Rehmann

Rehmann Robson

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November 2, 2012

To the Board of Trustees and Finance Committee
West Shore Community College
Scottville, Michigan

We have audited the financial statements of ***West Shore Community College*** (the "College") for the year ended June 30, 2012, and have issued our report thereon dated November 2, 2012. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated June 1, 2012, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. See Attachment A on Internal Control over Financial Reporting for our required communications as they relate to internal control.

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the College's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the College's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the College's compliance with those requirements.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our professional service plan and in our meeting about planning matters on June 13, 2012.

Significant Results of the Audit

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the College are described in Note 1 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 College during the year for which there is a lack of authoritative guidance or consensus. There were no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Refer to Attachment B for descriptions of new accounting pronouncements and the actual or expected impact that their application, or pending implementation, may have on the College's financial statements.

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:

- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.

- Management's estimate of the insurance claims incurred but not reported is based on information provided by the College's third party administrators and subsequent claims activity.

- Management's estimate of the other postretirement benefit liability is based on a calculation performed by the College and related assumptions.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statements users.

Difficulties Encountered in Performing the Audit

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

Adjusted and Unadjusted Differences

Professional standards require us to accumulate all known and likely differences identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. There were no adjustments recorded by management as a result of our audit.

Attachment C to this letter summarizes unadjusted differences of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The adjustments could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements.

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

We have requested certain representations from management that are included in the attached management representation letter dated November 2, 2012. See Attachment D.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the College's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

During the year ended June 30, 2012, Rehmann Robson did not perform any separate consulting services for the College.

During the course of the audit, we did not become aware of any instances of fraud or illegal acts.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the College's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body and management of West Shore Community College and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Rehmann Robson

West Shore Community College

Attachment A - Consideration of Internal Control Over Financial Reporting For the June 30, 2012 Audit

In planning and performing our audit of the financial statements of ***West Shore Community College*** (the "College") as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

We consider the following deficiency in internal control over financial reporting to be a **significant deficiency**:

Absence of Segregation of Duties in the Cash Receipt Process

During our walkthrough procedures of the cash receipt process, we noted that there is an absence of segregation of duties. One individual is responsible for collecting cash, posting cash receipts to the accounts receivable sub-ledger, and completing the deposit ticket for cash received. This absence of segregation of duties in the cash receipt process increases the risk for misappropriation of assets or that an error or irregularity could occur and go undetected. To reduce the risk of fraud and error, we recommend that management evaluate the procedures in the cash receipt process and further segregate the duties performed.

The purpose of internal controls is to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are properly authorized and recorded. Any limitations on the effectiveness of the College's internal control carry with it a greater risk of fraud and abuse. While there are challenges in balancing the costs and benefits of internal controls and the segregation of duties, we would nevertheless encourage management to actively seek ways to further strengthen its internal control structure by requiring as much independent review, reconciliation, and approval of accounting functions by qualified members of management, as reasonably possible.

Management's Response

Facility changes to provide students more access to bursar functions led to less segregation of duties. Management will work with the external auditor to further segregate duties while maintaining high student service.

We consider the following deficiencies in internal control over financial reporting to be **control deficiencies**:

Payroll

During our testing of payroll, we noted several timecards that did not include a supervisor approval and other instances of untimely approval by the supervisor. We also noted that the lack of approval did not prevent the processing of payroll. Timely approval of time cards by a supervisor is integral to the accuracy of payroll. We also noted that the other documentation related to the payroll process was not consistently completed. We recommend that management review and enforce existing processes surrounding the payroll function.

Management's Response

Management will hold employees and supervisors to higher standards in the completion of payroll forms.

Evidence of Review

During our audit we noted that management's review of certain reports, fee rate changes, reconciliations or calculations and the related journal entries was not consistently documented. We recommend that management's timely review of these items be documented in accordance with best practices.

Management's Response

The practice of reviewing reports, calculations and data entry will continue and as an additional measure documentation of that review will be recorded.

Information Technology

During our audit, specifically through the interviews that were conducted and responses to a survey prepared by College IT personnel, we noted the following control deficiencies:

> The financial system utilizes the Windows Domain settings for access. Currently those Windows Domain settings do not include forced password expirations, account lockouts after successive unsuccessful entry attempts, any complexity requirements, or inactivity lockouts. There is some risk that an unauthorized transaction could be posted and go undetected if the user account was compromised.

