INDEPENDENT AUDITORS’ COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

October 31, 2019

Board of Trustees
West Shore Community College
Scottville, Michigan

We have audited the financial statements of West Shore Community College (the “College”) as of and for the year ended June 30, 2019, and have issued our report thereon dated October 31, 2019. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 30, 2019, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been 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 respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the College solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

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 audit procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

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 Uniform Guidance 2 CFR200, we examined, on a test basis, evidence about the College’s compliance with the types of compliance requirements described in the Uniform Guidance 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. We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

**Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and in our Professional Services Plan dated May 15, 2019.

**Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

**Qualitative Aspects of the College’s Significant Accounting Practices**

**Significant Accounting Policies**

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the College is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

**Significant Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on 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 markedly from management’s current judgments.

The most sensitive accounting estimates affecting the financial statements were:

- Management’s estimate of the useful lives of depreciable capital assets and the resulting depreciation expense is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management’s estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management’s estimate of the allowance for doubtful student accounts receivables and property tax receivables is based on past experience and future expectation for collection of various account balances.
- Management’s estimate of the scholarship allowance is based on an allocation of Federal Aid received and used for tuition.
We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole. In addition, the financial statements include a net pension liability, net other postemployment benefit liability, other pension and other postemployment benefit related amounts, which are dependent on estimates made by the plan. These estimates are based on historical trends and industry standards, but are not within the control of management.

**Significant Difficulties Encountered During the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

**Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. 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 matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the College's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

**Representations Requested from Management**

We have requested certain written representations from management, which are included in the letter dated October 31, 2019.

**Management’s Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the College, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the College’s auditors.
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.

Upcoming Changes in Accounting Standards

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment A to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of the 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,

[Signature]

Lehmer Rotham LLC
WEST SHORE COMMUNITY COLLEGE

Attachment A - Upcoming Changes in Accounting Standards
For the June 30, 2019 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) 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. For the complete text of these and other GASB standards, visit www.gasb.org and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 84 ■ Fiduciary Activities
Effective 12/15/2019 (your FY 2020)

This standard establishes new criteria for determining how to report fiduciary activities in governmental financial statements. The focus is on whether the government is controlling the assets, and who the beneficiaries are. Under this revised standard, certain activities previously reported in agency funds may be reclassified in future periods.

GASB 87 ■ Leases
Effective 12/15/2020 (your FY 2021)

This standard establishes a single model for reporting all leases (including those previously classified as operating and capital). Lessees will now report offsetting intangible lease assets and lease liabilities equal to the present value of future lease payments. Lessors will report offsetting lease receivables and deferred inflows of resources.

GASB 89 ■ Accounting for Interest Cost Incurred before the End of a Construction Period
Effective 12/15/2020 (your FY 2021)

This standard eliminates the requirement for governments to capitalize interest during the construction period for business-type activities. As this simplifies the accounting for interest, early implementation is encouraged. We do not expect this standard to have any significant effect on the College.

GASB 90 ■ Majority Equity Interests
Effective 12/15/2019 (your FY 2020)

This standard addresses situations in which a government acquires a majority of the equity interest in a legally separate organization, and whether such holdings should be reported as an investment or a component unit. We do not expect this standard to have any significant effect on the College.
WEST SHORE COMMUNITY COLLEGE

Attachment A - Upcoming Changes in Accounting Standards
For the June 30, 2019 Audit

GASB 91  •  Conduit Debt Obligations
Effective 12/15/2021 (your FY 2022)

This standard defines "conduit debt obligations," where a government issues debt whose proceeds are received and repaid by a third-party obligor without the issuer being primarily liable. The standard requires issuers to disclose conduit debt obligations, but not to record a liability unless it is more likely than not that a commitment made by the issuer will require it to support one or more debt payments for a conduit debt obligation. We do not expect this standard to have any significant effect on the College.

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October 31, 2019

Rehmann Robson
7330 East Paris Ave., SE
Grand Rapids, MI 49546

This representation letter is provided in connection with your audit of the financial statements of the business-type activities of West Shore Community College (the “College”), as of and for the year ended June 30, 2019 and 2018, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, of the College in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 31, 2019:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 30, 2019, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP. We have reviewed, approved, and taken responsibility for the financial statements and related notes.

2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.

6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. With regard to items reported at fair value:
   a. The underlying assumptions are reasonable and they appropriately reflect management’s intent
      and ability to carry out its stated courses of action.
   b. The measurement methods and related assumptions used in determining fair value are
      appropriate in the circumstances and have been consistently applied.
   c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
   d. There are no subsequent events that require adjustments to the fair value measurements and
      disclosures included in the financial statements.

9. All component units, as well as joint ventures with an equity interest, are included and other joint
   ventures and related organizations are properly disclosed.

10. All funds and activities are properly classified.

11. All components of net position and fund balance classifications have been properly reported.

12. All revenues within the statement of activities have been properly classified as program revenues,
    general revenues, contributions to term or permanent endowments, or contributions to permanent
    fund principal.

13. All expenses have been properly classified in or allocated to functions and programs in the statement
    of activities, and allocations, if any, have been made on a reasonable basis.

14. All interfund and intra-entity transactions and balances have been properly classified and reported.

15. Special items and extraordinary items have been properly classified and reported.

16. Deposit and investment risks have been properly and fully disclosed.

17. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable,
    depreciated.

