

Housing Authority of the City of Brighton

**Financial Statements and Supplementary Information
with
Independent Auditor's Reports**

Year Ended December 31, 2019

Table of Contents

	Page
Management’s Discussion and Analysis	i-v
Independent Auditor’s Report	1
Financial Statements	
Statement of Net Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Supplementary Information	
Combining Schedule of Program Net Position	18
Combining Schedule of Program Revenue, Expense and Changes in Net Position	19
Combining Schedule of Cash Flows	20
REAC Submission (Financial Data Schedule)	21
Schedule of Expenditures of Federal Awards	24
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	25
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	27
Schedule of Findings, Questioned Costs and Recommendations	29

HOUSING AUTHORITY OF THE CITY OF BRIGHTON
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
DECEMBER 31, 2019

As management of the Housing Authority of the City of Brighton, Colorado (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements.

Financial Highlights

- The term "Net Position" refers to the difference between assets and liabilities. The Authority's total net position as of December 31, 2019 was \$3,332,367. The net position decreased by (\$213,894), a decrease or (-6%) over the prior year. Of this amount, \$3,507,907 was reported as "unrestricted". Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities.
- Operating income for the Authority was \$3,142,377 for the year ended December 31, 2019. This was a decrease of (\$628,128) or (17%) over the prior year.
- Operating expenses for the Authority were \$2,454,958 for the year ended December 31, 2019. This was an increase of \$292,522 or 14% from the prior year.

Using the Financial Statements

The Financial Statements consist of Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Authority as an entire operating entity, and they are reported on a full accrual basis where income is reported when earned and expenses are reported as incurred.

The Statement of Net Position – Proprietary Funds presents information on all the Authority assets and liabilities. Under GASB 34, as amended, the difference between a PHA's assets and liabilities is Net Position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds show the reader operating revenues and expenses by fund and for the Authority as a whole. This statement shows the reader operating profit/loss before grants and transfers between funds to demonstrate profitability before assistance.

A fund is a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and net position and changes therein, which are segregated

for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or restrictions.

The Statement of Cash Flows – Proprietary Funds provides our third statement which converts our accrual accounting to cash to let the reader know by fund and as a whole how the Authority increased or decreased our cash position during the year and what the sources or uses of the cash were.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements and can be found immediately after the financial statements in the audit report.

CONDENSED STATEMENTS OF NET POSITION

	<u>FY 2019</u>	<u>FY 2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 2,473,790	\$ 2,109,892	\$ 363,898	17%
Notes Receivable	1,979,000	1,937,500	41,500	2%
Capital assets	11,853,277	11,897,128	(43,851)	0%
Total Assets	<u>16,306,067</u>	<u>15,944,520</u>	<u>361,547</u>	<u>2%</u>
Current liabilities	709,234	652,158	57,076	9%
Non-current liabilities	11,549,673	11,746,101	(196,428)	-2%
Total Liabilities	<u>12,258,907</u>	<u>12,398,259</u>	<u>(139,352)</u>	<u>-1%</u>
Deferred inflows of resources	714,793	-	714,793	100%
Net Position				
Net Investments in Capital				
Assets	(1,012,027)	(1,164,308)	152,281	-13%
Restricted	834,487	905,473	(70,986)	-8%
Unrestricted	3,509,907	3,805,096	(295,189)	-8%
Total Net Position	<u>\$ 3,332,367</u>	<u>\$ 3,546,261</u>	<u>\$ (213,894)</u>	<u>-6%</u>

- Total assets increased by \$361,547, the majority of the increase was in current and other assets of \$363,898 and notes receivable of \$41,500, a decrease in capital assets of (\$43,851).
- Current and other assets increased by 363,898, the majority of the increase were in unrestricted cash and Investments of \$428,700. Restricted cash decreased by (\$71,497), the off-set between unrestricted and restricted cash was \$357,203. Taxes and Insurance Escrow increased by \$506. Tenant accounts receivable increased by \$902, pre-paid expenses increased by \$4,755 and other accounts receivable decreased by (\$188), and an increase in tenant notes receivable of \$720.

There was an increase in Notes Receivable of \$41,500. The Authority received a Housing Development Grant of \$41,500 that was loaned to the Windmill Ranch tax credit project.

- The increase in net capital assets reflects the Authority's investment in capital assets (e.g. land, buildings and equipment) less depreciation. Capital Assets had a decrease of (\$43,851).
- Current liability increased by \$57,076 from the prior year includes an increase of \$49,194 in the amount payable to vendors and contractors which is merely the result of the timing of payments made, an increase of \$1,852 in current mortgage payable from the prior year and (\$3,159) decrease in security deposit liability. The accrued current compensated absences increased by \$9,189.
- The long-term liabilities decreased by (\$196,428) a decrease in mortgage payable of (\$197,984) and an increase in compensated absences of \$1,556
- Total Net Position decreased by (\$213,894).

**CONDENSED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating Revenues				
Rental	1,774,559	1,693,245	81,314	5%
Grants and Contributions	0	909,018	(909,018)	-100%
Other	1,367,818	1,168,242	199,576	17%
Total Operating Revenue	\$ 3,142,377	\$ 3,770,505	\$ (628,128)	-17%
 Total Operating Expenses	 2,454,958	 2,162,433	 292,525	 14%
 Net Operating Income (Loss)	 687,419	 699,054	 (11,635)	 -2%
 Net Non-Operating Rev/Exp	 (857,685)	 317,928	 (1,175,613)	 -370%
Transfers in (out)				
Equity Transfers in (out)	(43,628)	0	(43,628)	-100%
 Change in Net Position	 (213,894)	 1,016,982	 (1,230,876)	 -121%
 Net Position - Beginning	 3,546,261	 2,529,279	 1,016,982	 40%
 Net Position - Ending	 \$ 3,332,367	 \$ 3,546,261	 \$ (213,894)	 -6%

- Rental income increased \$81,314 due to yearly rent increases on the existing units. The grants and contributions decreased by (\$909,018), the Authority did not receive any Housing Community Development or Home Grants in 2019.
- Other income increased by \$199,576, other income includes project design and development fees, donations, portability administrative fee revenue, fraud recovery fees and tenant charges.
- Operating expenses were \$2,454,958 for 2019 fiscal year and \$2,162,433 for 2018 fiscal year, an increase of \$292,525. The Authority continues to implement control to ensure that budget versus actual revenue and expenses are in line and analyzing how to lower costs in all departments on a weekly basis.
- The (\$1,230,876) change in net position at the end of 2019 was due to an increase in net operating revenue of \$687,419 and a decrease in net non-operating revenue of (\$857,685) and an equity transfer out of \$43,628.

