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, 2007
and 2006

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED AUGUST 31, 2007 AND 2006

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DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

ORGANIZATIONAL DATA

FISCAL YEAR 2006 - 2007

Board of Trustees

Officers

Jerry Prater	Chair
Wright Lassiter, Jr.	Secretary

Members

		Term Expires
Marion K. Boyle	Irving, Texas	2008
Charletta Rogers Compton	Dallas, Texas	2012
Bob Ferguson	Farmers Branch, Texas	2010
Diana Flores	Dallas, Texas	2008
Martha Sanchez Metzger	Mesquite, Texas	2010
Jerry Prater	Garland, Texas	2010
JL Sonny Williams	Dallas, Texas	2012

Key Officers

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

Letter to the Community

Dear Friends,

The 2006-2007 fiscal year has been a year of stability and growth. With respect to stability, our tuition and local tax rates continue to rank among the lowest in the state. With respect to growth, the enrollment picture is good. While the Fall 2006 semester showed credit enrollment to have a modest .5% in contact hours increase over the previous Fall's enrollment, the Spring 2007 semester achieved a 4.0% increase in credit enrollment contact hours over the previous Spring semester.

As the largest undergraduate institution in the state of Texas, the Dallas County Community College District (the "District") plays a major role in serving Dallas County as part of a statewide plan to meet higher education needs within Texas. The Texas Higher Education Coordinating Board document known as ***Closing the Gaps by 2015 is*** a plan directed at closing the gaps in student participation, student success, excellence, and research. This plan has provided impetus for county-wide expansion as the District sets targets for meeting its share of increasing student participation in the educational process. In 2004, the taxpayers of Dallas County approved a $450 million capital improvements program. The new facilities being prepared under the bond program will provide the space to accommodate continued growth projected by ***Closing the Gaps.***

To date, December 2007, $358 million of the $450 million bond program has been awarded for projects to add new facilities at each of the seven colleges plus build five new community campuses. The first bond project started, El Centro Center for Allied Health and Nursing, is nearing completion and will open in Spring 2008.

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

Designed to inform interested parties of the District's financial condition, the annual financial report conforms to accounting principles generally accepted in the United States of America. It contains three primary financial exhibits as of and for the fiscal years ended August 31, 2007 and 2006: management's discussion and analysis of the results of operations; notes that further describe the financial condition of the District; schedules summarizing in more detail the revenues, expenses and net assets of the District; and supplemental statistical information. The financial statements follow the form prescribed by the Governmental Accounting Standards Board, a national rule-making body for governmental accounting. Our external auditor, Grant Thornton LLP, gives assurance that these statements are prepared in conformance with applicable standards. In addition, rules established by the federal government under the Office of Management and Budget Circular A-133 and the State of Texas Single Audit Circular prescribe special requirements for grants, including student financial aid, issued by the federal and state governments. The results of the special audit are included as the last section of the annual financial report.

Now that you are aware of some of the activities and events occurring during the past year, we invite you to read the financial story of the District in the remaining pages. The accomplishments and undertakings of the District for the past year as well as its financial soundness for its future expansion are described in the form of financial schedules and narrative. We trust that you will find it exciting to learn of the strong base from which the District is poised to meet its mission in the years ahead.

Respectfully submitted,

Edward M. DesPlas
Vice Chancellor of Business Affairs

Wright Lassiter, Jr.
Chancellor

Grant Thornton

Accountants and Business Advisors

Report of Independent Auditors

Board of Trustees
Dallas County Community College District

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Dallas County Community College District (the "District") as of and for the years ended August 31, 2007 and 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the District as of August 31, 2007 and 2006 and the respective changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2007 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis on pages 6 through 20 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.

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

GRANT THORNTON LLP

Dallas, Texas
December 11, 2007

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, 2007 and 2006. 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 to the financial statements (see Table of Contents). Responsibility for the completeness and fairness of this information rests with the District.

In order to be consistent with industry standards, the State of Texas Comptroller's Office and the Texas Higher Education Coordinating Board required that all Texas institutions of higher education adopt a policy for depreciation of library books for fiscal year 2006. As a result of implementing this change in accounting principle, the District restated its 2005 financial statements to reflect the values they would have contained if the change had been in effect previously. The 2005 information appearing in the MD&A for trending purposes is at the restated amounts.

Financial Highlights for 2007

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

Financial Highlights for 2006

- The District's net assets at August 31, 2006 are reported at $383.5 million. Approximately 62.3% of the net assets amount reflects the investment in capital assets, net of related debt.
- The District's operating loss is $208.0 million.
- Net assets increased $18.2 million.

Overview of Financial Statements

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

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

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

The Statements of Revenues, Expenses and Changes in Net Assets focuses on the costs of District activities and show what revenue supports them. 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 income or net loss is created and determines whether net assets for the year have increased or must be decreased. The ending balance of net assets on this statement agrees with that shown on the Statements of Net Assets.

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

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

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

Another operating fund to the District began its first full year of operations in the year ended August 31, 2007. This operating unit is a high school for which the Texas Education Agency (TEA) granted a charter in October 2005. The Board of Trustees of the District subsequently approved the charter in May 2006, to be in effect through July 31, 2010. Operated under Richland College (the "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 who 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 has already produced two such graduates in its first year of operation. 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. However, 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 in the District's financial statements. More information can be found in Footnote 24, including a Statement of Net Assets and a Statement of Revenues, Expenses and Changes in Net Assets for the RCHS alone.

Comparative Financial Information

In order to show the trends for the two years shown in the Statements of Net Assets (Exhibit 1), a summary of three years of data for the years ended August 31, 2005 through 2007 follows.

NET ASSETS
YEARS ENDED AUGUST 31, 2005 THROUGH 2007
(In Thousands)

	Fiscal Year 2005	Increase/ (Decrease)	Fiscal Year 2006	Increase/ (Decrease)	Fiscal Year 2007
CURRENT ASSETS:	$ 73,990	$ 14,338	$ 88,328	$ 93,511	$ 181,839
Capital assets, net of depreciation	321,112	18,787	339,899	24,061	363,960
Other	204,592	(29,711)	174,881	(103,448)	71,433
Total assets	599,694	3,414	603,108	14,124	617,232
CURRENT LIABILITIES	80,325	(3,223)	77,102	6,290	83,392
NON-CURRENT LIABILITIES	154,122	(11,609)	142,513	(13,953)	128,560
Total liabilities	234,447	(14,832)	219,615	(7,663)	211,952
NET ASSETS:					
Invested in capital assets, net of related del	231,101	7,626	238,727	(2,164)	236,563
Restricted	29,999	(16,350)	13,649	(1,186)	12,463
Unrestricted	104,147	26,970	131,117	25,137	156,254
Total net assets	$ 365,247	$ 18,246	$ 383,493	$ 21,787	$ 405,280

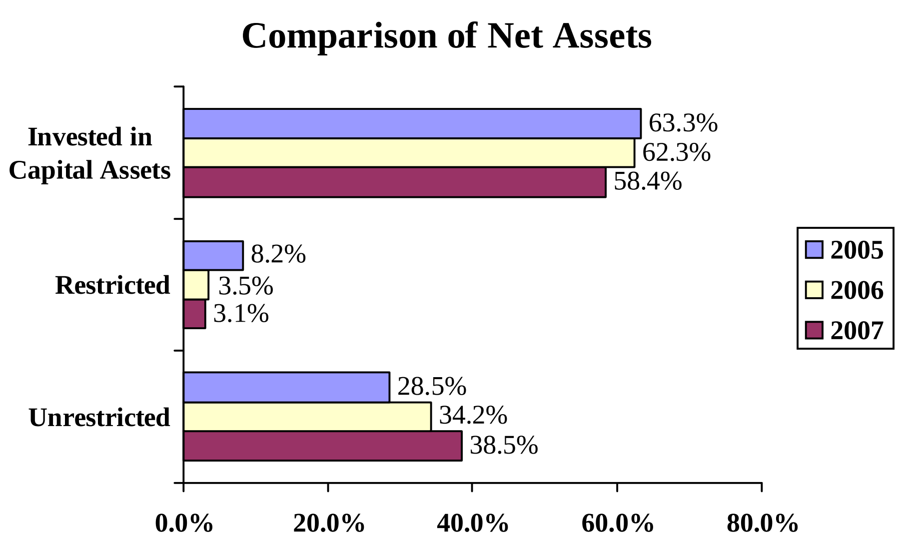
The difference between what the District owns (its assets) and what it owes (its liabilities) are the net assets. At August 31, 2006, the difference in assets and liabilities was $383.5 million while at August 31, 2007, the difference was $405.3 million. As can be seen, the first is an increase from the prior year of approximately $18.2 million or 5.0% while the more recent year is an increase of $21.8 million or 5.7%.

A review of the assets on the preceding table reveals a notable shift between current assets and non-current "other" assets for the years ended August 31, 2007 and August 31, 2006. Current assets went from $88.3 million at August 31, 2006 to $181.8 million at August 31, 2007, an increase of $93.5 million or 105.9%

while the non-current "other" assets dropped from $174.9 million to $71.4 million, a decrease of $103.4 million or 59.2%. On the other hand, the change of current assets from the year ended August 31, 2005 to August 31, 2006 was an increase of only $14.3 million or 19.4% and for non-current "other" assets was a decrease of $29.7 million or 14.5%. The primary reason for the dramatic shift from 2006 to 2007 in current vs. non-current assets is the changing interest environment over that period. As long term investments matured, the funds were shifted into investment pools, which were earning higher interest rates. Investments in pools are considered cash equivalents because the investments are available on demand.

Current liabilities increased $6.3 million or 8.2% for the year ended August 31, 2007 over August 31, 2006 while decreasing $3.2 million or 4.0% for the year ended August 31, 2006 from August 31, 2005. Non-current liabilities decreased both years dropping $11.6 million or 7.5% from August 31, 2005 to August 31, 2006 and another $14.0 million or 9.8% for the year ended August 31, 2007. The steady reductions in non-current liabilities indicate payments on outstanding bonds for both years as well as a bond refunding for the year ended August 31, 2007.

The following is a graphic illustration of the composition of net assets for the years ended August 31, 2005 through 2007. Restricted net assets has continued to decrease since August 31, 2005 as maintenance tax note and general obligation bond proceeds received in 2004 have been spent.



Operating revenues continue to show a steady increase, rising 2.3% to $110.3 million for the period ended August 31, 2006 and an additional 4.0% to $114.8 million for the period ended August 31, 2007. Operating expenses also increased both years, rising by 3.6% to $318.3 million for the period ended August 31, 2006 and 3.8% to $330.3 million for the period ended August 31, 2007. Although the rate of increase in operating expenses did not quite rise to the level of the rate of increase in operating revenues from fiscal year 2006 to 2007, the magnitude of dollars represented by expenses resulted in a higher operating loss than the previous year when the rate of increase for operating expenses did exceed that for operating revenues.

The two major sources of operating revenues are tuition and various grants and contracts. Tuition revenue is reported net of discounts for tuition paid by various federal, state and local grants, including those associated with the Title IV Higher Education Administration Program. Additionally, state mandated or locally approved remissions and exemptions are reported as discounts against tuition. Grants and contracts provided 50.5% of operating revenue for the year ended August 31, 2006 but provided only 47.0% of operating revenue for the year ended August, 31, 2007. Federal grants and contracts revenue in particular decreased $3.5 million or

6.8%. Tuition constituted 41.8% and 45.2% of net operating revenue, respectively, for the years ended August 31, 2006 and 2007 (see Revenue by Source graph). Its increased contribution can be attributed in part to the reduction of grant revenue along with a tuition increase for the Spring 2007 term as well as an additional tuition for students repeating courses for a third or more time initiated originally in 2006.

Accounting principles generally accepted in the United States of America prohibit reporting two major sources of revenue of the District as operating revenue —state appropriations and ad valorem tax revenues— on the basis that each represents revenue from non-exchange transactions. Accordingly, state appropriations and revenues recognized from ad valorem taxation are reported as non-operating revenues. State appropriations increased 4.6% or $4.8 million for the period ended August 31, 2006 and an additional 2.5% or $2.7 million for the period ended August 31, 2007. The increase in the earlier year represents the increase in state appropriation granted by the 79th legislative session for the new funding biennium while the increase in the latter year is attributable to additional funding for state group insurance, an increase in Small Business Development Center funding, and $1.0 million generated by RCHS for attendance funding. Tax revenue, net of collection fees and bad debt, has steadily increased, in part due to continued growth in the tax base and in part due to an assessment of a debt service tax for repayment of the Series 2004 general obligation bonds issued in September 2005. A $7.2 million or 6.7% increase was realized for the year ended August 31, 2006 compared to $7.5 million or 6.5% for the year ended August 31, 2007, the difference in increase mainly attributable in the earlier year to an increase of $0.0013 per $100 valuation in the debt service tax. In the latter year, debt service went down $0.0006 per $100 valuation, but the tax base increased 7.4% for the certified value. Tax revenue net of bad debt allowances and collection fees has exceeded state appropriations as the primary funding source in both fiscal years 2006 and 2007, representing 49.6% and 49.3% of total non-operating revenues for the years ended August 31, 2007 and 2006, respectively, compared to 45.3% and 46.8% for state appropriations.

Investment income, another non-operating revenue, increased a significant 58.0% or $3.2 million between August 31, 2005 and 2006 due to incremental increases in interest rates as well as the volume of funds available for investments generating interest income during the year. This trend continued, resulting in a 42.1% or $3.7 million increase for the period ending August 31, 2007. This period represents increases mainly in interest rates as investments of the District migrated toward the pools carrying higher interest rates. The greatest change in non-operating revenues and expenses for the year ended August 31, 2005 is from the final settlement of a lawsuit in the District's favor, enabling reversal of $13.3 million previously accrued for legal expense. Since the event was not repeatable for the year ended August 31, 2006, the change in the total non-operating revenues and expenses appears more modest. But the $13.3 million reduction in non-operating revenues and expenses is offset by the $4.8, $7.2 and $3.2 million increases in state appropriations, ad valorem tax revenue and investment income, respectively, for the year ended August 31, 2006. The increase in net assets for the year ended August 31, 2007 is 19.4% higher than 2006.

This information is summarized in the following table, which was prepared from the Statements of Revenues, Expenses, and Changes in Net Assets (Exhibit 2).

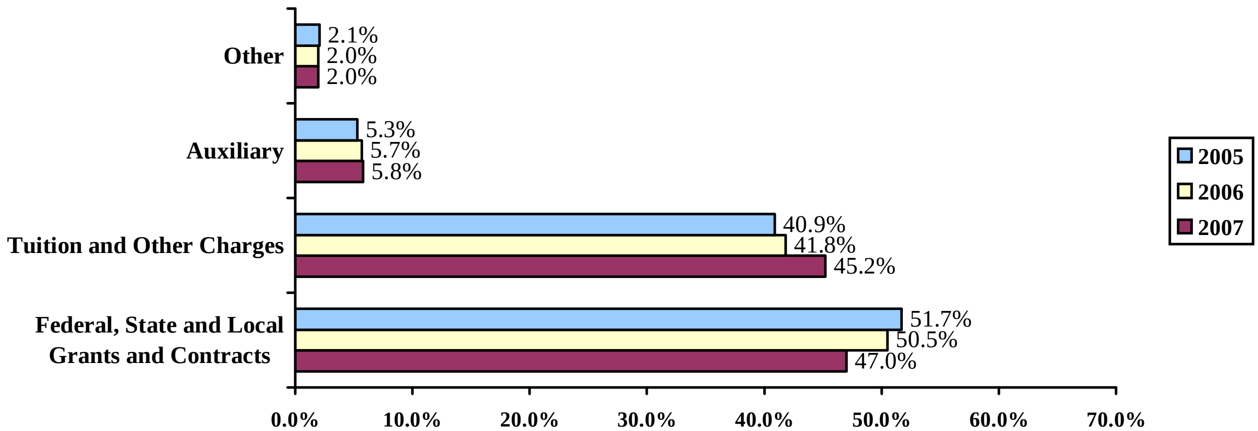
REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED AUGUST 31, 2005 THROUGH 2007
(In Thousands)

	Fiscal Year 2005	Difference	Fiscal Year 2006	Difference	Fiscal Year 2007
OPERATING REVENUES	$ 107,854	$ 2,480	$ 110,334	$ 4,454	$ 114,788
LESS OPERATING EXPENSES	307,392	10,936	318,328	11,988	330,316
NET OPERATING LOSS	(199,538)	(8,456)	(207,994)	(7,534)	(215,528)
NON-OPERATING REVENUES AND EXPENSES	223,821	2,419	226,240	11,075	237,315
INCREASE/(DECREASE) IN NET ASSETS	24,283	(6,037)	18,246	3,541	21,787
NET ASSETS - BEGINNING OF YEAR	340,964	24,283	365,247	18,246	383,493
NET ASSETS - END OF YEAR	$ 365,247	$ 18,246	$ 383,493	$ 21,787	$ 405,280

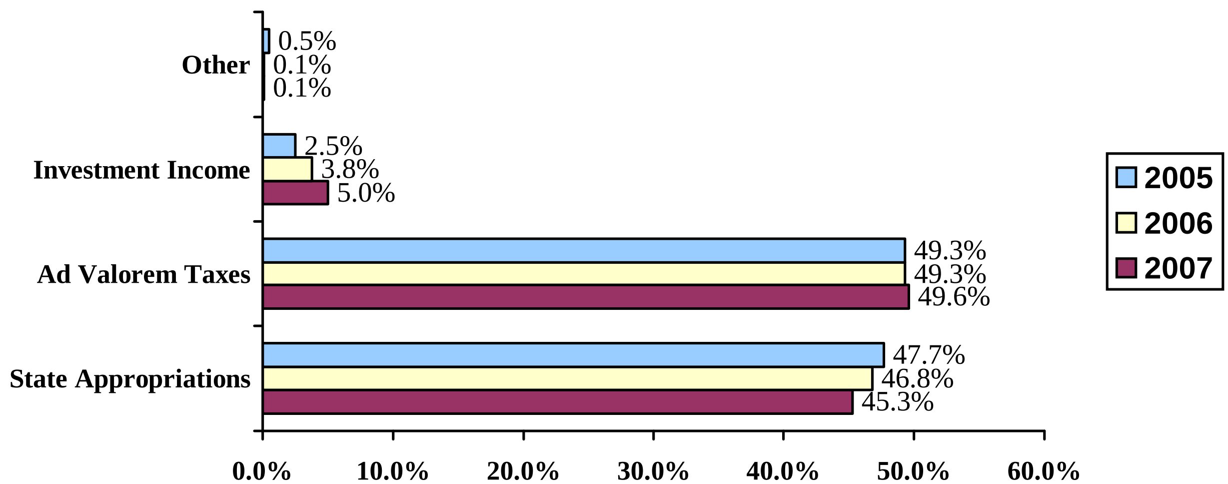
The following are graphic illustrations of revenues by source for the years ended August 31, 2005 through 2007.

