



Comprehensive Annual Financial Report

**For the Fiscal Years ended
August 31, 2020 and 2019**

Dallas County, Texas



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DALLAS COLLEGE
DALLAS COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

PREPARED BY
DALLAS COLLEGE BUSINESS AFFAIRS

DALLAS COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

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DALLAS COLLEGE

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INTRODUCTORY SECTION

DALLAS COLLEGE
ORGANIZATIONAL DATA
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

BOARD OF TRUSTEES

OFFICERS

Diana Flores	Chair
Wesley Jameson	Vice Chair
Joe D. May	Secretary

MEMBERS

TRUSTEE	CITY, STATE	TERM EXPIRES
Diana Flores	Dallas, Texas	2020
Wesley Jameson	Duncanville, Texas	2020
Phillip J. Ritter	Dallas, Texas	2022
Dorothy Zimmermann	Garland, Texas	2022
Monica Lira Bravo	Dallas, Texas	2022
JL Sonny Williams	Dallas, Texas	2024
Charletta Rogers Compton	Dallas, Texas	2024

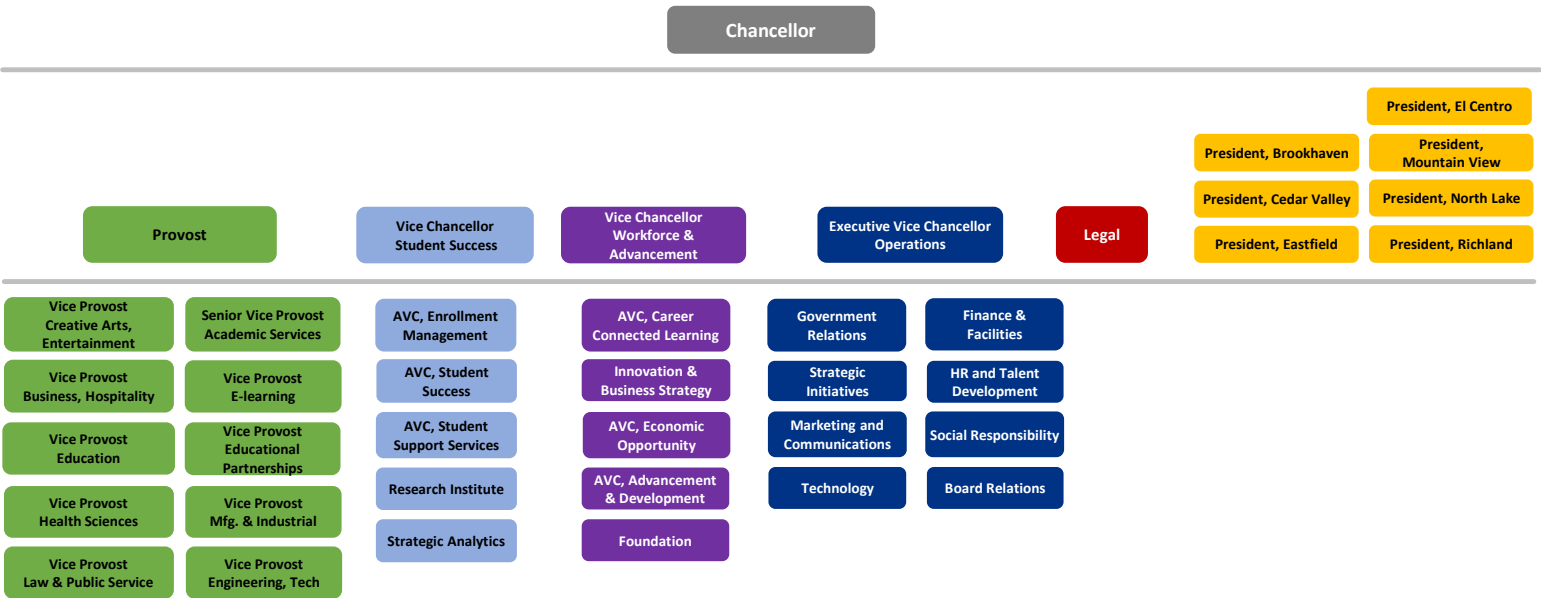
ADMINISTRATIVE OFFICERS

Joe D. May	Chancellor
Mary Brumbach	Chief Strategic Initiatives Officer
Sheri Enright	Chief Human Resource Officer
Isaac Faz	Chief Legislative Counsel
Shawnda Floyd	Provost
Iris Freemon	Chief of Staff
Beatriz Joseph	Vice Chancellor Student Success
Justin Lonon	Executive Vice Chancellor
Tim Marshall	Chief Innovation Officer
John Robertson	Chief Financial Officer
Robert Wendland	General Counsel
Pyeper Wilkins	Vice Chancellor Workforce and Advancement

CAMPUS PRESIDENTS

Jose Adames	El Centro	Dallas
Linda Braddy	Brookhaven,	Farmers Branch
Eddie Tealer	Eastfield	Mesquite
Kathryn Eggleston	Richland	Dallas
Vacant	Mountain View	Dallas
Joseph Seabrooks	Cedar Valley	Lancaster
Christa Slejko	North Lake	Irving

Leadership Team





December 15, 2020



Joe D. May

On behalf of Dallas College and the community of Dallas County, I am pleased to submit to the members of the Dallas College Board of Trustees our Comprehensive Annual Financial Report for the fiscal years, which ended August 31, 2020 and 2019.

Thanks to your leadership as members of our Board of Trustees – and your commitment to the College's fiduciary responsibilities – we continue to sustain a strong fiscal position and to provide services and programs which help ensure that Dallas County is vibrant, growing, and economically stable for future generations. DC's tuition and property tax rates continue to rank among the lowest for Texas community colleges. We strive to offer a quality education at all of our colleges and make it accessible at the best possible value for our students and the citizens of Dallas County.

We know that student and community success is vital to the prosperity of Dallas County and we are involved in a number of programs that support their success. I would like to share several key examples:

- New name. Same great education. In June, approval was given by the Southern Association of Colleges and Schools to consolidate into one college with multiple campuses. Dallas College will consolidate its structure to a Schools concept which will improve student responsiveness and provide efficiencies throughout the new organization.
- Dallas College has partnered with school districts and charter school systems to offer dual credit learning opportunities, with a 15.8% increase in dual credit headcount from 2018-19 to 2019-20 (from 25,546 to 29,607 unduplicated students enrolled). By August 2020, the Texas Education Agency had approved 40 Dallas College Early College High Schools (ECHS), including 25 P-TECH programs and an additional 15 T-STEM Academies as pathways to certificates and degrees. In 2020-21, 22 more Texas Education Agency-designated ECHS's and P-TECH's are planning for implementation in 2022-23, for a total of 77 College and Career Readiness Models. Students are enabled to pursue both a high school diploma and an associate degree at no cost to them or their parents. A record 2,066 certificates and Associate degrees were awarded to 2019-20 high school dual credit graduates
- The Dallas County Promise program continued to grow, enrolling over 5,800 students for the fall 2020 semester. This program removes the financial barrier to college and is helping to transform students' perspective on college access. In partnership with the DCCCD Foundation, the Dallas County Promise program is now open to high school seniors from 57 area high schools.

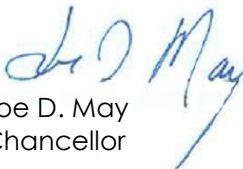
- The Board of Trustees authorized an election for the issuance of \$1.1 billion of general obligation bonds that was overwhelmingly supported by the taxpayers of Dallas County. The bonds will be issued over the next two to eight years in order to maintain the same debt service tax rate. While progress on this capital program was slowed by the filing of an election lawsuit, Dallas College fully expects to be successful in defending the bond election. The proceeds will be used to add a new instructional building due to the growth in our programs and develop a new downtown master planned education and innovation center to support the needs of Dallas area businesses and entrepreneurs.

We will continue to build our higher education network, remove barriers to student success, and concentrate on providing training and courses in those programs that meet the needs of employers and businesses who are filling high-demand jobs. We will provide "higher education that actually gets you hired."

As I have mentioned on many occasions, the jobs and workforce of the future will all require some postsecondary education. Dallas College is a viable educational partner with businesses and the communities we serve. We will continue to find ways to help students succeed, earn credentials that help them earn a living wage and support their families and communities.

In closing, I want to thank you, as a member of our Board of Trustees, for your dedication and direction as well as our faculty and staff across the College who make a difference in the lives of our students. We will do our best to honor the past as we continue to build for the future together.

Respectfully,



Joe D. May
Chancellor



December 15, 2020

To the Board of Trustees:

Respectfully submitted for your review is the comprehensive annual financial report for the Dallas College ("College") for the fiscal years ended August 31, 2020 and 2019. The purpose of this report is to provide detailed information about the financial condition and performance of the College. Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal controls. The objective of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. The concept of reasonable assurance ensures that the costs of the controls do not exceed the benefits derived.

Comprehensive Annual Financial Report

Dallas College's comprehensive annual financial report (CAFR) is prepared by the Finance office in accordance with Generally Accepted Accounting Principles as established by the Governmental Accounting Standards Board (GASB) and complies with the Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges as set forth by the Texas Higher Education Coordinating Board (THECB). The Notes to the Financial Statements are considered essential to fair presentation and adequate disclosure for this financial report. The Notes are treated as an integral part of the financial statements and should be read in conjunction with them. Additionally, attention should be given to Management's Discussion and Analysis that provides the reader with a narrative introduction, overview, and analysis of the financial statements.

Reporting Entity

The College is a special-purpose government engaged solely in business-type activities (BTA). In compliance with GASB Statements No. 34 and No. 35, as amended, this reporting model is intended to make government financial statements similar to corporate financial statements. It also serves to make the financial statements more comparable across organizations.

The Dallas County Community College District Foundation, Inc. ("Foundation") has been discretely presented in College's statements as a component unit by inclusion of the statements and footnotes of the Foundation in the College's statements and footnotes. Because the financial statements of the Foundation are presented in a different format from the College and are incompatible with the College's financial statements, the Foundation's financial statements are presented on separate pages from the College's financial statements. The Foundation is a non-profit organization established in 1973 with its sole purpose being to provide benefits such as scholarships and grants to DC.

Richland Collegiate High School ("RCHS") began its first full year of operations in the fiscal year ended August 31, 2007. RCHS was granted a charter by the Texas Education Agency ("TEA") in October 2005. The Board of Trustees of Dallas College subsequently approved the charter in May 2006. RCHS

receives state reimbursement based on average daily attendance. TEA requirements necessitate tracking RCHS revenues and expenses separately from those of the College. Because the high school contracts with the College for instructional and administrative services, the legal identity is the same as the College. RCHS shares the same Board of Trustees with Dallas College and RCHS is included as an operating unit in the College's financial statements. More information can be found in Note 25, including Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, Statements of Cash Flows, and other schedules.

Organization of Dallas College

In 1965, Dallas County voters created the Dallas County Junior College District and began operations at El Centro College in 1966 in downtown Dallas. An additional six colleges were added to the district between 1970 and 1978. In 2020, Dallas College received approval to consolidate the seven colleges into one college with seven campuses:

- El Centro Campus (1966) – main campus for accreditation and student aid purposes
- Eastfield Campus (1970)
- Mountain View Campus (1970)
- Richland Campus (1972)
- Cedar Valley Campus (1977)
- North Lake Campus (1977)
- Brookhaven Campus (1978)

A seven-member Board of Trustees is the governing body of the College. The Trustees are elected from single member districts for staggered six-year terms. The Chief Executive Officer of the College is the Chancellor. The Chancellor's executive staff, comprised of the provost, vice chancellors, general counsel, chief officers, and campus presidents, is responsible for the management and daily operation of the College.

Mission and Values

The mission of Dallas College is to transform lives and communities through higher education. Our purpose is to ensure that Dallas is vibrant, growing and economically viable for future generations. The Board of Trustees has established the thematic priorities of:

- Student Success
- Employee Success
- Community Engagement
- Institutional Effectiveness

The Board has developed strategic priorities and initiatives that engage and impact individuals, communities, business sectors, employers, and organizations within each of the thematic priorities.

Together, our campuses enroll more undergraduate (freshman and sophomore) students than any other college, university or community college system in the state of Texas. Since 1965, we have served more than 3 million students by providing:

- the first two years of a bachelor's degree
- more than 100 high-demand career programs
- enrichment and certification classes for a lifetime of learning
- professors who are dedicated to student success, not a research grant
- unparalleled quality at a tuition that students can afford

Our student population is 17.5 percent Anglo, 40.4 percent Hispanic, 20.8 percent African American, 6.1 percent Asian, and 15.2 percent all others combined. The College's workforce is becoming increasingly diverse: 42.9 percent Anglo, 19.2 percent Hispanic, 25 percent African American, 7 percent Asian, and 5.9 percent all others combined.

Economic Conditions and Outlook

Other than Federal grants used for scholarships, Dallas College has three main sources of operating revenue:

- Ad Valorem Taxes – increased by \$25.3 million due to the taxable assessed value increasing. The maintenance and operations tax rate remained unchanged.
- Net Tuition and Fees – decreased by \$6.3 million due to an increase in tuition waivers from the Early College High School enrollment increase.
- State Appropriations – increased by \$6.1 million as a \$6.8 million increase in biennium enrollment appropriations was realized. Appropriations for RCHS, benefits and grant matching funds collectively decreased \$0.7 million.

Taxable property values increased by 7.6% in fiscal year 2020 driven primarily by commercial and business personal property increases, especially in the central business district of Dallas.

In fiscal year 2020, credit student headcount increased by approximately 4.7%. While Dallas College has seen some recent minimal enrollment declines due to COVID-19 (1.3% drop in out-of-country students), it fully expects that enrollments will increase in fiscal year 2021 and in future years as the College invests in dual credit programs, workforce initiatives, and targets non-consumer markets.

The State legislature completed the budget process for the 2020-2021 biennium and overall Texas Community Colleges had an increase of 5.9% as compared to the 2018-2019 biennium. College's portion increased by \$13.4 million for the biennium due to increases in enrollment and an increase in the student success point rate.

Operating expenses increased \$42.2 million in fiscal year 2020 primarily due to increases in benefits, salaries, scholarships and costs of response to the COVID pandemic.

Moody's Investors Service, Inc., Standard & Poor's Rating Services, and Fitch Ratings have all reaffirmed their AAA rating on DCCCD's General Obligation bonds and the AA rating on our Revenue bonds in recent years.

