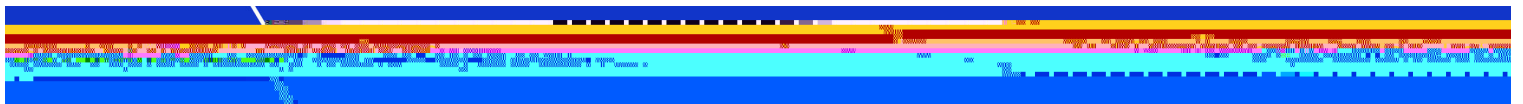


As communicated in our engagement letter dated June 7, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in 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.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated October 24, 2022.

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 June 7, 2022.



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

The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of accrued employees benefits payable.
- 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 entity's third party administrators and subsequent claims activity.



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

This information is intended solely for the use of the governing body and management of **North Central Michigan College** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink is visible above a redacted area. The signature appears to be "D. J. [unclear]". The redacted area consists of a solid black horizontal bar, with a red bar underneath it. The redacted area obscures the printed name and title of the signatory.

Following pronouncements of the Governmental Accounting Standards Board (GASB) have been released and may be applicable to the College in the future. We encourage management to review the following information and determine which standards may be applicable to the College. For the complete list of these and other GASB standards, visit [www.gasb.org](http://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, contact your audit team.

For the June 30, 2022 Audit

This standard provides guidance to governments with agreements with variable payments tied to LIBOR, and how to transition them to a new reference rate. We do not expect this standard to have any significant effect on the College.

This standard expands on the new guidance for leases and applies it to computer software contracts (subscriptions) with similar characteristics. Governments that subscribe to a vendor's IT software will now be required to recognize offsetting intangible subscription assets and subscription liabilities equal to the present value of future subscription payments.

- Subscription Based Information Technology Arrangements

Effective 06/15/2023 (your FY2023)

# NORTH CENTRAL MICHIGAN COLLEGE

## Attachment A – Upcoming Changes in Accounting Standards/ Regulations For the June 30, 2022 Audit

GASB 99 „ Omnibus 2022  
Effective 06/15/2023 (your FY 2023)

GASB 100 „ Accounting Changes and Error Corrections  
Effective 06/15/2024 (your FY 2024)

GASB 101 „ Compensated Absences  
Effective 12/15/2024 (your FY 2025)

” ” ” ”

# NORTH CENTRAL MICHIGAN COLLEGE

## Attachment B – Management Representations For the June 30, 2022 Audit

The following pages contain the written representations that we requested from management.

October 24, 2022

Rehmann Babson  
107 S. Cass Street Suite A  
Traverse City, MI 49684

This report is provided in connection with our audit of the financial statements of North Central Michigan College (the "College") as of and for the years ended June 30, 2022, and 2021, and related notes to the financial statements, as set forth in the accompanying financial statements. The financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, in accordance with the accounting principles generally accepted for governments in the United States of America (GAAP).

Certain representations in this letter are described as being "material" and are considered material, regardless of size, if they involve an omission or distortion of a material fact in light of surrounding circumstances. Materiality is not a judgment of a reasonable person in making a decision, but rather a judgment of a reasonable person in making a decision. Information would be changed, influenced by the omission or misstatement.

We have made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as to the accuracy of the information.

### Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement, in accordance with GAAP.
2. The financial statements referred to above have been fairly presented in accordance with GAAP and include all assets and liabilities, including classified and unclassified funds, required by GAAP.
3. With respect to any assistance you provided in drafting the financial statements and related notes, we have performed the following:
  - a. Made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as to the accuracy of the information.
  - b. Assigned a competent individual to review the assistance.
  - c. Evaluated the assistance in light of the applicable accounting principles.
  - d. Evaluated and accepted responsibility for the financial statements.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements, which is the responsibility of the College's management.



5. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
6. Significant assumptions used by us in making accounting estimates including those measured at fair value are reasonable.
7. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. The related parties in this category include members of the governing body, board members; administrative officials; immediate family members of administrative officials, board members and members of the governing body; and any organization affiliated with the governing body.
8. 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.
9. The effects of all known or potential litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
10. With regard to items reported at fair value:
  - a. The underlying assumptions are reasonable and they do not indicate a lack of management's intent and ability to carry out its stated courses of action.
  - b. The measurement periods and related assets used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - c. The disclosures related to fair value are complete and 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.
11. All common opportunities, such as joint ventures, are included and other joint ventures and related organizations are properly disclosed.
12. All components of net position and fund balances are classified and properly reported.
13. All revenues within the statement of activities have been properly classified as grant revenues, general revenues, contributions, or contributions to permanent endowments, or contributions to permanent fund principal.
14. All expenses have been properly classified or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
15. All interfund and intrufund transactions are properly reported.
16. Special items and extraordinary items have been properly classified and reported.
17. Depreciation rates are properly and fully disclosed.
18. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
19. All intangible assets are properly classified and reported.
20. We have made the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for the reporting period and the circumstances.
21. We are responsible for the presentation of the financial statements of the recipients and other postemployment benefits liabilities of the Michigan Public School Employees Retirement System (MPERS) and related accounts. We are provided MPERS' with information accurate and information regarding the collection of contributions to the plan and have reviewed the information provided by MPERS for accuracy and consistency with financial statements.

