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, 2010 and 2009

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009

TABLE OF CONTENTS

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

ORGANIZATIONAL DATA

FISCAL YEAR 2009 - 2010

Board of Trustees

Officers

Jerry Prater	Chair
Charletta Rogers Compton	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	2016
Diana Flores	Dallas, Texas	2014
Bill Metzger	Mesquite, Texas	2016
Jerry Prater	Garland, Texas	2016
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	Executive Vice Chancellor, Human & Organizational Development
Justin Lonon	Vice Chancellor, Public & Governmental Affairs

Letter to the Community

Dear Friends and Stakeholders:

This year has been one of both accomplishments and challenges for the Dallas County Community College District (the District). Accomplishments have included completion of all the new buildings planned for the $450 million bond program approved by Dallas County voters in 2004, record enrollments, and numerous trophies, recognitions and awards for both students and employees. Challenges have come in the form of the first reduction in the tax base in a number of years, a mid-year reduction in state funding, and declining interest revenue for the District's investments.

Over one million new square feet have been added to the District's footprint by the completion of the projects funded by general obligation bonds. The last tranche of bonds was issued in January 2010 to finance the final portion of the construction, which included both new buildings and renovation of areas vacated by programs being housed in the new buildings. Many of the buildings have earned architectural awards and many have achieved various levels of LEEDS certification. Over thirty-five projects, including five new community campuses aimed at making education more readily available in underserved areas of the metroplex, are helping to house the influx of students experienced in the last couple of years.

Enrollment skyrocketed as Fall 2009 unduplicated headcount reached 69,047 for a 6.44% increase over the previous fall and Spring 2010 unduplicated headcount climbed to 70,885 for an 11.28% increase over the previous spring. Contact hours, the measure used for determining state funding, increased 6.81% and 11.86% for Fall 2009 and Spring 2010, respectively. Enrollment growth was fueled in part by the current economic conditions as those who were unemployed or underemployed returned to school to increase their skills or change careers. However, regardless of economic conditions, enrollment growth was not unexpected as the District has been preparing to meet the goals of *Closing the Gaps by 2015*, a statewide plan to meet higher education needs within Texas. This Texas Higher Education Coordinating Board document provides a plan to close the gaps in student participation, student success, excellence, and research. Part of the reason for the construction program was to provide the space needed for supporting increased numbers of students expected under the plan.

The District is very proud of the accomplishments of its students, faculty and staff. Setting an example at the top, Trustee Kitty Boyle was honored by the Association of Community College Trustees with their 2009 M. Dale Ensign Trustee Leadership Award. Two students achieved recognition for their activity in Phi Theta Kappa as one became Phi Theta Kappa International President and Regional Vice President, and the other became a part of Phi Theta Kappa's USA-All American Team. Other student accomplishments include winning National Junior College Athletic Association Division III National Championships in various men and women's sports, scholarships and other recognitions for outstanding academic and civic work. Faculty and staff have served as officers for various organizations representing different facets of higher education as well as earned awards and recognitions. A weekend memo is sent to the board of trustees every Friday enumerating many of these honors.

With the economy dipping across the nation, Texas felt some of the impact. This caused some economic challenges for the District. The assessed taxable value dropped 2.86%, the first such drop for almost a decade. However, the board voted to raise the tax rate from $0.0759 per $100 assessed valuation to $0.0778, which made up the difference and allowed the District to still remain below the effective rate for maintenance and operations taxes. In January, 2010 the State asked all agencies and institutions of higher education to submit a plan for reducing their budgeted state appropriations by 5% for the 2010-2011 biennium. Because the request was so far into the fiscal year, the District submitted a plan that reduced appropriations by 35% of the requested 5% in the fiscal year ended August 31, 2010 and the remaining 65% for the second year of the biennium. In May the District was told their plan was accepted and cash flows from the State were reduced by the designated amount for the remaining three months of the year. While only a small percentage of the District's budget, investment revenue has continued to decline due to market conditions.

In spite of these challenges, the District remains fiscally strong while maintaining both a tax rate and tuition that are among the lowest of the State's fifty community colleges. One way to ensure that the public is regularly informed of the District's fiscal health and stability is through an annual audit of the District's financial statements, the results of which are shared through the publishing of the annual financial report. The report as of and for the years ended August 31, 2010 and 2009 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. The report 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, McConnell & Jones 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 a single audit of 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.

The District continues to maintain the highest rating of the three credit rating agencies – Standard & Poors, Inc., Moody's Investors Service, Inc. and Fitch Ratings. In their most recent reports for the 2010 bond issues in January and June, they each cited the District's strong fiscal responsibility, flexibility in revenue streams, and strong enrollment as reasons for the rating. We are confident the attached report will support their conclusions.

Respectfully submitted,

Edward M. DesPlas
Executive Vice Chancellor, Business Affairs

Wright L. Lassiter, Jr.
Chancellor

McConnell & Jones LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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 year ended August 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the District as of August 31, 2009, were audited by other auditors whose report dated December 8, 2009, expressed an unqualified opinion on those statements.

We conducted our audit 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 audit 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 audit provides a reasonable basis for our opinion.

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, 2010 and the respective changes in financial position and cash flows thereof for the year 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 17, 2010 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.

3040 Post Oak Blvd., Suite 1600
Houston, TX 77056
Ph: 713.968.1600
Fax: 713.968.1601

WWW.MCCONNELLJONES.COM

The management's discussion and analysis on pages 6 through 19 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 audit was conducted for the purpose of forming an opinion 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.

McConnell & Jones LLP

Houston, Texas
December 17, 2010

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, 2010 and 2009. 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 2010

- The District's net assets at August 31, 2010 are reported at $460.3 million. Approximately 57.7% of the net assets amount reflects the investment in capital assets, net of related debt.
- The District's operating loss is $338.2 million.
- Net assets increased $9.8 million.

Financial Highlights for 2009

- The District's net assets at August 31, 2009 are reported at $450.5 million. Approximately 56.1% of the net assets amount reflects the investment in capital assets, net of related debt.
- The District's operating loss is $284.2 million.
- Net assets increased $23.5 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 places focus 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. The ending balance of net assets on this statement agrees with that shown on the Statements of Net Assets.

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

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.

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. Application for renewal of the charter was made by the due date of May 7, 2010. Per 19 Texas Administrative Code (TAC) Chapter 100, Charters, §100.1031(a), "if a charter holder makes timely and sufficient application for renewal of an open-enrollment charter, the existing open-enrollment charter does not expire until the commissioner of education has finally granted or denied the application." At this time the application for renewal of the charter is still in process.

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, a Statement of Cash Flows and other schedules 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, 2008 through 2010 follows.

	Fiscal Year 2008	Increase/ (Decrease)	Fiscal Year 2009	Increase/ (Decrease)	Fiscal Year 2010
CURRENT ASSETS:	$ 118,240	$ (36,333)	$ 81,907	$ 43,599	$ 125,506
NON-CURRENT ASSETS:					
Capital assets, net of depreciation	466,381	199,614	665,995	42,578	708,573
Other	198,589	68,447	267,036	(58,730)	208,306
Total assets	783,210	231,728	1,014,938	27,447	1,042,385
CURRENT LIABILITIES	238,985	(97,518)	141,467	(5,613)	135,854
NON-CURRENT LIABILITIES	117,274	305,717	422,991	23,287	446,278
Total liabilities	356,259	208,199	564,458	17,674	582,132
NET ASSETS:					
Invested in capital assets, net of related debt	237,335	15,176	252,511	13,102	265,613
Restricted	11,563	145	11,708	194	11,902
Unrestricted	178,053	8,208	186,261	(3,523)	182,738
Total net assets	$ 426,951	$ 23,529	$ 450,480	$ 9,773	$ 460,253

The difference between what the District owns, its assets, and what it owes, its liabilities, are the net assets. At August 31, 2009, the difference in assets and liabilities was $450.5 million while at August 31, 2010, the difference was $460.3 million. As can be seen, the former is an increase from August 31, 2008 of approximately $23.5 million or 5.5% while the more recent year is an increase of $9.8 million or 2.2%.

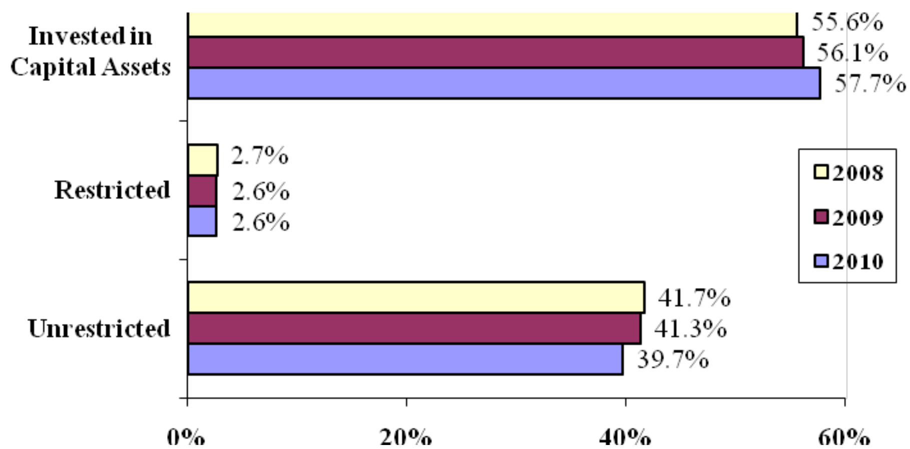
A review of the assets on the preceding table reveals shifts between current assets and non-current "other" assets for the years ended August 31, 2008 through August 31, 2010. Current assets went from $118.2 million at August 31, 2008 to only $81.9 million at August 31, 2009, a decrease of $36.3 million or 30.7% while the non-current "other" assets increased from $198.6 million to $267.0 million, an increase of $68.4 million or 34.5%. On the other hand, the change of current assets from the year ended August 31, 2009 to August 31, 2010 was an increase of $43.6 million or 53.2% but for non-current "other" assets was a decrease of $58.7 million or 22.0%. Capital assets show a steady trend upward from 2008 to 2010 as construction continued towards completion for the District's major facility expansion program.

Current liabilities trend downward for the year ended August 31, 2008 through August 31, 2010 with first a decrease of $97.5 million or 40.8% followed by a further, but smaller, reduction of $5.6 million or 4.0%. The larger decrease in the earlier fiscal year is primarily related to 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.

The commercial paper was repaid in September 2009. Non-current liabilities rapidly increased from August 31, 2008 to August 31, 2009 a significant $305.7 million or 260.7% and an additional $23.3 million or 5.5% for the year ended August 31, 2009. The earlier increase is mainly attributable to the issuance of the two tranches of general obligation bonds during the fiscal year--$212.0 million in September 2008 and $103.0 million in June 2009. The latter increase mainly represents the net difference of the last $47.1 million of general obligation bonds issued and the amount moved to current liabilities for payment in the next fiscal year.

The following is a graphic illustration of the breakdown of net assets for the years ended August 31, 2008 through 2010. Restricted net assets has remained fairly steady over the period shown. Those assets invested in capital net of related debt have increased steadily over the same period as construction of the bond program projects is completed. A slight dip in unrestricted net assets has occurred since August 31, 2009.

Comparison of Net Assets



Operating revenues continue to show a steady increase rising 11.6% to $96.0 million for the period ended August 31, 2009 and an additional 5.4% to $101.2 million for the period ended August 31, 2010. Operating expenses also increased in both years, rising 10.3% to $380.3 million for the period ended August 31, 2009 followed by a 15.5% increase to $439.4 million for the year ended August 31, 2010. The increase in expenses outpaced the increase in revenue for both years resulting in a 9.8% or $25.4 million increase in operating loss for the period ended August 31, 2009 and an even greater 19.0% or $53.9 million increase in operating loss for the period ended August 31, 2010. Operating losses were offset by net increases in non-operating revenues as they grew $27.4 million or 9.8% for the year ended August 31, 2009 and another $40.2 million or 13.0% for the year ended August 31, 2010. But the increase in net assets dropped 58.5% or $13.8 million for the year ended August 31, 2010 from August 31, 2009 after a 8.6% or $1.9 million increase in net assets from the year ended August 31, 2008 to the year ended August 31, 2009.

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, 2008 THROUGH 2010
(In Thousands)

	Fiscal Year 2008	Difference	Fiscal Year 2009	Difference	Fiscal Year 2010
OPERATING REVENUES	$ 86,043	$ 10,000	$ 96,043	$ 5,153	$ 101,196
LESS OPERATING EXPENSES	344,927	35,364	380,291	59,063	439,354
NET OPERATING LOSS	(258,884)	(25,364)	(284,248)	(53,910)	(338,158)
NON-OPERATING REVENUES AND EXPENSES	280,555	27,222	307,777	40,154	347,931
INCREASE/(DECREASE) IN NET ASSETS	21,671	1,858	23,529	(13,756)	9,773
NET ASSETS - BEGINNING OF YEAR	405,280	21,671	426,951	23,529	450,480
NET ASSETS - END OF YEAR	$ 426,951	$ 23,529	$ 450,480	$ 9,773	$ 460,253

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 28.0% of operating revenue for the year ended August 31, 2008 increasing only slightly to 29.6% of operating revenue for the year ended August, 31, 2009 but increasing again to 31.9% of operating revenue for the year ended August 31, 2010. Both federal grants and contracts and state grants and contracts revenue contributed to this increase each year. Tuition constituted 62.5% and 62.4% of net operating revenue respectively for the years ended August 31, 2008 and 2009 (see Revenue by Source graph) but dropped to just 60.0% of net operating revenue for the year ended August 31, 2010. Although there was a significant increase in tuition due to an approximately 5% hike in tuition in Spring 2009 plus enrollment growth for the last two years offset in part by an increase in tuition discounts, the increase in grants reduced tuition as a percent of total operating revenues.

Generally accepted accounting principles, under pronouncements of the Governmental Accounting Standards Board, 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. This results in reporting large operating losses which are significantly decreased after inclusion of these non-operating revenues and others that really are intended to contribute to operations. State appropriations are restricted by law to be used only for the educational and general expenses of the institution, which are its prime operations. Ad valorem tax revenues are broken into two types-those for maintenance and operations and those for debt service. The maintenance and operations portion is specifically designed to apply to operations, although a portion can be used for paying maintenance tax notes. Interest revenue is obtained through pooled investments, a large portion of which is attributable to operations. Also federal financial aid was recently reclassified to non-operating revenue even though the portion that relates to tuition is required to be reported as a tuition discount against operations. If those non-exchange transactions that really apply to operations were reported as such, the Statements of Revenues, Expenses and Changes in Net Assets would look more like the following.

ALTERNATIVE REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED AUGUST 31, 2008 THROUGH 2010
(In Thousands)

	Fiscal Year 2008	Difference	Fiscal Year 2009	Difference	Fiscal Year 2010
OPERATING REVENUES	$ 86,043	$ 10,000	$ 96,043	$ 5,153	$ 101,196
OTHER SUPPORT FOR OPERATIONS	280,223	14,033	294,256	35,996	330,252
LESS OPERATING EXPENSES	344,927	35,364	380,291	59,063	439,354
NET OPERATING INCOME	21,339	(11,331)	10,008	(17,914)	(7,906)
NON-OPERATING REVENUES AND EXPENSES	332	13,189	13,521	4,158	17,679
INCREASE/(DECREASE) IN NET ASSETS	21,671	1,858	23,529	(13,756)	9,773
NET ASSETS - BEGINNING OF YEAR	405,280	21,671	426,951	23,529	450,480
NET ASSETS - END OF YEAR	$ 426,951	$ 23,529	$ 450,480	$ 9,773	$ 460,253

State appropriations increased 1.0% or $1.2 million for the period ended August 31, 2009 over the year ended August 31, 2008 but increased 3.3% or $3.9 million for the year ended August 31, 2010-this in spite of a mid-year reduction requested in January 2010 by the State of Texas and a portion of appropriations reported as a grant because paid by American Reinvestment & Recovery Act (ARRA) funds. The increase in the earlier year is attributable mainly to an increase in the Small Business Development Center revenue along with a modest increase in funding for the Richland Collegiate High School. The latter year increase is a result of an increase in appropriation for the new biennium granted by the 80th legislative session.

Tax revenue, net of collection fees and bad debt, has steadily increased. A $22.3 million or 17.1% increase was realized between the years ended August 31, 2008 and 2009 as the tax base grew by 5.7%. But in spite of the first decrease in the tax base for over a decade (down 2.86%) for the 2010 tax year, there was a 4.0% or $6.1 million increase for the year ended August 31, 2010 over the year ended August 31, 2009 mainly due to an increase in the assessment of a debt service tax levied for repayment of the general obligation bonds issued for the construction projects approved by voters May 2004. There was an increase from $0.0135 per $100 valuation for debt service to $0.0171 per $100 valuation-a 26.7% increase over 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 2009 and 2010, representing 47.5% and 43.5% of total non-operating revenues for the years ended August 31, 2009 and 2010, respectively, compared to 37.0% and 33.7% for state appropriations.

Federal scholarship revenue net of discounts grew from 11.0% of non-operating for the year ended August 31, 2008 to 12.6% and 20.3% of non-operating for the years ended August 31, 2009 and 2010, respectively. It has steadily increased with a 25.5% or $8.2 million increase at August 31, 2009 over the year ended August 31, 2008 and another 83.9% or $34.0 million for the year ended August 31, 2010.

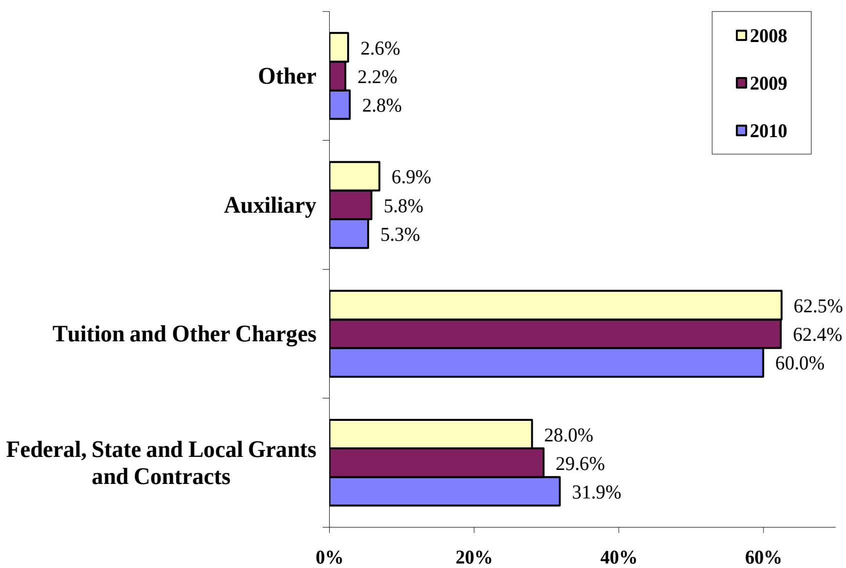
Investment income, another non-operating revenue, decreased a significant 30.3% or $3.6 million for the year ended August 31, 2009 over the year ended August 31, 2008. This trend continued with a further decrease of 11.5% or $1.0 million for the year ended August 31, 2009 over the year ended August 31, 2010 due to market declines. However, there was a 126.2% or $7.8 million increase in interest on capital related debt from August 31, 2008 to August 31, 2009 due to $315.0 million in general obligation bonds issued during the year ended August 31, 2009 and another 18.7% or $2.6 million for the year ended August 31, 2010.

The result of all these changes was that net non-operating revenues increased $27.2 million or 9.7% for the year ended August 31, 2009 over the year ended August 31, 2008 and $40.2 million or 13.0% for the year ended August 31, 2010.

