

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

R.L. Thornton, Jr. Administration Building

701 Elm Street, 4th Floor

Dallas, TX 75202

Tuesday, September 16, 2008

12:00 PM

AGENDA

1. Certification of posting of notice of the meeting Wright Lassiter
2. Pre-Audit Presentation by Grant Thornton Ben Kohnle
Committee Action: No action required Jim Forson
Fulya Bayolken
3. Special Internal Audit Report on Control Self Assessment Study Rafael Godinez
Committee Action: No action required
4. 3rd Quarter Report from Internal Audit Rafael Godinez
Committee Action: Review as provided by Board Policy CDC (LOCAL)
5. 4th Quarter Report from Internal Audit Rafael Godinez
Committee Action: Review as provided by Board Policy CDC (LOCAL)
6. Annual Internal Audit Plan Rafael Godinez
Committee Action: Review as provided by Board Policy CDC (LOCAL)
7. Review of Investment Policy Ed DesPlas
Committee Action: Motion to present a resolution to the Board at its regular meeting on October 7, 2008, evidencing the Board has reviewed policy and strategy, as provided by Board Policies CAK (LEGAL and LOCAL)
8. Report from Investment Officers on Training Ed DesPlas
Committee Action: Review as provided by Board Policies CAK (LEGAL and LOCAL)

9. List of Qualified Brokers/Dealers Ed DesPlas
Committee Action: Motion to present a financial report to the Board of Trustees at its regular meeting on October 7, 2008, as provided by Board Policies CAK (LEGAL and LOCAL)

10. 4th Quarter Report on Investment Transactions Ed DesPlas
Committee Action: Motion to present an informative report to the Board of Trustees at its regular meeting on October 7, 2008, as provided by Board Policy CAK (LEGAL)

11. 3rd Quarter Financial Report Ed DesPlas
Committee Action: Motion to present an informative report to the Board of Trustees at its regular meeting on October 7, 2008, as provided by Board Policy CDA (LOCAL)

12. Presentation of Trustee's Travel Kathryn Tucker

13. Review of Chancellor's Travel Kathryn Tucker
Committee Action: No action required

14. Adjournment of Audit Committee

**CERTIFICATION OF POSTING OF NOTICE SEPTEMBER 16, 2008
AUDIT COMMITTEE MEETING
OF THE DALLAS COUNTY COMMUNITY COLLEGE DISTRICT
AND RICHLAND COLLEGIATE HIGH SCHOOL
BOARD OF TRUSTEES**

I, Wright L. Lassiter, Jr., Secretary of the Board of Trustees of the Dallas County Community College District, do certify that a copy of this notice was posted on the 12th day of September, 2008, in a place convenient to the public in the R.L. Thornton, Jr. Administration Building, and a copy of this notice was provided on the 12th day of September, 2008, to John F. Warren, County Clerk of Dallas County, Texas, and the notice was posted on the bulletin board at the Frank Crowley Courts Building, all as required by the Texas Government Code, §551.054.



Wright L. Lassiter, Jr., Secretary



Dallas County Community College District

Meeting with the audit committee
Dialogue discussion outline

September 16, 2008

Attendees: Ben Kohnle – Partner
Jim Forson – Senior Manager
Fulya Bayolken - Manager

Purpose of meeting

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

Reports to be issued

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

Estimated fees and expenses

	<u>2007</u>
Financial Statement Audit and Advisory Comment Letter	\$76,110
A-133 Audit	\$17,950
Estimated incremental effort for additional major programs (TBD)	\$15,000 - \$20,000
Review of Schedule of Expenditures (by campus)	\$6,500
Richland Collegiate High School	\$3,790
Administrative Expenses	(6% of fees)

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

Audit approach

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

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

Audit approach (continued)

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

New auditing standards

SAS 104 – 111 Auditing Risk Standards (effective fiscal year 2008)

- Reasonable assurance defined as "high-level" (104)
- Additional emphasis on linkage between: (105)
 - understanding entity
 - assessing risks
 - designing further audit procedures
- "Appropriate" audit evidence/"understandable" disclosures (106)
- Inquiry-alone not sufficient to evaluate design of controls (106)
- "Must" consider audit risk, determine a materiality level, and can't default to maximum control risk (107)
- "overall audit strategy" vs. "audit approach" (108)
- Additional guidance regarding gaining an understanding of the entity and its environment (109)
- Assume "significant risks" exist on most engagements (109)
- Requires that certain substantive procedures be performed on all engagements (110)
- Provides enhanced guidance regarding "tolerable misstatements" (111)

Timeline and expectations

Audit Committee meeting

September 16, 2008

Financial statement audit

- Preliminary fieldwork and planning
- Final fieldwork
- Audit kickoff meeting
- Weekly status meetings

Ongoing

Oct. 27 – Nov. 26

October 28

November 7

November 14

November 21

- Closing meeting with management

December 3

Audit Committee meeting

December 16

Engagement team

- Ben Kohnle, Engagement Partner
- Jim Forson, Engagement Senior Manager
- Fulya Bayolken, Engagement Manager
- Deborah Beams, Engagement Senior
- Reggie Hopkins, Joint Venture Firm
- Dan Serna, Joint Venture Firm

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Report Distribution

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

**Control Self-Assessment Program
Fiscal Year 2008**

Introduction

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

Internal Control Definition

A standard definition of internal control was released in 1992 by the Committee of Sponsoring Organizations (COSO) of the National Commission on Fraudulent Financial Reporting. Internal control was defined by the commission as "a process effected by an organization designed to provide reasonable assurance regarding the achievement of objectives in the areas of effectiveness and efficiency of operations,

reliability of financial reporting, and compliance with applicable laws and regulations.” The definition was intended to reflect the concept that internal control is a process - a means to an end, not an end in itself. Also, people affect internal control. It is not just policy manuals and procedures, but people functioning at every level of the institution. It is extremely important that all participants in the internal control process understand their roles and responsibilities. The COSO definition and its structured approach to internal control has also been adopted as the best approach for addressing compliance with the Sarbanes-Oxley Act of 2002.

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

1. **Control Environment** – The core of any institution is its people. Their individual attributes (integrity, ethical values, and competence) and the environment in which they operate determine the success of the institution.
2. **Risk Assessment** – Institutions must be aware of the risks they face and establish mechanisms to identify, analyze, and manage risks.
3. **Control Activities** – Control policies and procedures must be established and executed to help ensure that objectives are achieved. These activities include approvals, authorizations, verifications, reconciliations, security of assets, and segregation of duties.
4. **Information and Communication** – An effective system should enable employees of the institution to capture and exchange the information needed to manage and control its operations.

5. **Monitoring** – The internal control system must be monitored and modified as necessary so that the system can react to changing conditions. Monitoring occurs on an ongoing basis during normal operations or through separate evaluations by management.

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

The Control Self-Assessment Process

The Texas State Auditor's Office (SAO) issued to all state agencies a list of "Best Practices" for internal control. The SAO said, "*Implementing the COSO concepts including the Self-Assessment Program may be the most important of the best practices.*" CSA is an approach to internal control where work groups, departments, functions or business process owners analyze their business objectives, risks and related controls. The goal is to improve controls to assure that the organization's stated objectives can be achieved. CSA can be accomplished by means of workshops, surveys or questionnaires. Given the large size of the target population within the District, questionnaires addressing various functional areas are the most efficient and effective method to use. The questions are intended to measure cost center managers' awareness of the various control activities that have been established, as well as identifying opportunities for enhancement and possible training needs.

The following is a brief outline of the 2007-08 CSA program:

1. The CSA coordinators from each of the District locations met in November 2007 to identify the functional areas to be addressed in this year's questionnaires.
2. The President's Cabinet (top management group) at each location was informed of the areas to be covered and the location's president or CEO communicated the purpose for CSA to their cost center managers.
3. The coordinators developed questionnaires focusing on the control techniques from each of the functional areas being addressed, and in early spring of 2008 the questionnaires were sent to all cost center managers.
4. Responses from the questionnaire were analyzed and shared with the management groups at each location. Each location prepared an action plan to address those areas identified by the respondents as needing additional attention or training.
5. Finally, in early summer, the questionnaire summary and the action plan recommendations were communicated to the cost center managers who initially completed the questionnaire.

In November 2008, the CSA cycle will begin all over again. New functional areas will be identified and questionnaires will be developed.

Questionnaire Results and Summary of Action Plans

As previously stated, all locations of the District participated in the CSA program.

The topics included in this year's questionnaire were:

- ❑ Blanket Purchase Orders
- ❑ Grants
- ❑ Human Resources Operational Guidelines
- ❑ Student Blocks

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

A district-wide summary of the questionnaire is attached to this report. Some questions have been highlighted as ones needing more emphasis in determining action plans. Although improvement has been made, there is still the need for additional training in the regulations governing grant management. Also, information should be communicated to individuals with responsibility over student blocks. Each location has prepared an action plan that includes the methods and timing for addressing the areas needing improvement. The types of actions taken or proposed by the various locations throughout the District include, but are not limited to the following:

- ❑ District Development conducts ongoing training session on grant related issue.
- ❑ Continue to comply with programs requiring a minimum number of Staff Development hours each year.
- ❑ Continue to offer training and information sessions by business services personnel for managers and supervisors on various functional areas.
- ❑ Increase opportunities for panel and round table discussions.

- ❑ Continued communication and presentation via the District's Web site and intranet with links to policies and procedures.
- ❑ Include CSA topics in the monthly management meetings.
- ❑ Publish articles in employee newsletters highlighting various topics of interest.
- ❑ Continue to use e-mail as a tool for providing managers with "tips" on various topics of interest.

Conclusion

All indications are that the CSA program continues to be a very worthwhile effort and beneficial to both the administration and the participants. The questionnaire response rate this year was 84.5% (420 out of 497), the highest since inception of the program and significantly higher than the prior year's level. Also, feedback received continues to indicate that the program has influenced in a positive manner the participants' awareness for the need and importance of internal control. The administration has gained valuable insight as to those functional areas where controls may be enhanced through additional communication, clarification, or training. Future CSA cycles addressing other functional areas should continue to add value to the District and ensure that the system of internal control is maintained current and viable.

