



Meeting with the Budget and Finance Committee of Collin County Community College District

**Communications Related to the 2015 Audit
December 15, 2015**

Grant Thornton Attendees:
Ben Kohnle, Partner
Juliet Williams, Manager

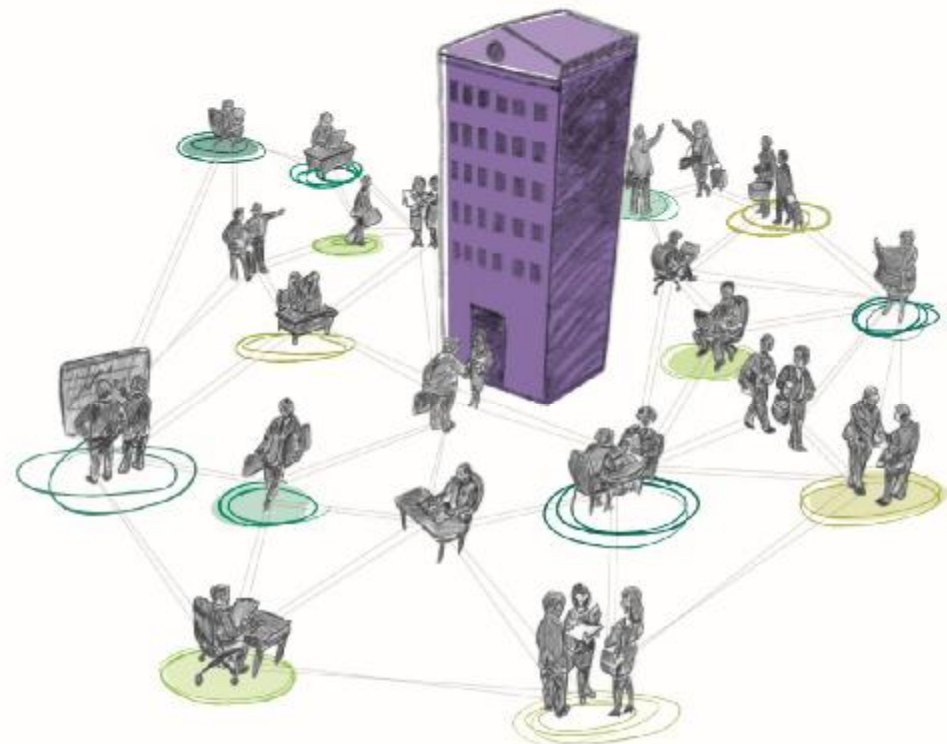


Our values are CLEARR

To achieve our global vision, we capitalize on our strengths by embracing the following values:

- Unite through global **Collaboration**
- Demonstrate **Leadership** in all we do
- Promote a consistent culture of **Excellence**
- Act with **Agility**
- Ensure deep **Respect** for people
- Take **Responsibility** for our actions

Our values serve as the foundation of each step we take toward achieving our vision. They guide our decision-making and provide a framework for our people to make correct and appropriate choices.



Our responsibilities

We are responsible for:

- Performing an audit under US GAAS of the financial statements prepared by management, with your oversight
- Forming and expressing an opinion about whether the financial statements are presented fairly, in all material respects in accordance with US GAAP
- Forming and expressing an opinion about whether certain supplementary information is fairly stated in relation to the financial statements as a whole
- Reading other information and considering whether it is materially inconsistent with the financial statements
- Communicating specific matters to you on a timely basis; we do not design our audit for this purpose
- Reporting any material federal and state awards noncompliance
- Reporting any significant deficiencies, including material weaknesses, in internal control over financial reporting and federal and state awards
- Forming and expressing an opinion regarding the Schedule of Expenditures of Federal Awards (SEFA) and Schedule of Expenditures of State Awards (SESA).
- Summarizing Findings and questioned costs.

An audit provides reasonable, not absolute, assurance that the financial statements do not contain material misstatements due to fraud or error. It does not relieve you or management of your responsibilities. Our respective responsibilities are described further in our engagement letter. **Note: The audit opinion includes language that is standard throughout the accounting profession and is required by professional standards. This language is consistent with what can be found in the opinions of similar entities.**



Those Charged with Governance and Management responsibilities

Those Charged with Governance

Those charged with governance are responsible for:

- Overseeing the financial reporting process
- Setting a positive tone at the top and challenging the District's activities in the financial arena
- Discussing significant accounting and internal control matters with management
- Informing us about fraud or suspected fraud, including its views about fraud risks
- Informing us about other matters that are relevant to our audit, such as:
 - Objectives and strategies and related business risks that may result in material misstatement
 - Matters warranting particular audit attention
 - Significant communications with regulators
 - Matters related to the effectiveness of internal control and your related oversight responsibilities
 - Your views regarding our current communications and your actions regarding previous communications

Management

Management is responsible for:

- Preparing and fairly presenting the financial statements and SEFA/SESA in accordance with US GAAP
- Designing, implementing, evaluating, and maintaining effective internal control over financial reporting
- Communicating significant accounting and internal control matters to those charged with governance
- Providing us with unrestricted access to all persons and all information relevant to our audit
- Informing us about fraud, illegal acts, significant deficiencies, and material weaknesses
- Adjusting the financial statements, including disclosures, to correct material misstatements
- Informing us of subsequent events
- Providing us with certain written representations



Audit timeline

| | | |
|---------------------------------|---|---|
| <p>July 2015</p> | <p>Planning and interim procedures</p> | <ul style="list-style-type: none"> • Meet with management to confirm expectations and discuss business risks • Discuss scope of work and timetable • Identify current-year audit issues and discuss recently issued accounting pronouncements • Develop audit plan that addresses risk areas • Preliminary Single Audit procedures • Performed bookstore inventory procedures |
| <p>November 2015</p> | <p>Preliminary risk assessment procedures</p> | <ul style="list-style-type: none"> • Evaluate internal controls • Coordinate planning with management and develop work calendar • Perform remaining single audit testing • Review accounting policies and review related contractual documents |
| <p>November - December 2015</p> | <p>Final fieldwork and deliverables</p> | <ul style="list-style-type: none"> • Perform year-end procedures • Issue opinions on the financial statements and related reports • Meet with management to discuss results • Present results to the Budget and Finance Committee |



Materiality

Essentially, materiality is the magnitude of an omission or misstatement that likely influences a reasonable person's judgment. It is based on a relevant financial statement benchmark.

