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## **To the Board of Education Garfield School District RE-2 Rifle, Colorado**

We have audited the financial statements of Garfield School District RE-2 (the "District") for the year ended June 30, 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 District 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 were:

- Estimated Net Pension Liability and Pension-Related Deferred Inflows and Outflows: These estimates are based on actuarial calculations and assumptions provided by the Public Employees Retirement Association of Colorado.
- Estimated Net Other Post-Employment Benefit's Deferred Inflows and Outflows: These estimates are based on actuarial calculations and assumptions provided by the Public Employees Retirement Association of Colorado.
- Estimated useful lives for depreciation on fixed assets: Management's estimate is based on industry practice and experience.

We evaluated the key factors and assumptions used to develop these estimates and found them reasonable in relation 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. No such misstatements were identified during the course of our audit of the Districts 2021 financial statements.

*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.

### ***New Financial Reporting Standard***

Financial reporting standards for the District are promulgated by the Governmental Accounting Standards Board ("GASB"). GASB has issued Statement 87, *Leases* ("GASB 87"), which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB 87 is effective for reporting periods beginning after June 15, 2021 so the District's financial statements as of and for the year ending June 30, 2022 must reflect the changes imposed by this new reporting standard.

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 Board of Education, 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.*  
**McMahan and Associates, L.L.C.**  
**December 21, 2021**