We recommend that management consider forcing password expiration after a maximum 90 days and consider enforcing an account lockout after 3 unsuccessful access attempts. Further, the passwords should be forced to have a minimum of 8 characters and be forced to use three of the following four items: lowercase alpha, uppercase alpha, numbers, and special characters. A password protected screensaver should also be forced after 10-20 minutes of inactivity and limit the unsuccessful log-in attempts to three attempts for the network.

The process for administration of Jenzabar access is heavily reliant upon informal access authorizations through e-mail and other communications and a formal, documented periodic access review is not performed by a non-administrator. We recommend that a documented periodic access review be performed for the Jenzabar system by a non-administrator.

Management's Response

In May 2012 an information technology consulting firm was hired to perform network discovery and create an IT strategic plan. The identified control deficiencies are being addressed through this contracted work.

Other Matters

Use of Jenzabar

After having completed a full year using the Jenzabar software, we recommend that management evaluate the various accounting functions and processes to evaluate if the software is used to its fullest extent. Management should consider integrating additional processes or software modules if deemed appropriate.

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West Shore Community College

Attachment B – Upcoming Changes in Accounting Standards
For the June 30, 2012 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), Accounting Standards Update (ASU), Emerging Issues Task Force (EITF) and regulatory considerations have been released recently and may be applicable to the College in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the College. Questions on the applicability, timing, and implementation approach for any of these standards should be directed to your audit team.

GASB 63 ■ Deferred Inflows, Outflows, and Net Position
Effective 12/15/2012 (your FY 2013)

This standard will introduce new terminology to the balance sheet by creating a category of quasi-assets called "deferred outflows", and a category of quasi-liabilities called "deferred inflows". As a result, the term "net assets" will no longer be used, and is replaced by the more generic term "net position". Essentially, deferred inflows and outflows will be used to report transactions that occurred prior to year end that relate to revenues and expenses (inflows and outflows) of future periods. The format of the new "statement of net position" will be presented as *assets + deferred outflows – liabilities – deferred inflows = net position*. Net position will be further categorized into *net investment in capital assets*, *restricted*, and *unrestricted* amounts. Fund balance of governmental funds will be unaffected, and governmental funds will continue to report a traditional balance sheet (*assets = liabilities + fund balance)*.

GASB 64 ■ Derivative Instruments (an Amendment of GASB 53)
Effective 06/15/2011 (your FY 2012)

Under certain circumstances, a government is permitted to enter into swap agreements to "hedge" or protect against the risk of loss. The government is required to recognize the income statement impact of a hedge upon its termination. This standard addresses whether amending an existing swap agreement or entering into a new swap agreement qualifies as a termination for accounting purposes.

Statement No. 64 is already in effect. However, since the College does not hold any derivative instruments, this standard had no impact on its financial reporting.

GASB 65 ■ Items Previously Reported as Assets and Liabilities
Effective 12/15/2013 (your FY 2014)

This standard builds on the new terminology introduced in GASB 63. Certain items previously reported as assets and liabilities will now be classified as deferred inflows and outflows, while other items will no longer be carried on the balance sheet. As such, a restatement of beginning equity may be required to write off balances from previous years that no longer meet the definition for presentation on the balance sheet. The term "deferred revenue" will no longer be used by governments for any purpose. While GASB 65 is not required to be implemented until one year after GASB 63, we recommend that they adopted together, as the standards complement one another.

Attachment B – Upcoming Changes in Accounting Standards
For the June 30, 2012 Audit

The follow table provides examples of balances affected by this standard:

Item	Pre-GASB 65	Post-GASB 65
Loss/gain on refunding of bonds payable	Liability/asset ("deferred loss/gain on refunding")	Deferred outflow/inflow
Property taxes levied prior to the year they are intended to finance	Liability ("deferred revenue")	Deferred inflow
Grant funds received but all grant requirements not met	Provider: asset ("advance to…") Recipient: liability ("advance from…")	No change
Grant funds received and all grant requirements met, but advance is for the following program year	Provider: asset ("advance to…") Recipient: liability ("advance from…")	Provider: deferred outflow Recipient: deferred inflow
Bond issuance costs	Asset ("deferred bond issuance costs" or "deferred bond charges")	Expense in year incurred
Initial direct costs of operating leases	Asset ("prepaid")	Expense in year incurred
Unexpended proceeds of expenditure-driver grants; charges for services collected in advance	Liability ("deferred revenue")	Liability ("unearned revenue")
Revenues not "available" in governmental funds because they are not collected soon enough after year-end	Liability ("deferred revenue")	Deferred inflow