Revenue by Source

Operating Revenues



Non-operating Revenues

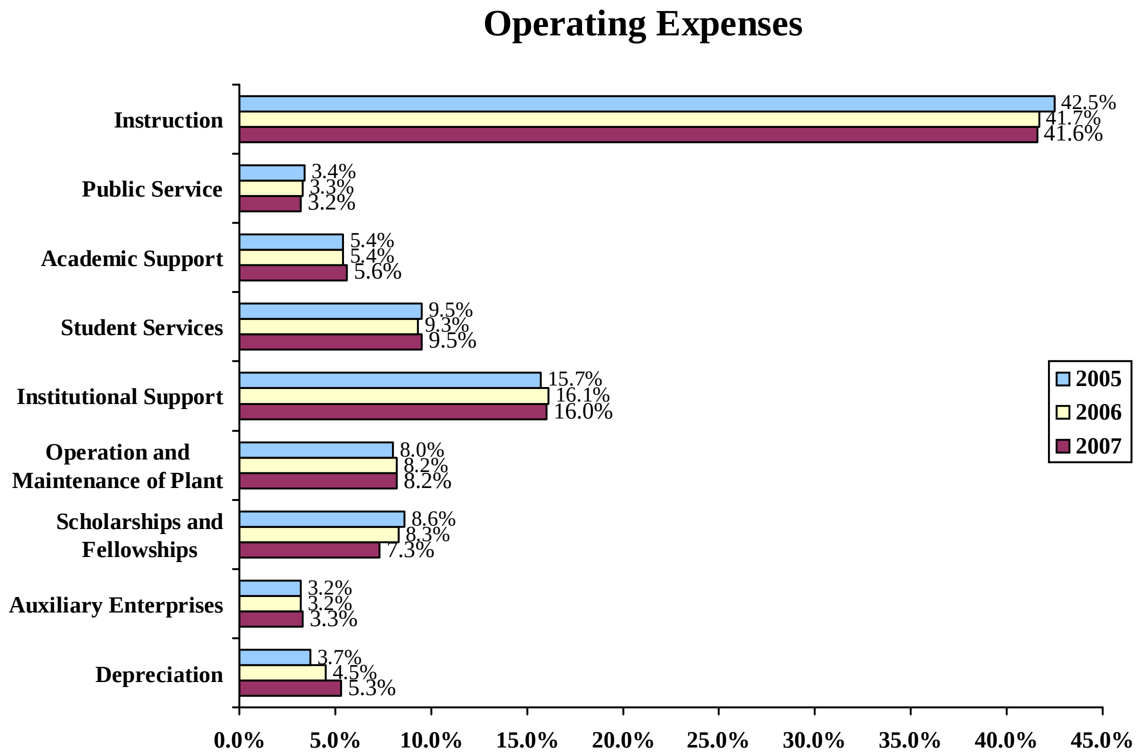


The composition of operating expenses by functional area for the years ended August 31, 2005 through 2007 appears in the following table.

OPERATING EXPENSES
YEARS ENDED AUGUST 31, 2005 THROUGH 2007
(In Thousands)

	Fiscal Year 2005	Difference	Fiscal Year 2006	Difference	Fiscal Year 2007
OPERATING EXPENSE					
Instruction	$ 130,728	$ 1,920	$ 132,648	$ 4,849	$ 137,497
Public service	10,406	(70)	10,336	245	10,581
Academic support	16,586	736	17,322	988	18,310
Student services	29,199	470	29,669	1,870	31,539
Institutional support	48,190	2,934	51,124	1,767	52,891
Operation and maintenance of plant	24,630	1,453	26,083	1,004	27,087
Scholarships and fellowships	26,344	52	26,396	(2,343)	24,053
Auxiliary enterprises	9,966	320	10,286	488	10,774
Depreciation	11,343	3,121	14,464	3,120	17,584
TOTAL	$ 307,392	$ 10,936	$ 318,328	$ 11,988	$ 330,316

The following is a graphic illustration of operating expenses for fiscal years 2005 through 2007.



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 $1.9 million or 1.5% for the period ended August 31, 2006 and $4.8 million or 3.7% for the period ended August 31, 2007. However, the percent of total expenses represented by instructional expenses has declined slightly over the periods ended August 31, 2005 through 2007. The greatest increases in operating expenses for the year ended August 31, 2006 came from institutional support and depreciation. Depreciation expense increased due to the increase in capital assets from the planned capital maintenance program and other building additions. Of the institutional support increase, 29% or $1.1 million is attributable to increases associated with certain contracts and grant expenditure requirements. Another $1.6 million, or 42% of the total, is related to an increase in purchased services and goods such as advertising and equipment, and the remaining 29% or $1.2 million relates to salaries and benefits. For the year ended August 31, 2007, the largest increases in operating expenses relate to instruction and depreciation. The instruction increase includes a 3.5% cost of living increase and an increase of almost $0.8 million for continuing education courses. Depreciation expense continues to grow as the amount of depreciable assets grows.

As required when meeting the criteria delineated in GASB 39, the District began including the financial statements of the Foundation following each of its own statements in the year ended August 31, 2004. For the fiscal year ended August 31, 2006, the Foundation's net assets were $32.2 million, an amount that represents 8.4% of the District's net assets for the same period. For the fiscal year ended August 31, 2007, the Foundation's net assets were $34.6 million, which represents 8.5% of the District's net assets for the same fiscal year. The income from the Foundation is partially used to fund grants and scholarships for the students and employees of the District. However, most of the Foundation's net assets are permanently restricted and therefore not available for the District's direct use. Permanently restricted net assets of the Foundation were $24.0 million and $24.7 million for the years ended August 31, 2006 and 2007, respectively.

Since the RCHS just completed its first full year of operation, there will be no comparative data available until the end of fiscal year 2008.

Financial Analysis

For the year ended August 31, 2006, cash and investments decreased $14.1 million or 6.1% and for the year ended August 31, 2007, $12.6 million or 5.8%. The reduction in cash and investments for the years ended August 31, 2006 and 2007 represents the spending associated with the near completion of the maintenance tax note projects started in 2004 and progress on the general obligation bond projects approved by voters in May 2004 netted against increases in cash received as a result of higher tax levies produced as a result of higher property valuations, increased state appropriations, higher tuition and increased investment income.

Short-term investments and investment pools which act as cash equivalents have provided higher interest rates over the past two years than the long-term investments available on the market. Therefore, the District has kept more of its money in short-term investments and cash equivalents both to maximize investment revenue earnings as well as to have cash readily available for the fast-paced completion of the maintenance tax note projects begun in 2003 and 2004 and the purchase of land for five new community campuses approved in the 2004 general obligation bond capital improvement program.

The line item "Capital assets not subject to depreciation" shows a $24.9 million or 23.4% decrease from the year ended August 31, 2005 to August 31, 2006 and an additional decrease of $2.8 million or 3.5% for the year ended August 31, 2007. There are many factors making up these changes. Land assets have increased as purchases continued for the new community campuses planned as part of the 2004 capital improvement program. The design stage has proceeded for the buildings involved in the 2004 capital improvement program as well as implementation of the final stages of maintenance tax projects, both which appear as increases in the construction in progress section. These increases in construction in progress are more than offset by the shift of many of the maintenance tax note projects to the depreciable capital asset category for the years ended August 31, 2006 and 2007, resulting in the net decreases cited above. Two buildings from the 2001 long range master plan were also moved from construction in progress to the depreciable section for the year ended August 31, 2007. As mentioned previously, library books are now subject to depreciation due to a change in policy requested by the Texas State Comptroller's Office, so all years shown reflect the move of library books to the depreciable capital asset category. Depreciable capital assets have increased by $43.7 million or 20.3% and $26.9 million or 10.4%, respectively, for the years ended August 31, 2006 and 2007.

Bonds payable figures for the year ended August 31, 2005 reflect issuance of the first series of general obligation bonds with a face value of $67.4 million by increasing the current and non-current portions of bonds payable to a total of $161.6 million. The year ended August 31, 2006 reflects a decrease of $11.3 million or 7.0% from that point and an additional reduction of $13.3 million or 8.9% for the year ended August 31, 2007. The final payment for Series 1986 revenue bonds was made for the fiscal year ended August 31, 2006. The deposit with bond trustee of approximately $3.1 million associated with the revenue bonds was released for use in other capital projects. In December 2006, most of the Series 2001 revenue bonds were refunded resulting in an additional reduction of bonds payable outstanding of $1,775,000 plus unamortized premium less unamortized loss on bond refunding.

Net assets, the difference between liabilities and total assets, have increased each year. Compared to the previous year there was a $7.6 million or 3.3% increase for the year ended August 31, 2006 in the "invested in capital assets, net of related debt. This is a result of debt reduction and capital projects completed. For the year ended August 31, 2007, there was a decrease of $2.2 million or 0.1%. Net assets restricted for unexpended bond proceeds decreased dramatically by $11.5 million or 52.2% for the year ended August 31, 2006 as unexpended bond proceeds decreased. An increase of $0.9 million or 10.8% occurred as payments on bonds payable reduced the amount netted against unexpended bond proceeds for the year ended August 31, 2006.

As tuition revenue has increased over the past two fiscal years, so have allowances and discounts, although not very significantly for the most recent year, mainly in the form of federal and state financial aid and grants paying tuition for the year ended August 31, 2006. Increased local tuition allowances is the greatest cause for the increase for the year ended August 31, 2007 since financial aid discounts actually decreased slightly. Financial aid discounts represented 83.2% of all allowances and discounts for the year ended August 31, 2006 but only 80.2% for that ended August 31, 2007. The earlier year shows remissions and exemptions increased by $1.2 million or 65.6% in part due to an increase in dual credit and early high school graduation waivers. Both of these waivers are incentives to students to complete high school and college more quickly in order to save money for the State through appropriations. Discounts increased overall a total of 18.8% from the year ended August 31, 2005 to the year ended August 31, 2006 but only another 2.5% for the year ended August 31, 2007. Net tuition revenue for the year ended August 31, 2005 increased $1.4 million or 3.3% compared to $2.0 million or 4.6% for the year ended August 31, 2006. On the other hand, tuition revenue increased 8.4% for the year ended August 31, 2006 and 9.2% for the year ended August 31, 2007 mostly due to cost per credit hour increases in Spring 2006 and again in Spring 2007 but also due in part to slight enrollment increases. Based on legislation passed in the summer of 2005, for the Fall 2005 term the District started charging an additional tuition to students taking classes a third or more time, helping to increase the tuition collected. However, the tuition is an offset to state appropriations as such students will no longer be eligible for the District to receive state funding on their contact hours.

Change in two other areas of operating revenues bear mentioning. Federal grant and contract revenue decreased $3.5 million or 6.8% from August 31, 2006 to August 31, 2007 after having increased $1.4 million or 2.9% for the year ended August 31, 2006. The reduction in the most recent year is mainly attributable to a $2.2 million decrease in Department of Education direct grants, primarily from reductions in Pell and other Title IV programs. Both Department of Education direct grants and Department of Labor grants increased during the earlier year. State grant and contract revenue, conversely, decreased $0.5 or 28.5% for the year ended August 31, 2006 but increased $1.2 million or 96.4% for the year ended August 31, 2007. The increase can be tied to increased Texas Public Education Grant revenue, Texas Higher Education Coordinating Board-provided grants and increased Texas workforce commission skills development grants.

The proportionate relationship of operating expenses amongst functional areas has remained fairly constant from 2005 to 2007 (see the graph of operating expenses). However, depreciation has grown the most with a $3.1 million or 27.5% and $3.1 million or 21.6% increase for the years ended August 31, 2006 and 2007 respectively. According to published enrollment figures, credit student headcount has modestly increased each fall semester—2.6 % from Fall 2004 to 2005 and 1.9% from Fall 2005 to 2006. Operating expense increases reflect this trend with a 2.6% increase (excluding depreciation) from fiscal year 2005 to 2006 and a 2.9% increase (excluding depreciation) from fiscal year 2006 to 2007. Salary increases were 3.0% and 3.5% for the years ended August 31, 2006 and 2007, respectively, indicating that reductions occurred in other operating expense objects and/or positions were not filled for the entire year by the same individuals. For the fiscal year ended August 31, 2006, the increase in instructional expenses was only $1.9 million or 1.5% and represented about 17.5% of the $10.9 million increase in operating expenses. For the year ended August 31, 2007, the increase in instructional expenses was about $4.8 million or 3.7% and represented about 40.4% of the $12.0 million increase in operating expenses. For the year ended August 31, 2006, 28.5% of the $10.9 million increase in operational expenses was attributable to depreciation and for August 31, 2007, 26.0% of the $12.0 million was due to depreciation.

As previously stated, subsequent to the closing of the year ended August 31, 2005 but prior to issuance of the financial statements for that year, a lawsuit brought against the District in 1998 was decided by the Texas State Supreme Court in favor of the District. The decision freed up $13.3 million in liabilities accrued since the decision of the first appeal court hearing the case. Although one might think this would cause the net non-operating revenue to decrease by that amount for the year ended August 31, 2006, other contributing factors actually caused the net non-operating revenue to surpass that of the previous year for the following reasons.

State appropriations for the year ended August 31, 2006 raised $4.8 million or 4.6% due to an increase voted by the legislature for the new biennium. The increase was both in base funding and additional state group insurance funding. Net tax revenue increased for the year ended August 31, 2006 by $7.2 million or 6.7% over the previous year because of a 4.6 % increase in property valuation added to the fact that the debt service increased from $0.0025 to $0.0038 per $100 of valuation for the year ended August 31, 2006. About $0.0042 per $100 of valuation for the M&O tax assessment is utilized to make maintenance tax note payments. Investment income for the year ended August 31, 2006 was $3.2 million or 58.0% as interest rates continued the rise started in 2005 and proceeds for general obligation bonds not spent in 2005, along with higher tax and state revenue, increased the amount of funds available for investment. Overall net non-operating revenue increased $2.4 million or 1.1% for the year ended August 31, 2006 because of these increases in state appropriations, ad valorem tax revenue and investment income.

As a result of all of the activity described above, the net assets of the District increased $18.2 million for the year ended August 31, 2006. Net assets increased an additional $21.8 million for the year ended August 31, 2007 for the following reasons. State appropriations increased again because of adding the revenue for the charter high school of $1.0 million as well as increases for the Small Business Development Center of $0.3 million, $0.3 million for state retirement matching and $1.0 of reallocated funds for state-funded insurance. Tax revenue increased another $7.4 million or 6.5% due to a 7.9% increased valuation in the tax base. The increase allowed the District to maintain its M&O tax rate of $0.0778 per $100 of valuation. Its debt service tax rate was reduced to $0.0032 per $100 of valuation. And finally, investment revenue increased $3.7 million or 42.1% because of the continued increase in interest rates and the volume of funds available for investing due to higher revenues.

Capital Asset and Non-Current Debt Activity

As of August 31, 2005, the District had recorded $514.3 million in capital assets, and $193.2 million in accumulated depreciation resulting in $321.1 million in net capital assets. For the year ended August 31, 2006, net capital assets increased $18.8 million or 5.9%. By August 31, 2007, the amounts had increased an additional $24.1 million or 7.1%. The following table summarizes the composition of capital assets by fiscal year.

