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TONI PRECKWINKLE

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COOK COUNTY
BUREAU OF FINANCE

TARIQ MALHANCE
CHIEF FINANCIAL OFFICER

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June 10, 2011

To Whom It May Concern:

In May 2011, the financial management team of The County of Cook, Illinois (the "County") identified, in connection with the on-going fiscal 2010 external audit process, that revenues had been erroneously reported in fiscal year 2009 on the modified accrual basis of accounting in the general fund financial statements, and on the full accrual basis of accounting in the government-wide financial statements. The County financial management team determined that the errors were primarily the result of improper journal entries recorded during the fiscal year 2009 financial closing process which resulted in (i) the double-recording of certain non-property tax revenues, primarily including State of Illinois sales taxes, and (ii) the over-accrual of revenues that should have been attributed to December 2009 (fiscal year 2010) from certain taxes imposed by the County under its home rule powers (i.e. cigarette tax) and/or from fee office charges. In the general fund, the combined result of the errors was to overstate County assets and revenues on the modified accrual basis of accounting by approximately \$90 million. The government-wide financial statements on the full accrual basis of accounting were misstated by approximately \$55 million. As restated, the general fund balance for fiscal year 2009 is approximately \$100 million.

In consultation with the President's Office, the Chairman of the Audit Committee of the Cook County Board of Commissioners and its independent auditors, the County's financial management team has determined to restate the beginning fund balance for the general fund and the beginning net deficit for the governmental activities of the government-wide financial statements in its fiscal 2010 basic financial statements.

The County has appointed a new Director of Financial Reporting, effective June 6, 2011, to ensure that proper financial closing and reporting policies, procedures, and internal controls (specifically journal entry recording and authorization controls) will be implemented to mitigate the future risk of material misstatement.

The financial management team has concluded that these errors are material to the previously issued basic financial statements and auditor's report thereon; accordingly, the County has removed the 2009 basic financial statements and auditor's report thereon from its website and disseminated this statement by (i) delivering it to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System for municipal securities (ii) posting it to the Cook County website and (iii) submitting it to the U.S. Federal Audit Clearinghouse.

Handwritten signature of Tariq G. Malhance in black ink.

Tariq G. Malhance
Chief Financial Officer

Handwritten signature of Constance M. Kravitz in black ink.

Constance M. Kravitz, CPA
Cook County Comptroller

