

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT
AUDIT COMMITTEE MEETING**

**TUESDAY, OCTOBER 3, 2006
1:30-2:45 PM
R.L. THORNTON, JR. BUILDING
701 ELM STREET
FOURTH FLOOR, BOARD ROOM
DALLAS, TX 75202**

AGENDA

1. Certification of posting of notice of the meeting Wright Lassiter
2. Pre-Audit Presentation by Grant Thornton Ben Kohnle
Committee Action: No action required
3. 4th Quarter Report from Internal Audit Rafael Godinez
Committee Action: Review as provided by Board Policy CDC (LOCAL)
4. Special Internal Audit Report on Control Self Assessment Study Rafael Godinez
Committee Action: No action required
5. Annual Internal Audit Plan Rafael Godinez
Committee Action: Review as provided by Board Policy CDC (LOCAL)
6. Review of Investment Policy and Strategy Christa Slejko
Committee Action: Motion to present a resolution to the Board at its regular meeting on October 3, 2006, evidencing the Board has reviewed policy and strategy, as provided by Board Policies CAK (LEGAL and LOCAL)
7. Report from Investment Officers on Training Christa Slejko
Committee Action: Review as provided by Board Policies CAK (LEGAL and LOCAL)

8. List of Qualified Brokers/Dealers
Committee Action: Motion to present a financial report to the Board of Trustees at its regular meeting on October 3, 2006, as provided by Board Policies CAK (LEGAL and LOCAL) Christa Slejko
9. 4th Quarter Report on Investment Transactions
Committee Action: Motion to present an informative report to the Board of Trustees at its regular meeting on October 3, 2006, as provided by Board Policy CAK (LEGAL) Christa Slejko
10. 4th Quarter M/WBE Report
Committee Action: No action required Christa Slejko
11. Review of Chancellor's Travel
Committee Action: No action required Kathryn Tucker
12. Adjournment

**CERTIFICATION OF POSTING OF NOTICE OCTOBER 3, 2006
AUDIT COMMITTEE MEETING OF THE DALLAS COUNTY
COMMUNITY COLLEGE DISTRICT BOARD OF TRUSTEES**

I, Wright L. Lassiter, Jr., Secretary of the Board of Trustees of the Dallas County Community College District, do certify that a copy of this notice was posted on the 29th day of September, 2006 in a place convenient to the public in the R.L. Thornton, Jr. Administration Building, and a copy of this notice was provided on the 29th day of September, 2006 to Cynthia Figueroa Calhoun, County Clerk of Dallas County, Texas, and the notice was posted on the bulletin board at the Frank Crowley Courts Building, all as required by the Texas Government Code, §551.054.



Wright L. Lassiter, Jr., Secretary

Grant Thornton 

Dallas County Community College District

**Meeting with the audit committee
Dialogue discussion outline**

October 3, 2006

Grant Thornton attendees:

Ben Kohnle, Engagement Partner

Melissa Henderson, Engagement Manager

Purpose of meeting

- Reports to be issued
- Estimated fees and expenses
- Audit approach
- Timeline and expectations
- Audit committee questions and answers

Reports to be issued

- Financial statements
- A-133 report
- Review of the schedule of current funds expenditures by individual campus and central administrative function
- Memorandum of advisory comments

Estimated fees and expenses

	2006
Financial Statement Audit and Advisory Comment Letter	\$62,750
A-133 Audit	14,700
Review of Schedule of Expenditures (by campus)	5,900
Administrative Expenses	3,334
Total estimated fees and expenses	\$86,684

- Assumes similar level of internal audit assistance as provided in previous years.
- Our methodology for fee increases is typically based on salary inflation, which approximates 5-6% annually.
- Out of pocket expenses are billed as incurred.
- 20% of effort committed to joint venture firms.

Audit approach

Audit to be performed in accordance with generally accepted government auditing standards, including single audit in accordance with OMB Circular A-133. Significant audit areas include:

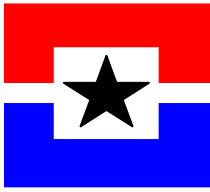
- Governance
- State appropriations
- Maintenance ad valorem taxes
- Federal, state and non-governmental grants and contracts
- Tuition revenue and related receivable or deferral
- Investments/treasury

Audit approach (continued)

- Payroll and related liabilities
- Operating expenses and related payables
- LT debt
- Fixed assets
- Net assets
- Fraud inquiries

Timeline and expectations

Audit Committee meeting	October 3, 2006
Financial statement audit	
• Preliminary fieldwork and planning	July
• Final fieldwork	Oct. 23 – Nov. 22
• Audit kickoff meeting	October 31
• Weekly status meetings	November 3
	November 10
	November 17
	tbd
• Closing meeting with management	December 15
Audit Committee meeting (SAS 61 communications)	
Engagement team	
• Ben Kohnle, Engagement Partner	ben.kohnle@gt.com (214) 561-2260
• Melissa Henderson, Engagement Manager	melissa.henderson@gt.com (214) 561-2416
• Fulya Bayolken, Engagement Senior	fulya.bayolken@gt.com (214) 561-2614
• Reggie Hopkins, Joint Venture Firm	
• Dan Serna, Joint Venture Firm	



MEMORANDUM

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT
SERVICE CENTER

TO: Audit Committee of the Board of Trustees

FROM: Rafael J. Godinez, CPA

DATE: September 14, 2006

RE: Quarterly Summary of Activities
For the Quarter Ended August 31, 2006

The following is a summary of activities by the DCCCD Internal Audit Department since the previous Audit Committee meeting of June 27, 2006.

AUDITS COMPLETED – Report Issued

- Cash Handling and Counts – District-Wide

The objective of the audit was to review the adequacy of control over cash on hand and determine compliance with business office procedures pertaining to cash counts. Cash advances to facility directors were being reconciled monthly rather than weekly as per procedures. One location was sighted for several instances of lack of supervisory review of daily reconciliations, commingling of petty cash with other cashier funds, and lack of prompt recording of adjustments. However, overall controls over cash funds are operating effectively.

- Colleague Student System Access

The purpose of the audit was to ensure adequate controls are in place to preserve the integrity of the Student System and limit access to critical screens to only those employees who have been approved based on job requirements. District IT has implemented a process by which terminated employees are identified weekly and their access to Colleague is removed. However, the cancellation or modification of access for transferred employees is still dependent on communication from supervisors as changes occur. Out of a sample of 183 employees tested, over 14% required changes to their access due to transfers or job assignment changes.

- Physical Plant Vehicle Usage

The purpose of the audit was to determine compliance with business office procedures pertaining to use of vehicles and the retention of applicable records. Vehicles reviewed were operated by facilities services, police, and DSC communications department. Minor exceptions were noted and

Audit Committee Report

September 14, 2006

Page 2

recommendations made pertaining to maintenance of daily trip logs on vehicles that are driven off-campus.

- College Vans and Gasoline Credit Card Usage

The purpose of the audit was to determine compliance with policies and procedures over the scheduling and use of college vans and gasoline credit cards for student related events. Minor exceptions were noted and recommendations made pertaining to accurately recording van utilization information such as driver signature, mileage driven, and retention of forms.

- Assistance to External Auditors

The following areas pertain to the assistance provided to Grant Thornton in performance of the District's annual financial statement and OMB A-133 audits.

Payroll disbursements – tested a sample of employee files and payroll transactions for compliance with established controls, accuracy and completeness of file documentation. No errors in payments were noted. However, the process for the retention of employee payroll related forms and authorizations needs improvement. Delineation of responsibilities for retention of vital records needs to be addressed to determine whether the records are to be retained at the college or District level.

Accounts payable disbursements – tested a sample of transactions for compliance with controls related to the purchasing and disbursement functions. No exceptions were noted.

Federal Financial Aid – tested a sample of student aid records for compliance with federal regulations and district procedures. The testing is still in progress. However, there have been no exceptions noted in the

awarding of aid. The return of funds function may reveal a need for improvement.

AUDITS IN PROCESS

The following audits have been initiated and are currently in process:

- Bookstore Purchases
- Eastfield College Auto Tech Grant
- Programming Standards and Controls

cc Christa Slejko
Wright Lassiter



Dallas County Community College District

Internal Audit Report

**Special Report to the Audit Committee
of the
Dallas County Community College District
Board of Trustees**

**Control Self-Assessment Program
Fiscal Year 2006**

Report Distribution

Audit Committee of the DCCCD Board of Trustees

Charletta Compton
Kitty Boyle
Bob Ferguson

Board of Trustees

Diana Flores
Martha Sanchez Metzger
JL Sonny Williams
Jerry Prater

Brookhaven

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Eastfield

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Mountain View

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North Lake

Herlinda Glasscock
Denise Zackery

Richland

Steve Mittelstet

Ron Clark

R. Jan LeCroy Center

Pam Quinn

Dottie Clark

DISTRICT OFFICE

Wright Lassiter
Andrew Jones
Denys Blell

DISTRICT SERVICE CENTER

Christa Slejko
Kim Green

**Special Report to the Audit Committee
of the
Dallas County Community College District
Board of Trustees**

CONTROL SELF-ASSESSMENT PROGRAM

Fiscal Year 2006

Introduction

In September 2000, the Audit Committee requested that District administration develop a plan that would address the issue of internal control training for employees. In conjunction with representatives from all District locations, the Control Self-Assessment (CSA) program was developed and implemented to help meet the Committee's request. The primary objective of the CSA program is to enhance managers' awareness as to the system of internal control over the various operating activities in which they engage during the year. Additionally, CSA can assist each manager in evaluating the level of compliance with these controls within their workgroup. The CSA process is not meant to be a one-time activity. Rather, it is to be an integral part of evaluating management responsibilities on an ongoing basis. This report marks the completion of the sixth year of the CSA program.