CAPITAL ASSETS, NET
YEARS ENDED AUGUST 31, 2005 THROUGH 2007
(In Thousands)

	Fiscal Year 2005	Difference	Fiscal Year 2006	Difference	Fiscal Year 2007
CAPITAL ASSETS:					
Land and improvements	$ 46,834	$ 4,798	$ 51,632	$ 8,786	$ 60,418
Buildings & building improvements	330,313	53,241	383,554	40,670	424,224
Equipment, furniture, and software	46,384	1,475	47,859	2,401	50,260
Library books	9,580	250	9,830	200	10,030
Construction in progress	81,172	(27,663)	53,509	(11,597)	41,912
Total	514,283	32,101	546,384	40,460	586,844
Less accumulated depreciation	(193,171)	(13,314)	(206,485)	(16,399)	(222,884)
Net capital assets	$ 321,112	$ 18,787	$ 339,899	$ 24,061	$ 363,960

On August 6, 2003 the District issued maintenance tax notes for the first time in the amount of $9.9 million followed by a second issue on April 6, 2004 for additional proceeds of $39.8 million, both issues to be financed by the maintenance and operations portion of ad valorem taxes. Texas statute dictates that projects financed by this means cannot include any new construction, but rather only maintenance projects. A somewhat aggressive repayment plan was established for the first set of notes with repayment completed in four years and the bulk in the first two years. The Series 2004 notes were set for repayment to be completed by 2021. The projects associated with the second issue were placed on a schedule designed to complete all projects in 18 months. Construction in progress amounts dropped $27.7 million and $11.6 million for the years ended August 31, 2006 and 2007, respectively, as these projects were completed and moved into building and building improvements, explaining part of the increase in buildings.

In the spring of 2004, the Board of Trustees presented its plan for issuance of general obligation bonds to the voters for funding needed expansion. Demographic studies and the *Closing the Gaps* report from the Texas Higher Education Coordinating Board indicated that enrollment needs might increase by as much as 25,000 students or almost 40% by the year 2015. After determining future career needs for the region to aid in identifying the type of buildings needed, the District held a series of community forums to present the capital improvement plan and the reason for it. The voters responded by passing with an overwhelming margin the request to issue $450 million of general obligation bonds over the next 6-7 years to fund the projects. This was the first time such a request had been made of voters by the District in almost thirty years. The first $67.4 million issue was sold September 14, 2004. Land for five new community campuses were to be purchased with part of the proceeds. This explains the increase in land assets of $2.8 million and $8.8 million for the years ended August 31, 2006 and 2007, respectively. Proceeds were also used to buy two buildings, one of which was subsequently traded for another that more closely meets the needs for a new centralized administration office in the fiscal year ended August 31, 2007. The design phase of additional buildings planned in the capital improvement program well underway. Selection of several construction managers at risk has also been made for the construction phase. So while completion of maintenance tax note projects has decreased construction in progress from 2005 to 2007, initial work on the bond projects has offset the reduction in the level of construction in progress.

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

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

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 cannot exceed $150.0 million at any given time. Authority for community colleges to issue commercial paper was approved by the legislature in 2006.

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

Currently Known Facts, Decisions and Conditions

All projects in the $450 million bond program are scheduled to be completed by 2010 but will be built on a staggered schedule. The new community campuses are being located in areas of the county that have previously been underserved and/or have demonstrated need for education services and will be among the first buildings to be erected. Two are expected to be operational by the end of 2008 and three more during 2009. As these campuses and other new buildings become operational, expenses are expected to increase to support them. However, they are expected also to bring in additional revenue as student enrollments are added.

Subsequent to a change to the law made by the 3rd special session of the 79th Legislature and approval of a commercial paper program by the board of trustees, the first $25 million of commercial paper was issued in September 2007 and an additional $100 million in November 2007. Approximately $150 million is estimated to be spent on the capital improvement plan projects during the year ending August 31, 2008. This means that the District will likely issue at least that much in additional general obligation bonds from the $382.6 remaining authorization since the commercial paper program has a $150 million limit. Use of this tool is expected to result in significant savings to the District. An RFP for flex repos for the commercial paper was issued and a vendor selected. The result will be additional savings on interest expense based on arbitrage earnings expected.

After several years in a row of modest tuition hikes, the last one occurring in Spring 2007, the District plans to hold the tuition firm in the year ending August 31, 2008. Even with the increases, the District's tuition has been one of the four lowest among Texas' 50 community colleges.

Contacting the District's Financial Management

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

STATEMENTS OF NET ASSETS
AUGUST 31, 2007 AND 2006

ASSETS	2007	2006
CURRENT ASSETS:		
Cash and cash equivalents	$ 138,897,479	$ 38,038,396
Short-term investments	-	9,933,500
Accounts receivable (net of allowance for uncollectible accounts)	18,812,128	17,931,683
Tuition and fees receivable (net of allowance for uncollectible accounts)	6,812,943	6,718,892
Taxes receivable (net of allowance for uncollectible accounts)	1,432,213	1,412,804
Deferred charges, net	14,079,524	12,418,823
Notes receivable	35,000	12,546
Inventories	555,835	545,369
Prepaid expenses	1,214,032	1,316,454
Total current assets	181,839,154	88,328,467
NON-CURRENT AND RESTRICTED ASSETS:		
Restricted cash and cash equivalents	14,110,521	34,230,128
Restricted short-term investments	-	4,976,500
Long-term investments	52,347,186	130,766,370
Deferred charges, net	2,714,615	2,768,386
Deposit for reserves	2,260,508	2,139,156
Capital assets, net		
Not subject to depreciation	78,504,327	81,332,489
Subject to depreciation	285,455,908	258,567,135
Total non-current assets	435,393,065	514,780,164
TOTAL ASSETS	617,232,219	603,108,631
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	19,705,243	15,532,680
Accrued liabilities	3,413,719	4,024,984
Accrued compensable absences	6,205,931	5,819,722
Funds held for others	2,019,561	1,797,703
Deferred revenues	40,636,396	38,937,840
Notes payable—current portion	200,731	192,422
Bonds payable—current portion	11,210,468	10,797,167
Total current liabilities	83,392,049	77,102,518
NON-CURRENT LIABILITIES:		
Restricted accrued liabilities	172,769	181,832
Accrued compensable absences	2,610,071	2,624,423
Notes payable	51,523	252,254
Bonds payable	125,725,785	139,454,188
Total non-current liabilities	128,560,148	142,512,697
TOTAL LIABILITIES	211,952,197	219,615,215
NET ASSETS		
Invested in capital assets, net of related debt	236,562,615	238,726,662
Restricted for:		
Unexpended bond proceeds	8,798,993	7,940,697
Debt service	3,664,052	5,708,772
Unrestricted	156,254,362	131,117,285
TOTAL NET ASSETS (Schedule D)	$ 405,280,022	$ 383,493,416

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

EXHIBIT 1A

Dallas County Community College District Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

August 31,

ASSETS	2007	2006
CASH AND CASH EQUIVALENTS	$ 4,399,224	$ 3,730,104
INVESTMENTS		
Debt securities	3,633,307	3,452,365
Common stocks	18,410,235	15,592,313
Alternative investments	2,940,489	3,174,542
Total investments	24,984,031	22,219,220
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	18,249	9,532
CONTRIBUTIONS RECEIVABLE, net	5,786,525	7,100,861
OTHER ASSETS	10,607	23,848
Total assets	$35,198,636	$33,083,565
LIABILITIES AND NET ASSETS		
ACCOUNTS PAYABLE	$ 4,985	$ 15,521
DUE TO AFFILIATE	617,571	823,999
Total liabilities	622,556	839,520
NET ASSETS		
Unrestricted	3,627,114	2,503,078
Temporarily restricted	6,289,040	5,713,773
Permanently restricted	24,659,926	24,027,194
Total net assets	34,576,080	32,244,045
Total liabilities and net assets	$35,198,636	$33,083,565

See Note 23 of the notes to the basic financial statements of the primary government organization.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

EXHIBIT 2

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED AUGUST 31, 2007 AND 2006

	2007	2006
OPERATING REVENUES:		
Tuition and charges (net of discounts of $18,852,197 and $18,400,197, respectively)	$ 51,841,578	$ 46,166,907
Federal grants and contracts	47,338,433	50,797,207
State grants and contracts	2,461,176	1,253,189
Non-governmental grants and contracts	4,140,158	3,661,795
Sales and services of educational activities	543,082	480,644
Auxiliary enterprises	6,662,918	6,298,790
General operating revenues	1,800,312	1,675,275
Total operating revenues (schedule A)	114,787,657	110,333,807
OPERATING EXPENSES:		
Instruction	137,496,559	132,648,124
Public service	10,580,926	10,335,979
Academic support	18,310,136	17,321,960
Student services	31,539,026	29,668,683
Institutional support	52,890,737	51,123,912
Operation and maintenance of plant	27,087,176	26,083,341
Scholarships and fellowships	24,053,166	26,396,060
Auxiliary enterprises	10,774,392	10,286,427
Depreciation	17,583,614	14,463,647
Total operating expenses (schedule B)	330,315,732	318,328,133
OPERATING LOSS	(215,528,075)	(207,994,326)
NON-OPERATING REVENUES (EXPENSES):		
State appropriations	110,739,997	108,041,415
Maintenance ad valorem taxes (net of bad debt and collection fees of $2,864,134 and $2,582,080, respectively)	121,219,567	113,768,873
Gifts	65,255	121,934
Investment income	12,349,476	8,689,241
Interest on capital related debt	(4,992,086)	(4,145,949)
Loss on disposal of fixed assets	(1,736,343)	(145,484)
Other non-operating revenue	50,822	174,812
Other non-operating expense	(382,007)	(264,653)
Net non-operating revenues (Schedule C)	237,314,681	226,240,189
INCREASE IN NET ASSETS	21,786,606	18,245,863
NET ASSETS:		
Net Assets—Beginning of Year	383,493,416	365,247,553
Net Assets—End of Year	$ 405,280,022	$ 383,493,416

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

EXHIBIT 2A

Dallas County Community College District Foundation, Inc.

STATEMENTS OF ACTIVITIES

Years ended August 31,

	2007				2006			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, and other support								
Contributions	$ 255,626	$ 733,875	$ 526,696	$ 1,516,197	$ 124,860	$ 1,527,077	$ 1,732,086	$ 3,384,023
Interest income	186,316	341,849	-	528,165	96,092	178,758	-	274,850
Contributed salaries	199,971	-	-	199,971	197,386	-	-	197,386
Net realized gains on sales of investments	439,253	1,233,142	-	1,672,395	686,205	2,005,261	-	2,691,466
Net unrealized gains on investments	657,192	-	-	657,192	(1,368,039)	-	-	(1,368,039)
Net assets released from restrictions	1,628,463	(1,628,463)	-	-	1,960,019	(1,960,019)	-	-
Total revenues, gains, and other support	3,366,821	680,403	526,696	4,573,920	1,696,523	1,751,077	1,732,086	5,179,686
Program and support services								
Grants and scholarships	1,863,996	-	-	1,863,996	2,067,467	-	-	2,067,467
Management and general	340,367	-	-	340,367	308,162	-	-	308,162
Fundraising	37,522	-	-	37,522	61,594	-	-	61,594
Total program and support services	2,241,885	-	-	2,241,885	2,437,223	-	-	2,437,223
Transfers between funds	(900)	(105,136)	106,036	-	(988)	(22,478)	23,466	-
Change in net assets	1,124,036	575,267	632,732	2,332,035	(741,688)	1,728,599	1,755,552	2,742,463
Net assets - beginning of year	2,503,078	5,713,773	24,027,194	32,244,045	3,244,766	3,985,174	22,271,642	29,501,582
Net assets - end of year	$3,627,114	$ 6,289,040	$24,659,926	$34,576,080	$ 2,503,078	$ 5,713,773	$24,027,194	$32,244,045

Dallas County Community College District **EXHIBIT 3**
STATEMENT OF CASH FLOWS
YEARS ENDED AUGUST 31, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers	$ 58,173,489	$ 53,417,071
Receipts from grants and contracts	54,886,290	55,939,199
Payments to suppliers for goods and services	(61,132,345)	(68,535,153)
Payments to or on behalf of employees	(223,447,603)	(214,562,710)
Payments for scholarships and fellowships	(24,908,162)	(26,498,802)
Loans issued to students	(60,417)	(26,393)
Collection of loans to students	30,412	29,485
Other receipts	1,454,088	1,671,251
Net cash used by operating activities	(195,004,248)	(198,566,052)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipts from ad valorem taxes	123,683,641	115,961,589
Payments for collection of taxes	(2,483,483)	(2,325,378)
Receipts from state appropriations	110,739,997	108,041,415
Receipts from student organizations and other agency transactions	15,392,591	16,140,521
Payments to student organizations and other agency transactions	(15,170,733)	(16,202,361)
Payments on notes - principal	(192,422)	(184,457)
Payments on notes - interest	(15,859)	(23,824)
Other receipts	50,822	130,147
Other payments	37,785	-
Net cash provided by non-capital financing activities	232,042,339	221,537,652
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Proceeds from the sale of capital assets	22,856	41,659
Purchases of capital assets	(43,244,285)	(31,341,354)
Payments on capital debt - refunding	(2,964,464)	-
Payments on capital debt - principal	(10,255,000)	(10,735,000)
Payments on capital debt - interest	(6,039,918)	(7,085,195)
Net cash used by capital and related financing activities	(62,480,811)	(49,119,890)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	150,500,000	114,200,000
Interest on investments	9,985,987	7,509,370
Purchase of investments	(54,303,791)	(62,349,432)
Net cash provided by investing activities	106,182,196	59,359,938
INCREASE CASH AND CASH EQUIVALENTS	80,739,476	33,211,648
CASH AND CASH EQUIVALENTS, SEPTEMBER 1	72,268,524	39,056,876
CASH AND CASH EQUIVALENTS, AUGUST 31	$ 153,008,000	$ 72,268,524
Reconciliation of net operating loss to net cash provided (used) by operating activitiees		
Operating loss	$ (215,528,075)	$ (207,994,326)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation expense	17,583,614	14,463,647
Bad debt expense	822,500	677,300
Changes in assets and liabilities:		
Receivables (net)	(2,281,949)	(2,700,282)
Deferred expenses	(1,320,953)	331,215
Inventories	(10,466)	(53,208)
Notes receivable	(22,454)	6,418
Prepaid expenses	102,422	(41,193)
Accounts payable	4,172,563	(4,867,750)
Accrued liabilities	(591,863)	(1,525,501)
Compensated absences	371,857	(267,038)
Deferred revenue	1,698,556	3,404,666
Net cash used by operating activities	$ (195,004,248)	$ (198,566,052)

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

Dallas County Community College District Foundation, Inc.

STATEMENTS OF CASH FLOWS

Years ended August 31,

	2007	2006
Cash flows from operating activities		
Change in net assets	$ 2,332,035	$ 2,742,463
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Contributions restricted for long-term purposes	(526,696)	(1,732,086)
Net realized gains on sale of investments	(1,672,395)	(2,691,465)
Net unrealized losses (gains) on investments	(657,192)	1,368,039
Noncash contributions of investments	-	(25,142)
Changes in operating assets and liabilities		
Accrued interest and dividends receivable	(8,717)	730
Contributions receivable	1,314,336	(360,931)
Other assets	13,241	(13,307)
Accounts payable and due to affiliate	(216,964)	547,413
Net cash provided by (used in) operating activities	577,648	(164,286)
Cash flows from investing activities		
Proceeds from investment sales	10,740,443	14,103,314
Purchases of investments	(11,175,667)	(14,396,500)
Net cash used in investing activities	(435,224)	(293,186)
Cash flows from financing activities		
Contributions restricted for long-term purposes	526,696	1,732,086
Increase in cash and cash equivalents	669,120	1,274,614
Cash and cash equivalents - beginning of year	3,730,104	2,455,490
Cash and cash equivalents - end of year	$ 4,399,224	$ 3,730,104

See Note 23 of the notes to the basic financial statements 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 to raise money to support capital projects of the District. 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 a discretely presented component unit 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, 2007 and 2006. 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 with 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 $13,946,425 and $12,319,830 represent expenses for scholarships and fellowships related to the periods after August 31, 2007 and 2006, respectively, and $133,099 and $98,993 represents bond issue costs to be amortized in the periods after August 31, 2007 and 2006, respectively.

The District defers and amortizes the production costs associated with instructional television programs and other related materials on a straight-line basis over the estimated useful life of such media, which ranges from two to five years. These materials are produced and used both internally for instruction and for lease by the District to other educational institutions. Aggregate deferred production costs, net of accumulated amortization, amounted to approximately $1,828,496 and $2,134,138 at August 31, 2007 and 2006, respectively, and have been included in the accompanying Statements of Net Assets as non-current deferred charges. In addition, $886,119 and $634,248, the non-current portion of bond issue costs being amortized primarily using the effective interest method, over the life of the bonds, is included for the periods ended August 31, 2007 and 2006, 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. Buildings, land and land improvements that exceed $100,000 are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Equipment, furniture, telecommunications and peripheral equipment apply depreciation on a half-month convention. A full-year convention is applied for buildings, facilities and land improvements beginning on September 1 of the year following placement in service. Estimated useful lives of capital assets are established according to the following:

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

Implementation of New State Classification for Library Books—Effective September 1, 2006, the State Comptroller's office changed its classification of professional, academic and research library books and materials from non-depreciable to depreciable to be consistent with industry standards. Library materials purchased during the fiscal year in an aggregate amount of $5,000 or more are subject to capitalization and depreciation.

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

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

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

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

Reclassifications—Certain reclassifications have been made to prior year amounts in order to conform with Fiscal 2007 presentation. On the Statement of Net Assets, some restricted and unrestricted net assets were reclassified on the Fiscal 2006 presentation to be more comparable to the composition of Fiscal 2007 net assets. The benefits applying to each functional area on the Statement of Revenues, Expenses and Changes in Net Assets as well as the Schedule of Operating Expenses by Object were reclassified to more clearly show the amount of State-funded benefits that applied to each function.

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, 2007 was $(2,708,500), and the bank balance was $242,716. The carrying amount of the District’s deposits with financial institutions as of August 31, 2006 was $(3,229,678), and the bank balance was $326,900. FDIC insures $100,000 of the District’s bank balance, and the remaining balance is collateralized with securities.

