

Persons who address the board are reminded that the board may not take formal action on matters that are not part of the meeting agenda, and, may not discuss or deliberate on any topic that is not specifically named in the agenda that was posted 72 hours in advance of the meeting today. For any non-agenda topic that is introduced during this meeting, there are only three permissible responses: 1) to provide a factual answer to a question, 2) to cite specific Board of Trustees policy relevant to the topic, or 3) to place the topic on the agenda of a subsequent meeting.

Speakers shall direct their presentations ONLY to the Board Chair or the Board as a whole.

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

**District Office
1601 South Lamar Street
Lower Level, Room 007
Dallas, TX 75215
Tuesday, October 5, 2010
2:30 PM**

AGENDA

1. Certification of Posting of Notice of Meeting Wright Lassiter
2. Pre-Audit Presentation by McConnell-Jones, LLP Wayne
McConnell
Committee Action: No action required
3. 4th Quarter Report from Internal Audit Rafael Godinez
Committee Action: Review as required by Board Policy
CDC (LOCAL)
4. Special Internal Audit Report on Control Self Assessment Study Rafael Godinez
Committee Action: No action required
5. Annual Internal Audit Plan for 2010-2011 Rafael Godinez
Committee Action: Review as provided by Board Policy
CDC (LOCAL)
6. List of Qualified Brokers/Dealers Ed DesPlas
Committee Action: Motion to present a financial report to
the Board of Trustees at its regular meeting on October 5,
2010.
7. Report from Investment Officers on Training Ed DesPlas
Committee Action: Review as provided by Board Policies

8. Review of Investment Policy Ed DesPlas
Committee Action: Motion to present a resolution to the Board at its regular meeting on October 5, 2010, evidencing the Board has reviewed policy and strategy.

9. 4th Quarter Report on Investment Transactions Ed DesPlas
Committee Action: Motion to present an informative report to the Board of Trustees at its regular meeting on October 5, 2010.

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

11. Adjournment of Audit Committee

**CERTIFICATION OF POSTING OF NOTICE October 5, 2010
AUDIT COMMITTEE MEETING OF THE
DALLAS COUNTY COMMUNITY COLLEGE DISTRICT
AND RICHLAND COLLEGIATE HIGH SCHOOLS
BOARD OF TRUSTEES**

I, Wright L. Lassiter, Jr., Secretary of the Board of Trustees of the Dallas County Community College District, do certify that a copy of this notice was posted on the 1st day of October, 2010, in a place convenient to the public in the District Office Administration Building, and a copy of this notice was provided on the 1st day of October, 2010, to John F. Warren, County Clerk of Dallas County, Texas, and the notice was posted on the bulletin board at the George Allen Sr. Courts Building, all as required by the Texas Government Code, §551.054.

A handwritten signature in blue ink, appearing to read 'Wright L. Lassiter, Jr.', is written over a horizontal line.

Wright L. Lassiter, Jr., Secretary

TO: Audit Committee of the Board of Trustees

FROM: Rafael J. Godinez, CPA

DATE: September 13, 2010

RE: Quarterly Summary of Activities
For the 4th Quarter Ended August 31, 2010

The following is a summary of activities by the DCCCD Internal Audit department during the fourth quarter of Fiscal Year 2010.

AUDITS COMPLETED – Reports Issued

- Software Licenses

The objectives of the audit were to ensure that all software used on District computers was properly acquired, that documentation of purchase and/or licenses are properly accounted for, and that the number of licenses purchased matches the number of instances installed. The audit noted a number of instances where software installed on computers could not be supported with proof of purchase for use of the software. In all cases, the software was removed from the computers.

- Faculty Leave Banking

The objective of the audit was to determine compliance with District policy pertaining to the banking of extra service contracts. The rules governing the banking of extra service contracts were written to ensure that the program did not come under the Internal Revenue Service's definition of deferred compensation. The rules limit the number of courses that can be banked as well as the timelines for banking and taking of subsequent leave. Additionally, payment for banked courses in lieu of leave is also limited by the policy. Discrepancies were noted in the documentation of agreements to bank courses and the taking of leave. However, none of these was significant to cause the program to be considered out of compliance with IRS regulations.

- Hazardous Materials

The objectives of the audit were to determine compliance with District policy and requirements of the Texas Health and Safety Code Chapter 502 Hazard

Communication Act. The act sets the minimum requirements employers must meet for providing information about hazardous chemicals in the workplace to employees and students. Non-compliance with provisions of the act was noted in the following areas: workplace chemical lists/inventory, material safety data sheets not readily available, lack of proper training of staff and faculty, and outdated procedures. The Internal Audit department will continue to test these and other provisions of the act on an ongoing basis.

- Employee Travel Expenses

The purpose of this audit was to ensure compliance with District policies and procedures and Internal Revenue Regulations pertaining to employee travel. A sample from all locations and from all employee groups was selected for testing. No significant findings were noted. However, we reported several issues to management which continue to occur during travel. These included trips extended prior or subsequent to the stated conference without adequate justification, payment of Texas State Tax on hotel stays, disallowed expenditures, and lack of adequate documentation for driving versus flying costs.

AUDITS COMPLETED – Reports Pending

All audit work has been completed on the following audits and the reports are pending final responses from the applicable locations' management.

- Criminal Background Check

AUDITS IN PROGRESS

The following audits are currently in various stages of progress:

- Carl Perkins Grant
- Official Functions Account
- Police Officers' Continuing Education

cc Wright Lassiter
Ed DesPlas

Report Distribution

DCCCD Board of Trustees

Kitty Boyle
Charletta Compton
Bob Ferguson
Diana Flores
Bill Metzger
Jerry Prater
JL Sonny Williams

Brookhaven

Richard McCrary
George Herring

Cedar Valley

Jennifer Wimbish
Huan Luong

Eastfield

Jean Conway
Jim Jones

El Centro / BJP

Paul McCarthy
David Browning

Mountain View

Felix Zamora
Sharon Davis

North Lake

Herlinda Glasscock
Christa Slejko

Richland

Kay Eggleston
Ron Clark

R. Jan LeCroy Center

Pam Quinn
Denise Zackery

District Office

Wright Lassiter
Andrew Jones
Denys Blell
Kathryn Tucker

District Service Center

Ed DesPlas
Kim Green
Barbara Corvey

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

Control Self-Assessment Program

Fiscal Year 2010

Introduction

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

Internal Control Definition

The Committee of Sponsoring Organizations (COSO) of the National Commission on Fraudulent Financial Reporting released in 1992 what became the standard definition of internal control. Internal control was defined by the commission as "*a process effected by an organization*

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

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

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

4. **Information and Communication** – An effective system should enable employees of the institution to capture and exchange the information needed to manage and control its operations.
5. **Monitoring** – The internal control system must be monitored and modified as necessary so that the system can react to changing conditions. Monitoring occurs on an ongoing basis during normal operations or through separate evaluations by management.

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

The Control Self-Assessment Process

The Texas State Auditor's Office (SAO) issued to all state agencies a list of "Best Practices" for internal control. The SAO said, "*Implementing the COSO concepts including the Self-Assessment Program may be the most important of the best practices.*" CSA is an approach to internal control where work groups, departments, functions or business process owners analyze their business objectives, risks and related controls. The goal is to improve controls to assure that the organization's stated objectives can be achieved. CSA can be accomplished by means of workshops, surveys or questionnaires. Given the large size of the target population within the

District, questionnaires addressing various functional areas are the most efficient and effective method to use. The questions are intended to measure cost center managers' awareness of the various control activities that have been established, as well as identifying opportunities for enhancement and possible training needs.

The following is a brief outline of the 2009-2010 CSA program:

1. The CSA coordinators from each of the District locations met in November 2009 to identify the functional area to be addressed in this year's questionnaires.
2. The President's Cabinet (top management group) at each location was informed of the area to be covered and the location's president or CEO communicated the purpose for CSA to their cost center managers.
3. The coordinators developed the questionnaire focusing on the human resources operating guidelines and other available documentation. Employees to participate in taking the questionnaire were identified.
4. Responses from the questionnaire were analyzed and shared with the management groups at each location. Each location participated in preparing action plans to address the areas identified as needing additional attention or training.