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

Rafael J. Godinez, CPA
Executive District Director
Of Internal Audit
August 31, 2008

CONTROL SELF-ASSESSMENT SURVEY
District Wide Results
For Fiscal Year 2007-2008

	<u>YES</u>	<u>NO</u>	<u>N/A</u>	<u>Total</u>	<u>YES %</u>	<u>NO %</u>	
					(as percent of non-N/A responses)		
<u>I. Blanket Purchase Orders</u>							
1. Did you know that a blanket purchase order is a contract negotiated with a vendor through which a series of orders are issued during a fiscal year and a purchase order is for a one time, specific purchase?	369	17	34	420	95.60%	4.40%	
2. Are you aware that it is the responsibility of the department/division to validate there is an adequate balance on a blanket purchase order before requesting additional purchases from the vendor?	365	20	35	420	94.81%	5.19%	
3. When an individual obtains merchandise in a manner that does not follow state law or established District policy and procedures, the individual will be deemed to have entered into a private transaction with the vendor and payment for the unauthorized purchase shall be the responsibility of the person placing the order. Are you aware that this would include spending more than is authorized on the blanket purchase order?	280	103	37	420	73.11%	26.89%	
4. Do you know that a blanket purchase order is established for specific commodities and purchases on the blanket purchase orders are limited to only those commodities even if the vendor sells other commodities?	330	55	35	420	85.71%	14.29%	
5. Are you aware that capital equipment or inventoried items (single purchase of \$500 or more) must be purchased using a District requisition and purchase order, and cannot be purchased through a blanket purchase order?	333	52	35	420	86.49%	13.51%	
6. Are you aware that the originating department/division is responsible for blanket purchase order release (BPIL) for recording data from packing slips, invoices, etc. on the day that the service or merchandise is received?	305	80	35	420	79.22%	20.78%	

	<u>YES</u>	<u>NO</u>	<u>NA</u>	<u>Total</u>	<u>YES %</u>	<u>NO %</u>
7. Are you aware that blanket POs contain instructions advising vendors to mail all invoices to DSC Accounts Payable?	245	135	40	420	64.47%	35.53%
8. Do you know that if an invoice is received by a department/division it must be submitted to the location business office immediately for the business office to validate and forward to District accounts payable?	323	62	35	420	83.90%	16.10%
9. Are you aware that steps must be taken to verify that there are no additional or outstanding invoice(s) to be entered before a blanket purchase order can be closed?	303	78	39	420	79.53%	20.47%
10. Are you aware that requests to increase, decrease or close a blanket purchase order must be sent to your college business office?	349	33	38	420	91.36%	8.64%
11. Are you aware that blanket purchase orders are fiscal year sensitive and require closing at the end of the fiscal year?	363	25	32	420	93.56%	6.44%
12. Are you aware that closing or decreasing a blanket returns the funds to the original account?	312	71	37	420	81.46%	18.54%

II. Grants

1. Are you and your staff familiar with the "Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions?" (OMB A-21)	113	142	165	420	44.31%	55.69%
2. Are you and your staff familiar with the "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education?" (OMB A-110)	109	144	167	420	43.08%	56.92%
3. Are you and your staff familiar with the requirements of Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations?"	104	159	157	420	39.54%	60.46%
4. Do you know what costs can be included to meet "in-kind" matching requirements, and the documentation to support them?	112	152	156	420	42.42%	57.58%

	<u>YES</u>	<u>NO</u>	<u>NA</u>	<u>Total</u>	<u>YES %</u>	<u>NO %</u>
					(as percent of non-N/A responses)	
5. Are you aware all DCCCD policies apply and must be followed when making grant funded acquisitions and travel?	279	27	114	420	91.18%	8.82%
6. Are you aware of the requirement to accurately and properly document personnel costs charged to programs (i.e., time and effort documentation.)?	248	44	128	420	84.93%	15.07%
7. Are you aware that a campus grant manager must approve and sign all purchase requisitions and NPO's involving grant funds?	268	37	115	420	87.87%	12.13%
8. Are you aware that the costs of promotional items and memorabilia, including models, gifts and souvenirs are unallowable?	214	76	130	420	73.79%	26.21%
9. Do you know what "supplanting" means in reference to grants?	133	140	147	420	48.72%	51.28%
10. Do you understand what is meant by verifiable documentation?	245	53	122	420	82.21%	17.79%
11. Is there a process for ensuring that the campus has an adequate infrastructure to meet the goals of the grant?	167	36	217	420	82.27%	17.73%
12. Are subcontracts reviewed for compliance with the regulations of the granting agency?	151	17	252	420	89.88%	10.12%
13. Are sub-recipients monitored for program and financial compliance with grant regulations?	147	16	257	420	90.18%	9.82%
14. Have you received adequate training in order to properly manage your grant?	102	53	265	420	65.81%	34.19%

III. H R Operational Guidelines

Employee Leave:

1. Did you know that employees must have prior approval to take vacation leave?	407	4	9	420	99.03%	0.97%
2. Are you aware that a supervisor may ask for a doctor's note when an employee is out and request to use sick leave?	383	28	9	420	93.19%	6.81%

	<u>YES</u>	<u>NO</u>	<u>NA</u>	<u>Total</u>	<u>YES %</u> (as percent of non-N/A responses)	<u>NO %</u>
3. Did you know that if employees have any Leave Without Pay (LWOP) the day before or after a holiday they will not receive pay for the holiday?	295	112	13	420	72.48%	27.52%
4. Are you aware that when employees have LWOP their leave accruals will be prorated?	234	173	13	420	57.49%	42.51%
5. Did you know that leave forms should be submitted by the last working day of the month?	364	46	10	420	88.78%	11.22%
6. Are you aware that employees should use a separate leave form for each month?	392	18	10	420	95.61%	4.39%
7. Did you know that when a location or District Office is closed for an extenuating circumstance and employees are sent home, employees already on leave may get their leave time back?	257	153	10	420	62.68%	37.32%
8. Did you know that per district guidelines, it is inappropriate for minor children of employees to be in work areas during work hours?	390	19	11	420	95.35%	4.65%
9. Did you know that you must have been employed 12 months and have worked 1,250 hours in the past fiscal year to be eligible for FMLA?	267	139	14	420	65.76%	34.24%

Special Contracts:

1. Did you know that all required signatures should be obtained on supplemental employment agreements before the employee can receive compensation?	350	28	42	420	92.59%	7.41%
2. Are you aware that if any changes are made to reduce the supplemental employment agreement amount, the employee and supervisor must initial the changes?	312	65	43	420	82.76%	17.24%

Timesheets:

	<u>YES</u>	<u>NO</u>	<u>NA</u>	<u>Total</u>	<u>YES %</u>	<u>NO %</u>
					(as percent of non-N/A responses)	
1. Are you aware that part-time employees should not exceed 18.5 hours per week, regardless of how many positions the employee holds within the District?	370	32	18	420	92.04%	7.96%
2. Did you know the calculation for overtime pay cannot include hours counted as holidays, vacation or other non-worked time as time served toward overtime?	374	24	22	420	93.97%	6.03%
3. Did you know that any changes or corrections on timesheets should be crossed out and must be initialed by employee and supervisor?	375	35	10	420	91.46%	8.54%

Compensation:

1. Did you know that when making a salary offer, that the approval of the Chancellor is required for salary requests more than 10% over the range minimum for PSS or above the first quartile for administrators?	294	96	30	420	75.38%	24.62%
2. Are you aware that a supervisor is required to request approval for overtime in advance of the employee working the overtime?	349	54	17	420	86.60%	13.40%
3. Did you know that a supervisor may require an eligible employee to receive compensatory time in lieu of paid overtime?	336	69	15	420	82.96%	17.04%
4. Are you aware that compensatory time must be taken in the work period (month) in which it is earned or the next work period immediately following?	350	59	11	420	85.57%	14.43%
5. Did you know that if the use of the compensatory time is not feasible within the two work periods, the supervisor is responsible for requesting payment for overtime?	238	168	14	420	58.62%	41.38%
6. Did you know that according to District policy, all PSSA employees (nonexempt and exempt) are required to take at least a 30 minute meal period after 5 hours of consecutive work?	403	8	9	420	98.05%	1.95%

	<u>YES</u>	<u>NO</u>	<u>N/A</u>	<u>Total</u>	<u>YES %</u>	<u>NO %</u>
7. Are you aware that part time employees must meet the same minimum qualifications for a position as a full time employee?	389	16	15	420	96.05%	3.95%
8. Are you aware that full time and part time employees must pass all applicable criminal background check(s) prior to starting work?	406	5	9	420	98.78%	1.22%

IV. Student Blocks and Their Effects

1. Do you know that blocks can be either protective or restrictive and that depending on the block, it can either protect a student from dropping or restrict a student from enrolling, adding classes or receiving a transcript?	301	29	90	420	91.21%	8.79%
2. Do you know that a protective block can keep students with a special need, such as awaiting financial aid, providing proof of residency or other administrative issues from dropping?	252	70	98	420	78.26%	21.74%
3. Are you aware that a protective block such as DC (do not deregister credit) will not hold a class past the certification date of the term?	200	111	109	420	64.31%	35.69%
4. Are you aware that at the time a protective block is placed, it should be "end dated" with the date for the block to end?	203	99	118	420	67.22%	32.78%
5. Do you know that a restrictive block for a returned check (GB), unpaid tuition installment plan (GL) or unpaid tuition (GC) is the district's primary method of collection for the debt?	219	87	114	420	71.57%	28.43%
6. Do you know that a restrictive block should not be "end dated" until the issue is resolved?	232	75	113	420	75.57%	24.43%
7. Are you aware that it is the responsibility of the department/division that placed the restrictive block to end date the block once the underlying issue has been resolved?	255	62	103	420	80.44%	19.56%

	<u>YES</u>	<u>NO</u>	<u>NA</u>	<u>Total</u>	<u>YES %</u> (as percent of non-N/A responses)	<u>NO %</u>
8. Are you aware that end dating or overriding a restrictive block to allow a student to receive a transcript without collecting the underlying debt will severely diminish the district's chances of ever collecting the debt?	258	49	113	420	84.04%	15.96%
9. Are you aware that a restrictive block will remain in effect, and should not be end dated, even if the unpaid debt has been written off and the student's ARAI balance is zero?	167	130	123	420	56.23%	43.77%
10. Do you know that a "cash only" (CJ) restrictive block only restricts a student from writing a check and does not effect his/her ability to register for classes, receive a transcript or receive financial aid?	199	97	124	420	67.23%	32.77%
11. Have you had training on adding and ending blocks?	89	205	126	420	30.27%	69.73%
12. Do you know how to find out what a block code means?	183	126	111	420	59.22%	40.78%
13. Do you know how to locate a block in a student's record and how to detail on the block to find the comments?	179	125	116	420	58.88%	41.12%

TO: Audit Committee of the Board of Trustees

FROM: Rafael J. Godinez, CPA

DATE: June 5, 2008

RE: Quarterly Summary of Activities
For the 3rd Quarter Ended May 31, 2008

The following is a summary of activities by the DCCCD Internal Audit Department since the previous Audit Committee meeting of March 18, 2008.

AUDITS COMPLETED – Reports Issued

- Official Functions Expenditures – District Wide

The purpose of the audit was to determine compliance with District policy and procedures for approval and expensing of funds for official functions. Official function expense must be for the benefit of the general public and does not directly benefit any district employee or group of employees. The findings noted during the audit pertained to misclassifications of expenditures in the Official Functions account that should have been recorded in Staff Functions or Staff Development. These expenditures were for commencement related activities, staff development activities, and institutional memberships. The total amount of the misclassifications was not material to the overall district financial statements.