Financial Planning and Budgeting

Dallas College's financial planning is comprised of three planning processes for all newly established schools of study within the College and campus operations:

- Strategic Plan
- Facilities Master Plan
- Annual Budget, including three-year projections

The annual budget process uses an allocation method based largely on three factors:

- Revenues from tuition and state appropriations
- Performance funding based on strategic initiatives
- Facility operations based on building square footage

The methodology for budget is being changed in 2021 to reflect reorganized operations of the College. Each school of study will receive a lump-sum budget allocation, based on total forecasted State appropriations and tuition revenues. This allocation, together with an allocation of the Colleges' fund balance, makes up the total available resources for each school of study's budget. The Provost is responsible for the development and control of the collective schools of study budget and expenditures, and allocated resources. Campus facilities are administrated centrally. Facilities initiatives are budgeted based on funding from ad valorem taxes and debt funding. The Board of Trustees approves an operating budget for all operations of College each fiscal year including any revisions. The Board of Trustees is given updates at least annually on the three-year projections of revenues and expenditures.

The Facilities Master Plan is developed on a rolling five-year basis and presented to the Board of Trustees. The College completed Facility Master Plans for all campuses which were consolidated into a College wide plan, prioritized by student needs.

Major Initiatives

The Board of Trustees approved the consolidation of seven colleges into one college with multiple campuses. The organization of Dallas College is structured around seven Schools by program of study. Due to this consolidation, the College is currently restructuring to improve efficiency, reduce costs and with a focus on a student centric model that improves completion and retention while shorting the time to complete a degree or certificate. This consolidation will be completed during fiscal year 2021

In May 2019, the voters authorized \$1.1 billion of general obligation bonds to fund the consolidated College-wide projects.

- All projects will be phased over a 6-8-year time period.
- The first phase of \$297.2 million of projects is expected to be completed by 2023.

The board also approved another major initiative which includes improvements to public safety and security and updates to all information technology equipment and infrastructure which will be completed by spring 2021.

Independent Audit

State statute requires an annual audit by independent certified public accountants. The purpose of an independent audit is to provide assurance, based on independent review and testing, that the basic financial statements and accompanying notes are fairly stated in all material respects. The independent firm of certified public accountants of McConnell & Jones, LLP was selected by Dallas College's Board of Trustees starting in fiscal year 2020. In addition to meeting the state statute requirements, the audit is designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related Uniform Guidance and the state of Texas single audit related to the Uniform Grant Management and Standards Single Audit Circular. The auditors' reports related

specifically to the single audit are included in the Schedules for Federal and State Single Audit section of Dallas College's comprehensive annual financial report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the College for its comprehensive annual financial report for the fiscal year ended August 31, 2019, for the eighth consecutive year. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy generally accepted accounting principles and all applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our comprehensive annual financial report for the fiscal year ended August 31, 2020 continues to meet the Certificate of Achievement program's requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

Financial Transparency

The College continues to provide financial information on its website <https://www.dcccd.edu/about/financial/transparency/pages/default.aspx>. The site includes current and historical data for budgets, audited annual financial reports, bonds, and property tax information.

Acknowledgement

The staff thanks the Board of Trustees for their integrity, interest, and insight concerning the fiscal operations of the College. Also, we wish to thank the Chancellor and the Chancellor's executive staff for their responsible fiscal approach. The timely completion of this report was made possible by the dedication and hard work of the entire Finance staff. We would also like to thank the accounting firm of McConnell & Jones, LLP for their assistance with the audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'John Robertson', with a horizontal line extending to the right.

John Robertson
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Dallas County Community College District
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

August 31, 2019

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Dallas College

Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of Dallas College, (the "College") as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of August 31, 2020 and the respective changes in financial

position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the business-type activities and the discretely presented component units of the “College as of August 31, 2019, were audited by other auditors whose reports dated December 3, 2019, expressed an unmodified opinion on those statements.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 32 and the Required Supplementary Information on pages 111 through 121, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards for the year ended August 31, 2020, as required by Title 2 U.S. Code of Federal and State Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal and State Awards, and the State of Texas Uniform Grant Management Standards on pages 161 through 175, and the Texas Higher Education Coordinating Board (“THECB”) supplemental schedules on pages 123 through 127, are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

The introductory section and statistical section on pages 2 through 11 and on pages 128 through 154, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing

procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 15, 2020, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Dallas, Texas
December 15, 2020

DALLAS COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

(UNAUDITED)

Management's discussion and analysis of the annual financial statements of Dallas College (College) is designed to help readers understand some of the conditions and events contributing to the current financial position of the College as well as to point out trends and changes in the results of operations. Please read it in conjunction with the Chancellor's letter, the transmittal letter, College's basic financial statements, and notes to the financial statements. Responsibility for the completeness and fairness of this information rests with College. For purposes of the summary and discussion, the terms "2020", "2019" and "2018" refer to fiscal years ended August 31, 2020, August 31, 2019, and August 31, 2018, respectively.

FINANCIAL HIGHLIGHTS FOR 2020

- Total assets for 2020 were \$1,156.1 million, increasing by \$28.3 million from 2019 due to increased spending in fixed assets. Total liabilities decreased \$14.8 million during 2020 as a result of increases in the net post-employment benefit liabilities of \$40.7 million offset by a reduction in bonds payable of \$51.0 million. Deferred outflows were \$151.5 million and deferred inflows were \$96.9 million.
- Net position at August 31, 2020 was \$553.8 million, of which, \$6.0 million was unrestricted and may be used to meet College's ongoing obligations.
- Total operating revenues in 2020 were \$108.2 million, down \$0.4 million primarily due to a decrease in net tuition of \$6.3 million offset by a \$6.7 increase in grant revenue. While enrollment from in-State resident students increased a significant decrease of out-of-State students was experienced due to the COVID-19 virus. Additionally influencing the decrease were increases in tuition waivers from the Early College High School (ECHS) enrollment increases. Operating expenses were \$596.3 million, up \$42.2 million from 2019 primarily due to facilities maintenance, scholarships and costs for converting to virtual instruction due to the COVID virus. Net non-operating revenues were \$544.0 million, an increase of \$40.9 million primarily attributed to increases in federal revenue and tax revenue.
- Total bond payments for 2020 increased by \$2.3 million reflecting refundings of the original issued General Obligation bonds through 2019. Principal payments on General Obligation Refunding bonds increased by \$5.1 million from 2019 while interest on the bonds decreased by \$2.8 million for the same period. Total bonds payable decreased \$51.0 million in 2020. Total interest expensed for capital-related debt was \$4.0 million.

OVERVIEW OF FINANCIAL STATEMENTS

In March 2020, College's Board of Trustees issued a resolution to reorganize from seven separately accredited colleges into one accredited college with seven primary campuses and to effect a name change from Dallas County Community College District to Dallas College (College). The board resolution stated that College would retain all obligations and operations under the former name of Dallas County Community College District. In May 2020, applications made to the Southern Association of Colleges and Schools Commission on Colleges and the Texas Higher Education Coordinating Board for the changes were approved. Effective July 2, 2020, the Dallas College name change and campus reorganization was implemented. The implementation had no effect on the financial statements issued for Fiscal 2020 or prior fiscal years as the financial statements prior to the

DALLAS COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

(UNAUDITED)

reorganization had been presented as a unit of the previous seven separately accredited colleges and central administration. Further application for the reorganization was made to the Department of Education for Title IV scholarships. The application required processes which temporarily delayed authorized issuance of Title IV aid to students in the Fall 2020 semester. The effect of the delay is reflected in the Statement of Net Position and will be discussed in the Statement of Net Position section of this management's discussion. Fall 2020 semester revenues and scholarships are deferred until 2021 and as a result solely effect the Statement of Net Position.

College offers higher education and workforce training to Dallas County, Texas and surrounding communities in North Texas. The campuses of College are:

- El Centro Campus (1966) – main campus
- Eastfield Campus (1970)
- Mountain View Campus (1970)
- Richland Campus (1972)
- Cedar Valley Campus (1977)
- North Lake Campus (1977)
- Brookhaven Campus (1978)

College qualifies as a special-purpose government engaged in business-type activities according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*, and the financial statements are prepared on that basis. The resulting financial statement format focuses on College as a whole. The basic financial statements are designed to emulate the corporate presentation model whereby College's fiscal activities are consolidated into one column total. Comparative data from the prior year is shown in a separate column on the face of each of the statements.

The financial position is presented as of August 31, 2020 and 2019 and consists of three primary statements: Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; and Statements of Cash Flows. As required by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, an accrual basis of accounting is employed. This means that transactions are recorded as incurred rather than when cash changes hands.

The Dallas County Community College District Foundation, Inc. (the "Foundation") has been discretely presented in College's financial statements as a component unit by inclusion of the statements and Notes of the Foundation in College's statements and notes per GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. Because the financial statements of the Foundation are presented in a different format from College and are incompatible with College's financial statements, the Foundation's financial statements are presented on separate pages from College's financial statements. The Foundation is a non-profit organization established in 1973 with its sole purpose being to provide benefits such as scholarships and grants to College.

The Richland Collegiate High School ("RCHS") is operated by College under a charter issued by the Texas Education Agency ("TEA") in October 2005 and approved by the Board of Trustees of College in 2006. While RCHS receives state reimbursement based on average daily student attendance, College

DALLAS COLLEGE

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019**

(UNAUDITED)

receives state funding based on the class contact hours. Because RCHS is not a separately incorporated entity and functions as an operating unit of College, the legal identity of RCHS is the same as College. In accordance with TEA's requirement for separate financial reporting for the charter school's activities, more information about RCHS can be found in Note 25, including separate Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, Statements of Cash Flows, and other schedules.

DALLAS COLLEGE

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019**

(UNAUDITED)

Statements of Net Position

The focus of the Statements of Net Position is to illustrate the financial position at a point in time. These statements present the current financial resources (short-term spendable assets) along with assets planned to be held for more than a year. It also shows amounts owed against those assets and reveals the amount of remaining net position available to College for further endeavors. In order to show the trends for the two years presented in the Statements of Net Position, a summary of three years of data for the fiscal years ended August 31, 2018 through 2020 is presented in Table 1 below.

TABLE 1: CONDENSED STATEMENTS OF NET POSITION
(In Millions)

	Fiscal Year			Change	
	2020	2019	2018	2020 to 2019	2019 to 2018
ASSETS					
Current Assets	\$ 383.3	\$ 350.5	\$ 239.0	\$ 32.8	\$ 111.5
Capital Assets, net of depreciation	680.8	629.7	631.4	51.1	(1.7)
Other Non-current Assets	92.0	147.6	227.8	(55.6)	(80.2)
Total Assets	1,156.1	1,127.8	1,098.2	28.3	29.6
DEFERRED OUTFLOWS OF RESOURCES	151.5	157.9	50.5	(6.4)	107.4
LIABILITIES					
Current Liabilities	131.6	161.6	152.7	(30.0)	8.9
Non-current Liabilities	525.3	510.1	478.4	15.2	31.7
Total Liabilities	656.9	671.7	631.1	(14.8)	40.6
DEFERRED INFLOWS OF RESOURCES	96.9	116.1	77.3	(19.2)	38.8
NET POSITION					
Net investment in Capital Assets	545.2	446.5	402.5	98.7	44.0
Restricted	2.6	0.6	4.8	2.0	(4.2)
Unrestricted	6.0	50.8	33.0	(44.8)	17.8
Total Net Position	\$ 553.8	\$ 497.9	\$ 440.3	\$ 55.9	\$ 57.6

DALLAS COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

(UNAUDITED)

Changes in Assets

Current assets increased by \$32.8 million in 2020 compared to 2019 as a result of a \$34.2 million increase in cash and cash equivalents, a \$14.7 million increase in tuition receivables offset by a \$17.8 million decrease in accrued charges. Delayed issuance of Federal Title IV aid to students for the Fall 2020 semester resulted in increased tuition receivables and was the sole reason for the decrease in accrued charges.

Current assets increased by \$111.5 million in 2019 compared to 2018 as a result of a \$106.9 million increase in cash and cash equivalents. Interest rates in the investment pools were higher than the rates on securities so as securities matured the funds were reinvested in the pools. As a result, long-term investments decreased \$76.4 million from 2018. Short-term investments increased \$3 million.

Changes in Deferred Outflows

Deferred outflows of resources decreased by \$6.4 million in 2020 as compared to 2019. Deferred outflows for pensions decreased \$10.7 million in 2020 compared to 2019 due to changes in assumptions and differences between projected and actual investment earnings. Deferred outflows for OPEB increased \$5.6 million in 2020 compared to 2019 as a result of changes in proportionate share of employer contributions. Net deferred outflows related to debt decreased \$1.3 million for 2020 as scheduled amortization of losses from prior advanced refundings continue.

Deferred outflows increased by \$107.4 million in 2019 as compared to 2018. The deferred outflows related to other post-employment benefits increased by \$72.3 million while deferred outflows related to pensions increased \$36.8 million in 2019. Deferred loss on debt refundings decreased \$1.6 million for 2019 as scheduled amortization of losses from prior advanced refundings continued.

Changes in Liabilities

Current liabilities decreased by \$30.0 million in 2020 due to a \$28.9 million increase in current bonds payable, a \$13.6 million decrease in unearned revenues, and a \$5.4 million increase in net other post-employment benefits liability. Accounts payable and accrued liabilities increased by \$8.0 million.

Current liabilities increased by \$8.9 million in 2019 due to a \$5.6 million increase in current bonds payable and a \$2.5 million increase in current portion of net other post-employment benefits (OPEB). Accounts payable and accrued liabilities increased by \$1.0 million.

Non-current liabilities increased by \$15.2 million in 2020 due to a \$35.4 million increase in net other post-employment benefits offset by a \$22.1 million decrease in bonds payable. The net other post-employment benefits liability increase is attributable to changes in assumptions lowering the discount rate from 3.96% in 2018 to 2.97% in 2019 while increasing percentages for probable participants and recent health care cost experiences. Long-term bonds continue principal reductions attributable to the advance refundings through 2020.

Non-current liabilities increased by \$31.7 million in 2019 due to a \$53.0 million increase in net pension liability and a \$34.3 million increase in OPEB offset by the long-term bonds decrease of \$55.8 million. The net pension liability increased due to changes in demographic assumptions, economic assumptions

DALLAS COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

(UNAUDITED)

and the lowering of the projected long-term rate of return from 8.00% to 7.25%. The net OPEB liability increase was due to a change in methodology by the Employees Retirement System (ERS). Long-term bonds continue principal reductions attributable to the advance refundings through 2019.

