

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

**District Office  
1601 South Lamar Street  
Dallas, TX 75215  
Lower Level, Room 007  
Tuesday, December 11, 2012  
4:00PM**

**AGENDA**

- |   |                           |
|---|---------------------------|
| I. Certification of posting of notice of meeting  | Dr. Wright Lassiter       |
| II. Presentation of Letter from Independent Auditors to the Audit Committee of the Board of Trustees<br><b>Committee action:</b> Review   | McConnell &<br>Jones, LLP |
| III. Presentation of <i>Financial Statements and Office of Management and Budget Circular A-133 Supplemental Financial and Compliance Report Together with Reports of Independent Auditors, August 31, 2012 and 2011</i> , and, Internal Control Letter to the Board of Trustees (as provided by Board of Trustees policy CDC-Local)<br><b>Committee action:</b> Review and recommend for presentation to Board of Trustees at the Special Board Meeting on December 11, 2012 | Ed DesPlas                |
| IV. Presentation of <i>Quarterly Summary of Internal Audit Activities for the Quarter Ended November 30, 2012</i> (as provided by Board of Trustees policy CDC-Local)<br><b>Committee action:</b> Review  | Rafael Godinez            |
| V. Review of Chancellor's Travel<br><b>Committee action:</b> No action required   | Susan Hall                |
| VI. Executive session   |                           |

The Board may conduct an executive session as authorized under §551.074 of the Texas Government Code to deliberate on personnel matters.

As provided by §551.072 of the Texas Government Code,

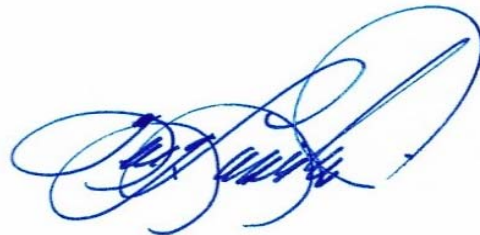
the Board of Trustees may conduct an executive session to deliberate regarding real property since open deliberation would have a detrimental effect upon negotiations with a third person.

The Board may conduct an executive session under §551.071 of the Texas Government Code to seek the advice of its attorney and/or on a matter in which the duty of the attorneys under the Rules of Professional Conduct clearly conflict with the Open Meetings Act. The Board may seek or receive its attorney's advice on other legal matters during this executive session.

VII. Adjournment

**CERTIFICATION OF NOTICE POSTED  
FOR THE DECEMBER 11, 2012  
AUDIT COMMITTEE MEETING OF THE  
DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
AND RICHLAND COLLEGIATE HIGH SCHOOL  
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 7<sup>th</sup> day of December 2012, in a place convenient to the public in the District Office Administration Building, and a copy of this notice was provided on the 7<sup>th</sup> day of December 2012, to John F. Warren, County Clerk of Dallas County, Texas, and the notice was posted on the bulletin board at the George Allen, Sr. Courts Building, all as required by the Texas Government Code §551.054.



Wright L. Lassiter, Jr., Secretary



# Dallas County Community College District

Brookhaven · Cedar Valley · Eastfield · El Centro  
Mountain View · North Lake · Richland



## Annual Financial Report August 31, 2012

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**

**DALLAS, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEARS ENDED AUGUST 31, 2012 AND 2011**

**PREPARED BY**

**BUSINESS AFFAIRS OFFICE**

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**

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**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
ORGANIZATIONAL DATA  
FISCAL YEAR 2012**

**BOARD OF TRUSTEES**

**OFFICERS**

|                          |            |
|--------------------------|------------|
| Jerry Prater             | Chair      |
| Charletta Rogers Compton | Vice-Chair |
| Wright L. Lassiter, Jr.  | Secretary  |

**MEMBERS**

| TRUSTEE                  | CITY, STATE           | TERM EXPIRES |
|--------------------------|-----------------------|--------------|
| Charletta Rogers Compton | Dallas, Texas         | 2018         |
| Bob Ferguson             | Farmers Branch, Texas | 2016         |
| Diana Flores             | Dallas, Texas         | 2014         |
| Wesley Jameson           | Irving, Texas         | 2014         |
| Bill Metzger             | Mesquite, Texas       | 2016         |
| Jerry Prater             | Garland, Texas        | 2016         |
| JL Sonny Williams        | Dallas, Texas         | 2018         |

**DISTRICT ADMINISTRATIVE OFFICERS**

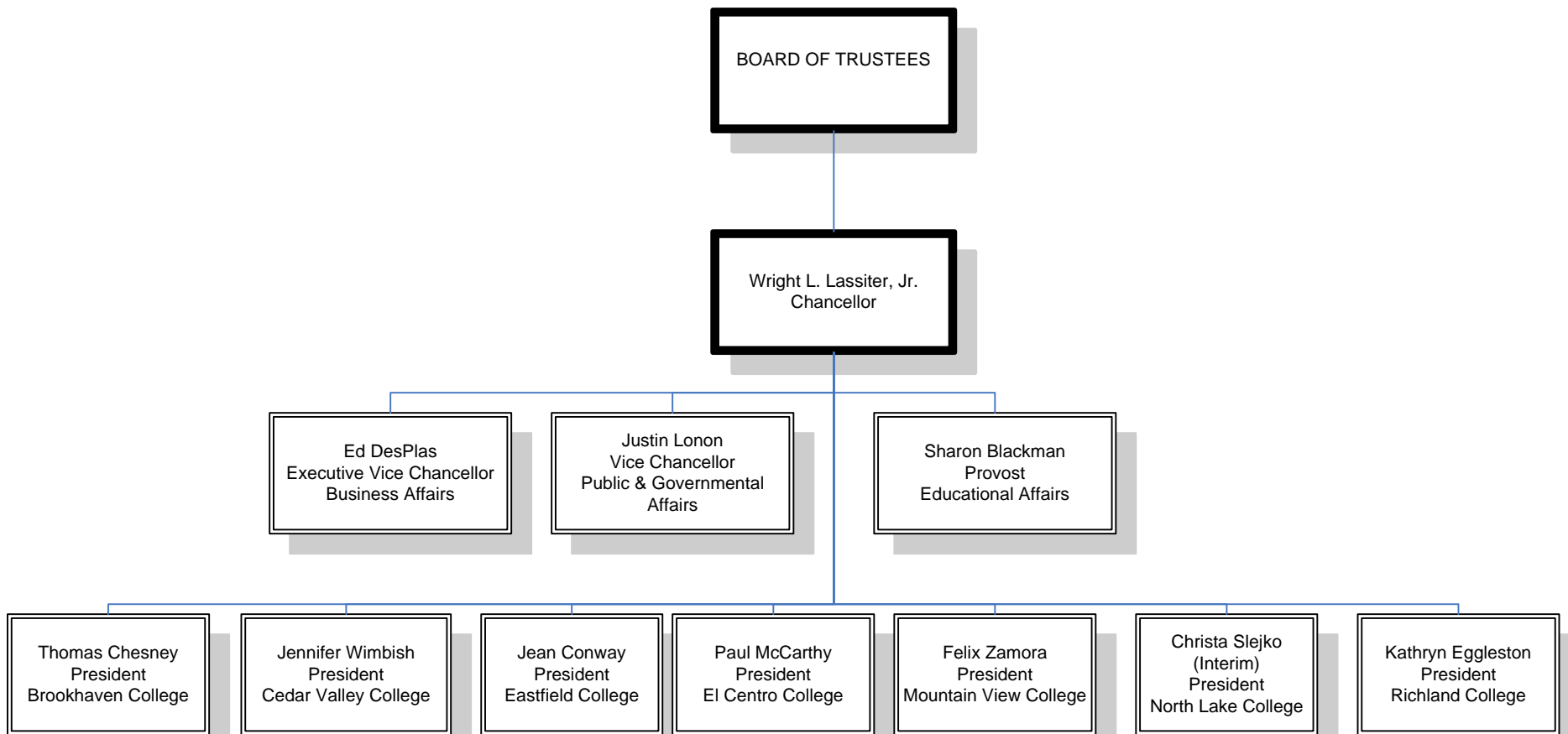
|                         |  |
|-------------------------|--|
| Wright L. Lassiter, Jr. | Chancellor                                     |
| Edward M. DesPlas       | Executive Vice Chancellor, Business Affairs    |
| Sharon Blackman         | Provost  |
| Justin Lonon            | Vice Chancellor, Public & Governmental Affairs |

**COLLEGE PRESIDENTS**

|                          |                       |
|--------------------------|-----------------------|
| Thomas Chesney           | Brookhaven College    |
| Jennifer Wimbish         | Cedar Valley College  |
| Jean Conway              | Eastfield College     |
| Paul McCarthy            | El Centro College     |
| Felix Zamora             | Mountain View College |
| Christa Slejko (Interim) | North Lake College    |
| Kathryn Eggleston        | Richland College      |



# ORGANIZATIONAL CHART





# DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

December 4, 2012



Wright L. Lassiter, Jr.

To the Board of Trustees:

I am pleased to submit to the Board of Trustees for the Dallas County Community College District and the community of Dallas County, the 2012 Annual Financial Report.

While fiscal year 2012 continued to be financially challenging, we believe we are transitioning to a stable economic environment and have met the challenges of the last four years. Strong enrollment growth coupled with dwindling funding from the state and falling property values during this period have taxed our resources.

## Year in Review

Enrollments declined slightly in fiscal 2012 as we see the Texas economy continue to improve. While total operating revenues in fiscal year 2012 are down \$9.4 million compared to fiscal 2011, operating expenses are down \$36.7 million. Net assets totaled \$469.9 million, an increase of \$13.0 million, and of that \$185.1 million was unrestricted net assets. The entire DCCCD community has sacrificed to make this possible.

State funding decreased for the 2012-2013 biennium as the 82<sup>ND</sup> Legislature reduced all community colleges' benefit funding by approximately 40%. Strong fiscal management and preparation enabled the District to absorb this annual reduction of \$12 million in the operating budget. State funding for instruction remained relatively flat and there was a slight reduction in the per student appropriation.

All seven colleges have been involved with the ten year accreditation review by the Southern Association of Colleges and Schools (SACS) with no major findings, few recommendations and several of the colleges received "kudos" for their QEP plans.

## Looking Forward

We believe that enrollments will remain constant to decreasing slightly as the economy improves. This will allow the District to concentrate on student success. Property values increased by 2%, according to the latest figures from the Dallas County Appraisal District, with commercial property showing the biggest increase. The unemployment rate for Dallas County dropped to 7.4% in fiscal year 2012.

Due to the foresight of the DCCCD Board of Trustees, for fiscal 2013, there is an increase in the ad valorem tax rate of \$0.02 per \$100 valuation and increases for tuition effective spring 2013. The combination of these decisions will increase revenues by \$38 million. Even with these increases, DCCCD remains one of the lowest community college tuition and property tax rates

in Texas.

The Texas legislature will soon begin the 2014-15 biennium funding process. While state revenues look favorable, there will be continued pressure to balance the state budget with very little, if any, additional monies available for community colleges. We expect state funding to remain flat to decreasing for years to come. We proceed with cautious optimism.

### **Student Success**

Our colleges continue to receive numerous awards for their students' accomplishments. Phi Theta Kappa students at Brookhaven College were presented top honors at the Texas Regional Convention and the Cedar Valley College chapter took top honors at the National Convention. The Eastfield College and North Lake College newspapers won multiple awards from the Texas Intercollegiate Press Association and El Centro College had exhibits at the State Fair of Texas. The students at Richland, North Lake and Mountain View Colleges participated in "Recycle Mania" with Richland College named Grand Champion of Texas. We are very proud of all of our students.

As we move forward, the past serves as a focus of how bright the future is for the District. We continue to accomplish more with less. My sincere appreciation to the faculty and staff of DCCCD, without whom, we could not have maintained our strong financial condition and to our Board of Trustees for their dedication, trust and unwavering ability to provide direction.

Sincerely,

A handwritten signature in black ink, appearing to read "Wright L. Lassiter, Jr.", written in a cursive style.

Wright L. Lassiter, Jr.  
Chancellor



# DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

December 4, 2012

To the Board of Trustees:

We are pleased to submit the annual financial report for the Dallas County Community College District (the "District") for the fiscal year ended August 31, 2012. The financial statements are prepared in accordance with Generally Accepted Accounting Principles as established by the Government Accounting Standards Board (GASB) and comply with the Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges as set forth by the Texas Higher Education Coordinating Board (THECB). The Notes to the Financial Statements are provided in the financial section and are considered essential to fair presentation and adequate disclosure for this financial report. The notes are treated as an integral part of the financial statements and should be read in conjunction with them.

## Organization of the District

In 1965, Dallas county voters created the Dallas County Junior College District and began operations at El Centro College in 1966 in downtown Dallas. The District is comprised of seven separately accredited colleges:

- El Centro College (1966)
- Eastfield College (1970)
- Mountain View College (1970)
- Richland College (1972)
- Cedar Valley College (1977)
- North Lake College (1977)
- Brookhaven College (1978)

A seven member Board of Trustees is the governing body of the District. The Trustees are elected from single member districts for staggered six year terms. The Chief Executive Office of the District is the Chancellor. The Chancellor's Staff, comprised of the vice chancellors, provost and college presidents, is responsible for the management and daily operation of the District.

## Reporting Entity

The District is a special-purpose government engaged solely in business-type activities (BTA). In compliance with GASB 34 and 35, this reporting model is intended to make government financial statements similar to corporate financial statements. It also serves to make the financial statements

more comparable across organizations.

The Dallas County Community College District Foundation, Inc. ("Foundation") has been discretely presented in the District's statements as a component unit by inclusion of the statements and footnotes of the Foundation in the District's statements and footnotes. Because the financial statements of the Foundation are presented in a different format from the District and are incompatible with the District's financial statements, the Foundation's financial statements are presented on separate pages from the District's financial statements. The Foundation is a non-profit organization established in 1973 with its sole purpose being to provide benefits such as scholarships and grants to the District.

A new operating unit of the District began its first full year of operations in the year ended August 31, 2007. This operating unit is a high school, Richland Collegiate High School (RCHS), for which the Texas Education Agency (TEA) granted a charter in October 2005. The Board of Trustees of the District subsequently approved the charter in May 2006. While the high school receives state reimbursement based on average daily attendance, the college also receives state funding dollars for the contact hours. TEA requirements necessitate tracking RCHS revenues and expenses separately from those of the college. But because the high school "contracts" with the college for instructional and administrative services, the legal identity is the same as the District, and the high school shares the same Board of Trustees with the District, the RCHS is included as an operating unit in the District's financial statements. More information can be found in Footnote 27, including a Statements of Net Assets, a Statements of Revenues, Expenses and Changes in Net Assets, a Statements of Cash Flows, and other schedules for the RCHS alone.

### **Mission and Values**

Dallas County Community College District (DCCCD) has seven independently accredited colleges — Brookhaven, Cedar Valley, Eastfield, El Centro, Mountain View, North Lake and Richland — plus the R. Jan LeCroy Center for Educational Telecommunications. Together, our colleges enroll more undergraduate (freshman and sophomore) students than any other college, university or community college system in the state. Since 1965, we have served more than 1.5 million people. DCCCD equips students for successful living and responsible citizenship in a rapidly changing local, national and world community by providing:

- the first two years of a bachelor's degree
- more than 100 high-demand career programs
- enrichment and certification classes for a lifetime of learning
- professors who are dedicated to success, not a research grant
- unparalleled quality at a tuition that students can afford

Our student population, which mirrors the faces of the community, is diverse: 24.3 percent Hispanic, 23.9 percent African-American, 8.4 percent Asian, 39.9 percent Anglo and 3.4 percent all others combined. We are approaching a similar level of diversity among our employees: 22.1 percent African-American, 13.6 percent Hispanic, 4.2 percent Asian, 58.8 percent Anglo and 1.3 percent all others combined.

### **Economic Conditions and Outlook**

Other than federal grants used for scholarships, the District has three main sources of revenues:

- Ad Valorem Tax revenues - decreased by \$1.6 million as property values declined slightly by 1.1%.

- Tuition and Fee revenues - decreased by \$2.6 million due to a decrease in student enrollment.
- State Appropriations - decreased by \$10.1 million as instructional funding increased slightly and the State significantly reduced its contribution for health and retirement benefits.

From fiscal year 2008 through fiscal year 2011, student headcount enrollment has increased 22% while state appropriations for instruction have remained relatively flat. In fiscal year 2012, student headcount decreased by 1.9% representing a slowdown in the dramatic enrollment growth during the current recessionary period. Through prudent fiscal management, expenditures have been reduced through cost savings efforts such as utility efficiencies, voluntary retirements, staffing reduction and delayed hiring practices. Expenditures are down by \$36.7 million from fiscal year 2011.

During fiscal year 2012, the District's Series 2009 Revenue bonds matured and Fitch affirmed its "AAA" on the District's government obligation bonds and "AA" rating on our Revenue bonds.

### **Financial Planning and Budgeting**

The District's financial planning is comprised of three planning processes for all seven colleges and the District as a whole:

- Strategic Plan
- Facilities Master Plan
- Annual Budget, including three-year projections

The District is currently revising its five-year Strategic Plan as the 2008-2012 Strategic Plan just ended.

The 2005-2010 Facilities Master Plan was completed in 2010 with the completion of the \$450 million capital improvement program financed by General Obligation bonds.

The annual budget process (February through August) uses an allocation method based largely on three factors:

- Base allocation
- Student enrollment
- Facility operations

Each college receives a lump-sum budget allocation that is used to develop the college departmental budgets. This allocation, together with the colleges' fund balances, makes up the total available resources for each college's budget. The Board of Trustees is given updates at least semi-annually on the three-year projections of revenues and expenditures.

### **Major Initiatives**

The District spent considerable time and effort on the \$450 million capital improvement program that started in 2006 and was completed in 2010. Recently, the Board approved two major facility initiatives:

- \$86 million repair and restoration program to be funded from operations over the next 5-6 years.
- \$12 million ADA upgrade program to be completed in 2013.

The District has been involved with the Texas Higher Education Coordinating Board's *Closing the Gaps* since inception and has recently partnered with several Texas community colleges to participate in *Texas Completes*. Both programs focus on student success.

### **Independent Audit**

State statute requires an annual audit by independent certified public accountants. The purpose of an independent audit is to provide assurance, based on independent review and testing, that the basic financial statements and accompanying notes are fairly stated in all material respects. The independent firm of certified public accounts of McConnell & Jones, LLP was selected by the District's Board of Trustees. In addition to meeting the state statute requirements, the audit is designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133 and the state single audit related to the Uniform Grant Management and Standards Single Audit Circular. The auditors' report related specifically to the single audit is included in the Single Audit Section.

### **Acknowledgements**

The staff thanks the Board of Trustees for their integrity, interest and insight concerning the fiscal operations of the District and all seven colleges. Also, we wish to thank the Chancellor and the Chancellor's executive staff for their conservative fiscal approach during the tough times. The timely completion of this report was made possible by the dedication and hard work of the entire Business Affairs staff. We would also like to thank the accounting firm of McConnell & Jones, LLP, for experience and dedication in completion of this report.

Respectfully submitted,



Edward M. DesPlas  
Executive Vice Chancellor, Business Affairs



**Dallas County  
Community College District**

BROOKHAVEN • CEDAR VALLEY • DALLAS TELECOLLEGE • EASTFIELD • EL CENTRO • MOUNTAIN VIEW • NORTH LAKE • RICHLAND

**SMART STARTS HERE.**



## FINANCIAL SECTION

## DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Management's discussion and analysis of the annual financial statements of the Dallas County Community College District ("District") is designed to help readers understand some of the conditions and events contributing to the current financial position of the District as well as to point out trends and changes in the results of operations. Please read it in conjunction with the Chancellor's Letter, the transmittal letter, the District's basic financial statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the District. For purposes of the summary and discussion, the terms "2012", "2011" and "2010" refer to fiscal years ending, August 31, 2012, August 31, 2011 and August 31, 2010, respectively.

#### FINANCIAL HIGHLIGHTS FOR 2012

- Total assets of the District for 2012 were \$1,003.4 million, decreasing by \$27.1 million from 2011. Total liabilities were \$533.5 million, down \$40.1 million
- The District's net assets at August 31, 2012 were \$469.9 million, of which, \$185.1 million was unrestricted and may be used to meet the District's ongoing obligations. Total net assets increased \$13.0 million.
- The District's operating revenues were \$88.9 million, down \$9.4 million and operating expenses were \$417.4 million, down \$36.7 million. Non-operating revenues were \$341.5 million, for a decrease of \$10.9 million.

#### OVERVIEW OF FINANCIAL STATEMENTS

While the Financial Statements are reported as a unit, the District is comprised of seven independently accredited colleges:

- El Centro College (1966)
- Eastfield College (1970)
- Mountain View College (1970)
- Richland College (1972)
- Cedar Valley College (1977)
- North Lake College (1977)
- Brookhaven College (1978)

Supplemental financial reporting and analysis on the colleges and district operations is included in these Financial Statements for information purposes.

The District qualifies as a special-purpose government engaged in business-type activities according to the definition in Government Accounting Standards Board (GASB) Statement No. 14 and the financial statements are prepared on that basis. The resulting financial statement format focuses on the District as a whole. The District's basic financial statements are designed to emulate the corporate presentation model whereby the District's fiscal activities are consolidated into one column total. Comparative data from the prior year is shown in a separate column on the face of each of the statements.

The financial statement format consists of three primary statements: the Statements of Net Assets, the Statements of Revenues, Expenses and Changes in Net Assets, and the Statements of Cash Flows. As required by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, an accrual basis of accounting is employed. This means that transactions are recorded as incurred rather than when cash changes hands.

The Dallas County Community College District Foundation, Inc. ("Foundation") has been discretely presented in the District's statements as a component unit of the District by inclusion of the statements and footnotes of the Foundation in the District's statements and footnotes per GASB Statement No. 39 *Determining Whether Certain Organizations Are Component Units---an amendment of GASB Statement No. 14*. Because the financial statements of the Foundation are presented in a different format from the District and are incompatible with the District's financial statements, the Foundation's financial statements are presented on separate pages from the District's financial statements. The Foundation is a non-profit organization established in 1973 with its sole purpose being to provide benefits such as scholarships and grants to the District.

The Richland Collegiate High School (RCHS) is operated by the District under a charter issued by the Texas Education Agency (TEA) in October 2005 and approved by the Board of Trustees of the District in 2006. While RCHS receives state reimbursement based on average daily student attendance, the District receives state funding based on the class contact hours. Because RCHS is not a separately incorporated entity, but functions as an operating unit of the District, the legal identity of RCHS is the same as the District. In accordance with TEA's requirement for separate financial reporting for the charter activities, more information about RCHS can be found in Footnote 27, including a separate Statements of Net Assets and a Statements of Revenues, Expenses and Changes in Net Assets, a Statements of Cash Flows and other schedules.

### **Statements of Net Assets**

The focus of the Statements of Net Assets is to illustrate the financial position of the District at a point in time. The financial position of the District is presented as of August 31, 2012 and 2011. These statements present the current financial resources (short-term spendable assets) along with assets planned to be held for more than a year. It also shows amounts owed against those assets, and reveals the amount of remaining or "net" assets available to the District for further endeavors. In order to show the trends for the two years presented in the Statements of Net Assets, a summary of three years of data for the years ended August 31, 2010 through 2012 is presented in Table 1 below:

**TABLE 1: CONDENSED STATEMENT OF NET ASSETS**  
(In Millions)

|  | Fiscal Year     |                 |                 | Change         |                 |
|--|-----------------|-----------------|-----------------|----------------|-----------------|
|  | 2012            | 2011            | 2010            | 2012 to 2011   | 2011 to 2010    |
| <b>ASSETS</b>                                      |                 |                 |                 |                |                 |
| Current Assets                                     | \$ 109.8        | \$ 137.5        | \$ 125.5        | \$ (27.7)      | \$ 12.0         |
| Capital Assets, net of depreciation                | 682.4           | 700.9           | 708.6           | (18.5)         | (7.7)           |
| Other Non-current Assets                           | 211.2           | 192.1           | 208.3           | 19.1           | (16.2)          |
| Total Assets                                       | <u>1,003.4</u>  | <u>1,030.5</u>  | <u>1,042.4</u>  | <u>(27.1)</u>  | <u>(11.9)</u>   |
| <b>LIABILITIES</b>                                 |                 |                 |                 |                |                 |
| Current Liabilities                                | 140.2           | 158.2           | 135.9           | (18.0)         | 22.3            |
| Non-current Liabilities                            | 393.3           | 415.4           | 446.3           | (22.1)         | (30.9)          |
| Total Liabilities                                  | <u>533.5</u>    | <u>573.6</u>    | <u>582.2</u>    | <u>(40.1)</u>  | <u>(8.6)</u>    |
| <b>NET ASSETS</b>                                  |                 |                 |                 |                |                 |
| Invested in Capital Assets,<br>Net of Related Debt | 286.7           | 281.9           | 265.6           | 4.8            | 16.3            |
| Restricted   | (1.9)           | 5.8             | 11.9            | (7.7)          | (6.1)           |
| Unrestricted                                       | 185.1           | 169.2           | 182.7           | 15.9           | (13.5)          |
| Total Net Assets                                   | <u>\$ 469.9</u> | <u>\$ 456.9</u> | <u>\$ 460.2</u> | <u>\$ 13.0</u> | <u>\$ (3.3)</u> |

At August 31, 2012, the difference in assets and liabilities was \$469.9 million while at August 31, 2011, the difference was \$456.9 million, an increase of \$13.0 million.

Current assets decreased by \$27.7 million in 2012 compared to 2011 as a result of a decrease in cash due mainly to investment of funds in longer maturities as investments increased by almost \$14 million and non-current cash increased by almost \$6 million in the same period. Capital assets decreased by \$18.5 million due to depreciation of \$26 million charged in fiscal year 2012 which was partly offset by the capitalization of new fixed assets acquisitions of \$5.5 million during the same period.

Current liabilities decreased in 2012 over 2011 by \$18.0 million after an increase of \$22.3 million for 2011 over 2010. The decrease in fiscal year 2012 is primarily related to:

- a reduction in accounts payable due to lower spending levels
- a decrease in accrued liabilities due to payout of the early retirement incentive
- a reduction in the current portion of bonds payable as certain bonds matured

The increase of \$22.3 million in 2011 is due mainly to accrued early retirement incentives of \$10 million and a deferred revenue increase of \$12.5 million as both enrollments increased and a tuition rate increase was implemented in the Spring of 2011.

Non-current liabilities decreased in 2012 by \$22.1 million, compared to the 2011 balance, as long term bonds became current and matured. For 2011, non-current liabilities decreased by \$30.9 million due to the movement of the current portion of bonds payable to current liabilities.

## Statements of Revenues, Expenses and Changes in Net Assets

The Statements of Revenues, Expenses and Changes in Net Assets presents the operating results of the District, as well as non-operating revenues and expenses. Of the three main sources of revenue—ad valorem taxes, state appropriations and tuition, only tuition represents an exchange for services. Taxes and state appropriations represent non-exchange transactions and thus are considered non-operating revenues. This approach to presenting revenues and expenses is intended to summarize and simplify the user's analysis of the various District services to students and the public. Depending on whether revenues or expenses are greater for the year, a net increase or net decrease in net assets is created. The ending balances of net assets on these statements agree with those shown on the Statements of Net Assets (Exhibit 1).

Results of operations and non-operating activities are summarized in the Table 2 below, which was prepared from the Statements of Revenues, Expenses, and Changes to Net Assets (Exhibit 2).

**TABLE 2: REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
(In Millions)

|  | Fiscal Year |         |         | Change          |                 |
|--|-------------|---------|---------|-----------------|-----------------|
|  | 2012        | 2011    | 2010    | 2012<br>to 2011 | 2011<br>to 2010 |
| <b>Operating Revenues</b>                        |             |         |         |                 |                 |
| Tuition and Fees (Net)                           | \$ 56.5     | \$ 59.1 | \$ 60.7 | \$ (2.6)        | \$ (1.6)        |
| Grants and Contracts                             | 25.0        | 31.6    | 32.2    | (6.6)           | (0.6)           |
| Auxiliary Enterprises                            | 5.1         | 5.2     | 5.4     | (0.1)           | (0.2)           |
| Other Operating Revenues                         | 2.3         | 2.4     | 2.9     | (0.1)           | (0.5)           |
| Total Operating Revenues                         | 88.9        | 98.3    | 101.2   | (9.4)           | (2.9)           |
| <b>Operating Expenses</b>                        | 417.4       | 454.1   | 439.4   | (36.7)          | 14.7            |
| <b>Operating Loss</b>                            | (328.5)     | (355.8) | (338.2) | 27.3            | (17.6)          |
| <b>Non-Operating Revenues<br/>and (Expenses)</b> |             |         |         |                 |                 |
| State Appropriations                             | 109.3       | 119.4   | 123.3   | (10.1)          | (3.9)           |
| Ad Valorem Taxes                                 | 156.7       | 158.3   | 159.1   | (1.6)           | (0.8)           |
| Federal Revenue                                  | 90.5        | 87.9    | 74.4    | 2.6             | 13.5            |
| Investment Income                                | 1.9         | 3.9     | 7.4     | (2.0)           | (3.5)           |
| Interest on Capital-Related Debt                 | (16.9)      | (18.1)  | (16.5)  | 1.2             | (1.6)           |
| Other Non-Operating Revenue (Expense)            | -           | 1.1     | 0.2     | (1.1)           | 0.9             |
| Net Non-Operating Revenues                       | 341.5       | 352.5   | 347.9   | (11.0)          | 4.6             |
| <b>Increase (Decrease) in Net Assets</b>         | 13.0        | (3.3)   | 9.7     | 16.3            | (13.0)          |

## Operating Revenues

The two major sources of operating revenues are tuition and various grants and contracts. Tuition revenue is reported net of discounts for tuition paid by various federal, state and local grants, including those associated with the Title IV Higher Education Administration Program. Additionally, state mandated or locally approved remissions and exemptions are reported as discounts against tuition. Tuition has decreased in both 2012 and 2011 due to lower student enrollments. Grants and contracts provided 26.5% of operating revenue for 2012, which has trended down from the 31.8% in 2010, primarily due to the reduction in federal grants and contracts as the programs were completed and new grants were not available. Auxiliary revenues, commissions from bookstores and food service providers, have remained constant over the three year period.

## Non-Operating Revenues

State appropriations decreased by \$10.1 million for the year ended August 31, 2012 over the year ended August 31, 2011 due to a reduction in state funding for health care and retirement benefits for all Texas community colleges. The reduction from 2010 to 2011 of \$3.9 million was due to cuts in instructional funding as part of the state-wide budget reductions.

Ad Valorem Tax revenue, net of collection fees and bad debt, decreased slightly for the year ended August 31, 2012 despite a slight increase in the tax rate that was offset by lower property values. Tax revenue has exceeded state appropriations as the primary funding source in all three fiscal years, representing 45.8%, 44.9% and 45.7% of total non-operating revenues, respectively, compared to 32.0%, 33.9% and 35.4% for state appropriations.

Federal scholarship revenue net of discounts grew from 21.4% of non-operating revenues in 2010 to 26.5% of non-operating for 2012. It has steadily increased due to an increase in the number of students receiving financial aid and an increase in the amount of award per student.

Investment income, also a non-operating revenue, decreased by \$2.0 million in 2012 over 2011 due to lower yields as older investments with higher yields have been called or matured and reinvested in securities with much lower yields. This has been the trend since 2010 as there was a decrease of \$3.5 million between 2011 compared to 2010 even though investable funds have remained fairly constant. Interest on capital related debt decreased by \$1.2 million in 2012 compared to 2011 as shorter term maturities on the bond issues and bond refinancing have matured, following a slight increase of \$1.6 million from 2010 to 2011.

Operating Expenses decreased \$36.7 million in 2012 over the 2011 level, and was the major contributor to the increase in net assets of \$13.0 million. More information about the decrease in Operating Expenses is covered below.

## **Revenues by Source**

Generally accepted accounting principles, promulgated by GASB, prohibit reporting state appropriations and ad valorem tax revenues --- two major sources of revenue of the District --- as operating revenue, on the basis that each represents revenue from non-exchange transactions. Accordingly, state appropriations and revenues recognized from ad valorem taxation are reported as non-operating revenues. This results in reporting large operating losses which are significantly decreased after inclusion of these non-operating revenues and others that really are intended to contribute to operations. State appropriations are restricted by law to be used only for the educational and general expenses of the District, which are its prime operations. Ad valorem tax revenues are broken into two types: those for maintenance and operations and those for debt

service. The maintenance and operations portion is specifically designed to apply to operations, although a portion can be used for paying maintenance tax notes. Interest revenue is obtained through pooled investments, a large portion of which is attributable to operations. Also federal financial aid was recently reclassified to non-operating revenue by GASB even though the portion that relates to tuition is required to be reported as a tuition discount against operations.

All revenues, both operating and non-operating are presented below in Table 3 and graph of Revenue by Source (Figure 1).

## **Operating Expenses**

Operating Expenses are presented in two formats: *Natural Classification* and *Functional Classification*. The Natural Classification is intended to show "what" the dollars were spent on and the Functional Classification show "who" spent the dollars.

### Natural Classification

In 2012, salary expense declined from the voluntary retirement incentive program recorded in 2011 and replacement positions were not filled or hired at lower salaries. Also, fewer adjunct instructors were hired as student enrollment decreased and a reduction in force of staff that occurred in late 2011. Benefits increased in 2011 due to the voluntary retirement incentive which was accrued as a benefit and not salary expense. Benefits would have increased more in 2012, due to the reduced funding from the State, had it not been for the reduction in salary expense. Benefits as a percent of salary expense, increased from 19.0% in 2010 to 21.2% in 2012. Salaries decreased by \$14.3 million in 2012 and Supplies and Services decreased \$13.3 million as faculty and staff reduced expenses to meet the planned budget reductions. See Table 4 and Figure 2.

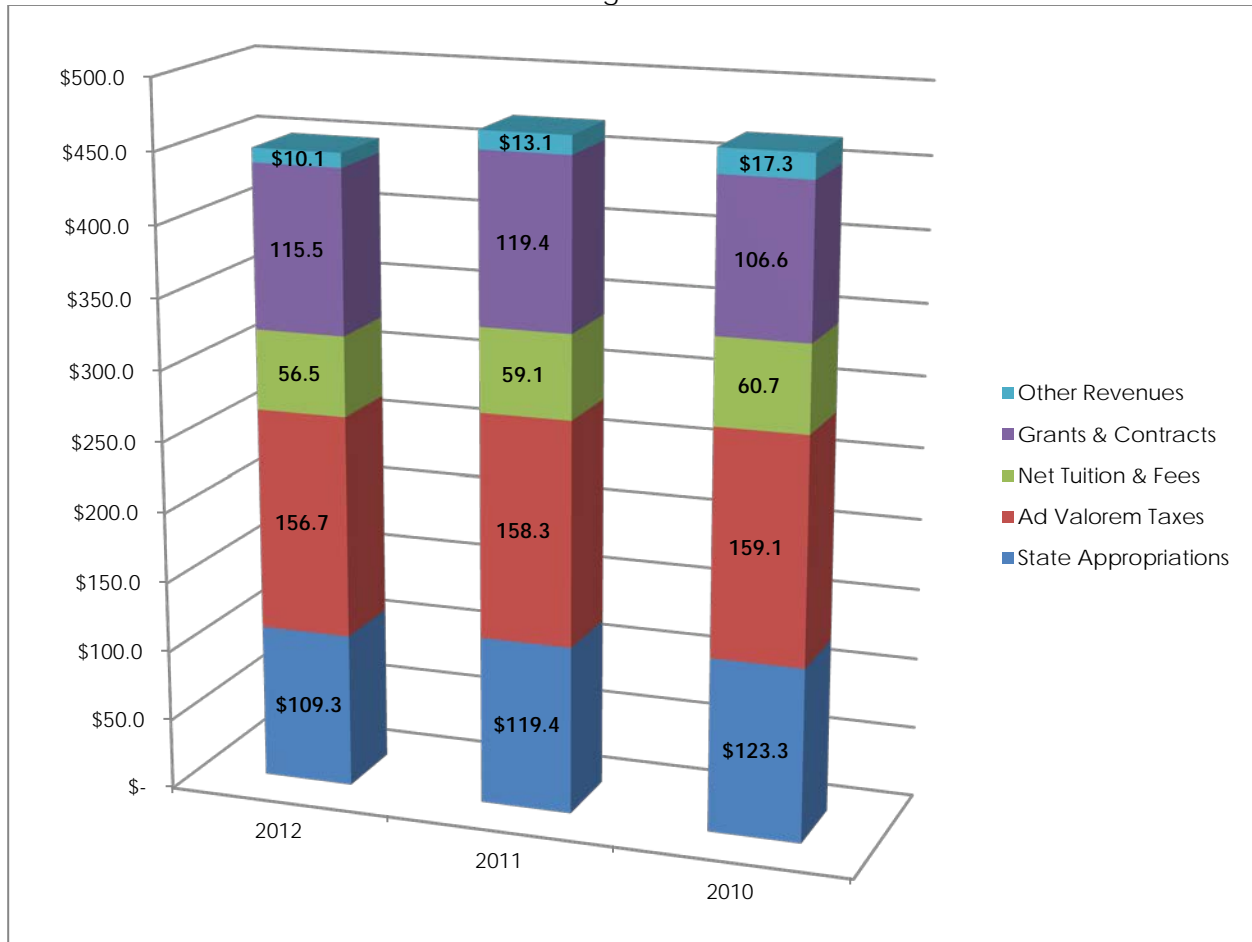
### Functional Classification

As would be expected, the bulk of operating expenses are for instruction, which had a trend of steady growth in keeping with the enrollment growth until 2012, when enrollment declined in the Spring semester. For 2012, all Functional Classification expenses were down compared to 2011. Most all the functional areas decreased due to the decreases in salaries and benefits, and to a lesser extent, Supplies and Services. Operation and Maintenance of Plant decreased in 2012 due to a planned reduction in repair spending to meet reduced revenue forecasts. The decrease in student enrollment, the effect of planned budget reductions, savings from the voluntary retirement program and other cost containment programs reduced operating expenses by \$22.0 million from 2010 to 2012. See Table 5 and Figure 3.

