

# City of Brighton, Colorado

DECEMBER 31, 2024



# Auditor Communications



# Auditor Communications

Honorable Mayor and Members of the City Council  
City of Brighton, Colorado

We are pleased to have the opportunity to present to you the results of our audit engagement of City of Brighton, Colorado (the City), for the year ended December 31, 2024. The accompanying report presents information regarding the scope of our audit and other matters, which summarizes the results of our audit engagement.

We have audited the financial statements of the City as of and for the year ended December 31, 2024, and have issued our report thereon dated June 9, 2025. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States as well as certain information related to the planned scope and timing of our audit. We have communicated during our meeting with the Mayor and in our letter to you dated April 2, 2025. Professional standards also require that we communicate to you the following information related to our audit.

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



# Auditor Communications

## QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

- Management is responsible for the selection and use of appropriate accounting policies.
- Significant accounting policies are described in Note 1 to the financial statements.
- Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, was implemented during the year.
- No other accounting policies were changed.
- No transactions entered into during the year lacked authoritative guidance or consensus.
- No transactions were recorded out of the period they occurred.
- No instances where a significant accounting practice acceptable under the applicable financial reporting framework isn't appropriate
- No significant unusual transactions noted

## COMMENTS

No additional comments



# Auditor Communications

## QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES (CONTINUED)

### ACCOUNTING ESTIMATES

Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of depreciable lives of property and equipment used to calculate depreciation is based on the assets' estimated useful lives.
- Management's estimate of the net pension assets, liabilities and other post-employment benefits obligations (and their related deferred outflows and inflows) in continuing compliance with Governmental Accounting Standards Board Statements No. 68 and No. 75

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

### DISCLOSURES

The disclosures to the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the users of the financial statements. The most sensitive disclosures affecting the financial statements are:

- Prior Period adjustments Note 1G
- Deposits and investments in Note 3
- Long-term obligations in Note 6
- Retirement obligations in Note 8
- Commitments and contingencies in Note 10



# Auditor Communications



## CORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, communicate them to the appropriate level of management and request their correction.

All adjustments identified and made during the course of the audit are included as an Adjusting Journal Entries Report, attached as Appendix A.

## UNCORRECTED MISSTATEMENTS

We are also required to accumulate all uncorrected misstatements that management has determined are not material, both individually and in the aggregate, to the financial statements taken as a whole.

We identified no uncorrected misstatements during the course of the audit.



# Auditor Communications

## OTHER REQUIRED COMMUNICATIONS

- No circumstances affected the form and content of our independent auditors' report.
- We consulted with our firm-specified personnel regarding the restatements.
- No significant difficulties in dealing with management in performing or completing our audit
- No disagreements with management related to financial accounting, reporting or auditing matters
- Management didn't consult with other independent accountants.
- No other audit findings or issues
- Management representation letter attached

## MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the signed management representation letter dated June 9, 2025. Please refer to the copy of the letter attached as Appendix B.



# Auditor Communications

## OTHER INFORMATION INCLUDED IN ANNUAL REPORTS

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.



# Management Letter



# Management Letter

Honorable Mayor and Members of the City Council  
City of Brighton, Colorado

In planning and performing our audit of the financial statements of City of Brighton, Colorado (the City), as of December 31, 2024, in accordance with auditing standards generally accepted in the United States of America, 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 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 that we consider to be material weaknesses.

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 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 consider the following deficiencies in City's internal control to be material weaknesses:



# Management Letter

## Impact Fee Accounting

Impact Fees are collected by the City on new development. In some cases, those fees are committed for rebates to third parties, if certain events take place based on written agreements. A portion of these fees were erroneously recorded as liabilities in the Impact Fees Fund. Upon further review by management, it was determined that these fees did not constitute a liability at the time of collection because the activity that would require rebate has not occurred. Therefore, these fees should have been recorded as revenue, which would increase the fund balance of the fund and net position in Governmental Activities which required restatement of beginning fund balance and net position. We recommend the City enhance controls over the initial recording of the impact fee transactions to properly account for the transaction.

## Water Rights Accounting and Record Keeping

The City regularly receives dedication of water rights from developers to meet their obligations to provide water for new development. Many of the City's water rights were received over several years and were not reported in the financial statements. In 2024, the City did a review of all water rights and updated the capital asset records to reflect the accurate total of water rights owned by the City. The City's records in the City accounting software did not reconcile with records held the City's utilities department. These dedications should have been recorded as assets and capital contributions at the time they were received, dating back several years. Because they were not recorded, the capital asset and net position balances in the Water Fund were understated. As the amount of the adjustment is material to the financial statements, a prior period adjustment and restatement was necessary. We recommend the City enhance controls over the initial recording of the contributed assets/water rights to properly account for the transaction. We also recommend that accounting records are regularly reconciled to records held by City departments.