- We believe that **Total Assets** is the appropriate benchmark for the District.
- We believe that **Total Expenditures** is the appropriate benchmark for the Single Audit.

Financial statement items greater than materiality are in scope. Other areas less than materiality may be in scope if qualitative factors are present (for example, related party relationships or transactions and fraud risk).



Use of the work of other auditors

| Component | Other auditors | Response |
|--|----------------------------------|--------------------------------|
| The Collin County Community College Foundation, Inc. | Evans, Pingleton and Howard PLLC | Report is included in the CAFR |

The Foundation is a discretely presented component unit of the District.



Areas of Audit focus

The following provides an overview of the areas of significant audit focus based on our risk assessments.

| Areas of focus | Results |
|--|--|
| <ul style="list-style-type: none"> • Governance • State Appropriations • Maintenance ad valorem taxes • Federal, state and non-governmental grants and contracts • Tuition revenue and related receivable or deferral • Investments • Payroll and related liabilities • Pensions and related liabilities • Operating expenses and related payables • LT Debt • Fixed assets • Net position • Fraud inquiries and procedures | <p>All balances were determined not to be materially misstated based on GT's audit procedures.</p> |



Results of Audit

Results

- Unmodified "clean" opinion
- No scope limitations
- No unresolved audit issues
- No audit adjustments
- Open and effective communication with management

Single Audit Report

- Unmodified opinion
- No findings



Single Audit Report

| Major Programs Audited | CFDA Number | Results |
|--|--------------------------------|------------------------------------|
| Student Financial Assistance Cluster | 84.007, 84.003, 84.063, 84.268 | No findings of noncompliance noted |
| Career and Technical Education – Carl Perkins Grant | 84.048 | No findings of noncompliance noted |
| Department of Labor – TAACCCT Grant | 17.282 | No findings of noncompliance noted |
| Toward EXcellence, Access & Success Grant (State program tested as part of the Federal Student Financial Assistance Cluster) | None | No findings of noncompliance noted |



Other required communications

Disagreements with management

We had no disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the District's financial statements or the auditor's report.

Management's consultations with other accountants

We are not aware of any consultations by management with other accountants regarding accounting or auditing matters.

Other information in documents containing audited financial statements

We have reviewed the District's CAFR, which contains audited financial statements, and we did not identify any material inconsistencies or misstatements of fact related to the audited financial statements.

Difficulties encountered during the audit

We encountered no significant difficulties, such as:

- Significant delays in providing or unwillingness to provide information
- Unnecessarily brief time to complete the audit
- Unavailability of expected information or District personnel
- Restrictions imposed by management, including any related to required supplementary information
- Extensive unexpected effort to obtain evidence



Quality of accounting practices and alternative treatments

Accounting policies

The accounting policies of the District are considered to be reasonable.

Accounting estimates

- An allowance for doubtful receivables is provided based upon management's judgment including such factors as prior collection history, type of account, and/or nature of activity
- Pension expense and liability (Implementation of GASB 68 related to pensions in FY15)

We performed tests to satisfy ourselves that these amounts were free from material misstatement.

Disclosures

- We have assessed the financial statement and single audit disclosures for clarity and completeness
- Footnote disclosures appear overall to be neutral, consistent, and clear

Other related matters

District management, Julie Bradley and Barbara Jindra, under the direction of Ken Lynn, do a very good job of preparing the District's financial statements and related footnotes, which allows us to focus our attention on performing audit procedures.



Value for fees

| Deliverables |
|--|
| Report on the 2015 financial statements |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> |
| Report on Compliance For Each Major Federal and State Program and on Internal Control Over Compliance Required by OMB Circular A-133 and the State of Texas <i>Single Audit Circular</i> |
| Provide timely and appropriate communication with management and the Budget and Finance Committee regarding technical audit, accounting, and internal control matters. |
| Issue written communications to management and the Budget and Finance Committee of certain other matters (not determined to be significant deficiencies or material weaknesses) noted during our audit |
| Perform CDAA procedures and provided management with results of testing |
| Data Collection Form |



Commitment to promote ethical and professional excellence

We are committed to promoting ethical and professional excellence. To advance this commitment, we have put in place a phone and Internet-based hotline system.

The Ethics Hotline (1.866.739.4134) provides individuals a means to call and report ethical concerns.

The EthicsPoint URL link

- Can be found on our internal website
- Can be accessed from our external website (https://secure.ethicspoint.com/domain/en/report_customer.asp?clientid=15191)

Disclaimer: EthicsPoint is not meant to act as a substitute for a company's "whistleblower" obligations.



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- What's important to you?
- How would you rate the team's overall service delivery?
- Would you refer Grant Thornton to a friend or colleague?



This communication is intended solely for the information and use of management and the Budget and Finance Committee of Collin County Community College District and is not intended to be and should not be used by anyone other than these specified parties.



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