

**BOARD OF TRUSTEES AUDIT COMMITTEE MEETING  
DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
AND RICHLAND COLLEGIATE HIGH SCHOOL**

**R.L. Thornton, Jr. Administration Building**

**701 Elm Street**

**Dallas, TX 75202**

**Board Room (4<sup>th</sup> floor)**

**Tuesday, January 16, 2007**

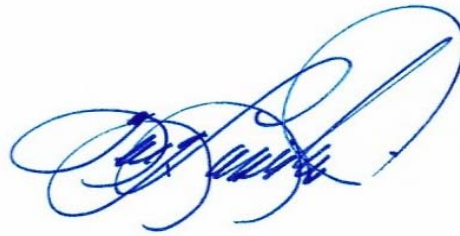
**3:00 PM**

**Agenda**

1. Certification of posting of notice of the meeting Wright Lassiter
  
2. 1<sup>st</sup> Quarter Report from Internal Audit Rafael Godinez  
**Committee Action:** Review as required by Board Policy CDC (LOCAL)
  
3. 1<sup>st</sup> Quarter Report of Investment Transactions Ed DesPlas  
**Committee Action:** Motion to recommend approval by the Board of Trustees at its regular meeting on January 16, 2007, as provided by Board Policy CAK (LEGAL)
  
4. 1<sup>st</sup> Quarter Financial Report Ed DesPlas  
**Committee Action:** Motion to recommend approval by the Board of Trustees at its regular meeting on January 16, 2007, as provided by Board Policy CDA (LOCAL)
  
5. 1<sup>st</sup> Quarter M/WBE Report Ed DesPlas  
**Committee Action:** No action required.

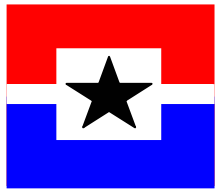
**CERTIFICATION OF POSTING OF NOTICE JANUARY 16, 2007  
AUDIT COMMITTEE MEETING OF THE DALLAS COUNTY  
COMMUNITY COLLEGE DISTRICT BOARD OF TRUSTEES**

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 12<sup>th</sup> day of January, 2007 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 12<sup>th</sup> day of January, 2007 to John F. Warren, 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.



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Wright L. Lassiter, Jr., Secretary



## MEMORANDUM

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
SERVICE CENTER

**TO:** Audit Committee of the Board of Trustees

**FROM:** Rafael J. Godinez, CPA

**DATE:** December 22, 2006

**RE:** Quarterly Summary of Activities  
For the Quarter Ended November 30, 2006

The following is a summary of activities by the DCCCD Internal Audit Department since the previous Audit Committee meeting of October 3, 2006.

### **AUDITS COMPLETED – Reports Issued**

#### **- Hazlewood Act Exemption – District Wide**

The Hazlewood Act exempts from tuition and fee charges qualified Texas veterans taking classes at public institutions of higher education. In the spring of 2006, the eligibility requirements were modified effective for the fall semester. The purpose of the audit was to ensure compliance with the new provisions adopted by the Texas Higher Education Coordinating Board. A sample of 41 out of the 158 students enrolled under the exemption during the fall 2006 semester was tested. Ten students were missing either an application form or a qualifying benefits letter as required. Students have been requested to submit the required documentation or no further exemptions will be granted.

#### **- U.S. Department of Labor – Automotive Tech Grant – Eastfield College**

The goal of the grant is to increase the number of graduates in the automotive services technology program with emphasis on diversity and academically under prepared students. The grant was proposed with a collaborative agreement with Tarrant County and Kilgore Colleges. The performance period of the grant was from December 1, 2004 through November 30, 2006, with an award from DOL of \$837, 424 and an in-kind match from EFC of \$354,105. The purpose of the audit was to determine compliance with the provisions of the grant agreement.

One of the training objectives (a one year associate degree in applied science) was not achieved. The diversity objectives were met except for Hispanic participation was 25%

instead of 30-40%. The in-kind matching has not been achieved as of the end of the audit. However, EFC is pursuing an extension or a modification of the grant proposal that would eliminate or reduce the matching requirement. The grant called for tools costing approximately \$3,000 to be purchased for each student in the program. Rather than negotiating a purchase agreement directly with the vendor (Snap-On Tools), EFC purchased the tools through the bookstore resulting in approximately \$42,000 of excess costs to the grant. If auditors for the grantor were to review this arrangement, it is possible that this expense could be disallowed since it was not a competitive purchase as per regulations.

**- Information Technology Audit – Programming Standards and Controls**

The District uses the Colleague system to handle all major areas of electronic data processing. The Information Technology department often customizes Datatel delivered program code, and creates new processes and reports that are used by District personnel in order to meet the many changes that take place in policies and/or regulations. The purpose of the audit was to evaluate the control environment in which the modifications are made. Overall, the IT department maintains adequate controls over access and modifications to programs. However, some of the controls need to be better documented to support authorization of changes.

**- U.S. Department of Labor – ROCK-ON Grant – Richland College**

The DOL awarded Richland College the Reintegrating Offenders with Career Knowledge-One Network grant (ROCK-ON) in the amount of \$1,000,000 for the period of July 1, 2005 to June 30, 2006. Richland is required to contribute a cash match of \$155,680. The agreement was extended through September 2007 for an additional \$1,000,000 with no match required. The grant is to provide qualified participants training programs in information technology manufacturing and construction trade skills. The purpose of the audit was to determine compliance with the provisions of the grant agreement.

The grant provisions required that 200 youth offenders be served during the first 12 month of the grant. Due to a late start in implementing the program, RLC requested but was denied an amendment to the agreement to reduce the number of participants. As of the time of this audit, only 75 students (or 38% of the numbers required) have been served. Only \$347,235 of federal funds and \$52,843 of the cash match have been expended. RLC management believes that additional participants will be brought into the program in order to meet the numbers in the agreement.

**- Division Purchases from the Bookstores – District Wide**

Business Office Procedures delineate the process by which college divisions and departments can purchase books and supplies from the campus bookstores. Items of a personal nature or sundry items should not be charged to the divisions. The purpose of the audit was to determine compliance with procedures and ensure that purchases are limited to those items authorized to be purchased. Monthly billings with supporting documentation were reviewed for the period from September 2005 through August 2006. Minor exceptions were noted and reported to the appropriate business officers. We did note that one employee purchased several textbooks for courses in which the employee had enrolled. We also noted one instance of a duplicate payment of two purchases totaling \$3,963.

**AUDITS IN PROGRESS**

The following audits are currently in progress:

- Sponsored Billings and Receivables
- Vacation/Sick Leave Compliance
- Criminal Background Check Compliance

**OTHER**

Preliminary planning for this year's Control Self Assessment program took place in early December. Topics to be addressed are grants, copyrights, information security, and purchasing related issues.

cc Wright Lassiter  
Ed DesPlas

INFORMATIVE REPORT NO. 3

Presentation of 1st Quarter Investment Transactions

The 1st 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: 01/16/2007

II. Agenda Item Title: Presentation of 1st 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 1st quarter investment transactions on January 16, 2007. If indicated by the recommendation of the Audit Committee, members will discuss the statements with the Board during the meeting on January 16, 2007.

IV. Analysis:

The 1st quarter investment transaction report is typical for this phase of the annual financial cycle.

V. Resource: Edward M. DesPlas  
Vice Chancellor of Business Affairs  
District Service Center  
(972) 860-7752

# **DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**



## **Investment Portfolio**

*As of November 30, 2006*



**Dallas County Community College District  
1st 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 November 2006. The configuration of the portfolio is shown for both the quarters ended August 31, 2006 and November 30, 2006, see Figures 1 and 2. The portfolio is invested 45.37% in U.S. Agency securities and 11.67% is invested in U.S. Treasury securities. The remaining 42.96% is invested in TexPool and TexSTAR. Of the portfolio, 76.54% will mature in one year or less. No security has a maturity of more than three years from November 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 November 30, 2006, from a minimum of 131 basis points (2 years or less) to a maximum of 187 basis points (1 year or less). An analysis of the District's portfolio yield compared with the Treasury yield at November 30, 2006 and November 30, 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 1st Quarter Ended November 30, 2006*

| INVESTMENTS:               |                   |    | MARKET        | ACCRUED<br>INTEREST | WEIGHTED<br>AVERAGE<br>MATURITY | YIELD<br>TO<br>MATURITY |       |
|----------------------------|-------------------|----|---------------|---------------------|---------------------------------|-------------------------|-------|
| <b>Beginning of Period</b> | August 31, 2006   | \$ | 221,161,715   | \$                  | 663,708                         | 410                     | 4.01% |
| Purchases                  |                   | \$ | 88,517,480    |                     |                                 |                         |       |
| Maturities / Sold          |                   | \$ | (111,400,905) |                     |                                 |                         |       |
| Market Value Change        |                   | \$ | 950,001       |                     |                                 |                         |       |
| <b>End of Period</b>       | November 30, 2006 | \$ | 199,228,291   | \$                  | 870,141                         | 422                     | 4.15% |