Internal Control Definition

A standard definition of internal control was released in 1992 by the Committee of Sponsoring Organizations (COSO) of the National Commission on Fraudulent Financial Reporting. Internal control was defined by the commission as “a process effected by an organization designed to provide reasonable assurance regarding the achievement of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.” The definition was intended to reflect the concept that internal control is a process - a means to an end, not an end in itself. Also, people affect internal control. It is not just policy manuals and procedures, but people functioning at every level of the institution. It is extremely important that all participants in the internal control process understand their roles and responsibilities. The COSO definition and its structured approach to internal control has also been adopted as the best approach for addressing compliance with the Sarbanes-Oxley Act of 2002.

There are five interrelated components, derived from an organization’s operations and administrative processes, which must be present in order for an internal control system to be effective. These are:

1. **Control Environment** – The core of any institution is its people. Their individual attributes (integrity, ethical values, and competence) and the environment in which they operate determine the success of the institution.
2. **Risk Assessment** – Institutions must be aware of the risks they face and establish mechanisms to identify, analyze, and manage risks.

3. **Control Activities** – Control policies and procedures must be established and executed to help ensure that objectives are achieved. These activities include approvals, authorizations, verifications, reconciliations, security of assets, and segregation of duties.
4. **Information and Communication** – An effective system should enable employees of the institution to capture and exchange the information needed to manage and control its operations.
5. **Monitoring** – The internal control system must be monitored and modified as necessary so that the system can react to changing conditions. Monitoring occurs on an ongoing basis during normal operations, or through separate evaluations by management.

The COSO report also identifies the limitations of internal control. No matter how well designed and operated, internal control can provide only reasonable assurance regarding achievement of an organization's objectives. Chief among these limitations is simple human error or faulty judgments. Additionally, controls can be circumvented through collusion and well-planned fraud. Management should evaluate all of these factors within the context of a cost benefit relationship so that the organization is not burdened by an excessive and expensive control system that provides little added benefit.

The Control Self-Assessment Process

The Texas State Auditor's Office (SAO) issued to all state agencies a list of "Best Practices" for internal control. The SAO said, "*Implementing the COSO concepts including the Self-Assessment Program may be the most important of the best practices.*" CSA is an approach to internal control

where work groups, departments, functions or business process owners analyze their business objectives, risks and related controls. The goal is to improve controls to assure that the organization's stated objectives can be achieved. CSA can be accomplished by means of workshops, surveys or questionnaires. Given the large size of the target population within the District, questionnaires addressing various functional areas are the most efficient and effective method to use. The questions are intended to measure cost center managers' awareness of the various control activities that have been established, as well as identifying opportunities for enhancement and possible training needs.

The following is a brief outline of the 2005-06 CSA program:

1. The CSA coordinators from each of the District locations met in November 2005 to identify the functional areas to be addressed in this year's questionnaires.
2. The President's Cabinet (top management group) at each location was informed of the areas to be covered and the location's president or CEO communicated the purpose for CSA to their cost center managers.
3. The coordinators developed questionnaires focusing on the control techniques from each of the functional areas being addressed, and in early spring of 2006 the questionnaires were sent to all cost center managers.
4. Responses from the questionnaire were analyzed and shared with the management groups at each location. Each location prepared an action plan to address those areas identified by the respondents as needing additional attention or training.

5. Finally, in early summer, the questionnaire summary and the action plan recommendations were communicated to the cost center managers who initially completed the questionnaire.

In November 2006, the CSA cycle will begin all over again. New functional areas will be identified and questionnaires will be developed.

Questionnaire Results and Summary of Action Plans

As previously stated, all eleven locations of the District participated in the CSA program. The topics included in this year's questionnaire were:

- Travel Issues and Reimbursements
- Ethics – Sarbanes Oxley – Conflict of Interest
- Records Management and Retention
- Payroll/Personnel Issues

Each location evaluated the results of their questionnaires and prepared an individual action plan. Although the questionnaires were the same for all locations, CSA was purposely intended to be a unique project at each location, not a district-wide project. As anticipated, results from the questionnaires varied from location to location. The specific method and timing for addressing those areas identified as needing additional attention was to be determined by each location's management.

A District-wide summary of the questionnaire is attached to this report.

Each location has prepared an action plan that includes the methods and timing for addressing the areas needing improvement. The plans have been prepared in conjunction with and approved by the locations' management groups. In many instances the recommendations have already been implemented. The types of actions taken or proposed by the various

locations throughout the District include, but are not limited to the following:

- Establish programs requiring a minimum number of Staff Development hours each year.
- Business Services personnel will continue to offer training and information sessions for managers and supervisors on various functional areas.
- Publish survey results on the District's intranet with links to policies and procedures for each survey question.
- Include CSA topics in the monthly management meetings.
- Continue the monthly "brown bag" sessions with supervisors on issues of interest.
- Conduct training sessions on relevant issues for cost center managers at the beginning of the year and on a one on one basis as requested throughout the year.
- Publish articles in the campus newsletters highlighting various topics of interest.
- Continue to use e-mail as a tool for providing managers with "tips" on various topics of interest.

Conclusion

All indications are that the CSA program continues to be a very worthwhile effort and beneficial to both the administration and the participants. The questionnaire response rate and feedback received indicate that the program has influenced in a positive manner the participants' awareness for the need and importance of internal control. The administration has gained valuable insight as to those functional areas where controls may be enhanced through additional communication, clarification, or training. Future CSA cycles addressing other functional areas should continue

to add value to the District and ensure that the system of internal control is maintained current and viable.

As in previous years, I would like to recognize all of the CSA Coordinators for their cooperation and assistance in making this program a success. I would also like to thank senior management for their wholehearted and ongoing support of the CSA program. Finally, I would like to thank all cost center managers for their participation in the program by responding to the questionnaire.

Rafael J. Godinez, CPA
Executive District Director
Of Internal Audit
August 31, 2006

**Dallas County Community College District
Control Self-Assessment Questionnaire
For Fiscal Year 2005-2006**

CONTROL SELF-ASSESSMENT SURVEY

RESULTS

For Fiscal Year 2005-2006

	Yes	No	N/A	Total	Yes %	No %	N/A %
I. Travel							
1. Are you aware that in-area travel includes travel within Dallas, Tarrant, Denton, Collin, Rockwall, Ellis, and Kaufman counties?	246	58	5	309	80%	19%	2%
2. Do you know that In-Area travel expense reimbursement requests are to be submitted to the Business Office on a monthly basis?	257	44	8	309	83%	14%	3%
3. Do you know that employees receiving a monthly business & travel allowance are not eligible to receive mileage reimbursement for in-area travel?	280	19	10	309	91%	6%	3%
4. Do you know it is the cost center manager's responsibility to ensure that funds exist in the department's budget when approving a travel request?	297	8	4	309	96%	3%	1%
5. Do you know that a Professional Leave & Travel form is to be submitted to the Business Office at least 15 workdays prior to the departure date?	250	57	2	309	81%	18%	1%
6. Are you aware that an airfare quote must be obtained from the District's designated travel agency prior to making travel arrangements?	295	10	4	309	95%	3%	1%
7. Are you aware that a per diem or meal reimbursement request can only be paid if the trip requires an overnight stay?	276	30	3	309	89%	10%	1%
8. Do you know that a "Hotel Occupancy Tax Exemption Certificate" must be used when staying in hotels in the state of Texas to avoid paying this tax?	276	27	6	309	89%	9%	2%

9. Are you aware that when renting a car through the state travel program, the loss damage and supplemental liability insurance is provided as part of the rental cost?	180	116	13	309	58%	38%	4%
10. Are you aware that travel made by personal auto is reimbursed at the lesser amount of the actual miles driven at the Board approved mileage rate, or the lowest available 21-day-advance airfare quote from the District's designated travel agent?	221	80	8	309	72%	26%	3%
11. Do you know, when comparing the cost of 'driving vs. flying', to include mileage to/from airport, parking, and taxi/shuttle costs, along with the airfare estimate as part of the total 'flying' expense?	228	74	7	309	74%	24%	2%
12. Do you know, when comparing the cost of 'driving vs. flying', to include additional hotel and per diem expense along with the actual miles driven at the Board approved mileage rate as part of the total 'driving' expense?	210	93	6	309	68%	30%	2%
13. Do you know that the completed Professional Leave & Travel form must be turned into the Business Office within 10 days of completion of the trip?	285	21	3	309	92%	7%	1%
14. Are you aware that travel advances and expense reimbursements are electronically deposited directly to the employee's designated bank account?	291	17	1	309	94%	6%	0%
15. Do you know there are separate procedures for student-related travel?	240	41	28	309	78%	13%	9%

II. Ethics – Sarbanes Oxley – Conflict of Interest

1. Do you feel it is your responsibility to report a violation of the law by the College District or another district employee to your college administration or, if necessary, to the appropriate law enforcement authority and to internal audit?	288	13	8	309	93%	4%	3%
2. Are you aware that under Whistleblower protection rights an adverse action may not be taken against an employee for reporting a violation of the law?	275	32	2	309	89%	10%	1%
3. Are you aware of or know where to find the district's sexual harassment policy?	300	8	1	309	97%	3%	0%
4. Are you aware of or know where to find the district's substance abuse policy?	273	18	18	309	88%	6%	6%
5. Do you know what actions to take when a theft has occurred?	281	28	0	309	91%	9%	0%
6. Are you aware that employees may not use district resources (technology, equipment, supplies or services) for personal business?	308	1	0	309	100%	0%	0%
7. Did you know it is a violation of district Computer Use Policy to utilize your college computer for unauthorized commercial purposes or personal gain?	309	0	0	309	100%	0%	0%
8. Do you know it could be a conflict of interest to award district business to a vendor that is related to you?	302	6	1	309	98%	2%	0%
9. Are you aware of or know where to find the District's Standards of Conduct/Ethical Standards?	263	45	1	309	85%	15%	0%
10. Did you know that it is unlawful to make false or misleading statements on official documents such as on a timesheet?	309	0	0	309	100%	0%	0%