Changes in Deferred Inflows

Deferred inflows in 2020 compared to 2019 decreased \$19.2 million. Deferred inflows related to OPEB decreased \$22.8 million in 2020 due to changes in actuarial assumptions while deferred inflows related to pensions increased \$3.7 million in 2020 also due changes in assumptions. Deferred inflows in 2019 increased a \$38.8 million compared to 2018 due to an increase in deferred inflows related to other post-employment benefits of \$48.1 million. This increase was offset by a decrease in deferred inflows related to pensions of \$9.8 million.

Changes in Net Position

At August 31, 2020, the difference in assets and liabilities was \$553.8 million while at August 31, 2019, the difference was \$497.9 million, an increase of \$55.9 million. The beginning Net Position for 2018 was restated as College implemented GASB Statement No. 75, related to OPEB.

At August 31, 2019, the difference in assets and liabilities was \$440.3 million, an increase of \$57.6 million from the difference in assets and liabilities of \$440.3 million at August 31, 2018. The beginning of Net Position for 2018 was restated as College implemented GASB Statement No. 75, related to OPEB.

DALLAS COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

(UNAUDITED)

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position presents the operating results, as well as non-operating revenues and expenses. Of the three main sources of revenue — ad valorem taxes, state appropriations, and tuition — only tuition represents an exchange for services. Taxes and state appropriations represent non-exchange transactions and thus are considered non-operating revenues. This approach to presenting revenues and expenses is intended to summarize and simplify the user's analysis of the various services offered to students and the public. Depending on whether revenues or expenses are greater for the year, a net increase or net decrease in net position is created. The ending balances of net position on these statements agree with those shown on the Statements of Net Position (Exhibit 1). Results of operations and non-operating activities are summarized in Table 2 on the following page, which was prepared from the Statements of Revenues, Expenses, and Changes in Net Position (Exhibit 2).

TABLE 2: REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(In Millions)

	Fiscal Year			Change	
	2020	2019	2018	2020 to 2019	2019 to 2018
Operating Revenues					
Tuition and Fees (Net)	\$ 64.9	\$ 71.2	\$ 76.2	\$ (6.3)	\$ (5.0)
Grants and Contracts	39.6	32.9	32.2	6.7	0.7
Auxiliary Enterprises	1.3	1.8	2.0	(0.5)	(0.2)
Other Operating Revenues	2.4	2.7	2.7	(0.3)	0.0
Total Operating Revenues	108.2	108.6	113.1	(0.4)	(4.5)
Operating Expenses	596.3	554.1	529.4	42.2	24.7
Operating Loss	(488.1)	(445.5)	(416.3)	(42.6)	(29.2)
Non-Operating Revenues and (Expenses)					
State Appropriations	123.5	117.4	118.6	6.1	(1.2)
Ad Valorem Taxes	332.5	307.2	282.2	25.3	25.0
Federal Revenue	84.5	73.3	75.0	11.2	(1.7)
Investment Income	7.0	12.5	5.8	(5.5)	6.7
Interest on Capital-Related Debt	(4.0)	(6.8)	(7.9)	2.8	1.1
Other Non-Operating Revenue (Expense)	0.5	(0.5)	(0.5)	1.0	0.0
Net Non-Operating Revenues	544.0	503.1	473.2	40.9	29.9
Increase in Net Position	55.9	57.6	56.9	(1.7)	0.7
Net Position - Beginning of Year	497.9	440.3	621.9	57.6	(181.6)
Cumulative effect of GASB Statement No. 75	-	-	(238.5)	-	238.5
Net Position - End of Year	\$ 553.8	\$ 497.9	\$ 440.3	\$ 55.9	\$ 57.6

DALLAS COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

(UNAUDITED)

Operating Revenues

The two major sources of operating revenues are tuition and various grants and contracts. Tuition revenue is reported net of discounts for tuition paid by various federal, state, and local grants, including those associated with the Title IV Higher Education Administration Program. Additionally, state mandated or locally approved remissions and exemptions are reported as discounts against tuition.

Net tuition decreased by \$6.3 million in 2020 due to an increase in early college high school waivers and Federal Title IV aid. While enrollment from in-State students increased a decrease out-of-State students was experienced due to the COVID pandemic experienced in the spring and summer semesters. Grants and contracts provided 36.6% of operating revenue for 2020, which is a 6.3% increase compared to 2019. Auxiliary revenues, bookstore commissions, vending and food service providers, decreased slightly in 2020. In 2020, the College continued its efforts begun in 2017 to reduce textbook costs to students.

Net tuition decreased by \$5.0 million in 2019 due to an increase in credit tuition waivers and early college high school waivers. Grants and contracts provided 30.3% of operating revenue for 2019, which is a 1.8% increase compared to 2018. Auxiliary revenues, bookstore commissions, vending and food service providers, decreased slightly in 2019. In 2019, the College continued its efforts begun in 2017 to reduce textbook costs to students.

Non-Operating Revenues

State appropriations increased \$6.1 million in 2020 when compared to 2019. Instructional related state funding and special items increased \$6.8 million for the first year of the Legislative biennium. Funding for grant matching, RCHS and benefits collectively decreased \$0.7 million during the same period.

State appropriations decreased \$1.2 million in 2019 when compared to 2018. Instructional related state funding and special items remained flat while funding for health care and retirement benefits decreased \$1.2 million during the same period.

Ad Valorem Tax revenue, net of collection fees and bad debt, increased in 2020 by \$25.3 million as the taxable assessed value increased 7.6% and the rate for maintenance and operations (M&O) was maintained at \$0.104 per \$100 valuation. Ad Valorem Tax revenue is College's primary funding source in all three fiscal years shown, representing over half of the total non-operating revenues.

Ad Valorem Tax revenue, net of collection fees and bad debt, increased in 2019 from 2018 by \$25.0 million as the taxable assessed value increased 9.6% and the rate for maintenance and operations (M&O) was maintained at \$0.104 per \$100 valuation.

Investment income decreased \$5.5 million in 2020 compared to 2019. During 2020, total investments and cash equivalents of College decreased \$8.2 million to partially fund facilities maintenance, COVID pandemic response and capital projects. Composition of investments saw a \$75.5 million decrease in U.S. Agency securities offset by a \$54.3 million increase in highly liquid investment pools and commercial paper (cash equivalents). In 2020, U.S. Municipal securities totaling \$13.0 million with maturities of 2 to 4 years were added to the total investment portfolio.

DALLAS COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

(UNAUDITED)

The investment income increase of \$6.7 million in 2019 over 2018 was attributable to higher average short-term investment and pool balances and increased return rates available in 2019.

In 2020, College elected not to transfer funds to the Foundation for student scholarships. In 2019, College elected to transfer \$0.3 million of funds held in its quasi-endowment fund to the Foundation for student scholarships. In fiscal year 2018, College elected to transfer \$0.2 million of funds held in its quasi-endowment fund and \$738,245 of unrestricted funds to the Foundation for student scholarships. The total amounts transferred are included in Non-Operating Revenue (Expense).

Revenues by Source

Generally accepted accounting principles, promulgated by GASB, prohibit reporting state appropriations and ad valorem tax revenues — two major sources of revenue — as operating revenue, on the basis that each represents revenue from non-exchange transactions. Accordingly, state appropriations and revenues recognized from ad valorem taxation are reported as non-operating revenues. This results in reporting large operating losses which are significantly decreased after inclusion of these non-operating revenues and others that really are intended to contribute to operations. State appropriations are restricted by law to be used only for the educational and general expenses of College, its prime operations. Ad valorem tax revenues are broken into two types: those for maintenance and operations and those for debt service. The maintenance and operations portion is specifically designed to apply to operations, although a portion can be used for paying the debt service on maintenance tax notes. The debt service portion is restricted to pay the principal, interest, and other costs associated with tax backed bonds (General Obligation Refunding bonds). Interest revenue is obtained through pooled investments, a large portion of which is attributable to operations. Also, federal financial aid is classified as non-operating revenue by GASB even though the portion that relates to tuition is required to be reported as a tuition discount against operations.

All revenues, both operating and non-operating, are presented on the following page in Table 3 and a graph of Revenue by Source (Figure 1).

DALLAS COLLEGE

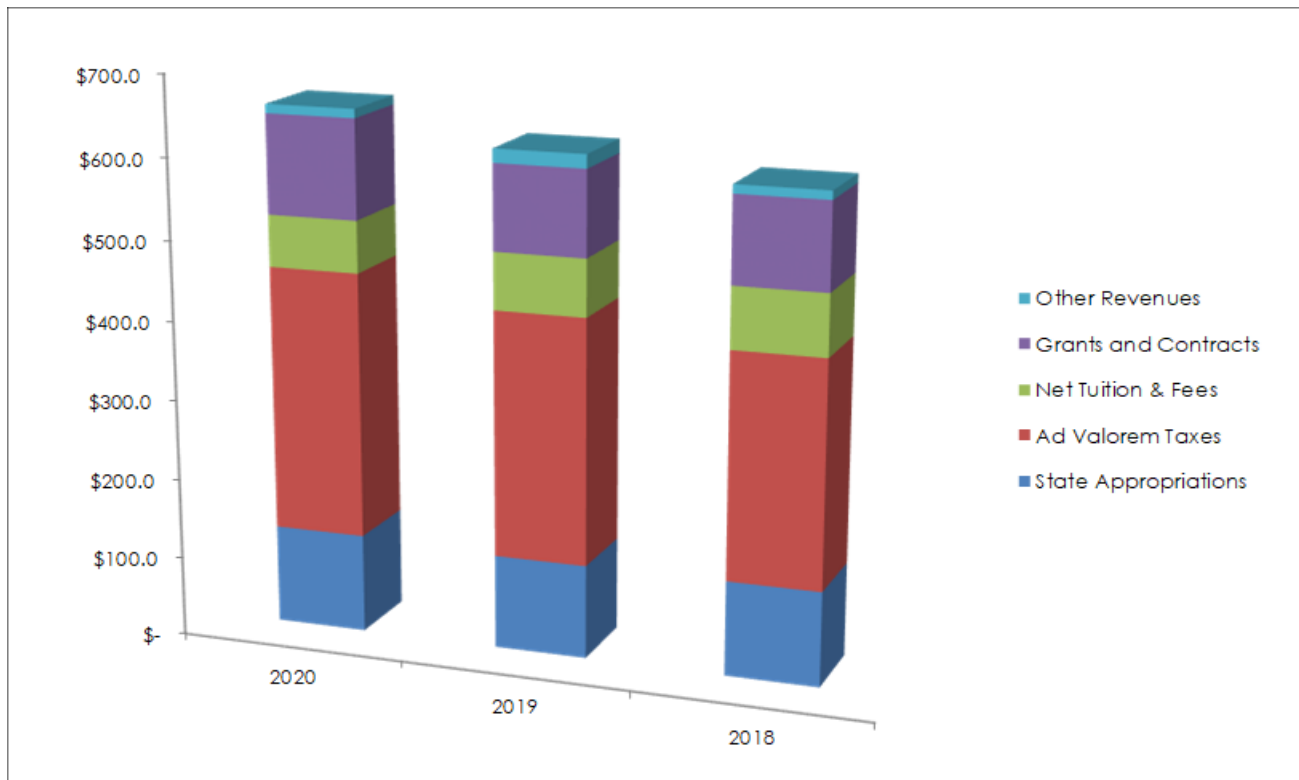
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

(UNAUDITED)

TABLE 3: REVENUE BY SOURCE
(In Millions)

Revenue Sources	Fiscal Year			Change	
	2020	2019	2018	2020 to 2019	2019 to 2018
State Appropriations	\$ 123.5	\$ 117.4	\$ 118.6	\$ 6.1	\$ (1.2)
Ad Valorem Taxes	332.5	307.2	282.2	25.3	25.0
Net Tuition & Fees	64.9	71.2	76.2	(6.3)	(5.0)
Grants and Contracts	124.1	106.2	107.2	17.9	(1.0)
Investments	7.0	12.5	5.7	(5.5)	6.8
Auxiliary Enterprises	1.3	1.8	2.0	(0.5)	(0.2)
Other Revenues	3.0	2.9	3.3	0.1	(0.4)
Total Revenues	\$ 656.3	\$ 619.2	\$ 595.2	\$ 37.1	\$ 24.0

REVENUE BY SOURCE
Figure 1



DALLAS COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

(UNAUDITED)

Operating Expenses

Total Operating Expenses were \$596.3 million in 2020 and \$554.1 million in 2019 for an increase of \$42.2 million due to increases in instruction partially due to COVID pandemic response of converting to virtual learning and initiatives in maintenance of campus facilities.

Total Operating Expenses were \$554.1 million in 2019 and \$529.4 million in 2018 for an increase of \$24.7 million due largely to employees' salary increases of approximately 3% and an increase in central services and College-wide student initiatives.

Operating Expenses are presented in two formats: Natural Classification and Functional Classification. The Natural Classification is intended to show "what" the dollars were spent on and the Functional Classification shows "who" spent the dollars.

Natural Classification

In 2020, salary expense increased \$9.6 million over 2019 primarily due to changes in staffing and a Board of Trustees approved salary increase. Benefits increased \$10.2 million in 2020 compared to 2019 primarily due to salary increases and staff additions not covered by State funding and a \$1.9 million in 2020 compared to 2019 for increased vested vacation. Scholarships increased \$9.9 million primarily in Title IV funds and Cares Act funding in response to the COVID virus. Supplies and services increased \$13.2 million in 2020 as compared to 2019 primarily due to facilities maintenance initiatives and response to the COVID virus by converting instruction to virtual, training personnel and students in COVID precautions and implementing COVID safety features in College facilities.

In 2019, salary expense increased as the Board of Trustees approved employee salary and staffing increases. Salaries increased \$12.1 million over 2018. Benefits increased in 2019 due to the effect of the salary increases on variable benefits and the increase in pension and other post-employment obligations costs (GASB Statement No. 75). As a percentage of salary expenses, benefits were 30.7% in 2020, 28.2% in 2019, and 24.5% in 2018. See Table 4 and Figure 2.

Functional Classification

Instruction remained the largest expense of the College in 2020 representing 36.4% of total operating expenses. Instructional costs increased \$10.7 million in 2020 as compared to 2019 due to changes personnel additions, cost of converting to virtual instruction due to the COVID virus and benefits. Institutional support increased \$4.7 million in 2020 compared to 2019 due to unfunded benefits. Operations and maintenance of plant increased \$7.8 million in 2020 from 2019 due to facilities maintenance initiatives. Scholarships and fellowships increased \$9.9 million in 2020 as a result of increased Title IV (PELL) and Cares Act activity.

