



Collin County Community College District

Single Audit Section

**Report of Independent Public Accountants on Compliance and on
Internal Control Over Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

To the Board of Trustees of
Collin County Community College District:

We have audited the general purpose financial statements of the Collin County Community College District (the "District"), as of and for the year ended August 31, 2001, and have issued our report thereon dated November 16, 2001. As more fully explained in Note 2(g) of the general purpose financial statements, effective September 1, 2000, the District changed its accounting for fixed assets by increasing the capitalization threshold from \$500 to \$5,000. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants (including the Public Funds Investment Act), 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, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to District management in a separate letter dated November 16, 2001.

This report is intended solely for the information and use of the Board of Trustees, the District's management and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Arthur Andersen LLP

Dallas, Texas,
November 16, 2001

**Report of Independent Public Accountants on Compliance with
Requirements Applicable to Each Major Program and on
Internal Control Over Compliance in Accordance with
OMB Circular A-133**

To the Board of Trustees of
Collin County Community College District:

Compliance

We have audited the compliance of the Collin County Community College District (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement (March 2001) and the State of Texas Single Audit Circular, respectively, that are applicable to each of its major federal and state programs for the year ended August 31, 2001. The District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State of Texas Single Audit Circular, ("SAC"), respectively. Those standards, OMB Circular A-133, and SAC require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended August 31, 2001.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal or state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to District management in a separate letter dated November 16, 2001.

This report is intended solely for the information and use of the Board of Trustees, the District's management and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Arthur Andersen LLP

Dallas, Texas,
November 16, 2001



COLLIN COUNTY COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of Federal Awards
For the year ended August 31, 2001

<u>Federal grantor/pass-through grantor/ program title</u>	<u>Federal CFDA number</u>	<u>Pass-through grantor's number</u>	<u>Disbursements/ expenditures</u>
<u>U.S. Department of Labor</u>			
Passed through North Texas Human Resource Group: School-to-Careers 00/01	17.249	607	\$ 220
<u>National Science Foundation:</u>			
Direct Program:			
NSF - Advancing Careers in Technology and Science	47.076	DUE-9950025	285,151
Passed through the University of Texas at El Paso:			
Alliance for Minority Participation 96/00	47.071	HRD-9255166	7,989
Alliance for Minority Participation 96/01	47.071	HRD-9701775	17,611
Subtotal Alliance for Minority Participation			25,600
Passed through the Springfield Technical Community College:			
Northeast Center for Telecommunications Technologies	47.076	N/A**	1,500
Total National Science Foundation			312,251
<u>U.S. Small Business Administration:</u>			
Passed through Dallas County Community College District:			
Small Business Development Center 99/00	59.037	0-7620-0046-14	7,537
Small Business Development Center 00/01	59.037	1-7620-0046-15	60,068
Total U.S. Small Business Administration			67,605
<u>U.S. Department of Education</u>			
Direct programs:			
Federal SEOG 00/01*	84.007		167,395
Federal work study 99/00*	84.033		16,487
Federal work study 00/01*	84.033		115,590
Federal Pell grant 99/00*	84.063		(644)
Federal Pell grant 00/01*	84.063		1,316,601
Teacher's Technology 01/02	84.342A		4,145
Subtotal direct programs			1,619,574
Passed through Weatherford College:			
Carl Perkins voc. tech. ed.-Texas Counselors' Network	84.048	11111	1,000
Passed through the Texas Higher Education Coordinating Board:			
Carl Perkins voc. tech. ed. - alternative teach cert. 00/01	84.048	11103	107,140
Carl Perkins voc. tech. ed. - annual application 00/01	84.048	14213	93,530
Carl Perkins voc. tech. ed. - Networks 00/01	84.048	11501	69,384
Subtotal Carl Perkins voc. tech. ed. - passed through THECB			270,054
Carl Perkins voc. tech. ed. - Tech-Prep 00/01	84.243	11706	284,879
Passed through University of Arkansas - Little Rock:			
RSA Region VI interpreter education project	84.160A	H160A000003	1,000
Total U.S. Department of Education			2,176,507
Total Federal financial awards			\$ 2,556,583

*Independent Auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

** N.A. - Not available

See accompanying notes to Schedule of Expenditures of Federal Awards.



COLLIN COUNTY COMMUNITY COLLEGE DISTRICT
Notes to Schedule of Expenditures of Federal Awards
For the year ended August 31, 2001

(1) Federal awards reconciliation

Federal revenues - per Exhibit C:	
Federal grants and contracts	\$ 2,384,439
Federal work study - unrestricted	95,709
Indirect/administrative costs recoveries	21,282
Total federal revenues per Exhibit C	<u>2,501,430</u>
Reconciling item:	
Add:	
Funds passed through to others	<u>55,153</u>
Total pass-through and expenditures per federal schedule	<u>\$ 2,556,583</u>

(2) Significant accounting policies used in preparing the schedule

The expenditures included in the schedule are reported for the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the District for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the general purpose financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The District has followed all applicable guidelines issued by various entities in the preparation of the schedule.

