



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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March 22, 2017

**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, 2016. 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. No 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 (\$- at December 31, 2016) 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.

### *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.

*Member: American Institute of Certified Public Accountants*

### *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*

We noted certain matters which you may want to consider for fiscal year 2017:

#### Circular A-133 Compliance Auditing

In 2016, the Town was subject to additional auditing procedures related to Circular A-133 Compliance Auditing, commonly referred to as "Single Audit". Single Audit is a component of the annual Town audit process, and applies to governments that expend more than \$750,000 in federal funds in any given year. The Single Audit performed in 2016 will need to be filed with the Single Audit Clearinghouse.

Additionally, the Town is required to report all other federal funds receipted and expended during the upcoming year. Therefore, it is important that all departments applying for and receiving grant funds have a clear understanding of the sources of the funding (i.e., federal, state or local), and that the Finance Department receives a copy of all executed grants to ensure that its Single Audit reporting is complete.

We have already discussed these comments with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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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**March 22, 2017**