

Audit Committee, City Council and Management
City and County of Denver
Denver, Colorado

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of the City and County of Denver (the City) as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matters that we consider to be deficiencies, a significant deficiency or material weaknesses.

Material Weaknesses

Refer to the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Significant Deficiency

Refer to the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Deficiencies

2019 D-1 Long-term Debt and Swap Valuation

Finding: During the year, the City issued \$50.1 million of 2019B General Obligation Better Denver and Zoo Refunding Bonds. In accordance with Governmental Accounting Standards Board (GASB) standards, the City performed a calculation to determine the deferred gain or loss on the refunding transaction. However, there was an immaterial error in the City's calculation.

In addition, the City did not review the GASB 53 Compliance and Derivative Valuation report performed by the third-party specialist, BLX Group, LLC. Part of the report was not updated for 2019 disclosures. This error resulted in a proposed audit adjustment of approximately \$43.2 million. This adjustment was recorded by management.

Recommendation: We recommend that all future refunding calculations be reviewed and prepared by two different individuals. In addition, we recommend that the City implement a formal review of the GASB 53 Compliance and Derivative Valuation report.

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding. Going forward we will ensure that all refunding calculations have multiple levels of review to ensure the ending balance is correct. Additionally, the Controller's Office will implement a formal review procedure over the GASB 53 Compliance and Derivative Valuation report to confirm that the report is accurate and that the correct amounts are recorded in the general ledger.

Person(s) responsible for implementing: Shanna Tohill, Manager of Financial Reporting

Implementation date: September 30, 2020

2019 D-2 Special Revenue Fund Reporting

Finding: Accounting principles generally accepted in the United States of America (US GAAP) that address the proper reporting and treatment of special revenue funds are addressed in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). GASB 54 paragraphs 29 to 32 specifically address special revenue funds and define them as funds that are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. In accordance with the Standard, the restricted or committed sources must comprise a “substantial portion” of the proceeds of the fund. Transfers from other funds do not qualify towards this substantial portion. During our review of special revenue funds, we noted that six funds out of the 15 special revenue funds with transfers in the current year did not meet the criteria of a special revenue fund. One of the six funds was new in 2019, the remainder had been established in a prior year. The five funds established in the prior year were reclassified in the current year and the sixth fund is properly reported in the general fund at December 31, 2019. In addition, we noted the interest earnings related to the Cableland Trust fund were not being recorded in accordance with GASB 54 paragraph 30.

Recommendation: The City has a process of examining all new special revenue funds each year to determine appropriate presentation in the Comprehensive Annual Financial Report (CAFR). We recommend this process continue but be enhanced to also consider the portions of the fund supported by transfers from other funds, and to monitor the special revenue funds with significant transfers to help ensure future compliance with GASB 54. Finally, we encourage a detailed review of the Cableland Trust Fund and related agreement for compliance with GASB 54 paragraph 30 requirements.

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding. The Controller’s Office will continue with the updated process to identify and analyze new special revenue funds before they are created to ensure they are properly reported in compliance with GASB 54. This process will include reviewing all significant transfers from sources outside of the special revenue fund on an on-going basis to determine if a change will be necessary for current reporting periods.

The agreement that governs the Cableland Trust Fund will be reviewed for compliance with GASB 54 paragraph 30.

Person(s) responsible for implementing: Shanna Tohill, Manager of Financial Reporting

Implementation date: September 30, 2020

2019 D-3 Disaster Recovery Plan – City

Finding: The Information Technology Disaster Recovery Policy dated September 11, 2017 requires that the City annually test the disaster recovery plan and procedures in a suitable environment to ensure that the systems, networks, databases and other IT infrastructure elements can be recovered and returned to normal operations in the event of an unplanned interruption. Furthermore, designated disaster recovery team members and other participants are to remain familiar with the disaster recovery plan and procedures as well as their respective roles and responsibilities. During our review of the documentation provided and inquiry of the City’s personnel, we determined that the City has never performed a full backup recovery test of its critical financial sub-systems including GenTax, Oasis and ECS. Although the City performs individual recoveries when a file or a folder is lost or accidentally deleted, the restorability of critical financial systems has not been fully tested.