# Management Letter

## **Brighton Urban Renewal Authority (BURA) Agreement Accounting**

BURA has several agreements in place to incentivize business growth, often rebating tax increment funds to other organizations. In one of those agreements, funds are kept in investment accounts managed by the City until the other party has met requirements to receive those funds. These bank account balances were previously recorded as liabilities, and contributions to those accounts each year were recorded as expense. Upon further review by management, it was determined that the transfer of funds to those accounts did not constitute an expense and previous accounting was incorrect. The transfer of funds to a restricted cash account did not create a liability as the third party had not completed their requirements to receive the funds. The correct accounting treatment for these transactions is a reclassification to restricted cash with expense being recorded only when funds are distributed and no longer held by the City. The result caused liabilities to be overstated and understated fund balance and net position and requirement a restatement. We recommend the City enhance controls over the initial recording of BURA agreement to properly account for the transactions.



# Management Letter

The following are matters involving internal control that we did not consider to be material weaknesses or significant deficiencies but are offered as opportunities to enhance accounting processes and management's oversight in key areas

## **Interfund Activity**

The City has numerous activities that occur between funds. The initial recording of forgiveness of an interfund loan between the General Fund and Storm Drainage fund erroneously omitted the budgetary impact portion of the transaction (revenue and expense). We recommend the City enhance controls over the recording of the interfund transaction to fully account for the impacts to both the funds balance and budget for each impacted fund.

This information is intended solely for the information and use of Management, the Honorable Mayor and Members of the City Council of the City of Brighton, Colorado and is not intended to be and should not be used by anyone other than these specified parties.

*RubinBrown LLP*

**June 9, 2025**



**Appendix A**  
*Adjusting Journal  
Entries Report*



Client: **35599.0000 - City of Brighton**  
 Engagement: **2024 AUD - City of Brighton**  
 Period Ending: **12/31/2024**  
 Trial Balance: **GASB Fund Trial Balance**  
 Workpaper: **3010 - Adjusting Journal Entries Report**  
 Fund Level: **All**  
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
Entry Provided by City: To record additional period 13 journal entries		3031		
10-11-3100-03016	BUILDING USE TAX		18,407.00	
10-21-3200-03034	CONTRACTOR'S LICENSE		98.00	
10-21-4170-03034	CONTRACTOR'S LICENSE		271.00	
10-21-4170-03038	BUILDING PERMIT		478.00	
10-21-4640-03119	PLAN CHECK FEES		165.00	
21-00-0000-02033	LANDSCAPE ESCROW		77,900.00	
50-00-0000-02046	Hydrant Meter Deposit		7,313.00	
50-30-5600-03221	WATER METERS		1,619.00	
50-30-5600-03227	WATER PLANT INVESTMENT FEES		147,175.00	
50-35-9001-80600	Capitalized Assets--Contra Capital Outlay		759,117.00	
51-00-0000-02110	METRO WASTEWATER CONNECTION FEES		226,320.00	
51-31-6200-03396	SEWER PLANT INVESTMENT FEE - BRIGHTON		6,875.00	
51-35-9001-80600	Capitalized Assets--Contra Capital Outlay		1,518,234.00	
53-32-6600-03249	STORM DRAINAGE IMPACT FEES		183,113.00	
53-32-8980-03573	Erosion and Sediment Control - ESC - Fees		1,000.00	
53-35-9001-80600	Capitalized Assets--Contra Capital Outlay		253,039.00	
10-00-0000-01000	10 Cash pooled fund			19,419.00
21-00-0000-01000	21 Cash pooled fund			77,900.00
50-00-0000-01000	50 Cash pooled fund			156,107.00
50-00-0000-01810	CONSTRUCTION IN PROGRESS			759,117.00
51-00-0000-01000	51 Cash pooled fund			233,195.00
51-00-0000-01810	CONSTRUCTION IN PROGRESS			1,518,234.00
53-00-0000-01000	53 Cash pooled fund			184,113.00
53-00-0000-01810	CONSTRUCTION IN PROGRESS			253,039.00
<b>Total</b>			<b>3,201,124.00</b>	<b>3,201,124.00</b>
<b>Adjusting Journal Entries JE # 2</b>				
To reverse Storm Drainage Loan Forgiveness		3032		
10-00-0000-01503	Interfund Receivable - Storm Water		1,696,000.00	
53-00-0000-01000	53 Cash pooled fund		1,696,000.00	
10-00-0000-01000	10 Cash pooled fund			1,696,000.00
53-00-0000-02260	Interfund Payable - General Fund			1,696,000.00
<b>Total</b>			<b>3,392,000.00</b>	<b>3,392,000.00</b>
<b>Adjusting Journal Entries JE # 3</b>				
To reflect portion of Storm Loan Forgiveness in 2024		3033		
10-53-5000-87053	Transfer to Storm Drainage Fund		113,067.00	
53-00-0000-02260	Interfund Payable - General Fund		113,067.00	
10-00-0000-01503	Interfund Receivable - Storm Water			113,067.00
53-53-3900-03910	Transfer from General Fund			113,067.00
<b>Total</b>			<b>226,134.00</b>	<b>226,134.00</b>
<b>Total Adjusting Journal Entries</b>			<b>6,819,258.00</b>	<b>6,819,258.00</b>
<b>Total All Journal Entries</b>			<b>6,819,258.00</b>	<b>6,819,258.00</b>

