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**PUBLIC BUILDING COMMISSION OF CHICAGO  
MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON  
JUNE 26, 2024**

The Audit Committee Meeting of the Public Building Commission of Chicago was held at the Richard J. Daley Center on June 26, 2024, at 1:00 p.m.

The following Committee members were in attendance.

Meeting Chair: Commissioner Samuel Wm. Sax  
Commissioner Arnold Randall

Also attending:

Ray Giderof, Acting Executive Director

Anne Fredd, Neal & Leroy

Lisa Giderof

Gabriela Herrera, Neal & Leroy

Ally Knipfer, Deloitte & Touche, LLC

Lori Lypson

Langdon Neal, Neal and Leroy

Rudy Manning (virtual)

Bryant Payne (virtual)

Allen Truesdell, Deloitte & Touche, LLC

Tanya Foucher-Weekley

Mary Pat Witry

The meeting was called to order. The reading of the minutes of the November 1, 2023, 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 years ended 2023 and 2022. The team intends to submit the ACFR to the Government Finance Officers Association (GFOA) by July 1, 2024.

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.

Last year GASB Statement No. 87 was implemented, and it required a single year filing. GASB Statement No. 87 is related to leases and had a net effect on the financials of under \$300,000.00. This year the comparative two-year Comprehensive Financial Report is being presented. The report is prepared in accordance with United States Generally Accepted Accounting Principles (GAAP) and meets all requirements for the State of Illinois. The PBC believes this report is accurate and is presented in a manner that fairly sets forth the financial position and results of operations of the organization as the PBC continues to improve transparency.

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Periodically new accounting standards are issued, and the Commission is required to evaluate the standards for potential impact on the financial statements.

FY2023, the PBC evaluated GASB Statement No. 96 for subscription-based IT agreements. Based on the evaluation, the PBC chose to omit the disclosure related to this GASB Statement as its effect was deemed immaterial to the financial statements as a whole. The PBC has an IT agreement with e-Builder.

The Director of Finance reported that the total assets of the commission decreased by approximately \$11.1 million in 2023. For the two-year period between 2022-2023, the net assets decreased from \$192.3 million to \$181.2 million. The primary decrease is related to the Commission's investments and project receivables from a reduced volume of projects.

For the same two-year period, the total liabilities of the Commission decreased by approximately \$8.5 million, largely due to decreases in project-related payables which align with the maturity of the current PBC project portfolio.

The assets of the Commission exceeded liabilities by approximately \$65.1 million on December 31, 2023. Of this amount, \$46.1 million was included in net investment in capital assets and \$19.1 million was restricted for use for the Daley Center and for Commission operations.

The Commission's total net position decreased by \$2.5 million and \$1.0 million, respectively for the years ended December 31, 2023, and December 31, 2022. Decreases in net position relate to decreases in other Income and investment income over the past two years.

Operating revenues for the years ended December 31, 2023, and 2022, were \$103.7 million and \$111.3 million, respectively. Operating expenses were \$105.1 million and \$110.5 million for the years ended December 31, 2023, and 2022, 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.

Throughout 2023, the PBC remained steadfast in its mission to deliver high-quality facilities that serve the needs of the communities while fostering economic growth and sustainability.

Three projects completed in 2023 include the Joint Public Safety Training Campus Outlot Restaurant Project, the Sauganash Elementary School Annex and the CDOT WPA Street Reconstruction Project on Medill Avenue. The team worked tirelessly to ensure the successful completion of this diverse range of projects.

These three unique projects represent \$53.5 million in investments across the city for project revenue. In addition, 946 people earned more than \$9.7 million working on these three projects.

Each project underscores the PBC's dedication to excellence, collaboration and transparency, the principles that guide the work of the commission and strengthen partnerships with stakeholders.

The Commission's fiscal management demonstrates how the PBC remains committed to the stewardship of the public fund through exemplary cost control. Actual FY2023 administrative expenses were 30% below the budgeted amount while actual administrative revenues from projects and PM costs exceeded the expenses by \$1.0M as of 12/31/2023.

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Director Foucher-Weekley thanked the PBC Finance team and the partners at Deloitte.

Commissioner Randall inquired about the 2023 increase in net investment in capital assets restricted for the Daley Center. Director Foucher-Weekley responded that the increase is related to capital improvement projects, operations and maintenance of the Daley Center. In 2022 there were fewer capital projects at the Richard J. Daley Center. The Capital Plan for the building is part of the Richard J. Daley budget presented to the board each October. The restricted Commission's operations budget is specific to the operations of the Commission.

