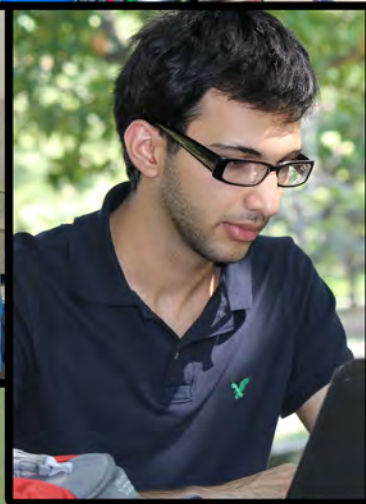




Dallas County Community College District

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

INTRODUCTORY SECTION

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ANNUAL FINANCIAL REPORT
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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

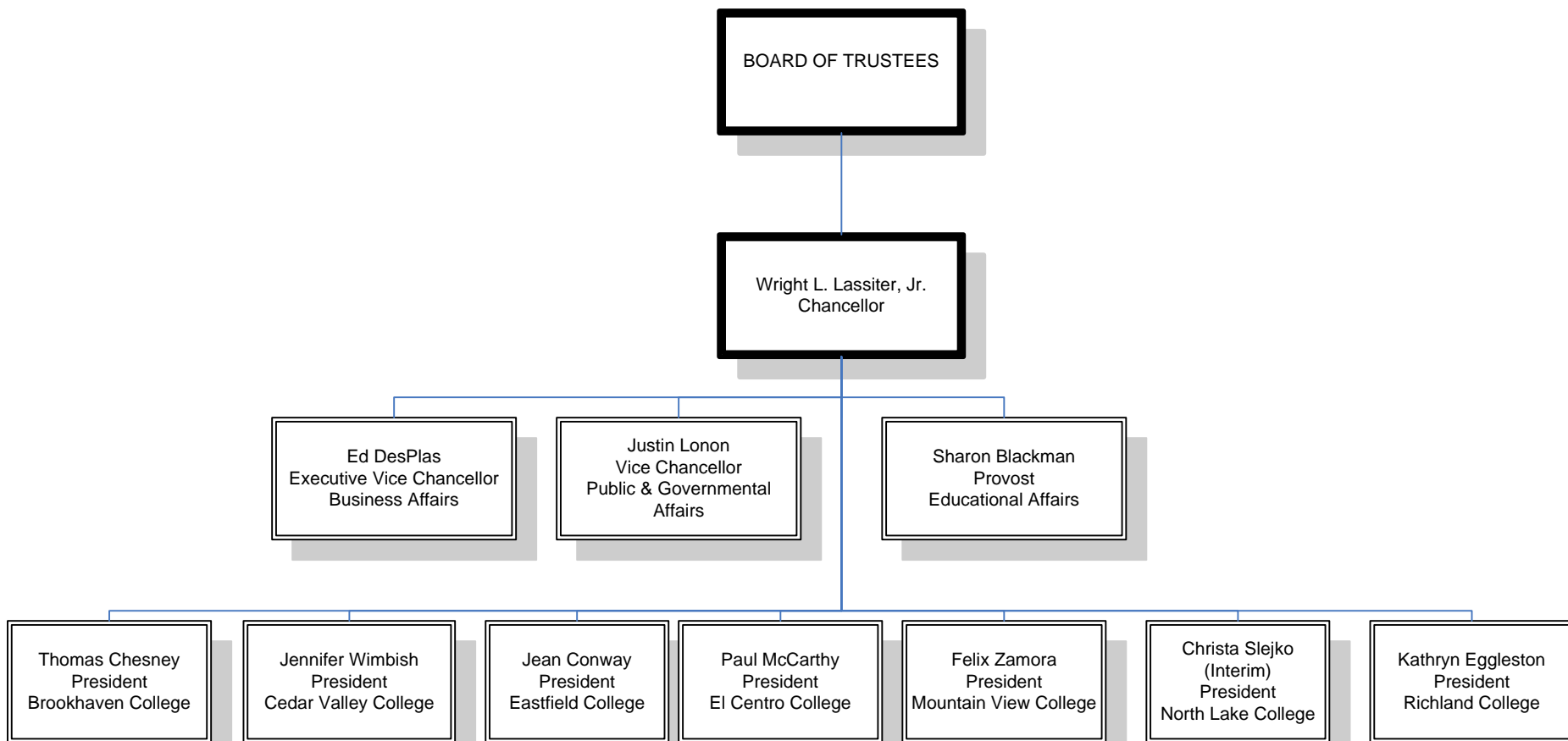
DISTRICT ADMINISTRATIVE OFFICERS

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 11, 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 82ND 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,



Wright L. Lassiter, Jr.
Chancellor



DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

December 11, 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. Since then, the District has expanded and is currently 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 Officer 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 Statement Nos. 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 District. 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 Statements of Net Assets, Statements of Revenues, Expenses and Changes in Net Assets, 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 of Texas. Since 1965, we have served more than 1.5 million students. 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 General 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 accountants 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 of Texas 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 of the District's annual financial report.

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



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Dallas County Community College District

We have audited the accompanying financial statements of the business-type activities and discretely presented component units of Dallas County Community College District (the "District"), as of and for the years ended August 31, 2012 and 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the business-type activities and discretely presented component unit of the District as of August 31, 2012 and 2011, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the

basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections on pages 1 through 8 and on pages 100 through 120, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. The summaries of revenues and expenses and changes in net assets (the "Summaries") and the analysis of unrestricted net asset components and other financial stability indicators (the "Analysis") of the individual colleges and the central administration of the District on pages 94 through 97 are presented for purpose of additional analysis as required by the Southern Association of Colleges and Schools. The introductory and statistical sections and the Summaries and the Analysis have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

The accompanying supplemental schedules of operating revenues, operating expenses by object, non-operating revenues and expenses, net assets by source and availability on pages 88 through 91, and the schedules of expenditures of federal and state awards on pages 127 through 129 and on page 130, respectively, are presented for purposes of additional analysis as required by the Texas Higher Education Coordinating Board, U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Texas Single Audit Circular, respectively, and are also not a required part of the financial statements. These supplemental schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

McConnell & Jones LLP

Houston, Texas
December 11, 2012

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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:

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

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

	Fiscal Year			Change	
	2012	2011	2010	2012 to 2011	2011 to 2010
ASSETS					
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>
LIABILITIES					
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>
NET ASSETS					
Invested in Capital Assets, 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 asset 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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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

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 to 2011	2011 to 2010
Operating Revenues					
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)
Operating Expenses	417.4	454.1	439.4	(36.7)	14.7
Operating Loss	(328.5)	(355.8)	(338.2)	27.3	(17.6)
Non-Operating Revenues and (Expenses)					
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
Increase (Decrease) in Net Assets	\$ 13.0	\$ (3.3)	\$ 9.7	\$ 16.3	\$ (13.0)

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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

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. The reduction in expenses is attributed to curtailment of spending in salaries and facility projects. More information about the decrease in Operating Expenses is covered below.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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

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 a graph of Revenue by Source (Figure 1).