**TABLE 3: REVENUE BY SOURCE**  
(In Millions)

| Revenue Sources           | Fiscal Year     |                 |                 | Change           |               |
|---------------------------|-----------------|-----------------|-----------------|------------------|---------------|
|                           | 2012            | 2011            | 2010            | 2012 to 2011     | 2011 to 2010  |
| State Appropriations      | \$ 109.3        | \$ 119.4        | \$ 123.3        | \$ (10.1)        | \$ (3.9)      |
| Ad Valorem Taxes          | 156.7           | 158.3           | 159.1           | (1.6)            | (0.8)         |
| Net Tuition & Fees        | 56.5            | 59.1            | 60.7            | (2.6)            | (1.6)         |
| Grants & Contracts        | 115.5           | 119.4           | 106.6           | (3.9)            | 12.8          |
| Other Operating Revenues  | 2.3             | 2.4             | 2.9             | (0.1)            | (0.5)         |
| Auxiliary Enterprises     | 5.1             | 5.2             | 5.4             | (0.1)            | (0.2)         |
| Investment & Other Income | 2.7             | 5.5             | 9.0             | (2.8)            | (3.5)         |
| <b>Total Revenues</b>     | <b>\$ 448.1</b> | <b>\$ 469.3</b> | <b>\$ 467.0</b> | <b>\$ (21.2)</b> | <b>\$ 2.3</b> |

Figure 1

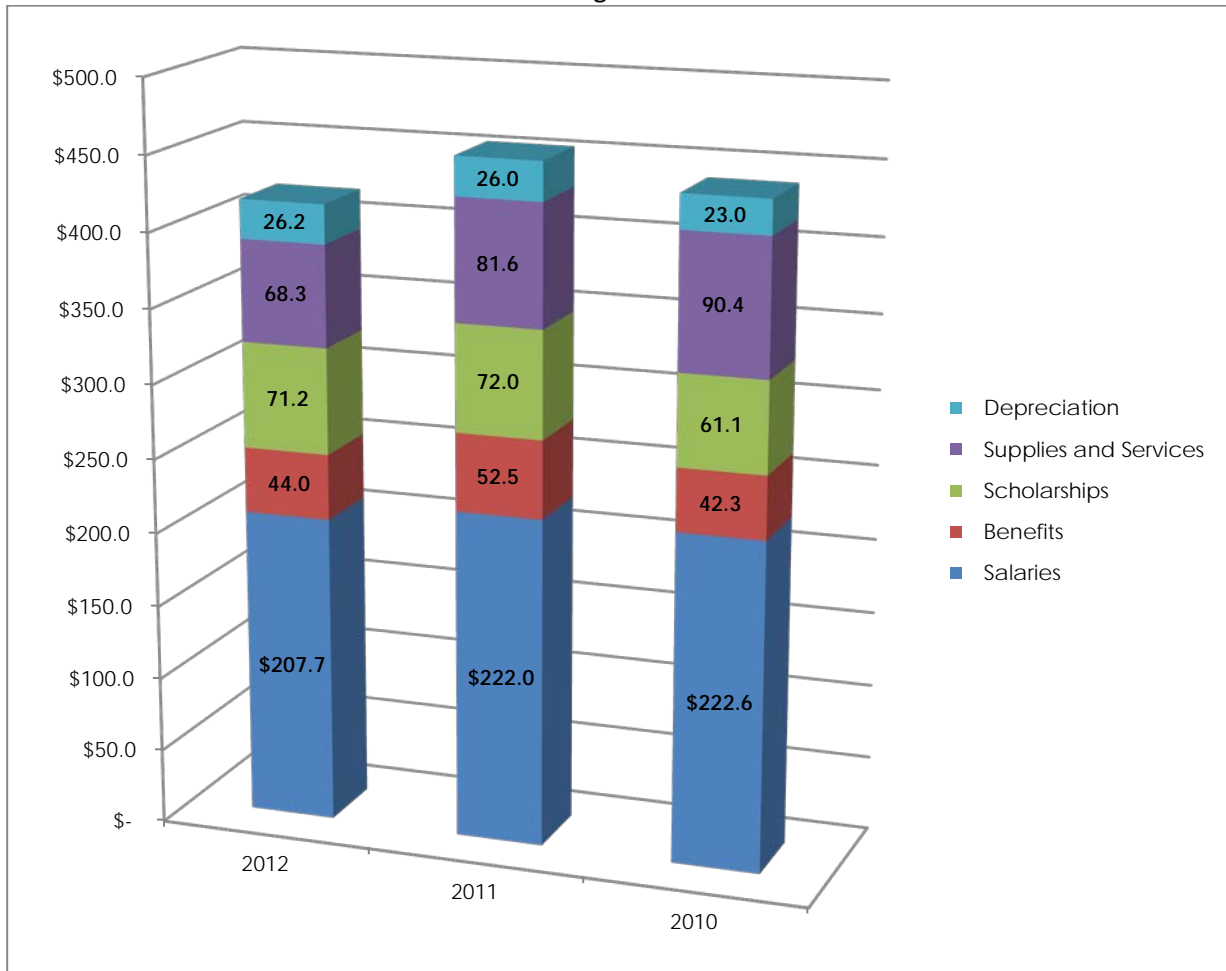




**Table 4: OPERATING EXPENSES – NATURAL CLASSIFICATION**  
(In Millions)

| OPERATING EXPENSE               | Fiscal Year     |                 |                 | Change           |                |
|---------------------------------|-----------------|-----------------|-----------------|------------------|----------------|
|                                 | 2012            | 2011            | 2010            | 2012 to 2011     | 2011 to 2010   |
| Salaries                        | \$ 207.7        | \$ 222.0        | \$ 222.6        | \$ (14.3)        | \$ (0.6)       |
| Benefits                        | 44.0            | 52.5            | 42.3            | (8.5)            | 10.2           |
| Scholarships                    | 71.2            | 72.0            | 61.1            | (0.8)            | 10.9           |
| Supplies and Services           | 68.3            | 81.6            | 90.4            | (13.3)           | (8.8)          |
| Depreciation                    | 26.2            | 26.0            | 23.0            | 0.2              | 3.0            |
| <b>Total Operating Expenses</b> | <b>\$ 417.4</b> | <b>\$ 454.1</b> | <b>\$ 439.4</b> | <b>\$ (36.7)</b> | <b>\$ 14.7</b> |

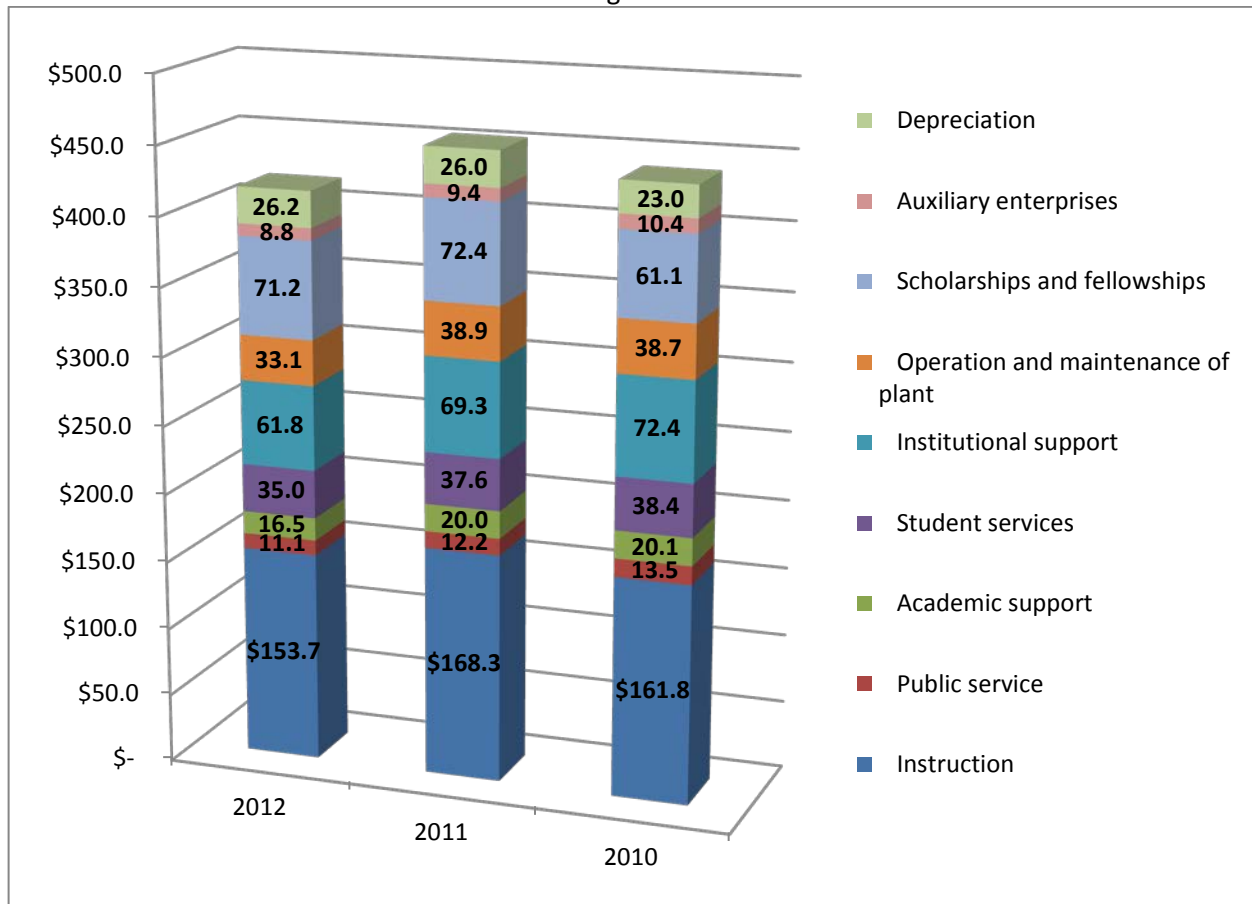
Figure 2



**Table 5: OPERATING EXPENSES – FUNCTIONAL CLASSIFICATION**  
(In Millions)

| OPERATING EXPENSE                  | Fiscal Year     |                 |                 | Change           |                |
|------------------------------------|-----------------|-----------------|-----------------|------------------|----------------|
|                                    | 2012            | 2011            | 2010            | 2012 to 2011     | 2011 to 2010   |
| Instruction                        | \$ 153.7        | \$ 168.3        | \$ 161.8        | \$ (14.6)        | \$ 6.5         |
| Public Service                     | 11.1            | 12.2            | 13.5            | (1.1)            | (1.3)          |
| Academic Support                   | 16.5            | 20.0            | 20.1            | (3.5)            | (0.1)          |
| Student Services                   | 35.0            | 37.6            | 38.4            | (2.6)            | (0.8)          |
| Institutional Support              | 61.8            | 69.3            | 72.4            | (7.5)            | (3.1)          |
| Operation and Maintenance of Plant | 33.1            | 38.9            | 38.7            | (5.8)            | 0.2            |
| Scholarships and Fellowships       | 71.2            | 72.4            | 61.1            | (1.2)            | 11.3           |
| Auxiliary Enterprises              | 8.8             | 9.4             | 10.4            | (0.6)            | (1.0)          |
| Depreciation                       | 26.2            | 26.0            | 23.0            | 0.2              | 3.0            |
| <b>Total Operating Expenses</b>    | <b>\$ 417.4</b> | <b>\$ 454.1</b> | <b>\$ 439.4</b> | <b>\$ (36.7)</b> | <b>\$ 14.7</b> |

Figure 3



## The Foundation

As required when meeting the criteria delineated in GASB Statement No. 39, the District began including the statements of the Foundation following each of its own statements in the year ended August 31, 2004. For the fiscal year ended August 31, 2012, the Foundation's net assets were \$34.7 million, an amount that represents 7.4% of the District's net assets for the same period. For the fiscal year ended August 31, 2011, the Foundation's net assets were \$33.5 million, which represents 7.3% of the District's net assets for the same fiscal year. The income from the Foundation is partially used to fund grants and scholarships for the students and employees of the District. However, most of the Foundation's net assets are permanently restricted and therefore not available for the District's direct use. Permanently restricted net assets of the Foundation were \$27.5 million and \$26.9 million for the years ended August 31, 2012 and 2011, respectively.

## Statements of Cash Flows

The Statements of Cash Flows combines information from the Statements of Net Assets and the Statements of Revenues, Expenses and Changes in Net Assets to illustrate the effect of various actions of the District on the availability and ultimate change in the amount of cash from one year to the next. The cash provided or used by operations, capital and non-capital financing, and investing activities combine to show the net change in cash and cash equivalents. The final portion of the Statements of Cash Flows reconciles the net income or loss from operations to the cash provided or used by operations.

## Capital Asset and Debt Administration

For the year ended August 31, 2012, net capital assets decreased by \$18.5 million. By August 31, 2011, the amounts had decreased by \$7.7 million or 1.1%. After rapid movement toward completion in prior years of a large number of capital construction projects under the 2004 capital improvement program, the changes are indicative of the completion of that program and the beginning of depreciation for the buildings placed into service.

**TABLE 6: CAPITAL ASSETS, NET**  
(In Millions)

|                                    | Fiscal Year |          |          | Change          |                 |
|------------------------------------|-------------|----------|----------|-----------------|-----------------|
|                                    | 2012        | 2011     | 2010     | 2012 to<br>2011 | 2011 to<br>2010 |
| CAPITAL ASSETS:                    |             |          |          |                 |                 |
| Land and Improvements              | \$ 64.7     | \$ 64.7  | \$ 65.2  | \$ -            | \$ (0.5)        |
| Buildings & Building Improvements  | 842.2       | 841.4    | 786.2    | 0.8             | 55.2            |
| Equipment, Furniture, and Software | 74.2        | 72.2     | 68.0     | 2.0             | 4.2             |
| Library Books                      | 10.8        | 10.4     | 10.0     | 0.4             | 0.4             |
| Construction In Progress           | 14.3        | 11.6     | 53.8     | 2.7             | (42.2)          |
| Total                              | 1,006.2     | 1,000.3  | 983.2    | 5.9             | 17.1            |
| Less Accumulated Depreciation      | (323.8)     | (299.4)  | (274.6)  | (24.4)          | (24.8)          |
| Net Capital Assets                 | \$ 682.4    | \$ 700.9 | \$ 708.6 | \$ (18.5)       | \$ (7.7)        |

After several years of issuing bonds related to the 2004 capital improvement program, no bonds were issued by the District in the years ended August 31, 2012 and 2011. The Series 2009 Revenue bonds fully matured in 2012 reducing future debt service payments by \$2.2 million. Also, a portion of the Series 2004 Maintenance Tax Notes matured in 2012, reducing future debt service by \$4.4 million and the remaining bonds will mature in fiscal year 2013. There are no current plans for any new bond issues or refunding.

In preparation for selling the general obligation bonds, Standard & Poors, Inc., Moody's Investors Service, Inc. and Fitch Ratings all assigned their highest credit rating of AAA for the District. Some of the reasons cited for the rating were (1) a strong tax base, (2) flexible revenue sources, and (3) strong fiscal management. There are only a handful of community colleges in the country that have the highest rating from all three rating agencies. Fitch Ratings affirmed this rating in 2012. Additional information on both capital assets and long term debt can be found in notes to the financial statements (See Notes 6-9).

### **Currently Known Facts, Decisions and Conditions**

The 82<sup>nd</sup> Legislature for the State of Texas changed the state appropriation landscape significantly. In prior years, health benefits were almost fully funded and retirement matches were fully funded. But now, although appropriations tied to contact hour funding have remained about the same, significant reductions in appropriations for health benefit contributions from the State and a limit of retirement matching to 6% of each institution's state appropriation has been implemented. So in spite of the general revenue appropriations remaining approximately the same, they are being eaten up by the need to fill the gap in benefit funding, which translates into about \$12 million for the District.

The 83<sup>rd</sup> Legislature will begin the process for the 2014-2015 biennium as this annual financial report is published. While the District Administration is supporting an increase in state funding to all Texas community colleges, it is not certain how the Appropriation bill will be funded.

The certified tax base decreased by another 1.4% for 2012. This time the Board voted to raise the maintenance and operations rate to \$0.0789 per \$100 valuation so that the tax revenue would remain approximately the same as the previous year. The debt service rate decreased slightly to \$0.02077 per \$100 valuation.

Additional cost cutting measures are being sought through efficiencies of operations to help bridge funding gaps. One significant step taken was to offer the early retirement incentive program to eligible employees so that long time employees with higher salaries could be replaced with entry level salaried employees or the position could be eliminated altogether. Approximately \$10 million of fund balance was used to pay for the incentive. A 2-3 year payback is expected and over 230 employees took advantage of the offer.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Affairs office at 4343 IH-30, Mesquite, Texas 75150.

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATEMENTS OF NET ASSETS**  
**AUGUST 31, 2012 AND 2011**  
**EXHIBIT 1**

|   | <b>2012</b>           | <b>2011</b>           |
|---|-----------------------|-----------------------|
| <b>ASSETS</b>   |                       |                       |
| <b>CURRENT ASSETS</b>   |                       |                       |
| Cash and cash equivalents   | \$ 17,739,783         | \$ 45,743,218         |
| Accounts receivable (net of allowance for uncollectible accounts)         | 42,015,250            | 42,099,808            |
| Tuition and fees receivable (net of allowance for uncollectible accounts) | 8,988,006             | 11,528,291            |
| Taxes receivable (net of allowance for uncollectible accounts)            | 1,424,378             | 1,597,336             |
| Deferred charges, net   | 38,061,801            | 34,315,707            |
| Notes receivable  | 17,143                | 19,375                |
| Inventories   | 569,058               | 598,446               |
| Prepaid expenses  | 953,267               | 1,584,435             |
| Total current assets  | 109,768,686           | 137,486,616           |
| <b>NON-CURRENT AND RESTRICTED ASSETS</b>                                  |                       |                       |
| Restricted cash and cash equivalents                                      | 17,469,388            | 11,708,116            |
| Long-term investments   | 189,036,855           | 175,238,789           |
| Deferred charges, net   | 4,688,798             | 5,160,847             |
| Capital assets, net   |                       |                       |
| Not subject to depreciation   | 53,318,063            | 50,603,545            |
| Subject to depreciation   | 629,112,296           | 650,284,221           |
| Total non-current and restricted assets                                   | 893,625,400           | 892,995,518           |
| <b>TOTAL ASSETS</b>   | <b>1,003,394,086</b>  | <b>1,030,482,134</b>  |
| <b>LIABILITIES</b>  |                       |                       |
| <b>CURRENT LIABILITIES</b>  |                       |                       |
| Accounts payable  | 24,164,662            | 27,434,705            |
| Accrued liabilities   | 6,447,485             | 15,356,841            |
| Accrued compensable absences—current portion                              | 7,539,627             | 8,673,803             |
| Funds held for others   | 2,436,899             | 2,517,802             |
| Deferred revenues   | 77,404,687            | 76,295,498            |
| Bonds payable—current portion   | 22,165,567            | 27,886,053            |
| Total current liabilities   | 140,158,927           | 158,164,702           |
| <b>NON-CURRENT LIABILITIES</b>  |                       |                       |
| Restricted accrued liabilities  | 770,125               | 808,235               |
| Accrued compensable absences  | 2,052,050             | 1,940,994             |
| Bonds payable   | 390,484,607           | 412,650,174           |
| Total non-current liabilities   | 393,306,782           | 415,399,403           |
| <b>TOTAL LIABILITIES</b>  | <b>533,465,709</b>    | <b>573,564,105</b>    |
| <b>NET ASSETS</b>   |                       |                       |
| Invested in capital assets, net of related debt                           | 286,715,359           | 281,852,766           |
| Restricted for:   |                       |                       |
| Unexpended bond proceeds  | 1,166,043             | 3,037,934             |
| Debt service  | (3,053,633)           | 2,789,849             |
| Unrestricted  | 185,100,608           | 169,237,480           |
| <b>TOTAL NET ASSETS (Schedule D)</b>                                      | <b>\$ 469,928,377</b> | <b>\$ 456,918,029</b> |

The accompanying notes are an integral part of the financial statements.

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2012 AND 2011**  
**EXHIBIT 1A**

|  | <b>2012</b>   | <b>2011</b>   |
|--|---------------|---------------|
| <b>ASSETS</b>                              |               |               |
| Current Assets:                            |               |               |
| Cash and cash equivalents                  | \$ 4,104,473  | \$ 4,452,407  |
| Investments                                | 2,601,185     | 381,089       |
| Accrued interest and dividends receivable  | 52,368        | 52,049        |
| Contributions receivable, net              | 1,133,333     | 1,000,000     |
| Other assets                               | 10,799        | 10,606        |
| Total current assets                       | 7,902,158     | 5,896,151     |
| Noncurrent Assets:                         |               |               |
| Cash equivalents restricted for endowments | 2,560,233     | 1,535,098     |
| Investments restricted for endowments      | 22,894,145    | 24,201,709    |
| Contributions receivable, net              | 1,917,703     | 2,020,406     |
| Total noncurrent assets                    | 27,372,081    | 27,757,213    |
| TOTAL ASSETS                               | \$ 35,274,239 | \$ 33,653,364 |
| <br><b>LIABILITIES AND NET ASSETS:</b>     |               |               |
| Current Liabilities:                       |               |               |
| Due to affiliate                           | \$ 557,332    | \$ 165,277    |
| Accounts payable                           | 7,299         | 19,956        |
| Total liabilities                          | 564,631       | 185,233       |
| Net Assets:                                |               |               |
| Unrestricted                               | 3,681,595     | 2,893,448     |
| Temporarily restricted                     | 3,525,808     | 3,686,090     |
| Permanently restricted                     | 27,502,205    | 26,888,593    |
| Total net assets                           | 34,709,608    | 33,468,131    |
| TOTAL LIABILITIES AND NET ASSETS           | \$ 35,274,239 | \$ 33,653,364 |

See Note 26 of the primary government organization.

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**AUGUST 31, 2012 AND 2011**  
**EXHIBIT 2**

|  | 2012           | 2011           |
|--|----------------|----------------|
| <b>OPERATING REVENUES</b>  |                |                |
| Tuition and charges (net of discounts of \$41,164,595 and \$36,473,907, respectively)                          | \$ 56,484,293  | \$ 59,135,122  |
| Federal grants and contracts   | 15,696,087     | \$ 20,307,272  |
| State grants and contracts   | 7,913,679      | 6,680,684      |
| Non-governmental grants and contracts  | 1,355,625      | 4,546,919      |
| Sales and services of educational activities   | 474,268        | 526,579        |
| Auxiliary enterprises  | 5,072,071      | 5,163,347      |
| General operating revenues   | 1,858,210      | 1,901,831      |
| Total operating revenues (Schedule A)  | 88,854,233     | 98,261,754     |
| <b>OPERATING EXPENSES</b>  |                |                |
| Instruction  | 153,710,356    | 168,328,724    |
| Public service   | 11,122,463     | 12,191,195     |
| Academic support   | 16,480,410     | 19,988,006     |
| Student services   | 35,092,447     | 37,616,047     |
| Institutional support  | 61,815,128     | 69,320,469     |
| Operation and maintenance of plant   | 33,104,936     | 38,843,816     |
| Scholarships and fellowships   | 71,173,456     | 72,414,788     |
| Auxiliary enterprises  | 8,770,977      | 9,438,928      |
| Depreciation   | 26,166,959     | 25,982,044     |
| Total operating expenses (Schedule B)  | 417,437,132    | 454,124,017    |
| <b>OPERATING LOSS</b>  | (328,582,899)  | (355,862,263)  |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>   |                |                |
| State appropriations   | 109,267,993    | 119,373,173    |
| Maintenance ad valorem taxes (net of bad debt and collection fee of \$3,715,304 and \$4,646,189, respectively) | 156,741,112    | 158,309,361    |
| Federal revenue, non-operating   | 90,499,349     | 87,927,083     |
| Gifts  | 498,928        | 148,556        |
| Investment income  | 1,920,893      | 3,943,390      |
| Gain on sale of investment   | -              | 6,734          |
| Contributions in aid of construction   | -              | -              |
| Interest on capital related debt   | (16,862,201)   | (18,094,031)   |
| Loss on disposal of fixed assets   | 49,489         | (35,292)       |
| Other non-operating revenue  | 218,280        | 1,362,919      |
| Other non-operating expense  | (740,596)      | (414,450)      |
| Net non-operating revenues (Schedule C)  | 341,593,247    | 352,527,443    |
| <b>INCREASE (DECREASE) IN NET ASSETS</b>   | 13,010,348     | (3,334,820)    |
| <b>NET ASSETS</b>  |                |                |
| Net Assets—Beginning of Year   | 456,918,029    | 460,252,849    |
| Net Assets—End of Year   | \$ 469,928,377 | \$ 456,918,029 |

The accompanying notes are an integral part of the financial statements.

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED AUGUST 31, 2012**  
**EXHIBIT 2A**

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>         |
|--|---------------------|-----------------------------------|-----------------------------------|----------------------|
| <b>REVENUES</b>                                      |                     |                                   |                                   |                      |
| Contributions  | \$ 132,686          | \$ 965,203                        | \$ 613,612                        | \$ 1,711,501         |
| Interest and dividend income                         | 61,701              | 505,487                           | -                                 | 567,188              |
| Contributed employees' salaries and benefits         | 580,736             | -                                 | -                                 | 580,736              |
| Net realized and unrealized gains on investments     | 821,276             | 129,786                           | -                                 | 951,062              |
| Net assets released from restrictions                | <u>1,759,808</u>    | <u>(1,759,808)</u>                | <u>-</u>                          | <u>-</u>             |
| <b>TOTAL REVENUES</b>                                | <u>3,356,207</u>    | <u>(159,332)</u>                  | <u>613,612</u>                    | <u>3,810,487</u>     |
| <b>EXPENSES</b>                                      |                     |                                   |                                   |                      |
| Program services:                                    |                     |                                   |                                   |                      |
| Scholarship awards                                   | 936,104             | -                                 | -                                 | 936,104              |
| Grants   | <u>893,651</u>      | <u>-</u>                          | <u>-</u>                          | <u>893,651</u>       |
| Total program services                               | <u>1,829,755</u>    | <u>-</u>                          | <u>-</u>                          | <u>1,829,755</u>     |
| Non-program services:                                |                     |                                   |                                   |                      |
| Management and general                               | 596,796             | -                                 | -                                 | 596,796              |
| Fundraising  | <u>142,459</u>      | <u>-</u>                          | <u>-</u>                          | <u>142,459</u>       |
| Total non-program services                           | <u>739,255</u>      | <u>-</u>                          | <u>-</u>                          | <u>739,255</u>       |
| <b>TOTAL EXPENSES</b>                                | <u>2,569,010</u>    | <u>-</u>                          | <u>-</u>                          | <u>2,569,010</u>     |
| Transfers between funds, based on donor instructions |                     |                                   |                                   |                      |
|  | <u>950</u>          | <u>(950)</u>                      | <u>-</u>                          | <u>-</u>             |
| <b>CHANGE IN NET ASSETS</b>                          | 788,147             | (160,282)                         | 613,612                           | 1,241,477            |
| <b>NET ASSETS, BEGINNING OF YEAR</b>                 | 2,893,448           | 3,686,090                         | 26,888,593                        | 33,468,131           |
| <b>NET ASSETS, END OF YEAR</b>                       | <u>\$ 3,681,595</u> | <u>\$ 3,525,808</u>               | <u>\$ 27,502,205</u>              | <u>\$ 34,709,608</u> |

See Note 26 of the primary government organization.



**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2011**  
**EXHIBIT 2A (continued)**

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>         |
|---|---------------------|-----------------------------------|-----------------------------------|----------------------|
| <b>REVENUES</b>   |                     |                                   |                                   |                      |
| Contributions   | \$ 159,120          | \$ 891,913                        | \$ 691,809                        | \$ 1,742,842         |
| Interest and dividend income                            | 1,856               | 441,555                           | -                                 | 443,411              |
| Contributed employees' salaries<br>and benefits         | 566,777             | -                                 | -                                 | 566,777              |
| Net realized and unrealized<br>gains on investments     | 1,611,288           | 596,315                           | -                                 | 2,207,603            |
| Net assets released from<br>restrictions                | <u>1,098,457</u>    | <u>(1,098,457)</u>                | <u>-</u>                          | <u>-</u>             |
| <b>TOTAL REVENUES</b>                                   | <u>3,437,498</u>    | <u>831,326</u>                    | <u>691,809</u>                    | <u>4,960,633</u>     |
| <b>EXPENSES</b>   |                     |                                   |                                   |                      |
| Program services:                                       |                     |                                   |                                   |                      |
| Scholarship awards                                      | 642,365             | -                                 | -                                 | 642,365              |
| Grants  | <u>557,025</u>      | <u>-</u>                          | <u>-</u>                          | <u>557,025</u>       |
| Total program services                                  | <u>1,199,390</u>    | <u>-</u>                          | <u>-</u>                          | <u>1,199,390</u>     |
| Non-program services:                                   |                     |                                   |                                   |                      |
| Management and general                                  | 561,000             | -                                 | -                                 | 561,000              |
| Fundraising   | <u>132,690</u>      | <u>-</u>                          | <u>-</u>                          | <u>132,690</u>       |
| Total non-program services                              | <u>693,690</u>      | <u>-</u>                          | <u>-</u>                          | <u>693,690</u>       |
| <b>TOTAL EXPENSES</b>                                   | <u>1,893,080</u>    | <u>-</u>                          | <u>-</u>                          | <u>1,893,080</u>     |
| Transfers between funds, based<br>on donor instructions | <u>(8,264)</u>      | <u>(18,174)</u>                   | <u>26,438</u>                     | <u>-</u>             |
| <b>CHANGE IN NET ASSETS</b>                             | 1,536,154           | 813,152                           | 718,247                           | 3,067,553            |
| <b>NET ASSETS, BEGINNING<br/>OF YEAR</b>                | <u>1,357,294</u>    | <u>2,872,938</u>                  | <u>26,170,346</u>                 | <u>30,400,578</u>    |
| <b>NET ASSETS, END OF YEAR</b>                          | <u>\$ 2,893,448</u> | <u>\$ 3,686,090</u>               | <u>\$ 26,888,593</u>              | <u>\$ 33,468,131</u> |

See Note 26 of the primary government organization.

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**AUGUST 31, 2012 AND 2011**  
**EXHIBIT 3**

|   | 2012                        | 2011                        |
|---|-----------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                             |                             |
| Receipts from students and other customers  | \$ 67,056,663               | \$ 71,989,336               |
| Receipts from grants and contracts  | 29,940,074                  | 39,621,289                  |
| Payments to suppliers for goods and services  | (76,308,329)                | (91,498,365)                |
| Payments to or on behalf of employees   | (252,399,012)               | (250,376,676)               |
| Payments for scholarships and fellowships   | (73,932,797)                | (76,325,914)                |
| Loans issued to students  | (31,523)                    | (49,044)                    |
| Collection of loans to students   | 19,950                      | 56,154                      |
| Other receipts  | 1,858,210                   | 1,901,831                   |
| Net cash used by operating activities   | <u>(303,796,764)</u>        | <u>(304,681,389)</u>        |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>  |                             |                             |
| Receipts from ad valorem taxes  | 161,584,942                 | 162,880,366                 |
| Payments for collection of taxes  | (4,670,872)                 | (4,042,913)                 |
| Receipts from state appropriations  | 100,009,555                 | 104,330,446                 |
| Receipts from federal grants for non operating activities                                       | 88,232,961                  | 82,703,352                  |
| Receipts from federal student direct loan program   | 27,658,945                  | 27,658,945                  |
| Payments of federal direct loans to students  | (27,536,630)                | (27,536,630)                |
| Receipts from student organizations and other agency transactions                               | 3,163,397                   | 3,194,366                   |
| Payments to student organizations and other agency transactions                                 | (3,172,014)                 | (3,065,582)                 |
| Other receipts  | 470                         | 7,950                       |
| Net cash provided by non-capital financing activities   | <u>345,270,754</u>          | <u>346,130,300</u>          |
| <b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>  |                             |                             |
| Proceeds from the sale of capital assets  | 299,771                     | 2,040                       |
| Purchases of capital assets   | (7,344,852)                 | (15,334,617)                |
| Payments on capital debt - principal  | (26,020,000)                | (23,925,000)                |
| Payments on capital debt - interest   | (19,037,309)                | (21,121,190)                |
| Net cash used by capital and related financing activities                                       | <u>(52,102,390)</u>         | <u>(60,378,767)</u>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                             |                             |
| Proceeds from sales and maturities of investments   | 154,020,000                 | 158,032,734                 |
| Interest on investments   | 3,495,030                   | 2,507,943                   |
| Purchase of investments   | (169,128,793)               | (130,958,126)               |
| Net cash provided by investing activities   | <u>(11,613,763)</u>         | <u>29,582,551</u>           |
| <b>INCREASE (DECREASE) CASH AND CASH EQUIVALENTS</b>  | <b>(22,242,163)</b>         | <b>10,652,695</b>           |
| <b>CASH AND CASH EQUIVALENTS, SEPTEMBER 1</b>   | <b><u>57,451,334</u></b>    | <b><u>46,798,639</u></b>    |
| <b>CASH AND CASH EQUIVALENTS, AUGUST 31</b>   | <b><u>\$ 35,209,171</u></b> | <b><u>\$ 57,451,334</u></b> |
| <b>Reconciliation of net operating loss to net cash provided (used) by operating activities</b> |                             |                             |
| Operating loss  | \$ (328,582,899)            | \$ (355,862,263)            |
| Adjustments to reconcile net loss to net cash provided (used) by operating activities:          |                             |                             |
| Depreciation expense  | 26,166,959                  | 25,982,044                  |
| Bad debt expense  | 1,836,000                   | 1,207,800                   |
| Payments made directly by State for benefits  | 9,258,438                   | 15,042,727                  |
| Changes in assets and liabilities:  |                             |                             |
| Receivables (net)   | 2,578,530                   | (2,218,752)                 |
| Deferred expenses   | (3,628,836)                 | (7,201,159)                 |
| Inventories   | 29,388                      | 66,717                      |
| Notes receivable  | 2,232                       | 30,029                      |
| Prepaid expenses  | 631,168                     | (111,026)                   |
| Accounts payable  | (3,270,043)                 | (3,664,289)                 |
| Accrued liabilities   | (8,903,770)                 | 9,841,719                   |
| Compensated absences  | (1,023,120)                 | (341,994)                   |
| Deferred revenue  | 1,109,189                   | 12,547,058                  |
| Net cash used by operating activities   | <u>\$ (303,796,764)</u>     | <u>\$ (304,681,389)</u>     |

The accompanying notes are an integral part of the financial statements.