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/ Edward M. DesPlas

Edward M. DesPlas, 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 1st Quarter Ended November 30, 2006*  
*By Type of Investment*

|  | Face<br>Amount<br>11/30/2006 | Market Transactions       |                         |                             |                        |                            | Market Value<br>11/30/2006 |
|--|------------------------------|---------------------------|-------------------------|-----------------------------|------------------------|----------------------------|----------------------------|
|  |                              | Market Value<br>8/31/2006 | Securities<br>Purchased | Securities<br>Matured /Sold | Market Value<br>Change | Market Value<br>11/30/2006 |                            |
| <b>SUMMARY:</b>                          |                              |                           |                         |                             |                        |                            |                            |
| MONEY MARKET FUNDS /<br>INVESTMENT POOLS | \$ 84,201,920                | \$ 75,485,345             | \$ 88,517,480           | \$ (78,400,905)             | \$ 0                   | \$ 85,601,920              |                            |
| TREASURY SECURITIES                      | 24,000,000                   | 31,017,990                | 0                       | (8,000,000)                 | 226,210                | 23,244,200                 |                            |
| AGENCY SECURITIES                        | 91,600,000                   | 114,658,380               | 0                       | (25,000,000)                | 723,791                | 90,382,171                 |                            |
| <b>PORTFOLIO TOTAL</b>                   | <b>\$ 199,801,920</b>        | <b>\$ 221,161,715</b>     | <b>\$ 88,517,480</b>    | <b>\$ (111,400,905)</b>     | <b>\$ 950,001</b>      | <b>\$ 199,228,291</b>      |                            |

|  | Face<br>Amount<br>11/30/2006 | Book Transaction Excludes Unrealized Gain and Loss |                         |                              |                             |                          | Book Value<br>11/30/2006 |
|--|------------------------------|--|-------------------------|------------------------------|-----------------------------|--------------------------|--------------------------|
|  |                              | Book Value<br>8/31/2006                            | Securities<br>Purchased | Securities<br>Matured / Sold | Securities<br>(Disc.)/Prem. | Book Value<br>11/30/2006 |                          |
| <b>SUMMARY:</b>                          |                              |  |                         |                              |                             |                          |                          |
| MONEY MARKET FUNDS /<br>INVESTMENT POOLS | \$ 84,201,920                | \$ 75,485,345                                      | \$ 88,517,480           | \$ (78,400,905)              | \$ 0                        | \$ 85,601,920            |                          |
| TREASURY SECURITIES                      | 24,000,000                   | 32,029,104   | 0                       | (8,000,000)                  | (15,969)                    | 24,013,135               |                          |
| AGENCY SECURITIES                        | 91,600,000                   | 116,481,625  | 0                       | (25,000,000)                 | 94,583                      | 91,576,208               |                          |
| <b>PORTFOLIO TOTAL</b>                   | <b>\$ 199,801,920</b>        | <b>\$ 223,996,074</b>                              | <b>\$ 88,517,480</b>    | <b>\$ (111,400,905)</b>      | <b>\$ 78,614</b>            | <b>\$ 201,191,263</b>    |                          |

*Dallas County Community College District  
Investment Portfolio Transaction Report  
Activity for the 1st Quarter Ended November 30, 2006*

| Invest. ID                                   | Cusip Number | Description        | Purchase Date | Call Date | Maturity Date | Face Amount           | Yield |
|--|--------------|--------------------|---------------|-----------|---------------|-----------------------|-------|
| <b>MONEY MARKET FUNDS / INVESTMENT POOLS</b> |              |                    |               |           |               |                       |       |
| 73190  |              | TEXPOOL            | 30-Jul-90     |           | N/A           | \$ 26,526,817         | (1)   |
| 1111   |              | TEXSTAR            | 23-Jun-03     |           | N/A           | 25,067,773            | (2)   |
| 2003   |              | TEXSTAR (TAX NOTE) | 06-Aug-03     |           | N/A           | 2,052,505             | (2)   |
| 2004   |              | TEXSTAR (TAX NOTE) | 06-Apr-04     |           | N/A           | 14,032,311            | (2)   |
| 40   |              | TEXSTAR (GO)       | 14-Sep-04     |           | N/A           | 16,522,514            | (2)   |
| <b>REPURCHASE AGREEMENTS</b>                 |              |                    |               |           |               |                       |       |
| None   |              |                    |               |           |               |                       |       |
| <b>TREASURY SECURITIES</b>                   |              |                    |               |           |               |                       |       |
| 13079  | T9128277F3   | U. S. Treasury     | 28-Oct-03     |           | 15-Nov-06     |                       | 2.34% |
| 13080  | T912828BP4   | U. S. Treasury     | 28-Jan-04     |           | 15-Nov-06     |                       | 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% |
| <b>AGENCY SECURITIES</b>                     |              |                    |               |           |               |                       |       |
| 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     |                       | 2.77% |
| 16210  | 3128X1V46    | FHLMC Notes        | 24-Oct-03     |           | 12-Oct-06     |                       | 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% |
| 16231  | 313589M59    | FN DN              | 21-Dec-05     |           | 30-Oct-06     |                       | 4.69% |
| 16235  | 313589J38    | FN DN              | 7-Apr-06      |           | 4-Oct-06      |                       | 5.06% |
| 40-3   | 3128X37L1    | FHLMC Notes        | 11-Apr-05     |           | 11-Jan-07     | 15,000,000            | 4.05% |
| 40-13  | 313397J28    | FMCD Notes         | 7-Apr-06      |           | 3-Oct-06      |                       | 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% |
| <b>PORTFOLIO TOTAL</b>                       |              |                    |               |           |               | <u>\$ 199,801,920</u> |       |

(1) The TexPool yield varies daily. The yield as of August 31, 2006 was 5.2355% and November 30, 2006 was 5.2780.

(2) The TexSTAR yield varies daily. The yield as of August 31, 2006 was 5.2601% and November 30, 2006 was 5.2785.

## Market Transactions

| Invest.<br>ID                                | Market Value<br>8/31/2006 | Securities<br>Purchased | Securities<br>Matured / Sold | Market Value<br>Change | Market Value<br>11/30/2006 |
|--|---------------------------|-------------------------|------------------------------|------------------------|----------------------------|
| <b>MONEY MARKET FUNDS / INVESTMENT POOLS</b> |                           |                         |                              |                        |                            |
| 73190  | \$ 36,445,710             | \$ 62,086,941           | \$ (70,605,834)              |                        | \$ 27,926,817              |
| 1111   | 4,809,507                 | 20,258,266              |                              |                        | 25,067,773                 |
| 2003   | 2,698,124                 | 426,283                 | (1,071,902)                  |                        | 2,052,505                  |
| 2004   | 14,419,239                | 184,801                 | (571,729)                    |                        | 14,032,311                 |
| 40   | 17,112,765                | 5,561,189               | (6,151,440)                  |                        | 16,522,514                 |
| <b>REPURCHASE AGREEMENTS</b>                 |                           |                         |                              |                        |                            |
| None   |                           |                         |                              |                        |                            |
| <b>TREASURY SECURITIES</b>                   |                           |                         |                              |                        |                            |
| 13079  | 4,982,800                 |                         | (5,000,000)                  | 17,200                 | 0                          |
| 13080  | 2,984,190                 |                         | (3,000,000)                  | 15,810                 | 0                          |
| 13081  | 3,864,200                 |                         |                              | 30,800                 | 3,895,000                  |
| 13082  | 19,186,800                |                         |                              | 162,400                | 19,349,200                 |
| <b>AGENCY SECURITIES</b>                     |                           |                         |                              |                        |                            |
| 16202  | 9,894,900                 |                         |                              | 56,300                 | 9,951,200                  |
| 16209  | 4,984,300                 |                         | (5,000,000)                  | 15,700                 | 0                          |
| 16210  | 4,984,300                 |                         | (5,000,000)                  | 15,700                 | 0                          |
| 16215  | 2,924,190                 |                         |                              | 18,630                 | 2,942,820                  |
| 16216  | 2,913,750                 |                         |                              | 25,320                 | 2,939,070                  |
| 16217  | 7,319,550                 |                         |                              | 56,250                 | 7,375,800                  |
| 16218  | 2,447,775                 |                         |                              | 15,825                 | 2,463,600                  |
| 16219  | 7,349,925                 |                         |                              | 45,075                 | 7,395,000                  |
| 16220  | 9,887,300                 |                         |                              | 66,400                 | 9,953,700                  |
| 16221  | 9,783,700                 |                         |                              | 63,700                 | 9,847,400                  |
| 16222  | 4,890,100                 |                         |                              | 31,900                 | 4,922,000                  |
| 16223  | 14,432,850                |                         |                              | 139,050                | 14,571,900                 |
| 16231  | 4,957,500                 |                         | (5,000,000)                  | 42,500                 | 0                          |
| 16235  | 4,976,000                 |                         | (5,000,000)                  | 24,000                 | 0                          |
| 40-3   | 14,927,700                |                         |                              | 52,200                 | 14,979,900                 |
| 40-13  | 4,976,500                 |                         | (5,000,000)                  | 23,500                 | 0                          |
| 45-1   | 1,262,040                 |                         |                              | 13,741                 | 1,275,781                  |
| 45-2   | 1,746,000                 |                         |                              | 18,000                 | 1,764,000                  |
| <b>PORTFOLIO TOTAL</b>                       | <b>\$ 221,161,715</b>     | <b>\$ 88,517,480</b>    | <b>\$ (111,400,905)</b>      | <b>\$ 950,001</b>      | <b>\$ 199,228,291</b>      |

(1) The TexPool yield varies daily. The yield as of August 31, 2006 was 5.2355% and November 30, 2006 was 5.2780.

(2) The TexSTAR yield varies daily. The yield as of August 31, 2006 was 5.2601% and November 30, 2006 was 5.2785.