Capital Assets

CAPITAL ASSETS

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Non-Depreciable Assets				
Land	1,556,341	1,556,341	0	0%
Construction in Progress	201,710	8,467	193,243	2282%
Total Assets, not being				
Depreciated	<u>1,758,051</u>	<u>1,564,808</u>	<u>193,243</u>	<u>-98%</u>
Depreciable Assets				
Land Improvements	20,726	20,726	0	0%
Buildings	11,787,342	11,687,396	99,946	1%
Equipment	38,377	37,877	500	1%
Total Capital Assets	<u>\$ 11,846,445</u>	<u>\$ 11,745,999</u>	<u>100,446</u>	<u>1%</u>
Less Depreciation	<u>(1,751,219)</u>	<u>(1,413,679)</u>	<u>(337,540)</u>	<u>24%</u>
Net Capital Asses	<u>\$ 11,853,277</u>	<u>\$ 11,897,128</u>	<u>(43,851)</u>	<u>0%</u>

As of December 31, 2019, the Authority had \$11,853,277 invested in capital assets, including buildings and improvements and equipment. As of December 31, 2018, this amount was \$11,897,128. The decrease in Capital Assets from 2018 to 2019 was (\$43,851), land remained the same and buildings increased by \$99,946. The depreciation expense increase this year was \$337,540 and an increase of \$193,243 in construction in progress.

Debt Administration

As of December 31, 2019 and 2018, the Authority had mortgage debt of \$11,715,320 and \$11,911,436 respectively. Details of the mortgages can be found in Note #7 of the financial statements.

Fund Analysis

- Rental Assistance Demonstration (RAD) – Currently owns and operates 12 RAD units. The fund has a net position of \$506,516 which \$372,945 is net investments in capital assets, and \$74,778 in unrestricted net position. The main sources of revenues are rental charges to tenants, project based voucher revenue and other income such as interest and repairs.
- Development – Owns/operates 37 units of housing for low-income individuals and families utilizing various revenue sources. The fund has a net position of \$2,668,362 which (\$753,158) are net investments in capital assets, and \$3,400,311 in unrestricted net position. The main sources of revenues are rental charges to tenants and other income such as development fees, design fees, cash flow from tax credit project and interest.
- Section 8 Housing Choice Vouchers – Provided on average 215 rental vouchers for low-income clients. The fund has restricted net position of \$2,005 and unrestricted net position of \$98,755. The Authority also receives administrative fees as part of this program.
- Hughes Station Apartments – Owns/operates 120 unit affordable housing tax credit property. The fund has a net position of \$56,729 which (\$631,814) are net investments in capital assets, and (\$65,937) in unrestricted net position. The main sources of revenues are rental charges to tenants and other income such as interest and repairs.


Requests for Information


The financial report is designed to provide a general overview of the Housing Authority of the City of Brighton's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

The Housing Authority of the City of Brighton
22 South 4th Avenue, Suite 202
Brighton, Colorado 80601



1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Housing Authority of the City of Brighton
Brighton, Colorado

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of the Housing Authority of the City of Brighton (the Authority) as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component units of the Housing Authority of the City of Brighton, as of December 31, 2019 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



An independently owned member
RSM US Alliance



Other-Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

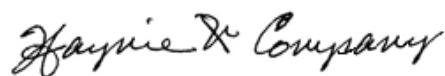
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Housing Authority of the City of Brighton's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and as also not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2020, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Littleton, Colorado
July 21, 2020

Housing Authority of the City of Brighton
Statement of Net Position
December 31, 2019

	Type Activities	Discretely Presented Component Units	
		Southern & Main I LLC	Southern & Main II LLC
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1,501,066	\$ 211,642	\$ 285,972
Restricted cash	810,250	44,269	212,129
Accounts receivable, net:			
Tenants	53,705	412	966
Other	71,177	-	33,801
Taxes and insurance escrow	26,237	20,095	20,874
Prepaid expenses	5,998	23,992	33,911
Notes receivable - tenants	5,357	-	-
Other assets	-	7,044	72,113
Total Current Assets	<u>2,473,790</u>	<u>307,454</u>	<u>659,766</u>
Noncurrent Assets:			
Note receivable	1,979,000	-	-
Capital assets, net	11,853,277	2,559,839	10,681,060
Total noncurrent assets	<u>13,832,277</u>	<u>2,559,839</u>	<u>10,681,060</u>
Total Assets	<u>\$16,306,067</u>	<u>\$ 2,867,293</u>	<u>\$11,340,826</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 394,696	\$ 17,094	\$ 96,159
Accrued wages and compensated absences	39,230	-	-
Security deposits	77,324	21,646	18,593
Current portion of long-term debt	197,984	61,837	35,241
Total current liabilities	<u>709,234</u>	<u>100,577</u>	<u>149,993</u>
Long-Term Liabilities:			
Mortgages payable	11,517,320	1,745,123	2,060,729
Compensated absences	32,353	-	-
Total long-term liabilities	<u>11,549,673</u>	<u>1,745,123</u>	<u>2,060,729</u>
Total Liabilities	<u>12,258,907</u>	<u>1,845,700</u>	<u>2,210,722</u>
Deferred Inflows of Resources			
Unearned revenues	714,793	177,676	177,200
Total deferred inflows of resources	<u>714,793</u>	<u>177,676</u>	<u>177,200</u>
Net Position			
Net investment in capital assets	(1,012,027)	814,716	8,620,331
Restricted	836,487	64,364	233,003
Unrestricted	3,507,907	(35,163)	99,570
Total Net Position	<u>\$ 3,332,367</u>	<u>\$ 843,917</u>	<u>\$ 8,952,904</u>

The accompanying notes are an integral part of these financial statements.

Housing Authority of the City of Brighton
Statement of Activities
For the Year Ended December 31, 2019

	Business-Type Activities	Discretely Presented Component Units	
		Southern & Main I LLC	Southern & Main II LLC
Operating Revenues:			
Rental income	\$ 1,707,484	\$ 539,425	\$ 547,649
Other revenues	1,434,893	45,089	11,841
Total Operating Revenues	<u>3,142,377</u>	<u>584,514</u>	<u>559,490</u>
Operating Expenses:			
Administrative	1,047,086	74,238	68,901
Utilities	193,833	40,128	33,858
Repairs and maintenance	303,644	68,685	53,090
General expenses	572,855	125,820	181,950
Depreciation	<u>337,540</u>	<u>403,165</u>	<u>480,727</u>
Total Operating Expenses	<u>2,454,958</u>	<u>712,036</u>	<u>818,526</u>
Operating Income (Loss)	<u>687,419</u>	<u>(127,522)</u>	<u>(259,036)</u>
Non-Operating Revenues (Expenses):			
HUD contribution	2,418,527	-	-
Housing assistance payments	(2,252,866)	-	-
HAP portability	(653,475)	-	-
Capital grants	41,500	-	-
Debt forgiveness	-	-	-
Interest revenues	25,570	-	247
Non-operating fees	(15,293)	-	-
Interest expense	<u>(421,648)</u>	<u>(111,664)</u>	<u>(105,060)</u>
Net non-operating revenues (expenses)	<u>(857,685)</u>	<u>(111,664)</u>	<u>(104,813)</u>
Transfers in (out)			
Equity transfers	<u>(43,628)</u>	<u>-</u>	<u>-</u>
Total transfers in (out)	<u>(43,628)</u>	<u>-</u>	<u>-</u>
Change in net position	(213,894)	(239,186)	(363,849)
Net position, beginning of year	<u>3,546,261</u>	<u>1,083,103</u>	<u>9,316,753</u>
Net position, end of year	<u>\$ 3,332,367</u>	<u>\$ 843,917</u>	<u>\$8,952,904</u>

The accompanying notes are an integral part of these statements.

