

MEETING MINUTES OF THE COOK COUNTY LAND BANK AUTHORITY

FINANCE COMMITTEE MEETING

Friday, December 11, 2020 – 9:30 AM

I. Call to Order and Roll Call

Present: Calvin Holmes, Maurice Cox, Katrina Thompson, Tony Smith

Also Present: Rob Rose (*CCLBA Executive Director*), Angela Allen (Washington, Pittman, and McKeever Principal)

II. Public Speakers

Chairman Holmes notes there are no public speakers.

III. FY 2019 / FY2020 Audit Discussion

(Washington, Pittman, and McKeever)

MS. ANGELA ALLEN: Our team has been doing the audit for the Land Bank for several years now. We met last month with Rob and Cassidy to discuss changes to the 2019 and 2020 Audit Engagement. Regarding the Home Giveaway Lottery, I have prepared an engagement letter and have sent that over to Rob for his review so that we can get that underway. We have also done the engagement agreed upon procedures to monitor assistance in electing the lottery winners.

As far as the 2019 and 2020 audits are concerned, we have had discussions with Rob and his team along with RSM McGladery and the controller's office at the county. We have discussed changing the audit from what we are currently doing, which are complete gap-based government financial statements for the land bank, to doing special revenue fund only financial statements for the land bank. The reason for this change is that no one has requested, that the land bank get financial statements and the financial statements roll into the county's audit.

One of the reasons why the 2018 audit took extra time, is because of the process we go through to get the land bank's financial statements on the accrual or full government wide basis for presentation for the financial statements. That presentation would be different. It would stop at the fund basis; we would not go to a full accrual based financial statement. That would impact some of the approvals on the financial statements. As a special revenue fund, we would still show the property on the financial statements. We would still have to go through and assess the values there as that rose into the county's financial statements.

The major change would be that we do not take the time we have been taking to get to the full accrual basis of accounting for those financial statements. One thing that we did note that would need to change is the bylaws for the land bank authority. This is where it states that they should be accrual gap basis financial statements. That would need to be addressed so that you would comply with the financial statements that we would be auditing.

EXEC. DIRECTOR ROSE: I wanted to have this discussion first and then I will put forth the changes for the March board meeting where we can make that change to the policy. We recognize this challenge for the land bank, but the real problem here is that as we roll up into the larger County, the reconciliations that are required to do the gap accounting that we have right now, are more difficult. We, the land bank, don't have access to all reports that are needed to do that accounting reconciliation.

We are small relative to the county's budget, that even when we have general entries that need to be entered, those entries are not done. We then see a compounding issue from year to year where things are further out of reconciliation because the general entries that we put forth to the County weren't entered in that year. We must redo that year after year.

The question then became do we need to do it to that level? We do want to understand where we are for the fund. We want to know our revenue, expenses, and our inventory worth. The part of rolling up and reconciling to the County isn't something we find necessary for our operations or the transparency needed. We can still do it at the fund level and still feel like we are delivering good, transparent, information to the board.

This is a discussion to be had. There's no action to be taken, but feel free to ask Angela any questions you may have. We will be putting forth a policy change in March to allow for this change in the scope of the audit. I don't think we will lose any information regarding the operations of the land bank. It just means that that extra set of reconciles to the county financials would have to occur, and that would save us some time on the audit.

CHAIRMAN HOLMES: That will create efficiencies all the way around. Do we have any external stakeholders that require us to adhere the gap? I think the State of Illinois does. We would essentially become 100 percent self-sufficient. We don't have outside donors or investors that require that, correct?

EXEC. DIRECTOR ROSE: That's correct. We don't have any funders or regulatory requirement that it

be gap outside of our own policies. I think that when we founded the land bank initially, the thought was that we would be looking at philanthropic sources, and we would be more inclined to have to report out to some of those groups. Even as we are engaged in putting out grant applications, the fund-based accounting piece that we have will be enough for those purposes. To answer your question, no, there is no regulatory requirement that we do outside of our own policy.

CHAIRMAN HOLMES: With no further questions, we can move on. Rob, once the full proposal is codified, you will be putting that forth to the board next year and the change of the bylaws will be approved by the Board of Commissioners.

EXEC. DIRECTOR ROSE: Yes, that is correct. We will put forth the policy change so that we don't have that requirement anymore. We will bring it to the Finance Committee for further review to make sure everyone is on board, and then we will move to the full board for approval.

IV. Motion to Approve the Meeting Schedule for 2021

Director Katrina Thompson, seconded by Director Cox, moved to approve the Meeting Schedule for 2021. **The motion was carried unanimously.**

V. Motion to Approve of September 18, 2020 Cook County Land Bank Authority Finance Committee Meeting Minutes

Director Smith, seconded by Director Maurice Cox, moved to approve the September 18, 2020 Cook County Land Bank Authority Finance Committee meeting minutes. **The motion was carried unanimously.**

VI. Chairman's Report (Chairman Holmes)

CHAIRMAN HOLMES: It is with a heavy heart that this is my last meeting. We can start with year-end 2020 numbers. There are no handouts, but I want to share with you that Rob and I huddled for the past few days and he assured me that the budget should end the year as it was reported at our September 18th meeting. No major changes there. The fiscal year for the Land Bank Authority ends at the end of November, there just hasn't been enough time to prepare those financial reports.

EXEC. DIRECTOR ROSE: We will have about \$5 million in the fund balance, but this year we were projected to do about \$9 million in revenue. We are at \$4 million. So, the fund balance will fall from about \$8.5 million to about \$4.5 million. This is still a very healthy Fund Balance, but the impact this

year to the revenues was due to the COVID. We have revenue numbers, but we don't have the finalized expenses because those are still coming in. We have through December 31st to get those expenses in for the fiscal year. That is why we can't present the full financial picture, but we do have the revenue number. It is about \$5.3 million. We have some other deposits coming in, as well, but that is where we think we will fall for the end of the year.

CHAIRMAN HOLMES: The point is the numbers that were presented to us in September about what was projected for last year and this year are the same even though we don't have them in front of us. The presented information to us in September that we motioned forward to the Board of Commissioners to approve the October meeting was \$15 million in revenue. That was approved as we saw it, and Rob reported that the commissioners didn't make any changes to that budget, so we will be going forward with that in 2020.

EXEC. DIRECTOR ROSE: As we've stated, this is Calvin's last meeting. We will be doing more of a tribute in the big board meeting, but I do want to thank you for serving in the Finance Committee, serving as the Treasurer of the Board. You were the inaugural treasurer and head of the finance committee. During your time here, we have been able to be fiscally responsible, see the growth, and your diligence has been welcome. Thank you for that.

CHAIRMAN HOLMES: I know that the Land Bank has so many applications to create wealth and build equity across fantastic neighborhoods throughout the county, municipalities, and incorporated areas. I am really excited and expected to continue being a partner of the Land Bank. I know that it is in great hands with the directors that are around the table, and the leadership of Rob and Commissioner Gainer. We have a bright future ahead of us.

VII. Motion to Adjourn

Director Cox moved, seconded by Mayor Katrina Thompson motioned to adjourn the meeting.

The motion was carried unanimously, and the meeting was adjourned.

Respectfully submitted,

Board of Directors of the Cook County Land Bank Authority

DocuSigned by:
Thurman Smith
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Thurman "Tony" Smith, Finance Committee Chair