22. The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. The extent of this pandemic on the College's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on students, employees and vendors, all of which cannot be reasonably predicted at this time. In response to the pandemic, the College was awarded \$5,553,623 during 2021 from the Federal Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act and \$870,879 during 2020 from the Coronavirus Aid, Relief, and Economic Security Act. The College recognized revenue from these awards of \$227,934 and \$959,854 during 2022 and 2021, respectively. The College also initially awarded funding in the amount of \$5,330,000 through the Federal Coronavirus Relief Fund in 2020, which was recognized in 2021. While management reasonably expects the COVID-19 outbreak to impact the College's financial condition, operating results, and timing and amounts of transactions, the related financial statement requirements and duration are highly uncertain.

**Information Provided**

- 23. 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, including records such as receipts, appointment meeting minutes; and other matters;
  - b. Additional information that you have requested in writing for the purpose of the audit, and
  - c. Unlimited access to persons who, within the entity's domain, you determined it necessary to obtain audit evidence.
- 24. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 25. We have disclosed to you the results of our assessment for the risks that the financial statements may be materially misstated as a result of fraud.
- 26. We have no knowledge of any fraud, or suspected fraud that affects the entity and involves:
  - a. Management,
  - b. Employees who have a significant role in financial reporting, or
  - c. Others where the fraud could have a material effect on the financial statements.
- 27. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and non-compliance with provisions or laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether committed by employees, former employees, vendors (contractors), regulators, or others.
- 28. We have no knowledge of any instances that have occurred or are likely to have occurred of fraud and non-compliance with provisions of contracts and grant agreements that may have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 29. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

30. We are not aware of any known or potential threatened litigation and claims whose merits should be considered when preparing the financial statements and who has not consulted legal counsel concerning any potential claims.
31. We have procedures in place to identify and address any deficiencies and recommendations.
32. We have disclosed to you the nature, timing, and dollar amounts of any adjustments that should be made to the audit objectives and whether related recommendations have been implemented.
33. We have disclosed to you the nature, timing, and dollar amounts of any adjustments that should be made to the audit objectives and whether related recommendations have been implemented.
34. There have been no communications from regulatory agencies concerning non-compliance with any deficiencies in accounting, internal control, or financial reporting practices.
35. The College has no plans or intentions that may materially affect the carrying value or classification of its assets and liabilities.
36. We have disclosed to you all guarantees, whether written or oral, under which the College is contingently liable.
37. We have disclosed to you all contracts, leases, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions, regarding the specific conditions, terms, and amounts.
38. There are no:
- a. Violations of any laws or regulations or provisions of contracts or grant agreements whose effects should be considered on a basis for recording a loss contingency, including applicable hedge accounting provisions.
  - b. Unasserted claims or assessments that should be accrued are probable of assertion and must be accrued in accordance with GASB Statement No. 62, Codification of the Governmental Accounting Standards Board's Statement No. 62, *Reporting the Liabilities of Governmental Entities*.
  - c. Contingent liabilities or obligations that should be accrued or disclosed in accordance with GASB Statement No. 62.
39. The College has satisfied all of the conditions of the assets and there are no conditions of the assets such as assets not being recorded in the financial statements or assets not being recorded in the financial statements.
40. We have complied with all applicable grant agreements and all other contractual agreements that we will have a material effect on the financial statements with the exception of the following:
41. We have disclosed to you all significant estimated material contract amounts known to management that are required to be accrued in accordance with GASB Statement No. 62. Significant estimates are estimates that the likelihood of occurrence is high and the amount is not known to be material within the next year. Contingent liabilities refer to volumes of business, revenues, available sources of funds, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

**Supplementary Information in Relation to the Financial Statements as a Whole**


42. With respect to supplementary information accompanying the financial statements:
- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.

- b. We believe the supplementary information, including notes, is prepared 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 and interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

**Required Supplementary Information**

43. With respect to the required supplementary information accompanying the financial statements:

- a. We acknowledge our responsibility to include 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 notes, is prepared 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 and 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.

  
David Finley, President

  
Tom Zeidel, Vice President of Finance and Utilities

  
Troy Slater, Director of Business Services