In November 2010, the CSA cycle will begin again. New functional areas will be identified and questionnaires will be developed.

Questionnaire Results and Summary of Action Plans

As previously stated, all locations of the District participated in the CSA program. The topics included in this year's questionnaire were:

- Employee Performance/Employee Warning System; and
- Colleague System Screen Access

Each location evaluated the results of their questionnaires. Although the questionnaires were the same for all locations, CSA was purposely intended to be a unique project at each location, not a district-wide project. As anticipated, results from the questionnaires varied from location to location. The specific method and timing for addressing those areas identified as needing additional attention was to be determined by each location's management. A district-wide summary of the questionnaire is attached to this report. The questionnaire was distributed to 608 District administrators, supervisors and cost center managers with 336, or 55% of those responding. Of the 30 questions included in the survey, only 6 questions received negative responses from participants of more than 20%. These questions cover such issues as where information and documentation can be found, length of probationary period, and cause for suspension of employees. The questions have been highlighted as ones needing more emphasis in determining the action plans. The types of actions taken or proposed include, but are not limited to the following:

- Training on the topics during the fall planning retreats.
- Topics will be included in employee development courses.
- Business Office and Human Resources Office one-on-one training.
- Update training during Supervisor and New Employee training sessions.
- Expand the information provided during employee orientation sessions.

Conclusion

All indications are that the CSA program continues to be a very worthwhile effort and beneficial to both the administration and the participants.

Feedback received continues to indicate that the program has influenced in a positive manner the participants' awareness for the need and importance of internal control. The administration has gained valuable insight as to those functional areas where controls may be enhanced through additional communication, clarification, or training. Future CSA cycles addressing other functional areas should continue to add value to the District and ensure that the system of internal control is maintained current and viable.

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

Rafael J. Godinez, CPA

Executive District Director
of Internal Audit
August 31, 2010

CONTROL SELF-ASSESSMENT SURVEY
District Wide Results
For Fiscal Year 2010

	YES	NO	N/A	TOTAL	% YES	% NO	% N/A
Employee Performance							
/Employee Warning System							
1. Do you know where to find information about the Employee Performance/Employee Warning System on the web site?	277	58	1	336	82%	17%	0%
2. Do you know that a supervisor should communicate an employee's performance through a variety of ways including one-on-one discussion on a continuous basis, the employee progress discussion, email or memorandum?	330	6	0	336	98%	2%	0%
3. Are you aware that a supervisor must notify an employee's next-level supervisor and consult with the local human resources director before requiring an employee to take decision-making leave?	304	32	0	336	90%	10%	0%
4. Do you know a supervisor must not terminate an employee without following the decision-making leave provisions?	304	32	0	336	90%	10%	0%
5. Are you aware of the documentation that must be provided to an employee before giving a decision making leave day?	237	98	1	336	71%	29%	0%
6. Do you know that when an employee is given a decision-making leave day, the employee will be compensated for that day?	285	50	1	336	85%	15%	0%

	YES	NO	N/A	TOTAL	% YES	% NO	% N/A
7. Are you aware that if the employee decides to continue employment after a decision-making leave day, a reevaluation (probation) period with specific performance standards will be documented by the supervisor after a conference with the employee?	289	46	1	336	86%	14%	0%
8. Do you know that the reevaluation (probation) period should be no less than three months and no more than six months?	220	115	1	336	65%	34%	0%
9. Do you know that should an employee fail or refuse to meet performance standards at any time during a reevaluation (probation) period, the employee shall be terminated immediately in consultation with the location human resources director?	280	55	1	336	83%	16%	0%
10. Are you aware that should an employee decide not to continue employment with the District, the employee should immediately submit a written resignation, effective within 10 working days, to the employee's supervisor?	257	79	0	336	76%	24%	0%
11. Are you aware that if an employee has additional performance deficiencies after successfully completing a decision leave day and reevaluation period, a supervisor may terminate the employee after consultation with the location human resource director?	231	105	0	336	69%	31%	0%

	YES	NO	N/A	TOTAL	% YES	% NO	% N/A
12. Are you aware that an employee may be suspended without notice as provided in the Suspension Without Notice policy?	203	133	0	336	60%	40%	0%
13. Do you know that suspension (termination) without notice may occur at any time in cases involving serious misconduct?	286	49	1	336	85%	15%	0%
14. Are you aware that Professional Support Staff must participate in the Performance Review/Progress Discussion process at least once each year?	329	6	1	336	98%	2%	0%
15. Do you know that location human resource department must conduct an exit interview with all employees prior to their leaving employment with the District?	309	27	0	336	92%	8%	0%
16. Are you aware that the administrators' Strategic Performance Management System is available for viewing on the DCCCD website?	269	65	2	336	80%	19%	1%
17. Are you aware that the draft progress discussion forms should be exchanged between the supervisor and employee at least 48 hours prior to the face-to-face discussion?	321	15	0	336	96%	4%	0%
18. Do you know that a written performance evaluation should be prepared for new professional support staff prior to the end of the first 90 days of employment?	164	171	1	336	49%	51%	0%

	YES	NO	N/A	TOTAL	% YES	% NO	% N/A
Colleague System Screen Access							
1. Are you aware of the requirements to get a new employee access to our e-mail and record keeping system?	291	43	2	336	87%	13%	1%
2. Do you know that new employees must complete the District Basic Colleague training class before Colleague access can be granted?	316	18	2	336	94%	5%	1%
3. Are you aware that Colleague Student, Human Resources and Financial system access must be initiated at your specific campus or location?	306	22	8	336	91%	7%	2%
4. Do you know who, on your campus, is responsible for Colleague Student, Human Resources and Financial System access requests?	286	44	6	336	85%	13%	2%
5. Are you aware that approval required on forms for Colleague Screen Access varies based on specific system application?	315	18	3	336	94%	5%	1%
6. Are you aware that the total length of time needed to process Colleague access forms may take anywhere from one to six weeks?	240	91	5	336	71%	27%	1%
7. Are you aware that you should never share your access with other employees, and that doing so is a violation of the DCCCD Computer Use Policy CR (local)? Violating this policy is considered serious misconduct and subject to rules governing the employee warning process.	322	12	2	336	96%	4%	1%

	YES	NO	N/A	TOTAL	% YES	% NO	% N/A
8. Are you aware that supervisors need to request an employee's access deleted after they leave your campus even to go to another District location?	277	58	1	336	82%	17%	0%
9. Are you aware that employees should have Colleague screen access only to those screens necessary to do their job duties and may be restricted based on internal controls?	331	3	2	336	99%	1%	1%
10. Are you aware that screen access limitations may include "update" or "inquiry only"?	310	23	3	336	92%	7%	1%
11. Are you aware only those employees who are responsible to change academic records should have update access to the screen?	303	21	12	336	90%	6%	4%
12. Are you aware of the process to obtain access to eConnect, eCampus, Groupwise, and PaperWise document imaging?	274	60	2	336	82%	18%	1%

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

Internal Audit Department

Plan for the Year Ending August 31, 2011

<u>Audit Staff</u>	<u>Degree/ Certification</u>	<u>Title</u>	<u>Starting Date</u>
Godinez, Rafael	BBA, CPA	Director	June 1988
Huber, Joseph	BBA	Auditor II	June 1980
Archer, Anthony	BBA	Auditor II	April 1999
Styrvoky, Paul	BS, CISA, ITIL	IT Auditor	August 2010

Total Available Days	1,044	100%
Less Non-Audit Days:		
Vacation	78	7%
Holidays	56	5%
Sick Days	48	5%
Other	30	3%
Supervision & Administration	<u>202</u>	19%
Total Non-Audit Days	<u>414</u>	40%
Net Audit Days Available	630	60%
Reserved for Special Requests	<u>30</u>	3%
Net Planned Audit Days	<u><u>600</u></u>	57%