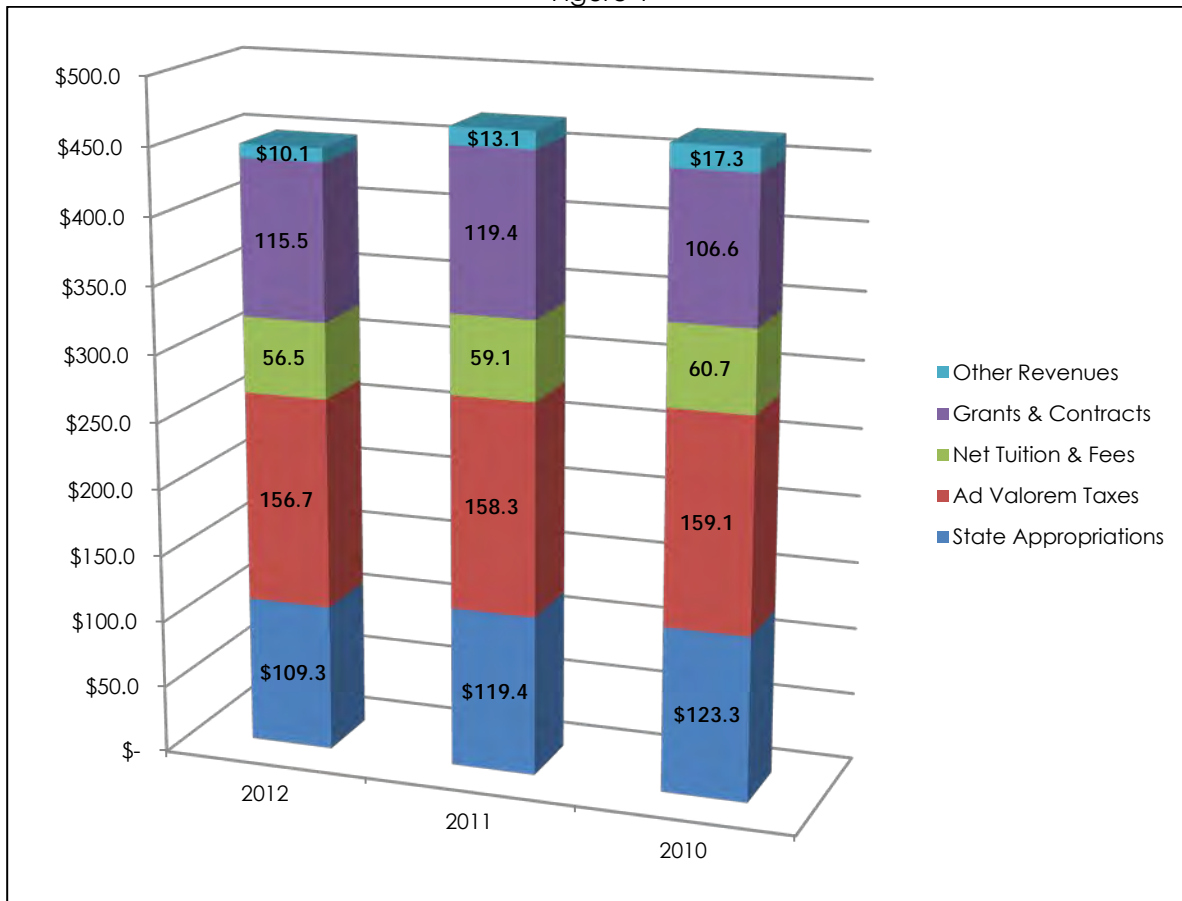
DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

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)
Total Revenues	\$ 448.1	\$ 469.3	\$ 467.0	\$ (21.2)	\$ 2.3

Figure 1



DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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.

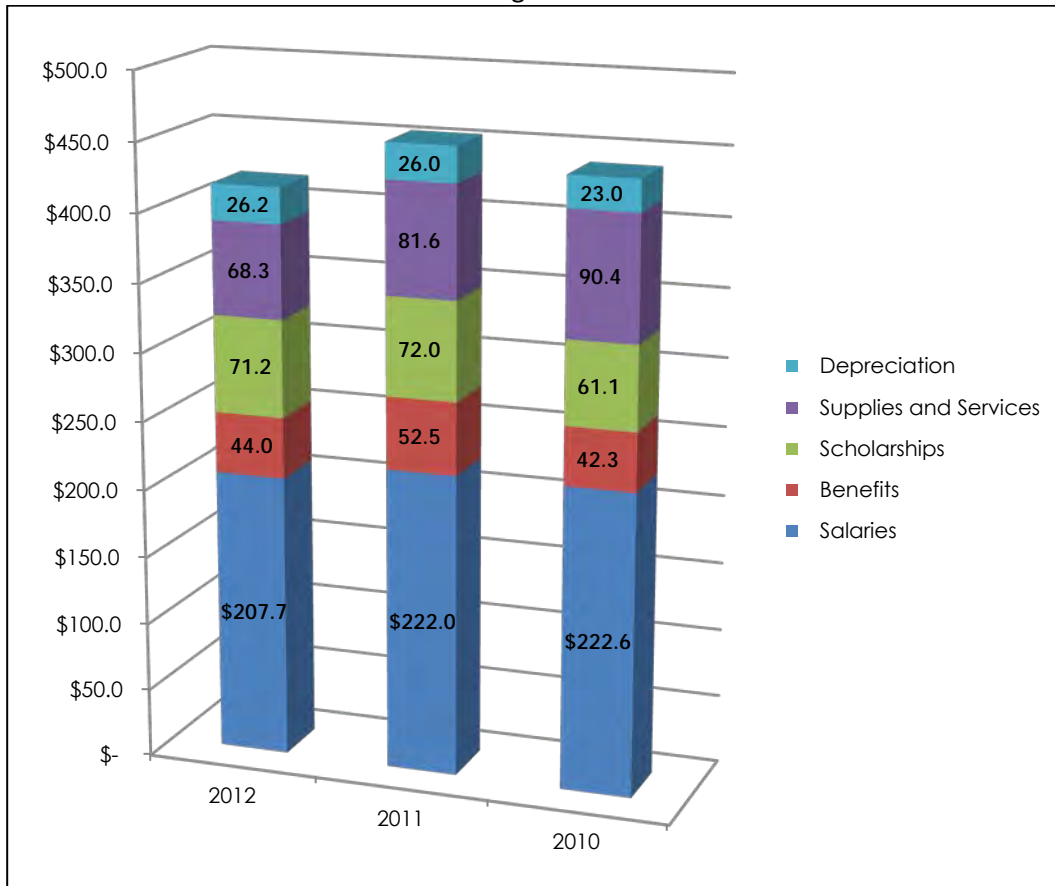
DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

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
Total Operating Expenses	\$ 417.4	\$ 454.1	\$ 439.4	\$ (36.7)	\$ 14.7