III. Records Management/Retention

1. Are you aware that unsecured records could lead to identity theft, resulting in costly financial liability?	303	5	1	309	98%	2%	0%
2. Are you aware that required records of an employee's I-9 not properly secured could result in a \$1,000 fine per occurrence?	113	176	20	309	37%	57%	6%
3. Are you aware that fax machines or printers located in non-secure areas with unattended information for long periods of time could lead to a breach in confidentiality?	274	33	2	309	89%	11%	1%
4. Are you aware there are various state and federal laws which regulate how long official documents must be maintained?	275	30	4	309	89%	10%	1%
5. Do you know that the District has a records management department to assist all locations with records management and storage?	272	34	3	309	88%	11%	1%
6. Do you know that the term "local government record" means any document, paper, letter, book, map, photograph, sound or video recording, microfilm, magnetic tape, electronic medium, or other information recording medium, regardless of physical form or characteristic and regardless of whether public access to it is open or restricted under the laws of the state, created or received by a local government or any of its officers or employees pursuant to law, including an ordinance, or in the transaction of public business?	222	83	4	309	72%	27%	1%
7. Are you aware that district records may be maintained on microfilm in addition to [or instead of] paper or other medium?	276	32	1	309	89%	10%	0%
8. Are you familiar with the mandatory minimum periods for maintaining district records?	184	124	1	309	60%	40%	0%

9. Are you aware that anyone destroying district records without legal authorization may be subject to criminal penalty and fines under the Local Government Records Act, Chapter 202?	218	86	5	309	71%	28%	2%
10. Did you know that the District maintains a dedicated, secure facility for the preservation and use of archival (historical) materials?	260	47	2	309	84%	15%	1%
11. Are you aware that archival (historical) materials may be made available to faculty, staff, students and the community?	232	74	3	309	75%	24%	1%

IV. Payroll/Personnel Issues

Time Sheets

1. When you review timesheets do you check that time is rounded to nearest quarter hour?	242	24	43	309	78%	8%	14%
2. Are you aware that timesheets should be completed in ink and that any changes or corrections must be initialed by the employee and supervisor?	276	12	21	309	89%	4%	7%
3. When you review timesheets for non-exempt employees, do you check to ensure that no one has worked more than 5 consecutive hours without at least a 30-minute period of rest?	245	19	45	309	79%	6%	15%
4. Have you set up a process in your division that reviews and routes timesheets to HR in a timely manner?	263	7	39	309	85%	2%	13%
5. Are you notified of HR deadlines on a regular basis?	276	18	15	309	89%	6%	5%

Labor Distribution

1. Do you receive a copy of the Labor Distribution for your area(s) each month?	192	73	44	309	62%	24%	14%
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2. Do you review the Labor Distribution report each month and compare calculated dollars needed for rest of year to budgeted dollars?	181	66	62	309	59%	21%	20%
3. Should you find an error on the report, do you know who to contact?	208	42	59	309	67%	14%	19%

Faculty Load

1. Are you aware of the maximum load that full-time and adjunct faculty may teach each semester?	149	47	113	309	48%	15%	37%
2. Are you aware of workload limitations related to teaching assignments by full-time administrators and professional support staff?	156	69	84	309	50%	22%	27%

Background Checks

1. Are you aware of the employees in your division that are required to have a criminal back-ground check?	254	31	24	309	82%	10%	8%
2. Do you know that Criminal Background Checks are required for all employees that have access to credit/debit card information?	248	48	13	309	80%	16%	4%
3. Do you know that Criminal Background Checks are required for all employees that may have regular contact with minors?	290	8	11	309	94%	3%	4%
4. Are you aware that authorized volunteers and employees of independent contractors are subject to background checks?	228	70	11	309	74%	23%	4%

**Dallas County Community College
District**

Internal Audit Department

Annual Audit Plan
For the Fiscal Year Ending
August 31, 2007

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

Internal Audit Department

Plan for the Year Ending August 31, 2007

<u>Audit Staff</u>	<u>Degree/ Certification</u>	<u>Title</u>	<u>Starting Date</u>
Godinez, Rafael	BBA, CPA	Director	June 1988
Huber, Joseph	BBA	Auditor II	June 1980
Archer, Anthony	BBA	Auditor II	April 2006
Jackson, Kquinta	BA	EDP Auditor	May 2006

Total Available Days	1,048	100%
Less Non-Audit Days:		
Vacation	75	7%
Holidays	56	5%
Sick Days	48	5%
Other	30	3%
Supervision & Administration	<u>203</u>	19%
Total Non-Audit Days	<u>412</u>	39%
Net Audit Days Available	636	61%
Reserved for Special Requests	<u>36</u>	3%
Net Planned Audit Days	<u><u>600</u></u>	57%

Planned Audits

<u>Audit Number</u>	<u>Description</u>	<u>Estimated Man-days</u>
2007-01	ASSISTANCE TO GRANT THORNTON LLP Audits in conjunction with the financial and A-133 reviews. <ul style="list-style-type: none">- Federal Programs/Financial Aid- Disbursement: General- Disbursement: Payroll- Treasury/Investments- Capital Additions	20 15 15 15 10
2007-02	FOLLOW-UP ON PREVIOUS AUDITS Review status of implementation of prior audit recommendations.	10
2007-03	CASH COUNTS AND CASH HANDLING CONTROLS Review and test controls over cash receipts, postings and deposits.	10
2007-04	PHYSICAL ASSETS INVENTORY OBSERVATION Observe and test physical inventory and procedures pertaining to changes in inventory records.	20
2007-05	EMPLOYEE TRAVEL EXPENSES Audit of travel expense reports for compliance with District policies.	25
2007-06	CONSTRUCTION AUDIT Audit of expenditures related to capital construction projects.	25
2007-07	GRANT AUDIT - EFC DOL AUTOMOTIVE TECHNICIAN Audit for compliance with federal regulations and District policies.	30

2007-08	GRANT AUDIT - RLC DOL ROCK-ON Audit for compliance with federal regulations and District policies.	30
2007-09	CRIMINAL BACKGROUND POLICY Audit for compliance with legal and policy requirements.	25
2007-10	BASE YEAR ENROLLMENT AUDIT Audit for compliance with state guidelines pertaining to contact hour reporting.	30
2007-11	SPONSORED BILLINGS Audit of controls and procedures ensuring accuracy and completeness of billings.	30
2007-12	TUITION PAY PLAN Audit of controls and procedures ensuring recording and collection of tuition.	30
2007-13	PROGRAMMING STANDARDS AND CONTROLS Audit to determine adequacy of programming standards and controls.	30
2007-14	SYSTEM ACCESS - HUMAN RESOURCE & PAYROLL Audit of controls for issuing and removing employee system access.	25
2007-15	GENERAL CONTROLS REVIEW General review of controls surrounding operations of data processing.	25
2007-16	VACATION/SICK LEAVE COMPLIANCE Analytical review and testing of leave approval, processing and recording.	20
2007-17	POLICE ACADEMY - EFC AND CVC Audit for completeness and accuracy of records pertaining to student training.	30
2007-18	VETERINARY TECHNOLOGY PROGRAM - CVC Audit of departmental expenses and records of control substances.	25

2007-19	HAZLEWOOD EXEMPTIONS Audit for compliance with new state regulations for tuition exemptions.	25
2007-20	CAMPUS PURCHASE ORDERS Audit for compliance with District policies and procedures pertaining to campus issued P.O.	30
2007-21	BOOKSTORE PURCHASES Audit for compliance with District policies and procedures pertaining to bookstore purchases.	30
2007-22	NON-TEACHING STIPENDS Audit for compliance with District policies and procedures pertaining to non-teaching stipends.	20

600

POLICY REPORT NO. [Chan's office ONLY: click **HERE** and enter #]

Approval of Resolution Relating to Investment Policy

It is recommended that the resolution reflecting review of the investment policy and strategies be approved, and, that Board Policy CAK (LOCAL) maintain its current wording.

I. Board Date: 10/03/2006

II. Agenda Item Title: Approval of Resolution Relating to Investment Policy

III. Background:

Board Policy CAK (LEGAL), paragraph on ANNUAL REVIEW, states: *The Board shall adopt a written instrument stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.*

The Audit Committee reviewed investment policies and strategies on October 3, 2006. Trustees who serve on the Audit Committee are Ms. Compton, (chair), Mrs. Boyle and Mr. Ferguson.

IV. Analysis:

No changes were made by the legislature to the Public Funds Investment Act since the last review by the Audit Committee on September 29, 2005. Therefore no changes to the District's policy are needed at this time.

Maintaining current policy satisfies the requirement for annual review.

V. Resource: Christa Slejko
Interim Vice Chancellor of Business Affairs
District Service Center
(972) 860-7752

RESOLUTION
OF THE BOARD OF TRUSTEES
OF THE DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

WHEREAS, the Audit Committee of the Board of Trustees of Dallas County Community College District in its quarterly meeting on October 3, 2006, reviewed the Board's investment policy and strategies; and

WHEREAS, the Audit Committee further recommended no changes to the investment policy, CAK (Local); and

WHEREAS, the Audit Committee's review and recommendation was considered by the Board of Trustees at its regular meeting on October 3, 2006; NOW
THEREFORE,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF DALLAS COUNTY COMMUNITY COLLEGE DISTRICT:

Section 1. That the Audit Committee's review of the Board's investment policy and strategies is accepted and approved.

Section 2. That there are no recommended changes to CAK (Local) by the Audit Committee and its recommendation is accepted and approved.

Section 3. That this resolution is effective upon adoption by the Board of Trustees.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

By: _____
Jerry M. Prater, Chair
Board of Trustees

ATTEST

By: _____
Wright L. Lassiter, Jr., Secretary to
The Board of Trustees
Dallas County Community College District

REPORT FROM INVESTMENT OFFICERS ON TRAINING

Board Members (1)

Board Policy CAK (LEGAL) provides: *Each member of the Board and its investment officer shall attend at least one training session, provided by the Texas Higher Education Coordinating Board, relating to the person's responsibilities under the Public Funds Investment Act within six months after taking office or assuming duties.*

<u>Name</u>	<u>Training Date</u>	<u>Source</u>
Mr. JL Sonny Williams	August 29, 2006	The Texas Higher Education Coordinating Board

Investment Officers (2)

Board Policy CAK (LEGAL) provides: *The investment officer shall attend a training session not less than once in a two-year period and may receive training from any independent source approved by the Board.*

Two officers took required training this past year.

