

Cook County Treasurer's Office of Cook County, Illinois

Financial Statements as of November 30, 2021,
Supplemental Information as of November 30, 2021,
and Independent Auditor's Reports

COOK COUNTY TREASURER'S OFFICE OF COOK COUNTY, ILLINOIS

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying fiduciary financial statements of the Cook County Treasurer's Office of Cook County, Illinois (the "Treasurer"), as of and for the year ended November 30, 2021, and the related notes to the financial statements, which collectively comprise the Treasurer's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Cook County Treasurer's Office of Cook County, Illinois, as of November 30, 2021, and changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2021, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 2, the Treasurer adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, in Fiscal Year 2021. The adoption of this statement resulted in a restatement of the December 1, 2020 fiduciary net position.

Other Matters

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.

Other 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.

The Combining Statement of Fiduciary Net Position and Combining Statement of Changes in Fiduciary Net Position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Fiduciary Net Position and Combining Statement of Changes in Fiduciary Net Position are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated June 6, 2022 on our consideration of the Treasurer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Treasurer's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Treasurer's internal control over financial reporting and compliance.

RSM US LLP

Chicago, Illinois
June 6, 2022

Cook County Treasurer's Office of Cook County
Statement of Fiduciary Net Position
November 30, 2021
(in millions)

	<u>2021</u>
Assets:	
Cash and investments	\$ 131.0
Property tax receivable, net - current levy	15,993.8
Property tax receivable, net - prior levy	565.9
Due from County funds	10.5
Total assets	<u>\$ 16,701.2</u>
 Liabilities:	
Due to other governments	\$ 16,666.1
Other liabilities	5.0
Total liabilities	<u>\$ 16,671.1</u>
 Net Position - restricted for amounts awaiting court orders	<u><u>\$ 30.1</u></u>

See Notes to Financial Statements.

Cook County Treasurer's Office of Cook County
Statement of Changes in Fiduciary Net Position
November 30, 2021
(in millions)

	<u>2021</u>
Additions:	
Property tax amounts for other governments	\$ 15,993.8
Escrow related collections	80.5
Unclaimed estates	4.9
Other additions	17.9
Total Additions	<u>\$ 16,097.1</u>
Deductions:	
Property tax amounts for other governments	\$ 15,993.8
Escrow related payments	82.9
Claimed estates	6.1
Other deductions	17.9
Total Deductions	<u>\$ 16,100.7</u>
Increase (decrease) in fiduciary net position	\$ (3.6)
Net Position, beginning of year, as restated	33.7
Net Position, end of year	<u>\$ 30.1</u>

See Notes to Financial Statements.

COOK COUNTY TREASURER'S OFFICE OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS AS OF NOVEMBER 30, 2021

1. NATURE OF OPERATIONS

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity — The fiduciary funds "A" and "D" are activities of the Treasurer which is a custodial fund of the Cook County financial reporting entity.

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

A Fund— Includes all taxes such as real estate, railroad, and user taxes and special assessments received and held by the Treasurer pending distribution to local governments and authorities within the County. The activities with Cook County are eliminated from the financial statements.

D Fund — Includes all other monies held for the County and others, such as amounts held for estates of known and unknown heirs and certain escrow accounts for specific legal issues. Under the statutes, the Treasurer serves as ex-officio Treasurer and Custodian of the Cook County Employees' and Officers' Annuity and Benefit Fund and the Forest Preserve District Employees' Annuity & Benefit Fund (the "pension funds"). These amounts are eliminated from the financial statements.

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

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

COOK COUNTY TREASURER'S OFFICE OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF NOVEMBER 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Treasurer adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which was effective for periods beginning after December 15, 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The Treasurer's basic financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Note 6 has additional details regarding the restatement due to the implementation of this Statement.

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

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

Property tax receivable — As shown below, the current property tax receivable represents the estimated tax year 2021 property tax extension net of an allowance for taxes not expected to be collected in future fiscal years. The gross current year property tax receivable is estimated to be 104.6% of prior year's property tax extension based on historical increases. The current year allowance is the estimated amount of uncollected taxes based on historical collection rates.

Current year property tax receivable (In millions)	2021
Gross Current Year Property Tax Receivable	\$ 16,091.9
Allowance	(98.1)
Net Current Year Property Tax Receivable	<u>\$ 15,993.8</u>

The prior year property tax receivable represents the gross property tax amount uncollected as of November 30, 2021, net of an allowance based on historical collection rates. Uncollected property taxes older than five years are deemed uncollectable and not accounted for in the gross prior year property tax receivable.

