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**PUBLIC BUILDING COMMISSION OF CHICAGO
MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON
JUNE 22, 2023**

The Audit Committee Meeting of the Public Building Commission of Chicago was held at the Richard J. Daley Center on June 22, 2023, at 4:00 p.m.

The following Committee members were in attendance.

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

Also attending:

Carina E. Sánchez
Lori Lypson
Tanya Foucher–Weekley
Ray Giderof
Lisa Giderof
Bryant Payne
James Borkman
Mary Pat Witry
Rudy Manning
Allen Truesdell, Deloitte & Touche, LLC
Anne Fredd, Neal & Leroy
Gabriela Herrera, Neal & Leroy

The meeting was called to order. The reading of the minutes of the June 30, 2022 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 person.

The PBC's Director of Finance, Tanya Foucher-Weekley reported on the Public Building Commission of Chicago's (PBC) draft Annual Comprehensive Financial Report (ACFR) for fiscal year ended 2022. The Committee members have the draft version for both 2021 and 2022 in their materials. New for this year the PBC is implementing GASB No. 87 for leases. The draft report presented today does not reflect the final adjusted entries for the adoption of GASB No. 87. The anticipated effect is below \$300,000 for the Financial Statements as a whole. Due to the GASB No. 87 requirement this year, a single year presentation will be submitted once the ACFR is complete. The report is a work in progress, and the team is a week away from submission of the ACFR. The report is anticipated to be submitted to the Government Finance Officers Association by June 30, 2023.

This year the PBC continued a relationship with the external auditors from Deloitte, supported by MBE/WBE partners Washington, Pittman, and McKeever, LLC, and Velma Butler & Co.

The PBC financials are prepared in accordance with the United States GAAP principals and meet all the requirements for the State of Illinois.

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The Director of Finance reported the total assets of the commission decreased by approximately \$23.7 million over a three-year period 2020-2022. At year-end 2020, the total assets were \$225.8 million and at year-end 2022, total assets were \$202 million. Over the years 2021-2022, there was a minimal decrease of \$2.9 million. That decrease in total assets was primarily due to the reduction in the maturity of the current project level and the lack of new projects added to the Work in Place (WIP). In 2020, the PBC had a higher level of construction phase projects, from the FY2019 Program, and was at a higher revenue level. The decrease is seen as the program matured toward the close-out phase. The operating revenue experienced a similar decrease over the three-year period. The operating revenue decrease between year-end 2021 and year-end 2022 remains consistent and relatively flat, based on the level and activity of construction currently in place.

The net assets of the Commission exceeded liabilities by approximately \$67.5 million on December 31, 2022. Of that amount, \$50 million was included in net investment in capital assets, which includes the Daley Center and the property the PBC maintains. Approximately \$17.5 million was restricted for use by the Daley Center and for the Commission operations. The Commission's total net position has decreased by \$1.1 million and \$1.5 million respectively, for the years ended December 31, 2022, and December 31, 2021.

December 31, 2022, ended with a relatively flat variance between revenues and expenses. This was attributable to the consistent monitoring of PBC costs to ensure they remain below revenues. The PBC anticipates an operating profit of approximately \$620,000. When reviewing the investments and the effect of depreciation, there was a net decrease of \$1.1 million. The PBC is consistently conservative in spending resulting in a gross profit versus a gross loss.

At the end of 2022, the PBC successfully completed the Belmont Cragin Elementary School and the Wendell Phillips Academy High School Athletic Annex Project. The Commission's operating and administrative expenses have remained flat considering the reduction in staff. The PBC continues to provide high-level service to clients within a tight budget. At the end of 2022, the PBC budget approved at the October Board Meeting remained flat.

Chairman Whittle asked if the reduction in revenue is attributed to COVID? The Director of Finance responded that the decrease is now primarily related to the reduction of the WIP, from the lack of project work.

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

Allen Truesdell from Deloitte and Touche, LLP (Deloitte) reviewed a PowerPoint Presentation with the Audit committee titled *Presentation to the Audit Committee Audit Results and Required Communications Fiscal Year 2022*. Mr. Truesdell, Deloitte's Lead Client Service Partner, thanked the Committee and the PBC team for participating in the in-person meeting and introduced his background with Deloitte as an audit partner in Chicago.

Mr. Truesdell recognized the joint audit team MBE/WBE partners Washington, Pittman, and McKeever, LLC, and Velma Butler & Co. Mr. Truesdell acknowledged the benefits of the continuity of the team working successfully together for several years. He stated that Deloitte has a new manager, Ally Knipfer.

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Mr. Truesdell stated that the teams have been successfully executing virtually for three years and stated that the audit process is efficient since Deloitte has a great familiarity with the PBC systems and reports. Although the audit is still in process, the team is about a week ahead of where they stood at this time last year, and the audit is approximately 90-95% complete. As previously mentioned, with the adoption of GASB No. 87, the net impact is less than \$300,000.00, with a debit and credit on the balance sheet with no impact on revenues or expenses. GASB No. 87 provided additional work this year related to leases but had no significant impact on the Financial Statements as a whole.

Mr. Truesdell reported that the external audit is in process and is near completion and anticipates issuing the final report on June 30, 2023.

Mr. Truesdell summarized the Standard Communications provided by Deloitte each year as outlined in the presentation. Deloitte is independent of the Commission. There are no corrected misstatements, no corrected material misstatements in the Financial Statements. To date, there are no uncorrected or past adjustments in the Financial Statements. There are no material weaknesses in Internal Controls. Deloitte received full cooperation and support from management without any disagreements. The only change to accounting policies is related to leases and how to account for them, as part of GASB No.87. The audit is very straightforward and in-line with the communications provided by Deloitte.

Mr. Truesdell reviewed Appendix A, related to Deloitte's commitment to diversity, equity, and inclusion. There is a link to review Deloitte's second annual DEI Transparency Report.

The Audit Committee accepted the report, subject to the final report.

Mr. Truesdell indicated that he will be in contact with Chairman Whittley before Deloitte issues the final report to let him know that the communications are still as stated and presented to the Committee. If there is a change in the status, the committee members will be notified.

The Audit Committee accepted the report from Deloitte.

The meeting was adjourned.

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