Planned Audits

<u>Audit Number</u>	<u>Description</u>	<u>Estimated Man-days</u>
2011-01	ASSISTANCE TO MCCONNELL & JONES LLP Audits in conjunction with the financial and A-133 reviews. - Federal Programs/Financial Aid - Disbursement: General - Disbursement: Payroll - Other Requests	30 15 15 10
2011-02	FOLLOW-UP ON PREVIOUS AUDITS Review status of implementation of prior audit recommendations.	15
2011-03	CASH AND IMPREST FUNDS Review and test controls over cash on hand and imprest funds disbursements.	10
2011-04	PHYSICAL ASSETS INVENTORY OBSERVATION Observe and test physical inventory and procedures pertaining to changes in inventory records.	25
2011-05	EMPLOYEE TRAVEL EXPENSES Audit of travel expense reports for compliance with District policies.	20
2011-06	RICHLAND COLLEGIATE HIGH SCHOOL Audit for compliance with Texas Education Agency attendance verification requirements.	15
2011-07	ADJUNCT FACULTY TEACHING LOAD Audit for compliance with district policies and guidelines for adjunct faculty.	30

<u>Audit Number</u>	<u>Description</u>	<u>Estimated Man-days</u>
2011-08	CAMPUS PURCHASING Audit for compliance with district policies and procedures.	30
2011-09	GRANT AUDIT - Audit for compliance with grant provisions and District policies.	30
2011-10	GRANT AUDIT - Audit for compliance with grant provisions and District policies.	30
2011-11	GRANT AUDIT - Audit for compliance with grant provisions and District policies.	30
2011-12	PAYROLL AUDIT Audit of controls over payroll processing and computer assisted audit techniques.	25
2011-13	CASHIERING FUNCTION CONTROLS Comprehensive review of cashiering activities for compliance with business procedures.	35
2011-14	STUDENT FINANCIAL AID OPERATIONS Audit for compliance with laws and regulations for awarding federal student aid.	35
2011-15	ACCESS CONTROLS - PAYROLL SYSTEM Audit of controls over access to Colleague's payroll application module.	20
2011-16	SPONSORED STUDENTS BILLINGS Audit of sponsored student processing, billing and collection activities.	35
2011-17	POLICE OFFICERS CONTINUING EDUCATION Audit of compliance with continuing education credits as required under TCLEOSE rules.	35

<u>Audit Number</u>	<u>Description</u>	<u>Estimated Man-days</u>
2011-18	NON-TEACHING EXTRA SERVICE Audit for compliance with District policies and procedures over non-teaching extra service contracts.	30
2011-19	INFORMATION TECHNOLOGY General controls review of information technology operations department.	25
2011-20	STATE ENROLLMENT AUDIT Audit for compliance with rules and regulations in anticipation of biannual state audit.	35
2011-21	OFFICIAL FUNCTIONS ACCOUNT Audit for compliance with policies pertaining to expenditures charged to this account.	20
		600

FINANCIAL REPORT NO.

Approval of Broker-Dealers

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

Background

The Audit Committee reviewed the attached list of broker/dealers on October 5, 2010.

After reviewing proposals from broker-dealers, the following investment firms are recommended as those best fitting District requirements and investment needs for fiscal year 2010-11. There are no changes from the previous year.

LIST OF QUALIFIED BROKERS/DEALERS

INVESTMENT POOLS RECOMMENDED

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

TexPool: TexPool is a local government investment pool created in 1989, on behalf of Texas entities whose investment objectives are preservation and safety of principal, liquidity and yield consistent with the Public Funds Investment Act. The State Comptroller of Public Accounts oversees TexPool. Federated Investors manages the assets and provides service. TexPool offers a convenient and effective choice for the investment of local funds. As a Standard & Poor's AAAM rated local government investment pool, TexPool is committed to maintaining safety and stability. As of August 2010, TexPool had 2,232 participants and a total invested balance of \$15.3 billion.¹ TexPool's weighted average maturity is 33 days.

TexSTAR: TexSTAR was created in April 2002 through a contract among its participating governing units. The pool is governed by a board of directors to provide for the joint investment of participants' public funds under their control. TexSTAR is administered by JP Morgan Chase and First Southwest Asset Management, Inc. TexSTAR is organized in full compliance with the Texas Public Funds Investment Act. As of August 2010; TexSTAR has 715 participants, a total invested balance of more than \$4.9 billion, and a weighted average maturity of 52 days. TexSTAR maintains a Standard & Poor's AAAM rating².

¹ Source: August 2010 TexPool Newsletter

² Source: August 2010 TexSTAR Newsletter

BROKERS/DEALERS

Annually the District performs due diligence on the brokers/dealers that are approved to do business with the District. This is accomplished by verifying each brokers/dealer's registration with the Texas State Securities Board, membership in the Securities Investor Protection Corporation, and good standing with the Financial Industry Regulatory Authority. Further, due diligence included researching the record of actions taken by individuals and filed with the Financial Industry Regulatory Authority. Each of the following brokers/dealers has been reviewed. None have actions that involve any criminal activity. The actions listed are various lawsuits and arbitration actions taken by the SEC that are not material in effect.

All brokers/dealers are registered with the Security and Exchange Commission (SEC), the Texas State Securities Board (TSSB), members of the Securities Investor Protection Corporation (SIPC) and in good standing with the Financial Industry Regulatory Authority (FINRA) formerly known as the National Association of Securities Dealers (NASD). Primary brokers/dealers may perform treasury and federal agency notes transactions and repurchase transactions with the District. Secondary brokers/dealers may perform only treasury and federal agency notes transactions for the District.

Primary Dealers

Bank of America Merrill Lynch: This firm is a subsidiary of Bank of America Corporation (NYSE:BAC), one of the world's leading financial services companies. The company's Global Capital Markets and Investment Banking (GCIB) provide investment banking, equity and debt capital raising, research, trading, risk management, treasury management and financial advisory services. Through offices in 35 countries, GCIB serves domestic and international corporations, institutional investors, financial institutions and government entities. In 2009, Banc of America Securities merged with Merrill Lynch.

Deutsche Bank Alex Brown Securities Inc.: The firm is part of the Corporate and Investment Bank unit of German colossus Deutsche Bank. Deutsche Bank is one of the world's leading international financial service providers. Deutsche Bank Alex. Brown and its 260 Client Advisors operate in 16 branch offices around the United States. Client Advisors deliver advice and solutions to high net worth and ultra high net worth individuals and families, and to institutional and corporate clients. As of June 30, 2009, the firm had approximately \$43.3 billion in assets under management.

Cantor Fitzgerald L. P.: Cantor Fitzgerald, a leading global financial services

firm and a proven and resilient leader for over 65 years, is one of the few remaining private partnerships on Wall Street. Cantor has earned a reputation for excellence in customer service and execution, integrity, and innovative financial technology, serving more than 5,000 institutional clients around the world. The Cantor Fitzgerald franchise includes capital market sales and trading, investment and merchant banking, commercial real estate finance, prime brokerage and other businesses. Cantor Fitzgerald is one of 18 primary dealers authorized to trade U.S. government securities with The Federal Reserve Bank of New York. Approximately 4,100 employees of Cantor Fitzgerald and its affiliates globally serve clients in over 30 locations, including major financial centers in the Americas, Europe, Asia/Pacific, and the Middle East. Cantor Fitzgerald, L.P. is the parent entity of Cantor Fitzgerald & Co.

UBS Financial Services, Inc. is one of the world's leading financial firms, serving an international client base. UBS is a leading global wealth manager, a leading global investment banker and securities firm. It is one of the largest global asset managers. UBS provides securities and other financial products and research in equities, fixed income, rates, foreign exchange and precious metals. It also provides advisory services and access to the world's capital markets for corporate and institutional clients, governments, financial intermediaries and alternative asset managers and private investors. UBS is consistently one of the leading Government Agency issuers and is currently, the foremost new Agency issuer with \$121 billion issued in 2010 year-to-date and 13.5% market share. UBS Financial Services, Inc. is an affiliate of primary dealer, UBS Securities, LLC.