Recommendation: In compliance with policy, we recommend the City perform an annual documented restoration test of financial applications and data.

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding. We will execute a Disaster Recovery (DR) Test of the GenTax Financial Application in its Quality Assurance Environment by end of the calendar year-end. WorkDay is a cloud application and the vendor manages its DR Program. Technology Services tests our DR plan for WorkDay every time we login. WorkDay’s DR documentation is available online in the WorkDay community area. The DR Operational Team does not recommend conducting a DR test for Oasis because the system is scheduled for replacement in September 2020 and disruption to the 30-year-old Oasis mainframe environment right now introduces more risk.

Person(s) responsible for implementing: David Rhiel, IT Project Manager, Technology Services

Implementation date: December 31, 2020

2019 D-4 Review of Access Privileges – City

Finding: Per our review of access privileges for the in-scope applications, an annual review of user access (re-certification) is not performed by the business owners. Periodic re-certification helps control risks associated with segregation of duties issues arising from personnel changing functional responsibilities and unauthorized access resulting from delays in disabling accounts for terminated users.

Recommendation: Although the review may be coordinated by Technology Services, we recommend that the City’s business owners perform a periodic documented review of logical access for users of applications supporting general ledger and its supporting sub-systems, databases and operating systems.

Views of Responsible Officials and Planned Corrective Actions: We agree with the finding. We performed user re-certification for GenTax in 2018. We will continue to work with the City business owners to perform annual user access review for all in-scope applications, including the supporting sub-systems, databases and operating systems. The user review result will be appropriately documented.

Person(s) responsible for implementing. Kevin Anthony, Director, application Planning and Customer Engagement

Implementation date: December 31, 2020

2019 D-5 Secondary Data Center Location – City and Airport

Finding: Both the City’s and Airport’s secondary data centers are less than five miles from the existing primary data center. Given their proximity, both data centers could be affected by the same regional events resulting in an extended service outage. At the end of the fiscal year, the City’s secondary data center was moved to share the same location as the primary production servers at the primary data center.

Recommendation: We recommend the City and the Airport perform evaluations of the location of the secondary data center and consider steps to increase the distance between the data centers.

Views of Responsible Officials and Planned Corrective Actions – City: We agree with this finding. The new data center is being built, and the buildout is 80% complete. Service transition to the new data center estimated to complete by the end of 2020.

Person(s) responsible for implementing: City – Chris Todd, Chief Technology Officer

Implementation date: December 31, 2020

Views of Responsible Officials and Planned Corrective Actions – Airport: We agree with this finding. The same finding was observed in the 2018 Denver Auditor’s Office “Data Center Audit.” Our action plan is that DEN will complete an evaluation to determine if its secondary data center should be relocated or augmented, and this will occur once DEN’s Carrier Diversity project has been completed.

Person(s) responsible for implementing: Airport – Chris Larivee Acting Senior Vice President of Business Technologies

Implementation date: December 31, 2021

2019 D-6 Periodic Review of Active Directory Network Access – Airport

The PropWorks application authenticates through Active Directory. However, there is currently not a complete periodic and documented review of Active Directory access. A periodic review provides management with the opportunity to remove access for terminated users that were not otherwise caught in the normal termination process.

Views of Responsible Officials and Planned Corrective Actions: We agree with this finding. DEN Business Technologies will implement a process to review active accounts for terminated users.

Person(s) responsible for implementing: Chris Larivee Acting Senior Vice President of Business Technologies

Implementation Date: December 31, 2020

2019 D-7 Cash Drop Review

Finding: We performed a walkthrough of controls at the Carla Madison Recreation Center and observed that the Cash Receipts Report detailing the amount of cash in an employee's drawer that is deposited into the cash drop safe are not being signed by supervisors, indicating a recount and review was performed.