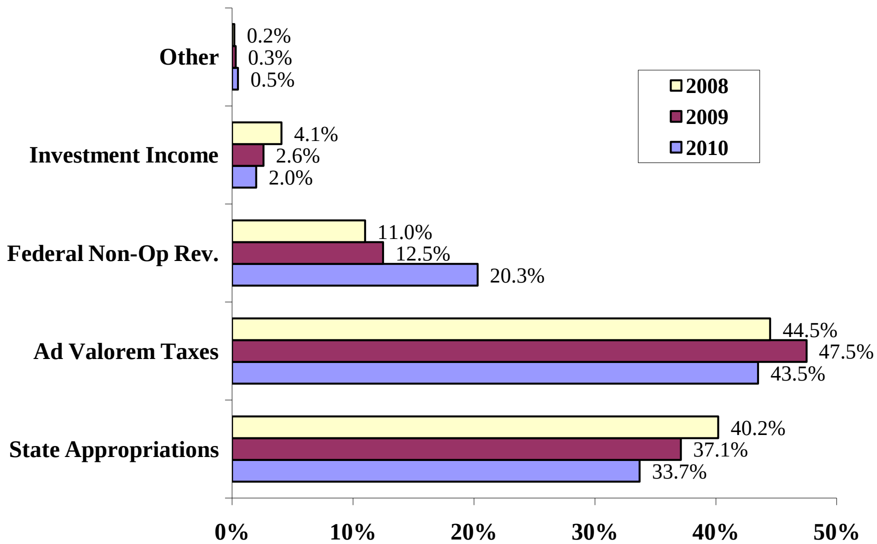
The following are graphic illustrations of revenues by source for both operating and non-operating revenues for the years ended August 31, 2008 through 2010.

Revenue by Source

Operating Revenues



Non-operating Revenues

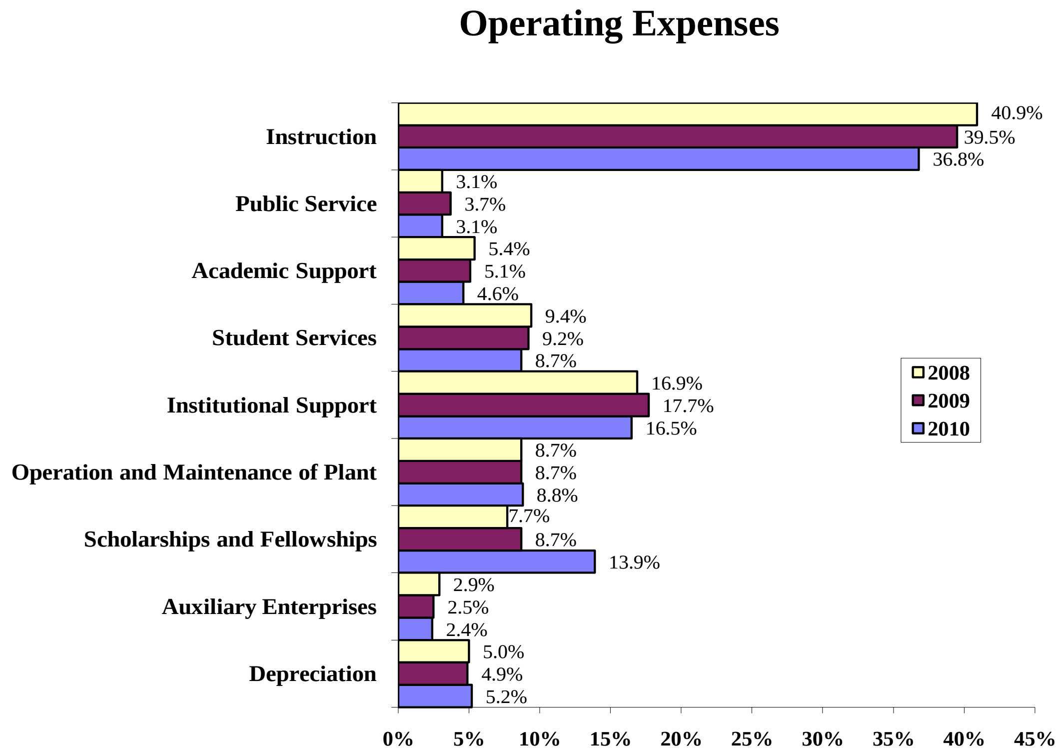


The breakdown of operating expenses by functional area for the years ended August 31, 2008 through 2010 appears in the following table.

OPERATING EXPENSES
YEARS ENDED AUGUST 31, 2008 THROUGH 2010
(In Thousands)

	Fiscal Year 2008	Difference	Fiscal Year 2009	Difference	Fiscal Year 2010
OPERATING EXPENSE					
Instruction	$ 141,112	$ 9,302	$ 150,414	$ 11,355	$ 161,769
Public service	10,839	3,115	13,954	(451)	13,503
Academic support	18,713	650	19,363	702	20,065
Student services	32,418	2,733	35,151	3,203	38,354
Institutional support	58,216	8,980	67,196	5,270	72,466
Operation and maintenance of plant	30,058	2,942	33,000	5,718	38,718
Scholarships and fellowships	26,383	6,761	33,144	27,960	61,104
Auxiliary enterprises	10,104	(565)	9,539	850	10,389
Depreciation	17,084	1,446	18,530	4,456	22,986
TOTAL	$ 344,927	$ 35,364	$ 380,291	$ 59,063	$ 439,354

The following is a graphic illustration of operating expenses for fiscal years 2008 through 2010.



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 $9.3 million or 6.6% for the period ended August 31, 2009 and $11.4 million or 7.5% for the year ended August 31, 2010. However, the percent of total expenses represented by instructional expenses has been declining over the periods ended August 31, 2008 through 2010 due to increases in other functional areas, although for fiscal year 2009 the dollar expenditure increase was greater than any other functional area as enrollment grew. Institutional support increased $9.0 million or 15.4% for the year ended August 31, 2009 over the year ended August 31, 2008 as new community campuses opened and information technology expenditures increased. Public service grew $3.1 million or 28.7% with many of the RCHS students taking continuing education classes and the addition of several classes in support of new grants. Scholarships and fellowships increased $6.8 million or 25.6% as Title IV awards increased significantly over the prior year but grew even more for the year ended August 31, 2010 as it increased another $28.0 million or 84.4%. But depreciation also grew significantly with a $4.5 million or 24.0% increase in depreciation as new buildings went from construction in progress to buildings being depreciated.

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, 2009, the Foundation's net assets were $29.0 million, an amount that represents 6.4% of the District's net assets for the same period. For the fiscal year ended August 31, 2010, the Foundation's net assets were $30.4 million, which represents 6.6% 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 $26.0 million and $26.2 million for the years ended August 31, 2009 and 2010 respectively.

Financial Analysis

For the year ended August 31, 2009 cash and investments increased $10.1 million or 3.8% over the year ended August 31, 2008. The change represents issuance of $315.0 million of general obligation bonds netted against repayment of $125.0 million of outstanding commercial paper that had been issued as an interim financing measure as well as significant payments on construction. On the other hand there was a $28.3 million or 10.2% decrease in cash and investments for the year ended August 31, 2010. This is largely attributable to payments on construction as the bond program projects approached completion.

Due to a shifting interest environment for investments, for the year ended August 31, 2008 the District found it advantageous to maintain longer term investments. By the year ended August 31, 2009, investments in the pools were kept at a level to maintain some liquidity and meet investment policy requirements as the interest rates were even lower. For the year ended August 31, 2010, $9.0 million was added to the depository account where it could earn more money than pools. Earnings are used to offset banking fees.

The line item "Capital assets not subject to depreciation" shows an increase of $25.6 million or 15.8% for the year ended August 31, 2009 over the year ended August 31, 2008 while for the year ended August 31, 2010 a $94.6 million or 50.3% decrease occurred in this category. In the first year $209.0 million was added to construction in progress, but a large number of projects were completed and moved from construction in progress to depreciable assets, particularly in the latter year. Depreciable capital assets increased by $174.0 million or 57.3% and $137.2 million or 28.7%, respectively, for the years ended August 31, 2009 and 2010 as a result.

Bonds payable for the year ended August 31, 2009 reflects an increase of $188.6 million or 75.2% but only a increase of $27.4 million or 6.2% for the year ended August 31, 2010. The amount outstanding for the year ended August 31, 2009 reflects the addition of $315.0 million in general obligation bonds after repayment of the outstanding commercial paper. Another $41.7 million in general obligation bonds was issued in January 2010. Both years' increases were netted against payment of the current portion of bonds payable.

Net assets, the difference between total liabilities and total assets, have increased each year. Compared to the previous year there was a $15.2 million or 6.7% increase for the year ended August 31, 2009 in the "invested in capital assets, net of related debt" as multiple capital projects were completed. Another increase of $13.1 million or 11.9% was added for the year ended August 31, 2010 for additional projects completed. Unrestricted net assets increased only $8.2 million or 4.6% for the year ended August 31, 2009 and decreased $3.5 million or 1.9% for the year ended August 31, 2010.

Tuition revenue has increased over the past two fiscal years and so have allowances and discounts. The net tuition revenue increase is due to enrollment increases each semester coupled with a 5% increase in tuition that occurred in Spring 2009. The discounts for tuition grew particularly in relation to Title IV federal financial aid with an 18.9% or $1.8 million increase from August 31, 2008 to August 31, 2009 and another jump of 60.0% or $6.9 million by August 31, 2010.

Federal grant and contract revenue increased in the year ended August 31, 2009 with a 16.0% or $2.6 million change with the addition of two or three new, large grants, i.e. from the National Science Foundation and the Department of Education. State grant and contract revenue increased $3.8 million or 110.5% for the year ended August 31, 2009. The increase can be tied to several new Texas Workforce Commission skills development and nursing grants. For the year ended August 31, 2010 federal grants increased $2.8 million or 15.0% while state grants remained relatively flat. The increases were mainly the result of funding from the American Recovery and Reinvestment Act, particularly as part of the state-funded appropriations passed through the Texas Higher Education Coordinating Board and pass through funding from the Dallas County Local Workforce Development Board.

Because of the tremendous growth of Scholarships and Fellowships, particularly in the year ended August 31, 2010, the proportionate percentage of the total for each functional areas has shifted slightly, causing Instruction and Institutional Support percentages of total to be less than they would have been otherwise (see the graph of operating expenses). A salary increase of 5.0% for the year ended August 31, 2009 accounts for part of the increase in expenses for each function in that year. But the greatest percent of increases in expenses for the year ended August 31, 2009 were in Public Service and Scholarships which increased 28.7% and 25.6%, respectively. The largest dollar amount of increases occurred in Instruction for both years (ended August 31, 2009 and 2010) are attributable to enrollment growth. Depreciation increased 8.5% for the year ended August 31, 2009 as two completed bond projects began being depreciated but jumped 24.0% for the year ended August 31, 2010 as even more buildings were capitalized and began being depreciated. Instruction continues to be the highest proportion of the operating expenses accounting for 36.8% of the total for the year ended August 31, 2010 and 39.6% for the year ended August 31, 2009.

State appropriations experienced a modest increase of $1.2 million or 1.0% for the year ended August 31, 2009 with only slight increases in state retirement matching, small business development grant state matching, and increased enrollment for the RCHS. The increase was $3.9 million or 3.3% for the year ended August 31, 2010 as it was the first year of the new biennium. This increase would have been larger except that the amount was reduced $3.4 million by the State mid-year as a cost-cutting saving measure and $1.7 million of appropriations is accounted for as a federal grant because it came through the American Recovery and Reinvestment Act.

The maintenance and operation (M&O) tax rate was maintained at $0.0759 per $100 of valuation for the year ended August 31, 2009 as the certified tax base grew 5.7%. However, the interest and sinking (I&S) tax rate increased to $.0135 per $100 valuation to provide for the additional debt service for $315.0 million of general obligation bonds issued during the year. The tax based declined 2.9% for the year ended August 31, 2010, but tax revenue for M&O was reduced only slightly as the tax rate was raised to $0.0778 per $100 of valuation. But overall tax revenue increased because the I&S rate was increased to $0.0171 per $100 of valuation to accommodate the issuance of the final tranche of general obligation bonds of $47.1 million. Investment income for the year ended August 31, 2009 reflects a shifting market showing a decline of $3.6 million or 30.3% from investment income for August 31, 2008 and grew to an additional $1.0 million or 11.5% further deterioration by August 31, 2010. Another item to note is that the non-operating loss on disposal of fixed assets decreased $5.1 million or 94.9% for the year ended August 31, 2009. The biggest portion of the change relates to the fact the Universities Center of Dallas building, owned by the District for approximately 10 years, was sold in 2008 while no such sale occurred for the year ended August 31, 2009.

As a result of all of the activity described above, the net assets of the District increased $23.5 million for the year ended August 31, 2009 but only $9.8 million for the year ended August 31, 2010. Increases in state appropriations, the tax base, and enrollment growth along with conservative spending all contributed to these increases in net assets. However, they were less in the latter year with the large increase in expenses for Scholarships and Fellowships.

Capital Asset and Non-Current Debt Activity

As of August 31, 2008, the District had recorded $703.5 million in capital assets, and $237.2 million in accumulated depreciation resulting in $466.4 million in net capital assets. For the year ended August 31, 2009, net capital assets increased $199.6 million or 42.8%. By August 31, 2010, the amounts had increased an additional $42.6 million or 6.4%. This is indicative of the rapid movement toward completion of a large number of capital construction projects under the bond program approved in May 2004.

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. 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 met the needs for a new centralized administration office. A construction manager at risk method was used for most of the projects. Almost all of the projects have been completed as demonstrated by the movement for the year ended August 31, 2009 of $184.8 million of construction in progress into buildings and building improvements and land improvements and another $152.2 million for the year ended August 31, 2010 (see note 5).

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

CAPITAL ASSETS, NET
YEARS ENDED AUGUST 31, 2008 THROUGH 2010
(In Thousands)

	Fiscal Year 2008	Difference	Fiscal Year 2009	Difference	Fiscal Year 2010
CAPITAL ASSETS:					
Land and improvements	$ 62,715	$ 1,568	$ 64,283	$ 942	$ 65,225
Buildings & building improvements	448,835	184,610	633,445	152,727	786,172
Equipment, furniture, and software	57,347	5,342	62,689	5,249	67,938
Library books	10,029	31	10,060	(44)	10,016
Construction in progress	124,614	24,237	148,851	(95,010)	53,841
Total	703,540	215,788	919,328	63,864	983,192
Less accumulated depreciation	(237,159)	(16,173)	(253,332)	(21,287)	(274,619)
Net capital assets	$ 466,381	$ 199,615	$ 665,996	$ 42,577	$ 708,573

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 rating agencies provided an advantage to the District as issues were sold. The final tranche of $47.1 million was sold January 2010. 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 1998 revenue bonds with the issuance of Series 2009 Refunding Bonds. For this refunding the board set guidelines: savings should be at least 2.5% and no more than $7 million of refunding bonds should be sold for the callable portions of the debt. The refunding bonds were sold in a private placement for $6.4 million with a District cash contribution of $0.1 million and met the savings target. Another refunding occurred with the refunding of the original issue of general obligations bonds for the $450 construction program, Series 2004. This refunding occurred June 2010 and resulted in the issuance of $49.3 million of Series 2010 General Obligation Refunding Bonds to refund $50.6 million of Series 2004 general obligation bonds. Again savings targets were met.

In January 2006 the board approved a commercial paper program to be used as an interim financing method for the 2004 general obligation bond projects. The limit outstanding was not to 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 September 2009. Since it was no longer needed, the commercial paper program was eliminated by board of trustees' resolution at its November 3, 2009 meeting.

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 the end of calendar year 2010. New community campuses were 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. The remainder opened in 2009. As these campuses and other new buildings became operational, expenses needed to support them have been added. However, revenue is expected to increase as student enrollments are added.

Subsequent to the end of the year ended August 31, 2009, the board voted to end its commercial paper program. Due to market conditions, the program was no longer considered useful as an interim financing method for the bond program projects. The remaining $50 million in voter-approved bonds needed to complete the bond program projects was issued in January, 2010.

In January 2010 the State of Texas asked all state agencies and institution of higher education to submit plans to reduce state-appropriated funding by 5% for the biennium. In May 2010 all were informed that their plans were accepted and immediate reductions in cash payments from the State would occur by the amount proposed. Because the request was made after commitments for two thirds of the year had occurred, it was determined the District would cut only 35% of its 5% reduction in the first year of the biennium (fiscal 2010) and the remaining 65% in the second year (fiscal 2011). Then all were asked to reduce budgets by an additional 10% on their Legislative Appropriations Requests submitted in August 2010. At this time it is unclear whether 10% will be the maximum of the potential cuts as indications are that they could be as high as 15-25%. The reduction for the current biennium was about $9 million for operations which would increase to an additional $18 million for the coming biennium if the 10% cut is adopted. On December 6, 2010, the governor issued a letter to all state agencies and institutions of higher education to plan for an additional 2.5% reduction for the fiscal year ending August 31, 2011.

The certified tax base decreased by 2.9% for the fiscal year ending August 31, 2010. This created some budgeting challenges for fiscal year 2010. No salary increase was given for the new fiscal year. The tax base decreased again for the fiscal year ending August 31, 2011 by an additional 4.8%. This time about $6 million in revenue was lost as the tax rate remained the same. Investment revenue for operations has steadily decreased due to market conditions which has further tightened the budget. However, a tuition increase effective for Spring 2011 as well as continuing enrollment growth are expected to help bridge the gap. Also cost cutting measures are being sought through efficiencies of operations.

The District does have about the lowest tuition among the State's 50 community colleges as well as having among the lowest maintenance and operations tax rates. This gives some flexibility in making up any budget shortages through tuition or tax increases.

The RCHS is adding a new area of emphasis as a choice for its students effective for the year ending August 31, 2011. The original area of emphasis was in science, engineering and math. The new one will provide for an emphasis in the arts. The enrollment of RCHS is expected to increase with the addition of this new arm of the charter high school.