RBC Capital Markets: This is a wholly owned subsidiary of Royal Bank of Canada. The company's broker-dealer, RBC Dain Rauscher Inc., serves individual investors and small business owners through offices across the United States. RBC provides personal and commercial banking, wealth management and investment banking services to personal, business, public sector and institutional clients.

Secondary Dealers

Wells Fargo Brokerage Services, LLC is a national financial services firm with an experienced team of brokers, traders and sales assistants who are affiliated with Wells Fargo Institutional Securities, LLC. They provide a full-service approach with support in sales of treasuries, agency securities, and other money market securities. Wells Fargo is a primary dealer of agency securities and a secondary dealer of treasuries.

Cabrera Capital Markets LLC is a full service broker-dealer headquartered in the heart of Chicago's financial district and with offices throughout the country.

Cabrera is a member of the Financial Industry Regulatory Authority, the Municipal Securities Rulemaking Board, the Chicago Stock Exchange and the Securities Investor Protection Corporation. Cabrera Capital Markets is also a certified Minority Business Enterprise.

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

Muriel Siebert & Co., Inc.: Siebert was one of the first stock brokerage firms in the U.S. to adopt a discounted commission schedule on May 1, 1975, when discounting was first permitted. Siebert conducts its municipal investment banking activities through Siebert, Brandford, Shank & Co., LLC, a separate M/WBE certified affiliate specializing in municipal and financial advisory services. Siebert is based in New York City and recently purchased the retail brokerage accounts of William O'Neill & Co., the Los Angeles-based institutional equities and financial data firm which is the parent company of Investors Business Daily. Siebert has a large well-established retail account base, over 90 employees, and revenues greater than \$34 million a year.

Robert W. Baird & Company: Baird is an employee-owned wealth management, capital markets, asset management and private equity firm with client assets of more than \$78 billion. Founded in 1919, Baird has grown from its Midwestern roots into an international financial services firm recognized for the quality advice and service they provide for their clients. Baird has extensive experience and expertise in serving the specialized investment needs of corporations and institutions.

REPORT FROM INVESTMENT OFFICERS ON TRAINING

Board Members (0)

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

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

Investment Officers (1)

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

One officer took required training this past year.

<u>Name</u>	<u>Training Date</u>	<u>Expiration Date</u>	<u>Source</u>
Robb Dean	June 15, 2010	June 15, 2012	Public Financial Management, Inc. (PFM)

Investment Staff (0)

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

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

POLICY REPORT NO.

Approval of Resolution Relating to Investment Policy

It is recommended that the resolution reflecting review of the investment policy and strategies be approved, and, that Board Policy CAK (LOCAL) be revised as follows.

Background

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

The Audit Committee reviewed investment policies and strategies on October 5, 2010. Trustees who serve on the Audit Committee are Mr. Ferguson, (chair), Ms. Boyle and Ms. Compton.

Analysis

At the recommendation of the Texas Association of School Boards (TASB) wording is being added to clarify old sections and add new information that addresses some areas of the Public Funds Investment Act requirements not previously included in the District's local policy.

Submitted by Edward M. DesPlas, executive vice chancellor, business affairs and Robert J. Young, district legal counsel

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

WHEREAS, the Audit Committee of the Board of Trustees of Dallas County Community College District in its quarterly meeting on October 5, 2010, reviewed the Board's investment policy and strategies; and

WHEREAS, the Audit Committee further recommended comprehensive changes to the investment policy, CAK(LOCAL) major items of which include:

1. Identification of the executive vice chancellor of business affairs as the sole investment officer for the District, but he may designate others to perform his duties as necessary;
2. Increasing the number of authorized investment instrument types to be more comprehensive with those allowed in the Public Funds Investment Act;
3. Updating the liquidity and diversification standards;
4. Adding strategies for investments in each fund type;
5. Adding sections on collateralized deposits, brokers/dealers, bidding and internal controls; and

WHEREAS, the Audit Committee's review and recommendation was considered by the Board of Trustees at its regular meeting on October 5, 2010; NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF DALLAS COUNTY COMMUNITY COLLEGE DISTRICT:

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

Section 2. That the recommended changes to CAK(LOCAL) as cited above by the Audit Committee and its recommendation is accepted and approved.

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

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT

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

ATTEST

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

APPROPRIATIONS AND REVENUE
SOURCES
INVESTMENTS

CAK

(LOCAL)

“SAFETY AND
INVESTMENT
MANAGEMENT
(STRATEGY)”

The College District and its investment officer shall ensure that all available funds are invested to the maximum extent possible at the highest rates obtainable at the time of investment in conformance with the Public Funds Investment Act and this policy. The College District’s investment strategy is as follows:

1. Preservation and safety of principal.
2. Maintenance of sufficient liquidity to meet operational needs.
3. Security of College District funds and investments.
4. Diversification of investments to avoid unreasonable or avoidable risks.

~~(Effective cash management is recognized as essential to good fiscal management. An aggressive cash management and conservative investment strategy will be pursued by the College District to take advantage of investment interest as a viable and material source of revenue to all restricted and unrestricted funds.)~~The College District’s portfolio is designed and managed in a manner to promote the best interest of the College District and the public. The College District’s conservative investment strategy is rooted in the Public Funds Investment Act’s Standard of Care which states: “Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering probable safety of capital and probable income to be derived.

All investment transactions except investment pool funds and mutual funds shall be executed on a delivery versus payment basis.

SCOPE

This policy applies to all investment activity of the College District, including Brookhaven College, Cedar Valley College, Eastfield College, El Centro College, Mountain View College, North Lake College, and Richland College. ~~[If authorized by the Board under this policy in the section AUTHORIZED INVESTMENTS, the College District may invest any and all of its restricted and unrestricted funds (collectively the investment fund) in authorized investments as permitted by Section 45.102 of the Education Code, and the Public Funds Investment Act (Gov't Code 2256.001 et seq.).]~~

AUTHORIZED INVESTMENTS INSTRUMENTS

The College District may make ~~(the following)~~ investments only in the following types of instruments:

1. Treasury bills, treasury notes, and treasury bonds of the United States and other direct obligations of the agencies and instrumentalities of the United States as permitted by Government code 2256.009.
2. Fully collateralized r(R)epurchase agreements and reverse repurchase agreements permitted by Government Code 2256.011.
3. Certificates of deposit and share certificates as permitted by Government Code 2256.010.
4. Public funds i(I)vestment p(P)ools as permitted by Government Code 2256.016.
5. A securities lending program as permitted by Government Code 2256.0115.
6. No-load money market mutual funds as permitted by Government Code 2256.014.
7. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015.

Investment in any and all types of derivatives is prohibited.

All investments are prohibited unless expressly described in this policy in the section, AUTHORIZED INVESTMENTS INSTRUMENTS, which are made in conformity to the Public Funds Investment Act.

MONITORING MARKET PRICES

Monitoring shall be done monthly and more often as economic conditions warrant by using appropriate reports, indices, or benchmarks for the type of investment. The investment officer shall keep the Board informed of significant declines in the market value of the College District's investment portfolio at least quarterly. Information sources may include financial/investment publications and electronic media, available software for tracking investments, depository banks, commercial or investment banks, financial advisors, and representatives/advisors of investment pools or money market funds.

LIQUIDITY AND DIVERSIFICATION

The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer. The following are guidelines for maximums: (The College District shall make investments as defined in this policy in the section AUTHORIZED INVESTMENTS and no single type of investment may comprise more than 75 percent of the portfolio at any time. If, however, market conditions so warrant, the Chancellor or vice chancellor of business affairs, by written authorization, may invest up to 85 percent in a single type investment for no more than one calendar quarter. The Chancellor or vice chancellor of business affairs may extend this investment another quarter through another written authorization.)