Figure 2



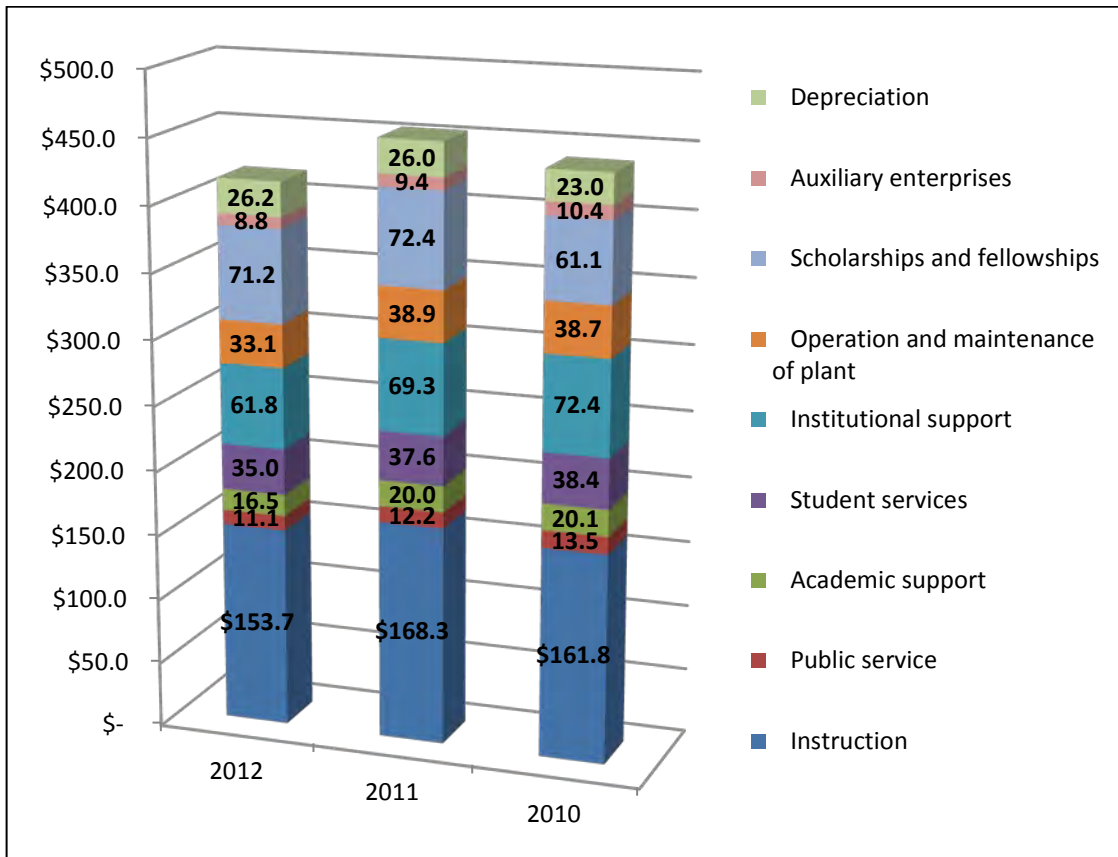
DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

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
Total Operating Expenses	\$ 417.4	\$ 454.1	\$ 439.4	\$ (36.7)	\$ 14.7

Figure 3



DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

TABLE 6: CAPITAL ASSETS, NET
(In Millions)

	Fiscal Year			Change	
	2012	2011	2010	2012 to 2011	2011 to 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. The Debt Service Coverage Ratio for Revenue bonds increased to 7.0 in 2012 from 4.2 in 2011. 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 82nd 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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The 83rd 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

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
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	<u>109,768,686</u>	<u>137,486,616</u>
NON-CURRENT AND RESTRICTED ASSETS		
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	<u>629,112,296</u>	<u>650,284,221</u>
Total non-current and restricted assets	<u>893,625,400</u>	<u>892,995,518</u>
TOTAL ASSETS	<u>1,003,394,086</u>	<u>1,030,482,134</u>
LIABILITIES		
CURRENT LIABILITIES		
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	<u>22,165,567</u>	<u>27,886,053</u>
Total current liabilities	<u>140,158,927</u>	<u>158,164,702</u>
NON-CURRENT LIABILITIES		
Restricted accrued liabilities	770,125	808,235
Accrued compensable absences	2,052,050	1,940,994
Bonds payable	<u>390,484,607</u>	<u>412,650,174</u>
Total non-current liabilities	<u>393,306,782</u>	<u>415,399,403</u>
TOTAL LIABILITIES	<u>533,465,709</u>	<u>573,564,105</u>
NET ASSETS		
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	<u>185,100,608</u>	<u>169,237,480</u>
TOTAL NET ASSETS (Schedule D)	<u>\$ 469,928,377</u>	<u>\$ 456,918,029</u>

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

	2012	2011
ASSETS		
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
 LIABILITIES AND NET ASSETS:		
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
OPERATING REVENUES		
Tuition and charges (net of discounts of \$41,164,595 and \$37,659,707, 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
OPERATING EXPENSES		
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
OPERATING LOSS	(328,582,899)	(355,862,263)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	109,267,993	119,373,173
Maintenance ad valorem taxes (net of bad debt and collection fee of \$4,666,012 and \$3,774,842, 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
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
INCREASE (DECREASE) IN NET ASSETS	13,010,348	(3,334,820)
NET ASSETS		
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 Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES				
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>
TOTAL REVENUES	<u>3,356,207</u>	<u>(159,332)</u>	<u>613,612</u>	<u>3,810,487</u>
EXPENSES				
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>
TOTAL EXPENSES	<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>
CHANGE IN NET ASSETS	<u>788,147</u>	<u>(160,282)</u>	<u>613,612</u>	<u>1,241,477</u>
NET ASSETS, BEGINNING OF YEAR	<u>2,893,448</u>	<u>3,686,090</u>	<u>26,888,593</u>	<u>33,468,131</u>
NET ASSETS, END OF YEAR	<u><u>\$ 3,681,595</u></u>	<u><u>\$ 3,525,808</u></u>	<u><u>\$ 27,502,205</u></u>	<u><u>\$ 34,709,608</u></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 Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES				
Contributions	\$ 159,120	\$ 891,913	\$ 691,809	\$ 1,742,842
Interest and dividend income	1,856	441,555	-	443,411
Contributed employees' salaries and benefits	566,777	-	-	566,777
Net realized and unrealized gains on investments	1,611,288	596,315	-	2,207,603
Net assets released from restrictions	1,098,457	(1,098,457)	-	-
TOTAL REVENUES	<u>3,437,498</u>	<u>831,326</u>	<u>691,809</u>	<u>4,960,633</u>
EXPENSES				
Program services:				
Scholarship awards	642,365	-	-	642,365
Grants	557,025	-	-	557,025
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	132,690	-	-	132,690
Total non-program services	<u>693,690</u>	<u>-</u>	<u>-</u>	<u>693,690</u>
TOTAL EXPENSES	<u>1,893,080</u>	<u>-</u>	<u>-</u>	<u>1,893,080</u>
Transfers between funds, based on donor instructions	<u>(8,264)</u>	<u>(18,174)</u>	<u>26,438</u>	<u>-</u>
CHANGE IN NET ASSETS	1,536,154	813,152	718,247	3,067,553
NET ASSETS, BEGINNING OF YEAR	<u>1,357,294</u>	<u>2,872,938</u>	<u>26,170,346</u>	<u>30,400,578</u>
NET ASSETS, END OF YEAR	<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

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
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>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
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>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
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>
CASH FLOWS FROM INVESTING ACTIVITIES:		
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>
INCREASE (DECREASE) CASH AND CASH EQUIVALENTS	(22,242,163)	10,652,695
CASH AND CASH EQUIVALENTS, SEPTEMBER 1	<u>57,451,334</u>	<u>46,798,639</u>
CASH AND CASH EQUIVALENTS, AUGUST 31	<u>\$ 35,209,171</u>	<u>\$ 57,451,334</u>
Reconciliation of net operating loss to net cash provided (used) by operating activities		
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

	2012	2011
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)

Financial reporting on the individual colleges and the District's central administration operations is included in the Financial Section, "Supplemental Financial Reporting by College."