**Appendix B**  
*Management  
Representation Letter*





June 9, 2025

RubinBrown LLP  
1900 16th Street  
Suite 1700  
Denver, CO 80202

This representation letter is provided in connection with your audit of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Brighton, Colorado (the City) as of December 31, 2024 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the City in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

We understand we are responsible for management decisions and functions, for designating a qualified employee to oversee any nonattest services you provide, for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit:

#### **Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- 2) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 4) The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the applicable financial reporting framework.
- 5) All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 6) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 7) The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

- 8) With regard to items reported at fair value:
  - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- 9) All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- 10) All funds and activities are properly classified.
- 11) All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- 12) All net position components and fund balance classifications have been properly reported.
- 13) All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 14) All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- 15) All interfund and intra-entity transactions and balances have been properly classified and reported.
- 16) Special items and extraordinary items have been properly classified and reported.
- 17) Deposit and investment risks have been properly and fully disclosed.
- 18) Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- 19) All required supplementary information is measured and presented within the prescribed guidelines.
- 20) Nonexchange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists have been properly recorded, or if we are obligated in any manner, are disclosed.
- 21) With regard to pensions:
  - a. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.
  - b. We are unable to determine the possibility of a withdrawal liability from the plan for which we are a sponsor and are not currently contemplating withdrawing from the plan.
  - c. Increases in benefits, elimination of benefits and all similar amendments have been disclosed in accordance with U.S. GAAP and are included in the most recent actuarial valuation, or disclosed as a subsequent event.
- 22) With respect to the required supplementary information accompanying the financial statements:
  - a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
  - b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
  - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- 23) We acknowledge our responsibility for presenting the combining and individual financial statements and schedules for the nonmajor funds, enterprise funds, internal service funds, and component units; and the local highway finance report (supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have

disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

- 24) When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements ready available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditors' report thereon.
- 25) We are in agreement with the adjusting entries that you have recommended, and they have been posted to the company's accounts.

### **Information Provided**

- 26) We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - b. Additional information that you have requested from us for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- 27) All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 28) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 29) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - d. Management;
  - e. Employees who have significant roles in internal control; or
  - f. Others where the fraud could have a material effect on the financial statements.
- 30) We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
- 31) We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 32) We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 33) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.
- 34) We have a process to track the status of audit findings and recommendations.
- 35) We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 36) We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 37) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 38) We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
- 39) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- 40) The entity has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 41) We have disclosed to you all guarantees, whether written or oral, under which the entity is contingently liable.

- 42) We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- 43) There are no violations or possible violations or laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
- 44) There are no other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB 62.
- 45) We have disclosed to you all known actual or possible litigation, claims and assessment whose effects should be considered when preparing the financial statements.
- 46) The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- 47) We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 48) We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB-62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- 49) We have provided you with:
  - a. A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report;
  - b. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditors' report.
- 50) The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- 51) We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.

DocuSigned by:

*Michael Martinez*

3E9D8A5A011640D

Michael Martinez, City Manager

DocuSigned by:

*Catrina Asher*

F911BA1588344BF

Catrina Asher, Finance Director

DocuSigned by:

*Haley Miller*

58327543A32249B

Haley Miller, Assistant Finance Director