Prior year property tax receivable (In millions)	2021
Gross Prior Year Property Tax Receivable	\$ 1,088.3
Allowance	(522.4)
Net Prior Year Property Tax Receivable	<u>\$ 565.9</u>

COOK COUNTY TREASURER'S OFFICE OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF NOVEMBER 30, 2021

3. CASH

Cash — Cash represents demand deposits held by various financial institutions. The Treasurer's investment policy states that in order to protect the Treasurer's deposits, financial institutions are to maintain collateral pledges on the Treasurer's deposits during the term of the deposit of at least 102% of the market value of that amount of funds deposited exceeding the insurance limitation provided by the Federal Deposit Insurance Corporation (FDIC). Of the bank balance as of November 30, 2021, 100% was either insured by the FDIC or collateralized at a minimum of 102% with securities held by the Treasurer's agent in the Treasurer's name.

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

Investments — As of November 30, 2021 the Treasurer had no investments. Certificates of deposit, if any, are recorded at cost.

4. DUE TO OTHER GOVERNMENTS

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

Due to other governments (in millions)	2021
Taxes collected but not yet distributed	\$ 119.8
Unapplied refunds	(0.4)
Applied refunds	(23.6)
Property tax amounts for other governments not yet received	16,570.3
Total	\$ 16,666.1

COOK COUNTY TREASURER'S OFFICE OF COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF NOVEMBER 30, 2021

5. CONTINGENCIES

The Treasurer is responsible for administering the payment of court-ordered refunds relating to property taxes for specific objections and certificates of error and sales in error, and refund payments resulting from administrative tax objections before the Property Tax Appeal Board. In accordance with Illinois statutes, payments relating to these settlements are made from future property tax collections prior to distribution to taxing bodies. Any such refunds that have been paid but not yet recouped from taxing bodies as of November 30, 2021 are shown as unapplied refunds in Note 4.

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

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. Economic uncertainties have arisen which are likely to negatively impact Cook County taxpayers.

6. RESTATEMENT

During Fiscal Year 2021, implementation of GASB Statement No. 84, *Fiduciary Activities*, resulted in a restatement of net position in the Treasurer's Statement of Changes in Fiduciary Net Position, as follows:

Restatement (in millions)	Beginning Fiduciary Net Position
12/01/2020, as previously reported	\$ -
Restatement due to GASB Statement No. 84	33.7
12/01/2020, as restated	<u>\$ 33.7</u>

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SUPPLEMENTAL INFORMATION

Cook County Treasurer's Office of Cook County
Combining Statement of Fiduciary Net Position
November 30, 2021
(in millions)

	2021		
	A Fund	D Fund	Total
Assets:			
Cash and investments	\$ 100.9	\$ 30.1	\$ 131.0
Property tax receivable, net - current levy	15,993.8	-	15,993.8
Property tax receivable, net - prior levy	565.9	-	565.9
Due from County funds	10.5	-	10.5
Total assets	\$ 16,671.1	\$ 30.1	\$ 16,701.2
Liabilities:			
Due to other governments	\$ 16,666.1	\$ -	\$ 16,666.1
Other liabilities	5.0	-	5.0
Total liabilities	\$ 16,671.1	\$ -	\$ 16,671.1
Net Position - restricted for amounts awaiting court orders	\$ -	\$ 30.1	\$ 30.1

Cook County Treasurer's Office of Cook County
Combining Statement of Changes in Fiduciary Net Position
November 30, 2021
(in millions)

	2021		
	A Fund	D Fund	Total
Additions:			
Property tax amounts for other governments	\$ 15,993.8	\$ -	\$ 15,993.8
Escrow related collections	-	80.5	80.5
Unclaimed estates	-	4.9	4.9
Other additions	17.9	-	17.9
Total Additions	\$ 16,011.7	\$ 85.4	\$ 16,097.1
Deductions:			
Property tax amounts for other governments	\$ 15,993.8	\$ -	\$ 15,993.8
Escrow related payments	-	82.9	82.9
Claimed estates	-	6.1	6.1
Other deductions	17.9	-	17.9
Total Deductions	\$ 16,011.7	\$ 89.0	\$ 16,100.7
Increase (decrease) in fiduciary net position	\$ -	\$ (3.6)	\$ (3.6)
Net Position, beginning of year, as restated	-	33.7	33.7
Net Position, end of year	\$ -	\$ 30.1	\$ 30.1

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

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

We have audited, in accordance with 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, the fiduciary financial statements of the Treasurer's Office of Cook County, Illinois (the "Treasurer"), as of November 30, 2021, and the related notes to the financial statements, which collectively comprise the Treasurer's basic financial statements, and have issued our report thereon dated June 6, 2022. Our report contained the following emphasis of matter: As discussed in Note 2, the Treasurer adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, in Fiscal Year 2021. The adoption of this statement resulted in a restatement of the December 1, 2020 fiduciary net position.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

RSM VS LLP

Chicago, Illinois
June 6, 2022