<u>Name</u>	<u>Training Date</u>	<u>Expiration Date</u>	<u>Source</u>
Kim Green	June 20, 2006	June 20, 2008	University of North Texas Center for Public Management
Robb Dean	December 12, 2005	December 12, 2007	University of North Texas Center for Public Management

Investment Staff (1)

In addition to the investment officer named above, the District's investment analyst attended training as follows:

<u>Name</u>	<u>Training Date</u>	<u>Expiration Date</u>	<u>Source</u>
David Chan	January 24, 2006	January 24, 2008	University of North Texas Center for Public Management

FINANCIAL REPORT NO. [Chan's office ONLY: click **HERE** and enter #]

Approval of Broker-Dealers

It is recommended that the Board of Trustees approve the attached list of broker-dealers, as provided by Board Policy CAK (LEGAL), which states: *The Board or a designated investment committee, shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the College District.*

I. Board Date: 10/03/2006

II. Agenda Item Title: Approval of Broker-Dealers

III. Background:

The Audit Committee reviewed the attached list of brokers/dealers on October 3, 2006. Trustees who serve on the Audit Committee are Ms. Charletta Compton (chair), Mrs. Kitty Boyle and Mr. Bob Ferguson.

IV. Analysis:

This recommendation replaces one primary and two secondary brokers from the list of approved broker-dealers. One additional inactive secondary broker was removed from the list. There is no change in recommended investment pools.

V. Resource: Christa Slejko
Interim Vice Chancellor of Business Affairs
District Service Center
(972) 860-7752

LIST OF QUALIFIED BROKERS/DEALERS

INVESTMENT POOLS RECOMMENDED FOR CONTINUATION

The investment pools listed in this report, TexPool and TexSTAR, were organized in accordance with The Interlocal Cooperation Act and the Public Funds Investment Act, (Chapters 791 and 2256) of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments.

TexPool: Texas Local Government Investment Pool ("TexPool") was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The State Comptroller of Public Accounts oversees TexPool. Lehman Brothers and Federated Investors manage the daily operations of the pool under a contract with the Comptroller. As of July 31, 2006, TexPool has over 1,898 participants and a total invested balance of more than \$13.4 billion. Of that amount, 77.1% is invested in Repurchase Agreements, and 22.9% in Agency Notes. Texpool's weighted average maturity is 27 days; Standard & Poor's current rating is AAAM.¹

TexSTAR: A local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Created in April 2002 through a contract among its participating governing units, the pool is governed by a board of directors to provide for the joint investment of participants' public funds under their control. TexSTAR is administered by JP Morgan Chase and First Southwest Asset Management, Inc. organized in full compliance with the Texas Public Funds Investment Act. As of July 31, 2006, TexSTAR has over 461 participants and a total invested balance of more than \$3.7 billion. Of that amount, 76.51% is invested in Repurchase Agreements, and 23.49% in Agency Notes. TexStar's weighted average maturity is 38 days; Standard & Poor's current rating is AAAM.²

¹ Source: August 2006 TexPool Newsletter

² Source: August 2006 TexSTAR Newsletter

BROKERS/DEALERS

Annually the District performs due diligence on the brokers/dealers that are approved to do business with the District. This is accomplished by researching the record of actions taken by individuals and filed with the National Association of Security Dealers. Each of the following brokers/dealers has been reviewed. None have actions that involve any criminal activity. The actions listed are various lawsuits and arbitration actions taken by the SEC that are not material in effect.

All brokers/dealers are registered with the Security and Exchange Commission (SEC) and all are members of the National Association of Securities Dealers (NASD). Primary brokers/dealers may perform treasury and federal agency notes transactions and repurchase transactions with the District. Secondary brokers/dealers may perform only treasury and federal agency notes transactions for the District.

PRIMARY

Banc of America Securities LLC: This firm is a subsidiary of Bank of America Corporation (NYSE:BAC), one of the world's leading financial services companies. The company's Global Capital Markets and Investment Banking (GCIB) provide investment banking, equity and debt capital raising, research, trading, risk management, treasury management and financial advisory services. Through offices in 35 countries, GCIB serves domestic and international corporations, institutional investors, financial institutions and government entities.

Deutsche Bank Securities Inc.: The firm is part of the Corporate and Investment Bank unit of German colossus Deutsche Bank. Deutsche Bank is one of the world's leading international financial service providers. With roughly 65,435 employees, the bank serves customers in 73 countries worldwide. More than half of the bank's staff work outside Germany. The bank offers corporate and institutional clients the full product assortment of an international corporate and investment bank. The firm's investment banking activities focus on health care, media, telecommunications, real estate, and technology industries.

Lehman Brothers Inc.: The firm offers investment and merchant banking services, as well as underwriting, equities and fixed income products (bonds and other debt), asset management, institutional sales, and private client services. The firm's alliance with Fidelity Investments gives Fidelity's brokerage clients access to Lehman's investment products. Employees and management own about a third of the company. Assets under management at Lehman's Investment Management Division rose to a record \$175 billion.

Cantor Fitzgerald L. P.: This is a global financial services firm with leading position in the institutional equity and fixed income markets. Founded in 1945 and headquartered in New York City, Cantor Fitzgerald has trading desks in all major worldwide financial centers, 30 worldwide offices and a 2,500 person global workforce.

Secondary

Coastal Securities L.P.: Headquartered in Houston, Texas, Coastal Securities L.P. was founded in 1991 as a broker-dealer of fixed income securities. Coastal Securities L.P. serves as either an underwriter or financial advisor to a variety of public entities. In June 1996, Coastal Securities L.P. acquired another Houston-based securities firm, confirming Coastal's commitment to the fixed income market.

Muriel Siebert & Co., Inc. ("Siebert"): Siebert was one of the first stock brokerage firms in the U.S. to adopt a discounted commission schedule on May 1, 1975, when discounting was first permitted. Siebert conducts its municipal investment banking activities through Siebert, Brandford, Shank & Co., LLC, a separate M/WBE certified affiliate specializing in municipal and financial advisory services. Siebert is based in New York City and recently purchased the retail brokerage accounts of William O'Neill & Co., the Los Angeles-based institutional equities and financial data firm which is the parent company of Investors Business Daily. Siebert has a large well-established retail account base, over 100 employees, and revenues greater than \$25 million a year.

Sterene, Agee & Leach, Inc.: Founded in 1901, Sterne, Agee & Leach, Inc. is a wholly owned subsidiary of Sterne Agee Group, Inc., headquartered in Birmingham, Alabama. Sterne Agee has extended its reach throughout the Southeast, with offices in 17 states. Sterne Agee offers full-service equity and capital markets support.

RBC Dain Rauscher Corporation.: This is a wholly owned subsidiary of Royal Bank of Canada. The company's broker-dealer, RBC Dain Rauscher Inc., serves individual investors and small business owners through offices across the United States, and capital markets and correspondent clients in select U.S. and international markets. In March 2002, RBC Dain Rauscher merged with Tucker Anthony Sutro to form the nation's ninth largest full-service securities firm.

Walton Johnson & Company: The firm is a full service, 100% minority-owned investment banking firm based in Texas. The firm offers a broad range of investment banking services and products, including sales and trading.

INFORMATIVE REPORT NO. [Chan's office ONLY: click [HERE](#) and enter #]

Presentation of 4th Quarter Investment Transactions

The 4th quarter investment transactions are presented as provided by Board Policy CAK (LEGAL), which states: *Not less than quarterly, the investment officer shall prepare and submit to the Board a written report of investment transactions for all funds covered by the Public Funds Investment Act.*

I. Board Date: 10/03/2006

II. Agenda Item Title: Presentation of 4th Quarter Investment Transactions

III. Background:

Trustees who serve on the Audit Committee are Ms. Charletta Compton (chair), Mrs. Kitty Boyle and Mr. Bob Ferguson. The Audit Committee reviewed the report of 4th quarter investment transactions on October 3, 2006. If indicated, Audit Committee members will discuss the statements with the Board during the meeting on October 3, 2006.

IV. Analysis:

The 4th quarter investment transaction report is typical for this phase of the annual financial cycle.

V. Resource: Christa Slejko
Interim Vice Chancellor of Business Affairs
District Service Center
(972) 860-7752

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT



Investment Portfolio

As of August 31, 2006

Dallas County Community College District
4th Quarter Report of Investment Transactions
Executive Summary

The investment portfolio of the District is summarized in the table *Investment Portfolio Summary Report*. The purchase date, maturity date, yield to maturity, book value, and market value are shown for each of the investment securities of the District as of August 2006. The configuration of the portfolio is shown for both the quarters ended May 31, 2006 and August 31, 2006, see Figures 1 and 2. The portfolio is invested 51.84% in U.S. Agency securities and 14.03% is invested in U.S. Treasury securities. The remaining 34.13% is invested in TexPool and TexSTAR. Of the portfolio, 76.84 % will mature in one year or less. No security has a maturity of more than four years from August 2006. An analysis of the portfolio maturity is shown in Figure 3. Because of a rising interest environment, the portfolio yield is currently underperforming the Treasury yield curve as of August 31, 2006, from a minimum of 78 basis points (4 years or less) to a maximum of 186 basis points (1 year or less). An analysis of the District's portfolio yield compared with the Treasury yield at August 31, 2006 and August 31, 2005 is shown in Figure 4.

Note: There is a *Glossary of Investment Terms* at the end of this report.