18. All required supplementary information is measured and presented within the prescribed guidelines.

19. We believe that the actuarial assumptions and methods used to measure pension and other
    postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the
    circumstances.

20. We are responsible for the fair presentation of the College’s proportionate share of the net pension
    liability of the Michigan Public School Employees Retirement System (MPSERS) and related amounts.
    We provided MPSERS with complete and accurate information regarding the District’s participation
    in the plan, and have reviewed the information provided by MPSERS for inclusion in the District’s
    financial statements.

Information Provided

21. We have provided you with:
   a. Access to all information, of which we are aware that is relevant to the preparation and fair
      presentation of the financial statements of the various opinion units referred to above, such as
      records, documentation, meeting minutes, and other matters;
   b. Additional information that you have requested from us for the purpose of the audit; and
   c. Unrestricted access to persons within the entity from whom you determined it necessary to
      obtain audit evidence.

22. All transactions have been recorded in the accounting records and are reflected in the financial
    statements.

23. We have disclosed to you the results of our assessment of the risk that the financial statements may
    be materially misstated as a result of fraud.

24. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
   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.
25. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.

26. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

27. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

28. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.

29. The College has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

30. We have disclosed to you all guarantees, whether written or oral, under which the College is contingently liable.

31. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

32. There are no:
   a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
   b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
   c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.

33. The government has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.

34. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

35. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB-62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

Required Supplementary Information

36. With respect to the required supplementary information accompanying the financial statements:
   a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
   b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
   c. The methods of measurement or presentation have not changed from those used in the prior period.
   d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
37. With respect to federal awards, we represent the following to you:
   a. We are responsible for understanding and complying with and have complied with the
      requirements of the Uniform Guidance.
   b. We are responsible for the preparation and presentation of the schedule of expenditures of
      federal awards in accordance with the Uniform Guidance.
   c. We believe the schedule of expenditures of federal awards, including its form and content, is
      fairly presented in accordance with the Uniform Guidance.
   d. The methods of measurement or presentation have not changed from those used in the prior
      period.
   e. We believe the significant assumptions or interpretations underlying the measurement or
      presentation of the schedule of expenditures of federal awards, and the basis for our assumptions
      and interpretations, are reasonable and appropriate in the circumstances.
   f. We are responsible for including the auditor’s report on the schedule of expenditures of federal
      awards in any document that contains the schedule and that indicates that the auditor has
      reported on such information.
   g. When the schedule of expenditures of federal awards is not presented with the audited financial
      statements, management will make the audited financial statements readily available to the
      intended users of the schedule of expenditures of federal awards no later than the date of
      issuance by the entity of the schedule of expenditures of federal awards and the auditor’s report
      thereon.
   h. We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures
      of federal awards, expenditures made during the audit period for all awards provided by federal
      agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees,
      property (including donated surplus property), cooperative agreements, interest subsidies, food
      commodities, direct appropriations, and other assistance.
   i. We are responsible for complying with the requirements of laws, regulations, and the provisions
      of contracts and grant agreements related to each of our federal programs and have identified
      and disclosed to you the requirements of laws, regulations, and the provisions of contracts and
      grant agreements that are considered to have a direct and material effect on each major federal
      program; and we have complied, in all material respects, with these requirements.
   j. We have provided to you our interpretations of any compliance requirements that have varying
      interpretations.
   k. We are responsible for establishing and maintaining effective internal control over compliance
      requirements applicable to federal programs that provide reasonable assurance that we are
      managing our federal awards in compliance with laws, regulations, and the provisions of
      contracts and grant agreements that could have a material effect on our federal programs. Also,
      no changes have been made in the internal control system to the date of this letter that might
      significantly affect internal control, including any corrective action taken with regard to
      significant deficiencies, including material weaknesses, reported in the schedule of findings and
      questioned costs.
   l. We have made available to you all contracts and grant agreements (including amendments, if
      any) and any other correspondence with federal agencies or pass-through entities relating to
      federal programs.
   m. We have received no requests from a federal agency to audit one or more specific programs as a
      major program.
   n. We have identified and disclosed to you all amounts questioned and any known noncompliance
      with the requirements of federal awards, including the results of other audits or program
      reviews. We also know of no instances of noncompliance occurring subsequent to the end of the
      period audited.
   o. We have charged costs to federal awards in accordance with applicable cost principles, including
      amounts claimed or used for matching determined in accordance with relevant guidelines in the
      Uniform Guidance.
p. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

q. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).

r. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

s. We have monitored subrecipients to determine if they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of the Uniform Guidance.

t. We have issued management decisions timely after the receipt of subrecipients' auditor reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements, and have ensured that the subrecipients have taken the appropriate and timely corrective action on findings.

u. We have considered the results of subrecipients' audits and have made any necessary adjustments to our own books and records.

v. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

w. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

x. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form as required by the Uniform Guidance, and we are responsible for preparing and implementing a correction action plan for each audit finding.

y. We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.

z. We have reviewed, approved, and taken responsibility for the financial statements and related notes.

aa. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

Scott Ward, President

Kristen Biggs, Director of Finance

Rebekah Schaub, Director of Financial Aid