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, 2010 AND 2009

ASSETS	**2010**	**2009**
CURRENT ASSETS:		
Cash and cash equivalents	$ 46,551,281	$ 15,398,650
Accounts receivable (net of allowance for uncollectible accounts)	38,144,527	30,531,698
Tuition and fees receivable (net of allowance for uncollectible accounts)	9,219,830	8,316,552
Taxes receivable (net of allowance for uncollectible accounts)	2,125,427	1,604,990
Deferred charges, net	27,277,008	23,751,867
Notes receivable	49,404	53,456
Inventories	665,163	746,822
Prepaid expenses	1,473,409	1,503,040
Total current assets	125,506,049	81,907,075
NON-CURRENT AND RESTRICTED ASSETS:		
Restricted cash and cash equivalents	247,358	12,155,928
Long-term investments	202,659,905	250,249,129
Deferred charges, net	5,398,956	4,630,920
Capital assets, net		
Not subject to depreciation	93,503,817	188,120,515
Subject to depreciation	615,069,063	477,875,082
Total non-current assets	916,879,099	933,031,574
TOTAL ASSETS	1,042,385,148	1,014,938,649
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	31,098,994	49,788,640
Accrued liabilities	5,618,523	4,948,220
Accrued compensable absences	6,929,658	6,521,019
Funds held for others	2,518,257	1,820,688
Deferred revenues	63,748,440	55,800,236
Bonds payable—current portion	25,940,339	22,588,467
Total current liabilities	135,854,211	141,467,270
NON-CURRENT LIABILITIES:		
Restricted accrued liabilities	1,714,728	2,179,480
Accrued compensable absences	4,027,133	4,050,572
Bonds payable	440,536,227	416,761,225
Total non-current liabilities	446,278,088	422,991,277
TOTAL LIABILITIES	582,132,299	564,458,547
NET ASSETS		
Invested in capital assets, net of related debt	265,612,880	252,510,597
Restricted for:		
Unexpended bond proceeds	6,068,463	6,689,882
Debt service	5,833,807	5,018,095
Unrestricted	182,737,699	186,261,528
TOTAL NET ASSETS (Schedule D)	$ 460,252,849	$ 450,480,102

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

Dallas County Community College District Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

August 31, 2010 and 2009

	2010	2009
ASSETS:		
Cash and cash equivalents	$ 7,194,417	$ 6,374,481
Investments	19,853,108	18,831,178
Accrued interest and dividends receivable	56,897	40,370
Contributions receivable, net	3,496,168	4,422,158
Other assets	10,617	10,619
Total assets	$ 30,611,207	$ 29,678,806
LIABILITIES AND NET ASSETS:		
LIABILITIES:		
Due to affiliate	$ 188,382	$ 542,922
Accounts payable	22,247	100,788
Total liabilities	210,629	643,710
NET ASSETS:		
Unrestricted	1,357,294	1,050,107
Temporarily restricted	2,872,938	1,970,866
Permanently restricted	26,170,346	26,014,123
Total net assets	30,400,578	29,035,096
Total liabilities and net assets	$ 30,611,207	$ 29,678,806

See Note 23 of the primary government organization.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED AUGUST 31, 2010 AND 2009

	2010	2009
OPERATING REVENUES:		
Tuition and charges (net of discounts of $33,278,631 and $25,519,120, respectively)	$ 60,679,753	$ 59,917,657
Federal grants and contracts	21,675,227	18,842,353
State grants and contracts	7,733,013	7,236,934
Non-governmental grants and contracts	2,832,108	2,318,137
Sales and services of educational activities	627,008	508,939
Auxiliary enterprises	5,408,863	5,576,146
General operating revenues	2,240,074	1,642,434
Total operating revenues (schedule A)	101,196,046	96,042,600
OPERATING EXPENSES:		
Instruction	161,769,590	150,414,206
Public service	13,502,908	13,954,101
Academic support	20,064,645	19,363,342
Student services	38,353,725	35,150,464
Institutional support	72,466,072	67,196,381
Operation and maintenance of plant	38,718,617	32,999,568
Scholarships and fellowships	61,103,659	33,143,575
Auxiliary enterprises	10,389,098	9,538,990
Depreciation	22,986,128	18,530,152
Total operating expenses (schedule B)	439,354,442	380,290,779
OPERATING LOSS	(338,158,396)	(284,248,179)
NON-OPERATING REVENUES (EXPENSES):		
State appropriations	123,303,929	119,414,714
Maintenance ad valorem taxes (net of bad debt and collection fee of $3,715,304 and $4,646,189, respectively)	159,137,404	153,057,043
Federal revenue, non-operating	74,418,624	40,457,843
Gifts	83,299	779,475
Investment income	7,384,454	8,343,123
Gain on sale of investment	-	153,269
Contributions in aid of construction	-	75,157
Interest on capital related debt	(16,507,721)	(13,907,095)
Loss on disposal of fixed assets	(1,040,680)	(270,547)
Other non-operating revenue	1,571,370	49,897
Other non-operating expense	(419,536)	(375,689)
Net non-operating revenues (Schedule C)	347,931,143	307,777,190
INCREASE IN NET ASSETS	9,772,747	23,529,011
NET ASSETS:		
Net Assets—Beginning of Year	450,480,102	426,951,091
Net Assets—End of Year	$ 460,252,849	$ 450,480,102

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

460,252,849 450,480,102

EXHIBIT 2A

Dallas County Community College District Foundation, Inc.

STATEMENTS OF ACTIVITIES

Years ended August 31, 2010 and 2009

	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES								
Contributions	$ 139,067	$ 1,148,951	$ 294,259	$ 1,582,277	$ 124,007	$ 1,378,082	$ 885,388	$ 2,387,477
Interest income	21,763	259,847	-	281,610	46,556	377,735	-	424,291
Contributed salaries	300,619	-	-	300,619	290,256	-	-	290,256
Net realized losses on sale of investments	(3,123)	604,184	-	601,061	(388,600)	(3,897,528)	-	(4,286,128)
Net unrealized gains on investments	398,137	-		398,137	377,511			377,511
Net assets released from restrictions	1,251,846	(1,251,846)	-	-	1,581,871	(1,581,871)	-	-
TOTAL REVENUE EXPENSES	2,108,309	761,136	294,259	3,163,704	2,031,601	(3,723,582)	885,388	(806,593)
Program services:								
Scholarship awards	699,829	-	-	699,829	1,265,349	-	-	1,265,349
Grants	643,178	-	-	643,178	405,173	-	-	405,173
Total program services	1,343,007	-	-	1,343,007	1,670,522	-	-	1,670,522
Non-program services:		-	-	-	-	-	-	-
Management and general	342,243	-	-	342,243	338,533	-	-	338,533
Fundraising	112,972	-	-	112,972	137,404	-	-	137,404
Total non-program services	455,215	-	-	455,215	475,937	-	-	475,937
TOTAL EXPENSES	1,798,222	-	-	1,798,222	2,146,459	-	-	2,146,459
Transfer between funds	(2,900)	140,936	(138,036)	-	-	(9,100)	9,100	-
Change in net assets	307,187	902,072	156,223	1,365,482	(114,858)	(3,732,682)	894,488	(2,953,052)
NET ASSETS, BEGINNING OF YEAR	1,050,107	1,970,866	26,014,123	29,035,096	1,164,965	5,703,548	25,119,635	31,988,148
NET ASSETS, END OF YEAR	$ 1,357,294	$ 2,872,938	$ 26,170,346	$ 30,400,578	$ 1,050,107	$ 1,970,866	$ 26,014,123	$ 29,035,096

See Note 23 of the primary government organization.

STATEMENT OF CASH FLOWS
YEARS ENDED AUGUST 31, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers	$ 74,681,022	$ 74,730,737
Receipts from grants and contracts	35,058,414	36,121,021
Payments to suppliers for goods and services	(115,783,111)	(87,632,781)
Payments to or on behalf of employees	(248,118,308)	(247,210,558)
Payments for scholarships and fellowships	(62,597,386)	(36,324,108)
Loans issued to students	(106,758)	(43,617)
Collection of loans to students	82,370	72,276
Other receipts	2,240,074	1,642,434
Net cash used by operating activities	(314,543,683)	(258,644,596)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipts from ad valorem taxes	162,760,498	156,216,505
Payments for collection of taxes	(4,143,531)	(3,918,757)
Receipts from state appropriations	107,751,080	119,414,714
Receipts from federal grants for non operating activities	66,546,853	32,642,093
Receipts from student organizations and other agency transactions	25,730,083	18,103,675
Payments to student organizations and other agency transactions	(25,032,514)	(18,171,190)
Payments on notes - principal	-	(51,523)
Payments on notes - interest	-	(135)
Other receipts	7,116	49,897
Other payments	(33,197)	-
Net cash provided by non-capital financing activities	333,586,388	304,285,279
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Proceeds on issuance of capital debt	50,011,636	330,284,624
Contribution received in aid of construciton	-	75,157
Proceeds from the sale of capital assets	22,731	16,962
Purchases of capital assets	(64,252,943)	(216,612,876)
Payments on capital debt - refunding	(1,022,080)	(124,931)
Payments on capital debt - principal	(20,875,000)	(142,585,000)
Payments on capital debt - interest	(19,678,348)	(14,617,270)
Net cash used by capital and related financing activities	(55,794,004)	(43,563,334)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	376,005,000	461,948,269
Interest on investments	6,605,684	7,237,814
Purchase of investments	(326,615,324)	(540,835,369)
Net cash used by investing activities	55,995,360	(71,649,286)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,244,061	(69,571,937)
CASH AND CASH EQUIVALENTS, SEPTEMBER 1	27,554,578	97,126,515
CASH AND CASH EQUIVALENTS, AUGUST 31	$ 46,798,639	$ 27,554,578
Reconciliation of net operating loss to net cash used by operating activities		
Operating loss	$ (338,158,396)	$ (284,248,179)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	22,986,128	18,530,152
Bad debt expense	775,400	674,300
Payments made directly by State for benefits	15,552,849	-
Changes in assets and liabilities:		
Receivables (net)	(2,296,560)	(2,171,187)
Deferred expenses	(3,738,843)	(8,796,670)
Inventories	81,659	(287,874)
Notes receivable	4,052	19,174
Prepaid expenses	29,631	(184,025)
Accounts payable	(18,689,646)	2,328,488
Accrued liabilities	576,639	1,482,497
Compensated absences	385,200	1,063,990
Deferred revenue	7,948,204	12,944,738
Net cash used by operating activities	$ (314,543,683)	$ (258,644,596)

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, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,365,482	$ (2,953,052)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions restricted for long-term purposes	(294,259)	(885,388)
Net realized losses (gains) on sales of investments	(601,061)	4,286,128
Net unrealized losses (gains) on investments	(398,137)	(377,511)
Changes in operating assets and liabilities:		
Accrued interest and dividends receivable	(16,527)	(18,946)
Contributions receivable	925,990	294,311
Due to affiliate	(354,540)	120,490
Accounts payable	(78,539)	39,612
Total adjustments	(817,073)	3,458,696
Net cash provided by operating activities	548,409	505,644
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investment sales	11,463,076	15,220,788
Purchases of investments	(11,485,808)	(17,288,136)
Net cash used in investing activities	(22,732)	(2,067,348)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term purposes	294,259	885,388
Cash flows from financing activities	294,259	885,388
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	819,936	(676,316)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,374,481	7,050,797
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 7,194,417	$ 6,374,481

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, 2010 and 2009. 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 $26,876,439 and $23,416,549 represent expenses for scholarships and fellowships related to the periods after August 31, 2010 and 2009, respectively, and $400,569 and $335,318 represent bond issue costs to be amortized in the periods after August 31, 2010 and 2009, respectively.

The District defers and amortizes the production costs associated with instructional television programs and other related materials on a straight-line basis over the estimated useful life of such media, which ranges from two to five years. These materials are produced and used both internally for instruction and for lease by the District to other educational institutions. Aggregate deferred production costs, net of accumulated amortization, amounted to $2,207,555 and $1,928,602 at August 31, 2010 and 2009, respectively, and have been included in the accompanying Statements of Net Assets as non-current deferred charges. In addition, $3,191,401 and $2,702,318, the non-current portion of bond issue costs being amortized over the life of the bonds, is included for the periods ended August 31, 2010 and 2009, 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, land improvements and library books. Estimated useful lives of capital assets are established according to the following:

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

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

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

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

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

3. 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, 2010 was $6,304,452, and the bank balance was $9,299,322. The carrying amount of the District's deposits with financial institutions as of August 31, 2009 was $(3,500,502), and the bank balance was $1,638,192. FDIC insures $250,000 of the District's bank balance, and the remaining balance is collateralized with securities.

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

	2010	2009
Bank deposits:		
Local funds - demand	$ 6,295,952	$ (3,509,002.00)
Imprest funds	8,500	8,500
Total deposits	6,304,452	(3,500,502)
Cash on hand	22,822	24,301
Cash equivalents:		
Investment in Texpool	33,804,518	15,374,332
Investment in TexSTAR	6,666,847	12,155,945
Total cash equivalents	40,471,365	27,530,277
Total cash and cash equivalents	$ 46,798,639	$ 24,054,076

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

At August 31, 2010 and 2009, 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, 2010, 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	5-6
U. S. Agency notes and bonds	$ 202,659,905	$ -	$ 73,829,410	$ 38,397,090	$ 15,365,700	$ 40,373,730	$ 34,693,975
Investments in Texpool	33,804,518	33,804,518	-	-	-	-	-
Investments in TexSTAR	6,666,847	6,666,847	-	-	-	-	-
Total cash equivalents and investments	$ 243,131,270	$ 40,471,365	$ 73,829,410	$ 38,397,090	$ 15,365,700	$ 40,373,730	$ 34,693,975

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

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

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The District's investment policy limits any one type of investment to 85% of the total portfolio. However, all the District's investments are backed by the U.S. Government so are not subject to concentration of credit risk. Investment in U.S. Agency securities comprises 72.76% of the District's total portfolio at August 31, 2010.

Reconciliation of Deposits and Investments to Exhibit 1

		Fair Market Value August 31, 2010		Fair Market Value August 31, 2009
Total cash and cash equivalents	$	46,798,639	$	24,054,076
Total investments		202,659,905		250,249,129
Total	$	249,458,544	$	274,303,205
Per Exhibit 1:				
Cash and cash equivalents	$	46,551,281	$	15,398,650
Restricted cash and cash equivalents		247,358		12,155,928
Long-term investments		202,659,905		250,249,129
Accounts payable		-		(3,500,502)
Total	$	249,458,544	$	274,303,205

There were no investments held by broker-dealers under reverse repurchase agreements as of August 31, 2010 or 2009.

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

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

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

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

4. CURRENT ASSETS AND LIABILITIES

Receivables—Receivables at August 31, 2010 and 2009 were as follows:

	2010	2009
Ad valorem taxes	$ 8,692,693	$ 8,600,484
Student tuition and charges	10,494,238	9,766,128
Federal grants	32,466,736	24,695,505
State grants	2,928,713	2,041,861
Local grants	449,345	608,806
Interest on investments	638,715	1,718,153
Other receivables	1,765,040	1,557,492
Total receivables	57,435,480	48,988,429
Less allowances for uncollectible amounts:		
Ad valorem taxes	(6,567,266)	(6,995,494)
Student tuition and charges	(1,274,408)	(1,449,576)
Other receivables	(104,022)	(90,119)
Total allowances	(7,945,696)	(8,535,189)
Total receivables, net of allowances	$ 49,489,784	$ 40,453,240

Payables—Accounts Payable at August 31, 2010 and 2009 were as follows:

	2010	2009
Vendors payable	$ 16,674,732	$ 37,303,943
Salaries and benefits payable	34,190	59,677
Students payable	14,390,072	12,425,020
Total accounts payable	$ 31,098,994	$ 49,788,640

5. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2010 was as follows:

	Balance September 1, 2009	Increases/ Reclassifications	Decreases	Balance August 31, 2010
Capital assets not subject to depreciation:				
Land	$ 39,269,157	$ 393,902	$ -	$ 39,663,059
Construction in progress	148,851,358	57,151,325	(152,161,925)	53,840,758
Total not depreciated	188,120,515	57,545,227	(152,161,925)	93,503,817
Capital assets subject to depreciation:				
Buildings and building improvements	633,444,862	152,857,735	(130,301)	786,172,296
Land improvements	25,013,768	547,826	-	25,561,594
Furniture, machinery, vehicles, and other equipment	62,688,528	7,441,537	(2,192,616)	67,937,449
Library books	10,060,106	515,268	(558,926)	10,016,448
Total depreciated	731,207,264	161,362,366	(2,881,843)	889,687,787
Accumulated depreciation:				
Buildings and building improvements	(186,584,060)	(17,194,296)	-	(203,778,356)
Land improvements	(17,247,584)	(450,098)	-	(17,697,682)
Furniture, machinery, vehicles, and other equipment	(42,378,565)	(5,067,765)	1,406,043	(46,040,287)
Library books	(7,121,973)	(278,519)	298,093	(7,102,399)
Total accumulated depreciation	(253,332,182)	(22,990,678)	1,704,136	(274,618,724)
Net capital assets	$ 665,995,597	$ 195,916,915	$ (153,339,632)	$ 708,572,880

Capital assets activity for the year ended August 31, 2009 was as follows:

	Balance September 1, 2008	Increases/ Reclassifications	Decreases	Balance August 31, 2009
Capital assets not subject to depreciation:				
Land	$ 37,883,320	$ 1,385,837	$ -	$ 39,269,157
Construction in progress	124,613,668	209,028,965	(184,791,275)	148,851,358
Total not depreciated	162,496,988	210,414,802	(184,791,275)	188,120,515
Capital assets subject to depreciation:				
Buildings and building improvements	448,835,422	184,609,440	-	633,444,862
Land improvements	24,831,982	181,786	-	25,013,768
Furniture, machinery, vehicles, and other equipment	57,346,853	7,545,548	(2,203,873)	62,688,528
Library books	10,028,992	471,608	(440,494)	10,060,106
Total depreciated	541,043,249	192,808,382	(2,644,367)	731,207,264
Accumulated depreciation:				
Buildings and building improvements	(172,969,886)	(13,614,174)	-	(186,584,060)
Land improvements	(16,763,855)	(483,729)	-	(17,247,584)
Furniture, machinery, vehicles, and other equipment	(40,340,010)	(4,160,482)	2,121,927	(42,378,565)
Library books	(7,085,136)	(271,766)	234,929	(7,121,973)
Total accumulated depreciation	(237,158,887)	(18,530,151)	2,356,856	(253,332,182)
Net capital assets	$ 466,381,350	$ 384,693,033	$ (185,078,786)	$ 665,995,597

6. NON-CURRENT LIABILITIES

Non-current liability activity for the year ended August 31, 2010 was as follows:

	Balance September 1, 2009	Additions	Reductions	Balance August 31, 2010	Current Portion
Series 2001 Revenue Financing System Bonds	1,825,000	-	(1,825,000)	-	-
Series 2006 Revenue Financing System Refunding Bonds	25,275,000	-	-	25,275,000	1,875,000
Series 2009 Revenue Financing System Refunding Bonds	6,460,000	-	(2,115,000)	4,345,000	2,150,000
Series 2004 Maintenance Tax Notes	20,120,000	-	(5,685,000)	14,435,000	5,975,000
Series 2004 General Obligation Bonds	58,365,000	-	(53,095,000)	5,270,000	2,570,000
Series 2008 General Obligation Bonds	205,790,000	-	(6,815,000)	198,975,000	7,110,000
Series 2009 General Obligation Bonds	102,985,000	-	(1,975,000)	101,010,000	3,465,000
Series 2010 General Obligation Bonds	-	47,060,000		47,060,000	645,000
Series 2010 General Obligation Refunding Bonds	-	49,290,000	-	49,290,000	135,000
Unamortized bond premium	19,347,495	8,668,009	(3,798,395)	24,217,109	2,407,678
Deferred Loss on Bond Refunding	(817,803)	(2,757,407)	174,667	(3,400,543)	(392,339)
Accrued interest	2,179,480	-	(464,752)	1,714,728	-
Compensable absences	10,571,591	385,200	-	10,956,791	6,929,658
Total	$452,100,763	$102,645,802	$(75,598,480)	$479,148,085	$32,869,997

Non-current liability activity for the year ended August 31, 2009 was as follows:

	September 1, 2008	Additions	Reductions	August 31, 2009	Current Portion
Series 1998 Revenue Financing System Refunding Bonds	$ 8,295,000	$ -	$ (8,295,000)	$ -	$ -
Series 2001 Revenue Financing System Bonds	3,575,000	-	(1,750,000)	1,825,000	1,825,000
Series 2006 Revenue Financing System Refunding Bonds	25,275,000	-	-	25,275,000	-
Series 2009 Revenue Financing System Refunding Bonds	-	6,460,000		6,460,000	2,115,000
Series 2004 Maintenance Tax Notes	25,475,000	-	(5,355,000)	20,120,000	5,685,000
Series 2004 General Obligation Bonds	60,735,000	-	(2,370,000)	58,365,000	2,460,000
Series 2008 General Obligation Bonds	-	211,975,000	(6,185,000)	205,790,000	6,815,000
Series 2009 General Obligation Bonds	-	102,985,000	-	102,985,000	1,975,000
Unamortized bond premium	3,305,900	17,534,233	(1,492,638)	19,347,495	1,830,780
Deferred Loss on Bond Refunding	(935,114)	-	117,311	(817,803)	(117,313)
Accrued interest	159,529	2,019,951	-	2,179,480	-
Note payable	51,523	-	(51,523)	-	-
Compensable absences	9,507,601	1,063,990	-	10,571,591	6,521,019
Total	$ 135,444,439	$ 342,038,174	$ (25,381,850)	$ 452,100,763	$ 29,109,486

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	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 2009 Revenue Financing System Refunding Bonds	6,460,000	1.30%-2.30%	2010	2012	N/A
Series 2004 Maintenance Tax Notes	38,555,000	2.00%-5.00%	2004	2021	2/15/2010
Series 2004 General Obligation Bonds	67,375,000	3.00%-5.00%	2005	2025	2/15/2013
Series 2008 General Obligation Bonds	211,975,000	3.00%-5.00%	2010	2029	2/15/2020
Series 2009 General Obligation Bonds	102,985,000	1.50%-5.00%	2010	2029	2/15/2020
Series 2010 General Obligation Bonds	47,060,000	2.00%-5.00%	2011	2030	2/15/2020
Series 2010 General Obligation Refunding Bonds	49,290,000	2.00%-5.00%	2011	2030	2/15/2021

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. On June 22, 2009, the bonds were recalled and refunded by Series 2009 Revenue Financing System Refunding Bonds. At August 31, 2009 there was no Bond Reserve Fund requirement due to payment in full of the Series 1998 Bonds.

