COUNTY OF MILWAUKEE

Milwaukee, Wisconsin

COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE
AND MANAGEMENT

As of and for the Year Ended December 31, 2019

COUNTY OF MILWAUKEE, WISCONSIN

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REQUIRED COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS IDENTIFIED IN THE AUDIT TO THOSE CHARGED WITH GOVERNANCE

To the Board of Supervisors
of the County of Milwaukee, Wisconsin

In planning and performing our audit of the financial statements of the County of Milwaukee, Wisconsin (the “County”) as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United State of America, we considered the County’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of its 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.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

The County’s written responses to the matters identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses; however we have evaluated management’s responses in accordance with Section A.1. of the Guidelines Regarding Resolution of Audits approved by the Finance and Audit Committee.

This communication is intended solely for the information and use of the Board of Supervisors, management and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Tilly US, LLP

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)
Milwaukee, Wisconsin
July 29, 2020

OTHER COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE

TWO WAY COMMUNICATION REGARDING YOUR AUDIT

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.

b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:

   > Identify types of potential misstatements.
   > Consider factors that affect the risks of material misstatement.
   > Design tests of controls, when applicable, and substantive procedures.

   We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with *Government Auditing Standards*, our report will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.

c. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

d. We and other auditors address the significant risks of material noncompliance, whether due to fraud or error, through our detailed audit procedures.

e. Other auditors will obtain an understanding of the five components of internal control sufficient to assess the risk of material noncompliance related to the federal and state awards whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. They will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of the federal and state awards and to determine whether they have been implemented. They will use such knowledge to:

   > Identify types of potential noncompliance.
   > Consider factors that affect the risks of material noncompliance.
   > Design tests of controls, when applicable, and other audit procedures.

Our audit and the work performed by other auditors will be performed in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines*.

The other auditors will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines*, our report and the report of other auditors will include a paragraph that states that the purpose of the report is solely to describe (a) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (b) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance and, (c) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and the Uniform Guidance and the *State Single Audit Guidelines* in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

f. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for reporting material noncompliance while other matters are not important. In performing the audit, other auditors are concerned with matters that, either individually or in the aggregate, could be material to the entity's federal and state awards. The responsibility of the other auditors is to plan and perform the audit to obtain reasonable assurance that material noncompliance, whether caused by error or fraud, is detected.

g. Your financial statements contain components, as defined by auditing standards generally accepted in the United States of America, which we also audit.

h. In connection with our audit, we intend to place reliance on the audit of the financial statements of the Milwaukee County War Memorial Inc. and the Marcus Center for the Performing Arts, component units of the County of Milwaukee, as of December 31, 2019 and June 30, 2019 and for the period then ended completed by the component auditors Wipfli, LLP and CliftonLarsenAllen, LLP, respectively. All necessary conditions have been met to allow us to make reference to the component auditors.

We are very interested in your views regarding certain matters. Those matters are listed here:

a. We typically will communicate with your top level of management unless you tell us otherwise.
b. We understand that the Board of Supervisors has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
e. Have you had any significant communications with regulators or grantor agencies?
f. Are there other matters that you believe are relevant to the audit of the financial statements or the federal or state awards?

TWO WAY COMMUNICATION REGARDING YOUR AUDIT (cont.)

Also, is there anything that we need to know about the attitudes, awareness, and actions of the Board of Supervisors and management concerning:

a. The County's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. All work is coordinated and scheduled with the concurrence of management and staff. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early January. Our final financial fieldwork is scheduled during the months of April – July to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your management. This is typically 4-8 weeks after final fieldwork, but may vary depending on a number of factors. The other auditors typically perform the single audit fieldwork concurrent with the timing noted above for the financial audit. After single audit fieldwork, the other auditors wrap up the single audit procedures at their office and then issue drafts of their report for management's review and approval.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

While we work with management and staff in reviewing the financial data and the financial statements, our responsibility is to report to the Board of Supervisors. If you have any questions or comments concerning our audit, please contact your engagement partner, Carla A. Gogin, at 608.240.2460 or email at Carla.Gogin@bakertilly.com the engagement senior managers, Steven J. Henke, at 414.777.5342 or email at Steven.Henke@bakertilly.com or Michelle Walter at 414.777.5576 or email at Michelle.Walter@bakertilly.com. We welcome the opportunity to hear from you.

