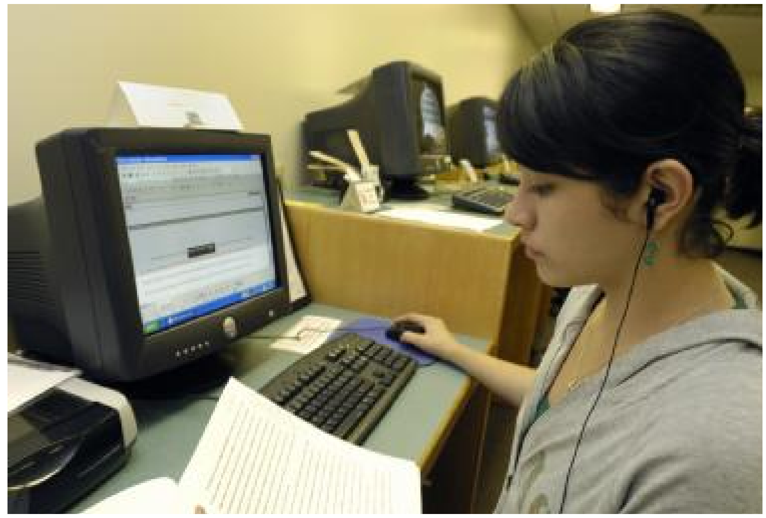

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

Financial Statements and Office of Management and Budget Circular A-133 Supplemental Financial and Compliance Report

Together With Reports of

Independent Auditors

August 31, 2008
and 2007

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED AUGUST 31, 2008 AND 2007

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DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

ORGANIZATIONAL DATA

FISCAL YEAR 2007 - 2008

Board of Trustees

Officers

Jerry Prater	Chair
Diana Flores	Vice-Chair
Wright L. Lassiter, Jr.	Secretary

Members

		Term Expires
Marion K. Boyle	Irving, Texas	2014
Charletta Rogers Compton	Dallas, Texas	2012
Bob Ferguson	Farmers Branch, Texas	2010
Diana Flores	Dallas, Texas	2014
Martha Sanchez Metzger	Mesquite, Texas	2010
Jerry Prater	Garland, Texas	2010
JL Sonny Williams	Dallas, Texas	2012

Key Officers

Wright L. Lassiter, Jr.	Chancellor
Edward M. DesPlas	Executive Vice Chancellor, Business Affairs
Andrew Jones	Executive Vice Chancellor, Educational Affairs
Denys Blell	Vice Chancellor of Human & Organizational Development

Letter to the Community

Dear Friends,

Those living in Dallas County have likely had an opportunity to notice at least one of the many sites of the Dallas County Community College District (the "District") sporting cranes, bulldozers, steel skeletons, or other signs of construction. The major facility expansion approved by voters in May 2004 is rapidly coming to fulfillment. Already two new facilities under the program are open for business—El Centro's Center for Allied Health and North Lake's North Campus, the first of five new community campuses to open its doors.

Every campus has multiple projects under the current capital construction program, most of which are well underway for construction. A number of the new buildings will have varying levels of LEED certification, and those for which certification is not being pursued are expected to meet the same standards. The vast majority of the projects have been set up through a construction manager at risk program having a guaranteed maximum price for each project. This is expected to keep costs down and projects on schedule.

The primary purpose of the current capital improvement program was to help the District prepare for meeting the goals of *Closing the Gaps by 2015*, a statewide plan to meet higher education needs within Texas. This document, issued by the Texas Higher Education Coordinating Board, provides a plan to close the gaps in student participation, student success, excellence, and research. The plan was revised with new, higher goals when colleges throughout the state exceeded the target numbers for increased numbers of students in the first five years of the plan. As the largest undergraduate institution in Texas, the District expects to play a major role in increasing the number of students receiving a post-secondary education.

Enrollment in the District's seven colleges continues to increase. The registration for Fall 2008 that took place in August realized more than a 4% increase in headcount enrollment over the previous Fall term. Having a tuition that is affordable (the District has the fourth lowest among the state's fifty community colleges) helps attract students.

The District is proud of its students. Each Friday a memo is circulated that describes the many achievements of students at each of the District's colleges. These memos include reports of honors, awards, national championships and the many activities in which students are involved. One unique achievement involves the District's charter school, the Richland Collegiate High School of Mathematics, Science and Engineering ("RCHS"), which started in the Fall of 2006. Starting as high school juniors that year, the first class graduated in May 2008 almost all with both a high school diploma and a college associate's degree. Students were able to achieve this dual accomplishment by taking classes for concurrent high school and college credit.

One of the Board of Trustees' goals is to maintain the public's trust by being fiscally responsible and accountable at all times. An objective for meeting that goal is to "ensure that the public is regularly informed of our fiscal health and stability." Each year an annual audit of the Dallas County Community College District's financial statements is conducted and the results shared through the publishing of the annual financial report, helping to fulfill that objective. The report as of and for the years ended August 31, 2008 and 2007 follows this letter.

Designed to inform interested parties of the District's financial condition, the annual financial report conforms to accounting principles generally accepted in the United States of America. It contains three primary financial exhibits, management's discussion and analysis of the results of operations, notes that further describe the financial condition of the District, schedules summarizing in more detail the revenues, expenses and net assets of the District, and supplemental statistical information. The financial statements follow the form prescribed by the Governmental Accounting Standards Board, a national rule-making body for governmental accounting. Our external auditor, Grant Thornton LLP, gives assurance that these statements are prepared in conformance with the standards. In addition, rules established by the federal government under the Office of Management and Budget Circular A-133 and the State of Texas Single Audit Circular prescribe special requirements for grants, including student financial aid, issued by the federal and state governments. The results of the single audit are included as the last section of the annual financial report.

In preparation for the issue of an additional $220 million in general obligation bonds to support the capital improvement program, the District underwent review in July by the three credit rating agencies— Standard & Poors, Inc., Moody's Investors Service, Inc. and Fitch Ratings. Each awarded the District its highest rating of triple A. They cited the District's strong fiscal responsibility, flexibility in revenue streams, and strong enrollment as reasons for the rating. We think that as you read the attached report, you will see evidence that supports their reasons for this high rating.

Respectfully submitted,

Edward M. DesPlas
Executive Vice Chancellor, Business Affairs

Wright L. Lassiter, Jr.
Chancellor

Grant Thornton

Report of Independent Certified Public Accountants

Audit – Tax – Advisory

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Board of Trustees
Dallas County Community College District

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Dallas County Community College District (the "District") as of and for the years ended August 31, 2008 and 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the District as of August 31, 2008 and 2007 and the respective changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2008 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis on pages 6 through 17 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying introductory section, supplemental schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas Single Audit Circular, and are not a required part of the basic financial statements of the District. The supplemental schedules of operating revenues, operating expenses by object, non-operating revenues and expenses, net assets by source and availability, and schedule of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

GRANT THORNTON LLP

Dallas, Texas
December 16, 2008

Dallas County Community College District

Management's Discussion and Analysis

Following is management's discussion and analysis of the financial activity of the Dallas County Community College District (the "District") for the fiscal years ended August 31, 2008 and 2007. This section is designed to help readers understand some of the conditions and events contributing to the current financial position of the District as well as to point out trends and changes in the results of operations. Please read it in conjunction with the Letter to the Community, the District's basic financial statements and the footnotes (see Table of Contents). Responsibility for the completeness and fairness of this information rests with the District.

Financial Highlights for 2008

- The District's net assets at August 31, 2008 are reported at $427.0 million. Approximately 55.6% of the net assets amount reflects the investment in capital assets, net of related debt.
- The District's operating loss is $226.5 million.
- Net assets increased $21.7 million.

Financial Highlights for 2007

- The District's net assets at August 31, 2007 are reported at $405.3 million. Approximately 58.4% of the net assets amount reflects the investment in capital assets, net of related debt.
- The District's operating loss is $215.5 million.
- Net assets increased $21.8 million.

Overview of Financial Statements

The District qualifies as a special-purpose government engaged in business-type activities and the financial statements are prepared on that basis. The resulting financial statement format focuses on the District as a whole. The District's basic financial statements are designed to emulate the corporate presentation model whereby the District's fiscal activities are consolidated into one column total. Comparative data from the prior year is shown in a separate column on the face of each of the statements.

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

The focus of the Statements of Net Assets is to illustrate the financial position of the District at a point in time. This statement exhibits the current financial resources (short-term spendable assets) along with assets planned to be held for more than a year, shows amounts owed against those assets, and reveals the amount of remaining or "net" assets available to the District for further endeavors.

The Statements of Revenues, Expenses and Changes in Net Assets focuses on the costs of District activities and show what revenue supports those costs. Of the three main sources of revenue--ad valorem taxes, state appropriations and tuition, only the latter represents an exchange for services. Taxes and state appropriations represent non-exchange transactions and thus are considered non-operating revenues. This approach to presenting revenues and expenses is intended to summarize and simplify the user's analysis of the cost of various District services to students and the public. Depending on whether revenues or expenses are greater for the year, a net increase or net decrease in net assets is created and determines whether net assets for the year have increased or have decreased. The ending balance of net assets on this statement agrees with that shown on the Statements of Net Assets.

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

In fiscal 2004, the District implemented GASB 39, *Determining Whether Certain Organizations are Component Units.* Three criteria are applied to determine whether certain affiliated organizations should be reported discretely in the financial statements as component units. The criteria include whether 1) the parent organization provides financial support to the affiliated organization and the economic resources received or held by the affiliate are entirely or almost entirely for the direct benefit of the parent organization, 2) the parent organization is entitled to or otherwise has the ability to access the majority of the economic resources received or held by the affiliate and 3) such resources are significant to the parent organization. All three criteria must be satisfied. The Texas Higher Education Coordinating Board has determined that for Texas community colleges, economic resources from an affiliated organization that are an amount equal to at least 5% of the parent organization's net assets are significant.

Having met all three criteria, the Dallas County Community College District Foundation, Inc. (the "Foundation") has been discretely presented in the District's statements as a component unit by inclusion of the statements and footnotes of the Foundation in the District's statements and footnotes. Because the financial statements of the Foundation are presented in a different format from the District and are incompatible with the District financial statements, the Foundation financial statements are presented on separate pages from the District financial statements. The Foundation is a non-profit organization established in 1973 with its sole purpose being to provide benefits such as scholarships and grants to the District. In recent years, a large part of its focus has been to build an endowment for the Rising Star Scholarship program. This program is designed to encourage and assist recent high school graduates, who might not otherwise feel they can afford a college degree and often whose families have never had a member attend college, to continue their education. This past year, another focus was added—to elicit additional financial support for the building and operations of the new buildings being erected under the District's capital improvement program.

A new operating unit of the District began its first full year of operations in the year ended August 31, 2007. This operating unit is a high school for which the Texas Education Agency (TEA) granted a charter in October 2005. The Board of Trustees of the District subsequently approved the charter in May 2006, to be in effect through July 31, 2010. Operated under Richland College, one of the seven colleges of the District, the Richland Collegiate High School of Mathematics, Science, and Engineering ("RCHS") opened in August 2006 with 176 students at the junior level. Those students moved up to senior level and a new class of juniors began studies in August 2007. Students take college courses for which they concurrently receive high school credit. At the end of two years, students can graduate from high school while having also earned an associate degree at the college level. The school produced two such graduates in its first year of operation and in May 2008 graduated its first full class, almost all of whom received both a high school diploma and an associate's degree. While the high school receives state reimbursement based on average daily attendance, the college also receives state funding dollars for the contact hours. TEA requirements necessitate tracking RCHS revenues and expenses separately from those of the college. But because the high school "contracts" with the college for instructional and administrative services, the legal identity is the same as the District, and the high school shares the same Board of Trustees with the District, the RCHS is included as an operating unit in the District's financial statements. More information can be found in Footnote 24, including a Statements of Net Assets and a Statements of Revenues, Expenses and Changes in Net Assets for the RCHS alone.

Comparative Financial Information

In order to show the trends for the two years shown in the Statements of Net Assets (Exhibit 1), a summary of three years of data for the years ended August 31, 2006 through 2008 follows.

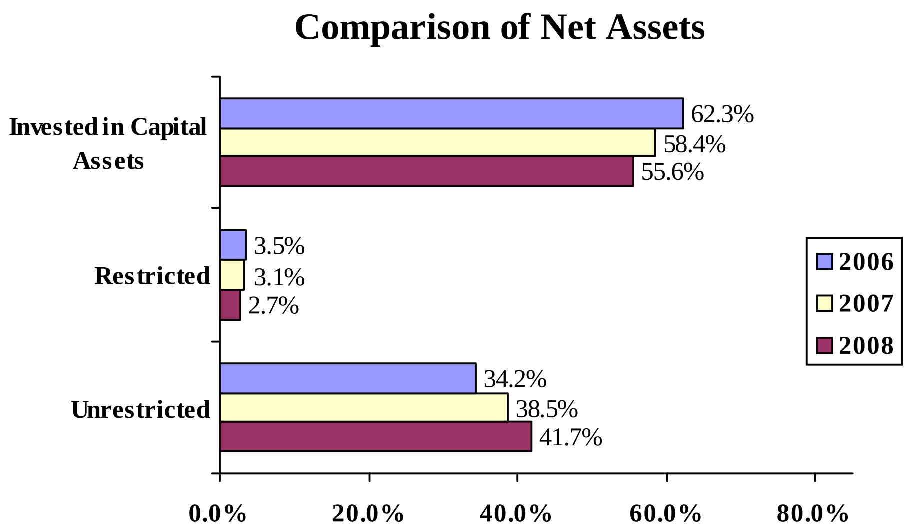
	Fiscal Year 2006	Increase/ (Decrease)	Fiscal Year 2007	Increase/ (Decrease)	Fiscal Year 2008
CURRENT ASSETS:	$ 88,328	$ 93,511	$ 181,839	$ (58,327)	$ 123,512
NON-CURRENT ASSETS:					
Capital assets, net of depreciation	339,899	24,061	363,960	102,421	466,381
Other	174,881	(103,448)	71,433	112,657	184,090
Total assets	603,108	14,124	617,232	156,751	773,983
CURRENT LIABILITIES	77,102	6,290	83,392	146,366	229,758
NON-CURRENT LIABILITIES	142,513	(13,953)	128,560	(11,286)	117,274
Total liabilities	219,615	(7,663)	211,952	135,080	347,032
NET ASSETS:					
Invested in capital assets, net of related debt	238,727	(2,164)	236,563	772	237,335
Restricted	13,649	(1,186)	12,463	(900)	11,563
Unrestricted	131,117	25,137	156,254	21,799	178,053
Total net assets	$ 383,493	$ 21,787	$ 405,280	$ 21,671	$ 426,951

The difference between what the District owns, its assets, and what it owes, its liabilities, are the net assets. At August 31, 2007, the difference in assets and liabilities was $405.3 million while at August 31, 2008, the difference was $427.0 million. As can be seen, the former is an increase from August 31, 2006 of approximately $21.8 million or 5.7% while the more recent year is an increase of $21.7 million or 5.3%.

A review of the assets on the preceding table reveals a notable shift between current assets and non-current "other" assets for the years ended August 31, 2007 and August 31, 2006. Current assets went from $88.3 million at August 31, 2006 to $181.8 million at August 31, 2007, an increase of $93.5 million or 105.9% while the non-current "other" assets dropped from $174.9 million to $71.4 million, a decrease of $103.4 million or 59.2%. On the other hand, the change of current assets from the year ended August 31, 2007 to August 31, 2008 was a decrease of $58.3 million or 32.1% but for non-current "other" assets was an increase of $112.7 million or 157.7%. The primary reason for the dramatic shift from 2006 to 2007 in current vs. non-current assets was the changing interest environment over that period. As long term investments matured, the funds were shifted into investment pools, which were earning higher interest rates. Investments in pools are considered cash equivalents because the investments are available on demand. However, the period ended August 31, 2008 reflects both the beginning of a downward trending interest market which allowed some shifting back toward long-term investments from the pools as well as the fact that $125 million of commercial paper was issued in support of capital projects, increasing both restricted cash equivalents and long-term investments. Capital assets show a steady trend upward from 2006 to 2008 but mainly in the latter year as construction continues for the District's major facility expansion program.

Current liabilities increased $6.3 million or 8.2% for the year ended August 31, 2007 over August 31, 2006 while increasing $146.4 million or 175.5% for the year ended August 31, 2008 from August 31, 2007. This unusually large increase is primarily related to the issuance of commercial paper which has outstanding periods up to a maximum of only 270 days before being required to be paid or rolled over into new paper. Non-current liabilities decreased both years dropping $14.0 million or 9.8% from August 31, 2006 to August 31, 2007 and another $11.3 million or 8.8% for the year ended August 31, 2008. The steady reductions in non-current liabilities indicate payments on outstanding bonds for both years as well as a bond refunding for the year ended August 31, 2007.

The following is a graphic illustration of the breakdown of net assets for the years ended August 31, 2006 through 2008. Restricted net assets has continued decreasing since August 31, 2006 as maintenance tax note and general obligation bond proceeds received in 2004 are spent and bonds are paid. Those assets invested in capital net of related debt have decreased over the same period as issuance of debt against construction projects has increased. A slight increase in unrestricted net assets reflects the increases gained from tax, tuition and state appropriation revenue increases since August 31, 2006.



Operating revenues continue to show a steady increase rising 4.0% to $114.8 million for the period ended August 31, 2007 and an additional 3.2% to $118.4 million for the period ended August 31, 2008. Operating expenses also increased both years, rising by 3.8% to $330.3 million for the period ended August 31, 2007 and 4.4% to $344.9 million for the period ended August 31, 2008. The increase in expenses outpaced the increase in revenue for the latter year resulting in a 5.1% or $11.0 million increase in operating loss for the latter period compared to a 3.6% or $7.5 million operating loss for the prior period.

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

REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED AUGUST 31, 2006 THROUGH 2008
(In Thousands)

	Fiscal Year 2006	Difference	Fiscal Year 2007	Difference	Fiscal Year 2008
OPERATING REVENUES	$ 110,334	$ 4,454	$ 114,788	$ 3,621	$ 118,409
LESS OPERATING EXPENSES	318,328	11,988	330,316	14,611	344,927
OPERATING LOSS	(207,994)	(7,534)	(215,528)	(10,990)	(226,518)
NON-OPERATING REVENUES AND EXPENSES	226,240	11,075	237,315	10,874	248,189
INCREASE/(DECREASE) IN NET ASSETS	18,246	3,541	21,787	(116)	21,671
NET ASSETS - BEGINNING OF YEAR	365,247	18,246	383,493	21,787	405,280
NET ASSETS - END OF YEAR	$ 383,493	$ 21,787	$ 405,280	$ 21,671	$ 426,951

The two major sources of operating revenues are tuition and various grants and contracts. Tuition revenue is reported net of discounts for tuition paid by various federal, state and local grants, including those associated with the Title IV Higher Education Administration Program. Additionally, state mandated or locally approved remissions and exemptions are reported as discounts against tuition. Grants and contracts provided 47.0% of operating revenue for the year ended August 31, 2007 increasing only slightly to 47.7% of operating revenue for the year ended August, 31, 2008. Both federal grants and contracts and state grants and contracts revenue contributed to this increase with a 2.4% or $1.1 million increase coming from federal and 59.0% or $1.4 million of the increase coming from state sources. Tuition constituted 45.2% and 45.4% of net operating revenue respectively for the years ended August 31, 2007 and 2008 (see Revenue by Source graph). Since there was no tuition increase in the latter year, the slight increase can be attributed to enrollment growth tempered by increased allowances and discounts.