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

	2007	2006
Bank deposits:		
Local funds - demand	$ (2,717,000)	$ (3,238,178)
Imprest funds	8,500	8,500
	(2,708,500)	(3,229,678)
Cash on hand	21,683	12,857
Cash and cash equivalents:		
Investment in Texpool	89,524,281	36,445,710
Investment in TexSTAR	66,170,536	39,039,635
	155,694,817	75,485,345
Total cash and cash equivalents	$ 153,008,000	$72,268,524

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

At August 31, 2007 and 2006, 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. At August 31, 2007 and 2006, the District had no repurchase agreements. 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, 2007, the District had the following cash equivalents and investments with related maturities as shown below.

	Fair	Investment Maturities (in Years)				
	Value	Less than 1	1-2	2-3	3-4	4-5
U. S. Treasury notes	$ 23,606,200	$ -	$ -	$ -	$ -	$ 23,606,200
U. S. Agency notes and bonds	28,740,986	-	-	-	8,057,366	20,683,620
Investments in Texpool	89,524,281	89,524,281	-	-	-	-
Investments in TexSTAR	66,170,536	66,170,536	-	-	-	-
Total cash equivalents and investments	$ 208,042,003	$ 155,694,817	$ -	$ -	$ 8,057,366	$ 44,289,820

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 by 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 an average maturity of no more than five years and no greater than six years as a means of managing exposure to fair value losses arising from increasing interest rates. The District's philosophy is to hold all investments to their maturity.

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The District's investment policy limits any one type of investment to 75% of the total portfolio. Investment in U.S. Agency securities comprises 13.81% of the District's total portfolio at August 31, 2007.

Reconciliation of Deposits and Investments to Exhibit 1

	Market Value August 31, 2007	Market Value August 31, 2006
Total cash and cash equivalents	$ 153,008,000	$ 72,268,524
Total investments	52,347,186	145,676,370
Total	$ 205,355,186	$ 217,944,894
Per Exhibit 1:		
Cash and cash equivalents	$ 138,897,479	$ 38,038,396
Restricted cash and cash equivalents	14,110,521	34,230,128
Short-term investments	-	9,933,500
Restricted short-term investments	-	4,976,500
Long-term investments	52,347,186	130,766,370
Total	$ 205,355,186	$ 217,944,894

There were no investments held by broker-dealers under reverse repurchase agreements as of August 31, 2007 or 2006.

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 and, consequently, invests in instruments similar to TexPool. Like those for TexPool, investments in TexSTAR plus accrued interest may be redeemed by the District at any time. Therefore investments in TexSTAR are included within cash and cash equivalents in the accompanying Statements of Net Assets.

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

4. CURRENT ASSETS AND LIABILITIES

Receivables—Receivables at August 31, 2007 and 2006 were as follows:

	2007	2006
Ad valorem taxes	$ 6,986,590	$ 6,586,530
Student tuition and sales	7,841,970	7,589,530
Federal grants	15,071,902	14,572,059
State grants	364,309	227,341
Local grants	872,029	890,839
Interest on investments	195,496	680,448
Other receivables	2,359,841	1,601,407
Total receivables	33,692,137	32,148,154
Less allowances for uncollectible amounts:		
Ad valorem taxes	(5,554,377)	(5,173,726)
Student tuition and sales	(1,029,027)	(870,638)
Other receivables	(51,449)	(40,411)
Total allowances	(6,634,853)	(6,084,775)
Total receivables, net of allowances	$27,057,284	$26,063,379

Payables—Accounts Payable at August 31, 2007 and 2006 were as follows:

	2007	2006
Vendors payable	$12,800,806	$ 9,359,586
Salaries and benefits payable	41,504	28,030
Students payable	6,862,933	6,145,064
Total accounts payable	$19,705,243	$15,532,680

5. CAPITAL ASSETS

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

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

Capital assets activity for the year ended August 31, 2006 was as follows:

	Balance September 1, 2005	Increases/ Reclassifications	Decreases	Balance August 31, 2006
Capital assets not subject to depreciation:				
Land	$ 25,071,879	$ 2,751,278	$ -	$ 27,823,157
Construction in progress	81,172,371	27,624,478	(55,287,517)	53,509,332
Total not depreciated	106,244,250	30,375,756	(55,287,517)	81,332,489
Capital assets subject to depreciation:				
Buildings and building improvements	330,312,947	53,241,271	-	383,554,218
Land improvements	21,762,043	2,046,246	-	23,808,289
Furniture, machinery, vehicles, and other equipment	46,384,239	2,576,885	(1,101,925)	47,859,199
Library books	9,579,832	492,151	(241,892)	9,830,091
Total depreciated	408,039,061	58,356,553	(1,343,817)	465,051,797
Accumulated depreciation:				
Buildings and building improvements	(137,724,247)	(10,205,500)	-	(147,929,747)
Land improvements	(15,268,600)	(505,684)	-	(15,774,284)
Furniture, machinery, vehicles, and other equipment	(34,474,029)	(3,129,934)	1,037,025	(36,566,938)
Library books	(5,704,047)	(622,529)	112,883	(6,213,693)
Total accumulated depreciation	(193,170,923)	(14,463,647)	1,149,908	(206,484,662)
Net capital assets	$ 321,112,388	$ 74,268,662	$ (55,481,426)	$ 339,899,624

6. NON-CURRENT LIABILITIES

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

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

Non-current liability activity for the year ended August 31, 2006 was as follows:

	Balance September 1, 2005	Additions	Reductions	Balance August 31, 2006	Current Portion
Series 1986 A-D Rate Adjustable ModeConsolidated District Revenue Bonds	$ 2,600,000	$ -	$ (2,600,000)	$ -	$ -
Series 1998 Revenue Financing System Refunding Bonds	11,935,000	-	(45,000)	11,890,000	1,755,000
Series 2001 Revenue Financing System Bonds	35,440,000	-	(1,535,000)	33,905,000	1,605,000
Series 2003 Maintenance Tax Notes	1,330,000	-	(745,000)	585,000	585,000
Series 2004 Maintenance Tax Notes	38,230,000	-	(3,685,000)	34,545,000	4,095,000
Series 2004 General Obligation Bonds	67,375,000	-	(2,125,000)	65,250,000	2,215,000
Unamortized bond premium	4,648,999	-	(572,644)	4,076,355	542,167
Accrued interest	191,328	-	(9,496)	181,832	-
Note payable	629,133	-	(184,457)	444,676	192,422
Compensable absences	8,711,183	274,750	(541,788)	8,444,145	5,819,722
Total	$ 171,090,643	$ 274,750	$ (12,043,385)	$ 159,322,008	$ 16,809,311

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

	Bonds Issued to Date	Range of Interest Rates	Maturities First Year	Last Year	First Call Date
Series 1986 A-D Rate Adjustable Mode Consolidated District Revenue Bonds	$ 28,800,000	Variable	1987	2006	1/16/1987
Series 1998 Revenue Financing System Refunding Bonds	16,550,000	4.00%-5.25%	1998	2012	2/15/2009
Series 2001 Revenue Financing System Bonds	40,000,000	4.00%-5.375%	2002	2021	2/15/2010
Series 2006 Revenue Financing System Refunding Bonds	25,275,000	4.00%-5.00%	2011	2021	2/15/2017
Series 2003 Maintenance Tax Notes	9,850,000	2.00%-3.00%	2003	2007	N/A
Series 2004 Maintenance Tax Notes	38,555,000	2.00%-5.00%	2004	2021	2/15/2010
Series 2004 General Obligation Bonds	67,375,000	3.00%-5.00%	2005	2025	2/15/2013

On July 23, 1986, the District issued $28,800,000 in Rate Adjustable Mode Consolidated District Revenue Bonds, Series 1986 A-D ("Series 1986 Bonds"). The proceeds of the bonds were used to pay for the cost of various new facilities and certain improvements to existing facilities. All authorized amounts have been issued to date. These variable notes bore interest at either a weekly, monthly, quarterly, or semiannual term, or final rate (as defined), all of which were based on yield quotations for issues of tax-exempt bonds having similar characteristics. The Series 1986 Bonds were special obligations of the District payable solely from revenues pledged, which consisted of the net revenues from the operations of the bookstores and cafeterias of the District, vending machines, certain lease revenues, interest earnings, and the tuition pledge. As additional security, a Bond Reserve Fund was established with the paying agent. In connection with the issuance of the Series 1986 Bonds, the District entered into a Standby Bond Purchase Agreement with a bank. The terms of the Agreement provided for the payment by the bank of principal and interest of the Series 1986 Bonds when due in the event that the District was unable to meet its obligations. At August 31, 2006, the Bond Reserve Fund was released since payment on the bonds was complete.

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. As of August 31, 2007, $10,135,000 of advanced refunded bonds are outstanding. The Series 1998 Bonds bear interest at 4.00% to 5.25%. All authorized amounts have been issued to date. The Series 1998 Bonds constitute parity obligations and are special obligations of the District equally and ratably secured solely by and payable solely from a pledge of and lien on the pledged revenues as described below. The pledged revenues consist of, subject to the provisions of the resolutions authorizing the issuance of the prior encumbered obligations, the revenue funds, including all of the funds and balances now or hereafter lawfully available to the District and derived from or attributable to the financing system which are lawfully available to the District for payments on parity obligations. As additional security, a Bond Reserve fund was established with the paying agent at an amount equal to the average annual principal and interest requirements on the Series 1998 Bonds. At August 31, 2007, the Bond Reserve fund amounted to $2,260,508.

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, 2007 is $5,250,000. 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, 2007, there is no Bond Reserve Fund requirement, due to the in-substance defeasance of the bonds maturing between 2011 and 2021.

On August 6, 2003, pursuant to authority conferred by the Constitution and the laws of the State of Texas, including Sections 45.108 and 130.084, Texas Education Code, as amended, the District issued $9,850,000 of Maintenance Tax Notes (“Series 2003 Notes”) and on April 6, 2004 $38,555,000 of Maintenance Tax Notes (“Series 2004 Notes”). The proceeds of the notes are being used to pay for planned maintenance expenses associated with various facilities of the District. The notes are direct obligations of the District payable from a continuing direct annual ad valorem tax pursuant to the District’s maintenance tax authority, with the limits prescribed by law, on all taxable property in the District. Debt issue costs are being amortized over the life of the notes. As of August 31, 2007, there is no outstanding obligation for the Series 2003 Notes as they have been paid in full.

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

On December 15, 2006 the District advance refunded $27,050,000 of its outstanding Series 2001 Bonds for maturities 2011 and later by issuing $25,275,000 in Series 2006 Revenue Financing System Refunding Bonds ("Series 2006 Bonds"). All Series 2006 Bonds authorized have been issued to date. The average interest rate of the refunding bonds is 4.408% with a coupon range of 4.000-5.000%. After payment of $413,578 in underwriting fees, insurance, and other issuance costs, all resources from the Series 2006 Bonds including transfers of $2,965,199 of Series 2001 Bonds debt service funds were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 2001 Series bonds. The Series 2001 Bonds are considered fully defeased for maturities 2011 and later, and the liability for those bonds has accordingly been removed from the Statement of Net Assets. Advance refunding of the 2001 Series bonds reduces the District's debt service payments by $2,444,134. An economic gain (the difference between net present values of the debt service payments on the old and new debt adjusted for cash paid out) of $1,208,966 was obtained by the advance refunding. The accounting loss that resulted from the bond refunding is $1,130,637 and will be 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:			
2008	$ 10,790,000	$ 5,707,176	$ 16,497,176
2009	11,400,000	5,222,866	16,622,866
2010	11,990,000	4,760,854	16,750,854
2011	12,540,000	4,303,399	16,843,399
2012	13,170,000	3,804,658	16,974,658
2013 - 2017	28,825,000	14,387,369	43,212,369
2018 - 2022	30,740,000	7,214,043	37,954,043
2023 - 2025	14,690,000	1,122,000	15,812,000
	$ 134,145,000	$ 46,522,365	$ 180,667,365

As of August 31, 2007 the District had the following defeased bonds outstanding:

Bond Issue	Year Refunded	Par Value Outstanding
Series 1992 Revenue Financing System Bonds	1998	$ 10,135,000
Series 2001 Revenue Financing System Bonds*	2006	27,050,000
		$ 37,185,000

*The District still has a liability for $5,250,000 in outstanding 2001 Series Bonds.

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

	Principal	Interest	Total
Year ended August 31:			
2008	$ 200,731	$ 7,550	$ 208,281
2009	51,523	547	52,070
	$ 252,254	$ 8,097	$ 260,351

In 2007 the District incurred $5,122,572 in interest cost, of which $4,992,086 was expensed and $130,486 was capitalized. In 2006 the District incurred $6,242,660 in interest cost, of which $4,145,949 was expensed and $2,096,711 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. At August 31, 2007, no commercial paper had yet been issued.

7. RETIREMENT PLAN

The District participates in the Teacher Retirement System of Texas (the "System"). The System is a multiple-employer public employee retirement system (PERS) with one exception: all risks and costs are not shared by the employer but are the liability of the State of Texas. Accordingly, the System does not separately account for each of its component governmental agencies. Further information regarding actuarial assumptions and conclusions, as well as audited financial statements, is included in the annual financial report of the System.

District employees who are employed for one half or more of the standard workload and who are not exempted from membership under Texas Revised Civil Statutes are eligible to participate in the System. Employees who retire at or after age 65 with 5 years of creditable service or age 60 with 20 years of service or age 55 with 30 years of service are entitled to full retirement benefits. Eligible employees may receive reduced benefits at age 55 with at least 5 years of service or at any age with 30 or more years of service. The System also provides death and disability benefits as established by state statute. For both 2007 and 2006, the percentages of participant salaries contributed by the state and by each participant were 6.00% and 6.40%, respectively, of annual compensation. The payroll for employees covered by the System for the years ended August 31, 2007 and 2006 was $92,621,584 and $88,246,258, respectively. The total payroll of the District was $188,544,832 and $180,527,074 for the years ended August 31, 2007 and 2006, respectively.

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. For both 2007 and 2006, the percentages of participant salaries contributed by the state and by each participant were 6.00% and 6.65%, respectively, of annual compensation. In addition, the District contributed 2.5% of annual compensation for each participant hired on or before August 31, 1995 for the years ended August 31, 2007 and 2006. The payroll for employees covered by the optional retirement plan for the years ended August 31, 2007 and 2006 was $59,759,241 and $58,044,250, respectively. Since these are individual annuity contracts, the State has no additional or unfunded liability for this program.

The retirement expense to the State for the District was $7,996,595 and $7,696,051 for the fiscal years ended August 31, 2007 and 2006, 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, 2007, and August 31, 2006, 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, 2007, the District has recognized the accrued liability for the unpaid annual leave, including amounts for salary-related payments, for $8,816,002, of which $6,205,931 was recorded as a current liability and $2,610,071 was recorded as a non-current liability. As of August 31, 2006, the District had recognized the accrued liability for the unpaid annual leave, including amounts for salary-related payments, for $8,444,145 of which $5,819,722 was recorded as a current liability and $2,624,423 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, 2007 are $281,440,746.

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, is not 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 27, 2003 the El Centro College campus experienced major flood damage in one building due to a broken pipe. Damage to the facility and contents was approximately $4.2 million, which was covered mainly by insurance. Proceeds of $3,034,903 were received from insurance prior to August 31, 2004, and a receivable was established for the year ended August 31, 2004, for the projected remaining proceeds. The portion of the loss not expected to be covered by insurance was expensed in the year ended August 31, 2003. All expected insurance proceeds from the District's primary carrier were received prior to August 31, 2006. Therefore, there are no remaining receivables associated with the flood.

11. OPERATING LEASE COMMITMENTS AND RENTAL AGREEMENTS

Included in operating expenses is $2,418,007 and $2,020,307 of rent paid during fiscal years 2007 and 2006, respectively.

Future minimum lease payments under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2007 are as follows:

Year Ended	Minimum Future Lease Payments
2008	$ 1,577,105
2009	1,497,328
2010	1,023,703
2011	161,014
Total	$ 4,259,150

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 receivable 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 2007 for which monies have not been received nor funds expended totaled $28,011,972. Of this amount, $26,187,138 is from federal contract and grant awards, $1,369,221 is from state contract and grant awards and $455,613 is from local contract and grant awards. Contract and grant awards funds already committed, e.g., multiyear awards, or funds awarded during fiscal year 2006 for which monies have not been received nor funds expended totaled $23,069,767. Of this amount, $22,387,939 is from federal contract and grant awards and $681,828 is from local contract and grant awards.

13. SELF-INSURED PLANS

Prior to August 31, 1998 the District was self-insured for workers' compensation. The accrued liability for claims incurred but not yet developed under the self-insured plan is approximately $268,423 and $272,953 as of August 31, 2007 and 2006, respectively, and is included in the accompanying Statements of Net Assets. The accrued liability balance is based upon third party actuarial information. Future payments for the incurred claims will be paid from the accrued liability.

Effective September 1, 1998 the District implemented a guaranteed cost workers' compensation insurance program to handle workers' compensation claims. The District returned to a self-insured plan effective September 1, 2002. Accordingly, for claims occurring while self-insured, a liability has been recorded as of August 31, 2007 and 2006, respectively, for $294,864 and $526,951 and is included in accrued liabilities in the accompanying Statements of Net Assets.