Dallas County Community College District
Investment Portfolio Summary Report
Activity for the 4th Quarter Ended August 31, 2006

INVESTMENTS:		MARKET	ACCRUED INTEREST	WEIGHTED AVERAGE MATURITY	YIELD TO MATURITY
Beginning of Period	May 31, 2006	\$ 238,575,135	\$ 1,119,494	388	3.46%
Purchases		\$ 86,078,960			
Maturities / Sold		\$ (105,051,787)			
Market Value Change		\$ 1,559,407			
End of Period	August 31, 2006	\$ 221,161,715	\$ 663,708	410	4.01%

This report is prepared in compliance with generally accepted accounting principles, the investment strategy expressed in the Investment Policy of the DCCCD Board of Trustees, and the Public Funds Investment Act, as amended.

/s/ Christa Slejko

Christa Slejko, Interim Vice Chancellor of Business Affairs

/s/ Kim Green

Kim Green, Associate Vice Chancellor of Business Affairs

/s/ Robb Dean

Robb Dean, Director of Finance and Treasury

Dallas County Community College District

Investment Portfolio Transaction Summary Report

Activity for the 4th Quarter Ended August 31, 2006

By Type of Investment

	Face Amount 8/31/2006	Market Transactions					Market Value 8/31/2006
		Market Value 5/31/2006	Securities Purchased	Securities Matured /Sold	Market Value Change		
SUMMARY:							
MONEY MARKET FUNDS / INVESTMENT POOLS	\$ 75,485,345	\$ 40,258,172	\$ 86,078,960	\$ (50,851,787)	\$ 0	\$ 75,485,345	
TREASURY SECURITIES	32,000,000	30,768,150	0	0	249,840	31,017,990	
AGENCY SECURITIES	116,600,000	167,548,813	0	(54,200,000)	1,309,567	114,658,380	
PORTFOLIO TOTAL	\$ 224,085,345	\$ 238,575,135	\$ 86,078,960	\$ (105,051,787)	\$ 1,559,407	\$ 221,161,715	

	Face Amount 8/31/2006	Book Transaction Excludes Unrealized Gain and Loss					Book Value 8/31/2006
		Book Value 5/31/2006	Securities Purchased	Securities Matured / Sold	Securities (Disc.)/Prem.		
SUMMARY:							
MONEY MARKET FUNDS / INVESTMENT POOLS	\$ 75,485,345	\$ 40,258,172	\$ 86,078,960	\$ (50,851,787)	\$ 0	\$ 75,485,345	
TREASURY SECURITIES	32,000,000	32,048,321	0	0	(19,217)	32,029,104	
AGENCY SECURITIES	116,600,000	170,060,890	0	(54,200,000)	620,735	116,481,625	
PORTFOLIO TOTAL	\$ 224,085,345	\$ 242,367,383	\$ 86,078,960	\$ (105,051,787)	\$ 601,518	\$ 223,996,074	

Dallas County Community College District

Investment Portfolio Transaction Report

Activity for the 4th Quarter Ended August 31, 2006

Invest. ID	Cusip Number	Description	Purchase Date	Call Date	Maturity Date	Face Amount	Yield
MONEY MARKET FUNDS / INVESTMENT POOLS							
73190		TEXPOOL	30-Jul-90		N/A	\$ 36,445,710	(1)
1111		TEXSTAR	23-Jun-03		N/A	4,809,507	(2)
2003		TEXSTAR (TAX NOTE)	06-Aug-03		N/A	2,698,124	(2)
2004		TEXSTAR (TAX NOTE)	06-Apr-04		N/A	14,419,239	(2)
40		TEXSTAR (GO)	14-Sep-04		N/A	17,112,765	(2)
REPURCHASE AGREEMENTS							
None							
TREASURY SECURITIES							
13079	T9128277F3	U. S. Treasury	28-Oct-03		15-Nov-06	5,000,000	2.34%
13080	T912828BP4	U. S. Treasury	28-Jan-04		15-Nov-06	3,000,000	2.12%
13081	T912828BV1	U. S. Treasury	29-Jan-04		15-Jan-09	4,000,000	3.23%
13082	T912828BZ2	U. S. Treasury	25-Feb-04		15-Feb-09	20,000,000	2.97%
AGENCY SECURITIES							
16202	3128XOF87	FHLMC Notes	28-Feb-03		28-Feb-07	10,000,000	3.20%
16209	3128X1V46	FHLMC Notes	24-Oct-03		12-Oct-06	5,000,000	2.77%
16210	3128X1V46	FHLMC Notes	24-Oct-03		12-Oct-06	5,000,000	2.88%
16215	3128X2NSO	FHLMC Notes	28-Jan-04		28-Jan-08	3,000,000	3.25%
16216	3133ITQU8	FFCB Notes	28-Jan-04		28-Jul-08	3,000,000	3.55%
16217	3136F3Y59	FNMA Notes	30-Jan-04		30-Jul-07	7,500,000	3.00%
16218	3128X2UG8	FHLMC Notes	13-Feb-04		13-Aug-07	2,500,000	3.09%
16219	3128X2WC5	FHLMC Notes	23-Feb-04		23-Aug-07	7,500,000	3.15%
16220	3128X2TX3	FHLMC Notes	11-Feb-04		9-Feb-07	10,000,000	2.93%
16221	3128X2ZK4	FHLMC Notes	27-Feb-04		27-Aug-07	10,000,000	3.00%
16222	3128X2D28	FHLMC Notes	4-Mar-04		4-Sep-07	5,000,000	3.01%
16223	3128X2F34	FHLMC Notes	27-Feb-04	27-Feb-07	27-Feb-09	15,000,000	3.40%
16230	313589D83	FN DN	20-Dec-05		30-Aug-06	0	4.63%
16231	313589M59	FN DN	21-Dec-05		30-Oct-06	5,000,000	4.69%
16233	313589ZV8	FNMA Notes	26-Jan-06		26-Jul-06	0	4.63%
16234	313589ZV8	FNMA Notes	7-Mar-06		30-Aug-06	0	4.93%
16235	313589J38	FN DN	7-Apr-06		4-Oct-06	5,000,000	5.06%
2004-25	3134A4UB8	FHLMC Notes	8-Apr-04		15-Aug-06	0	2.21%
2004-30	31359MVA8	FNMA Notes	11-Jan-05		15-Jun-06	0	3.26%
2004-31	31359MVP5	FNMA Notes	11-Jan-05		15-Jul-06	0	3.28%
2004-32	31359MXQ1	FNMA Notes	6-Apr-05		31-Jul-06	0	3.25%
2004-33	31359MSV6	FNMA Notes	27-Apr-05		11-Aug-06	0	2.75%
40-3	3128X37L1	FHLMC Notes	11-Apr-05		11-Jan-07	15,000,000	4.05%
40-10	313397B91	FMCD Notes	28-Feb-06		15-Aug-06	0	4.86%
40-11	313397D73	FHLMC Notes	28-Feb-06		29-Aug-06	0	4.88%
40-12	313397B91	FRED Notes	28-Feb-06		15-Aug-06	0	4.86%
40-13	313397J28	FMCD Notes	7-Apr-06		3-Oct-06	5,000,000	5.08%
45-1	3128X3WY5	FHLMC Notes	1-Feb-06	22-Sep-06	22-Sep-09	1,300,000	4.00%
45-2	31359MWP4	FNMA Notes	1-Feb-06		21-Oct-09	1,800,000	4.01%
PORTFOLIO TOTAL						<u>\$ 224,085,345</u>	

(1) The TexPool yield varies daily. The yield as of May 31, 2006 was 4.9024 and August 31, 2006 was 5.2355%.

(2) The TexSTAR yield varies daily. The yield as of May 31, 2006 was 4.8929 and August 31, 2006 was 5.2601%.

Market Transactions

Invest. ID	Market Value 5/31/2006	Securities Purchased	Securities Matured / Sold	Market Value Change	Market Value 8/31/2006
MONEY MARKET FUNDS / INVESTMENT POOLS					
73190	\$ 20,171,104	\$ 62,922,847	\$ (46,648,241)		\$ 36,445,710
1111	4,747,283	62,224			4,809,507
2003	3,475,499	37,925	(815,300)		2,698,124
2004	5,320,717	11,465,720	(2,367,198)		14,419,239
40	6,543,569	11,590,244	(1,021,048)		17,112,765
REPURCHASE AGREEMENTS					
None					
TREASURY SECURITIES					
13079	4,965,250			17,550	4,982,800
13080	2,967,180			17,010	2,984,190
13081	3,831,720			32,480	3,864,200
13082	19,004,000			182,800	19,186,800
AGENCY SECURITIES					
16202	9,846,600			48,300	9,894,900
16209	4,954,850			29,450	4,984,300
16210	4,954,850			29,450	4,984,300
16215	2,904,360			19,830	2,924,190
16216	2,895,930			17,820	2,913,750
16217	7,272,675			46,875	7,319,550
16218	2,433,825			13,950	2,447,775
16219	7,310,325			39,600	7,349,925
16220	9,827,300			60,000	9,887,300
16221	9,727,200			56,500	9,783,700
16222	4,861,550			28,550	4,890,100
16223	14,287,800			145,050	14,432,850
16230	13,822,200		(14,000,000)	177,800	0
16231	4,891,500			66,000	4,957,500
16233	13,890,800		(14,000,000)	109,200	0
16234	4,936,500		(5,000,000)	63,500	0
16235	4,910,000			66,000	4,976,000
2004-25	1,890,500		(1,900,000)	9,500	0
2004-30	1,698,402		(1,700,000)	1,598	0
2004-31	1,695,750		(1,700,000)	4,250	0
2004-32	2,292,824		(2,300,000)	7,176	0
2004-33	3,583,116		(3,600,000)	16,884	0
40-3	14,881,350			46,350	14,927,700
40-10	2,968,200		(3,000,000)	31,800	0
40-11	2,962,500		(3,000,000)	37,500	0
40-12	3,957,600		(4,000,000)	42,400	0
40-13	4,911,000			65,500	4,976,500
45-1	1,249,612			12,428	1,262,040
45-2	1,729,694			16,306	1,746,000
PORTFOLIO TOTAL	\$ 238,575,135	\$ 86,078,960	\$ (105,051,787)	\$ 1,559,407	\$ 221,161,715

(1) The TexPool yield varies daily. The yield as of May 31, 2006 was 4.9024 and August 31, 2006 was 5.2355%.

