



Dallas County Community College District

Office of Institutional Research & Planning

Table of Contents

Goal V – Business and Fiscal Affairs

Board of Trustees' Strategic Plan 2005-2008

Executive Summary		2
<i>Objective A – Accountability and Reporting</i>		
Measure 1	External Audit Results	4
Measure 2	Internal Audit Results, including Control Self-Assessment	5
Measure 3	Ad Valorem Tax Summary	6
Measure 4	Bond Program Report on Projects (*Mentioned in Executive Summary only)	*
<i>Objective B – Financial Planning</i>		
Measure 1	State Appropriations Compared to Expenditures	7
Measure 2	Funding for College Operations	8
Measure 3	Tuition Comparisons	10
Glossary of Terms		11



Dallas County Community College District
Office of Institutional Research & Planning
Executive Summary
 Goal V – Business and Fiscal Affairs
 Board of Trustees' Strategic Plan 2005-2008

Goal V – Business and Fiscal Affairs

We maintain the public's trust by being fiscally responsible and accountable at all times.

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Objective A - Accountability and Reporting

Ensure that the public is regularly informed of our fiscal health and stability.

Measures and Results:

1. External audit results
 - a. The District continues to earn positive annual financial statement reviews.

2. Internal audit results, including control self assessment
 - a. The District continues to promote an active and planned internal audit cycle, reporting on a periodic basis to the Board Audit Committee.
 - b. The Control Self Assessment continues to provide important information about employee understanding and training needed to maintain good internal controls.

3. Ad valorem tax summary
 - a. The District continues to benefit from a growing Dallas County tax base, while maintaining a low total tax rate.

4. Bond program report on projects
 - a. In the passage of a \$450 million bond program in 2004, a major real estate purchase and building campaign was begun. The Board receives detailed monthly update on the progress.

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Objective B – Financial Planning

Refine and implement a comprehensive fiscal plan to support our strategic directions.

Measures and Results:

1. State appropriations compared to expenditures
 - a. The District continues to accrue more than \$84 million in state appropriations, while balancing increased costs necessary to deliver quality instruction. The legislative outlook for the 2007 biennium seems positive for some increased revenue but the final result will be known only after the close of legislature in May 2007.

2. Funding for college operations
 - a. The budget allocation continues to provide a basis for the division of funds and annual budget planning.
 - b. A strategic review is now on-going to ensure that this tool continues to provide fair and reasonable funding distribution to all DCCCD entities.

3. Tuition comparisons
 - a. The District continues to maintain a low cost comparable to Collin County Community College District.
 - b. The District continues to be significantly lower in cost than Tarrant County Community College tuition pricing.

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## Objective A – Accountability and Reporting

### Measure 1 – External Audit Results

| <b>ANNUAL FINANCIAL STATEMENT REVIEW</b> |                                |                              |                             |
|------------------------------------------|--------------------------------|------------------------------|-----------------------------|
| <b>FYE<br/>08/31</b>                     | <b>Audit<br/>Performed by:</b> | <b>Qualified<br/>Opinion</b> | <b>Exception<br/>Letter</b> |
| 2006                                     | Grant Thornton                 | No                           | No                          |
| 2005                                     | Grant Thornton                 | No                           | No                          |
| 2004                                     | Deloitte & Touche              | No                           | No                          |
| 2003                                     | Deloitte & Touche              | No                           | No                          |
| 2002                                     | Deloitte & Touche              | No                           | No                          |
| 2001                                     | Deloitte & Touche              | No                           | No                          |
| 2000                                     | Deloitte & Touche              | No                           | No                          |
| 1999                                     | Deloitte & Touche              | No                           | No                          |
| 1998                                     | Arthur Anderson                | No                           | No                          |

Source: District Business Affairs

The Dallas County Community College District has a long and successful audit track, with no qualified opinions or exception letters.

## Objective A – Accountability and Reporting

### Measure 2 – Internal Audit Results, including Control Self-Assessment

The Board Audit Committee receives quarterly updates on internal audit activities, and follow-up on questions and/or concerns from that committee and the Board at-large.

In November 2000, the Executive Director of Internal Audit established a district-wide committee (which is reviewed for reappointment annually) to identify the functional areas to be addressed in the control self-assessment process. For the first year, three areas of review were noted, and since that time, four functional areas have been reviewed annually.