Self-insurance activity for the years ended August 31, 2006 and 2007 was as follows:

Accrued Claim Liability for the Year Ended August 31	Balance September 1	Additions	Reductions in Liability/ Claims Paid	Balance August 31
2006	$ 1,410,625	$ 549,800	$ (1,433,474)	$ 526,951
2007	526,951	193,066	(425,153)	294,864

In the year ended August 31, 2004, the District accrued additional claims of $1,624,220. At that time, the District estimated that its claims servicer had potentially under-valued claims on record. The District completed its review of the records underlying the plan for the year ended August 31, 2006 and determined that the accrual was previously overstated. Reductions for Claims Paid in the year ended August 31, 2006 includes a $1 million reduction in estimated losses previously accrued for the years ended August 31, 2004 and 2005. Changes in Accrued Claims Liability are reflected in the District's Operating Expenses.

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

The state's maximum contribution per full-time employee for the year ended August 31, 2006 was $343.48 per month for an annualized cost of $4,121.76 per employee. The state also paid an additional amount for a spouse, child(ren), or both for a maximum amount of $539.70, $474.86, and $671.08 per month respectively. The actual cost of providing those benefits for the year was $3,593,942 for 767 retirees and $14,793,671 for 2,973 active employees and is included in operating expenses in the accompanying financial statements.

The health insurance expense to the state for the District was $15,634,130 and $14,609,769 for the fiscal years ended August 31, 2007 and 2006 respectively. The amounts represent the portion of expended appropriations made by the State Legislature on behalf of the District.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* provides guidance on all aspects of OPEB reporting by employers. This statement requires systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and provides information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The requirements of this statement will become effective in fiscal year 2008 and we are currently evaluating the impact of it.

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, 2007 and 2006 were $123,162,321 and $114,957,170, 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 2007 and 2006 to finance the operations and maintenance as well as debt service was $.0810 and $.0816, respectively, per $100 of assessed valuation on real property, leaving a tax margin of $.5790 and $.5784, respectively, per $100 of assessed valuation on real and personal property. Approximately $883,690,753 of additional taxes could be raised per year based on the 2007 assessed value of $152,623,618,757 for real property before the limit is reached. In 2006 approximately $822,482,876 of additional taxes could have been raised per year based on the 2006 assessed value of $142,199,667,396 for real property before the limit would have been reached.

At August 31, 2007 and 2006:

	2007	2006
Assessed valuation of the District	$186,011,810,850	$173,396,320,770
Less exemptions	33,388,192,093	31,196,653,374
Net assessed valuation of the District	$152,623,618,757	$142,199,667,396

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

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

Gross Taxes Collected - 2006	**Used for Current Operations**	**Used for Debt Service**	**Total**
Current	$ 102,359,309	$11,066,181	$ 113,425,490
Delinquent	1,612,003	119,319	1,731,322
Penalties and interest	1,194,141	-	1,194,141
Total collections	$ 105,165,453	$11,185,500	$ 116,350,953

Tax collections for the years ended August 31, 2007 and 2006 were approximately 98% and 99%, respectively, of the current tax levy. 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, 2007 and 2006 are as follows:

	2007	2006
Deferred revenues related to students and other customers	$26,440,937	$26,475,968
Deferred revenues related to grants and contracts	14,195,459	12,461,872
Total deferred revenues	$40,636,396	$38,937,840

18. BUDGETARY DATA

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

19. INCOME TAXES

The District is exempt from income taxes under Internal Revenue Code Section 115, "Income of States, Municipalities, Etc.," although unrelated income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), "Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations." The District had no material unrelated business income tax liability for the years ended August 31, 2007 or 2006.

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 2007	Taxes Forgone in 2006
Cityplace	100%	$272,003	$246,402
Oak Cliff Gateway	100	16,077	14,594
City of Irving	100	148,117	-
City of Farmers Branch Mercer Crossing	35	12,094	8,996
City of Farmers Branch Old Farmers Branch	100	1,922	827
City of Grand Prairie #1	100	17,374	14,340
City of Grand Prairie #2	100	53,487	31,180
City of Grand Prairie #3	100	5,803	2,971
Total taxes forgone		$526,877	$319,310

21. GENERAL OPERATING REVENUES

General operating revenues of $1,800,312 and $1,675,275 for the years ended August 31, 2007 and 2006, respectively, consist of a variety of miscellaneous revenues that include such items as payments for parking citations, room rental income, certain ticket sales, credit by exam income, etc. The largest amount is $400,000 of revenue for leased land each year.

22. AUXILIARY ENTERPRISES

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

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

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

23. COMPONENT UNITS

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

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

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

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

General

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

Basis of Presentation

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

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

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

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

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

Cash and Cash Equivalents

The Foundation considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents include money market funds totaling $4,399,224 and $3,730,104 as of August 31, 2007 and 2006, respectively. The Foundation maintains cash and cash equivalents at financial institutions, which at times may not be federally insured or may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on such accounts.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. The carrying amounts of alternative investments are based on the fair value of the underlying funds as provided by the fund managers. 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.; Shamrock Asset Management; Snow Capital Management; and Barrow Hanley, Mewhinney and Strauss whereby they manage the Foundation's investments in a manner consistent with the investment goals and policies established by the Board of Directors.

Contributions

Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted using the risk-free rate. Amortization of discounts is recorded as additional contributions in accordance with donor-imposed restrictions, if any, on the contributions. The need for an allowance for uncollectible contributions receivable is evaluated 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 contributions receivable previously charged-off are credited to expenses. Management believes that all outstanding contributions receivable are collectible and no allowance is necessary as of August 31, 2007 and 2006.

Contributed Services

The salaries of all Foundation employees have been donated by the District. The estimated fair value of these contributed services is $199,971 and $197,386 for 2007 and 2006, respectively, and has been included in revenues, gains, and other support and management and general expenses in the accompanying financial statements.

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

Federal Income Taxes

The Foundation is exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended, as an organization described in Section 501(c)(3) of the IRC. However, income generated from activities unrelated to the Foundation's exempt purpose is subject to tax under IRC Section 511. The Foundation did not have any unrelated business income for the years ended August 31, 2007 and 2006. The Foundation is not considered a private foundation under Section 509 (a) of the IRC.

Use of Estimates

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

NOTE B - INVESTMENTS

Investments are composed of the following as of August 31:

	2007		2006	
	Cost	Fair value	Cost	Fair value
Corporate bonds	$ 3,325,525	$ 3,633,307	$ 3,325,525	$ 3,452,365
Corporate stocks	12,032,655	18,410,235	11,597,331	15,592,313
Alternative investment	3,000,000	2,940,489	3,000,000	3,174,542
	$18,358,180	$24,984,031	$17,922,856	$22,219,220

Through most of 2007 and 2006, the alternative investment consisted of an investment in Clover Partners, LP, which in turn invested in Shamrock Market Neutral Fund, LP. On August 31, 2007 the alternative investment was in the process of being liquidated and the investment consisted solely of money market funds as of this date. Subsequent to year end, $2,793,000, or 95% of the alternative investment market value was distributed to the Foundation. The remaining 5%, $147,489, will be distributed promptly following the completion of the audit of the Shamrock Market Neutral Fund, LP's financial statements for the year.

NOTE C - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following unconditional promises to give:

	August 31, 2007	August 31, 2006
Contributions receivable	$6,705,100	$ 8,301,400
Less unamortized discount ranging from 5.07% to 3.84% at August 31, 2007 and August 31, 2006	(918,575)	(1,200,539)
	$5,786,525	$ 7,100,861

The maturity of contributions receivable as of August 31, 2007 is as follows:

Less than one year	$1,405,100
One to five years	3,900,000
More than five years	1,400,000
	$6,705,100

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted as follows:

	August 31, 2007	August 31, 2006
Grants and scholarships	$6,289,040	$5,713,773

NOTE E - PERMANENTLY RESTRICTED NET ASSETS

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

	August 31, 2007	August 31, 2006
Grants and scholarships	$24,659,926	$24,027,194

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

NOTE F - NET ASSETS RELEASE FROM RESTRICTIONS

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

	August 31, 2007	August 31, 2006
Grants and scholarships	$1,628,463	$1,960,019

NOTE G - TRANSACTIONS WITH RELATED PARTIES

Contributions Receivable

In 2006, the Foundation received multi-year contribution pledges from a Foundation board member and an entity controlled by a Foundation board member in the amount of $400,000 and $80,000, respectively. At August 31, 2007 and 2006 the remaining receivable for the pledges from a Foundation board member and an entity controlled by a Foundation board member were $200,000 and $40,000, respectively and $400,000 and $80,000, respectively.

Due to Affiliate

At August 31, 2007 and 2006, the Foundation owed the District $617,571 and $823,999, respectively for scholarships and grants.

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24. RICHLAND COLLEGIATE HIGH SCHOOL OF MATHEMATICS, SCIENCE AND ENGINEERING – Separate Operating Fund Of The District

In January 2005, the District's Board of Trustees approved an application to the Texas Education Agency (TEA) for a charter to operate the Richland Collegiate High School of Mathematics, Science, and Engineering (Richland Collegiate High School), which will enroll students only at the junior and senior levels. TEA approved the application in October 2005. In May 2006, the Board approved the contract with TEA for operating a charter through July 31, 2010. The charter high school opened in August 2006 with its first class of 176 students at the junior level. Students receive high school and college credit concurrently. Funding is received from the State of Texas for the charter high school based on average daily attendance. A start-up grant of $250,000 (which was later increased to $381,628) was also received from the State in the form of federal pass-through funds. Expenses for the high school relate to goods and services for instruction, academic support, student services, and institutional support. The high school has no direct employees but contracts for services provided through Richland College.

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 accordance 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 as a blended component unit in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units—an Amendment of GASB Statement No. 14.*

The Statements of Net Assets and the Statements of Revenues, Expenses and Changes in Net Assets for the years ended August 31, 2007 and 2006 for Richland Collegiate High School alone are presented below along with the TEA Codes which TEA requires to be reported.

RICHLAND COLLEGIATE HIGH SCHOOL — EXHIBIT 1

With TEA Classifications

STATEMENTS OF NET ASSETS

AUGUST 31, 2007 AND 2006

Data Control Codes	ASSETS	2007	2006
	CURRENT ASSETS:		
1100	Cash and cash equivalents	$ 65,784	$ -
1240	Accounts Receivable (net) -Due from TEA	249,730	96,139
	Total current assets	315,514	96,139
	NON-CURRENT AND RESTRICTED ASSETS:		
1800	Total non-current assets	-	-
1000	TOTAL ASSETS	315,514	96,139
	LIABILITIES		
	CURRENT LIABILITIES:		
2501	Due to District (parent organization)	$ 249,730	$ 96,139
	Total current liabilities	249,730	96,139
	NON-CURRENT LIABILITIES:		
2502	Loan payable to Richland College	380,678	474,469
	Total non-current liabilities	380,678	474,469
2000	TOTAL LIABILITIES	630,408	570,608
	NET DEFICIT		
3900	Unrestricted	(314,894)	(474,469)
3000	TOTAL NET DEFICIT	$ (314,894)	$ (474,469)

RICHLAND COLLEGIATE HIGH SCHOOL **EXHIBIT 2**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED AUGUST 31, 2007 AND 2006

District Presentation

	2007	2006
OPERATING REVENUES:		
Federal grants and contracts	285,487	96,139
Total operating revenues	285,487	96,139
OPERATING EXPENSES:		
Instruction	378,103	-
Academic support	98,912	380,678
Student services	391,238	96,139
Institutional support	314,487	93,791
Total operating expenses	1,182,740	570,608
OPERATING LOSS	(897,253)	(474,469)
NON-OPERATING REVENUES (EXPENSES):		
State appropriations	1,047,146	-
Investment income	9,682	-
Net non-operating revenues	1,056,828	-
INCREASE (DECREASE) IN NET DEFICIT	159,575	(474,469)
NET DEFICIT:		
Net Deficit—Beginning of Year	(474,469)	-
Net Deficit—End of Year	$ (314,894)	$ (474,469)

TEA Classifications

Data Control Codes		2007	2006
	OPERATING REVENUES:		
5929	Federal grants revenue distributed by TEA	285,487	96,139
5020	Total operating revenues	285,487	96,139
	OPERATING EXPENSES:		
0011	Instruction	474,064	124,397
0012	Instructional resources and media services	237,670	246,680
0031	Guidance, counseling and evaluation services	106,886	23,317
0033	Health services	7,595	84
0035	Food service	962	1,244
0023	School leadership	235,543	136,354
0041	General administration	88,009	38,532
0052	Security and monitoring services	32,011	-
6030	Total operating expenses	1,182,740	570,608
1100	OPERATING LOSS	(897,253)	(474,469)
	NON-OPERATING REVENUES (EXPENSES):		
5800	State appropriations	1,047,146	-
5742	Investment income	9,682	-
	Net non-operating revenues	1,056,828	-
1200	INCREASE IN NET DEFICIT	159,575	(474,469)
	NET DEFICIT:		
0100	Net Deficit—Beginning of Year	(474,469)	-
3000	Net Deficit—End of Year	$ (314,894)	$ (474,469)

25. SUBSEQUENT EVENTS

Commercial paper was approved by legislative action during a special session in 2006 as a financing instrument available to junior colleges with a headcount of greater than 40,000 under Texas Government Code Chapter 1371. Based on this new authority, the Board of Trustees of the Dallas County Community College District approved a resolution at its April 3, 2007 meeting authorizing the use of a Commercial Paper Program as an interim financing tool for the $450 million, voter-approved, capital improvement program ultimately being financed by debt service ad valorem taxes. The Board established a limit for the commercial paper program line of credit of no more than $150 million outstanding at any given time. At August 31, 2007 no commercial paper had yet been issued. However, subsequent to the end of the fiscal year, $25 million of commercial paper was issued on September 26, 2007 and an additional $100 million on November 6, 2007.

On December 15, 2006, the District’s Board of Trustees approved the sale of the Universities Center of Dallas building to the University of North Texas for $745,000. Closing on the sale had not yet occurred for the year ended August 31, 2007 but is expected to take place by the end of calendar year 2007. A clause in the original deed requires that the District remains in the line of guarantors on two ground leases, which are in effect through 2047 and 2048. The probability of having to pay the ground leases is remote since the University of North Texas 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 estimated to be approximately $3.6 million. However, because the probability of having to pay is remote, the District did not accrue a liability. The net book value of the building, including capitalized renovations, was $6,048,924 at August 31, 2007.

SCHEDULE OF OPERATING REVENUES

YEAR ENDED AUGUST 31, 2007 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2006)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2007	2006
Tuition:						
State funded credit courses:						
In-district resident tuition	34,965,485	-	34,965,485	-	34,965,485	30,917,068
Out-of-district resident tuition	9,997,311	-	9,997,311	-	9,997,311	9,111,373
Non-resident tuition	8,466,179	-	8,466,179	-	8,466,179	7,490,909
TPEG - credit (set aside) *	2,784,537	-	2,784,537	-	2,784,537	2,520,896
State-funded continuing education	9,124,582	-	9,124,582	-	9,124,582	9,211,718
TPEG - non-credit (set aside) *	581,578	-	581,578	-	581,578	586,751
Non-state funded educational programs	3,883,998	-	3,883,998	-	3,883,998	4,067,430
Total Tuition	69,803,670	-	69,803,670	-	69,803,670	63,906,145
Fees:						
Distance learning fee	207,699	-	207,699	-	207,699	159,319
Installment plan fees	668,665	-	668,665	-	668,665	499,446
Prior year tuition and fees	13,741	-	13,741	-	13,741	2,194
Total fees	890,105	-	890,105	-	890,105	660,959
Scholarship allowances and discounts:						
Remissions and exemptions - state	(876,017)	-	(876,017)	-	(876,017)	(755,792)
Remissions and exemptions - local	(2,857,829)	-	(2,857,829)	-	(2,857,829)	(2,332,235)
Title IV federal grants	(9,983,875)	-	(9,983,875)	-	(9,983,875)	(10,166,734)
Other federal grants	(2,682,311)	-	(2,682,311)	-	(2,682,311)	(3,110,522)
TPEG awards	(1,575,111)	-	(1,575,111)	-	(1,575,111)	(1,361,874)
Other state grants	(243,359)	-	(243,359)	-	(243,359)	(70,025)
Rising Star program	(633,695)	-	(633,695)	-	(633,695)	(598,592)
Other local grants	-	-	-	-	-	(4,423)
Total scholarship allowances	(18,852,197)	-	(18,852,197)	-	(18,852,197)	(18,400,197)
Total net tuition and fees	51,841,578	-	51,841,578	-	51,841,578	46,166,907
Additional operating revenues:						
Federal grants and contracts	1,052,732	46,257,940	47,310,672	27,761	47,338,433	50,797,207
State grants and contracts	148,250	2,312,686	2,460,936	240	2,461,176	1,253,189
Non-governmental grants and contracts	1,839	4,138,319	4,140,158	-	4,140,158	3,661,795
Sales and services of educational activities	543,082	-	543,082	-	543,082	480,644
Other operating revenues	1,800,312	-	1,800,312	-	1,800,312	1,675,275
Total additional operating revenues	3,546,215	52,708,945	56,255,160	28,001	56,283,161	57,868,110
Auxiliary Enterprises:						
Bookstore	-	-	-	1,934,933	1,934,933	1,689,279
Food Service	-	-	-	574,954	574,954	543,873
Center for Educational Telecommunications	-	-	-	2,503,994	2,503,994	2,901,564
Business Incubation Center	-	-	-	173,787	173,787	164,714
Universities Center of Dallas	-	-	-	498,137	498,137	424,930
Student Programs	-	-	-	977,113	977,113	574,430
Total net auxiliary enterprises	-	-	-	6,662,918	6,662,918	6,298,790
Total Operating Revenues	$ 55,387,793	$ 52,708,945	$ 108,096,738	$ 6,690,919	$ 114,787,657	$ 110,333,807
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, $3,366,115 and $3,107,647 for years August 31, 2007 and 2006, respectively, of tuition was set aside for Texas Public Education grants (TPEG)

