



COMMUNICATIONS WITH THOSE
CHARGED WITH GOVERNANCE

UMPQUA COMMUNITY COLLEGE

June 30, 2022



Communications with Those Charged with Governance

To the Board of Education
Umpqua Community College

We have audited the financial statements of Umpqua Community College (the “College”), and the discretely presented component unit, Umpqua Community College Foundation (the “Foundation”), as of and for the year ended June 30, 2022 and have issued our report thereon dated December 7, 2022. 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

As stated in our engagement letter dated July 19, 2022, we are responsible for forming and expressing an opinion about whether the financial statements prepared by management, with your oversight, are prepared, in all material respects, in accordance 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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. As part of an audit conducted in accordance with those standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

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 College’s internal control over financial reporting. Accordingly, we considered the College’s internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are 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.

The supplementary information was subject to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

Other Information Documents Containing Audited Financial Statements

Management is responsible for the other information included in the financial statements. The other information comprises the introductory section and statistical section, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the audited financial statements. We have read the information, and nothing came to our attention that caused us to believe that such information is materially inconsistent with the financial statements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in engagement letter dated July 19, 2022.

Significant Audit Findings and Issues

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. The College implemented GASB Statement 87, *Leases*. As a lessee, the College was required to recognize a lease liability and an intangible right-to-use lease asset. The resulting lease assets and liabilities were recorded at the present value of payments the College is expected to make during the lease term. As a lessor, the College was required to recognize a lease receivable and a deferred inflow of resources. The resulting lease asset and deferred inflows of resources were recorded at the present value of payments the College is expected to receive during the lease term.

No other significant, new accounting policies were adopted and there were no changes in the application of existing policies during 2022. We noted no transactions entered into by the College during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

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 significant accounting estimates are the remaining useful lives of capital assets being depreciated, lease discount rates used and the decisions to extend lease agreements, and post-employment benefit obligations for retirement and health plans.

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

- The disclosure of cash, cash equivalents and investments in Note 3 to the financial statements describes the amounts held in the various types of depositories at year-end, as well as the details of the nature of the inherent risks the College is subject to.
- The disclosure of pension and OPEB liabilities in Notes 7 and 8 to the financial statements includes details on retirement benefits the College provides its active and retired employees. The recorded liabilities for these benefits included in the financial statements are estimates based on a number of actuarial assumptions.
- The disclosure of the College's long-term debt in Note 14 to the financial statements discloses details about pension bond and full faith and credit obligations, the amounts and types of debt outstanding at year-end, the related repayment terms, and the future maturities of principal and interest.

Significant Unusual Transactions

We encountered no significant unusual transactions during our audit of the College's financial statements.

Significant Difficulties Encountered in Performing the Audit

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. No significant difficulties were encountered during our audit of the College's 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. No such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor's Report

There may be circumstances in which we would consider it necessary to include additional information in the auditor's report in accordance with generally accepted auditing standards, *Government Auditing Standards*, or Minimum Standards for Audits of Oregon Municipal Corporations. There were no circumstances that affected the form and content of the auditor's report.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No corrected misstatements were identified during the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 7, 2022.

Management Consultation 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 Significant Audit Findings or Issues

We are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified.

This information is intended solely for the use of the board of education and management of College and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Portland, Oregon
December 7, 2022