Recommendation: We recommend that when tellers deposit excess cash from their drawers into the safe that the Cash Receipts Report be signed by both the employee and their supervisor indicating the amount on the report is accurate.

Views of the Responsible Officials and Planned Corrective Actions: We agree with the finding. Going forward, when cash is deposited into the cash drop safe, a secondary review will be documented to confirm that a recount was properly performed. This requirement will be communicated to all recreation center locations and staff for internal control purposes.

Person(s) responsible for implementing: Brian Seiber, Financial Manager

Implementation date: August 31, 2020

2019 D-8 Self-insurance Liabilities

Finding: The City had not recorded any liability related to the self-insured dental claims. The City was aware of the self-insurance dental plan but neglected to record the liability at year-end. The total amount of the liability was \$392,000 and was considered a proposed audit adjustment, which management recorded. Additionally, the workers compensation liability was not updated based on the valuation reported by a third party, resulting in a proposed audit adjustment of \$1.3 million, which was also recorded by management.

Recommendation: We recommend that controls be strengthened around the self-insurance liabilities with an increase and enhanced review process over the related actuarial reports and liability recognition. This is especially true beginning fiscal year 2020, as the City has a new medical self-insurance plan that is expected to be material to the CAFR.

Views of the Responsible Officials and Planned Corrective Actions: We agree with the finding. All self-insurance funds and related actuary reports will be thoroughly reviewed and the appropriate liabilities will be reflected in the general ledger for 2020 and beyond. Additionally, the Controller's Office will ensure that the report used to record the workers compensation liability is the final report.

Person(s) responsible for implementing: Shanna Tohill, Manager of Financial Reporting

Implementation date: December 31, 2020

INTERNAL CONTROL OVER COMPLIANCE

In planning and performing our audit, we considered City and County of Denver's (the City) internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However as discussed below we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a Federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected and corrected on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matters that we consider to be a deficiency or significant deficiencies:

Significant Deficiencies

Refer to the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.

Deficiency

2019 Single Audit D-9 Home Investment Partnerships Program

Finding: Home Investment Partnership Program (HOME) is required to perform on-site inspections to determine compliance with property standards and verify the information submitted by the owners no less than (a) every 3 years for projects containing 1 to 4 units, (b) every 2 years for projects containing 5 to 25 units, and (c) every year for projects containing 26 or more units. The participating jurisdiction must perform on-site inspections of rental housing occupied by tenants receiving HOME-assisted tenant-based rental assistance to determine compliance with housing quality standards. Normally, the inspection process is monitored and once an inspection is performed, an inspection checklist is completed and reviewed. During a period of staff turnover, these checklists were not always completed after the inspection was performed. In addition, due to departmental restructuring, the role that normally monitored the inspection process was left vacant for a portion of the year which resulting in no formal review of the inspection process for that period of time.

Recommendation: We recommend that HOME continue to follow the policies and procedures that had been implemented to ensure inspections continue to be performed and supporting documentation is completed. In addition, HOME should identify an individual responsible for assigning and monitoring current and future inspections.

Views of the Responsible Officials and Planned Corrective Actions: We agree with the finding. The Department of Housing Stability (HOST) will continue to follow the procedures that were implemented to ensure that on-site HQS inspections for HOME funded units are completed and documented correctly. Plans to hire a full-time inspector were placed on hold as a result of early COVID-19 budget impacts. However, HOST has recently initiated the recruitment and hiring of a full-time housing inspector whose duties will include managing the ongoing compliance of property standards for HOME funded units and conducting on-site inspections as well as maintenance of all inspection records. We anticipate this position to be filled by the end of July 2020.

In the interim, HOST has identified a staff member who has HQS inspection and HOME compliance experience and who is monitoring current and future inspections until the full-time inspector is hired. This staff member will also provide training and review historical records to ensure continuity of procedures.

Due to the COVID-19 pandemic, HOST created temporary procedures to ensure inspections were being conducted while still protecting the staff member responsible for conducting the inspections. HOST was subsequently granted a waiver from HUD for on-site HOME inspections which was put in place on April 20, 2020 and which expires December 31, 2020 at which point HOST will ensure that within 120 days staff will conduct any inspections that would have been required to take place during the waiver period per prescribed procedures.