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, 2009 is $1,825,000. 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, 2009, there was no Bond Reserve Fund requirement, due to the in substance defeasance of the bonds maturing between 2011 and 2021.

On April 6, 2004, pursuant to authority conferred by the Constitution and the laws of the State of Texas, including Sections 45.108 and 130.084, Texas Education Code, as amended, the District issued $38,555,000 of Maintenance Tax Notes (“Series 2004 Notes”). The proceeds of the notes are being used to pay for planned maintenance expenses associated with various facilities of the District. The notes are direct obligations of the District payable from a continuing direct annual ad valorem tax pursuant to the District’s maintenance tax authority, with the limits prescribed by law, on all taxable property in the District. Debt issue costs are being amortized over the life of the notes. As of August 31, 2009, the outstanding amount on the Series 2004 Notes is $20,120,000.

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

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

On September 4, 2008, the District issued its second tranche of general obligation bonds approved by voters in the May 2004 $450 million bond election. With a par amount of $211,975,000 these bonds (“Series 2008 Bonds”) were sold with a reoffering premium of $9,629,583 and accrued interest of $983,667. The bonds were sold in $5,000 increments with interest rates varying from 3.5% to 5.0% and maturity dates from February 15, 2009 to February 15, 2018. A call option can be exercised for maturities after February 15, 2019. The cost of issuance and underwriter’s discount totaled $1,513,305. Proceeds of the bond were utilized to refund the $125,000,000 outstanding of commercial paper, which matured on September 4, 2008, the same day as the bond proceeds were received. Remaining bond proceeds of $95,000,000 are to be utilized for constructing and equipping buildings in the District. The bonds were issued and the tax levied for their payment, pursuant to authority conferred by the Constitution and laws of the State of Texas.

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

On June 22, 2009, the District issued bonds through private placement for a current refunding of its outstanding Series 1998 bonds totaling $6,370,000 by issuing $6,460,000 in Series 2009 Revenue Financing System Refunding Bonds ("Series 2009 Refunding Bonds"). All Series 2009 Refunding Bonds authorized have been issued to date. The average interest rate of the refunding bonds is 2.073% with a coupon range of 1.300% - 2.300%. After a placement fee of $39,200 and other issuance costs totaling $31,950, all resources from the Series 2009 Refunding Bonds, including transfers of $124,931 of Series 1998 Bonds debt service funds, were placed into an escrow fund to provide for provide payments on the recalled Series 1998 Bonds. The Series 1998 Bonds are fully paid and the liability for those bonds has accordingly been removed from the Statement of Net Assets. Current refunding of the Series 1998 Bonds reduces the District's debt service payments by $185,903. An economic gain (the difference between net present values of the debt service payments on the old and new debt adjusted for cash paid out) of $178,772 was obtained by the current refunding.

On January 15, 2010, the District issued its fourth and final tranche of general obligation bonds for the $450 million bond election. The Series 2010 General Obligation Bonds" have a par amount of $47,060,000 and were sold with a reoffering premium of $3,394,071. The bonds were sold in $5,000 increments with interest rates varying from 2.0% to 5.0% and maturity dates from February 15, 2011 to February 15, 2030. The cost of issuance was $158,879 and underwriter's discount was $295,193. Proceeds of the bonds were utilized to continue the constructing and equipping of buildings in the District. The bonds were issued and the tax levied for their payment, pursuant to authority conferred by the Constitution and laws of the State of Texas.

On June 1, 2010, the District advanced refunded $50,635,000 of its outstanding Series 2004 General Obligation Bonds by issuing $49,290,000 of Series 2010 General Obligation Refunding Bonds ("Series 2010 Refunding Bonds"). All Series 22010 Refunding Bonds authorized have been issued to date. The average interest rate of the refunded bonds is 5% as all remaining outstanding bonds were 5% interest. After payment of $839,077 in issuance costs and underwriting fees, including issuance costs carried forward from the refunded bonds, net proceeds were $55,099,048. Debt service funds were placed in an irrevocable trust with an escrow agent to provide for all future debt payments on the Series 2004 Bonds. The Series 2004 Bonds are considered fully defeased for maturities 2013 and later and the liability for those bonds has accordingly been removed from the Statements of Net Assets. An economic gain of 3,118,507 was obtained by the advance refunding. The accounting "loss" that resulted from the bond refunding is $2,757,407 and is being amortized over the life of the new debt by the effective interest method.

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:			
2011	$ 23,925,000	$ 21,119,264	$ 45,044,264
2012	26,020,000	19,155,809	45,175,809
2013	20,410,000	18,280,819	38,690,819
2014	18,935,000	17,530,951	36,465,951
2015	19,700,000	16,756,551	36,456,551
2016 - 2020	112,990,000	69,139,447	182,129,447
2021 - 2025	131,135,000	39,410,987	170,545,987
2026 - 2030	92,545,000	8,485,065	101,030,065
	$ 445,660,000	$ 209,878,893	$ 655,538,893

As of August 31, 2010 the District had the following defeased bonds outstanding:

Bond Issue	Year Refunded	Par Value Outstanding
Series 1992 Revenue Financing System Bonds	1998	$ 4,760,000
Series 2001 Revenue Financing System Bonds	2006	27,050,000
Series 2004 General Obligation Bonds	2010	50,635,000
		$ 82,445,000

The note payable accrued interest at 4.25% and was payable in quarterly installments beginning on November 30, 2002. As of August 31, 2009 there was no outstanding obligation as the note has been paid in full.

In 2010, the District incurred $17,360,468 in interest cost, of which $16,507,721 was expensed and $852,747 was capitalized. In 2009, the District incurred $15,023,619 in interest cost, of which $13,907,095 was expensed and $1,116,524 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 ended August 31, 2008. At August 31, 2009 the District had no commercial paper outstanding and the program was ended by board resolution on November 3, 2009.

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 ("TRS").

Teacher Retirement System of Texas –

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

Funding Policy – Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of TRS; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for the period 09/01/09 through 12/31/09 and 6.644% for the period 01/01/10 through 08/31/10 for fiscal year 2010 and 6.58% for fiscal year 2009. In certain instances, the reporting district is required to make all or a portion of the state's contribution amounts.

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

Optional Retirement Plan

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 2010, the percentages of participant salaries contributed by the state and by each participant were 6.4% and 6.65%, respectively, of annual compensation and for 2009, the percentages of participant salaries contributed by the state and by each participant were 6.58% and 6.65%, respectively, of annual compensation. In addition, the District contributed 2.1% and 1.92% of annual compensation for each participant hired on or before August 31, 1995 for the years ended August 31, 2010 and 2009, respectively, and an additional .18% of annual compensation for each participant hired on or after September 1, 1995 for the year ended August 31, 2010. Since these are individual annuity contracts, the State has no additional or unfunded liability for this program.

For the years ended August 31, 2010 and 2009 the total payroll of the District was $222,716,554 and $211,154,152, the payroll for employees covered by TRS was $115,984,742 and $109,148,204, and the payroll for employees covered by the optional retirement plan was $61,645,733 and $61,378,500, respectively. The retirement expense to the State for the District was $10,124,917 and $9,813,928 for the fiscal years ended August 31, 2010 and 2009, 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, 2010, and August 31, 2009, 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, 2010, the District has recognized the accrued liability for the unpaid annual leave, including amounts for salary-related payments, for $10,956,791, of which $6,929,658 was recorded as a current liability and $4,027,133 was recorded as a non-current liability. As of August 31, 2009, the District had recognized the accrued liability for the unpaid annual leave, including amounts for salary-related payments, for $10,571,591 of which $6,521,019 was recorded as a current liability and $4,050,572 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, 2010 are $35,560,791.

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 $2,096,298 and $2,380,178 of rent paid during fiscal years 2010 and 2009, respectively.

Future minimum lease payments under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2010 are as follows:

Year Ended		Minimum Future Lease Payments
2011	$	575,935
2012		261,880
2013		267,117
2014		272,459
Total	$	1,377,391

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 2010 for which monies have not been received nor funds expended totaled $62,086,726. Of this amount, $58,948,110 is from federal contract and grant awards and $3,138,616 is from state contract and grant awards. Contract and grant awards funds already committed, e.g., multiyear awards, or funds awarded during fiscal year 2009 for which monies had not been received nor funds expended totaled $37,567,393. Of this amount, $35,734,275 was from federal contract and grant awards, $1,361,485 was from state contract and grant awards and $471,633 was from local contract and grant awards.

13. SELF-INSURED PLANS

Prior to August 31, 1998 the District was self-insured for workers' compensation. Effective September 1, 1998 the District implemented a guaranteed cost workers' compensation insurance program to handle workers' compensation claims. The District returned to a self-insured plan effective September 1, 2002.

The accrued liability balance is based upon third party actuarial information. Future payments for the incurred claims will be paid from the accrued liability.

Self-insurance activity for the plan prior to 1998 for the years ended August 31, 2009 and 2010 was as follows:

Accrued Claim Liability for the Year Ended August 31	Balance September 1	Additions	Reductions in Liability/ Claims Paid	Balance August 31
2009	$ 265,788	$ -	$ (2,610)	$ 263,178
2010	263,178	-	(17,824)	245,354

Self-insurance activity for the current plan for the years ended August 31, 2009 and 2010 was as follows:

Accrued Claim Liability for the Year Ended August 31	Balance September 1	Additions	Reductions in Liability/ Claims Paid	Balance August 31
2009	$ 273,574	$ 501,090	$ (395,259)	$ 379,405
2010	379,405	1,092,229	(421,215)	1,050,419

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, 2010, the state's maximum contribution per full-time employee was $385.38 per month for the year and totaled $4,624.56 per employee for the year. The state also paid an additional amount for a spouse, child(ren), or both for a maximum amount of $605.70, $532.90, and $753.22 per month, respectively. The cost of providing all health benefits for the year was $4,578,726 for 860 retirees and $18,170,701 for 3,399 active employees.

The state's maximum contribution per full-time employee for the year ended August 31, 2009 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 all health benefits for the year was $4,185,944 for 839 retirees and $15,916,230 for 3,248 active employees.

The health insurance expense to the state for the District was $15,552,849 and $15,930,773 for the fiscal years ended August 31, 2010 and 2009 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 was 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, 2010, 2009 and 2008 were $7,196,578, $4,171,402 and $3,621,262, 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.

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, 2010 and 2009 were $163,869,241 and $158,942,985, 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 2010 and 2009 to finance the operations and maintenance as well as debt service was $.0949 and $.0894, respectively, per $100 of assessed valuation on real property, leaving a tax margin of $.5651 and $.5706, respectively, per $100 of assessed valuation on real and personal property. Approximately $975,790,263 of additional taxes could be raised per year based on the 2010 assessed value of $172,675,679,029 for real property before the limit is reached. In 2009, approximately $1,015,116,049 of additional taxes could have been raised per year based on the 2009 assessed value of $177,903,268,187 for real property before the limit would have been reached.

At August 31, 2010 and 2009:

	2010	2009
Assessed valuation of the District	$ 188,450,056,497	$ 215,856,678,528
Less exemptions	15,774,377,468	37,953,410,341
Net assessed valuation of the District	$ 172,675,679,029	$ 177,903,268,187

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

	Maintenance & Operations		Interest & Sinking	
Gross Taxes Collected - 2010	**Current Operations**	**Maintenance Tax Notes**	**Debt Service**	**Total**
Current	$ 124,126,761	$ 6,128,794	$ 28,988,798	$ 159,244,353
Delinquent	594,347	145,369	703,928	1,443,644
Penalties and interest	2,164,711	0	0	2,164,711
Total collections	$ 126,885,819	$ 6,274,163	$ 29,692,726	$ 162,852,708

	Maintenance & Operations		Interest & Sinking	
Gross Taxes Collected - 2009	**Current Operations**	**Maintenance Tax Notes**	**Debt Service**	**Total**
Current	$ 123,750,368	$ 6,136,004	$ 23,337,213	$ 153,223,585
Delinquent	2,003,220	28,150	373,886	2,405,256
Penalties and interest	2,074,391	0	0	2,074,391
Total collections	$ 127,827,979	$ 6,164,154	$ 23,711,099	$ 157,703,232

Tax collections for the years ended August 31, 2010 and 2009 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, 2010 and 2009 are as follows:

	2010	2009
Deferred revenues related to students and other customers	$ 36,872,001	$ 32,368,715
Deferred revenues related to grants and contracts	26,876,439	23,431,521
Total deferred revenues	$ 63,748,440	$ 55,800,236

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 Governor's Budget and Planning Office, 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, 2010 or 2009.

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 2010	Taxes Forgone in 2009
Cityplace	100%	$	$ 237,785
Oak Cliff Gateway	100	56,993	53,118
City of Irving	100	303,124	389,828
City of Farmers Branch Mercer Crossing	35	30,346	36,589
City of Farmers Branch Old Farmers Branch	100	3,735	4,407
City of Grand Prairie #1	100	85,659	75,766
City of Grand Prairie #2	100	69,686	62,487
City of Grand Prairie #3	100	12,122	12,680
Total taxes forgone		$ 561,665.00	$ 872,660.00

21. GENERAL OPERATING REVENUES

General operating revenues of $2,240,074 and $1,642,434 for the years ended August 31, 2010 and 2009, 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. Revenue for other categories are generally smaller and range from less than a dollar on up.

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

<u>Dallas County Community College District Foundation, Inc.—Discretely Presented Component Unit</u>

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:

<u>NOTE A</u>
<u>NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

<u>General</u>

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.

<u>Basis of Presentation</u>

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

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

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

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

In addition, the Foundation is required to present a statement of cash flows.

<u>Cash and Cash Equivalents</u>

Cash and cash equivalents include all monies in banks and investments that are available for current use with maturity dates of less than three months from the date of acquisition. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash equivalents included in cash and cash equivalents at August 31, 2010 and 2009, amounted to $4,915,118 and $5,461,746, respectively.

Investments

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

The Foundation maintains an investment management agreement with Smith Asset Management Group, L.P.; Vanguard; Acadian Asset Management, LLC; Columbia Management; Harbor Funds; IVA Funds; Third Avenue; PIMCO; The Fairholme Fund; Perkins Investment Fund; 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.

Revenue Recognition

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

Contributions are recognized as revenues in the period unconditional promises to give are received. 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, 2010 and 2009.

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

Contributed Services

The salaries of certain Foundation employees have been donated by the District. The estimated fair value of these contributed services is $300,619 and $290,256 for 2010 and 2009, respectively, and has been included in revenues, gains, and other support and management and general expenses in the accompanying statements of activities.

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

Federal Income Taxes

The Foundation is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the Code) of 1986, as amended, as an organization described in Section 501(c)(3) of the Code. However, income generated from activities unrelated to the Foundation's exempt purpose is subject to tax under Section 511 of the Code. The Foundation did not conduct any unrelated business activities in the current fiscal year. Therefore, the Foundation has made no provision for federal income taxes in the accompanying financial statements. Accordingly, contributions to the Foundation are tax deductible within the limitations prescribed by the Code. The Foundation has also been classified as a publicly-supported organization which is not a private foundation under Section 509(a) of the Code.

The Foundation applies the provisions of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes (ASC 740-10) – an Interpretation of FASB Statement No. 109 (ASC Topic 740, Income Taxes),* which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Use of Estimates

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

New Accounting Pronouncements

In June 2009, the FASB issued the FASB Accounting Standards Codification (ASC), which is effective for financial statements issued for periods ended after September 15, 2009. The FASB ASC is an aggregation of previously issued authoritative U.S. generally accepted accounting principles (GAAP) in one comprehensive set of guidance organized by subject area. At the effective date, except for rules and interpretive releases of the Securities and Exchange Commission (SEC), all accounting literature outside of the FASB ASC are no longer authoritative. In accordance with the FASB ASC, references to previously issued accounting standards have been replaced by FASB ASC references. Subsequent revisions to GAAP will be incorporated into the FASB ASC through Accounting Standards Updates. As the FASB ASC did not change existing GAAP, the adoption of the FASB ASC did not affect the Foundation's accounting policies.

In May 2009, the FASB issued guidance (codified in ASC 855, *Subsequent Events*) which establishes a general standard of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The guidance requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. The guidance is effective for financial periods ended after

June 15, 2009. The adoption of this guidance did not result in any significant change in the Foundation's existing practice of evaluating subsequent events through the date the financial statements are available to be issued. The Foundation evaluated its August 31, 2010 financial statements for subsequent events through December 6, 2010, the date the financial statements were available to be issued. The Foundation is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

In September 2006, the FASB issued ASC Topic 820-10 (formerly known as FASB Statement of Financial Accounting Standard (SFAS) No. 157), *Fair Value Measurements*. Topic 820-10 defines fair value, establishes a framework for measuring fair value, and expands disclosures about the fair value measurements. The new standards became effective for reporting periods beginning after November 15, 2007 (i.e., during fiscal year 2009). See Note I for more information on the measurement of fair value.

During fiscal year 2009, the Foundation adopted the disclosure requirements of FASB ASC Section 958-205-45-28 through 45-31 (formerly known as FASB Staff Position No. 117-1), *Endowment of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds ("FSP 117-1")*. FSP 117-1 requires specific disclosures, among other things, of the governing board's interpretation of the laws that underlie the Foundation's net asset classification of donor-restricted endowment funds, its endowment spending policies, and its endowment investment policies, including the return objectives, risk parameters, and strategies for achieving those objectives. See Note J for more information.

Reclassification

Certain 2009 amounts have been reclassified to conform with the 2010 financial statement presentation.