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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 accounting principles generally accepted in the United States 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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

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:

- 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.
- Fully collateralized repurchase agreements and reverse repurchase agreements permitted by Government Code 2256.011.
- 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.
- Public funds investment pools as permitted by Government Code 2256.016.
- A securities lending program as permitted by Government Code 2256.0115.
- No-load money market mutual funds as permitted by Government Code 2256.014.
- 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.
- 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).
- Investments that are fully guaranteed or insured by the FDIC.
- 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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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

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 \$4,640,944, 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 \$8,061,554, 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:

	2012	2011
Bank deposits		
Local funds - demand	\$ 4,604,443	\$ 8,026,607
Imprest funds	8,500	8,500
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	29,332,686	38,442,163
Total cash equivalents	30,568,227	49,389,780
Total cash and cash equivalents	\$ 35,209,171	\$ 57,451,334

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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

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	\$ 186,997,675	\$ -	\$ 20,019,072	\$ 13,026,949	\$ 48,512,846	\$ 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>\$ 219,605,082</u>	<u>\$ 30,568,227</u>	<u>\$ 20,019,072</u>	<u>\$ 15,066,129</u>	<u>\$ 48,512,846</u>	<u>\$ 55,358,437</u>	<u>\$ 50,080,371</u>

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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

RECONCILIATION OF DEPOSITS AND INVESTMENTS TO EXHIBIT 1

	<u>Fair Market Value August 31, 2012</u>	<u>Fair Market Value 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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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

5. CAPITAL ASSETS

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

	Balance September 1, 2011	Increases/ Reclassifications	Decreases	Balance August 31, 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, 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, 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 September 1, 2010	Increases/ Reclassifications	Decreases	Balance August 31, 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, 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, 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>

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
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6. NON-CURRENT LIABILITIES

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

	Balance September 1, 2011	Additions	Reductions	Balance August 31, 2012	Current Portion
Series 2006 Revenue Financing System Refunding Bonds	\$ 23,400,000	\$ -	\$ (1,950,000)	\$ 21,450,000	\$ 2,025,000
Series 2009 Revenue Financing 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 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	7,539,627
Total	<u>\$ 451,959,259</u>	<u>\$ -</u>	<u>\$ (28,947,283)</u>	<u>\$ 423,011,976</u>	<u>\$ 29,705,194</u>

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

	Balance September 1, 2010	Additions	Reductions	Balance August 31, 2011	Current Portion
Series 2006 Revenue Financing System Refunding Bonds	\$ 25,275,000	\$ -	\$ (1,875,000)	\$ 23,400,000	\$ 1,950,000
Series 2009 Revenue Financing 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 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
Total	<u>\$ 479,148,085</u>	<u>\$ -</u>	<u>\$ (27,188,826)</u>	<u>\$ 451,959,259</u>	<u>\$ 36,559,856</u>

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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

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 Interest & Sinking portion (I&S) to cover the debt service of the bonds. MTN are secured by the Maintenance & Operations portion (M&O) 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:

	<u>General Obligation Bonds</u>		<u>Maintenance Tax Notes</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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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 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, 2017.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

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 Series 2006 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 refunded 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 were 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

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
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\$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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

9. DEFEASED BONDS OUTSTANDING

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

Bond Issue	Year Refunded	Par Value Outstanding	
		2012	2011
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>

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
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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 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

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
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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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
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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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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

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:

Accrued Claim Liability for the Year Ended August 31,	Balance September 1,	Additions	Reductions in Liability/ Claims Paid	Balance August 31,
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:

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

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
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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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
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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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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

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 (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	<u>\$ 161,422,823,726</u>	<u>\$ 163,239,235,691</u>

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.

Gross Taxes collected for fiscal year 2012:

Gross Taxes Collected - 2012	Maintenance & Operations		Interest & Sinking	2012 Total
	Current Operations	Maintenance Tax Notes	Debt Service	
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	<u>\$ 120,933,144</u>	<u>\$ 6,538,311</u>	<u>\$ 33,935,669</u>	<u>\$ 161,407,124</u>

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
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Gross taxes collected for fiscal year 2011:

Gross Taxes Collected - 2011	Maintenance & Operations		Interest & Sinking	2011 Total
	Current Operations	Maintenance Tax Notes	Debt 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	<u>\$ 121,001,323</u>	<u>\$ 6,139,376</u>	<u>\$ 34,943,504</u>	<u>\$ 162,084,203</u>

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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	38,117,856	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>1,809,536</u>	<u>1,429,429</u>
Total receivables	61,201,055	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>\$ 52,427,634</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>

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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 at August 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Deferred revenues related to students and other customers	\$ 33,849,820	\$ 35,445,199
Deferred revenues related to grants and contracts	43,554,867	40,850,299
Total deferred revenues	<u>\$ 77,404,687</u>	<u>\$ 76,295,498</u>

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 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 Incremental Tax Committed</u>	<u>Taxes Forgone in 2012</u>	<u>Taxes Forgone in 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>

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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

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 classified 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>

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
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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:

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

NOTE C - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following unconditional promises to give:

	August 31,	
	2012	2011
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	(115,631)	(154,594)
	\$ 3,051,036	\$ 3,020,406

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

	2012	2011
Less than one year	\$ 1,333,333	\$ 1,000,000
One to five years	2,033,334	2,175,000
	\$ 3,166,667	\$ 3,175,000

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

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

NOTE E - PERMANENTLY RESTRICTED NET ASSETS

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

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

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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

August 31, 2012	Fair value measurement using input considered as:			
	Level 1	Level 2	Level 3	Total
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>

August 31, 2011	Fair value measurement using input considered as:			
	Level 1	Level 2	Level 3	Total
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

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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>

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2012 AND 2011

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 31st of the year preceding the disbursement of the funds. The spending limit will not exceed 5% of the December 31st 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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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 August 31, 2012 and 2011					
	Fair Value as of August 31, 2012	Fair Value as of August 31, 2011	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Barrow, Hanley, Mewhinney & Strauss – BHMS Core Fixed 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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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

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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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

DATA
CONTROL

CODES	ASSETS	2012	2011
CURRENT ASSETS:			
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
NON-CURRENT AND RESTRICTED ASSETS:			
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
LIABILITIES			
CURRENT LIABILITIES:			
2501	Due to District (parent organization)	<u>17,072</u>	<u>23,802</u>
	Total current liabilities	17,072	23,802
NON-CURRENT LIABILITIES:			
2502	Loan payable to Richland College	<u>-</u>	<u>-</u>
	Total non-current liabilities	-	-
2000	TOTAL LIABILITIES	17,072	23,802
NET ASSETS			
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>

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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 Control 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

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
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)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
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
CASH FLOWS FROM INVESTING ACTIVITIES		
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>
Reconciliation of net operating loss to net cash used in operating activities		
Operating loss	\$ (2,486,818)	\$ (2,289,888)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in assets and liabilities:		
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>

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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