- | | | |
|----|--|-------------|
| 1. | <u>U.S. Treasury Securities</u> | <u>100%</u> |
| 2. | <u>Agencies and Instrumentalities</u> | <u>75%</u> |
| 3. | <u>Insured or collateralized Certificates of Deposit</u> | <u>100%</u> |
| 4. | <u>Repurchase Agreements*</u> | <u>20%</u> |

- 5. Money Market Mutual Funds 50%
- 6. Authorized Investment Pools 50%

*Excluding flexible repurchase agreements for bond proceeds investments.

To maintain a sufficient level of liquidity, at least ten percent of the portfolio will be maintained in investment pools.

MATURITY AND LIQUIDITY

The College District will only make investments as defined in this policy, in the section AUTHORIZED INVESTMENTS INSTRUMENTS, for a term of no greater than six years with the condition that the average maturity of the portfolio will be no more than four (five) years. A reverse repurchase agreement may not exceed 90 days and may not be used to purchase any investment whose final maturity date exceeds the expiration date of the reverse repurchase agreement. The College District's investment portfolio shall have sufficient liquidity to meet anticipated cash flow requirements.

INTEREST RATE RISK

To reduce exposure to changes in interest rates that could adversely affect the value of investments, the College District shall use final and weighted-average-maturity limits and diversification. The College District shall monitor interest rate risk using weighted average maturity and specific identification.

AUTHORITY

The executive vice chancellor of business affairs or his designee (~~, the associate vice chancellor of business affairs, the director of finance and treasury, and the director of business services are designated as the investment officers of the College District and are responsible for the investment of College District funds consistent with this policy and the law.~~) shall serve as the investment officer of the College District and shall invest College District funds as directed by the Board and in accordance with the College District's written investment policies

REVIEW AND TRAINING

The Board shall review its investment policy and investment strategy at least once each year and adopt a resolution that evidences the review. The

Board shall, at least annually, review, revise, and adopt a list of qualified brokers who are authorized to engage in investment transactions with the College District.

Each member of the Board and the investment officer(s) shall attend at least one training session relating to the person's responsibilities under the Public Funds Investment Act within six months after taking office or assuming duties. In addition, the investment officer(s) shall attend a training session not less than once in a two-year period and may receive training from any independent source approved by the Board. The investment officer may also require other staff to complete investment training every two years. The investment officer(s) shall prepare a report describing changes in the law and their impact on the College District's investment policy and strategy. The report shall be delivered to the Board no later than the 180th day after the last day of each regular session of the legislature.

ADMINISTRATION OF INVESTMENTS

The administration and procedures for investing College District funds and for requiring ethics disclosures of investment advisors shall be prescribed by the executive vice chancellor of business affairs in the appropriate section of the College District business procedures manual, as amended. The administration and procedures shall be consistent with this policy.

FUNDS/ STRATEGIES

Investments of the following fund categories shall be consistent with this policy and in accordance with the strategy defined below. For pooled investments the College District will consolidate cash balances from all funds in the pool to maximize investment earnings. The earnings will be allocated to the various funds participating in the pool based on their respective participation and in accordance with generally accepted accounting principles.

OPERATING FUNDS: Investment strategies for operating funds (including any commingled pools containing operating funds) shall have as their primary objectives safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements.

QUASI-ENDOWMENT FUNDS: Investment strategies for quasi-endowments funds (including any commingled pools containing quasi-endowment funds) shall have as their primary objectives safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements.

DEBT SERVICE FUNDS: Investment strategies for debt service funds shall have as their objective sufficient investment liquidity to timely meet debt service payment obligations in accordance with provisions in the bond documents. Reserve funds for revenue debt may be invested for long-term maturity in order to maximize return on investment. Maturities longer than one year are authorized provided legal limits are not exceeded.

UNEXPENDED PLANT FUNDS: Investment strategies for capital projects in the unexpended plant funds shall have as their objective sufficient investment liquidity to timely meet capital project obligations.

SAFEKEEPING AND CUSTODY

The College District shall retain clearly marked receipts providing proof of the College District's ownership. The College District may delegate, however, to an investment pool the authority to hold legal title as custodian of investments purchased with College District funds by the investment pool. The College District shall contract with a bank or banks for the safekeeping of securities either owned by the College District as part of its investment portfolio or held as collateral to secure demand or time deposits. Securities owned by the College District shall be held in the College District's name as evidenced by safekeeping receipts of the institution holding the securities.

COLLATERALIZED DEPOSITS

Collateral for deposits will be held by a third party custodian designated by the College District and pledged to the College District as evidenced by safekeeping receipts of the institution with which the collateral is deposited. Original safekeeping receipts shall be obtained. Collateral may be held by the depository bank's trust department, a Federal Reserve bank or a branch of a Federal Reserve bank, or a third party bank approved by the College District.

BROKERS / DEALERS

Prior to handling investments on behalf of the College District, brokers/dealers must submit required written documents in accordance with law. Representatives of brokers/dealers shall be registered with the Texas State Securities Board and must have membership in the Securities Investor Protection Corporation (SIPC), and be in good standing with the Financial Industry Regulatory Authority (FINRA). Those firms that request to become qualified bidders for securities transactions will be required to provide 1) a completed broker/dealer questionnaire that provides information regarding creditworthiness, experience and reputation and 2) a certification stating the firm has received, read and understood the College District's investment policy and agree to comply with the policy. Authorized firms may include primary dealers or regional dealers that qualify under Securities Exchange Commission rule 15C3-1(Uniform Net Capital Rule), and qualified depositories.

SOLICITING BIDS FOR CD'S OR OTHER SECURITIES

In order to get the best return on its investments, the College District may solicit bids for certificates of deposit or other securities in writing, by telephone, or electronically, or by a combination of these methods. It is the policy of the College District to require competitive bidding for all individual security purchases and sales except for: a) transactions with money market mutual funds and local government investment pools and b) treasury and agency securities purchased at issue through an approved broker/dealer or financial institution.

INTERNAL CONTROLS

A system of internal controls shall be established and documented in writing and must include specific procedures designating who has authority to withdraw funds. Also, controls shall be designed to protect against losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the College District. Controls deemed most important shall include:

1. Separation of transaction authority from accounting and recordkeeping and electronic transfer of funds.

2. Avoidance of collusion.
3. Custodial safekeeping.
4. Clear delegation of authority.
5. Written confirmation of telephone transactions.
6. Documentation of dealer questionnaires, quotations and bids, evaluations, transactions, and rationale.
7. Avoidance of bearer-form securities.

These controls shall be reviewed by the College District's independent auditing firm during the College District's annual financial audit."

INFORMATIVE REPORT NO.

Presentation of 4th Quarter Investment Transactions

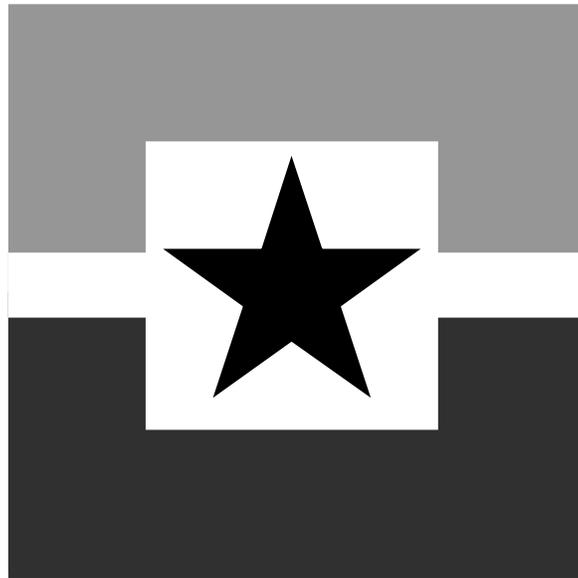
The 4th quarter investment transactions are presented as provided by Board Policy CAK (Legal), which states: *Not less than quarterly, the investment officer shall prepare and submit to the Board a written report of investment transactions for all funds covered by the Public Funds Investment Act.*

Background

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

Submitted by: Edward M. DesPlas, executive vice chancellor, business affairs

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT



Investment Portfolio

As of August 31, 2010

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

The District's investment portfolio is summarized in the table *Investment Portfolio Summary Report*. The purchase date, maturity date, yield to maturity, book value, and market value are shown for each of the District's investment securities as of August 31, 2010. The configuration of the portfolio is shown for both the quarters ended August 31, 2010 and May 31, 2010, see Figures 1 and 2. The portfolio is invested 70.16% in U.S. Agency securities, 19.62% in TexPool, TexSTAR and JPMC and 10.22% in U.S. Treasury securities.