### Book Transaction Excludes Unrealized Gain

| Invest.<br>ID                                | Book Value<br>8/31/2006 | Securities<br>Purchased | Securities<br>Matured / Sold | Securities<br>(Disc.)/Prem. | Book Value<br>11/30/2006 |
|--|-------------------------|-------------------------|------------------------------|-----------------------------|--------------------------|
| <b>MONEY MARKET FUNDS / INVESTMENT POOLS</b> |                         |                         |                              |                             |                          |
| 73190  | \$ 36,445,710           | \$ 62,086,941           | \$ (70,605,834)              |                             | \$ 27,926,817            |
| 1111   | 4,809,507               | 20,258,266              |                              |                             | 25,067,773               |
| 2003   | 2,698,124               | 426,283                 | (1,071,902)                  |                             | 2,052,505                |
| 2004   | 14,419,239              | 184,801                 | (571,729)                    |                             | 14,032,311               |
| 40   | 17,112,765              | 5,561,189               | (6,151,440)                  |                             | 16,522,514               |
| <b>REPURCHASE AGREEMENTS</b>                 |                         |                         |                              |                             |                          |
| None   |                         |                         |                              |                             |                          |
| <b>TREASURY SECURITIES</b>                   |                         |                         |                              |                             |                          |
| 13079  | 5,011,414               |                         | (5,000,000)                  | (11,414)                    | 0                        |
| 13080  | 3,003,068               |                         | (3,000,000)                  | (3,068)                     | 0                        |
| 13081  | 4,001,494               |                         |                              | (156)                       | 4,001,338                |
| 13082  | 20,013,128              |                         |                              | (1,331)                     | 20,011,797               |
| <b>AGENCY SECURITIES</b>                     |                         |                         |                              |                             |                          |
| 16202  | 10,000,000              |                         |                              |                             | 10,000,000               |
| 16209  | 4,999,385               |                         | (5,000,000)                  | 615                         | 0                        |
| 16210  | 4,998,771               |                         | (5,000,000)                  | 1,229                       | 0                        |
| 16215  | 3,000,000               |                         |                              |                             | 3,000,000                |
| 16216  | 3,000,000               |                         |                              |                             | 3,000,000                |
| 16217  | 7,474,067               |                         |                              | 7,108                       | 7,481,175                |
| 16218  | 2,497,968               |                         |                              | 534                         | 2,498,502                |
| 16219  | 7,500,000               |                         |                              |                             | 7,500,000                |
| 16220  | 9,992,642               |                         |                              | 4,159                       | 9,996,801                |
| 16221  | 10,000,000              |                         |                              |                             | 10,000,000               |
| 16222  | 4,999,639               |                         |                              | 91                          | 4,999,730                |
| 16223  | 15,000,000              |                         |                              |                             | 15,000,000               |
| 16231  | 4,963,207               |                         | (5,000,000)                  | 36,793                      | 0                        |
| 16235  | 4,977,679               |                         | (5,000,000)                  | 22,321                      | 0                        |
| 40-3   | 15,000,000              |                         |                              |                             | 15,000,000               |
| 40-13  | 4,978,267               |                         | (5,000,000)                  | 21,733                      | 0                        |
| 45-1   | 1,300,000               |                         |                              |                             | 1,300,000                |
| 45-2   | 1,800,000               |                         |                              |                             | 1,800,000                |
| <b>PORTFOLIO TOTAL</b>                       | <b>\$ 223,996,074</b>   | <b>\$ 88,517,480</b>    | <b>\$ (111,400,905)</b>      | <b>\$ 78,614</b>            | <b>\$ 201,191,263</b>    |

(1) The TexPool yield varies daily. The yield as of August 31, 2006 was 5.2355% and November 30, 2006 was 5.2780.

(2) The TexSTAR yield varies daily. The yield as of August 31, 2006 was 5.2601% and November 30, 2006 was 5.2785.

*Dallas County Community College District  
Investment Portfolio Percentage Report  
Activity for the 1st Quarter Ended November 30, 2006*

| Type of Security                   | Portfolio Pct<br>8/31/2006 | Market Value<br>8/31/2006 | Portfolio Pct<br>11/30/2006 | Market Value<br>11/30/2006 |
|------------------------------------|----------------------------|---------------------------|-----------------------------|----------------------------|
| MONEY MKT FUNDS & INVESTMENT POOLS | 34.13%                     | 75,485,345                | 42.96%                      | 85,601,920                 |
| TREASURY SECURITIES                | 14.03%                     | 31,017,990                | 11.67%                      | 23,244,200                 |
| AGENCY SECURITIES                  | 51.84%                     | 114,658,380               | 45.37%                      | 90,382,171                 |
| <b>PORTFOLIO TOTAL</b>             | <b>100.00%</b>             | <b>221,161,715</b>        | <b>100.00%</b>              | <b>\$ 199,228,291</b>      |

**Portfolio Percent by Investment Type**

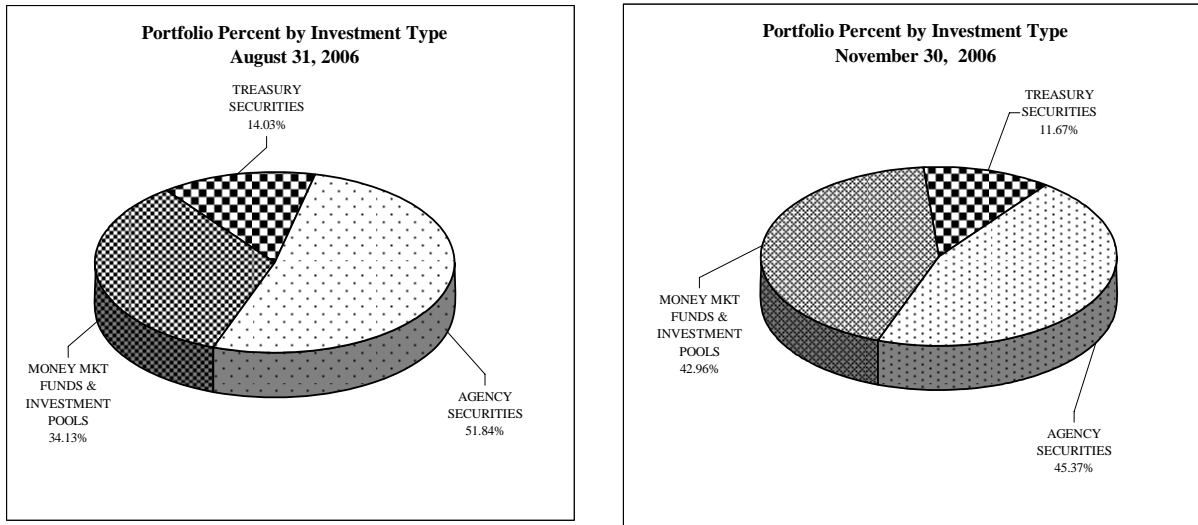


Figure 1 - Investment Portfolio Percentage Report

*Dallas County Community College District  
Investment Pool Report by Fund Type  
Activity for the 1st Quarter Ended November 30, 2006*

| Fund Description       | Portfolio Pct<br>8/31/2006 | Market Value<br>8/31/2006 | Portfolio Pct<br>11/30/2006 | Market Value<br>11/30/2006 |
|------------------------|----------------------------|---------------------------|-----------------------------|----------------------------|
| Unrestricted Fund      | 61.38%                     | \$ 135,764,732            | 63.88%                      | \$ 127,262,839             |
| Auxiliary Fund         | 7.08%                      | 15,656,196                | 6.93%                       | 13,803,095                 |
| Unexpended Plant Fund  | 28.95%                     | 64,020,019                | 26.86%                      | 53,514,229                 |
| Quasi - Endowment Fund | 2.59%                      | 5,720,768                 | 2.33%                       | 4,648,128                  |
| <b>PORTFOLIO TOTAL</b> | <b>100.00%</b>             | <b>\$ 221,161,715</b>     | <b>100.00%</b>              | <b>\$ 199,228,291</b>      |