Housing Authority of the City of Brighton
Statement of Cash Flows
For the Year Ended December 31, 2019

	Business-Type Activities
Cash Flows from Operating Activities:	
Cash received from customers	\$ 3,117,998
Cash paid to suppliers for goods and services	(1,005,452)
Cash paid to employees	(1,048,566)
Net Cash From Operating Activities	1,063,980
Cash Flows from Capital and Related Financing Activities:	
Capital grants	(461,607)
Capital asset additions	(301,905)
Debt proceeds	-
Debt principal paid	(196,132)
Interest paid	(421,648)
Other revenues	714,793
Net Cash From Capital and Related Financing Activities	(666,499)
Cash Flows from Investing Activities:	
Interest received	25,570
Notes receivable issued	(42,220)
Principal received	(43,628)
Net Cash From Investing Activities	(60,278)
Net Change in Cash and Cash Equivalents	337,203
Cash and Cash Equivalents—beginning of year	1,974,113
Cash and Cash Equivalents—end of year	\$ 2,311,316
Reconciliation of Net Operating Income to Net Cash From Operating Activities:	
Operating income (loss)	\$ 687,419
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	337,540
Loss on disposal of assets	8,216
Changes in assets and liabilities:	
Accounts receivable	(20,714)
Prepaid expenses	(4,755)
Accounts payable	49,194
Deposits held	(3,665)
Other liabilities	10,745
Total Adjustments	376,561
Net Cash From Operating Activities	\$ 1,063,980
Non-cash transactions	
None	

The accompanying notes are an integral part of these financial statements.

Housing Authority of the City of Brighton

Notes to Financial Statements

December 31, 2019

1. Organization

Reporting Entity

Housing Authority of the City of Brighton (the Authority) was established to provide affordable housing in Brighton, Colorado. The Authority has entered into annual contracts with the U.S. Department of Housing and Urban Development (HUD) to be the administrator of Section 8 Housing Assistance and HUD Rental Assistance Demonstration (RAD) programs. The entity is a public corporation fiscally independent and governed by the Board of Commissioners.

The Authority has four component units (RAD, Hughes Station, Southern & Main I LLC, and Southern & Main II LLC) in accordance with GASBS No. 14, as modified by GASBS No. 61 and GASBS No. 80. RAD and Hughes Station qualify as blended component units and are blended into the primary government's financial statements in a manner similar to a department or activity of the primary government. Southern & Main I LLC and Southern & Main II LLC qualify as discretely presented component units and are presented as separate columns in the financial statements to emphasize that they are legally separate from the Authority.

2. Summary of Significant Accounting Policies

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the Authority as a whole. The reporting information includes all of the non-fiduciary activities of the Authority. The effect of inter-fund activity has been removed from these statements. These statements distinguish between the governmental and business-type activities of the Authority. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Authority had no governmental or fiduciary activities.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Authority. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings result from non-exchange transactions or ancillary activities.

Housing Authority of the City of Brighton
Notes to Financial Statements (continued)
December 31, 2019

2. Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Under the terms of grant agreements, the Authority funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the programs. It is the Authority's policy to first apply cost- reimbursement grant resources to such programs and then general revenues.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

The Authority reports one major proprietary fund consisting of the following programs:

The *Section 8 Vouchers Program* accounts for the financial activities of the Authority's housing choice voucher program.

The *Development Program* accounts for the acquisition and development of affordable housing utilizing various revenue sources.

The *RAD Program Fund* is a blended component unit of the Authority, in accordance with Governmental Accounting Standards and HUD guidance. The RAD Program Fund accounts for HUD Rental Assistance Demonstration (RAD) program activities.

The *Hughes Station Fund* is a blended component unit of the Authority, in accordance with Governmental Accounting Standards and HUD guidance. The Hughes Station Fund accounts for the Hughes Station rental program activities.

Housing Authority of the City of Brighton
Notes to Financial Statements (continued)
December 31, 2019

2. Summary of Significant Accounting Policies (continued)

The Authority also reports the following discretely presented component units:

Southern & Main I LLC entered into a limited partnership with Transamerica Life Insurance Company (subsequently transferred to Garnet LIHTC Fund XXXII, LLC) and Transamerica Affordable Housing, Inc. to form HC Brighton Senior I LP, which operates a 60 unit project.

Southern & Main II LLC entered into a limited partnership with Garnet LIHTC Fund XX, LLC and Transamerica Affordable Housing, Inc. (both subsequently transferred to Garnet LIHTC Fund XLVII, LLC) to form HC Brighton Senior II LP, which operates a 63 unit project.

Assets, Liabilities and Fund Equity

Cash, cash equivalents, and investments - Cash equivalents include investments with original maturities of three months or less. Investments are reported at fair value.

For the purposes of the statement of cash flows, the Authority considers cash and cash equivalents to be all cash on hand, cash on demand deposit and highly liquid investments with a maturity of three months or less when purchased.

HUD requires Authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital assets - Capital assets, which include sites, site improvements, buildings and improvements, transportation, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add value to the asset or materially extend the asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight line method over the following estimated useful lives:

<u>Asset type</u>	<u>Years</u>
Buildings and improvements	15-40
Equipment	5-15

Housing Authority of the City of Brighton
Notes to Financial Statements (continued)
December 31, 2019

2. Summary of Significant Accounting Policies (continued)

If proprietary fund assets are constructed, interest is capitalized on the assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Compensated absences - It is the Authority's policy to permit employees to accumulate a limited amount of earned but unused sick pay benefits, which will be paid to employees upon separation from Authority. All compensated absence liabilities are accrued when incurred in the government-wide financial statements.

Deferred revenues - Deferred revenues include grants for which the Authority has received funding but allowable expenditures have not yet been incurred.

Long-term obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities.

Net position/Fund equity - Net position in the government-wide financial statements are classified as invested in capital assets, net of related debt, and unrestricted.

Revenues and Expenditures/Expenses

Revenues and expenses - Revenues and expenses of proprietary funds are recognized in essentially the same manner as in commercial accounting. Proprietary funds distinguish operating revenues and expenses from non-operating activities. Operating revenues and expenses generally result from providing goods and services and producing and delivering goods in connection with the principal ongoing operation. The Authority does not consider grant receipts as operating revenue.

3. Cash and Investments

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. The PDPA specifies eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance ("FDIC") on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value equal to at least 102 percent of the uninsured deposits.

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Housing Authority of the City of Brighton
Notes to Financial Statements (continued)
December 31, 2019

3. Cash and Investments (continued)

The Authority is governed by the deposit and investment limitations of state law. The deposits and investments held at December 31, 2019, and reported at fair value, are as follows:

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Deposits:		
Demand deposits	\$ 2,311,316	\$ 497,614
Cash held by fiscal agents	<u>26,237</u>	<u>297,367</u>
Total deposits	<u>\$ 2,337,553</u>	<u>\$ 794,981</u>

Reconciliation to Statement of Net Position

Current:	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Cash and cash equivalents	\$ 1,501,066	\$ 497,614
Restricted cash	810,250	256,398
Taxes and insurance escrows	<u>26,237</u>	<u>40,969</u>
Total cash and equivalents	<u>\$ 2,337,553</u>	<u>\$ 794,981</u>

Custodial Credit Risk

In the case of deposits, custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Deposits in five financial institutions, reported as cash and cash equivalents had bank balances of \$2,902,440 and carrying balances of \$2,808,930 at December 31, 2019. At December 31, 2019, the Authority had \$879,936 exceeding FDIC coverage at a single institution. That amount was protected under the PDPA as described above.