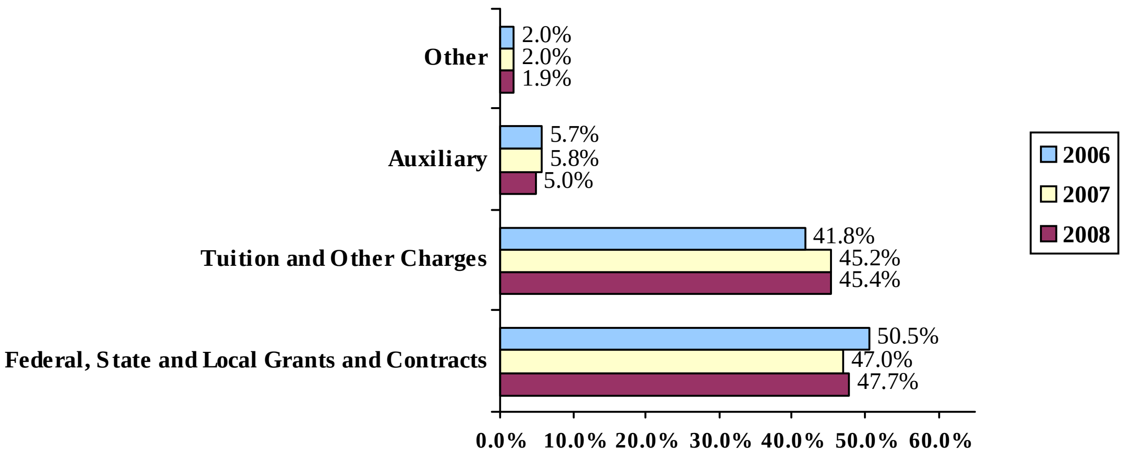
Accounting principles generally accepted in the United States of America prohibit reporting two major sources of revenue of the District as operating revenue —state appropriations and ad valorem tax revenues— on the basis that each represents revenue from non-exchange transactions. Accordingly, state appropriations and revenues recognized from ad valorem taxation are reported as non-operating revenues. State appropriations increased 2.5% or $2.7 million for the period ending August 31, 2007 over that ending August 31, 2006 and an additional 6.6% or $7.3 million for the period ended August 31, 2008. The increase in the earlier year is attributable to additional funding for state group insurance, an increase in Small Business Development Center funding, and $1.0 million generated by RCHS for attendance funding while the more robust increase for the latter year mainly represents the increase in funding for the new biennium granted by the 80th legislative session along with a doubling of RCHS attendance funding as a result of adding a new junior class. Tax revenue, net of collection fees and bad debt, has steadily increased, in part due to continued growth in the tax base and in part due to an assessment of a debt service tax for repayment of general obligation bonds issued in September 2004. A $7.5 million or 6.5% increase was realized between the years ended August 31, 2006 and 2007 compared to $9.5 million or 7.8% between the years ended August 31, 2007 and 2008. The difference in increase is mainly attributable in the earlier year to an increase of the certified tax roll by 7.9% compared to an unprecedented 10.6% in the latter year. Combined with this was an increase to $0.0045 per $100 valuation for debt service from $0.0032 per $100 valuation in the prior year. Tax revenue net of bad debt allowances and collection fees has exceeded state appropriations as the primary funding source in both fiscal year 2007 and 2008, representing 50.0% and 49.6% of total non-operating revenues for the years ended August 31, 2008 and 2007, respectively, compared to 45.2% and 45.3% for state appropriations.

Investment income, another non-operating revenue, increased a significant 42.1% or $3.7 million between August 31, 2006 and 2007 due to increases in interest rates as well as an increased volume of funds to invest resulting from greater revenues during the year. This trend did not continue for the year ended August 31, 2008 as interest rates began dipping, resulting in a 3.0% or $0.4 million decrease in investment income. In the earlier period the District migrated toward investment pools earning higher interest rates than could be obtained for longer term investments. Total net non-operating revenues were reduced further in the year ended August 31, 2008 by an increase in losses on disposal of fixed assets, due to the sale of a building, over the prior year as well as a small increase in other non-operating expense. The result was that net non-operating revenues increased only $10.9 million or 4.6% for the year ended August 31, 2008 compared to the $11.1 million or 4.9% for the year ended August 31, 2007 over the year ended August 31, 2006. The change in net assets decreased 0.5% or $0.1 million for the year ended August 31, 2008 as opposed to the 19.4% or $3.5 million increase in net assets for the year ended August 31, 2007 over that ended August 31, 2006.

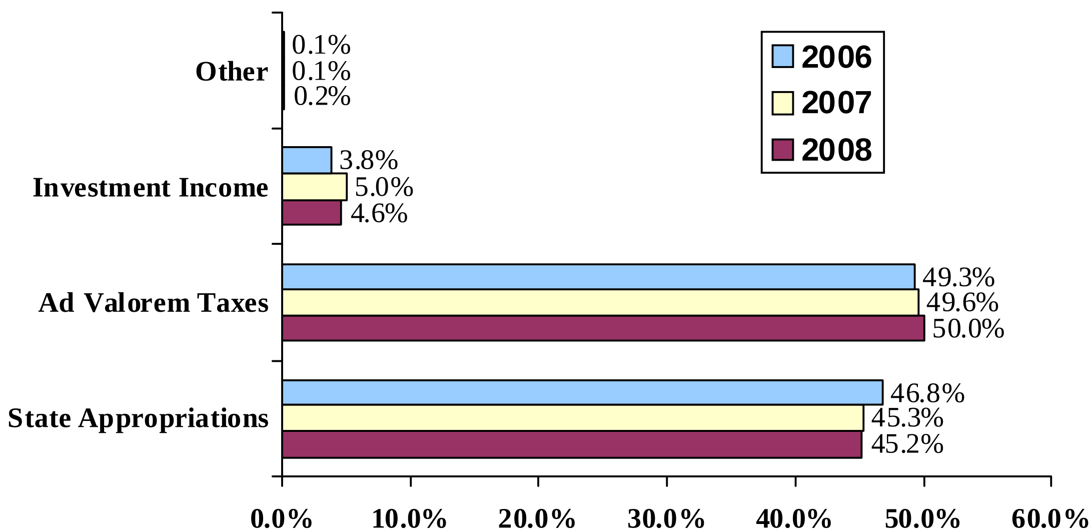
The following are graphic illustrations of revenues by source for the years ended August 31, 2006 through 2008.

Revenue by Source

Operating Revenues



Non-operating Revenues

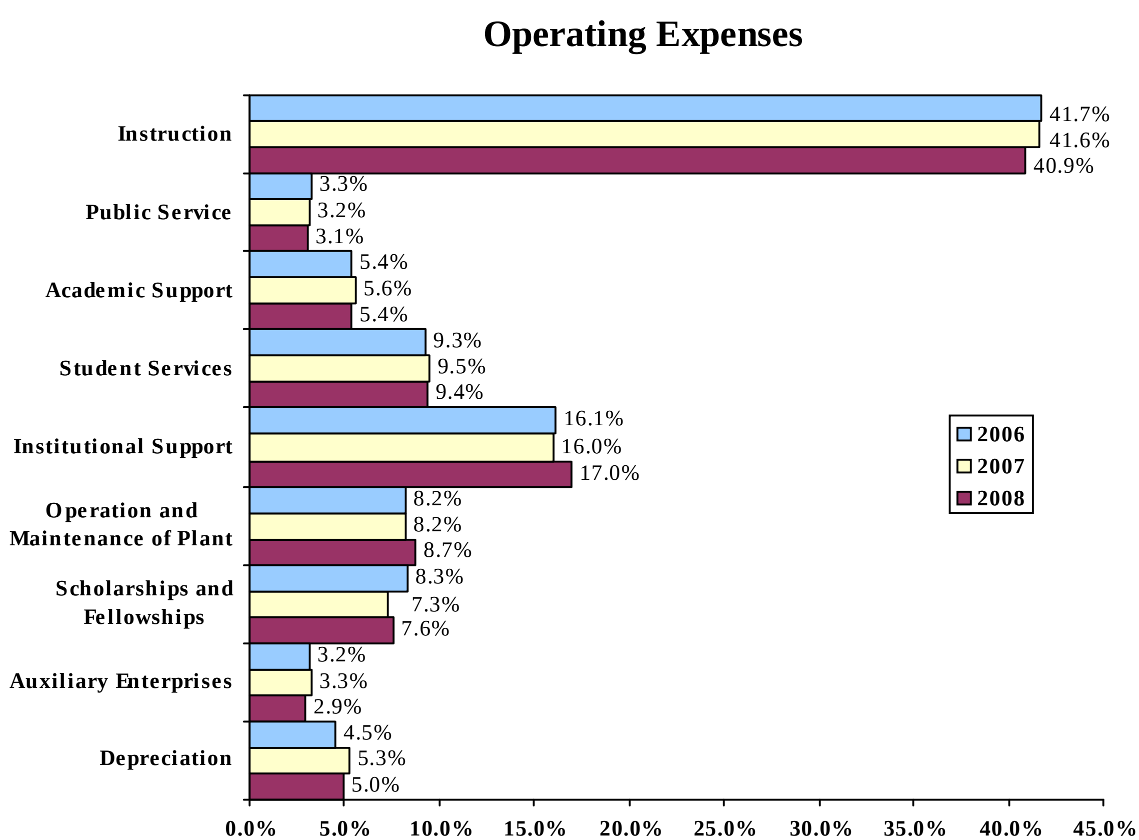


The breakdown of operating expenses by functional area for the years ended August 31, 2006 through 2008 appears in the following table.

OPERATING EXPENSES
YEARS ENDED AUGUST 31, 2006 THROUGH 2008
(In Thousands)

	Fiscal Year 2006	Difference	Fiscal Year 2007	Difference	Fiscal Year 2008
OPERATING EXPENSE					
Instruction	$ 132,648	$ 4,849	$ 137,497	$ 3,615	$ 141,112
Public service	10,336	245	10,581	258	10,839
Academic support	17,322	988	18,310	403	18,713
Student services	29,669	1,870	31,539	879	32,418
Institutional support	51,124	1,767	52,891	5,325	58,216
Operation and maintenance of plant	26,083	1,004	27,087	2,971	30,058
Scholarships and fellowships	26,396	(2,343)	24,053	2,330	26,383
Auxiliary enterprises	10,286	488	10,774	(670)	10,104
Depreciation	14,464	3,120	17,584	(500)	17,084
TOTAL	$ 318,328	$ 11,988	$ 330,316	$ 14,611	$ 344,927

The following is a graphic illustration of operating expenses for fiscal years 2006 through 2008.



As would be expected, the bulk of operating expenses are for instruction with a trend of steady growth in keeping with the growth in revenue and shown by an increase of $4.8 million or 3.7% for the period ended August 31, 2007 and $3.6 million or 2.6% for the period ended August 31, 2008. However, the percent of total expenses represented by instructional expenses has declined slightly over the periods ended August 31, 2006 through 2008. The greatest increases in operational expenses for the year ended August 31, 2007 relate to academic support, student services and depreciation offset by a decrease in scholarships and fellowships. Scholarships and fellowships decreased $2.3 million or 8.9% mainly due to a reduction in Title IV funding. For the year ended August 31, 2008 this decrease was reversed with a 9.7% or $2.3 million increase in scholarships and fellowships. Institutional support along with operation and maintenance of plant were the areas of greatest increase in expenses for the year ended August 31, 2008.

As required when meeting the criteria delineated in GASB 39, the District began including the statements of the Foundation following each of its own statements in the year ended August 31, 2004. For the fiscal year ended August 31, 2007, the Foundation's net assets were $34.6 million, an amount that represents 8.5% of the District's net assets for the same period. For the fiscal year ended August 31, 2008, the Foundation's net assets were $32.0 million, which represents 7.5% of the District's net assets for the same fiscal year. The income from the Foundation is partially used to fund grants and scholarships for the students and employees of the District. However, most of the Foundation's net assets are permanently restricted and therefore not available for the District's direct use. Permanently restricted net assets of the Foundation were $24.7 million and $25.1 million for the years ended August 31, 2007 and 2008 respectively.

Financial Analysis

For the year ended August 31, 2007 cash and investments were reduced by $12.6 million or 5.8%. The reduction in cash and investments represents the spending associated with the near completion of the maintenance tax note projects started in 2004 and progress on the general obligation bond projects approved by voters in May 2004 netted against increases in cash received as a result of higher tax levies produced as a result of higher property valuations, increased state appropriations, higher tuition and increased investment income. However, for the year ended August 31, 2008, cash and investments had increased a significant $53.1 million or 25.9%. This shift represents the effects of the addition of the commercial paper program netted against increased expenditures for significant progress on constructing bond-funded capital improvements.

Short-term investments and investment pools which act as cash equivalents provided higher interest rates for the year ended August 31, 2007 than the long-term investments available on the market. Therefore the District kept more of its money in cash equivalents during this period both to maximize investment revenue earnings as well as to have cash readily available for the fast-paced completion of the maintenance tax note projects begun in 2003 and 2004 and the purchase of land for five new community campuses approved in the 2004 general obligation bond capital improvement program. During the most recent period for the year ended August 31, 2008, market conditions changed to the point where the District found it advantageous to revert back to longer term investments.

The line item "Capital assets not subject to depreciation" shows a $2.8 million or 3.5% decrease from the year ended August 31, 2006 to August 31, 2007 followed by an increase of $84.0 million or 107.0% for the year ended August 31, 2008. There are many factors making up these changes. Land assets have increased as purchases continued for the new community campuses planned as part of the 2004 capital improvement program. The design stage has proceeded for the buildings involved in the 2004 capital improvement program as well as implementation of the final stages of maintenance tax projects, both which appear as increases in the construction in progress section. These increases in construction in progress are more than offset by the shift of many of the maintenance tax note projects to the depreciable capital asset category for the years ended August 31, 2007, resulting in the net decrease cited above. Two buildings from the 2001 long range master plan were also moved from construction in progress to the depreciable section for the year ended August 31, 2007. The large increase for the year ended August 31, 2008 represents the significant progress being made on the capital improvement program. Depreciable capital assets have increased by $26.9 million or 10.4% and $18.4 million or 6.5%, respectively, for the years ended August 31, 2007 and 2008.

Bonds payable for the year ended August 31, 2007 reflects a decrease of $13.3 million or 8.9% but an increase of $113.8 million or 83.1% for the year ended August 31, 2008. In December, 2006, the Series 2001 revenue bonds were refunded resulting in an additional reduction of bonds payable outstanding of $1,775,000 plus unamortized premium less unamortized loss on bond refunding. The larger amount outstanding for the year ended August 31, 2008 is explained by the addition of $125 million in commercial paper.

Net assets, the difference between liabilities and total assets, have increased each year. Compared to the previous year there was a $2.2 million or 0.9% decrease for the year ended August 31, 2007 in the "invested in capital assets, net of related debt. This is a result of debt reduction and capital projects completed. For the year ended August 31, 2008, there was an increase of $0.8 million or 0.3% with the transfer of 2 completed buildings from a prior capital improvement program and the addition of construction on the 2004 bond program. Unrestricted net assets increased $25.1 million or 19.2% for the year ended August 31, 2007 over the prior year but increased only $21.8 million or 14.0% for the year ended August 31, 2008.

As tuition revenue has increased over the past two fiscal years, so have allowances and discounts, although not significantly for the year ended August 31, 2007. Increased local tuition allowances is the greatest cause for the increase for the year ended August 31, 2007 since financial aid discounts actually decreased slightly. Financial aid discounts represented 83.2% of all allowances and discounts for the year ended August 31, 2006 but only 80.2% for that ended August 31, 2007. This was down to 76.3% for the year ended August 31, 2008. Discounts increased overall a total of 8.4% from the year ended August 31, 2007 to the year ended August 31, 2008 but only 2.5% for the year ended August 31, 2007 compared to the year ended August 31, 2006. Net tuition revenue for the year ended August 31, 2007 increased $5.7 million or 12.3% over the year ended August 31, 2006 mainly due to an increase in tuition in the spring of 2007. For the year ended August 31, 2008 there was an increase of only $2.0 million or 3.8%. Because there was no increase in tuition for this year, the increase is attributable to enrollment growth.

Change in two other areas of operating revenues bear mentioning. Federal grant and contract revenue decreased $3.5 million or 6.8% from August 31, 2006 to August 31, 2007. The reduction in that year is mainly attributable to a $2.2 million drop in Department of Education direct grants, primarily from reductions in Pell and other Title IV programs. However, a slight increase in federal grant and contract revenue of $1.1 million or 2.4% occurred for the year ended August 31, 2008. State grant and contract revenue increased $1.0 million or 68.6% for the year ended August 31, 2007. The increase can be tied to increased Texas Higher Education Coordinating Board-provided grants and increased Texas workforce commission skills development grants. Another increase of $1.4 million or 59.0% can be seen for the year ended August 31, 2008 for the same reasons—particularly a doubling of the Texas Grant Program.

The proportionate relationship of operating expenses amongst functional areas has remained fairly constant from 2006 to 2008 (see the graph of operating expenses). However, depreciation grew disproportionately for the year ended August 31, 2007 with a $3.1 million or 21.6% increase tied in part to the addition of 2 buildings to depreciable assets. Salary increases were 3.5% and 2.5% for the years ended August 31, 2007 and 2008, respectively which accounts for part of the increase each year. That operating expenses excluding depreciation increased only 2.9% for the year ended August 31, 2007 indicates reductions in other, non-salary areas occurred and/or positions were not filled for the entire year by the same individuals. Total operating expenses excluding depreciation grew by 4.8% for the year ended August 31, 2008. Instruction, public service, academic support and student services grew proportionate to the salary increase for the latter year. But institutional support and operation and maintenance of plant grew more than can be accounted for by the salary increase. Half of the increase in operation and maintenance of plant relates to special projects at one college. Instruction continues to be the highest proportion of the operating expenses accounting for 40.9% of the total for the year ended August 31, 2008 and 41.6% for the year ended August 31, 2007.

State appropriations for the year ended August 31, 2007 rose $2.7 million or 2.5% due to a slight increase in state group insurance funding, Small Business Development Center state match and the opening of RCHS at Richland. For the year ended August 31, 2008 the state appropriation revenue increased $7.3 million or 6.6%.

The largest share was due to the increased funding voted by the legislature for the new biennium for base funding and for state insurance and retirement benefits. Also the size of RCHS doubled creating double the state attendance funding. Net tax revenue increased for the year ended August 31, 2007 by $7.5 million or 6.5% over the previous year because of a 7.9% increase in the certified tax base. The higher tax base allowed the debt service rate to be reduced from $0.0038 to $0.0032 per $100 of valuation. The increase in the certified tax value was an even larger 10.6% for the year ended August 31, 2008 resulting in the District being able to lower its maintenance and operations tax rate from $0.0778 to $0.0759 per $100 of valuation. The debt service rate increased from $0.0032 to $0.0045 per $100 valuation because of the issuance of commercial paper as interim financing for the capital improvement program general obligation bonds. The net result was a 7.8% or $9.5 million increase in net tax revenue over the prior year. Investment income for the year ended August 31, 2007 increased $3.7 million or 42.1% as interest rates continued the rise started in 2005 and proceeds for general obligation bonds not spent in 2006, along with higher tax and state revenue, increased the amount of funds available for investment. But a shifting market caused a decline to start in 2008 that resulted in a reduction of $0.4 million or 3.0% in investment income by August 31, 2008. Another item to note is that the non-operating loss on disposal of fixed assets increased from $1.7 million for the year ended August 31, 2007 to $5.3 million for the year ended August 31, 2008. The biggest portion of the increased loss relates to the sale of the Universities Center of Dallas building owned by the District for approximately 10 years.

As a result of all of the activity described above, the net assets of the District increased $21.8 million for the year ended August 31, 2007 and an additional $21.7 million for the year ended August 31, 2008. Increases in state appropriations, the tax base, addition of the charter high school along with conservative spending all contributed to these increases in net assets.

Capital Asset and Non-Current Debt Activity

As of August 31, 2006, the District had recorded $546.4 million in capital assets, and $206.5 million in accumulated depreciation resulting in $340.0 million in net capital assets. For the year ended August 31, 2007, net capital assets increased $24.1 million or 7.1%. By August 31, 2008, the amounts had increased an additional $102.4 million or 28.1%.

On August 6, 2003 the District issued maintenance tax notes for the first time in the amount of $9.9 million followed by a second issue on April 6, 2004 for additional proceeds of $39.8 million, both issues to be financed by the maintenance and operations portion of ad valorem taxes. Texas statute dictates that projects financed by this means cannot include any new construction, but rather only maintenance projects. A somewhat aggressive repayment plan was established for the first set of notes with repayment completed in four years and the bulk in the first two years. The Series 2004 notes were set for repayment to be completed by 2021. The projects associated with the second issue were placed on a schedule designed to complete all projects in 18 months. The construction in progress decrease of $11.6 million for the year ended August 31, 2007, reflects the latter part of this program as these projects were completed and moved into building and building improvements, explaining part of the increase in buildings.

In the spring of 2004, the Board of Trustees presented its plan for issuance of general obligation bonds to the voters for funding needed expansion. Demographic studies and the Closing the Gaps report from the Texas Higher Education Coordinating Board indicated that enrollment needs might increase by as much as 25,000 students or almost 40% by the year 2015. After determining future career needs for the region to aid in identifying the type of buildings needed, the District held a series of community forums to present the capital improvement plan and the reason for it. The voters responded by passing with an overwhelming margin the request to issue $450 million of general obligation bonds over the next 6-7 years to fund the projects. This was the first time such a request had been made of voters by the District in almost thirty years. The first $67.4 million issue was sold September 14, 2004. Land for five new community campuses were to be purchased with part of the proceeds. This explains the increase in land assets of $8.8 million for the year ended August 31, 2007. Proceeds were also used to buy two buildings, one of which was subsequently traded in the fiscal year ended August 31, 2007 for another that more closely meets the needs for a new centralized administration office. The design phase of additional buildings planned in the capital improvement program is underway and selection of most of the construction managers at risk has also been made for the construction phase as well as significant progress on the construction itself. So while completion of maintenance tax note projects decreased construction in progress from 2006 to 2007, initial work on the bond projects offset the reduction in the level of construction in progress. For the year ended August 31, 2008, major construction efforts have significantly increased the construction in progress balance by $82.7 million.

