrual	(372,600)	372,600	-	-	-
Correct overstatement of expenses	-	1,642,668	1,955,110	-	(3,597,778)
Correct understatement of receivables	328,373	-	-	-	(328,373)
Correct overstatement of revenue	-	(1,532,611)	-	1,532,611	-
	<u>\$ (44,227)</u>	<u>\$ 482,657</u>	<u>1,284,149</u>	<u>\$ 1,532,611</u>	<u>\$ (3,255,190)</u>
Effect of current year uncorrected misstatements on fund balance			(1,722,579)		
<b>Total</b>			<u>\$ (438,430)</u>		

**Aggregate NonMajor Governmental Funds**

Description			Debit (Credit)		
	Assets	Liabilities	Net Position/ Fund Balance	Revenue	Expenses/ Expenditures
Carryover impact from previous year	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Current Year Misstatements</b>					
Correct understatement of grant receivables	23,764,679	(23,764,679)	(3,564,176)	3,564,176	-
	<u>\$ 23,764,679</u>	<u>\$ (23,764,679)</u>	<u>(3,564,176)</u>	<u>\$ 3,564,176</u>	<u>\$ -</u>
Effect of current year uncorrected misstatements on net position/fund balance			3,564,176		
<b>Total</b>			<u>\$ -</u>		

## **EXHIBIT C**

### **Recorded Audit Adjustments**

**Cook County CFO/Treasurer**

Year End: November 30, 2023

**Recorded Misstatements**

Number	Name	Account No	Debit	Credit
AUD #01	Accounts Payable Trade	11250-0000-200011 GF01C	10,750,000.00	
AUD #01	Wrongful Incarceration/Detention Claims	11250-1021-580163 GF01C		(10,750,000.00)

Auditor proposed adjusting entry recorded by management to remove the double counting of an invoice related to settlement that occurred during fiscal year 2023.

Number	Name	Account No	Debit	Credit
AUD #02	Corporate Grant Fund revenue offset	34.3007 G34G		(6,254,260.00)
AUD #02	Operating grants and contributions - GMS	34.3701 G34G	1,463,130.00	
AUD #02	Operating grants and contributions - COR	34.3702 G34G	230,442.00	
AUD #02	Operating grants and contributions - CTS	34.3703 G34G	1,637,476.00	
AUD #02	Operating grants and contributions - COE	34.3704 G34G	121,866.00	
AUD #02	Operating grants and contributions - ACT	34.3705 G34G	8,624.00	
AUD #02	Operating grants and contributions - ELE	34.3706 G34G	61,965.00	
AUD #02	Operating grants and contributions - EHD	34.3707 G34G	2,575,833.00	
AUD #02	Operating grants and contributions - TRA	34.3708 G34G	154,924.00	
AUD #02	Accounts Payable Trade	11286-0000-200011 SRF41E	6,254,260.00	
AUD #02	Unearned Revenue - Grants	11286-0000-202021 SRF41E		(6,254,260.00)
AUD #02	Federal Grants – Pass Through	11286-1014-404016 SRF41E	6,254,260.00	
AUD #02	Grant Disbursements	11286-1014-580171 SRF41E		(6,254,260.00)

RSM proposed adjustment recorded by management to reverse a double-booked invoice.

AUD #03	Taxes-Current Year	11100-0000-110711 GF01B	660,739.00	
AUD #03	Unavailable revenue	11100-0000-202982 GF01B		(660,739.00)
AUD #03	Taxes-Current Year	11303-0000-110711 SRF02		(660,739.00)
AUD #03	Unavailable revenue	11303-0000-202982 SRF02	660,739.00	

RSM proposed adjusting entry recorded by management to adjust property tax receivables and deferred inflows related to improper allocation between funds.

AUD #04	Accounts Payable Trade	11286-0000-200011 SRF41E	27,011,712.00	
AUD #04	Other Receivables	11286-1027-112011 SRF41E		-27,011,712.00

Audit adjustment to remove advances to subrecipients not paid as of 11/30 from accounts payable and accounts receivable.

Number	Name	Account No	Debit	Credit
AUD #05	Prepaid Expenses	11000-0000-112013 GF01A	8,120,684.00	
AUD #05	Accounts Payable Trade	11000-0000-200011 GF01A		-8,120,684.00
AUD #05	Prepaid Expenses	11100-0000-112013 GF01B	1,315,505.00	
AUD #05	Accounts Payable Trade	11100-0000-200011 GF01B		-1,315,505.00
AUD #05	Prepaid Expenses	11282-0000-112013 SRF53	163,401.00	
AUD #05	Accounts Payable Trade	11282-0000-200011 SRF53		-163,401.00
AUD #05	Prepaid Expenses	11287-0000-112013 GF01K	16,820.00	
AUD #05	Accounts Payable Trade	11287-0000-200011 GF01K		-16,820.00

Adjustment to correct County entry which reduced accounts payable instead of increasing prepaids for amounts paid as of year-end for FY23.