COMMUNICATION OF OTHER CONTROL DEFICIENCIES, RECOMMENDATIONS AND INFORMATIONAL POINTS TO MANAGEMENT THAT ARE NOT MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES

COUNTY-WIDE MATTERS

ERP Implementation Process
(Repeated comment since 2018 report)

With the County currently implementing an ERP system, we noted that there is a risk that “bad” data (data that may be unnecessary, duplicate, erroneous, or incorrect) may be unknowingly extracted and loaded into the new application without sufficient end user participation in requirements definition, validation and / or testing conducted by the County. Without a clearly defined data management plan, unauthorized users that exist within the production environment can cause data integrity issues, such as duplicate data.

To ensure that the County implements the ERP system without data integrity issues, the County should ensure that there is a defined team, including business representatives, responsible for data quality identification and resolution. In addition, there should be a defined process in place for reviewing cleansed data imported into the production environment, made by individuals not directly responsible for the data uploading process.

> ***IMSD Response***
>
> To address data integrity issues, IMSD has a data management plan that includes automated extraction, end user validation, new ERP system data load, followed by data validation and business approvals for reviewing cleansed data imported into the production system. If there is an issue with the data extracted at any point of this process, the data integrity process starts back from the beginning. This ensures that only good data goes into the production system.
>
> Further, County has a defined data conversion team consisting of IMSD employees, contractors and ERP business users. Only authorized County business units have access to grant access rights to users in the production environment.

OFFICE OF THE COMPTROLLER

Trust and Agency Accounts
(Repeated comment since 2016 report)

During 2016, the responsibility of monitoring the County's Trust and Agency accounts was shifted to the Audit Services Division. Year-end procedures generally involve certifying and reconciling the balances reported by each department to the amounts reported in the general ledger. During 2019, we were unable to determine if the department level reconciliations of the balances to the amounts reported in the general ledger were completed as no documentation of reconciliations or certifications was able to be provided. We recommend that the Audit Services Division create procedures to be able to obtain the required certifications and validate the reasonableness of the amounts recorded in the general ledger and follow-up on any discrepancies in a timely manner.

> ***Office of the Comptroller – Audit Services Division Response***
>
> Certification of departmental level reconciliations of the 2019 balances to amounts reported in the general ledger has been delayed to the 3rd or 4th quarter of 2020.

Cash Account Reconciliations

During the testing of cash account reconciliations, we noted several Courts CCAP bank accounts that were not being reconciled to the general ledger balance timely in order to verify amounts are recorded properly and transactions within these accounts are reasonable. We recommend that procedures be implemented to ensure that all reconciliations be completed timely and any identified variances are investigated and resolved to facilitate providing an accurate financial reporting of cash accounts.

> ***Courts Response***
>
> The Clerk of Circuit Court acknowledges the account discrepancy between Advantage and CCAP. Effective immediately, the department will implement account reconciliation as an added procedure during our year-end processes. In addition, periodic spot checks during the year (quarterly) will be performed.
>
> While it is hopeful for all involved that the new financial system replacing Advantage will interact more favorably with CCAP, Courts will continue to monitor these accounts to ensure that this takes place and the accounts are in balance.

INFORMATION MANAGEMENT SERVICES DIVISION (“IMSD”)

IT Assessment Scope

In support of the Milwaukee County Financial Statement Audit, Baker Tilly must gain an understanding of the financial systems and the IT control processes that support each of the below applications. This is completed to allow the financial statement audit team to adjust work based on the level of IT risk related to significant processes affecting financial reporting. The assessment is based on 15 IT general controls based on industry leading practices including: the COBIT framework, ISO standards, and IT Infrastructure Library (ITIL) process models.

Baker Tilly identified the following applications in scope related to the financial statement audit:

- SCRIPTS
- Ceridian
- V3
- Advantage Reporting Database
- SciQuest

In addition to the in scope systems, Baker Tilly is required to gain an understanding of the Milwaukee County IT network infrastructure and controls that support the security of the IT environment.

The intention of the recommendations is to focus on IT general control improvement opportunities and will not comment on the many robust areas of the County’s systems and procedures.

In this regard, Baker Tilly offered two recommendations to the Information Management Services Division (IMSD) as opportunities to improve IT controls. IMSD provided responses to both recommendations. However, to avoid disclosing potential County IT vulnerabilities or system architecture publicly, we have agreed with IMSD management and the Comptroller’s Office to exclude these items from this report.

EMPLOYEES' RETIREMENT SYSTEM

Participant Data

During the testing of newly terminated participants, it was noted that one participant had earned state service credits that were included in the participant's total service credits for calculating benefit payments. While city, state, county, and military credits are all included to calculate vesting, only county ERS credits are to be included in the calculation of benefit payments. Furthermore, it was noted another participant had become eligible for the pension plan due to a promotion after their original hire date, but a new enrollment form was not available indicating this person was newly eligible for pension benefits.