4. Restricted Cash

The tenant lease agreement requires a security deposit equal to \$50 or the total tenant payment, whichever is greater; HUD regulations require that these funds be held in trust in a separate bank account. Cash is also restricted for replacement reserves and other debt requirements. Cash is restricted as follows:

Section 8 Vouchers	\$ 2,005
Development Program	21,209
RAD program	58,793
Hughes Station	728,243
Discretely presented component units	<u>256,398</u>
	<u>\$1,066,648</u>

Housing Authority of the City of Brighton
Notes to Financial Statements (continued)
December 31, 2019

5. Capital Assets

The following table presents the capital asset activity of the primary government for the year ended December 31, 2019:

	Balance January 1, 2019	Additions	Deletions/ Transfers	Balance December 31, 2019
Capital assets, not being depreciated:				
Land	\$ 1,556,341	\$ -	\$ -	\$ 1,556,341
Construction in progress	<u>8,467</u>	<u>201,710</u>	<u>(8,467)</u>	<u>201,710</u>
Total capital assets, not being depreciated	<u>1,564,808</u>	<u>201,710</u>	<u>(8,467)</u>	<u>1,758,051</u>
Capital assets, being depreciated:				
Land improvements	20,726	-	-	20,726
Buildings and improvements	11,687,396	99,946	-	11,787,342
Equipment	<u>37,877</u>	<u>500</u>	<u>-</u>	<u>38,377</u>
Total capital assets, being depreciated	<u>11,745,999</u>	<u>100,446</u>	<u>-</u>	<u>11,846,445</u>
Less accumulated depreciation for:				
Land improvements	(17,661)	(1,940)	-	(19,601)
Buildings and improvements	(1,358,141)	(335,600)	-	(1,693,741)
Equipment	<u>(37,877)</u>	<u>-</u>	<u>-</u>	<u>(37,877)</u>
Total accumulated depreciation	<u>(1,413,679)</u>	<u>(337,540)</u>	<u>-</u>	<u>(1,751,219)</u>
Net capital assets, being depreciated	<u>10,332,320</u>	<u>(237,094)</u>	<u>-</u>	<u>10,095,226</u>
Total capital assets, net	<u>\$ 11,897,128</u>	<u>\$ (35,384)</u>	<u>\$ (8,467)</u>	<u>\$ 11,853,277</u>

Depreciation was charged to functions/programs as follows:

 Business-type activities:

 Affordable housing

\$ 337,540

Housing Authority of the City of Brighton
Notes to Financial Statements (continued)
December 31, 2019

5. Capital Assets (continued)

The following table presents the capital asset activity of the discretely presented component units for the year ended December 31, 2019:

	Balance January 1, 2019	Additions	Deletions/ Transfers	Balance December 31, 2019
Capital assets, not being depreciated:				
Land	\$ 1,527,000	\$ -	\$ -	\$ 1,527,000
Construction in progress	<u>-</u>	<u>156,356</u>	<u>-</u>	<u>156,356</u>
Total capital assets, not being depreciated	<u>1,527,000</u>	<u>156,356</u>	<u>-</u>	<u>1,683,356</u>
Capital assets, being depreciated:				
Land improvements	1,882,341	-	-	1,882,341
Buildings and improvements	14,994,102	-	-	14,994,102
Furnishings	<u>1,796,986</u>	<u>-</u>	<u>-</u>	<u>1,796,986</u>
Total capital assets, being depreciated	<u>18,673,429</u>	<u>-</u>	<u>-</u>	<u>18,673,429</u>
Less accumulated depreciation for:				
Land improvements	(904,678)	(125,490)	-	(1,030,168)
Buildings and improvements	(4,422,419)	(541,149)	-	(4,963,568)
Furnishings	<u>(914,036)</u>	<u>(208,114)</u>	<u>-</u>	<u>(1,122,150)</u>
Total accumulated depreciation	<u>(6,241,133)</u>	<u>(874,753)</u>	<u>-</u>	<u>(7,115,886)</u>
Net capital assets, being depreciated	<u>12,432,296</u>	<u>(874,753)</u>	<u>-</u>	<u>11,557,543</u>
Total capital assets, net	<u>\$ 13,959,296</u>	<u>\$ (718,397)</u>	<u>\$ -</u>	<u>\$ 13,240,899</u>

Depreciation was charged to functions/programs as follows:

Business-type activities:

Affordable housing

\$ 874,753

Housing Authority of the City of Brighton
Notes to Financial Statements (continued)
December 31, 2019

6. Defined Contribution Pension Plan

The Authority contributes to a single-employer defined contribution money purchase plan established by the City of Brighton. The contribution requirements of the Plan are established by and may be amended by the Brighton City Council. The Authority is required to contribute nine percent of each participant's covered salary to the Plan, and employees must contribute nine percent of covered salaries. During the year ended December 31, 2019, the Authority and employees contributed \$103,716, equal to the required contributions.

7. Long-Term Obligations

The following is a summary of long-term obligation transactions of the primary government for the year ended December 31, 2019:

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019	Current Portion
Business-type activities:					
HOME program	\$ 215,529	\$ -	\$ (1,260)	\$ 214,269	\$ 1,260
TBK Development Mortgage	2,299,634	-	(42,554)	2,257,080	44,055
MJT Properties - Water Work	75,000	-	-	75,000	-
HOME Loan RAD	400,000	-	-	400,000	-
TBK Promissory Note	565,048	-	(10,372)	554,676	10,723
Mile High - Hughes Station	2,127,673	-	(27,777)	2,099,896	29,130
Assumed loans - Hughes Station	<u>6,228,552</u>	<u>-</u>	<u>(114,169)</u>	<u>6,114,383</u>	<u>112,816</u>
Mortgages payable	11,911,436	-	(196,132)	11,715,304	197,984
Compensated absences	<u>60,838</u>	<u>41,542</u>	<u>(30,797)</u>	<u>71,583</u>	<u>32,353</u>
	<u>\$11,972,274</u>	<u>\$ 41,542</u>	<u>\$ (226,929)</u>	<u>\$ 11,786,887</u>	<u>\$ 230,337</u>

Mortgages Payable – Primary Government

The Authority has a loan payable under the HOME program through Adams County which is non-interest bearing, due in installments of \$105 through March 2024. A balloon payment is due in April 2024. The loan is secured by three duplexes.

The Authority has a loan under the Home Investment Partnerships Program (HOME) through Adams County. The loan is non-interest bearing and is deferred until either there is a change in occupancy resulting in a ten percent of greater increase in cash flow over 2012. A reevaluation will occur every five years until the note is paid in full or a loan repayment has begun. The last reevaluation was in 2017. If the loan becomes due, it is the intent of Adams County to commit HOME funds for repayment of the loan in the form of a low-interest loan, with an interest rate not to exceed 3.00% per annum. The loan is secured by real property at 227 North 7th Street.