Chairman Sax inquired regarding the approved PBC Administrative budget. Director Foucher-Weekley responded that the approved PBC Administrative Budget for 2024 was \$8.5 million, but the actual numbers came in lower than the approved budget amount.

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 2023*. Mr. Truesdell, Deloitte's Lead Client Service Partner, thanked the Committee and the PBC team and reviewed the organization chart. He introduced himself and Ally Knipfer, the returning experienced Manager with Deloitte. 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 the purpose of the meeting is to review the required communications in accordance with Deloitte's professional standards and give a brief update from the audit perspective for the 2023 audit.

Mr. Truesdell reported that the external audit is on time and anticipates issuing their modified opinion on the targeted date of June 30, 2024, and will file it on either June 28<sup>th</sup> or July 1<sup>st</sup>.

Mr. Truesdell reviewed the Executive Summary, stating that nothing in the current year had a significant impact on the audit. GASB Statement No. 96 was implemented by management with no significant impact on the financial statements. He reported that there were no control deficiencies, no material weaknesses or significant deficiencies to report.

Ally Knipfer summarized the Required Communications outlining Deloitte's responsibility under the generally accepted auditing standards that is an expressed opinion on the financial statements. As part of that Deloitte considers internal controls over the preparation of the financial statements but do not officially express an opinion over their operating effectiveness. Deloitte is independent of the Commission. Deloitte will obtain the Management Representation Letter from management prior to issuance.

Ally Knipfer reported that there are no corrected misstatements that were brought to the attention of management as a result of the audit procedures. There was one immaterial uncorrected misstatement which was determined to be quantitatively qualitatively insignificant to the financial statements as a whole.

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The significant accounting estimates listed depreciation, investments and other revenues that were evaluated as part of the audit. Deloitte noted no bias in management's judgements about the amounts and disclosures in the financial statements.

Deloitte reported regarding Written Communications, that the Engagement Letter and Required Planning Communications have already been issued, and the Management Representation Letter will be obtained ahead of issuance.

Mr. Truesdell reviewed Appendix A, related to Deloitte's commitment to diversity, equity, and inclusion (DEI), including the matrix that Deloitte uses to hold the agency accountable for the investments they are making with their DEI's initiatives.

Commissioner Randall asked what the rationale was for determining that GASB Statement No. 96 was immaterial? Allan Truesdell responded that there is both a quantitative and qualitative assessment that the team will go through and assess materiality to the users of the financial statement. When assessing the dollar value involved in this single for IT based subscription software services, Deloitte agreed that it was not quantitatively or qualitatively important to the financials. This was due to the dollar value and the fact that there is no impact to the net position or the PNL statement.

Chairman Sax asked if Deloitte has ever looked at any government agency, like the PBC anywhere in the country and looked at any management ideas that they may have? Allen Truesdell stated that he could do some benchmarking and share that information.

The Acting Executive Director recognized Tanya Foucher Weekley for her leadership and thanked the entire Audit team for their work on the successful completion of the Audit and acknowledged the positive impact on the communities that the PBC does work in. The PBC team remains committed regarding these investments in diversity of the workforce and opportunities for residents throughout the communities that the PBC works in. Throughout 2024, the PBC remains committed to enhancing partnerships with clients, namely, 2FM, PSA, CDOT, City Colleges, Libraries, the Planning Department, Police, Fire, the Park District, Forest Preserve District of Cook County, and CPS, among others. The PBC continues to communicate regarding the ability to perform new construction, renovation work, and infrastructure improvements. This diverse portfolio comprises PBC's work and the investments the agency is making in the communities.

The PBC continues to communicate with our partners, specifically regarding the PBC's capacity to plan, design, construct, and manage facilities and infrastructure projects. The PBC team embraces opportunities to stretch boundaries of what it means to be a responsible and honest municipal development agency. The PBC's work is already changing and improving the neighborhoods by creating jobs, contracting opportunities along with increased investments throughout the communities. The PBC team looks forward to creating great public buildings and spaces that foster sustainability in the community.

Chairman Sax also complimented the PBC's General Counsel for their work on behalf of the agency. Langdon Neal thanked the Committee Chairman and board members.

The Audit Committee accepted the report provided by Deloitte & Touche, LLP.

The meeting was adjourned.