Board of Trustees

Monroe County Community College

November 25, 2024

AHP

CPAs & ADVISORS

ANDREWS HOOPER PAVLIK PLC

Board of Trustees

Monroe County Community College

November 25, 2024

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    Traci Moon – Partner

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ANDREWS HOOPER PAVLIK PLC
43252 WOODWARD AVENUE | SUITE 150 | BLOOMFIELD HILLS, MI 48302

November 25, 2024

Board of Trustees
Monroe County Community College
Monroe, Michigan

We are pleased to submit this report, which summarizes the results of our and other matters that we believe would be of interest to you.

Services Provided and in Process

In accordance with our engagement letter, AHP provided the following services:

Audit Services:

- An audit of the financial statements of the College and the discreetly presented component unit, for the year ended June 30, 2024. Our audit included all procedures considered necessary by us to perform the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and to issue our opinion thereon—Completed.
- An audit in accordance with the Uniform Grant Guidance and *Government Auditing Standards*. Our audit included procedures for testing requirements relate to the major federal award programs for the year ended June 30, 2024—In Process.

Nonaudit Services:

- Assistance with the preparation of the financial statements—Completed.
- Assistance with the preparation of the schedule of expenditures of federal awards—In Process.

We have reviewed the services provided and confirm that we are independent of Monroe County Community College.

Results of our Audit of the Financial Statements

The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* and included such tests of the accounting records and such other auditing procedures as we considered necessary for the purpose of expressing an opinion on the financial statements.

The following summarizes various matters of interest noted during our audit:

Significant Risks

As noted in our scope letter dated May 15, 2024, we identified certain areas as having significant risks related to the potential of a material misstatement. We audited each of those significant risks with audit procedures designed to mitigate those risks. Based on our procedures performed, we noted no matters that need to be communicated to you.

Component Unit / Group Audit

We did not audit the financial statements of the discretely presented component unit, The Foundation at Monroe County Community College. Those statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for The Foundation at Monroe County Community College, is based solely on the report of the other auditors.

Net Pension and OPEB Obligations

The College contributes to the Michigan Public School Employees Retirement System (MPSERS) pension plan and other postemployment benefit (OPEB) plan administered by the State of Michigan.

As of June 30, 2024, the MPSERS net pension obligation was approximately $32.3 million compared to $40.0 million as of June 30, 2023. As of June 30, 2024, the net OPEB asset was approximately $.6 million compared to a $2.2 million obligation as of June 30, 2023. Pension and OPEB expenses as a result of year end GASB 68 and GASB 75 entries were approximately a negative $4.9 million (negative $2.7 million for pension and negative $2.2 million for OPEB) for the year ended June 30, 2024, and approximately a negative $3.5 million (negative $1.4 million for pension and negative $2.1 million for OPEB) for the year ended June 30, 2023. Required contributions for the pension and OPEB plans were approximately $3.6 million and $0.8 million, respectively, for the year ended June 30, 2024.

For the MPSERS pension actuarial valuation, the discount rate was 6.00% compared to the prior year discount rate of 6.00%. As noted in Note 6 to the financial statements, the discount rate has a significant impact on the pension obligation. A 1% decrease in the discount rate would increase the current pension obligation by approximately $11.3 million.

For the MPSERS OPEB actuarial valuation, the discount rate was 6.00% compared to the prior year discount rate of 6.00%. As noted in Note 7 to the financial statements, the discount rate has a significant impact on the OPEB obligation. A 1% decrease in the discount rate would increase the current OPEB obligation by approximately $1.2 million.

Uniform Grant Guidance

Our risk assessment to determine which Federal programs are to be audited as major programs concluded that the Student Financial Aid Cluster and TRIO/Upward Bound programs were considered to be major programs and were audited in accordance with the Uniform Grant Guidance.

Cybersecurity and Information Technology Controls

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, entities stand to lose their reputation, the ability to operate efficiently, and proprietary information or assets. Entities may also be subject to financial and legal liabilities. Managing this issue is especially challenging because even an entity with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner. We believe management should continue to monitor and evaluate this risk, which is a critical best practice. Additionally, periodic assessments of the system in order to verify that the control environment is functioning as designed are key parts of measuring associated business risk. We encourage those charged with governance to work with management on this very important topic. If we can be of assistance in the process, we would be happy to do so.

Adopted Audit and Accounting Standards

There were no adopted audit or accounting standards that had a material impact on the financial statements.

Future Audit and Accounting Standards

GASB Statement No. 101, Compensated Absences

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, which will apply for the College's June 30, 2025 fiscal year. We anticipate this GASB Statement may have an impact on the College's financial statements.