As would be expected, the bulk of operating expenses are for instruction, which increased \$2.5 million in 2019 as compared to 2018 with the salary increases. The same is true for the other functional classifications as employee expense is the largest single type of expense. Institutional support increased \$12.6 million due to continuing safety and security initiatives approved by the Board and the impact of GASB Statement No. 75 on benefit costs. Depreciation decreased by \$0.9 million as compared to 2018 as more of our buildings continue to age past 50 years of service (i.e. become fully depreciated). See Table 5 and Figure 3.

DALLAS COLLEGE

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019**

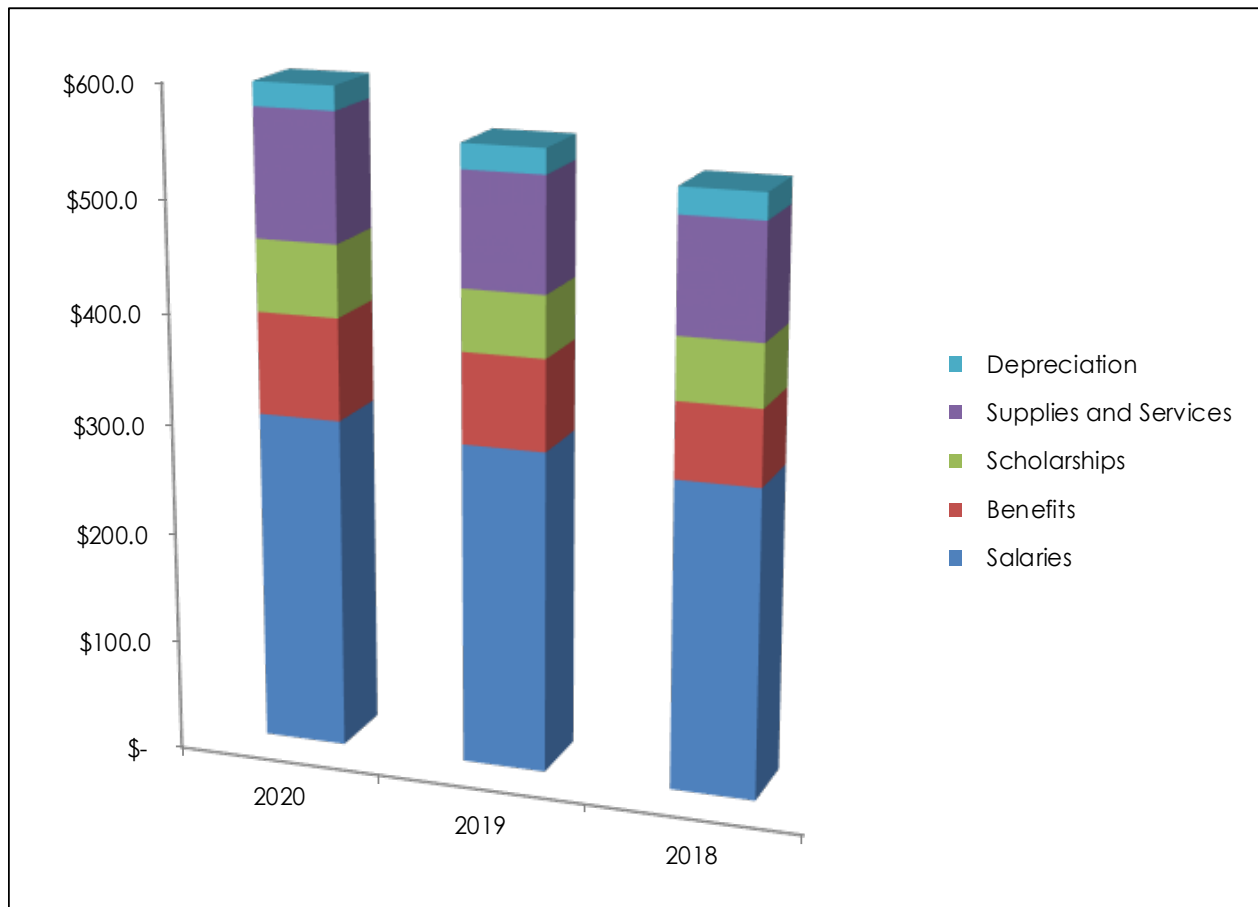
(UNAUDITED)

TABLE 4: OPERATING EXPENSES – NATURAL CLASSIFICATION
(In Millions)

OPERATING EXPENSES	Fiscal Year			Change	
	2020	2019	2018	2020 to 2019	2019 to 2018
Salaries	\$ 300.6	\$ 291.0	\$ 278.9	\$ 9.6	\$ 12.1
Benefits	92.4	82.2	68.3	10.2	13.9
Scholarships	65.4	55.5	56.0	9.9	(0.5)
Supplies and Services	116.0	102.8	102.6	13.2	0.2
Depreciation	21.9	22.6	23.6	(0.7)	(1.0)
Total Operating Expenses	\$ 596.3	\$ 554.1	\$ 529.4	\$ 42.2	\$ 24.7

OPERATING EXPENSES – NATURAL CLASSIFICATION

Figure 2



DALLAS COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

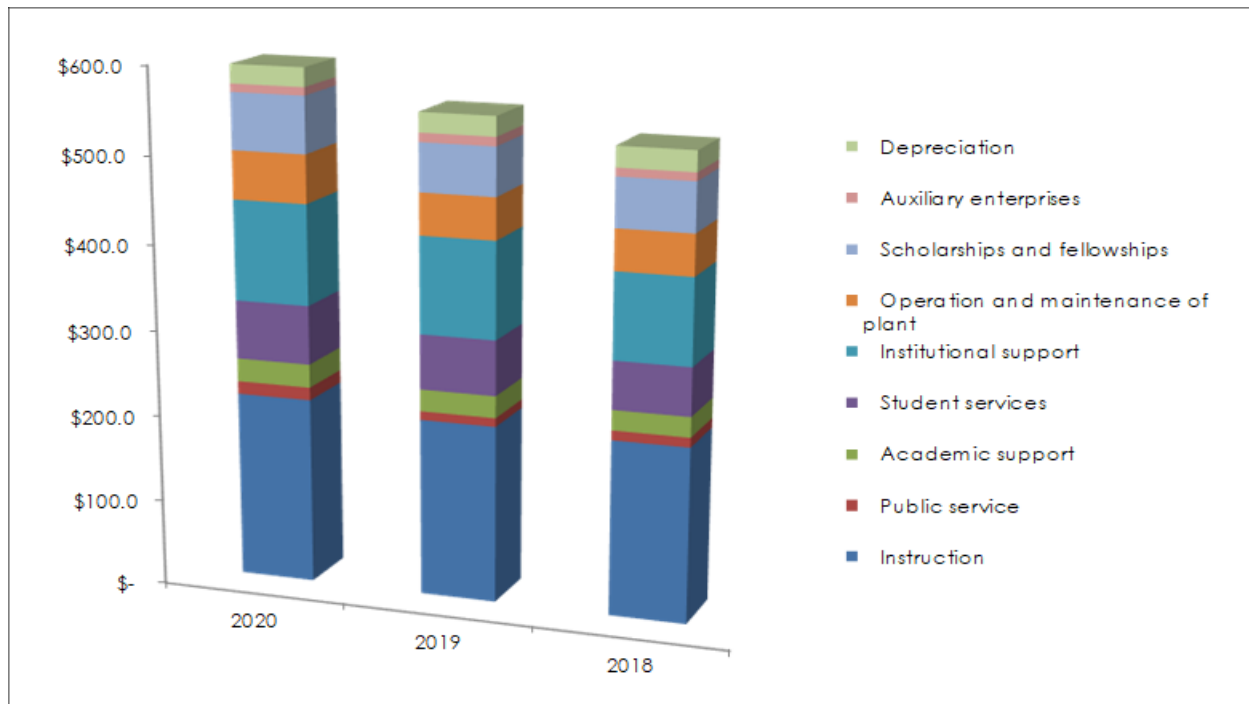
(UNAUDITED)

TABLE 5: OPERATING EXPENSES – FUNCTIONAL CLASSIFICATION
(In Millions)

OPERATING EXPENSES	Fiscal Year			Change	
	2020	2019	2018	2020 to 2019	2019 to 2018
Instruction	\$ 216.9	\$ 206.2	\$ 203.7	\$ 10.7	\$ 2.5
Public service	14.9	10.1	11.2	4.8	(1.1)
Academic support	27.0	25.3	23.3	1.7	2.0
Student services	68.2	63.7	55.7	4.5	8.0
Institutional support	116.6	111.9	99.3	4.7	12.6
Operation and maintenance of plant	56.0	48.2	47.0	7.8	1.2
Scholarships and fellowships	65.4	55.5	56.1	9.9	(0.6)
Auxiliary enterprises	9.4	10.5	9.5	(1.1)	1.0
Depreciation	21.9	22.7	23.6	(0.8)	(0.9)
Total Operating Expenses	\$ 596.3	\$ 554.1	\$ 529.4	\$ 42.2	\$ 24.7

OPERATING EXPENSES – FUNCTIONAL CLASSIFICATION

Figure 3



DALLAS COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

(UNAUDITED)

The Foundation

For the fiscal year ended August 31, 2020, the Foundation's net assets were \$66.3 million. The Foundation's net assets were \$58.0 million at August 31, 2019. The income from the Foundation is partially used to fund scholarships and grants for the students and employees of the College. However, most of the Foundation's net assets are restricted; and therefore, not available for the College's direct use. Net assets of the Foundation with donor restrictions that are perpetual in nature were \$33.8 million and \$33.7 million for the fiscal years ended August 31, 2020 and 2019, respectively.

Statements of Cash Flows

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

Capital Asset and Debt Administration

For the fiscal year ended August 31, 2020, net capital assets increased \$51.1 million from the fiscal year ended August 31, 2019. Net capital assets decreased by \$1.7 million in fiscal 2019 as compared to the fiscal year ended August 31, 2018. More information on Capital Assets can be found in Note 5 and Notes 6-9 for Long-Term Debt activity.

DALLAS COLLEGE

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019**

(UNAUDITED)

TABLE 6: NET CAPITAL ASSETS

(In Millions)

	Fiscal Year			Change	
	2020	2019	2018	2020 to 2019	2019 to 2018
CAPITAL ASSETS:					
Land	\$ 38.9	\$ 38.9	\$ 38.9	\$ -	\$ -
Buildings & Building Improvements	885.8	885.8	893.4	-	(7.6)
Land Improvements	59.2	59.2	38.7	-	20.5
Equipment, Furniture, and Software	94.5	90.9	87.9	3.6	3.0
Library Books	8.5	8.2	8.0	0.3	0.2
Construction In Progress	98.9	30.2	27.0	68.7	3.2
Total	1,185.8	1,113.2	1,093.9	72.6	19.3
Less Accumulated Depreciation	(505.0)	(483.5)	(462.5)	(21.5)	(21.0)
Net Capital Assets	\$ 680.8	\$ 629.7	\$ 631.4	\$ 51.1	\$ (1.7)

In November 2018, DCCCD completed a private placement of \$27,280,000 general obligation refunding bonds. The refunding proceeds with contributed College funds paid off \$31.6 million of the College's 2010 general obligation bonds.

In November 2019, College completed a private placement of \$22,210,000 general obligation refunding bonds. The refunding proceeds paid off \$22.2 million of College's 2010 general obligation refunding bonds.

Principal and interest for bond payments are shown below:

TABLE 7: BOND PAYMENTS

(In Millions)

	Fiscal Year			Change	
	2020	2019	2018	2020 to 2019	2019 to 2018
GO Bonds	\$ -	\$ 7.1	\$ 18.5	\$ (7.1)	\$ (11.4)
GO Refunding Bonds	53.8	42.9	27.5	10.9	15.4
Total	\$ 53.8	\$ 50.0	\$ 46.0	\$ 3.8	\$ 4.0

DALLAS COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

(UNAUDITED)

The total of all bonds outstanding are shown in Table 8 below.

TABLE 8: TOTAL LONG TERM DEBT OUTSTANDING
(In Millions)

	Fiscal Year			Change	
	2020	2019	2018	2020 to 2019	2019 to 2018
GO Bonds	\$ -	\$ -	\$ 40.0	\$ -	\$ (40.0)
GO Refunding Bonds	147.8	198.8	209.0	(51.0)	(10.2)
Totals	\$ 147.8	\$ 198.8	\$ 249.0	\$ (51.0)	\$ (50.2)

Standard & Poor's Rating Services, Moody's Investors Service, Inc., and Fitch Ratings all assigned their highest credit rating of "AAA" for the College's General Obligation bonds. Some of the reasons cited for the rating were (1) a strong tax base, (2) flexible revenue sources, and (3) strong fiscal management. There are only a handful of community colleges in the country that have the highest rating from all three rating agencies. Fitch Ratings, Moody's and Standard & Poor's reaffirmed their ratings in 2017.

In fiscal year 2019, College voters authorized \$1.1 billion of general obligation bonds to fund College projects which were prioritized by student needs. The projects were expected to be phased over a six to eight year period. Shortly after the vote, a suit was filed seeking to invalidate the results of the election to issue the general obligation bonds. The suit does not seek additional monetary damages beyond the prevention of issuance of the bonds. In the opinion of legal counsel, there is no direct fiscal impact to the current financial condition of College and the litigation remained open at August 31, 2020.

Currently Known Facts, Decisions and Conditions

The certified tax assessed value increased for fiscal year 2021 by 7.21% and the Board approved the same maintenance and operations tax rate of \$0.104 per \$100 valuation. The debt service rate also remained the same at \$0.02000 per \$100 valuation.

Initiatives approved by the board in 2019 which includes improvements to Information Technology infrastructure and Public Safety and Security at all locations continued throughout 2020 and will continue in 2021 and beyond.

Contacting Dallas College's Financial Management

This financial report is designed to provide College's citizens, taxpayers, students, investors, and creditors with a general overview of its finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Affairs office at 4343 IH-30, Mesquite, Texas 75150-2018 or visit our "Financial Transparency" link at the bottom of the homepage on our website at: <http://www.dcccd.edu>.

DALLAS COLLEGE

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019**

(UNAUDITED)

For financial information about the Dallas County Community College District Foundation, Inc., please contact the Foundation at DCCCD Foundation, 1601 South Lamar St., Dallas, Texas 75215-1816 or visit the Foundation's website at: <http://www.foundation.dcccd.edu/financials>.