A survey is administered online with results compiled and reviewed with the Board of Trustees as a part of the quarterly Audit Committee work. The results promote continued training regarding required internal controls, and participation in 2005/2006 increased by about 30%.

| CONTROL SELF-ASSESSMENT SURVEY |                                                                                                                                                         |                        |                            |                                |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|----------------------------|--------------------------------|
| Year                           | Focus                                                                                                                                                   | # Employees Responding | Audit Committee Discussion | Reference to Published Minutes |
| 2005-2006                      | Travel procedures and reimbursement; ethics including Sarbanes Oxley and conflict of interest; records management and retention; and payroll/personnel. | 309                    | 10/03/2006                 | 11/07/2006                     |
| 2004-2005                      | Fixed assets inventory; FERPA; safety, hazardous materials and risk management; and monthly budget report review.                                       | 237                    | 09/29/2005                 | 10/04/2005                     |
| 2003-2004                      | Gifts and donations; employee reimbursements; human resources/payroll, and professional services contracts.                                             | 277                    | 10/18/2004                 | 11/02/2004                     |
| 2002-2003                      | Supplemental employment agreements; FERPA; hiring process; and computer use policy.                                                                     | 264                    | 09/23/2003                 | 10/07/2003                     |
| 2001-2002                      | Asset safeguards, time assessment and accountability; employee grievances; and budget.                                                                  | 277                    | 11/19/2002                 | 12/03/2002                     |
| 2000-2001                      | Budget training and management; travel; and local acquisition of goods and services.                                                                    | 248                    | 10/25/2001                 | 11/06/2001                     |

## Objective A – Accountability and Reporting

### Measure 3 – Ad Valorem Tax Summary

| AD VALOREM TAX SUMMARY |                                                           |            |             |                 |                |               |
|------------------------|-----------------------------------------------------------|------------|-------------|-----------------|----------------|---------------|
| For Tax Year           | Operating Taxes                                           | Debt Taxes | Total Taxes | Tax Base        | Total Tax Rate | Date Prepared |
| 2006                   | ~Notice for tax year 2006 to be published in August 2007~ |            |             |                 |                |               |
| 2005                   | 112,031,618                                               | 5,471,981  | 117,503,599 | 143,999,508,578 | 0.081600       | 8/07/2006     |
| 2004                   | 106,729,205                                               | 3,429,602  | 110,158,807 | 137,184,068,493 | 0.080300       | 8/16/2005     |
| 2003                   | 104,522,672                                               | 0          | 104,522,672 | 134,347,907,455 | 0.077800       | 8/10/2004     |
| 2002                   | 80,432,233                                                | 0          | 80,432,233  | 134,053,721,667 | 0.060000       | 8/13/2003     |
| 2001                   | 77,588,783                                                | 0          | 77,588,783  | 129,314,638,333 | 0.060000       | 8/13/2002     |
| 2000                   | 59,516,213                                                | 0          | 59,516,213  | 119,032,426,000 | 0.050000       | 8/14/2001     |
| 1999                   | 55,723,935                                                | 0          | 55,723,935  | 111,447,870,000 | 0.050000       | 8/17/2000     |
| 1998                   | 50,432,333                                                | 0          | 50,432,333  | 100,864,666,000 | 0.050000       | 8/18/1999     |

Note: On September 5, 2006, the Board approved a total tax rate of \$0.0810 to support the 2006/2007 budget.  
 Source: Notice of DCCCD property tax rates published in *The Dallas Morning News*, as recapped by *District Business Affairs*.

The Dallas County tax base continues to experience a period of growth, with an increase of approximately 5% between 2004 and 2005.

Other 2006 tax rates in Dallas County include:

- City tax rate of .0729200
- DISD tax rate of 1.502640
- County tax rate of 0.553934
- Hospital District tax rate of 0.254

Additional Source: [http://www.dallascounty.org/department/tax/taxoffice\\_proptax-2006.html](http://www.dallascounty.org/department/tax/taxoffice_proptax-2006.html)  
<http://www.dallascad.org>

## Objective B – Financial Planning

### Measure 1 – State Appropriation Compared to Expenditures

| STATE APPROPRIATION COMPARED TO EXPENDITURES ELIGIBLE FOR STATE FUNDING |               |              |               |
|-------------------------------------------------------------------------|---------------|--------------|---------------|
| Year                                                                    | Appropriation | Expenditures | (Difference)  |
| 2006-2007                                                               | 84,752,747    | **           | **            |
| 2005-2006                                                               | 84,752,748    | 200,289,045  | (115,536,297) |
| 2004-2005                                                               | 83,052,590    | 185,078,554  | (102,025,964) |
| 2003-2004                                                               | 83,053,974    | 191,088,908  | (108,034,934) |
| 2002-2003                                                               | 79,974,186    | 180,501,967  | (100,527,781) |
| 2001-2002                                                               | 85,993,747    | 184,434,819  | (98,441,072)  |
| 2000-2001                                                               | 78,509,258    | 160,466,659  | (81,957,401)  |
| 1999-2000                                                               | 76,497,690    | 146,092,487  | (69,594,797)  |
| 1998-1999                                                               | 72,063,920    | 134,238,404  | (62,174,484)  |

Source: District Business Affairs

\*\*Updated at the close of the academic year accounting review.

