



# McMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

CHAPEL SQUARE, BLDG C  
245 CHAPEL PLACE, SUITE 300  
P.O. Box 5850, AVON, CO 81620

WEB SITE: [WWW.MCMAHANCPA.COM](http://WWW.MCMAHANCPA.COM)  
MAIN OFFICE: (970) 845-8800  
FACSIMILE: (970) 845-8108  
E-MAIL: [MCMAHAN@MCMAHANCPA.COM](mailto:MCMAHAN@MCMAHANCPA.COM)

## **To the Board of Directors**

**Carbondale Community School operated by COMPASS . . . for lifelong discovery  
Woody Creek, Colorado**

### **Dear Board Members:**

We have audited the financial statements of Carbondale Community School, operated by COMPASS...for Lifelong Discovery, (the "School") for the year ended June 30, 2022. 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 School are described in the Notes to the Financial Statements. No new accounting policies were adopted and the application of no existing policies was changed during the year. We noted no transactions entered into by the School 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 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 the useful lives used in determining depreciation and found that it is reasonable in relation to the financial statements taken as a whole.
- Estimate proportionate share of net pension liability. Total pension liability is estimated using actuarial valuation and proportionate share is estimated based upon the School's annual contributions in relation to total annual contributions for participating employers.
- Estimated Net Other Post-Employment Benefits Liability and related Deferred Inflows of Resources, and Deferred Outflows of Resources: These estimates are based on actuarial calculations and assumptions provided by the Public Employees Retirement Association of Colorado.

### ***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*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
MATTHEW D. MILLER, CPA

AVON: (970) 845-8800  
ASPEN: (970) 544-3996  
FRISCO: (970) 668-3481

### ***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.

### ***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.

The following material misstatements detected as a result of audit procedures were corrected by management:

1. Record pension-related liability, deferred inflows and outflows, and expense.
2. Record depreciation expense.

### ***Management Representations***

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

Please contact us if we can be of further assistance to the School in the implementation of any recommendations outlined above.

This report is intended solely for the information and use of the Board of Directors, 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.**  
**January 31, 2023**