	Budgeted Amounts		Actual Amounts	Actual to Budget	Percent Actual	Original to
	Original	Final		Variance	to Final Budget	Final Budget
REVENUES						
Local Support						
5740	Local and intermediate sources	\$ 8,000	\$ 15,000	\$ 17,721	\$ 2,721	18.14% ^a 87.50% ^h
State program revenues:						
5810	Foundation School Program Act Revenues	2,946,875	2,839,549	2,904,879	65,330	2.30% -3.64%
Federal program revenues:						
5900	5900 Federal program revenues	81,234	82,764	20,874	(61,890)	-74.78% ^b 1.88%
	Total revenues	3,036,109	2,937,313	2,943,474	6,161	0.21% -3.25%
EXPENDITURES						
State program expenditures						
0011	11 Instruction ¹	1,740,912	1,758,041	1,439,033	(319,008)	-18.15% ^c 0.98%
0012	12 Instructional resources and media services	70,526	36,260	32,670	(3,590)	-9.90% -48.59% ⁱ
0013	13 Curriculum and staff development ¹	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% ^d 4.81%
0031	31 Guidance, counseling, and evaluation services	262,095	205,095	204,583	(512)	-0.25% -21.75% ^j
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% ^k
0035	35 Food Service	47,500	7,500	7,172	(328)	-4.37% -84.21% ^l
0036	36 Extracurricular activities	2,500	461	156	(305)	-66.16% ^e -81.56% ^m
0041	41 General administration	244,159	221,000	198,686	(22,314)	-10.10% ^f -9.49%
0051	51 Facilities maintenance and operations	45,000	46,500	42,363	(4,137)	-8.90% 3.33%
0052	52 Security and monitoring services	37,990	39,490	38,572	(918)	-2.32% 3.95%
	Total expenditures	3,036,109	2,937,313	2,507,692	(429,621)	-14.63% -3.25%
1200	Net change in fund balances	-	-	435,782	435,782	n/a n/a
0100	Fund balances--beginning	1,326,332	1,326,332	1,326,332	-	0.00% 0.00%
3000	Fund balances--ending	\$ 1,326,332	\$ 1,326,332	\$ 1,762,114	\$ 435,782	32.86% ^g 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.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

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

Expenses 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>

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

28. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 11, 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.

SUPPLEMENTAL DATA



**Dallas County
Community College District**

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

SMART STARTS HERE.

**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 Educational Activities</u>	<u>Auxiliary 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 and Wages</u>	<u>State</u>	<u>Local</u>	<u>Other Expenses</u>	<u>Total 2012</u>	<u>Total 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 other real estate improvements	-	-	-	20,281,101	20,281,101	20,316,461
DEPRECIATION EXPENSE - Equipment and 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> (Exhibit 2)	<u>\$ 454,124,017</u> (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 Enterprises</u>	<u>Total 2012</u>	<u>Total 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> (Exhibit 2)	<u>\$ 352,598,027</u> (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 Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation 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
TOTAL NET ASSETS--							
August 31, 2012	185,100,608	(1,887,590)	-	286,715,359	469,928,377 (Exhibit 1)	153,250,962	316,677,415
TOTAL NET ASSETS--							
August 31, 2011	169,237,480	5,827,783	-	281,852,766	456,918,029 (Exhibit 1)	144,903,522	312,014,507
NET INCREASE (DECREASE) IN NET ASSETS	\$ 15,863,128	\$ (7,715,373)	\$ -	\$ 4,862,593	\$ 13,010,348 (Exhibit 2)	\$ 8,347,440	\$ 4,662,908

**SUPPLEMENTAL FINANCIAL REPORTING
BY COLLEGE**



**Dallas County
Community College District**

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

SMART STARTS HERE.

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

REVENUES	Total	Brookhaven College	Cedar Valley College	Eastfield College	El Centro College	Mountain View College	North Lake College	Richland College	Central Administration
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	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
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	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
Total revenues	448,050,277	56,534,537	37,891,749	61,577,629	76,727,260	44,880,157	56,897,310	87,635,065	25,906,570
EXPENSES									
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	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
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	17,602,797	2,296,538	1,856,260	2,393,324	2,655,565	1,870,558	2,322,680	2,749,743	1,458,129
Total expenses	435,039,929	54,927,804	36,013,474	59,319,516	73,279,711	43,146,870	53,961,927	80,875,396	33,515,231
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	\$ 469,928,377	\$ 40,141,622	\$ 39,543,456	\$ 37,671,331	\$ 27,986,517	\$ 31,988,497	\$ 68,648,489	\$ 65,078,265	\$ 158,870,200

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT
SUMMARIES OF REVENUES AND EXPENSES
OF THE INDIVIDUAL COLLEGES AND THE CENTRAL ADMINISTRATION
YEAR ENDED AUGUST 31, 2011**

	Total	Brookhaven College	Cedar Valley College	Eastfield College	El Centro College	Mountain View College	North Lake College	Richland College	Central Administration
REVENUES									
Operating Revenues									
Tuition and fees, net	\$ 60,320,922	\$ 10,931,399	\$ 3,415,902	\$ 6,644,991	\$ 5,614,811	\$ 4,487,280	\$ 10,157,093	\$ 15,399,038	\$ 3,670,408
Federal grants and contracts	20,307,272	716,413	1,311,032	3,977,195	4,429,135	2,740,160	1,194,273	3,459,955	2,479,109
State grants and contracts	6,680,684	835,746	460,677	1,043,615	1,490,621	686,146	1,130,994	841,838	191,047
Local grants and contracts	4,546,919	37,940	124,148	1,124,422	2,822,591	69,780	153,123	11,417	203,498
Sales and services of auxiliary enterprises	5,163,347	498,432	244,098	509,330	574,776	368,369	664,467	794,790	1,509,085
Sales and services of educational activities	526,579	33,117	26,170	215,090	92,545	35,731	75,830	48,096	-
Other	1,901,831	153,316	25,290	247,434	619,560	186,238	154,166	202,853	312,974
Total operating revenue	99,447,554	13,206,363	5,607,317	13,762,077	15,644,039	8,573,704	13,529,946	20,757,987	8,366,121
Non-Operating Revenues									
State appropriations	119,373,173	16,461,095	8,604,894	16,366,999	18,701,218	9,866,419	14,928,860	28,372,268	6,071,420
Maintenance ad valorem taxes, net	158,309,361	21,107,422	16,280,025	18,026,590	25,309,725	16,433,940	19,117,521	23,085,668	18,948,470
Federal grants and contracts	87,927,083	10,150,545	8,573,635	16,279,557	15,205,581	11,575,051	9,441,195	16,701,519	-
Gifts	148,556	1,000	-	44,676	13,778	40,000	30,819	18,283	-
Investment income	3,943,390	10,410	2,908	8,974	8,089	1,623	15,867	14,856	3,880,663
Other	1,369,653	1,217	788	645	1,504	859	1,361	1,576	1,361,703
Total non-operating revenue	371,071,216	47,731,689	33,462,250	50,727,441	59,239,895	37,917,892	43,535,623	68,194,170	30,262,256
Total revenues	470,518,770	60,938,052	39,069,567	64,489,518	74,883,934	46,491,596	57,065,569	88,952,157	38,628,377
EXPENSES									
Operating Expenses									
Instruction	168,328,724	26,155,697	13,265,352	26,583,792	26,215,202	14,848,129	22,846,957	37,210,966	1,202,629
Public service	12,191,195	1,534,260	587,713	385,757	7,459,569	531,673	420,996	1,178,041	93,186
Academic support	19,988,006	2,062,789	1,615,080	2,756,397	2,533,908	2,240,460	3,387,849	4,824,715	566,808
Student services	37,616,047	4,265,486	3,245,366	5,501,582	5,064,979	4,135,718	5,001,889	7,759,120	2,641,907
Institutional support	69,729,069	6,052,907	4,500,539	6,208,190	7,756,809	6,322,267	5,913,783	8,703,426	24,271,148
Operation and maintenance of plant	38,843,816	5,971,349	3,632,472	5,132,389	5,606,038	3,953,971	4,461,167	7,392,093	2,694,337
Scholarships and fellowships	72,414,788	8,012,253	6,874,102	13,350,031	13,090,682	9,681,269	7,898,250	13,491,073	17,128
Auxiliary enterprises	10,216,128	1,233,255	563,749	1,401,797	1,292,718	967,863	1,350,913	1,630,922	1,774,911
Depreciation	25,982,044	3,312,072	2,466,830	2,743,936	3,673,923	2,220,478	4,111,147	3,465,919	3,987,739
Total operating expense	455,309,817	58,600,068	36,751,203	64,063,871	72,693,828	44,901,828	55,392,951	85,656,275	37,249,793
Non-Operating Expenses									
Interest on capital related debt	18,094,031	2,464,307	1,991,865	2,568,162	2,849,560	2,007,208	2,492,358	2,950,620	769,951
Other non-operating expense	449,742	6,749	(169)	6,499	3,563	9,737	(379)	6,654	417,088
Total non-operating Expenses	18,543,773	2,471,056	1,991,696	2,574,661	2,853,123	2,016,945	2,491,979	2,957,274	1,187,039
Total expenses	473,853,590	61,071,124	38,742,899	66,638,532	75,546,951	46,918,773	57,884,930	88,613,549	38,436,832
Change in net assets	(3,334,820)	(133,072)	326,668	(2,149,014)	(663,017)	(427,177)	(819,361)	338,608	191,545
Net assets - beginning of year	460,252,849	38,667,961	37,338,513	37,562,232	25,201,985	30,682,387	66,532,467	57,979,988	166,287,316
Net assets - end 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

