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**PUBLIC BUILDING COMMISSION OF CHICAGO
MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON
SEPTEMBER 16, 2020**

The Audit Committee Meeting of the Public Building Commission of Chicago was held via Zoom on September 16, 2020 at 1:00 p.m.

The following Committee members attended

Meeting Chair: Commissioner David Todd Whittley
Commissioner Samuel Wm. Sax
Commissioner Arnold Randall

Also attending:

Carina E. Sánchez
Lori Lypson
Tanya Foucher - Weekley
Bryant Payne
Mary Pat Witry
Rudy Manning
Allen Truesdell, Deloitte
Juliana Salles, Deloitte
Caroline Schneider, Deloitte
Langdon Neal, Neal & Leroy
Anne Fredd, Neal & Leroy

The meeting was called to order. The reading of the minutes of the December 16, 2019 meeting, which had previously been distributed, was dispensed with and upon motion duly made and seconded the minutes of said meeting were unanimously adopted.

Pursuant to Section 2.06(g) of the Open Meetings Act, a public comment period was held. No comments or statements were presented by any persons.

The PBC's Director of Finance, Tanya Foucher-Weekley reported that due to Covid-19, the PBC requested a three-month extension on the submission of the Public Building Commission of Chicago's Comprehensive Annual Financial Report (CAFR) for fiscal years ended 2019 and 2018 to the Government Finance Officers Association. The extension was granted and the PBC and Deloitte team worked diligently to complete the report during the timeframe granted. The report was prepared in accordance with United States generally accepted accounting principles (GAAP) and meets all requirements of the State of Illinois. The PBC believes this report is accurate in all material respects and is presented in a manner which has fairly set forth the financial position and results of operations of the organization and anticipates receiving a Certificate of Achievement for Excellence in Financial reporting for this year's submission.

Director Foucher -Weekley further reported that the assets of the Commission exceeded liabilities by approximately \$72.5 million as of December 31, 2019. Of this amount, \$49.5 million was included in net investment in capital assets and \$22.9 million was restricted for use by the Daley Center and for Commission operations.

A.

The Commission's total net position decreased by \$1.3 million for the year ended December 31, 2019 and increased by \$396,079 for the year ended December 31, 2018. The decrease in net position for the year ended December 31, 2019, is attributable to decreases in project revenues and expenses.

Operating revenues for the years ended 2019 and 2018 were \$243.9 million and \$333.7 million, respectively. Operating expenses were \$243.6 million and \$330.3 million for the years ended 2019 and 2018, respectively. Both fluctuated based on the volume of construction activity as operating revenue includes project revenue, which is recognized to the extent of current construction costs.

For the year ended December 31, 2019, revenues and expenses decreased in comparison to the prior year. PBC revenues and expenses continue to be driven by the number of active construction projects in the PBC's portfolio. Fluctuations annually directly relate to the current project portfolio versus life cycle stage. Driven by high quality, cost effective design and construction services, in 2019, the PBC successfully constructed or renovated seventeen public facilities ranging from new school buildings and annexes to the Manufacturing Technology & Engineering Center at Richard J. Daley College and renovations to eight Chicago Park District facilities.

The seventeen projects completed in 2019 represent \$309 million in investments across the city over the life span of the projects. The Commission's fiscal management demonstrates how the PBC continues to remain committed to the stewardship of the public fund through cost and schedule controls. Accordingly, the direct administrative expenses, continue to remain flat over the last two years. Between 2019 and 2018 the PBC is maintaining \$5 million in administrative expenses, which continues to project less than what is budgeted on an annual basis.

The Director of Finance also thanked the PBC's Finance team as well as the Deloitte team for their work on the assembly of the CAFR, while overcoming the challenges of remote working.

The Audit Committee accepted the report from PBC's Director of Finance.

Allen Truesdell, Deloitte's Lead Client Service Partner introduced the Deloitte team; including Caroline Schneider and Juliana Sallis and acknowledged the participating M/WBE joint audit team partners Washington Pittman and McKeever, LLC and Thelma Butler. This year Deloitte achieved nearly 40% M/WBE participation for their audit services contract with the PBC. He stated that the purpose of the meeting is to review the results of the FY 2019 external audit. The communications are prepared in accordance with Deloitte's professional standards and cover many of the communications the group is accustomed to seeing and the materials have been discussed with management prior to today's meeting. Mr. Truesdell reported that given the unique remote work environment this year, that the audit is substantially complete and expects to issue an unmodified opinion on the financial statements in accordance with their modified plan next week.

Representatives from Deloitte provided the required auditor communications related to the PBC's Audited Financial Statements. Juliana Salles noted that after evaluations, there were no significant unusual transactions during the audit. Given the pandemic, the audit was prepared completely in a remote setting. All controls were recorded in an electronic manner and did not change significantly during the remote setting.

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Caroline Schneider from Deloitte reported on Deloitte's Independence and on Deloitte's Responsibility under auditing standards and reported on Required Communications.

Of note, there were no audit adjustments, recorded or unrecorded and no material weaknesses or significant deficiencies in the internal controls over financial reporting. Mr. Truesdell noted the various appendices implemented in the current year and that the audit process was very smooth.

Commissioner Sax asked if the Commissioner has lost any revenue as a result of the pandemic. The PBC reported that no revenue has been lost due to the current situation.

The Committee members praised the team for their work, professionalism, commitment to excellence and for a clean audit during this difficult time.

The Audit Committee accepted the report from the Deloitte audit team.

The meeting was adjourned.

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