- Cash Receipt Processing Controls – District Wide

The purpose of the audit was to review for compliance with internal controls pertaining to the cash handling and processing activities at the campus cashiering and business offices. The scope of the audit included all types of cash receipts during the period from September 1, 2007 through January 31, 2008. Specific attention was placed on adjustments and reversals of cash receipts. Overall, internal controls over the cash receipt and handling activities are operating as designed on a consistent basis. There were no significant findings noted.

- Student and Exchange Visitor Information System (SEVIS)

The purpose of this audit was to review for compliance with federal regulations pertaining to the proper reporting of enrollment status for those students covered under the act. Students must be enrolled for a minimum of 12 credit hours unless exempted under the provisions of the act. If a student's enrollment status drops below the 12 hour threshold, the school must immediately report this change on the SEVIS system. The majority of the exceptions noted dealt with students who dropped one or more courses through the eConnect system. The federal regulations require that prior to any drop in enrollment, SEVIS must be updated once the student has obtained the authorization from the Designated School Official. A recommendation has been made for the International Student Advisors council to work with the Information Technology department to develop a way to be alerted when a covered student drops a course through eConnect.

AUDITS COMPLETED – Reports Pending

- Physical Assets Inventory – District Wide

The purpose of the audit was to determine compliance with District policy pertaining to the annual physical inventory. The only location with a significant difference was Cedar Valley College which had 514 items that could not be accounted for. It appears that these 514 items had been lost or otherwise discarded in prior years but never removed from the physical listing. Instead, they were assigned to non-existent rooms such as "excess" or "TBA". Management is currently working on this problem and an update will be provided at the meeting of June 17th.

- SACS Credentials Compliance – District Wide

The purpose of this audit was to ensure continued compliance with the Southern Association of Colleges and Schools (SACS) guidelines for credit faculty educational credentials. The audit included both full-time faculty as well as adjunct faculty currently employed at the seven district colleges. The audit involved a review of faculty transcripts and other appropriate credentials identifying the degrees and graduate hours which meet the requirements for teaching the courses assigned to the faculty members. There were three locations, Cedar Valley, Mountain View, and El Centro, that did not have adequate documentation on file of adjunct faculty credentials. All the exceptions are being addressed and corrected.

AUDITS IN PROGRESS

The following audits are currently in progress:

- Travel Expenses
- E-Chase Card System Controls
- Title V Grant – Closing the Gap - ECC

OTHER

A pre-audit meeting was held with Grant Thornton to schedule this year's financial statement and A-133 audit work. The auditors are scheduled to begin preliminary work on June 18th.

The preliminary results from this year's Control Self-Assessment survey indicate a response rate of 84%, with two locations having 100% response rate. The schools are currently addressing any areas of opportunity for raising awareness of internal controls. The final report to the Board will be issued in September.

The EDP Auditor accepted a programming position in the IT Department in April. However, we successfully recruited an employee from Mountain View College to fill the EDP Auditor position as of June 2nd.

cc Wright Lassiter
Ed DesPlas

TO: Audit Committee of the Board of Trustees

FROM: Rafael J. Godinez, CPA

DATE: September 3, 2008

RE: Quarterly Summary of Activities
For the 4th Quarter Ended August 31, 2008

The following is a summary of activities by the DCCCD Internal Audit Department during the three months ended August 31, 2008.

AUDITS COMPLETED – Reports Issued

- E-funds Chase Card – District Wide

The purpose of the audit was to ensure the adequacy of controls over the system for transferring payments to students and employees who do not have a bank account. The cards are used to disburse financial aid to students as well as payroll and other disbursements to employees. The District is charged \$5 for each original and renewed card issued to the students or employees. However, this is offset by the savings from the reduction in the processing costs of printing and handling checks as well as the tracking and reporting of stale-dated checks. At the time of this audit, there were approximately 14,600 cards outstanding. The specific objective of the audit was to test the effectiveness of controls pertaining to the application process, transmittal of enrollment files to the bank, and the closing and deactivation of cards. No significant findings were noted.

- Grant Audit – Title V Closing the Gap – El Centro

The purpose of the audit was to ensure compliance with provisions of the grant as well as rules and regulations pertaining to management of federal grants. The Closing the Gap grant is a \$2.2 million grant designed to provide outreach strategies designed to close the participation gaps of minority males with the implementation of a mentor and ambassador plan. It also provides target students with materials, leadership series and career clubs. The objective is to increase enrollment by strengthening the capacity for student involvement. No significant findings were noted.

- Travel Expenditures

The purpose of this audit was to ensure compliance with District policies and procedures pertaining to employee travel. A sample from all locations and from all employee groups was selected for testing. No significant findings were noted. However, we did report to management those issues which continue to occur during travel. These included late registration fees, Texas state taxes on hotel stays, and disallowed expenditures.

OTHER

Work is in progress on the annual assistance provided to the outside auditors, Grant Thornton. This consists primarily of testing various programs of federal student financial aid and other major grants, payroll, and general disbursements.

The report on this year's Control Self-Assessment program has been issued and the results indicate a need for continued training on the rules and regulations governing federal grants. The response rate this year was significantly higher than in previous years, with an average of 84%, with two locations having 100% response rate.

cc: Wright Lassiter
Ed DesPlas

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

Internal Audit Department

Plan for the Year Ending August 31, 2009

<u>Audit Staff</u>	<u>Degree/ Certification</u>	<u>Title</u>	<u>Starting Date</u>
Godinez, Rafael	BBA, CPA	Director	June 1988
Huber, Joseph	BBA	Auditor II	June 1980
Archer, Anthony	BBA	Auditor II	April 2006
Bekele, Lamrot	MS, CPA	IT Auditor	June 2008

Total Available Days		1,044	100%
Less Non-Audit Days:			
Vacation	75		7%
Holidays	60		6%
Sick Days	48		5%
Other	30		3%
Supervision & Administration	<u>202</u>		19%
Total Non-Audit Days		<u>415</u>	40%
Net Audit Days Available		629	60%
Reserved for Special Requests		<u>29</u>	3%
Net Planned Audit Days		<u><u>600</u></u>	57%

Planned Audits

<u>Audit Number</u>	<u>Description</u>	<u>Estimated Man-days</u>
2009-01	ASSISTANCE TO GRANT THORNTON LLP Audits in conjunction with the financial and A-133 reviews. <ul style="list-style-type: none">- Federal Programs/Financial Aid- Disbursement: General- Disbursement: Payroll- Other Requests	30 15 15 10
2009-02	FOLLOW-UP ON PREVIOUS AUDITS Review status of implementation of prior audit recommendations.	20
2009-03	PETTY CASH AND IMPREST FUNDS Review and test controls over petty cash and imprest funds disbursements.	15
2009-04	PHYSICAL ASSETS INVENTORY OBSERVATION Observe and test physical inventory and procedures pertaining to changes in inventory records.	20
2009-05	EMPLOYEE TRAVEL EXPENSES Audit of travel expense reports for compliance with District policies.	25
2009-06	CONSTRUCTION AUDIT Audit of expenditures related to capital construction projects.	30

Planned Audits

<u>Audit Number</u>	<u>Description</u>	<u>Estimated Man-days</u>
2009-07	RISING STAR PROGRAM Audit for compliance with eligibility and payment guidelines.	30
2009-08	GRANT AUDIT - TRUCK DRIVING Audit for compliance with grant provisions and District policies. (Mt. View & BJP)	30
2009-09	GRANT AUDIT - UPWARD BOUND Audit for compliance with grant provisions and District policies. (CVC & NLC)	25
2009-10	GRANT AUDIT - ROCK ON Audit for compliance with grant provisions and District policies. (RLC)	25
2009-11	HAZARDOUS MATERIALS HANDLING Collaborative audit with Risk Management for compliance with safety regulations.	30
2009-12	CRIMINAL BACKGROUND CHECKS Audit for compliance with laws and regulations for employees working in youth programs.	25
2009-13	ACCESS CONTROLS Audit of controls over access to Colleague's student, payroll, personnel and financial applications.	25
2009-14	ACCESS CONTROLS - NETWORK DRIVES Audit of controls over access to colleges' networks and servers.	25
2009-15	INSTALLMENT PAYMENTS CONTROLS Audit of application controls within the installment payment program.	25

Planned Audits

<u>Audit Number</u>	<u>Description</u>	<u>Estimated Man-days</u>
2009-16	BOOKSTORE CONTRACT Audit for compliance with contract provisions pertaining to bookstore operations.	30
2009-17	CREDIT CARD PAYMENT CHARGEBACKS Audit of processes pertaining to credit card chargebacks and student account receivables.	25
2009-18	SUPPLEMENTAL TUITION FOR REPEATS Audit for compliance with policies pertaining to charging supplemental tuition for repeaters.	25
2009-19	MANDATORY VACATION POLICY Audit for compliance with policies pertaining to employee mandatory vacation.	25
2009-20	FINANCIAL AID CONTROLS-COST OF ATTENDANCE Audit of compliance with District policies and procedures.	25
2009-21	TUITION WAIVERS Audit of compliance with District policies and procedures.	25
2009-22	VIDEO GAME MACHINES Audit of contracts with video game vendors operating machines on campus.	25
		<hr/> 600 <hr/>

POLICY REPORT NO. 7

Approval of Resolution Relating to Investment Policy

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

Background

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

The Audit Committee reviewed investment policies and strategies on September 16, 2008. Trustees who serve on the Audit Committee are Ms. Charletta Compton (chair), Ms. Kitty Boyle and Mr. Bob Ferguson.

There are no recommendations for changes in wording at this time. Maintaining the policy as it currently is stated satisfies the requirement for annual review.

Submitted by Mr. Ed DesPlas, executive vice chancellor of business affairs

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

WHEREAS, the Audit Committee of the Board of Trustees of Dallas County Community College District in its quarterly meeting on September 16, 2008, reviewed the Board's investment policy and strategies; and

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

WHEREAS, the Audit Committee's review and recommendation was considered by the Board of Trustees at its regular meeting on October 7, 2008; NOW
THEREFORE,

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

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

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

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

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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

ATTEST

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

REPORT FROM INVESTMENT OFFICERS ON TRAINING

Board Members (0)

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

<u>Name</u>	<u>Training Date</u>	<u>Source</u>
None		

Investment Officers (2)

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

Two officers took required training this past year.

<u>Name</u>	<u>Training Date</u>	<u>Expiration Date</u>	<u>Source</u>
Kim Green	June 10, 2008	June 10, 2010	University of North Texas Center for Public Management
Denise Zackery	June 10, 2008	June 10, 2010	University of North Texas Center for Public Management

Investment Staff (0)

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

<u>Name</u>	<u>Training Date</u>	<u>Expiration Date</u>	<u>Source</u>
None			

FINANCIAL REPORT NO. 9

Approval of Broker-Dealers

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

Background

The Audit Committee reviewed the attached list of brokers/dealers on September 16, 2008.