Portfolio Pool Allocation Percent by Fund Type

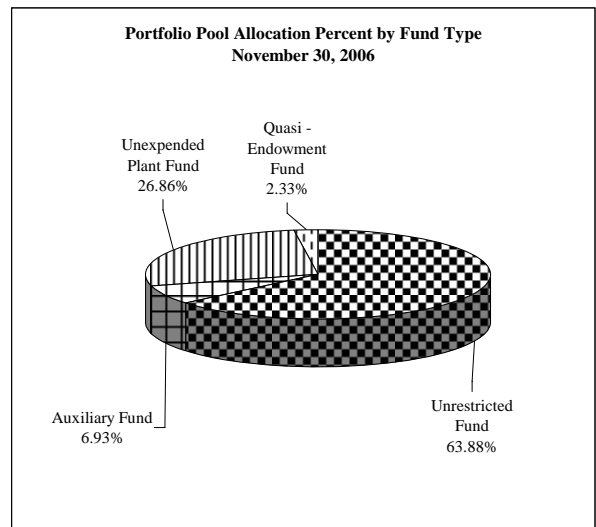
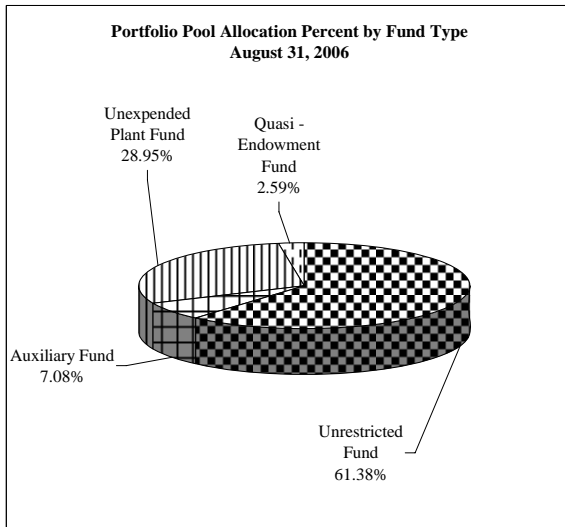
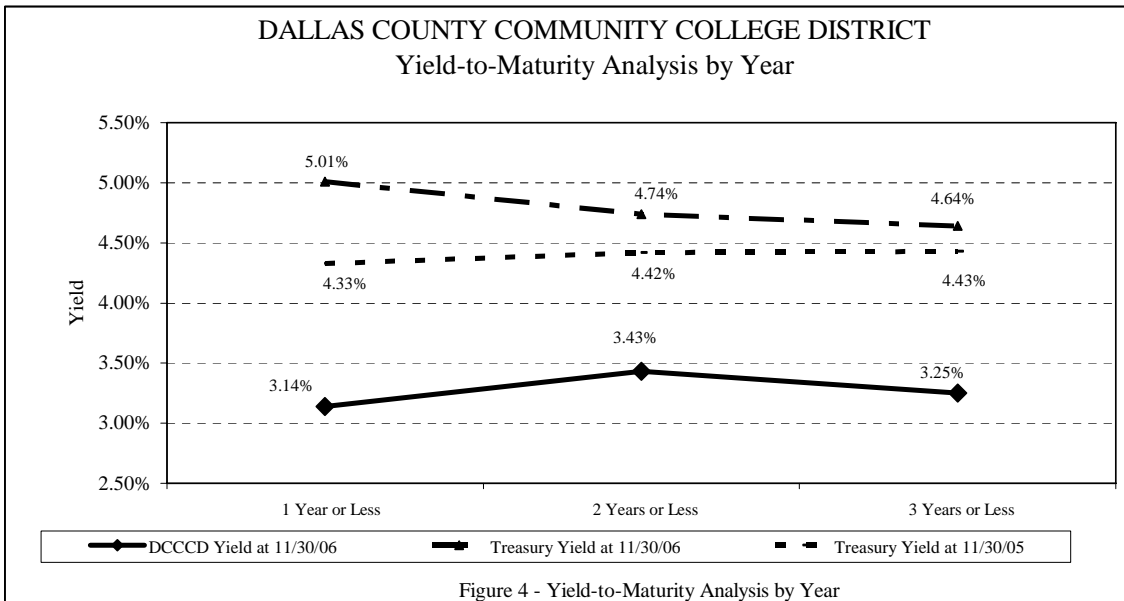
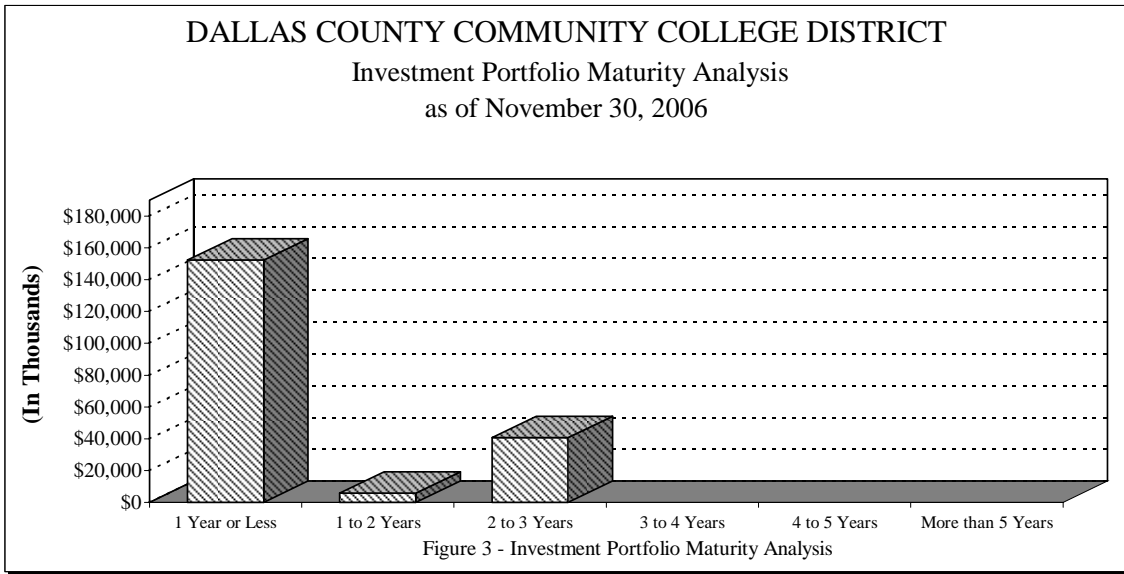


Figure 2 - Investment Portfolio Fund Report





## 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.

INFORMATIVE REPORT NO. 4

Presentation of 1st Quarter Financial Statements

The 1st quarter financial statements are presented as provided by Board Policy CDA (LOCAL) which states: *Periodic financial reports shall be submitted to the Board outlining the progress of the budget to that date and reporting on the status of all District funds and District accounts.*

I. Board Date: 01/16/2007

II. Agenda Item Title: Presentation of 1st Quarter Financial Statements

III. Background:

Trustees who serve on the Audit Committee are Ms. Compton (chair), Mrs. Boyle and Mr. Ferguson. The Audit Committee reviewed the 1st quarter financial statements on January 16, 2007. If indicated by the recommendation of the Audit Committee, members will discuss the statements with the Board during the meeting on January 16, 2007.

IV. Analysis:

The Audit Committee will review the financial statements and recommend they be presented to the full Board of Trustees at the January 16, 2007, meeting.

V. Resource: Edward M. DesPlas  
Vice Chancellor of Business Affairs  
District Service Center  
(972) 860-7752

# **DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**



## **Financial Statements**

*As of November 30, 2006*

**Dallas County Community College District  
1st Quarter Financial Report  
Executive Summary**

There have been no significant changes or transactions affecting the financial position of the District for the period September 1, 2006 through November 30, 2006. A brief analysis of each of the primary statements follows.

**Balance Sheet**

The schedule *Combined Balance Sheet* presents the unaudited Combined Balance Sheet by fund group as of November 30, 2006. The assets of the District continue to consist primarily of cash, investments, and plant assets (approximately 95.9% of total assets). Cash, cash equivalents, and investments decreased approximately \$7.7 million (3.7%) from November 30, 2005. This decrease is primarily due to expenditures for land and building purchases and construction costs for planned projects. Receivables increased approximately \$2.0 million (15.3%) from November 30, 2005. This increase is primarily due to increased Federal receivables related to workforce development grants. Inventories and other assets decreased approximately \$3.7 million (32.2%) from November 30, 2005. This decrease is primarily due to the release of the Series 1986 bond reserve fund since payment on the bonds was complete. Property, plant and equipment increased approximately \$16.6 million (5.2%) from November 30, 2005. This increase is related to the capitalization of assets for major repairs and rehabilitation projects, construction projects and other capital equipment expenditures, net of asset disposals and depreciation. Total combined assets have increased from November 2005 by about \$5.9 million (1.1%). The District's Combined Assets, Liabilities and Fund Balances are depicted graphically in Figures 1-2.

District assets are funded approximately 67.9% by fund balances, and 32.1% by liabilities. Isolating the effects of interfund payables, total liabilities of the District have decreased about 5.3% when compared to November 2005. This decrease is mainly attributable to a reduction in bonds payable due to making semi-annual principal payments.

**Schedule of Fund Balances**

The *Schedule of Fund Balances* presents the total fund balances of the District by fund and by type (i.e. Restricted, Designated, etc.). The largest components of fund balance are the investment in plant assets (\$225.6 million, 59.6%) and current operating funds (\$100.2 million, 26.5%). Total current fund balances increased by approximately \$0.7 million for the year to date. The change in fund balance is cyclical in nature over the course of the fiscal year. The components of the fund



balances are depicted graphically in Figure 3.

### **Statement of Current Funds Revenues, Expenditures, and Other Changes**

The results of operations for the current funds are summarized in the *Combined Current Funds Revenues, Expenditures and Transfers* table. This table presents a comparison for the first quarter ended November 30, 2006, 2005 and 2004.

Current revenues have increased from the same period in the prior year. Unrestricted state appropriations to date are relatively unchanged from November 2005. Total tuition and charges have increased approximately \$3.3 million (11.2%) from November 2005 primarily due to a \$3 per credit hour tuition increase that began in the Spring 2006 semester and additional tuition for students taking a class for the third or more time. Ad valorem tax revenue in the current funds increased approximately \$1.1 million (24.7%) from November 2005 primarily due to an increase in property valuation. Investment revenues increased approximately \$2.1 million (1358.1%) from November 2005 as a result of increased interest rates in the District's investment portfolio. Contracts and grants revenue decreased approximately \$1.1 million (14.0%) from November 2005 as a result of decreased federal grants from the Department of Education. Auxiliary Enterprises revenue is relatively unchanged from November 2005. The District's Current Unrestricted Revenues are depicted graphically in Figure 4.

Current unrestricted funds expenditures are relatively unchanged from those from the same period in the prior year although institutional support showed an increase of \$1.4 million (11.5%) primarily due to increases in advertising and legal expense. Current Unrestricted Expenditures are shown in Figure 5.