Required Communications with the Board of Trustees

This section discusses our responsibilities under AICPA Professional Standards AU-C Section 260, *The Auditor's Communication with Those Charged with Governance.* The following excerpts from that standard describe the specific matters required to be communicated to you and our responses thereto:

Our Responsibility under U.S. Generally Accepted Auditing Standards

The auditor's standard report emphasizes that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* is designed to provide reasonable, but not absolute, assurance that the financial statements are free of material misstatement and in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Our report dated November 7, 2024, follows this format. Because of the concept of reasonable assurance, and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

Our responsibility, as described by our 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 U.S. GAAP. Our audit does not relieve you or management of your responsibilities.

As part of the audit, we considered the internal control of the College. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning internal control.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope previously communicated to you in our scope letter dated May 15, 2024. No matters came to our attention during our audit that resulted in a change to our timing or scope of procedures.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. 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. All significant transactions have been recognized in the financial statements in the proper period.

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:

- Allowance for uncollectible accounts
- Net pension and OPEB obligations

For each of the estimates listed above, we evaluated the key factors and assumptions used to develop the estimate in determining that it is 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 statement users.

The most sensitive disclosures affecting the financial statements were:

- Significant accounting policies
- Noncurrent liabilities
- Postemployment benefits

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

We noted the following misstatements that management has corrected:

Accounts Receivable	$ 179	
Due From General Fund		$ 179
(to balance due to/from accounts)		
Accounts Receivable	$ 23,931	
Distributions – Pell	76,666	
Federal Loans Expended		$ 23,931
Pell Funds Received		76,666
(to properly record Pell and Federal Loan activity)		
Amortization Expense	$ 20,391	
Interest Expense	1,088	
Lease Payable	48,543	
Accumulated Amortization Expense	78,077	
Equipment – Leased		$ 116,889
Lease Equipment Expense		31,210
(to properly record lease activity during the year)		
Net Position Fund Functioning as Endowment	$ 13,937	
Net Position Unrestricted		$ 13,937
(to correct endowment funds functioning net position)		
Buildings	$ 663,595	
Infrastructure	40,000	
Construction in Progress	1,828,414	
Depreciation Expense	16,757	
Capital Outlay Expense		$2,532,009
Accumulated Depreciation		16,757
(to capitalize assets placed in service and record construction in progress)		
Sale of Equipment	$ 224,661	
Capital Outlay Expense		$ 224,661
(to reclassify loss on disposal of asset to correct account)		
Medical Insurance Expense	$ 178,963	
Medical Insurance Payable		$ 178,963
(to record liability for medical claims in process at June 30, 2024)		

We also noted the following uncorrected misstatements that management has determined are not material to the financial statements:

Subscription Based Information Technology Asset (SBITA)	$ 54,589	
Expense	20,913	
SBITA Liability		$ 55,813
Net Position		19,689
(the College did not record SBITAs)		
Payroll Expense	$ 26,104	
Payroll Accrual		$ 26,104
(the College did not properly record vacation accrual)		
Right-of-use (ROU) Asset	$ 53,864	
Expense	1,532	
Net Position	158	
ROU Lease Liability		$ 55,554
(the College did not record leases as a ROU Asset with its corresponding liability)		
Tuition Revenue	$ 35,933	
Deferred Revenue		$ 35,933
(the College did not properly record prepaid tuition)		
Accounts Receivable	$ 37,701	
Deferred Inflows of Resources		$ 33,817
Lease Revenue		3,884
(the College did not properly record lessor leases)		
Net Position	$ 37,057	
Loss on Disposal		$ 37,057
(the College did not properly record an equipment disposal in the prior year)		
Student Liability	$ 95,002	
Student Receivable		$ 95,002
(the College made an error in the student refund calculation)		
Scholarship Allowance	$ 48,000	
Scholarship Receivable		$ 48,000
(the College did not record the expense amount to offset the receivable)		

<u>Disagreements with Management</u>

For purposes of this letter, a disagreement with management is a disagreement on financial accounting, reporting, or auditing matters, 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 the audit.

Management Representations

We have requested certain representations from management that are included in the management's representation letter dated November 7, 2024. A copy is attached for your reference.

Management's 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 financial statements or a determination of the type of 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 relevant facts. To our knowledge, there were no such consultations with other accountants.

Major Issues Discussed with Management Prior to Retention

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

Required Supplementary Information

We applied certain limited procedures to the management's discussion and analysis, and the MPSERS cost-sharing multiple-employer pension and OPEB plan schedules and related notes, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Other Supplementary Information

With respect to the other supplementary information accompanying the financial statements, we made certain inquires of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. GAAP, 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 other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Communication of Fees for Nonaudit Services

As previously described in this letter, we performed certain nonaudit services at the request of management and documented in an engagement letter. Fees for these services did not exceed those noted in our engagement letter.

We considered the College's internal controls during the course of the audit, and we remained alert for areas where procedures and controls could be improved. We noted no matters involving the internal control system and its operation that we would consider to be material weaknesses. However, we noted other matters involving the internal control or areas where operations may be improved that we have reported to management in a separate letter dated November 7, 2024.