(2) The TexSTAR yield varies daily. The yield as of May 31, 2006 was 4.8929 and August 31, 2006 was 5.2601%.

Book Transaction Excludes Unrealized Gain

Invest. ID	Book Value 5/31/2006	Securities Purchased	Securities Matured / Sold	Securities (Disc.)/Prem.	Book Value 8/31/2006
MONEY MARKET FUNDS / INVESTMENT POOLS					
73190	\$ 20,171,104	\$ 62,922,847	\$ (46,648,241)		\$ 36,445,710
1111	4,747,283	62,224			4,809,507
2003	3,475,499	37,925	(815,300)		2,698,124
2004	5,320,717	11,465,720	(2,367,198)		14,419,239
40	6,543,569	11,590,244	(1,021,048)		17,112,765
REPURCHASE AGREEMENTS					
None					
TREASURY SECURITIES					
13079	5,025,414			(14,000)	5,011,414
13080	3,006,781			(3,713)	3,003,068
13081	4,001,653			(159)	4,001,494
13082	20,014,473			(1,345)	20,013,128
AGENCY SECURITIES					
16202	10,000,000				10,000,000
16209	4,998,006			1,379	4,999,385
16210	4,996,012			2,759	4,998,771
16215	3,000,000				3,000,000
16216	3,000,000				3,000,000
16217	7,466,880			7,187	7,474,067
16218	2,497,428			540	2,497,968
16219	7,500,000				7,500,000
16220	9,988,437			4,205	9,992,642
16221	10,000,000				10,000,000
16222	4,999,552			87	4,999,639
16223	15,000,000				15,000,000
16230	13,844,250		(14,000,000)	155,750	0
16231	4,905,835			57,372	4,963,207
16233	13,903,322		(14,000,000)	96,678	0
16234	4,940,625		(5,000,000)	59,375	0
16235	4,915,451			62,228	4,977,679
2004-25	1,902,039		(1,900,000)	(2,039)	0
2004-30	1,699,517		(1,700,000)	483	0
2004-31	1,699,695		(1,700,000)	305	0
2004-32	2,298,026		(2,300,000)	1,974	0
2004-33	3,593,284		(3,600,000)	6,716	0
40-3	15,000,000				15,000,000
40-10	2,970,688		(3,000,000)	29,312	0
40-11	2,965,142		(3,000,000)	34,858	0
40-12	3,960,917		(4,000,000)	39,083	0
40-13	4,915,784			62,483	4,978,267
45-1	1,300,000				1,300,000
45-2	1,800,000				1,800,000
PORTFOLIO TOTAL	\$ 242,367,383	\$ 86,078,960	\$ (105,051,787)	\$ 601,518	\$ 223,996,074

(1) The TexPool yield varies daily. The yield as of May 31, 2006 was 4.9024 and August 31, 2006 was 5.2355%.

(2) The TexSTAR yield varies daily. The yield as of May 31, 2006 was 4.8929 and August 31, 2006 was 5.2601%.

*Dallas County Community College District
Investment Portfolio Percentage Report*

Activity for the 4th Quarter Ended August 31, 2006

Type of Security	Portfolio Pct 5/31/2006	Market Value 5/31/2006	Portfolio Pct 8/31/2006	Market Value 8/31/2006
MONEY MKT FUNDS & INVESTMENT POOLS	16.87%	40,258,172	34.13%	75,485,345
TREASURY SECURITIES	12.90%	30,768,150	14.03%	31,017,990
AGENCY SECURITIES	70.23%	167,548,813	51.84%	114,658,380
PORTFOLIO TOTAL	100.00%	238,575,135	100.00%	\$ 221,161,715

Portfolio Percent by Investment Type

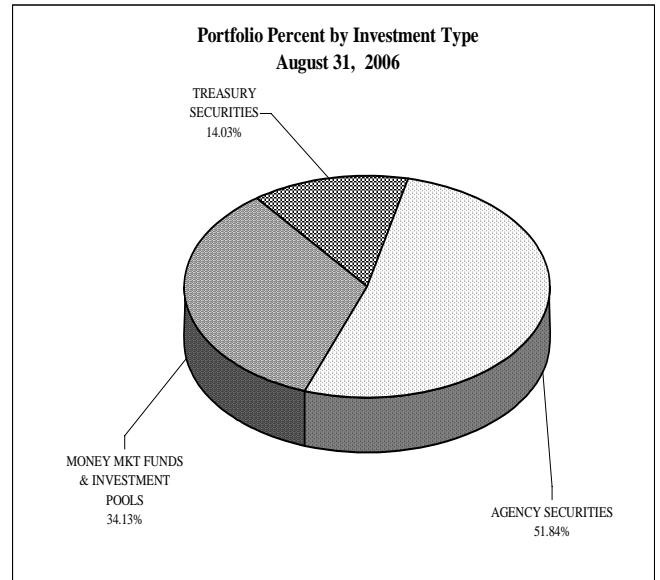
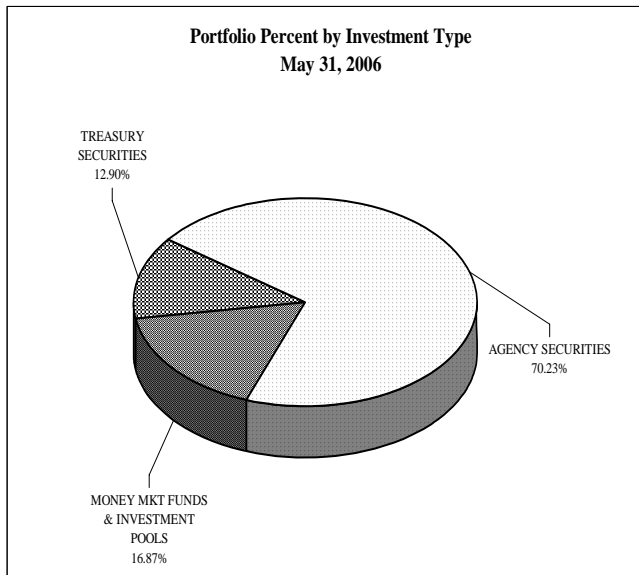


Figure 1 - Investment Portfolio Percentage Report

Dallas County Community College District

Investment Pool Report by Fund Type

Activity for the 4th Quarter Ended August 31, 2006

Fund Description	Portfolio Pct 5/31/2006	Market Value 5/31/2006	Portfolio Pct 8/31/2006	Market Value 8/31/2006
Unrestricted Fund	60.56%	\$ 144,475,248	61.38%	\$ 135,764,732
Auxiliary Fund	6.97%	16,621,232	7.08%	15,656,196
Unexpended Plant Fund	29.94%	71,437,984	28.95%	64,020,019
Quasi - Endowment Fund	2.53%	6,040,671	2.59%	5,720,768
PORTFOLIO TOTAL	100.00%	\$ 238,575,135	100.00%	\$ 221,161,715