NOTE B - INVESTMENTS

Investments are composed of the following as of August 31:

	2010		**2009**	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Corporate bonds	$ 3,933,593	$ 5,305,589	$ 4,147,139	$ 5,096,807
Corporate stocks	2,741,592	2,754,470	6,553,800	7,065,090
Mutual funds	11,954,576	11,793,049	7,240,574	6,669,281
	$ 18,629,761	$ 19,853,108	$ 17,941,513	$ 18,831,178

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

For the year ended August 31, 2010 and 2009, the components of investment earnings are:

	2010	2009
Investment income	$ 281,610	$ 424,291
Net gain/(loss) on investment carried at fair value	999,198	(3,908,617)
Total investment earnings (loss)	$ 1,280,808	$ (3,484,326)

NOTE C - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following unconditional promises to give:

	August 31,	
	2010	2009
Contributions receivable	$ 3,751,000	$ 4,801,000
Less unamortized discount ranging from 1.04% to 4.82% at August 31, 2010 and 3.84% to 5.07% at August 31, 2009	(254,832)	(378,842)
	3,496,168	4,422,158

The maturity of contributions receivable as of August 31, 2010 is as follows:

Less than one year	$ 801,000
One to five years	2,950,000
	$ 3,751,000

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	August 31,	
	2010	2009
Student Scholarship for tuition and books	$ 1,112,480	$ 358,213
Professional development, student related activities, and program support	1,760,458	1,612,653
	$ 2,872,938	$ 1,970,866

NOTE E - PERMANENTLY RESTRICTED NET ASSETS

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

	August 31,	
	2010	2009
Student Scholarship for tuition and books	$ 25,481,469	$ 25,481,468
Professional development, student related activities, and program support	688,877	532,655
	$ 26,170,346	$ 26,014,123

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

NOTE F - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions consisting of temporarily restricted funds were due mainly to satisfaction of purpose restrictions, and amounted to $1,251,846 and $1,581,871 for the years ended August 31, 2010 and 2009, respectively.

NOTE G – CONCENTRATION OF CREDIT RISK

The Foundation maintains deposits at federally insured banks. On October 14, 2008, the Federal Deposit Insurance Corporation ("FDIC") announced its temporary Transaction Account Guarantee Program ("Program"), which provides full coverage for noninterest-bearing transaction deposit accounts at FDIC-insured institutions that agree to participate in the Program. The Program applies to all personal and business checking deposit accounts in excess of $250,000 per depositor per bank, which do not earn interest at participating institutions. One of the local banks with which the Foundation maintains its bank accounts was a participant in the Program as of August 31, 2009, but not as of August 31, 2010. Accordingly, all deposits at the bank were fully insured as of August 31, 2009, but deposits in the bank as of August 31, 2010 exceeded the FDIC insured limit of $250,000 by approximately $1,814,000 that was not otherwise insured.

NOTE H - TRANSACTIONS WITH RELATED PARTIES

The Foundation's payments to the District for scholarships and grants amounted to $898,523 and $1,317,871 for 2010 and 2009, respectively. At August 31, 2010 and 2009, the Foundation owed the District $188,382 and $542,922, respectively for scholarships and grants.

Also, as described in the Contributed Services paragraph of Note A, the District paid the salaries and benefits of certain Foundation's employees and the estimated fair value of these contributed services is $300,619 and $290,256 for 2010 and 2009, respectively. Further, the District also provided office space and equipment at no cost to the Foundation. Because the Foundation does not have a clearly measurable basis to estimate the value of these contributed facilities and equipment, no amounts have been reflected in the Foundation's financial statements.

NOTE I - FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, *Fair Value Measurements*, provides a revised definition of fair value and establishes a framework for measuring fair value. The Statement also establishes a fair value hierarchy that distinguishes between inputs based on market data from independent sources (observable inputs) and a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs).

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

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a summary of the Foundation's investments by level, within the fair value hierarchy, as of August 31, 2010 and 2009:

	Assets at Fair Value as of August 31, 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Fixed income securities	$ 5,305,589	$ -	$ -	$ 5,305,589
Equity investments	2,754,470	-	-	2,754,470
Mutual funds	11,793,049	-	-	11,793,049
	$ 19,853,108	$ -	$ -	$ 19,853,108

	Assets at Fair Value as of August 31, 2009			
	Level 1	**Level 2**	**Level 3**	**Total**
Fixed income securities	$ 5,096,807	$ -	$ -	$ 5,096,807
Equity investments	7,065,090	-	-	7,065,090
Mutual funds	6,669,281	-	-	6,669,281
	$ 18,831,178	$ -	$ -	$ 18,831,178

NOTE J - ENDOWMENTS

The Foundation's endowment consists of approximately 130 individual funds established for a variety of purposes. These individual funds consist of both donor-restricted endowment funds and funds designated by the Board to function as endowments.

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

In August 2008, the FASB issued Staff Position (FSP) FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, which was later codified as FASB ASC 958-205 and is effective for fiscal years ending after December 15, 2008. FASB ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations that are subject to an enacted version of UPMIFA; and improves disclosures about an organization's endowment funds (both donor restricted funds and funds functioning as an endowment), regardless of whether it is subject to UPMIFA. In addition, FASB ASC 958-205 addresses how UPMIFA's elimination of the historic dollar value threshold — the amount below which a not-for-profit could not spend under regulations prior to the adoption of UPMIFA — affects net asset classification. The FASB ASC 958-205 requires an organization to classify a portion of a donor-restricted endowment fund (other than a term endowment) as permanently restricted net assets. That portion is equal to the amount of the fund that: (1) must be retained permanently, in accordance with explicit donor stipulations, or (2) that, in the absence of such stipulations, the not-for-profit's governing board determines must be retained permanently under the relevant law.

As permitted by U.S. generally accepted accounting principles, income earned on endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions as well as based on management prudent determinations.

Interpretation of Relevant Law

The staff of the Foundation has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Endowment Net Asset Composition by Type of Fund as of August 31, 2010:

	Unrestricted	**Permanently Restricted**	**Total**
Donor-restricted endowment funds	$ -	$ 26,170,345	$ 26,170,345
Board restricted endowment funds	6,519	-	6,519
Total	$ 6,519	$ 26,170,345	$ 26,176,864

	Unrestricted	**Permanently Restricted**	**Total**
Changes in Endowment Net Assets for the year ended August 31, 2010:			
Endowment net assets, beginning of year	$ 6,216	$ 26,014,123	$ 26,020,339
Contributions	-	294,258	294,258
Investment income			
Dividends and interest	89	-	89
Net realized and unrealized losses on investments	214	-	214
Transfer between funds	-	(138,036)	(138,036)
Endowment net assets, end of year	$ 6,519	$ 26,170,345	$ 26,176,864

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

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

NOTE K - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 6, 2010. The financial statements were available to be issued on this date. No changes are necessary to be made to the financial statements as a result of this evaluation.

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 renewal of the charter is still being processed by TEA. But the old charter is allowed to remain in effect until a final determination is made on the renewal application.) The charter high school opened in August 2006 with its first class of 176 students at the junior level. Students receive high school and college credit concurrently. Funding is received from the State of Texas for the charter high school based on average daily attendance. Expenses consist of contracted services for instruction and other functions provided through Richland College as well as direct expenses for equipment and supplies. The high school has no direct employees.

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

The Richland Collegiate High School has the same legal identity as the District and is governed by the same Board. 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, the Statement of Revenues, Expenses and Changes in Net Assets, a Statement of Cash Flows, and a Schedule of Expenditures for the years ended August 31, 2009 and 2008 for Richland Collegiate High School alone are presented below followed by a Budgetary Comparison Schedule for 2009.

RICHLAND COLLEGIATE HIGH SCHOOL **EXHIBIT 1**

STATEMENTS OF NET ASSETS

With TEA Classifications

AUGUST 31, 2010 AND 2009

Data Control Codes	**ASSETS**	**2010**	**2009**
	CURRENT ASSETS:		
1100	Cash and cash equivalents	$ 724,025	$ 500,296
1240	Accounts Receivable (net) -Due from TEA	27,706	10,685
	Total current assets	751,731	510,981
	NON-CURRENT AND RESTRICTED ASSETS:		
1800	Total non-current assets	-	-
1000	TOTAL ASSETS	$ 751,731	$ 510,981
	LIABILITIES		
	CURRENT LIABILITIES:		
2501	Due to District (parent organization)	$ 27,706	$ 10,685
	Total current liabilities	27,706	10,685
	NON-CURRENT LIABILITIES:		
2502	Loan payable to Richland College	-	-
	Total non-current liabilities	-	-
2000	TOTAL LIABILITIES	27,706	10,685
	NET ASSETS		
3200	Invested in capital assets, net of related debt	-	-
3900	Unrestricted	724,025	500,296
3000	TOTAL NET ASSETS	$ 724,025	$ 500,296

RICHLAND COLLEGIATE HIGH SCHOOL **EXHIBIT 2**
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED AUGUST 31, 2010 AND 2009

District Presentation				**TEA Classifications**		
	2010	**2009**	Data Control Codes		**2010**	**2009**
OPERATING REVENUES:				OPERATING REVENUES:		
Federal grants and contracts	$ 55,058	$ 10,685	5929	Federal grants revenue distributed by TEA	$ 55,058	$ 10,685
Total operating revenues	55,058	10,685	5020	Total operating revenues	55,058	10,685
OPERATING EXPENSES:				OPERATING EXPENSES:		
Instruction	1,404,069	912,449	0011	Instruction	1,627,637	1,043,398
Public service	223,568	130,949	0012	Instructional resources and media services	58,052	281,166
Academic support	68,317	296,733	0013	Curriculum Development & Instructional	10,265	15,567
Student services	279,118	265,308	0031	Guidance, counseling and evaluation services	189,789	185,936
			0033	Health services	4,314	7,662
			0035	Food service	11,762	3,793
			0036	Extracurricular Activities	5,268	-
Institutional support	471,702	421,595	0023	School leadership	393,657	356,407
			0041	General administration	108,040	91,792
			0052	Security and monitoring services	37,990	41,313
Total operating expenses	2,446,774	2,027,034	6030	Total operating expenses	2,446,774	2,027,034
OPERATING LOSS	(2,391,716)	(2,016,349)	1100	OPERATING LOSS	(2,391,716)	(2,016,349)
NON-OPERATING REVENUES (EXPENSES):				NON-OPERATING REVENUES (EXPENSES):		
State appropriations	2,589,190	2,320,236	5800	State appropriations	2,589,190	2,320,236
Investment income	26,255	15,248	5742	Investment income	26,255	15,248
Net non-operating revenues	2,615,445	2,335,484		Net non-operating revenues	2,615,445	2,335,484
INCREASE IN NET ASSETS	223,729	319,135	1200	INCREASE IN NET ASSETS	223,729	319,135
NET ASSETS:				NET ASSETS:		
Net Assets—Beginning of Year	500,296	181,161	0100	Net Assets—Beginning of Year	500,296	181,161
Net Assets—End of Year	$ 724,025	$ 500,296	3000	Net Assets—End of Year	$ 724,025	$ 500,296

RICHLAND COLLEGIATE HIGH SCHOOL **EXHIBIT 3**
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from grants and contracts	$ 38,037	$ 68,372
Payments to suppliers for goods and services	(2,429,753)	(2,084,721)
Net cash used in operating activities	(2,391,716)	(2,016,349)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	2,589,190	2,320,236
Payments on loan	-	-
Net cash provided by non-capital financing activities	2,589,190	2,320,236
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Net cash provided by capital and related financing activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts from interest on investments	26,255	15,248
Net cash provided by investing activities	26,255	15,248
Increase in cash and cash equivalents	223,729	319,135
Cash and cash equivalents- September 1, 2009	500,296	181,161
Cash and cash equivalents- August 31, 2010	$ 724,025	$ 500,296
Reconciliation of net operating loss to net cash used in operating activities		
Operating loss	$ (2,391,716)	$ (2,016,349)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Changes in assets and liabilities:		
Receivables (net)	(17,021)	57,687
Accounts payable	17,021	(57,687)
Net cash used in operating activities	$ (2,391,716)	$ (2,016,349)

RICHLAND COLLEGIATE HIGH SCHOOL
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009

Expenses Object		**2010**	**2009**
6100	Payroll Cost	$ 1	$ 1
6200	Professional/Contracted Services	1,764,948	1,569,430
6300	Supplies/Material	632,362	419,046
6400	Other Operating	49,463	38,557
		$ 2,446,774	$ 2,027,034

RICHLAND COLLEGIATE HIGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2010

		Budgeted Amounts					Variance %
		Original	Final	Actual Amounts	Actual to Budget Variance	Percent Actual to Final Budget	Original to Final Budget
REVENUES							
Local Support:							
5740	Local and intermediate sources	10,800	8,000	26,255	18,255	228.19% [a]	-25.93% [c]
State program revenues:							
5810	Foundation School Program Act Revenues	2,713,595	2,603,378	2,579,198	(24,180)	-0.93%	-4.06%
5810	High school allotment	-	-	-	-	n/a	
5820	Technology allotment	11,285	10,554	9,992	(562)	-5.32%	-6.48%
	Total state revenues	2,724,880	2,613,932	2,589,190	(24,742)	-0.95%	-4.07%
Federal program revenues:							
5900	5900 Federal program revenues	55,372	55,874	55,058	(816)	-1.46%	0.91%
	Total revenues	2,791,052	2,677,806	2,670,503	(7,303)	-0.27%	-4.06%
EXPENDITURES							
State program expenditures							
0011	11 Instruction [1]	1,601,387	1,724,097	1,627,637	(96,460)	-5.59%	7.66%
0012	12 Instructional resources and media services [2]	174,526	80,763	58,052	(22,711)	-28.12%	-53.72% [d]
0013	13 Curriculum and staff development[3]	27,064	11,566	10,265	(1,301)	-11.25%	-57.26% [e]
0023	23 School leadership	459,166	431,073	393,657	(37,416)	-8.68%	-6.12%
0031	31 Guidance, counseling, and evaluation services	215,713	206,801	189,789	(17,012)	-8.23%	-4.13%
0033	33 Health services	14,326	9,326	4,314	(5,012)	-53.74%	-34.90% [f]
0034	34 Student Transportation	-	-	11,762	11,762	n/a	n/a
0035	35 Food Service	6,303	6,303	5,268	(1,035)	-16.42%	0.00%
0036	36 Extracurricular activities	52,654	51,567	-	(51,567)	-100.00%	-2.06%
0041	41 General administration	181,672	118,319	108,040	(10,279)	-8.69%	-34.87% [g]
0051	51 Facilities maintenance and operations	1	1	-	(1)	-100.00%	0.00%
0052	52 Security and monitoring services	58,240	37,990	37,990	-	0.00%	-34.77% [h]
	Total expenditures	2,791,052	2,677,806	2,446,774	(231,032)	-8.63%	-4.06%
1200	Net change in fund balances	-	-	223,729	223,729	n/a	n/a
0100	Fund balances--beginning	500,296	500,296	500,296	-	0.00%	0.00%
3000	Fund balances--ending	500,296	500,296	724,025	223,729	44.72% [b]	0.00%

[1] Includes grant-funded expenditures
[2] Includes expenditures funded by technology allotment
[3] Includes grant-funded expenditures

Variance Explanations

[a] Unrealized market gain is included in the actual figure and was not budgeted for.
[b] Since budgets are established with equal revenues and expenses in mind, an increase in fund balance will always be over the amount budgeted.
[c] Due to market conditions, interest rates kept decreasing throughout the year. The budget was adjusted accordingly.
[d] In Spring 2010 providing each student a laptop was suspended and the final budget reduced accordingly.
[e] Between original and final budgeting, it was determined that less training was needed than anticipated and the grant supplied most of what was needed.
[f] Because enrollments were less than anticipated, this budget was reduced accordingly in final budget revision.
[g] Because enrollments were less than anticipated, this budget was reduced accordingly in final budget revision.

25. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 17, 2010. The financial statements were available on this date. No changes are necessary to be made to the financial statements as a result of this evaluation.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT **SCHEDULE A**

SCHEDULE OF OPERATING REVENUES
YEAR ENDED AUGUST 31, 2010 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2009)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2010	2009
Tuition:						
State funded credit courses:						
In-district resident tuition	46,176,882	-	46,176,882	-	46,176,882	39,918,579
Out-of-district resident tuition	13,499,202	-	13,499,202	-	13,499,202	11,548,548
Non-resident tuition	12,981,473	-	12,981,473	-	12,981,473	12,361,579
TPEG - credit (set aside) *	3,645,075	-	3,645,075	-	3,645,075	3,192,174
State-funded continuing education	11,556,877	-	11,556,877	-	11,556,877	12,468,906
TPEG - non-credit (set aside) *	719,665	-	719,665	-	719,665	791,911
Non-state funded educational programs	4,471,928	-	4,471,928	-	4,471,928	4,298,240
Total Tuition	93,051,102	-	93,051,102	-	93,051,102	84,579,937
Fees:						
Installment plan fees	893,595	-	893,595	-	893,595	818,950
Prior year tuition and fees	13,687	-	13,687	-	13,687	37,890
Total fees	907,282	-	907,282	-	907,282	856,840
Scholarship allowances and discounts:						
Remissions and exemptions - state	(1,562,573)	-	(1,562,573)	-	(1,562,573)	(1,365,341)
Remissions and exemptions - local	(5,371,532)	-	(5,371,532)	-	(5,371,532)	(4,561,846)
Title IV federal grants	(18,464,618)	-	(18,464,618)	-	(18,464,618)	(11,540,293)
Other federal grants	(3,253,124)	-	(3,253,124)	-	(3,253,124)	(2,348,343)
State grants	(2,528,363)	-	(2,528,363)	-	(2,528,363)	(3,720,680)
TPEG awards	(1,663,495)	-	(1,663,495)	-	(1,663,495)	(1,404,818)
Rising Star program	(434,926)	-	(434,926)	-	(434,926)	(574,299)
Other local grantsm	-	-	-	-	-	(3,500)
Total scholarship allowances	(33,278,631)	-	(33,278,631)	-	(33,278,631)	(25,519,120)
Total net tuition and fees	60,679,753	-	60,679,753	-	60,679,753	59,917,657
Additional operating revenues:						
Federal grants and contracts	1,377,747	20,286,709	21,664,456	10,771	21,675,227	18,842,353
State grants and contracts	130,210	7,601,032	7,731,242	1,771	7,733,013	7,236,934
Non-governmental grants and contracts	2,109	2,829,999	2,832,108	-	2,832,108	2,318,137
Sales and services of educational activities	627,008	-	627,008	-	627,008	508,939
Other operating revenues	2,240,074	-	2,240,074	-	2,240,074	1,642,434
Total additional operating revenues	4,377,148	30,717,740	35,094,888	12,542	35,107,430	30,548,797
Auxiliary Enterprises:						
Bookstore	-	-	-	2,423,970	2,423,970	2,311,555
Food Service	-	-	-	546,529	546,529	505,912
Center for Educational Telecommunications	-	-	-	1,603,154	1,603,154	1,871,101
Business Incubation Center	-	-	-	157,494	157,494	153,853
Student Programs	-	-	-	677,716	677,716	733,725
Total net auxiliary enterprises	-	-	-	5,408,863	5,408,863	5,576,146
Total Operating Revenues	$ 65,056,901	$ 30,717,740	$ 95,774,641	$ 5,421,405	$ 101,196,046	$ 96,042,600
					(Exhibit 2)	**(Exhibit 2)**

* In accordance with Education Code 56.033, $4,364,740 and $3,984,085 for years August 31, 2010 and 2009, respectively, of tuition was set aside for Texas Public Education grants (TPEG)

SCHEDULE OF OPERATING EXPENSES BY OBJECT
YEAR ENDED AUGUST 31, 2010 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2009)