FINANCIAL STATEMENTS

DALLAS COLLEGE

STATEMENTS OF NET POSITION AUGUST 31, 2020 AND 2019 EXHIBIT 1

ASSETS	2020	2019
CURRENT ASSETS:		
Cash and cash equivalents	\$ 289,976,098	\$ 255,726,815
Short-term investments	33,516,574	29,958,907
Accounts receivable (net of allowance for uncollectible accounts)	16,508,534	18,714,791
Tuition and fees receivable (net of allowance for uncollectible accounts)	32,831,339	18,129,629
Taxes receivable (net of allowance for uncollectible accounts)	2,208,275	1,817,984
Accrued charges, net	5,480,032	23,318,011
Inventories	223,340	230,280
Prepaid expenses	<u>2,585,978</u>	<u>2,594,620</u>
Total current assets	383,330,170	350,491,037
NON-CURRENT AND RESTRICTED ASSETS:		
Restricted cash and cash equivalents	12,100,765	12,169,222
Long-term investments	79,785,371	135,511,912
Capital assets, net		
Not subject to depreciation	137,868,010	69,100,847
Subject to depreciation	<u>542,961,783</u>	<u>560,583,853</u>
Total non-current assets	<u>772,715,929</u>	<u>777,365,834</u>
TOTAL ASSETS	1,156,046,099	1,127,856,871
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	4,461,111	5,678,779
Deferred outflows related to pensions, net	63,428,273	74,113,728
Deferred outflows/(inflows) related to OPEB, net	<u>83,662,614</u>	<u>78,107,561</u>
TOTAL DEFERRED OUTFLOWS	151,551,998	157,900,068
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	22,884,360	14,272,526
Accrued liabilities	8,495,843	9,130,340
Accrued interest	209,946	352,087
Accrued compensable absences	9,148,843	9,699,555
Funds held for others	1,448,191	1,501,955
Unearned revenues	60,596,838	74,225,898
Net OPEB liability—current portion	8,934,497	3,546,837
Bonds payable—current portion	19,799,964	48,743,785
Capital lease payable—current portion	<u>115,897</u>	<u>105,948</u>
Total current liabilities	131,634,379	161,578,931
NON-CURRENT LIABILITIES:		
Accrued compensable absences	8,392,970	5,086,274
Net pension liability	115,825,304	117,105,618
Net OPEB liability	272,960,735	237,573,512
Bonds payable	127,919,568	150,044,763
Capital leases payable	<u>203,295</u>	<u>319,192</u>
Total non-current liabilities	<u>525,301,872</u>	<u>510,129,359</u>
TOTAL LIABILITIES	656,936,251	671,708,290
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on bond refunding	419,997	529,240
Net deferred inflows related to pensions	25,930,986	22,257,684
Deferred inflows related to OPEB	<u>70,538,237</u>	<u>93,329,032</u>
TOTAL DEFERRED INFLOWS	96,889,220	116,115,956
NET POSITION		
Net investment in capital assets	545,135,601	446,459,560
Restricted for:		
Debt service	2,618,978	616,810
Unrestricted	<u>6,018,047</u>	<u>50,856,323</u>
TOTAL NET POSITION (Schedule D)	<u>\$ 553,772,626</u>	<u>\$ 497,932,693</u>

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

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.

(A Texas Nonprofit Organization)

STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2020 AND 2019

EXHIBIT 1A

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 1,510,958	\$ 2,043,909
Accrued interest and dividends receivable	286,187	217,631
Pledges receivable, net	162,338	260,031
Other assets	6,700	6,700
Prepaid expense	--	3,203
Investments	64,351,852	55,473,287
Total assets	<u>\$ 66,318,035</u>	<u>\$ 58,004,761</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Due to affiliate	\$ 1,685,460	\$ 126,704
Accounts payable	113,548	65,451
Total liabilities	<u>1,799,008</u>	<u>192,155</u>
Net assets:		
Without Donor Restrictions	<u>7,243,887</u>	<u>4,487,313</u>
With Donor Restrictions:		
Purpose restrictions	23,446,042	19,656,876
Perpetual in nature	33,829,098	33,668,417
	<u>57,275,140</u>	<u>53,325,293</u>
Total net assets	<u>64,519,027</u>	<u>57,812,606</u>
Total liabilities and net assets	<u>\$ 66,318,035</u>	<u>\$ 58,004,761</u>

See Note 24 of the primary government organization.

DALLAS COLLEGE

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019 EXHIBIT 2

	2020	2019
OPERATING REVENUES:		
Tuition and charges (net of discounts of \$66,029,823 and \$58,718,652, respectively)	\$ 64,927,325	\$ 71,216,814
Federal grants and contracts	25,236,498	19,880,365
State grants and contracts	6,609,241	7,379,884
Non-governmental grants and contracts	7,785,464	5,582,300
Sales and services of educational activities	200,531	536,775
Auxiliary enterprises	1,299,884	1,797,938
General operating revenues	<u>2,150,101</u>	<u>2,272,523</u>
Total operating revenues (Schedule A)	108,209,044	108,666,599
OPERATING EXPENSES:		
Instruction	216,861,679	206,217,665
Public service	14,916,691	10,079,242
Academic support	27,040,107	25,313,009
Student services	68,173,770	63,746,939
Institutional support	116,642,459	111,966,081
Operation and maintenance of plant	56,054,494	48,209,381
Scholarships and fellowships	65,351,704	55,474,178
Auxiliary enterprises	9,387,726	10,492,543
Depreciation	<u>21,918,683</u>	<u>22,643,523</u>
Total operating expenses (Schedule B)	<u>596,347,313</u>	<u>554,142,561</u>
OPERATING LOSS	(488,138,269)	(445,475,962)
NON-OPERATING REVENUES (EXPENSES):		
State appropriations	123,545,845	117,381,430
Ad valorem taxes (net of bad debt and collection fee of \$4,074,707 and \$3,402,735, respectively)	332,488,321	307,214,922
Federal revenue, non-operating	84,421,486	73,348,365
Gifts	3,800	29,459
Investment income	7,039,040	12,536,696
Interest on capital related debt	(4,051,049)	(6,832,769)
Loss on disposal of fixed assets & easement rights	(26,259)	(217,736)
Other non-operating revenue	651,896	64,690
Other non-operating expense	<u>(94,878)</u>	<u>(390,402)</u>
Net non-operating revenues (Schedule C)	543,978,202	503,134,655
INCREASE IN NET POSITION	55,839,933	57,658,693
NET POSITION:		
Net Position—Beginning of Year	<u>497,932,693</u>	<u>440,274,000</u>
Net Position—End of Year	<u>\$ 553,772,626</u>	<u>\$ 497,932,693</u>

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

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.

**STATEMENTS OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020
EXHIBIT 2A**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 41,437	\$ 3,343,977	\$ 3,385,414
Interest and dividend income	940,286	1,148,500	2,088,786
Contributed salaries	1,362,747	--	1,362,747
Net realized and unrealized gains on investments, net	2,745,644	3,732,983	6,478,627
Net assets released from restrictions	4,830,942	(4,830,942)	--
	<hr/>	<hr/>	<hr/>
Total revenues	9,921,056	3,394,518	13,315,574
	<hr/>	<hr/>	<hr/>
EXPENSES			
Program services:			
Scholarship awards	1,918,414	--	1,918,414
Grants	2,982,886	--	2,982,886
	<hr/>	<hr/>	<hr/>
Total program services	4,901,300	--	4,901,300
	<hr/>	<hr/>	<hr/>
Non-program services:			
Management and general	945,010	--	945,010
Fundraising	762,843	--	762,843
	<hr/>	<hr/>	<hr/>
Total non-program services	1,707,853	--	1,707,853
	<hr/>	<hr/>	<hr/>
Total expenses	6,609,153	--	6,609,153
	<hr/>	<hr/>	<hr/>
Transfers between funds, based on donor instructions	(555,329)	555,329	--
	<hr/>	<hr/>	<hr/>
Change in net assets	2,756,574	3,949,847	6,706,421
	<hr/>	<hr/>	<hr/>
Net assets, beginning of year	4,487,313	53,325,293	57,812,606
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 7,243,887	\$ 57,275,140	\$ 64,519,027
	<hr/>	<hr/>	<hr/>

See Note 24 of the primary government organization.

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC.

**STATEMENTS OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019**

**EXHIBIT 2A
(CONTINUED)**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 80,038	\$ 3,606,421	\$ 3,686,459
Interest and dividend income	803,564	1,219,993	2,023,557
Contributed salaries	1,267,806	--	1,267,806
Net realized and unrealized gains on investments, net	(829,581)	(1,283,506)	(2,113,087)
Net assets released from restrictions	1,837,910	(1,837,910)	--
Total revenues	3,159,737	1,704,998	4,864,735
EXPENSES			
Program services:			
Scholarship awards	781,210	--	781,210
Grants	2,251,355	--	2,251,355
Total program services	3,032,565	--	3,032,565
Non-program services:			
Management and general	918,967	--	918,967
Fundraising	724,224	--	724,224
Total non-program services	1,643,191	--	1,643,191
Total expenses	4,675,756	--	4,675,756
Transfers between funds, based on donor instructions	(3,186)	3,186	--
Scholarships to be funded by the College	1,137,905	--	1,137,905
Total other items	1,134,719	3,186	1,137,905
Change in net assets	(381,300)	1,708,184	1,326,884
Net assets, beginning of year	4,868,613	51,617,109	56,485,722
Net assets, end of year	\$ 4,487,313	\$ 53,325,293	\$ 57,812,606

See Note 24 of the primary government organization.

DALLAS COLLEGE

STATEMENTS OF CASH FLOWS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019 EXHIBIT 3

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers	\$ 64,338,710	\$ 61,312,388
Receipts from grants and contracts	15,277,076	45,694,606
Payments to suppliers for goods and services	(105,296,836)	(100,618,095)
Payments to or on behalf of employees	(344,073,835)	(332,921,548)
Payments for scholarships and fellowships	(49,585,714)	(58,353,873)
Collection of loans to students	-	12,208
Other receipts	2,150,101	2,260,315
Net cash used by operating activities	<u>(417,190,498)</u>	<u>(382,613,999)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipts from ad valorem taxes	335,250,636	310,240,836
Payments for collection of taxes	(3,152,606)	(3,080,238)
Receipts from state appropriations	102,762,644	96,329,763
Receipts from federal grants for non-operating activities	84,406,947	73,320,387
Receipts from federal student direct loan program	34,992,379	37,410,691
Payments of federal direct loans to students	(34,977,840)	(37,382,713)
Receipts from student organizations and other agency transactions	1,063,523	1,669,630
Payments to student organizations and other agency transactions	(1,117,287)	(1,764,501)
Receipt of insurance proceeds for building damages	72,925	64,690
Transfer of funds to related party for scholarships	-	(300,000)
Net cash provided by non-capital financing activities	<u>519,301,321</u>	<u>476,508,545</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Proceeds from the sale of capital assets	2,500	2,500
Purchases of capital assets	(73,671,507)	(21,078,802)
Payments on capital debt - refunding	(565,000)	(4,996,848)
Payments on capital debt - principal	(47,530,948)	(41,326,853)
Payments on capital debt - interest	(6,128,800)	(8,865,916)
Net cash used by capital and related financing activities	<u>(127,893,755)</u>	<u>(76,265,919)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	404,739,954	290,500,000
Proceeds from interest on investments	7,301,886	9,410,435
Purchases of investments	(352,078,082)	(214,279,936)
Net cash provided by investing activities	<u>59,963,758</u>	<u>85,630,499</u>
INCREASE CASH AND CASH EQUIVALENTS	34,180,826	103,259,126
CASH AND CASH EQUIVALENTS, SEPTEMBER 1	<u>267,896,037</u>	<u>164,636,911</u>
CASH AND CASH EQUIVALENTS, AUGUST 31	<u><u>\$ 302,076,863</u></u>	<u><u>\$ 267,896,037</u></u>

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

DALLAS COLLEGE

STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019
EXHIBIT 3
(CONTINUED)

	<u>2020</u>	<u>2019</u>
Reconciliation of net operating loss to net cash used by operating activities		
Operating loss	\$ (488,138,269)	\$ (445,475,962)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	21,918,683	22,643,523
Bad debt expense	1,413,700	1,503,100
Payments made directly by State for benefits	20,783,201	22,766,856
Change in fair value of investments		
Changes in assets and liabilities:		
Receivables (net)	(14,635,590)	190,273
Accrued charges	17,837,979	(3,289,639)
Inventories	6,940	(1,398)
Prepaid expenses	8,642	431,731
Accounts payable	8,611,834	1,361,538
Accrued liabilities	(634,497)	(377,287)
Compensable absences	2,755,984	822,527
Pension liability	(1,280,314)	53,094,733
Other Post Employment Benefits Liability	40,774,883	36,775,636
Deferred outflows - pension	4,885,022	(40,545,090)
Deferred outflows - other post employment benefits	(5,555,053)	(72,260,604)
Deferred outflows - debt	1,217,668	1,641,506
Deferred inflows - pension	9,473,735	(9,827,316)
Deferred inflows - other post employment benefits	(22,790,795)	48,147,436
Deferred inflows -- debt	(109,243)	529,240
Capital lease payable	(105,948)	(96,853)
Unearned revenue	(13,629,060)	(647,949)
Net cash used by operating activities	<u>\$ (417,190,498)</u>	<u>\$ (382,613,999)</u>
Non-cash investing, capital and financing activities:		
Loss on refunding, net of amortization	\$ 1,217,668	\$ 1,641,506
Gain on refunding, net of amortization	(109,243)	529,240
Change in fair value of investments	158,288	(1,850,126)
Gifts of depreciable and non-depreciable assets	3,800	29,459
Amortization of premium on bonds	3,644,016	4,679,993
Net non-cash investing, capital and financing activities	<u>\$ 4,914,529</u>	<u>\$ 5,030,072</u>

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

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

1. REPORTING ENTITY

Dallas College (College) was established in 1965 in accordance with the laws of the State of Texas to serve the educational needs of Dallas County and the surrounding communities. The College is considered to be a special purpose, primary government involved in business-type activities in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 61, *The Financial Reporting Entity: Omnibus---An Amendment of GASB Statements No. 14 and No. 3*. While the College receives funding from local, state, and federal sources and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

In March 2020, the College's Board of Trustees issued a resolution to reorganize from seven separately accredited colleges into one accredited college with seven primary campuses and to effect a name change of the College. In May 2020, applications made to the Southern Association of Colleges and Schools Commission on Colleges and the Texas Higher Education Coordinating Board for the changes were approved. Effective July 1, 2020, the Dallas College name change and reorganization was implemented. The implementation had no effect on financial statements issued for Fiscal 2020 or prior fiscal years as the financial statements have, since inception, been presented on a consolidated basis for all operations. The College is now comprised of seven primary campuses offering higher education and workforce training to Dallas County, Texas and surrounding communities in North Texas. The primary campuses are:

- El Centro Campus (established 1966) – main campus
- Eastfield Campus (established 1970)
- Mountain View Campus (established 1970)
- Richland Campus (established 1972)
- Cedar Valley Campus (established 1977)
- North Lake Campus (established 1977)
- Brookhaven Campus (established 1978)

In evaluating how to define the College for financial reporting purposes, management has considered all potential component units, including the Dallas County Community College District Foundation, Inc. (Foundation). The Foundation is a separate non-profit organization, and its sole purpose is to provide benefits such as scholarships and grants to the students, faculty and staff of the College, as well as raise money to support capital projects. The Foundation is a legally separate entity which does not provide a financial benefit or impose a financial burden on the College. The College does not appoint any of the Foundation's board members. The financial position and results of operations of the Foundation are included in these financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus---An Amendment of GASB Statements No. 14 and No. 34*, and Statement No. 39, *Determining Whether Certain Organizations Are Component Units - An Amendment of GASB Statement No. 14*, as an affiliated entity because the Foundation's sole function is to fund the College and its students. The complete financials of the Foundation are located on their website at: <http://www.foundation.dcccd.edu/financials> or request a copy by writing to: DCCCD Foundation, 1601 South Lamar St., Dallas, TX. 75215-1816.