The following table summarizes the breakdown of capital assets by fiscal year.

CAPITAL ASSETS, NET
YEARS ENDED AUGUST 31, 2006 THROUGH 2008
(In Thousands)

	Fiscal Year 2006	Difference	Fiscal Year 2007	Difference	Fiscal Year 2008
CAPITAL ASSETS:					
Land and improvements	$ 51,632	$ 8,787	$ 60,419	$ 2,296	$ 62,715
Buildings & building improvements	383,554	40,670	424,224	24,611	448,835
Equipment, furniture, and software	47,859	2,401	50,260	7,087	57,347
Library books	9,830	200	10,030	(1)	10,029
Construction in progress	53,509	(11,597)	41,912	82,702	124,614
Total	546,384	40,461	586,845	116,695	703,540
Less accumulated depreciation	(206,485)	(16,399)	(222,884)	(14,275)	(237,159)
Net capital assets	$ 339,899	$ 24,062	$ 363,961	$ 102,420	$ 466,381

In preparation for selling the general obligation bonds, Standard & Poors, Inc., Moody's Investors Service, Inc. and Fitch Ratings were all approached for a credit rating. After careful review of the District's financial information and other factors, all three organizations provided the District with their highest rating of AAA. Some of the reasons cited for the rating were (1) a strong tax base, (2) flexible revenue sources, and (3) strong fiscal management. Having the top rating from all three will provide an advantage to the District as future issues are sold. There are only a handful of community colleges in the country that have the highest rating from all three rating agencies.

Taking advantage of the interest rate environment, the District refunded its Series 2001 revenue bonds in December, 2006. The board set guidelines for the refunding in terms of savings of at least 3% selling not more than $30 million of refunding bonds for the callable portions of the debt. The sale exceeded the savings target and only $25.3 million of bonds were sold to refund $27.1 million of callable bonds.

In January 2006 the board approved a commercial program to be used as an interim financing method for the 2004 general obligation bond projects. The limit outstanding cannot exceed $150.0 million at any given time. Authority for community colleges to issue commercial paper was approved by the legislature in 2006. The first tranche of $25 million was issued in September 2007 followed by an additional $100 million in November 2007. The full amount was refunded by a new issue of general obligation bonds issued a few days subsequent to August 31, 2008. An RFP for flex repos for the commercial paper was issued and a vendor selected. The result was additional savings on interest expense based on arbitrage earnings expected.

Additional information on both capital assets and long term debt can be found in notes 5 and 6.

Currently Known Facts, Decisions and Conditions

All projects in the $450 million bond program are scheduled to be completed by 2010. The new community campuses are being located in areas of the county that have previously been underserved and/or have demonstrated need for education services. The first one opened in August 2008 with enrollment exceeding expectations. Two more are expected to be operational by the January 2009 and the final two later in 2009. As these campuses and other new buildings become operational, expenses are expected to increase to support them. However, they are expected also to bring in additional revenue as student enrollments are added.

Subsequent to the end of the year, the District issued $220 million of general obligation bonds, for which the District was again rated AAA by all three credit rating agencies. The proceeds were used to refund the $125 million outstanding in commercial paper and the remainder will be used in support of ongoing construction for the capital improvement program.

After several years in a row of modest tuition hikes, the last one occurring in Spring 2007, the District held the tuition firm in the year ending August 31, 2008. However, the District plans to increase tuition for Spring 2009 and to continue with an every other year pattern for increases in the future. Even with the increases, the District's tuition has been among the four lowest of Texas' 50 community colleges.

Contacting the District's Financial Management

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

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT EXHIBIT 1

STATEMENTS OF NET ASSETS
AUGUST 31, 2008 AND 2007

ASSETS	2008	2007
CURRENT ASSETS:		
Cash and cash equivalents	$ 55,802,575	$ 138,897,479
Short-term investments	21,006,510	-
Accounts receivable (net of allowance for uncollectible accounts)	21,650,742	18,812,128
Tuition and fees receivable (net of allowance for uncollectible accounts)	7,308,850	6,812,943
Taxes receivable (net of allowance for uncollectible accounts)	845,695	1,432,213
Deferred charges, net	15,047,428	14,079,524
Notes receivable	72,630	35,000
Inventories	458,948	555,835
Prepaid expenses	1,319,015	1,214,032
Total current assets	123,512,393	181,839,154
NON-CURRENT AND RESTRICTED ASSETS:		
Restricted cash and cash equivalents	32,096,655	16,371,029
Long-term investments	149,605,651	52,347,186
Deferred charges, net	2,387,172	2,714,615
Capital assets, net		
Not subject to depreciation	162,496,988	78,504,327
Subject to depreciation	303,884,362	285,455,908
Total non-current assets	650,470,828	435,393,065
TOTAL ASSETS	773,983,221	617,232,219
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	38,232,867	19,705,243
Accrued liabilities	3,611,123	3,413,719
Accrued compensable absences	6,355,237	6,205,931
Funds held for others	1,888,203	2,019,561
Deferred revenues	42,855,498	40,636,396
Notes payable—current portion	51,523	200,731
Bonds payable—current portion	136,763,477	11,210,468
Total current liabilities	229,757,928	83,392,049
NON-CURRENT LIABILITIES:		
Restricted liabilities - accrued interest	159,529	172,769
Accrued compensable absences	3,152,364	2,610,071
Notes Payable	-	51,523
Bonds payable	113,962,309	125,725,785
Total non-current liabilities	117,274,202	128,560,148
TOTAL LIABILITIES	347,032,130	211,952,197
NET ASSETS		
Invested in capital assets, net of related debt	237,335,157	236,562,615
Restricted for:		
Unexpended bond proceeds	8,020,843	8,798,993
Debt service	3,541,631	3,664,052
Unrestricted	178,053,460	156,254,362
TOTAL NET ASSETS (Schedule D)	$ 426,951,091	$ 405,280,022

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

EXHIBIT 1A

Dallas County Community College District Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

August 31,

ASSETS	2008	2007
CASH AND CASH EQUIVALENTS	$ 7,050,797	$ 3,597,034
INVESTMENTS		
Debt securities	3,811,541	3,633,307
Common stocks	16,028,297	18,410,235
Mutual funds	832,609	802,190
Alternative investments	-	2,940,489
Total investments	20,672,447	25,786,221
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	21,424	18,249
CONTRIBUTIONS RECEIVABLE, net	4,716,469	5,786,525
OTHER ASSETS	10,618	10,607
Total assets	$32,471,755	$35,198,636
LIABILITIES AND NET ASSETS		
ACCOUNTS PAYABLE	$ 483,607	$ 622,556
Total liabilities	483,607	622,556
NET ASSETS		
Unrestricted	1,164,965	3,627,114
Temporarily restricted	5,703,548	6,289,040
Permanently restricted	25,119,635	24,659,926
Total net assets	31,988,148	34,576,080
Total liabilities and net assets	$32,471,755	$35,198,636

See Note 23 of the primary government organization.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT — EXHIBIT 2

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED AUGUST 31, 2008 AND 2007

	2008	2007
OPERATING REVENUES:		
Tuition and charges (net of discounts of $20,431,339 and $18,852,197, respectively)	$ 53,799,943	$ 51,841,578
Federal grants and contracts	48,475,078	47,338,433
State grants and contracts	3,718,329	2,338,309
Non-governmental grants and contracts	4,222,822	4,263,025
Sales and services of educational activities	537,569	543,082
Auxiliary enterprises	5,914,528	6,662,918
General operating revenues	1,740,489	1,800,312
Total operating revenues (schedule A)	118,408,758	114,787,657
OPERATING EXPENSES:		
Instruction	141,111,698	137,496,559
Public service	10,838,878	10,580,926
Academic support	18,712,990	18,310,136
Student services	32,418,091	31,539,026
Institutional support	58,215,944	52,890,737
Operation and maintenance of plant	30,057,642	27,087,176
Scholarships and fellowships	26,383,520	24,053,166
Auxiliary enterprises	10,103,778	10,774,392
Depreciation	17,084,562	17,583,614
Total operating expenses (schedule B)	344,927,103	330,315,732
OPERATING LOSS	(226,518,345)	(215,528,075)
NON-OPERATING REVENUES (EXPENSES):		
State appropriations	118,060,941	110,739,997
Maintenance ad valorem taxes (net of bad debt and collection fee of $4,142,516 and $2,864,134, respectively	130,734,095	121,219,567
Gifts	204,826	65,255
Investment income	11,975,670	12,349,476
Interest on capital related debt	(6,149,046)	(4,992,086)
Loss on disposal of fixed assets	(5,343,392)	(1,736,343)
Other non-operating revenue	240,904	50,822
Other non-operating expense	(1,534,584)	(382,007)
Net non-operating revenues (Schedule C)	248,189,414	237,314,681
INCREASE IN NET ASSETS	21,671,069	21,786,606
NET ASSETS:		
Net Assets—Beginning of Year	405,280,022	383,493,416
Net Assets—End of Year	$ 426,951,091	$ 405,280,022

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

EXHIBIT 2A

Dallas County Community College District Foundation, Inc.

STATEMENTS OF ACTIVITIES

Years ended August 31,

	2008				2007			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, and other support								
Contributions	$ 147,484	$ 584,588	$ 484,709	$ 1,216,781	$ 255,626	$ 733,875	$ 526,696	$ 1,516,197
Interest income	119,510	341,166	-	460,676	186,316	341,849	-	528,165
Contributed salaries	247,325	-	-	247,325	199,971	-	-	199,971
Net realized gains (losses) on sale of investments	59,389	(36,180)	-	23,209	439,253	1,233,142	-	1,672,395
Net unrealized losses on investments	(2,442,517)	-	-	(2,442,517)	657,192	-	-	657,192
Net assets released from restrictions	1,500,066	(1,500,066)	-	-	1,628,463	(1,628,463)	-	-
Total revenues, gains and other support	(368,743)	(610,492)	484,709	(494,526)	3,366,821	680,403	526,696	4,573,920
Program and support services								
Grants and scholarships	1,625,556	-	-	1,625,556	1,863,996	-	-	1,863,996
Management and general	361,823	-	-	361,823	340,367	-	-	340,367
Fundraising	106,027	-	-	106,027	37,522	-	-	37,522
Total program and support services	2,093,406	-	-	2,093,406	2,241,885	-	-	2,241,885
Transfers between funds	-	25,000	(25,000)	-	(900)	(105,136)	106,036	-
Change in net assets	(2,462,149)	(585,492)	459,709	(2,587,932)	1,124,036	575,267	632,732	2,332,035
Net assets - beginning of year	3,627,114	6,289,040	24,659,926	34,576,080	2,503,078	5,713,773	24,027,194	32,244,045
Net assets - end of year	$ 1,164,965	$ 5,703,548	$ 25,119,635	$ 31,988,148	$ 3,627,114	$ 6,289,040	$ 24,659,926	$ 34,576,080

See Note 23 of the primary government organization.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT — EXHIBIT 3

STATEMENT OF CASH FLOWS
YEARS ENDED AUGUST 31, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers	$ 64,265,794	$ 58,173,489
Receipts from grants and contracts	54,881,326	54,886,290
Payments to suppliers for goods and services	(54,863,736)	(61,132,345)
Payments to or on behalf of employees	(229,954,679)	(223,447,603)
Payments for scholarships and fellowships	(27,100,786)	(24,908,162)
Loans issued to students	(104,456)	(60,417)
Collection of loans to students	71,340	30,412
Other receipts	1,740,489	1,454,088
Net cash used by operating activities	(191,064,708)	(195,004,248)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipts from ad valorem taxes	134,749,444	123,683,641
Payments for collection of taxes	(3,428,831)	(2,483,483)
Receipts from state appropriations	118,060,941	110,739,997
Receipts from student organizations and other agency transactions	16,122,264	15,392,591
Payments to student organizations and other agency transactions	(16,253,622)	(15,170,733)
Payments on notes - principal	(200,731)	(192,422)
Payments on notes - interest	(7,550)	(15,859)
Other receipts	240,904	50,822
Other payments	-	37,785
Net cash provided by non-capital financing activities	249,282,819	232,042,339
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Proceeds on issuance of capital debt	124,959,759	-
Proceeds from the sale of capital assets	781,251	22,856
Purchases of capital assets	(125,241,430)	(43,244,285)
Payments on capital debt - refunding	-	(2,964,464)
Payments on capital debt - principal	(10,790,000)	(10,255,000)
Payments on capital debt - interest	(7,993,714)	(6,039,918)
Net cash used by capital and related financing activities	(18,284,134)	(62,480,811)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	145,138,000	150,500,000
Interest on investments	8,382,993	9,985,987
Purchase of investments	(260,824,247)	(54,303,792)
Net cash provided by investing activities	(107,303,254)	106,182,195
INCREASE (DECREASE) CASH AND CASH EQUIVALENTS	(67,369,277)	80,739,475
CASH AND CASH EQUIVALENTS, SEPTEMBER 1	155,268,507	72,268,524
CASH AND CASH EQUIVALENTS, AUGUST 31	$ 87,899,230	$ 153,007,999
Reconciliation of net operating loss to net cash provided (used) by operating activities		
Operating loss	$ (226,518,345)	$ (215,528,075)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation expense	17,084,562	17,583,614
Bad debt expense	652,600	822,500
Changes in assets and liabilities:		
Receivables (net)	(2,973,171)	(2,281,949)
Deferred expenses	(773,560)	(1,320,953)
Inventories	96,887	(10,466)
Notes receivable	(37,630)	(22,454)
Prepaid expenses	(104,983)	102,422
Accounts payable	18,527,624	4,172,563
Accrued liabilities	70,607	(591,863)
Compensated absences	691,599	371,857
Deferred revenue	2,219,102	1,698,556
Net cash used by operating activities	$ (191,064,708)	$ (195,004,248)

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

EXHIBIT 3A

Dallas County Community College District Foundation, Inc.

STATEMENTS OF CASH FLOWS

Years ended August 31,

	2008	2007
Cash flows from operating activities		
Change in net assets	$ (2,587,932)	$ 2,332,035
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contributions restricted for long-term purposes	(484,709)	(526,696)
Net realized gains on sale of investments	(23,209)	(1,672,395)
Net unrealized losses (gains) on investments	2,442,517	(657,192)
Changes in operating assets and liabilities		
Accrued interest and dividends receivable	(3,175)	(8,717)
Contributions receivable	1,070,056	1,314,336
Other assets	(11)	13,241
Accounts payable	(138,949)	(216,964)
Net cash provided by operating activities	274,588	577,648
Cash flows from investing activities		
Proceeds from investment sales	23,495,203	10,740,443
Purchases of investments	(20,800,737)	(11,216,054)
Net cash provided by (used in) investing activities	2,694,466	(475,611)
Cash flows from financing activities		
Contributions restricted for long-term purposes	484,709	526,696
Increase in cash and cash equivalents	3,453,763	628,733
Cash and cash equivalents - beginning of year	3,597,034	2,968,301
Cash and cash equivalents - end of year	$ 7,050,797	$ 3,597,034

See Note 23 of the primary government organization.

1. REPORTING ENTITY

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Report Guidelines— In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* the District is classified as a special purpose government with all financial data of the District reflected as one business-type activity. The Statements of Net Assets display the financial position of the District at the end of each fiscal year and the Statements of Revenues, Expenses, and Changes in Net Assets display the operations of the District for the years ended August 31, 2008 and 2007. The financial statements are prepared using the economic resources measurement focus and the full accrual method of accounting.

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

Tuition Discounting

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

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

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

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

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

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

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

Deferred Charges—Current deferred charges of $14,926,570 and $13,946,425 represent expenses for scholarships and fellowships related to the periods after August 31, 2008 and 2007, respectively, and $120,858 and $133,099 represent bond issue costs to be amortized in the periods after August 31, 2008 and 2007, respectively.

The District defers and amortizes the production costs associated with instructional television programs and other related materials on a straight-line basis over the estimated useful life of such media, which ranges from two to five years. These materials are produced and used both internally for instruction and for lease by the District to other educational institutions. Aggregate deferred production costs, net of accumulated amortization, amounted to approximately $1,621,911 and $1,828,496 at August 31, 2008 and 2007, respectively, and have been included in the accompanying Statements of Net Assets as non-current deferred charges. In addition, $765,261 and $886,119, the non-current portion of bond issue costs being amortized over the life of the bonds, is included for the periods ended August 31, 2008 and 2007, respectively.

Capital Assets—Capital assets are stated at cost. Donated capital assets are recorded at their estimated fair value on the date received. The District reports depreciation under a single-line item as a business-type unit. For equipment, the District's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life in excess of one year. Library materials purchased during the fiscal year in an aggregate amount of $5,000 or more are subject to capitalization and depreciation. Buildings, land and land improvements that exceed $100,000 are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Equipment, furniture, telecommunications and peripheral equipment apply depreciation on a half-month convention. A full-year convention is applied for buildings, facilities and land improvements. Estimated useful lives of capital assets are established according to the following:

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

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

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

Operating and Non-Operating Revenue and Expense Policy—The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues are tuition and contracts and grants. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operations of the bookstore and food service are performed by a third party contracted by the District.

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

Reclassifications—Certain reclassifications have been made to prior year amounts in order to conform with Fiscal 2008 presentation. TPEG was previously presented as state revenue. THECB has asked that it be reported as local revenue. Therefore, fiscal 2007 amounts have been reclassified for this purpose. In addition, deposit for reserves has been included within restricted cash and cash equivalents in fiscal 2007.

3. DEPOSITS AND INVESTMENTS

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

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

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

The carrying amount of the District's deposits with financial institutions as of August 31, 2008 was $(9,227,285), and the bank balance was $(374,281). The carrying amount of the District's deposits with financial institutions as of August 31, 2007 was $(2,708,500), and the bank balance was $242,716. FDIC insures $250,000 of the District's bank balance, and the remaining balance is collateralized with securities.

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

	2008	2007
Bank deposits:		
Local funds - demand	$ (9,235,785)	$ (2,717,000)
Imprest funds	8,500	8,500
	(9,227,285)	(2,708,500)
Cash on hand	24,529	21,683
Cash and cash equivalents:		
Investment in Texpool	127,282	89,524,281
Investment in TexSTAR	96,974,704	68,431,044
	97,101,986	157,955,325
Total cash and cash equivalents	$ 87,899,230	$ 155,268,508

Investments—The District has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an Amendment of GASB Statement No. 3*, Disclosures are presented accordingly. The District is authorized to invest in obligations and instruments as defined in applicable sections of the current Texas Education Code and the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute. The investment policies of the District are governed by formally adopted procedures and allow investments as permitted under state laws for public institutions. Permissible investments under policy include U.S. Treasury notes, certificates of deposit purchased from FDIC-insured state or nationally chartered U.S. banks, fully collateralized repurchase agreements, no-load money market mutual funds, and securities issued by U.S. government agencies.

At August 31, 2008 and 2007, long-term investments consisted of U.S. government and agency securities. District policy requires that securities underlying its repurchase agreements must have a market value of at least 102% of the cost of the repurchase agreement and are to be collateralized with U.S. Treasury obligations or related securities which must be delivered to its depository banks for safekeeping. The District determines that, at least monthly, the collateral has a market value adequate to support such investments and that the collateral has been segregated by the bank.

Investments made by the District are carried at fair value, defined as the price at which two willing parties would complete an exchange. As of August 31, 2008, the District had the following cash equivalents and investments and maturities.

	Fair	Investment Maturities (in Years)				
	Value	Less than 1	1-2	2-3	3-4	4-5
U. S. Treasury notes	$ 24,109,640	$ -	$ -	$ -	$ -	$ 24,109,640
U. S. Agency notes and bonds	146,502,521	21,006,510	54,929,400	17,249,187	38,295,524	15,021,900
Investments in Texpool	127,282	127,282	-	-	-	-
Investments in TexSTAR	96,974,704	96,974,704	-	-	-	-
Total cash equivalents and investments	$ 267,714,147	$ 118,108,496	$ 54,929,400	$ 17,249,187	$ 38,295,524	$ 39,131,540

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District policy provides that investment maturities are limited to five years as a means of managing exposure to fair value losses arising from increasing interest rates. The District's philosophy is to hold all investments to their maturity.

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The District's investment policy limits any one type of investment to 75% of the total portfolio. Investment in U.S. Agency securities comprises 54.72% of the District's total portfolio at August 31, 2008.

<u>Reconciliation of Deposits and Investments to Exhibit 1</u>

	Fair Market Value August 31, 2008	Fair Market Value August 31, 2007
Total cash and cash equivalents	$ 87,899,230	$ 155,268,508
Total investments	170,612,161	52,347,186
Total	$ 258,511,391	$ 207,615,694
Per Exhibit 1:		
Cash and cash equivalents	$ 55,802,575	$ 138,897,479
Restricted cash and cash equivalents	32,096,655	16,371,029
Short-term investments	21,006,510	-
Long-term investments	149,605,651	52,347,186
Total	$ 258,511,391	$ 207,615,694

There were no investments held by broker-dealers under reverse repurchase agreements as of August 31, 2008 or 2007.