The District is an active member of the Texas Association of Community Colleges who regularly provides updated information to the Legislature in support of continued funding support from the State.

Other efforts to improve funding levels are driven by specialized organizations of which DCCCD is an active participant.

The District has renewed its commitment to assisting the Dallas County legislative representatives in understanding the importance of community college educational impacts through the continued work of the Chancellor, assisted by the Executive Director of Public and Governmental Affairs.

## Objective B – Financial Planning

### Measure 2 – Funding for College Operations

The District has utilized a formal budget allocation for more than 35 years. In a 1984 memo from then Vice Chancellor Ted Hughes, the purpose of this allocation formula was described as:

“The budget allocation formula was and is an attempt to distribute the financial resources equitably among the 7 colleges that, collectively with the District Offices, are accountable to the taxpayers of Dallas County. The formula, coupled with the ability of the colleges to carryover unused funds from one year to the next, is believed to meet these objectives:

- introduces higher levels of objectivity and accountability into the budget development process by reducing the number of “judgment calls” made at the District level,
- provides college managers with more control, responsibility, and authority for the financial management of their institutions, and
- provides college managers with the advantage of longer—range planning by making the bottom—line amount known at the beginning of the budget development process.

The formula is a combination of flat rates, which are advantageous to the smaller colleges, and proportionate rates, which are advantageous to all colleges. The District has an obligation to all its constituents, and the flat rates are included to insure the demographics in a particular region of the County--such as population density and percent of first generation college students---do not adversely affect the quality of education offered there. The formula is not judged to be perfect, but it has proved to be the best solution for the problem of competing interests for the same dollar.”

In recent extended conversation with the Board Committee for Planning & Budgeting, the Chancellor and Vice Chancellor of Business Affairs have described their current actions for review and update on this budget allocation formula.

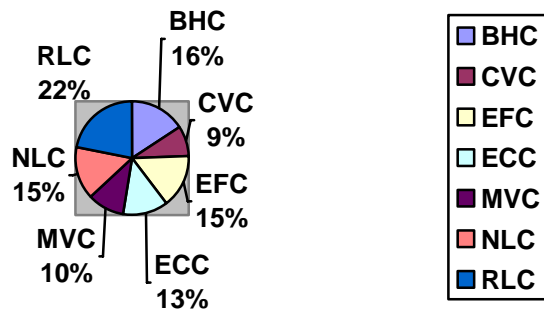
The charts provided on the following page recap the last nine years of funding by location, and provide a two year comparison of the percentage of budget allocation assigned by location.

| COLLEGE BUDGET ALLOCATIONS |            |            |            |            |            |            |            |             |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Year                       | BHC        | CVC        | EFC        | ECC        | MVC        | NLC        | RLC        | Total       |
| 2006-2007                  | 35,358,841 | 19,556,599 | 33,887,092 | 29,149,179 | 23,163,374 | 34,058,310 | 49,010,924 | 224,184,319 |
| 2005-2006                  | 34,253,514 | 19,251,886 | 32,769,863 | 26,649,546 | 22,865,866 | 33,012,239 | 48,264,952 | 217,067,866 |
| 2004-2005                  | 32,539,099 | 18,503,068 | 30,192,814 | 25,973,801 | 22,157,452 | 33,350,096 | 47,542,674 | 210,259,004 |
| 2003-2004                  | 32,410,958 | 17,345,176 | 28,978,810 | 24,696,064 | 21,735,962 | 31,386,735 | 45,684,758 | 202,238,463 |
| 2002-2003                  | 29,430,755 | 15,377,584 | 25,877,106 | 24,192,018 | 19,388,457 | 28,829,601 | 42,088,553 | 185,184,074 |
| 2001-2002                  | 27,318,830 | 14,806,160 | 25,585,951 | 23,103,922 | 19,030,990 | 27,332,514 | 41,797,068 | 178,975,435 |
| 2000-2001                  | 23,678,535 | 12,280,719 | 23,523,129 | 20,712,654 | 17,409,373 | 22,718,143 | 39,337,989 | 159,660,542 |
| 1999-2000                  | 22,455,932 | 11,819,885 | 21,879,484 | 20,192,064 | 16,215,592 | 20,555,422 | 36,327,409 | 149,445,788 |
| 1998-1999                  | 21,364,791 | 11,016,544 | 21,289,571 | 18,356,727 | 15,636,159 | 18,347,318 | 34,045,455 | 140,056,565 |