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines—The College is classified as a special-purpose government engaged in business-type activities. The Statements of Net Position display the financial position of the College at the end of each fiscal year and the Statements of Revenues, Expenses, and Changes in Net Position display the operations of the College for the fiscal years ended August 31, 2020 and 2019. The financial statements are prepared using the economic resources measurement focus and the full accrual method of accounting.

The significant accounting policies followed by the College in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying financial statements also comply with the *Annual Financial Reporting Requirements for Texas Public Community Colleges* established by the Texas Higher Education Coordinating Board (THECB). The College applies all applicable GASB pronouncements.

Budgetary Data—Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Trustees (Board) adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with THECB, Legislative Budget Board, Legislative Reference Library, and the Governor's Office of Budget and Planning by December 1.

Tuition Discounting

Texas Public Education Grant (TPEG)

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

Title IV, Higher Education Administration (HEA) Program Funds

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

Other Tuition Discounts

The College awards certain tuition scholarships from institutional and grant funds to students who qualify. The College also applies certain State or College programs that provide full or

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

partial tuition exemptions to students who qualify. When these amounts are transferred to the student for tuition, the amounts are recorded as tuition revenue and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, College records the amount as a scholarship expense.

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

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

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

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

Accrued Charges—Current accrued charges of \$5,480,032 and \$23,318,011 represent expenses for grants, scholarships, and fellowships related to the periods after August 31, 2020 and 2019, respectively.

The College defers and amortizes the production costs associated with instructional television programs and other related materials on a straight-line basis over the estimated useful life of such media, which ranges from two to five years. These materials are produced and used both internally for instruction and for lease by the College to other educational institutions. At August 31, 2020 and 2019, respectively, the College had no deferred production costs.

Capital Assets—Capital assets are stated at cost as of the date of acquisition. Donated capital assets are stated at acquisition value in accordance with GASB Statement No. 72, defined as the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The College reports depreciation under a single-line item as a business-type unit. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. Library materials purchased during the fiscal year in an aggregate amount of \$5,000 or more are subject to capitalization and depreciation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

assets' lives are charged to operating expenses in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Equipment, furniture, telecommunications, and peripheral equipment apply depreciation on a half-month convention. A full-year convention is applied for buildings, facilities, land improvements, and library books. Estimated useful lives of capital assets are established according to the following:

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

Other Post Employment Benefits (OPEB)—The fiduciary net position of the Employees Retirement System of Texas (ERS) State Retiree Health Plan (SRHP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits; OPEB expense; and information about assets, liabilities and additions to/deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

Pensions—The College participates in the Teacher Retirement System of Texas (TRS) pension plan, a multi-employer cost sharing defined benefit pension plan with a special funding situation. The fiduciary net position of TRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS' fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Unearned Revenues—Tuition of \$45,549,777 and \$42,838,479 and federal, state and local grants of \$15,047,061 and \$31,387,419 have been reported by the College as unearned revenues at August 31, 2020 and 2019, respectively.

Deferred Outflows of Resources—The Statements of Net Position include a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Governments are permitted only to report deferred outflows in

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

circumstances specifically authorized by GASB. For 2020 and 2019, the deferred loss on bond refunding and the future expense related to pension and OPEB are presented as Deferred Outflows of Resources.

Deferred Inflows of Resources—The Statements of Net Position also include a section for deferred inflows of resources, which represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Governments are permitted only to report deferred inflows in circumstances specifically authorized by GASB. For 2020 and 2019, the Deferred Inflows of Resources were due to future revenues related to the pension and OPEB.

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the College is aware that actual results could differ from those estimates.

Operating and Non-Operating Revenues and Expenses Policy—The College distinguishes operating revenues and expenses from non-operating items. The College reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and contracts and grants. Other Operating Revenues consist of a variety of miscellaneous revenues that include such items as child care center revenues, room rental income, ticket sales, credit by exam income, and other miscellaneous income not applicable to any other category. The major non-operating revenues are state appropriations, property tax collections, and Title IV federal revenues not discounted against tuition. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operations of the bookstore and food service are performed by a third party contracted by the College.

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

Compensable Absences—The College's policy is to accrue employee annual leave as earned. Sick leave and extenuating circumstance leave is not accrued, as a terminated employee is not paid for accumulated balance of either.

Self-Insurance—The College is self-insured for a portion of workers' compensation losses. A liability has been recorded for the estimated amount of eventual loss which will be incurred on claims arising prior to the end of the fiscal year.

Prior Year Restatement—The College makes a prior year restatement, as necessary, in accordance with APB 20. For 2020 and 2019, no prior year restatement was made. The following information describing the implementation of GASB No. 75 in 2018 is included for

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

understanding of items discussed in the College's MD&A (unaudited) included in this Comprehensive Annual Financial Report for 2020 and 2019.

Restatement to Beginning Net Position—Effective fiscal year 2018, College implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("OPEB"). Accordingly, a restatement to beginning net position was required for the recording of the beginning net OPEB liability and for the recording of deferred outflows of resources related to OPEB for contributions made to the ERS OPEB plan subsequent to the measurement date of the beginning net OPEB liability.

Because audited beginning balances could not be obtained for all of the deferred outflow of resources and deferred inflows of resources related to OPEB, the College determined it was impractical to restate its fiscal year 2017 financial statements. As such, the College recorded a restatement to beginning net position in the fiscal year 2018 financial statements as a cumulative effect of a change in accounting principle.

Beginning net position as of September 1, 2017 was restated as follows for the implementation of GASB Statement No 75:

	2020	2019	2018
Increase in net position	\$ 55,839,933	\$ 57,658,693	\$ 56,901,612
NET POSITION:			
Net Position--Beginning of Year	497,932,693	440,274,000	621,902,470
Cumulative effect of change in accounting principle for:			
Other post employment benefits liability	-	-	(244,148,480)
Deferred outflows of resources	-	-	5,618,398
Total cumulative effect of change	-	-	(238,530,082)
Net Position--Beginning of Year, as restated	497,932,693	440,274,000	383,372,388
Net Position--End of Year	\$ 553,772,626	\$ 497,932,693	\$ 440,274,000

GASB Pronouncements—Effective with fiscal year 2019, the College implemented the following:

GASB Statement No. 83, *Certain Asset Retirement Obligations*

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

Effective with fiscal year 2020, the College implemented the following:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (The objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This is accomplished by postponing the effective dates of certain provisions in statements

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and implementation guides that first became effective or are scheduled to become effective for reporting periods beginning after June 15, 2018 and later.)

GASB Statement No. 97 (paragraphs 4 & 5), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and 84, and a Supersession of GASB Statement No. 32*

Effective with fiscal year 2021, the College will implement the following:

GASB Statement No. 84, *Fiduciary Activities*

GASB Statement No. 90, *Majority Interests—an amendment of GASB Statement No. 14 and No. 61*

Effective with fiscal year 2022, the College will implement the following:

GASB Statement No. 87, *Leases*

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Project*

GASB Statement No. 92, *Omnibus 2020*

GASB Statement No. 93, *Replacement of Interbank Offered Rates*

GASB Statement No. 97 (except paragraphs 4 & 5 implemented in 2020), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and 84, and a Supersession of GASB Statement No. 32*

Effective with fiscal year 2023, the College will implement the following:

GASB Statement No. 91, *Conduit Debt Obligations*

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

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3. AUTHORIZED INVESTMENTS

The Board has adopted a written investment policy for the investment of its funds as defined in the Public Funds Investment Act (PFIA) of 1995, Section 2256.005 of the Texas Government Code, as amended. This policy is reviewed and approved by the Board annually.

The College may make investments only in the following types of instruments:

- 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.
- Fully collateralized repurchase agreements and reverse repurchase agreements permitted by Government Code 2256.011.
- Certificates of deposit and share certificates that are fully guaranteed or insured by the FDIC, through an authorized broker/dealer, to one or more than one depository institution, as permitted by Government Code 2256.010.
- Public funds investment pools as permitted by Government Code 2256.016.
- A securities lending program as permitted by Government Code 2256.0115.
- No-load money market mutual funds as permitted by Government Code 2256.014.
- 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.
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "AA" or its equivalent as permitted by Government Code 2256.009(a).
- Investments that are fully guaranteed or insured by the FDIC.
- Commercial paper with a maximum maturity of 181 days, rated A1/P1 by a nationally recognized rating agency.

Investment in any and all types of derivatives is prohibited.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

4. DEPOSITS AND INVESTMENTS

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

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

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

The carrying amount of the College's deposits with financial institutions as of August 31, 2020 was \$(2,294,461), and the bank balance was \$6,580,343. The carrying amount of the College's deposits with financial institutions as of August 31, 2019 was \$7,476,086, and the bank balance was \$11,455,148. At August 31, 2020 and 2019, all of the College's non-interest bearing deposits with banks were either insured by FDIC or were collateralized with securities through third-party agreements.

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

	<u>2020</u>	<u>2019</u>
Bank deposits		
Local funds - demand	\$ (2,321,391)	\$ 7,448,882
Imprest funds	<u>-</u>	<u>-</u>
Total deposits	(2,321,391)	7,448,882
Cash on hand	26,930	27,204
Cash equivalents		
Investment in TexPool	276,188	273,241
Investment in TexSTAR	9,053,818	8,960,389
Investment in LOGIC	91,144,118	83,096,814
Investment in Lone Star	88,123,784	73,531,492
Investment in Texas CLASS	58,180,691	47,516,582
Investment in Texas Term	<u>57,592,725</u>	<u>47,041,433</u>
Total cash equivalents	<u>304,371,324</u>	<u>260,419,951</u>
Total cash and cash equivalents	<u>\$ 302,076,863</u>	<u>\$ 267,896,037</u>

Investments—Disclosures are presented in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures - An Amendment of GASB Statement No. 3*. The College is authorized to invest in obligations and instruments as defined in applicable sections of the current Texas Education Code and the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than "A" by a national investment rating firm, (4) certificates of deposit, (5) Commercial paper with maximum maturity of 181 days, and (6) other instruments and obligations authorized by statute. The investment policies of the College are governed by formally adopted procedures and allow investments as permitted under state laws for public institutions. Permissible investments under College policy include U.S. Treasury notes, certificates of deposit purchased from FDIC-insured state or nationally chartered U.S. banks, fully collateralized repurchase agreements and reverse repurchase agreements, investment pools, and securities issued by U.S. government agencies or municipalities.

At August 31, 2020 and 2019, long-term investments consisted of U.S. government and agency securities.

Investments made by the College are carried at fair value, defined as the price at which two willing parties would complete an exchange.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

At August 31, 2020, the College had the following cash equivalents, investments, and maturities:

	Fair Value	Investment Maturities (In Years)					
		Less than 1	1-2	2-3	3-4	4-5	5-6
U.S. Agency	\$ 69,979,130	\$ -	\$ -	\$30,001,020	\$19,974,040	\$20,004,070	\$ -
Municipal securities	13,037,900	3,231,660	-	947,912	3,689,178	-	5,169,150
Commercial paper	30,284,915	30,284,915	-	-	-	-	-
Investment Pools:							
TexPool	276,188	276,188	-	-	-	-	-
TexSTAR	9,053,818	9,053,818	-	-	-	-	-
LOGIC	91,144,118	91,144,118	-	-	-	-	-
Lone Star	88,123,784	88,123,784	-	-	-	-	-
Texas CLASS	58,180,691	58,180,691	-	-	-	-	-
Texas Term	57,592,725	57,592,725	-	-	-	-	-
Total cash equivalents and investments	<u>\$417,673,269</u>	<u>\$337,887,899</u>	<u>\$ -</u>	<u>\$30,948,932</u>	<u>\$23,663,218</u>	<u>\$20,004,070</u>	<u>\$ 5,169,150</u>

At August 31, 2019, the College had the following cash equivalents, investments, and maturities:

	Fair Value	Investment Maturities (In Years)					
		Less than 1	1-2	2-3	3-4	4-5	5-6
U.S. Agency	\$ 145,511,022	\$ 9,999,110	\$ 5,031,415	\$46,806,468	\$37,623,925	\$46,050,104	\$ -
Commercial paper	19,959,797	19,959,797	-	-	-	-	-
Investment Pools:							
TexPool	273,241	273,241	-	-	-	-	-
TexSTAR	8,960,389	8,960,389	-	-	-	-	-
LOGIC	83,096,814	83,096,814	-	-	-	-	-
Lone Star	73,531,492	73,531,492	-	-	-	-	-
Texas CLASS	47,516,582	47,516,582	-	-	-	-	-
Texas Term	47,041,433	47,041,433	-	-	-	-	-
Total cash equivalents and investments	<u>\$425,890,770</u>	<u>\$290,378,858</u>	<u>\$ 5,031,415</u>	<u>\$46,806,468</u>	<u>\$37,623,925</u>	<u>\$46,050,104</u>	<u>\$ -</u>

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

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

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The College's investment policy sets guidelines for the maximum percent of portfolio for

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

any one type of investment. However, all of the College's investments are backed by the U.S. Government and are not subject to concentration of credit risk. Investment in investment pools, as the largest component of the portfolio, comprises 62.2% of the College's total portfolio at August 31, 2019 and meets the College's guideline of no more than 85% of the portfolio being investment pools.