Housing Authority of the City of Brighton
Notes to Financial Statements (continued)
December 31, 2019

7. Long-Term Obligations (continued)

In 2017, the Authority secured a 20-year note payable to TBK Bank for \$2,340,500 due in monthly installments of \$11,252, including interest at 4.00% per annum, through November 2037. A balloon payment of \$1,115,935 is due in December 2037. The mortgage is secured with the property at 234 N.10th Avenue.

In 2017, the Authority secured a \$75,000 loan from MJT Properties, Inc. secured by Sorrento subdivision property and easements. The note is due in full on May 17, 2022. The loan is interest free unless paid late.

In 2017, the Authority secured a \$2,150,000 loan, secured by Hughes Station. The loan is due in monthly installments of \$12,890, including interest at 6% per annum, through December 2021. A balloon payment of \$2,046,319 is due in December 2021.

In December of 2017, the Authority assumed five loans totaling \$7,789,180 as part of the Hughes Station purchase agreement. One \$526,339 loan was assumed with monthly payments at \$18,029 including interest at 5.6% per annum, through June 2021, and balloon payment of \$501,267 due in November 2021. One loan was assumed at \$5,212,841 with monthly payments of \$27,447 including interest at 3% per annum, through November 2048. One interfund loan was assumed at \$1,150,000 (see Note 8). The remaining loans were two no-interest loans totaling \$900,000, including a \$300,000 note that was paid in full in 2018.

In 2018, the Authority secured a 20-year note payable to TBK Bank for \$569,196 due in monthly installments of \$2,687, including interest at 3.85% per annum, through July 2038. A balloon payment of \$269,227 is due in July 2018. The mortgage is secured with the property located on East Jessup Street.

The following is a summary of the debt service requirements of the Authority to maturity, including balloon payments as scheduled:

For the year ended December 31,	Primary Government Mortgages payable	
	Principal	Interest
2020	\$ 197,984	\$ 415,295
2021	3,289,647	399,363
2022	253,143	249,286
2023	184,155	243,292
2024	398,054	237,363
2025-2029	1,046,412	1,084,530
2030-2034	1,637,822	893,917
2035-2039	2,621,010	569,133
2040-2044	1,067,813	226,767
2045-2048	960,661	58,437
	\$11,715,304	\$ 4,377,383

Housing Authority of the City of Brighton
Notes to Financial Statements (continued)
December 31, 2019

7. Long-Term Obligations (continued)

Total interest expense paid in 2019 was \$421,648, none of which was capitalized.

The following is a summary of long-term obligation transactions of the discretely presented component units for the year ended December 31, 2019:

	Balance			Balance	Current
	January 1,	Additions	Retirements	December 31,	Portion
	2019			2019	
CHFA SMART Loan	\$ 1,424,309	\$ -	\$ (41,442)	\$ 1,382,867	\$ 44,066
CHFA HOF Loan	441,254	-	(17,161)	424,093	17,771
CHFA Permanent Loan	<u>2,129,462</u>	<u>-</u>	<u>(33,492)</u>	<u>2,095,970</u>	<u>35,241</u>
Mortgages payable	<u>\$ 3,995,025</u>	<u>\$ -</u>	<u>\$ (92,095)</u>	<u>\$ 3,902,930</u>	<u>\$ 97,078</u>

Mortgages Payable – Discretely Presented Component Units

Southern & Main I LLC has a SMART loan payable to Colorado Housing and Finance Authority, requiring monthly payments of \$11,514, including interest at 6.89%. The loan matures July 2027 and is secured by a deed of trust on the building.

Southern & Main I LLC holds a HOF loan to Colorado Housing and Finance Authority, requiring monthly payments of \$2,694, including interest at 3.5%. The loan matures July 2027 and is secured by a deed of trust on the building.

Southern & Main II LLC entered into a loan with Colorado Housing and Finance Authority, with a fixed interest rate of 5.10%, requiring monthly payments of principal and interest of \$11,777. The loan matures in September 2047 and is secured by a first deed of trust on the building, among other things.

Housing Authority of the City of Brighton
Notes to Financial Statements (continued)
December 31, 2019

7. Long-Term Obligations (continued)

The following is a summary of the debt service requirements of the discretely presented component units to maturity, including balloon payments as scheduled:

For the year ended December 31,	Discretely presented component units	
	Mortgages payable	
	Principal	Interest
2020	\$ 97,078	\$ 214,738
2021	102,684	209,132
2022	108,631	203,185
2023	114,942	196,874
2024	121,638	190,178
2025-2029	723,966	835,114
2030-2034	963,080	593,305
2035-2039	766,603	311,360
2040-2044	541,234	165,361
2045-2047	363,074	26,738
	\$ 3,902,930	\$ 2,945,985

Total interest expense paid in 2019 was \$216,724, none of which was capitalized.

8. Interfund Loan

DOH/ Adams Home Loan – Related Party Note

The DOH/ Adams Home Loan was originally payable by Hughes Station to the non-profit organization Almost Home, Inc. in the original amount of \$1,150,000 dated September 1, 2002. The position of borrower was assumed by the Hughes Station and the position of lender was assumed by the Authority on December 28, 2017. No principal payments have been made on this note. Annual interest payments at 1% per annum are due 30 days after the end of each year to the extent of Excess Cash Flow, as defined in the loan agreement. The note matures on December 31, 2032 and is secured by a deed of trust.

9. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; job related illnesses and injuries of employees for which the Authority carries commercial insurance. There have been no significant reductions in insurance coverage from those carried in the prior year, and the amount of settlements has not exceeded insurance coverage for any of the past three fiscal years.

Housing Authority of the City of Brighton
Notes to Financial Statements (continued)
December 31, 2019

10. Prior Period Adjustment

In 2019, it was determined that the Authority was the general partner in two partnerships engaged in providing low-income housing. The holdings in these partnerships were the result of a transfer of ownership of each interest in 2018. The financial statements for the year ended December 31, 2018, did not properly present these entities as discretely presented component units. This error in presentation has been corrected but did not result in a restatement of beginning net position.

11. Significant Commitments and Contingencies

Claims and Judgments

The Authority participates in a number of federal programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of December 31, 2019, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Authority.

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The Amendment contains tax, spending, revenue and debt limitations that apply to the State of Colorado, all local governments and special districts.