DALLAS COMMUNITY COLLEGE DISTRICT

SCHEDULE B

SCHEDULE OF OPERATING EXPENSES BY OBJECT
YEAR ENDED AUGUST 31, 2007 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2006)

	Operating Expenses					
		Benefits				
	Salaries and Wages	State	Local	Other Expenses	2007	2006
UNRESTRICTED - Educational Activities						
Instruction	$ 101,208,495	$ -	$ 4,826,166	$ 12,406,418	$ 118,441,079	$ 113,429,374
Public Service	3,324,105	-	162,862	1,931,903	5,418,870	5,618,589
Academic Support	11,276,324	-	537,187	4,186,684	16,000,195	15,412,452
Student Services	19,761,175	-	976,305	3,766,651	24,504,131	23,058,599
Institutional Support	33,591,415	-	1,940,755	8,798,133	44,330,303	43,254,318
Operation and Maintenance of Plant	7,488,959	-	379,617	19,218,600	27,087,176	26,083,341
Scholarships and Fellowships	-	-	-	-	-	-
Total unrestricted educational activities	176,650,473	-	8,822,892	50,308,389	235,781,754	226,856,673
RESTRICTED - Educational Activities						
Instruction	$ 1,402,654	$ 14,421,535	$ 242,288	$ 2,989,003	$ 19,055,480	$ 19,218,750
Public Service	1,255,353	-	210,735	3,695,968	5,162,056	4,717,390
Academic Support	597,900	1,606,801	105,240	-	2,309,941	1,909,508
Student Services	2,443,924	2,815,836	455,386	1,319,749	7,034,895	6,610,084
Institutional Support	1,912,437	4,786,553	301,057	1,560,387	8,560,434	7,869,594
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarships and Fellowships	-	-	-	24,053,166	24,053,166	26,396,060
Total restricted educational activities	7,612,268	23,630,725	1,314,706	33,618,273	66,175,972	66,721,386
TOTAL EDUCATIONAL ACTIVITIES	184,262,741	23,630,725	10,137,598	83,926,662	301,957,726	293,578,059
AUXILIARY ENTERPRISES	4,117,757	-	784,092	5,872,543	10,774,392	10,286,427
DEPRECIATION EXPENSE - Buildings and other real estate improvements	-	-	-	13,854,692	13,854,692	10,711,183
DEPRECIATION EXPENSE - Equipment and furniture	-	-	-	3,728,922	3,728,922	3,752,464
TOTAL OPERATING EXPENSES	$ 188,380,498	$ 23,630,725	$ 10,921,690	$ 107,382,819	$ 330,315,732	$ 318,328,133
					(Exhibit 2)	(Exhibit 2)

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE C

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
YEAR ENDED AUGUST 31, 2007 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2006)

	Unrestricted	Restricted	Auxiliary Enterprises	2007	2006
NON-OPERATING REVENUES:					
State Appropriations:					
Education and general state support	$ 84,752,747	$ -	$ -	$ 84,752,747	$ 84,752,748
State group insurance	-	15,634,130	-	15,634,130	14,609,769
State retirement matching	-	7,996,595	-	7,996,595	7,696,051
SBDC state match	-	1,309,379	-	1,309,379	982,847
Foundation school program	1,047,146	-	-	1,047,146	-
Total state appropriations	$ 85,799,893	$ 24,940,104	$ -	$ 110,739,997	$ 108,041,415
Maintenance ad valorem taxes	121,219,567	-	-	121,219,567	113,768,873
Gifts	64,705	-	550	65,255	121,934
Investment income	11,444,694	-	904,782	12,349,476	8,689,241
Other non-operating revenue	50,807	-	15	50,822	174,812
Total non-operating revenues	218,579,666	24,940,104	905,347	244,425,117	230,796,275
NON-OPERATING EXPENSES:					
Interest on capital related debt	4,992,086	-	-	4,992,086	4,145,949
Loss on disposal of capital assets	1,736,343	-	-	1,736,343	145,484
Other non-operating expense	382,007	-	-	382,007	264,653
Total non-operating expenses	7,110,436	-	-	7,110,436	4,556,086
NET NON-OPERATING REVENUES	211,469,230	24,940,104	905,347	237,314,681	226,240,189
				(Exhibit 2)	(Exhibit 2)

SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY
YEAR ENDED AUGUST 31, 2007 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2006)

	Detail by Source					Available for Current Operations	
		Restricted		Capital Assets Net of Depreciation and Related Debt			
	Unrestricted	Expendable	Non-Expendable		Total	Yes	No
Current:							
Unrestricted	$ 121,043,528	$ -	$ -	$ -	$ 121,043,528	$ 121,043,528	
Auxiliary enterprises	17,659,144	-	-	-	17,659,144	17,659,144	
Restricted	-	-	-	-	-		
Loan	477,157	-	-	-	477,157		477,157
Endowment:							
Quasi:							
Unrestricted	5,322,129	-	-	-	5,322,129		5,322,129
Restricted	-	-	-	-	-		
Plant:							
Unexpended	11,752,404	8,798,993	-	-	20,551,397		20,551,397
Debt Service	-	3,664,052	-	-	3,664,052		3,664,052
Investment in Plant	-	-	-	236,562,615	236,562,615		236,562,615
TOTAL NET ASSETS-- August 31, 2007	156,254,362	12,463,045	-	236,562,615	405,280,022 (Exhibit 1)	138,702,672	266,577,350
TOTAL NET ASSETS-- August 31, 2006	131,117,285	13,649,469	-	238,726,662	383,493,416 (Exhibit 1)	119,165,007	264,328,409
NET INCREASE (DECREASE) IN NET ASSETS	$ 25,137,077	$ (1,186,424)	$ -	$ (2,164,047)	$ 21,786,606 (Exhibit 2)	$ 19,537,665	$ 2,248,941

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 2007
(unaudited)
(amounts expressed in thousands)

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

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2007 are available.

Dallas County Community College District
Statistical Supplement 2
Revenues by Source
Fiscal Years 2002 to 2007
(unaudited)

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

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

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2007 are available.

Dallas County Community College District
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2002 to 2007
(unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)					
	2007	**2006**	**2005**	**2004**	**2003**	**2002**
Instruction	$ 137,497	$ 132,648	$ 130,728	$ 126,134	$ 121,450	$ 118,222
Public service	10,581	10,336	10,406	9,717	9,954	9,685
Academic support	18,310	17,322	16,586	15,124	14,824	14,942
Student services	31,539	29,669	29,199	27,952	26,635	24,982
Institutional support	52,891	51,124	48,189	46,290	43,391	44,268
Operation and maintenance of plant	27,087	26,083	24,630	22,783	21,087	19,736
Scholarships and fellowships	24,053	26,396	26,344	25,784	25,012	21,875
Auxiliary enterprises	10,774	10,286	9,966	10,309	10,447	10,207
Depreciation	17,584	14,464	10,705	10,211	10,639	9,489
Total Operating Expenses	330,316	318,328	306,753	294,304	283,439	273,406
Interest on capital debt	4,992	4,146	4,538	1,905	735	1,967
Loss on disposal of capital assets	1,736	145	199	156	134	1,882
Accrual for legal expense	-	-	(13,271)	1,683	-	9,588
Other non-operating expense	382	265	1,146	39	454	38
Total Nonoperating Expenses	7,110	4,556	(7,388)	3,783	1,323	13,475
Total Expenses	$ 337,426	$ 322,884	$ 299,365	$ 298,087	$ 284,762	$ 286,881

	For the Year Ended August 31,					
	2007	**2006**	**2005**	**2004**	**2003**	**2002**
Instruction	40.74%	41.07%	43.67%	42.31%	42.65%	41.21%
Public service	3.14%	3.20%	3.48%	3.26%	3.50%	3.37%
Academic support	5.43%	5.36%	5.54%	5.07%	5.21%	5.21%
Student services	9.35%	9.19%	9.76%	9.38%	9.35%	8.71%
Institutional support	15.67%	15.83%	16.10%	15.53%	15.24%	15.43%
Operation and maintenance of plant	8.03%	8.08%	8.23%	7.64%	7.40%	6.88%
Scholarships and fellowships	7.13%	8.18%	8.80%	8.65%	8.78%	7.62%
Auxiliary enterprises	3.19%	3.19%	3.33%	3.46%	3.67%	3.56%
Depreciation	5.21%	4.48%	3.58%	3.43%	3.74%	3.31%
Total Operating Expenses	97.89%	98.59%	102.47%	98.73%	99.54%	95.30%
Interest on capital debt	1.48%	1.28%	1.52%	0.64%	0.25%	0.69%
Loss on disposal of capital assets	0.52%	0.05%	0.07%	0.05%	0.05%	0.66%
Accrual for legal expense	0.00%	0.00%	-4.43%	0.57%	0.00%	3.34%
Other non-operating expense	0.11%	0.08%	0.38%	0.01%	0.16%	0.01%
Total Nonoperating Expenses	2.11%	1.41%	-2.47%	1.27%	0.46%	4.70%
Total Expenses	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 2002-2007 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
2006-07	$	36	$	66	$	-	$	-	$	-	$	432	$ 792	9.09%	10.00%
2005-06		33		60		-		-		-		396	720	10.00%	20.00%
2004-05		30		50		-		-		-		360	600	0.00%	0.00%
2003-04		30		50		-		-		-		360	600	15.38%	8.70%
2002-03		26		46		-		-		-		312	552	0.00%	0.00%
2001-02		26		46		-		-		-		312	552	11.03%	5.95%
2000-01		23		43		5		-		-		281	521	0.00%	0.00%
1999-00		21		41		5		10		-		281	521	6.04%	14.51%
1998-99		18		37		5		10		10		265	455	0.00%	0.00%
1997-98		18		37		5		10		10		265	455	5.58%	3.17%

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
2006-07	$	106	$	106	$	-	$	-	$	-	$	1,272	$ 1,272	10.42%	10.42%
2005-06		96		96		-		-		-		1,152	1,152	20.00%	20.00%
2004-05		80		80		-		-		-		960	960	0.00%	0.00%
2003-04		80		80		-		-		-		960	960	5.26%	5.26%
2002-03		76		76		-		-		-		912	912	0.00%	0.00%
2001-02		76		76		-		-		-		912	912	3.52%	3.52%
2000-01		73		73		5		-		-		881	881	0.00%	0.00%
1999-00		71		71		5		10		-		881	881	2.80%	2.80%
1998-99		67		67		5		10		10		857	857	0.00%	0.00%
1997-98		67		67		5		10		10		857	857	1.66%	1.66%

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)**
2006-07	$186,011,811	$33,388,192	$152,623,619	82.05%	$ 0.07780	$ 0.00320	$ 0.08100
2005-06	173,396,321	31,196,654	142,199,667	82.01%	0.07780	0.00380	0.08160
2004-05	164,428,457	29,418,622	135,009,835	82.11%	0.07780	0.00250	0.08030
2003-04	160,837,174	27,825,511	133,011,663	82.70%	0.07780	0.00000	0.07780
2002-03	159,130,757	27,293,383	131,837,374	82.85%	0.06000	0.00000	0.06000
2001-02	150,143,446	22,201,699	127,941,747	85.21%	0.06000	0.00000	0.06000
2000-01	139,771,154	21,729,048	118,042,106	84.45%	0.05000	0.00000	0.05000
1999-00	129,424,544	20,022,309	109,402,235	84.53%	0.05000	0.00000	0.05000
1998-99	117,946,970	17,577,538	100,369,432	85.10%	0.05000	0.00000	0.05000
1997-98	107,875,664	16,040,225	91,835,439	85.13%	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**
2006-07	$ 84,753	42,992	$ 1,971	17,047	8,120	25,167	$ 3.37
2005-06	84,753	41,648	2,035	17,154	7,830	24,984	3.39
2004-05	83,076	42,934	1,935	16,959	8,385	25,344	3.28
2003-04	83,054	42,261	1,965	16,890	8,953	25,843	3.21
2002-03	79,974	41,509	1,927	16,480	9,479	25,959	3.08
2001-02	86,284	40,579	2,126	14,947	10,353	25,300	3.41
2000-01	78,509	35,974	2,182	13,503	9,405	22,908	3.43
1999-00	76,498	34,267	2,232	12,888	8,491	21,379	3.58
1998-99	72,064	32,765	2,199	12,594	8,332	20,926	3.44
1997-98	69,300	31,144	2,225	11,760	7,513	19,273	3.60

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) 2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
ATT/Southwestern Bell/Cingular	Telephone Utility	$ 1,694,723	$ 1,702,249	$ 1,590,414	$ 1,505,448	$ 1,605,116	$ 1,631,836	$ 1,593,285	$ 1,280,131	$ 1,177,566	$ 1,357,967
Raytheon/Texas Instruments	Manufacturing	1,692,476	1,056,013	1,164,396	1,272,884	1,438,159	1,465,722	1,765,643	1,422,511	1,266,827	1,430,912
Texas Utilities	Electric Utility	1,380,524	1,381,599	1,322,938	1,376,066	1,315,833	1,293,507	1,388,807	1,156,027	1,072,126	1,049,026
Crescent Real Estate	Real Estate Development	748,339	773,627	781,402	793,480	869,249	991,604	1,080,569	1,142,586	1,197,750	1,090,132
Southwest Airlines	Airline	600,667	512,039	537,242	476,922	510,029	500,357	565,343	544,714	502,927	466,179
Northpark Land Partners	Real Estate Development	569,402	-	-	-	-	-	-	-	-	-
Verizon/GTE	Telephone Utility	510,897	527,007	549,021	536,833	535,798	762,900	380,788	263,142	263,142	629,763
Wal-Mart	Retail	475,048	485,283	471,872	431,497	326,838	-	-	-	-	-
Galleria Mall Inv LP	Real Estate Development	431,782	-	-	-	-	-	-	-	-	-
YPI Thanksgiving Tower/Central	Real Estate Development	402,989	-	-	-	-	-	-	-	-	-
Teachers Insurance	Insurance	-	368,709	-	-	-	-	-	-	-	-
Trammell Crow/Anatole	Real Estate Development	-	367,490	323,381	324,764	366,411	393,304	361,937	-	-	-
Trizec Renaissance	Real Estate Development	-	366,948	-	-	-	-	-	-	-	-
Post Apartment Homes LP/ Columbus Realty Trust	Real Estate Development	-	-	276,921	-	-	-	390,442	371,127	341,706	304,530
Exxon/Mobil	Oil & Gas Exploration	-	-	262,664	273,239	275,688	-	-	-	-	-
AT&T	Telephone Utility	-	-	-	270,849	-	351,490	-	-	-	-
Metropolitan	Insurance	-	-	-	-	-	289,976	271,943	-	268,136	348,637
MCI	Telephone Utility	-	-	-	-	-	266,498	341,555	322,265	-	-
Vought/Loral/Grumman	Aerospace Manufacturing	-	-	-	-	182,856	-	-	-	237,476	286,650
Dallas Main LP	Real Estate Development	-	-	-	-	-	-	-	277,303	320,187	238,260
IBM Credit Corp.	Finance	-	-	-	-	-	-	-	289,499	-	-
	Totals	**$ 8,506,847**	**$ 7,540,964**	**$ 7,280,251**	**$ 7,261,982**	**$ 7,425,977**	**$ 7,947,194**	**$ 8,140,312**	**$ 7,069,305**	**$ 6,647,843**	**$ 7,202,056**
	Total Taxable Assessed Value	**$ 152,527,408**	**$ 142,199,667**	**$ 135,009,835**	**$ 133,011,663**	**$ 131,837,374**	**$ 127,941,747**	**$ 118,042,106**	**$ 109,402,235**	**$ 100,369,432**	**$ 91,835,439**

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year 2006	2006	2005	2004	2003	2002	2001	2000	1999	1998
ATT/Southwestern Bell/Cingular	Telephone Utility	1.11%	1.20%	1.18%	1.13%	1.22%	1.27%	1.35%	1.17%	1.17%	1.48%
Raytheon/Texas Instruments	Manufacturing	1.11%	0.74%	0.86%	0.96%	1.09%	1.15%	1.50%	1.30%	1.26%	1.56%
Texas Utilities	Electric Utility	0.91%	0.97%	0.98%	1.04%	1.00%	1.01%	1.18%	1.06%	1.07%	1.14%
Crescent Real Estate	Real Estate Development	0.49%	0.54%	0.58%	0.60%	0.66%	0.77%	0.91%	1.04%	1.19%	1.19%
Southwest Airlines	Airline	0.39%	0.36%	0.40%	0.36%	0.38%	0.39%	0.48%	0.50%	0.50%	0.51%
Northpark Land Partners	Real Estate Development	0.37%	-	-	-	-	-	-	-	-	-
Verizon/GTE	Telephone Utility	0.33%	0.37%	0.41%	0.40%	0.40%	0.60%	0.32%	0.24%	0.26%	0.68%
Wal-Mart	Retail	0.31%	0.34%	0.35%	0.32%	0.25%	-	-	-	-	-
Galleria Mall Inv LP	Real Estate Development	0.28%	-	-	-	-	-	-	-	-	-
YPI Thanksgiving Tower/Central	Real Estate Development	0.26%	-	-	-	-	-	-	-	-	-
Teachers Insurance	Insurance	-	0.26%	-	-	-	-	-	-	-	-
Trammell Crow/Anatole	Real Estate Development	-	0.26%	0.24%	0.24%	0.28%	0.31%	0.31%	-	-	-
Trizec Renaissance	Real Estate Development	-	0.26%	-	-	-	-	-	-	-	-
Post Apartment Homes LP/ Columbus Realty Trust	Real Estate Development	-	-	0.20%	-	-	-	0.33%	0.34%	0.34%	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%	-	0.27%	0.38%
MCI	Telephone Utility	-	-	-	-	-	0.21%	0.29%	0.29%	-	-
Vought/Loral/Grumman	Aerospace Manufacturing	-	-	-	-	0.14%	-	-	-	0.24%	0.31%
Dallas Main LP	Real Estate Development	-	-	-	-	-	-	-	0.25%	0.32%	0.26%
IBM Credit Corp.	Finance	-	-	-	-	-	-	-	0.27%	-	-
	Totals	**5.58%**	**5.30%**	**5.39%**	**5.46%**	**5.63%**	**6.21%**	**6.90%**	**6.46%**	**6.62%**	**7.84%**