RECONCILIATION OF DEPOSITS AND INVESTMENTS TO EXHIBIT 1

	<u>Fair Value August 31, 2020</u>	<u>Fair Value August 31, 2019</u>
Total cash and cash equivalents	\$ 302,076,863	\$ 267,896,037
Total investments	<u>113,301,945</u>	<u>165,470,819</u>
Total	<u>\$ 415,378,808</u>	<u>\$ 433,366,856</u>
Cash and cash equivalents (Exhibit 1)	\$ 289,976,098	\$ 255,726,815
Restricted cash and cash equivalents (Exhibit 1)	12,100,765	12,169,222
Short-term investments (Exhibit 1)	33,516,574	29,958,907
Long-term investments (Exhibit 1)	<u>79,785,371</u>	<u>135,511,912</u>
Total	<u>\$ 415,378,808</u>	<u>\$ 433,366,856</u>

There were no investments held by broker-dealers under reverse repurchase agreements as of August 31, 2020 or 2019.

TexPool represents an investment service authorized by the Texas Legislature and is under the direction of the State Comptroller. TexPool investments are subject to the same safety requirements maintained by the State Treasury for all state funds, including but not limited to compliance with the Public Funds Investment Act. The investment in TexPool plus accrued interest may be redeemed by the College at any time. TexPool is rated AAAM by Standard & Poor's. The College's investment in TexPool is included within cash and cash equivalents in the accompanying Statements of Net Position, as the investment is redeemable on demand.

Created in April 2002 through a contract among its participating governing units, TexSTAR is governed by a board of directors to provide for the joint investment of participants' public funds under their control and meets requirements under the Public Funds Investment Act. TexSTAR is rated AAAM by Standard & Poor's. Investments in TexSTAR plus accrued interest may be redeemed by the College at any time. Therefore, investments in TexSTAR are included within cash and cash equivalents in the accompanying Statements of Net Position.

Local Government Investment Cooperative (LOGIC) is managed by JP Morgan Chase and Hilltop Securities, in compliance with the Texas Public Funds Investment Act. LOGIC carries

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

Standard & Poor's AAAM rating. In addition to investing in U.S. Treasury and Agency Securities, LOGIC provides additional diversification by investing in repurchase agreements and prime commercial paper. Investments in LOGIC are included within cash and cash equivalents in the accompanying Statements of Net Position.

Lone Star Investment Pool, managed by First Public, LLC., a subsidiary of Texas Association of School Boards, was created in 1991 with the goal of making the management of public funds safer and easier. Lone Star maintains a Standard & Poor's AAA rating and only holds investments authorized under the Public Funds Investment Act. Investments in Lone Star are included within cash and cash equivalents in the accompanying Statements of Net Position.

Established in 1996, the Texas Cooperative Liquid Assets Securities System Trust (CLASS) was created as an investment pool for its participants and is administered by Public Trust Advisors, LLC with Wells Fargo Bank Texas N.A. as the custodian. Texas CLASS invests solely in securities which are permitted pursuant to the Texas Public Funds Investment Act and carries Standard & Poor's AAAM rating. Investments in Texas CLASS are included within cash and cash equivalents in the accompanying Statements of Net Position.

The Texas Term Local Government Investment Pool was created by and for Texas local governments to provide investment programs tailored to the needs of Texas public investors. Texas Term portfolios seek to provide these investors with safety, flexibility and competitive yields. Texas Term investments are designed to comply with all Texas statutes, including regulations for the allowable investment of public funds. Texas Term is rated AAAM by Standards & Poor's. Investments in Texas Term are included within cash and cash equivalents in the accompanying Statements of Net Position.

TexPool, TexSTAR, LOGIC, Lone Star, Texas CLASS, and Texas Term are not registered with the Securities & Exchange Commission (SEC) as investment companies but they operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB Statement No. 31 allows 2a7-like pools to use amortized cost (which excludes unrealized gains and losses) rather than market value to report net positions to compute share price.

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

Fair Value of Financial Instruments

GASB Statement No. 72 regarding Fair Value Measurement and Application for financial reporting purposes categorizes financial instruments within three different levels of risk dependent upon the measurement of their fair value and pricing.

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If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to their fair value measurement of the instrument. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the College can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Because the College investments are restricted by Policy and State law to active secondary market, the *market approach* is being used for valuation. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.

The *exit* or fair market prices used for US Government Agencies' valuations of the portfolio are all Level 1 and represent unadjusted quoted prices in active markets for identical assets and liabilities that have been accessed at the measurement date. Commercial paper valuations are recorded at amortized cost. Level 2 inputs are utilized for valuations at the measurement date. Since the investment pools are recorded at net asset value, they are not subject to "leveling".

Fair Value Hierarchy of investments at August 31, 2020 and 2019 are:

	Fiscal Year 2020				Fiscal Year 2019
	Level 1	Level 2	Level 3	Total	Total
U.S. Government Agencies	\$ 69,979,130	\$ -	\$ -	\$ 69,979,130	\$ 145,511,022
Municipal Securities	13,037,900	-	-	13,037,900	-
Commercial Paper	-	30,284,915	-	30,284,915	19,959,797
Total fair value	<u>\$ 83,017,030</u>	<u>\$ 30,284,915</u>	<u>\$ -</u>	<u>\$ 113,301,945</u>	<u>\$ 165,470,819</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

5. CAPITAL ASSETS

Capital assets activity for the fiscal year ended August 31, 2020 was as follows:

	Balance September 1, 2019	Increases/ Reclassifications	Decreases/ Adjustments	Balance August 31, 2020
Capital assets not subject to depreciation:				
Land	\$ 38,919,062	\$ -	\$ -	\$ 38,919,062
Construction in progress	<u>30,181,785</u>	<u>68,767,163</u>	<u>-</u>	<u>98,948,948</u>
Total not depreciated	69,100,847	68,767,163	-	137,868,010
Capital assets subject to depreciation:				
Buildings and building improvements	885,769,928	-	-	885,769,928
Land improvements	59,165,832	-	-	59,165,832
Furniture, machinery, vehicles, and other equipment	90,944,634	3,958,181	(439,814)	94,463,001
Library books	<u>8,207,531</u>	<u>367,192</u>	<u>-</u>	<u>8,574,723</u>
Total depreciated	1,044,087,925	4,325,373	(439,814)	1,047,973,484
Accumulated depreciation:				
Buildings and building improvements	(383,752,324)	(16,047,360)	-	(399,799,684)
Land improvements	(22,536,438)	(876,748)	-	(23,413,186)
Furniture, machinery, vehicles, and other equipment	(71,392,999)	(4,607,668)	411,055	(75,589,612)
Library books	<u>(5,822,311)</u>	<u>(386,908)</u>	<u>-</u>	<u>(6,209,219)</u>
Total accumulated depreciation	<u>(483,504,072)</u>	<u>(21,918,684)</u>	<u>411,055</u>	<u>(505,011,701)</u>
Net capital assets subject to depreciation	560,583,853	-	-	542,961,783
Net capital assets	<u>\$ 629,684,700</u>	<u>\$ 51,173,852</u>	<u>\$ (28,759)</u>	<u>\$ 680,829,793</u>

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Capital assets activity for the fiscal year ended August 31, 2019 was as follows:

	Balance September 1, 2018	Increases/ Reclassifications	Decreases/ Adjustments	Balance August 31, 2019
Capital assets not subject to depreciation:				
Land	\$ 38,919,062	\$ -	\$ -	\$ 38,919,062
Construction in progress	26,975,652	15,926,436	(12,720,303)	30,181,785
Total not depreciated	65,894,714	15,926,436	(12,720,303)	69,100,847
Capital assets subject to depreciation:				
Buildings and building improvements	893,445,513	(7,675,585)	-	885,769,928
Land improvements	38,762,002	20,403,830	-	59,165,832
Furniture, machinery, vehicles, and other equipment	87,916,306	4,922,327	(1,893,999)	90,944,634
Library books	7,973,436	234,095	-	8,207,531
Total depreciated	1,028,097,257	17,884,667	(1,893,999)	1,044,087,925
Accumulated depreciation:				
Buildings and building improvements	(366,856,894)	(16,895,430)	-	(383,752,324)
Land improvements	(21,912,828)	(623,610)	-	(22,536,438)
Furniture, machinery, vehicles, and other equipment	(68,365,116)	(4,701,646)	1,673,763	(71,392,999)
Library books	(5,399,476)	(422,835)	-	(5,822,311)
Total accumulated depreciation	(462,534,314)	(22,643,521)	1,673,763	(483,504,072)
Net capital assets subject to depreciation	565,562,943	-	-	560,583,853
Net capital assets	<u>\$ 631,457,657</u>	<u>\$ 11,167,582</u>	<u>\$ (12,940,539)</u>	<u>\$ 629,684,700</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019**

6. NON-CURRENT LIABILITIES

Non-current liability activity for the fiscal year ended August 31, 2020 was as follows:

	Balance September 1, 2019	Additions	Reductions	Balance August 31, 2020	Current Portion
Series 2010 General Obligation Refunding Bonds	\$ 26,050,000	\$ -	\$ (26,050,000)	\$ -	\$ -
Series 2016 General Obligation Refunding Bonds	88,690,000	-	(16,950,000)	71,740,000	9,160,000
Series 2017 General Obligation Refunding Bonds	43,465,000	-	(13,875,000)	29,590,000	2,680,000
Series 2018 General Obligation Refunding Bonds	24,595,000	-	(10,455,000)	14,140,000	1,220,000
Series 2019 General Obligation Refunding Bonds	-	22,210,000	(2,305,000)	19,905,000	3,860,000
Unamortized bond premium	<u>15,988,548</u>	<u>906,062</u>	<u>(4,550,078)</u>	<u>12,344,532</u>	<u>2,879,964</u>
Subtotal bonds	198,788,548	23,116,062	(74,185,078)	147,719,532	19,799,964
Accrued interest	352,087	209,946	(352,087)	209,946	209,946
Capital lease payable	425,140	-	(105,948)	319,192	115,897
Compensable absences	14,785,829	11,082,111	(8,326,127)	17,541,813	9,148,843
Net pension liability	117,105,618	6,518,419	(7,798,733)	115,825,304	-
Net OPEB liability	<u>241,120,349</u>	<u>44,950,430</u>	<u>(4,175,547)</u>	<u>281,895,232</u>	<u>8,934,497</u>
Total	<u>\$ 572,577,571</u>	<u>\$ 85,876,968</u>	<u>\$ (94,943,520)</u>	<u>\$ 563,511,019</u>	<u>\$ 38,209,147</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

Non-current liability activity for the fiscal year ended August 31, 2019 was as follows:

	Balance September 1, 2018	Additions	Reductions	Balance August 31, 2019	Current Portion
Series 2009 General Obligation Bonds	\$ 4,845,000	\$ -	\$ (4,845,000)	\$ -	\$ -
Series 2010 General Obligation Bonds	33,730,000	-	(33,730,000)	-	-
Series 2010 General Obligation Refunding Bonds	29,720,000	-	(3,670,000)	26,050,000	3,840,000
Series 2016 General Obligation Refunding Bonds	103,990,000	-	(15,300,000)	88,690,000	16,950,000
Series 2017 General Obligation Refunding Bonds	56,065,000	-	(12,600,000)	43,465,000	13,875,000
Series 2018 General Obligation Refunding Bonds	-	27,280,000	(2,685,000)	24,595,000	10,455,000
Unamortized bond premium	20,668,541	-	(4,679,993)	15,988,548	3,623,785
Subtotal bonds	249,018,541	27,280,000	(77,509,993)	198,788,548	48,743,785
Accrued interest	462,430	352,087	(462,430)	352,087	352,087
Capital lease payable	521,993	-	(96,853)	425,140	105,948
Compensable absences	13,963,302	10,794,086	(9,971,559)	14,785,829	9,699,555
Net pension liability	64,010,885	60,261,917	(7,167,184)	117,105,618	-
Net OPEB liability	204,344,713	95,227,894	(58,440,723)	241,120,349	3,546,837
Total	<u>\$ 532,321,864</u>	<u>\$ 193,915,984</u>	<u>\$ (153,648,742)</u>	<u>\$ 572,577,571</u>	<u>\$ 62,448,212</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

7. DEBT AND LEASE OBLIGATIONS

The College has authorized debt of General Obligation (GO) bonds. GO bonds are authorized by the Board and approved by the voters of the College's service area and secured by an ad valorem tax rate Interest & Sinking (I&S) portion to cover the debt service of the bonds. The College enters into equipment and software leases which provides for ownership options at termination of the lease. The assets of these leases are capitalized and amortized with an offsetting recognition of debt payable on the lease.

The following table shows the debt service for the GO bonds and Capital Leases for the next five years and thereafter:

	GO Refunding Bonds		Capital Lease		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Year ended August 31:						
2021	\$ 16,920,000	\$ 4,932,530	\$ 115,897	\$ 29,972	\$ 17,035,897	\$ 4,962,502
2022	15,670,000	4,267,893	126,779	19,089	15,796,779	4,286,982
2023	16,215,000	3,623,815	76,516	7,185	16,291,516	3,631,000
2024	15,035,000	3,014,141	-	-	15,035,000	3,014,141
2025	17,465,000	2,374,802	-	-	17,465,000	2,374,802
2026 - 2030	54,070,000	3,331,790	-	-	54,070,000	3,331,790
Total	<u>\$ 135,375,000</u>	<u>\$ 21,544,971</u>	<u>\$ 319,192</u>	<u>\$ 56,246</u>	<u>\$ 135,694,192</u>	<u>\$ 21,601,217</u>

Included in operating expenses is \$4,646,686 and \$3,407,335 of rent paid during fiscal years 2020 and 2019, respectively.

Future minimum lease payments under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2020 are as follows:

<u>Year Ended</u>	<u>Minimum Future Lease Payments</u>
2021	\$ 3,115,544
2022	1,694,155
2023	156,241
2024	-
Total	<u>\$ 4,965,940</u>

There are currently no lease obligations beyond the year ending August 31, 2023.