After reviewing the investment needs of the District for fiscal year 2008-09, the staff recommends no changes to the current list of broker-dealers and investment pools.

Submitted by Mr. Ed DesPlas, executive vice chancellor of business affairs

LIST OF QUALIFIED BROKERS/DEALERS

INVESTMENT POOLS RECOMMENDED FOR CONTINUATION

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

TexPool: Texas Local Government Investment Pool ("TexPool") was organized in 1989 with the State Comptroller of Public Accounts providing oversight. Lehman Brothers and Federated Investors manage the daily operations of the pool under a contract with the Comptroller. As of July 2008, TexPool has over 2,100 participants and a total invested balance of \$18.4 billion. Of that amount, 46.9% is invested in Repurchase Agreements, and 53.1% in Agency Notes. TexPool's weighted average maturity is 41 days; Standard & Poor's current rating is AAAM.¹

TexSTAR: TexSTAR was created in April 2002 through a contract among its participating governing units. The pool is governed by a board of directors to provide for the joint investment of participants' public funds under their control. TexSTAR is administered by JP Morgan Chase and First Southwest Asset Management, Inc. organized in full compliance with the Texas Public Funds Investment Act. As of July, 2008, TexSTAR has 643 participants and a total invested balance of more than \$5.3 billion. Of that amount, 56.27% is invested in Repurchase Agreements, and 43.73% in Agency Notes. TexSTAR's weighted average maturity is 36 days; Standard & Poor's current rating is AAAM.²

¹ Source: July 2008 TexPool Newsletter

² Source: July 2008 TexSTAR Newsletter

BROKERS/DEALERS

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

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

Primary

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

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

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

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

Secondary

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

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

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

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

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

INFORMATIVE REPORT NO. 10

Presentation of 4th Quarter Investment Transactions

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

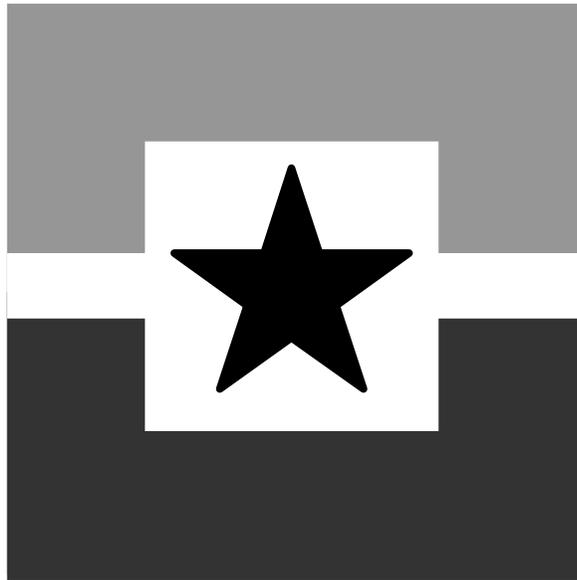
Background

Trustees who serve on the Audit Committee are Ms. Charletta Compton (chair), Ms. Kitty Boyle and Mr. Bob Ferguson. The Audit Committee reviewed the report of 4th quarter investment transactions on September 16, 2008. If indicated, Audit Committee members will discuss the statements with the Board during the meeting on October 7, 2008.

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

Submitted by Mr. Ed DesPlas, executive vice chancellor of business affairs

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT



Investment Portfolio

As of August 31, 2008

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

The investment portfolio of the District is summarized in the table *Investment Portfolio Summary Report*. The purchase date, maturity date, yield to maturity, book value, and market value are shown for each of the investment securities of the District as of August 31, 2008. The configuration of the portfolio is shown for both the quarters ended May 31, 2008 and August 31, 2008, see Figures 1 and 2. The portfolio is invested 54.34% in U.S. Agency securities and 9.08% is invested in U.S. Treasury securities. The remaining 36.58% is invested in TexPool and TexSTAR. Within the portfolio, 59.24 % will mature in one year or less. No security has a maturity of more than four years from August 31, 2008. An analysis of the portfolio maturity is shown in Figure 3. The portfolio has coupons that range from 2.11% to 4.40%. In the past quarter, the District has earned 2.24% average return on the short-term investment pools. Because of a declining interest environment, the portfolio yield is currently outperforming the Treasury yield curve as of August 31, 2008 from a minimum of 73 basis points for securities that are two years or less to a maximum of 141 basis points for securities that are 4 years or less. An analysis of the District's portfolio yield compared with the Treasury yield at August 31, 2008 and August 31, 2007 is shown in Figure 4.

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

Dallas County Community College District
Investment Portfolio Summary Report
Activity for the 4th Quarter Ended August 31, 2008

INVESTMENTS:		MARKET	ACCRUED INTEREST	WEIGHTED AVERAGE MATURITY	YIELD TO MATURITY
Beginning of Period	May 31, 2008	\$ 323,201,785	\$ 710,486	206	2.82%
Purchases		\$ 342,697,535			
Maturities / Sold		\$ (400,596,677)			
Market Value Change		\$ 129,467			
End of Period	August 31, 2008	\$ 265,432,110	\$ 1,158,488	558	2.87%

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

/s/ Edward M. DesPlas

Edward M. DesPlas, Vice Chancellor of Business Affairs

/s/ Kim Green

Kim Green, Associate Vice Chancellor of Business Affairs

/s/ Robb Dean

Robb Dean, Director of Finance and Treasury

Dallas County Community College District
Investment Portfolio Transaction Summary Report
Activity for the 4th Quarter Ended August 31, 2008
By Type of Investment

	Face Amount 8/31/2008	Market Transactions					Market Value 8/31/2008
		Market Value 5/31/2008	Securities Purchased	Securities Matured /Sold	Market Value Change		
SUMMARY:							
MONEY MARKET FUNDS / INVESTMENT POOLS	\$ 97,101,986	\$ 63,326,796	\$ 287,385,353	\$ (253,610,163)	\$ -	\$ 97,101,986	
REPURCHASE AGREEMENTS	-	89,536,332	312,182	(89,848,514)	-	-	
TREASURY SECURITIES	24,000,000	24,166,240	-	-	(56,600)	24,109,640	
AGENCY SECURITIES	201,238,000	146,172,417	55,000,000	(57,138,000)	186,067	144,220,484	
PORTFOLIO TOTAL	\$ 322,339,986	\$ 323,201,785	\$ 342,697,535	\$ (400,596,677)	\$ 129,467	\$ 265,432,110	

	Face Amount 8/31/2008	Book Transaction Excludes Unrealized Gain and Loss					Book Value 8/31/2008
		Book Value 5/31/2008	Securities Purchased	Securities Matured / Sold	Securities (Disc.)/Prem.		
SUMMARY:							
MONEY MARKET FUNDS / INVESTMENT POOLS	\$ 97,101,986	\$ 63,326,796	\$ 287,385,353	\$ (253,610,163)	\$ -	\$ 97,101,986	
REPURCHASE AGREEMENTS	-	89,536,332	312,182	(89,848,514)	- #	-	
TREASURY SECURITIES	24,000,000	24,004,181	-	-	(1,504) #	24,002,677	
AGENCY SECURITIES	201,238,000	146,074,797	55,000,000	(57,138,000)	174,544	144,111,341	
PORTFOLIO TOTAL	\$ 322,339,986	\$ 322,942,106	\$ 342,697,535	\$ (400,596,677)	\$ 173,040	\$ 265,216,004	

*Dallas County Community College District
Investment Portfolio Transaction Report
Activity for the 4th Quarter Ended August 31, 2008*

Invest. ID	Cusip Number	Description	Purchase Date	Call Date	Maturity Date	Face Amount	Yield
MONEY MARKET FUNDS / INVESTMENT POOLS							
73190		TEXPOOL	30-Jul-90		N/A	\$ 127,282	(1)
1111		TEXSTAR	23-Jun-03		N/A	50,378,032	(2)
2003		TEXSTAR (TAX NOTE)	06-Aug-03		N/A	1,312,269	(2)
2004		TEXSTAR (TAX NOTE)	06-Apr-04		N/A	11,976,103	(2)
40		TEXSTAR (GO)	14-Sep-04		N/A	-	(2)
40-1		TEXSTAR (CP)	09-Oct-07		N/A	33,308,300	(2)
REPURCHASE AGREEMENTS							
JPMorgan		Federal Agency	20-Nov-07		N/A	-	(3)
TREASURY SECURITIES							
13081	T912828BV1	U. S. Treasury	29-Jan-04		15-Jan-09	4,000,000	3.23%
13082	T912828BZ2	U. S. Treasury	25-Feb-04		15-Feb-09	20,000,000	2.97%
AGENCY SECURITIES							
16223	3128X2F34	FHLMC Notes	27-Feb-04	27-Feb-07	27-Feb-09	15,000,000	3.40%
16244	313588YP4	FNDN	4-Jan-08		25-Jun-08	12,138,000	4.02%
16245	313588ZV0	FNDN	4-Jan-08		25-Jul-08	5,000,000	3.95%
16246	313396YU1	FNDN	7-Jan-08		30-Jun-08	4,000,000	3.98%
16247	313384ZV4	FNDN	25-Jan-08		25-Jul-08	11,000,000	2.91%
16248	3133XPHN7	FHLB	4-Feb-08	4-Feb-09	4-Feb-10	10,000,000	3.00%
16249	313396ZR7	FHLMC Notes	12-Mar-08		21-Jul-08	13,000,000	2.14%
16251	3134A4UD4	FHLMC Notes	13-Mar-08		15-Sep-08	21,000,000	2.19%
16252	313588XZ3	FNMA Notes	13-Mar-08		11-Jun-08	6,000,000	2.21%
16253	313396C27	FHLMC Notes	25-Mar-08		15-Aug-08	6,000,000	2.16%
16254	3133XQVP4	FHLB	29-Apr-08	29-Apr-09	29-Apr-10	15,000,000	3.05%
16255	3133XQVP4	FHLB	29-Apr-08	29-Apr-09	29-Apr-10	15,000,000	3.05%
16256	3128X7WA8	FHLMC	27-May-08	27-Aug-08	27-Nov-09	10,000,000	2.95%
16257	3128X7WR1	FHLMC	9-Jun-08	9-Jun-09	9-Jun-11	15,000,000	3.63%
16258	3136F9SL8	FHLMC	27-Jun-08	28-Jul-09	28-Jul-11	15,000,000	3.87%
16259	3133XRQT0	FHLB	17-Jul-08	17-Jul-09	17-Jan-12	15,000,000	4.40%
16260	3128X7U36	FHLMC	30-Jul-08	30-Jan-09	30-Jul-10	5,000,000	3.75%
16261	31331Y5N68	FFCB	20-Aug-08	20-Aug-09	20-Aug-12	5,000,000	4.25%
45-1	3128X3WY5	FHLMC Notes	1-Feb-06	22-Sep-06	22-Sep-09	1,300,000	4.00%
45-2	31359MWP4	FNMA Notes	1-Feb-06		21-Oct-09	1,800,000	4.01%
PORTFOLIO TOTAL						<u>\$ 322,339,986</u>	

(1) The TexPool yield varies daily. The yield as of May 31, 2008 was 2.2812% and August 31, 2008 was 2.2878%.
(2) The TexSTAR yield varies daily. The yield as of May 31, 2008 was 2.2194% and August 31, 2008 was 2.2120%.
(3) The JPMorgan Chase flex repo rate as of February 29, 2008 was 4.0160% and May 31, 2008 was 2.476%.