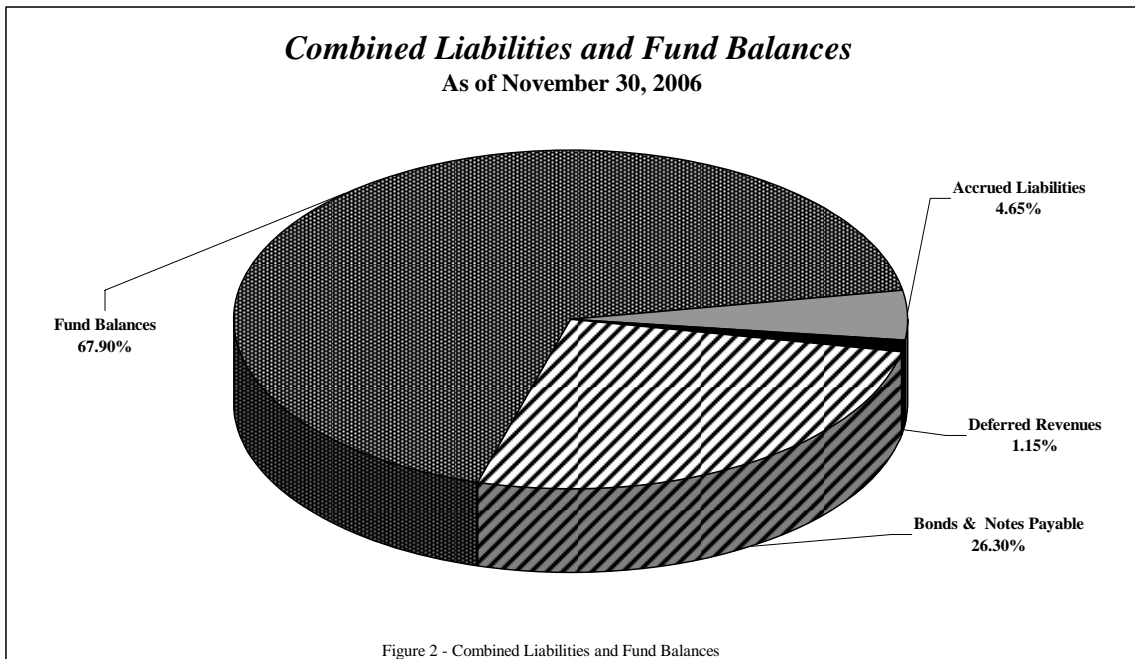
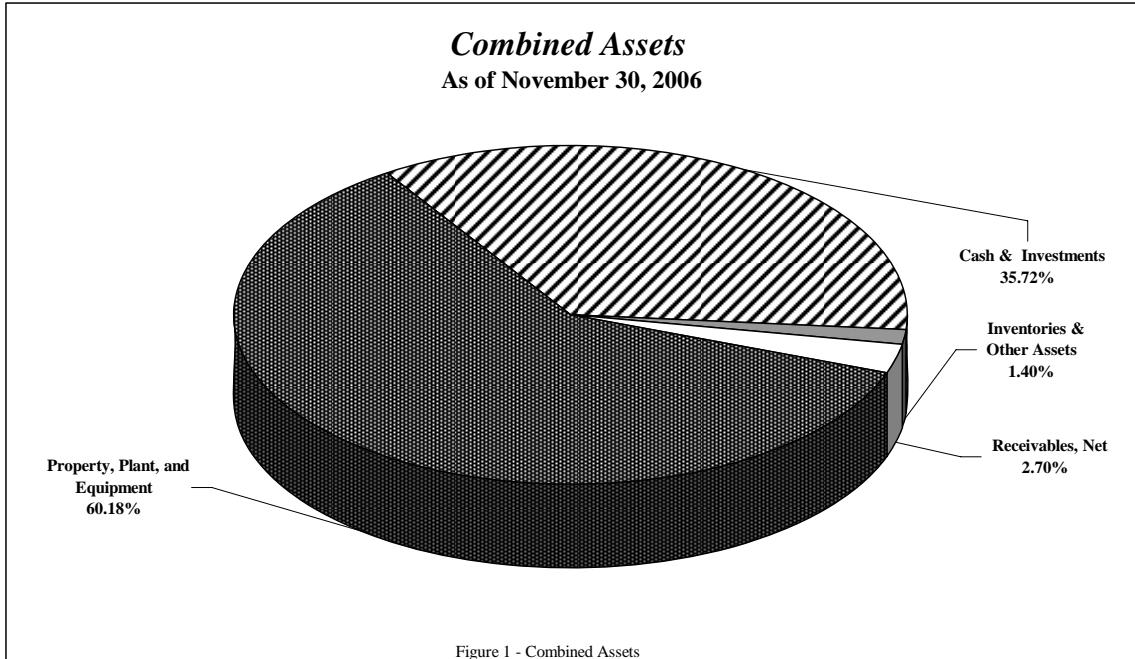
Restricted expenditures are approximately \$1.2 million (9.0%) behind those from the same period in the prior year primarily due to decreases in student financial aid.

In summary, the net difference between total expenditures and transfers and total revenues results in an increase to fund balance of approximately \$0.7 million for the first three months of the 2006-07 fiscal year. This change is due primarily to the increase in investment income and tuition revenues.

Note: See Glossary for fund groups, functional areas and financial terms at the end of the report.

*Dallas County Community College District  
 Combined Balance Sheet (Unaudited)  
 November 30, 2006  
 With Comparative Totals (000's)*

|  | <i>Current<br/>Funds</i> | <i>Plant<br/>Funds</i> | <i>Loan and<br/>Agency<br/>Funds</i> | <i>Quasi-<br/>Endowment<br/>Fund</i> | <i>Total<br/>Current<br/>Year</i> | <i>Total<br/>As Of<br/>08/31/06</i> | <i>Total<br/>November<br/>2005</i> |
|--|--------------------------|------------------------|--------------------------------------|--------------------------------------|-----------------------------------|-------------------------------------|------------------------------------|
| <b><u>ASSETS:</u></b>                                |                          |                        |                                      |                                      |                                   |                                     |                                    |
| Cash and Cash Equivalents                            | \$33,908                 | \$47,314               | \$1,861                              | \$2,363                              | \$85,446                          | \$87,178                            | \$45,349                           |
| Receivables, Net                                     | 14,864                   | 157                    | 9                                    |                                      | 15,030                            | 25,395                              | 13,032                             |
| Inventories and Other Assets<br>Due From Other Funds | 4,806                    | 3,007                  |                                      |                                      | 7,813                             | 7,549                               | 11,528                             |
| Investments  | 91,767                   | 18,836                 |                                      | 3,024                                | 113,627                           | 130,766                             | 161,396                            |
| Property, Plant, and Equipment                       |                          | 335,394                |                                      |                                      | 335,394                           | 339,900                             | 318,831                            |
| <b>TOTAL ASSETS</b>                                  | <b>\$145,345</b>         | <b>\$404,708</b>       | <b>\$1,870</b>                       | <b>\$5,387</b>                       | <b>\$557,310</b>                  | <b>\$593,091</b>                    | <b>\$551,372</b>                   |
| <b><u>LIABILITIES:</u></b>                           |                          |                        |                                      |                                      |                                   |                                     |                                    |
| Accounts Payable and<br>Accrued Liabilities          | \$21,027                 | \$4,958                | (\$37)                               |                                      | \$25,948                          | \$32,260                            | \$26,592                           |
| Due to Other Funds                                   |                          |                        |                                      | 133                                  | 6,390                             | 2,303                               | 1,236                              |
| Deposits and Deferred Revenues                       | 4,481                    |                        | 1,776                                |                                      | 6,390                             | 28,416                              | 4,777                              |
| Notes Payable  |                          | 397                    |                                      |                                      | 397                               | 444                                 | 584                                |
| Bonds Payable  |                          | 146,175                |                                      |                                      | 146,175                           | 146,175                             | 156,910                            |
| <b>TOTAL LIABILITIES</b>                             | <b>\$25,508</b>          | <b>\$151,530</b>       | <b>\$1,739</b>                       | <b>\$133</b>                         | <b>\$178,910</b>                  | <b>\$209,598</b>                    | <b>\$190,099</b>                   |
| <b><u>FUND BALANCES:</u></b>                         |                          |                        |                                      |                                      |                                   |                                     |                                    |
| <b><u>Current Funds:</u></b>                         |                          |                        |                                      |                                      |                                   |                                     |                                    |
| Operating  | \$100,236                |                        |                                      |                                      | \$100,236                         | \$102,286                           | \$85,088                           |
| Auxiliary  | 19,601                   |                        |                                      |                                      | 19,601                            | 16,879                              | 19,632                             |
| Restricted   | -                        |                        |                                      |                                      | -                                 | -                                   | -                                  |
| <b><u>Plant Funds:</u></b>                           |                          |                        |                                      |                                      |                                   |                                     |                                    |
| Unexpended   |                          | 12,243                 |                                      |                                      | 12,243                            | 6,893                               | 13,619                             |
| Retirement of Indebtedness                           |                          | 15,375                 |                                      |                                      | 15,375                            | 13,320                              | 12,619                             |
| Investment in Plant                                  |                          | 225,560                |                                      |                                      | 225,560                           | 238,726                             | 225,038                            |
| Loan Fund  |                          |                        | 131                                  |                                      | 131                               | 131                                 | 127                                |
| Quasi-Endowment Fund                                 |                          |                        |                                      | 5,254                                | 5,254                             | 5,258                               | 5,150                              |
| <b>TOTAL FUND BALANCES</b>                           | <b>\$119,837</b>         | <b>\$253,178</b>       | <b>\$131</b>                         | <b>\$5,254</b>                       | <b>\$378,400</b>                  | <b>\$383,493</b>                    | <b>\$361,273</b>                   |
| <b>TOTAL LIABILITIES &amp; FUND BALANCES</b>         | <b>\$145,345</b>         | <b>\$404,708</b>       | <b>\$1,870</b>                       | <b>\$5,387</b>                       | <b>\$557,310</b>                  | <b>\$593,091</b>                    | <b>\$551,372</b>                   |