	Operating Expenses					
		Benefits				
	Salaries and Wages	State	Local	Other Expenses	2010	2009
UNRESTRICTED - Educational Activities						
Instruction	$ 117,229,951	$ -	$ 7,798,733	$ 17,976,516	$ 143,005,200	$ 131,390,473
Public Service	4,090,099	-	278,423	2,431,706	6,800,228	8,022,918
Academic Support	12,864,242	-	848,259	4,328,007	18,040,508	17,351,672
Student Services	23,943,281	-	1,611,523	4,508,331	30,063,135	27,450,572
Institutional Support	42,467,669	-	3,000,393	13,954,706	59,422,768	55,218,321
Operation and Maintenance of Plant	8,873,855	-	597,623	29,247,139	38,718,617	32,999,568
Scholarships and Fellowships	-	-	-	-	-	-
Total unrestricted educational activities	209,469,097	-	14,134,954	72,446,405	296,050,456	272,433,524
RESTRICTED - Educational Activities						
Instruction	$ 826,654	$ 15,318,700	$ 152,313	$ 2,466,723	$ 18,764,390	$ 19,023,733
Public Service	1,439,297	-	249,331	5,014,032	6,702,680	5,931,183
Academic Support	295,091	1,680,999	54,161	(6,114)	2,024,137	2,011,670
Student Services	2,943,324	3,128,722	512,574	1,705,970	8,290,590	7,699,892
Institutional Support	3,074,400	5,549,345	527,223	3,892,336	13,043,304	11,978,060
Scholarships and Fellowships	-	-	-	61,103,659	61,103,659	33,143,575
Total restricted educational activities	8,578,766	25,677,766	1,495,602	74,176,626	109,928,760	79,788,113
TOTAL EDUCATIONAL ACTIVITIES	218,047,863	25,677,766	15,630,556	146,623,031	405,979,216	352,221,637
AUXILIARY ENTERPRISES	4,507,308	-	939,361	4,942,429	10,389,098	9,538,990
DEPRECIATION EXPENSE - Buildings and other real estate improvements	-	-	-	17,644,394	17,644,394	14,097,904
DEPRECIATION EXPENSE - Equipment and furniture	-	-	-	5,341,734	5,341,734	4,432,248
TOTAL OPERATING EXPENSES	$ 222,555,171	$ 25,677,766	$ 16,569,917	$ 174,551,588	$ 439,354,442	$ 380,290,779
					(Exhibit 2)	**(Exhibit 2)**

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
YEAR ENDED AUGUST 31, 2010 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2009)

	Unrestricted	Restricted	Auxiliary Enterprises	2010	2009
NON-OPERATING REVENUES:					
State Appropriations:					
Education and general state support	$ 93,098,839	$ -	$ -	$ 93,098,839	$ 89,498,205
State group insurance	-	15,552,849	-	15,552,849	15,930,773
State retirement matching	-	10,124,917	-	10,124,917	9,813,928
SBDC state match	-	1,671,112	-	1,671,112	1,716,016
Starlink	-	267,022	-	267,022	135,556
Foundation school program	2,589,190	-	-	2,589,190	2,320,236
Total state appropriations	$ 95,688,029	$ 27,615,900	$ -	$ 123,303,929	$ 119,414,714
Maintenance ad valorem taxes	159,137,404	-	-	159,137,404	153,057,043
Federal revenue, non-operating	-	74,418,624	-	74,418,624	40,457,843
Gifts	83,299	-	-	83,299	779,475
Investment income	6,889,036	-	495,418	7,384,454	8,343,123
Gain on sale of investment	-	-	-	-	153,269
Contributions in aid of construction	-	-	-	-	75,157
Other non-operating revenue	1,571,370	-	-	1,571,370	49,897
Total non-operating revenues	263,369,138	102,034,524	495,418	365,899,080	322,330,521
NON-OPERATING EXPENSES:					
Interest on capital related debt	16,507,721	-	-	16,507,721	13,907,095
Loss on disposal of capital assets	1,040,680	-	-	1,040,680	270,547
Other non-operating expense	419,536	-	-	419,536	375,689
Total non-operating expenses	17,967,937	-	-	17,967,937	14,553,331
NET NON-OPERATING REVENUES	245,401,201	102,034,524	495,418	347,931,143	307,777,190
				(Exhibit 2)	**(Exhibit 2)**

SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
YEAR ENDED AUGUST 31, 2010 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2009)

	Detail by Source					Available for Current Operations	
		Restricted		Capital Assets Net of Depreciation			
	Unrestricted	Expendable	Non-Expendable	and Related Debt	Total	Yes	No
Current:							
Unrestricted	$ 136,344,631	$ -	$ -	$ -	$ 136,344,631	$ 136,344,631	
Auxiliary enterprises	20,289,531	-	-	-	20,289,531	20,289,531	
Restricted	-	-	-	-	-		
Loan	450,446	-	-	-	450,446		450,446
Endowment:							
Quasi:							
Unrestricted	5,398,776	-	-	-	5,398,776		5,398,776
Restricted	-	-	-	-	-		
Plant:							
Unexpended	26,322,778	-	-	-	26,322,778		26,322,778
Debt Service	-	5,833,807	-	-	5,833,807		5,833,807
Investment in Plant	-	-	-	265,612,880	265,612,880		265,612,880
TOTAL NET ASSETS--							
August 31, 2010	188,806,162	5,833,807	-	265,612,880	460,252,849 **(Exhibit 1)**	156,634,162	303,618,687
TOTAL NET ASSETS--							
August 31, 2009	186,261,528	11,707,977	-	252,510,597	450,480,102 **(Exhibit 1)**	165,108,432	285,371,670
NET INCREASE (DECREASE) IN NET ASSETS	$ 2,544,634	$ (5,874,170)	$ -	$ 13,102,283	$ 9,772,747 **(Exhibit 2)**	$ (8,474,270)	$ 18,247,017

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 2010
(unaudited)
(amounts expressed in thousands)

	For the Year Ended August 31,								
	2010	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
Invested in capital assets, net of related debt	265,613	252,511	237,335	236,563	238,727	231,102	236,129	210,803	183,972
Restricted - expendable	11,902	11,708	11,563	12,463	13,649	29,999	11,536	6,487	10,044
Unrestricted	182,738	186,261	178,053	156,254	131,117	104,147	93,299	111,202	139,390
Total net assets	460,253	450,480	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

Dallas County Community College District
Statistical Supplement 2
Revenues by Source
Fiscal Years 2002 to 2010
(unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)								
	2010	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
Tuition and charges (net of discounts)	$ 60,680	$ 59,918	$ 53,800	$ 51,735	$ 46,055	$ 44,141	$ 42,747	$ 39,771	$ 43,608
Federal grants and contracts	21,675	18,842	16,245	15,934	16,246	15,641	13,389	12,748	13,564
State grants and contracts	7,733	7,237	3,438	2,338	1,387	1,752	2,637	4,658	3,495
Non-governmental grants and contracts	2,832	2,318	4,368	4,263	3,528	4,619	5,169	4,133	2,522
Sales and services of educational activities	627	509	538	543	481	543	545	447	498
Auxiliary enterprises	5,409	5,576	5,914	6,663	6,299	5,735	6,592	6,976	6,970
General operating revenues	2,240	1,643	1,740	1,800	1,675	1,697	1,133	1,177	1,007
Total Operating Revenues	101,196	96,043	86,043	83,276	75,671	74,128	72,212	69,910	71,664
State appropriations	123,304	119,415	118,197	110,740	108,041	103,248	101,689	100,624	105,377
Maintenance ad valorem taxes	159,137	153,057	130,734	121,220	113,769	106,596	100,559	76,922	76,327
Federal revenue, non-operating	74,419	40,458	32,230	31,405	34,551	33,726	31,875	27,971	21,273
Gifts	83	779	205	65	122	138	317	723	280
Investment income	7,385	8,343	11,975	12,349	8,689	5,501	3,640	3,073	9,546
Gain on sale of investment	-	153	-	-	-	-	85	78	-
Contributions in aid of construction	-	75	-	-	-	-	-	496	-
Other non-operating revenue	1,571	50	241	51	175	874	182	52	71
Total Nonoperating Revenues	365,899	322,330	293,582	275,830	265,347	250,083	238,347	209,939	212,874
Total Revenues	$ 467,095	$ 418,373	$ 379,625	$ 359,106	$ 341,018	$ 324,211	$ 310,559	$ 279,849	$ 284,538

	For the Year Ended August 31,								
	2010	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
Tuition and charges (net of discounts)	12.99%	14.32%	14.17%	14.41%	13.51%	13.62%	13.76%	14.21%	15.33%
Federal grants and contracts	4.64%	4.50%	4.28%	4.44%	4.76%	4.82%	4.31%	4.56%	4.77%
State grants and contracts	1.65%	1.74%	0.91%	0.65%	0.41%	0.54%	0.85%	1.66%	1.23%
Non-governmental grants and contracts	0.61%	0.55%	1.15%	1.19%	1.03%	1.42%	1.66%	1.48%	0.89%
Sales and services of educational activities	0.13%	0.12%	0.14%	0.15%	0.14%	0.17%	0.18%	0.16%	0.17%
Auxiliary enterprises	1.16%	1.33%	1.56%	1.85%	1.85%	1.77%	2.12%	2.49%	2.45%
General operating revenues	0.48%	0.39%	0.46%	0.50%	0.49%	0.52%	0.37%	0.42%	0.35%
Total Operating Revenues	21.66%	22.95%	22.67%	23.19%	22.19%	22.86%	23.25%	24.98%	25.19%
State appropriations	26.40%	28.54%	31.14%	30.84%	31.68%	31.85%	32.75%	35.95%	37.03%
Maintenance ad valorem taxes	34.07%	36.59%	34.44%	33.75%	33.36%	32.88%	32.38%	27.48%	26.82%
Federal revenue, non-operating	15.93%	9.67%	8.49%	8.75%	10.13%	10.40%	10.26%	10.00%	7.48%
Gifts	0.02%	0.19%	0.05%	0.02%	0.04%	0.04%	0.10%	0.26%	0.10%
Investment income	1.58%	1.99%	3.15%	3.44%	2.55%	1.70%	1.17%	1.10%	3.35%
Gain on sale of investment	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	0.03%	0.03%	0.00%
Contributions in aid of construction	0.00%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.18%	0.00%
Other non-operating revenue	0.34%	0.01%	0.06%	0.01%	0.05%	0.27%	0.06%	0.02%	0.03%
Total Nonoperating Revenues	78.34%	77.05%	77.33%	76.81%	77.81%	77.14%	76.75%	75.02%	74.81%
Total Revenues	100.00%	100.00%	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 2002-2010 are available.

Dallas County Community College District
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2002 to 2010
(unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	$ 161,769	$ 150,414	$ 141,112	$ 137,429	$ 132,577	$ 130,728	$ 126,134	$ 121,450	$ 118,222
Public service	13,503	13,954	10,839	10,578	10,334	10,406	9,717	9,954	9,685
Academic support	20,065	19,363	18,713	18,303	17,314	16,586	15,124	14,824	14,942
Student services	38,354	35,151	32,418	31,527	29,656	29,199	27,952	26,635	24,982
Institutional support	72,466	67,196	58,216	52,878	51,110	48,190	46,290	43,391	44,268
Operation and maintenance of plant	38,718	33,000	30,058	27,083	26,079	24,630	22,783	21,087	19,736
Scholarships and fellowships	61,104	33,144	26,383	24,053	26,396	26,344	25,784	25,012	21,875
Auxiliary enterprises	10,389	9,539	10,104	10,774	10,286	9,966	10,309	10,447	10,207
Depreciation	22,986	18,530	17,084	17,584	14,464	11,343	10,211	10,639	9,489
Total Operating Expenses	439,354	380,291	344,927	330,209	318,216	307,392	294,304	283,439	273,406
Interest on capital debt	16,507	13,907	6,149	4,992	4,146	4,538	1,905	735	1,967
Loss on disposal of capital assets	1,041	270	5,343	1,736	145	122	156	134	1,882
Accrual for legal expense	-	-	-	-	-	(13,271)	1,683	-	9,588
Other non-operating expense	420	376	1,535	382	265	1,146	39	454	38
Total Nonoperating Expenses	17,968	14,553	13,027	7,110	4,556	(7,465)	3,783	1,323	13,475
Total Expenses	$ 457,322	$ 394,844	$ 357,954	$ 337,319	$ 322,772	$ 299,927	$ 298,087	$ 284,762	$ 286,881

	For the Year Ended August 31,								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	35.37%	38.10%	39.41%	40.73%	41.07%	43.59%	42.31%	42.65%	41.21%
Public service	2.95%	3.53%	3.03%	3.14%	3.20%	3.47%	3.26%	3.50%	3.37%
Academic support	4.39%	4.90%	5.23%	5.43%	5.36%	5.53%	5.07%	5.21%	5.21%
Student services	8.39%	8.90%	9.06%	9.35%	9.19%	9.75%	9.38%	9.35%	8.71%
Institutional support	15.85%	17.02%	16.26%	15.68%	15.84%	16.07%	15.53%	15.24%	15.43%
Operation and maintenance of plant	8.47%	8.36%	8.40%	8.03%	8.08%	8.21%	7.64%	7.40%	6.88%
Scholarships and fellowships	13.36%	8.39%	7.37%	7.13%	8.18%	8.78%	8.65%	8.78%	7.62%
Auxiliary enterprises	2.27%	2.42%	2.82%	3.19%	3.19%	3.32%	3.46%	3.67%	3.56%
Depreciation	5.04%	4.69%	4.77%	5.21%	4.48%	3.78%	3.43%	3.74%	3.31%
Total Operating Expenses	96.07%	96.31%	96.35%	97.89%	98.59%	102.49%	98.73%	99.54%	95.30%
Interest on capital debt	3.61%	3.52%	1.72%	1.48%	1.28%	1.51%	0.64%	0.25%	0.69%
Loss on disposal of capital assets	0.23%	0.07%	1.50%	0.52%	0.05%	0.04%	0.05%	0.05%	0.66%
Accrual for legal expense	0.00%	0.00%	0.00%	0.00%	0.00%	-4.42%	0.57%	0.00%	3.34%
Other non-operating expense	0.09%	0.10%	0.43%	0.11%	0.08%	0.38%	0.01%	0.16%	0.01%
Total Nonoperating Expenses	3.93%	3.69%	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%	100.00%	100.00%

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2010 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
2009-10	$ 41	$ 76	$ -	$ -	$ -	$ 492	$ 912	5.13%	5.56%
2008-09	39	72	-	-	-	468	864	0.00%	0.00%
2007-08	39	72	-	-	-	468	864	8.33%	9.09%
2006-07	36	66	-	-	-	432	792	9.09%	10.00%
2005-06	33	60	-	-	-	396	720	10.00%	20.00%
2004-05	30	50	-	-	-	360	600	0.00%	0.00%
2003-04	30	50	-	-	-	360	600	15.38%	8.70%
2002-03	26	46	-	-	-	312	552	0.00%	0.00%
2001-02	26	46	-	-	-	312	552	11.03%	5.95%
2000-01	23	43	5	-	-	281	521	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
2009-10	$ 121	$ 121	$ -	$ -	$ -	$ 1,452	$ 1,452	5.22%	5.22%
2008-09	115	115	-	-	-	1,380	1,380	0.00%	0.00%
2007-08	115	115	-	-	-	1,380	1,380	8.49%	8.49%
2006-07	115	106	-	-	-	1,272	1,272	10.42%	10.42%
2005-06	115	96	-	-	-	1,152	1,152	20.00%	20.00%
2004-05	115	80	-	-	-	960	960	0.00%	0.00%
2003-04	115	80	-	-	-	960	960	5.26%	5.26%
2002-03	115	76	-	-	-	912	912	0.00%	0.00%
2001-02	115	76	-	-	-	912	912	3.52%	3.52%
2000-01	71	73	-	-	-	881	881	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)**
2009-10	$188,450,056	$15,774,377	$172,675,679	91.63%	$ 0.07780	$ 0.01710	$ 0.09490
2008-09	$215,856,678	$37,953,410	$177,903,268	82.42%	$ 0.07590	$ 0.01350	$ 0.08940
2007-08	202,897,589	36,335,019	166,562,570	82.09%	0.07590	0.00450	$ 0.08040
2006-07	186,011,811	33,388,192	152,623,619	82.05%	0.07780	0.00320	0.08100
2005-06	173,396,321	31,196,654	142,199,667	82.01%	0.07780	0.00380	0.08160
2004-05	164,428,457	29,418,622	135,009,835	82.11%	0.07780	0.00250	0.08030
2003-04	160,837,174	27,825,511	133,011,663	82.70%	0.07780	0.00000	0.07780
2002-03	159,130,757	27,293,383	131,837,374	82.85%	0.06000	0.00000	0.06000
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

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**
2009-10	$ 93,099	53,474	$ 1,741	21,604	10,360	31,964	$ 2.91
2008-09	89,498	47,374	1,889	19,244	9,284	28,528	3.14
2007-08	89,498	43,737	2,046	17,911	8,428	26,339	3.40
2006-07	84,753	42,992	1,971	17,047	8,120	25,167	3.37
2005-06	84,753	41,648	2,035	17,154	7,830	24,984	3.39
2004-05	83,076	42,934	1,935	16,959	8,385	25,344	3.28
2003-04	83,054	42,261	1,965	16,890	8,953	25,843	3.21
2002-03	79,974	41,509	1,927	16,480	9,479	25,959	3.08
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

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 ($000 omitted) 2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
ATT/Southwestern Bell/Cingular	Telephone Utility	1,226,067	1,337,588	1,578,863	1,694,723	1,702,249	1,590,414	1,505,448	1,605,116	1,631,836	1,593,285
Oncor Electric Delivery	Electric Utility	1,225,464	1,226,132	1,384,673	1,380,524	1,381,599	1,322,938	1,376,066	1,315,833	1,293,507	1,388,807
Raytheon/Texas Instruments	Manufacturing	859,002	1,075,514	1,469,996	1,692,476	1,056,013	1,164,396	1,272,884	1,438,159	1,465,722	1,765,643
Aviall Inc	Aviation	720,147	592,642	-	-	-	-	-	-	-	-
Northpark Land Partners	Real Estate Development	530,065	545,522	590,682	569,402	-	-	-	-	-	-
Southwest Airlines	Airline	519,000	532,463	552,440	600,667	512,039	537,242	476,922	510,029	500,357	565,343
Wal-Mart	Retail	453,385	545,857	533,885	475,048	485,283	471,872	431,497	326,838	-	-
Verizon/GTE	Telephone Utility	429,566	508,920	550,663	510,897	527,007	549,021	536,833	535,798	762,900	380,788
Crescent Real Estate	Real Estate Development	353,769	703,343	567,651	748,339	773,627	781,402	793,480	869,249	991,604	1,080,569
YPI Thanksgiving Tower/Central	Real Estate Development	337,437	-	-	402,989	-	-	-	-	-	-
Gulfstream Aerospace	Aerospace Manufacturing	-	398,458	-	-	-	-	-	-	-	-
Teachers Insurance	Insurance	-	-	488,333	-	368,709	-	-	-	-	-
Galleria Mall Inv LP	Real Estate Development	-	-	418,988	431,782	-	-	-	-	-	-
Trammell Crow/Anatole	Real Estate Development	-	-	-	-	367,490	323,381	324,764	366,411	393,304	361,937
Trizec Renaissance	Real Estate Development	-	-	-	-	366,948	-	-	-	-	-
Post Apartment Homes LP/ Columbus Realty trust	Real Estate Development	-	-	-	-	-	276,921	-	-	-	390,442
Exxon/Mobil	Oil & Gas Exploration	-	-	-	-	-	262,664	273,239	275,688	-	-
AT&T	Telephone Utility	-	-	-	-	-	-	270,849	-	351,490	-
Metropolitan	Insurance	-	-	-	-	-	-	-	-	289,976	271,943
MCI	Telephone Utility	-	-	-	-	-	-	-	-	266,498	341,555
Vought/Loral/Grumman	Aerospace Manufacturing	-	-	-	-	-	-	-	182,856	-	-
	Totals	**$ 6,653,902**	**$ 7,466,439**	**$ 8,136,174**	**$ 8,506,847**	**$ 7,540,964**	**$ 7,280,251**	**$ 7,261,982**	**$ 7,425,977**	**$ 7,947,194**	**$ 8,140,312**
	Total Taxable Assessed Value	**$ 172,675,679**	**$ 177,903,268**	**$ 166,562,570**	**$ 152,623,619**	**$ 142,199,667**	**$ 135,009,835**	**$ 133,011,663**	**$ 131,837,374**	**$ 127,941,747**	**$ 118,042,106**