GASB 66 ■ 2012 Technical Corrections (an Amendment to GASB 10 and GASB 62)
Effective 12/15/2013 (your FY 2014)

This standard was issued to eliminate conflicting guidance that resulted from the issuance of GASB 54 and GASB 62, which are both already effective. GASB 10 was amended to allow for risk financing activities to be accounted for in whichever fund type is most applicable (no longer limited to the general fund or an internal service fund). GASB 62 was amended to modify specific guidance related to (1) operating leases with scheduled rent increases, (2) purchase of loans at an amount other than the principal amount, and (3) service fees related to mortgages that are sold when the service rate varies significantly from the current (normal) service fees.

We do not expect GASB 66 to have any significant impact on the College at this time.

Attachment B – Upcoming Changes in Accounting Standards
For the June 30, 2012 Audit

GASB 67 ■ Financial Reporting for Pension Plans
Effective 06/15/2014 (your FY 2014)

This standard establishes the requirements for pension plans administered by trusts to report on their operations, including setting new uniform requirements for actuarial valuations of the total pension liability, and reporting various 10-year trend data as required supplementary information. The financial statements of pension plans will not change substantially as a result of GASB 67, though the additional note disclosures and required supplementary information will be significant. Additionally, actuarially valuations conducted in accordance with GASB 67 will have to match the government's fiscal year, or be rolled forward to that date by the actuary.

Because the College does not maintain its own pension trust fund, we do not expect GASB 67 to have any significant impact on the College at this time.

GASB 68 ■ Accounting and Financial Reporting for Pensions
Effective 06/15/2015 (your FY 2015)

This standard establishes new requirements for governments to report a "net pension liability" for the unfunded portion of its pension plan. Governments that maintain their own pension plans (either single employer or agent multiple-employer) will report a liability for the difference between the total pension liability calculated in accordance with GASB 67 and the amount held in the pension trust fund. Governments that participate in a cost sharing plan will report a liability for their "proportionate share" of the net pension liability of the entire system.

Historically, governments have only been required to report a net pension obligation to the extent that they have not met the annual required contribution (ARC) in any given year. Upon implementation of this standard, governments will be required to report a net pension liability based on the current funded status of their pension plans. Changes in this liability from year to year will largely be reflected on the income statement, though certain amounts will be deferred and amortized over varying periods.

GASB 68 also requires more extensive note disclosures and required supplementary information, including 10 years of historical information. The methods used to determine the discount rate (the assumed rate of return on plan assets held in trust) are mandated and must be disclosed, along with what the impact would be on the net pension liability if that rate changed by 1% in either direction. Other new disclosure requirements include details of the changes in the components of the net pension liability, comparisons of actual employer contributions to actuarially determined contributions, and ratios to put the net pension liability in context. For single-employer and agent multiple-employer plans, the information for these statements will come from the annual actuarial valuation. For cost sharing plans, this information will be derived from the financial reports of the plan itself, multiplied by the government's proportionate share of plan.

GASB 67 and 68 are only applicable to pension plans. However, the GASB has announced its intent to issue similar standards for other postemployment benefits (e.g., retiree healthcare) on a two year delay from these standards.

Attachment B – Upcoming Changes in Accounting Standards
For the June 30, 2012 Audit

Proposed Amendment to Certain Federal Loan Programs ■
Effective date pending adoption

Department of Education proposes amendments to the Federal Perkins Loan (Perkins Loan) program, Federal Family Education Loan (FFEL) program, and William D. Ford Federal Direct Loan (Direct Loan) program regulations. The proposed regulations would implement a new Income Contingent Repayment (ICR) plan in the Direct Loan program to incorporate recent statutory changes to the Income Based Repayment (IBR) plan in the Direct Loan and FFEL programs, and streamline and add clarity to the total and permanent disability discharge process for borrowers in the title IV, HEA loan programs. The proposed regulations implementing a new ICR Plan and the statutory changes to the IBR plan would assist borrowers in repaying their loans while the proposed changes to the total and permanent disability discharge process would reduce burden for borrowers who are disabled and seeking a discharge of their title IV debt. Under the ICR-A and modified IBR options, eligible borrowers would have their loans forgiven after 20 years of making payments tied to their income level and family size, rather than 25 years of payments required under the existing plans. In addition, the new plans would be more generous in determining whether a borrower demonstrates a partial financial hardship, thus qualifying for the plan, and in calculating the amount of monthly payments. The proposed changes to total and permanent disability discharges would streamline the process, calling for borrowers to make a single discharge application to ED that would cover all of the borrower's federal loans.