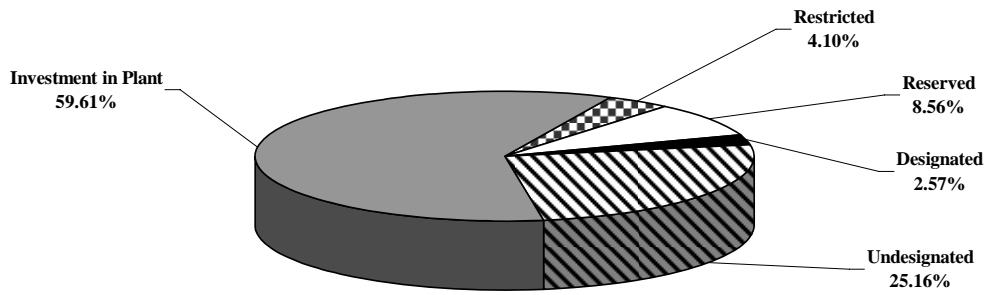


*Dallas County Community College District*  
*Schedule of Fund Balances (Unaudited)*  
*November 30, 2006*  
*With Comparative Totals (000's)*

|                              | <i>Unrestricted</i> |                   |                     | <i>Restricted</i>   |              | <i>Net Investment in Plant</i> | <i>Total-Current Month</i> | <i>Fiscal Year Ending 08/31/06</i> | <i>Net Change Increase/ (Decrease)</i> |
|------------------------------|---------------------|-------------------|---------------------|---------------------|--------------|--------------------------------|----------------------------|------------------------------------|--|
|                              | <i>Reserved</i>     | <i>Designated</i> | <i>Undesignated</i> | <i>Debt Service</i> | <i>Other</i> |                                |                            |                                    |  |
| <b><u>FUND BALANCES:</u></b> |                     |                   |                     |                     |              |                                |                            |                                    |  |
| <i>Current Funds:</i>        |                     |                   |                     |                     |              |                                |                            |                                    |  |
| Operating                    | \$19,244            | \$4,484           | \$76,508            |                     |              |                                | \$100,236                  | \$102,286                          | (\$2,050)                              |
| Auxiliary                    | 895                 | 2                 | 18,704              |                     |              |                                | 19,601                     | 16,879                             | 2,722                                  |
| Restricted                   |                     |                   |                     |                     |              |                                |                            |                                    |  |
| <i>Subtotal:</i>             | 20,139              | 4,486             | 95,212              |                     |              |                                | 119,837                    | 119,165                            | 672                                    |
| <i>Plant Funds:</i>          |                     |                   |                     |                     |              |                                |                            |                                    |  |
| Unexpended                   | 12,243              |                   |                     |                     |              |                                | 12,243                     | 6,893                              | 5,350                                  |
| Retirement of Indebtedness   |                     |                   |                     | 15,375              |              |                                | 15,375                     | 13,320                             | 2,055                                  |
| Investment in Plant          |                     |                   |                     |                     |              | 225,560                        | 225,560                    | 238,726                            | (13,166)                               |
| Loan Fund                    |                     |                   |                     |                     | 131          |                                | 131                        | 131                                |  |
| Quasi-Endowment Fund         |                     | 5,254             |                     |                     |              |                                | 5,254                      | 5,258                              | (4)                                    |
| <b>TOTAL FUND BALANCES</b>   | <b>\$32,382</b>     | <b>\$9,740</b>    | <b>\$95,212</b>     | <b>\$15,375</b>     | <b>\$131</b> | <b>\$225,560</b>               | <b>\$378,400</b>           | <b>\$383,493</b>                   | <b>(\$5,093)</b>                       |

### *Fund Balances by Type - All Funds*

November 30, 2006



### *Fund Balances by Fund Group - All Funds*

November 30, 2006

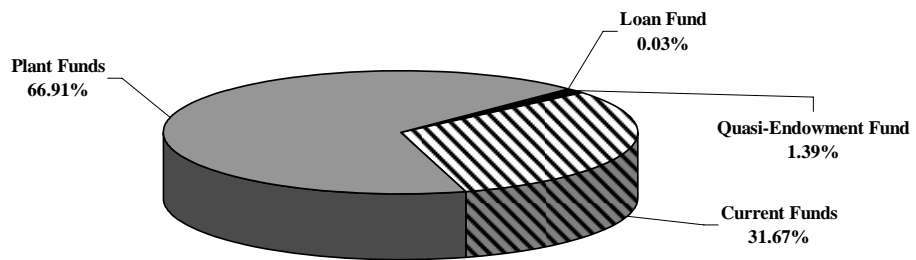
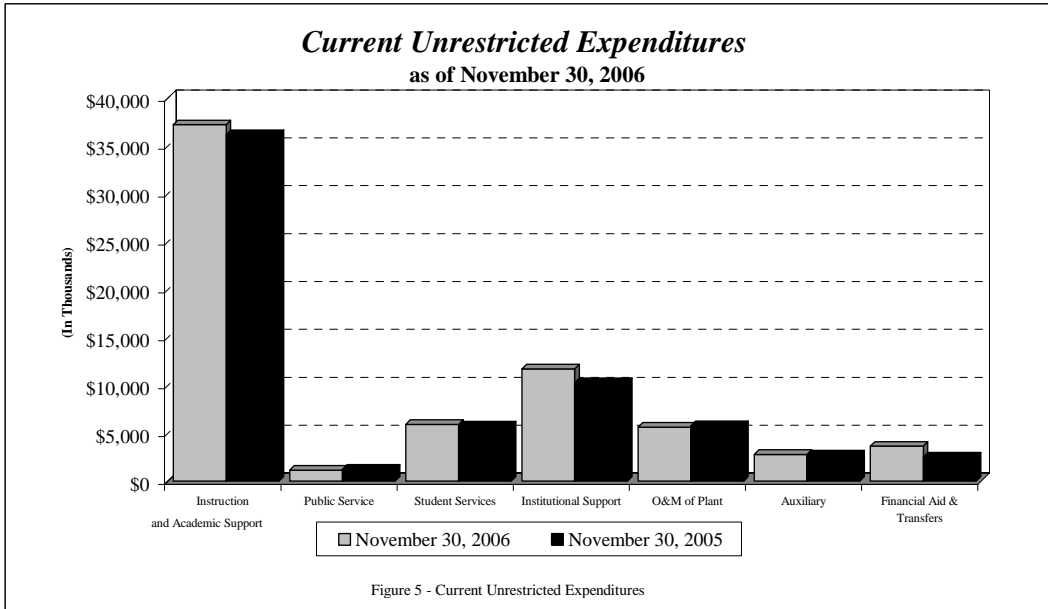
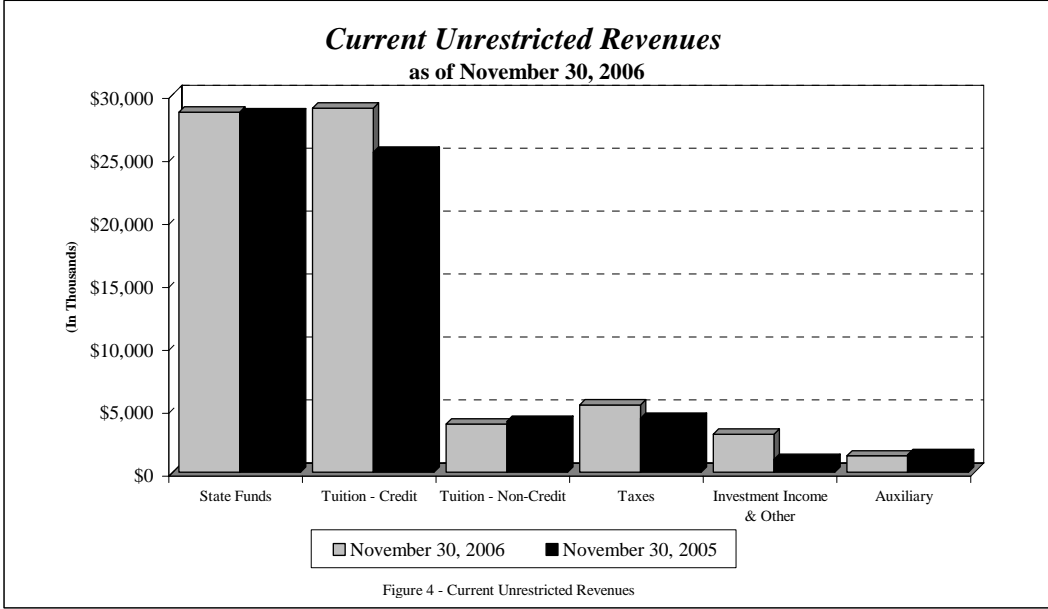