(3) Student loans processed and administrative costs recovered - not included in schedule

Federal grantor CFDA number/program name	New loans processed	Administrative cost recovered	Total loans processed and admin. cost recovered
U.S. Department of Education			
84.032 Federal Stafford loan program	\$ 1,129,521	\$ 0	\$ 1,129,521
84.032 Federal PLUS loan program	18,068	0	18,068
Total U.S. Department of Education	<u>\$ 1,147,589</u>	<u>\$ 0</u>	<u>\$ 1,147,589</u>

(4) Amounts passed-through by the District

The following amounts were passed-through to the listed subrecipients by the District. These amounts were from the Tech Prep program CFDA 84.243 passed-through the Texas Higher Education Coordinating Board:

Anna Independent School District	\$ 1,066
Bland Independent School District	15,454
Celina Independent School District	303
Commerce Independent School District	2,900
Community High School	198
Ford High School	898
Plano Independent School District	733
Shepton High School	678
Tom Bean Independent School District	944
Total	<u>\$ 23,174</u>

The following amounts were passed-through to the listed subrecipients by the District. These amounts were from the Vocational Education program CFDA 84.048 passed-through the Texas Higher Education Coordinating Board:

North Central Texas College	\$ 8,190
North Harris Montgomery Community College	7,912
Paris Junior College	5,877
Weatherford College	10,000
Total	<u>31,979</u>



COLLIN COUNTY COMMUNITY COLLEGE DISTRICT
Schedule of Expenditures of State Awards
For the year ended August 31, 2001

Schedule D-4

<u>Federal grantor/pass-through grantor/ program title</u>	<u>Grantor's number</u>	<u>Disbursements and expenditures</u>
<u>Texas Workforce Commission</u>		
WTC Skills Development grant*	POT-041SDF0389	\$ 493,488
<u>Texas Higher Education Coordinating Board</u>		
Texas Grant Program 00/01 Renewal	13099	9,221
Texas Grant Program 00/01 New Awards	13099	11,471
Total Texas Higher Education Coordinating Board		<u>20,692</u>
<u>Passed through Dallas County Community College District</u>		
Small Business Development Center 99/00	0-7620-0046-14	2,077
Small Business Development Center 00/01	1-7620-0046-15	24,751
Total Small Business Development Center		<u>26,828</u>
Total state financial awards		<u>\$ 541,008</u>

See accompanying notes to Schedule of Expenditures of State Awards.

*Independent Auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with the State of Texas Single Audit Circular.



COLLIN COUNTY COMMUNITY COLLEGE DISTRICT
Notes to Schedule of Expenditures of State Awards
For the year ended August 31, 2001

(1) State awards reconciliation

State revenues - per Exhibit C:

State financial awards	\$ 516,637
Indirect/administrative cost recoveries	24,371
Total State revenues per Exhibit C	<u>\$ 541,008</u>

(2) Significant accounting policies used in preparing the schedule

The accompanying schedule is presented using the accrual basis of accounting. See Note (2) to the general purpose financial statements for the District's significant accounting policies. These expenditures are reported in the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

Collin County Community College District

**Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2001**

Section I. Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes x none reported
- Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: *unqualified*

- Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133 _____ yes x no

The major program included on the schedule of expenditures of federal awards is the U.S. Department of Education, Student Financial Aid cluster which is considered as one major program in accordance with OMB Circular A-133 Section .105.

The dollar threshold used to distinguish between Type A and Type B programs, as described in Section .520(b), is \$300,000.

The District qualified as a "low risk" auditee under Section .530.

State Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes x none reported

Collin County Community College District

**Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2001**

Section I. Summary of Auditor's Results (continued):

Type of auditor's report issued on compliance for major programs: *unqualified*

- Any audit findings disclosed that are required to be reported in accordance with the State of Texas Single Audit Circular _____ yes x no

The major state program which is included on the schedule of expenditures of state awards is the Texas Workforce Commission Skills Development Grant (Grant Number POT-041SDF0389) in accordance with the State of Texas Single Audit Circular.

The dollar threshold used to distinguish between Type A and Type B programs, as described in Section .520(b), is \$300,000.

The District qualified as a "low risk" auditee under Section .530.

Section II. Financial Statement Findings:

There were no findings relating to the general purpose financial statements which are required to be reported in accordance with Government Auditing Standards. However, we have noted other matters involving the internal control over financial reporting that we have reported to District management in a separate letter dated November 16, 2001.

Section III. Federal and State Award Findings and Questioned Costs:

There were no major findings or questioned costs for federal and state awards for the year ended August 31, 2001.