Person(s) responsible for implementing: Matt Carlock, Operations Lead

Implementation date: March 31, 2021

OTHER MATTERS

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive

suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

2019 OM-1 Future Evaluation of Great Hall Project Costs – Airport

We recommend the Municipal Airport System (the Airport) continue to evaluate costs incurred prior to the August 2019 contract termination as the Airport moves forward with the Great Hall Project (the Project). As of the date of this management letter, BKD notes the Airport has evaluated and classified costs incurred in accordance with generally accepted accounting principles as either construction in progress in the Statement of Net Position or expensed as a Special Item in the Statement of Revenues, Expenses, and Changes in Net Position.

Costs were classified based on information reasonably available as of the date of this management letter whether costs incurred, particularly the design costs, were relevant and usable for the project as it progresses forward. In discussions with Airport management, design costs incurred were expected to be part of the project. BKD notes that if design expectations change, these costs classified as construction in progress must be evaluated for impairment.

2019 OM-2 CARES Act Funding

The City and Airport have received funding through the *Coronavirus Aid, Relief, and Economic Security Act* (CARES), signed into law by the President on March 27, 2020.

City:

The Act included funds to be awarded to cities with populations above 500,000. As a result, the City received \$126,800,000. In addition to the CARES Act funding, the City received an additional \$17,730,000 from the Federal Emergency Management Agency to cover costs related to the City's response to COVID-19. We recommend the City continue to work with FEMA and other federal agencies as further information and guidance regarding the reporting of these funds becomes available. In addition, we recommend the City review applicable GASB guidance regarding accounting and financial reporting issues related to these funds.

Airport:

The Act includes funds to be awarded as economic relief to eligible U.S. airports affected by the prevention of, preparation for, and response to the COVID-19 pandemic. Under the new CARES Act program, primary commercial service airports, with more than 10,000 annual passenger boardings, will receive additional funds based on the number of annual boardings, in a similar way to how they currently receive Airport Improvement Program entitlement funds.

The Airport, like many across the country, has experienced significant declines in operations due to the decline of passenger travel caused by the COVID-19 pandemic. The Airport was eligible for \$269 million of aid and may use these funds for any purpose for which airport revenues may lawfully be used. We recommend the Airport continue to work with the Federal Aviation Administration as further information and guidance regarding the reporting of these funds becomes available.

2019 OM-3 National Western Center Project Status Minutes

The National Western Center (NWCO) conducts regular job status meetings relating to the NWCO projects. Formal meeting notes (minutes) are not kept during these meetings throughout the year. Formal minutes would serve to memorialize decisions made during the meetings and document project status and progress. We recommend that formal meeting minutes be kept during these meetings to document decisions and project status and progress.

2019 OM-4 New Accounting Pronouncements

GASB Statement No. 83, *Certain Asset Retirement Obligations*

GASB 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities.

GASB 83 is effective for the City's fiscal year ending December 31, 2020.

GASB Statement No. 84, *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

GASB 84 is effective for the City's fiscal year ending December 31, 2020.

GASB Statement No. 87, *Leases*

In June 2017, GASB published Statement No. 87, *Leases*. This Statement was the result of a multi-year project to reexamine the accounting and financial reporting for leases. The new Statement establishes a single model for lease accounting based on the principle that leases represent the financing of the right to use an underlying asset. Specifically, GASB 87 includes the following accounting guidance for lessees and lessors:

Lessee Accounting: A lessee will recognize a liability measured at the present value of payments expected to be made for the lease term, and an intangible asset measured at the amount of the initial lease liability, plus any payments made to the lessor at or before the beginning of the lease and certain indirect costs. A lessee will reduce the liability as payments are made and recognize an outflow of resources for interest on the liability. The asset will be amortized by the lessee over the shorter of the lease term or the useful life of the asset.