Figure 3 - Fund Balances By Type & Fund Group

*Dallas County Community College District  
 Combined Current Funds Revenues, Expenditures, and Transfers (Unaudited)  
 For the Three Months Ending November 30, 2006  
 With Comparative Totals (000's)*

|   | <i>Operating</i> | <i>Auxiliary</i> | <i>Restricted</i> | <i>Total<br/>Current<br/>Year</i> | <i>Total<br/>November<br/>2005</i> | <i>Total<br/>November<br/>2004</i> |
|---|------------------|------------------|-------------------|-----------------------------------|------------------------------------|------------------------------------|
| <b><u>REVENUES:</u></b>                                 |                  |                  |                   |                                   |                                    |                                    |
| State Appropriations                                    | \$28,611         |                  | \$5,665           | \$34,276                          | \$34,176                           | \$32,695                           |
| Tuition & Charges - Credit                              | 28,931           |                  |                   | 28,931                            | 25,414                             | 25,679                             |
| Tuition & Charges - Non-Credit                          | 3,833            |                  |                   | 3,833                             | 4,043                              | 4,485                              |
| Total Tuition & Charges                                 | 32,764           |                  |                   | 32,764                            | 29,457                             | 30,164                             |
| Ad Valorem Taxes  | 5,345            |                  |                   | 5,345                             | 4,286                              | 4,068                              |
| Investment Income                                       | 2,045            | 215              |                   | 2,260                             | 155                                | (72)                               |
| Contracts & Grants                                      | 422              |                  | 6,151             | 6,573                             | 7,642                              | 6,524                              |
| Other   | 347              |                  |                   | 347                               | 500                                | 421                                |
| Auxiliary Enterprises                                   |                  | 1,302            |                   | 1,302                             | 1,401                              | 1,008                              |
| <b>TOTAL REVENUES</b>                                   | <b>\$69,534</b>  | <b>\$1,517</b>   | <b>\$11,816</b>   | <b>\$82,867</b>                   | <b>\$77,617</b>                    | <b>\$74,808</b>                    |
| <b><u>EXPENDITURES:</u></b>                             |                  |                  |                   |                                   |                                    |                                    |
| Instruction and Academic Support                        | \$37,191         |                  | \$4,714           | \$41,905                          | \$41,302                           | \$40,204                           |
| Public Service  | 1,143            |                  | 566               | 1,709                             | 1,790                              | 1,852                              |
| Student Services  | 5,909            |                  | 1,504             | 7,413                             | 7,105                              | 6,989                              |
| Institutional Support                                   | 11,707           |                  | 1,772             | 13,479                            | 12,091                             | 12,302                             |
| Operation and Maintenance of Plant                      | 5,630            |                  | 208               | 5,838                             | 5,978                              | 5,348                              |
| Financial Aid   | 1,606            |                  | 3,364             | 4,970                             | 5,041                              | 4,295                              |
| Auxiliary Enterprises                                   |                  | 2,794            |                   | 2,794                             | 2,735                              | 2,719                              |
| Mandatory Transfers                                     | (2,039)          |                  | 228               | (1,811)                           | (1,490)                            | (1,327)                            |
| <b>TOTAL EXPENDITURES &amp;<br/>MANDATORY TRANSFERS</b> | <b>\$65,225</b>  | <b>\$2,794</b>   | <b>\$11,900</b>   | <b>\$79,919</b>                   | <b>\$77,532</b>                    | <b>\$75,036</b>                    |
| <b><u>Other Transfers and Additions, net</u></b>        | <b>(6,359)</b>   | <b>3,999</b>     | <b>84</b>         | <b>(2,276)</b>                    | <b>(1,441)</b>                     | <b>(2,378)</b>                     |
| <b>NET INC/(DEC) in FUND BALANCE</b>                    | <b>(\$2,050)</b> | <b>\$2,722</b>   |                   | <b>\$672</b>                      | <b>(\$1,356)</b>                   | <b>(\$2,606)</b>                   |



# GLOSSARY

## FUND GROUPS

**Current funds:** Funds available for current operating and maintenance purposes as well as those restricted by donors and other outside agencies for specific operating purposes. Current funds are segregated into separately balanced fund groups.

**Unrestricted current funds:** Funds that have no limitation or stipulations placed on them by external agencies or donors. The funds are used for carrying out the primary purpose of the District, i.e., educational, student services, extension, administration and maintenance of facilities.

**Auxiliary enterprises:** Funds for activities that serve students, faculty, or staff for charges that are directly related to, although not necessarily equal to, the cost of the service. Examples are food services and bookstores. The state of Texas expects auxiliary enterprises to be self-supporting on a perpetual basis.

**Restricted current funds:** Funds available for current purposes but with restrictions from outside agencies or persons. Revenues are reported only to the extent of expenditures for the current year.

**Plant funds:** Plant funds are divided into three separately balanced fund groups.

**Unexpended:** Funds for the construction, rehabilitation, and acquisition of physical properties for institutional purposes.

**Retirement of indebtedness:** Funds accumulated to meet debt service charges and the retirement of indebtedness.

**Investment in plant:** Funds already expended for plant properties. Physical properties are stated at cost at the date of acquisition or fair market value at the date of donation for gifts. Depreciation on physical plant and equipment is recorded.

**Loan funds:** Funds available for loan to students.

**Agency funds:** Funds held by the District as custodial or fiscal agent for students, faculty members, and/or others.



**Quasi-endowment and similar funds:** Funds subject to certain Board-designated restrictions.

## **FUNCTIONAL AREAS OF EXPENDITURES**

**Instruction:** Salaries, wages, supplies, travel, office furniture, equipment and other expenses for the operation of general academic and technical/vocational instructional departments.

**Public service:** All costs of activities designed primarily to serve the general public, including correspondence courses, adult study courses, public lectures, workshops, institutes, and similar activities.

**Academic support:** Library – Salaries, wages, library materials (including books, journals, audiovisual media, computer-based information, manuscripts and other information sources), binding costs, equipment and other operating costs of the library. Also, Instructional Administration Expense – Salaries, wages, supplies, travel, equipment and other operating expense of the offices of academic deans or directors of major teaching department groupings.

**Student services:** Salaries, wages and all other costs associated with admissions and registration, student financial services (including financial aid), student recruitment and retention, testing and guidance, career placement services and other student services.

**Institutional support:** Salaries, wages and all other costs for the governance of the institution, executive direction and control, business and fiscal management, campus security, administrative data processing, central support services, purchasing and other general institutional activities.

**Operation and maintenance of plant:** Salaries, wages, supplies, travel, equipment, services and other operating expenses for physical plant administration services, building maintenance, custodial services, grounds maintenance, utilities and major repairs and rehabilitation of buildings and facilities.

**Staff benefits:** Premiums and costs toward staff benefit programs for employees. Examples of authorized staff benefits are group insurance premiums, workers' compensation insurance, Medicare, retirement contributions and parking stipends. For reporting purposes, staff benefits are allocated over the functional areas based on salaries.

**Scholarships and fellowships:** Expenditures for student financial aid including

waivers, scholarships, and state and federal financial assistance.

**Auxiliary enterprises:** Expenditures related to bookstore, food service, intercollegiate athletics, and Center for Educational Telecommunications operations.

## **OTHER FINANCIAL TERMS**

**Audit of financial statements:** Generally the expression of an opinion by the auditor that the financial statements present fairly in accord with certain standards, in all material respects the financial position of the organization being audited. It is not a determination of the presence or absence of fraud or deliberate misrepresentation.

**Fraud:** A false representation of a matter of fact that should have been disclosed, which deceives another so that he/she acts upon it to his/her injury.

**GAAP:** Generally accepted accounting principles. Rules, conventions, standards, and procedures that are widely accepted among accountants. GAAP doctrine is established by a combination of authoritative standards set by policy boards such as the Governmental Accounting Standards Board (GASB), an independent, self-regulating organization, and accounting practices developed over time that have become universally accepted as appropriate.

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

**GASB 34 and 35:** Pronouncements by the Governmental Accounting Standards Board that were implemented beginning with the August 31, 2002 audited financial statements. Implementation of the pronouncements changed wording of the auditor's opinion, added a management's discussion and analysis section, reformatted financial statement line items, presented a single consolidated funds column, added a cash flow statement, and made various changes to the footnotes.

**Internal control:** The system of business procedures that limits and may prevent access of individuals to misappropriate the funds of an organization. One example is a separation of duties between execution and recording of transactions.

**Management letter:** A letter, generally issued by external auditors, pointing out various findings that were noted in connection with the audit engagement. Often these items involve observed weaknesses in internal control.

**Materiality:** A state of relative importance. Strict adherence to any accounting principle is not required when the lack of adherence does not produce an error or misstatement sufficiently large as to influence a financial statement reader's judgment of a given situation.

**OMB Circular A-133:** The U.S. Office of Management and Budget's pronouncement that established the process of auditing all government grants of a specified threshold size, to be included in the regular annual audit of the grantee.

**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

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TO: Dr. Wright Lassiter

FROM: John Lopez

DATE: January 2, 2007

SUBJECT: 1<sup>st</sup> Quarter FY 06/07 M/WBE Report

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

#### Payments to M/WBEs

For the 1<sup>st</sup> quarter of FY 06/07 (18.18%) payments to M/WBE for goods and services increased 1.34% in comparison to the 1<sup>st</sup> quarter of the previous fiscal year (16.84%). While the M/WE percentage is below the end of year percentage (22.27%), we hope there will be an increase with the implementation of the "good faith effort" requirements on future bids, both construction and non-construction.

Included in the 1<sup>st</sup> quarter M/WBE amount are \$234,532 for subcontracting, primarily from the Bond program, and \$13,080 for purchases through the District's Office Depot contract which were obtained from M/WBE suppliers. The Office Depot data had not previously been captured and reported.