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT
ANALYSIS 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 College</u>	<u>Cedar Valley College</u>	<u>Eastfield College</u>	<u>El Centro College</u>	<u>Mountain View College</u>	<u>North Lake College</u>	<u>Richland College</u>	<u>Central 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
Total net assets	\$ 469,928,377	\$ 40,141,622	\$ 39,543,456	\$ 37,671,331	\$ 27,986,517	\$ 31,988,497	\$ 68,648,489	\$ 65,078,265	\$ 158,870,200
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
Unrestricted net assets, net of compensated absences	\$ 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
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
Current ratio	0.78	0.77	0.84	0.84	0.81	0.86	0.80	0.78	0.69
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 interest on capital related debt	30,613,145	3,903,271	3,734,535	4,651,437	6,103,114	3,603,845	5,258,063	9,509,412	(6,150,532)
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
Operational "bottom line" net of depreciation and interest on capital related debt	\$ 56,780,104	\$ 7,217,457	\$ 6,227,150	\$ 7,420,426	\$ 9,779,647	\$ 5,802,909	\$ 9,378,651	\$ 12,995,557	\$ (2,041,693)
Cash and equivalents	\$ 35,209,171	\$ 6,850,624	\$ 3,973,060	\$ 2,906,071	\$ 3,497,609	\$ 2,945,436	\$ 6,068,978	\$ 6,940,814	\$ 2,026,579
Acquisition and construction of capital assets	\$ 7,327,960	\$ 487,889	\$ 349,366	\$ 419,670	\$ 1,342,957	\$ 139,902	\$ 1,213,831	\$ 1,452,024	\$ 1,922,321

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

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT
ANALYSIS OF UNRESTRICTED NET ASSET COMPONENTS
AND OTHER FINANCIAL STABILITY INDICATORS
OF THE INDIVIDUAL COLLEGES AND THE CENTRAL ADMINISTRATION
YEAR ENDED AUGUST 31, 2011**

	Total	Brookhaven College	Cedar Valley College	Eastfield College	El Centro College	Mountain View College	North Lake College	Richland College	Central Administration
Unrestricted net assets	\$ 169,237,480	\$ 3,356,347	\$ 5,472,547	\$ 4,247,779	\$ 4,424,540	\$ 1,534,584	\$ 8,190,409	\$ 11,019,886	\$ 130,991,388
Temporarily restricted net assets	5,827,783	-	-	-	-	-	-	-	5,827,783
Capital assets, net	281,852,766	35,178,542	32,192,634	31,165,439	20,114,428	28,720,626	57,522,697	47,298,710	29,659,690
Total net assets	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
Unrestricted net assets	169,237,480	3,356,347	5,472,547	4,247,779	4,424,540	1,534,584	8,190,409	11,019,886	130,991,388
Add back compensated absences	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Add back OPEB liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unrestricted net assets, net of compensated absences	169,237,480	3,356,347	5,472,547	4,247,779	4,424,540	1,534,584	8,190,409	11,019,886	130,991,388
Current assets	137,486,616	16,151,362	11,153,325	18,963,846	20,529,764	13,468,635	14,940,641	23,651,398	18,627,645
Current liabilities	158,164,702	16,191,976	10,614,434	19,404,713	21,346,321	13,258,337	15,326,623	23,639,354	38,382,944
Current ratio	0.9	1.0	1.1	1.0	1.0	1.0	1.0	1.0	0.5
Operating revenues	99,447,554	13,206,363	5,607,317	13,762,077	15,644,039	8,573,704	13,529,946	20,757,987	8,366,121
Add non-operating revenues	371,071,216	47,731,689	33,462,250	50,727,441	59,239,895	37,917,892	43,535,623	68,194,170	30,262,256
Less operating expenses	455,309,817	58,600,068	36,751,203	64,063,871	72,693,828	44,901,828	55,392,951	85,656,275	37,249,793
Operational "bottom line" net of interest on capital related debt	15,208,953	2,337,984	2,318,364	425,647	2,190,106	1,589,768	1,672,618	3,295,882	1,378,584
Add back depreciation expense	25,982,044	3,312,072	2,466,830	2,743,936	3,673,923	2,220,478	4,111,147	3,465,919	3,987,739
Operational "bottom line" net of depreciation and interest on capital related debt	41,190,997	5,650,056	4,785,194	3,169,583	5,864,029	3,810,246	5,783,765	6,761,801	5,366,323
Cash and equivalents	57,451,334	10,605,861	5,912,737	6,472,858	5,007,038	5,179,063	9,821,723	12,765,643	1,686,411
Acquisition and construction of capital assets	\$ 17,067,848	\$ 2,277,588	\$ 1,164,049	\$ 3,773,943	\$ 1,686,739	\$ 1,132,850	\$ 2,967,508	\$ 3,064,528	\$ 1,000,643

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

**STATISTICAL SECTION
(UNAUDITED)**



**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, note 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)

	For the Year Ended August 31,									
	<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, 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
Total net assets	<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)										
	<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>
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
Total Operating Revenues	88,854	98,262	101,196	96,043	86,043	83,276	75,671	74,128	72,212	69,910
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
Total Non-operating Revenues	359,196	371,071	365,899	322,330	293,582	275,830	265,347	250,083	238,347	209,939
Total Revenues	\$ 448,050	\$ 469,333	\$ 467,095	\$ 418,373	\$ 379,625	\$ 359,106	\$ 341,018	\$ 324,211	\$ 310,559	\$ 279,849

For the Year Ended August 31,										
	<u>2002</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>
Tuition and charges (net of discounts)	12.61%	12.60%	12.99%	14.32%	14.17%	14.41%	13.51%	13.62%	13.76%	14.21%
Federal grants and contracts	3.50%	4.33%	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%	0.41%	0.48%	0.39%	0.46%	0.50%	0.49%	0.52%	0.37%	0.42%
Total Operating Revenues	19.83%	20.94%	21.66%	22.95%	22.67%	23.19%	22.19%	22.86%	23.25%	24.98%
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%	33.73%	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%
Total Non-operating Revenues	80.17%	79.06%	78.34%	77.05%	77.33%	76.81%	77.81%	77.14%	76.75%	75.02%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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)

	<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>
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
Total Operating Expenses	417,437	454,124	439,354	380,291	344,927	330,209	318,216	307,392	294,304	283,439
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
Total Non-operating Expenses	17,603	18,544	17,968	14,553	13,027	7,110	4,556	(7,465)	3,783	1,323
Total Expenses	\$ 435,040	\$ 472,668	\$ 457,322	\$ 394,844	\$ 357,954	\$ 337,319	\$ 322,772	\$ 299,927	\$ 298,087	\$ 284,762