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**AUGUST 31, 2012 AND 2011**  
**EXHIBIT 3A**

|   | <b>2012</b>  | <b>2011</b>  |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:   |              |              |
| Change in net assets  | \$ 1,241,477 | \$ 3,067,553 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |              |              |
| Contributions restricted for long-term purposes   | (613,612)    | (691,809)    |
| Net realized and unrealized gains on investments  | (951,062)    | (2,207,603)  |
| Changes in operating assets and liabilities:  |              |              |
| Accrued interest and dividends receivable   | (319)        | 4,848        |
| Contributions receivable  | (30,630)     | 475,762      |
| Other assets  | (193)        | (11)         |
| Due to affiliate  | 392,055      | (23,105)     |
| Accounts payable  | (12,657)     | (2,291)      |
| Total adjustments   | (1,216,418)  | (2,444,209)  |
| Net cash provided by operating activities   | 25,059       | 623,344      |
| CASH FLOWS FROM INVESTING ACTIVITIES:   |              |              |
| Proceeds from investment sales  | 3,255,495    | 5,502,237    |
| Purchases of investments  | (3,216,965)  | (8,024,302)  |
| Net cash provided by/(used in) investing activities   | 38,530       | (2,522,065)  |
| CASH FLOWS FROM FINANCING ACTIVITIES:   |              |              |
| Contributions restricted for endowments   | 613,612      | 691,809      |
| Acquisitions of cash equivalents restricted for endowments                                  | (1,025,135)  | (1,535,098)  |
| Net cash used in financing activities   | (411,523)    | (843,289)    |
| DECREASE IN CASH AND CASH EQUIVALENTS   | (347,934)    | (2,742,010)  |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR  | 4,452,407    | 7,194,417    |
| CASH AND CASH EQUIVALENTS, END OF YEAR  | \$ 4,104,473 | \$ 4,452,407 |

See Note 26 of the primary government organization.

## DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

#### 1. REPORTING ENTITY

The Dallas County Community College District (the "District") was established in 1965 in accordance with the laws of the State of Texas to serve the educational needs of Dallas County and the surrounding communities. The District is considered to be a special purpose, primary government. While the District receives funding from local, state, and federal sources and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

While the Financial Statements are reported as a unit, the District is comprised of seven independently accredited colleges:

- El Centro College (1966)
- Eastfield College (1970)
- Mountain View College (1970)
- Richland College (1972)
- Cedar Valley College (1977)
- North Lake College (1977)
- Brookhaven College (1978)

Supplemental financial reporting on the colleges and district operations is included in these Financial Statements for information purposes.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units, including the Dallas County Community College District Foundation, Inc. (the "Foundation"). The Foundation is a separate non-profit organization, and its sole purpose is to provide benefits such as scholarships and grants to the students, faculty and staff of the District, as well as raise money to support capital projects. The Foundation is a legally separate entity which does not provide a financial benefit or impose a financial burden on the District. The District does not appoint any of the Foundation's board members. The financial position and results of operations of the Foundation are included in these financial statements in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an Amendment of GASB Statement No. 14*, as an affiliated entity because the Foundation's sole function is to fund the District and its students.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Report Guidelines**— In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the District is classified as a special purpose government with all financial data of the District reflected as one business-type activity. The Statements of Net Assets display the financial position of the District at the end of each fiscal year and the Statements of Revenues, Expenses, and Changes in Net Assets display the operations of the District for the years ended August 31, 2012 and 2011. The financial statements are prepared using the economic resources measurement focus and the full accrual method of accounting.

The significant accounting policies followed by the District in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The accompanying financial statements of the District are presented in accordance with accounting principles generally accepted in the United States of America (US GAAP). The District applies all applicable GASB pronouncements and all applicable Financial Accounting Standard Board ("FASB") statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. The District has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB.

### **Tuition Discounting**

#### *Texas Public Education Grant*

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition revenue amounts on Schedule A as a separate amount (Texas Education Code §56.0333). When the award for tuition is used by the student, the amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

#### *Title IV, Higher Education Administration (HEA) Program Funds*

Certain Title IV HEA Program funds are received by the District to pass through to students. These funds are initially received by the District and recorded as revenue. When the student is awarded these funds for tuition, the amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

#### *Other Tuition Discounts*

The District awards certain tuition scholarships from institutional and grant funds to students who qualify. When these amounts are transferred to the student for tuition, the amounts are recorded as tuition revenue and a corresponding amount is recorded as a tuition discount.

**Basis of Accounting**—The financial statements of the District have been prepared on the accrual basis, whereby all revenues are recorded when earned and expenses are recorded when they become a legal or contractual obligation to pay.

**Cash and Cash Equivalents**—The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**Investments**—In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair value is based on published market rates. Short-term investments consist of investments that have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

**Inventories**—Inventories consist of consumable office and physical plant supplies. Inventories are valued at cost under the first-in, first-out method and are charged to expense as consumed.

**Deferred Charges**—Current deferred charges of \$37,738,857 and \$33,960,916 represent expenses for scholarships and fellowships related to the periods after August 31, 2012 and 2011, respectively, and \$322,944 and \$354,791 represent bond issue costs to be amortized in the periods after August 31, 2012 and 2011, respectively.

The District defers and amortizes the production costs associated with instructional television programs and other related materials on a straight-line basis over the estimated useful life of such media, which ranges from two to five years. These materials are produced and used both internally for instruction and for lease by the District to other educational institutions. Aggregate deferred production costs, net of accumulated amortization, amounted to \$2,175,132 and \$2,324,237 at August 31, 2012 and 2011, respectively, and have been included in the accompanying Statements of Net Assets as non-current deferred charges. In addition, \$2,513,666 and \$2,836,610, the non-current portion of bond issue costs being amortized over the life of the bonds, is included for the periods ended August 31, 2012 and 2011, respectively.

**Capital Assets**—Capital assets are stated at cost. Donated capital assets are recorded at their estimated fair value on the date received. The District reports depreciation under a single-line item as a business-type unit. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. Library materials purchased during the fiscal year in an aggregate amount of \$5,000 or more are subject to capitalization and depreciation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Equipment, furniture, telecommunications and peripheral equipment apply depreciation on a half-month convention. A full-year convention is applied for buildings, facilities, land improvements and library books. Estimated useful lives of capital assets are established according to the following:

|   |          |
|---|----------|
| Buildings   | 50 years |
| Facilities and other improvements                   | 20 years |
| Library books                                       | 15 years |
| Furniture, machinery, vehicles, and other equipment | 10 years |
| Major maintenance initiatives                       | 10 years |
| Telecommunications and peripheral equipment         | 5 years  |

**Deferred Revenues**—Tuition and other revenues received, which relate to future periods, have been deferred.

**Estimates**—The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Operating and Non-Operating Revenue and Expense Policy**—The District distinguishes operating

revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues are tuition and contracts and grants. The major non-operating revenues are state appropriations, property tax collections and Title IV federal revenues not discounted against tuition. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operations of the bookstore and food service are performed by a third party contracted by the District.

***Use of Restricted Resources***—The District's practice is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

### 3. AUTHORIZED INVESTMENTS

The Board of Trustees of the District has adopted a written investment policy for the investment of its funds as defined in the Public Funds Investment Act (PFIA) of 1995, Section 2256.005 of the Texas Government Code, as amended.

The College District may make investments only in the following types of instruments:

1. Treasury bills, treasury notes, and treasury bonds of the United States and other direct obligations of the agencies and instrumentalities of the United States as permitted by Government Code 2256.009.
2. Fully collateralized repurchase agreements and reverse repurchase agreements permitted by Government Code 2256.011.
3. Certificates of deposit and share certificates that are fully guaranteed or insured by the FDIC, through an authorized broker/dealer, to one or more than one depository institution, as permitted by Government Code 2256.010.
4. Public funds investment pools as permitted by Government Code 2256.016.
5. A securities lending program as permitted by Government Code 2256.0115.
6. No-load money market mutual funds as permitted by Government Code 2256.014.
7. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015.
8. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than AA or its equivalent as permitted by Government Code 2256.009(a).
9. Investments that are fully guaranteed or insured by the FDIC.
10. Commercial paper with a maximum maturity of 181 days, rated A1/P1 by a nationally recognized rating agency.

Investment in any and all types of derivatives is prohibited.



#### 4. DEPOSITS AND INVESTMENTS

Under the terms of a bank depository agreement, District funds are to be fully invested at all times. The District maintains an investment pool included in the Statements of Net Assets as "Cash and Cash Equivalents" for those items with original maturities of 90 days or less, as "Short-term Investments" for those items with original maturities of 91 days to one year, and as "Long-term Investments" for those items with maturities of greater than one year.

Various restrictions on deposits and investments, including repurchase agreements, are imposed by statute and District policy. These restrictions are summarized below:

**Deposits**—Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. All deposits with the depository bank of the District must be collateralized in an amount equal to at least 100% of the amount of uninsured collected funds. The collateral must be held by a third-party collateral bank in the name of the District or there may be a surety bond issued by a company mutually agreeable to the District and the Depository.

The carrying amount of the District's deposits with financial institutions as of August 31, 2012 was \$4,640,943, and the bank balance was \$6,651,011. The carrying amount of the District's deposits with financial institutions as of August 31, 2011 was \$8,061,553, and the bank balance was \$9,527,787. At August 31, 2012 and 2011, all of the District's non-interest bearing deposits with banks were fully insured by FDIC under Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act for Temporary Unlimited Coverage for Noninterest-Bearing Transaction Accounts.

Cash and cash equivalents included on the Statements of Net Assets consist of the following:

|                                 | <u>2012</u>          | <u>2011</u>          |
|---------------------------------|----------------------|----------------------|
| Bank deposits                   |                      |                      |
| Local funds - demand            | \$ 4,604,443         | \$ 8,026,607         |
| Imprest funds                   | <u>8,500</u>         | <u>8,500</u>         |
| Total deposits                  | 4,612,943            | 8,035,107            |
| Cash on hand                    | 28,001               | 26,447               |
| Cash equivalents                |                      |                      |
| Investment in TexPool           | 1,235,541            | 10,947,617           |
| Investment in TexSTAR           | <u>29,332,686</u>    | <u>38,442,163</u>    |
| Total cash equivalents          | <u>30,568,227</u>    | <u>49,389,780</u>    |
| Total cash and cash equivalents | <u>\$ 35,209,171</u> | <u>\$ 57,451,334</u> |

**Investments**—The District has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an Amendment of GASB Statement No. 3*. Disclosures are presented accordingly. The District is authorized to invest in obligations and instruments as defined in

applicable sections of the current Texas Education Code and the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute. The investment policies of the District are governed by formally adopted procedures and allow investments as permitted under state laws for public institutions. Permissible investments under District policy include U.S. Treasury notes, certificates of deposit purchased from FDIC-insured state or nationally chartered U.S. banks, fully collateralized repurchase agreements and reverse repurchase agreements, investment pools, and securities issued by U.S. government agencies or municipalities.

At August 31, 2012 and 2011, long-term investments consisted of U.S. government and agency securities and obligations of municipalities. District policy requires that securities underlying its repurchase agreements must have a market value of at least 102% of the cost of the repurchase agreement and are to be collateralized with U.S. Treasury obligations or related securities which must be delivered to its depository banks for safekeeping. The District determines that, at least monthly, the collateral has a market value adequate to support such investments and that the collateral has been segregated by the bank.

Investments made by the District are carried at fair value, defined as the price at which two willing parties would complete an exchange.

As of August 31, 2012 the District had the following cash equivalents and investments and maturities:

|  | Fair Value            | Investment Maturities (in Years) |                      |                      |                      |                      |                      |
|--|-----------------------|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  |                       | Less than 1                      | 1-2                  | 2-3                  | 3-4                  | 4-5                  | 5-6                  |
| U. S. Agency notes and bonds           | \$ 186,997,676        | \$ -                             | \$ 20,019,072        | \$ 13,026,949        | \$ 48,512,847        | \$ 55,358,437        | \$ 50,080,371        |
| Municipal obligations                  | 2,039,180             | -                                | -                    | 2,039,180            | -                    | -                    | -                    |
| Investments in TexPool                 | 1,235,541             | 1,235,541                        | -                    | -                    | -                    | -                    | -                    |
| Investments in TexSTAR                 | 29,332,686            | 29,332,686                       | -                    | -                    | -                    | -                    | -                    |
| Total cash equivalents and investments | <u>\$ 219,605,083</u> | <u>\$ 30,568,227</u>             | <u>\$ 20,019,072</u> | <u>\$ 15,066,129</u> | <u>\$ 48,512,847</u> | <u>\$ 55,358,437</u> | <u>\$ 50,080,371</u> |

As of August 31, 2011 the District had the following cash equivalents, investments and maturities:

|  | Fair Value            | Investment Maturities (in Years) |                      |                      |                      |                      |                      |
|--|-----------------------|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  |                       | Less than 1                      | 1-2                  | 2-3                  | 3-4                  | 4-5                  | 5-6                  |
| U. S. Agency notes and bonds           | \$ 169,047,969        | \$ -                             | \$ 38,292,510        | \$ 23,284,200        | \$ 18,530,700        | \$ 34,672,890        | \$ 54,267,669        |
| Municipal obligations                  | 6,190,820             | 2,013,963                        | 2,088,500            | 2,088,360            | -                    | -                    | -                    |
| Investments in TexPool                 | 10,947,617            | 10,947,617                       | -                    | -                    | -                    | -                    | -                    |
| Investments in TexSTAR                 | 38,442,163            | 38,442,163                       | -                    | -                    | -                    | -                    | -                    |
| Total cash equivalents and investments | <u>\$ 224,628,569</u> | <u>\$ 51,403,743</u>             | <u>\$ 40,381,010</u> | <u>\$ 25,372,560</u> | <u>\$ 18,530,700</u> | <u>\$ 34,672,890</u> | <u>\$ 54,267,669</u> |

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. As previously described, the District's investment policy limits credit risk based on meeting requirements of State law.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District policy provides that investment maturities are limited to six years with the average maturity of no more than five years as a means of managing exposure to fair value losses arising from increasing interest rates. The District's philosophy is to hold all investments to their maturity.

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The District's investment policy sets guidelines for the maximum percent of portfolio for any one type of investment. However, all of the District's investments are backed by the U.S. Government and are not subject to concentration of credit risk. Investment in U.S. Agency securities, as the largest component of the portfolio, comprises 69.12% of the District's total portfolio at August 31, 2012 and meets the District's guideline of no more than 85% of the portfolio being U.S. Agency securities.

**RECONCILIATION OF DEPOSITS AND INVESTMENTS TO EXHIBIT 1**

|  | <u>Fair Market Value</u><br><u>August 31, 2012</u> | <u>Fair Market Value</u><br><u>August 31, 2011</u> |
|--|--|--|
| Total cash and cash equivalents                  | \$ 35,209,171                                      | \$ 57,451,334                                      |
| Total investments                                | <u>189,036,855</u>                                 | <u>175,238,789</u>                                 |
| Total  | <u>\$ 224,246,026</u>                              | <u>\$ 232,690,123</u>                              |
| Cash and cash equivalents (Exhibit 1)            | \$ 17,739,783                                      | \$ 45,743,218                                      |
| Restricted cash and cash equivalents (Exhibit 1) | 17,469,388   | 11,708,116   |
| Long-term investments (Exhibit 1)                | <u>189,036,855</u>                                 | <u>175,238,789</u>                                 |
| Total  | <u>\$ 224,246,026</u>                              | <u>\$ 232,690,123</u>                              |

There were no investments held by broker-dealers under reverse repurchase agreements as of August 31, 2012 or 2011.

TexPool represents an investment service authorized by the Texas Legislature and is under the direction of the State Comptroller. TexPool investments are subject to the same safety requirements maintained by the State Treasury for all state funds, including but not limited to compliance with the Public Funds Investment Act. The Legislature has authorized only certain investment instruments for public funds, including repurchase agreements, U.S. Treasury bills and bonds, securities of other U.S. government agencies, commercial paper and other safe instruments. The carrying value of TexPool represents the investment of the District. The investment in TexPool plus accrued interest may be redeemed by the District at any time. TexPool has not been assigned a risk category since the District is not issued securities, but rather owns an undivided beneficial interest in the assets of TexPool. The District's investment

in TexPool is included within cash and cash equivalents in the accompanying Statements of Net Assets, as the investment is redeemable on demand.

Created in April 2002 through a contract among its participating governing units, TexSTAR is governed by a board of directors to provide for the joint investment of participants' public funds under their control and meets requirements under the Public Funds Investment Act consequently investing in instruments similar to TexPool. Like those for TexPool, investments in TexSTAR plus accrued interest may be redeemed by the District at any time. Therefore, investments in TexSTAR are included within cash and cash equivalents in the accompanying Statements of Net Assets.

TexPool and TexSTAR are not registered with the SEC as investment companies but they operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB 31 allows 2a7-like pools to use amortized cost (which excludes unrealized gains and losses) rather than market value to report net assets to compute share price.

Derivatives are investment products which may be a security or a contract that derives its value from another security, currency, commodity, or index, regardless of the source of funds used. The investment policy of the District prohibits investments in derivative securities.

## 5. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2012 was as follows:

|  | Balance<br>September 1,<br>2011 | Increases/<br>Reclassifications | Decreases           | Balance<br>August 31,<br>2012 |
|--|---------------------------------|---------------------------------|---------------------|-------------------------------|
| Capital assets not subject to depreciation:            |                                 |                                 |                     |                               |
| Land   | \$ 39,019,430                   | \$ -                            | \$ (24,365)         | \$ 38,995,065                 |
| Construction in progress                               | <u>11,584,115</u>               | <u>3,217,580</u>                | <u>(478,697)</u>    | <u>14,322,998</u>             |
| Total not depreciated                                  | 50,603,545                      | 3,217,580                       | (503,062)           | 53,318,063                    |
| Capital assets subject to depreciation:                |                                 |                                 |                     |                               |
| Buildings and building improvements                    | 841,386,701                     | 831,179                         | -                   | 842,217,880                   |
| Land improvements                                      | 25,633,930                      | 75,722                          | -                   | 25,709,652                    |
| Furniture, machinery, vehicles,<br>and other equipment | 72,207,053                      | 4,164,800                       | (2,219,601)         | 74,152,252                    |
| Library books  | <u>10,428,223</u>               | <u>402,942</u>                  | <u>-</u>            | <u>10,831,165</u>             |
| Total depreciated                                      | 949,655,907                     | 5,474,643                       | (2,219,601)         | 952,910,949                   |
| Accumulated depreciation:                              |                                 |                                 |                     |                               |
| Buildings and building improvements                    | (223,620,029)                   | (19,870,738)                    | -                   | (243,490,767)                 |
| Land improvements                                      | (18,172,470)                    | (410,363)                       | -                   | (18,582,833)                  |
| Furniture, machinery, vehicles,<br>and other equipment | (50,178,811)                    | (5,561,200)                     | 1,739,992           | (54,000,019)                  |
| Library books  | <u>(7,400,376)</u>              | <u>(324,658)</u>                | <u>-</u>            | <u>(7,725,034)</u>            |
| Total accumulated depreciation                         | <u>(299,371,686)</u>            | <u>(26,166,959)</u>             | <u>1,739,992</u>    | <u>(323,798,653)</u>          |
| Net capital assets                                     | <u>\$ 700,887,766</u>           | <u>\$ (17,474,736)</u>          | <u>\$ (982,671)</u> | <u>\$ 682,430,359</u>         |

Capital assets activity for the year ended August 31, 2011 was as follows:

|  | Balance<br>September 1,<br>2010 | Increases/<br>Reclassifications | Decreases              | Balance<br>August 31,<br>2011 |
|--|---------------------------------|---------------------------------|------------------------|-------------------------------|
| Capital assets not subject to depreciation:            |                                 |                                 |                        |                               |
| Land   | \$ 39,663,059                   | \$ -                            | \$ (643,629)           | \$ 39,019,430                 |
| Construction in progress                               | <u>53,840,758</u>               | <u>11,935,391</u>               | <u>(54,192,034)</u>    | <u>11,584,115</u>             |
| Total not depreciated                                  | 93,503,817                      | 11,935,391                      | (54,835,663)           | 50,603,545                    |
| Capital assets subject to depreciation:                |                                 |                                 |                        |                               |
| Buildings and building improvements                    | 786,172,296                     | 55,214,405                      | -                      | 841,386,701                   |
| Land improvements                                      | 25,561,594                      | 72,336                          | -                      | 25,633,930                    |
| Furniture, machinery, vehicles,<br>and other equipment | 67,937,449                      | 5,537,321                       | (1,267,717)            | 72,207,053                    |
| Library books  | <u>10,016,448</u>               | <u>411,775</u>                  | <u>-</u>               | <u>10,428,223</u>             |
| Total depreciated                                      | 889,687,787                     | 61,235,837                      | (1,267,717)            | 949,655,907                   |
| Accumulated depreciation:                              |                                 |                                 |                        |                               |
| Buildings and building improvements                    | (203,778,356)                   | (19,841,673)                    | -                      | (223,620,029)                 |
| Land improvements                                      | (17,697,682)                    | (474,788)                       | -                      | (18,172,470)                  |
| Furniture, machinery, vehicles,<br>and other equipment | (46,040,287)                    | (5,367,606)                     | 1,229,082              | (50,178,811)                  |
| Library books  | <u>(7,102,399)</u>              | <u>(297,977)</u>                | <u>-</u>               | <u>(7,400,376)</u>            |
| Total accumulated depreciation                         | <u>(274,618,724)</u>            | <u>(25,982,044)</u>             | <u>1,229,082</u>       | <u>(299,371,686)</u>          |
| Net capital assets                                     | <u>\$ 708,572,880</u>           | <u>\$ 47,189,184</u>            | <u>\$ (54,874,298)</u> | <u>\$ 700,887,766</u>         |

## 6. NON-CURRENT LIABILITIES

Non-current liability activity for the year ended August 31, 2012 was as follows:

|   | Balance<br>September 1,<br>2011 | Additions   | Reductions             | Balance<br>August 31,<br>2012 | Current<br>Portion   |
|---|---------------------------------|-------------|------------------------|-------------------------------|----------------------|
| Series 2006 Revenue Financing<br>System Refunding Bonds | \$ 23,400,000                   | \$ -        | \$ (1,950,000)         | \$ 21,450,000                 | \$ 2,025,000         |
| Series 2009 Revenue Financing<br>System Refunding Bonds | 2,195,000                       | -           | (2,195,000)            | -                             | -                    |
| Series 2004 Maintenance Tax Notes                       | 8,460,000                       | -           | (6,290,000)            | 2,170,000                     | 2,170,000            |
| Series 2004 General Obligation Bonds                    | 2,700,000                       | -           | (2,700,000)            | -                             | -                    |
| Series 2008 General Obligation Bonds                    | 191,865,000                     | -           | (7,480,000)            | 184,385,000                   | 7,820,000            |
| Series 2009 General Obligation Bonds                    | 97,545,000                      | -           | (3,615,000)            | 93,930,000                    | 3,755,000            |
| Series 2010 General Obligation Bonds                    | 46,415,000                      | -           | (1,650,000)            | 44,765,000                    | 1,690,000            |
| Series 2010 General Obligation<br>Refunding Bonds       | 49,155,000                      | -           | (140,000)              | 49,015,000                    | 2,950,000            |
| Unamortized bond premium                                | 21,809,431                      | -           | (2,249,908)            | 19,559,523                    | 2,124,827            |
| Deferred loss on bond refunding                         | (3,008,204)                     | -           | 383,855                | (2,624,349)                   | (369,260)            |
| Accrued interest  | 808,235                         | -           | (38,110)               | 770,125                       | -                    |
| Compensable absences                                    | 10,614,797                      | -           | (1,023,120)            | 9,591,677                     | 7,241,697            |
| <b>Total</b>  | <b>\$ 451,959,259</b>           | <b>\$ 0</b> | <b>\$ (28,947,283)</b> | <b>\$ 423,011,976</b>         | <b>\$ 29,407,264</b> |

Non-current liability activity for the year ended August 31, 2011 was as follows:

|   | Balance<br>September 1,<br>2010 | Additions   | Reductions             | Balance<br>August 31,<br>2011 | Current<br>Portion   |
|---|---------------------------------|-------------|------------------------|-------------------------------|----------------------|
| Series 2006 Revenue Financing<br>System Refunding Bonds | \$ 25,275,000                   | \$ -        | \$ (1,875,000)         | \$ 23,400,000                 | \$ 1,950,000         |
| Series 2009 Revenue Financing<br>System Refunding Bonds | 4,345,000                       | -           | (2,150,000)            | 2,195,000                     | 2,195,000            |
| Series 2004 Maintenance Tax Notes                       | 14,435,000                      | -           | (5,975,000)            | 8,460,000                     | 6,290,000            |
| Series 2004 General Obligation Bonds                    | 5,270,000                       | -           | (2,570,000)            | 2,700,000                     | 2,700,000            |
| Series 2008 General Obligation Bonds                    | 198,975,000                     | -           | (7,110,000)            | 191,865,000                   | 7,480,000            |
| Series 2009 General Obligation Bonds                    | 101,010,000                     | -           | (3,465,000)            | 97,545,000                    | 3,615,000            |
| Series 2010 General Obligation Bonds                    | 47,060,000                      | -           | (645,000)              | 46,415,000                    | 1,650,000            |
| Series 2010 General Obligation<br>Refunding Bonds       | 49,290,000                      | -           | (135,000)              | 49,155,000                    | 140,000              |
| Unamortized bond premium                                | 24,217,109                      | -           | (2,407,678)            | 21,809,431                    | 2,249,908            |
| Deferred loss on bond refunding                         | (3,400,543)                     | -           | 392,339                | (3,008,204)                   | (383,855)            |
| Accrued interest  | 1,714,728                       | -           | (906,493)              | 808,235                       | -                    |
| Compensable absences                                    | 10,956,791                      | -           | (341,994)              | 10,614,797                    | 8,673,803            |
| <b>Total</b>  | <b>\$ 479,148,085</b>           | <b>\$ 0</b> | <b>\$ (27,188,826)</b> | <b>\$ 451,959,259</b>         | <b>\$ 36,559,856</b> |

## 7. DEBT AND LEASE OBLIGATIONS

The District has authorized debt of General Obligation (GO) bonds, Maintenance Tax Notes (MTN) and Revenue bonds. GO bonds are authorized by the Board of Trustees and approved by the voters of the District's service area and secured by an ad valorem tax rate (I&S portion) to cover the debt service of the bonds. MTN are secured by the M&O portion of the District's tax rate and are authorized by the Board of Trustees. Revenue bonds are secured by a portion of tuition and other revenue streams of the District. The following table shows the debt service by each type of bond for the next five years and thereafter:

|                       | General Obligation Bonds |                | Maintenance Tax Notes |           | Revenue Bonds |              |
|-----------------------|--------------------------|----------------|-----------------------|-----------|---------------|--------------|
|                       | Principal                | Interest       | Principal             | Interest  | Principal     | Interest     |
| Year ended August 31: |                          |                |                       |           |               |              |
| 2013                  | \$ 16,215,000            | \$ 17,341,556  | \$ 2,170,000          | \$ 39,331 | \$ 2,025,000  | \$ 899,932   |
| 2014                  | 16,845,000               | 16,713,318     |                       |           | 2,090,000     | 817,633      |
| 2015                  | 17,525,000               | 16,035,094     |                       |           | 2,175,000     | 721,457      |
| 2016                  | 18,295,000               | 15,259,494     |                       |           | 2,265,000     | 621,783      |
| 2017                  | 19,160,000               | 14,396,281     |                       |           | 2,360,000     | 517,482      |
| 2018 - 2022           | 110,740,000              | 57,039,406     |                       |           | 10,535,000    | 915,419      |
| 2023 - 2027           | 131,180,000              | 26,434,531     |                       |           |               |              |
| 2028 - 2030           | 42,135,000               | 1,851,103      |                       |           |               |              |
| Total                 | \$ 372,095,000           | \$ 165,070,783 | \$ 2,170,000          | \$ 39,331 | \$ 21,450,000 | \$ 4,493,706 |

The total debt service principal and interest requirements for all bonds and maintenance tax notes for the next five years and thereafter for recorded outstanding indebtedness are in the following table.

|                       | Principal      | Interest       | Total          |
|-----------------------|----------------|----------------|----------------|
| Year ended August 31: |                |                |                |
| 2013                  | \$ 20,410,000  | \$ 18,280,819  | \$ 38,690,819  |
| 2014                  | 18,935,000     | 17,530,951     | 36,465,951     |
| 2015                  | 19,700,000     | 16,756,551     | 36,456,551     |
| 2016                  | 20,560,000     | 15,881,277     | 36,441,277     |
| 2017                  | 21,520,000     | 14,913,763     | 36,433,763     |
| 2018 - 2022           | 121,275,000    | 57,954,825     | 179,229,825    |
| 2023 - 2027           | 131,180,000    | 26,434,531     | 157,614,531    |
| 2028 - 2030           | 42,135,000     | 1,851,103      | 43,986,103     |
| Total                 | \$ 395,715,000 | \$ 169,603,820 | \$ 565,318,820 |

Included in operating expenses is \$757,432 and \$1,508,173 of rent paid during fiscal years 2012 and 2011, respectively.

Future minimum lease payments under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2012 are as follows:

| <u>Year Ended</u> | <u>Minimum Future<br/>Lease Payments</u> |
|-------------------|--|
| 2013              | \$ 349,385                               |
| 2014              | 295,953                                  |
| 2015              | 306,887                                  |
| 2016              | 321,057                                  |
| 2017              | 100,787                                  |
| Total             | <u>\$ 1,374,069</u>                      |

There are currently no lease obligations beyond the year ending August 31, 2015.



## 8. BONDS PAYABLE

Bonds payable are due in annual and semiannual installments at variable interest rates. The interest rate ranges as well as maturity dates of each bond issue are listed below.

|  | Bonds Issued to Date | Range of Interest Rates | Maturities |           |                 |
|--|----------------------|-------------------------|------------|-----------|-----------------|
|  |                      |                         | First Year | Last Year | First Call Date |
| Series 2006 Revenue Financing System Refunding Bonds | 25,275,000           | 4.00%-5.00%             | 2011       | 2021      | 2/15/2017       |
| Series 2009 Revenue Financing System Refunding Bonds | 6,460,000            | 1.30%-2.30%             | 2010       | 2012      | N/A             |
| Series 2004 Maintenance Tax Notes                    | 38,555,000           | 2.00%-5.00%             | 2004       | 2013      | 2/15/2010       |
| Series 2004 General Obligation Bonds                 | 67,375,000           | 3.00%-5.00%             | 2005       | 2025      | 2/15/2013       |
| Series 2008 General Obligation Bonds                 | 211,975,000          | 3.50%-5.00%             | 2009       | 2028      | 2/15/2019       |
| Series 2009 General Obligation Bonds                 | 102,985,000          | 1.50%-5.00%             | 2010       | 2029      | 2/15/2020       |
| Series 2010 General Obligation Bonds                 | 47,060,000           | 2.00%-5.00%             | 2011       | 2030      | 2/15/2020       |
| Series 2010 General Obligation Refunding Bonds       | 49,290,000           | 2.00%-5.00%             | 2011       | 2025      | 2/15/2021       |

On April 6, 2004, pursuant to authority conferred by the Constitution and the laws of the State of Texas, including Sections 45.108 and 130.084, Texas Education Code, as amended, the District issued \$38,555,000 of Maintenance Tax Notes ("Series 2004 Notes"). The proceeds of the notes are being used to pay for planned maintenance expenses associated with various facilities of the District. The notes are direct obligations of the District payable from a continuing direct annual ad valorem tax pursuant to the District's maintenance tax authority, with the limits prescribed by law, on all taxable property in the District. Debt issue costs are being amortized over the life of the notes. As of August 31, 2012, the outstanding amount on the Series 2004 Notes is \$2,170,000.

On September 14, 2004, the District issued \$67,375,000 par value general obligation bonds ("Series 2004 Bonds") as the first issue of a \$450 million bond package approved by the voters in May 2004. A bond premium of \$3,288,442 and accrued interest of \$258,442 were received. The bonds were sold in \$5,000 increments with various interest rates and maturity dates. The earliest maturity date is February 15, 2006 and the last is February 15, 2025. A call option can be exercised for maturities greater than 2013. The cost of issuance and underwriter's discount totaled \$662,500. Proceeds of the bonds are to be utilized for acquisition of land and buildings and activities related thereto. The bonds were issued and the tax levied for their payment, pursuant to authority conferred by the Constitution and laws of the State of Texas. June 1, 2010, the bonds were recalled and refunded by Series 2010 General Obligation Refunding Bonds for maturities between 2013 and 2025.

On December 15, 2006 the District advance refunded \$27,050,000 of its outstanding Series 2001 Bonds for maturities 2011 and later by issuing \$25,275,000 in Series 2006 Revenue Financing System Refunding Bonds ("Series 2006 Bonds"). All Series 2006 Bonds authorized have been

issued to date. The average interest rate of the refunding bonds is 4.408% with a coupon range of 4.000-5.000%. After payment of \$413,578 in underwriting fees, insurance, and other issuance costs, all resources from the Series 2006 Bonds including transfers of \$2,965,199 of Series 2001 Bonds debt service funds were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 2001 Series bonds. The Series 2001 Bonds are considered fully defeased for maturities 2011 and later and the liability for those bonds has accordingly been removed from the Statement of Net Assets. Advance refunding of the 2001 Series bonds reduces the District's debt service payments by \$2,444,134. An economic gain (the difference between net present values of the debt service payments on the old and new debt adjusted for cash paid out) of \$1,208,966 was obtained by the advance refunding. The accounting "loss" that resulted from the bond refunding is \$1,130,637 and is being amortized over the life of the new debt by the effective interest method. At August 31, 2012, there was no Bond Reserve fund requirement.

On September 4, 2008, the District issued its second tranche of general obligation bonds approved by voters in the May 2004 \$450 million bond election. With a par amount of \$211,975,000 these bonds ("Series 2008 Bonds") were sold with a reoffering premium of \$9,629,583 and accrued interest of \$983,667. The bonds were sold in \$5,000 increments with interest rates varying from 3.5% to 5.0% and maturity dates from February 15, 2009 to February 15, 2028. A call option can be exercised for maturities after February 15, 2019. The cost of issuance and underwriter's discount totaled \$1,513,305. Proceeds of the bond were utilized to refund the \$125,000,000 outstanding of commercial paper, which matured on September 4, 2008, the same day as the bond proceeds were received. Remaining bond proceeds of \$95,000,000 are to be utilized for constructing and equipping buildings in the District. The bonds were issued and the tax levied for their payment, pursuant to authority conferred by the Constitution and laws of the State of Texas.

On June 4, 2009, the District issued the third tranche of general obligation bonds for the \$450 million bond election. This "Series 2009 Bonds" have a par amount of \$102,985,000 and were sold with a reoffering premium of \$7,904,650 and accrued interest of \$439,704. The bonds were sold in \$5,000 increments with interest rates varying from 1.5% to 5.0% and maturity dates from February 15, 2010 to February 15, 2029. The cost of issuance and underwriter's discount totaled \$869,233. Proceeds of the bond were utilized to continue the constructing and equipping of buildings in the District. The bonds were issued and the tax levied for their payment, pursuant to authority conferred by the Constitution and laws of the State of Texas.

On June 22, 2009, the District issued bonds through private placement for a current refunding of its outstanding Series 1998 bonds totaling \$6,370,000 by issuing \$6,460,000 in Series 2009 Revenue Financing System Refunding Bonds ("Series 2009 Refunding Bonds"). All Series 2009 Refunding Bonds authorized have been issued to date. The average interest rate of the refunding bonds is 2.073% with a coupon range of 1.300% - 2.300%. After a placement fee of \$39,200 and other issuance costs totaling \$31,950, all resources from the Series 2009 Refunding Bonds, including transfers of \$124,931 of Series 1998 Bonds debt service funds, were placed into an escrow fund to provide for payments on the recalled Series 1998 Bonds. The Series 1998 Bonds are fully paid and the liability for those bonds has accordingly been removed from the Statement of Net Assets. Current refunding of the Series 1998 Bonds reduces the District's debt service payments by \$185,903. An economic gain (the difference between net present values of the debt service payments on the old and new debt adjusted for cash paid out) of \$178,772 was obtained by the current refunding. At August 31, 2012, there was no Bond Reserve Fund requirement.

On January 15, 2010, the District issued its fourth and final tranche of general obligation bonds for the \$450 million bond election. The "Series 2010 General Obligation Bonds" have a par

amount of \$47,060,000 and were sold with a reoffering premium of \$3,394,071. The bonds were sold in \$5,000 increments with interest rates varying from 2.0% to 5.0% and maturity dates from February 15, 2011 to February 15, 2030. The cost of issuance was \$158,879 and underwriter's discount was \$295,193. Proceeds of the bonds were utilized to continue the constructing and equipping of buildings in the District. The bonds were issued and the tax levied for their payment, pursuant to authority conferred by the Constitution and laws of the State of Texas.

On June 1, 2010, the District advanced refunded \$50,635,000 of its outstanding Series 2004 General Obligation Bonds by issuing \$49,290,000 of Series 2010 General Obligation Refunding Bonds ("Series 2010 Refunding Bonds"). All Series 2010 Refunding Bonds authorized have been issued to date. The average interest rate of the refunded bonds is 5% as all remaining outstanding bonds were 5% interest. After payment of \$839,077 in issuance costs and underwriting fees, including issuance costs carried forward from the refunded bonds, net proceeds were \$55,099,048. Debt service funds were placed in an irrevocable trust with an escrow agent to provide for all future debt payments on the Series 2004 Bonds. The Series 2004 Bonds are considered fully defeased for maturities 2013 and later and the liability for those bonds has accordingly been removed from the Statements of Net Assets. An economic gain of \$3,118,507 was obtained by the advance refunding. The accounting "loss" that resulted from the bond refunding is \$2,757,407 and is being amortized over the life of the new debt by the effective interest method.