Portfolio Pool Allocation Percent by Fund Type

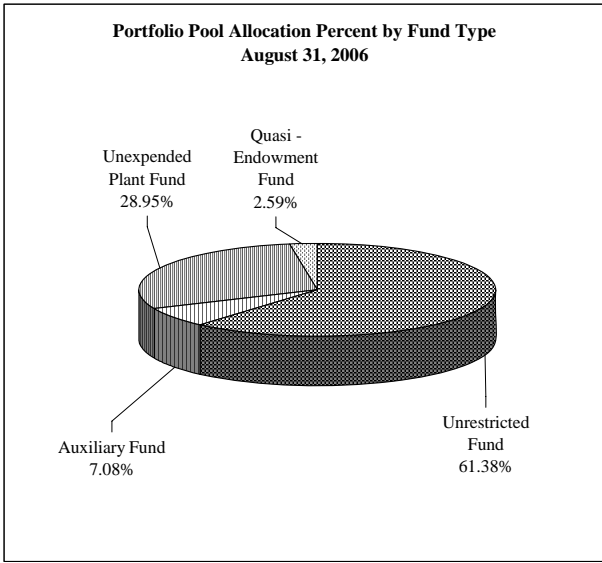
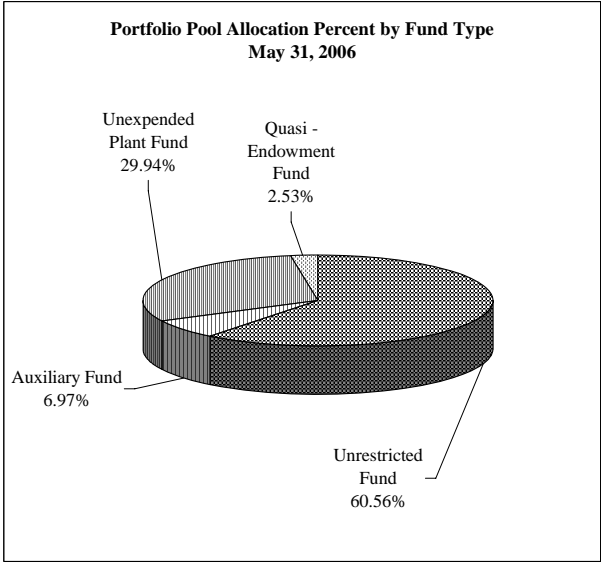
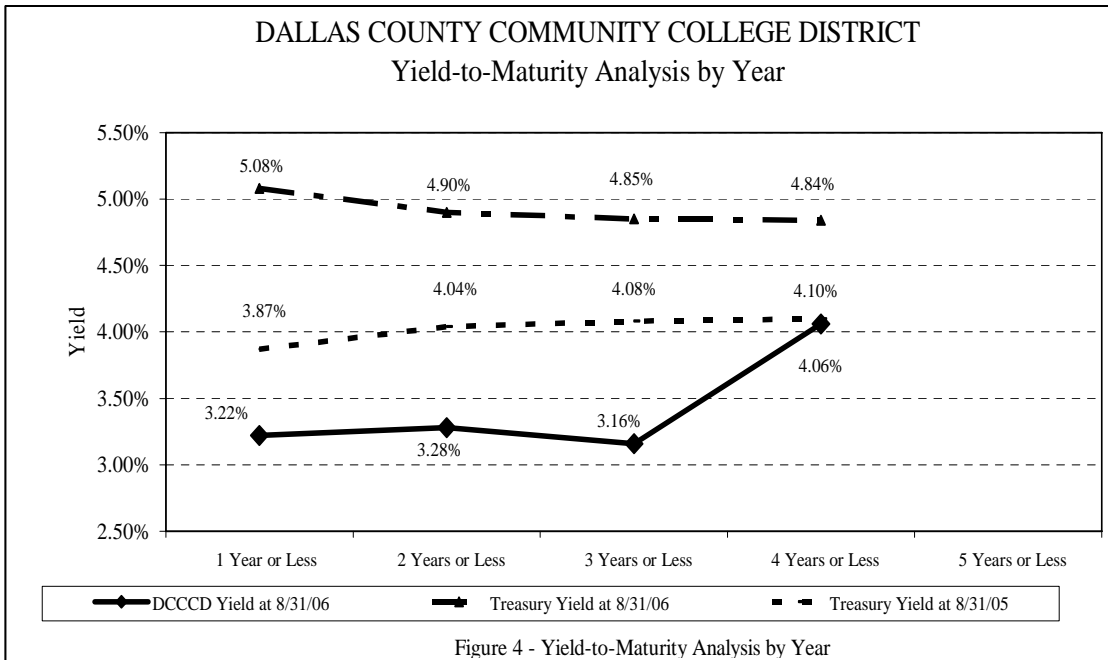
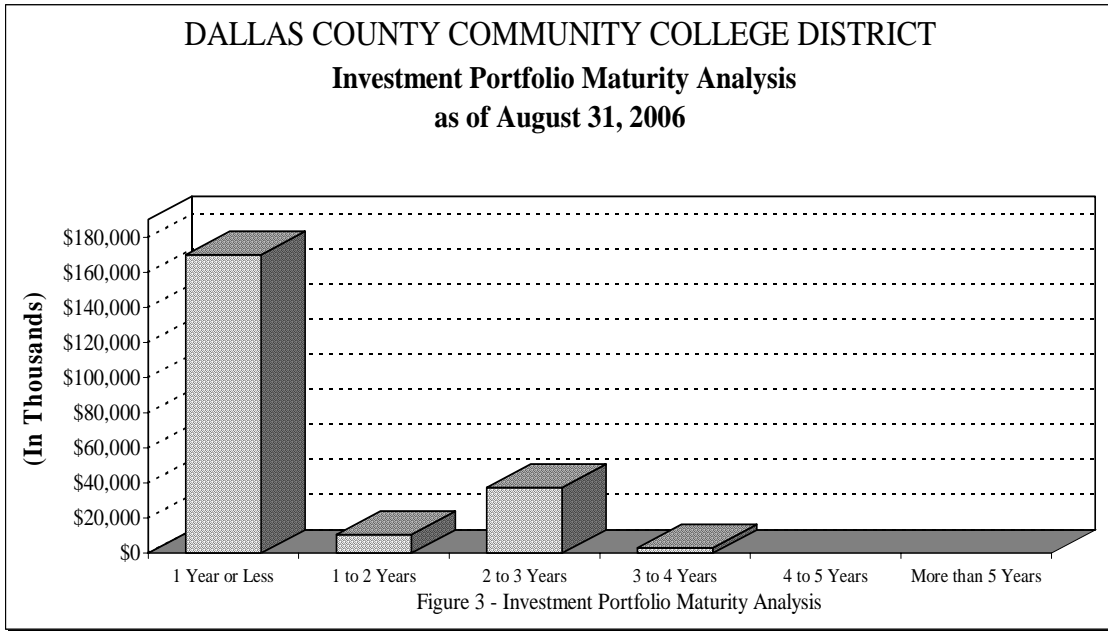


Figure 2 - Investment Portfolio Fund Report



GLOSSARY OF INVESTMENT TERMS

Agency: A security that is issued with an implied or actual pledge of the credit of the U.S. government. The agency is a department of the government or a pseudo-agency that is providing a governmental function (e.g., SLMA, FHLB).

Arbitrage: Arbitrage involves the simultaneous purchase of a security in one market and the sale of it or a derivative product in another market to profit from price differentials between the two markets. As used in municipal finance, it represents the spread between bond interest rates and the interest rate on investments of proceeds. Generally these earnings are limited by IRS requirements to spend proceeds quickly, usually within 24 months.

Basis point: 1/100th of a point (i.e., 50 basis points = .50 % or one half of one percent).

Bond: A long-term promissory note in which the issuer agrees to pay the owner the amount of the face value on a future date and to pay interest at a specified rate at regular intervals.

Broker/dealer: An individual or firm who acts as an intermediary between a buyer and seller, usually charging a commission.

Call: The right to redeem outstanding bonds before their scheduled maturity.

Coupon: The stated interest payment that is based on the face amount of a fixed income security. This amount is usually redeemable at a specific date for a specific payment.

Delivery vs. payment: The control feature that will not allow a security to be paid unless the security is delivered in the exact amount of value as the payment. This transaction usually involves a third party, usually the safekeeping department of a bank.

Discount: The amount of reduction from the face of a fixed income security to compensate for the difference in coupon price and the market value.

GASB 31: A pronouncement by the Governmental Accounting Standards Board that provided for a dissolution of distinct differences between book and market values. It caused there to be a “mark to market” on a regular basis, with a recognition of gains or losses contemporaneously by booking an unrealized gain or loss.

GO bond: A bond which is supported by general obligation tax revenues of a governmental entity.

Liquidity: The liquidity of a security is the ease with which the market can absorb volume buying or selling without dramatic fluctuation in price, i.e., ease of entry/exit into/from a market.

Market value: The market value of a security is the last-sale price multiplied by total units outstanding. It is calculated throughout the trading day and is related to the total value of the index.

Maturity: The date that a security comes due. The issuer must pay the holder the face amount of the security.

Municipal bonds: Bonds issued by states, cities, counties, and towns to fund public capital projects like roads, schools, sanitation facilities, bridges, as well as operating budgets. These bonds are exempt from federal taxation and from state and local taxes for the investors who reside in the state where the bond is issued.

Premium: The amount of extra price that is added above the face of a fixed income security to compensate for the difference in coupon price and the market value (which takes into consideration the current interest market compared to the stated coupon).

Repurchase agreement: Agreement between a seller and a buyer, usually of agency or treasury securities, where the seller agrees to repurchase the securities at an agreed upon price and date.

Revenue bond: A bond which is supported by pledged revenues of the entity.

Settlement: The conclusion of a securities transaction; a broker/dealer buying securities pays for them; a selling broker delivers the securities to the buyer's broker.

Treasury: A security that is issued with the full faith and credit of the United States government.

Underwriter: An investment banker who assumes the risk of bringing a new securities issue to market. The underwriter will buy the issue from the issuer and guarantee sale of a certain number of shares to investors; this is firm-commitment underwriting. To spread the risk of purchasing the issue, the underwriter often will form a syndicate (underwriting group, purchase group) among other investment firms. If the investment firm is unwilling to buy the issue outright, other underwriting forms

may be used.

Unrealized gain or loss: The amount of difference between market value and book value of securities recorded on the financial records of an entity. The amount is an unrealized gain if market value is higher than book value. If the market value is lower than the book value, an unrealized loss is recorded. The amount is unrealized until such time as the security or asset is actually sold by the investor, at which time the amount of difference between market and book values is realized. A security held to maturity will not ever realize a gain or loss.



MEMORANDUM

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT OFFICE OF THE VICE CHANCELLOR OF BUSINESS AFFAIRS

TO: Dr. Wright Lassiter

FROM: John Lopez

DATE: September 14, 2006

SUBJECT: 4th Quarter M/WBE Report

I am pleased to advise that administration is continuing in its efforts toward increasing accessibility for minority and women owned business enterprises (M/WBEs).

Payments to M/WBEs

The total FY 05/06 (22.27%) payments to M/WBEs for goods and services increased by 1.72% over the previous year (20.73%), however, the increase is due largely to the inclusion of more than \$1.8 million in M/WBE subcontracting which had not been previously accumulated and reported. Without the sub data (19.89%), there is a .85% decrease in M/WBE payments from the previous year.

The business diversity department has begun the work to upgrade the District's M/WBE reporting system to capture the data by industry category (construction, professional services, other services and commodities), by college and individual buyers. Reporting by category will allow the District to evaluate our utilization in comparison to other public entities that report their expenditure data by this method and to recognize high achieving colleges and buyers for their efforts.

Additionally, the reporting system will allow the District to monitor "planned" M/WBE subcontracting to actual utilization to help ensure prime contractors are fulfilling their commitments when they are awarded a contract.

One detailed report is attached.

Mason Tillman's Availability and Disparity (A&D) Study

On July 11, 2006, the Board of Trustees adopted a resolution:

- Accepting the Mason Tillman Availability and Disparity Study which showed a gross statistical disparity exists with respect to M/WBE construction contracts;
- Directing the District business diversity program department to:
 - Implement race-neutral programs that it determines to be cost-effective, practical and not in contravention to District policy;
 - After six months, report the impact of these programs on M/WBE utilization in construction and related contracts with the District;
 - Establish a pool of competent and qualified companies by trade;
 - Solicit publicly advertised, sealed proposals using the job order contract method for construction contracts under \$25,000;
 - Establish aspirational goals on each construction contract (on a case-by-case basis) based upon the availability and capability of M/WBEs for each construction contract.