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

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

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

4. CURRENT ASSETS AND LIABILITIES

Receivables—Receivables at August 31, 2008 and 2007 were as follows:

	2008	2007
Ad valorem taxes	$ 7,113,757	$ 6,986,590
Student tuition and sales	8,344,785	7,841,970
Federal grants	17,445,681	15,071,902
State grants	868,204	364,309
Local grants	448,355	872,029
Interest on investments	1,209,445	195,496
Other receivables	1,745,911	2,359,841
Total receivables	37,176,138	33,692,137
Less allowances for uncollectible amounts:		
Ad valorem taxes	(6,268,062)	(5,554,377)
Student tuition and sales	(1,035,935)	(1,029,027)
Other receivables	(66,854)	(51,449)
Total allowances	(7,370,851)	(6,634,853)
Total receivables, net of allowances	$29,805,287	$27,057,284

Payables—Accounts Payable at August 31, 2008 and 2007 were as follows:

	2008	2007
Vendors payable	$31,071,014	$12,800,806
Salaries and benefits payable	45,079	41,504
Students payable	7,116,774	6,862,933
Total accounts payable	$38,232,867	$19,705,243

5. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2008 was as follows:

	Balance September 1, 2007	Increases/ Reclassifications	Decreases	Balance August 31, 2008
Capital assets not subject to depreciation:				
Land	$ 36,592,354	$ 1,290,966	$ -	$ 37,883,320
Construction in progress	41,911,973	116,410,473	(33,708,778)	124,613,668
Total not depreciated	78,504,327	117,701,439	(33,708,778)	162,496,988
Capital assets subject to depreciation:				
Buildings and building improvements	424,223,777	31,547,802	(6,936,157)	448,835,422
Land improvements	23,826,425	1,005,557	-	24,831,982
Furniture, machinery, vehicles, and other equipment	50,259,952	8,598,880	(1,511,979)	57,346,853
Library books	10,029,715	485,420	(486,143)	10,028,992
Total depreciated	508,339,869	41,637,659	(8,934,279)	541,043,249
Accumulated depreciation:				
Buildings and building improvements	(161,283,412)	(12,826,318)	1,139,844	(172,969,886)
Land improvements	(16,275,310)	(488,545)	-	(16,763,855)
Furniture, machinery, vehicles, and other equipment	(38,610,491)	(3,140,034)	1,410,515	(40,340,010)
Library books	(6,714,748)	(629,665)	259,277	(7,085,136)
Total accumulated depreciation	(222,883,961)	(17,084,562)	2,809,636	(237,158,887)
Net capital assets	$ 363,960,235	$ 142,254,536	$ (39,833,421)	$ 466,381,350

Capital assets activity for the year ended August 31, 2007 was as follows:

	Balance September 1, 2006	Increases/ Reclassifications	Decreases	Balance August 31, 2007
Capital assets not subject to depreciation:				
Land	$ 27,823,157	$ 10,294,933	$ (1,525,736)	$ 36,592,354
Construction in progress	53,509,332	29,506,468	(41,103,827)	41,911,973
Total not depreciated	81,332,489	39,801,401	(42,629,563)	78,504,327
Capital assets subject to depreciation:				
Buildings and building improvements	383,554,218	40,669,559	-	424,223,777
Land improvements	23,808,289	18,136	-	23,826,425
Furniture, machinery, vehicles, and other equipment	47,859,199	3,530,590	(1,129,837)	50,259,952
Library books	9,830,091	488,909	(289,285)	10,029,715
Total depreciated	465,051,797	44,707,194	(1,419,122)	508,339,869
Accumulated depreciation:				
Buildings and building improvements	(147,929,747)	(13,353,665)	-	(161,283,412)
Land improvements	(15,774,284)	(501,026)	-	(16,275,310)
Furniture, machinery, vehicles, and other equipment	(36,566,938)	(3,092,869)	1,049,316	(38,610,491)
Library books	(6,213,693)	(636,054)	134,999	(6,714,748)
Total accumulated depreciation	(206,484,662)	(17,583,614)	1,184,315	(222,883,961)
Net capital assets	$ 339,899,624	$ 66,924,981	$(42,864,370)	$ 363,960,235

6. NON-CURRENT LIABILITIES

Non-current liability activity for the year ended August 31, 2008 was as follows:

	Balance September 1, 2007	Additions	Reductions	Balance August 31, 2008	Current Portion
Series 1998 Revenue Financing System Refunding Bonds	10,135,000	-	(1,840,000)	8,295,000	1,925,000
Series 2001 Revenue Financing System Bonds	5,250,000	-	(1,675,000)	3,575,000	1,750,000
Series 2006 Revenue Financing System Refunding Bonds	25,275,000	-	-	25,275,000	-
Series 2004 Maintenance Tax Notes	30,450,000	-	(4,975,000)	25,475,000	5,355,000
Series 2004 General Obligation Bond	63,035,000	-	(2,300,000)	60,735,000	2,370,000
Unamortized bond premium	3,843,682	-	(537,782)	3,305,900	480,790
Deferred Loss on Bond Refunding	(1,052,429)	-	117,315	(935,114)	(117,315)
Accrued interest	172,769	-	(13,240)	159,529	-
Note payable	252,254	-	(200,731)	51,523	51,523
Compensable absences	8,816,002	691,599	-	9,507,601	6,355,237
Total	$146,177,278	$ 691,599	$ (11,424,438)	$ 135,444,439	$18,170,235

Non-current liability activity for the year ended August 31, 2007 was as follows:

	Balance September 1, 2006	Additions	Reductions	Balance August 31, 2007	Current Portion
Series 1998 Revenue Financing System Refunding Bonds	$ 11,890,000	$ -	$ (1,755,000)	$ 10,135,000	$ 1,840,000
Series 2001 Revenue Financing System Bonds	33,905,000	-	(28,655,000)	5,250,000	1,675,000
Series 2006 Revenue Financing System Refunding Bonds	-	25,275,000	-	25,275,000	-
Series 2003 Maintenance Tax Notes	585,000	-	(585,000)	-	-
Series 2004 Maintenance Tax Notes	34,545,000	-	(4,095,000)	30,450,000	4,975,000
Series 2004 General Obligation Bonds	65,250,000	-	(2,215,000)	63,035,000	2,300,000
Unamortized bond premium	4,076,355	701,692	(934,365)	3,843,682	537,781
Deferred Loss on Bond Refunding	-	(1,130,637)	78,208	(1,052,429)	(117,313)
Accrued interest	181,832	-	(9,063)	172,769	-
Note payable	444,676	-	(192,422)	252,254	200,731
Compensable absences	8,444,145	371,857	-	8,816,002	6,205,931
Total	$ 159,322,008	$ 25,217,912	$ (38,362,642)	$ 146,177,278	$ 17,617,130

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

	Bonds Issued to Date	Range of Interest Rates	Maturities First Year	Maturities Last Year	Maturities First Call Date
Series 1998 Revenue Financing System Refunding Bonds	$ 16,550,000	4.00%-5.25%	1998	2012	2/15/2009
Series 2001 Revenue Financing System Bonds	40,000,000	4.00%-5.375%	2002	2021	2/15/2010
Series 2006 Revenue Financing System Refunding Bonds	25,275,000	4.00%-5.00%	2011	2021	2/15/2017
Series 2003 Maintenance Tax Notes	9,850,000	2.00%-3.00%	2003	2007	N/A
Series 2004 Maintenance Tax Notes	38,555,000	2.00%-5.00%	2004	2021	2/15/2010
Series 2004 General Obligation Bonds	67,375,000	3.00%-5.00%	2005	2025	2/15/2013

On June 15, 1998, the District issued $16,550,000 in Series 1998 Revenue Financing System Refunding Bonds ("Series 1998 Bonds") to advance refund $15,140,000 of outstanding Series 1992 Bonds. The resources were used to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Series 1992 Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statements of Net Assets. The Series 1998 Bonds bear interest at 4.00% to 5.25%. All authorized amounts have been issued to date. The Series 1998 Bonds constitute parity obligations and are special obligations of the District equally and ratably secured solely by and payable solely from a pledge of and lien on the pledged revenues as described below. The pledged revenues consist of, subject to the provisions of the resolutions authorizing the issuance of the prior encumbered obligations, the revenue funds, including all of the funds and balances now or hereafter lawfully available to the District and derived from or attributable to the financing system which are lawfully available to the District for payments on parity obligations. As additional security, a Bond Reserve fund was established at an amount equal to the average annual principal and interest requirements on the Series 1998 Bonds. At August 31, 2008, the Bond Reserve fund amounted to $2,282,037.

On February 1, 2001, the District issued $40,000,000 in Series 2001 Revenue Financing System Bonds ("Series 2001 Bonds") to finance the cost of various new facilities and improvements to existing facilities. All authorized amounts have been issued to date. The Series 2001 Bonds bear interest from 4.00% to 5.375%. On December 15, 2006 revenue financing system refunding bonds were issued to advance refund $27,050,000 of the Series 2001 Bonds due from 2011 through 2021. The portion of the Series 2001 Bonds that remains outstanding as of August 31, 2008 is $3,575,000. The Series 2001 Bonds constitute parity obligations and are special obligations of the District equally and ratably secured solely by and payable solely from a pledge of and lien on the pledged revenues as described below. The pledged revenues consist of, subject to the provisions of the resolutions authorizing the issuance of the prior encumbered obligations, the revenue funds, including all of the funds and balances now or hereafter lawfully available to the District and derived from or attributable to the financing system which are lawfully available to the District for payments on parity obligations. At August 31, 2008, there is no Bond Reserve Fund requirement, due to the in substance defeasance of the bonds maturing between 2011 and 2021.

On August 6, 2003, pursuant to authority conferred by the Constitution and the laws of the State of Texas, including Sections 45.108 and 130.084, Texas Education Code, as amended, the District issued $9,850,000 of Maintenance Tax Notes ("Series 2003 Notes") and on April 6, 2004 $38,555,000 of Maintenance Tax Notes ("Series 2004 Notes"). The proceeds of the notes are being used to pay for planned maintenance expenses associated with various facilities of the District. The notes are direct obligations of the District payable from a continuing direct annual ad valorem tax pursuant to the District's maintenance tax authority, with the limits prescribed by law, on all taxable property in the District. Debt issue costs are being amortized over the life of the notes. As of August 31, 2008 there is no outstanding obligation for the Series 2003 Notes as they have been paid in full. The outstanding amount on the Series 2004 Notes is $25,475,000 at August 31, 2008.

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

On December 15, 2006 the District advance refunded $27,050,000 of its outstanding Series 2001 Bonds for maturities 2011 and later by issuing $25,275,000 in Series 2006 Revenue Financing System Refunding Bonds ("Series 2006 Bonds"). All Series 2006 Bonds authorized have been issued to date. The average interest rate of the refunding bonds is 4.408% with a coupon range of 4.000-5.000%. After payment of $413,578 in underwriting fees, insurance, and other issuance costs, all resources from the Series 2006 Bonds including transfers of $2,965,199 of Series 2001 Bonds debt service funds were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 2001 Series bonds. The Series 2001 Bonds are considered fully defeased for maturities 2011 and later and the liability for those bonds has accordingly been removed from the Statement of Net Assets. Advance refunding of the 2001 Series bonds reduces the District's debt service payments by $2,444,134. An economic gain (the difference between net present values of the debt service payments on the old and new debt adjusted for cash paid out) of $1,208,966 was obtained by the advance refunding. The accounting "loss" that resulted from the bond refunding is $1,130,637 and is being amortized over the life of the new debt by the effective interest method.

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

	Principal	Interest	Total
Year ended August 31:			
2009	$ 11,400,000	$ 5,222,866	$ 16,622,866
2010	11,990,000	4,760,854	16,750,854
2011	12,540,000	4,303,399	16,843,399
2012	13,170,000	3,804,658	16,974,658
2013	7,035,000	3,400,014	10,435,014
2014 - 2018	27,910,000	13,037,587	40,947,587
2019 - 2023	29,300,000	5,781,311	35,081,311
2024 - 2025	10,010,000	504,500	10,514,500
	$123,355,000	$40,815,189	$164,170,189

As of August 31, 2008 the District had the following defeased bonds outstanding:

Bond Issue	Year Refunded	Par Value Outstanding
Series 1992 Revenue Financing System Bonds	1998	$ 8,985,000
Series 2001 Revenue Financing System Bonds*	2006	27,050,000
		$ 36,035,000

*The District still has a liability for $3,575,000 in outstanding 2001 Series Bonds.

The note payable accrues interest at 4.25% and is payable in quarterly installments beginning on November 30, 2002. Principal and interest are payable as follows:

	Principal	Interest	Total
Year ended August 31:			
2009	$ 51,523	$ 547	$ 52,070
	$ 51,523	$ 547	$ 52,070

In 2008 the District incurred $7,568,387 in interest cost, of which $6,149,046 was expensed and $1,419,341 was capitalized. In 2007, the District incurred $5,122,572 in interest cost, of which $4,992,086 was expensed and $130,486 was capitalized.

At its April 3, 2007 meeting, the Board of Trustees of the Dallas County Community College District passed a resolution approving the use of a Commercial Paper Program for use as an interim financing tool for the $450 million, voter-approved, capital improvement program ultimately financed by Interest and Sinking ad valorem taxes. Commercial paper was approved under Texas Government Code Chapter 1371 as a financing instrument available to junior colleges with a headcount of greater than 40,000 by legislative action during a special session in 2006. The Board set the limit for the commercial paper program line of credit to be no more than $150 million at any given time. The first $25 million of commercial paper was issued on September 26, 2007 and an additional $100 million on November 6, 2007. Due dates can vary from 1 to 270 days. The paper was rolled over several times during the year. At August 31, 2008 the District still had $125,000,000 in commercial paper outstanding.

7. RETIREMENT PLAN

The State of Texas has joint contributory retirement plans for almost all its employees. One of the primary plans in which the District participates is administered by the Teacher Retirement System of Texas “the System”.

Teacher Retirement System of Texas –

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

Funding Policy – Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member’s annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize the System’s unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2008 and 2007 and a state contribution rate of 6.58% for the year ended August 31, 2008 and 6.0% for the year ended August 31, 2007. In certain instances the reporting district is required to make all or a portion of the state’s contribution amounts.

District employees who are employed for one half or more of the standard workload and who are not exempted from membership under Texas Revised Civil Statutes are eligible to participate in the System. Employees who retire at or after age 65 with 5 years of creditable service or age 60 with 20 years of service or age 55 with 30 years of service are entitled to full retirement benefits. Eligible employees may receive reduced benefits at age 55 with at least 5 years of service or at any age with 30 or more years of service. For 2008, the percentages of participant salaries contributed by the state and by each participant were 6.58% and 6.40%, respectively, of annual compensation and for 2007, the percentages of participant salaries contributed by the state and by each participant were 6.00% and 6.40%, respectively, of annual compensation. The payroll for employees covered by the System for the years ended August 31, 2008 and 2007 was $97,474,055 and $92,621,584, respectively. The total payroll of the

District was $195,168,177 and $188,544,832 for the years ended August 31, 2008 and 2007, respectively.

Optional Retirement Plan –

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

Funding Policy **–** Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. For 2008, the percentages of participant salaries contributed by the state and by each participant were 6.58% and 6.65%, respectively, of annual compensation and for 2007, the percentages of participant salaries contributed by the state and by each participant were 6.00% and 6.65%, respectively. In addition, the District contributed 1.92% and 2.5% of annual compensation for each participant hired on or before August 31, 1995 for the years ended August 31, 2008 and 2007, respectively. The payroll for employees covered by the optional retirement plan for the years ended August 31, 2008 and 2007 was $60,551,812 and $59,759,241, respectively. Since these are individual annuity contracts, the State has no additional or unfunded liability for this program.

The retirement expense to the State for the District was $9,064,309 and $7,996,595 for the fiscal years ended August 31, 2008 and 2007, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the District.

8. DEFERRED COMPENSATION PLAN

The District has established a deferred compensation plan under which selected executives may elect to defer a portion of their earnings for tax and investment purposes pursuant to authority granted in Government Code §609.001. For the years ended August 31, 2008, and August 31, 2007, the District had one employee participating in the program.

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

9. COMPENSABLE ABSENCES

Full-time professional support staff and administrators earn annual leave from one to two days per month depending on the length of employment with the District. The policy of the District is that an employee may carry his or her accrued leave forward from one fiscal year to another fiscal year with a maximum number of days up to 48. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. At August 31, 2008, the District has recognized the accrued liability for the unpaid annual leave, including amounts for salary-related payments, for $9,507,601, of which $6,355,237 was recorded as a current liability and $3,152,364 was recorded as a non-current liability. As of August 31, 2007, the District had recognized the accrued liability for the unpaid annual leave, including amounts for salary-related payments, for $8,816,002 of which $6,205,931 was recorded as a current liability and $2,610,071 was recorded as a non-current liability. Sick leave, which can be accumulated up to 66 days, is earned at the rate of one day per month. It is used by an employee who misses work because of illness. The policy of the District is to recognize the cost of sick leave when paid. Employees are not entitled to be paid for sick leave accrued but not taken upon termination. Accordingly, no liability for sick leave is reflected in the accompanying Statements of Net Assets. The same applies to extenuating circumstance leave which accrues at a rate of 2 days per year to a maximum of 4 days but is not payable on termination.

10. COMMITMENTS AND CONTINGENCIES

Commitments—The District has entered into contracts for the planning and construction of new facilities, as well as for the renovation and repair of existing campuses within the District. Commitments remaining under such contracts at August 31, 2008 are $193,631,556.

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

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

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

11. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENTS

Included in operating expenses is $2,317,309 and $2,418,007 of rent paid during fiscal years 2008 and 2007, respectively.

Future minimum lease payments under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2008 are as follows:

Year Ended	Minimum Future Lease Payments
2009	$ 1,657,338
2010	1,183,496
2011	212,851
Total	$ 3,053,685

12. CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with US GAAP. Funds received but not expended during the reporting period are shown as deferred revenues on the Statements of Net Assets. Revenues are recognized on the Statements of Revenues, Expenses and Changes in Net Assets as funds are actually expended. For federal contract and grant awards, funds expended but not collected are reported as accounts receivable on the Statements of Net Assets. Non-federal contract and grant awards for which funds are expended but not collected are also reported as accounts receivables on the

Statements of Net Assets. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multiyear awards, or funds awarded during fiscal year 2008 for which monies have not been received nor funds expended totaled $32,526,937. Of this amount, $29,718,890 is from federal contract and grant awards, $2,132,093 is from state contract and grant awards and $675,954 is from local contract and grant awards. Contract and grant awards funds already committed, e.g., multiyear awards, or funds awarded during fiscal year 2007 for which monies have not been received nor funds expended totaled $28,011,972. Of this amount, $26,187,138 is from federal contract and grant awards, $1,369,221 is from state contract and grant awards and $455,613 is from local contract and grant awards.

13. SELF-INSURED PLANS

Prior to August 31, 1998 the District was self-insured for workers' compensation. The accrued liability for claims incurred but not yet developed under the self-insured plan is approximately $265,788 and $268,423 as of August 31, 2008 and 2007, respectively, and is included in the accompanying Statements of Net Assets. The accrued liability balance is based upon third party actuarial information. Future payments for the incurred claims will be paid from the accrued liability.

Effective September 1, 1998 the District implemented a guaranteed cost workers' compensation insurance program to handle workers' compensation claims. The District returned to a self-insured plan effective September 1, 2002. Accordingly a liability has been recorded as of August 31, 2008 and 2007, respectively, for $273,574 and $294,864 and is included in accrued liabilities in the accompanying Statements of Net Assets.

Self-insurance activity for the years ended August 31, 2007 and 2008 was as follows:

Accrued Claim Liability for the Year Ended August 31	Balance September 1	Additions	Reductions in Liability/ Claims Paid	Balance August 31
2007	$ 526,951	$ 193,066	$ (425,153)	$ 294,864
2008	294,864	410,164	(431,454)	273,574

14 HEALTH CARE AND LIFE INSURANCE BENEFITS

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

For the year ended August 31, 2008, the state's maximum contribution per full-time employee was $360.54 per month for the year and totaled $4,326.48 per employee for the year. The state also paid an additional amount for a spouse, child(ren), or both for a maximum amount of $566.57, $498.49, and $704.52 per month, respectively. The cost of providing those benefits for the year was $4,106,646 for 823 retirees and $15,580,187 for 3,111 active employees.

The state's maximum contribution per full-time employee for the year ended August 31, 2007 was $360.54 per month for an annualized cost of $4,326.48 per employee. The state also paid an additional amount for a spouse, child(ren), or both for a maximum amount of $566.57, $498.49, and $704.52 per month respectively. The actual cost of providing those benefits for the year was $3,930,446 for 789 retirees and $15,496,907 for 3,032 active employees.

The health insurance expense to the state for the District was $16,065,571 and $15,634,130 for the fiscal years ended August 31, 2008 and 2007 respectively. The amounts represent the portion of expended appropriations made by the State Legislature on behalf of the District.

The Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*, has been issued and is effective for the fiscal year ending August 31, 2008. The following information is provided to comply with the requirements of the new statement.

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

Funding Policy. Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution. The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy, which is actuarially determined in accordance with the parameters of GASB Statement 45. The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to the plan for the years ended August 31, 2008, 2007 and 2006 were $3,621,262, $3,793,223 and $3,777,844, respectively, which equaled the required contributions each year.

15. RELATED PARTIES

During the year, the District furnished certain services such as office space, utilities, and some staff assistance to the Foundation as discussed in Notes 1 and 23.

The Richland Collegiate High School is a charter school operated by the District and is reported in the financial statements as a blended unit with the District.

16. AD VALOREM TAX

Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year. Taxes levied for the years ended August 31, 2008 and 2007 were $135,224,155 and $123,162,321, respectively (which includes any penalties and interest assessed, if applicable).

The District is permitted by Texas State law to levy taxes up to $.16 per $100 of assessed valuation on real property for general governmental services and $.50 per $100 of assessed valuation on real property for the payment of principal and interest on long-term debt. The combined tax rate levied by the District in 2008 and 2007 to finance the operations and maintenance as well as debt service was $.0804 and $.0810, respectively, per $100 of assessed valuation on real property, leaving a tax margin of $.5796 and $.5790, respectively, per $100 of assessed valuation on real and personal property. Approximately $965,396,658 of additional taxes could be raised per year based on the 2008 assessed value of $166,562,570,326 for real property before the limit is reached. In 2007 approximately $883,690,753 of additional taxes could have been raised per year based on the 2007 assessed value of $152,623,618,757 for real property before the limit would have been reached.

At August 31, 2008 and 2007:

	2008	2007
Assessed valuation of the District	$202,897,588,900	$186,011,810,850
Less exemptions	36,335,018,574	33,388,192,093
Net assessed valuation of the District	$166,562,570,326	$152,623,618,757

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

Gross Taxes Collected - 2008	Current Operations	Debt Service	Total
Current	$ 117,701,128	$ 13,322,580	$ 131,023,708
Delinquent	1,704,592	59,965	1,764,557
Penalties and interest	2,088,346	-	2,088,346
Total collections	$ 121,494,066	$ 13,382,545	$ 134,876,611

Gross Taxes Collected - 2007	Current Operations	Debt Service	Total
Current	$ 110,137,308	$10,692,098	$ 120,829,406
Delinquent	1,938,318	42,420	1,980,738
Penalties and interest	1,273,557	-	1,273,557
Total collections	$ 113,349,183	$10,734,518	$ 124,083,701

Tax collections for the years ended August 31, 2008 and 2007 were approximately 98% of the current tax levy for both years. Allowances for uncollectible taxes (see Note 4) are based upon historical experience in collecting ad valorem taxes.

Under GASB 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, ad valorem taxes are an imposed non-exchange revenue. Assets from imposed non-exchange transactions are recorded when the entity has an enforceable legal claim to the asset or when the entity receives resources, whichever comes first. The enforceable legal claim date for ad valorem taxes is the assessment date. Accordingly, the District has recognized all assessed taxes in the current year and recorded a receivable for uncollected taxes.

17. DEFERRED REVENUES

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

Deferred revenue balances at August 31, 2008 and 2007 are as follows:

	2008	2007
Deferred revenues related to students and other customers	$27,915,755	$26,440,937
Deferred revenues related to grants and contracts	14,939,743	14,195,459
Total deferred revenues	$42,855,498	$40,636,396

18. BUDGETARY DATA

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for current operating funds for the fiscal year beginning September 1. The budget, which is prepared on the accrual basis of accounting, is adopted by the Board of Trustees of the District. A copy of the approved budget must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board and Legislative Reference Library.

19. INCOME TAXES

The District is exempt from income taxes under Internal Revenue Code Section 115, “Income of States, Municipalities, Etc.,” although unrelated income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), “Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations.” The District had no material unrelated business income tax liability for the years ended August 31, 2008 or 2007.

20. TAX INCREMENT FINANCING DISTRICTS

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

TIF Title	Percentage of Incremental Tax Committed	Taxes Forgone in 2008	Taxes Forgone in 2007
Cityplace	100%	$ 325,693	$ 272,003
Oak Cliff Gateway	100	27,649	16,077
City of Irving	100	267,820	148,117
City of Farmers Branch Mercer Crossing	35	26,537	12,094
City of Farmers Branch Old Farmers Branch	100	3,169	1,922
City of Grand Prairie #1	100	44,893	17,374
City of Grand Prairie #2	100	57,346	53,487
City of Grand Prairie #3	100	7,984	5,803
Total taxes forgone		$ 761,091	$ 526,877

21. GENERAL OPERATING REVENUES

General operating revenues of $1,740,489 and $1,800,312 for the years ended August 31, 2008 and 2007, respectively, consist of a variety of miscellaneous revenues that include such items as payments for parking citations, room rental income, certain ticket sales, credit by exam income, etc. The largest amount is $400,000 of revenue for leased land each year.

22. AUXILIARY ENTERPRISES

Contracted Services—Many of the services offered through auxiliary enterprises are contracted to third parties who pay commissions to the District. Currently the bookstores, the cafeterias, and food and beverage vending machine service are all outsourced.

Other facets of auxiliary enterprises are operated by the District but do not involve discounted revenue.

Student Programs—Auxiliary enterprises revenue includes income earned from miscellaneous student programs and activities. Some of the revenues encompass those generated by ticket sales for plays and concerts, copy machine usage, returned check handling charges, locker rentals, advertising in the student newspaper, health services such as tuberculosis tests, etc.

23. COMPONENT UNITS

Dallas County Community College District Foundation, Inc.—Discretely Presented Component Unit

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

The following footnotes are excerpted from the Foundation's audited financial statements:

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

General

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

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Foundation maintains its accounts in accordance with the principles of fund accounting. Resources for various purposes are classified into funds that are in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund. For reporting purposes, however, the Foundation classifies net assets and revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- **Unrestricted Net Assets** - Net assets that are not subject to donor-imposed restrictions and may be used for any operating purpose of the Foundation.

- **Temporarily Restricted Net Assets** - Net assets that are subject to donor-imposed stipulations that require the passage of time and/or the occurrence of a specific event.

- **Permanently Restricted Net Assets -** Net assets required to be maintained in perpetuity, with only the income used for operating activities, due to donor-imposed restrictions.

Cash and Cash Equivalents

The Foundation considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents include money market funds totaling $7,050,797 and $3,597,034 as of August 31, 2008 and 2007, respectively. The Foundation maintains cash and cash equivalents at financial institutions, which at times may not be federally insured or may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on such accounts.

Investments

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

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

The Foundation maintains an investment management agreement with Smith Asset Management Group, L.P.; Snow Capital Management; and Barrow Henley, Mewhinney and Strauss whereby they manage the Foundation's investments in a manner consistent with the investment goals and policies established by the Board of Directors.

Contributions

Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted using the risk-free rate. Amortization of discounts is recorded as additional contributions in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible receivables is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fund-raising activity. Amounts deemed by management to be uncollectible are charged to expenses. Recoveries on receivables previously charged-off are credited to expenses. Management believes that all outstanding pledges are collectible and no allowance is necessary as of August 31, 2008 and 2007.

Contributed Services

The salaries of certain Foundation employees have been donated by the District. The estimated fair value of these contributed services is $247,325 and $199,971 for 2008 and 2007, respectively, and has been included in revenues, gains, and other support and management and general expenses in the accompanying statement of activities.

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

Federal Income Taxes

The Foundation is exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended, as an organization described in Section 501(c)(3) of the IRC. However, income generated from activities unrelated to the Foundation's exempt purpose is subject to tax under IRC Section 511. The Foundation did not have any unrelated business income for the years ended August 31, 2008 and 2007. The Foundation is not considered a private foundation under Section 509(a) of the IRC.

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

Use of Estimates

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

Reclassifications

In order to conform to the current year presentation, the Foundation reclassified $802,109 related to fiscal year 2007, respectively, from cash and cash equivalents to investments, as these amounts represented mutual funds with a maturity of greater than three months.

NOTE B - INVESTMENTS

Investments are composed of the following as of August 31:

	2008		2007	
	Cost	Fair value	Cost	Fair value
Corporate bonds	$ 3,288,778	$ 3,811,541	$ 3,325,525	$ 3,633,307
Corporate stocks	12,334,727	16,028,297	12,032,655	18,410,235
Mutual funds	859,053	832,609	818,844	802,190
Alternative investments	-	-	3,000,000	2,940,489
	$16,482,558	$20,672,447	$19,177,024	$25,786,221

1

Through most of 2007, the alternative investments consisted of an investment in Clover Partners, LP, which in turn invested in Shamrock Market Neutral Fund, LP. On August 31, 2007 the alternative investment was in the process of being liquidated and the investment consisted solely of money market funds as of this date. In 2008, these funds were distributed to the Foundation.

Subsequent to year-end, the credit and liquidity crisis in the United States and throughout the global financial system, often referred to as the "Sub-Prime Lending Crisis," has resulted in substantial volatility in world financial markets and the banking system. These and other events have had a significant negative impact on foreign and domestic financial markets. As a result, the Foundation's investment portfolio has incurred volatility in fair value since September 30, 2008. However, because the values of the Foundation's individual investments have and will fluctuate in response to changing market conditions, the amount of losses that may be recognized in subsequent periods, if any, cannot be determined.

1

NOTE C - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following unconditional promises to give:

	August 31, 2008	August 31, 2007
Contributions receivable	$5,391,000	$6,705,100
Less unamortized discount ranging from 3.84% to 5.07% at August 31, 2008 and 3.84% at August 31, 2007	(674,531)	(918,575)
	$4,716,469	$5,786,525

The maturity of contributions receivable as of August 31, 2008 is as follows:

Less than one year	$ 991,000
One to five years	3,700,000
More than five years	700,000
	$5,391,000

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted as follows:

	August 31, 2008	August 31, 2007
Grants and Scholarships	$5,703,548	$6,289,040

NOTE E - PERMANENTLY RESTRICTED NET ASSETS

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

	August 31, 2008	August 31, 2007
Grants and Scholarships	$25,119,635	$24,659,926

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

NOTE F - NET ASSETS RELEASE FROM RESTRICTIONS

The source of net assets released from restrictions by incurring expense satisfying the restricted purpose or occurrence of events specified by the donor were as follows:

	August 31, 2008	August 31, 2007
Grants and Scholarships	$1,500,066	$1,628,463

NOTE G - TRANSACTIONS WITH RELATED PARTIES

Contributions Receivable

In 2006, the Foundation received multi-year contribution pledges from a Foundation board member and an entity controlled by a Foundation board member in the amount of $500,000 and $120,000, respectively. At August 31, 2008 and 2007 the remaining receivable for the pledges from a Foundation board member and an entity controlled by a Foundation board member were $200,000 and $40,000, respectively and $200,000 and $40,000, respectively.

Due to Affiliate

At August 31, 2008 and 2007, the Foundation owed the District $422,432 and $617,571, respectively for scholarships and grants, which is reflected in accounts payable in the accompanying statement of financial condition.

24. RICHLAND COLLEGIATE HIGH SCHOOL OF MATHEMATICS, SCIENCE AND ENGINEERING—CHARTER HIGH SCHOOL OPERATED BY THE DISTRICT

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

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

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets for the years ended August 31, 2008 and 2007 for Richland Collegiate High School alone are presented below.

RICHLAND COLLEGIATE HIGH SCHOOL **EXHIBIT 1**

With TEA Classifications

STATEMENTS OF NET ASSETS

AUGUST 31, 2008 AND 2007

Data Control Codes	ASSETS	2008	2007
	CURRENT ASSETS:		
1100	Cash and cash equivalents	$ 181,161	$ 65,784
1240	Accounts Receivable (net) -Due from TEA	-	249,730
	Total current assets	181,161	315,514
	NON-CURRENT AND RESTRICTED ASSETS:		
1800	Total non-current assets	-	-
1000	TOTAL ASSETS	181,161	315,514
	LIABILITIES		
	CURRENT LIABILITIES:		
2501	Due to District (parent organization)	$ -	$ 249,730
	Total current liabilities	-	249,730
	NON-CURRENT LIABILITIES:		
2502	Loan payable to Richland College	-	380,678
	Total non-current liabilities	-	380,678
2000	TOTAL LIABILITIES	-	630,408
	NET ASSETS		
3200	Invested in capital assets, net of related debt	-	-
3900	Unrestricted	181,161	(314,894)
3000	TOTAL NET ASSETS	$ 181,161	$ (314,894)

RICHLAND COLLEGIATE HIGH SCHOOL **EXHIBIT 2**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED AUGUST 31, 2008 AND 2007

District Presentation

	2008	2007
OPERATING REVENUES:		
Federal grants and contracts	68,372	285,487
Total operating revenues	68,372	285,487
OPERATING EXPENSES:		
Instruction	1,032,513	378,103
Public Service	89,420	-
Academic support	12,518	98,912
Student services	150,512	391,238
Institutional support	401,990	314,487
Total operating expenses	1,686,953	1,182,740
OPERATING LOSS	(1,618,581)	(897,253)
NON-OPERATING REVENUES (EXPENSES):		
State appropriations	2,099,889	1,047,146
Investment income	14,747	9,682
Net non-operating revenues	2,114,636	1,056,828
INCREASE IN NET ASSETS	496,055	159,575
NET ASSETS:		
Net Assets—Beginning of Year	(314,894)	(474,469)
Net Assets—End of Year	$ 181,161	$ (314,894)

TEA Classifications

Data Control Codes		2008	2007
	OPERATING REVENUES:		
5929	Federal grants revenue distributed by TEA	68,372	285,487
5020	Total operating revenues	68,372	285,487
	OPERATING EXPENSES:		
0011	Instruction	1,121,933	474,064
0012	Instructional resources and media services	538	237,670
0013	Curriculum Development & Instructional	11,980	-
0031	Guidance, counseling and evaluation services	131,717	106,886
0033	Health services	8,448	7,595
0035	Food service	3,314	962
0036	Extracurricular Activities	7,033	-
0023	School leadership	242,673	235,543
0041	General administration	122,792	88,009
0052	Security and monitoring services	36,525	32,011
6030	Total operating expenses	1,686,953	1,182,740
1100	OPERATING LOSS	(1,618,581)	(897,253)
	NON-OPERATING REVENUES (EXPENSES):		
5800	State appropriations	2,099,889	1,047,146
5742	Investment income	14,747	9,682
	Net non-operating revenues	2,114,636	1,056,828
1200	INCREASE IN NET ASSETS	496,055	159,575
	NET ASSETS:		
0100	Net Assets—Beginning of Year	(314,894)	(474,469)
3000	Net Assets—End of Year	$ 181,161	$ (314,894)

25. SUBSEQUENT EVENTS

On September 4, 2008, the District issued its second tranche of general obligation bonds approved by voters in the May 2004 $450 million bond election. With a par amount of $211,975,000 these bonds ("Series 2006 Bonds") were sold with a reoffering premium of $9,629,583 and accrued interest of $938,667. The bonds were sold in $5,000 increments with interest rates varying from 3.5% to 5.0% and maturity dates from February 15, 2009 to February 15, 2018. A call option can be exercised for maturities after February 15, 2019. The cost of issuance and underwriter's discount totaled $1,603,773. Proceeds of the bond were utilized to refund the $125,000,000 outstanding of commercial paper, which matured on September 4, 2008, the same day as the bond proceeds were received. Remaining bond proceeds of $95,000,000 are to be utilized for constructing and equipping buildings in the District. The bonds were issued and the tax levied for their payment, pursuant to authority conferred by the Constitution and laws of the State of Texas.

Due to the refunding of the outstanding commercial paper notes, the authority of the District to issue up to $150,000,000 in commercial paper notes has been restored and the District may issue commercial paper notes to provide interim financing in the year subsequent to that ended August 31, 2008 for projects approved at the 2004 bond election.

SCHEDULE OF OPERATING REVENUES
YEAR ENDED AUGUST 31, 2008 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2007)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2008	2007
Tuition:						
State funded credit courses:						
In-district resident tuition	$ 36,300,372	$ -	$ 36,300,372	$ -	$ 36,300,372	$ 34,965,485
Out-of-district resident tuition	10,540,040	-	10,540,040	-	10,540,040	9,997,311
Non-resident tuition	9,401,558	-	9,401,558	-	9,401,558	8,466,179
TPEG - credit (set aside) *	2,929,883	-	2,929,883	-	2,929,883	2,784,537
State-funded continuing education	9,380,660	-	9,380,660	-	9,380,660	9,124,582
TPEG - non-credit (set aside) *	595,515	-	595,515	-	595,515	581,578
Non-state funded educational programs	4,186,436	-	4,186,436	-	4,186,436	3,883,998
Total Tuition	73,334,464	-	73,334,464	-	73,334,464	69,803,670
Fees:						
Distance learning fee	175,390	-	175,390	-	175,390	207,699
Installment plan fees	702,715	-	702,715	-	702,715	668,665
Prior year tuition and fees	18,713	-	18,713	-	18,713	13,741
Total fees	896,818	-	896,818	-	896,818	890,105
Scholarship allowances and discounts:						
Remissions and exemptions - state	(979,622)	-	(979,622)	-	(979,622)	(876,017)
Remissions and exemptions - local	(3,866,932)	-	(3,866,932)	-	(3,866,932)	(2,857,829)
Title IV federal grants	(9,706,115)	-	(9,706,115)	-	(9,706,115)	(9,983,875)
Other federal grants	(2,619,664)	-	(2,619,664)	-	(2,619,664)	(2,682,311)
State grants	(1,077,891)	-	(1,077,891)	-	(1,077,891)	(243,359)
TPEG awards	(1,632,334)	-	(1,632,334)	-	(1,632,334)	(1,575,111)
Rising Star program	(548,781)	-	(548,781)	-	(548,781)	(633,695)
Total scholarship allowances	(20,431,339)	-	(20,431,339)	-	(20,431,339)	(18,852,197)
Total net tuition and fees	53,799,943	-	53,799,943	-	53,799,943	51,841,578
Additional operating revenues:						
Federal grants and contracts	1,095,699	47,335,021	48,430,720	44,358	48,475,078	47,338,433
State grants and contracts	158,760	3,553,537	3,712,297	6,032	3,718,329	2,338,309
Non-governmental grants and contracts	1,566	4,221,256	4,222,822	-	4,222,822	4,263,025
Sales and services of educational activities	537,569	-	537,569	-	537,569	543,082
Other operating revenues	1,740,489	-	1,740,489	-	1,740,489	1,800,312
Total additional operating revenues	3,534,083	55,109,814	58,643,897	50,390	58,694,287	56,283,161
Auxiliary Enterprises:						
Bookstore	-	-	-	2,166,066	2,166,066	1,934,933
Food Service	-	-	-	562,901	562,901	574,954
Center for Educational Telecommunications	-	-	-	2,075,255	2,075,255	2,503,994
Business Incubation Center	-	-	-	178,137	178,137	173,787
Universities Center of Dallas	-	-	-	329,841	329,841	498,137
Student Programs	-	-	-	602,328	602,328	977,113
Total net auxiliary enterprises	-	-	-	5,914,528	5,914,528	6,662,918
Total Operating Revenues	$ 57,334,026	$ 55,109,814	$ 112,443,840	$ 5,964,918	$ 118,408,758	$ 114,787,657
					(Exhibit 2)	**(Exhibit 2)**

* In accordance with Education Code 56.033, $3,525,398 and $3,366,115 for years August 31, 2008 and 2007, respectively, of tuition was set aside for Texas Public Education grants (TPEG)

DALLAS COMMUNITY COLLEGE DISTRICT

SCHEDULE B

SCHEDULE OF OPERATING EXPENSES BY OBJECT
YEAR ENDED AUGUST 31, 2008 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2007)