In 2012, the District incurred \$16,862,201 in interest cost, of which \$16,862,201 was expensed. In 2011, the District incurred \$18,094,031 in interest cost, of which \$18,094,031 was expensed.

At its April 3, 2007 meeting, the Board of Trustees of the Dallas County Community College District passed a resolution approving the use of a Commercial Paper Program for use as an interim financing tool for the \$450 million, voter-approved, capital improvement program ultimately financed by Interest and Sinking ad valorem taxes. The Commercial Paper Program was ended by board resolution on November 3, 2009.

**9. DEFEASED BONDS OUTSTANDING**

As of August 31, 2012 and 2011 the District had the following defeased bonds outstanding:

| <u>Bond Issue</u>                          | <u>Year Refunded</u> | <u>Par Value Outstanding</u> |                      |
|--|----------------------|------------------------------|----------------------|
|  |                      | <u>2012</u>                  | <u>2011</u>          |
| Series 1992 Revenue Financing System Bonds | 1998                 | \$ -                         | \$ 2,450,000         |
| Series 2001 Revenue Financing System Bonds | 2006                 | 23,140,000                   | 25,140,000           |
| Series 2004 General Obligation Bonds       | 2010                 | 50,635,000                   | 50,635,000           |
|  |                      | <u>\$ 73,775,000</u>         | <u>\$ 78,225,000</u> |

## 10. RETIREMENT PLAN

The State of Texas has joint contributory retirement plans for almost all its employees. Full time employees participate in either the Teacher Retirement System (TRS) or the Optional Retirement System (ORP).

### ***Teacher Retirement System of Texas – Defined Benefit Plan***

*Plan Description* -The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple-employer defined benefit pension plan. TRS administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees of the public school systems, colleges and university employees and state employees. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67 and Texas Government Code, Title 8, Subtitle C. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from [www.trs.state.tx.us](http://www.trs.state.tx.us) under the TRS Publications heading.

*Funding Policy* – Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of TRS; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2012 and 2011. For fiscal year 2012, state law provides for an employer's contribution rate of 6.000% and for fiscal year 2011, 6.644%. In certain instances, the reporting district is required to make all or a portion of the state's contribution amounts.

District employees who are employed for one half or more of the standard workload and who are not exempted from membership under Texas Revised Civil Statutes are eligible to participate in TRS. Employees who retire at or after age 65 with 5 years of creditable service or age 60 with 20 years of service or age 55 with 30 years of service are entitled to full retirement benefits. Eligible employees may receive reduced benefits at age 55 with at least 5 years of service or at any age with 30 or more years of service.

### ***Optional Retirement Plan – Defined Contribution Plan***

*Plan Description* - Eligible faculty and administrative personnel may participate in an optional retirement plan in lieu of the Teacher Retirement System plan. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

*Funding Policy* - Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. For fiscal years 2012 and 2011, the percentage of participants' salaries contributed by each participant was 6.65% of annual compensation. For fiscal year 2012, the percentage of participants' salaries contributed by the state was 6.0% and 6.4%, respectively. In certain instances, the reporting district is required to make all or a portion of the state's contribution amounts. In addition, as allowed by the Texas Higher Education Coordinating Board regulations, for each participant enrolled in ORP prior to September 1, 1995,

the District contributed 2.5% of annual compensation for fiscal year 2012 and 2.1% for fiscal year 2011. For participants enrolled in ORP after September 1, 1995, the District contributed 0.58% of annual compensation for fiscal year 2012 and 0.18% for fiscal year 2011.

Since these are individual annuity contracts, the State has no additional or unfunded liability for this program.

For the years ended August 31, 2012 and 2011 the total payroll of the District was \$207,751,629 and \$222,165,680, the payroll for employees covered by TRS was \$109,997,907 and \$115,784,638 and the payroll for employees covered by the optional retirement plan was \$52,368,186 and \$60,488,279, respectively. The retirement expense to the State for the District was \$5,508,443 and \$10,116,107 for the fiscal years ended August 31, 2012 and 2011, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the District. For fiscal year 2012, the actual cost of providing ORP and TRS retirement benefits for the year was \$10,600,889. The total amount the state contributed toward the employer portion of both ORP and TRS was \$5,508,443 and the District portion was \$5,092,446. The state contributed \$2,988,250 as the portion identified by the District for ORP contributions. The remainder \$2,520,193 was the state's contribution toward the employer portion of TRS. The District remitted on a monthly basis the difference between the total TRS employer contribution and the TRS state contribution.

## **11. DEFERRED COMPENSATION PLAN**

The District has established a deferred compensation plan under which selected executives may elect to defer a portion of their earnings for tax and investment purposes pursuant to authority granted in Government Code §609.001. For the years ended August 31, 2012, and August 31, 2011, the District had one employee participating in the program.

It is the opinion of the District's legal counsel that the District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

## 12. COMPENSABLE ABSENCES

Full-time professional support staff and administrators earn annual leave from one to two days per month depending on the length of employment with the District. The policy of the District is that an employee may carry his or her accrued leave forward from one fiscal year to another fiscal year with a maximum number of days of 48. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. At August 31, 2012, the District has recognized the accrued liability for the unpaid annual leave, including amounts for salary-related payments, for \$9,591,677, of which \$7,539,627 was recorded as a current liability and \$2,052,050 was recorded as a non-current liability. As of August 31, 2011, the District had recognized the accrued liability for the unpaid annual leave, including amounts for salary-related payments, for \$10,614,797 of which \$8,673,803 was recorded as a current liability and \$1,940,994 was recorded as a non-current liability. Unpaid annual leave of \$1,432,107 as of August 31, 2011, for participants of the voluntary retirement incentive, was considered a current liability. Sick leave, which can be accumulated up to 66 days, is earned at the rate of one day per month. It is used by an employee who misses work because of illness. The policy of the District is to recognize the cost of sick leave when paid. Employees are not entitled to be paid for sick leave accrued but not taken upon termination. Accordingly, no liability for sick leave is reflected in the accompanying Statements of Net Assets. The same applies to extenuating circumstance leave which accrues at a rate of 2 days per year to a maximum of 4 days but is not payable on termination.



### 13. COMMITMENTS AND CONTINGENCIES

**Commitments**—The District has entered into contracts for the planning and construction of new facilities, as well as for the renovation and repair of existing campuses within the District. Commitments remaining under such contracts at August 31, 2012 are \$1,265,094.

**Pending Lawsuits and Claims**—Various claims and lawsuits are pending against the District. In the opinion of District administration, the potential loss on all claims and lawsuits, to the extent not provided for by insurance or otherwise, will not be significant to the financial statements of the District.

**Contingencies**—The District has received federal, state and other financial assistance in the form of contracts and grants that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agency for expenses disallowed under terms and conditions specified in the grant agreements. In the opinion of District management, such disallowed expenses, if any, will not be significant to the financial statements of the District.

On August 25, 2008, the District sold a building to the University of North Texas. A clause in the original deed requires that the District remain in the line of guarantors on two ground leases, which are in effect through 2047 and 2048. The probability of having to pay the ground leases is remote since the University of North Texas is the current owner and the District follows them or any future owners in the line of priority for the guarantee. The potential amount owed through the end of the leases is in excess of \$3.5 million. However, because the probability of having to pay is remote, the District does not plan to accrue a liability.

#### **14. CONTRACT AND GRANT AWARDS**

Contract and grant awards are accounted for in accordance with generally accepted accounting principles in the United States. Funds received but not expended during the reporting period are shown as deferred revenues on the Statements of Net Assets. Revenues are recognized on the Statements of Revenues, Expenses and Changes in Net Assets as funds are actually expended. For federal contract and grant awards, funds expended but not collected are reported as accounts receivable on the Statements of Net Assets. Non-federal contract and grant awards for which funds are expended but not collected are also reported as accounts receivables on the Statements of Net Assets. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant award funds already committed or funds awarded during fiscal year 2012 for which monies have not been received nor funds expended totaled \$56,039,880. Of this amount, \$43,837,637 is from federal contract and grant awards and \$12,202,243 is from state contract and grant awards. Contract and grant award funds already committed or funds awarded during fiscal year 2011 for which monies had not been received nor funds expended totaled \$75,140,540. Of this amount, \$69,196,222 was from federal contract and grant awards and \$5,944,318 was from state contract and grant awards.

## 15. SELF-INSURED AND RISK MANAGEMENT PLANS

The District is exposed to various risks of loss related torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District fully insures its buildings, structures, contents and equipment with the purchase of commercial property insurance and also procures general and excess liability insurance and auto coverages.

Prior to August 31, 1998 the District was self-insured for workers' compensation. Effective September 1, 1998 the District implemented a guaranteed cost workers' compensation insurance program to handle workers' compensation claims. The District returned to a self-insured plan effective September 1, 2002. The accrued liability balance is based upon third party actuarial information. Future payments for the incurred claims will be paid from the accrued liability.

Self-insurance activity for the plan prior to 1998 for the years ended August 31, 2012 and 2011 was as follows:

| <b>Accrued Claim Liability<br/>for the Year Ended<br/>August 31,</b> | <b>Balance<br/>September 1,</b> | <b>Additions</b> | <b>Reductions<br/>in Liability/<br/>Claims<br/>Paid</b> | <b>Balance<br/>August 31,</b> |
|--|---------------------------------|------------------|---|-------------------------------|
| 2012   | \$ 244,361                      | \$ -             | \$ -  | \$ 244,361                    |
| 2011   | 245,354                         | -                | (993)   | 244,361                       |

Self-insurance activity for the current plan for the years ended August 31, 2012 and 2011 was as follows:

| <b>Accrued Claim Liability<br/>for the Year Ended<br/>August 31,</b> | <b>Balance<br/>September 1,</b> | <b>Additions</b> | <b>Reductions<br/>in Liability/<br/>Claims<br/>Paid</b> | <b>Balance<br/>August 31,</b> |
|--|---------------------------------|------------------|---|-------------------------------|
| 2012   | \$ 1,130,158                    | \$ 504,739       | \$ (504,747)  | \$ 1,130,150                  |
| 2011   | 1,050,419                       | 570,258          | (490,519)   | 1,130,158                     |

## 16. HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums.

For the year ended August 31, 2012, the state's maximum contribution per full-time employee was \$438.30 per month for the year and totaled \$5,259.60 per employee for the year. The state also paid an additional amount for a spouse, child(ren), or both for a maximum amount of \$689.04, \$606.20, and \$856.94 per month, respectively. The cost of providing all health benefits for the year was \$6,926,484 for 1,135 retirees and \$18,583,294 for 3,060 active employees.

The state's maximum contribution per full-time employee for the year ended August 31, 2011 was \$413.26 per month for an annualized cost of \$4,959.12 per employee. The state also paid an additional amount for a spouse, child(ren), or both for a maximum amount of \$649.60, \$571.32, and \$807.86 per month respectively. The actual cost of providing all health benefits for the year was \$5,082,773 for 930 retirees and \$19,564,208 for 3,302 active employees.

The health insurance expense to the state for the District was \$9,258,438 and \$15,042,227 for the fiscal years ended August 31, 2012 and 2011, respectively. The amounts represent the portion of expended appropriations made by the State Legislature on behalf of the District.

## 17. POSTEMPLOYMENT BENEFIT PLANS

*Plan Description* - The District contributes to the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer, defined benefit post-employment healthcare plan administered by the Employees Retirement System of Texas (ERS). These medical benefits are provided to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by State law and may be amended by the Texas Legislature. ERS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained from ERS via their website at <http://www.ers.state.tx.us/>.

*Funding Policy* - Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution. The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy, which is actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions*. The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to the plan for the years ended August 31, 2012, 2011, and 2010 were \$16,251,340, \$9,658,852, and \$7,196,578, respectively, which equaled the required contributions each year.

## 18. RELATED PARTIES

During the year, the District furnished certain services such as office space, utilities, and some staff assistance to the Foundation as discussed in Notes 1 and 26.

## 19. AD VALOREM TAX

Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year. Taxes levied for the years ended August 31, 2012 and 2011 were \$161,589,198 and \$163,180,919, respectively (which includes any penalties and interest assessed, if applicable).

Tax rates for the years ended August 31, 2012 and 2011 are as follows:

|   | 2012               |              |            | 2011               |              |            |
|---|--------------------|--------------|------------|--------------------|--------------|------------|
|   | Current Operations | Debt Service | Total      | Current Operations | Debt Service | Total      |
| Authorized tax rate per \$100 valuation<br>(Maximum per enabling legislation) | \$ 0.16000         | \$ 0.50000   | \$ 0.66000 | \$ 0.16000         | \$ 0.50000   | \$ 0.66000 |
| Assessed tax rate per \$100 valuation   | \$ 0.07890         | 0.02077      | \$ 0.09967 | \$ 0.07780         | \$ 0.02143   | \$ 0.09923 |

At August 31, 2012 and 2011 valuation for property taxed by the District was as follows:

|  | 2012               | 2011               |
|--|--------------------|--------------------|
| Assessed valuation of the District     | \$ 184,081,684,504 | \$ 186,615,099,253 |
| Less exemptions                        | 22,658,860,778     | 23,375,863,562     |
| Net assessed valuation of the District | \$ 161,422,823,726 | \$ 163,239,235,691 |

The Dallas County Tax Assessor-Collector is the Collecting Agency for the levy and remits the collections to the District, net of a collection fee. The use of tax proceeds is restricted to either maintenance and operations or funding interest and sinking requirements.

|                              | Maintenance & Operations |                       | Interest & Sinking | 2012<br>Total  |
|------------------------------|--------------------------|-----------------------|--------------------|----------------|
|                              | Current Operations       | Maintenance Tax Notes | Debt Service       |                |
| Gross Taxes Collected - 2012 |                          |                       |                    |                |
| Current                      | \$ 118,240,000           | \$ 6,483,544          | \$ 33,734,638      | \$ 158,458,182 |
| Delinquent                   | 851,556                  | 54,767                | 201,031            | 1,107,354      |
| Penalties and interest       | 1,841,588                | -                     | -                  | 1,841,588      |
| Total collections            | \$ 120,933,144           | \$ 6,538,311          | \$ 33,935,669      | \$ 161,407,124 |

| Gross Taxes Collected - 2011 | Maintenance & Operations |                          | Interest & Sinking | 2011<br>Total  |
|------------------------------|--------------------------|--------------------------|--------------------|----------------|
|                              | Current<br>Operations    | Maintenance<br>Tax Notes | Debt<br>Service    |                |
| Current                      | \$ 118,112,913           | \$ 6,273,880             | \$ 34,902,425      | \$ 159,289,218 |
| Delinquent                   | 802,787                  | (134,504)                | 41,079             | 709,362        |
| Penalties and interest       | 2,085,623                | 0                        | 0                  | 2,085,623      |
| Total collections            | \$ 121,001,323           | \$ 6,139,376             | \$ 34,943,504      | \$ 162,084,203 |

Tax collections for the years ended August 31, 2012 and 2011 were approximately 98% of the current tax levy for both years. Allowances for uncollectible taxes (see Note 4) are based upon historical experience in collecting ad valorem taxes.

Under GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, ad valorem taxes are imposed non-exchange revenue. Assets from imposed non-exchange transactions are recorded when the entity has an enforceable legal claim to the asset or when the entity receives resources, whichever comes first. The enforceable legal claim date for ad valorem taxes is the assessment date. Accordingly, the District has recognized all assessed taxes in the current year and recorded a receivable for uncollected taxes.



**20. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

**Receivables**—Receivables at August 31, 2012 and 2011 were as follows:

|   | <u>2012</u>                 | <u>2011</u>                 |
|---|-----------------------------|-----------------------------|
| Ad valorem taxes                          | \$ 7,718,712                | \$ 7,896,531                |
| Student tuition and charges               | 11,393,570                  | 13,315,880                  |
| Accounts Receivable                       |                             |                             |
| Federal grants                            | 38,118,187                  | 36,759,113                  |
| State grants                              | 958,889                     | 2,895,826                   |
| Local grants                              | 669,198                     | 289,331                     |
| Interest on investments                   | 533,294                     | 796,702                     |
| Other receivables                         | <u>1,467,536</u>            | <u>1,429,429</u>            |
| Total receivables                         | 60,859,386                  | 63,382,812                  |
| Less allowances for uncollectible amounts |                             |                             |
| Ad valorem taxes                          | (6,294,334)                 | (6,299,195)                 |
| Student tuition and charges               | (2,405,564)                 | (1,787,589)                 |
| Other receivables                         | <u>(73,523)</u>             | <u>(70,593)</u>             |
| Total allowances                          | <u>(8,773,421)</u>          | <u>(8,157,377)</u>          |
| Total receivables, net of allowances      | <u><u>\$ 52,085,965</u></u> | <u><u>\$ 55,225,435</u></u> |

**Payables**—Accounts Payable at August 31, 2012 and 2011 were as follows:

|                               | <u>2012</u>                 | <u>2011</u>                 |
|-------------------------------|-----------------------------|-----------------------------|
| Vendors payable               | \$ 5,566,063                | \$ 9,837,706                |
| Salaries and benefits payable | 6,293                       | 29,141                      |
| Students payable              | <u>18,592,306</u>           | <u>17,567,858</u>           |
| Total accounts payable        | <u><u>\$ 24,164,662</u></u> | <u><u>\$ 27,434,705</u></u> |

## 21. DEFERRED REVENUES

Revenues, consisting primarily of tuition and fees related to academic terms in the next fiscal year and contract and grant revenue received prior to being earned, are recorded on the Statements of Net Assets as deferred revenues in the current fiscal year.

Deferred revenue balances at August 31, 2012 and 2011 are as follows:

|   | <u>2012</u>          | <u>2011</u>          |
|---|----------------------|----------------------|
| Deferred revenues related to students and other customers | \$ 33,849,820        | \$ 35,445,799        |
| Deferred revenues related to grants and contracts         | 43,554,867           | 40,850,299           |
| Total deferred revenues                                   | <u>\$ 77,404,687</u> | <u>\$ 76,296,098</u> |

## 22. FUNDS HELD IN TRUST BY OTHERS

The District holds funds for certain student organizations and other agencies. These amounts are reflected in the basic financial statements as funds held for others in the amounts of \$2,436,899 and \$2,517,802 for 2012 and 2011, respectively.

### 23. INCOME TAXES

The District is exempt from income taxes under Internal Revenue Code Section 115, "*Income of States, Municipalities, etc.*," although unrelated income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), "*Imposition of Tax on Unrelated Business Income of Charitable, etc., Organizations.*" The District had no material unrelated business income tax liability for the years ended August 31, 2012 nor 2011.

## 24. TAX INCREMENT FINANCING DISTRICTS

The District participates in a number of tax increment financing districts ("TIFs"). The following table summarizes the obligations of the District's involvement in the TIFs:

| <u>TIF Title</u>                          | <u>Percentage of<br/>Incremental<br/>Tax<br/>Committed</u> | <u>Taxes<br/>Forgone in<br/>2012</u> | <u>Taxes<br/>Forgone in<br/>2011</u> |
|---|--|--------------------------------------|--------------------------------------|
| Oak Cliff Gateway                         | 100%   | \$ 51,697                            | \$ 61,966                            |
| City of Irving                            | 100  | 366,683                              | 367,357                              |
| City of Farmers Branch Mercer Crossing    | 35   | 16,611                               | 18,900                               |
| City of Farmers Branch Old Farmers Branch | 100  | 3,602                                | 3,455                                |
| City of Grand Prairie #1                  | 100  | 91,511                               | 91,909                               |
| City of Grand Prairie #2                  | 100  | 68,284                               | 75,466                               |
| City of Grand Prairie #3                  | 100  | 7,494                                | 10,699                               |
| Total taxes forgone                       |  | <u>\$ 605,882</u>                    | <u>\$ 629,752</u>                    |

## 25. GENERAL OPERATING REVENUES

General operating revenues of \$1,858,210 and \$1,901,831 for the years ended August 31, 2012 and 2011, respectively, consist of a variety of miscellaneous revenues that include such items as payments for parking citations, room rental income, certain ticket sales, credit by exam income and other miscellaneous income not applicable to any other category.

## 26. COMPONENT UNITS

### DALLAS COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.— DISCRETELY PRESENTED COMPONENT UNIT

Dallas County Community College District Foundation, Inc. (the "Foundation") was established as a separate non-profit organization in 1973 to raise funds to provide student scholarships and assistance in the development and growth of the District. Under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit. Accordingly, the Foundation's financial statements are included in the District's annual report as a discretely presented component unit (see table of contents). Complete financial statements of the Foundation can be obtained from the administrative office of the Foundation.

## NOTE A - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### General

Dallas County Community College District Foundation, Inc. (the "Foundation") is a nonprofit organization established in 1973. The Foundation's sole purpose is to provide benefits such as scholarships and grants to the Dallas County Community College District (the "District"), and to the students, faculty, and staff of the District's seven colleges, and R. Jan LeCroy Center for Educational Telecommunications.

### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis financial reporting framework, in accordance with Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC Topic 958-205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets:

- **Unrestricted Net Assets** – These are net assets that are not subject to donor-imposed restrictions and may be used for any operating purpose of the Foundation.
- **Temporarily Restricted Net Assets** – These are net assets that are subject to donor-imposed stipulations that require the passage of time and/or the occurrence of a specific event, for them to be used.
- **Permanently Restricted Net Assets** – These are net assets required to be maintained in perpetuity, with only the income used for operating activities, due to donor-imposed restrictions.

In addition, the Foundation is required by FASB ASC Topic 958-205 to present a statement of cash flows.

### Cash and Cash Equivalents

The Foundation considers all highly liquid investments with initial maturities of three months or less to be current cash and cash equivalents. Cash and cash equivalents held in money market funds are reported as non-current cash equivalents because the Foundation holds those funds as an endowment.

## Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are reported in the statements of activities.

The Foundation maintains an investment management agreement with Smith Asset Management Group, L.P.; Vanguard; Acadian Asset Management, LLC; Columbia Management; Harbor Funds; IVA Funds; Third Avenue; Perkins Investment Fund; and Barrow Henley, Mewhinney and Strauss whereby these investment managers manage the Foundation's investments in a manner consistent with the investment goals and policies established by the Foundation's Board of Directors.

## Revenue Recognition

In accordance with FASB ASC Topic 958-605, *Accounting for Contributions Received and Contributions Made*, contributions received by the Foundation are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized as revenues in the period unconditional promises to give are received by the Foundation. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted using the risk-free rate as of the date the unconditional promise to give was received by the Foundation. Amortization of discounts is recorded as additional contributions in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible receivables is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fund-raising activity. Amounts deemed by management to be uncollectible are charged to expenses. Recoveries on receivables previously charged-off are credited to expenses. Management believes that all outstanding pledges are collectible and no allowance is necessary as of August 31, 2012 and 2011.

Interest income is recognized on the accrual basis. Dividends are recorded on the ex-dividend date.

## Contributed Services

The salaries of certain Foundation employees have been donated by the District. The estimated fair value of these contributed services is \$580,736 and \$566,777 for fiscal years 2012 and 2011, respectively, and has been included in contributed employees' salaries and benefits in the revenues section, and management and general expenses in the accompanying statements of activities.

The District also provides office space and equipment at no cost to the Foundation. Because the Foundation does not have a clearly measurable basis to estimate the value of these contributed facilities and equipment, no amounts have been reflected in the financial statements.

## Federal Income Taxes

The Foundation is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the Code) of 1986, as amended, as an organization described in Section 501(c)(3) of the Code. However, income generated from activities unrelated to the Foundation's exempt



purpose is subject to tax under Section 511 of the Code. The Foundation did not conduct any unrelated business activities in fiscal years 2012 and 2011. Therefore, the Foundation has made no provision for federal income taxes in the accompanying financial statements. Accordingly, contributions to the Foundation are tax deductible within the limitations prescribed by the Code. The Foundation has also been classified as a publicly-supported organization which is not a private foundation under Section 509(a) of the Code.

The Foundation applies the provisions of FASB ASC Topic 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates included in the financial statements are present values of contributions receivable expected to be received beyond one year.

Reclassifications

The previously issued fiscal year 2011 statement of financial position was not presented in the classified format. The accompanying fiscal year 2011 statement of financial position has been presented in the reclassified format to conform to the current year's classified presentation. Specifically, noncurrent assets and liabilities not segregated in the previously issued fiscal year 2011 statement of financial position have been segregated to conform to the presentation format used for 2012.

**NOTE B - INVESTMENTS**

Investments are composed of the following as of August 31:

|                  | <u>2012</u>          |                      | <u>2011</u>          |                      |
|------------------|----------------------|----------------------|----------------------|----------------------|
|                  | <u>Cost</u>          | <u>Fair Value</u>    | <u>Cost</u>          | <u>Fair Value</u>    |
| Corporate bonds  | \$ 3,543,697         | \$ 5,349,057         | \$ 3,731,926         | \$ 5,271,424         |
| Corporate stocks | 3,907,533            | 4,879,681            | 3,926,449            | 4,398,802            |
| Mutual funds     | 14,402,479           | 15,266,592           | 14,098,117           | 14,912,572           |
|                  | <u>\$ 21,853,709</u> | <u>\$ 25,495,330</u> | <u>\$ 21,756,492</u> | <u>\$ 24,582,798</u> |

Investment securities are exposed to various risks, such as interest rate, custodial and market credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term, and that such changes could significantly affect the amounts reported in the financial statements.

For the years ended August 31, 2012 and 2011, the components of investment earnings are:

|   | <u>2012</u>         | <u>2011</u>         |
|---|---------------------|---------------------|
| Investment income                             | \$ 580,736          | \$ 443,411          |
| Net gain on investments carried at fair value | <u>951,062</u>      | <u>2,207,603</u>    |
| Total investment return                       | <u>\$ 1,531,798</u> | <u>\$ 2,651,014</u> |

**NOTE C - CONTRIBUTIONS RECEIVABLE**

Contributions receivable consist of the following unconditional promises to give:

|  | <u>August 31,</u>   |                     |
|--|---------------------|---------------------|
|  | <u>2012</u>         | <u>2011</u>         |
| Contributions receivable   | \$ 3,166,667        | \$ 3,175,000        |
| Less unamortized discount ranging from 0.17% to 3.84% at August 31, 2012 and 0.68% to 3.84% at August 31, 2011 | <u>(115,631)</u>    | <u>(154,594)</u>    |
|  | <u>\$ 3,051,036</u> | <u>\$ 3,020,406</u> |

The maturity of contributions receivable as of August 31, is as follows:

|                    | <u>2012</u>         | <u>2011</u>         |
|--------------------|---------------------|---------------------|
| Less than one year | \$ 1,333,333        | \$ 1,000,000        |
| One to five years  | <u>2,033,334</u>    | <u>2,175,000</u>    |
|                    | <u>\$ 3,166,667</u> | <u>\$ 3,175,000</u> |

**NOTE D - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

|   | <u>August 31,</u>   |                     |
|---|---------------------|---------------------|
|   | <u>2012</u>         | <u>2011</u>         |
| Student scholarship for tuition and books                                 | \$ 1,738,872        | \$ 1,715,489        |
| Professional development, student related activities, and program support | <u>1,786,936</u>    | <u>1,970,601</u>    |
|   | <u>\$ 3,525,808</u> | <u>\$ 3,686,090</u> |

**NOTE E - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets are maintained for the benefit of the following:

|  | <b>August 31,</b>    |                      |
|--|----------------------|----------------------|
|  | <u>2012</u>          | <u>2011</u>          |
| Student scholarship for tuition and books                                    | \$ 26,479,368        | \$ 25,977,433        |
| Professional development, student related activities,<br>and program support | <u>1,022,837</u>     | <u>911,160</u>       |
|  | <u>\$ 27,502,205</u> | <u>\$ 26,888,593</u> |

The Foundation’s permanently restricted net assets are restricted to investments in perpetuity, although the income from these permanently restricted assets is available for scholarships and grants.

**NOTE F - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from restrictions consisting of temporarily restricted funds were due mainly to satisfaction of purpose restrictions, and amounted to \$1,759,808 and \$1,098,457 for the years ended August 31, 2012 and 2011, respectively.

**NOTE G – CONCENTRATION OF CREDIT RISK**

The Foundation maintains deposits at federally insured banks. In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Program) was passed to amend the Federal Deposit Insurance (FDI) Act to provide full deposit insurance coverage for noninterest-bearing transaction accounts and Interest on Lawyer Trust Accounts (IOLTAs) beginning December 31, 2010, for a two-year period through December 31, 2012. The Foundation’s deposit account balance exceeded the federally insured limit by approximately \$299,811 and \$0 as of August 31, 2012 and 2011, respectively, which was not otherwise insured. The Foundation did not experience any losses in such accounts.

**NOTE H - TRANSACTIONS WITH RELATED PARTIES**

The Foundation’s payments to the District for scholarships and grants amounted to \$1,322,608 and \$783,678 for fiscal years 2012 and 2011, respectively. At August 31, 2012 and 2011, the Foundation owed the District \$557,332 and \$165,277, respectively, for scholarships and grants.

Also, as described in the Contributed Services paragraph of Note A, the District paid the salaries and benefits of certain Foundation’s employees and the estimated fair value of these contributed services is \$580,736 and \$566,777 for fiscal years 2012 and 2011, respectively. Further, the District also provided office space and equipment at no cost to the Foundation. Because the Foundation does not have a clearly measurable basis to estimate the value of these contributed facilities and equipment, no amounts have been reflected in the Foundation’s financial statements.

**NOTE I - FAIR VALUE MEASUREMENTS**

FASB ASC Topic 820, *Fair Value Measurements*, provides a framework for measuring fair value. FASB ASC Topic 820 also establishes a fair value hierarchy that distinguishes between inputs based on market data from independent sources (observable inputs) and a reporting entity’s

internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs).

The fair value hierarchy in FASB ASC Topic 820 prioritizes fair value measurements into three levels based on the nature of the inputs. The three levels of the fair value hierarchy under FASB ASC Topic 820 are as follows:

Level 1 – Investments in this category are valued based on quoted prices in active markets for identical assets that are accessible at the measurement date. An active market is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Investments in this category are valued based on inputs, in the absence of actively quoted market prices, which are observable for the asset, either directly or indirectly. Level 2 inputs include: (a) quoted prices for similar assets in active markets, (b) quoted prices for identical or similar assets in markets that are not active, (c) inputs other than quoted prices that are observable for the asset such as interest rates and yield curves observable at commonly quoted intervals, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Investments in this category are valued based on unobservable inputs for asset. Unobservable inputs are used to the extent observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a summary of the Foundation’s investments by level, within the fair value hierarchy, as of:

|                         | <b>Fair value measurement using input considered as:</b> |                    |                |                      |
|-------------------------|--|--------------------|----------------|----------------------|
|                         | <b>Level 1</b>   | <b>Level 2</b>     | <b>Level 3</b> | <b>Total</b>         |
| Fixed income securities | \$ -   | \$5,349,057        | \$ -           | \$ 5,349,057         |
| Equity investments      | 4,879,681  | -                  | -              | 4,879,681            |
| Mutual funds            | 13,078,144   | 2,188,448          | -              | 15,266,592           |
|                         | <u>\$17,957,825</u>                                      | <u>\$7,537,505</u> | <u>\$ -</u>    | <u>\$ 25,495,330</u> |

|                         | <b>Fair value measurement using input considered as:</b> |                    |                |                      |
|-------------------------|--|--------------------|----------------|----------------------|
|                         | <b>Level 1</b>   | <b>Level 2</b>     | <b>Level 3</b> | <b>Total</b>         |
| Fixed income securities | \$ -   | \$5,271,424        | \$ -           | \$ 5,271,424         |
| Equity investments      | 4,398,802  | -                  | -              | 4,398,802            |
| Mutual funds            | 12,748,350   | 2,164,222          | -              | 14,912,572           |
|                         | <u>\$ 17,147,152</u>                                     | <u>\$7,435,646</u> | <u>\$ -</u>    | <u>\$ 24,582,798</u> |

Change in valuation techniques may result in transfers in or out of an investment’s assigned level within hierarchy. The investment Portfolio recognizes transfers between fair value hierarchy levels

at approximate date of the event or change in circumstances that cause the transfer. There were no significant transfers between Levels 1, 2 and 3 during the year.

## NOTE J - ENDOWMENTS

The Foundation's endowment consists of approximately 140 individual funds established for a variety of purposes. These individual funds consist of both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

On September 1, 2007, the State of Texas adopted the Uniform Prudent Management of Investment Funds Act ("UPMIFA"). UPMIFA provides standards and guidelines for the management, investment, and expenditure of charitable funds and for endowment spending by institutions organized and operated exclusively for a charitable purpose. The purposes of UPMIFA are to modernize rules, to articulate prudence standards, and to provide guidance and authority for the management and investment of charitable funds and for endowment spending. The new act provides greater direction with respect to making prudent determinations and requires charities to focus on donor intent and the purpose of endowment funds when managing institutional funds.

FASB ASC Topics 958-205-50-1A through 50-2, *Reporting Endowment Funds*, provide guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations that are subject to an enacted version of UPMIFA; and improves disclosures about an organization's endowment funds (both donor restricted funds and funds functioning as an endowment), regardless of whether it is subject to UPMIFA. The FASB ASC Topics 958-205-50-1A through 50-2 require an organization to classify a portion of a donor-restricted endowment fund (other than a term endowment) as permanently restricted net assets. That portion is equal to the amount of the fund that: (1) must be retained permanently, in accordance with explicit donor stipulations, or (2) that, in the absence of such stipulations, the not-for-profit's governing board determines must be retained permanently under the relevant law.

As permitted by accounting standards generally accepted in the United States of America, income earned on endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions as well as based on management's prudent determinations.

### Interpretation of Relevant Law

The staff of the Foundation has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Any remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Foundation and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Foundation.
7. The investment policies of the Foundation.

Endowment Net Asset Composition by Type of Fund as of August 31, 2012

|  | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u>         |
|--|---------------------|-------------------------------|-------------------------------|----------------------|
| Donor-restricted endowment funds                 | \$ -                | \$ -                          | \$ 27,502,205                 | \$ 27,502,205        |
| Board restricted endowment funds                 | 7,062               | -                             | -                             | 7,062                |
| Total  | <u>\$ 7,062</u>     | <u>\$ -</u>                   | <u>\$ 27,502,205</u>          | <u>\$ 27,509,267</u> |
| Endowment net assets, beginning of year          | \$ 6,882            | \$ -                          | \$ 26,888,593                 | \$ 26,895,475        |
| Contributions                                    | -                   | -                             | 613,612                       | 613,612              |
| Investment income                                |                     |                               |                               |                      |
| Dividends and interest                           | 37                  | 499,955                       | -                             | 499,992              |
| Net realized and unrealized gains on investments | 143                 | 129,643                       | -                             | 129,786              |
| Amount appropriated for expenditures             | -                   | (629,598)                     | -                             | (629,598)            |
| Endowment net assets, end of year                | <u>\$ 7,062</u>     | <u>\$ -</u>                   | <u>\$ 27,502,205</u>          | <u>\$ 27,509,267</u> |

Endowment Net Asset Composition by Type of Fund as of August 31, 2011:

|  | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u>         |
|--|---------------------|-------------------------------|-------------------------------|----------------------|
| Donor-restricted endowment funds                 | \$ -                | \$ -                          | \$ 26,888,593                 | \$ 26,888,593        |
| Board restricted endowment funds                 | 6,882               | -                             | -                             | 6,882                |
| Total  | <u>\$ 6,882</u>     | <u>\$ -</u>                   | <u>\$ 26,888,593</u>          | <u>\$ 26,895,475</u> |
| Endowment net assets, beginning of year          | \$ 6,519            | \$ -                          | \$ 26,170,346                 | \$ 26,176,865        |
| Contributions                                    | -                   | -                             | 691,809                       | 691,809              |
| Investment income                                |                     |                               |                               |                      |
| Dividends and interest                           | 154                 | 436,290                       | -                             | 436,444              |
| Net realized and unrealized gains on investments | 209                 | 596,315                       | -                             | 596,524              |
| Transfers-in                                     | -                   | -                             | 26,438                        | 26,438               |
| Amount appropriated for expenditures             | -                   | (1,032,605)                   | -                             | (1,032,605)          |
| Endowment net assets, end of year                | <u>\$ 6,882</u>     | <u>\$ -</u>                   | <u>\$ 26,888,593</u>          | <u>\$ 26,895,475</u> |

### Investment Return Objectives and Risk Parameters

The Foundation board has adopted investment and spending policies for endowment assets that attempt to preserve the real (inflation-adjusted) purchasing power of the trust assets, to provide an adequate level of income to meet the original intent of the Foundation's benefactors and to maximize the total rate of return earned by the trust without assuming an unreasonable degree of risk. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board, the investment objective for the fixed income is to outperform (net of fees) the Barclays Intermediate Government/Credit Index. The investment objective for the equity fund is to outperform (net of fees) the Russell 1000 and/or the S&P 500 Stock Index.

### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation will make earnings available each year for use by endowment supported funds. The available funds will be up to 5% of the three year average of the aggregate investment portfolio market value at December 31<sup>st</sup> of the year preceding the disbursement of the funds. The spending limit will not exceed 5% of the December 31<sup>st</sup> market value.

In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow. This is consistent with the Foundation's objectives to preserve the real (inflation-adjusted) purchasing power of the trust assets, to provide an adequate level of income to meet the original intent of the Foundation's benefactors and to maximize the total rate of return earned by the trust without assuming an unreasonable degree of risk.

### **NOTE K – NET ASSET VALUE PER SHARE**

In accordance with FASB Accounting Standards Update No. 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, the Foundation expanded its disclosure to include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the net asset value (NAV) per share or its equivalent for which the fair value is not readily determinable as of August 31, 2012 and 2011.

For the Foundation, such assets include investments in fixed income funds. Investments in the fund are valued at a net asset value of \$16.53 and \$15.46 per unit, as of August 31, 2012 and 2011, respectively, and the Foundation had 323,646 and 340,838 units as of August 31, 2012 and 2011, respectively.



The following table sets forth a summary of the investments for which the fair value has been estimated using the NAV of the investments.

|  | Fair Value Estimated Using NAV per Share<br>August 31, 2012 and 2011 |  |                        |                         |                                     |                                |
|--|--|--|------------------------|-------------------------|-------------------------------------|--------------------------------|
|  | Fair Value<br>as of August<br>31, 2012                               | Fair Value<br>as of August<br>31, 2011 | Unfunded<br>Commitment | Redemption<br>Frequency | Other<br>Redemption<br>Restrictions | Redemption<br>Notice<br>Period |
| Barrow, Hanley,<br>Mewhinney &<br>Strauss –<br>BHMS Core Fixed<br>Income Fund (a)..... | <u>\$ 5,349,027</u>  | <u>\$ 5,271,424</u>                    | None                   | Daily                   | None                                | 30 days                        |
| Total  | <u>\$ 5,349,027</u>  | <u>\$ 5,271,424</u>                    |                        |                         |                                     |                                |

(a) The fund seeks to provide long term total return with prudent risk of principal by investing in U.S. investment –grade fixed income securities with diversified maturities.

#### NOTE L - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2012; the date financial statements were available to be issued. No changes are necessary to be made to the financial statements as a result of this evaluation.

## **27. RICHLAND COLLEGIATE HIGH SCHOOL - CHARTER HIGH SCHOOL OPERATED BY THE DISTRICT**

In January 2005, the District's Board of Trustees approved application to the Texas Education Agency (TEA) for a charter to operate the Richland Collegiate High School of Mathematics, Science, and Engineering, designed to enroll students only at the junior and senior levels. TEA approved the application in October 2005. In May 2006, the Board approved the contract with TEA for operating a charter through July 31, 2010. But the charter agreement has been renewed and is in effect indefinitely at this time. The charter high school opened in August 2006 with its first class of 176 students at the junior level. Students receive high school and college credit concurrently. Funding is received from the State of Texas for the charter high school based on average daily attendance. Expenses consist of contracted services for instruction and other functions provided through Richland College as well as direct expenses for equipment and supplies. The high school has no direct employees.

Beginning with Fall 2010 classes, a new area of emphasis for students to select from is the performing and other arts. Because of the expanded offerings, the "Mathematics, Science, and Engineering" portion of the school name has been dropped and is now simply Richland Collegiate High School.

The Richland Collegiate High School has the same legal identity as the District and is governed by the same Board. For operating purposes, in accord with TEA requirements, all revenue and expenses are tracked through a separate general ledger account. But for financial statement purposes, fiscal information for the charter high school is included in the statements of the District.

The Statements of Net Assets, the Statements of Revenues, Expenses and Changes in Net Assets, a Statements of Cash Flows, and a Schedule of Expenses for the years ended August 31, 2012 and 2011 for Richland Collegiate High School alone are presented below. Included also is a Budgetary Comparison Schedule for 2012.

**RICHLAND COLLEGIATE HIGH SCHOOL**  
**STATEMENTS OF NET ASSETS WITH TEA CLASSIFICATIONS**  
**AUGUST 31, 2012 AND 2011**  
**EXHIBIT 1**

**DATA  
CONTROL**

| CODES                                     | ASSETS  | 2012                | 2011                |
|---|---|---------------------|---------------------|
| <b>CURRENT ASSETS:</b>                    |   |                     |                     |
| 1100                                      | Cash and cash equivalents                       | \$ 499,002          | \$ 393,823          |
| 1240                                      | Accounts Receivable (net) -Due from TEA         | <u>17,072</u>       | <u>23,802</u>       |
|   | Total current assets                            | 516,074             | 417,625             |
| <b>NON-CURRENT AND RESTRICTED ASSETS:</b> |   |                     |                     |
| 1910                                      | Investments                                     | <u>1,263,112</u>    | <u>932,509</u>      |
| 1800                                      | Total non-current assets                        | <u>1,263,112</u>    | <u>932,509</u>      |
| 1000                                      | TOTAL ASSETS                                    | 1,779,186           | 1,350,134           |
| <b>LIABILITIES</b>                        |   |                     |                     |
| <b>CURRENT LIABILITIES:</b>               |   |                     |                     |
| 2501                                      | Due to District (parent organization)           | <u>17,072</u>       | <u>23,802</u>       |
|   | Total current liabilities                       | 17,072              | 23,802              |
| <b>NON-CURRENT LIABILITIES:</b>           |   |                     |                     |
| 2502                                      | Loan payable to Richland College                | <u>-</u>            | <u>-</u>            |
|   | Total non-current liabilities                   | -                   | -                   |
| 2000                                      | TOTAL LIABILITIES                               | 17,072              | 23,802              |
| <b>NET ASSETS</b>                         |   |                     |                     |
| 3200                                      | Invested in capital assets, net of related debt | -                   | -                   |
| 3900                                      | Unrestricted                                    | <u>1,762,114</u>    | <u>1,326,332</u>    |
| 3000                                      | TOTAL NET ASSETS                                | <u>\$ 1,762,114</u> | <u>\$ 1,326,332</u> |

**RICHLAND COLLEGIATE HIGH SCHOOL  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEARS ENDED AUGUST 31, 2012 AND 2011  
EXHIBIT 2**

| District Presentation              |              |              | TEA Classifications                |  |              |              |
|------------------------------------|--------------|--------------|------------------------------------|--|--------------|--------------|
|                                    | 2012         | 2011         | Data<br>Control<br>Codes           |  | 2012         | 2011         |
| OPERATING REVENUES:                |              |              | OPERATING REVENUES:                |  |              |              |
| Federal grants and contracts       | \$ 20,874    | \$ 109,330   | 5929                               | Federal grants revenue distributed by TEA    | \$ 20,874    | \$ 109,330   |
| Total operating revenues           | 20,874       | 109,330      | 5020                               | Total operating revenues                     | 20,874       | 109,330      |
| OPERATING EXPENSES:                |              |              | OPERATING EXPENSES:                |  |              |              |
| Instruction                        | 1,212,785    | 1,182,141    | 0011                               | Instruction                                  | 1,439,033    | 1,414,844    |
| Public Service                     | 226,248      | 181,814      | 0012                               | Instructional resources and media services   | 32,670       | 86,944       |
| Academic support                   | 47,979       | 89,175       | 0013                               | Curriculum development & instructional       | 15,309       | 9,521        |
| Student services                   | 243,903      | 344,977      | 0031                               | Guidance, counseling and evaluation services | 204,583      | 197,076      |
|                                    |              |              | 0033                               | Health services                              | 10,000       | 3,306        |
|                                    |              |              | 0034                               | Student transportation                       | 21,992       | 15,811       |
|                                    |              |              | 0035                               | Food service                                 | 7,172        | 6,148        |
|                                    |              |              | 0036                               | Co-Curricular/Extra-curricular               | 156          | -            |
| Institutional support              | 734,414      | 601,111      | 0023                               | School leadership                            | 497,156      | 487,786      |
| Plant Maintenance and operation    | 42,363       | -            | 0041                               | General administration                       | 198,686      | 139,623      |
|                                    |              |              | 0051                               | Plant maintenance and operation              | 38,572       | -            |
|                                    |              |              | 0052                               | Security and monitoring services             | 42,363       | 38,159       |
| Total operating expenses           | 2,507,692    | 2,399,218    | 6030                               | Total operating expenses                     | 2,507,692    | 2,399,218    |
| OPERATING LOSS                     | (2,486,818)  | (2,289,888)  | 1100                               | OPERATING LOSS                               | (2,486,818)  | (2,289,888)  |
| NON-OPERATING REVENUES (EXPENSES): |              |              | NON-OPERATING REVENUES (EXPENSES): |  |              |              |
| State appropriations               | 2,904,879    | 2,874,326    | 5800                               | State appropriations                         | 2,904,879    | 2,874,326    |
| Investment income                  | 17,721       | 17,869       | 5742                               | Investment income                            | 17,721       | 17,869       |
| Net non-operating revenues         | 2,922,600    | 2,892,195    |                                    | Net non-operating revenues                   | 2,922,600    | 2,892,195    |
| INCREASE IN NET ASSETS             | 435,782      | 602,307      | 1200                               | INCREASE IN NET ASSETS                       | 435,782      | 602,307      |
| NET ASSETS:                        |              |              | NET ASSETS:                        |  |              |              |
| Net Assets—Beginning of Year       | 1,326,332    | 724,025      | 0100                               | Net Assets—Beginning of Year                 | 1,326,332    | 724,025      |
| Net Assets—End of Year             | \$ 1,762,114 | \$ 1,326,332 | 3000                               | Net Assets—End of Year                       | \$ 1,762,114 | \$ 1,326,332 |

**RICHLAND COLLEGIATE HIGH SCHOOL  
STATEMENTS OF CASH FLOWS  
YEARS ENDED AUGUST 31, 2012 AND 2011  
EXHIBIT 3**

|  | <u>2012</u>           | <u>2011</u>           |
|--|-----------------------|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                       |                       |
| Receipts from grants and contracts   | \$ 27,604             | \$ 113,234            |
| Payments to suppliers for goods and services   | <u>(2,514,422)</u>    | <u>(2,403,122)</u>    |
| Net cash used in operating activities  | (2,486,818)           | (2,289,888)           |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>                                  |                       |                       |
| Receipts from state appropriations   | 2,904,879             | 2,874,326             |
| Payments on loan   | <u>-</u>              | <u>-</u>              |
| Net cash provided by non-capital financing activities                                    | 2,904,879             | 2,874,326             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                       |                       |
| Receipts from interest on investments  | 17,721                | 17,869                |
| Purchase of investments  | <u>(330,603)</u>      | <u>(932,509)</u>      |
| Net cash provided (used) by investing activities   | <u>(312,882)</u>      | <u>(914,640)</u>      |
| Increase (decrease) in cash and cash equivalents   | 105,179               | (330,202)             |
| Cash and cash equivalents - September 1  | <u>393,823</u>        | <u>724,025</u>        |
| Cash and cash equivalents - August 31  | <u>\$ 499,002</u>     | <u>\$ 393,823</u>     |
| <b>Reconciliation of net operating loss to net cash used<br/>in operating activities</b> |                       |                       |
| Operating loss   | \$ (2,486,818)        | \$ (2,289,888)        |
| Adjustments to reconcile net loss to net cash<br>used in operating activities:           |                       |                       |
| <b>Changes in assets and liabilities:</b>  |                       |                       |
| Receivables (net)  | 6,730                 | 3,904                 |
| Accounts payable   | <u>(6,730)</u>        | <u>(3,904)</u>        |
| Net cash used in operating activities  | <u>\$ (2,486,818)</u> | <u>\$ (2,289,888)</u> |

**RICHLAND COLLEGIATE HIGH SCHOOL  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED AUGUST 31, 2012**

|                            | <u>Budgeted Amounts</u>                          |                     | <u>Actual Amounts</u> | <u>Actual to Budget</u> | <u>Percent Actual</u>  | <u>Original to</u>                        |
|----------------------------|--|---------------------|-----------------------|-------------------------|------------------------|---|
|                            | <u>Original</u>                                  | <u>Final</u>        |                       | <u>Variance</u>         | <u>to Final Budget</u> | <u>Final Budget</u>                       |
| <b>REVENUES</b>            |  |                     |                       |                         |                        |   |
| Local Support              |  |                     |                       |                         |                        |   |
| 5740                       | Local and intermediate sources                   | \$ 8,000            | \$ 15,000             | \$ 17,721               | \$ 2,721               | 18.14% <sup>a</sup> 87.50% <sup>h</sup>   |
| State program revenues:    |  |                     |                       |                         |                        |   |
| 5810                       | Foundation School Program Act Revenues           | <u>2,946,875</u>    | <u>2,839,549</u>      | <u>2,904,879</u>        | <u>65,330</u>          | 2.30% -3.64%                              |
|                            | Total state revenues                             | 2,946,875           | 2,839,549             | 2,904,879               | 65,330                 | 2.30% -3.64%                              |
| Federal program revenues:  |  |                     |                       |                         |                        |   |
| 5900                       | 5900 Federal program revenues                    | <u>86,819</u>       | <u>88,349</u>         | <u>20,874</u>           | <u>(67,475)</u>        | -76.37% <sup>b</sup> 1.76%                |
|                            | Total revenues                                   | <u>3,041,694</u>    | <u>2,942,898</u>      | <u>2,943,474</u>        | <u>576</u>             | 0.02% -3.25%                              |
| <b>EXPENDITURES</b>        |  |                     |                       |                         |                        |   |
| State program expenditures |  |                     |                       |                         |                        |   |
| 0011                       | 11 Instruction <sup>1</sup>                      | 1,746,497           | 1,763,626             | 1,439,033               | (324,593)              | -18.40% <sup>c</sup> 0.98%                |
| 0012                       | 12 Instructional resources and media services    | 70,526              | 36,260                | 32,670                  | (3,590)                | -9.90% -48.59% <sup>i</sup>               |
| 0013                       | 13 Curriculum and staff development <sup>1</sup> | 17,361              | 16,693                | 15,309                  | (1,384)                | -8.29% -3.85%                             |
| 0023                       | 23 School leadership                             | 546,978             | 573,273               | 497,156                 | (76,117)               | -13.28% <sup>d</sup> 4.81%                |
| 0031                       | 31 Guidance, counseling, and evaluation services | 262,095             | 205,095               | 204,583                 | (512)                  | -0.25% -21.75% <sup>j</sup>               |
| 0033                       | 33 Health services                               | 9,326               | 10,000                | 10,000                  | -                      | 0.00% 7.23%                               |
| 0034                       | 34 Student Transportation                        | 11,762              | 23,000                | 21,992                  | (1,008)                | -4.38% 95.54% <sup>k</sup>                |
| 0035                       | 35 Food Service                                  | 47,500              | 7,500                 | 7,172                   | (328)                  | -4.37% -84.21% <sup>l</sup>               |
| 0036                       | 36 Extracurricular activities                    | 2,500               | 461                   | 156                     | (305)                  | -66.16% <sup>e</sup> -81.56% <sup>m</sup> |
| 0041                       | 41 General administration                        | 244,159             | 221,000               | 198,686                 | (22,314)               | -10.10% <sup>f</sup> -9.49%               |
| 0051                       | 51 Facilities maintenance and operations         | 45,000              | 46,500                | 38,572                  | (7,928)                | -17.05% 3.33%                             |
| 0052                       | 52 Security and monitoring services              | <u>37,990</u>       | <u>39,490</u>         | <u>42,363</u>           | <u>2,873</u>           | 7.28% 3.95%                               |
|                            | Total expenditures                               | 3,041,694           | 2,942,898             | 2,507,692               | (435,206)              | -14.79% -3.25%                            |
| 1200                       | Net change in fund balances                      | -                   | -                     | 435,782                 | 435,782                | n/a n/a                                   |
| 0100                       | Fund balances--beginning                         | <u>1,326,332</u>    | <u>1,326,332</u>      | <u>1,326,332</u>        | <u>-</u>               | 0.00% 0.00%                               |
| 3000                       | Fund balances--ending                            | <u>\$ 1,326,332</u> | <u>\$ 1,326,332</u>   | <u>\$ 1,762,114</u>     | <u>\$ 435,782</u>      | 32.86% <sup>g</sup> 0.00%                 |

1 Includes grant-funded expenditures

Variance Explanations

- a Unrealized market gain is included in the actual figure and was not budgeted for.
- b,d Includes non-competitive Education Jobs grant in which we did not meet criteria
- c Fewer textbooks were purchased than anticipated.
- e,m Did not participate in as many extracurricular activities as was budget for.
- f Budget included cost of fingerprinting machine which was not purchased and student accounting software costs were lower than anticipated.
- g Since budgets are established to have equal revenues and expenses, an increase in fund balance will always be over the amount budgeted.
- h The budget was adjusted according to market conditions.
- i Fewer laptops were replaced than originally anticipated.
- j Two positions were anticipated in the original budget but were not filled.
- k Adjusted budget due to an increase in the number of students using DART (public transportation system)
- l Decreased budget since fewer students participated in the lunch assistance program.

**RICHLAND COLLEGIATE HIGH SCHOOL  
SCHEDULE OF EXPENSES  
YEARS ENDED AUGUST 31, 2012 AND 2011**

| Expenses<br>Object                    | <u>2012</u>         | <u>2011</u>         |
|---------------------------------------|---------------------|---------------------|
| 6100 Payroll Cost                     | \$ 1                | \$ 1                |
| 6200 Professional/Contracted Services | 2,182,959           | 1,937,751           |
| 6300 Supplies/Material                | 279,447             | 362,911             |
| 6400 Other Operating                  | <u>45,285</u>       | <u>98,555</u>       |
|                                       | <u>\$ 2,507,692</u> | <u>\$ 2,399,218</u> |

## 28. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 4, 2012. The financial statements were available on this date. No changes are necessary to be made to the financial statements as a result of this evaluation.



**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF OPERATING REVENUES  
YEAR ENDED AUGUST 31, 2012 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2011)  
SCHEDULE A**

|  | <u>Unrestricted</u>  | <u>Restricted</u>    | <u>Total<br/>Educational<br/>Activities</u> | <u>Auxiliary<br/>Enterprises</u> | <u>2012</u>          | <u>2011</u>          |
|--|----------------------|----------------------|---|----------------------------------|----------------------|----------------------|
| Tuition:                                     |                      |                      |   |                                  |                      |                      |
| State funded credit courses:                 |                      |                      |   |                                  |                      |                      |
| In-district resident tuition                 | \$ 52,032,859        | -                    | \$ 52,032,859                               | -                                | \$ 52,032,859        | \$ 50,500,027        |
| Out-of-district resident tuition             | 13,933,388           | -                    | 13,933,388                                  | -                                | 13,933,388           | 14,149,526           |
| Non-resident tuition                         | 12,888,480           | -                    | 12,888,480                                  | -                                | 12,888,480           | 13,241,841           |
| TPEG - credit (set aside) *                  | 3,993,301            | -                    | 3,993,301                                   | -                                | 3,993,301            | 3,976,728            |
| State-funded continuing education            | 10,362,374           | -                    | 10,362,374                                  | -                                | 10,362,374           | 9,507,603            |
| TPEG - non-credit (set aside) *              | 622,118              | -                    | 622,118                                     | -                                | 622,118              | 516,544              |
| Non-state funded educational programs        | 2,947,613            | -                    | 2,947,613                                   | -                                | 2,947,613            | 3,995,810            |
| Total Tuition                                | <u>96,780,133</u>    | <u>-</u>             | <u>96,780,133</u>                           | <u>-</u>                         | <u>96,780,133</u>    | <u>95,888,079</u>    |
| Fees:  |                      |                      |   |                                  |                      |                      |
| Installment plan fees                        | 860,606              | -                    | 860,606                                     | -                                | 860,606              | 906,755              |
| Prior year tuition and fees                  | 8,149                | -                    | 8,149                                       | -                                | 8,149                | (5)                  |
| Total fees                                   | <u>868,755</u>       | <u>-</u>             | <u>868,755</u>                              | <u>-</u>                         | <u>868,755</u>       | <u>906,750</u>       |
| Scholarship allowances and discounts:        |                      |                      |   |                                  |                      |                      |
| Bad debt allowance                           | (1,803,900)          | -                    | (1,803,900)                                 | -                                | (1,803,900)          | (1,185,800)          |
| Remissions and exemptions - state            | (1,404,065)          | -                    | (1,404,065)                                 | -                                | (1,404,065)          | (1,277,947)          |
| Remissions and exemptions - local            | (6,590,619)          | -                    | (6,590,619)                                 | -                                | (6,590,619)          | (5,931,342)          |
| Title IV federal grants                      | (23,603,079)         | -                    | (23,603,079)                                | -                                | (23,603,079)         | (23,500,128)         |
| Other federal grants                         | (2,584,127)          | -                    | (2,584,127)                                 | -                                | (2,584,127)          | (2,335,181)          |
| State grants                                 | (2,857,891)          | -                    | (2,857,891)                                 | -                                | (2,857,891)          | (1,499,140)          |
| TPEG awards                                  | (1,962,660)          | -                    | (1,962,660)                                 | -                                | (1,962,660)          | (1,579,687)          |
| Rising Star program                          | (358,254)            | -                    | (358,254)                                   | -                                | (358,254)            | (350,482)            |
| Other local grants                           | -                    | -                    | -   | -                                | -                    | -                    |
| Total scholarship allowances                 | <u>(41,164,595)</u>  | <u>-</u>             | <u>(41,164,595)</u>                         | <u>-</u>                         | <u>(41,164,595)</u>  | <u>(37,659,707)</u>  |
| Total net tuition and fees                   | <u>56,484,293</u>    | <u>-</u>             | <u>56,484,293</u>                           | <u>-</u>                         | <u>56,484,293</u>    | <u>59,135,122</u>    |
| Additional operating revenues:               |                      |                      |   |                                  |                      |                      |
| Federal grants and contracts                 | 848,296              | 14,834,964           | 15,683,260                                  | 12,827                           | 15,696,087           | 20,307,272           |
| State grants and contracts                   | 130,023              | 7,780,179            | 7,910,202                                   | 3,477                            | 7,913,679            | 6,680,684            |
| Non-governmental grants and contracts        | 1,215                | 1,354,410            | 1,355,625                                   | -                                | 1,355,625            | 4,546,919            |
| Sales and services of educational activities | 474,268              | -                    | 474,268                                     | -                                | 474,268              | 526,579              |
| Other operating revenues                     | 1,858,210            | -                    | 1,858,210                                   | -                                | 1,858,210            | 1,901,831            |
| Total additional operating revenues          | <u>3,312,012</u>     | <u>23,969,553</u>    | <u>27,281,565</u>                           | <u>16,304</u>                    | <u>27,297,869</u>    | <u>33,963,285</u>    |
| Auxiliary Enterprises:                       |                      |                      |   |                                  |                      |                      |
| Bookstore                                    | -                    | -                    | -   | 2,170,434                        | 2,170,434            | 2,195,065            |
| Food Service                                 | -                    | -                    | -   | 530,542                          | 530,542              | 542,062              |
| Center for Educational Telecommunications    | -                    | -                    | -   | 1,576,815                        | 1,576,815            | 1,499,211            |
| Business Incubation Center                   | -                    | -                    | -   | 158,790                          | 158,790              | 158,859              |
| Student Programs                             | -                    | -                    | -   | 635,490                          | 635,490              | 768,150              |
| Total net auxiliary enterprises              | <u>-</u>             | <u>-</u>             | <u>-</u>                                    | <u>5,072,071</u>                 | <u>5,072,071</u>     | <u>5,163,347</u>     |
| Total Operating Revenues                     | <u>\$ 59,796,305</u> | <u>\$ 23,969,553</u> | <u>\$ 83,765,858</u>                        | <u>\$ 5,088,375</u>              | <u>\$ 88,854,233</u> | <u>\$ 98,261,754</u> |

(Exhibit 2) (Exhibit 2)

\* In accordance with Education Code 56.033, \$4,615,419 and \$4,493,272 for years August 31, 2012 and 2011, respectively, of tuition was set aside for Texas Public Education grants (TPEG)

**DALLAS COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF OPERATING EXPENSES BY OBJECT  
YEAR ENDED AUGUST 31, 2012 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2011)  
SCHEDULE B**

|  | <u>Salaries<br/>and Wages</u> | <u>State</u>         |                      | <u>Local</u>          |                                      | <u>Other<br/>Expenses</u>            | <u>Total<br/>2012</u> | <u>Total<br/>2011</u> |
|--|-------------------------------|----------------------|----------------------|-----------------------|--------------------------------------|--------------------------------------|-----------------------|-----------------------|
| UNRESTRICTED - Educational Activities                                  |                               |                      |                      |                       |                                      |                                      |                       |                       |
| Instruction  | \$ 112,847,420                | \$ -                 | \$ 15,211,117        | \$ 13,282,395         | \$ 141,340,932                       | \$ 147,079,686                       |                       |                       |
| Public Service   | 3,144,917                     | -                    | 433,341              | 1,321,457             | 4,899,715                            | 5,565,527                            |                       |                       |
| Academic Support   | 11,095,088                    | -                    | 1,486,537            | 2,918,819             | 15,500,444                           | 18,145,184                           |                       |                       |
| Student Services   | 20,116,310                    | -                    | 2,743,905            | 7,356,144             | 30,216,359                           | 30,933,058                           |                       |                       |
| Institutional Support  | 41,826,505                    | -                    | 5,984,113            | 6,133,656             | 53,944,274                           | 58,261,847                           |                       |                       |
| Operation and Maintenance of Plant                                     | 7,339,595                     | -                    | 1,000,651            | 24,764,690            | 33,104,936                           | 38,843,816                           |                       |                       |
| Scholarships and Fellowships   | -                             | -                    | -                    | -                     | -                                    | -                                    |                       |                       |
| Total unrestricted educational activities                              | <u>196,369,835</u>            | <u>-</u>             | <u>26,859,664</u>    | <u>55,777,161</u>     | <u>279,006,660</u>                   | <u>298,829,118</u>                   |                       |                       |
| RESTRICTED - Educational Activities                                    |                               |                      |                      |                       |                                      |                                      |                       |                       |
| Instruction  | \$ 1,414,259                  | \$ 8,964,691         | \$ 196,771           | \$ 1,793,703          | \$ 12,369,424                        | \$ 21,249,038                        |                       |                       |
| Public Service   | 1,316,057                     | -                    | 260,584              | 4,646,107             | 6,222,748                            | 6,625,668                            |                       |                       |
| Academic Support   | 88,681                        | 881,403              | 12,445               | (2,563)               | 979,966                              | 1,842,822                            |                       |                       |
| Student Services   | 2,177,750                     | 1,598,056            | 434,724              | 665,558               | 4,876,088                            | 6,682,989                            |                       |                       |
| Institutional Support  | 2,252,717                     | 3,322,731            | 364,163              | 1,931,243             | 7,870,854                            | 11,058,622                           |                       |                       |
| Scholarships and Fellowships   | 1,178                         | -                    | 86                   | 71,172,192            | 71,173,456                           | 72,414,788                           |                       |                       |
| Total restricted educational activities                                | <u>7,250,642</u>              | <u>14,766,881</u>    | <u>1,268,773</u>     | <u>80,206,240</u>     | <u>103,492,536</u>                   | <u>119,873,927</u>                   |                       |                       |
| TOTAL EDUCATIONAL ACTIVITIES   | 203,620,477                   | 14,766,881           | 28,128,437           | 135,983,401           | 382,499,196                          | 418,703,045                          |                       |                       |
| AUXILIARY ENTERPRISES  | 4,129,577                     | -                    | 1,115,439            | 3,525,961             | 8,770,977                            | 9,438,928                            |                       |                       |
| DEPRECIATION EXPENSE - Buildings and<br>other real estate improvements | -                             | -                    | -                    | 20,281,101            | 20,281,101                           | 20,316,461                           |                       |                       |
| DEPRECIATION EXPENSE - Equipment and<br>furniture                      | -                             | -                    | -                    | 5,885,858             | 5,885,858                            | 5,665,583                            |                       |                       |
| TOTAL OPERATING EXPENSES   | <u>\$ 207,750,054</u>         | <u>\$ 14,766,881</u> | <u>\$ 29,243,876</u> | <u>\$ 165,676,321</u> | <u>\$ 417,437,132</u><br>(Exhibit 2) | <u>\$ 454,124,017</u><br>(Exhibit 2) |                       |                       |

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES  
YEAR ENDED AUGUST 31, 2012 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2011)  
SCHEDULE C**

|  | <u>Unrestricted</u>   | <u>Restricted</u>     | <u>Auxiliary<br/>Enterprises</u> | <u>Total<br/>2012</u>                | <u>Total<br/>2011</u>                |
|--|-----------------------|-----------------------|----------------------------------|--------------------------------------|--------------------------------------|
| NON-OPERATING REVENUES:                              |                       |                       |                                  |                                      |                                      |
| State Appropriations:                                |                       |                       |                                  |                                      |                                      |
| Education and general state support                  | \$ 89,930,932         | \$ -                  | \$ -                             | \$ 89,930,932                        | \$ 89,478,155                        |
| State group insurance                                | -                     | 9,258,438             | -                                | 9,258,438                            | 15,042,227                           |
| State retirement matching                            | -                     | 5,508,443             | -                                | 5,508,443                            | 10,116,107                           |
| SBDC state match                                     | -                     | 1,484,095             | -                                | 1,484,095                            | 1,607,048                            |
| Starlink   | -                     | 181,206               | -                                | 181,206                              | 255,310                              |
| Foundation school program                            | 2,904,879             | -                     | -                                | 2,904,879                            | 2,874,326                            |
| Total state appropriations                           | <u>\$ 92,835,811</u>  | <u>\$ 16,432,182</u>  | <u>\$ -</u>                      | <u>\$ 109,267,993</u>                | <u>\$ 119,373,173</u>                |
| Maintenance ad valorem taxes                         | 156,741,112           | -                     | -                                | 156,741,112                          | 158,309,361                          |
| Federal revenue, non-operating                       | -                     | 90,499,349            | -                                | 90,499,349                           | 87,927,083                           |
| Gifts  | 498,928               | -                     | -                                | 498,928                              | 148,556                              |
| Investment income                                    | 1,737,768             | -                     | 183,125                          | 1,920,893                            | 3,943,390                            |
| Gain on disposal of capital assets & easement rights | 49,489                | -                     | -                                | 49,489                               | -                                    |
| Gain on sale of investment                           | -                     | -                     | -                                | -                                    | 6,734                                |
| Contributions in aid of construction                 | -                     | -                     | -                                | -                                    | -                                    |
| Other non-operating revenue                          | 218,280               | -                     | -                                | 218,280                              | 1,362,919                            |
| Total non-operating revenues                         | <u>252,081,388</u>    | <u>106,931,531</u>    | <u>183,125</u>                   | <u>359,196,044</u>                   | <u>371,106,508</u>                   |
| NON-OPERATING EXPENSES:                              |                       |                       |                                  |                                      |                                      |
| Interest on capital related debt                     | 16,862,201            | -                     | -                                | 16,862,201                           | 18,094,031                           |
| Loss on disposal of capital assets                   | -                     | -                     | -                                | -                                    | 35,292                               |
| Other non-operating expense                          | 740,596               | -                     | -                                | 740,596                              | 414,450                              |
| Total non-operating expenses                         | <u>17,602,797</u>     | <u>-</u>              | <u>-</u>                         | <u>17,602,797</u>                    | <u>18,508,481</u>                    |
| NET NON-OPERATING REVENUES                           | <u>\$ 234,478,591</u> | <u>\$ 106,931,531</u> | <u>\$ 183,125</u>                | <u>\$ 341,593,247</u><br>(Exhibit 2) | <u>\$ 352,598,027</u><br>(Exhibit 2) |

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY  
YEAR ENDED AUGUST 31, 2012 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2011)  
SCHEDULE D**

|  | Detail by Source     |                       |                |   |                                     | Available for<br>Current Operations |                     |
|--|----------------------|-----------------------|----------------|---|-------------------------------------|-------------------------------------|---------------------|
|  | Unrestricted         | Restricted            |                | Capital Assets<br>Net of Depreciation<br>and Related Debt | Total                               | Yes                                 | No                  |
|  |                      | Expendable            | Non-Expendable |   |                                     |                                     |                     |
| Current:   |                      |                       |                |   |                                     |                                     |                     |
| Unrestricted   | \$ 133,260,992       | \$ -                  | \$ -           | \$ -  | \$ 133,260,992                      | \$ 133,260,992                      |                     |
| Auxiliary enterprises                                | 19,989,970           | -                     | -              | -   | 19,989,970                          | 19,989,970                          |                     |
| Restricted   | -                    | -                     | -              | -   | -                                   |                                     |                     |
| Loan   | 438,961              | -                     | -              | -   | 438,961                             |                                     | 438,961             |
| Endowment:   |                      |                       |                |   |                                     |                                     |                     |
| Quasi:   |                      |                       |                |   |                                     |                                     |                     |
| Unrestricted   | 5,394,815            | -                     | -              | -   | 5,394,815                           |                                     | 5,394,815           |
| Restricted   | -                    | -                     | -              | -   | -                                   |                                     |                     |
| Plant:   |                      |                       |                |   |                                     |                                     |                     |
| Unexpended   | 26,015,870           | 1,166,043             | -              | -   | 27,181,913                          |                                     | 27,181,913          |
| Debt Service   | -                    | (3,053,633)           | -              | -   | (3,053,633)                         |                                     | (3,053,633)         |
| Investment in Plant                                  | -                    | -                     | -              | 286,715,359   | 286,715,359                         |                                     | 286,715,359         |
| <b>TOTAL NET ASSETS--</b>                            |                      |                       |                |   |                                     |                                     |                     |
| August 31, 2012                                      | 185,100,608          | (1,887,590)           | -              | 286,715,359   | 469,928,377<br>(Exhibit 1)          | 153,250,962                         | 316,677,415         |
| <b>TOTAL NET ASSETS--</b>                            |                      |                       |                |   |                                     |                                     |                     |
| August 31, 2011                                      | 169,237,480          | 5,827,783             | -              | 281,852,766   | 456,918,029<br>(Exhibit 1)          | 144,903,522                         | 312,014,507         |
| <b>NET INCREASE<br/>(DECREASE) IN<br/>NET ASSETS</b> | <b>\$ 15,863,128</b> | <b>\$ (7,715,373)</b> | <b>\$ -</b>    | <b>\$ 4,862,593</b>                                       | <b>\$ 13,010,348</b><br>(Exhibit 2) | <b>\$ 8,347,440</b>                 | <b>\$ 4,662,908</b> |

