April 28, 2020

Mr. David Bean  
Director of Research and Technical Activities  
Governmental Accounting Standards Board  
401 Merritt 7  
Norwalk, CT 06856-5116

RE: Postponement of the Effective Dates of Certain Authoritative Guidance (Project No. 3-39)

Dear Mr. Bean:

Denver International Airport, an enterprise fund of the City and County of Denver, Colorado (DEN) has reviewed the Exposure Draft of the Governmental Accounting Standards Board (“GASB”) on Postponement of the Effective Dates of Certain Authoritative Guidance (“Exposure Draft”). DEN sincerely appreciates the efforts taken by the GASB to address the COVID-19 Pandemic’s impact on governmental entities by extending the effective dates for recent statements and implementation guides by one year. DEN supports this approach with one exception. DEN believes a two-year extension would be the most appropriate measure for the implementation of GASB 87 – Lease (“GASB 87”).

As you are aware, the airport industry is directly impacted by GASB 87. The unique relationship with the airlines and other tenants requires airports to adjust the reporting of many facility leases under the new guidance. The process of identifying, quantifying, consolidating, recording and reporting on all the leases has been a massive undertaking.

The COVID-19 Pandemic has also impacted the air travel industry including airports. Air traffic is down as much as 95%. Because of the drastic reduction in air traffic, many tenant’s operations have been significantly impacted. This has led to many tenants requesting relief through either payment deferrals or rent reductions for several months. While other tenants have discontinued operations.

These changes are impacting contracts throughout the aviation industry and may require a reevaluation of the contract terms. The full impact of the COVID-19 Pandemic on DEN’s operations and contractual agreements cannot be assessed until at least 18 to 24 months have passed. Also, the COVID-19 Pandemic has significantly impacted DEN requiring more communication with the users of the financial reports.
The COVID-19 Pandemic coupled with implementing the lessor requirements of GASB 87 within the same year, could yield very complicated and complex communication and interpretation of DEN’s financial reports. DEN believes that extending the lessor requirements for two-years will provide adequate time for the industry to fully understand the financial and operational effects from the COVID-19 Pandemic, appropriately implement GASB 87, and mitigate complex financial reporting.

DEN is very appreciative of the Board’s action to extend the effective dates of the recently adopted GASB standards as well as the Board’s understanding of the impact of the COVID-19 Pandemic on not just the airport industry and governments, but users of the financial reports. As stated above, DEN believes there is justification to postpone the GASB 87 implementation effective date for two-years. DEN appreciates the opportunity by the Board to provide comments regarding the Exposure Draft and will be available to answer any questions the Board may have.

Sincerely,

Michael Biel

Michael P Biel, CPA
Senior Vice President of Accounting

CC: Gisela Shanahan, CFO
    Adam Giombetti, Deputy CFO