



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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May 25, 2022

**Town Board  
Town of Granby  
P.O. Box 440  
Granby, Colorado 80446**

We have audited the financial statements of Town of Granby (the "Town") for the year ended December 31, 2021. Professional standards require that we provide you with the following information related to our audit.

### *Qualitative Aspects of Accounting Policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in the Notes to the financial statements. The Town implemented Governmental and Accounting Standards Board Statement 87 ("GASB 87") *Leases* issued by the Governmental and Accounting Standards Board Statement ("GASB"). The implementation of GASB 87 has been applied retrospectively to all periods presented, as a result of implementing GASB 87, Fund Balance and Net Position restated by \$1,900. No other new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. 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 was (were):

Estimated useful lives for depreciation on fixed assets: Management's estimate of depreciation is based on industry practice and experience. We evaluated the key factors and assumptions used to develop the useful lives used in determining depreciation and found that it is reasonable in relation to the financial statements taken as a whole.

Allowance for Uncollectible Accounts: Management's estimate of uncollectible accounts receivable (\$30,214 at December 31, 2021) is based on their experience with customers and developers, together with actual collections history since year-end. We believe this estimate is reasonable relative to the financial statements taken as a whole.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Member: American Institute of Certified Public Accountants*

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### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

As is required in an audit engagement we have requested certain representations from management that are included in the management representation letter.

### *Recommendations*

#### *Recreation Department*

In the Recreation Department, an employee can enter transactions, void transactions, accept payments, and prepare the deposit. The basic premise of internal control system is that no single employee has access to both the physical asset and the related accounting records. If payments are being made with cash, we recommend that an employee who has "read only" access Sportsman accept payments. This employee will present the customer a receipt to show the recreation department that payment has been received.

We will work with you to support implementation of this new standard and the related presentation considerations over the coming years.

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

Sincerely,

*McMahan and Associates, L.L.C.*

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**May 25, 2022**