AUD #06	Property held for resale	11274-1586-112197 SRF48		-1,253,447.00
AUD #06	Other Current Liabilities	11274-1586-200038 SRF48	1,253,447.00	

To correct entry that the County originally booked backwards.

AUD #07	Appropriation Transfer	11000-1490-580421 GF01A		-30,000,000.00
AUD #07	Operating Transfer Out	11000-1490-801420 GF01A	30,000,000.00	

Adjustment to correct transfer that was originally recorded as an expense.

AUD #08	ST Lease Receivable	11000-1020-112014 GF01A		-3,871,895.00
AUD #08	LT Lease Receivable	11000-1020-112015 GF01A		-23,440,635.00
AUD #08	Unavailable revenue - Leases	11000-1020-202982 GF01A	27,312,530.00	

To correct overstated lease amounts due to lease-leaseback and cancelable leases.

AUD #09	Self insurance claims - long-term	34.2632 G34G	5,233,764.00	
AUD #09	Claims expense - GMS	34.8631 G34G		-5,233,764.00

To adjust impact of data error used by actuary for self-insurance.

AUD #10	Net position adjustment (unrestricted)	34.7901 G34G	347,409,186.00	
AUD #10	Net position adjustment (net investment)	34.7901 G34G		-347,409,186.00

To correct the classification of net position for error in net investment in capital assets calculation.

AUD #11	County Clerk Recorder - AF - Pmts to Other Govts	CCD.PMTSTOGOVTs AF04		-83,604,587.00
AUD #11	County Clerk Redemption - AF - Pmt to Tax Buyers	CCR.PMTTOTAXBUYER AF03		-11,842,560.00
AUD #11	County Clerk Recorder - AF - Tax Collect for Govts	CCD.TAXCOLLECTIONS AF04	83,604,587.00	
AUD #11	County Clerk Redemption - AF - Prop Tax Collect	CCR.PROPTAXCOLLECT AF03	11,842,560.00	

To eliminate fiduciary transactions with the County.

CCH AJE 1	Managed Care Capitation	521165 CC	30,000,000.00	
CCH AJE 1	Transfers In	RSM801004 CC		-30,000,000.00

To reclassify a transfer made from the County to transfers in that was originally recorded as a credit to expense.

Number	Name	Account No	Debit	Credit
CCH AJE 2	Accrued Interest Receivable	110811 DPH	8,270.00	
CCH AJE 2	ST Leases	112014 DPH		-588,658.00
CCH AJE 2	LT Leases	112015 DPH	25,139,351.00	
CCH AJE 2	Unavailable Revenue - Property Tax	202982 DPH		-23,348,441.00
CCH AJE 2	Rent - Hospital	407034 DPH		-114,304.00
CCH AJE 2	Lease Revenue	407143 DPH		-73,028.00
CCH AJE 2	Interest Income	410152 DPH		-1,023,190.00

To correct lease receivable balance that was understated by exclusion of renewal periods reasonably certain of being exercised.

CCH AJE 3	Right of Use Lease Asset	112198 JSH		-17,917,714.00
CCH AJE 3	Accumulated Amortization - Lease	114401 JSH	18,670,409.00	
CCH AJE 3	Accrued Interest Liability - Lease	200019 JSH	74,222.00	
CCH AJE 3	Medical Equip Rental Expense	550081 JSH	20,179,007.00	
CCH AJE 3	Amortization - Leases	568501 JSH		-18,670,409.00
CCH AJE 3	Interest Expense - Leases	570051 JSH		-2,335,515.00

To properly calculate lease balances beginning at 12/1/21 instead of 12/1/20.



## **EXHIBIT D**

### **Recent Accounting Pronouncements**

## RECENT ACCOUNTING PRONOUNCEMENTS

The following accounting pronouncements have been issued as of the date of this communication but are not yet effective and may affect the future financial reporting by the County.

Pronouncement	Summary
GASB Statement No. 99, <i>Omnibus 2022</i> , will become effective for the County in fiscal year 2024.	This Statement provides clarified guidance related to the sunsetting of LIBOR, disclosures of nonmonetary transactions, pledges of future revenues, as well as other areas.
GASB Statement No. 100, <i>Accounting Changes and Error Corrections</i> , will become effective for the County in fiscal year 2024.	This Statement is intended to improve financial reporting by addressing inconsistencies related to the evaluation and disclosures for accounting changes and errors.
GASB Statement No. 101, <i>Compensated Absences</i> , will become effective for the County in fiscal year 2025.	This Statement is intended to better meet the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences by aligning the guidance under a unified model.
GASB Statement No. 102, <i>Certain Risk Disclosures</i> , will become effective for the County in fiscal year 2025.	This Statement requires governments to assess whether certain concentrations or constraints exist or are likely to occur which could have a material impact on the operations of the government.