The Authority considers itself to be an enterprise as defined by TABOR, thus being exempt from the provisions of the Amendment

Housing Authority of the City of Brighton

Supplementary Information

Housing Authority of the City of Brighton
Combining Schedule of Program Net Position
December 31, 2019

	Section 8 Vouchers	Development Program	Blended Component Units		Totals
			RAD	Hughes Station	
Assets					
Current Assets:					
Cash and cash equivalents	\$ 144,342	\$ 1,250,617	\$ 67,404	\$ 38,703	\$ 1,501,066
Restricted cash	2,005	21,209	58,793	728,243	810,250
Accounts receivable, net:					
Tenants	20,143	11,690	11,706	10,166	53,705
Other	-	51,177	20,000	-	71,177
Taxes and insurance escrow	-	-	-	26,237	26,237
Prepaid expenses	176	5,756	66	-	5,998
Notes receivable - tenants	4,957	400	-	-	5,357
Total Current Assets	<u>171,623</u>	<u>1,340,849</u>	<u>157,969</u>	<u>803,349</u>	<u>2,473,790</u>
Noncurrent Assets:					
Notes receivable	-	1,979,000	-	-	1,979,000
Capital assets, net	-	1,793,191	1,327,621	8,732,465	11,853,277
Total noncurrent assets	<u>-</u>	<u>3,772,191</u>	<u>1,327,621</u>	<u>8,732,465</u>	<u>13,832,277</u>
Total Assets	<u>\$ 171,623</u>	<u>\$ 5,113,040</u>	<u>\$1,485,590</u>	<u>\$9,535,814</u>	<u>\$16,306,067</u>
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 70,863	\$ 240,744	\$ 13,605	\$ 69,484	\$ 394,696
Accrued wages and compensated absences	-	39,230	-	-	39,230
Security deposits	-	21,209	10,793	45,322	77,324
Current portion of long-term debt	-	45,315	10,723	141,946	197,984
Total current liabilities	<u>70,863</u>	<u>346,498</u>	<u>35,121</u>	<u>256,752</u>	<u>709,234</u>
Long-Term Liabilities:					
Mortgages payable	-	2,501,034	943,953	8,072,333	11,517,320
Interfund due to (from)	-	(1,150,000)	-	1,150,000	-
Compensated absences	-	32,353	-	-	32,353
Total long-term liabilities	<u>-</u>	<u>1,383,387</u>	<u>943,953</u>	<u>9,222,333</u>	<u>11,549,673</u>
Total Liabilities	<u>70,863</u>	<u>1,729,885</u>	<u>979,074</u>	<u>9,479,085</u>	<u>12,258,907</u>
Deferred Inflows of Resources					
Unearned revenues	-	714,793	-	-	714,793
Total deferred inflows of resources	<u>-</u>	<u>714,793</u>	<u>-</u>	<u>-</u>	<u>714,793</u>
Net Position					
Net investment in capital assets	-	(753,158)	372,945	(631,814)	(1,012,027)
Restricted	2,005	21,209	58,793	754,480	836,487
Unrestricted	98,755	3,400,311	74,778	(65,937)	3,507,907
Total Net Position	<u>\$ 100,760</u>	<u>\$ 2,668,362</u>	<u>\$ 506,516</u>	<u>\$ 56,729</u>	<u>\$ 3,332,367</u>

The accompanying notes are an integral part of these financial statements.

Housing Authority of the City of Brighton
Combining Schedule of Statements of Activities
For the Year Ended December 31, 2019

	Section 8 Vouchers	Development Program	Blended Component Units		Totals
			RAD	Hughes Station	
Operating Revenues:					
Rental income	\$ -	\$ 348,745	\$ 124,681	\$ 1,234,058	\$ 1,707,484
Other revenues	702,507	661,481	1,859	69,046	1,434,893
Total Operating Revenues	<u>702,507</u>	<u>1,010,226</u>	<u>126,540</u>	<u>1,303,104</u>	<u>3,142,377</u>
Operating Expenses:					
Administrative	163,062	609,942	49,173	224,909	1,047,086
Utilities	-	39,882	9,222	144,729	193,833
Repairs and maintenance	-	43,906	10,403	249,335	303,644
General expenses	16,371	267,231	112,553	176,700	572,855
Depreciation	-	62,757	72,898	201,885	337,540
Total Operating Expenses	<u>179,433</u>	<u>1,023,718</u>	<u>254,249</u>	<u>997,558</u>	<u>2,454,958</u>
Operating Income	<u>523,074</u>	<u>(13,492)</u>	<u>(127,709)</u>	<u>305,546</u>	<u>687,419</u>
Non-Operating Revenues (Expenses):					
HUD contribution	2,418,527	-	-	-	2,418,527
Housing assistance payments	(2,252,866)	-	-	-	(2,252,866)
HAP portability	(653,475)	-	-	-	(653,475)
Capital grants	-	41,500	-	-	41,500
Debt forgiveness	-	-	-	-	-
Interest revenues	250	24,640	-	680	25,570
Non-operating fees	-	(15,293)	-	-	(15,293)
Interest expense	-	(92,474)	(21,871)	(307,303)	(421,648)
Net non-operating revenues (expenses)	<u>(487,564)</u>	<u>(41,627)</u>	<u>(21,871)</u>	<u>(306,623)</u>	<u>(857,685)</u>
Transfers in (out)					
Equity transfers	-	65,442	-	(109,070)	(43,628)
Total transfers in (out)	<u>-</u>	<u>65,442</u>	<u>-</u>	<u>(109,070)</u>	<u>(43,628)</u>
Change in net position	35,510	10,323	(149,580)	(110,147)	(213,894)
Net position, beginning of year	<u>65,250</u>	<u>2,658,039</u>	<u>656,096</u>	<u>166,876</u>	<u>3,546,261</u>
Net position, end of year	<u>\$ 100,760</u>	<u>\$2,668,362</u>	<u>\$ 506,516</u>	<u>\$ 56,729</u>	<u>\$ 3,332,367</u>

The accompanying notes are an integral part of these statements.

Housing Authority of the City of Brighton
Combining Statement of Cash Flows
For the Year Ended December 31, 2019