Market Transactions

Invest. ID	Market Value 5/31/2008	Market Transactions		Market Value Change	Market Value 8/31/2008
		Securities Purchased	Securities Matured / Sold		
MONEY MARKET FUNDS / INVESTMENT POOLS					
73190	\$ 29,814,552	\$ 161,570,476	\$ (191,257,746)		\$ 127,282
1111	19,791,629	55,586,403	(25,000,000)		50,378,032
2003	1,304,970	7,299	-		1,312,269
2004	12,415,645	68,647	(508,189)		11,976,103
40	-	-	-		-
40-1	-	70,152,528	(36,844,228)		33,308,300
REPURCHASE AGREEMENTS					
JPMorgan	89,536,332	312,182	(89,848,514)		-
TREASURY SECURITIES					
13081	4,033,440			(12,800)	4,020,640
13082	20,132,800			(43,800)	20,089,000
AGENCY SECURITIES					
16223	15,086,100			(64,200)	15,021,900
16244	12,119,793		(12,138,000)	18,207	-
16245	4,983,500		(5,000,000)	16,500	-
16246	3,992,800		(4,000,000)	7,200	-
16247	10,963,700		(11,000,000)	36,300	-
16248	9,978,100			6,300	9,984,400
16249	12,959,700		(13,000,000)	40,300	-
16251	21,078,750			(72,240)	21,006,510
16252	5,995,800		(6,000,000)	4,200	-
16253	5,972,400		(6,000,000)	27,600	-
16254	14,962,500			14,100	14,976,600
16255	14,962,500			14,100	14,976,600
16256	9,975,500			500	9,976,000
16257	-	15,000,000		(32,850)	14,967,150
16258	-	15,000,000		23,400	15,023,400
16259	-	15,000,000		117,150	15,117,150
16260	-	5,000,000		15,800	5,015,800
16261	-	5,000,000		26,550	5,026,550
45-1	1,317,082			(4,966)	1,312,116
45-2	1,824,192			(7,884)	1,816,308
PORTFOLIO TOTAL	\$ 323,201,785	\$ 342,697,535	\$ (400,596,677)	\$ 129,467	\$ 265,432,110

(1) The TexPool yield varies daily. The yield as of May 31, 2008 was 2.2812% and August 31, 2008 was 2.2878%.

(2) The TexSTAR yield varies daily. The yield as of May 31, 2008 was 2.2194% and August 31, 2008 was 2.2120%.

(3) The JPMorgan Chase flex repo rate as of February 29, 2008 was 4.0160% and May 31, 2008 was 2.476%.

Book Transaction Excludes Unrealized Gain

Invest. ID	Book Value 5/31/2008	Securities Purchased	Securities Matured / Sold	Securities (Disc.)/Prem.	Book Value 8/31/2008
MONEY MARKET FUNDS / INVESTMENT POOLS					
73190	\$ 29,814,552	\$ 161,570,476	\$ (191,257,746)		\$ 127,282
1111	19,791,629	55,586,403	(25,000,000)		50,378,032
2003	1,304,970	7,299	-		1,312,269
2004	12,415,645	68,647	(508,189)		11,976,103
40	-	-	-		-
40-1	-	70,152,528	(36,844,228)		33,308,300
REPURCHASE AGREEMENTS					
JPMorgan	89,536,332	312,182	(89,848,514)		-
TREASURY SECURITIES					
13081	4,000,395			(159)	4,000,236
13082	20,003,786			(1,345)	20,002,441
AGENCY SECURITIES					
16223	15,000,000				15,000,000
16244	12,106,576		(12,138,000)	31,424	-
16245	4,971,425		(5,000,000)	28,575	-
16246	3,987,627		(4,000,000)	12,373	-
16247	10,953,470		(11,000,000)	46,530	-
16248	10,000,000				10,000,000
16249	12,962,264		(13,000,000)	37,736	-
16251	21,099,635			(88,294)	21,011,341
16252	5,996,400		(6,000,000)	3,600	-
16253	5,972,400		(6,000,000)	27,600	-
16254	14,962,500			37,500	15,000,000
16255	14,962,500			37,500	15,000,000
16256	10,000,000				10,000,000
16257	-	15,000,000			15,000,000
16258	-	15,000,000			15,000,000
16259	-	15,000,000			15,000,000
16260	-	5,000,000			5,000,000
16261	-	5,000,000			5,000,000
45-1	1,300,000				1,300,000
45-2	1,800,000				1,800,000
PORTFOLIO TOTAL	\$ 322,942,106	\$ 342,697,535	\$ (400,596,677)	\$ 173,040	\$ 265,216,004

(1) The TexPool yield varies daily. The yield as of May 31, 2008 was 2.2812% and August 31, 2008 was 2.2878%.

(2) The TexSTAR yield varies daily. The yield as of May 31, 2008 was 2.2194% and August 31, 2008 was 2.2120%.

(3) The JPMorgan Chase flex repo rate as of February 29, 2008 was 4.0160% and May 31, 2008 was 2.476%.

*Dallas County Community College District
Investment Portfolio Percentage Report
Activity for the 4th Quarter Ended August 31, 2008*

Type of Security	Portfolio Pct 5/31/2008	Market Value 5/31/2008	Portfolio Pct 8/31/2008	Market Value 8/31/2008
MONEY MKT FUNDS & INVESTMENT POOLS	19.59%	\$ 63,326,796	36.58%	\$ 97,101,986
REPURCHASE AGREEMENTS	27.70%	89,536,332	0.00%	-
TREASURY SECURITIES	7.48%	24,166,240	9.08%	24,109,640
AGENCY SECURITIES	45.23%	146,172,417	54.34%	144,220,484
PORTFOLIO TOTAL	100.00%	\$ 323,201,785	100.00%	\$ 265,432,110

Portfolio Percent by Investment Type

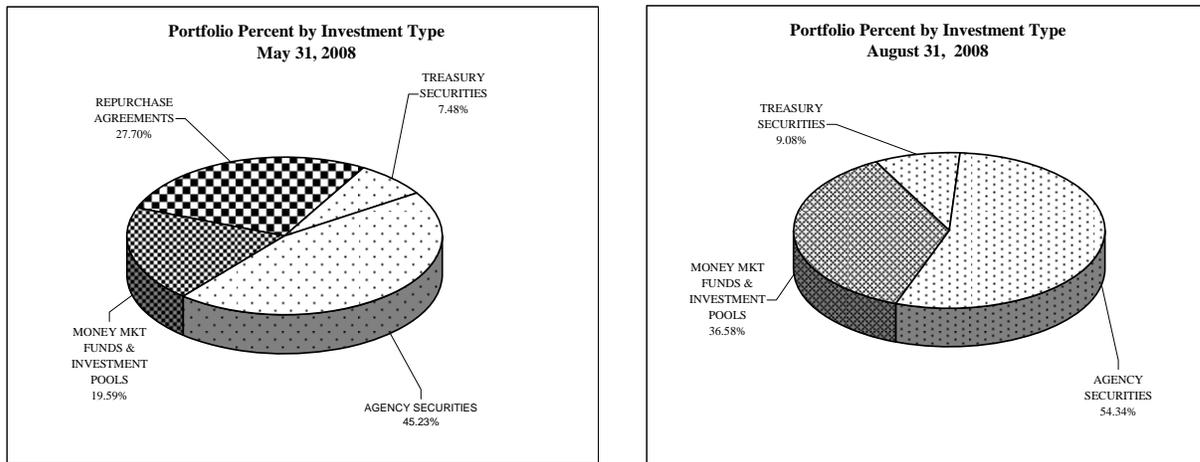


Figure 1 - Investment Portfolio Percentage Report

Dallas County Community College District
Investment Pool Report by Fund Type
Activity for the 4th Quarter Ended August 31, 2008

Fund Description	Portfolio Pct 5/31/2008	Market Value 5/31/2008	Portfolio Pct 8/31/2008	Market Value 8/31/2008
Unrestricted Fund	58.87%	\$ 190,252,268	70.81%	\$ 187,941,239
Auxiliary Fund	5.62%	18,166,600	6.83%	18,131,834
Unexpended Plant Fund	33.81%	109,285,440	19.82%	52,612,315
Quasi - Endowment Fund	1.70%	5,497,478	2.54%	6,746,722
PORTFOLIO TOTAL	100.00%	\$ 323,201,786	100.00%	\$ 265,432,110