	Operating Expenses					
		Benefits				
	Salaries and Wages	State	Local	Other Expenses	2008	2007
UNRESTRICTED - Educational Activities						
Instruction	$ 103,276,432	$ -	$ 4,825,404	$ 13,419,893	$ 121,521,729	$ 118,441,079
Public Service	3,859,801	-	186,782	1,995,212	6,041,795	5,418,870
Academic Support	11,670,390	-	548,430	4,323,072	16,541,892	16,000,195
Student Services	20,330,441	-	1,010,361	3,853,138	25,193,940	24,504,131
Institutional Support	36,037,393	-	2,334,971	10,162,802	48,535,166	44,330,303
Operation and Maintenance of Plant	7,858,209	-	409,884	21,789,549	30,057,642	27,087,176
Scholarships and Fellowships	-	-	-	-	-	-
Total unrestricted educational activities	183,032,666	-	9,315,832	55,543,666	247,892,164	235,781,754
RESTRICTED - Educational Activities						
Instruction	1,355,357	15,149,458	216,216	2,868,938	19,589,969	19,055,480
Public Service	1,259,457	-	218,738	3,318,888	4,797,083	5,162,056
Academic Support	399,077	1,711,911	66,095	(5,985)	2,171,098	2,309,941
Student Services	2,617,600	2,982,241	450,301	1,174,009	7,224,151	7,034,895
Institutional Support	2,242,178	5,286,269	358,055	1,794,276	9,680,778	8,560,434
Scholarships and Fellowships	-	-	-	26,383,520	26,383,520	24,053,166
Total restricted educational activities	7,873,669	25,129,879	1,309,405	35,533,646	69,846,599	66,175,972
TOTAL EDUCATIONAL ACTIVITIES	190,906,335	25,129,879	10,625,237	91,077,312	317,738,763	301,957,726
AUXILIARY ENTERPRISES	4,087,975	-	796,839	5,218,964	10,103,778	10,774,392
DEPRECIATION EXPENSE - Buildings and other real estate improvements	-	-	-	13,314,862	13,314,862	13,854,692
DEPRECIATION EXPENSE - Equipment and furniture	-	-	-	3,769,700	3,769,700	3,728,922
TOTAL OPERATING EXPENSES	$ 194,994,310	$ 25,129,879	$ 11,422,076	$ 113,380,838	$ 344,927,103	$ 330,315,732
					(Exhibit 2)	**(Exhibit 2)**

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT **SCHEDULE C**

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
YEAR ENDED AUGUST 31, 2008 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2007)

	Unrestricted	Restricted	Auxiliary Enterprises	2008	2007
NON-OPERATING REVENUES:					
State Appropriations:					
Education and general state support	$ 89,498,204	$ -	$ -	$ 89,498,204	$ 84,752,747
State group insurance	-	16,065,571	-	16,065,571	15,634,130
State retirement matching	-	9,064,309	-	9,064,309	7,996,595
SBDC state match	-	1,332,968	-	1,332,968	1,309,379
Foundation school program	2,099,889	-	-	2,099,889	1,047,146
Total state appropriations	91,598,093	26,462,848	-	118,060,941	110,739,997
Maintenance ad valorem taxes	130,734,095	-	-	130,734,095	121,219,567
Gifts	204,826	-	-	204,826	65,255
Investment income	11,349,489	-	626,181	11,975,670	12,349,476
Other non-operating revenue	240,904	-	-	240,904	50,822
Total non-operating revenues	234,127,407	26,462,848	626,181	261,216,436	244,425,117
NON-OPERATING EXPENSES:					
Interest on capital related debt	6,149,046	-	-	6,149,046	4,992,086
Loss on disposal of capital assets	5,343,392	-	-	5,343,392	1,736,343
Other non-operating expense	1,534,584	-	-	1,534,584	382,007
Total non-operating expenses	13,027,022	-	-	13,027,022	7,110,436
NET NON-OPERATING REVENUES	$ 221,100,385	$ 26,462,848	$ 626,181	$ 248,189,414	$ 237,314,681
				(Exhibit 2)	(Exhibit 2)

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE D

SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
YEAR ENDED AUGUST 31, 2008 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2007)

	Detail by Source					Available for Current Operations	
		Restricted		Capital Assets Net of Depreciation and Related Debt			
	Unrestricted	Expendable	Non-Expendable		Total	Yes	No
Current:							
Unrestricted	$ 138,802,855	$ -	$ -	$ -	$ 138,802,855	$ 138,802,855	
Auxiliary enterprises	18,480,119	-	-	-	18,480,119	18,480,119	
Restricted	-	-	-	-	-		
Loan	468,722	-	-	-	468,722		$ 468,722
Endowment:							
Quasi:							
Unrestricted	5,349,841	-	-	-	5,349,841		5,349,841
Restricted	-	-	-	-	-		
Plant:							
Unexpended	14,951,923	8,020,843	-	-	22,972,766		22,972,766
Debt Service	-	3,541,631	-	-	3,541,631		3,541,631
Investment in Plant	-	-	-	237,335,157	237,335,157		237,335,157
TOTAL NET ASSETS-- August 31, 2008	178,053,460	11,562,474	-	237,335,157	426,951,091 **(Exhibit 1)**	157,282,974	269,668,117
TOTAL NET ASSETS-- August 31, 2007	156,254,362	12,463,045	-	236,562,615	405,280,022 **(Exhibit 1)**	138,702,672	266,577,350
NET INCREASE (DECREASE) IN NET ASSETS	$ 21,799,098	$ (900,571)	$ -	$ 772,542	$ 21,671,069 **(Exhibit 2)**	$ 18,580,302	$ 3,090,767

STATISTICAL SECTION

These statistical tables provide selected financial and demographic information. The statistical tables are for informational purposes only and are not audited.

Dallas County Community College District
Statistical Supplement 1
Net Assets by Component
Fiscal Years 2002 to 2008
(unaudited)
(amounts expressed in thousands)

	For the Year Ended August 31,						
	2008	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
Invested in capital assets, net of related debt	$ 237,335	$ 236,563	$ 238,727	$ 231,102	$ 236,129	$ 210,803	$ 183,972
Restricted - expendable	11,563	12,463	13,649	29,999	11,536	6,487	10,044
Unrestricted	178,053	156,254	131,117	104,147	93,299	111,202	139,390
Total net assets	$ 426,951	$ 405,280	$ 383,493	$ 365,248	$ 340,964	$ 328,492	$ 333,406

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2008 are available.

Dallas County Community College District
Statistical Supplement 2
Revenues by Source
Fiscal Years 2002 to 2008
(unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)						
	2008	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
Tuition and charges (net of discounts)	$ 53,800	$ 51,842	$ 46,167	$ 44,141	$ 42,747	$ 39,771	$ 43,608
Federal grants and contracts	48,475	47,339	50,797	49,367	45,264	40,719	34,837
State grants and contracts	3,718	2,461	1,253	1,752	2,637	4,658	3,495
Non-governmental grants and contracts	4,223	4,140	3,662	4,619	5,169	4,133	2,522
Sales and services of educational activities	538	543	481	543	545	447	498
Auxiliary enterprises	5,915	6,663	6,299	5,735	6,592	6,976	6,970
General operating revenues	1,740	1,800	1,675	1,697	1,133	1,177	1,007
Total Operating Revenues	118,409	114,788	110,334	107,854	104,087	97,881	92,937
State appropriations	118,061	110,740	108,041	103,248	101,689	100,624	105,377
Maintenance ad valorem taxes	130,734	121,220	113,769	106,596	100,559	76,922	76,327
Gifts	205	65	122	138	317	723	280
Investment income	11,975	12,349	8,689	5,501	3,640	3,073	9,546
Gain on sale of investment	-	-	-	-	85	78	-
Contributions in aid of construction	-	-	-	-	-	496	-
Other non-operating revenue	241	51	175	874	182	52	71
Total Nonoperating Revenues	261,216	244,425	230,796	216,357	206,472	181,968	191,601
Total Revenues	$ 379,625	$ 359,213	$ 341,130	$ 324,211	$ 310,559	$ 279,849	$ 284,538

	For the Year Ended August 31,						
	2008	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
Tuition and charges (net of discounts)	14.17%	14.43%	13.53%	13.62%	13.76%	14.21%	15.33%
Federal grants and contracts	12.77%	13.18%	14.89%	15.23%	14.58%	14.55%	12.24%
State grants and contracts	0.98%	0.69%	0.37%	0.54%	0.85%	1.67%	1.23%
Non-governmental grants and contracts	1.11%	1.15%	1.07%	1.42%	1.66%	1.48%	0.89%
Sales and services of educational activities	0.14%	0.15%	0.14%	0.17%	0.18%	0.16%	0.17%
Auxiliary enterprises	1.56%	1.85%	1.85%	1.77%	2.12%	2.49%	2.45%
General operating revenues	0.46%	0.50%	0.49%	0.52%	0.37%	0.42%	0.35%
Total Operating Revenues	31.19%	31.96%	32.34%	33.27%	33.52%	34.98%	32.66%
State appropriations	31.10%	30.83%	31.67%	31.84%	32.74%	35.95%	37.03%
Maintenance ad valorem taxes	34.44%	33.75%	33.35%	32.88%	32.38%	27.48%	26.83%
Gifts	0.05%	0.02%	0.04%	0.04%	0.10%	0.26%	0.10%
Investment income	3.16%	3.44%	2.55%	1.70%	1.17%	1.10%	3.35%
Gain on sale of investment	0.00%	0.00%	0.00%	0.00%	0.03%	0.03%	0.00%
Contributions in aid of construction	0.00%	0.00%	0.00%	0.00%	0.00%	0.18%	0.00%
Other non-operating revenue	0.06%	0.01%	0.05%	0.27%	0.06%	0.02%	0.03%
Total Nonoperating Revenues	68.81%	68.04%	67.66%	66.73%	66.48%	65.02%	67.34%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2008 are available.

Dallas County Community College District
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2002 to 2008
(unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)						
	2008	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
Instruction	$ 141,112	$ 137,497	$ 132,648	$ 130,728	$ 126,134	$ 121,450	$ 118,222
Public service	10,839	10,581	10,336	10,406	9,717	9,954	9,685
Academic support	18,713	18,310	17,322	16,586	15,124	14,824	14,942
Student services	32,418	31,539	29,669	29,199	27,952	26,635	24,982
Institutional support	58,216	52,891	51,124	48,190	46,290	43,391	44,268
Operation and maintenance of plant	30,058	27,087	26,083	24,630	22,783	21,087	19,736
Scholarships and fellowships	26,383	24,053	26,396	26,344	25,784	25,012	21,875
Auxiliary enterprises	10,104	10,774	10,286	9,966	10,309	10,447	10,207
Depreciation	17,084	17,584	14,464	11,343	10,211	10,639	9,489
Total Operating Expenses	344,927	330,316	318,328	307,392	294,304	283,439	273,406
Interest on capital debt	6,149	4,992	4,146	4,538	1,905	735	1,967
Loss on disposal of capital assets	5,343	1,736	145	122	156	134	1,882
Accrual for legal expense	-	-	-	(13,271)	1,683	-	9,588
Other non-operating expense	1,535	382	265	1,146	39	454	38
Total Nonoperating Expenses	13,027	7,110	4,556	(7,465)	3,783	1,323	13,475
Total Expenses	$ 357,954	$ 337,426	$ 322,884	$ 299,927	$ 298,087	$ 284,762	$ 286,881

	For the Year Ended August 31,						
	2008	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
Instruction	39.41%	40.74%	41.07%	43.59%	42.31%	42.65%	41.21%
Public service	3.03%	3.14%	3.20%	3.47%	3.26%	3.50%	3.37%
Academic support	5.23%	5.43%	5.36%	5.53%	5.07%	5.21%	5.21%
Student services	9.06%	9.35%	9.19%	9.75%	9.38%	9.35%	8.71%
Institutional support	16.26%	15.67%	15.83%	16.07%	15.53%	15.24%	15.43%
Operation and maintenance of plant	8.40%	8.03%	8.08%	8.21%	7.64%	7.40%	6.88%
Scholarships and fellowships	7.37%	7.13%	8.18%	8.78%	8.65%	8.78%	7.62%
Auxiliary enterprises	2.82%	3.19%	3.19%	3.32%	3.46%	3.67%	3.56%
Depreciation	4.77%	5.21%	4.48%	3.78%	3.43%	3.74%	3.31%
Total Operating Expenses	96.35%	97.89%	98.59%	102.49%	98.73%	99.54%	95.30%
Interest on capital debt	1.72%	1.48%	1.28%	1.51%	0.64%	0.25%	0.69%
Loss on disposal of capital assets	1.50%	0.52%	0.05%	0.04%	0.05%	0.05%	0.66%
Accrual for legal expense	0.00%	0.00%	0.00%	-4.42%	0.57%	0.00%	3.34%
Other non-operating expense	0.43%	0.11%	0.08%	0.38%	0.01%	0.16%	0.01%
Total Nonoperating Expenses	3.65%	2.11%	1.41%	-2.49%	1.27%	0.46%	4.70%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2008 are available.

Dallas County Community College District
Statistical Supplement 4
Tuition and Fees
Last Ten Academic Years
(unaudited)

Academic Year (Fall)	Resident Fees per Semester Credit Hour (SCH): In-District Tuition	Out-of-District Tuition	Registration Fee	Technology Fee	Student Activity Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2007-08	$ 39	$ 72	$ -	$ -	$ -	$ 468	$ 864	8.33%	9.09%
2006-07	36	66	-	-	-	432	792	9.09%	10.00%
2005-06	33	60	-	-	-	396	720	10.00%	20.00%
2004-05	30	50	-	-	-	360	600	0.00%	0.00%
2003-04	30	50	-	-	-	360	600	15.38%	8.70%
2002-03	26	46	-	-	-	312	552	0.00%	0.00%
2001-02	26	46	-	-	-	312	552	11.03%	5.95%
2000-01	23	43	5	-	-	281	521	0.00%	0.00%
1999-00	21	41	5	10	-	281	521	6.04%	14.51%
1998-99	18	37	5	10	10	265	455	0.00%	0.00%

Academic Year (Fall)	Non-Resident Fees per Semester Credit Hour (SCH): Non-Resident Tuition Out-of-State	Non-Resident Tuition International	Registration Fee	Technology Fee	Student Activity Fee	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International
2007-08	$ 115	$ 115	$ -	$ -	$ -	$ 1,380	$ 1,380	8.49%	8.49%
2006-07	106	106	-	-	-	1,272	1,272	10.42%	10.42%
2005-06	96	96	-	-	-	1,152	1,152	20.00%	20.00%
2004-05	80	80	-	-	-	960	960	0.00%	0.00%
2003-04	80	80	-	-	-	960	960	5.26%	5.26%
2002-03	76	76	-	-	-	912	912	0.00%	0.00%
2001-02	76	76	-	-	-	912	912	3.52%	3.52%
2000-01	73	73	5	-	-	881	881	0.00%	0.00%
1999-00	71	71	5	10	-	881	881	2.80%	2.80%
1998-99	67	67	5	10	10	857	857	0.00%	0.00%

Source: District Office of Business Affairs

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

Dallas County Community College District
Statistical Supplement 5
Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(Unaudited)

	(amounts expressed in thousands)				Direct Rate		
Fiscal Year	**Assessed Valuation of Property**	**Less: Exemptions**	**Taxable Assessed Value (TAV)**	**Ratio of Taxable Assessed Value to Assessed Value**	**Maintenance & Operations (a)**	**Debt Service (a)**	**Total (a)**
2007-08	$202,897,589	$36,335,019	$166,562,570	82.09%	$ 0.07590	$ 0.00450	$ 0.08040
2006-07	186,011,811	33,388,192	152,623,619	82.05%	0.07780	0.00320	0.08100
2005-06	173,396,321	31,196,654	142,199,667	82.01%	0.07780	0.00380	0.08160
2004-05	164,428,457	29,418,622	135,009,835	82.11%	0.07780	0.00250	0.08030
2003-04	160,837,174	27,825,511	133,011,663	82.70%	0.07780	0.00000	0.07780
2002-03	159,130,757	27,293,383	131,837,374	82.85%	0.06000	0.00000	0.06000
2001-02	150,143,446	22,201,699	127,941,747	85.21%	0.06000	0.00000	0.06000
2000-01	139,771,154	21,729,048	118,042,106	84.45%	0.05000	0.00000	0.05000
1999-00	129,424,544	20,022,309	109,402,235	84.53%	0.05000	0.00000	0.05000
1998-99	117,946,970	17,577,538	100,369,432	85.10%	0.05000	0.00000	0.05000

Source: Dallas County Appraisal District
Notes: Property is assessed at full market value
(a) per $100 Taxable Assessed Valuation

Dallas County Community College District
Statistical Supplement 6
State Appropriations per FTSE and Contact hour
Last Ten Fiscal Years
(Unaudited)
(amounts expressed in thousands)

	Appropriation per FTSE			Appropriation per Contact Hour			
Fiscal Year	**State Appropriation**	**FTSE**	**State Appropriation per FTSE**	**Academic Contact Hours**	**Voc/Tech Contact Hours**	**Total Contact Hours**	**State Appropriation per Contact Hour**
2007-08	$ 89,498	43,737	$ 2,046	17,911	8,428	26,339	$ 3.40
2006-07	84,753	42,992	1,971	17,047	8,120	25,167	3.37
2005-06	84,753	41,648	2,035	17,154	7,830	24,984	3.39
2004-05	83,076	42,934	1,935	16,959	8,385	25,344	3.28
2003-04	83,054	42,261	1,965	16,890	8,953	25,843	3.21
2002-03	79,974	41,509	1,927	16,480	9,479	25,959	3.08
2001-02	86,284	40,579	2,126	14,947	10,353	25,300	3.41
2000-01	78,509	35,974	2,182	13,503	9,405	22,908	3.43
1999-00	76,498	34,267	2,232	12,888	8,491	21,379	3.58
1998-99	72,064	32,765	2,199	12,594	8,332	20,926	3.44

Notes:
FTSE is defined as the number of credit hours divided by 30 plus the number of CE contact hours divided by 900.
Source:
District Business Affairs End of Semester Student Statistics Report

Dallas County Community College District
Statistical Supplement 7
Principal Taxpayers
Last Ten Tax Years
(unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year ($000 omitted) 2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
ATT/Southwestern Bell/Cingular	Telephone Utility	$ 1,578,863	$ 1,694,723	$ 1,702,249	$ 1,590,414	$ 1,505,448	$ 1,605,116	$ 1,631,836	$ 1,593,285	$ 1,280,131	$ 1,177,566
Raytheon/Texas Instruments	Manufacturing	1,469,996	1,692,476	1,056,013	1,164,396	1,272,884	1,438,159	1,465,722	1,765,643	1,422,511	1,266,827
Texas Utilities	Electric Utility	1,384,673	1,380,524	1,381,599	1,322,938	1,376,066	1,315,833	1,293,507	1,388,807	1,156,027	1,072,126
Northpark Land Partners	Real Estate Development	590,682	569,402	-	-	-	-	-	-	-	-
Crescent Real Estate	Real Estate Development	567,651	748,339	773,627	781,402	793,480	869,249	991,604	1,080,569	1,142,586	1,197,750
Southwest Airlines	Airline	552,440	600,667	512,039	537,242	476,922	510,029	500,357	565,343	544,714	502,927
Verizon/GTE	Telephone Utility	550,663	510,897	527,007	549,021	536,833	535,798	762,900	380,788	263,142	263,142
Wal-Mart	Retail	533,885	475,048	485,283	471,872	431,497	326,838	-	-	-	-
Teachers Insurance	Insurance	488,333	-	368,709	-	-	-	-	-	-	-
Galleria Mall Inv LP	Real Estate Development	418,988	431,782	-	-	-	-	-	-	-	-
YPI Thanksgiving Tower/Central	Real Estate Development	-	402,989	-	-	-	-	-	-	-	-
Trammell Crow/Anatole	Real Estate Development	-	-	367,490	323,381	324,764	366,411	393,304	361,937	-	-
Trizec Renaissance	Real Estate Development	-	-	366,948	-	-	-	-	-	-	-
Post Apartment Homes LP/ Columbus Realty Trust	Real Estate Development	-	-	-	276,921	-	-	-	390,442	371,127	341,706
Exxon/Mobil	Oil & Gas Exploration	-	-	-	262,664	273,239	275,688	-	-	-	-
AT&T	Telephone Utility	-	-	-	-	270,849	-	351,490	-	-	-
Metropolitan	Insurance	-	-	-	-	-	-	289,976	271,943	-	268,136
MCI	Telephone Utility	-	-	-	-	-	-	266,498	341,555	322,265	-
Vought/Loral/Grumman	Aerospace Manufacturing	-	-	-	-	-	182,856	-	-	-	237,476
Dallas Main LP	Real Estate Development	-	-	-	-	-	-	-	-	277,303	320,187
IBM Credit Corp.	Finance	-	-	-	-	-	-	-	-	289,499	-
	Totals	**$ 8,136,174**	**$ 8,506,847**	**$ 7,540,964**	**$ 7,280,251**	**$ 7,261,982**	**$ 7,425,977**	**$ 7,947,194**	**$ 8,140,312**	**$ 7,069,305**	**$ 6,647,843**
	Total Taxable Assessed Value	**$ 167,954,804**	**$ 152,623,619**	**$ 142,199,667**	**$ 135,009,835**	**$ 133,011,663**	**$ 131,837,374**	**$ 127,941,747**	**$ 118,042,106**	**$ 109,402,235**	**$ 100,369,432**