For the Year Ended August 31,

	<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>
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%	14.66%	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%
Total Operating Expenses	95.95%	96.07%	96.07%	96.31%	96.35%	97.89%	98.59%	102.49%	98.73%	99.54%
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%	0.09%	0.09%	0.10%	0.43%	0.11%	0.08%	0.38%	0.01%	0.16%
Total Non-operating Expenses	4.05%	3.93%	3.93%	3.69%	3.65%	2.11%	1.41%	-2.49%	1.27%	0.46%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

Academic Year (Fall)	Resident Fees per Semester Credit Hour (SCH)				Increase from Prior Year In-District	Increase from Prior Year Out-of-District
	In-District Tuition	Out-of-District Tuition	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District		
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%

Academic Year (Fall)	Non-Resident Fees per Semester Credit Hour (SCH)				Increase from Prior Year Out-of-State	Increase from Prior Year International
	Non-Resident Tuition Out-of-State	Non-Resident Tuition International	Cost for 12 SCH Out-of-State	Cost for 12 SCH International		
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

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)			Direct Rate			
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	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 Appropriation	FTSE	State Appropriation per FTSE	Academic Contact Hours	Voc/Tech Contact Hours	Total Contact Hours	State Appropriation per Contact 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/ 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	-
Totals		\$ 7,239,500	\$ 6,653,902	\$ 7,466,439	\$ 8,136,174	\$ 8,506,847	\$ 7,540,964	\$ 7,280,251	\$ 7,261,982	\$ 7,425,977	\$ 7,947,194
Total 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 7
(Continued)

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/ 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%
Totals		4.47%	3.86%	4.20%	4.88%	5.55%	5.30%	5.39%	5.46%	5.63%	5.50%

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)

Fiscal Year Ended August 31,	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Collections of Prior Years (d)	Collections of Penalties and Interest (e)	Total Collections (c+d+e)	Cumulative Collections of Adjusted Levy
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
General Bonded Debt										
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	\$ -	\$ -
Other Debt										
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
General Bonded Debt Ratios										
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%	-	-
Total Outstanding Debt Ratios										
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

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
General Bonded Debt										
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 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 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 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 Ended August 31	Pledged Revenues (\$000 omitted)								Debt Service Requirements (\$000 omitted)			Coverage Ratio
	Tuition	Course Fees	Other Class Fees	Bookstore Commissions	Food Service Commissions	Lease Revenues	Interest 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 Year	District Population	District Personal Income (a) (thousands of dollars)	District Personal Income per Capita	District Unemployment 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
Total Top Ten	199,411	193,096	182,020	187,933	183,460	175,221	177,058	167,433

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%
Total Top Ten	7.12%	6.88%	6.49%	6.25%	6.09%	5.74%	6.33%	5.99%

Total Employment	3,106,034	3,029,960	2,992,091	2,939,247	2,964,768	2,951,995	2,923,354	2,799,012
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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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Faculty										
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
Total	3,141	3,178	3,203	3,100	2,987	3,083	3,333	3,591	3,276	2,950
Percent										
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%
Staff and Administrators										
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
Total	3,817	3,569	4,027	4,081	3,800	3,656	3,626	3,910	4,302	3,794
Percent										
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
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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 Student Count	Transfer Student Count	Transfer Student Count	Total of all DCCCD Transfer Students	% of all DCCCD Transfer 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
(Continued)

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all DCCCD Transfer Students	% of all DCCCD Transfer Students
	Academic	Technical	Tech-Prep		
24 Texas A&M University System Health Science Center	26	5	0	31	0.19%
25 Angelo State University	26	3	1	30	0.19%
26 West Texas A&M University	26	2	0	28	0.17%
27 University of Texas Medical Branch Galveston	23	0	2	25	0.16%
28 Texas A&M University - Galveston	23	1	0	24	0.15%
29 University of Texas - El Paso	19	1	0	20	0.12%
30 University of North Texas Health Science Center - Forth Worth	15	3	0	18	0.11%
31 University of Houston - Victoria	12	2	0	14	0.09%
32 University of Texas Health Science Center - Houston	11	2	0	13	0.08%
33 University of Texas Health Science Center - San Antonio	13	0	0	13	0.08%
34 Texas A&M University - Kingsville	12	0	0	12	0.08%
35 University of Houston - Downtown	6	6	0	12	0.08%
36 University of Texas - Brownsville	9	1	2	12	0.08%
37 University of Texas - Permian Basin	10	0	1	11	0.07%
38 University of Texas - Pan American	5	2	0	7	0.04%
39 University of Texas M.D Anderson Cancer Center	4	1	1	6	0.04%
40 Texas A&M International University	4	1	0	5	0.03%
41 Texas A&M University -Texarkana	5	0	0	5	0.03%
42 Sul Ross State University	3	0	0	3	0.02%
43 Texas A&M University - Central Texas	3	0	0	3	0.02%
44 Baylor College of Medicine	2	0	0	2	0.01%
45 Texas A&M University - San Antonio	1	1	0	2	0.01%
46 University of Houston - Clear Lake	1	0	0	1	0.01%
Totals	13,678	1,820	602	16,100	100.00%

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
((UNAUDITED))

	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>
Academic buildings	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
Libraries	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
Administrative and support buildings			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
Athletic Facilities	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
Plant facilities	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
Transportation									
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
Total Square Footage	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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Dallas County Community College District

We have audited the financial statements of Dallas County Community College District (the "District") as of and for the year ended August 31, 2012, and have issued our report thereon dated December 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District, in a separate letter dated December 11, 2012.

Texas Public Funds Investment Act

We have performed tests designed to verify the District's compliance with the requirements of Public Funds Investment Act (the "Act"). However, providing an opinion on compliance with the Act was not an objective of our audit and accordingly, we do not express an opinion. During the fiscal year ended August 31, 2012, no instances of non-compliance were found.

This report is intended solely for the information and use of management, the Board of Trustees, the Audit Committee, others within the District, and Federal and State of Texas awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McConnell & Jones LLP

Houston, Texas
December 11, 2012



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

To the Board of Trustees
Dallas County Community College District

Compliance

We have audited Dallas County Community College District's, including its seven colleges listed below, (altogether, the "District"), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the Texas Single Audit Circular that could have a direct and material effect on each of the District's major federal and state programs for the year ended August 31, 2012. The District's seven colleges include:

1. Brookhaven College
2. Cedar Valley College
3. Eastfield College
4. El Centro College (Including Bill J. Priest Institute for Economic Development)
5. Mountain View College
6. North Lake College
7. Richland College

The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and, the State of Texas Single Audit Circular. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our

audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2012.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

McConnell & Jones LLP

Houston, Texas

December 11, 2012.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2012
SCHEDULE E**

Grantor Program Name	CFDA	Grant #	Expenditures
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
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
TRIO Cluster			
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
Other Direct Programs			
Strengthening Institutions - Title III	84.031A	P031A080120	514,801
CCRAA STEM	84.031C	P031C08 & P031C11	1,088,081
Strengthening Institutions - Title V	84.031S	P031S050026/10/05	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	<u>150,302</u>
Total Direct from U. S. Department of Education			134,247,126
Pass-Through From:			
Texas Higher Education Coordinating Board			
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	<u>2,000</u>
			1,645,987
Texas Education Agency			
TEA/Improving Basic Programs-RCHS	84.010A	12610101057840	8,302
TEA Teacher/Principal Trng & Recr	84.367A	12694501057840	<u>10,359</u>
			18,661
TEA ARRA			
IDEA B Formula LEA RCHS	84.391A	H391A09008/10554010	2,212
University of North Texas			
Coop w/UNT - Title V	84.031S	P031S100113	<u>662,391</u>
Total Pass-Through Other Agencies			<u>2,329,251</u>
Total U. S. Department of Education			136,576,377

