

City of Brighton, Colorado

DECEMBER 31, 2023



Auditor Communications

Auditor Communications

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

We have audited the financial statements of the City of Brighton, Colorado (the City), as of and for the year ended December 31, 2023, and have issued our report thereon dated May 22, 2024. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 22, 2024. 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 Honorable Mayor and Members of the City Council of the City and is not intended to be and should not be used by anyone other than these specified parties.

May 22, 2024

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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.
- No new accounting policies were adopted, and none 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.

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AUDITORS' RESPONSIBILITY UNDER U.S. GENERALLY ACCEPTED AUDITING STANDARDS, GOVERNMENT AUDITING STANDARDS AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (THE UNIFORM GUIDANCE)

Our responsibility, as described by professional standards, is to express an opinion about whether the consolidated financial statements prepared by management with our assistance are fairly presented, in all material respects, in conformity with generally accepted accounting principles and the City complied, in all material respects, with the applicable compliance requirements of its major federal program. Our audit of the consolidated financial statements does not relieve you or management of responsibility for the accuracy of the financial statements.

REPORTS ISSUED BY RUBINBROWN

- Unmodified opinions on the financial statements of the various reporting units for the City for the year ended December 31, 2023.
- A report on the City's internal control over financial reporting and compliance and other matters based upon an audit of the financial statements in accordance with *Government Auditing Standards*.
- Unmodified opinion on the City's compliance for its major federal programs, report on internal control over compliance and report on the schedule of expenditures of federal awards in accordance with the Office of Management and Budget's Uniform Guidance.
- ViewPoints, including required communications and other information.

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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.

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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:

- Deposits and investments in Note 3
- Long-term obligations in Note 6
- Retirement obligations in Note 8
- Commitments and contingencies in Note 10

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CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The attached schedule summarizes uncorrected misstatements, including disclosures, of the financial statements. Management has determined these uncorrected misstatements are not material, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule, included as an appendix, identifies misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

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GENERAL FUND

Description	Increase (Decrease) On Financial Statement Captions If the Following Uncorrected Entries Had Been Recorded						Impact On Future Year Net Income
	Assets	Liabilities	Fund Balance/ Net Position	Revenues	Expenses	Net Income	
General Fund							
To accrue for 4th quarter payment for Joint School Resource office payment	\$ 111,627	\$ —	\$ 111,627	\$ 111,627	\$ —	\$ 111,627	Yes
To accrue for IGA liability related to 120th and US 85 Cost Share	\$ —	\$ 400,000	\$ (400,000)	\$ —	\$ 400,000	\$ (400,000)	Yes
Effect of uncorrected entries for current year	\$ 111,627	\$ 400,000	\$ (288,373)	\$ 111,627	\$ 400,000	\$ (288,373)	

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STORM DRAINAGE FUND

Description	Increase (Decrease) On Financial Statement Captions If the Following Uncorrected Entries Had Been Recorded						Impact On Future Year Net Income
	Assets	Liabilities	Fund Balance/ Net Position	Revenues	Expenses	Net Income	
Storm Drainage							
To account for differences between actual placed in service dates for current year capital assets additions that were erroneously recorded as of 12/1/23.	\$ (423,580)	\$ —	\$ (423,580)	\$ —	\$ 423,580	\$ (423,580)	No
Effect of uncorrected entries for current year	\$ (423,580)	\$ —	\$ (423,580)	\$ —	\$ 423,580	\$ (423,580)	

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GOVERNMENTAL ACTIVITIES

Description	Increase (Decrease) On Financial Statement Captions If the Following Uncorrected Entries Had Been Recorded						Impact On Future Year Net Income
	Assets	Liabilities	Fund Balance/ Net Position	Revenues	Expenses	Net Income	
Governmental Activities							
To account for differences between actual placed in service dates for current year capital assets additions that were erroneously recorded as of 12/1/23.	\$ (1,298,302)	\$ —	\$ (1,298,302)	\$ —	\$ 1,298,302	\$ (1,298,302)	No
Effect of uncorrected entries for current year	\$ (1,298,302)	\$ —	\$ (1,298,302)	\$ —	\$ 1,298,302	\$ (1,298,302)	

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WATER FUND

Description	Increase (Decrease) On Financial Statement Captions If the Following Uncorrected Entries Had Been Recorded						Impact On Future Year Net Income
	Assets	Liabilities	Fund Balance/ Net Position	Revenues	Expenses	Net Income	
Water Fund							
To account for differences between actual placed in service dates for current year capital assets additions that were erroneously recorded as of 12/1/23.	\$ (161,820)	\$ —	\$ (161,820)	\$ —	\$ 161,820	\$ (161,820)	No
Effect of uncorrected entries for current year	\$ (161,820)	\$ —	\$ (161,820)	\$ —	\$ 161,820	\$ (161,820)	

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AGGREGATE COMPONENT UNITS

Description	Increase (Decrease) On Financial Statement Captions If the Following Uncorrected Entries Had Been Recorded						Impact On Future Year Net Income
	Assets	Liabilities	Fund Balance/ Net Position	Revenues	Expenses	Net Income	
BCAC Fund							
BCAC Opening Balance Adjustment	\$ —	\$ (47,122)	\$ 47,122	\$ 80,477	\$ —	\$ 80,477	No
Effect of uncorrected entries for current year	\$ —	\$ (47,122)	\$ 47,122	\$ 80,477	\$ —	\$ 80,477	

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OTHER REQUIRED COMMUNICATIONS

MANAGEMENT REPRESENTATIONS

- No circumstances affected the form and content of our independent auditors' report.
- We consulted with our firm-specified personnel regarding major single audit program selection.
- 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.