No security has a term of more than six years from August 31, 2010. The portfolio's weighted average maturity is 3.37 years. An analysis of the portfolio maturity is shown in Figure 3.

In the fourth quarter, U.S. Agency and Treasury security market yields fell precipitously. For example, U.S. Treasury yields for investments of 3 years or less fell by 53% and U.S. Treasury yields for investments of 2 years or less fell by 51%. The District began the fourth quarter with 24 Agency security investments. Of those 24 investments; 13 securities, with an average yield of 2.50%, were called. These investments were replaced by 6 securities with an average yield of 0.92%.

The District portfolio currently has coupons that range in rate from 0.47% to 3.33%. During the fourth quarter, the District's two highest yielding securities; both 3.75%, were called. These investments were replaced with securities yielding 2.01% and 1.00%. In the past quarter, the District earned an average return of 0.23% from short-term investment pools. As of August 31, 2010, the District portfolio, excluding pools, outperformed the Treasury yield curve by 148 basis points for securities with maturities of three to four years. This was the maximum difference between DCCCD portfolio yield and the Treasury yield curve. For the same period, the District portfolio yield outperformed the Treasury yield curve by 27 basis points for securities with maturities of one year or less. This was the minimum difference between DCCCD portfolio yield and the Treasury yield curve. An analysis of the District's portfolio yield compared with the Treasury yield at August 31, 2010 and August 31, 2009 is shown in Figure 4.

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

Dallas County Community College District
Investment Portfolio Summary Report
Activity for the 4th Quarter Ended August 31, 2010

INVESTMENTS:		MARKET	ACCRUED INTEREST	WEIGHTED AVERAGE MATURITY	YIELD TO MATURITY
Beginning of Period	May 31, 2010	\$ 303,799,151	\$ 1,239,096	1221	1.91%
Purchases		\$ 222,630,721			
Maturities / Sold		\$ (275,840,496)			
Market Value Change		\$ 1,541,894			
End of Period	August 31, 2010	\$ 252,131,270	\$ 637,147	928	1.24%

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

/s/ Edward M. DesPlas

Edward M. DesPlas, Executive Vice Chancellor, Business Affairs

/s/ Kim Green

Kim Green, Associate Vice Chancellor of Business Affairs

/s/ Robb Dean

Robb Dean, Director of Finance and Treasury

***Dallas County Community College District
Investment Portfolio Transaction Summary Report
Activity for the 4th Quarter Ended August 31, 2010
By Type of Investment***

	Face Amount 8/31/2010	Market Transactions					Market Value 8/31/2010
		Market Value 5/31/2010	Securities Purchased	Securities Matured / Sold	Market Value Change		
SUMMARY:							
MONEY MARKET FUNDS / INVESTMENT POOLS	\$ 49,471,365	\$ 51,976,140	\$ 158,330,721	\$ (160,835,496)	\$ -	\$ 49,471,365	
REPURCHASE AGREEMENTS	-	-	-	-	-	-	
TREASURY SECURITIES	25,000,000	22,277,530	3,000,000	-	490,050	25,767,580	
AGENCY SECURITIES	289,390,000	229,545,481	61,300,000	(115,005,000)	1,051,844	176,892,325	
PORTFOLIO TOTAL	\$ 363,861,365	\$ 303,799,151	\$ 222,630,721	\$ (275,840,496)	\$ 1,541,894	\$ 252,131,270	

	Face Amount 8/31/2010	Book Transaction Excludes Unrealized Gain and Loss					Book Value 8/31/2010
		Book Value 5/31/2010	Securities Purchased	Securities Matured / Sold	Securities Disc./(Prem.)		
SUMMARY:							
MONEY MARKET FUNDS / INVESTMENT POOLS	\$ 49,471,365	\$ 51,976,140	\$ 158,330,721	\$ (160,835,496)	\$ -	\$ 49,471,365	
REPURCHASE AGREEMENTS	-	-	-	-	-	-	
TREASURY SECURITIES	25,000,000	22,017,739	3,000,000	-	2,460	25,020,199	
AGENCY SECURITIES	289,390,000	228,332,456	61,300,000	(115,005,000)	584,455	175,211,911	
PORTFOLIO TOTAL	\$ 363,861,365	\$ 302,326,335	\$ 222,630,721	\$ (275,840,496)	\$ 586,915	\$ 249,703,475	

Dallas County Community College District
Investment Portfolio Transaction Report
Activity for the 4th Quarter Ended August 31, 2010

Invest. ID	Cusip Number	Description	Purchase Date	Call Date	Maturity Date	Face Amount	Yield
MONEY MARKET FUNDS / INVESTMENT POOLS							
		JPMC DDA	03-Aug-10		N/A	\$ 9,000,000	(4)
73190		TEXPOOL	30-Jul-90		N/A	\$ 33,804,519	(1)
1111		TEXSTAR	23-Jun-03		N/A	\$ 6,419,489	(2)
2003		TEXSTAR (TAX NOTE)	06-Aug-03		N/A	\$ 28,761	(2)
2004		TEXSTAR (TAX NOTE)	06-Apr-04		N/A	\$ 175,126	(2)
40-0		TEXSTAR (GO)	14-Sep-04		N/A	\$ 28,381	(2)
40-1		TEXSTAR (CP)	09-Oct-07		N/A	\$ -	(2)
40-2		TEXSTAR (GO 2009)	05-Jun-09		N/A	\$ 15,089	(2)
TREASURY SECURITIES							
F46-4-P	912828LQ1	U.S. T Notes	9-Oct-09		30-Sep-14	7,000,000.00	2.321
13083-P	912828LS7	U.S. T Notes	4-Nov-09		31-Oct-14	5,000,000.00	2.305
F92-36-D	912828MM9	U.S. T Notes	17-Dec-09		30-Nov-11	2,000,000.00	0.800
F92-37-P	912828KB5	U.S. T Notes	15-Jan-10		15-Jan-12	3,000,000.00	0.880
F92-38-D	912828MN7	U.S. T Notes	18-Feb-10		15-Feb-13	3,000,000.00	1.432
13087-D	912828KN9	U.S. T Notes	22-Apr-10		30-Apr-14	2,000,000.00	2.123
13088-P	912828NS5	U.S. T Notes	23-Jul-10		30-Jun-12	3,000,000.00	0.548
AGENCY SECURITIES							
16260	3128X7U36	FHLMC	30-Jul-08	MAT	30-Jul-10	5,000,000	3.750%
16268	3128X8FZ0	FHLMC	4-Feb-09		4-Feb-13	10,000,000	2.250%
16272	3128X8QP0	FHLMC (NO CALLS)	18-Mar-09		18-Mar-14	5,000,000	3.250%
16279	3128X8ZF2	FHLMC Step-up	4-May-09		4-Nov-14	8,085,000	3.000%
16282-D	3133XTPP5	FHLB Step-up	22-Jun-09	8-Jun-10	8-Jun-12	8,705,000	1.000%
16287-D	31331GD30	FFCB CALLABLE	28-Jul-09	28-Jul-10	28-Jul-15	10,000,000	3.625%
16288	3128X85Y4	FNMA CALLABLE	11-Aug-09	11-Aug-10	11-Aug-15	10,000,000	3.750%
16294	3136FJRX1	FNMA CALLABLE	24-Nov-09	28-Jun-10	24-Nov-15	10,000,000	3.560%
16300-P	31398AVQ2	FNMA	19-Jan-10		23-Mar-11	5,000,000	1.750%
16298-P	3133XWM63	FHLB CALLABLE	26-Jan-10	26-Jul-10	26-Jul-12	5,000,000	1.650%
16299	3133XWN39	FHLB CALLABLE	26-Jan-10		26-Jul-12	5,000,000	1.550%
16297	3136FJU82	FNMA CALLABLE	26-Jan-10	26-Jul-10	26-Jul-12	5,000,000	1.550%
16302-D	3136FJ3L3	FNMA CALLABLE	3-Feb-10	3-Aug-10	3-Feb-16	5,000,000	3.375%
16304	3133XWYN3	FHLB(NO CALLS)	8-Feb-10		8-Aug-11	15,000,000	0.600%
16305	3133XWZE2	FHLB(NO CALLS)	12-Feb-10		12-Aug-13	15,000,000	1.760%
16303	3136FJ4T5	FNMA CALLABLE	16-Feb-10	16-Aug-10	16-Aug-12	15,000,000	1.500%
16301	3136FJ4K4	FNMA CALLABLE	25-Feb-10		25-Feb-16	10,000,000	3.330%
16307	3128X9G20	FHLMC CALL	4-Mar-10	4-Jun-10	4-Dec-12	15,000,000	1.800%
F40-35-P	31398AWQ1	FNMA(NO CALLS)	1-Apr-10		28-Apr-11	10,000,000.00	1.375%
F40-34	31331JKD4	FFCB CALLABLE	13-Apr-10	13-Jul-10	13-Apr-16	10,000,000.00	3.440%
16308	3133XY3Q6	FHLB(NO CALLS)	14-Apr-10		13-Aug-14	15,000,000.00	2.420%
16309-P	31398AYM8	FNMA(NO CALLS)	22-Apr-10		10-Aug-12	15,000,000.00	1.750%
16310	3133XYDN2	FHLB CALLABLE	30-Apr-10	13-Aug-10	13-Aug-15	15,000,000.00	3.050%
16311	3133XYXM2	FHLB(NO CALLS)	30-Jun-10		12-Aug-11	15,000,000.00	0.470%
16312-P	31331JTN3	FFCB(NO CALLS)	23-Jul-10		28-Oct-11	10,000,000.00	0.570%
16313-P	31359MLS0	FNMA Notes 11/2011	23-Jul-10		15-Nov-11	10,000,000.00	0.488%
16314	3136FM6A7	FNMA CALLABLE	19-Aug-10		19-Nov-12	15,000,000.00	1.000%
F91-2	313370LZ9	FHLB Step-up	25-Aug-10		25-Aug-15	1,300,000.00	1.000%
16315	313370QH4	FHLB CALLABLE	26-Aug-10		26-May-16	10,000,000.00	2.010%
F91-1	3133XYHW8	FHLB CALLABLE	25-May-10	25-Aug-10	7-Jun-11	1,300,000.00	1.125%
PORTFOLIO VOLUME						\$ 363,861,365	