	Section 8 Vouchers	Development Program	Blended Component Units		Totals
			RAD	Hughes Station	
Cash Flows from Operating Activities:					
Cash received from customers	\$716,358	\$1,009,519	\$ 107,493	\$ 1,284,628	\$ 3,117,998
Cash paid to suppliers for goods and services	(18,701)	(257,247)	(138,761)	(590,743)	(1,005,452)
Cash paid to employees	<u>(135,875)</u>	<u>(681,467)</u>	<u>(35,148)</u>	<u>(196,076)</u>	<u>(1,048,566)</u>
Net Cash From Operating Activities	<u>561,782</u>	<u>70,805</u>	<u>(66,416)</u>	<u>497,809</u>	<u>1,063,980</u>
Cash Flows from Capital and Related Financing Activities:					
Capital grants, net	(487,814)	26,207	-	-	(461,607)
Capital asset additions	-	(201,960)	-	(99,945)	(301,905)
Debt proceeds	-	-	-	-	-
Debt principal paid	-	(43,814)	(10,372)	(141,946)	(196,132)
Interest paid	-	(92,474)	(21,871)	(307,303)	(421,648)
Other revenues	<u>-</u>	<u>714,793</u>	<u>-</u>	<u>-</u>	<u>714,793</u>
Net Cash From Capital and Related Financing Activities	<u>(487,814)</u>	<u>402,752</u>	<u>(32,243)</u>	<u>(549,194)</u>	<u>(666,499)</u>
Cash Flows from Investing Activities:					
Interest received	250	24,640	-	680	25,570
Notes receivable issued	(320)	(41,900)	-	-	(42,220)
Equity transfers	-	65,442	-	(109,070)	(43,628)
Net Cash From Investing Activities	<u>(70)</u>	<u>48,182</u>	<u>-</u>	<u>(108,390)</u>	<u>(60,278)</u>
Net Change in Cash and Cash Equivalents	73,898	521,739	(98,659)	(159,775)	337,203
Cash and Cash Equivalents—beginning of year	<u>72,449</u>	<u>750,087</u>	<u>224,856</u>	<u>926,721</u>	<u>1,974,113</u>
Cash and Cash Equivalents—end of year	<u><u>\$146,347</u></u>	<u><u>\$1,271,826</u></u>	<u><u>\$ 126,197</u></u>	<u><u>\$ 766,946</u></u>	<u><u>\$ 2,311,316</u></u>
Reconciliation of Net Operating Income to Net Cash From Operating Activities:					
Operating income (loss)	<u>\$523,074</u>	<u>\$ (13,492)</u>	<u>\$(127,709)</u>	<u>\$ 305,546</u>	<u>\$ 687,419</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:					
Depreciation	-	62,757	72,898	201,885	337,540
Loss on asset disposal	-	-	8,216	-	8,216
Changes in assets and liabilities:					
Accounts receivable	13,851	(1,032)	(23,797)	(9,736)	(20,714)
Prepaid expenses	23	(4,787)	9	-	(4,755)
Accounts payable	24,834	16,289	(783)	8,854	49,194
Deposits held	-	325	4,750	(8,740)	(3,665)
Other liabilities	<u>-</u>	<u>10,745</u>	<u>-</u>	<u>-</u>	<u>10,745</u>
Total Adjustments	<u>38,708</u>	<u>84,297</u>	<u>61,293</u>	<u>192,263</u>	<u>376,561</u>
Net Cash From Operating Activities	<u><u>\$561,782</u></u>	<u><u>\$ 70,805</u></u>	<u><u>\$ (66,416)</u></u>	<u><u>\$ 497,809</u></u>	<u><u>\$ 1,063,980</u></u>
Non-cash transactions					
None					

The accompanying notes are an integral part of these financial statements.

Housing Authority of the City of Brighton
Financial Data Schedule
For the Year Ended December 31, 2019

	Housing Choice Vouchers 14.871	HOME 14.239	Blended Component Unit - RAD	Blended Component Unit - Hughes Station	Totals
Assets:					
Current assets:					
Cash:					
111	\$ 144,342	\$ 1,250,617	\$ 67,404	\$ 38,703	\$ 1,501,066
113	2,005	-	48,000	707,758	757,763
114	-	21,209	10,793	46,722	78,724
100	<u>146,347</u>	<u>1,271,826</u>	<u>126,197</u>	<u>793,183</u>	<u>2,337,553</u>
Accounts and notes receivable:					
122	20,143	-	-	-	20,143
125	-	51,177	20,000	-	71,177
126	-	11,690	11,706	10,166	33,562
127	4,957	400	-	-	5,357
120	<u>25,100</u>	<u>63,267</u>	<u>31,706</u>	<u>10,166</u>	<u>130,239</u>
Other current assets:					
142	176	5,756	66	-	5,998
150	<u>171,623</u>	<u>1,340,849</u>	<u>157,969</u>	<u>803,349</u>	<u>2,473,790</u>
Noncurrent assets:					
Capital assets:					
161	-	513,806	29,276	1,033,985	1,577,067
162	-	2,063,816	1,623,149	8,100,376	11,787,341
163	-	24,967	2,490	-	27,457
164	10,920	-	-	-	10,920
166	(10,920)	(1,011,108)	(327,294)	(401,896)	(1,751,218)
167	-	201,710	-	-	201,710
160	<u>-</u>	<u>1,793,191</u>	<u>1,327,621</u>	<u>8,732,465</u>	<u>11,853,277</u>
171-040	-	3,129,000	-	-	3,129,000
170	<u>-</u>	<u>3,129,000</u>	<u>-</u>	<u>-</u>	<u>3,129,000</u>
190	<u>\$ 171,623</u>	<u>\$ 6,263,040</u>	<u>\$1,485,590</u>	<u>\$ 9,535,814</u>	<u>\$17,456,067</u>
Liabilities and net position:					
Current liabilities:					
312	\$ 70,863	\$ 240,744	\$ 12,871	\$ 34,778	\$ 359,256
321	-	-	734	-	734
322	-	39,230	-	-	39,230
325	-	-	-	34,706	34,706
341	-	21,209	10,793	45,322	77,324
342	-	714,793	-	-	714,793
343-020	-	45,315	10,723	141,946	197,984
310	<u>70,863</u>	<u>1,061,291</u>	<u>35,121</u>	<u>256,752</u>	<u>1,424,027</u>
Noncurrent liabilities:					
351	-	2,501,034	943,953	9,222,333	12,667,320
354	-	32,353	-	-	32,353
350	<u>-</u>	<u>2,533,387</u>	<u>943,953</u>	<u>9,222,333</u>	<u>12,699,673</u>
300	<u>70,863</u>	<u>3,594,678</u>	<u>979,074</u>	<u>9,479,085</u>	<u>14,123,700</u>
Net Position:					
508.1	-	(753,158)	372,945	(631,814)	(1,012,027)
511.1	2,005	21,209	58,793	754,480	836,487
512.1	98,755	3,400,311	74,778	(65,937)	3,507,907
513	<u>100,760</u>	<u>2,668,362</u>	<u>506,516</u>	<u>56,729</u>	<u>3,332,367</u>
600	<u>\$ 171,623</u>	<u>\$ 6,263,040</u>	<u>\$1,485,590</u>	<u>\$ 9,535,814</u>	<u>\$17,456,067</u>

The accompanying notes are an integral part of these statements.

Housing Authority of the City of Brighton
Financial Data Schedule (continued)
For the Year Ended December 31, 2019

	Housing Choice Vouchers 14,871	Business Activities	Blended Component Unit - RAD	Blended Component Unit - Hughes Station	Totals	
Revenues:						
70300	Net tenant rental revenues	\$ -	\$ 415,820	\$ 124,681	\$1,234,058	\$1,774,559
70400	Tenant revenues - other	-	-	475	49,777	50,252
70500	Total tenant revenues	-	415,820	125,156	1,283,835	1,824,811
70600	HUD PHA operating grants	2,418,527	-	-	-	2,418,527
70610	HUD capital grants	-	41,500	-	-	41,500
72000	Investment income - restricted	250	-	-	-	250
71100	Investment income - unrestricted	-	24,640	-	680	25,320
	Total investment income	2,418,777	66,140	-	680	2,485,597
71500	Other revenues	702,507	594,406	1,384	-	1,298,297
70000	Total revenues	3,121,284	1,076,366	126,540	1,284,515	5,608,705
Expenses:						
91110	Administrative salaries	104,803	533,277	27,791	105,676	771,547
91200	Auditing fees	1,267	1,267	1,267	-	3,801
91400	Advertising and marketing	267	291	142	4,752	5,452
91500	Employee benefits - administrative	29,963	148,198	6,900	14,005	199,066
91600	Office expenses	12,312	25,170	7,370	21,655	66,507
91700	Legal expenses	2,948	32,545	9,178	5,375	50,046
91800	Travel	897	1,669	633	-	3,199
91900	Other	6,068	6,542	2,335	68,919	83,864
91000	Total operating and administrative	158,525	748,959	55,616	220,382	1,183,482
93100	Water	-	29,286	8,464	71,539	109,289
93200	Electricity	-	5,519	581	21,166	27,266
93300	Gas	-	5,077	177	3,712	8,966
93,800	Other utilities expense	-	-	-	48,312	48,312
92500	Total utilities	-	39,882	9,222	144,729	193,833
94100	Ordinary maintenance and operations - labor	-	13,388	3,077	104,006	120,471
94200	Ordinary maintenance and operations - materials	-	8,509	3,016	53,350	64,875
94300-010	Garbage and trash removal contracts	-	6,432	1,932	11,403	19,767
94300-050	Landscape & grounds contracts	-	752	477	8,636	9,865
94300-060	Unit turnaround contracts	-	6,658	579	-	7,237
94300-070	Electrical contracts	-	550	900	-	1,450
94300-080	Plumbing contracts	-	3,402	52	-	3,454
94300-090	Extermination contracts	-	2,910	370	3,061	6,341
94300-100	Janitorial contracts	-	-	-	10,215	10,215
94300-110	Routine maintenance contracts	-	1,305	-	2,998	4,303
94300-120	Misc. contracts	-	15,293	-	29,765	53,770
94300	Ordinary maintenance and operations contracts	-	59,199	10,403	223,434	293,036
94500	Employee benefits - ordinary maintenance	-	-	-	16,254	16,254
94000	Total maintenance	-	59,199	10,403	239,688	309,290