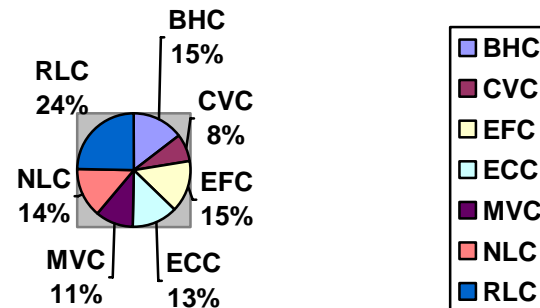
\*Note: 2006-2007 data reflects allocation as of March 2007 – to be adjusted to a final allocation amount for the year, as represented by other years.

Source: District Business Affairs

**Percentage of Total Budget Allocation by College for 2006/2007**



**Percentage of Total Budget Allocation by College for 2000-2001**



## Objective B – Financial Planning

### Measure 3 – Tuition Comparisons

| <b>IN-DISTRICT TUITION AND FEES FOR 12 HOURS INCLUDING ONE LAB COURSE</b> |                                                         |                                                         |                                                          |
|---------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|
| <b>Year</b>                                                               | <b>Collin County<br/>Community College<br/>District</b> | <b>Dallas County<br/>Community College<br/>District</b> | <b>Tarrant County<br/>Community College<br/>District</b> |
| 2006-2007                                                                 | 461*                                                    | 468                                                     | 600                                                      |
| 2005-2006                                                                 | 461                                                     | 432                                                     | 576                                                      |
| 2004-2005                                                                 | 427                                                     | 360                                                     | 552                                                      |
| 2003-2004                                                                 | 408                                                     | 360                                                     | 483                                                      |
| 2002-2003                                                                 | 374                                                     | 312                                                     | 473                                                      |
| 2001-2002                                                                 | 365                                                     | 312                                                     | 454                                                      |
| 2000-2001                                                                 | 336                                                     | 281                                                     | 447                                                      |
| 1999-2000                                                                 | 204                                                     | 289                                                     | 425                                                      |
| 1998-1999                                                                 | 316                                                     | 277                                                     | 423                                                      |

Source: [www.TACC.org](http://www.TACC.org)

\* Note: An error was confirmed in TACC information presented for Collin County Community College District and has been corrected to actuals in this chart.

The DCCCD has historically been the lowest priced option when compared to the closest county community college competition, until 2006/2007, when the most recent tuition increase was effective.

The District continues to be significantly lower in cost compared to Tarrant County rates.

**Goal V – Business and Fiscal Affairs  
Glossary of Terms  
March 2007**

| TERM                                 | DEFINITION                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Annual Audit of Financial Statements | Annually the external auditors selected by the Board of Trustees express an opinion concerning the financial records of the DCCCD in accord with certain standards. This annual audit is also filed as required with The Higher Education Coordinating Board (THECB).                                                                               |
| Budget Allocation                    | The DCCCD utilizes a formula for distributing income to the colleges.                                                                                                                                                                                                                                                                               |
| Control Self-Assessment              | This DCCCD program was requested in 2000 by the Audit committee and is now in its sixth year. The objective is to enhance managers' awareness of the system of internal control over various operating activities in which they participate throughout the year. The results are shared with managers along with information to increase awareness. |
| Full-time Equivalent (FTE)           | This is the calculation of the equivalent number of students if all credit students were enrolled in 15 credit hours for the semester.                                                                                                                                                                                                              |
| I&S Tax Rate                         | The rate assessed to pay tax supported debt service. In the case of the DCCCD, this is for the General Obligation bonds.                                                                                                                                                                                                                            |
| In-District Tuition and Fees         | The DCCCD has a single tuition charge which includes almost all costs to the student (except books). Some user fees applied to individual students include nursing, distance education, and payment plans.                                                                                                                                          |
| M&O Tax Rate                         | The rate assessed for the operational costs of the DCCCD including debt service for maintenance tax notes.                                                                                                                                                                                                                                          |
| Tax Base                             | The tax base is all taxable value of appraised property in Dallas County. This amount is provided to the DCCCD in late July of each year by the Dallas Appraisal District.                                                                                                                                                                          |
| Tax Rate                             | The rate per \$100 of taxable appraised value that is assessed to property owners that generally includes two separate rates that are combined into one total rate – maintenance and operations (M&O) and debt service (I&S).                                                                                                                       |