We have requested certain representations from management that are included in the signed management representation letter dated May 22, 2024. Please refer to the copy of the letter attached as Appendix B.

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OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

COMMENTS

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

No material weaknesses in internal control over financial reporting or compliance findings were identified as a result of these procedures.

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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.

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SINGLE AUDIT

COMMENTS

During the year ended December 31, 2023, the City expended greater than \$750,000 of federal awards. Accordingly, we performed a single audit pursuant to the audit requirements of the Uniform Guidance.

The federal program selected as a major program during the single audit was:

- COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ALN 21.027)

We identified a significant deficiency in internal control over reporting compliance as a result of these procedures.

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, 2023, 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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated May 22, 2024 on the financial statements of the City. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Management Letter

Employee File Periodic Review

We noted there was certain documentation missing from employee files as a result of changes in regulations over time. We recommend a periodic review of employee files for compliance with the most current regulations.

Intergovernmental Agreement Listing

We noted there is no comprehensive listing of active or current contracts and Intergovernmental Agreements (IGAs) available. A listing of all IGAs is available with the Clerk but whether the agreement is active is not tracked and value of the agreement is not easily located. We recommend the City maintain a comprehensive listing of active contracts and agreements with value and timing identified.

Escrow Balance And Agreement Listing

We noted the City did not have a detailed list of escrow balances held. We recommend the City maintain a list of deposits made by developer in order to cross reference refunds and/or recognize revenue for funds that will not be refunded.

Management Letter

Sales Tax Reconciliation Documentation

We noted that the City did not have a documented control over sales tax reconciliations. The City appears to be completing reviews; however, no documentation of this process is present. We recommend the City add documentation of review to their sales tax reconciliation process.

The purpose of this communication is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP
May 22, 2024

Appendix A Adjusting Journal Entries Report

DocuSign Envelope ID: 80869290-FE3D-473E-9E2C-1061972A4677

Client	2024-2025 - City of Brighton				
Account	2024-2025 - Sales Tax				
Reporting Period	12/31/2023				
Total Balance	6459 Tax Prior Balance				
File Name	2024-2025 Adjusting Journal Entries Report				
File Type	PDF				
File Size	4K				
File Date	4/11/2024				
Amount	AP	Description	W/P Ref	Date	Code
Adjusting Journal Entries					
Adjusting Journal Entries # 1					
Payment for [Item] they've not been correctly			PKC		
1/20/2024				6/10/24	
1/20/2024				6/10/24	
Total				6/10/24	6/10/24
Adjusting Journal Entries # 4					
Payment for [Item] they've not been correctly			36174		
1/20/2024		Professional-Computer Services		1/10/24	
1/20/2024		Professional-Computer Services		1/10/24	
1/20/2024		Professional-Transportation		1/10/24	
1/20/2024		Professional-Transportation		1/10/24	
Total				12/10/24	12/10/24
Adjusting Journal Entries # 5					
Payment for [Item] they've not been correctly			PKC		
1/20/2024		Professional-Computer Services		1/10/24	
1/20/2024		Professional-Computer Services		1/10/24	
1/20/2024		Professional-Transportation		1/10/24	
1/20/2024		Professional-Transportation		1/10/24	
Total				12/10/24	12/10/24
Total Adjusting Journal Entries					
Total of Journal Entries					

DocuSign Envelope ID: 80869290-FE3D-473E-9E2C-1061972A4677



May 22, 2024

RubinBrown LLP
1900 16th Street
Suite 300
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, 2023 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 nonaudit 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.

Appendix B Management Representation Letter

Check: 2020/001 - City of Eugene
 Deposit No: 2020/001 - City of Eugene
 Period Ending: 03/31/2020
 Total Deposits: 6439 Four Four Dollars
 Withdrawals: 2014 Membership Renewal Entries Report
 Total Loans: 00
 Entry: 00

Account	Description	W/P Bal	Debit	Credit
Reconciling Journal Entries				
Reconciling Journal Entries at 3/31		286.00		
2014 Membership Renewal			174.00	
2014 New Member Payroll				112.00
Total		<u>286.00</u>	<u>174.00</u>	<u>112.00</u>
	Total Reconciling Journal Entries	<u>286.00</u>	<u>174.00</u>	<u>112.00</u>
	Total All Journal Entries	<u>286.00</u>	<u>174.00</u>	<u>112.00</u>