(1) TexPool yields vary daily. The Average Monthly Rate as of August 31, 2010 was 0.2279%. The Average Monthly Rate as of May 31, 2010 was 0.1935%.
(2) TexSTAR yields vary daily. The Average Monthly Rate as of August 31, 2010 was 0.2153%. The Average Monthly Rate as of May 31, 2010 was 0.1838%.

Book Transaction Excludes Unrealized Gain and Loss

Invest. ID	Book Value 5/31/2010	Securities Purchased	Securities Matured / Sold	Securities Disc./(Prem.)	Book Value 8/31/2010
MONEY MARKET FUNDS / INVESTMENT POOLS					
73190	-	9,000,000	-	-	9,000,000
73190	27,445,234	139,194,780	(132,835,496)	-	33,804,518
1111	6,416,248	3,241	-	-	6,419,489
2003	26,310	2,451	-	-	28,761
2004	137,551	37,576	-	-	175,127
40-0	17,935,716	10,092,665	(28,000,000)	-	28,381
40-1	-	-	-	-	-
40-2	15,081	8	-	-	15,089
TREASURY SECURITIES					
F46-4-P	7,015,246	-	-	(886)	7,014,360
13083-P	5,014,533	-	-	(828)	5,013,705
F92-36-D	1,998,514	-	-	250	1,998,764
F92-37-P	3,011,824	-	-	(1,826)	3,009,998
F92-38-D	2,996,178	-	-	355	2,996,533
13087-D	1,981,444	-	-	1,193	1,982,637
13088-P	-	3,000,000	-	4,202	3,004,202
AGENCY SECURITIES					
16260	5,000,000	-	(5,000,000)	-	-
16268	10,000,000	-	-	-	10,000,000
16272	5,000,000	-	-	-	5,000,000
16279	8,085,000	-	-	-	8,085,000
16282-D	8,683,633	-	(8,705,000)	21,367	-
16287-D	9,983,877	-	(10,000,000)	16,123	-
16288	10,000,000	-	(10,000,000)	-	-
16294	10,000,000	-	(10,000,000)	-	-
16300-P	5,052,595	-	-	(16,347)	5,036,248
16298-P	5,003,371	-	(5,000,000)	(3,371)	-
16299	5,000,000	-	-	-	5,000,000
16297	5,000,000	-	(5,000,000)	-	-
16302-D	4,995,267	-	(5,000,000)	4,733	-
16304	15,000,000	-	-	-	15,000,000
16305	15,000,000	-	-	-	15,000,000
16303	15,000,000	-	(15,000,000)	-	-
16301	10,000,000	-	-	-	10,000,000
16307	15,000,000	-	(15,000,000)	-	-
F40-35-P	10,000,000	-	0	55,970	10,055,970
F40-34	10,077,515	-	(10,000,000)	(77,515)	-
16308	15,000,000	-	-	-	15,000,000
16309-P	15,151,198	-	-	(17,345)	15,133,853
16310	15,000,000	-	(15,000,000)	-	-
16311	-	15,000,000	-	-	15,000,000
16312-P	-	10,000,000	-	15,988	10,015,988
16313-P	-	10,000,000	-	584,852	10,584,852
16314	-	15,000,000	-	-	15,000,000
F91-2	-	1,300,000	-	-	1,300,000
16315	-	10,000,000	-	-	10,000,000
F91-1	1,300,000	-	(1,300,000)	-	-
PORTFOLIO TOTAL	\$ 302,326,336	\$ 222,630,721	\$ (275,840,496)	\$ 586,915	\$ 249,703,475

(1) TexPool yields vary daily. The Average Monthly Rate as of August 31, 2010 was 0.2279%. The Average Monthly Rate as of May 31, 2010 was 0.1935%.

(2) TexSTAR yields vary daily. The Average Monthly Rate as of August 31, 2010 was 0.2153%. The Average Monthly Rate as of May 31, 2010 was 0.1838%.