The business diversity program department is currently:

- Tracking utilization of M/WBE subcontractors on contracts since the adoption of the resolution for comparison to prior data;
- Working with facilities management and the colleges facilities directors to establish a job order contracting program on construction contracts under \$25,000;
- Making the construction communities aware of the importance of subcontractors registering on the District's bidder database system to allow for the establishment of aspirational goals on construction contracts greater than \$25,000.

Minority Chambers of Commerce Partnership

During the first year of the partnership, the Chambers and the District have worked to:

- Increase the number of vendors/contractors on DCCCD's bidders database system since the November 2005 start of the partnership:
 - 450 additional vendors/contractors;
 - 180 minority (100 goal);
 - 171 certified (25 goal);
 - 61 construction (25 goal);
 - 389 non-construction (100 goal);
 - 68 women-owned businesses have also been added

- Examine and recommend improvements to DCCCD's current procurement practices and bidder database system;
- Establish a permanent review committee to help identify barriers and solutions;
- Determine and utilize the best methods to distribute opportunities to chambers members;
- Provide personalized follow up interviews to members who were non-responsive to bid opportunities;
- Assist with distribution of opportunities to other membership databases (Contractors Associations, Business Alliances, DFW MBDC, etc.);
- Leverage partnerships with bilingual media outlets to promote procurement and education opportunities both in print and radio (Spanish, Chinese, Korean, etc.);
- Establish the DCCCD Corporate Training/Chamber Committee to survey membership to identify training needs, identify grants to fund training programs and provide needed training programs;
- Coordinate colleges' efforts to distribute DCCCD educational & financial assistance information at chambers' family/community events.

The 2006/2007 Partnership Goals are to:

- Continue growth of bidders database targeting construction contractors;
- Assist with the development of DCCCD bidders database system;
- Continue analysis of DCCCD's business barriers and develop solutions;
- Conduct quarterly joint (chambers & colleges) procurement/construction fairs on college campuses across the District;
- Host four prime & subcontractor networker events across the District;
- Assist with the development of contract specific M/WBE goals;
- Develop needed training programs based on survey results;
- Seek new grant funding for identified educational needs;
- Offer programs on all DCCCD campuses;
- Establish cross cultural mentor/protégé and DCCCD student internship programs;
- Expand existing Hispanic community education outreach program to all communities on all campuses;
- Expand existing business training programs offered by some colleges at the Hispanic and Asian chambers computer labs to include all business types, chambers and campuses.

Community Meetings

The business diversity program staff represented DCCCD at a number of community meetings during the past quarter, including the following:

Staff Activities	2005-2006		
	June	July	August
Alliance Texas Small Business Procurement Fair	*		
American Contract Compliance Association Conference (ACCA)			*
Asian American Contractor's Association Meeting	*	*	
Asian Trade District Mixer			*
Austin Commercial: Scheduling Seminar	*		
Austin Commercial: How To Get Paid Seminar		*	
Austin Commercial: Administrative & Site Logistics Seminar	*		
Austin Commercial: Safety on Austin Projects Seminar			*
Austin Commercial: Lien Rights & Claim Avoidance Seminar			*
Black Contractor's Association Meeting	*		*
Dallas Black Chamber of Commerce Business/Economic Development Meeting	*		
Dallas Minority Procurement Breakfast	*		
DFW Minority Business Council's Supplier Diversity Professionals Committee Luncheon		*	
Diversity Information Resources: Phase I Supplier Diversity Seminar	*		
Greater Dallas Asian American Chamber of Commerce Business Development Meeting	*	*	
Greater Dallas Hispanic Chamber of Commerce New Member Orientation		*	
Hispanic Contractors Association of DFW Networking Luncheon		*	
Merge 2006: The Black Expo	*		
Minority Enterprise Development (MED Week) Exhibition			*
Philippine Chamber of Commerce Meeting		*	
TUHCA Economic Opportunity Forum		*	
TXDOT Construction Forum	*		

Bond Program

The business diversity staff continues to work closely with the bond program managers and the facilities management department to assist with the development of the bond architect process, reporting system, website and

outreach efforts to share information on the bond and non-bond projects and procurement opportunities.

On the El Centro College Paramount Building renovation project, managed by DCCCD facilities management, the contract was awarded to the joint venture contractor 3i-JE Dunn with 3i being a certified Black male firm and has more than 23.5% being subcontracted to minority companies.

As of the September 5, 2006 Board meeting, M/WBEs have been awarded 40.7% overall on the first 12 architect contracts. Of the 12, two have been awarded to minority primes. On the October 2006 agenda, the Brookhaven automotive technology expansion another M/WBE prime is being recommended, which will bring the total M/WBE prime awards to more than 23%.

Additionally, in an effort to increase the number of M/WBE prime architects on the smaller projects in Phase II and III, the District has made changes to the selection process and is increasing its outreach efforts.

On the selection process, the District director of business diversity will serve on the short-list selection committee with the facilities director and bond program executive director to help ensure that a more diverse pool is considered. Also, in the ranking of firms during the interview process, the value of the business diversity department, facilities management and the bond program office scoring will increase from 15% to 20% each. The colleges will have 40% of the scoring of the interviewed architectural firms to ensure that they develop a close working relationship.

On outreach, a second design open house will be held on September 20, 2006 at the bond offices to provide detail information on the Phase II and III bond projects and to provide potential sub-consultants the opportunity to network with prime architects. At the April 2006 open house more than 250 firms attended and more are expected to attend the September event. Nearly 400 invitations have been distributed, notifications have been sent to the minority contractors associations and chambers of commerce and it will be advertised in the *Dallas Morning News*.

Similar open houses/networkers will be held with the construction managers at risk several months prior to their seeking subcontracting bids for the distribution of detail information on the possible subcontracting opportunities on each project and to provide subcontractors an occasion to introduce their companies to the managers.

Additionally, the bond website (www.dccdbond.info/) has had a major upgrade to provide up-to-the-minute detail information regarding each project, prime and subcontracting and sub-consulting opportunities, timelines, policies and procedures, etc.

**Dallas County Community College District
M/WBE Financial Activity
FY 2005 - 2006 Annual Report**

Ethnicity/Gender	2004-05 Year-to-Date		1st Quarter 05-06 09/01/2005-11/30/2005		2nd Quarter 05-06 12/01/2005-02/28/2006		3rd Quarter 05-06 03/01/2006-05/31/2006		4th Quarter 05-06 06/01/2006-08/31/2006	
	Amount-\$	Percent	Amount-\$	Percent	Amount-\$	Percent	Amount-\$	Percent	Amount-\$	Percent
Amer Indian/Alaskan Native, Female					\$11,176.45	0.06%	\$24,820.00	0.12%	\$32,930.00	0.21%
Amer Indian/Alaskan Native, Male	\$300,868.71	0.70%			\$305,649.61	1.70%	\$241,722.84	1.18%	\$173,930.99	1.10%
Black/African-American, Female	\$28,607.17	0.07%	\$59,386.67	0.31%	\$121,810.87	0.68%	\$63,661.16	0.31%	\$36,656.76	0.23%
Black/African-American, Male	\$2,410,778.31	5.64%	\$600,498.55	3.13%	\$826,914.08	4.60%	\$1,976,115.86	9.67%	\$591,469.62	3.73%
Asian Indian, Female					\$1,359.40	0.01%		0.00%		
Asian Indian, Male	\$125,381.74	0.29%	\$426,718.69	2.22%	\$243,619.31	1.35%	\$304,212.19	1.49%	\$317,413.80	2.00%
Anglo-American, Female	\$3,464,040.15	8.10%	\$927,864.95	4.84%	\$827,569.61	4.60%	\$1,325,923.84	6.49%	\$1,588,675.29	10.01%
Asian Pacific, Female	\$35,261.01	0.08%	\$16,669.41	0.09%	\$4,540.18	0.03%		0.00%	\$4,583.27	0.03%
Asian Pacific, Male	\$38,851.05	0.09%	\$0.00		\$0.00					
Hispanic/Latino/Mex-American, Female	\$804,350.91	1.88%	\$69,404.90	0.36%	\$176,007.66	0.98%	\$105,059.58	0.51%	\$27,437.65	0.17%
Hispanic/Latino/Mex-American, Male	\$626,572.41	1.47%	\$770,583.85	4.02%	\$1,311,380.77	7.29%	\$861,122.87	4.22%	\$317,580.95	2.00%
Other, Female	\$22,948.14	0.05%	\$357,759.76	1.87%	\$148,644.13	0.83%	\$226,238.71	1.11%	\$137,514.71	0.87%
Other, Male										
OTHER CERTIFIED										
HUB - State of Texas	\$1,009,153.54	2.36%								
Total M/WBE	\$8,866,813.14	20.73%	\$3,228,886.78	16.84%	\$3,978,672.07	22.12%	\$5,128,877.05	25.11%	\$3,228,193.04	20.34%
Not Classified	\$33,898,053.27	79.27%	\$15,950,534.44	83.16%	\$14,004,088.58	77.88%	\$15,300,131.38	74.89%	\$12,645,489.86	79.66%
Sub-total for Discretionary Payments	\$42,764,866.41	100.00%	\$19,179,421.22	100.00%	\$17,982,760.65	100.00%	\$20,429,008.43	100.00%	\$15,873,682.90	100.00%
Non-discretionary Payments	\$14,991,324.88		\$4,569,441.44		\$4,369,879.00		\$6,000,973.39		\$5,544,876.17	
Total Payments	\$57,756,191.29		\$23,748,862.66		\$22,352,639.65		\$26,429,981.82		\$21,418,559.07	

**Quarterly Report for Chancellor's Travel
July 14, 2006 – July 27, 2006**

July 14, 2006

Depart Friday, July 14 @ 4:00 p.m. – Return Saturday,
July 15 @ 9:00 a.m.
Plano, Texas
Texas Association of Community Colleges
2006 Summer Conference
\$200.00

July 27, 2006

Depart Thursday, July 27 @ 8:00 a.m. – Return Friday,
July 28 @ 8:00 p.m.
Washington, DC
National Endowment for Humanities Council Meeting
\$0.00

*Includes spouse, board related, and/or student travel expense.