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
2007	$ 123,162	$ 667	$ 123,829	$ 121,356	98.00%	$ -	$ -	$ 121,356	98.00%
2006	114,957	865	115,822	113,740	98.20%	-	1,081	114,821	99.14%
2005	107,927	125	108,052	106,249	98.33%	938	195	107,382	99.38%
2004	103,074	(333)	102,741	100,788	98.10%	1,220	119	102,127	99.40%
2003	79,860	(1,151)	78,709	77,110	97.97%	1,097	70	78,277	99.45%
2002	76,722	(372)	76,350	75,018	98.26%	985	53	76,056	99.61%
2001	58,701	91	58,792	57,858	98.41%	666	23	58,547	99.58%
2000	54,679	(158)	54,521	53,740	98.57%	618	11	54,369	99.72%
1999	50,166	*	50,166	*	0.00%	*	*	*	0.00%
1998	45,877	*	45,877	*	0.00%	*	*	*	0.00%

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

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

	For the Year Ended August 31 (amounts expressed in thousands)									
	2007	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**
General Bonded Debt										
General obligation bonds	$ 63,035	$ 65,250	$ 67,375	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	$ 63,035	$ 65,250	$ 67,375	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Debt										
Revenue bonds	$ 40,660	$ 45,795	$ 49,975	$ 53,955	$ 57,755	$ 61,390	$ 63,860	$ 25,920	$ 29,025	$ 31,995
Tax notes	30,450	35,130	39,560	43,125	9,850	-	-	-	-	-
Notes	252	445	630	806	975	1,137	-	-	-	-
Total outstanding debt	$ 134,397	$ 146,620	$ 157,540	$ 97,886	$ 68,580	$ 62,527	$ 63,860	$ 25,920	$ 29,025	$ 31,995
General Bonded Debt Ratios										
Per Capita	$ 26.69	$ 27.38	$ 29.22	-	-	-	-	-	-	-
Per FTSE	1,466	1,567	1,569	-	-	-	-	-	-	-
As a percentage of Taxable Assessed Value	0.04%	0.05%	0.05%	-	-	-	-	-	-	-
Total Outstanding Debt Ratios										
Per Capita	$ 56.92	$ 61.53	$ 68.33	$ 42.72	$ 30.06	$ 27.51	$ 28.23	$ 11.65	$ 13.21	$ 14.79
Per FTSE	3,126	3,520	3,669	2,316	1,652	1,541	1,775	756	976	1,027
As a percentage of Taxable Assessed Value	0.09%	0.10%	0.12%	0.07%	0.05%	0.05%	0.05%	0.02%	0.03%	0.03%

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

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

	For the Year Ended August 31 (amounts expressed in thousands)									
	2007	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**
Taxable Assessed Value	$ 152,623,619	$ 142,199,667	$ 135,009,835	$ 133,011,663	$ 131,837,374	$ 127,941,747	$ 118,042,106	$ 109,402,235	$ 100,369,432	$ 91,835,439
General Bonded Debt										
Statutory Tax Levy Limit for Debt Service	$ 762,637	$ 710,998	$ 675,049	$ 665,058	$ 659,187	$ 639,709	$ 590,211	$ 547,011	$ 501,847	$ 459,177
Less: Funds Restricted for Payment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	762,637	710,998	675,049	665,058	659,187	639,709	590,211	547,011	501,847	459,177
Current Year Debt Service Requirements	5,304	5,301	3,208	-	-	-	-	-	-	-
Excess of Statutory Limit for Debt Service over Current Requirements	$ 757,333	$ 705,697	$ 671,841	$ 665,058	$ 659,187	$ 639,709	$ 590,211	$ 547,011	$ 501,847	$ 459,177
Net Current Requirements as a % of Statutory Limit	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
2007	$ 14,765	$ -	$ 880	$ 1,935	$ 575	$ 400	$ 6,967	$ 25,522	$ 3,360	$ 2,182	$ 5,542	4.61
2006	15,033	-	661	1,689	544	400	5,429	23,756	4,180	2,328	6,508	3.65
2005	14,899	-	662	1,502	602	400	4,104	22,169	3,980	2,417	6,397	3.47
2004	15,091	-	801	1,568	634	400	3,809	22,303	3,800	2,487	6,287	3.55
2003	15,044	-	553	1,492	620	400	4,729	22,838	3,635	2,613	6,248	3.66
2002	15,483	-	466	1,339	547	400	4,919	23,154	2,470	3,809	6,279	3.69
2001	16,551	1,489	1,144	1,229	614	400	5,698	27,125	2,060	1,112	3,172	8.55
2000	14,268	2,274	988	1,201	509	400	5,178	24,818	3,105	1,097	4,202	5.91
1999	1,615	3,437	959	1,170	569	400	4,338	12,488	2,970	1,197	4,167	3.00
1998	1,360	3,147	577	913	648	400	5,331	12,376	2,435	1,770	4,205	2.94

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
2007	2,361,354	*	*	4.3%
2006	2,345,815	*	*	5.5%
2005	2,305,454	93,073,435	40,317	5.6%
2004	2,291,071	88,336,598	38,563	6.7%
2003	2,281,411	84,278,228	36,927	7.8%
2002	2,273,205	82,983,080	36,452	7.7%
2001	2,262,154	82,271,558	36,335	6.1%
2000	2,218,899	80,217,322	36,037	4.2%
1999	2,197,658	71,648,038	32,602	*
1998	2,163,082	68,574,854	31,702	*

Source: Population from U. S. Bureau of the Census
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 2007
(Unaudited)

Employer	Number of Employees 2006	2005	2004	Percentage of Total Employment 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	n/a	n/a	0.39%
Total	177,058	-	167,433	6.19%	n/a	5.81%

Source:
Greater Dallas Chamber of Commerce
*Information not available

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
Fiscal Years 1999 to 2006
(unaudited)

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

Note:
Due to a change in computer accounting software, only fiscal years 1999-2007 are available.

Source: District Business Affairs

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

	Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Student Classification	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	26,204	44.36%	25,814	44.19%	20,924	36.79%	24,076	42.44%	30,289	53.90%
31-60 hours	21,352	36.14%	21,333	36.51%	22,886	40.24%	21,182	37.34%	17,047	30.33%
>60 hours	11,521	19.50%	11,274	19.30%	13,063	22.97%	11,468	20.22%	8,865	15.77%
Total	59,077	100.01%	58,421	100.00%	56,873	100.00%	56,726	100.00%	56,201	100.00%

	Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Semester Hour Load	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	1,619	2.74%	1,765	3.02%	1,439	2.53%	1,490	2.63%	1,538	2.74%
3-5 semester hours	14,692	24.87%	17,863	30.58%	16,968	29.84%	17,281	30.46%	16,504	29.36%
6-8 semester hours	14,208	24.05%	13,867	23.74%	13,049	22.94%	12,986	22.89%	13,155	23.41%
9-11 semester hours	9,783	16.56%	9,471	16.21%	9,597	16.87%	9,313	16.42%	9,166	16.31%
12-14 semester hours	15,000	25.39%	13,103	22.43%	13,122	23.07%	13,040	22.99%	13,086	23.28%
15-17 semester hours	3,060	5.18%	2,180	3.73%	2,496	4.39%	2,410	4.25%	2,512	4.47%
18 and over	715	1.21%	172	0.29%	202	0.36%	206	0.36%	240	0.43%
Total	59,077	100.00%	58,421	100.00%	56,873	100.00%	56,726	100.00%	56,201	100.00%
Average course load	7.7		7.7		7.8		7.8		7.9	

	Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Tuition Status	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-district)	47,516	80.43%	47,784	81.79%	46,496	81.76%	46,159	81.37%	45,737	81.38%
Texas Resident (out-of-district)	7,743	13.11%	7,516	12.87%	7,253	12.75%	7,340	12.94%	6,695	11.91%
Non-Resident Tuition	3,818	6.46%	3,121	5.34%	3,124	5.49%	3,227	5.69%	3,769	6.71%
Total	59,077	100.00%	58,421	100.00%	56,873	100.00%	56,726	100.00%	56,201	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 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	41,004	55.23%	40,607	56.79%	39,555	55.62%	42,045	55.99%	40,837	54.19%
Male	33,238	44.77%	30,898	43.21%	31,567	44.38%	33,054	44.01%	34,517	45.81%
Total	74,242	100.00%	71,505	100.00%	71,122	100.00%	75,099	100.00%	75,354	100.00%

	Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	26,924	36.27%	26,896	37.61%	27,528	38.71%	29,400	39.15%	29,875	39.65%
Hispanic	19,556	26.34%	17,770	24.85%	16,900	23.76%	17,731	23.61%	18,615	24.69%
African American	15,962	21.50%	15,528	21.72%	14,967	21.04%	15,125	20.14%	14,286	18.96%
Asian	5,180	6.98%	5,179	7.24%	5,020	7.06%	5,573	7.42%	5,577	7.40%
Foreign	3,229	4.35%	2,647	3.70%	2,889	4.06%	3,024	4.03%	3,493	4.64%
Native American	345	0.46%	592	0.83%	473	0.67%	796	1.06%	834	1.11%
Other	3,046	4.10%	2,893	4.05%	3,345	4.70%	3,450	4.59%	2,674	3.55%
Total	74,242	100.00%	71,505	100.00%	71,122	100.00%	75,099	100.00%	75,354	100.00%

	Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	3,559	4.79%	2,356	3.29%	1,881	2.64%	2,165	2.88%	3,055	4.05%
18-21	23,286	31.37%	23,410	32.74%	22,571	31.74%	22,607	30.10%	22,445	29.79%
22-24	10,119	13.63%	10,364	14.49%	10,100	14.20%	10,745	14.31%	10,272	13.63%
25-30	12,773	17.21%	12,553	17.56%	12,623	17.75%	13,694	18.24%	13,628	18.09%
31-35	7,361	9.91%	6,953	9.72%	7,263	10.21%	7,723	10.28%	7,837	10.40%
36-50	12,397	16.70%	11,588	16.21%	12,269	17.25%	13,570	18.07%	13,532	17.96%
51 and over	4,747	6.39%	4,281	5.99%	4,415	6.21%	4,595	6.12%	4,585	6.08%
Total	74,242	100.00%	71,505	100.00%	71,122	100.00%	75,099	100.00%	75,354	100.00%
Average Age	28		28		28		28		28	

Source: District Business Affairs

Dallas County Community College District
Statistical Supplement 17
Transfers to Senior Institutions
2004 Fall Students as of Fall 2005
(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	1324	663	28	2,015	20.68%
2	University of Texas - Dallas	1311	636	12	1,959	20.11%
3	University of Texas - Arlington	621	355	19	995	10.21%
4	Texas A&M University - College Station	576	196	0	772	7.92%
5	Texas Woman's University	513	309	9	831	8.53%
6	University of Texas - Austin	497	205	0	702	7.21%
7	Texas A&M University - Commerce	377	180	5	562	5.77%
8	Texas Tech University	362	113	0	475	4.88%
9	Texas State University	157	59	0	216	2.22%
10	Stephen F. Austin State University	145	43	0	188	1.93%
11	University of Houston - University Park	93	39	0	132	1.35%
12	Midwestern State University	87	42	1	130	1.33%
13	Prairie View A&M University	74	40	2	116	1.19%
14	Texas Southern University	56	43	0	99	1.02%
15	Sam Houston State University	48	20	0	68	0.70%
16	Tarleton State University	47	33	1	81	0.83%
17	University of Texas - Tyler	41	17	0	58	0.60%
18	University of Texas Southwestern Medical Center - Dallas	37	24	1	62	0.64%
19	Lamar University Institute of Technology	24	6	0	30	0.31%
20	University of Texas - San Antonio	22	9	0	31	0.32%
21	Texas A&M University - Corpus Christi	21	10	0	31	0.32%
22	Texas Tech University Health Science Center	20	11	0	31	0.32%
23	Texas A&M University System Health Science Center	19	8	0	27	0.28%
24	Texas A&M University - Galveston	11	5	0	16	0.16%
25	West Texas A&M University	10	5	0	15	0.15%
26	University of Texas Health Science Center - San Antonio	10	0	0	10	0.10%
27	Angelo State University	9	4	0	13	0.13%
28	University of Texas Medical Branch Galveston	9	9	0	18	0.18%
29	University of Texas - Pan American	8	0	0	8	0.08%
30	Sul Ross State University	7	1	0	8	0.08%
31	University of Houston - Downtown	7	1	0	8	0.08%
32	University of Texas - El Paso	7	1	0	8	0.08%
33	Texas A&M University -Texarkana	6	1	0	7	0.07%
34	Texas A&M University - Kingsville	4	0	0	4	0.04%
35	University of Texas - Permian Basin	3	2	0	5	0.05%
36	University of North Texas Health Science Center - Forth Worth	2	2	0	4	0.04%
37	University of Texas Health Science Center - Houston	1	1	0	2	0.02%
38	Texas A&M International University	1	0	0	1	0.01%
39	University of Houston - Clear Lake	1	0	0	1	0.01%
40	University of Houston - Victoria	1	0	0	1	0.01%
41	University of Texas - Brownsville	1	0	0	1	0.01%
42	Baylor College of Medicine	1	1	0	2	0.02%
	Totals	**6,571**	**3,094**	**78**	**9,743**	**100.00%**

Source: THECB "Students Pursuing Additional Education" report for Academic Year 2004-05

Dallas County Community College District
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2004 to 2006
(unaudited)

	Fiscal Year			
	2007	2006	2005	2004
Academic buildings	67	67	67	65
Square footage	2,918,794	2,918,794	2,918,794	2,780,423
Libraries	2	2	2	2
Square footage	222,765	222,765	222,765	222,765
Number of volumes	446,346	529,952	504,977	428,815
Administrative and support buildings	7	7	7	7
Square footage	242,832	242,832	242,832	242,832
Dining Facilities	-	-	-	-
Square footage	60,069	60,069	60,069	60,069
Athletic Facilities	6	6	6	6
Square footage	177,050	177,050	177,050	177,050
Athletic fields	42	42	42	42
Gymnasiums	8	8	8	8
Fitness centers	10	10	10	10
Tennis courts	36	36	36	36
Plant facilities	3	3	3	3
Square footage	81,332	81,332	81,332	81,332
Transportation				
Cars	21	24	23	22
Light trucks/vans	76	80	75	70
Buses	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, 2007

TABLE OF CONTENTS

Grant Thornton

Accountants and Business Advisors

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

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, 2007, and have issued our report thereon dated December 11, 2007. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally acceptable accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2007-1 to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

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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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2007-2 and 2007-3.

We noted certain matters that we have reported to management of the District in a separate letter dated December 11, 2007.

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

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

GRANT THORNTON LLP

Dallas, Texas
December 11, 2007

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

The Board of Trustees
Dallas County Community College District

Compliance

We have audited the compliance of Dallas County Community College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended August 31, 2007. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal and state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended August 31, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying schedule of findings and questioned costs as items 2007-2 and 2007-3.

Internal Control Over Compliance

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

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Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-2 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

The District's response to the findings 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.