The District Business Diversity department is continuing its efforts 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. The reports will also show the Bond Program and non-Bond expenditures separately and combined.

One detailed report is attached.

#### 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.

A second design open house was held on September 20, 2006 at the Bond Offices to provide detail information on the Phase II and III bond projects. This event attracted more than 200 firms and provided potential sub-consultants the opportunity to network with potential prime architects.

On March 8, 2007 a similar open house/networker focusing on construction will be held at the Bill J. Priest Center. The Construction Managers at Risk (CM@R), who were selected for the first twelve projects, will distribute detailed information on the possible subcontracting opportunities and allow subcontractors to introduce their companies to the CM@Rs. This event will occur months prior to any bids being sought by the CM@Rs and advertised through the various contractors associations and business publications. Additional open houses will be held during the year at various District locations/campuses for the convenience of the contractors.

On December 13, 2006, District staff (Steve Park, Clyde Porter and John Lopez) met with representatives of the Black and Hispanic Contractors Associations to discuss the differences and similarities between the Dallas Independent School District and the District's Bond Projects and various other subjects related to the District's Bond Program.

The meeting resulted in an agreement between the Associations and the District to assist in outreach efforts to their members including:

- Promoting the open houses;
- Encouraging members to become registered on the District's bidders registrations system;
- Providing recommendations to improve the District's M/WBEs program efforts;
- Providing weekly e-mail updates targeting the sub trades for distribution to their members;
- Increasing visibility at the Associations' meeting/function to promote the Bond program and other contracting opportunities.

These efforts will assist potential subs to develop project teams for the larger Bond projects and prepare their bids.

District staff will meet with the Associations on a monthly basis to ensure the outreach efforts are effectively coordinated, obtain their continued input and promptly address any issues. The Business Diversity Department will make certain the Asian American Contractors Association has been brought up-to-date on this subject and included in future meetings.

The Bond Program Office and the Business Diversity department have already completed programming to assist in monitoring the Bond Projects "planned" M/WBE subcontracting to actual utilization to help ensure prime contractors are fulfilling their commitments when they are awarded a contract. The same system will help ensure prime contractors pay their subcontractors within the 10 calendar day requirement from receipt of their payment.

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

As required by the July 11, 2006 Board of Trustees adoption of the Mason Tillman Availability and Disparity Study, the District Business Diversity Program Department has begun the process to:

- Implement race-neutral programs by working with the Purchasing Department to ensure the M/WBE requirements are included in District bids;
- Gather data on 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;
- Create a 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.

## Minority Chambers of Commerce Partnership

The District Business Diversity department continues to meet monthly with the chambers to continue the goals of the partnership agreement.

As part of the agreement, a survey was prepared with the assistance of the chambers and District Corporate Training Council. The survey determined the chamber members' interest in doing business with the District and identified training programs to better serve the needs of contractors, vendors and suppliers. The survey results included:

- The majority of survey participants (56%) are Greater Dallas Hispanic Chamber members, 23% are Dallas Black Chamber members and 21% are Greater Dallas Asian Chamber members;
- About half of the M/WBE firms' primary lines of business are Professional Services (32%) or other services (29%);
- Most respondents (78%) have less than twenty full time employees;
- About half (54%) of the M/WBEs are certified. The majority of the respondents are certified through the North Texas Regional Certification Agency (44%) and the State of Texas Historically Underutilized Business program (38%). Several M/WBEs expressed interest in receiving assistance with the certification process;
- Most M/WBEs are not registered or do not know if they are registered with DCCCD Bidder Registration System (75%) and/or the DCCCD Facilities Management (91%) system;
- The majority of respondents (82%) said they would like information on how to become a vendor with DCCCD;
- Some M/WBEs (38%) have attempted to provide product or services to DCCCD at the various college campuses. A few have been awarded District contracts (10%) or subcontracts (3%);



- M/WBEs recommendations on how the District's Business Diversity Program could better serve them fell into five areas:
  - Process and Program Assistance
  - Contract Opportunities
  - Communication and Involvement
  - Training/Mentoring
  - Certification Assistance
- About half of the M/WBE firms (55%) require employees to receive continuing education and/or maintain certification/license credentials;
- M/WBE Firms tend to require their employees to receive industry specific certifications and/or license credentials;
- Top three training areas:
  - Computer Software Applications
  - Sales
  - Marketing and Advertising
  - Office Skills
- Ideal training session
  - Location: Company site (47%) or Brookhaven College Campus (20%)
  - Time of day: Evening (47%) or morning (38%)
  - Length: 2-4 hours (36%) or less than 2 hours (25%)

In January 2007, a meeting will be held with the chambers and the District Corporate Training Council to discuss the results and determine the best methods to meet the training needs of the business community and seek grant opportunities to fund the training. The Business Diversity staff will work with the chambers to address their other needs.

### Community Meetings

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

| Staff Activities   | 2006-2007 |     |     |
|--|-----------|-----|-----|
|  | Sept      | Oct | Nov |
| American Indian Chamber of Commerce of Texas Annual Awards Banquet                     |           |     | *   |
| Asian American Contractors Association Meeting   |           | *   |     |
| Black Contractors Association Meeting  | *         | *   | *   |
| Dallas Black Chamber of Commerce Business/Economic Development Meeting                 | *         | *   | *   |
| Dallas Black Chamber of Commerce 80 <sup>th</sup> Anniversary Banquet                  |           | *   |     |
| DCCCD Bond Program Networker   | *         |     |     |
| DFW Minority Business Council E Awards Gala  |           |     | *   |
| Greater Dallas Asian American Chamber of Commerce Business Development Meeting/Banquet | *         | *   | *   |

|   |   |   |   |
|---|---|---|---|
| Greater Dallas Hispanic Chamber of Commerce Program Events  | * | * | * |
| Hispanic Contractors Association de Tejas Convention & Expo |   |   | * |
| Hispanic Contractors Association Monthly Luncheon           | * | * |   |
| Latino Business Hour Radio                                  | * | * |   |
| NCTRCA Awards Banquet                                       | * |   |   |
| Supplier Diversity Professionals Committee Meeting          | * |   | * |
| Technology in Construction Industry Seminar                 | * |   |   |
| Women's Business Council – Southwest: Award Judging         |   |   | * |

**Dallas County Community College District  
M/WBE Financial Activity  
FY 2006 - 2007 Annual Report**

| Ethnicity/Gender                   | FY 05 - 06            |               | FY 05 - 06            |               | FY 06 - 07            |               |
|------------------------------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|
|                                    | Year-to-Date          |               | 1st Quarter 05-06     |               | 1st Quarter 06-07     |               |
|                                    | 09/01/2005-08/31/2006 |               | 09/01/2005-11/30/2005 |               | 09/01/2006-11/30/2006 |               |
|                                    | Amount-\$             | Percent       | Amount-\$             | Percent       | Amount-\$             | Percent       |
| Amer Indian/Alaskan Native, Fema   | \$75,764.45           | 0.10%         |                       |               | \$16,107.36           | 0.11%         |
| Amer Indian/Alaskan Native, Male   | \$901,188.60          | 1.23%         |                       |               | \$127,112.88          | 0.85%         |
| Black/African-American, Female     | \$326,032.46          | 0.45%         | \$59,386.67           | 0.25%         | \$29,590.23           | 0.20%         |
| Black/African-American, Male       | \$4,380,463.95        | 6.00%         | \$600,498.55          | 2.53%         | \$777,592.92          | 5.18%         |
| Asian Indian, Female               | \$1,359.40            | 0.00%         |                       |               | \$704.46              | 0.00%         |
| Asian Indian, Male                 | \$1,111,123.25        | 1.52%         | \$426,718.69          | 1.80%         | \$186,868.20          | 1.24%         |
| Anglo-American, Female             | \$4,684,336.11        | 6.42%         | \$927,864.95          | 3.91%         | \$1,171,962.32        | 7.81%         |
| Asian Pacific, Female              | \$25,792.86           | 0.04%         | \$16,669.41           | 0.07%         | \$3,163.48            | 0.02%         |
| Asian Pacific, Male                |                       |               | \$0.00                |               | \$1,274.03            |               |
| Hispanic/Latino/Mex-American, Fer  | \$401,897.79          | 0.55%         | \$69,404.90           | 0.29%         | \$154,721.77          | 1.03%         |
| Hispanic/Latino/Mex-American, Ma   | \$3,633,007.96        | 4.98%         | \$770,583.85          | 3.24%         | \$159,157.86          | 1.06%         |
| Other, Female                      | \$712,096.40          | 0.98%         | \$357,759.76          | 1.51%         | \$100,968.03          | 0.67%         |
| Other, Male                        |                       |               |                       |               |                       |               |
| <b>Total M/WBE</b>                 | \$16,253,063.23       | <b>22.27%</b> | \$3,228,886.78        | <b>16.84%</b> | \$2,729,223.54        | <b>18.18%</b> |
| Not Classified                     | \$56,721,874.33       | 77.73%        | \$15,950,534.44       | 83.16%        | \$12,282,338.01       | 81.82%        |
| Sub-total for Discretionary Paymen | \$72,974,937.56       | 100.00%       | \$19,179,421.22       | 100.00%       | \$15,011,561.55       | 100.00%       |
| Non-discretionary Payments         | 21,470,777.72         |               | \$4,569,441.44        |               | \$5,657,225.66        |               |
| Total Payments                     | \$94,445,715.28       |               | \$23,748,862.66       |               | \$20,668,787.21       |               |