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
SUMMARIES OF REVENUES AND EXPENSES  
OF THE INDIVIDUAL COLLEGES AND THE CENTRAL ADMINISTRATION  
YEAR ENDED AUGUST 31, 2012**

| <u>REVENUES</u>                              | <u>Total</u>          | <u>Brookhaven<br/>College</u> | <u>Cedar Valley<br/>College</u> | <u>Eastfield<br/>College</u> | <u>El Centro<br/>College</u> | <u>Mountain View<br/>College</u> | <u>North Lake<br/>College</u> | <u>Richland<br/>College</u> | <u>Central<br/>Administration</u> |
|--|-----------------------|-------------------------------|---------------------------------|------------------------------|------------------------------|----------------------------------|-------------------------------|-----------------------------|-----------------------------------|
| Tuition and fees, net                        | \$ 56,484,293         | \$ 10,522,951                 | \$ 3,058,725                    | \$ 6,542,526                 | \$ 4,221,894                 | \$ 4,249,273                     | \$ 9,106,934                  | \$ 14,568,620               | \$ 4,213,370                      |
| Federal grants and contracts                 | 15,696,087            | 477,217                       | 1,611,753                       | 1,390,079                    | 4,506,288                    | 2,610,584                        | 935,148                       | 3,079,163                   | 1,085,855                         |
| State grants and contracts                   | 7,913,679             | 713,453                       | 559,410                         | 691,686                      | 2,796,542                    | 648,979                          | 1,295,497                     | 1,061,876                   | 146,236                           |
| Local grants and contracts                   | 1,355,625             | (170,804)                     | 25,611                          | (114,943)                    | 1,472,733                    | 199,166                          | (76,593)                      | (258,565)                   | 279,020                           |
| Sales and services of auxiliary enterprises  | 5,072,071             | 482,005                       | 199,998                         | 510,936                      | 575,067                      | 350,049                          | 590,005                       | 773,797                     | 1,590,214                         |
| Sales and services of educational activities | 474,268               | 31,850                        | 27,132                          | 215,003                      | 94,350                       | 29,959                           | 35,245                        | 40,729                      | -                                 |
| Other  | 1,858,210             | 88,229                        | 27,096                          | 336,260                      | 653,736                      | 193,181                          | 184,597                       | 79,866                      | 295,245                           |
| Total Operating Revenue                      | <u>88,854,233</u>     | <u>12,144,901</u>             | <u>5,509,725</u>                | <u>9,571,547</u>             | <u>14,320,610</u>            | <u>8,281,191</u>                 | <u>12,070,833</u>             | <u>19,345,486</u>           | <u>7,609,940</u>                  |
| State appropriations                         | 109,267,993           | 14,596,426                    | 7,508,245                       | 15,125,219                   | 18,222,554                   | 9,008,089                        | 13,307,349                    | 26,197,521                  | 5,302,590                         |
| Maintenance ad valorem taxes, net            | 156,741,112           | 20,552,120                    | 16,886,132                      | 19,180,529                   | 27,042,284                   | 15,449,550                       | 22,247,834                    | 24,654,796                  | 10,727,867                        |
| Federal grants and contracts                 | 90,499,349            | 9,219,106                     | 7,970,691                       | 17,649,114                   | 17,153,686                   | 12,042,764                       | 9,105,987                     | 17,358,001                  | -                                 |
| Gifts  | 498,928               | 2,464                         | 1,500                           | 33,725                       | 2,462                        | 62,647                           | 30,354                        | 30,839                      | 334,937                           |
| Investment income                            | 1,920,893             | 8,367                         | 3,012                           | 4,396                        | 4,619                        | 379                              | 11,647                        | 28,409                      | 1,860,064                         |
| Other  | 267,769               | 11,153                        | 12,444                          | 13,099                       | (18,955)                     | 35,537                           | 123,306                       | 20,013                      | 71,172                            |
| Total Non-operating Revenue                  | <u>359,196,044</u>    | <u>44,389,636</u>             | <u>32,382,024</u>               | <u>52,006,082</u>            | <u>62,406,650</u>            | <u>36,598,966</u>                | <u>44,826,477</u>             | <u>68,289,579</u>           | <u>18,296,630</u>                 |
| Total revenues                               | <u>448,050,277</u>    | <u>56,534,537</u>             | <u>37,891,749</u>               | <u>61,577,629</u>            | <u>76,727,260</u>            | <u>44,880,157</u>                | <u>56,897,310</u>             | <u>87,635,065</u>           | <u>25,906,570</u>                 |
| <u>EXPENSES</u>                              |                       |                               |                                 |                              |                              |                                  |                               |                             |                                   |
| Instruction                                  | 153,710,356           | 24,644,900                    | 12,468,587                      | 22,185,415                   | 25,736,974                   | 13,339,037                       | 21,570,038                    | 33,000,771                  | 764,634                           |
| Public service                               | 11,122,463            | 1,220,082                     | 621,094                         | 204,786                      | 7,315,696                    | 354,626                          | 265,816                       | 1,139,842                   | 521                               |
| Academic support                             | 16,480,410            | 1,680,679                     | 1,615,530                       | 2,311,464                    | 1,955,392                    | 1,940,659                        | 2,579,326                     | 3,906,203                   | 491,157                           |
| Student services                             | 35,092,447            | 3,902,816                     | 3,012,745                       | 4,918,234                    | 5,459,902                    | 3,835,488                        | 4,761,077                     | 7,051,568                   | 2,150,617                         |
| Institutional support                        | 61,815,128            | 5,245,126                     | 4,813,784                       | 5,001,571                    | 7,296,722                    | 5,809,661                        | 5,199,150                     | 7,623,311                   | 20,825,803                        |
| Operation and maintenance of plant           | 33,104,936            | 4,631,702                     | 2,480,826                       | 4,160,040                    | 5,165,955                    | 3,047,326                        | 4,714,647                     | 6,908,877                   | 1,995,563                         |
| Scholarships and fellowships                 | 71,173,456            | 6,883,286                     | 6,173,391                       | 14,109,989                   | 13,338,470                   | 9,948,186                        | 7,140,467                     | 13,579,667                  | -                                 |
| Auxiliary enterprises                        | 8,770,977             | 1,108,489                     | 478,642                         | 1,265,704                    | 678,502                      | 802,265                          | 1,288,138                     | 1,429,269                   | 1,719,968                         |
| Depreciation                                 | 26,166,959            | 3,314,186                     | 2,492,615                       | 2,768,989                    | 3,676,533                    | 2,199,064                        | 4,120,588                     | 3,486,145                   | 4,108,839                         |
| Total Operating Expense                      | <u>417,437,132</u>    | <u>52,631,266</u>             | <u>34,157,214</u>               | <u>56,926,192</u>            | <u>70,624,146</u>            | <u>41,276,312</u>                | <u>51,639,247</u>             | <u>78,125,653</u>           | <u>32,057,102</u>                 |
| Interest on indebtedness                     | 16,862,201            | 2,296,538                     | 1,856,260                       | 2,393,324                    | 2,655,565                    | 1,870,558                        | 2,322,680                     | 2,749,743                   | 717,533                           |
| Other non-operating expense                  | 740,596               | -                             | -                               | -                            | -                            | -                                | -                             | -                           | 740,596                           |
| Total Non-operating Expense                  | <u>17,602,797</u>     | <u>2,296,538</u>              | <u>1,856,260</u>                | <u>2,393,324</u>             | <u>2,655,565</u>             | <u>1,870,558</u>                 | <u>2,322,680</u>              | <u>2,749,743</u>            | <u>1,458,129</u>                  |
| Total expenses                               | <u>435,039,929</u>    | <u>54,927,804</u>             | <u>36,013,474</u>               | <u>59,319,516</u>            | <u>73,279,711</u>            | <u>43,146,870</u>                | <u>53,961,927</u>             | <u>80,875,396</u>           | <u>33,515,231</u>                 |
| Change in net assets                         | 13,010,348            | 1,606,733                     | 1,878,275                       | 2,258,113                    | 3,447,549                    | 1,733,287                        | 2,935,383                     | 6,759,669                   | (7,608,661)                       |
| Net assets - beginning of year               | 456,918,029           | 38,534,889                    | 37,665,181                      | 35,413,218                   | 24,538,968                   | 30,255,210                       | 65,713,106                    | 58,318,596                  | 166,478,861                       |
| Net assets - end of year                     | <u>\$ 469,928,377</u> | <u>\$ 40,141,622</u>          | <u>\$ 39,543,456</u>            | <u>\$ 37,671,331</u>         | <u>\$ 27,986,517</u>         | <u>\$ 31,988,497</u>             | <u>\$ 68,648,489</u>          | <u>\$ 65,078,265</u>        | <u>\$ 158,870,200</u>             |

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
ANAYLSIS OF UNRESTRICTED NET ASSET COMPONENTS  
AND OTHER FINANCIAL STABILITY INDICATORS  
OF THE INDIVIDUAL COLLEGES AND THE CENTRAL ADMINISTRATION  
YEAR ENDED AUGUST 31, 2012**

|   | <u>Total</u>          | <u>Brookhaven<br/>College</u> | <u>Cedar Valley<br/>College</u> | <u>Eastfield<br/>College</u> | <u>El Centro<br/>College</u> | <u>Mountain View<br/>College</u> | <u>North Lake<br/>College</u> | <u>Richland<br/>College</u> | <u>Central<br/>Administration</u> |
|---|-----------------------|-------------------------------|---------------------------------|------------------------------|------------------------------|----------------------------------|-------------------------------|-----------------------------|-----------------------------------|
| Unrestricted net assets   | \$ 185,100,608        | \$ 4,624,575                  | \$ 6,944,659                    | \$ 5,559,950                 | \$ 6,359,656                 | \$ 2,827,539                     | \$ 10,959,469                 | \$ 15,793,679               | \$ 132,031,081                    |
| Temporarily restricted net assets   | (1,887,590)           | -                             | -                               | -                            | -                            | -                                | -                             | -                           | (1,887,590)                       |
| Capital assets, net   | 286,715,359           | 35,517,047                    | 32,598,797                      | 32,111,381                   | 21,626,861                   | 29,160,958                       | 57,689,020                    | 49,284,586                  | 28,726,709                        |
| <b>Total net assets</b>   | <b>\$ 469,928,377</b> | <b>\$ 40,141,622</b>          | <b>\$ 39,543,456</b>            | <b>\$ 37,671,331</b>         | <b>\$ 27,986,517</b>         | <b>\$ 31,988,497</b>             | <b>\$ 68,648,489</b>          | <b>\$ 65,078,265</b>        | <b>\$ 158,870,200</b>             |
| Unrestricted net assets   | \$ 185,100,608        | \$ 4,624,575                  | \$ 6,944,659                    | \$ 5,559,950                 | \$ 6,359,656                 | \$ 2,827,539                     | \$ 10,959,469                 | \$ 15,793,679               | \$ 132,031,081                    |
| <b>Unrestricted net assets, net of<br/>compensated absences</b>                                   | <b>\$ 185,100,608</b> | <b>\$ 4,624,575</b>           | <b>\$ 6,944,659</b>             | <b>\$ 5,559,950</b>          | <b>\$ 6,359,656</b>          | <b>\$ 2,827,539</b>              | <b>\$ 10,959,469</b>          | <b>\$ 15,793,679</b>        | <b>\$ 132,031,081</b>             |
| Current assets  | \$ 109,768,686        | \$ 10,936,542                 | \$ 7,828,599                    | \$ 15,034,358                | \$ 15,361,127                | \$ 9,982,226                     | \$ 10,494,043                 | \$ 16,862,613               | \$ 23,269,178                     |
| Current liabilities   | 140,158,927           | 14,126,291                    | 9,361,656                       | 17,959,843                   | 18,922,063                   | 11,564,652                       | 13,189,672                    | 21,544,780                  | 33,489,970                        |
| <b>Current ratio</b>  | <b>0.78</b>           | <b>0.77</b>                   | <b>0.84</b>                     | <b>0.84</b>                  | <b>0.81</b>                  | <b>0.86</b>                      | <b>0.80</b>                   | <b>0.78</b>                 | <b>0.69</b>                       |
| Operating revenues  | \$ 88,854,233         | \$ 12,144,901                 | \$ 5,509,725                    | \$ 9,571,547                 | \$ 14,320,610                | \$ 8,281,191                     | \$ 12,070,833                 | \$ 19,345,486               | \$ 7,609,940                      |
| Add non-operating revenues  | 359,196,044           | 44,389,636                    | 32,382,024                      | 52,006,082                   | 62,406,650                   | 36,598,966                       | 44,826,477                    | 68,289,579                  | 18,296,630                        |
| Less operating expenses   | 417,437,132           | 52,631,266                    | 34,157,214                      | 56,926,192                   | 70,624,146                   | 41,276,312                       | 51,639,247                    | 78,125,653                  | 32,057,102                        |
| Operational "bottom lin" net of<br>interest on capital related debt                               | <b>30,613,145</b>     | <b>3,903,271</b>              | <b>3,734,535</b>                | <b>4,651,437</b>             | <b>6,103,114</b>             | <b>3,603,845</b>                 | <b>5,258,063</b>              | <b>9,509,412</b>            | <b>(6,150,532)</b>                |
| Add back depreciation expense   | 26,166,959            | 3,314,186                     | 2,492,615                       | 2,768,989                    | 3,676,533                    | 2,199,064                        | 4,120,588                     | 3,486,145                   | 4,108,839                         |
| <b>Operational "bottom line" net of<br/>depreciation and interest on<br/>capital related debt</b> | <b>\$ 56,780,104</b>  | <b>\$ 7,217,457</b>           | <b>\$ 6,227,150</b>             | <b>\$ 7,420,426</b>          | <b>\$ 9,779,647</b>          | <b>\$ 5,802,909</b>              | <b>\$ 9,378,651</b>           | <b>\$ 12,995,557</b>        | <b>\$ (2,041,693)</b>             |
| <b>Cash and equivalents</b>   | <b>\$ 35,209,171</b>  | <b>\$ 6,850,624</b>           | <b>\$ 3,973,060</b>             | <b>\$ 2,906,071</b>          | <b>\$ 3,497,609</b>          | <b>\$ 2,945,436</b>              | <b>\$ 6,068,978</b>           | <b>\$ 6,940,814</b>         | <b>\$ 2,026,579</b>               |
| <b>Acquisition and construction of<br/>capital assets</b>   | <b>\$ 7,327,960</b>   | <b>\$ 487,889</b>             | <b>\$ 349,366</b>               | <b>\$ 419,670</b>            | <b>\$ 1,342,957</b>          | <b>\$ 139,902</b>                | <b>\$ 1,213,831</b>           | <b>\$ 1,452,024</b>         | <b>\$ 1,922,321</b>               |

Source: Location IPEDS Finance Reports  
Combined with all other DCCCD locations, ties to audited financial statements.



**Dallas County  
Community College District**

BROOKHAVEN • CEDAR VALLEY • DALLAS TELECOLLEGE • EASTFIELD • EL CENTRO • MOUNTAIN VIEW • NORTH LAKE • RICHLAND

**SMART STARTS HERE.**

## STATISTICAL SECTION TABLE OF CONTENTS

This part of the Dallas County Community College District's annual financial report presents detailed information as a context for understanding what the information in the financial statements, not disclosures and required supplementary information says about the District's overall financial health. The statistical tables are not audited.

### **Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

- Net Assets by Component
- Revenues by Source
- Program Expenses by Function

### **Revenue Capacity**

These schedules contain information to help the reader assess the District's most significant local revenue sources.

- Tuition and Fees
- Assessed Value and Taxable Assessed Value of Property
- State Appropriations per FTSE and Contact Hour
- Principal Taxpayers
- Property Tax Levies and Collections

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt.

- Ratios of Outstanding Debt
- Legal Debt Margin Information
- Pledged Revenue Coverage

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's activities take place.

- Demographic and Economic Information – Taxing District
- Principal Employers

### **Operating Information**

These schedules contain employment, enrollment and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

- Faculty Staff and Administrative Statistics
- Enrollment Details
- Student Profile
- Transfer to Senior Institutions
- Capital Asset Information



**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATISTICAL SUPPLEMENT 1**  
**NET ASSETS BY COMPONENT**  
**FISCAL YEARS 2003 TO 2012**  
 (UNAUDITED)  
 (AMOUNTS EXPRESSED IN THOUSANDS)

|  | <b>For the Year Ended August 31,</b> |                |                |                |                |                |                |                |                |                |
|--|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | <u>2012</u>                          | <u>2011</u>    | <u>2010</u>    | <u>2009</u>    | <u>2008</u>    | <u>2007</u>    | <u>2006</u>    | <u>2005</u>    | <u>2004</u>    | <u>2003</u>    |
| Invested in capital assets,<br>net of related debt | 286,715                              | 281,853        | 265,613        | 252,511        | 237,335        | 236,563        | 238,727        | 231,102        | 236,129        | 210,803        |
| Restricted - expendable                            | (1,888)                              | 5,828          | 11,902         | 11,708         | 11,563         | 12,463         | 13,649         | 29,999         | 11,536         | 6,487          |
| Unrestricted                                       | 185,101                              | 169,237        | 182,738        | 186,261        | 178,053        | 156,254        | 131,117        | 104,147        | 93,299         | 111,202        |
| <b>Total net assets</b>                            | <u>469,928</u>                       | <u>456,918</u> | <u>460,253</u> | <u>450,480</u> | <u>426,951</u> | <u>405,280</u> | <u>383,493</u> | <u>365,248</u> | <u>340,964</u> | <u>328,492</u> |

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATISTICAL SUPPLEMENT 2**  
**REVENUES BY SOURCE**  
**FISCAL YEARS 2003 TO 2012**  
(UNAUDITED)

**For the Year Ended August 31,**  
(amounts expressed in thousands)

|  | <b>2012</b>       | <b>2011</b>       | <b>2010</b>       | <b>2009</b>       | <b>2008</b>       | <b>2007</b>       | <b>2006</b>       | <b>2005</b>       | <b>2004</b>       | <b>2003</b>       |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Tuition and charges (net of discounts)         | \$ 56,484         | \$ 59,135         | \$ 60,680         | \$ 59,918         | \$ 53,800         | \$ 51,735         | \$ 46,055         | \$ 44,141         | \$ 42,747         | \$ 39,771         |
| Federal grants and contracts                   | 15,696            | 20,307            | 21,647            | 18,842            | 16,245            | 15,934            | 16,246            | 15,641            | 13,389            | 12,748            |
| State grants and contracts                     | 7,914             | 6,681             | 7,733             | 7,237             | 3,438             | 2,338             | 1,387             | 1,752             | 2,637             | 4,658             |
| Non-governmental grants and contracts          | 1,356             | 4,547             | 2,860             | 2,318             | 4,368             | 4,263             | 3,528             | 4,619             | 5,169             | 4,133             |
| Sales and services of educational activities   | 474               | 527               | 627               | 509               | 538               | 543               | 481               | 543               | 545               | 447               |
| Auxiliary enterprises                          | 5,072             | 5,163             | 5,409             | 5,576             | 5,914             | 6,663             | 6,299             | 5,735             | 6,592             | 6,976             |
| General operating revenues                     | 1,858             | 1,902             | 2,240             | 1,643             | 1,740             | 1,800             | 1,675             | 1,697             | 1,133             | 1,177             |
| <b>Total Operating Revenues</b>                | <b>88,854</b>     | <b>98,262</b>     | <b>101,196</b>    | <b>96,043</b>     | <b>86,043</b>     | <b>83,276</b>     | <b>75,671</b>     | <b>74,128</b>     | <b>72,212</b>     | <b>69,910</b>     |
| State appropriations                           | 109,268           | 119,373           | 123,304           | 119,415           | 118,197           | 110,740           | 108,041           | 103,248           | 101,689           | 100,624           |
| Maintenance ad valorem taxes                   | 156,741           | 158,309           | 159,137           | 153,057           | 130,734           | 121,220           | 113,769           | 106,596           | 100,559           | 76,922            |
| Federal revenue, non-operating                 | 90,499            | 87,927            | 74,419            | 40,458            | 32,230            | 31,405            | 34,551            | 33,726            | 31,875            | 27,971            |
| Gifts  | 499               | 149               | 83                | 779               | 205               | 65                | 122               | 138               | 317               | 723               |
| Investment income                              | 1,921             | 3,943             | 7,385             | 8,343             | 11,975            | 12,349            | 8,689             | 5,501             | 3,640             | 3,073             |
| Gain on sale of investment                     | -                 | 7                 | -                 | 153               | -                 | -                 | -                 | -                 | 85                | 78                |
| Contributions in aid of construction           | -                 | -                 | -                 | 75                | -                 | -                 | -                 | -                 | -                 | 496               |
| Gain on disposal of capital assets & easements | 50                | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Other non-operating revenue                    | 218               | 1,363             | 1,571             | 50                | 241               | 51                | 175               | 874               | 182               | 52                |
| <b>Total Non-operating Revenues</b>            | <b>359,196</b>    | <b>371,071</b>    | <b>365,899</b>    | <b>322,330</b>    | <b>293,582</b>    | <b>275,830</b>    | <b>265,347</b>    | <b>250,083</b>    | <b>238,347</b>    | <b>209,939</b>    |
| <b>Total Revenues</b>                          | <b>\$ 448,050</b> | <b>\$ 469,333</b> | <b>\$ 467,095</b> | <b>\$ 418,373</b> | <b>\$ 379,625</b> | <b>\$ 359,106</b> | <b>\$ 341,018</b> | <b>\$ 324,211</b> | <b>\$ 310,559</b> | <b>\$ 279,849</b> |

**For the Year Ended August 31,**

|  | <b>2002</b>    | <b>2011</b>    | <b>2010</b>    | <b>2009</b>    | <b>2008</b>    | <b>2007</b>    | <b>2006</b>    | <b>2005</b>    | <b>2004</b>    | <b>2003</b>    |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Tuition and charges (net of discounts)         | 12.61%         | 12.82%         | 12.99%         | 14.32%         | 14.17%         | 14.41%         | 13.51%         | 13.62%         | 13.76%         | 14.21%         |
| Federal grants and contracts                   | 3.50%          | 4.32%          | 4.63%          | 4.50%          | 4.28%          | 4.44%          | 4.76%          | 4.82%          | 4.31%          | 4.56%          |
| State grants and contracts                     | 1.77%          | 1.42%          | 1.66%          | 1.74%          | 0.91%          | 0.65%          | 0.41%          | 0.54%          | 0.85%          | 1.66%          |
| Non-governmental grants and contracts          | 0.30%          | 0.97%          | 0.61%          | 0.55%          | 1.15%          | 1.19%          | 1.03%          | 1.42%          | 1.66%          | 1.48%          |
| Sales and services of educational activities   | 0.11%          | 0.11%          | 0.13%          | 0.12%          | 0.14%          | 0.15%          | 0.14%          | 0.17%          | 0.18%          | 0.16%          |
| Auxiliary enterprises                          | 1.13%          | 1.10%          | 1.16%          | 1.33%          | 1.56%          | 1.85%          | 1.85%          | 1.77%          | 2.12%          | 2.49%          |
| General operating revenues                     | 0.41%          | 0.40%          | 0.48%          | 0.39%          | 0.46%          | 0.50%          | 0.49%          | 0.52%          | 0.37%          | 0.42%          |
| <b>Total Operating Revenues</b>                | <b>19.83%</b>  | <b>21.14%</b>  | <b>21.66%</b>  | <b>22.95%</b>  | <b>22.67%</b>  | <b>23.19%</b>  | <b>22.19%</b>  | <b>22.86%</b>  | <b>23.25%</b>  | <b>24.98%</b>  |
| State appropriations                           | 24.39%         | 25.43%         | 26.40%         | 28.54%         | 31.14%         | 30.84%         | 31.68%         | 31.85%         | 32.75%         | 35.95%         |
| Maintenance ad valorem taxes                   | 34.98%         | 33.64%         | 34.07%         | 36.59%         | 34.44%         | 33.75%         | 33.36%         | 32.88%         | 32.38%         | 27.48%         |
| Federal revenue, non-operating                 | 20.20%         | 18.73%         | 15.93%         | 9.67%          | 8.49%          | 8.75%          | 10.13%         | 10.40%         | 10.26%         | 10.00%         |
| Gifts  | 0.11%          | 0.03%          | 0.02%          | 0.19%          | 0.05%          | 0.02%          | 0.04%          | 0.04%          | 0.10%          | 0.26%          |
| Investment income                              | 0.43%          | 0.84%          | 1.58%          | 1.99%          | 3.15%          | 3.44%          | 2.55%          | 1.70%          | 1.17%          | 1.10%          |
| Gain on sale of investment                     | 0.00%          | 0.00%          | 0.00%          | 0.04%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.03%          | 0.03%          |
| Contributions in aid of construction           | 0.00%          | 0.00%          | 0.00%          | 0.02%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.18%          |
| Gain on disposal of capital assets & easements | 0.01%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| Other non-operating revenue                    | 0.05%          | 0.29%          | 0.34%          | 0.01%          | 0.06%          | 0.01%          | 0.05%          | 0.27%          | 0.06%          | 0.02%          |
| <b>Total Non-operating Revenues</b>            | <b>80.17%</b>  | <b>78.97%</b>  | <b>78.34%</b>  | <b>77.05%</b>  | <b>77.33%</b>  | <b>76.81%</b>  | <b>77.81%</b>  | <b>77.14%</b>  | <b>76.75%</b>  | <b>75.02%</b>  |
| <b>Total Revenues</b>                          | <b>100.00%</b> | <b>100.11%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> |

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATISTICAL SUPPLEMENT 3**  
**PROGRAM EXPENSES BY FUNCTION**  
**FISCAL YEARS 2003 TO 2012**  
(UNAUDITED)

For the Year Ended August 31,

(amounts expressed in thousands)

|                                     | 2012              | 2011              | 2010              | 2009              | 2008              | 2007              | 2006              | 2005              | 2004              | 2003              |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Instruction                         | \$ 153,710        | \$ 168,329        | \$ 161,769        | \$ 150,414        | \$ 141,112        | \$ 137,429        | \$ 132,577        | \$ 130,728        | \$ 126,134        | \$ 121,450        |
| Public service                      | 11,123            | 12,191            | 13,503            | 13,954            | 10,839            | 10,578            | 10,334            | 10,406            | 9,717             | 9,954             |
| Academic support                    | 16,480            | 19,988            | 20,065            | 19,363            | 18,713            | 18,303            | 17,314            | 16,586            | 15,124            | 14,824            |
| Student services                    | 35,092            | 37,616            | 38,354            | 35,151            | 32,418            | 31,527            | 29,656            | 29,199            | 27,952            | 26,635            |
| Institutional support               | 61,815            | 69,320            | 72,466            | 67,196            | 58,216            | 52,878            | 51,110            | 48,190            | 46,290            | 43,391            |
| Operation and maintenance of plant  | 33,105            | 38,844            | 38,718            | 33,000            | 30,058            | 27,083            | 26,079            | 24,630            | 22,783            | 21,087            |
| Scholarships and fellowships        | 71,174            | 72,415            | 61,104            | 33,144            | 26,383            | 24,053            | 26,396            | 26,344            | 25,784            | 25,012            |
| Auxiliary enterprises               | 8,771             | 9,439             | 10,389            | 9,539             | 10,104            | 10,774            | 10,286            | 9,966             | 10,309            | 10,447            |
| Depreciation                        | 26,167            | 25,982            | 22,986            | 18,530            | 17,084            | 17,584            | 14,464            | 11,343            | 10,211            | 10,639            |
| <b>Total Operating Expenses</b>     | <b>417,437</b>    | <b>454,124</b>    | <b>439,354</b>    | <b>380,291</b>    | <b>344,927</b>    | <b>330,209</b>    | <b>318,216</b>    | <b>307,392</b>    | <b>294,304</b>    | <b>283,439</b>    |
| Interest on capital debt            | 16,862            | 18,094            | 16,508            | 13,907            | 6,149             | 4,992             | 4,146             | 4,538             | 1,905             | 735               |
| Loss on disposal of capital assets  | -                 | 35                | 1,041             | 270               | 5,343             | 1,736             | 145               | 122               | 156               | 134               |
| Accrual for legal expense           | -                 | -                 | -                 | -                 | -                 | -                 | -                 | (13,271)          | 1,683             | -                 |
| Other non-operating expense         | 741               | 415               | 419               | 376               | 1,535             | 382               | 265               | 1,146             | 39                | 454               |
| <b>Total Non-operating Expenses</b> | <b>17,603</b>     | <b>18,544</b>     | <b>17,968</b>     | <b>14,553</b>     | <b>13,027</b>     | <b>7,110</b>      | <b>4,556</b>      | <b>(7,465)</b>    | <b>3,783</b>      | <b>1,323</b>      |
| <b>Total Expenses</b>               | <b>\$ 435,040</b> | <b>\$ 472,668</b> | <b>\$ 457,322</b> | <b>\$ 394,844</b> | <b>\$ 357,954</b> | <b>\$ 337,319</b> | <b>\$ 322,772</b> | <b>\$ 299,927</b> | <b>\$ 298,087</b> | <b>\$ 284,762</b> |

For the Year Ended August 31,

|                                     | 2012           | 2011           | 2010           | 2009           | 2008           | 2007           | 2006           | 2005           | 2004           | 2003           |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Instruction                         | 35.33%         | 35.61%         | 35.37%         | 38.10%         | 39.41%         | 40.73%         | 41.07%         | 43.59%         | 42.31%         | 42.65%         |
| Public service                      | 2.56%          | 2.58%          | 2.95%          | 3.53%          | 3.03%          | 3.14%          | 3.20%          | 3.47%          | 3.26%          | 3.50%          |
| Academic support                    | 3.79%          | 4.23%          | 4.39%          | 4.90%          | 5.23%          | 5.43%          | 5.36%          | 5.53%          | 5.07%          | 5.21%          |
| Student services                    | 8.07%          | 7.96%          | 8.39%          | 8.90%          | 9.06%          | 9.35%          | 9.19%          | 9.74%          | 9.38%          | 9.35%          |
| Institutional support               | 14.21%         | 14.67%         | 15.84%         | 17.02%         | 16.26%         | 15.68%         | 15.84%         | 16.07%         | 15.53%         | 15.24%         |
| Operation and maintenance of plant  | 7.61%          | 8.22%          | 8.47%          | 8.36%          | 8.40%          | 8.03%          | 8.08%          | 8.21%          | 7.64%          | 7.40%          |
| Scholarships and fellowships        | 16.36%         | 15.32%         | 13.36%         | 8.39%          | 7.37%          | 7.13%          | 8.18%          | 8.78%          | 8.65%          | 8.78%          |
| Auxiliary enterprises               | 2.01%          | 2.00%          | 2.27%          | 2.42%          | 2.82%          | 3.19%          | 3.19%          | 3.32%          | 3.46%          | 3.67%          |
| Depreciation                        | 6.01%          | 5.50%          | 5.03%          | 4.69%          | 4.77%          | 5.21%          | 4.48%          | 3.78%          | 3.43%          | 3.74%          |
| <b>Total Operating Expenses</b>     | <b>95.95%</b>  | <b>96.08%</b>  | <b>96.07%</b>  | <b>96.31%</b>  | <b>96.35%</b>  | <b>97.89%</b>  | <b>98.59%</b>  | <b>102.49%</b> | <b>98.73%</b>  | <b>99.54%</b>  |
| Interest on capital debt            | 3.88%          | 3.83%          | 3.61%          | 3.52%          | 1.72%          | 1.48%          | 1.28%          | 1.51%          | 0.64%          | 0.25%          |
| Loss on disposal of capital assets  | 0.00%          | 0.01%          | 0.23%          | 0.07%          | 1.50%          | 0.52%          | 0.05%          | 0.04%          | 0.05%          | 0.05%          |
| Accrual for legal expense           | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | -4.42%         | 0.57%          | 0.00%          |
| Other non-operating expense         | 0.17%          | 0.08%          | 0.09%          | 0.10%          | 0.43%          | 0.11%          | 0.08%          | 0.38%          | 0.01%          | 0.16%          |
| <b>Total Non-operating Expenses</b> | <b>4.05%</b>   | <b>3.92%</b>   | <b>3.93%</b>   | <b>3.69%</b>   | <b>3.65%</b>   | <b>2.11%</b>   | <b>1.41%</b>   | <b>-2.49%</b>  | <b>1.27%</b>   | <b>0.46%</b>   |
| <b>Total Expenses</b>               | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> |

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATISTICAL SUPPLEMENT 4**  
**TUITION AND FEES**  
**LAST TEN ACADEMIC YEARS**  
(UNAUDITED)

| <b>Resident</b>                     |                            |                                |                                    |  |   |   |
|-------------------------------------|----------------------------|--------------------------------|------------------------------------|--|---|---|
| Fees per Semester Credit Hour (SCH) |                            |                                |                                    |  |   |   |
| <b>Academic Year (Fall)</b>         | <b>In-District Tuition</b> | <b>Out-of-District Tuition</b> | <b>Cost for 12 SCH In-District</b> | <b>Cost for 12 SCH Out-of-District</b> | <b>Increase from Prior Year In-District</b> | <b>Increase from Prior Year Out-of-District</b> |
| 2011-12                             | \$ 45                      | \$ 83                          | \$ 540                             | \$ 996                                 | 9.76%                                       | 9.21%   |
| 2010-11                             | 41                         | 76                             | 492                                | 912                                    | 0.00%                                       | 0.00%   |
| 2009-10                             | 41                         | 76                             | 492                                | 912                                    | 5.13%                                       | 5.56%   |
| 2008-09                             | 39                         | 72                             | 468                                | 864                                    | 0.00%                                       | 0.00%   |
| 2007-08                             | 39                         | 72                             | 468                                | 864                                    | 8.33%                                       | 9.09%   |
| 2006-07                             | 36                         | 66                             | 432                                | 792                                    | 9.09%                                       | 10.00%  |
| 2005-06                             | 33                         | 60                             | 396                                | 720                                    | 10.00%                                      | 20.00%  |
| 2004-05                             | 30                         | 50                             | 360                                | 600                                    | 0.00%                                       | 0.00%   |
| 2003-04                             | 30                         | 50                             | 360                                | 600                                    | 15.38%                                      | 8.70%   |
| 2002-03                             | 26                         | 46                             | 312                                | 552                                    | 0.00%                                       | 0.00%   |

| <b>Non-Resident</b>                 |  |   |                                     |                                      |  |   |
|-------------------------------------|--|---|-------------------------------------|--------------------------------------|--|---|
| Fees per Semester Credit Hour (SCH) |  |   |                                     |                                      |  |   |
| <b>Academic Year (Fall)</b>         | <b>Non-Resident Tuition Out-of-State</b> | <b>Non-Resident Tuition International</b> | <b>Cost for 12 SCH Out-of-State</b> | <b>Cost for 12 SCH International</b> | <b>Increase from Prior Year Out-of-State</b> | <b>Increase from Prior Year International</b> |
| 2011-12                             | \$ 132                                   | \$ 132                                    | \$ 1,584                            | \$ 1,584                             | 9.09%  | 9.09%   |
| 2010-11                             | 121                                      | 121                                       | 1,452                               | 1,452                                | 0.00%  | 0.00%   |
| 2009-10                             | \$ 121                                   | \$ 121                                    | \$ 1,452                            | \$ 1,452                             | 5.22%  | 5.22%   |
| 2008-09                             | 115                                      | 115                                       | 1,380                               | 1,380                                | 0.00%  | 0.00%   |
| 2007-08                             | 115                                      | 115                                       | 1,380                               | 1,380                                | 8.49%  | 8.49%   |
| 2006-07                             | 115                                      | 106                                       | 1,272                               | 1,272                                | 10.42%                                       | 10.42%  |
| 2005-06                             | 115                                      | 96  | 1,152                               | 1,152                                | 20.00%                                       | 20.00%  |
| 2004-05                             | 115                                      | 80  | 960                                 | 960                                  | 0.00%  | 0.00%   |
| 2003-04                             | 115                                      | 80  | 960                                 | 960                                  | 5.26%  | 5.26%   |
| 2002-03                             | 115                                      | 76  | 912                                 | 912                                  | 0.00%  | 0.00%   |

Source: District Office of Business Affairs

Note: Includes basic enrollment tuition and fees but excludes course based fees such as laboratory fees, testing fees and

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
 STATISTICAL SUPPLEMENT 5  
 ASSESSED VALUE AND TAXABLE ASSESSED VALUE OF PROPERTY  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

| Fiscal Year | (amounts expressed in thousands) |                  |                              | Ratio of Taxable Assessed Value to Assessed Value | Direct Rate                  |                  |           |
|-------------|----------------------------------|------------------|------------------------------|---|------------------------------|------------------|-----------|
|             | Assessed Valuation of Property   | Less: Exemptions | Taxable Assessed Value (TAV) |   | Maintenance & Operations (a) | Debt Service (a) | Total (a) |
| 2011-12     | 184,081,685                      | 22,658,861       | 161,422,824                  | 87.69%  | 0.07890                      | 0.02077          | 0.09967   |
| 2010-11     | 186,615,099                      | 23,375,863       | 163,239,236                  | 87.47%  | 0.07780                      | 0.02143          | 0.09923   |
| 2009-10     | 188,450,056                      | 15,774,377       | 172,675,679                  | 91.63%  | 0.07780                      | 0.01710          | 0.09490   |
| 2008-09     | 215,856,678                      | 37,953,410       | 177,903,268                  | 82.42%  | 0.07590                      | 0.01350          | 0.08940   |
| 2007-08     | 202,897,589                      | 36,335,019       | 166,562,570                  | 82.09%  | 0.07590                      | 0.00450          | 0.08040   |
| 2006-07     | 186,011,811                      | 33,388,192       | 152,623,619                  | 82.05%  | 0.07780                      | 0.00320          | 0.08100   |
| 2005-06     | 173,396,321                      | 31,196,654       | 142,199,667                  | 82.01%  | 0.07780                      | 0.00380          | 0.08160   |
| 2004-05     | 164,428,457                      | 29,418,622       | 135,009,835                  | 82.11%  | 0.07780                      | 0.00250          | 0.08030   |
| 2003-04     | 160,837,174                      | 27,825,511       | 133,011,663                  | 82.70%  | 0.07780                      | 0.00000          | 0.07780   |
| 2002-03     | 159,130,757                      | 27,293,383       | 131,837,374                  | 82.85%  | 0.06000                      | 0.00000          | 0.06000   |

Source: Dallas County Appraisal District

Notes: FY10-FY12---Property is assessed at full market value less exempt property

(a) per \$100 Taxable Assessed Valuation

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
 STATISTICAL SUPPLEMENT 6  
 STATE APPROPRIATIONS PER FTSE AND CONTACT HOUR  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)  
 (AMOUNTS EXPRESSED IN THOUSANDS)

| Fiscal Year | Appropriation per FTSE |        |                                    | Appropriation per Contact Hour |                              |                           |   |
|-------------|------------------------|--------|------------------------------------|--------------------------------|------------------------------|---------------------------|---|
|             | State<br>Appropriation | FTSE   | State<br>Appropriation<br>per FTSE | Academic<br>Contact<br>Hours   | Voc/Tech<br>Contact<br>Hours | Total<br>Contact<br>Hours | State<br>Appropriation<br>per Contact<br>Hour |
| 2011-12     | \$ 89,931              | 52,321 | \$ 1,719                           | 21,889                         | 6,037                        | 27,926                    | \$ 3.22                                       |
| 2010-11     | 89,478                 | 53,360 | 1,889                              | 22,438                         | 9,416                        | 31,854                    | 2.81  |
| 2009-10     | 93,099                 | 53,474 | 1,741                              | 21,604                         | 10,360                       | 31,964                    | 2.91  |
| 2008-09     | 89,498                 | 47,374 | 1,889                              | 19,244                         | 9,284                        | 28,528                    | 3.14  |
| 2007-08     | 89,498                 | 43,737 | 2,046                              | 17,911                         | 8,428                        | 26,339                    | 3.40  |
| 2006-07     | 84,753                 | 42,992 | 1,971                              | 17,047                         | 8,120                        | 25,167                    | 3.37  |
| 2005-06     | 84,753                 | 41,648 | 2,035                              | 17,154                         | 7,830                        | 24,984                    | 3.39  |
| 2004-05     | 83,076                 | 42,934 | 1,935                              | 16,959                         | 8,385                        | 25,344                    | 3.28  |
| 2003-04     | 83,054                 | 42,261 | 1,965                              | 16,890                         | 8,953                        | 25,843                    | 3.21  |
| 2002-03     | 79,974                 | 41,509 | 1,927                              | 16,480                         | 9,479                        | 25,959                    | 3.08  |

Note: FTSE is defined as the number of credit hours divided by 30 plus the number of CE contact hours divided by 900.