The accompanying notes are an integral part of these statements.

Housing Authority of the City of Brighton
Financial Data Schedule (continued)
For the Year Ended December 31, 2019

	Housing Choice Vouchers 14,871	Business Activities	Blended Component Unit - RAD	Blended Component Unit - Hughes Station	Totals
Expenses:					
96110 Property insurance	-	7,743	3,562	25,229	36,534
96120 Liability insurance	847	1,563	847	-	3,257
96130 Workers compensation	2,066	10,072	775	3,980	16,893
96140 All other insurance	1,624	295	1,624	786	4,329
96100 Total insurance	<u>4,537</u>	<u>19,673</u>	<u>6,808</u>	<u>29,995</u>	<u>61,013</u>
96200 Other general expenses	15,262	99,360	98,845	141,610	355,077
96210 Compensated absences	1,109	9,181	457	-	10,747
96000 Other general expenses	<u>16,371</u>	<u>108,541</u>	<u>99,302</u>	<u>141,610</u>	<u>365,824</u>
96710 Interest on mortgages payable	-	92,474	21,871	307,303	421,648
96700 Interest expense	-	92,474	21,871	307,303	421,648
96900 Total operating expenses	<u>179,433</u>	<u>1,068,728</u>	<u>203,222</u>	<u>1,083,707</u>	<u>2,535,090</u>
Excess operating revenues over operating expenses	<u>2,941,851</u>	<u>7,638</u>	<u>(76,682)</u>	<u>200,808</u>	<u>3,073,615</u>
97300 Housing assistance payments	2,252,866	-	-	-	2,252,866
97350 HAP portability in	653,475	-	-	-	653,475
97400 Depreciation expense	-	62,757	72,898	201,885	337,540
90000 Total expenses	<u>2,906,341</u>	<u>62,757</u>	<u>72,898</u>	<u>201,885</u>	<u>3,243,881</u>
10093 Transfers between programs and project - in	-	65,442	-	-	65,442
10094 Transfers between programs and project - out	-	-	-	(109,070)	(109,070)
10100 Total other financing sources (uses)	-	65,442	-	(109,070)	(43,628)
10000 Total revenues over (under) total expenses	<u>\$ 35,510</u>	<u>\$ 10,323</u>	<u>\$(149,580)</u>	<u>\$ (110,147)</u>	<u>\$ (213,894)</u>

The accompanying notes are an integral part of these statements.

Housing Authority of the City of Brighton
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Agency/Pass-through Entity/Cluster/Program	CFDA Number	Amount
<i>U.S. Department of Housing and Urban Development</i>		
Section 8 Housing Choice Voucher Program	14.871	\$ 3,085,774
<i>Total U.S. Department of Housing and Urban Development</i>		<u>3,085,774</u>
Total Expenditures of Federal Awards		<u>\$ 3,085,774</u>


Notes to the Schedule


1. This schedule includes the federal awards activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of *the Uniform Guidance*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. The Authority has elected not to use the 10% de minimus indirect cost rate allowed under the *Uniform Guidance*.



1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Housing Authority of the City of Brighton
Brighton, Colorado

We have audited the financial statements of Housing Authority of the City of Brighton (the Authority) as of and for the year ended December 31, 2019, and have issued our report thereon July 21, 2020. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Housing Authority of the City of Brighton's internal control over financial reporting (internal control) to determine the 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Authority of the City of Brighton's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Housing Authority of the City of Brighton's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Brighton's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Haynie & Company

Littleton, Colorado
July 21, 2020



1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors
Housing Authority of the City of Brighton
Brighton, Colorado

Report on Compliance for Each Major Program

We have audited Housing Authority of the City of Brighton's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the City of Brighton's major federal programs for the year ended December 31, 2019. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Housing Authority of the City of Brighton's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal programs occurred. An audit includes examining, on a test basis, evidence about Housing Authority of the City of Brighton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major program. However, our audit does not provide a legal determination of Housing Authority of the City of Brighton's compliance.

Opinion on Each Major Program

In our opinion, Housing Authority of the City of Brighton complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

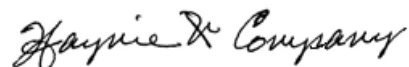
Report on Internal Control Over Compliance

Management of Housing Authority of the City of Brighton is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Housing Authority of the City of Brighton's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the City of Brighton's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a compliance requirement of a federal program that is less severe than a *material weakness* in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses or significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Littleton, Colorado
July 21, 2020

Housing Authority of the City of Brighton

Schedule of Findings and Questioned Costs

For the year ended December 31, 2019

Schedule of Findings and Questioned Costs

1. The opinion expressed in the independent certified public accountant's report was:
 Unmodified **Modified** **Adverse** **Disclaimed**

2. The independent certified public accountants' report on internal control over financial reporting described:
 Significant deficiency(ies)? Yes No
 Material Weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit?
 Yes No

4. The independent certified public accountant's report on internal control over compliance with requirements applicable to major federal awards programs described:
 Significant deficiency(ies)? Yes No
 Material Weakness(es)? Yes No

5. The opinion expressed in the independent certified public accountant's report on compliance with requirements applicable to major federal awards was:
 Unmodified **Modified** **Adverse** **Disclaimed**

6. The audit disclosed findings required to be reported by the Uniform Guidance?
 Yes No

7. The Authority's major programs were:

Cluster/Program	CFDA Number
Section 8 Housing Choice Vouchers	14.871

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in Uniform Guidance was \$750,000.

9. The Authority qualified as low-risk auditee as that term is defined in the Uniform Guidance?
 Yes No

Housing Authority of the City of Brighton
Schedule of Findings and Questioned Costs
For the year ended December 31, 2019

Findings

None

Questioned Costs

None