Portfolio Pool Allocation Percent by Fund Type

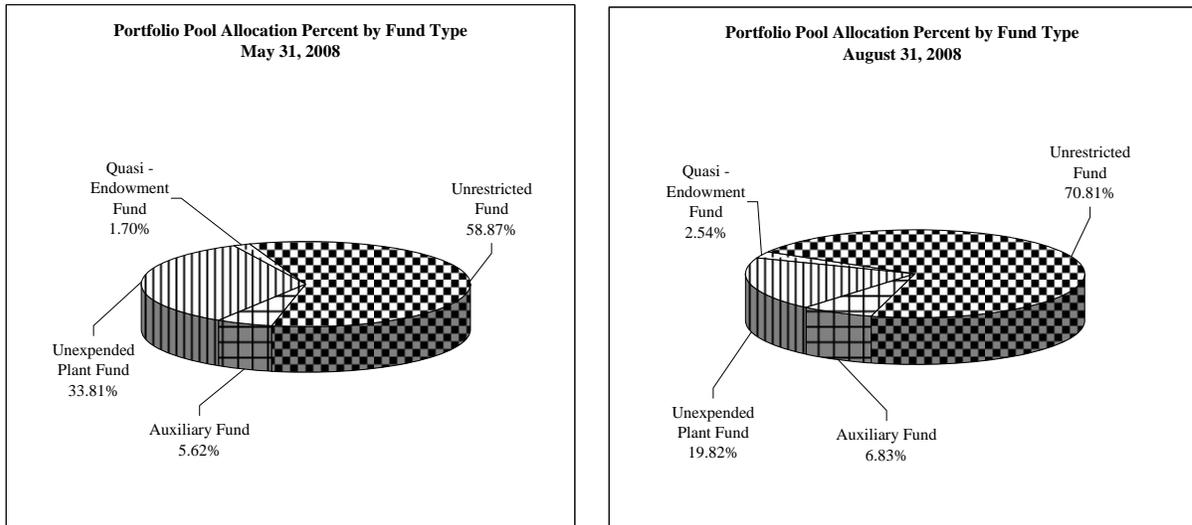
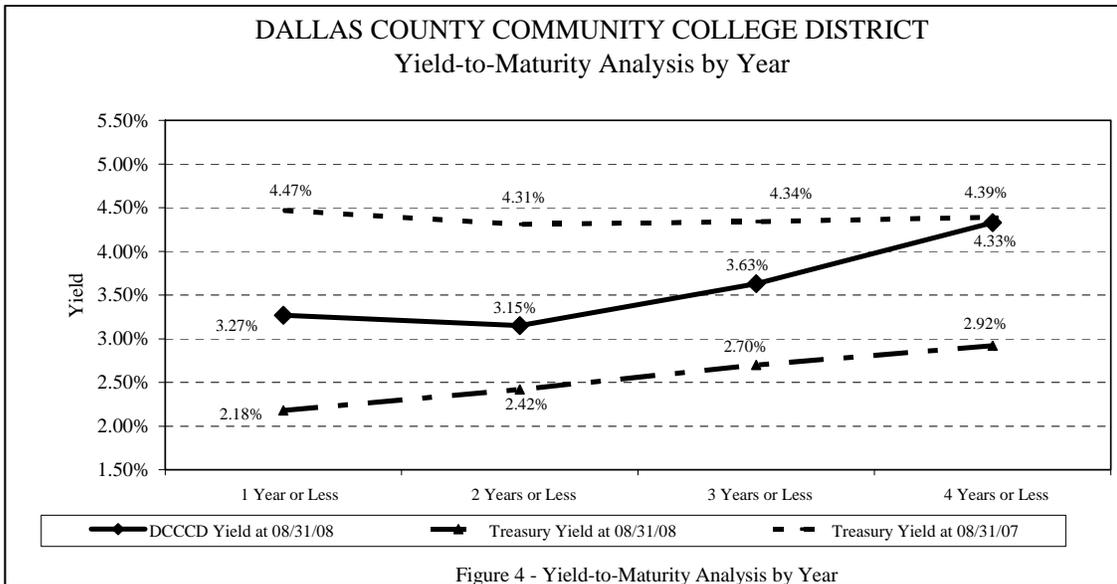
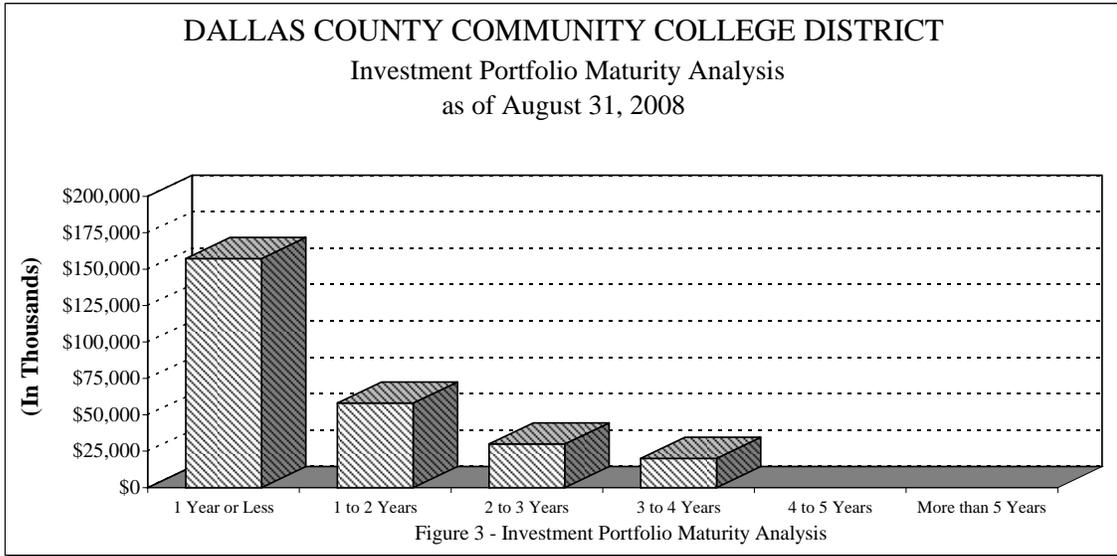


Figure 2 - Investment Portfolio Fund Report



GLOSSARY OF INVESTMENT TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Repurchase agreement: Agreement between a seller and a buyer, usually of agency or treasury securities, where the seller agrees to repurchase the securities at an agreed upon price and date. A “flex-repo” allows periodic draws against the overall value without a complete repurchase of all principal values.

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

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

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

Underwriter: An investment banker who assumes the risk of bringing a new securities issue to market. The underwriter will buy the issue from the issuer and guarantee sale of a certain number of shares to investors; this is firm-commitment underwriting. To spread the risk of purchasing the issue, the underwriter often will

form a syndicate (underwriting group, purchase group) among other investment firms. If the investment firm is unwilling to buy the issue outright, other underwriting forms may be used.

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

INFORMATIVE REPORT NO. 11

Presentation of 3rd Quarter Financial Statements

The 3rd quarter financial statements are presented as provided by Board Policy CDA (Local) which states: *Periodic financial reports shall be submitted to the Board outlining the progress of the budget to that date and reporting on the status of all District funds and District accounts.*

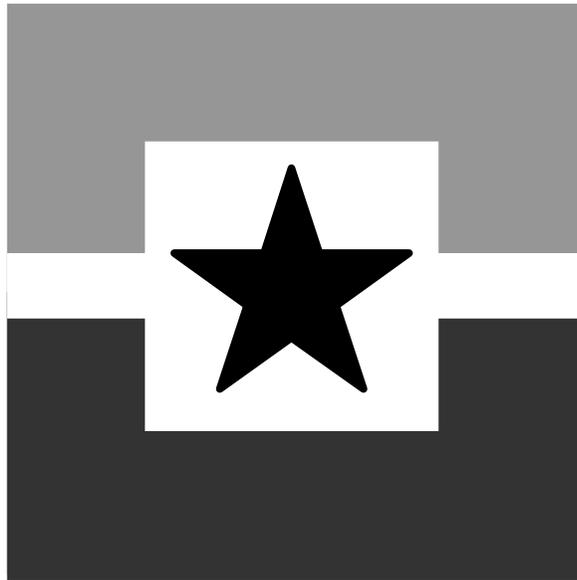
Background

Trustees who serve on the Audit Committee are Ms. Charletta Compton (chair), Ms. Kitty Boyle and Mr. Bob Ferguson. The Audit Committee reviewed the 3rd quarter financial statements on September 16, 2008. If indicated, Audit Committee members will discuss the statements with the Board during the meeting on October 7, 2008.

The Audit Committee accepted the financial statements and recommended they be presented to the full Board of Trustees at the October 7, 2008, meeting.

Submitted by Mr. Ed DesPlas, executive vice chancellor of business affairs

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT



Financial Statements

As of May 31, 2008

Dallas County Community College District
3rd Quarter Financial Report
Executive Summary

There have been no significant changes or transactions affecting the financial position of the District for the period September 1, 2007 through May 31, 2008, with the exception of the issuance of \$125 million in Commercial Paper Notes, Series A, which will be used as an interim financing method for the voter-approved capital improvement projects. A brief analysis of each of the primary statements follows.

Balance Sheet

The schedule *Combined Balance Sheet* presents the unaudited Combined Balance Sheet by fund group as of May 31, 2008. The assets of the District continue to consist primarily of cash, investments, and plant assets (approximately 97.0% of total assets). Cash, cash equivalents, and investments increased approximately \$91.7 million (40.2%) from May 31, 2007. This increase is primarily due to the issuance of the \$125 million of commercial paper. The proceeds from the sale were invested in a flexible repurchase agreement. Receivables decreased approximately \$2.5 million (17.9%) from May 31, 2007. This decrease is primarily due to grant receivables. Inventories and other assets decreased approximately \$1.9 million (18.4%) from May 31, 2007. This decrease is primarily due to a temporary reduction in the bond reserve fund and a reduction in unamortized bond issue costs. Property, plant and equipment increased approximately \$25.6 million (7.8%) from May 31, 2007. This increase is primarily related to the capitalization of assets for major repairs and rehabilitation projects, construction projects and other capital equipment expenditures, net of asset disposals and depreciation. Total combined assets have increased from May 2007 by about \$111.0 million (19.0%). The District's Combined Assets, Liabilities and Fund Balances are depicted graphically in Figures 1-2.

District assets are funded approximately 59.7% by fund balances, and 40.3% by liabilities. Isolating the effects of interfund payables, total liabilities of the District have increased about \$109.7 million (65.0%) when compared to May 2007. This increase is mainly attributable to the issuance of the \$125 million of commercial paper.

Schedule of Fund Balances

The *Schedule of Fund Balances* presents the total fund balances of the District by fund and by type (i.e. Restricted, Designated, etc.). The largest components of fund balance are the investment in plant assets (\$207.2 million, 50.0%) and current

operating funds (\$165.4 million, 39.9%). Total current fund balances increased by approximately \$46.3 million (33.4%) for the year to date. The change in fund balance is cyclical in nature over the course of the fiscal year. The components of the fund balances are depicted graphically in Figure 3.

Statement of Current Funds Revenues, Expenditures, and Other Changes

The results of operations for the current funds are summarized in the *Combined Current Funds Revenues, Expenditures and Transfers* table. This table presents a comparison for the third quarter ended May 31, 2008, 2007 and 2006.

Current revenues have increased from the same period in the prior year. Unrestricted state appropriations for college operations to date increased approximately \$3.4 million (5.6%) from May 2007 as a result of a \$4.7 million increase in appropriations from the state in the first year of the biennium. (State appropriations for the Richland Collegiate High School are being shown for the first time this year as a part of a combined report.) Total tuition and charges have increased approximately \$3.1 million (4.7%) from May 2007 primarily due to a \$3 per credit hour tuition increase that began in the Spring 2007 semester combined with enrollment increases and to additional tuition for students taking a class for the third or more time. Ad valorem tax revenue in the current funds increased approximately \$7.7 million (7.0%) from May 2007 primarily due to an increase in property valuation. Investment revenues decreased approximately \$0.3 million (4.4%) from May 2007 as a result of declining interest rates in the District's investment portfolio. Contracts and grants revenue increased approximately \$2.5 million (7.1%) from May 2007 as a result of increased Federal grants from the Department of Education and increased specialized training grants. Auxiliary Enterprises revenue decreased approximately \$0.2 million (5.7%) from May 2007 as a result of a decrease in telecourse sales revenue. The District's Current Unrestricted Revenues are depicted graphically in Figure 4.

Current unrestricted funds expenditures are relatively unchanged from those from the same period in the prior year reflecting mainly the cost of living increase. Current Unrestricted Expenditures are shown in Figure 5.