Lessor Accounting: A lessor will recognize a receivable measured at the present value of the lease payments expected for the lease term and a deferred inflow of resources measured at the value of the lease receivable plus any payments received at or prior to the beginning of the lease that relate to future periods. The lessor will reduce the receivable as payments are received and recognize an inflow of resources from the deferred inflow of resources in a systematic and rational manner over the term of the lease. A lessor will not derecognize the asset underlying the lease. There is an exception for regulated leases for which certain criteria are met, such as airport-aeronautical agreements.

The lease term used to measure the asset or liability is based on the period in which the lessee has the noncancelable right to use the underlying asset. The lease term also contemplates any lease extension or termination option that is reasonably certain of being exercised.

GASB 87 does not apply to leases for intangible assets, biological assets (*i.e.*, timber and living plants and animals), service concession agreements or leases in which the underlying asset is financed with conduit debt that is reported by the lessor. Additionally, leases with a maximum possible term of 12 months or less are excluded.

GASB 87 is effective for the City's fiscal year ending December 31, 2022. Early application is encouraged. It is anticipated that leases would be recognized using the facts and circumstances in effect at the beginning of the period of implementation.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88). This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

GASB 88 is effective for the City's December 31, 2020 financial statements.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61* (GASB 90). An equity interest is a financial interest in a legally separate organization evidenced by ownership of shares of the organizations stock or by otherwise having an explicit, measurable right to the net resources of the organization that is usually based on an investment of financial or capital resources by a government. An equity interest is explicit and measurable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. This statement modifies guidance for reporting a government's majority equity interest in a legally separate organization and will require organizations to re-evaluate any arrangements presently reported as a joint venture.

GASB 90 is effective for the City's December 31, 2020 financial statements.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*

In response to the challenges arising from COVID-19, on May 7, 2020 GASB approved Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB approved an 18-month postponement for Statement 87, *Leases*. All statements and implementation guides with a current effective date of reporting periods beginning after June 15, 2018, and later have a one-year postponement. This change is effective immediately. Early application is still encouraged.

The new effective dates are listed below:

- Statement 83—reporting periods beginning after June 15, 2019
- Statement 84 and Implementation Guide 2019-2—reporting periods beginning after December 15, 2019
- Statement 87 and Implementation Guide 2019-3—fiscal years beginning after June 15, 2021, and all reporting periods thereafter
- Statement 88—reporting periods beginning after June 15, 2019
- Statement 89—reporting periods beginning after December 15, 2020
- Statement 90—reporting periods beginning after December 15, 2019
- Statement 91—reporting periods beginning after December 15, 2021
- Statement 92, paragraphs 6 and 7—fiscal years beginning after June 15, 2021
- Statement 92, paragraphs 8, 9, and 12—reporting periods beginning after June 15, 2021
- Statement 92, paragraph 10—government acquisitions occurring in reporting periods beginning after June 15, 2021
- Statement 93, paragraphs 13 and 14—fiscal years beginning after June 15, 2021, and all reporting periods thereafter
- Implementation Guide 2017-3, Questions 4.484 and 4.491—the first reporting period in which the measurement date of the (collective) net OPEB liability is on or after June 15, 2019
- Implementation Guide 2017-3, Questions 4.85, 4.103, 4.108, 4.109, 4.225, 4.239, 4.244, 4.245, and 5.1–5.4—actuarial valuations as of December 15, 2018, or later
- Implementation Guide 2018-1—reporting periods beginning after June 15, 2019
- Implementation Guide 2019-1—reporting periods beginning after June 15, 2020

While some of these standards, such as GASB 87, are not effective in the short-term, we recommend the City begin assessing the potential impact on the financial statements of all of these statements and begin the process of communicating this impact with those charged with governance and other stakeholders.

Management's written response to the deficiencies, significant deficiencies, and material weaknesses identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Audit Committee, City Council and Management
City and County of Denver
Page 15

This communication is intended solely for the information and use of Management, members of City Council and members of the Independent Audit Committee and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

June 30, 2020