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year 2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
ATT/Southwestern Bell/Cingular	Telephone Utility	0.71%	0.75%	0.95%	1.11%	1.20%	1.18%	1.13%	1.22%	1.27%	1.35%
Oncor Electric Delivery	Electric Utility	0.71%	0.69%	0.83%	0.90%	0.97%	0.98%	1.04%	1.00%	1.01%	1.18%
Raytheon/Texas Instruments	Manufacturing	0.50%	0.60%	0.88%	1.11%	0.74%	0.86%	0.96%	1.09%	1.15%	1.50%
Aviall Inc	Aviation	0.42%	0.33%	-	-	-	-	-	-	-	-
Northpark Land Partners	Real Estate Development	0.31%	0.31%	0.35%	0.37%	-	-	-	-	-	-
Southwest Airlines	Airline	0.30%	0.30%	0.33%	0.39%	0.36%	0.40%	0.36%	0.38%	0.39%	0.48%
Wal-Mart	Retail	0.26%	0.31%	0.32%	0.31%	0.34%	0.35%	0.32%	0.25%	-	-
Verizon/GTE	Telephone Utility	0.25%	0.29%	0.34%	0.33%	0.37%	0.41%	0.40%	0.40%	0.60%	0.32%
Crescent Real Estate	Real Estate Development	0.20%	0.40%	0.34%	0.49%	0.54%	0.58%	0.60%	0.66%	0.77%	0.91%
YPI Thanksgiving Tower/Central	Real Estate Development	0.20%	-	-	0.26%	-	-	-	-	-	-
Gulfstream Aerospace	Aerospace Manufacturing	-	0.22%	-	-	-	-	-	-	-	-
Teachers Insurance	Insurance	-	-	0.29%	-	0.26%	-	-	-	-	-
Galleria Mall Inv LP	Real Estate Development	-	-	0.25%	0.28%	-	-	-	-	-	-
Trammell Crow/Anatole	Real Estate Development	-	-	-	-	0.26%	0.24%	0.24%	0.28%	0.31%	0.31%
Trizec Renaissance	Real Estate Development	-	-	-	-	0.26%	-	-	-	-	-
Post Apartment Homes LP/ Columbus realty Trust	Real Estate Development	-	-	-	-	-	0.20%	-	-	-	0.33%
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%
MCI	Telephone Utility	-	-	-	-	-	-	-	-	0.21%	0.29%
Vought/Loral/Grumman	Aerospace Manufacturing	-	-	-	-	-	-	-	0.14%	-	-
	Totals	**3.86%**	**4.20%**	**4.88%**	**5.55%**	**5.30%**	**5.39%**	**5.46%**	**5.63%**	**6.21%**	**6.90%**

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
2010	$ 163,869	$ (1,088)	$ 162,781	$ 159,806	98.17%	$ -	$ -	$ 159,806	98.17%
2009	158,943	(2,428)	156,515	154,096	98.45%	-	955	155,051	99.06%
2008	135,224	(1,515)	133,709	131,785	98.56%	837	273	132,895	99.39%
2007	123,162	284	123,446	121,356	98.31%	1,376	124	122,856	99.52%
2006	114,957	654	115,611	113,740	98.38%	1,428	71	115,239	99.68%
2005	107,927	(26)	107,901	106,249	98.47%	1,299	41	107,589	99.71%
2004	103,074	(522)	102,552	100,788	98.28%	1,471	22	102,281	99.74%
2003	79,860	(1,308)	78,552	77,110	98.16%	1,222	9	78,341	99.73%
2002	76,722	(456)	76,266	75,018	98.36%	1,068	6	76,092	99.77%
2001	58,701	(3)	58,698	57,858	98.57%	703	4	58,565	99.77%

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.

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
	For the Year Ended August 31 (amounts expressed in thousands)									
General Bonded Debt										
General obligation bonds	$ 401,605	$ 367,140	$ 60,735	$ 63,035	$ 65,250	$ 67,375	$ -	$ -	$ -	$ -
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	$ 401,605	$ 367,140	$ 60,735	$ 63,035	$ 65,250	$ 67,375	$ -	$ -	$ -	$ -
Other Debt										
Revenue bonds	$ 29,620	$ 33,560	$ 37,145	$ 40,660	$ 45,795	$ 49,975	$ 53,955	$ 57,755	$ 61,390	$ 63,860
Tax notes	14,435	20,120	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	$ 445,660	$ 420,820	$ 248,406	$ 134,397	$ 146,620	$ 157,540	$ 97,886	$ 68,580	$ 62,527	$ 63,860
General Bonded Debt Ratios										
Per Capita	$ 123.97	$ 148.58	$ 24.77	$ 26.69	$ 27.38	$ 29.22	-	-	-	-
Per FTSE	5,780	7,750	1,389	1,466	1,567	1,569	-	-	-	-
As a percentage of Taxable Assessed Value	0.23%	0.21%	0.04%	0.04%	0.05%	0.05%	-	-	-	-
Total Outstanding Debt Ratios										
Per Capita	$ 141.64	$ 170.30	$ 101.32	$ 56.92	$ 61.53	$ 68.33	$ 42.72	$ 30.06	$ 27.51	$ 28.23
Per FTSE	6,603	8,883	5,680	3,126	3,520	3,669	2,316	1,652	1,541	1,775
As a percentage of Taxable Assessed Value	0.26%	0.24%	0.15%	0.09%	0.10%	0.12%	0.07%	0.05%	0.05%	0.05%

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

Source: District Business Affairs

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

	For the Year Ended August 31 (amounts expressed in thousands)									
	2010	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**
Taxable Assessed Value	$ 172,675,679	$ 177,903,268	$ 166,562,570	$ 152,623,619	$ 142,199,667	$ 135,009,835	$ 133,011,663	$ 131,837,374	$ 127,941,747	$ 118,042,106
General Bonded Debt										
Statutory Tax Levy Limit for Debt Service	$ 862,179	$ 889,516	$ 832,813	$ 762,637	$ 710,998	$ 675,049	$ 665,058	$ 659,187	$ 639,709	$ 590,211
Less: Funds Restricted for Payment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	862,179	889,516	832,813	762,637	710,998	675,049	665,058	659,187	639,709	590,211
Current Year Debt Service Requirements	21,493	22,997	7,463	5,304	5,301	3,208	-	-	-	-
Excess of Statutory Limit for Debt Service over Current Requirements	$ 840,686	$ 866,519	$ 825,350	$ 757,333	$ 705,697	$ 671,841	$ 665,058	$ 659,187	$ 639,709	$ 590,211
Net Current Requirements as a % of Statutory Limit	2.49%	2.59%	0.90%	0.70%	0.75%	0.48%	-	-	-	-

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

Source: Taxable Assessed Value from Dallas County Appraisal District

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

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**
2010	$17,942	$ -	$ 906	$ 2,424	$ 547	$ 400	$ 3,938	$26,157	$ 4,025	$ 1,128	$ 5,153	5.08
2009	18,531	-	857	2,311	506	400	4,901	27,506	3,940	1,240	5,180	5.31
2008	15,200	-	897	2,166	563	400	6,650	25,876	3,515	1,720	5,235	4.94
2007	14,765	-	880	1,935	575	400	6,967	25,522	3,360	2,182	5,542	4.61
2006	15,033	-	661	1,689	544	400	5,429	23,756	4,180	2,328	6,508	3.65
2005	14,899	-	662	1,502	602	400	4,104	22,169	3,980	2,417	6,397	3.47
2004	15,091	-	801	1,568	634	400	3,809	22,303	3,800	2,487	6,287	3.55
2003	15,044	-	553	1,492	620	400	4,729	22,838	3,635	2,613	6,248	3.66
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

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
2010	2,492,850	*	*	8.4%
2009	2,471,000	*	*	8.2%
2008	2,451,800	108,124,708	44,829	5.7%
2007	2,361,354	107,556,419	45,131	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%

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 2010
(Unaudited)

	Number of Employees			Percentage of Total Employment		
Employer	**2006**	**2005**	**2004**	**2006**	**2005**	**2004**
Wal-Mart Stores, Inc.	29,237	*	23,000	1.02%	n/a	0.85%
AMR Corporation	25,000	*	28,000	0.87%	n/a	1.04%
Dallas Independent School District	19,359	*	19,691	0.68%	n/a	0.73%
Texas Health Resources	17,000	*	17,000	0.59%	n/a	0.63%
Raytheon Co.	16,250	*	-	0.57%	n/a	0.00%
Verizon Communications Inc.	15,900	*	12,500	0.56%	n/a	0.46%
Lockheed Martin Aeronautics Co.	15,000	*	16,442	0.52%	n/a	0.61%
Baylor Health Resources	14,572	*	15,000	0.51%	n/a	0.56%
AT&T/SBC Communications Inc.	12,500	*	14,000	0.44%	n/a	0.52%
Albertson's Inc.	12,240	*	11,200	0.43%	n/a	0.42%
Texas Instruments Inc.	-	*	10,600	0.00%	n/a	0.39%
Total	177,058	-	167,433	6.19%	0.00%	5.81%

Source:
Greater Dallas Chamber of Commerce
*Information not available. All sources searched have not updated since 2006.

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

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

	Fiscal Year									
	2010	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**
Faculty										
Full-Time	763	765	733	699	725	736	719	678	646	631
Part-Time	2,440	2,335	2,254	2,384	2,608	2,855	2,557	2,272	2,347	2,086
Total	3,203	3,100	2,987	3,083	3,333	3,591	3,276	2,950	2,993	2,717
Percent										
Full-Time	23.8%	24.7%	24.5%	22.7%	21.8%	20.5%	21.9%	23.0%	21.6%	23.2%
Part-Time	76.2%	75.3%	75.5%	77.3%	78.2%	79.5%	78.1%	77.0%	78.4%	76.8%
Staff and Administrators										
Full-Time	2,472	2,426	2,284	2,193	2,177	2,174	2,147	2,014	2,010	1,916
Part-Time	1,555	1,655	1,516	1,463	1,449	1,736	2,155	1,780	1,804	1,508
Total	4,027	4,081	3,800	3,656	3,626	3,910	4,302	3,794	3,814	3,424
Percent										
Full-Time	61.4%	59.4%	60.1%	60.0%	60.0%	55.6%	49.9%	53.1%	52.7%	56.0%
Part-Time	38.6%	40.6%	39.9%	40.0%	40.0%	44.4%	50.1%	46.9%	47.3%	44.0%
FTSE per Full-time Faculty	70.1	61.9	59.7	61.5	57.4	58.3	58.8	61.2	62.8	57.0
FTSE per Full-time Staff Member	21.6	19.5	19.1	19.6	19.1	19.7	19.7	20.6	20.2	18.8
Average Annual Faculty Salary	$ 79,623	$ 75,532	$ 74,931	$ 76,186	$ 71,042	$ 68,366	$ 66,195	$ 65,636	$ 66,859	$ 64,483

Source: District Business Affairs

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

	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
Student Classification	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	25,142	38.66%	24,922	40.11%	24,619	41.39%	26,204	44.36%	25,814	44.19%
31-60 hours	26,117	40.16%	24,916	40.10%	23,734	39.91%	21,352	36.14%	21,333	36.51%
>60 hours	13,774	21.18%	12,299	19.79%	11,123	18.70%	11,521	19.50%	11,274	19.30%
Total	65,033	100.00%	62,137	100.00%	59,476	100.00%	59,077	100.00%	58,421	100.00%

	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
Semester Hour Load	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	1,718	2.64%	1,796	2.89%	1,689	2.84%	1,619	2.74%	1,765	3.02%
3-5 semester hours	16,227	24.95%	17,311	27.86%	14,685	24.69%	14,692	24.87%	17,863	30.58%
6-8 semester hours	16,969	26.09%	17,250	27.76%	15,089	25.37%	14,208	24.05%	13,867	23.74%
9-11 semester hours	11,657	17.93%	12,154	19.56%	10,896	18.32%	9,783	16.56%	9,471	16.21%
12-14 semester hours	15,686	24.12%	11,582	18.64%	14,250	23.96%	15,000	25.39%	13,103	22.43%
15-17 semester hours	2,176	3.35%	1,628	2.62%	2,308	3.88%	3,060	5.18%	2,180	3.73%
18 and over	600	0.92%	416	0.67%	559	0.94%	715	1.21%	172	0.29%
Total	65,033	100.00%	62,137	100.00%	59,476	100.00%	59,077	100.00%	58,421	100.00%
Average course load	8.0		7.1		8.1		7.7		7.7	

	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
Tuition Status	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-district)	52,323	80.46%	49,436	79.56%	47,685	80.18%	47,516	80.43%	47,784	81.79%
Texas Resident (out-of-district)	8,132	12.50%	8,184	13.17%	7,981	13.42%	7,743	13.11%	7,516	12.87%
Non-Resident Tuition	4,578	7.04%	4,517	7.27%	3,810	6.40%	3,818	6.46%	3,121	5.34%
Total	65,033	100.00%	62,137	100.00%	59,476	100.00%	59,077	100.00%	58,421	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 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	45,566	53.86%	43,030	55.07%	41,130	56.06%	41,004	55.23%	40,607	56.79%
Male	39,042	46.14%	35,103	44.93%	32,243	43.94%	33,238	44.77%	30,898	43.21%
Total	84,608	100.00%	78,133	100.00%	73,373	100.00%	74,242	100.00%	71,505	100.00%

	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	27,621	32.65%	25,465	32.59%	25,498	34.75%	26,924	36.27%	26,896	37.61%
Hispanic	23,294	27.53%	21,411	27.40%	19,695	26.84%	19,556	26.34%	17,770	24.85%
African American	18,508	21.87%	16,655	21.32%	15,858	21.61%	15,962	21.50%	15,528	21.72%
Asian	5,726	6.77%	5,435	6.96%	5,108	6.96%	5,180	6.98%	5,179	7.24%
Foreign	4,469	5.28%	4,045	5.18%	3,270	4.46%	3,229	4.35%	2,647	3.70%
Native American	391	0.46%	347	0.44%	317	0.43%	345	0.46%	592	0.83%
Other	4,599	5.44%	4,775	6.11%	3,627	4.95%	3,046	4.10%	2,893	4.05%
Total	84,608	100.00%	78,133	100.00%	73,373	100.00%	74,242	100.00%	71,505	100.00%

	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	4,264	5.04%	3,766	4.82%	3,360	4.58%	3,559	4.79%	2,356	3.29%
18-21	25,797	30.49%	25,690	32.88%	23,854	32.51%	23,286	31.37%	23,410	32.74%
22-24	11,439	13.52%	10,736	13.74%	10,375	14.14%	10,119	13.63%	10,364	14.49%
25-30	14,003	16.55%	13,165	16.85%	12,598	17.17%	12,773	17.21%	12,553	17.56%
31-35	8,029	9.49%	7,157	9.16%	6,809	9.28%	7,361	9.91%	6,953	9.72%
36-50	14,823	17.52%	12,829	16.42%	11,879	16.19%	12,397	16.70%	11,588	16.21%
51 and over	6,253	7.39%	4,790	6.13%	4,498	6.13%	4,747	6.39%	4,281	5.99%
Total	84,608	100.00%	78,133	100.00%	73,373	100.00%	74,242	100.00%	71,505	100.00%
Average Age	29		29		28		28		28	

Source: District Business Affairs

Dallas County Community College District
Statistical Supplement 17
Transfers to Senior Institutions
2008 Fall Students as of Fall 2009
(Includes only public senior colleges in Texas)

		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	2519	152	34	2,705	17.84%
2	University of Texas - Arlington	2388	162	93	2,643	17.43%
3	University of Texas - Dallas	1943	132	43	2,118	13.97%
4	Texas Woman's University	1063	88	42	1,193	7.87%
5	University of Texas - Austin	1038	18	0	1,056	6.97%
6	Texas A&M University - College Station	942	22	0	964	6.36%
7	University of North Texas - Dallas	671	107	35	813	5.36%
8	Texas Tech University	785	13	3	801	5.28%
9	Texas A&M University - Commerce	656	67	25	748	4.93%
10	Stephen F. Austin State University	362	22	6	390	2.57%
11	Texas State University	291	11	1	303	2.00%
12	University of Houston	167	18	4	189	1.25%
13	Midwestern State University	162	10	8	180	1.19%
14	Prairie View A&M University	144	13	3	160	1.06%
15	Sam Houston State University	111	11	0	122	0.80%
16	University of Texas - Tyler	94	4	1	99	0.65%
17	Tarleton State University	83	4	1	88	0.58%
18	Texas Southern University	60	7	1	68	0.45%
19	University of Texas - San Antonio	61	3	0	64	0.42%
20	Texas Tech University Health Science Center	54	4	4	62	0.41%
21	Texas A&M University - Corpus Christi	41	5	1	47	0.31%
22	University of Texas Southwestern Medical Center - Dallas	34	4	5	43	0.28%
23	Texas A&M University System Health Science Center	28	9	0	37	0.24%
24	Angelo State University	29	2	0	31	0.20%
25	University of Texas Medical Branch Galveston	26	3	0	29	0.19%
26	Lamar University Institute of Technology	23	1	0	24	0.16%
27	Texas A&M University - Galveston	21	1	0	22	0.15%
28	University of Texas - El Paso	17	2	0	19	0.13%
29	West Texas A&M University	18	1	0	19	0.13%
30	University of Texas Health Science Center - Houston	13	4	0	17	0.11%
31	University of Houston - Downtown	16	0	0	16	0.11%
32	Texas A&M University - Kingsville	8	3	0	11	0.07%
33	Sul Ross State University	9	1	0	10	0.07%
34	University of Texas M.D Anderson Cancer Center	8	0	2	10	0.07%
35	University of Texas Health Science Center - San Antonio	8	1	0	9	0.06%
36	University of North Texas Health Science Center - Forth Worth	7	1	0	8	0.05%
37	University of Texas - Permian Basin	8	0	0	8	0.05%
38	University of Houston - Victoria	6	0	0	6	0.04%
39	University of Texas - Pan American	6	0	0	6	0.04%
40	Texas A&M University -Texarkana	4	1	0	5	0.03%
41	Baylor College of Medicine	4	0	0	4	0.03%
42	Texas A&M International University	4	0	0	4	0.03%
43	Texas A&M University - San Antonio	0	0	3	3	0.02%
44	University of Texas - Brownsville	3	0	0	3	0.02%
45	Texas A&M University - Central Texas	1	0	0	1	0.01%
46	University of Houston - Clear Lake	1	0	0	1	0.01%
	Totals	**13,937**	**907**	**315**	**15,159**	**100.00%**

Source:
THECB "Students Pursuing Additional Education" report for Academic Year 2008-09

Dallas County Community College District
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2004 to 2009

	Fiscal Year Ending August 31,						
	2010	2009	2008	2007	2006	2005	2004
Academic buildings	89	84	69	67	67	67	65
Square footage	3,847,370	3,426,142	2,872,794	2,918,794	2,918,794	2,918,794	2,780,423
Libraries	2	2	2	2	2	2	2
Square footage	222,765	222,765	222,765	222,765	222,765	222,765	222,765
Number of volumes	-	-	-	-	529,952	504,977	428,815
Administrative and support buildings	8	8	7	7	7	7	7
Square footage	326,215	326,215	242,832	242,832	242,832	242,832	242,832
Dining Facilities	-	-	-	-	-	-	-
Square footage	60,069	60,069	60,069	60,069	60,069	60,069	60,069
Athletic Facilities	6	6	6	6	6	6	6
Square footage	177,050	177,050	177,050	177,050	177,050	177,050	177,050
Athletic fields	43	43	42	42	42	42	42
Gymnasiums	8	8	8	8	8	8	8
Fitness centers	10	10	10	10	10	10	10
Tennis courts	22	36	36	36	36	36	36
Plant facilities	3	3	3	3	3	3	3
Square footage	81,332	81,332	81,332	81,332	81,332	81,332	81,332
Transportation							
Cars	39	28	22	21	24	23	22
Light trucks/vans	88	84	77	76	80	75	70
Buses	10	9	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, 2010

TABLE OF CONTENTS

MCCONNELL & JONES LLP

CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2010, and have issued our report thereon dated December 17, 2010. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

3040 Post Oak Blvd., Suite 1600
Houston, TX 77056
Ph: 713.968.1600
Fax: 713.968.1601

WWW.MCCONNELLJONES.COM

Texas Public Funds Investment Act

We have performed tests designed to verify the District's compliance with the requirements of Public Funds Investment Act. However, providing an opinion on compliance with the Act was not an objective of our audit and accordingly, we do not express an opinion. During the fiscal year ended August 31, 2010, no instances of non-compliance were found.