Restricted expenditures are approximately \$3.8 million (7.1%) ahead of those from the same period in the prior year primarily due to corresponding increases in expenditures resulting from the increased revenues for the grants described above.

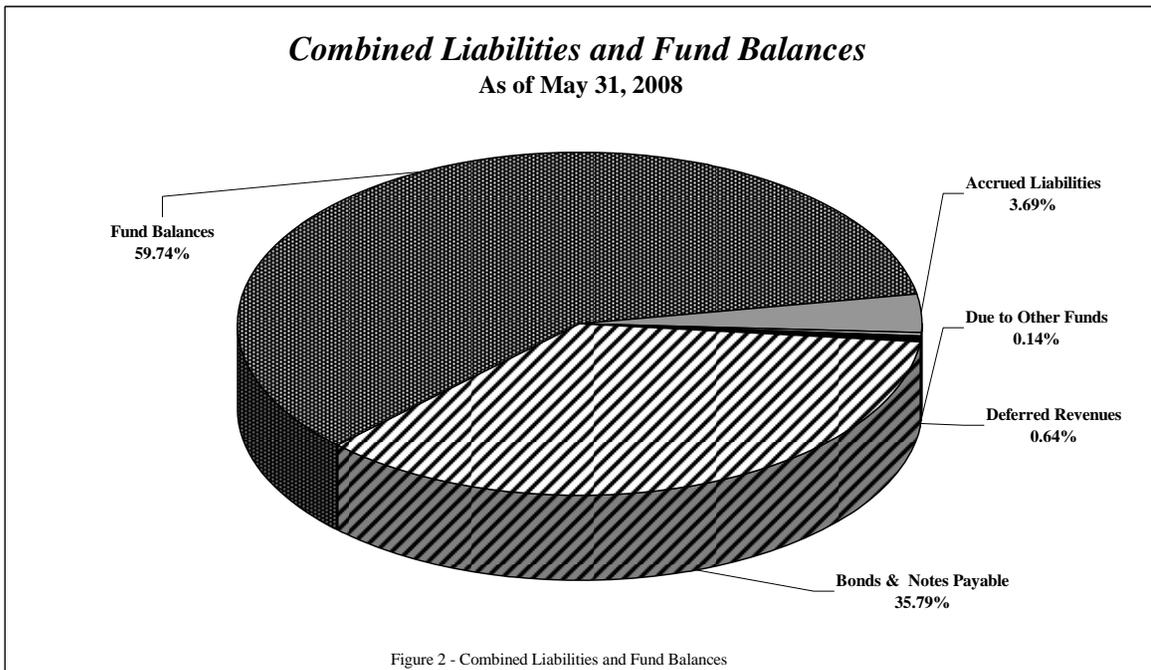
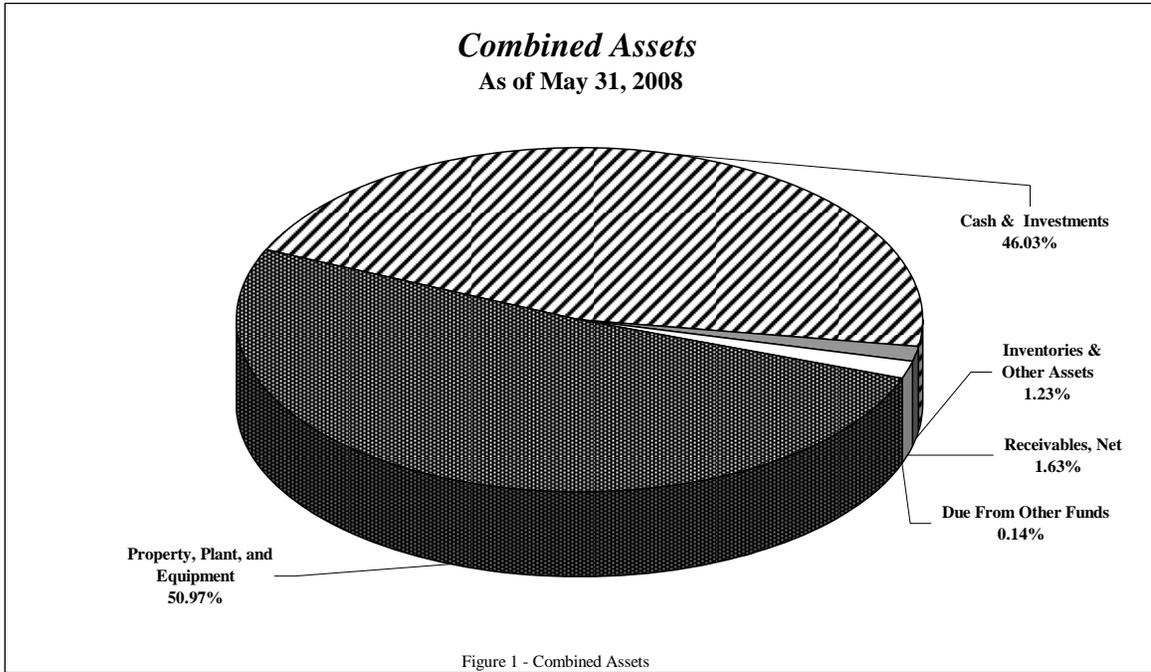
In summary, the net difference between total expenditures and transfers and total revenues results in an increase to fund balance of approximately \$46.3 million for the first nine months of the 2007-08 fiscal year. This change is greater than in past years due primarily to a combination of the increase in state appropriations, taxes, tuition revenues and contracts and grants revenues.

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

*Dallas County Community College District
 Combined Balance Sheet (Unaudited)
 May 31, 2008
 With Comparative Totals (000's)*

	<i>Current Funds</i>	<i>Plant Funds</i>	<i>Loan and Agency Funds</i>	<i>Quasi- Endowment Fund</i>	<i>Total Current Year</i>	<i>Total As Of 08/31/07</i>	<i>Total May 2007</i>
<u>ASSETS:</u>							
Cash and Cash Equivalents	\$34,700	\$112,116	\$2,038	\$290	\$149,144	\$153,008	\$128,746
Receivables, Net	10,912	160	26	200	11,298	26,897	13,763
Inventories and Other Assets	5,215	3,358			8,573	7,074	10,510
Due From Other Funds		952			952	2,989	2,843
Investments	159,763	5,368		5,207	170,338	52,347	99,071
Property, Plant, and Equipment		353,825			353,825	363,960	328,240
TOTAL ASSETS	\$210,590	\$475,779	\$2,064	\$5,697	\$694,130	\$606,275	\$583,173
<u>LIABILITIES:</u>							
Accounts Payable and Accrued Liabilities	\$21,924	\$3,670	\$4		\$25,598	\$34,899	\$28,507
Due to Other Funds	949			3	952	2,989	2,843
Deposits and Deferred Revenues	2,733		1,585	133	4,451	28,710	5,822
Notes Payable		103			103	252	301
Bonds Payable		248,355			248,355	134,145	134,145
TOTAL LIABILITIES	\$25,606	\$252,128	\$1,589	\$136	\$279,459	\$200,995	\$171,618
<u>FUND BALANCES:</u>							
<i>Current Funds:</i>							
Operating	\$165,446				\$165,446	\$121,044	\$144,371
Auxiliary	18,997				18,997	17,659	18,135
Restricted	-				-	-	-
Richland Collegiate High School ⁽¹⁾	541				541	-	(55)
<i>Plant Funds:</i>							
Unexpended		10,968			10,968	20,551	14,845
Retirement of Indebtedness		5,465			5,465	3,664	13,669
Investment in Plant		207,218			207,218	236,563	214,962
Loan Fund			475		475	477	129
Quasi-Endowment Fund				5,561	5,561	5,322	5,499
TOTAL FUND BALANCES	\$184,984	\$223,651	\$475	\$5,561	\$414,671	\$405,280	\$411,555
TOTAL LIABILITIES & FUND BALANCES	\$210,590	\$475,779	\$2,064	\$5,697	\$694,130	\$606,275	\$583,173

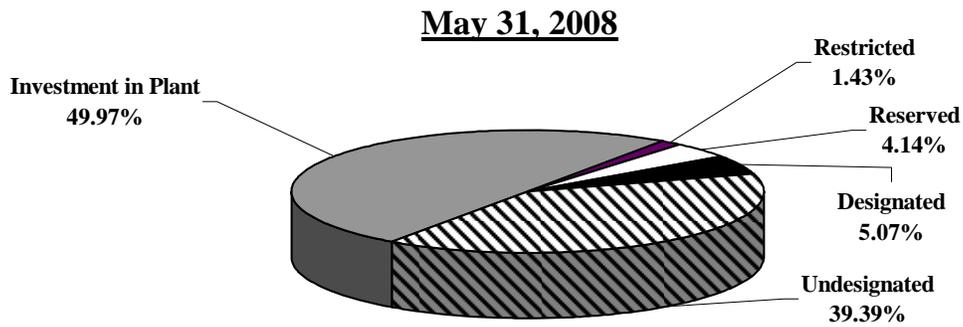
⁽¹⁾ Does not take into consideration a loan from Richland College for \$474,469.



Dallas County Community College District
Schedule of Fund Balances (Unaudited)
May 31, 2008
With Comparative Totals (000's)

	<i>Unrestricted</i>			<i>Restricted</i>		<i>Net Investment in Plant</i>	<i>Total-Current Month</i>	<i>Fiscal Year Ending 08/31/07</i>	<i>Net Change Increase/ (Decrease)</i>
	<i>Reserved</i>	<i>Designated</i>	<i>Undesignated</i>	<i>Debt Service</i>	<i>Other</i>				
<i>FUND BALANCES:</i>									
<i>Current Funds:</i>									
Operating	\$15,128	\$4,484	\$145,834				\$165,446	\$120,983	\$44,463
Auxiliary	2,017	2	16,978				18,997	17,659	1,338
Restricted							-	-	-
Richland Collegiate High School	2		539				541	61	480
<i>Subtotal:</i>	17,147	4,486	163,351				184,984	138,703	46,281
<i>Plant Funds:</i>									
Unexpended		10,968					10,968	20,551	(9,583)
Retirement of Indebtedness				5,465			5,465	3,664	1,801
Investment in Plant						207,218	207,218	236,563	(29,345)
Loan Fund					475		475	477	(2)
Quasi-Endowment Fund		5,561					5,561	5,322	239
TOTAL FUND BALANCES	\$17,147	\$21,015	\$163,351	\$5,465	\$475	\$207,218	\$414,671	\$405,280	\$9,391