GRANT THORNTON LLP

Dallas, Texas
December 11, 2007

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2007

Federal Grantor/Pass-Through Grantor Program Name	CFDA	Grant #		Expenditures
U.S. DEPARTMENT OF EDUCATION				
Direct Programs:				
Supplemental Educational Opportunity Grant	84.007A (1)			$ 856,065
Strengthening Institutions - Title III	84.031A			464,935
Strengthening Institutions - Title V	84.031S			1,965,875
College Work Study Program	84.033A (1)		860,421	
Job Locator Development	84.033A (1)		42,385	902,806
TRIO	84.042A (2)			1,874,194
Talent Search	84.044A (2)			220,437
Upward Bound	84.047A (2)			1,245,836
PELL	84.063P (1)			29,925,543
Academic Competiveness Grant	84.375A (1)			140,113
FIPSE	84.116B			62,356
Fulbright-Hays Group Projects Abroad Program	84.021A			36,957
Child Care Access	84.335A			74,584
Total Direct from U. S. Department of Education				37,769,702
Pass-Through From:				
Texas Higher Education Coordinating Board				
Carl Perkins Vocational Education	84.048			2,579,961
Leveraging Educational Assistance Partnership	84.069A		48,946	
Special Leveraging Educational Assistance Partnership	84.069B		75,631	124,577
TECH PREP	84.243			724,988
Total Pass-Through From Texas Higher Education Coordinating Board				3,429,527
Pass-Through From:				
DelMar College-State Leadership Consortium	84.048			10,984
DelMar College-Texas Collaborative for Teaching Excellence	84.048			398
Total Pass Through From DelMar College				11,381
Pass-Through From:				
Houston Community College-Vocational Education	84.048			36,591
SW Texas Jr. College-Texas State Leadership Advisory Council	84.048			4,206
Stephen F. Austin State University				
Articulated Internet Teacher Education Program for Multilingual Elementary Classrooms	84.116			935
Pass-Through From:				
Intercultural Development Research Association	84.350	405-T-Texas-6 or T-TExAS		6,000
Pass-Through From:				
Texas Education Agency				
Charter School Startup	84.282			285,487
TOTAL U.S. DEPARTMENT OF EDUCATION				$ 41,543,829

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

See notes to Schedules of Expenditures of Federal and State Awards

(Continued)

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT — SCHEDULE E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2007

Federal Grantor/Pass-Through Grantor Program Name	CFDA	Grant #		Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through From:				
Texas Health and Human Services Commission				
Child and Adult Food Program	10.558	UCN75N3055		$ 13,338
TOTAL U.S. DEPARTMENT OF AGRICULTURE				**13,338**
U. S. DEPARTMENT OF COMMERCE				
Direct Programs:				
Malcolm Baldridge Nat'l Quality Award Outreach Activit	11.609	60NANB6D6008		14,759
TOTAL U.S. DEPARTMENT OF COMMERCE				**14,759**
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
COPS	16.710	2003UMWX0140		9,365
TOTAL U.S. DEPARTMENT OF JUSTICE				**9,365**
U.S. DEPARTMENT OF LABOR				
Direct Programs:				
Automotive Technologies	17.261	AF-14573-05-60	166,128	
Rock On	17.261	YF-14843-05-60	558,811	724,939
Total Direct from U. S. Department of Labor				724,939
Pass-Through From:				
Dallas County Local Workforce Development Board				
Unified Youth Services (06-07)	17.259	328-Out of School-6	1,210,637	
Unified Youth Services (07-08)	17.259	328-Out of School-7	33,800	
Statewide Activity Program	17.259	615-Statewide Local Activity-6	683,611	
Statewide Activity Program -Diab, Inc	17.259	305-Statewide Local Activity-6	41,633	
Statewide Activity Program	17.259	625-Statewide Local Activity-6	356,082	
First Generation	17.259	1--First Generation College Student-5	87,993	2,413,756
H1B Technical Skills Training Program	17.261	2003-H-1B-367		29,779
Total Pass Through From DCLWDB				2,443,535
Texas Higher Education Coordinating Board				
First Generation College Students Grants Program	17.267			32,115
TOTAL U.S. DEPARTMENT OF LABOR				**$ 3,200,589**

See notes to Schedules of Expenditures of Federal and State Awards

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2007

Federal Grantor/Pass-Through Grantor Program Name	CFDA	Grant #		Expenditures
NATIONAL SCIENCE FOUNDATION				
Direct Programs:				
Computer Science, Engineering and Mathematics Scholarship Program	47.076	0422381	19,518	
Computer Science, Engineering and Mathematics Scholarship Program	47.076	0422445	19,073	
Computer Science, Engineering and Mathematics Scholarship Program	47.076	0220854	414	
Broadening Access for Science, Technology, Engineering & Math	47.076	0525536	381,856	
Total Direct from the National Science Foundation				420,861
Pass-Through From:				
Collin County Community College				
North Dallas Texas Regional Technologies Center	47.076	202408		30,358
The University of Tulsa				
Oklahoma Center for Information Assurance and Forensics Ed	47.076	14-2-1203284-94827		21,270
TOTAL NATIONAL SCIENCE FOUNDATION				472,489
SMALL BUSINESS ADMINISTRATION				
Direct Programs:				
Small Business Development Center:	59.037		2,069,812	
Drug Free Workplace	59.037		82,019	2,151,831
TOTAL SMALL BUSINESS ADMINISTRATION				2,151,831
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES				
Direct Programs:				
Head Start Program	93.600	90YP0018/01 & 03		118,412
Total Direct from U.S. Department of Health & Human Services				118,412
Pass-Through From:				
University of Texas, at Austin				
Substance Abuse & Mental Health	93.000	U-UTA02-161		15,697
Texas Workforce Commission				
Self Sufficiency Fund-Trucking Consortium Training	93.558	06/07SSF000		306,500
Total Texas Workforce Commission:				306,500
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES				440,609
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$47,846,809**

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

Dallas County Community College District **SCHEDULE F**
Schedule of Expenditures Of State Awards
Period Ending August, 31 2007

State Agency/ Program Name	Grant #		Expenditures
Texas Higher Education Coordinating Board			
Texas Public Education Grant		$	4,313,069
Texas Grant Program			730,024
Texas Education Opportunity Grant			36,676
Texas College Work Study			148,489
Nursing Scholarship			29,316
Nursing Innovation Program			106,520
Starlink State			212,675
College for All Texans - G Force			78,966
Developmental Education Summer Bridge Program			35,234
Texas Course Redesign Project (TCRP)			124,997
Total Texas Higher Education Coordinating Board			**5,815,966**
North Central Texas Council of Governments			
Southern Champion Tray	FY07-NCTEDF-12		**50,844**
University of Texas at San Antonio:			
TexPrep Program			**4,726**
Texas Workforce Commission			
Skills Development Funds			
Jefferson Group PA	0606SDF000		380,250
Texwood Industries	0606SDF001		94,535
Source, Inc.	0607SDF000		154,663
Solar Turbine, Inc.	0407SDF001		188,450
Total Texas Workforce Commission:			**817,898**
TOTAL EXPENDITURES OF STATE AWARDS		**$**	**6,689,433**

See notes to Schedules of Expenditures of Federal and State Awards

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
AUGUST 31, 2007

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, 2007. 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, 2006, as follows:

	Federal	State
Total revenues per Schedule A	$ 47,338,437	$ 2,461,176
Texas public education grants - reconciling item	-	3,366,115
Fall tuition-related grants deferred to next fiscal year	508,372	862,142
Total Expenditures for Federal/State Awards	$ 47,846,809	$ 6,689,433

4. AMOUNTS PASSED THROUGH TO OTHERS

Amounts Passed Through by the District - Federal:

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

Collin County Community College	$ 76,712
Grayson Community College	43,872
Kilgore College	74,145
McLennan Community College	112,777
Navarro College	45,564
North Central Texas College	78,991
Northeast Texas Community College	54,698
Paris Junior College	89,862
Tarrant County Junior College	127,106
Trinity Valley Community College	55,030
Tyler Junior College	55,731
University of Texas at Arlington Enterprise Excellence	80,907
Total Amount Passed Through	$ 895,395

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	$ 156,765
Tarrant County Junior College	195,711
Total Amount Passed Through	$ 352,476

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	$ 52,930
Grayson Community College	41,594
Kilgore College	102,947
McLennan Community College	65,395
Navarro College	40,609
North Central Texas College	72,781
Northeast Texas Community College	56,640
Paris Junior College	34,342
Tarrant County Junior College	65,714
Trinity Valley Community College	79,402
Tyler Junior College	76,379
University of Texas - Arlington	5,248
Total Amount Passed Through	$ 693,981

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

Federal Grantor CFDA Number/Program Name	New Loans Processed	Administrative Cost Recovered	Total Loans Processed and Administrative Cost Recovered
Department of Education -			
84.032 Federal Family Education Loan (Clustered Student Financial Aid Program)	$ 12,144,059	$ -	$ 12,144,059
Total Department of Education	$ 12,144,059	$ -	$ 12,144,059

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, 2007

Part I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal and State Awards

Internal control over major programs:	
Material weakness identified?	No
Significant deficiencies identified that 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 OMB Circular A-133?	Yes

Dallas County Community College District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year ended August 31, 2007

Identification of Major Programs:

Federal CFDA Numbers/ State Identifying Number	Name of Federal and State Program or Cluster
Major Federal Program:	
84.007, 84.032, 84.033, 84.063, 84.375	U.S. Department of Education - Student Financial Aid Cluster
Major State Program:	
n/a	Texas Public Education Grant

Dollar threshold used to distinguish between type A and type B programs	
Federal	$1,435,404
State	$ 300,000
Auditee qualified as low-risk auditee?	No

Part II - Financial Statement Findings

Finding 2007-1

Type:	Significant deficiency
Criteria:	Assets which are capitalized as construction-in-progress (CIP) must be transferred to a depreciable capital asset category when they are ready to be used for their intended purpose.
Condition:	Multiple assets recorded in CIP were ready for their intended use in fiscal 2006 or before. They were not transferred into a depreciable capital asset category at that time. Thus, depreciation was not recorded and interest continued to be capitalized related to those assets.
Effect:	The 2007 financial statements were misstated, though not materially, due to catching up depreciation expense and reversing interest capitalization from prior years.
Recommendation:	We recommend that a formal review process be implemented across the campuses to accurately record the completion dates of CIP. This will aid in the financial reporting process and increase the accuracy for recording and tracking of assets.
Management Response:	Management agrees with the findings. The District Comptroller and the Associate Vice Chancellor of Business Affairs will conduct a thorough review of the CIP process to ensure that projects are properly reclassified after completion and implement any changes prior to August 31, 2008.

Part III - Federal and State Award Findings and Questioned Costs

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

Finding 2007-2

Type:	Significant deficiency related to compliance
Program:	Student Financial Aid Cluster
CFDA:	84.007, 84.032, 84.033, 84.063, 84.375
Criteria:	Students who are granted appeals after not meeting the Satisfactory Academic Progress (SAP) requirement must have their academic progress reviewed within a year from the appeal to re-qualify for aid. The District's automated system does not flag students who have had an appeal. Most students have their SAP re-evaluated with the next annual SAP calculation, but students who received an appeal but did not attend classes during the year do not have the calculation performed.
Condition:	Sixty students were tested who received aid in the 2006-2007 academic year but their last SAP status check was an appeal granted prior to 2006. Six of the sixty students did not have their files reviewed outside of the system check for the 2006-2007 year.
Effect:	Students were awarded aid without meeting SAP and without having their appeals reviewed timely.
Recommendation:	We recommend that the District revise its automatic SAP calculation to put students on financial aid suspension if after a year on probation, they still do not meet SAP. If this is done properly, manual review of student files will not be necessary.

Finding 2007-3

Type:	Noncompliance
Program:	Federal Family Education Loans
CFDA:	84.032
Criteria:	The District must report student status to National Student Clearinghouse (NSCH) three times per long semester and one time per summer semester. NSCH then reports the student status to the National Student Loan Data System (NSLDS). This information is used to determine when students must begin repayment of loans.
Condition:	The District's query that feeds into the report given to NSCH does not currently function correctly in that flex term classes are not included in determining the enrollment status of students. Flex term classes are those that do not follow a traditional calendar. For one student out of thirty tested, the enrollment status reported to the NSCH was incorrect because it did not include the student's flex term class.
Effect:	For students whose flex term classes make a difference between enrollment status levels, their enrollment status is being reported incorrectly.
Recommendation:	We recommend that the District adjust the query to include flex term hours in the spring student status calculation.

Part IV - Corrective Action Plan (Unaudited)

Finding 2007-2

Current programming for the SAP calculation was not picking up students who appealed and were allowed to be on probation but did not attend during the financial aid year for which the probationary status was granted. As a result the student appeared to still be on probation at the next attendance. To resolve this, the District Director of Financial Aid and General Accounting, the District Director of Financial Aid and the IT Project Manager over Financial Aid will work together to create the appropriate specifications, programming and coding to implement a corrected SAP calculation process for the next SAP calculation period at the end of the Spring 2008 semester.

Finding 2007-3

The program was not picking up the flex entry classes for which students registered after the semester lock-in date but did pick up flex classes registered for prior to the lock-in date. Programming will be corrected for the Spring semester through the District Director of Financial Aid and General Accounting and IT Project Manager over Financial Aid working together to ensure that all flex classes are appropriately included for reporting to the NSCH.

Part V - Summary of Prior Audit Findings

The results of our procedures disclosed the following federal award findings to be reported for the year ending August 31, 2006.

Finding 2006-1

Program:	Student Financial Assistance Cluster
CFDA:	84.032
Criteria:	When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs within 30 days.
Condition:	For three students out of thirty judgmentally selected for testing, we noted that the District calculated the proper refund. However, the refunds were not returned timely to the Federal Family Education Loans (FFEL) lender.
Effect:	The District is retaining funds that are required to be returned to the lender.
Recommendations:	We recommend that the District implement procedures to ensure the check request process for FFEL returns is completed within the required timeframe.
Corrective Action Plan:	In Fall 2006, the District established a centralized dedicated three staff member department under the direction of the District Director of Financial Aid and General Accounting to identify potentially affected students requiring a Return of Title IV Fund calculation. This new centralized processing department will be responsible for processing the return of funds computations and assuring the timely return of all required Title IV funds determined needing to be returned to the appropriate Title IV fund or lender.
Current Year Status:	The centralized Return of Funds process is in place.

Management Status:	In Fall 2006, a newly established, centralized department began operations to calculate and process return of Title IV funds. The three member staff, under the direction of the District Director of Financial Aid and General Accounting, has as their primary duty the timely review and return of funds to the Department of Education or lenders, as appropriate.

Finding 2006-2

Program:	Student Financial Assistance Cluster
CFDA:	84.032
Criteria:	When Federal Family Education Loan (FFEL) funds are received by electronic funds transfer (EFT) from the lender, they must be disbursed to the student's account within three business days. If they are not, they must be returned to the lender within 10 business days.
Condition:	Nine students out of thirty judgmentally selected for testing received FFEL disbursements. For one student out of the nine, the funds were neither disbursed nor returned within the required timeframes.
Effect:	The District is retaining funds that are required to be returned to the lender.
Recommendations:	We recommend that the District implement a process to ensure that funds not disbursed timely are returned.
Corrective Action Plan:	By February 2007, the District Director of Financial Aid and the District Director of Financial Aid and General Accounting will direct a review of the District's processes for returning Federal Family Education Loan (FFEL) funds back to the lender within the required time limit.
Current Year Status:	Upon further review, it was determined that the District was actually in compliance for the student in question. The District was awaiting verification documents and disbursed within the allowed timeframe in this situation.

Management Status:	Not withstanding the status of the finding, discussions about the loan process and the need for timely loan processing have occurred at several council meetings of the college financial aid directors, the District Director of Financial Aid and the District Director of Financial Aid and General Accounting over the past year, including those of January 12, 2007 and March 9, 2007. The March 9 discussion included providing a handout outlining the loan application process. Additionally, training for college directors and their personnel who process loans was provided by the central office on March 1, 2006. Also the District Financial Aid Coordinator was assigned to monitor college loan processing activity through an online system so college financial aid personnel can be reminded, as needed, of the importance of timely loan processing.

Finding 2006-3

Program:	Student Financial Assistance Cluster
CFDA:	84.032
Criteria:	When a recipient of Title IV loan assistance withdraws or falls below half time enrollment, the institution is required to notify the National Student Loan Data System (NSLDS) within 30 days, unless the institution intends to submit its next roster file within 60 days.
Condition:	Due to an error in programming logic, two out of seven roster files submitted during the year reported students' statuses as of an incorrect date.
Effect:	NSLDS was not properly updated.
Recommendations:	We recommend that the District more fully test updates to its student information system before implementation.

Corrective Action Plan:	The processing error has been identified and the most current enrollment level records for financial aid students have been forwarded to the Clearinghouse system to be distributed to the National Student Loan Data System. By February 2007, a new staff person in District Information Technology will be designated to assist in testing software updates as part of a partial centralization plan for financial aid processing. In addition, the testing parameters for system updates have been enhanced in order to prevent future problems with the student information system.
Current Year Status:	The programming error was corrected.
Management Status:	The specific programming flaw cited in this finding was identified and corrected. A new staff person, one of whose primary duties is to assist with testing parameters for financial aid system updates, was hired in the District Information Technology Department. The expectation from this hire is to eliminate potential problems with future programming implementations by more extensive testing.

Finding 2006-4

Program:	TRIO Cluster
CFDA:	84.042
Criteria:	Of the students served by a TRIO Student Support Services program, at least two-thirds must be either low-income individuals who are first generation college students or disabled. No less than one-third of disabled students served must also be low-income individuals.
Condition:	One out of seven Student Support Services programs did not meet the earmarking criteria for the 2004-2005 program year.
Effect:	Grant funds were used to provide services to students outside of required demographic percentages.
Recommendations:	We recommend that the District review its procedures for ensuring compliance with earmarking requirements.

Corrective Action Plan:	The District Grants Management and Compliance Department conducts quarterly USDE TRIO Network meetings with all TRIO Grant Managers and Program Officers, where program compliance issues are addressed. At a quarterly USDE TRIO Network meeting in the fiscal year 2006-2007, the District Grants Management and Compliance Specialist will provide training in meeting earmarking requirements regarding students participating in TRIO projects.
Current Year Status:	The training was provided as planned.
Management Status:	At a March 20, 2007 TRIO training program with grant managers and program officers, the District Grants Management and Compliance Specialist provided refresher training on meeting earmarking requirements for the TRIO program. Each TRIO program director in attendance was issued a 3-ring binder of materials complementing information provided in the training. Those not in attendance were sent a binder through the mail.