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year 2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
ATT/Southwestern Bell/Cingular	Telephone Utility	0.94%	1.11%	1.20%	1.18%	1.13%	1.22%	1.27%	1.35%	1.17%	1.17%
Raytheon/Texas Instruments	Manufacturing	0.88%	1.11%	0.74%	0.86%	0.96%	1.09%	1.15%	1.50%	1.30%	1.26%
Texas Utilities	Electric Utility	0.82%	0.90%	0.97%	0.98%	1.04%	1.00%	1.01%	1.18%	1.06%	1.07%
Northpark Land Partners	Real Estate Development	0.35%	0.37%	-	-	-	-	-	-	-	-
Crescent Real Estate	Real Estate Development	0.34%	0.49%	0.54%	0.58%	0.60%	0.66%	0.77%	0.91%	1.04%	1.19%
Southwest Airlines	Airline	0.33%	0.39%	0.36%	0.40%	0.36%	0.38%	0.39%	0.48%	0.50%	0.50%
Verizon/GTE	Telephone Utility	0.33%	0.33%	0.37%	0.41%	0.40%	0.40%	0.60%	0.32%	0.24%	0.26%
Wal-Mart	Retail	0.32%	0.31%	0.34%	0.35%	0.32%	0.25%	-	-	-	-
Teachers Insurance	Insurance	0.29%	-	0.26%	-	-	-	-	-	-	-
Galleria Mall Inv LP	Real Estate Development	0.25%	0.28%	-	-	-	-	-	-	-	-
YPI Thanksgiving Tower/Central	Real Estate Development	-	0.26%	-	-	-	-	-	-	-	-
Trammell Crow/Anatole	Real Estate Development	-	-	0.26%	0.24%	0.24%	0.28%	0.31%	0.31%	-	-
Trizec Renaissance	Real Estate Development	-	-	0.26%	-	-	-	-	-	-	-
Post Apartment Homes LP/ Columbus Realty Trust	Real Estate Development	-	-	-	0.20%	-	-	-	0.33%	0.34%	0.34%
Exxon/Mobil	Oil & Gas Exploration	-	-	-	0.19%	0.21%	0.21%	-	-	-	-
AT&T	Telephone Utility	-	-	-	-	0.20%	-	0.27%	-	-	-
Metropolitan	Insurance	-	-	-	-	-	-	0.23%	0.23%	-	0.27%
MCI	Telephone Utility	-	-	-	-	-	-	0.21%	0.29%	0.29%	-
Vought/Loral/Grumman	Aerospace Manufacturing	-	-	-	-	-	0.14%	-	-	-	0.24%
Dallas Main LP	Real Estate Development	-	-	-	-	-	-	-	-	0.25%	0.32%
IBM Credit Corp.	Finance	-	-	-	-	-	-	-	-	0.27%	-
	Totals	**4.84%**	**5.57%**	**5.31%**	**5.37%**	**5.49%**	**5.63%**	**6.20%**	**6.88%**	**6.20%**	**6.63%**

Source:
Dallas Central Appraisal District

Dallas County Community College District
Statistical Supplement 8
Property Tax Levies and Collections
Last Ten Tax Years
(unaudited)
(amounts expressed in thousands)

Fiscal Year Ended August 31,	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (c+d+e)	Cumulative Collections of Adjusted Levy
2008	$ 135,224	$ (833)	$ 134,391	$ 131,785	98.06%	$ -	$ -	$ 131,785	98.06%
2007	123,162	384	123,546	121,356	98.23%	-	1,108	122,464	99.12%
2006	114,957	853	115,810	113,740	98.21%	1,081	190	115,011	99.31%
2005	107,927	150	108,077	106,249	98.31%	1,133	91	107,473	99.44%
2004	103,074	(318)	102,756	100,788	98.08%	1,339	77	102,204	99.46%
2003	79,860	(1,146)	78,714	77,110	97.96%	1,167	38	78,315	99.49%
2002	76,722	(364)	76,358	75,018	98.25%	1,038	20	76,076	99.63%
2001	58,701	95	58,796	57,858	98.40%	689	8	58,555	99.59%
2000	54,679	(152)	54,527	53,740	98.56%	629	4	54,373	99.72%
1999	50,166	*	50,166	*	0.00%	*	*	*	0.00%

Source: Dallas County Appraisal District and District Office of Business Affairs
(a) As reported in notes to the financial statements for the year of the levy.
(b) As of August 31st of the current reporting year.
(c) Property tax only - does not include penalties and interest.
(d) Represents cumulative collections of prior years not collected in the current year or in the year of the tax levy.
(e) Represents current year collections of prior years taxes.
* Information is unavailable

Dallas County Community College District
Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years
(unaudited)

	For the Year Ended August 31 (amounts expressed in thousands)									
	2008	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**
General Bonded Debt										
General obligation bonds	$ 60,735	$ 63,035	$ 65,250	$ 67,375	$ -	$ -	$ -	$ -	$ -	$ -
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	$ 60,735	$ 63,035	$ 65,250	$ 67,375	$ -	$ -	$ -	$ -	$ -	$ -
Other Debt										
Revenue bonds	$ 37,145	$ 40,660	$ 45,795	$ 49,975	$ 53,955	$ 57,755	$ 61,390	$ 63,860	$ 25,920	$ 29,025
Tax notes	25,475	30,450	35,130	39,560	43,125	9,850	-	-	-	-
Notes	51	252	445	630	806	975	1,137	-	-	-
Commecial paper	125,000	-	-	-	-	-	-	-	-	-
Total outstanding debt	$ 248,406	$ 134,397	$ 146,620	$ 157,540	$ 97,886	$ 68,580	$ 62,527	$ 63,860	$ 25,920	$ 29,025
General Bonded Debt Ratios										
Per Capita	$ 24.77	$ 26.69	$ 27.38	$ 29.22	-	-	-	-	-	-
Per FTSE	1,389	1,466	1,567	1,569	-	-	-	-	-	-
As a percentage of Taxable Assessed Value	0.04%	0.04%	0.05%	0.05%	-	-	-	-	-	-
Total Outstanding Debt Ratios										
Per Capita	$ 101.32	$ 56.92	$ 61.53	$ 68.33	$ 42.72	$ 30.06	$ 27.51	$ 28.23	$ 11.65	$ 13.21
Per FTSE	5,680	3,126	3,520	3,669	2,316	1,652	1,541	1,775	756	976
As a percentage of Taxable Assessed Value	0.15%	0.09%	0.10%	0.12%	0.07%	0.05%	0.05%	0.05%	0.02%	0.03%

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

Dallas County Community College District
Statistical Supplement 10
Legal Debt Margin Information
Last Ten Fiscal Years
(unaudited)

	For the Year Ended August 31 (amounts expressed in thousands)									
	2008	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**
Taxable Assessed Value	$ 166,562,570	$ 152,623,619	$ 142,199,667	$ 135,009,835	$ 133,011,663	$ 131,837,374	$ 127,941,747	$ 118,042,106	$ 109,402,235	$ 100,369,432
General Bonded Debt										
Statutory Tax Levy Limit for Debt Service	$ 832,813	$ 762,637	$ 710,998	$ 675,049	$ 665,058	$ 659,187	$ 639,709	$ 590,211	$ 547,011	$ 501,847
Less: Funds Restricted for Payment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	832,813	762,637	710,998	675,049	665,058	659,187	639,709	590,211	547,011	501,847
Current Year Debt Service Requirements	7,463	5,304	5,301	3,208	-	-	-	-	-	-
Excess of Statutory Limit for Debt Service over Current Requirements	$ 825,350	$ 757,333	$ 705,697	$ 671,841	$ 665,058	$ 659,187	$ 639,709	$ 590,211	$ 547,011	$ 501,847
Net Current Requirements as a % of Statutory Limit	0.90%	0.70%	0.75%	0.48%	-	-	-	-	-	-

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

Source: Taxable Assessed Value from Dallas County Appraisal District

Dallas County Community College District
Statistical Supplement 11
Pledged Revenue Coverage
Last Ten Fiscal Years
(unaudited)

Revenue Bonds

	Pledged Revenues ($000 omitted)								Debt Service Requirements ($000 omitted)			
Fiscal Year Ended August 31	Tuition	Course Fees	Other Class Fees	Bookstore Commissions	Food Service Commissions	Lease Revenues	Interest Income	Total	Principal	Interest	Total	Coverage Ratio
2008	$ 15,200	$ -	$ 897	$ 2,166	$ 563	$ 400	$ 6,650	$ 25,876	$ 3,515	$ 1,720	$ 5,235	4.94
2007	14,765	-	880	1,935	575	400	6,967	25,522	3,360	2,182	5,542	4.61
2006	15,033	-	661	1,689	544	400	5,429	23,756	4,180	2,328	6,508	3.65
2005	14,899	-	662	1,502	602	400	4,104	22,169	3,980	2,417	6,397	3.47
2004	15,091	-	801	1,568	634	400	3,809	22,303	3,800	2,487	6,287	3.55
2003	15,044	-	553	1,492	620	400	4,729	22,838	3,635	2,613	6,248	3.66
2002	15,483	-	466	1,339	547	400	4,919	23,154	2,470	3,809	6,279	3.69
2001	16,551	1,489	1,144	1,229	614	400	5,698	27,125	2,060	1,112	3,172	8.55
2000	14,268	2,274	988	1,201	509	400	5,178	24,818	3,105	1,097	4,202	5.91
1999	1,615	3,437	959	1,170	569	400	4,338	12,488	2,970	1,197	4,167	3.00

Source: District Business Affairs

Dallas County Community College District
Statistical Supplement 12
Demographic and Economic Information - Taxing District
Last Ten Fiscal Years
(Unaudited)

Calendar Year	District Population	District Personal Income (a) (thousands of dollars)	District Personal Income per Capita	District Unemployment Rate
2008	2,451,800	*	*	5.7%
2007	2,361,354	*	*	4.3%
2006	2,345,815	$ 101,746,870	$ 43,520	5.5%
2005	2,305,454	93,073,435	40,317	5.6%
2004	2,291,071	88,336,598	38,563	6.7%
2003	2,281,411	84,278,228	36,927	7.8%
2002	2,273,205	82,983,080	36,452	7.7%
2001	2,262,154	82,271,558	36,335	6.1%
2000	2,218,899	80,217,322	36,037	4.2%
1999	2,197,658	71,648,038	32,602	*

Source: Population from U. S. Bureau of the Census and North Central Texas Council of Governments
Personal Income from U. S. Bureau of Economic Analysis
Unemployment rate from Texas Workforce Commission
Real Estate Center, Texas A&M University

* Information is unavailable

Dallas County Community College District
Statistical Supplement 13
Principal Employers
Fiscal Years 2004 to 2008
(Unaudited)

	Number of Employees					Percentage of Total Employment				
Employer	**2008**	**2007**	**2006**	**2005**	**2004**	**2008**	**2007**	**2006**	**2005**	**2004**
Wal-Mart Stores, Inc.	32,800	32,100	29,237	*	23,000	1.13%	1.15%	1.02%	n/a	0.85%
AMR Corporation	25,150	25,225	25,000	*	28,000	0.86%	0.90%	0.87%	n/a	1.04%
Dallas Independent School District	20,000	19,871	19,359	*	19,691	0.69%	0.71%	0.68%	n/a	0.73%
Texas Health Resources	18,000	17,000	17,000	*	17,000	0.62%	0.61%	0.59%	n/a	0.63%
AT&T/SBC Communications Inc.	16,600	15,650	12,500	*	14,000	0.57%	0.56%	0.44%	n/a	0.52%
Baylor Health Resources	16,000	16,250	14,572	*	15,000	0.55%	0.58%	0.51%	n/a	0.56%
Verizon Communications Inc.	14,000	-	15,900	*	12,500	0.48%	n/a	0.56%	n/a	0.46%
Lockheed Martin Aeronautics Co.	13,647	15,379	15,000	*	16,442	0.47%	0.55%	0.52%	n/a	0.61%
City of Dallas	12,575	12,311	-	*	-	0.43%	0.44%	n/a	n/a	n/a
U.S. Postal Service	12,200	13,850	-	*	-	0.42%	0.49%	n/a	n/a	n/a
HCA North Texas	-	12,130	-	*	-	n/a	0.43%	n/a	n/a	n/a
Raytheon Co.	-	-	16,250	*	-	n/a	n/a	0.57%	n/a	n/a
Albertson's Inc.	-	-	12,240	*	11,200	n/a	n/a	0.43%	n/a	0.42%
Texas Instruments Inc.	-	-	-	*	10,600	n/a	n/a	0.00%	n/a	0.39%
Total	180,972	179,766	177,058	*	167,433	6.22%	6.42%	6.19%	0.00%	6.21%

Source: Dallas Regional Chamber of Commerce
*Information not available

Note:
This institution previously did not present this schedule and chose to implement prespectively.

Dallas County Community College District
Statistical Supplement 14
Faculty, Staff and Administrative Statistics
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Faculty										
Full-Time	733	699	725	736	719	678	646	631	617	598
Part-Time	2,254	2,384	2,608	2,855	2,557	2,272	2,347	2,086	2,093	2,075
Total	2,987	3,083	3,333	3,591	3,276	2,950	2,993	2,717	2,710	2,673
Percent										
Full-Time	24.5%	22.7%	21.8%	20.5%	21.9%	23.0%	21.6%	23.2%	22.8%	22.4%
Part-Time	75.5%	77.3%	78.2%	79.5%	78.1%	77.0%	78.4%	76.8%	77.2%	77.6%
Staff and Administrators										
Full-Time	2,284	2,193	2,177	2,174	2,147	2,014	2,010	1,916	1,759	1,614
Part-Time	1,516	1,463	1,449	1,736	2,155	1,780	1,804	1,508	1,265	1,377
Total	3,800	3,656	3,626	3,910	4,302	3,794	3,814	3,424	3,024	2,991
Percent										
Full-Time	60.1%	60.0%	60.0%	55.6%	49.9%	53.1%	52.7%	56.0%	58.2%	54.0%
Part-Time	39.9%	40.0%	40.0%	44.4%	50.1%	46.9%	47.3%	44.0%	41.8%	46.0%
FTSE per Full-time Faculty	59.7	61.5	57.4	58.3	58.8	61.2	62.8	57.0	55.5	54.8
FTSE per Full-time Staff Member	19.1	19.6	19.1	19.7	19.7	20.6	20.2	18.8	19.5	20.3
Average Annual Faculty Salary	$ 74,931	$ 76,186	$ 71,042	$ 68,366	$ 66,195	$ 65,636	$ 66,859	$ 64,483	$ 62,108	$ 61,975

Source: District Business Affairs

Dallas County Community College District
Statistical Supplement 15
Enrollment Details
Last Five Fiscal Years
(unaudited)

Student Classification	Fall 2007 Number	Fall 2007 Percent	Fall 2006 Number	Fall 2006 Percent	Fall 2005 Number	Fall 2005 Percent	Fall 2004 Number	Fall 2004 Percent	Fall 2003 Number	Fall 2003 Percent
00-30 hours	24,619	41.39%	26,204	44.36%	25,814	44.19%	20,924	36.79%	24,076	42.44%
31-60 hours	23,734	39.91%	21,352	36.14%	21,333	36.51%	22,886	40.24%	21,182	37.34%
>60 hours	11,123	18.70%	11,521	19.50%	11,274	19.30%	13,063	22.97%	11,468	20.22%
Total	59,476	100.00%	59,077	100.00%	58,421	100.00%	56,873	100.00%	56,726	100.00%

Semester Hour Load	Fall 2007 Number	Fall 2007 Percent	Fall 2006 Number	Fall 2006 Percent	Fall 2005 Number	Fall 2005 Percent	Fall 2004 Number	Fall 2004 Percent	Fall 2003 Number	Fall 2003 Percent
Less than 3	1,689	2.84%	1,619	2.74%	1,765	3.02%	1,439	2.53%	1,490	2.63%
3-5 semester hours	14,685	24.69%	14,692	24.87%	17,863	30.58%	16,968	29.84%	17,281	30.46%
6-8 semester hours	15,089	25.37%	14,208	24.05%	13,867	23.74%	13,049	22.94%	12,986	22.89%
9-11 semester hours	10,896	18.32%	9,783	16.56%	9,471	16.21%	9,597	16.87%	9,313	16.42%
12-14 semester hours	14,250	23.96%	15,000	25.39%	13,103	22.43%	13,122	23.07%	13,040	22.99%
15-17 semester hours	2,308	3.88%	3,060	5.18%	2,180	3.73%	2,496	4.39%	2,410	4.25%
18 and over	559	0.94%	715	1.21%	172	0.29%	202	0.36%	206	0.36%
Total	59,476	100.00%	59,077	100.00%	58,421	100.00%	56,873	100.00%	56,726	100.00%
Average course load	8.1		7.7		7.7		7.8		7.8	

Tuition Status	Fall 2007 Number	Fall 2007 Percent	Fall 2006 Number	Fall 2006 Percent	Fall 2005 Number	Fall 2005 Percent	Fall 2004 Number	Fall 2004 Percent	Fall 2003 Number	Fall 2003 Percent
Texas Resident (in-district)	47,685	80.18%	47,516	80.43%	47,784	81.79%	46,496	81.76%	46,159	81.37%
Texas Resident (out-of-district)	7,981	13.42%	7,743	13.11%	7,516	12.87%	7,253	12.75%	7,340	12.94%
Non-Resident Tuition	3,810	6.40%	3,818	6.46%	3,121	5.34%	3,124	5.49%	3,227	5.69%
Total	59,476	100.00%	59,077	100.00%	58,421	100.00%	56,873	100.00%	56,726	100.00%

Note:
This table includes credit students only, as continuing education units are not tracked by semester hour and students are not tracked by residency.

Source: District Business Affairs

Dallas County Community College District
Statistical Supplement 16
Student Profile
Last Five Fiscal Years
(unaudited)

	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	41,130	56.06%	41,004	55.23%	40,607	56.79%	39,555	55.62%	42,045	55.99%
Male	32,243	43.94%	33,238	44.77%	30,898	43.21%	31,567	44.38%	33,054	44.01%
Total	73,373	100.00%	74,242	100.00%	71,505	100.00%	71,122	100.00%	75,099	100.00%

	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	25,498	34.75%	26,924	36.27%	26,896	37.61%	27,528	38.71%	29,400	39.15%
Hispanic	19,695	26.84%	19,556	26.34%	17,770	24.85%	16,900	23.76%	17,731	23.61%
African American	15,858	21.61%	15,962	21.50%	15,528	21.72%	14,967	21.04%	15,125	20.14%
Asian	5,108	6.96%	5,180	6.98%	5,179	7.24%	5,020	7.06%	5,573	7.42%
Foreign	3,270	4.46%	3,229	4.35%	2,647	3.70%	2,889	4.06%	3,024	4.03%
Native American	317	0.43%	345	0.46%	592	0.83%	473	0.67%	796	1.06%
Other	3,627	4.95%	3,046	4.10%	2,893	4.05%	3,345	4.70%	3,450	4.59%
Total	73,373	100.00%	74,242	100.00%	71,505	100.00%	71,122	100.00%	75,099	100.00%

	Fall 2007		Fall 2006		Fall 2005		Fall 2004		Fall 2003	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	3,360	4.58%	3,559	4.79%	2,356	3.29%	1,881	2.64%	2,165	2.88%
18-21	23,854	32.51%	23,286	31.37%	23,410	32.74%	22,571	31.74%	22,607	30.10%
22-24	10,375	14.14%	10,119	13.63%	10,364	14.49%	10,100	14.20%	10,745	14.31%
25-30	12,598	17.17%	12,773	17.21%	12,553	17.56%	12,623	17.75%	13,694	18.24%
31-35	6,809	9.28%	7,361	9.91%	6,953	9.72%	7,263	10.21%	7,723	10.28%
36-50	11,879	16.19%	12,397	16.70%	11,588	16.21%	12,269	17.25%	13,570	18.07%
51 and over	4,498	6.13%	4,747	6.39%	4,281	5.99%	4,415	6.21%	4,595	6.12%
Total	73,373	100.00%	74,242	100.00%	71,505	100.00%	71,122	100.00%	75,099	100.00%
Average Age	28		28		28		28		28	

Source: District Business Affairs

Dallas County Community College District
Statistical Supplement 17
Transfers to Senior Institutions
2006 Fall Students as of Fall 2007
(Includes only public senior colleges in Texas)
(unaudited)

		Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all DCCCD Transfer Students	% of all DCCCD Transfer Students
1	University of North Texas	2208	867	46	3,121	22.16%
2	University of Texas - Dallas	1581	691	37	2,309	16.39%
3	University of Texas - Arlington	1456	642	67	2,165	15.37%
4	Texas A&M University - College Station	798	251	2	1,051	7.46%
5	University of Texas - Austin	768	265	3	1,036	7.35%
6	Texas Woman's University	649	319	27	995	7.06%
7	Texas A&M University - Commerce	477	237	22	736	5.23%
8	Texas Tech University	492	146	3	641	4.55%
9	Texas State University	231	65	3	299	2.12%
10	Stephen F. Austin State University	217	72	3	292	2.07%
11	Midwestern State University	156	65	9	230	1.63%
12	University of Houston	116	71	5	192	1.36%
13	Prairie View A&M University	95	61	6	162	1.15%
14	Sam Houston State University	94	38	0	132	0.94%
15	University of Texas - Tyler	97	19	3	119	0.84%
16	Tarleton State University	51	25	1	77	0.55%
17	University of Texas Southwestern Medical Center - Dallas	38	31	0	69	0.49%
18	University of Texas - San Antonio	49	14	0	63	0.45%
19	Texas Southern University	39	23	0	62	0.44%
20	Angelo State University	26	6	1	33	0.23%
21	Lamar University Institute of Technology	25	8	0	33	0.23%
22	Texas Tech University Health Science Center	23	7	3	33	0.23%
23	Texas A&M University - Corpus Christi	22	8	0	30	0.21%
24	University of Houston - Downtown	21	7	0	28	0.20%
25	Texas A&M University System Health Science Center	14	10	0	24	0.17%
26	University of Texas - Permian Basin	14	7	0	21	0.15%
27	West Texas A&M University	18	1	0	19	0.13%
28	Texas A&M University - Galveston	14	4	0	18	0.13%
29	University of Texas Health Science Center - Houston	6	8	0	14	0.10%
30	University of Texas - El Paso	7	4	2	13	0.09%
31	University of Texas - Pan American	10	0	0	10	0.07%
32	University of North Texas Health Science Center - Forth Worth	6	3	0	9	0.06%
33	University of Texas Health Science Center - San Antonio	8	1	0	9	0.06%
34	University of Texas Medical Branch Galveston	5	4	0	9	0.06%
35	Sul Ross State University	4	2	0	6	0.04%
36	Texas A&M University - Kingsville	6	0	0	6	0.04%
37	Texas A&M University -Texarkana	2	3	1	6	0.04%
38	University of Houston - Clear Lake	2	3	0	5	0.04%
39	Baylor College of Medicine	3	0	0	3	0.02%
40	University of Houston - Victoria	2	1	0	3	0.02%
41	University of Texas - Brownsville	0	2	0	2	0.01%
42	Texas A&M International University	1	0	0	1	0.01%
	Totals	**9,851**	**3,991**	**244**	**14,086**	**100.00%**

Source:
THECB "Students Pursuing Additional Education" report for Academic Year 2006-07

Dallas County Community College District
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2004 to 2008
(unaudited)

	Fiscal Year Ending August 31,				
	2008	2007	2006	2005	2004
Academic buildings	68	67	67	67	65
Square footage	2,872,794	2,918,794	2,918,794	2,918,794	2,780,423
Libraries	2	2	2	2	2
Square footage	222,765	222,765	222,765	222,765	222,765
Number of volumes	441,895	-	529,952	504,977	428,815
Administrative and support buildings	7	7	7	7	7
Square footage	242,832	242,832	242,832	242,832	242,832
Dining Facilities		-	-	-	-
Square footage	60,069	60,069	60,069	60,069	60,069
Athletic Facilities	6	6	6	6	6
Square footage	177,050	177,050	177,050	177,050	177,050
Athletic fields	42	42	42	42	42
Gymnasiums	8	8	8	8	8
Fitness centers	10	10	10	10	10
Tennis courts	36	36	36	36	36
Plant facilities	3	3	3	3	3
Square footage	81,332	81,332	81,332	81,332	81,332
Transportation					
Cars	22	21	24	23	22
Light trucks/vans	77	76	80	75	70
Buses	9	7	6	7	2

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

Source: District Business Affairs

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

OMB CIRCULAR A-133

SUPPLEMENTAL FINANCIAL AND COMPLIANCE REPORT

YEAR ENDED AUGUST 31, 2008

TABLE OF CONTENTS

Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*

Audit – Tax – Advisory

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The Board of Trustees
Dallas County Community College District

We have audited the financial statements of Dallas County Community College District (the District) as of and for the year ended August 31, 2008, and have issued our report thereon dated December 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally acceptable accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

Texas Public Funds Investment Act

We also performed tests of the District's compliance with the requirements of the Texas Public Funds Investment Act (the "Act"). The results of our tests disclosed no instances of non-compliance with the Act. However, providing an opinion on compliance with the Act was not an objective of our audit and accordingly, we do not express an opinion.

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

GRANT THORNTON LLP

Dallas, Texas
December 16, 2008

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Report of Independent Auditors on
Compliance with Requirements Applicable to Each Major Program and
on Internal Control Over Compliance in Accordance with OMB Circular A-133
and the State of Texas Single Audit Circular

Audit – Tax – Advisory

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The Board of Trustees
Dallas County Community College District

Compliance

We have audited the compliance of Dallas County Community College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended August 31, 2008. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal and state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Texas Single Audit Circular. Those standards, OMB Circular A-133, and the State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended August 31, 2008.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to the federal and state programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Grant Thornton

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

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

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

GRANT THORNTON LLP

Dallas, Texas
December 16, 2008

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT SCHEDULE E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2008

Federal Grantor/Pass-Through Grantor Program Name	CFDA	Grant #		Expenditures
U.S. Department of Education				
Direct Programs:				
Supplemental Educational Opportunity Grant	84.007A (1)			$ 703,512
Strengthening Institutions - Title III	84.031A	P031A050074-07		516,897
Strengthening Institutions - Title V	84.031S	P031A050026		2,184,711
College Work Study Program	84.033A (1)		$ 932,502	
Job Locator Development	84.033A (1)		53,635	986,137
TRIO	84.042A (2)	P042A050181/P042A050711/ P042A051047/ P042A060488/P042A060603/ P042A060915/P042A060336		1,837,333
Talent Search	84.044A (2)	P044A022053A		1,253
Upward Bound	84.047A (2)	P047A030318/P047A04779/ P047A040976/P047A071018/ P047A070678/P047A081100/ P047A080852		1,629,560
PELL	84.063P (1)			31,572,136
Academic Competiveness Grant	84.375A (1)			216,875
FIPSE	84.116B	P116B060021		142,001
Child Care Access	84.335A	P335A060063/P335A060150		153,454
Total Direct from U. S. Department of Education				39,943,869
Pass-Through From:				
Texas Higher Education Coordinating Board				
Carl Perkins Vocational Education	84.048	84214		2,776,305
The Leveraging Educational Assistance Partnership	84.069A	n/a	47,168	
The Special Leveraging Educational Assistance Partnership	84.069B	n/a	67,836	115,004
TECH PREP	84.243	81707		903,995
Total Pass Through From Texas Higher Ed Coordinating Board				3,795,304
Pass-Through From:				
Austin Community College-TX Network for Teaching Excellence	84.048	81101		465
Del Mar College-Student Learning Styles Academy	84.048	81105		2,552
Houston Community College-Vocational Education	84.048	74403		907
South Texas College-Critical Thinking in the 21st Century	84.048	81114		1,638
Stephen F. Austin State University				
Articulated Internet Teacher Education Program for Multilingual Elementary Classrooms	84.116	P116B060283		3,135
Pass-Through From:				
Texas Education Agency				
Safe & Drug Free Schools	84.186A	8691001057840		313
Charter School Startup	84.282A	85900057110010		68,372
Innovative Programs	84.298A	8685001057840		175
Total U. S. Department of Education				**$ 43,816,730**

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

See notes to Schedules of Expenditures of Federal and State Awards (Continued)

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2008

Federal Grantor/Pass-Through Grantor Program Name	CFDA	Grant #		Expenditures
U.S. Department of Agriculture				
Pass-Through From:				
Sul Ross University				
TexPrep-The Texas Prefreshman Engineering Program	10.223	2007-38422-18081		$ 17,733
Texas Health and Human Services Commission				
Child and Adult Food Program	10.558	UCN75N3055		18,986
Total U.S. Department of Agriculture				**36,719**
U. S. Department of Commerce				
Direct Programs:				
Malcolm Baldridge Nat'l Quality Award Outreach Activities	11.609	60NANB6D6008		47,510
Total U. S. Department of Commerce				**47,510**
U.S. Department of Labor				
Direct Programs:				
Automotive Technologies	17.261	AF-14573-05-60	$ 170,014	
Rock On	17.261	YF-14843-05-60	663,025	833,039
Total Direct from U. S. Department of Labor				833,039
Pass-Through From:				
Dallas County Local Workforce Development Board (DCLWDB)				
Unified Youth Services (06-07)	17.259 (3)	328-In School/Out School 7	945,170	
Unified Youth Services (07-08)	17.259 (3)	328-In School/Out School 8	47,502	
Statewide Activity Program	17.259 (3)	615-Statewide/Local Act-6	357,152	
Statewide Activity Program	17.259 (3)	625-Statewide Local Activity-6	250,532	
First Generation	17.259 (3)	1--First Generation College Student-5	95,885	1,696,241
Total Pass Through From DCLWDB				1,696,241
University of Texas at Arlington				
NLC Advanced Manufacturing and Logistics	17.268	26-3903-86-63		31,868
Total U.S. I Department of Labor				**$ 2,561,148**

(3) Clustered WIA Programs

See notes to Schedules of Expenditures of Federal and State Awards (Continued)

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT — SCHEDULE E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2008

Federal Grantor/Pass-Through Grantor Program Name	CFDA	Grant #		Expenditures
U.S. Department of State				
Pass-Through From:				
Community College International Development				
Egyptian Student Program	19.000	DCCC2008-12EGYPT-Unit #: 94531		$ 77,134
Total U.S. Department of State				**77,134**
National Science Foundation				
Direct Programs:				
Computer Science, Engineering and Mathematics Scholarship Program	47.076	0422381	$ 33,000	
Computer Science, Engineering and Mathematics Scholarship Program	47.076	0422445	45,550	
Broadening Access for Science, Technology, Engineering & Math	47.076	0525536	306,634	385,184
Total Direct from the National Science Foundation				385,184
Pass-Through From:				
Collin County Community College				
Convergence Technology Center	47.076	DUE-0402356		33,253
The University of Tulsa				
Oklahoma Center for Information Assurance and Forensics Educati	47.076	14-2-1203284-94827		18,096
Total National Science Foundation				**436,533**
Small Business Administration				
Direct Programs:				
Small Business Development Center	59.037	603001	1,955,392	
Drug Free Workplace	59.037	HQ-05-B	97,711	2,053,103
Total Small Business Administration				**2,053,103**
U.S. Department of Health & Human Services				
Direct Programs:				
Head Start Program	93.600	90YP0018/01 & 03		112,567
Total Direct from U.S. Department of Health & Human Services				112,567
Pass-Through From:				
University of Texas, at Austin				
Substance Abuse & Mental Health	93.000	U-UTA02-161		11,619
Texas Workforce Commission				
Self Sufficiency Fund-Trucking Consortium Training	93.558	06/07SSF000		622,020
Total Texas Workforce Commission:				622,020
Total U.S. Department of Health & Human Services:				**746,206**
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$ 49,775,083**

See notes to Schedules of Expenditures of Federal and State Awards

(Concluded)

Dallas County Community College District **SCHEDULE F**
Schedule of Expenditures Of State Awards
Period Ending August, 31 2008

State Agency/ Program Name		Expenditures
Texas Higher Education Coordinating Board		
Texas Grant Program	$	1,127,874
Texas Education Opportunity Grant		497,029
Texas College Work Study		159,832
Texas Fifth Year Accounting		7,625
Nursing Scholarship		22,582
Nursing Shortage		269,959
Starlink State		281,631
College for All Texans - G Force		102,849
College Connections		15,578
College Readiness P16		14,408
Dallas M.A.L.E.		4,017
Developmental Education Summer Bridge Program		12,315
Intensive Summer Program		18,875
Texas Course Redesign Project (TCRP)		360,064
Total Texas Higher Education Coordinating Board		**2,894,638**
University of Texas at San Antonio:		
TexPrep Program		**4,163**
Texas Workforce Commission		
Skills Development Funds		
AMTEC Manufacturing		169,584
AMTA		496,889
Authentix Inc.		4,314
Frito Lay		361,398
Solar Turbine, Inc.		2,037
Source, Inc.		98,944
Total Texas Workforce Commission		**1,133,166**
TOTAL EXPENDITURES OF STATE AWARDS	**$**	**4,031,967**

See notes to Schedules of Expenditures of Federal and State Awards

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
AUGUST 31, 2008

1. GENERAL

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

2. BASIS OF ACCOUNTING

The expenditures included in the schedules are reported for the District's fiscal year ended August 31, 2008. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported represent funds which have been expended by the District for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedules may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The District has followed all applicable guidelines issued by various entities in the preparation of the schedules.

3. RELATIONSHIP TO FINANCIAL STATEMENTS

Federal and state awards revenues are reported in the financial statements of the District for the year ended August 31, 2008, as follows:

	Federal	State
Total revenues per Schedule A	$ 48,475,078	$ 3,718,329
Fall tuition-related grants deferred to next fiscal year	1,300,005	313,638
Total Expenditures for Federal/State Awards	$ 49,775,083	$ 4,031,967

4. AMOUNTS PASSED THROUGH TO OTHERS

Amounts Passed Through by the District - Federal:

The following amounts were passed through to the listed subrecipients by the District. These amounts were from the Small Business Development Center program CFDA 59.037 from the Small Business Administration.

Collin County Community College	$ 76,863
Grayson Community College	46,964
Kilgore College	91,593
McLennan Community College	112,189
Navarro College	46,819
North Central Texas College	80,784
Northeast Texas Community College	53,512
Paris Junior College	89,663
Tarrant County Junior College	118,851
Trinity Valley Community College	80,182
Tyler Junior College	41,214
University of Texas at Arlington Enterprise Excellence	80,907
Total Amount Passed Through	$919,541

The following amounts were passed through to the listed subrecipients by the District. These amounts were from the Tech Prep Education program CFDA 84.243 from the Texas Higher Education Coordinating Board.

Navarro Junior College	$161,674
Tarrant County Junior College	213,409
Total Amount Passed Through	$375,083

Amounts Passed Through by the District - State:

The following amounts were passed-through to the listed subrecipients by the District. These amounts were from the Small Business Development Center program from the Dallas County Community College District State Appropriation funds.

Collin County Community College	$ 54,170
Grayson Community College	69,824
Kilgore College	133,376
McLennan Community College	82,066
Navarro College	32,509
North Central Texas College	75,785
Northeast Texas Community College	65,163
Paris Junior College	43,047
Tarrant County Junior College	65,398
Trinity Valley Community College	50,637
Tyler Junior College	65,705
University of Texas - Arlington	75,450
Total Amount Passed Through	$ 813,130

5. **STUDENT LOANS PROCESSED AND ADMINISTRATIVE COST RECOVERED - NOT INCLUDED IN SCHEDULE**

Federal Grantor CFDA Number/Program Name	New Loans Processed	Administrative Cost Recovered	Total Loans Processed and Administrative Cost Recovered
Department of Education - 84.032 Federal Family Education Loan	$ 12,895,275	$ -	$ 12,895,275
Total Department of Education	$ 12,895,275	$ -	$ 12,895,275

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

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

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended August 31, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness identified?	___ yes X no
• Reportable conditions identified that are not considered to be material weaknesses?	___ yes X none reported
Noncompliance material to financial statements noted?	___ yes X no

Federal and State Awards

Internal control over major programs:	
• Material weakness identified?	___ yes X no
• Reportable condition identified that are not considered to be material weaknesses?	___ yes X none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	___ yes _X__no

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended August 31, 2008

Identification of major programs:

CFDA/Grant Numbers	Name of Federal Programs
59.037	Small Business Development Center
84.007, 84.032, 84.033, 84.063, 84.375	Student Financial Aid Cluster
84.031	Higher Education – Institutional Aid
84.048	Vocational Education – Basic Grants to States
17.259	WIA Cluster
	Name of State Programs
n/a	Skills Development Fund
n/a	TEOG (Texas Grant II)
n/a	Texas Course Redesign Project

Dollar threshold used to distinguish between type A and type B programs:	$1,493,252 for federal programs $300,000 for state programs
Auditee qualified as low-risk auditee?	_X_ yes ___no

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended August 31, 2008

SECTION II - FINANCIAL STATEMENT FINDINGS

The results of our procedures disclosed no findings to be reported for the year ended August 31, 2008.

SECTION III - FEDERAL AND STATE AWARD FINDINGS

The results of our procedures disclosed no federal or state award findings to be reported for the year ending August 31, 2008.

SECTION IV - CORRECTIVE ACTION PLAN (UNAUDITED)

Not Applicable

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended August 31, 2008

SECTION V – SUMMARY OF PRIOR FINDINGS

The results of our procedures disclosed the following financial statements and federal award findings to be reported for the year ending August 31, 2007.

Finding 2007-1

Type:	Significant deficiency
Criteria:	Assets which are capitalized as construction-in-progress (CIP) must be transferred to a depreciable capital asset category when they are ready to be used for their intended purpose.
Condition:	Multiple assets recorded in CIP were ready for their intended use in fiscal 2006 or before. They were not transferred into a depreciable capital asset category at that time. Thus, depreciation was not recorded and interest continued to be capitalized related to those assets.
Effect:	The 2007 financial statements were misstated, though not materially, due to catching up depreciation expense and reversing interest capitalization from prior years.
Recommendation:	We recommend that a formal review process be implemented across the campuses to accurately record the completion dates of CIP. This will aid in the financial reporting process and increase the accuracy for recording and tracking of assets.
Management Response:	Management agrees with the findings. The District Comptroller and the Associate Vice Chancellor of Business Affairs will conduct a thorough review of the CIP process to ensure that projects are properly reclassified after completion and implement any changes prior to August 31, 2008.
Current Year Status:	Several meetings were held with Facilities staff to discuss the status of prior year construction projects and develop a formalized process for communicating completion of projects. Older projects were submitted to Facilities for review and documentation of completion in the form of certificates of occupancy, when applicable, or architect's certification of completion, when not. The new process requires submission of a list of outstanding projects per the general ledger to Facilities in July of each year for review, documentation of status, and signature. This is followed by Comptroller review and signature. Completed projects are added to the fixed asset system as of September 1 each year. The formalized process was communicated to the Board of Trustees.

SECTION V – SUMMARY OF PRIOR FINDINGS - Continued

Finding 2007-2

Program:	Student Financial Aid Cluster
CFDA:	84.007, 84.032, 84.033, 84.063, 84.375
Criteria:	Students who are granted appeals after not meeting Satisfactory Academic Progress (SAP) requirement must have their academic progress reviewed within a year from the appeal to re-qualify for aid. The District's automated system does not flag students who have had an appeal. Most students have their SAP re-evaluated with the next annual SAP calculation, but students who received an appeal but did not attend classes during the year do not have the calculation performed.
Condition:	Sixty students were tested who received aid in the 2006-2007 academic year but their last SAP status check was an appeal granted prior to 2006. Six of the sixty students did not have their files reviewed outside of the system check for the 2006-2007 year.
Effect:	Students were awarded aid without meeting SAP and without having their appeals reviewed timely.
Recommendations:	We recommend that the District revise its automatic SAP calculation to put students on financial aid suspension if after a year on probation, they still do not meet SAP. If this is done properly, manual review of student files will not be necessary.
Corrective Action Plan:	Current programming for the SAP calculation was not picking up students who appealed and were allowed to be on probation but did not attend during the financial aid year for which the probationary status was granted. As a result the student appeared to still be on probation at the next attendance. To resolve this, the District Director of Financial Aid and General Accounting, the District Director of Financial Aid and the IT Project Manager over Financial Aid will work together to create the appropriate specifications, programming and coding to implement a corrected SAP calculation process for the next SAP calculation period at the end of the Spring 2008 semester.
Current Year Status:	A new code was created and programming implemented to identify the last year for which students had active financial aid. Students in the finding would not have had a current year status under this new method and thus would appear on an error list to be re-evaluated for aid eligibility. The programming was implemented in Fall 2007 and utilized for the Spring 2008 SAP calculation process.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended August 31, 2007

SECTION V – SUMMARY OF PRIOR FINDINGS - Continued

Finding 2007-3

Program:	Federal Family Education Loans
CFDA:	84.032
Criteria:	The District must report student status to National Student Clearinghouse (NSCH) three times per long semester and one time per summer semester. NSCH then reports the student status to National Student Loan Data System (NSLDS). This information is used to determine when students must begin repayment of loans.
Condition:	The District's query that feeds into the report given to NSCH does not currently function correctly in that flex term classes are not included in determining the enrollment status of students. Flex term classes are those that do not follow a traditional calendar. For one student out of thirty tested, the enrollment status reported to the NSCH was incorrect because it did not include the student's flex term class.
Effect:	For students whose flex term classes make a difference between enrollment status levels, their enrollment status is being reported incorrectly.
Recommendations:	We recommend that the District adjust the query to include flex term hours in the spring student status calculation.
Corrective Action Plan:	The program was not picking up the flex entry classes for which students registered after the semester lock-in date but did pick up flex classes registered for prior to the lock-in date. Programming will be corrected for the Spring semester through the District Director of Financial Aid and General Accounting and IT Project Manager over Financial Aid working together to ensure that all flex classes are appropriately included for reporting to the NSCH.
Current Year Status:	Programming was implemented in late Fall 2007 to change the date parameters in the system so that flex classes would appropriately be identified and reported to NSCH.