Source: District Business Affairs End of Semester Student Statistics Report

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATISTICAL SUPPLEMENT 7**  
**PRINCIPAL TAXPAYERS**  
**LAST TEN TAX YEARS**  
(UNAUDITED)

| Taxpayer  | Type of Business        | Taxable Assessed Value (TAV) by Fiscal Year (\$000 omitted) |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|---|-------------------------|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   |                         | 2012  | 2011                  | 2010                  | 2009                  | 2008                  | 2007                  | 2006                  | 2005                  | 2004                  | 2003                  |
| ATT/Southwestern Bell/Cingular                    | Telephone Utility       | 1,281,252   | 1,226,067             | 1,337,588             | 1,578,863             | 1,694,723             | 1,702,249             | 1,590,414             | 1,505,448             | 1,605,116             | 1,631,836             |
| Oncor Electric Delivery                           | Electric Utility        | 1,244,176   | 1,225,464             | 1,226,132             | 1,384,673             | 1,380,524             | 1,381,599             | 1,322,938             | 1,376,066             | 1,315,833             | 1,293,507             |
| Raytheon/Texas Instruments                        | Manufacturing           | 812,802   | 859,002               | 1,075,514             | 1,469,996             | 1,692,476             | 1,056,013             | 1,164,396             | 1,272,884             | 1,438,159             | 1,465,722             |
| Aviall Inc  | Aviation                | 789,342   | 720,147               | 592,642               | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Northpark Land Partners                           | Real Estate Development | 645,301   | 530,065               | 545,522               | 590,682               | 569,402               | -                     | -                     | -                     | -                     | -                     |
| Southwest Airlines                                | Airline                 | 605,196   | 519,000               | 532,463               | 552,440               | 600,667               | 512,039               | 537,242               | 476,922               | 510,029               | 500,357               |
| Wal-Mart  | Retail                  | 536,260   | 453,385               | 545,857               | 533,885               | 475,048               | 485,283               | 471,872               | 431,497               | 326,838               | -                     |
| Verizon/GTE                                       | Telephone Utility       | 480,121   | 429,566               | 508,920               | 550,663               | 510,897               | 527,007               | 549,021               | 536,833               | 535,798               | 762,900               |
| Crescent Real Estate                              | Real Estate Development | 459,455   | 353,769               | 703,343               | 567,651               | 748,339               | 773,627               | 781,402               | 793,480               | 869,249               | 991,604               |
| YPI Thanksgiving Tower/Central                    | Real Estate Development | 385,595   | 337,437               | -                     | -                     | 402,989               | -                     | -                     | -                     | -                     | -                     |
| Gulfstream Aerospace                              | Aerospace Manufacturing | -   | -                     | 398,458               | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Teachers Insurance                                | Insurance               | -   | -                     | -                     | 488,333               | -                     | 368,709               | -                     | -                     | -                     | -                     |
| Galleria Mall Inv LP                              | Real Estate Development | -   | -                     | -                     | 418,988               | 431,782               | -                     | -                     | -                     | -                     | -                     |
| Trammell Crow/Anatole                             | Real Estate Development | -   | -                     | -                     | -                     | -                     | 367,490               | 323,381               | 324,764               | 366,411               | 393,304               |
| Trizec Renaissance                                | Real Estate Development | -   | -                     | -                     | -                     | -                     | 366,948               | -                     | -                     | -                     | -                     |
| Post Apartment Homes LP/<br>Columbus Realty trust | Real Estate Development | -   | -                     | -                     | -                     | -                     | -                     | 276,921               | -                     | -                     | -                     |
| Exxon/Mobil                                       | Oil & Gas Exploration   | -   | -                     | -                     | -                     | -                     | -                     | 262,664               | 273,239               | 275,688               | -                     |
| AT&T  | Telephone Utility       | -   | -                     | -                     | -                     | -                     | -                     | -                     | 270,849               | -                     | 351,490               |
| Metropolitan                                      | Insurance               | -   | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | 289,976               |
| MCI   | Telephone Utility       | -   | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | 266,498               |
| Vought/Loral/Grumman                              | Aerospace Manufacturing | -   | -                     | -                     | -                     | -                     | -                     | -                     | -                     | 182,856               | -                     |
| <b>Totals</b>                                     |                         | <b>\$ 7,239,500</b>   | <b>\$ 6,653,902</b>   | <b>\$ 7,466,439</b>   | <b>\$ 8,136,174</b>   | <b>\$ 8,506,847</b>   | <b>\$ 7,540,964</b>   | <b>\$ 7,280,251</b>   | <b>\$ 7,261,982</b>   | <b>\$ 7,425,977</b>   | <b>\$ 7,947,194</b>   |
| <b>Total Taxable Assessed Value</b>               |                         | <b>\$ 162,239,236</b>                                       | <b>\$ 172,675,679</b> | <b>\$ 177,903,268</b> | <b>\$ 166,562,570</b> | <b>\$ 152,623,619</b> | <b>\$ 142,199,667</b> | <b>\$ 135,009,835</b> | <b>\$ 133,011,663</b> | <b>\$ 131,837,374</b> | <b>\$ 127,941,747</b> |

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
STATISTICAL SUPPLEMENT 7 CONT'D**

| Taxpayer  | Type of Business        | % of Taxable Assessed Value (TAV) by Fiscal Year |              |              |              |              |              |              |              |              |              |
|---|-------------------------|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |                         | 2012   | 2011         | 2010         | 2009         | 2008         | 2007         | 2006         | 2005         | 2004         | 2003         |
| ATT/Southwestern Bell/Cingular                    | Telephone Utility       | 0.79%  | 0.71%        | 0.75%        | 0.95%        | 1.11%        | 1.20%        | 1.18%        | 1.13%        | 1.22%        | 1.28%        |
| Oncor Electric Delivery                           | Electric Utility        | 0.77%  | 0.71%        | 0.69%        | 0.83%        | 0.90%        | 0.97%        | 0.98%        | 1.04%        | 1.00%        | 1.01%        |
| Raytheon/Texas Instruments                        | Manufacturing           | 0.50%  | 0.50%        | 0.60%        | 0.88%        | 1.11%        | 0.74%        | 0.86%        | 0.96%        | 1.09%        | 1.15%        |
| Aviall Inc  | Aviation                | 0.49%  | 0.42%        | 0.33%        | -            | -            | -            | -            | -            | -            | -            |
| Northpark Land Partners                           | Real Estate Development | 0.40%  | 0.31%        | 0.31%        | 0.35%        | 0.37%        | -            | -            | -            | -            | -            |
| Southwest Airlines                                | Airline                 | 0.37%  | 0.30%        | 0.30%        | 0.33%        | 0.39%        | 0.36%        | 0.40%        | 0.36%        | 0.38%        | 0.38%        |
| Wal-Mart  | Retail                  | 0.33%  | 0.26%        | 0.31%        | 0.32%        | 0.31%        | 0.34%        | 0.35%        | 0.32%        | 0.25%        | 0.00%        |
| Verizon/GTE                                       | Telephone Utility       | 0.30%  | 0.25%        | 0.29%        | 0.34%        | 0.33%        | 0.37%        | 0.41%        | 0.40%        | 0.40%        | 0.59%        |
| Crescent Real Estate                              | Real Estate Development | 0.28%  | 0.20%        | 0.40%        | 0.34%        | 0.49%        | 0.54%        | 0.58%        | 0.60%        | 0.66%        | 0.78%        |
| YPI Thanksgiving Tower/Central                    | Real Estate Development | 0.24%  | 0.20%        | -            | -            | 0.26%        | -            | -            | -            | -            | -            |
| Gulfstream Aerospace                              | Aerospace Manufacturing | -  | -            | 0.22%        | -            | -            | -            | -            | -            | -            | -            |
| Teachers Insurance                                | Insurance               | -  | -            | -            | 0.29%        | -            | 0.26%        | -            | -            | -            | -            |
| Galleria Mall Inv LP                              | Real Estate Development | -  | -            | -            | 0.25%        | 0.28%        | -            | -            | -            | -            | -            |
| Trammell Crow/Anatole                             | Real Estate Development | -  | -            | -            | -            | -            | 0.26%        | 0.24%        | 0.24%        | 0.28%        | 0.31%        |
| Trizec Renaissance                                | Real Estate Development | -  | -            | -            | -            | -            | 0.26%        | -            | -            | -            | -            |
| Post Apartment Homes LP/<br>Columbus realty Trust | Real Estate Development | -  | -            | -            | -            | -            | -            | 0.20%        | -            | -            | -            |
| Exxon/Mobil                                       | Oil & Gas Exploration   | -  | -            | -            | -            | -            | -            | 0.19%        | 0.21%        | 0.21%        | 0.00%        |
| AT&T  | Telephone Utility       | -  | -            | -            | -            | -            | -            | -            | 0.20%        | -            | -            |
| Metropolitan                                      | Insurance               | -  | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| MCI   | Telephone Utility       | -  | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Vought/Loral/Grumman                              | Aerospace Manufacturing | -  | -            | -            | -            | -            | -            | -            | -            | 0.14%        | 0.00%        |
| <b>Totals</b>                                     |                         | <b>4.47%</b>                                     | <b>3.86%</b> | <b>4.20%</b> | <b>4.88%</b> | <b>5.55%</b> | <b>5.30%</b> | <b>5.39%</b> | <b>5.46%</b> | <b>5.63%</b> | <b>5.50%</b> |

Source: Dallas Central Appraisal District



**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATISTICAL SUPPLEMENT 8**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN TAX YEARS**  
(UNAUDITED)  
(AMOUNTS EXPRESSED IN THOUSANDS)

| <b>Fiscal Year Ended August 31,</b> | <b>Levy (a)</b> | <b>Cumulative Levy Adjustments</b> | <b>Adjusted Tax Levy (b)</b> | <b>Collections - Year of Levy (c)</b> | <b>Percentage</b> | <b>Collections of Prior Years (d)</b> | <b>Collections of Penalties and Interest (e)</b> | <b>Total Collections (c+d+e)</b> | <b>Cumulative Collections of Adjusted Levy</b> |
|-------------------------------------|-----------------|------------------------------------|------------------------------|---------------------------------------|-------------------|---------------------------------------|--|----------------------------------|--|
| 2012                                | \$ 161,589      | \$ (453)                           | \$ 161,136                   | \$ 159,000                            | 98.67%            | \$ 1,107                              | \$ 1,842   | \$ 161,949                       | 100.50%  |
| 2011                                | 163,181         | (1,375)                            | 161,806                      | 159,289                               | 98.44%            | 709                                   | 2,086  | 162,084                          | 100.17%  |
| 2010                                | 163,869         | (1,798)                            | 162,071                      | 159,244                               | 98.26%            | 1,444                                 | 2,165  | 162,853                          | 100.48%  |
| 2009                                | 158,943         | (2,519)                            | 156,424                      | 153,224                               | 97.95%            | 2,405                                 | 2,074  | 157,703                          | 100.82%  |
| 2008                                | 135,224         | (1,732)                            | 133,492                      | 131,024                               | 98.15%            | 1,765                                 | 2,088  | 134,877                          | 101.04%  |
| 2007                                | 123,162         | 132                                | 123,294                      | 120,829                               | 98.00%            | 1,981                                 | 1,274  | 124,084                          | 100.64%  |
| 2006                                | 114,957         | 614                                | 115,571                      | 113,426                               | 98.14%            | 1,731                                 | 1,194  | 116,351                          | 100.67%  |
| 2005                                | 107,927         | (65)                               | 107,862                      | 105,982                               | 98.26%            | 1,838                                 | 1,237  | 109,057                          | 101.11%  |
| 2004                                | 103,074         | (570)                              | 102,504                      | 100,434                               | 97.98%            | 1,580                                 | 911  | 102,925                          | 100.41%  |
| 2003                                | 79,860          | (1,347)                            | 78,513                       | 76,749                                | 97.75%            | 1,787                                 | 736  | 79,272                           | 100.97%  |

Source: Dallas County Appraisal District and District Office of Business Affairs

- (a) As reported in notes to the financial statements for the year of the levy.
- (b) As of August 31st of the current reporting year.
- (c) Property tax current year only - does not include penalties and interest.
- (d) Represents collections of Prior Years' Taxes
- (e) Represents all penalties and Interest both current and prior years

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATISTICAL SUPPLEMENT 9**  
**RATIOS OF OUTSTANDING DEBT**  
**LAST TEN FISCAL YEARS**  
(UNAUDITED)

For the Year Ended August 31 (amounts expressed in thousands)

|   | 2012       | 2011       | 2010       | 2009       | 2008       | 2007       | 2006       | 2005       | 2004      | 2003      |
|---|------------|------------|------------|------------|------------|------------|------------|------------|-----------|-----------|
| <b>General Bonded Debt</b>                |            |            |            |            |            |            |            |            |           |           |
| General obligation bonds                  | \$ 372,095 | \$ 387,680 | \$ 401,605 | \$ 367,140 | \$ 60,735  | \$ 63,035  | \$ 65,250  | \$ 67,375  | \$ -      | \$ -      |
| Less: Funds restricted for debt service   | -          | -          | -          | -          | -          | -          | -          | -          | -         | -         |
| Net general bonded debt                   | \$ 372,095 | \$ 387,680 | \$ 401,605 | \$ 367,140 | \$ 60,735  | \$ 63,035  | \$ 65,250  | \$ 67,375  | \$ -      | \$ -      |
| <b>Other Debt</b>                         |            |            |            |            |            |            |            |            |           |           |
| Revenue bonds                             | \$ 21,450  | \$ 25,595  | \$ 29,620  | \$ 33,560  | \$ 37,145  | \$ 40,660  | \$ 45,795  | \$ 49,975  | \$ 53,955 | \$ 57,755 |
| Tax notes                                 | 2,170      | 8,460      | 14,435     | 20,120     | 25,475     | 30,450     | 35,130     | 39,560     | 43,125    | 9,850     |
| Notes                                     | -          | -          | -          | -          | 51         | 252        | 445        | 630        | 806       | 975       |
| Commercial paper                          | -          | -          | -          | -          | 125,000    | -          | -          | -          | -         | -         |
| Total outstanding debt                    | \$ 395,715 | \$ 421,735 | \$ 445,660 | \$ 420,820 | \$ 248,406 | \$ 134,397 | \$ 146,620 | \$ 157,540 | \$ 97,886 | \$ 68,580 |
| <b>General Bonded Debt Ratios</b>         |            |            |            |            |            |            |            |            |           |           |
| Per Capita                                | \$ 155.95  | \$ 162.89  | \$ 169.08  | \$ 156.47  | \$ 26.25   | \$ 27.50   | \$ 28.68   | \$ 29.93   | -         | -         |
| Per FTSE                                  | 7,112      | 7,265      | 7,510      | 7,750      | 1,389      | 1,466      | 1,567      | 1,569      | -         | -         |
| As a percentage of Taxable Assessed Value | 0.23%      | 0.24%      | 0.23%      | 0.21%      | 0.04%      | 0.04%      | 0.05%      | 0.05%      | -         | -         |
| <b>Total Outstanding Debt Ratios</b>      |            |            |            |            |            |            |            |            |           |           |
| Per Capita                                | \$ 165.85  | \$ 177.20  | \$ 178.78  | \$ 170.30  | \$ 101.32  | \$ 56.92   | \$ 61.53   | \$ 68.33   | \$ 42.72  | \$ 30.06  |
| Per FTSE                                  | 7,563      | 7,904      | 8,334      | 8,883      | 5,680      | 3,126      | 3,520      | 3,669      | 2,316     | 1,652     |
| As a percentage of Taxable Assessed Value | 0.25%      | 0.26%      | 0.26%      | 0.24%      | 0.15%      | 0.09%      | 0.10%      | 0.12%      | 0.07%     | 0.05%     |

Notes: Ratios calculated using population and TAV from current year. Debt per student calculated using full-time-equivalent enrollment.

Source: District Business Affairs

|                        |             |             |             |             |             |             |             |             |             |             |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Taxable Assessed Value | 161,422,824 | 163,239,236 | 172,675,679 | 177,903,268 | 166,562,570 | 152,623,619 | 142,199,667 | 135,009,835 | 133,011,663 | 131,837,374 |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATISTICAL SUPPLEMENT 10**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
(UNAUDITED)

For the Year Ended August 31 (amounts expressed in thousands)

|   | 2012          | 2011          | 2010          | 2009          | 2008          | 2007          | 2006          | 2005          | 2004          | 2003          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Taxable Assessed Value  | \$161,422,824 | \$163,239,236 | \$172,675,679 | \$177,903,268 | \$166,562,570 | \$152,623,619 | \$142,199,667 | \$135,009,835 | \$133,011,663 | \$131,837,374 |
| <b>General Bonded Debt</b>  |               |               |               |               |               |               |               |               |               |               |
| Statutory Tax Levy Limit for Debt Service                               | \$ 807,114    | \$ 816,196    | \$ 863,378    | \$ 889,516    | \$ 832,813    | \$ 762,637    | \$ 710,998    | \$ 675,049    | \$ 665,058    | \$ 659,187    |
| Less: Funds Restricted for Payment of<br>General Obligation Bonds       | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Total Net General Obligation Debt                                       | 807,114       | 816,196       | 863,378       | 889,516       | 832,813       | 762,637       | 710,998       | 675,049       | 665,058       | 659,187       |
| Current Year Debt Service Requirements                                  | 33,563        | 33,556        | 27,516        | 22,997        | 7,463         | 5,304         | 5,301         | 3,208         | -             | -             |
| Excess of Statutory Limit for Debt<br>Service over Current Requirements | \$ 773,551    | \$ 782,640    | \$ 835,862    | \$ 866,519    | \$ 825,350    | \$ 757,333    | \$ 705,697    | \$ 671,841    | \$ 665,058    | \$ 659,187    |
| Net Current Requirements as a % of<br>Statutory Limit                   | 4.16%         | 4.11%         | 3.19%         | 2.59%         | 0.90%         | 0.70%         | 0.75%         | 0.48%         | -             | -             |

Note: Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to \$0.50 per hundred dollars taxable assessed valuation.

Source: Taxable Assessed Value from Dallas County Appraisal District

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
 STATISTICAL SUPPLEMENT 11  
 PLEDGED REVENUE COVERAGE  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

| Fiscal Year<br>Ended August 31 | Pledged Revenues (\$000 omitted) |                |                        |                          |                             |                   |                    |           | Debt Service Requirements<br>(\$000 omitted) |          |          | Coverage<br>Ratio |
|--------------------------------|----------------------------------|----------------|------------------------|--------------------------|-----------------------------|-------------------|--------------------|-----------|--|----------|----------|-------------------|
|                                | Tuition                          | Course<br>Fees | Other<br>Class<br>Fees | Bookstore<br>Commissions | Food Service<br>Commissions | Lease<br>Revenues | Interest<br>Income | Total     | Principal                                    | Interest | Total    |                   |
| 2012                           | \$ 15,059                        | \$ -           | \$ 869                 | \$ 2,170                 | \$ 531                      | \$ 250            | \$ 1,693           | \$ 20,572 | \$ 2,025                                     | \$ 900   | \$ 2,925 | 7.03              |
| 2011                           | 15,267                           | -              | 907                    | 2,195                    | 542                         | 300               | 2,538              | 21,749    | 4,145  | 1,005    | 5,150    | 4.22              |
| 2010                           | 17,942                           | -              | 906                    | 2,424                    | 547                         | 400               | 3,938              | 26,157    | 4,025  | 1,128    | 5,153    | 5.08              |
| 2009                           | 18,531                           | -              | 857                    | 2,311                    | 506                         | 400               | 4,901              | 27,506    | 3,940  | 1,240    | 5,180    | 5.31              |
| 2008                           | 15,200                           | -              | 897                    | 2,166                    | 563                         | 400               | 6,650              | 25,876    | 3,515  | 1,720    | 5,235    | 4.94              |
| 2007                           | 14,765                           | -              | 880                    | 1,935                    | 575                         | 400               | 6,967              | 25,522    | 3,360  | 2,182    | 5,542    | 4.61              |
| 2006                           | 15,033                           | -              | 661                    | 1,689                    | 544                         | 400               | 5,429              | 23,756    | 4,180  | 2,328    | 6,508    | 3.65              |
| 2005                           | 14,899                           | -              | 662                    | 1,502                    | 602                         | 400               | 4,104              | 22,169    | 3,980  | 2,417    | 6,397    | 3.47              |
| 2004                           | 15,091                           | -              | 801                    | 1,568                    | 634                         | 400               | 3,809              | 22,303    | 3,800  | 2,487    | 6,287    | 3.55              |
| 2003                           | 15,044                           | -              | 553                    | 1,492                    | 620                         | 400               | 4,729              | 22,838    | 3,635  | 2,613    | 6,248    | 3.66              |

Source: District Business Affairs

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
 STATISTICAL SUPPLEMENT 12  
 DEMOGRAPHIC AND ECONOMIC INFORMATION - TAXING DISTRICT  
 (UNAUDITED)

| Calendar<br>Year | District<br>Population | District<br>Personal<br>Income (a)<br>(thousands<br>of dollars) | District<br>Personal<br>Income<br>per<br>Capita | District<br>Unemployment<br>Rate |
|------------------|------------------------|---|---|----------------------------------|
| 2012             | 2,385,990 *            | *   | *   | 7.4%                             |
| 2011             | 2,380,000 *            | *   | *   | 8.7%                             |
| 2010             | 2,375,207              | 102,557,792   | 43,178  | 8.4%                             |
| 2009             | 2,346,378              | 98,753,309  | 42,088  | 8.2%                             |
| 2008             | 2,314,018              | 109,791,915   | 47,446  | 5.7%                             |
| 2007             | 2,291,891              | 106,221,370   | 46,347  | 4.3%                             |
| 2006             | 2,275,434              | 101,321,724   | 44,529  | 5.5%                             |
| 2005             | 2,250,830              | 94,239,731  | 41,869  | 5.6%                             |
| 2004             | 2,244,020              | 89,093,086  | 39,702  | 6.7%                             |
| 2003             | 2,246,432              | 83,847,594  | 37,325  | 7.8%                             |
| 2002             | 2,250,326              | 82,560,034  | 36,688  | 7.8%                             |

Source: Population and Personal Income from U. S. Dept. of Commerce, Bureau of Economic Analysis  
 Unemployment rate from North Texas Commission  
 Dallas County only

\* Information is unavailable

\* Estimated

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATISTICAL SUPPLEMENT 13**  
**PRINCIPAL EMPLOYERS**  
**FISCAL YEARS 2004 TO 2012**  
**(UNAUDITED)**

| Employer                           | Number of Employees |                |                |                |                |                |                |                |
|------------------------------------|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                    | 2012                | 2011           | 2010           | 2009           | 2008           | 2007           | 2006           | 2004           |
| Wal-Mart Stores, Inc.              | 35,000 (e)          | 34,698         | 37,100         | 35,700         | 33,500         | 31,700         | 29,237         | 23,000         |
| AMR Corporation                    | 24,888              | 20,684         | 21,935         | 25,952         | 25,655         | 22,265         | 25,000         | 28,000         |
| Texas Health Resources             | 24,189              | 18,672         | 17,485         | 17,203         | 17,299         | 13,582         | 17,000         | 17,000         |
| Bank of America                    | 20,000              | 20,000         | -              | -              | -              | -              | -              | -              |
| Dallas Independent School District | 18,868              | 20,554         | 20,387         | 21,289         | 20,077         | 19,535         | 19,359         | 19,691         |
| AT&T/SBC Communications Inc.       | 17,500 (e)          | 17,482         | 14,400         | 16,600         | 16,200         | 13,300         | 12,500         | 14,000         |
| Baylor Health Resources            | 17,097              | 19,677         | 18,000         | 16,000         | 16,000         | 15,065         | 14,572         | 15,000         |
| Lockheed Martin Aeronautics Co.    | 15,000              | 14,902         | 14,100         | 14,250         | 14,776         | 15,085         | 15,000         | 16,442         |
| JP Morgan Chase                    | 13,500              | 13,000         | 10,000         | -              | -              | -              | -              | -              |
| City of Dallas                     | 13,369              | 13,427         | 14,613         | 13,946         | 12,825         | -              | -              | -              |
| Texas Instruments Inc.             | -                   | -              | -              | -              | -              | -              | -              | 10,600         |
| Raytheon Co.                       | -                   | -              | -              | -              | -              | 16,250         | 16,250         | -              |
| Verizon Communications Inc.        | -                   | -              | 14,000         | 14,000         | 13,800         | 13,500         | 15,900         | 12,500         |
| US Postal Service                  | -                   | -              | -              | 12,993         | 13,328         | 14,939         | -              | -              |
| Albertson's Inc.                   | -                   | -              | -              | -              | -              | -              | 12,240         | 11,200         |
| <b>Total Top Ten</b>               | <b>199,411</b>      | <b>193,096</b> | <b>182,020</b> | <b>187,933</b> | <b>183,460</b> | <b>175,221</b> | <b>177,058</b> | <b>167,433</b> |

| Employer                           | Percentage of Total Employment |                  |                  |                  |                  |                  |                  |                  |
|------------------------------------|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                    | 2012                           | 2011             | 2010             | 2009             | 2008             | 2007             | 2006             | 2004             |
| Wal-Mart Stores, Inc.              | 1.25% (e)                      | 1.24%            | 1.33%            | 1.28%            | 1.20%            | 1.13%            | 1.04%            | 0.82%            |
| AMR Corporation                    | 0.89%                          | 0.74%            | 0.78%            | 0.93%            | 0.92%            | 0.80%            | 0.89%            | 1.00%            |
| Texas Health Resources             | 0.86%                          | 0.67%            | 0.62%            | 0.61%            | 0.62%            | 0.49%            | 0.61%            | 0.61%            |
| Bank of America                    | 0.71%                          | 0.71%            | 0.00%            | 0.00%            | 0.00%            | 0.00%            | 0.00%            | 0.00%            |
| Dallas Independent School District | 0.67%                          | 0.73%            | 0.73%            | 0.76%            | 0.72%            | 0.70%            | 0.69%            | 0.70%            |
| AT&T/SBC Communications Inc.       | 0.63% (e)                      | 0.62%            | 0.51%            | 0.59%            | 0.58%            | 0.48%            | 0.45%            | 0.50%            |
| Baylor Health Resources            | 0.61%                          | 0.70%            | 0.64%            | 0.57%            | 0.57%            | 0.54%            | 0.52%            | 0.54%            |
| Lockheed Martin Aeronautics Co.    | 0.54%                          | 0.53%            | 0.50%            | 0.51%            | 0.53%            | 0.54%            | 0.54%            | 0.59%            |
| JP Morgan Chase                    | 0.48%                          | 0.46%            | 0.36%            | 0.00%            | 0.00%            | 0.00%            | 0.00%            | 0.00%            |
| City of Dallas                     | 0.48%                          | 0.48%            | 0.52%            | 0.50%            | 0.46%            | 0.00%            | 0.00%            | 0.00%            |
| Texas Instruments Inc.             | 0.00%                          | 0.00%            | 0.00%            | 0.00%            | 0.00%            | 0.00%            | 0.00%            | 0.38%            |
| Raytheon Co.                       | 0.00%                          | 0.00%            | 0.00%            | 0.00%            | 0.00%            | 0.58%            | 0.58%            | 0.00%            |
| Verizon Communications Inc.        | 0.00%                          | 0.00%            | 0.50%            | 0.50%            | 0.49%            | 0.48%            | 0.57%            | 0.45%            |
| Albertson's Inc.                   | 0.00%                          | 0.00%            | 0.00%            | 0.00%            | 0.00%            | 0.00%            | 0.44%            | 0.40%            |
| <b>Total Top Ten</b>               | <b>7.12%</b>                   | <b>6.88%</b>     | <b>6.49%</b>     | <b>6.25%</b>     | <b>6.09%</b>     | <b>5.74%</b>     | <b>6.33%</b>     | <b>5.99%</b>     |
| <b>Total Employment</b>            | <b>3,106,034</b>               | <b>3,029,960</b> | <b>2,992,091</b> | <b>2,939,247</b> | <b>2,964,768</b> | <b>2,951,995</b> | <b>2,923,354</b> | <b>2,799,012</b> |

Source:  
FY 2004 / 2006: Greater Dallas Chamber of Commerce  
FY2007-2012: Dallas Business Journal Book of Lists North Texas Largest Employers  
Total Employment from Bureau of Labor Statistics-Dallas, Ft. Worth & Arlington Statistical Area as of August  
(e) Estimate as employer did not report  
Note: This institution previously did not present this schedule and chose to implement prospectively.

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATISTICAL SUPPLEMENT 14**  
**FACULTY, STAFF AND ADMINISTRATIVE STATISTICS**  
**LAST TEN FISCAL YEARS**  
(UNAUDITED)

|                                 | Fiscal Year  |              | Fiscal Year  |              |              |              |              |              |              |              |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                 | 2012         | 2011         | 2010         | 2009         | 2008         | 2007         | 2006         | 2005         | 2004         | 2003         |
| <b>Faculty</b>                  |              |              |              |              |              |              |              |              |              |              |
| Full-Time                       | 792          | 765          | 763          | 765          | 733          | 699          | 725          | 736          | 719          | 678          |
| Part-Time                       | 2,349        | 2,413        | 2,440        | 2,335        | 2,254        | 2,384        | 2,608        | 2,855        | 2,557        | 2,272        |
| <b>Total</b>                    | <b>3,141</b> | <b>3,178</b> | <b>3,203</b> | <b>3,100</b> | <b>2,987</b> | <b>3,083</b> | <b>3,333</b> | <b>3,591</b> | <b>3,276</b> | <b>2,950</b> |
| <b>Percent</b>                  |              |              |              |              |              |              |              |              |              |              |
| Full-Time                       | 25.2%        | 24.1%        | 23.8%        | 24.7%        | 24.5%        | 22.7%        | 21.8%        | 20.5%        | 21.9%        | 23.0%        |
| Part-Time                       | 74.8%        | 75.9%        | 76.2%        | 75.3%        | 75.5%        | 77.3%        | 78.2%        | 79.5%        | 78.1%        | 77.0%        |
| <b>Staff and Administrators</b> |              |              |              |              |              |              |              |              |              |              |
| Full-Time                       | 2,235        | 2,196        | 2,472        | 2,426        | 2,284        | 2,193        | 2,177        | 2,174        | 2,147        | 2,014        |
| Part-Time                       | 1,582        | 1,373        | 1,555        | 1,655        | 1,516        | 1,463        | 1,449        | 1,736        | 2,155        | 1,780        |
| <b>Total</b>                    | <b>3,817</b> | <b>3,569</b> | <b>4,027</b> | <b>4,081</b> | <b>3,800</b> | <b>3,656</b> | <b>3,626</b> | <b>3,910</b> | <b>4,302</b> | <b>3,794</b> |
| <b>Percent</b>                  |              |              |              |              |              |              |              |              |              |              |
| Full-Time                       | 58.6%        | 61.5%        | 61.4%        | 59.4%        | 60.1%        | 60.0%        | 60.0%        | 55.6%        | 49.9%        | 53.1%        |
| Part-Time                       | 41.4%        | 38.5%        | 38.6%        | 40.6%        | 39.9%        | 40.0%        | 40.0%        | 44.4%        | 50.1%        | 46.9%        |
| FTSE per Full-Time Faculty      | 66.1         | 69.9         | 70.1         | 61.9         | 59.7         | 61.5         | 57.4         | 58.3         | 58.8         | 61.2         |
| FTSE per Full-Time Staff Member | 23.4         | 24.4         | 21.6         | 19.5         | 19.1         | 19.6         | 19.1         | 19.7         | 19.7         | 20.6         |
| Average Annual Faculty Salary   | \$ 72,903    | \$ 80,212    | \$ 79,623    | \$ 75,532    | \$ 74,931    | \$ 76,186    | \$ 71,042    | \$ 68,366    | \$ 66,195    | \$ 65,636    |

Source: District Business Affairs





**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATISTICAL SUPPLEMENT 16**  
**STUDENT PROFILE**  
**LAST FIVE FISCAL YEARS**  
(UNAUDITED)

| Gender | Fall 2011 |         | Fall 2010 |         | Fall 2009 |         | Fall 2008 |         | Fall 2007 |         |
|--------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
|        | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent |
| Female | 53,206    | 55.82%  | 47,351    | 53.10%  | 45,566    | 53.86%  | 43,030    | 55.07%  | 41,130    | 56.06%  |
| Male   | 42,118    | 44.18%  | 41,816    | 46.90%  | 39,042    | 46.14%  | 35,103    | 44.93%  | 32,243    | 43.94%  |
| Total  | 95,324    | 100.00% | 89,167    | 100.00% | 84,608    | 100.00% | 78,133    | 100.00% | 73,373    | 100.00% |

| Ethnic Origin    | Fall 2011 |         | Fall 2010 |         | Fall 2009 |         | Fall 2008 |         | Fall 2007 |         |
|------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
|                  | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent |
| White            | 28,319    | 29.71%  | 28,251    | 31.68%  | 27,621    | 32.65%  | 25,465    | 32.59%  | 25,498    | 34.75%  |
| Hispanic         | 27,643    | 29.00%  | 25,834    | 28.97%  | 23,294    | 27.53%  | 21,411    | 27.40%  | 19,695    | 26.84%  |
| African American | 23,314    | 24.46%  | 20,312    | 22.78%  | 18,508    | 21.87%  | 16,655    | 21.32%  | 15,858    | 21.61%  |
| Asian            | 7,993     | 8.38%   | 7,893     | 8.85%   | 5,726     | 6.77%   | 5,435     | 6.96%   | 5,108     | 6.96%   |
| Foreign          | 1,035     | 1.09%   | 1,109     | 1.25%   | 4,469     | 5.28%   | 4,045     | 5.18%   | 3,270     | 4.46%   |
| Native American  | 542       | 0.57%   | 412       | 0.46%   | 391       | 0.46%   | 347       | 0.44%   | 317       | 0.43%   |
| Other            | 6,478     | 6.79%   | 5,356     | 6.01%   | 4,599     | 5.44%   | 4,775     | 6.11%   | 3,627     | 4.95%   |
| Total            | 95,324    | 100.00% | 89,167    | 100.00% | 84,608    | 100.00% | 78,133    | 100.00% | 73,373    | 100.00% |

| Age         | Fall 2011 |         | Fall 2010 |         | Fall 2009 |         | Fall 2008 |         | Fall 2007 |         |
|-------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
|             | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent | Number    | Percent |
| Under 18    | 7,664     | 8.04%   | 4,681     | 5.25%   | 4,264     | 5.04%   | 3,766     | 4.82%   | 3,360     | 4.58%   |
| 18-21       | 28,616    | 30.02%  | 26,518    | 29.74%  | 25,797    | 30.49%  | 25,690    | 32.88%  | 23,854    | 32.51%  |
| 22-24       | 12,182    | 12.78%  | 11,940    | 13.39%  | 11,439    | 13.52%  | 10,736    | 13.74%  | 10,375    | 14.14%  |
| 25-30       | 15,233    | 15.98%  | 15,034    | 16.86%  | 14,003    | 16.55%  | 13,165    | 16.85%  | 12,598    | 17.17%  |
| 31-35       | 8,483     | 8.90%   | 8,444     | 9.47%   | 8,029     | 9.49%   | 7,157     | 9.16%   | 6,809     | 9.28%   |
| 36-50       | 15,584    | 16.35%  | 15,907    | 17.84%  | 14,823    | 17.52%  | 12,829    | 16.42%  | 11,879    | 16.19%  |
| 51 and over | 7,562     | 7.93%   | 6,643     | 7.45%   | 6,253     | 7.39%   | 4,790     | 6.13%   | 4,498     | 6.13%   |
| Total       | 95,324    | 100.00% | 89,167    | 100.00% | 84,608    | 100.00% | 78,133    | 100.00% | 73,373    | 100.00% |

|             |    |    |    |    |    |
|-------------|----|----|----|----|----|
| Average Age | 29 | 29 | 29 | 29 | 28 |
|-------------|----|----|----|----|----|