Proposed GASB ■ Accounting and Financial Reporting for Nonexchange Financial Guarantee Transactions
Effective date pending adoption

This exposure draft would enhance comparability of financial statements among governments by requiring consistent reporting by governments that extend nonexchange financial guarantees and by requiring consistent reporting by governments that receive nonexchange financial guarantees. This Statement also should enhance users' ability to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. The proposed guidance would require a government guarantor to recognize a liability when qualitative factors or historical data indicate that it is more likely than not that the government will make a payment on the guarantee. Meanwhile, the government receiving the guarantee would continue to report a liability until legally released of the obligation; revenue would be recognized as a result of being legally relieved of the obligation.

West Shore Community College
Attachment C - Unadjusted Differences
For the Year Ended June 30, 2012

AJE #	Description	Assets	Liabilities	Net Assets	Change in Net Assets
		Debit (Credit)			
1	Accrued expenses	$ -	$ (51,000)	$ -	$ -
	Health insurance expense				51,000
	--To accrue for actual medical claims incurred on or before June 30, 2012 and paid in July or August 2012.				
2	Accrued wages		(12,000)		
	Salary and wage expense				12,000
	--Accrued wages did not include the proper number of pay periods.				
3	Accrued wages		216,000		
	Prepaid wages	$ (100,000)			
	Salary and wage expense				(116,000)
	--To remove the accrued and prepaid wages related to summer semester to be consistent with summer tuition revenue recognition.				
	Total adjustments passed	(100,000)	153,000	-	(53,000)
	Current year effect of prior year adjustments passed	-	-	-	-
	Net adjustments passed - current year	(100,000)	153,000	-	(53,000)
	Total financial statement base (i.e. assets, liab., net assets and change in net assets)	$ 42,135,000	$ (2,534,000)	$ 39,601,000	$ 1,711,000
	Net adjustments passed as a % of base	0.24%	6.04%	0.00%	3.10%

November 2, 2012

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We are providing this letter in connection with your audit of the financial statements of West Shore Community College as of June 30, 2012 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of West Shore Community College and the respective changes in financial position and, where applicable, cash flows thereof in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of November 2, 2012, the following representations made to you during your audits.

1) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

2) We have made available to you all—

    a) Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.

    b) Minutes of the meetings of Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.

3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

4) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of federal awards.

5) We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements of the College.

6) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

7) We have no knowledge of any fraud or suspected fraud affecting the entity involving:

    a) Management,

    b) Employees who have significant roles in internal control, or

    c) Others where the fraud could have a material effect on the financial statements.

8) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

9) We have a process to track the status of audit findings and recommendations.

10) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

11) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

12) The College has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

13) The following, if any, have been properly recorded or disclosed in the financial statements:

    a) Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

    b) Guarantees, whether written or oral, under which the College is contingently liable.

    c) All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances.

14) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

15) There are no—

    a) Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

    b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with generally accepted accounting principles.

    c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by generally accepted accounting principles.

16) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.

17) The College has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

18) The College has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

19) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

20) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

21) The financial statements properly classify all funds and activities.

22) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

23) Components of net assets (invested in capital assets, net of related debt; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.

24) Investments, derivative transactions, and land and other real estate held by endowments are properly valued.

25) Provisions for uncollectible receivables have been properly identified and recorded.

26) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

27) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

28) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

29) Special and extraordinary items are appropriately classified and reported.

30) Deposits and investment securities and derivative transactions are properly classified as to risk and are properly disclosed.

31) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

32) We have appropriately disclosed the College's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.

33) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

34) We are not aware of any material uncertain tax positions identified as the results of the Fund's adoption of the FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes.

35) We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings or questioned costs.

S Ward

Scott Ward
Vice President of Administrative Services

Kristen Biggs

Kristen Biggs
Senior Accountant