Additionally, there was one more participant that did not have an enrollment form on file. It is recommended that management review the service credits being used to calculate benefit payments to ensure only county ERS credits are used in the calculation and completed enrollment forms to support eligibility dates are maintained in files.

Employees' Retirement System Response

State and City transfer credits are recorded in the V3 system, for vesting purposes. These transfer credits are reviewed upon retirement, and the State or City retirement system is contacted to verify any vesting or reciprocal benefits available. These service credits are not used in the calculation of retirement benefits.

With regard to enrollment forms for employees that change from non-eligible positions to eligible positions, RPS works with the Milwaukee County Human Resources and Payroll departments to receive these signed documents. Through the New Employee Orientation process, these occurrences have been greatly reduced.

Benefit Payments
(Repeated comment since 2010 report)

During the audit of annuity benefit payments, it was noted that certain documents supporting a participant's retirement calculation from 2004 were missing. It is our understanding this was one of the files purged during the culling project.

During the audit of backdrop payments, it was noted that V3 was unable to calculate the correct values for the monthly benefit paid to the participant and the annual cost of living adjustment. Through communication with a Plan staff member, this was due to the combination of the age of the beneficiary and retirement option selected. The Plan's actuary was consulted to aid in calculating these figures as V3 was unable to properly do so.

During the audit of cost of living adjustments ("COLA"), in conjunction with discussions with Plan staff, it was noted there was an issue with V3 as the software was not calculating the number of penalty months correctly for a participant. This resulted in the benefit reduction amount being incorrectly calculated; this early reduction amount on the manual calculation sheet was hard coded by a member of the Plan's staff to match V3, which was incorrect. An approximate $7 variance between what was paid and what should have been paid to the participant resulted.

Additionally, for three participants selected for testing, ERS missed the COLA amount from the initial year of COLA eligibility. The COLA amount that should have been received in a given year was not applied. This resulted in approximate underpayments of $1,170, $432, and $492 for the participants selected, respectively.

It is recommended that original documentation be retained to support benefit payment amounts, review V3 to ensure data is properly being calculated in the system and that the system can handle complex calculations and management review inputs after they are entered into V3 to reduce the risks of inaccurate information being reflected in the V3 system.

Employees' Retirement System Response

The practice of purging files has been discontinued several years ago; unfortunately, RPS is unable to re-create documents for those files that were previously purged. Several years ago, RPS started the procedure of scanning all documents into the V3 system, and for all current retirements, this practice is being followed.

The issue of the post-retirement increase (sometimes referred to as the Cost of Living Adjustment – COLA) occurs when the backdrop date occurs during the retro payment period. RPS has put into place a process to identify these occurrences prior to the processing of the retirement payment schedules to ensure these increases do not get missed.

PRIOR YEAR COMMENTS ADDRESSED IN THE CURRENT YEAR

The following comments were included in last year's report and were addressed during 2019:

1. Behavioral Health Division
   a. Patient Receivable Balance
2. Information Management Services Division
   a. SOC Report Review Process
3. Employee Retirement System
   a. Benefit Payments - Lump Sum
   b. Financial Reporting Risks
4. Informational Points
   a. Interpreting Your Financial Statements Post-GASB No. 75

DEPARTMENTAL CONTROLS

As part of our annual audit process, we focus our efforts on the primary accounting systems, internal controls, and procedures used by the County. This is in keeping with our goal to provide an audit opinion, which states that the financial statements of the County are correct in all material respects.

In some cases, the primary system of accounting procedures and controls of the County is supported by smaller systems which are decentralized, and reside within a department or location. In many cases, those systems are as simple as handling cash collections and remitting those collections to the county treasurer. In other cases, the department may send invoices or statements of amounts due, and track collections of those amounts in a standalone accounts receivable system.

Generally, the more centralized a function is, the easier it is to design and implement accounting controls that provide some level of checks and balances. That is because you are able to divide certain tasks over the people available to achieve some segregation of duties. For those tasks that are decentralized, it may be more difficult to provide for proper segregation of duties. Therefore, fewer people involved in most or all aspects of a transaction, you lose the ability to rely on the controls to achieve the safeguarding of assets and reliability of financial records.

As auditors, we are required to communicate with you on a variety of topics. Since there is now more emphasis on internal controls and management's responsibilities, we believe it is appropriate to make sure that you are informed about the possibility that a lack of segregation of duties that may occur at departments or locations that handle cash or do miscellaneous billing. The County has a number of decentralized departments and / or locations that may fit this situation.