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

The accompanying notes are an integral part of this schedule.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE E
(CONTINUED)**

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

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

The accompanying notes are an integral part of this schedule.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE E
(CONTINUED)**

Grantor Program Name	CFDA	Grant #	Expenditures
National Science Foundation			
Direct Programs:			
Broadening Access for Science, Technology, Engineering & Math	47.076	0525536	40,919
Pass-Through From:			
Collin College			
CCCCD/NSF Convergence Tech	47.076	DUE-0903239	39,945
University of Texas at Dallas			
STEM Gateway Collaboration	47.076	DUE-0856549	143,571
The University of Tulsa			
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>
Total National Science Foundation:			226,534
Small Business Administration			
Direct Programs:			
Small Business Development Center:			
FAST	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>
Total Small Business Administration			2,942,782
U.S. Department of Health & Human Services			
Pass-Through From:			
University of Texas at Austin			
Substance Abuse & Mental Health	92.243	UTA02-161(5 UD1 TI013423-09)	19,473
Pitt Community College			
Region D CCHITC	93.721	ARRA/90CC0078	508,418
Texas Woman's University			
NTPBS	93.859	R25 GM58397-06	15,377
Texas Workforce Commission			
HIS BridgeBuilders	93.721	0612SSF000	549
Summer Merit Program	93.558	0612TAN002	<u>48,903</u>
Total Department of Health & Human Services:			592,720
U. S. Corporation for National and Community Service			
MLK, Jr. Day of Service 2012	94.007	MLK Day of Service 2012	<u>623</u>
Total Corporation for National and Community Service			<u>623</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$143,614,396</u></u>

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

The accompanying notes are an integral part of this schedule.

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>
Texas Higher Education Coordinating Board		
Texas Grant Program		\$ 2,438,052
Texas Education Opportunity Grant		869,305
Texas College Work Study		124,725
Top 10% Scholarship Program		12,422
5ff Year Accounting		63,400
T-Stem Challenge Scholarship		1,263
P16 College Readiness		112,807
College for All Texans - G Force		173,934
Intensive Summer Program		1,134
Adult Basic Education		90,982
STAAR Study		3,450
Nursing Innovation		44,306
Nursing Shortage Reduction Program		<u>206,777</u>
Total Texas Higher Education Coordinating Board		4,142,557
Texas Education Agency		
Dropout Recovery Performance Pay		7,566
Texas Workforce Commission		
Skills Development Funds - cluster		
BrightStar Healthcare of TX	0512SDF000	17,670
Jefferson Physicians Group	0610SDF000	11,946
Zale Delaware	0610SDF001	42,567
COMET	0610SDF002	858,175
DCMA Solutions	0610SDF003	24,280
Essilor of America	0610SDF005	93,668
Owens Corning/Irving Roofing & Asphalt	0611SDF000	40,579
Solar Turbines	0611SDF001	177,812
Healthcare Associates of Irving	0611SDF002	99,846
Construction Consortium	0611SDF003	359,403
Construction Consortium	0611SDF004	22,454
Legacy Medical College	0611SDF005	96,598
Genesis Project - Garland	0611SDF006	110,169
Construction Education for Texas	0611SDF007	713,869
Air System Compenents	0611SDF008	114,762
Dallas Area Medical Consortium	0611SDF009	68,881
DCMA Training	0611SDF010	324,151
MARS Medical	0611SDF011	815,645
Construction Consortium	0612SDF000	35,417
SDF Technology	0612SDF001	<u>38,174</u>
Total Skills Development Funds (1)		4,066,066
Apprenticeship Training Program	0612ATP000	129,808
Skills for Small Businesses	0610SSD000	<u>10,896</u>
Total Texas Workforce Commission		4,206,770
TOTAL EXPENDITURES OF STATE AWARDS		<u>\$ 8,356,893</u>

(1) Clustered Skills Development Programs

The accompanying notes are an integral part of this schedule.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
AUGUST 31, 2012**

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, 2012, 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 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 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 CFDA Number/Program Name	New Loans Processed	Administrative Cost Recovered	Total Loans Processed and Administrative Cost Recovered
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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2012**

PART 1 – SUMMARY OF AUDITORS’ RESULTS

Financial Statement Section

- | | |
|---|---------------|
| 1. Type of auditors’ report issued: | Unqualified |
| 2. Internal control over financial reporting: | |
| a) Material weakness identified? | No |
| b) Significant deficiencies identified, which are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards Section

- | | |
|---|---------------|
| 1. Internal control over major programs: | |
| a) Material weakness identified? | No |
| b) Significant deficiencies identified, which are not considered to be material weaknesses? | None reported |
| 2. Type of auditors’ report issued on compliance for major programs: | Unqualified |
| 3. Any audit findings disclosed, which are required to be reported in accordance with Section 510(a) of Circular A-133? | No |
| 4. Identification of major programs: | |

<u>Federal CFDA Number</u>	<u>Name of Federal Program</u>
84.007, 84.033, 84.375, 84.063, 84.268	Student Financial Aid Cluster
81.041	State Energy Program
84.048	Career and Technical Education.
84.042, 84.044, 84.047	TRIO Cluster
93.721	Health Information Technology Professionals in Health Care

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2012**

<u>State Program Number</u>	<u>Name of State Program</u>
NA	Texas College Work Study
NA	Nursing Shortage Reduction Program
NA	Skills Development Fund (Cluster)

5. Dollar threshold used to distinguish between type A and type B programs:
- | | |
|------------------|------------|
| Federal programs | \$ 469,810 |
| State programs | \$ 300,000 |
6. Auditee qualified as low-risk auditee under OMB Circular A-133, Section 530?
- No

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2012**

PART II: FINANCIAL STATEMENT AUDIT

This section identifies the significant deficiencies, material weaknesses, and instances of fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Circular A-133 audit.

No findings were noted.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2012**

**PART III: FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL
AWARD PROGRAMS**

None

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

**Questioned
Costs**

U.S. DEPARTMENT OF EDUCATION

Career and Technical Education: CFDA #84.048

Grant Awards: 11017, 11096, 11097

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 procedures and trained appropriate employees to use the *Excluded Parties List System (EPLS)* for verification of vendors for covered transactions.

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

Questioned
Costs

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES

Community Services Block Grant: CFDA #93.710

Grant Award TDHCA ARRA

Finding No. 2011-2

Criteria: In accordance with provisions of the grant agreement, the District was required to admit participants into the program based on certain defined criteria, including income eligibility requirements.

None

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 revised procedures for determining the eligibility of students under this agreement.

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

**Questioned
Costs**

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Information Technology Professional: CFDA #93.721
Grant Award ARRA/90CC0078

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.

Effect: The District did not comply with this specific provision in the grant 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 subrecipient monitoring and grant requirements by May 31, 2012.

Current Status:

The District conducted its review and obtained outside consultant advice on the District's subrecipient monitoring practices. Enhanced monitoring procedures were applied to the grant in FY2012. Further enhancements to policies and procedure guidelines are scheduled for FY2013.



**Dallas County
Community College District**

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