Fund Balances by Type - All Funds



Fund Balances by Fund Group - All Funds

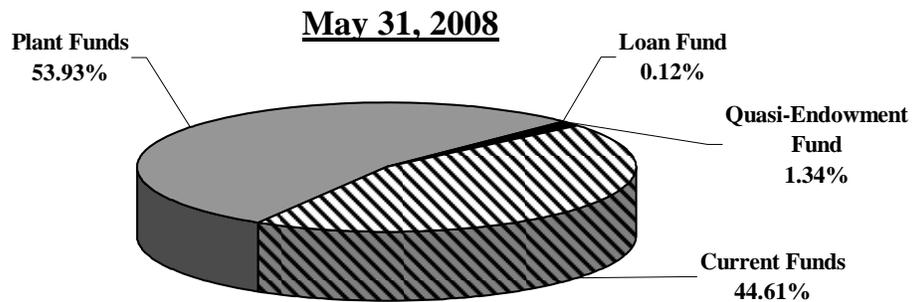
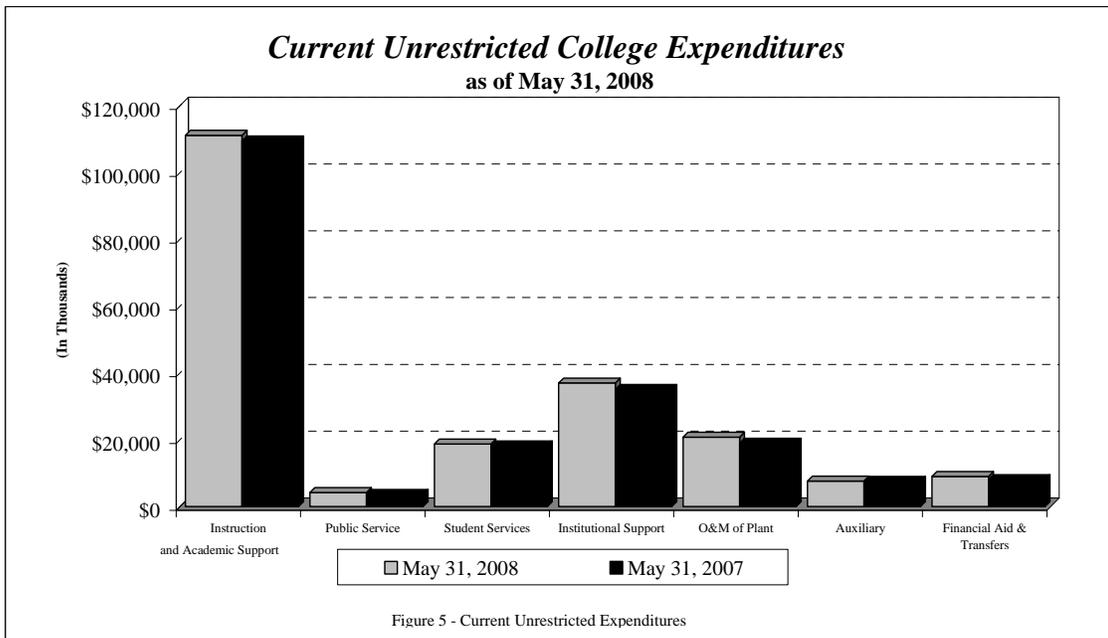
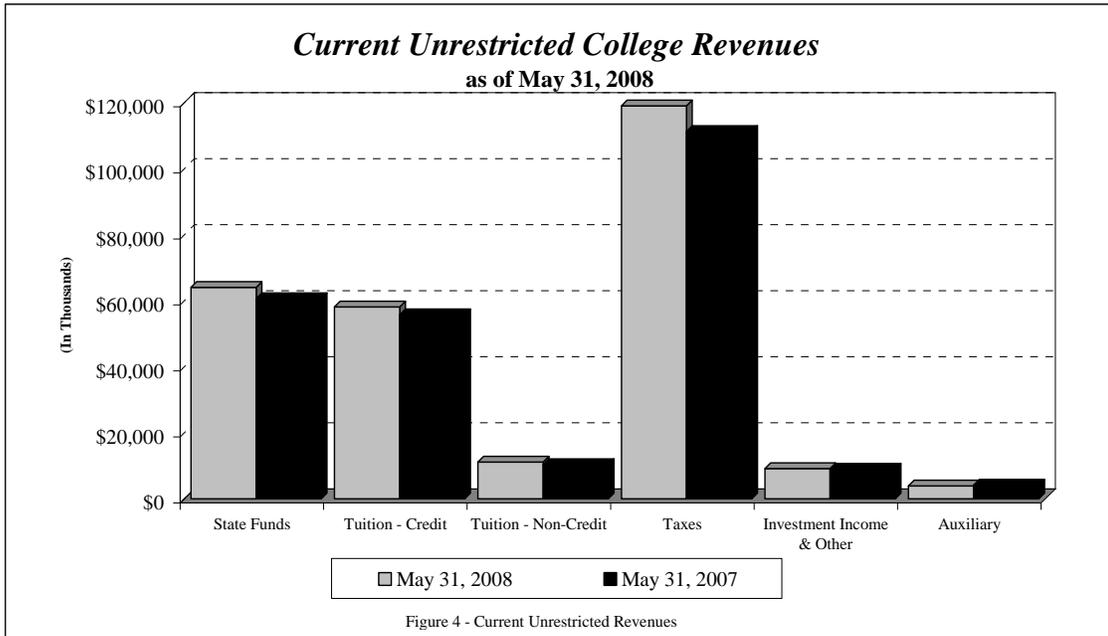


Figure 3 - Fund Balances By Type & Fund Group

*Dallas County Community College District
 Combined Current Funds Revenues, Expenditures, and Transfers (Unaudited)
 For the Six Months Ending May 31, 2008
 With Comparative Totals (000's)*

	<i>Operating</i>	<i>Auxiliary</i>	<i>Restricted ⁽¹⁾</i>	<i>RCHS</i>	<i>Total Current Year</i>	<i>Total May 2007</i>	<i>Total May 2006</i>
<u>REVENUES:</u>							
State Appropriations	\$64,016		\$19,400	\$1,407	\$84,823	\$79,213	\$77,873
Tuition & Charges - Credit	58,137				58,137	55,766	49,640
Tuition & Charges - Non-Credit	11,114				11,114	10,394	10,693
Total Tuition & Charges	69,251				69,251	66,160	60,333
Ad Valorem Taxes	119,017				119,017	111,268	102,675
Investment Income	5,975	503		9	6,487	6,788	3,252
Contracts & Grants	1,153	45	37,115		38,313	35,765	36,563
Other	1,437				1,437	1,230	1,411
Auxiliary Enterprises		3,882			3,882	4,116	4,510
TOTAL REVENUES	\$260,849	\$4,430	\$56,515	\$1,416	\$323,210	\$304,540	\$286,617
<u>EXPENDITURES:</u>							
Instruction and Academic Support	\$111,207		\$18,912	\$469	\$130,588	\$125,957	\$122,249
Public Service	4,224		3,551	75	7,850	7,744	7,417
Student Services	18,743		5,476	113	24,332	23,010	21,679
Institutional Support	37,014		7,150	279	44,443	41,458	37,536
Operation and Maintenance of Plant	20,791				20,791	19,631	18,503
Financial Aid	4,371		24,121		28,492	27,310	28,078
Auxiliary Enterprises		7,623			7,623	7,551	7,689
Mandatory Transfers	(4,669)		2,348		(2,321)	(2,117)	(1,919)
TOTAL EXPENDITURES & MANDATORY TRANSFERS	\$201,019	\$7,623	\$56,862	\$936	\$266,440	\$254,778	\$245,070
<u>Other Transfers and Additions, net</u>	(15,367)	4,531	347		(10,489)	(6,476)	(3,110)
NET INCR/(DECR) in FUND BALANCE	\$44,463	\$1,338	-	\$ 480	\$46,281	\$43,286	\$38,437

⁽¹⁾ Included in Restricted revenues and expenditures are RCHS grants totalling \$68,372.



GLOSSARY

FUND GROUPS

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

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

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

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

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

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

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

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

Loan funds: Funds available for loan to students.

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

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

FUNCTIONAL AREAS OF EXPENDITURES

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

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

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

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

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

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

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

Scholarships and fellowships: Expenditures for student financial aid including

waivers, scholarships, and state and federal financial assistance.

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

OTHER FINANCIAL TERMS

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

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

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

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

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

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

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

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

OMB Circular A-133: The U.S. Office of Management and Budget's pronouncement that established the process of auditing all government grants of a specified threshold size, to be included in the regular annual audit of the grantee. Quarterly Financial Statements, page 13

Repurchase agreement: Agreement between a seller and a buyer, usually of agency or treasury securities, where the seller agrees to repurchase the securities at an agreed upon price and date. A "flex-repo" allows periodic draws against the overall value without a complete repurchase of all principal values.

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

POLICY REPORT NO. 12

Presentation of Trustee's Travel

As immediate past president of the Association of Community College Trustees, Trustee Kitty Boyle is a member of ACCT's Executive Committee through ACCT's 2008 Annual Congress (October 29 – November 1, 2008). At ACCT's expense, Trustee Boyle attended the Executive Committee's retreat in Baltimore, MD, on July 24-27, 2008. Trustee Boyle incurred expenses that are allowable within DCCCD's policy and in excess of ACCT's reimbursement to her.

Board Policy BBG (LOCAL) provides the following procedure for authorizing reimbursement for expenses:

“A Trustee who requests authorization for a trip or reimbursement for travel expense, or both, that has not been authorized by this policy or the Board, shall submit the request for approval to the Audit Committee of the Board. If the committee approves the request, the Vice-Chancellor of Business Affairs shall reimburse the Trustee to the extent provided by the committee. If the committee disapproves the request, the Trustee may submit the request to the Board at its next regular meeting. The Board's judgment is final.”

A copy of the expense report is attached.



Dallas County Community College District

Office of Board Relations

DCCCD/TRAVEL REIMBURSEMENT FOR BOARD OF TRUSTEE MEMBERS

Trustee Name: Marion Boyle Date: July 24-27, 2008

Destination: Baltimore, MD (Baltimore Marriott Waterfront Hotel)

Purpose: ACCT "Board Retreat and Meeting"

Dates: July 24-27, 2008

GL Account #: 11-10-100000-23401

TRANSPORTATION EXPENSES

(attach original receipts)

	Billed to DCCCD	Reimbursable	Total	Remarks
Airfare				
Auto @.585¢/mile				
Taxi				
Parking				
Car Rental & Gas				
Lodging		19.90	19.90	ACCT pays lodging minus incidentals.
Meals or Per Diem*		71.25	71.25	See note below.
Registration				
Other Expenses				
TOTALS				

SUBTOTAL: _____

LESS AMOUNT PAID FOR SPOUSE: _____

LESS AMOUNT PAID BY DCCCD: _____

REIMBURSEMENT: 91.15

DUE DCCCD _____

*Per Diem is \$16.25/quarter, \$65.00/day.

Notes: 13 quarters X \$16.25 = \$211.25 - \$140.00 (reimbursement from ACCT. See copy of attached ACCT Expense Claim Form.) = \$71.25.

Member, Board of Trustees

Office of Board Relations

Business Office