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.

McConnell & Jones LLP

Houston, Texas
December 17, 2010

MJ McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

The Board of Trustees
Dallas County Community College District

Compliance

We have audited Dallas County Community College District's (the "District") compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal and state programs for the year ended August 31, 2010. 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 each of its major federal and state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A- 133 and the State of Texas Single Audit Circular and which is described in the accompanying schedule of findings and questioned costs as item No. 2010-1.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to 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 to determine the auditing

3040 Post Oak Blvd., Suite 1600
Houston, TX 77056
Ph: 713.968.1600
Fax: 713.968.1601

WWW.MCCONNELLJONES.COM

procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

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.

McConnell & Jones LLP

Houston, Texas
December 17, 2010

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT — SCHEDULE E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2010

Federal Grantor/Pass-Through

Grantor Program Name	CFDA	Grant #		Expenditures
U.S. Department of Education				
Direct Programs:				
Student Financial Aid Cluster				
Supplemental Educational Opportunity Grant	84.007A (1)			$ 591,271
FFEL Loan Program	84.032 (1)			22,567,483
College Work Study Program	84.033A (1)			1,078,366
Job Locator Development	84.033A (1)			43,144
Academic Competiveness Grant	84.375A (1)			662,773
PELL	84.063P (1)			76,069,785
Direct Loan Program	84.268 (1)			147,000
TRIO Cluster				
TRIO-Student Services	84.042A (2)	P042A050181/050711/051047/060488/06 60603060915/060336		2,063,244
TRIO-Talent Search	84.044A (2)	P044A070331-08		233,121
TRIO-Upward Bound	84.047A (2)	P047A071018/070678/081100/08052/080 281/080316/080059		1,845,086
Strengthening Institutions - Title III	84.031A	P031A080120/P031A040037		1,008,767
CCRAA STEM	84.031C	P031C080006/182		3,006,554
Strengthening Institutions - Title V	84.031S	PO31S050026/10/05		2,425,111
FIPSE	84.116B	P116B060021/P116Y090020		162,042
Business and International Education	84.153A	P153A090030		14,509
Child Care Access	84.335A	P335A060404/063/150		157,285
Total Direct from U. S. Department of Education				112,075,541
Pass-Through From:				
Texas Higher Education Coordinating Board				
Carl Perkins Vocational Education	84.048	10017/94214/94402/74214/84214	1,417,122	
Starlink	84.048	10098/91201	122,984	
Tech Prep	84.243	10067/91707/91067/81707	747,612	
Texas Career Clusters	84.048	101103	75,796	
Taking Tech Program/21st Century	84.048	81103	2,706	
The Leveraging Educational Assistance Partnership	84.069A	N/A	51,651	
The Special Leveraging Educational Assistance Partnership	84.069B	N/A	68,617	
College Connections	84.378	1159	73,058	
Total Pass Thru THECB				2,559,546
Austin Community College				
Texas Network for Teaching Excellence	84.048	101201/91101		7,228
Stephen F. Austin				
Articulated Internet	84.116	P116B060283		4,831
American Recovery Reinvestment Act				
State Fiscal Stabilization Fund	84.397A	S397A090044		674,289
Texas Education Agency				
TTL XIV SFSF	84.394A	S394A090044/10557001		48,308
Teacher/Principal Trng/Recr	84.367A			6,750
Total Pass-Thru Other Agencies				741,406
Total U. S. Department of Education				**$ 115,376,493**

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

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2010 (CONTINUED)

Federal Grantor/Pass-Through

Grantor Program Name	CFDA	Grant #		Expenditures
U.S. Department of Defense				
VA Chapter 13/33				**$ 584,784**
U.S. Department of Agriculture				
Pass-Thru From:				
Texas Health and Human Services Commission				
Child and Adult Food Program	10.558	UCN75N3055		23,090
Sul Ross State University				
Tex Prep	10.223	2007-38422-18081		26,291
Total U.S. Department of Agriculture				**49,381**
U. S. Department of Commerce				
Direct Programs:				
Malcolm Baldridge Nat'l Quality Award Outreach Activities	11.609	60NANB6D6008		14,492
Total U. S. Department of Commerce				**14,492**
U.S. Department of State				
Pass-Thru From:				
Kirkwood				
CCI Egypt	19.000	DCC2008-12EGYPT		40,233
CCI Egypt	19.009	DCC2009-12EGYPT/Multi		252,565
Total U. S. Department of State				**292,798**
U.S. Department of Labor				
Direct Programs:				
Automotive Technologies	17.261	AF-14573-05-60		0
Rock On	17.261	YF-14843-05-60		302,426
Total Direct from U. S. Department of Labor				302,426
Pass-Thru From:				
WIA Cluster:				
Dallas County Local Workforce Development Board				
Unified Youth Services (Out of Achool)	17.259 (3)	328-In School/Out School 9	940,225	
Unified Youth Services (ITA)	17.259 (3)	328-In School/Out School 9	315,530	
Unified Youth Services (In School)	17.259 (3)	328-In School/Out School 9	55	
Statewide Activity Program	17.259 (3)	656-Statewide/Local Act	0	1,255,810
Texas Workforce Commission				
Texas Youth in Technology	17.26 (3)	0609WSW000		27,702
American Recovery and Reinvestment Act				
Worksite Management	17.259 (3)	ARRA-RLC#1	251,950	
Training and Continuing Education	17.26 (3)	ARRA-DCCCD#1	1,155,785	
SDF Program in Partnership w/ACS	17.258 (3)	ARRA - 0610XDF000	3,471	1,411,206
Total WIA Cluster				2,694,718
Austin Community College				
Energy Efficiency & Renewable Energy Trng Prog	17.259 (3)	1410XSW001		11,696
Total U.S. Department of Labor:				**$ 3,008,840**

(3) Clustered WIA Programs

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT — SCHEDULE E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2010 (CONCLUDED)

Federal Grantor/Pass-Through Grantor Program Name	CFDA	Grant #		Expenditures
National Science Foundation				
Direct Programs:				
Computer Science, Engineering and Mathematics Scholarship Pro	47.076	0422381	$ -	
Computer Science, Engineering and Mathematics Scholarship Pro	47.076	0422445	4,500	
Broadening Access for Science, Technology, Engineering & Math	47.076	0525536	394,324	
Total Direct from the National Science Foundation				$ 398,824
Pass-Thru From:				
Collin County Community College				
North Dallas Texas Regional Technologies Center	47.076	202408/ DUE-0903239	35,730	
CCCCD/NSF Convergence Tech	47.076	DUE-402356	20,846	56,576
University of Texas at Dallas				
STEM Gateway Collaboration	47.076	DUE-0856549		44,313
The University of Tulsa				
Oklahoma Center for Information Assurance and Forensics Ed	47.076	14-2-1203284-94827		19,493
Total National Science Foundation:				**519,206**
Small Business Administration				
Direct Programs:				
Small Business Development Center:	59.037	10-603001-Z-0076-24/9-603		2,517,491
Drug Free Workplace	59.037	SBAHQ-05-B-0005		15,486
Total Small Business Administration				**2,532,977**
U.S. Department of Health & Human Services				
Direct Programs:				
Head Start Program	93.600	90YP0018/04 & 05		12,187
Pass-Thru From:				
Texas Education Agency	93.575	100913017110001		438
University of Texas, at Austin				
Substance Abuse & Mental Health	93.000	U-UTA02-161		18,143
Dallaas County Local Workforce Development Board				
Child Care Quality Enhancement Initiative	93.596	PSA-CCQI-1	16,197	
Child Care Training Initiative	93.713	ARRA - DCCCD-XCQ#1	505,833	522,030
Total Department of Health & Human Services:				**522,798**
U. S. Corporation for National and Community Service				
Pass-Thru From:				
American Association of Community Colleges				
Broadening Horizons SLP	94.005	SL-2009-02/09LHADC002		9,756
The Higher Education Coordinating Board				
OneStar	94.006	09RFHTX0010005		36,644
Total Corporation for National Service				**46,400**
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$ 122,978,169**

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE F

SCHEDULE OF EXPENDITURES OF STATE AWARDS
Period Ending August 31, 2010

State Agency/ Program Name	Grant #		Expenditures
Texas Higher Education Coordinating Board			
Texas Grant Program		$	2,168,315
Texas Education Opportunity Grant			608,707
Texas College Work Study			125,661
Top 10% Scholarship Program			50,000
Nursing Scholarship			21,726
P16 College Readiness			73,407
Go Center Mentorship Program			152,718
College for All Texas - G Force			5,809
Intensive Summer Program			78,797
Alternative Teacher Education			109,178
Texas Course Redesign Project (TCRP)			46,347
African American Male SSP			65,442
5th Year Accounting			5,000
Total Texas Higher Education Coordinating Board		**$**	**3,511,107**
Governor's Office			
Jet Scholarship		$	67,270
TWOBF	2909WS000		53,745
Total Governor's Office		**$**	**121,015**
University of Texas at San Antonio:			
TexPrep Program		**$**	**6,127**
Texas Education Agency			
Dropout Recovery	81045587110009	**$**	**37,768**
Texas Workforce Commission			
Skills Development Funds			
Conexis	0609SDF004	$	409,209
Dallas Wholesale Builder's Supply	0609SDF003		183,358
Zale Delaware	0610SDF001		11,990
SDF/HMS Business Services	0608SDF006		123,051
SDF Air Systems Components	0608SDF004		77,748
SDF/CLAM	0609SDF001		1,682,520
Partnership w/Manufacturing Consoritum	0609SDF000		661,381
SDF/WNA Cups Illustrated, Inc.	0609SDF002		36,505
Jefferson Physicians Group	0610SDF000		32,707
Total Texas Workforce Commission:		**$**	**3,218,469**
TOTAL EXPENDITURES OF STATE AWARDS		**$**	**6,894,486**

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
AUGUST 31, 2010

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, 2010. 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, 2010, as follows:

	Federal	State
Total revenues per Schedule A	$ 21,675,227	$ 7,733,013
FFEL & Direct Loans (not considered revenue of the institution)	22,714,483	-
Federal revenue, non-operating per Exhibit 2	74,418,624	-
Fall tuition-related grants deferred to next fiscal year	4,169,835	(838,527)
Total Expenditures for Federal/State Awards	$ 122,978,169	$ 6,894,486

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	$ 78,354
Grayson Community College	45,747
Kilgore College	93,108
McLennan Community College	119,346
Navarro College	62,654
North Central Texas College	82,105
Northeast Texas Community College	11,926
TAMU	32,284
Paris Junior College	101,936
Tarrant County Junior College	148,659
Trinity Valley Community College	91,176
Tyler Junior College	68,136
UTA Enterprise Excellence	80,907
Total Amount Passed Through	$ 1,016,338

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	$ 148,072
Tarrant County Community College	193,215
Total Amount Passed Through	$ 341,287

The District passed through $203,278 to Texas Tech University subrecipient of the CCRAA STEM program CFDA 84.031C from the U. S. Department of Education.

The District passed through $19,585 to Johnson Community College subrecipient of the Automotive Technologies program CFDA 17.261 from the U. S. Department of Labor.

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	$ 74,217
Grayson Community College	97,452
Kilgore College	135,062
McLennan Community College	128,343
Navarro College	58,156
North Central Texas College	81,739
Northeast Texas Community College	23,235
TAMU	14,412
Paris Junior College	32,043
Tarrant County Junior College	61,666
Trinity Valley Community College	91,243
Tyler Junior College	67,933
UTA Enterprise Excellence	50,000
Total Amount Passed Through	$ 915,501

5. STUDENT LOANS PROCESSED AND AMINISTRATIVE COST RECOVERED

Although Federal Family Education Loans (FFEL) and Direct Loans "are made to students (not the institution of higher education)" as confirmed in the June 2010 *A-133 Compliance Supplement*, page 5-3-48, they also recommend the amounts for such loans be included on the face of the Schedule of Federal Expenditures (SEFA). Subtracting the effect of including these loans on the SEFA, actual expenditures of the institution are only $100,263,686.

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	$22,567,483	-	$22,567,483
84.XXX Direct Loans	147,000	-	147,000
Total Department of Education	$22,714,483	-	$22,714,483

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, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiencies identified, which are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal and State Awards

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiencies identified, which are not considered to be material weaknesses?	Yes
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

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS - Continued

Identification of major programs:

CFDA/Grant Numbers	Name of Federal Programs
84.007, 84.032, 84.033, 84.063, 84.375	Student Financial Aid Cluster
17.259, 17.260	WIA Cluster
	Name of State Programs
N/A	TEXAS Grant
N/A	Texas Workforce Commission Skills Development Funds

Dollar threshold used to distinguish between type A and type B programs:	$3,689,345 for federal programs $300,000 for state programs
Auditee qualified as low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

The results of our procedures disclosed no findings to be reported for the year ended August 31, 2010.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AND STATE AWARD FINDINGS

Finding 2010-1

Program:	Federal Family Education Loans (Student Financial Assistance Cluster)
CFDA:	84.032
Federal Award Number:	N/A
Federal Award Year:	2009-2010
Federal Agency:	U.S. Department of Education
Pass-through Entity:	N/A
Type of Finding:	Noncompliance related to Special Tests and Provisions - Disbursements To or On Behalf of Students

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AND STATE AWARD FINDINGS - Continued

Criteria: Per 34 CFR 668.167(b), funds for Federal Family Education Loans ("FFEL") must be disbursed to students within three business days of being received by the District (if funds are received by an electronic funds transfer ("EFT")), or the funds must be returned to the lender within ten days.

Condition and Context: Of ten SFA Cluster students tested for loan disbursement requirements, we noted one case where the District did not deliver the loan proceeds to the student's account within the three business days in accordance with the provisions of 34 CFR section 668.167(b). The loan proceeds were delivered to the student's account on the sixth day.

Questioned Costs: None

Cause: The Financial Aid office did not adequately monitor its compliance with the provisions of the 34 CFR by consistently following the District's policy which requires the review of system generated exception report related to FFEL disbursements to students within two days to identify and address loan disbursement delays included in the report.

Effect: The student did not receive his FFEL funds within the allowed time period of three business days.

Recommendations: We recommend the Financial Aid office consistently follow the District's policy which requires the review of system generated exception report related to FFEL disbursements to students within two days to identify and address loan disbursement delays included in the report.

Views of Responsible Officials and Planned Corrective Actions

Management agrees that the disbursement did not occur timely. Several training sessions had occurred with appropriate staff and reports were issued to help identify disbursements needed, but this one was still missed. The District is no longer processing this type of loan but has implemented direct loans instead starting July 1, 2010.

The District did an early implementation of direct loans so no more FFEL loans are being processed. Under direct loans the District disburses its own money and then is reimbursed by the Department of Education. So the 72-hour disbursement rule does not apply and will therefore no longer be a problem.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended August 31, 2010

Finding 2009-1

Program:	Federal Supplemental Educational Opportunity Grants (FSEOG) and Federal Work-Study Program (FWS) (Student Financial Assistance Cluster)
CFDA:	84.007, 84.033
Federal Agency:	U.S. Department of Education
Criteria:	The District is required to report accurate information in the Fiscal Operations Report and Application to Participate (FISAP).
Condition and Context:	The reported amounts relating to community service earned compensation and earned compensation for FWS students employed as reading tutors or employed in family literacy activities were incorrectly calculated.
Recommendations:	It was recommend that the District recalculate the information reported in the FISAP and resubmit the corrected report, if possible. It was further recommended that the District strengthen its review process of the FISAP to include checking mathematical accuracy of supporting schedules relating to information reported in the FISAP.
Current Year Status:	The corrected report was submitted. Extra care was exercised in submitting the 2010 FISAP to avoid mathematical error. No similar finding was noted in the current year.

Finding 2009-2

Program:	Federal Family Education Loans (Student Financial Assistance Cluster)
CFDA:	84.032
Federal Agency:	U.S. Department of Education
Criteria:	Per 34 CFR 668.167(b), funds for Federal Family Education Loans ("FFEL") must be disbursed to students within three business days of being received by the District (if funds are received by an electronic funds transfer ("EFT")), or the funds must be returned to the lender within ten days.
Condition and Context:	Out of 42 SFA Cluster students judgmentally tested for the various disbursement requirements, 24 had received FFEL. For one of these students, the FFEL funds were not disbursed to the student within three business days of being received by the District. The funds were also not returned to the lender.

Recommendations: It was recommended that the District adhere to its policy which requires the Financial Aid office to review the system generated report listing the date FFEL disbursements were received and disbursed to students every other day.

Current Status: Training was conducted. However, a decision was made to adopt early the awarding of direct loans instead of FFEL loans. Therefore, FFEL loans are no longer available as of Summer II, 2010 and will not continue to pose a problem. The process for direct loans is different as the District fronts the money and is reimbursed by the Department of Education. A similar finding was noted in the current year and discussed as item No. 2010-1.

Finding 2009-3

Program: TEXAS Grant Program

State Agency: Texas Higher Education Coordinating Board

Criteria: Per the Texas Education Code, §56.304, a student must have graduated from an accredited high school and must have no more than 30 semester credit hours when he/she is initially awarded the TEXAS Grant.

Condition and Context: Out of 42 TEXAS Grant recipients judgmentally tested, one student received an initial TEXAS Grant even though he had earned more than 30 credit hours at another institution. One other student out of the 42 tested received a TEXAS Grant even though she had graduated from an unaccredited home school.

Cause: In both instances, the District's system rules were not complete to check all aspects of eligibility. The transfer student's transcript was received after his award was made, but the system was not programmed to detect this fact. In the other case, the rules did not check the accreditation of a student's high school (though this information is in the system).

Recommendations: It was recommended that the District modify its system eligibility checks to re-evaluate transfer students' eligibility when new transcripts are received. It was also recommended that the District modify its system to check for an accreditation code relating to a student's high school.

Current Status: A rule was implemented in the IT system to avoid awarding those with more than 30 hours an initial Texas Grant. In addition, a code that identifies unaccredited high schools was added into system files. No similar finding was noted in the current year.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended August 31, 2010

Finding 2009-4

Program:	Nursing Shortage Reduction
State Agency:	Texas Higher Education Coordinating Board
Criteria:	Grantees are required to submit accurate financial reports.
Condition and Context:	The annual report for FY 2008 reported an incorrect amount of total expenditures for that year. It reported its entire allocation amount, which was higher than the amount actually spent according to the general ledger.
Recommendations:	It was recommended that all financial grant reports be prepared by or at least reviewed by the District Department of Contracts and Grants.
Current Status:	Additional training for grants managers was conducted. Also direct communication was made with the department improperly filing the report to alert them that only Contracts and Grants Accounting are to submit financial reports to granting agencies. No similar finding was noted in the current year.