Source: District Business Affairs

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

STATISTICAL SUPPLEMENT 17

TRANSFERS TO SENIOR INSTITUTIONS

2010 FALL STUDENTS AS OF FALL 2011

(INCLUDES ONLY PUBLIC SENIOR COLLEGES IN TEXAS)

|   | Transfer<br>Student<br>Count | Transfer<br>Student<br>Count | Transfer<br>Student<br>Count | Total of<br>all DCCCD<br>Transfer<br>Students | % of<br>all DCCCD<br>Transfer<br>Students |
|---|------------------------------|------------------------------|------------------------------|---|---|
|   | Academic                     | Technical                    | Tech-Prep                    |   |   |
| 1 University of Texas - Arlington                           | 2439                         | 299                          | 200                          | 2,938   | 18.25%                                    |
| 2 University of North Texas                                 | 2292                         | 323                          | 75                           | 2,690   | 16.71%                                    |
| 3 University of Texas - Dallas                              | 2132                         | 269                          | 103                          | 2,504   | 15.55%                                    |
| 4 Texas Woman's University                                  | 1175                         | 188                          | 70                           | 1,433   | 8.90%                                     |
| 5 University of Texas - Austin                              | 938                          | 82                           | 6                            | 1,026   | 6.37%                                     |
| 6 Texas A&M University - College Station                    | 799                          | 66                           | 6                            | 871   | 5.41%                                     |
| 7 University of North Texas - Dallas                        | 684                          | 145                          | 34                           | 863   | 5.36%                                     |
| 8 Texas Tech University                                     | 715                          | 53                           | 10                           | 778   | 4.83%                                     |
| 9 Texas A&M University - Commerce                           | 628                          | 105                          | 27                           | 760   | 4.72%                                     |
| 10 Stephen F. Austin State University                       | 333                          | 43                           | 6                            | 382   | 2.37%                                     |
| 11 Texas State University                                   | 331                          | 34                           | 2                            | 367   | 2.28%                                     |
| 12 University of Houston                                    | 153                          | 22                           | 4                            | 179   | 1.11%                                     |
| 13 Sam Houston State University                             | 96                           | 32                           | 3                            | 131   | 0.81%                                     |
| 14 Prairie View A&M University                              | 112                          | 12                           | 4                            | 128   | 0.80%                                     |
| 15 Midwestern State University                              | 90                           | 16                           | 13                           | 119   | 0.74%                                     |
| 16 University of Texas - Tyler                              | 94                           | 16                           | 5                            | 115   | 0.71%                                     |
| 17 Tarleton State University                                | 99                           | 9                            | 6                            | 114   | 0.71%                                     |
| 18 Texas Tech University Health Science Center              | 70                           | 27                           | 16                           | 113   | 0.70%                                     |
| 19 University of Texas - San Antonio                        | 87                           | 10                           | 1                            | 98  | 0.61%                                     |
| 20 Texas Southern University                                | 45                           | 14                           | 0                            | 59  | 0.37%                                     |
| 21 University of Texas Southwestern Medical Center - Dallas | 40                           | 12                           | 3                            | 55  | 0.34%                                     |
| 22 Texas A&M University - Corpus Christi                    | 44                           | 4                            | 1                            | 49  | 0.30%                                     |
| 23 Lamar University Institute of Technology                 | 23                           | 8                            | 0                            | 31  | 0.19%                                     |

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
STATISTICAL SUPPLEMENT 17 CONT'D**

|  | Transfer<br>Student<br>Count | Transfer<br>Student<br>Count | Transfer<br>Student<br>Count | Total of<br>all DCCCD<br>Transfer<br>Students | % of<br>all DCCCD<br>Transfer<br>Students |
|--|------------------------------|------------------------------|------------------------------|---|---|
|  | Academic                     | Technical                    | Tech-Prep                    |   |   |
| 24 Texas A&M University System Health Science Center           | 26                           | 5                            | 0                            | 31  | 10.44%                                    |
| 25 Angelo State University                                     | 26                           | 3                            | 1                            | 30  | 10.10%                                    |
| 26 West Texas A&M University                                   | 26                           | 2                            | 0                            | 28  | 9.43%                                     |
| 27 University of Texas Medical Branch Galveston                | 23                           | 0                            | 2                            | 25  | 8.42%                                     |
| 28 Texas A&M University - Galveston                            | 23                           | 1                            | 0                            | 24  | 8.08%                                     |
| 29 University of Texas - El Paso                               | 19                           | 1                            | 0                            | 20  | 6.73%                                     |
| 30 University of North Texas Health Science Center - Forth Wor | 15                           | 3                            | 0                            | 18  | 6.06%                                     |
| 31 University of Houston - Victoria                            | 12                           | 2                            | 0                            | 14  | 4.71%                                     |
| 32 University of Texas Health Science Center - Houston         | 11                           | 2                            | 0                            | 13  | 4.38%                                     |
| 33 University of Texas Health Science Center - San Antonio     | 13                           | 0                            | 0                            | 13  | 4.38%                                     |
| 34 Texas A&M University - Kingsville                           | 12                           | 0                            | 0                            | 12  | 4.05%                                     |
| 35 University of Houston - Downtown                            | 6                            | 6                            | 0                            | 12  | 4.05%                                     |
| 36 University of Texas - Brownsville                           | 9                            | 1                            | 2                            | 12  | 4.05%                                     |
| 37 University of Texas - Permian Basin                         | 10                           | 0                            | 1                            | 11  | 3.70%                                     |
| 38 University of Texas - Pan American                          | 5                            | 2                            | 0                            | 7   | 2.36%                                     |
| 39 University of Texas M.D Anderson Cancer Center              | 4                            | 1                            | 1                            | 6   | 2.02%                                     |
| 40 Texas A&M International University                          | 4                            | 1                            | 0                            | 5   | 1.68%                                     |
| 41 Texas A&M University -Texarkana                             | 5                            | 0                            | 0                            | 5   | 1.68%                                     |
| 42 Sul Ross State University                                   | 3                            | 0                            | 0                            | 3   | 1.01%                                     |
| 43 Texas A&M University - Central Texas                        | 3                            | 0                            | 0                            | 3   | 1.01%                                     |
| 44 Baylor College of Medicine                                  | 2                            | 0                            | 0                            | 2   | 0.67%                                     |
| 45 Texas A&M University - San Antonio                          | 1                            | 1                            | 0                            | 2   | 0.67%                                     |
| 46 University of Houston - Clear Lake                          | 1                            | 0                            | 0                            | 1   | 0.34%                                     |
| <b>Totals</b>  | <b>259</b>                   | <b>31</b>                    | <b>7</b>                     | <b>297</b>                                    | <b>100.00%</b>                            |

Source: THECB "Students Pursuing Additional Education" report for Academic Year 2010-11

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**  
**STATISTICAL SUPPLEMENT 18**  
**CAPITAL ASSET INFORMATION**  
**FISCAL YEARS 2004 TO 2012**

|   | Fiscal Year |             |             |             |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> |
| <b>Academic buildings</b>                   | 89          | 89          | 89          | 84          | 69          | 67          | 67          | 67          | 65          |
| Square footage                              | 3,847,370   | 3,847,370   | 3,847,370   | 3,426,142   | 2,872,794   | 2,918,794   | 2,918,794   | 2,918,794   | 2,780,423   |
| <b>Libraries</b>                            | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| Square footage                              | 222,765     | 222,765     | 222,765     | 222,765     | 222,765     | 222,765     | 222,765     | 222,765     | 222,765     |
| Number of volumes                           | 420,505     | 432,076     | 433,212     | 438,488     | 441,895     | 446,346     | 529,952     | 504,977     | 428,815     |
| <b>Administrative and support buildings</b> |             |             | 8           | 8           | 7           | 7           | 7           | 7           | 7           |
| Square footage                              | 326,215     | 326,215     | 326,215     | 326,215     | 242,832     | 242,832     | 242,832     | 242,832     | 242,832     |
| Dining Facilities                           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Square footage                              | 60,069      | 60,069      | 60,069      | 60,069      | 60,069      | 60,069      | 60,069      | 60,069      | 60,069      |
| <b>Athletic Facilities</b>                  | 6           | 6           | 6           | 6           | 6           | 6           | 6           | 6           | 6           |
| Square footage                              | 177,050     | 177,050     | 177,050     | 177,050     | 177,050     | 177,050     | 177,050     | 177,050     | 177,050     |
| Athletic fields                             | 43          | 43          | 43          | 43          | 42          | 42          | 42          | 42          | 42          |
| Gymnasiums                                  | 8           | 8           | 8           | 8           | 8           | 8           | 8           | 8           | 8           |
| Fitness centers                             | 10          | 10          | 10          | 10          | 10          | 10          | 10          | 10          | 10          |
| Tennis courts                               | 22          | 22          | 22          | 36          | 36          | 36          | 36          | 36          | 36          |
| <b>Plant facilities</b>                     | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           |
| Square footage                              | 81,332      | 81,332      | 81,332      | 81,332      | 81,332      | 81,332      | 81,332      | 81,332      | 81,332      |
| <b>Transportation</b>                       |             |             |             |             |             |             |             |             |             |
| Cars  | 36          | 39          | 39          | 28          | 22          | 21          | 24          | 23          | 22          |
| Light trucks/vans                           | 79          | 88          | 88          | 84          | 77          | 76          | 80          | 75          | 70          |
| Buses                                       | 8           | 10          | 10          | 9           | 9           | 7           | 6           | 7           | 2           |
| <b>Total Square Footage</b>                 | 4,714,801   | 4,714,801   | 4,714,801   | 4,293,573   | 3,656,842   | 3,702,842   | 3,702,842   | 3,702,842   | 3,564,471   |

Note: Most buildings are multi-purpose rather than being dedicated to a single activity. Therefore, estimates have been made on square footage attributable to non-academic purposes. Information will be presented prospectively.

Source: District Business Affairs



**Dallas County  
Community College District**

BROOKHAVEN • CEDAR VALLEY • DALLAS TELECOLLEGE • EASTFIELD • EL CENTRO • MOUNTAIN VIEW • NORTH LAKE • RICHLAND

**SMART STARTS HERE.**

**FEDERAL SINGLE AUDIT SECTION**

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2012  
SCHEDULE E**

| Grantor Program Name                                   | CFDA        | Grant #                     | Expenditures       |
|--|-------------|-----------------------------|--------------------|
| <b>U.S. Department of Education</b>                    |             |                             |                    |
| <b>Direct Programs:</b>                                |             |                             |                    |
| <b>Student Financial Aid Cluster</b>                   |             |                             |                    |
| Supplemental Educational Opportunity Grant             | 84.007A (1) |                             | \$ 1,451,607       |
| College Work Study Program                             | 84.033A (1) |                             | 449,134            |
| Job Locator Development                                | 84.033A (1) |                             | 53,041             |
| PELL   | 84.063P (1) |                             | 90,571,038         |
| Direct Loans   | 84.268 (1)  |                             | 35,429,234         |
| <b>TRIO Cluster</b>                                    |             |                             |                    |
| TRIO-Student Services                                  | 84.042A (2) | P042A100 - 709/253/557      | 1,106,264          |
| TRIO-Talent Search                                     | 84.044A (2) | P042A0-50/51/60             | 203,534            |
| TRIO-Upward Bound                                      | 84.047A (2) | P044A07 / P047A-07, 08 & 12 | 1,699,853          |
| <b>Other Direct Programs</b>                           |             |                             |                    |
| Strengthening Institutions - Title III                 | 84.031A     | P031A080120                 | 514,801            |
| CCRAA STEM   | 84.031C     | P031C08 & P031C11           | 1,088,081          |
| Strengthening Institutions - Title V                   | 84.031S     | PO31S050026/10/05           | 2,561              |
| FIPSE  | 84.116B     | P116B060021/P116Y090020     | 186,453            |
| Student Success Model (Title V)                        | 84.031S     | P031S- 090114/100071        | 1,068,402          |
| Business and International Education                   | 84.153A     | P153A090030                 | 18,687             |
| Child Care Access                                      | 84.335A     | P335A100032                 | 42,082             |
| AANAPISI   | 84.031I     | P031I100010                 | 212,052            |
| STEM Professions Initiative                            | 84.116Z     | P116Z100040                 | 150,302            |
| <b>Total Direct from U. S. Department of Education</b> |             |                             | <b>134,247,126</b> |
| <b>Pass-Through From:</b>                              |             |                             |                    |
| <b>Texas Higher Education Coordinating Board</b>       |             |                             |                    |
| Carl Perkins Vocational Education                      | 84.048      | 11017/12039                 | \$1,493,476        |
| Starlink   | 84.048      | 12005                       | 145,001            |
| Texas Career Clusters                                  | 84.048      | 11096                       | 2,082              |
| Tech PREP  | 84.243      | 11067                       | 3,428              |
| SLDS Program   | 84.372A     | N/A                         | 2,000              |
|  |             |                             | 1,645,987          |
| <b>Texas Education Agency</b>                          |             |                             |                    |
| TEA/Improving Basic Programs-RCHS                      | 84.010A     | 12610101057840              | 8,302              |
| TEA Teacher/Principal Trng & Recr                      | 84.367A     | 12694501057840              | 10,359             |
|  |             |                             | 18,661             |
| <b>TEA ARRA</b>  |             |                             |                    |
| IDEA B Formula LEA RCHS                                | 84.391A     | H391A09008/10554010         | 2,212              |
| <b>University of North Texas</b>                       |             |                             |                    |
| Coop w/UNT - Title V                                   | 84.031S     | P031S100113                 | 662,391            |
| <b>Total Pass-Through Other Agencies</b>               |             |                             | <b>2,329,251</b>   |
| <b>Total U. S. Department of Education</b>             |             |                             | <b>136,576,377</b> |

(1) Clustered Student Financial Aid Programs  
(2) Clustered TRIO Programs  
(3) Clustered WIA Programs

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE E (CONTINUED)**

| Grantor Program Name                                      | CFDA       | Grant #             | Expenditures     |
|---|------------|---------------------|------------------|
| <b>U.S. Department of Agriculture</b>                     |            |                     |                  |
| Pass-Through From:  |            |                     |                  |
| <b>Sul Ross State University</b>                          |            |                     |                  |
| Tex Prep  | 10.223     | 2007-38422-18081    | <u>16</u>        |
| <b>Total U.S. Department of Agriculture</b>               |            |                     | 16               |
| <br><b>U. S. Department of Commerce</b>                   |            |                     |                  |
| Direct Programs:  |            |                     |                  |
| Malcolm Baldrige Nat'l Quality Award Outreach Activities  | 11.013     | 60NANB11D134        | <u>22,168</u>    |
| <b>Total U. S. Department of Commerce</b>                 |            |                     | 22,168           |
| <br><b>U.S. Department of Defense</b>                     |            |                     |                  |
| Direct Program:   |            |                     |                  |
| Veteran's Administration Chapter 33                       |            |                     | <u>1,371,120</u> |
| <b>Total U.S. Department of Defense</b>                   |            |                     | 1,371,120        |
| <br><b>U.S. Department of Energy</b>                      |            |                     |                  |
| Pass-Through From:  |            |                     |                  |
| <b>Texas Comptroller of Public Accounts</b>               |            |                     |                  |
| Energy Sector Training Center                             | 81.041     | ARRA DE-EE0000116   | <u>285,317</u>   |
| <b>Total U. S. Department of Energy</b>                   |            |                     | 285,317          |
| <br><b>U.S. Department of Labor</b>                       |            |                     |                  |
| Pass-Through From:  |            |                     |                  |
| <b>Dallas County Local Workforce Development Board</b>    |            |                     |                  |
| <b>WIA Cluster:</b>                                       |            |                     |                  |
| Youth Services (OSY)                                      | 17.259 (3) | 328-Out OSY-10      | <u>1,124,753</u> |
|   |            |                     | 1,124,753        |
| <b>DCLWDB - ARRA</b>                                      |            |                     |                  |
| Worksite Management                                       | 17.259 (3) | ARRA-RLC#1          | <u>236,810</u>   |
|   |            |                     | 236,810          |
| <b>Cincinnati State Technical &amp; Community College</b> |            |                     |                  |
| Trade Adjustment Assistance CC and Career Training        | 17.282     | TC-22486-11-60-A-39 | 91,735           |
| <b>Texas Workforce Commission</b>                         |            |                     |                  |
| Apprenticeship Training Program                           | 17.258     |                     | 79,560           |
| SDF Summer Merit Program                                  | 17.258     | 0611WSW003          | <u>960</u>       |
|   |            |                     | 80,520           |
| <b>City of Dallas</b>                                     |            |                     |                  |
| IIPOD   | 17.261     | EA-20245-10-60-A-48 | <u>62,921</u>    |
| <b>Total U.S. Department of Labor</b>                     |            |                     | <u>1,596,739</u> |

(1) Clustered Student Financial Aid Programs  
(2) Clustered TRIO Programs  
(3) Clustered WIA Programs



**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE E (CONTINUED)**

| Grantor Program Name  | CFDA   | Grant #                      | Expenditures                |
|---|--------|------------------------------|-----------------------------|
| <b>National Science Foundation</b>                            |        |                              |                             |
| Direct Programs:  |        |                              |                             |
| Broadening Access for Science, Technology, Engineering & Math | 47.076 | 0525536                      | 40,919                      |
| Pass-Through From:  |        |                              |                             |
| <b>Collin County Community College</b>                        |        |                              |                             |
| CCCCD/NSF Convergence Tech                                    | 47.076 | DUE-0903239                  | 39,945                      |
| <b>University of Texas at Dallas</b>                          |        |                              |                             |
| STEM Gateway Collaboration                                    | 47.076 | DUE-0856549                  | 143,571                     |
| <b>The University of Tulsa</b>                                |        |                              |                             |
| Oklahoma Center for Information Assurance and Forensics Ed    | 47.076 | 14-2-1203284-94827           | <u>2,099</u>                |
| Total Pass-Thru from National Science foundation              |        |                              | <u>185,615</u>              |
| <b>Total National Science Foundation:</b>                     |        |                              | <u>226,534</u>              |
| <b>Small Business Administration</b>                          |        |                              |                             |
| Direct Programs:  |        |                              |                             |
| Small Business Development Center:                            | 59.037 | 0&1/603001-Z-0046-24         | 2,661,289                   |
| FAST  | 59.058 | SBAHQ-10-G-0015              | 1,159                       |
| Jobs Act Program  | 59.037 | 1-603001-Z-01452             | <u>280,334</u>              |
| <b>Total Small Business Administration</b>                    |        |                              | <u>2,942,782</u>            |
| <b>U.S. Department of Health &amp; Human Services</b>         |        |                              |                             |
| Pass-Through From:  |        |                              |                             |
| <b>University of Texas at Austin</b>                          |        |                              |                             |
| Substance Abuse & Mental Health                               | 92.243 | UTA02-161(5 UD1 TI013423-09) | 19,473                      |
| <b>Pitt Community College</b>                                 |        |                              |                             |
| Region D CCHITC   | 93.721 | ARRA/90CC0078                | 508,418                     |
| <b>Texas Woman's University</b>                               |        |                              |                             |
| NTPBS   | 93.859 | R25 GM58397-06               | 15,377                      |
| <b>Texas Workforce Commission</b>                             |        |                              |                             |
| HIS BridgeBuilders  | 93.721 | 0612SSF000                   | 549                         |
| Summer Merit Program  | 93.558 | 0612TAN002                   | <u>48,903</u>               |
| <b>Total Department of Health &amp; Human Services:</b>       |        |                              | <u>592,720</u>              |
| <b>U. S. Corporation for National and Community Service</b>   |        |                              |                             |
| MLK, Jr. Day of Service 2012                                  | 94.007 | MLK Day of Service 2012      | <u>623</u>                  |
| <b>Total Corporation for National and Community Service</b>   |        |                              | <u>623</u>                  |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                   |        |                              | <u><u>\$143,614,396</u></u> |

(1) Clustered Student Financial Aid Programs  
(2) Clustered TRIO Programs  
(3) Clustered WIA Programs

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED AUGUST 31, 2012  
SCHEDULE F**

| <u>State Agency/ Program Name</u>                      | <u>Grant #</u> | <u>Expenditures</u> |
|--|----------------|---------------------|
| <b>Texas Higher Education Coordinating Board</b>       |                |                     |
| Texas Grant Program                                    |                | \$ 2,438,052.00     |
| Texas Education Opportunity Grant                      |                | 869,305.00          |
| Texas College Work Study                               |                | 124,725.00          |
| Top 10% Scholarship Program                            |                | 12,422.00           |
| 5f Year Accounting                                     |                | 63,400.00           |
| T-Stem Challenge Scholarship                           |                | 1,263.00            |
| P16 College Readiness                                  |                | 112,807.00          |
| College for All Texans - G Force                       |                | 173,934.00          |
| Intensive Summer Program                               |                | 1,134.00            |
| Adult Basic Education                                  |                | 90,982.00           |
| STAAR Study  |                | 3,450.00            |
| Nursing Innovation                                     |                | 44,306.00           |
| Nursing Shortage Reduction Program                     |                | <u>206,777.00</u>   |
| <b>Total Texas Higher Education Coordinating Board</b> |                | <b>4,142,557.00</b> |

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE F (CONTINUED)**

| State Agency/ Program Name                | Grant #    | Expenditures                  |
|---|------------|-------------------------------|
| <b>Texas Education Agency</b>             |            |                               |
| Dropout Recovery Performance Pay          |            | 7,566.00                      |
| <b>Texas Workforce Commission</b>         |            |                               |
| Skills Development Funds - cluster        |            |                               |
| BrightStar Healthcare of TX               | 0512SDF000 | 17,670.00                     |
| Dallas Wholesale Builder's Supply         | 0609SDF003 | -                             |
| Conexis                                   | 0609SDF004 | -                             |
| Jefferson Physicians Group                | 0610SDF000 | 11,946.00                     |
| Zale Delaware                             | 0610SDF001 | 42,567.00                     |
| COMET                                     | 0610SDF002 | 858,175.00                    |
| DCMA Solutions                            | 0610SDF003 | 24,280.00                     |
| Amer Concrete Pipe Assn                   | 0610SDF004 | -                             |
| Essilor of America                        | 0610SDF005 | 93,668.00                     |
| Owens Corning/Irving Roofing & Asphalt    | 0611SDF000 | 40,579.00                     |
| Solar Turbines                            | 0611SDF001 | 177,812.00                    |
| Healthcare Associates of Irving           | 0611SDF002 | 99,846.00                     |
| Construction Consortium                   | 0611SDF003 | 359,403.00                    |
| Construction Consortium                   | 0611SDF004 | 22,454.00                     |
| Legacy Medical College                    | 0611SDF005 | 96,598.00                     |
| Genesis Project - Garland                 | 0611SDF006 | 110,169.00                    |
| Construction Education for Texas          | 0611SDF007 | 713,869.00                    |
| Air System Components                     | 0611SDF008 | 114,762.00                    |
| Dallas Area Medical Consortium            | 0611SDF009 | 68,881.00                     |
| DCMA Training                             | 0611SDF010 | 324,151.00                    |
| MARS Medical                              | 0611SDF011 | 815,645.00                    |
| Construction Consortium                   | 0612SDF000 | 35,417.00                     |
| SDF Technology                            | 0612SDF001 | 38,174.00                     |
| <b>Total Skills Development Funds (1)</b> |            | 4,066,066.00                  |
| Apprenticeship Training Program           | 0612ATP000 | 129,808.00                    |
| Skills for Small Businesses               | 0610SSD000 | 10,896.00                     |
| <b>Total Texas Workforce Commission</b>   |            | 4,206,770.00                  |
| <b>TOTAL EXPENDITURES OF STATE AWARDS</b> |            | <u><u>\$ 8,356,893.00</u></u> |

(1) Clustered Skills Development Programs

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
AUGUST 31, 2012**

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**1. GENERAL**

The accompanying Schedules of Expenditures of Federal and State Awards ("Schedules") present the activity of all federal and state award programs of the Dallas County Community College District (the "District"). The reporting entity of the District is defined in the notes to the financial statements of the District. All federal and state awards received directly from federal or state agencies or federal awards passed through other government agencies are included on the schedules.

**2. BASIS OF ACCOUNTING**

The expenditures included in the Schedules are reported for the District's fiscal year ended August 31, 2012. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported represent funds which have been expended by the District for the purposes of the awards. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the Schedules may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The District has followed all applicable guidelines issued by various funding agencies in the preparation of the Schedules.

**3. RELATIONSHIP TO FINANCIAL STATEMENTS**

Federal and state awards revenues are reported in the financial statements of the District for the year ended August 31, 2011, as follows:

|  | Federal        | State        |
|--|----------------|--------------|
| Total revenues per Schedule A                            | \$ 15,696,087  | \$ 7,913,679 |
| Federal revenue, non-operating per Exhibit 2             | 90,499,349     | -            |
| Federal direct student loans                             | 35,429,234     | -            |
| Fall tuition-related grants deferred to next fiscal year | 1,989,726      | 443,214      |
| Total expenditures for federal/state awards              | \$ 143,614,396 | \$ 8,356,893 |

**4. AMOUNTS PASSED THROUGH TO OTHERS**

**Amounts Passed Through by the District – Federal:**

The following amounts were passed through to the listed sub recipients by the District. These amounts were funded by the Small Business Administration for the North Texas Small Business Development Center, CFDA 59.037. (Award 2-603001-Z-046)

|                                  |                     |
|----------------------------------|---------------------|
| Collin County Community College  | \$ 112,129          |
| Grayson Community College        | 45,528              |
| Kilgore College                  | 213,385             |
| McLennan Community College       | 88,559              |
| Navarro College                  | 70,643              |
| North Central Texas College      | 86,379              |
| Northeast Community College      | 166,815             |
| Paris Junior College             | 111,591             |
| Tarrant County Junior College    | 105,253             |
| Trinity Valley Community College | 66,505              |
| Tyler Junior College             | 103,671             |
| UTA Enterprise Excellence        | 233,761             |
|                                  | <u>\$ 1,404,219</u> |

The following amounts were passed through to the listed sub recipients by the District. These amounts were funded by the Small Business Administration for the North Texas Small Business Development Center, Jobs Act Program CFDA 59.037 (Award 1-603001-Z-0152)

|                                  |                   |
|----------------------------------|-------------------|
| Grayson Community College        | \$ 6,369          |
| Kilgore College                  | 27,120            |
| Navarro College                  | 63,190            |
| North Central Texas College      | 9,231             |
| Northeast Community College      | 49,218            |
| Paris Junior College             | 10,922            |
| Trinity Valley Community College | 12,536            |
| Tyler Junior College             | 32,633            |
|                                  | <u>\$ 211,219</u> |

The following amount was passed through to the listed sub recipient by the District. This amount was funded by the U.S. Department of Education, STEM Program, CFDA 84.031C.

|                       |                 |
|-----------------------|-----------------|
| Texas Tech University | <u>\$ 9,391</u> |
|-----------------------|-----------------|

The following amount was passed through to the listed sub recipient by the District. This amount was funded by the U.S. Department of Health and Human Services, through Pitt Community College CFDA 93.721.

|                          |                   |
|--------------------------|-------------------|
| Temple College           | \$ 17,413         |
| Austin Community College | 173,697           |
|                          | <u>\$ 191,110</u> |

**Amounts Passed Through by the District – State:**

The following amounts were passed through to the listed sub recipients by the District. These

amounts were funded by State Appropriation for the North Texas Small Business Development Center.

|                                  |                   |
|----------------------------------|-------------------|
| Collin County Community College  | \$ 60,962         |
| Grayson Community College        | 43,123            |
| Kilgore College                  | 61,549            |
| McLennan Community College       | 85,511            |
| Navarro College                  | 44,834            |
| North Central Texas College      | 60,671            |
| Northeast Community College      | 1,157             |
| Paris Junior College             | 7,636             |
| Trinity Valley Community College | 79,359            |
| Tyler Junior College             | 57,217            |
|                                  | <u>\$ 502,019</u> |

**5. STUDENT LOANS PROCESSED AND ADMINISTRATIVE COST RECOVERED**

Although Direct Loans “are made to students (not the institution of higher education)” as confirmed in the June 2010 A-133 *Compliance Supplement*, page 5-3-48, they also recommend the amounts for such loans be included on the face of the Schedule of Expenditures of Federal Awards (SEFA). Subtracting the effect of including these loans on the SEFA, actual expenditures of federal awards for the fiscal year are \$108,185,162.

| Federal Grantor<br><u>CFDA Number/Program Name</u> | New Loans<br><u>Processed</u> | Administrative<br>Cost<br><u>Recovered</u> | Total Loans Processed<br>and Administrative<br><u>Cost Recovered</u> |
|--|-------------------------------|--|--|
| Department of Education                            |                               |  |  |
| 84.268 Direct Loans                                | \$35,429,234                  | -  | \$35,429,234   |

**6. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not agree with the amounts reported in the related federal and state financial reports filed with grantor agencies because of differences between the fiscal year of the District and various program years, as well as accruals that would be reflected in the next report filed with the agencies.

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED AUGUST 31, 2012**

**U.S. DEPARTMENT OF EDUCATION**

Career and Technical Education: CFDA #84.048  
Grant Awards: 11017, 11096, 11097

**Questioned  
Costs**

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Child Care and Development Block Grant: CFDA #93.713  
Grant Award: ARRA-DCCCD-XCQ#1

Finding No. 2011-1:

**Criteria:** In accordance with the provisions of *OMB Circular A-133 Compliance Supplement*, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity.

None

**Condition:** The District does not perform a verification of vendors for covered transactions in accordance with the requirements of *OMB A-133 Compliance Supplement*.

**Effect:** The District did not comply with the provisions of the *OMB A-133 Compliance Supplement* requiring that non-federal entities perform verification of vendors to ensure they are not suspended or debarred or otherwise excluded from federal transactions.

**Cause:** The District did not have procedures to perform a verification of vendors to determine whether they were suspended or debarred in accordance with the provisions of the *OMB A-133 Compliance Supplement*.

**Recommendation:** We recommend that the District establish procedures to ensure that verification of vendors is performed in accordance with the provisions of the *OMB A-133 Compliance Supplement* regarding procurement, suspension and debarment.

**Views of Responsible Officials:** The District will establish procedures and conduct training in verification of vendors in accordance with the provisions of the *OMB A-133 Compliance Supplement* by March 31, 2012.

**Current Status:** *The District has implemented a procedure and trained appropriate employees to use the Excluded Parties List System (EPLS) for verification of vendors for covered transactions.*

**U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES**

Community Services Block Grant: CFDA #93.710  
Grant Award TDHCA ARRA

**Questioned  
Costs**

Finding No. 2011-2

**Criteria:** In accordance with provisions of the grant agreement, the District was required

None

to admit participants into the program based on certain defined criteria, including income eligibility requirements.

**Condition:** 5 samples out of the 25 selected students who received ARRA funded scholarships for the Fall 2010 Semester under the Community Services Block Grant Act did not meet the income eligibility requirements in accordance with the provisions of the contract agreement.

**Effect:** The District did not comply with the income eligibility requirements for determining eligible students under the contract agreement.

**Cause:** The District did not adequately monitor its compliance with this particular grant agreement provision.

**Recommendation:** We recommend that the District establish procedures to identify and ensure compliance with all compliance requirements described in grant agreements.

**Views of Responsible Officials:** The District will conduct a review of current grant compliance procedures and will enhance procedures specifically targeting determination of eligibility requirements for students under contract agreements by May 31, 2012.

**Current Status:** The District has completed the review and revise procedures for determining eligibility of students under this agreement.

**U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES**

Health Information Technology Professional: CFDA #93.721  
Grant Award ARRA/90CC0078

**Questioned  
Costs**

Finding No. 2011-3

**Criteria:** In accordance with provisions of the grant agreement, the District was required to submit report of its subrecipients' monitoring activities to the grantor agency.

None

**Condition:** The District did not perform monitoring activities on subrecipients to which it provided ARRA funds amounting to \$58,857 during the year.

**Cause:** The District did not adequately monitor its compliance with this particular grant agreement provision.

**Recommendation:** We recommend that the District establish procedures to identify and ensure compliance with all compliance requirements described in grant agreements.

**Views of Responsible Officials:** The District will conduct a review of current grant compliance procedures and will enhance procedures specifically targeting determination of eligibility requirements for students under contract agreements by May 31, 2012.

**Current Status:** The District has monitored the progress of subreceptients' through periodic conference calls and email correspondence to ensure the students enrolled are eligible. The District will make a site visit in FY13.



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

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

**DATE:** November 30, 2012

**RE:** Quarterly Summary of Activities  
For the 1<sup>st</sup> Quarter Ended November 30, 2012

The following is a summary of activities by the DCCCD Internal Audit Department since the Audit Committee meeting of October 2, 2012.

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

#### **- Supplemental Tuition for Repeats – District Wide**

Under state regulations, contact hours for courses repeated more than twice are not to be reimbursed by the state. Hence, except for limited circumstances, the District charges \$50 per credit hour in additional tuition when students take courses three or more times. The purpose of the audit was to ensure the Colleague System controls are in place and operating as intended to identify and capture this additional tuition. A sample of 30 students, taking courses for the third or more time, was selected and tested to determine that the proper tuition was charged and collected. No exceptions were noted.

#### **- Information Technology General Controls – District Service Center**

Information Technology General Controls (ITGCs) or general computer controls are the controls, other than application controls, which relate to the environment within which computer based application systems are developed, maintained and operated, and are applicable to all system applications. Examples of general controls include the development and implementation of an IT strategy and security policy, the organization of the IT staff to separate conflicting duties, and planning for disaster prevention and recovery. No exceptions were noted.

#### **- Small Business Development Center – El Centro BJP Center**

The North Texas Small Business Development Center (SBDC) network consists of 49 counties with 27 sub-centers, satellites and partnerships throughout the North Texas area. The mission of the SBDC is to promote small business success in creating jobs and economic growth through counseling and training. The SBDC operates with funding from Federal and State grants. The purpose of the audit was to ensure the operations of the SBDC are in compliance with District policies as well as Federal and State regulations as per OMB circular A-133 and other applicable circulars. Salaries, purchases, and other expenditures of the SBDC were tested for compliance with grant provisions. Program income from

training workshops, where applicable, was traced to bank deposits and ensured recording in proper accounts. Documentation of the monitoring of sub-recipients' activities by the lead center was reviewed to ensure compliance with requirements as fiscal agent of the funds. No significant exceptions were noted.

**- Minnie K Patton Scholarship – DCCCD Foundation**

The Minnie K. Patton Scholarship Fund (MKP) is a 501(c) (3) private foundation established in Dallas, TX to provide scholarships and student financial aid to college and university students pursuing undergraduate degrees. Internal Audit prepared a query to identify all MKP scholarships awarded from the spring 2012 through the fall 2012 semesters showing the recipient name and ID number, the term and amount of the award, and the operator's ID who posted the awards to the students' accounts. A total of 64 scholarship applications were identified, 54 resulting in actual awards totaling \$43,335 and ranging from \$135 to \$3,000. A number of questionable awards were noted including one in which a financial aid employee awarded to herself, resulting in her termination. Recommendations were made for the Foundation to enhance and/or implement controls to eliminate the recurrence of the findings reported.

**- Asset Acquisition and Disposal – El Centro College**

This audit was a special request from the Board of Trustees. The areas of concentration were the acquisition and receiving of new physical assets up to and including the delivery to the requesting department, and the disposal of obsolete or excess items and the security surrounding those items up to the time of pick-up by the District's contractor. No exceptions were noted with the acquisition and delivery of new items to the requesting departments. Some discrepancies were noted between the listing of items picked up by the contractor and the college Property Disposal Reports. A recommendation has been made to prepare reconciliations of property being reported on the disposal forms and the property picked up by the contractor.

**AUDITS IN PROGRESS**

- Accounts Receivable
- Police Officers' Continuing Education
- Cashiering Function Controls

Audit Committee Report  
November 30, 2012  
Page 3

**Other Items**

- Worthless check passed at Eastfield College financial aid as a scholarship
- Texas Higher Education Coordinating Board's hotline request for information
- Assistance to McConnell & Jones LLP

cc Wright Lassiter  
Ed DesPlas