As auditors, we are required to focus on the financial statements at a highly summarized level and our audit procedures support our opinion on those financial statements. While we do evaluate internal controls at some decentralized departments each year, departments or locations that handle relatively smaller amounts of money are not the primary focus of our audit. It is not unusual to have a lack of segregation of duties within some of these decentralized departments and, therefore, the opportunity for loss is higher there than in centralized functions that have more controls.

Because management is responsible for designing and implementing controls and procedures to detect and prevent fraud, we believe that is important for us to communicate this information to you. We have no knowledge of any fraud that has occurred or is suspected to have occurred within the County departments. However, your role as the governing body is to assess your risk areas and determine that the appropriate level of controls and procedures are in place. As always, the costs of controls and staffing must be weighed against the perceived benefits of safeguarding your assets.

Without adding staff or splitting up the duties, your own day-to-day contact and knowledge of the operation are also important mitigating factors.

Office of the Comptroller Response

The Office of the Comptroller will continue to send an annual communication to department heads and elected administrators, reminding them of their responsibilities for the design and implementation of controls and procedures to detect and prevent fraud. This communication includes a comment in respect to the need for consideration of segregation of duties within decentralized functions.

NEW ACCOUNTING AND REPORTING REQUIREMENTS

GASB No. 83: Certain Asset Retirement Obligations

The Governmental Accounting Standards Board has issued GASB No. 83 which 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. 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.

The requirements of this Statement were effective for reporting periods beginning after June 15, 2018, however, the required effective date has been postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*.

Office of the Comptroller Response

The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2020 financial statements.

GASB No. 84: Fiduciary Activities

The Governmental Accounting Standards Board has issued GASB No. 84 which is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement 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.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018, however, the required effective date has been postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*.

Office of the Comptroller Response

The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2020 financial statements.

GASB No. 87: Leases

The Governmental Accounting Standards Board has issued GASB No. 87 which is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019, however, the required effective date has been postponed by one and half years with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*.

Office of the Comptroller Response

The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2022 financial statements.

GASB No. 88: Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements

The Governmental Accounting Standards Board has issued GASB No. 88 which is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This statement defines debt for purposes of disclosure in the noted to the 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 also clarifies which liabilities governments should include when disclosing information related to debt.

The requirements of this Statement were effective for reporting periods beginning after June 15, 2018, however, the required effective date has been postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*.

Office of the Comptroller Response

The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2020 financial statements.

GASB No. 89: Accounting for Interest Cost Incurred Before the End of a Construction Period

The Governmental Accounting Standards Board has issued GASB No. 89 which is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement also establishes accounting requirements for interest cost incurred before the end of a construction period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019, however, the required effective date has been postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*.

Office of the Comptroller Response

The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2021 financial statements.

GASB No. 90: Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61

The Governmental Accounting Standards Board has issued GASB No. 90 which is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The statement defines a majority equity interest and specifies the financial reporting for a majority equity interest in a legally separate organization.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018, however, the required effective date has been postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*.

Office of the Comptroller Response

The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2020 financial statements.

GASB No. 91: Conduit Debt Obligations

The Governmental Accounting Standards Board has issued GASB No. 91 which is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The standard achieves these objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020, however, the required effective date has been postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*.

Office of the Comptroller Response

The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2022 financial statements.

GASB No. 92: Omnibus 2020

The Governmental Accounting Standards Board has issued GASB No. 92 which is to enhance the comparability and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were effective for reporting periods beginning after June 15, 2020, however, the required effective date has been postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*.

Office of the Comptroller Response

The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2022 financial statements.

GASB No. 93: Replacement of Interbank Offered Rates

The Governmental Accounting Standards Board has issued GASB No. 93 which is to provide guidance on accounting and financial implications that result from the replacement of an interbank offered rate (IBOR), most notably, the London Interbank Offered Rate (LIBOR).

The requirements of this Statement were effective for reporting periods beginning after December June 15, 2020 and removal of LIBOR as an appropriate benchmark interest rate for periods ending after December 31, 2021. However, the required effective date has been postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*.

Office of the Comptroller Response

The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2022 financial statements.

GASB No. 94: Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The Governmental Accounting Standards Board has issued GASB No. 94 to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Office of the Comptroller Response

The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2023 financial statements.

GASB No. 96: Subscription-Based Information Technology Arrangements

The Governmental Accounting Standards Board has issued GASB No. 96 which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The Statement defines SBITAs, establishes a right to use subscription asset and corresponding subscription liability, provides the capitalization criteria and requires various note disclosures.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Office of the Comptroller Response

The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2023 financial statements.

BAKER TILLY US, LLP'S COMMENTS ON MANAGEMENT RESPONSES

We have evaluated and believe that management's responses included herein are in accordance with Section A.1. of the Guidelines Regarding Resolution of Audits approved by the Finance and Audit Committee.