



Denver City Council

Summary Finance Committee

Date: Wednesday, July 19, 2006 1:30 PM

Council Conference Room

Committee Members Present: Boigon, Chair; Faatz, Vice-Chair; Brown, Garcia, Lehmann, MacKenzie
Committee Members Absent: Wedgeworth
Other Members Present: Robb

1. Report on the 2005 City Audit and Comprehensive Annual Financial Report (CAFR)

Summary of Discussion

Auditor Dennis Gallagher introduced and recognized his staff for their excellent work on the recently completed Comprehensive Annual Financial Report (CAFR). He explained that his office does the CAFR and KPMG does the city audit. He noted that the CAFR has been recognized for its quality by the Government Finance Officers Association. The management letter from KPMG regarding recommendations on any fiscal deficiencies will not be available to the committee until August since it is still being finalized.

The Auditor explained that his previously-expressed concern about City reserves was based on projections provided by the Budget and Management Office. Mel Thompson pointed out that the actual reserve for 2005 was a healthy 16.8%.

Barbara Tedesko and Mike Clark, Auditors Office staff, reviewed the report explaining:

- A quick summary of major points in the CAFR can be obtained by reading the Management Discussion and Analysis section on pages 21-32
- The report has been revised to comply with the Government Accounting Standards Board (GASB) requirements with the primary change being to include city infrastructure as part of fixed assets
- The street value is determined using an Department of Public Works index that considers age, condition, size, and other factors
- The PeopleSoft conversion last year delayed some reports to the outside auditor and effected the accuracy of some reports, but this is expected to be a one-time problem related to the information management system conversion

- Business-type activities including Denver International Airport, wastewater, environmental services, and golf enterprises are separated from other government activities in reporting net assets, activities, and changes in revenue and net assets on pages 33-35
- The report includes information related to fiduciary funds, certain authorities like the convention center hotel, interest, capital activities, and other items
- The Department of Human Services fiscal picture is about the same as the previous year

Mr. Thompson summarized the management discussion and analysis noting that the one-time settlement with United Airlines—resulting in additional revenues of about \$12 million—contributed to higher revenues than projected for 2005. He explained that certain statistics—such as housing permits—are used to project revenue and that a new system for tracking sales and use tax may improve forecasting in the future. He promised to do a briefing for the Committee regarding the process of revenue forecasting.

2. Transfer bond project funds

Committee Action

The Committee approved transferring remaining funds from the Syracuse and Yale Intersection Project to the Buchtel Boulevard streetscape and sidewalks project

Summary of Discussion

Marilyn Miller, Capitol Improvements Project Director, explained that the reconstruction of the intersection of Syracuse and Yale was included as one of the 1998 bond projects. However, three-quarters of the intersection is in Arapahoe County requiring its approval and financial participation. While an initial agreement was reached with Arapahoe County and the project is designed, the project has been blocked by Arapahoe County because of a separate controversy. Ms. Miller said a breakthrough in the foreseeable future is not likely. She requested transferring the funds on the dormant project to another 1998 bond commitment for completion by fall. She said that when Arapahoe County is ready for the intersection construction, funds will be restored from the capital fund to meet the obligation. Councilwoman Lehmann supported the transfer of funds from the project in her district.

3. Supplemental for the Denver Art Museum plaza

Committee Action

The Committee approved a \$1 million supplemental from the Capital Improvement Fund to the Denver Art Museum for construction of the public plaza in front of the new Hamilton building and adjacent to the City's cultural garage.

Summary of Discussion

Marilyn Miller, CIP Director, explained that previously the City promised public participation in the development of the new plaza between the Museum Residences and the Hamilton Building. Funds will be provided with money received from the private developer for land for the Museum Residences. The city supplemental will match the approximate \$7 million that the Museum is raising privately for the Plaza.