Market Transactions

Invest. ID	Market Value 5/31/2010	Securities Purchased	Securities Matured / Sold	Market Value Change	Market Value 8/31/2010
MONEY MARKET FUNDS / INVESTMENT POOLS					
	-	9,000,000	-		9,000,000
73190	27,445,234	139,194,780	(132,835,496)		33,804,518
1111	6,416,248	3,241	-		6,419,489
2003	26,310	2,451	-		28,761
2004	137,551	37,576	-		175,127
40-0	17,935,716	10,092,665	(28,000,000)		28,381
40-2	15,081	8	-		15,089
TREASURY SECURITIES					
F46-4-P	7,140,000	-	-	211,120	7,351,120
13083-P	5,093,750	-	-	154,700	5,248,450
F92-36-D	2,001,480	-	-	7,980	2,009,460
F92-37-P	3,020,040	-	-	10,080	3,030,120
F92-38-D	3,012,420	-	-	42,420	3,054,840
13087-D	2,009,840	-	-	55,320	2,065,160
13088-P		3,000,000	-	8,430	3,008,430
AGENCY SECURITIES					
16260	5,029,900	-	(5,000,000)	(29,900)	-
16268	10,106,400	-	-	(34,900)	10,071,500
16272	5,103,150	-	-	(30,600)	5,072,550
16279	8,216,381	-	-	5,094	8,221,475
16282-D	8,705,000	-	(8,705,000)	-	-
16287-D	10,050,000	-	(10,000,000)	(50,000)	-
16288	10,063,200	-	(10,000,000)	(63,200)	-
16294	10,006,300	-	(10,000,000)	(6,300)	-
16300-P	5,051,550	-	-	(10,900)	5,040,650
16298-P	5,009,400	-	(5,000,000)	(9,400)	-
16299	5,018,750	-	-	(9,350)	5,009,400
16297	5,006,250	-	(5,000,000)	(6,250)	-
16302-D	5,025,000	-	(5,000,000)	(25,000)	-
16304	14,990,700	-	-	46,800	15,037,500
16305	15,065,700	-	-	300,000	15,365,700
16303	15,023,400	-	(15,000,000)	(23,400)	-
16301	10,168,800	-	-	(37,500)	10,131,300
16307	15,002,400	-	(15,000,000)	(2,400)	-
F40-35-P	10,081,300	-	-	(12,500)	10,068,800
F40-34	10,034,400	-	(10,000,000)	(34,400)	-
16308	15,215,700	-	-	421,800	15,637,500
16309-P	15,192,150	-	-	126,600	15,318,750
16310	15,079,650	-	(15,000,000)	(79,650)	-
16311	-	15,000,000	-	18,750	15,018,750
16312-P	-	10,000,000	-	18,800	10,018,800
16313-P	-	10,000,000	-	596,900	10,596,900
16314	-	15,000,000	-	14,100	15,014,100
F91-2	-	1,300,000	-	(3,250)	1,296,750
16315	-	10,000,000	-	(28,100)	9,971,900
F91-1	1,300,000	-	(1,300,000)	-	-
PORTFOLIO TOTAL	\$ 303,799,151	\$ 222,630,721	\$ (275,840,496)	\$ 1,541,894	\$ 252,131,270

(1) TexPool yields vary daily. The Average Monthly Rate as of August 31, 2010 was 0.2279%. The Average Monthly Rate as of May 31, 2010 was 0.1935%.

(2) TexSTAR yields vary daily. The Average Monthly Rate as of August 31, 2010 was 0.2153%. The Average Monthly Rate as of May 31, 2010 was 0.1838%.

Dallas County Community College District
Investment Portfolio Percentage Report
Activity for the 4th Quarter Ended August 31, 2010

Type of Security	Portfolio Pct 5/31/2010	Market Value 5/31/2010	Portfolio Pct 8/31/2010	Market Value 8/31/2010
MONEY MKT FUNDS & INVESTMENT POOLS	17.11%	\$ 51,976,140	19.62%	\$ 49,471,365
TREASURY SECURITIES	7.33%	22,277,530	10.22%	25,767,580
AGENCY SECURITIES	75.56%	229,545,481	70.16%	176,892,325
PORTFOLIO TOTAL	100.00%	\$ 303,799,151	100.00%	\$ 252,131,270

Portfolio Percent by Investment Type

Dallas County Community College District
Investment Pool Report by Fund Type
Activity for the 4th Quarter Ended August 31, 2010

Fund Description	Portfolio Pct 5/31/2010	Market Value 5/31/2010	Portfolio Pct 8/31/2010	Market Value 8/31/2010
Unrestricted Fund	71.92%	\$218,489,005	79.69%	\$ 200,920,756
Auxiliary Fund	6.45%	\$ 19,587,152	6.75%	\$ 17,037,109
Plant Funds	19.59%	\$ 59,520,583	11.40%	\$ 28,737,210
Quasi - Endowment Fund	2.04%	\$ 6,202,414	2.16%	\$ 5,436,195
PORTFOLIO TOTAL	100.00%	\$303,799,154	100.00%	\$ 252,131,270

Portfolio Pool Allocation Percent by Fund Type

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT
Investment Portfolio Maturity Analysis
as of August 31, 2010 (Including Pools)

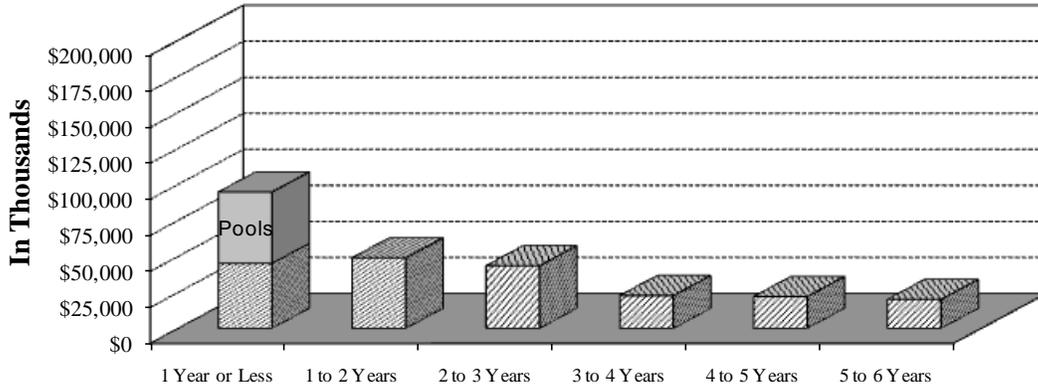


Figure 3 - Investment Portfolio Maturity Analysis

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT
Securities Yield-to-Maturity Analysis by Year (Excluding Pools)

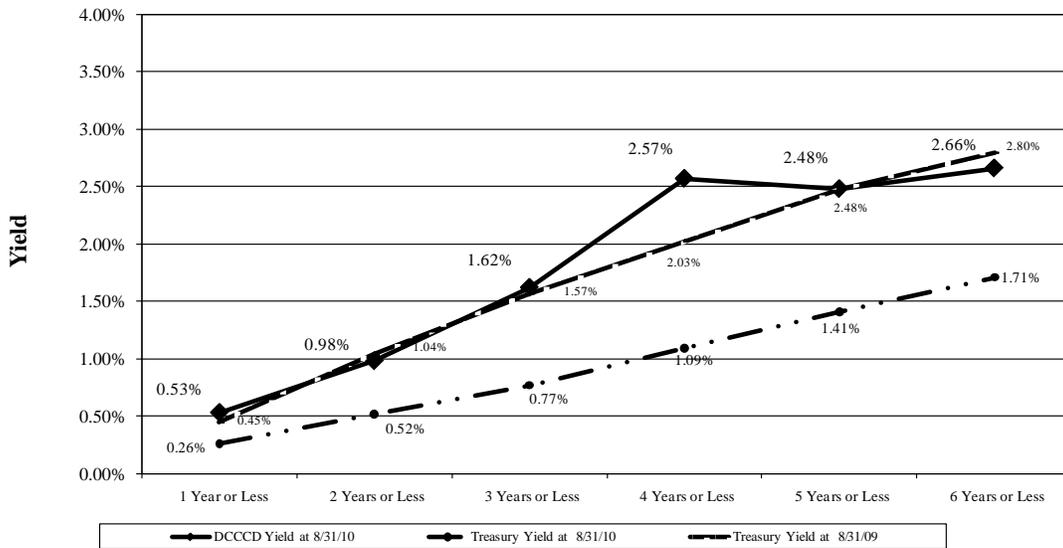


Figure 4 - Yield-to-Maturity Analysis by Year

GLOSSARY OF INVESTMENT TERMS

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

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

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

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

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

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

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

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

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

GASB 31: A pronouncement by the Governmental Accounting Standards Board that required a “mark to market” for the value of investments on a regular basis, with a recognition of gains or losses contemporaneously by booking an unrealized gain or loss.

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

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

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

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

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

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

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

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

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

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

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

commitment underwriting. To spread the risk of purchasing the issue, the underwriter often will form a syndicate (underwriting group, purchase group) among other investment firms. If the investment firm is unwilling to buy the issue outright, other underwriting forms may be used.

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