* * *

This report is intended solely for the information and use of the Board of Trustees and management of Monroe County Community College and is not intended to be, and should not be, used by anyone other than these specified parties.

We will be pleased to respond to any comments or questions you may have concerning this letter or any other aspects of our services to Monroe County Community College.

It has been a pleasure to serve Monroe County Community College during 2024. We would like to express our appreciation for the cooperation and courtesy extended to us by the Board of Trustees, management, and employees of the College and look forward to continuing our association in the future.

Sincerely,

Andrews Hooper Pavlik PLC

November 7, 2024

Andrews Hooper Pavlik PLC
43252 Woodward Ave
Suite 150
Bloomfield Hills, Michigan 48302

This representation letter is provided in connection with your audits of the financial statements of Monroe County Community College (College), which comprise the respective financial position of the business-type activities and the discretely presented component unit, as of June 30, 2024 and 2023 and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance 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 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. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 7, 2024, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 15, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information required by U.S. GAAP to be included in the financial reporting entity.

3) 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.

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

5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosures that is reasonable in accordance with U.S. GAAP.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.

9) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of uncorrected misstatements are as follows:

Subscription Based Information Technology Asset (SBITA)	$ 54,589	
Expense	20,913	
SBITA Liability		$ 55,813
Net Position		19,689
(the College did not record SBITAs)		
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(the College made an error in the student refund calculation)		
Scholarship Allowance	$ 48,000	
Scholarship Receivable		$ 48,000
(the College did not record the expense to offset the receivable)		

10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

11) Guarantees, whether written or oral, under which the College is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

12) 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, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

b) Additional information that you have requested from us for the purpose of the audit.

c) Unrestricted access to persons within the College from whom you determined it necessary to obtain audit evidence.

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

13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

14) 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.

15) We have no knowledge of any fraud or suspected fraud that affects the College 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.

16) We have no knowledge of any allegations of fraud or suspected fraud affecting the College's financial statements communicated by employees, former employees, regulators, or others.

17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

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

19) We have disclosed to you the names of the College's related parties and all the related party relationships and transactions of which we are aware, including any side agreements.

Government-specific

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

21) We have a process to track the status of audit findings and recommendations when such items are noted.

22) 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.

23) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

24) We have provided our views on reported findings, conclusions, and recommendation, as well as our planned corrective actions, for the report, if such items were noted.

25) The College has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.

26) 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 legal and contractual provisions for reporting specific activities in separate funds.

27) We have appropriately identified, recorded, and disclosed all leases in accordance with GASB No. 87.

28) We have appropriately identified, recorded, and disclosed subscription-based information technology arrangements in accordance with GASB No. 96.

29) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.

30) There are no 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.

31) As part of your audit, you assisted with preparation of the financial statements, disclosures, and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements, disclosures, and schedule of expenditures of federal awards.

32) 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.

33) 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.

34) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

35) The financial statements include all fiduciary activities required by GASBS No 84, as amended.

36) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.

37) All funds that meet the quantitative criteria in GASBS 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.

38) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

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

40) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.

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

42) Expenses have been appropriately classified in or allocated to functions and programs in the statement of revenues, expenses, and changes in net position, and allocations have been made on a reasonable basis.

43) Revenues are appropriately classified in the statement of revenues, expenses, and changes in net position within operating, nonoperating, and other revenues.

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

45) Special and extraordinary items, if applicable, are appropriately classified and reported.

46) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

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

48) Tax abatement agreements have been properly disclosed in the notes to the financial statements, including the names of all governments involved, the gross amount and specific taxes abated, and additional commitments.

49) 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.

50) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the net position classifications for financial reporting purposes.

51) 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.

52) We acknowledge our acceptance of responsibility for preparing component financial information.

53) With respect to the other supplementary information:

a) We acknowledge our responsibility for presenting the other supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the other supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the other supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b) If the other supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

54) With respect to the federal award programs:

a) We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.

b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

f) We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

h) We have received no requests from a federal agency to audit one or more specific programs as a major program.

i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.

j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

k) 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.

l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).

m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.

r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

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

t) We have charged costs to federal awards in accordance with applicable cost principles.

u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be include 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.

v) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

x) We are responsible for taking corrective action on each audit finding, if any, of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

y) We have disclosed to you all contracts or other agreements with service organization, if applicable, and we have disclosed to you all communications from the service organization related to noncompliance at the service organization

55) In regard to the non-attest services performed by you, we have—

a) Assumed all management responsibilities.

b) Designated Frank Thomas and Denise Lindermann, who has suitable skill, knowledge, or experience to oversee the services.

c) Evaluated the adequacy and results of the services performed.

d) Accepted responsibility for the results of the services.

e) Ensured that the data and records are complete, and we have sufficient information to oversee the services.

56) 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 and questioned costs.

FRANK R. THOMAS

Frank Thomas, Director of Financial Services

Curtis E. Creagh

Curtis Creagh, Vice President of Finance and Administration

Kojo Quartey, President