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

8. GENERAL OBLIGATION BONDS PAYABLE

There were no General Obligation Bonds outstanding in 2020. In 2019, the residual balances of the Series 2009 and 2010 General Obligation Bonds remaining after advanced refunding in 2017 and 2019, respectively, were paid in full. A chart of each General Obligation Bond series retired in 2019 is listed below.

Series	Bond Type	Bonds Issued to Date	Range of Interest Rates	Maturities		
				First Year	Last Year	First Call Date
2009	General Obligation Bonds	\$ 102,985,000	1.50%-5.00%	2010	2029	2/15/2020
2010	General Obligation Bonds	\$ 47,060,000	2.00%-5.00%	2011	2030	2/15/2020

On June 4, 2009, the College issued the third tranche of GO bonds, Series 2009 Bonds, for the \$450 million bond election. The Series 2009 Bonds have a par amount of \$102,985,000 and were sold with a reoffering premium of \$7,904,650 and accrued interest of \$439,704. The bonds were sold in \$5,000 increments with interest rates varying from 1.5% to 5.0% and maturity dates from February 15, 2010 to February 15, 2029. The cost of issuance and underwriter's discount totaled \$869,233. Proceeds of the bonds were utilized to continue the constructing and equipping of buildings in the C. The bonds were issued and the tax levied for their payment, pursuant to authority conferred by the Constitution and laws of the State of Texas. Part of these bonds were advance refunded in 2017 (See Advance Refunding Bonds Note 9).

On January 15, 2010, the College issued its fourth and final tranche of GO bonds, Series 2010 Bonds, for the \$450 million bond election. The Series 2010 Bonds have a par amount of \$47,060,000 and were sold with a reoffering premium of \$3,394,071. The bonds were sold in \$5,000 increments with interest rates varying from 2.0% to 5.0% and maturity dates from February 15, 2011 to February 15, 2030. The cost of issuance was \$158,879 and underwriter's discount was \$295,193. Proceeds of the bonds were utilized to continue the constructing and equipping of buildings in the College. The bonds were issued and the tax levied for their payment, pursuant to authority conferred by the Constitution and laws of the State of Texas. Part of these bonds were advanced refunded in 2019 (See Advance Refunding Bonds Note 9).

In 2020, the College paid \$6,559,261 on Advance Refunding Bonds interest cost, of which \$4,011,389 was expensed after premium and refunding loss amortization. In 2019, the College paid \$8,808,337 in interest cost, of which \$6,777,139 was expensed after premium and refunding loss amortization for GO Bonds and Advance Refunding Bonds. In 2020, interest expense on capital leases was \$39,660 calculated on the effective interest method as compared to \$55,630 in 2019.

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

9. ADVANCE REFUNDING BONDS

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

On June 2, 2016, the College advance refunded \$131,580,000 of its outstanding Series 2008 General Obligation Bonds ("Series 2008 Bonds") by issuing \$122,415,000 of Series 2016 General Obligation Refunding Bonds ("Series 2016 Refunding Bonds"). All Series 2016 Refunding Bonds have been issued to date. The average interest rate is 1.603% with coupons of 3% or 5%. After payment of \$665,812 in underwriting fees and issuance costs, all resources from the Series 2016 Refunding Bonds, including a transfer of \$2,167,946 from prior issue debt service funds, were used to purchase U.S. Government Securities. These were deposited in an irrevocable trust with an escrow agent for all future bond payments on the refunded Series 2008 Bonds. The Series 2008 Bonds that were refunded are considered fully defeased for maturities 2019 and later and the liability for those bonds have been removed from the Statements of Net Position. Advance Refunding of the Series 2008 Bonds reduces the College's debt service by \$28,302,750. An economic gain of \$22,580,683 was obtained by the advance refunding. The difference of the reacquisition price of the new debt and the net carrying amount of the defeased bonds resulted in a \$7,421,376 deferred outflow and is being amortized over the life of the new debt by the effective interest method.

On July 6, 2017, the College advance refunded \$64,105,000 of its outstanding Series 2009 General Obligation Bonds ("Series 2009 Bonds") by issuing \$60,665,000 of Series 2017 General Obligation Refunding Bonds ("Series 2017 Refunding Bonds"). All Series 2017 Refunding Bonds have been issued to date. The average interest rate is 1.780% with coupons of 3% or 5%. After payment of \$441,703 in underwriting fees and issuance costs, all resources from the Series 2017 Refunding Bonds, including a transfer of \$1,290,002 from prior issue debt service funds, were used to purchase U.S. Government Securities. These were deposited in an irrevocable trust with an escrow agent for all future bond payments on the refunded Series 2009 Bonds. The Series 2009 Bonds that were refunded are considered fully defeased for maturities 2020 and later and the liability for those bonds have been removed from the Statements of Net Position. Advance Refunding of the Series 2009 Bonds reduces the College's debt service by \$15,619,702. An economic gain of \$10,541,225 was obtained by the advance refunding. The difference of the reacquisition price of the new debt and the net carrying amount of the defeased bonds resulted in a \$2,461,665 deferred outflow and is being amortized over the life of the new debt by the effective interest method.

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

On November 29, 2018, the College advance refunded \$31,600,000 of its outstanding Series 2010 General Obligation Bonds ("Series 2010 Bonds") by issuing \$27,280,000 of Series 2018 General Obligation Refunding Bonds ("Series 2018 Refunding Bonds"). All Series 2018 Refunding Bonds have been issued to date. The average interest rate is 3.200% with coupons of 3.200%. After payment of \$88,454 in issuance costs, all resources from the Series 2018 Refunding Bonds, including a transfer of \$4,996,845 from prior issue debt service funds, were used to purchase U.S. Government Securities. These were deposited in an irrevocable trust with an escrow agent for all future bond payments on the refunded Series 2010 Bonds. The Series 2010 Bonds that were refunded are considered fully defeased for maturities 2020 and later and the liability for those bonds have been removed from the Statements of Net Position. Advance Refunding of the Series 2010 Bonds reduces the College's debt service by \$10,854,093. An economic gain of \$5,857,248 was obtained by the advance refunding. The difference of the reacquisition price of the new debt and the net carrying amount of the defeased bonds resulted in a \$631,099 deferred inflow and is being amortized over the life of the new debt by the effective interest method.

On November 26, 2019, the College advanced refunded \$22,210,000 of its outstanding Series 2010 Refunding Bonds, including a transfer of \$ 565,000 from prior issue debt service funds, were used to purchase U.S. Government Securities. These were deposited in an irrevocable trust with an escrow agent for all future bond payments on the refunded 2010 GO Refunding Bonds. The Series 2010 Refunded Bonds that were refunded are considered fully defeased for maturities 2021 and later and the liability for those bonds has been removed from the Statements of Net Position. Advance Refunding of the Series 2010 Refunding Bonds reduces the College's debt service by \$2,305,464. An economic gain of \$2,069,301 was obtained by the advanced refunding. The difference of the reacquisition price of the new debt and the net carrying amount of the defeased bonds resulted in a \$129,859 deferred outflow and is being amortized over the life of the new debt by the effective interest method.

Series	Bond Type	Bonds Issued to Date	Range of Interest Rates	Maturities		
				First Year	Last Year	First Call Date
2010	General Obligation Refunding Bonds	\$ 49,290,000	2.00%-5.00%	2011	2025	2/15/2021
2016	General Obligation Refunding Bonds	122,415,000	3.00% - 5.00%	2017	2028	2/15/2027
2017	General Obligation Refunding Bonds	60,665,000	3.00% - 5.00%	2018	2029	2/15/2028
2018	General Obligation Refunding Bonds	27,280,000	3.20%	2019	2030	2/15/2021
2019	General Obligation Refunding Bonds	22,210,000	1.72%	2020	2025	2/15/2021

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019**

10. DEFEASED BONDS OUTSTANDING

As of August 31, 2020, and 2019, respectively, the College had no defeased General Obligation or General Obligation Refunding bonds outstanding.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

11. EMPLOYEES' RETIREMENT PLAN

The State of Texas has joint contributory retirement plans for almost all its employees. Full-time employees participate in either the Teacher Retirement System of Texas (TRS) or the Optional Retirement System (ORP).

Teacher Retirement System of Texas – Defined Benefit Plan

Plan Description - College participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by TRS. The TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position - Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2019.pdf ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided - TRS provides service and disability retirement, as well as death and survivor benefits to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, whose formulas use the three highest annual salaries. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLA). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Texas Government Code Section 821.006 prohibits benefit improvements if, as a result of the particular actions, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) providing for gradual contribution increases from the State, participating employers and

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

active employees to make the pension fund actuarially sound. Because this action causes the pension fund to be actuarially sound, the Legislature approved funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

Contributions - Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

Contribution Rates	2019	2018
Member rates	7.70%	7.70%
Non-employer contributing entity (State)	6.80%	6.80%
Employers	6.80%	6.80%
Fiscal Year 2019 Member contributions	\$7,488,249	
Fiscal Year 2019 State of Texas on-behalf contributions	\$5,461,977	
Fiscal Year 2019 College Contributions	\$7,798,733	

The College's contributions to the TRS pension plan in plan year 2019 were \$7,798,733 as reported in the Schedule of College Contributions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for plan year 2019 were \$5,461,977.

- As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers.

Public junior colleges or junior college districts are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.
- In addition to the employer contributions listed above, when employing a retiree of TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions – The total pension liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	8/31/2018 rolled forward to August
Actuarial cost method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial assumptions:	
Single discount rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal bond rate as of August 2019	2.63% *
Last year ending August 31 in Projection Period (100 years)	2116
Inflation	2.30%
Salary increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

* Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20 Year Municipal GO AA Index".

The actuarial methods and assumptions were selected by the TRS Board of Trustees based upon analysis and recommendations by the system's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018.

Discount Rate – The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and State contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and State contributions for active and rehired retirees.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the system's target asset allocation as of August 31, 2019, are summarized in the following chart.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

Asset Class	2019 Target Allocation % (i)	New Target Allocation % (ii)	Long-Term Expected Geometric Real Rate of Return % (iii)
Global Equity			
U.S.	18.00%	18.00%	6.40%
Non-U.S. developed	13.00%	13.00%	6.30%
Emerging markets	9.00%	9.00%	7.30%
Directional hedge funds	4.00%	0.00%	0.00%
Private equity	13.00%	14.00%	8.40%
Stable Value			
U.S. Treasuries (iv)	11.00%	16.00%	3.10%
Stable value hedge funds	4.00%	5.00%	4.50%
Absolute return (including Credit Sensitive Investments)	0.00%	0.00%	0.00%
Real Return			
Global inflation linked bonds (iv)	3.00%	0.00%	0.00%
Real Estate	14.00%	15.00%	8.50%
Energy, natural resources and infrastructure	5.00%	7.48%	0.37%
Risk Parity			
Risk Parity	5.00%	8.00%	5.80%/6.50% (v)
Asset Allocation Leverage Cash	1.00%	2.00%	2.50%
Asset Allocation Leverage	0.00%	-6.00%	2.70%
Expected Return	7.23%		

(i) 2019 Target Allocation based on the Strategic Asset Allocation dated 10/1/2018

(ii) New Target Allocation based on the Strategic Asset Allocation dated 10/1/2019

(iii) 10-year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

(iv) New Target Allocation groups Government Bonds within the stable value allocation. This includes global

(v) 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

Source: Teacher Retirement System of Texas 2019 Comprehensive Annual Financial Report

Discount Rate Sensitivity Analysis – The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (7.25%) in measuring the 2019 Net Pension Liability.

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

	<u>1% Decrease in Discount Rate (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase in Discount Rate (8.25%)</u>
College's proportionate share of the net pension liability	\$ 178,040,317	\$115,825,304	\$ 65,419,134

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At August 31, 2020, College reported a liability of \$115,825,304 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the collective net pension liability	\$115,825,304
State's proportionate share that is associated with College	<u>81,123,674</u>
Total	<u>\$196,948,978</u>

The net pension liability was measured as of August 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At the measurement date of August 31, 2019, the employer's proportion of the collective net pension liability was 0.2228132703% which was an increase of 0.0100580832% from its proportion measured as of August 31, 2018 (0.2127551871%).

Changes Since the Prior Actuarial Valuation – Changes in assumptions since the prior valuation were as follows:

- The single discount rate as of August 31, 2018, was a blended rate of 6.907%, and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB3 by the 86th Texas Legislature, 2019, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is an addition to the salary increase expected in the actuarial assumptions.
- The Texas Legislature approved funding for a 13th check in September 2019. All eligible members returned as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000 whichever was less.

For the fiscal year ended August 31, 2020, the College recognized pension expense of \$12,743,386 and revenue of \$12,743,386 for support provided by the State. Refer to the fiscal year 2019 Schedule of On-Behalf Contributions for this information posted on the TRS website under GASB Statements No. 67 and 68.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019**

At August 31, 2020, the College reported its proportionate share of the TRS's deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 486,570	\$ 4,021,638
Changes in actuarial assumptions	35,934,697	14,849,917
Difference between projected and actual investment earnings	1,163,020	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	17,037,181	7,059,431
Contributions paid to TRS subsequent to the measurement date (calculated by the College)	<u>8,806,805</u>	<u>-</u>
Total	<u><u>\$ 63,428,273</u></u>	<u><u>\$ 25,930,986</u></u>

\$8,806,805 reported as deferred outflows of resources resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2021. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended August 31</u>	<u>Pension Expense Amount</u>
2021	\$ 4,888,873
2022	3,855,901
2023	8,556,740
2024	9,305,540
2025	2,933,281
Thereafter	<u>(849,853)</u>
Total	<u><u>\$ 28,690,482</u></u>

Plan Description – Eligible faculty and administrative personnel may participate in an optional retirement plan in lieu of the TRS plan. The optional retirement program provides for the

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy - Contribution requirements are not actuarially determined but are established and amended by the Texas Legislature. Benefits fully vest after one year plus one day of employment. In certain circumstances, the reporting college is required to make all or a portion of the state's contribution amounts. Senate Bill (SB) 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the State's contribution to 50% of eligible employees in the reporting district.

Since these are individual annuity contracts, the state and the College have no additional or unfunded liability for this program.

Optional Retirement Plan Contribution Rates	2020*	2019*
Member Contribution of Annual Compensation	6.65%	6.65%
State Contribution of Participant's Salary	6.60%	6.60%
District Contribution of Participant's Annual Compensation for:		
Participants Enrolled Prior to September 1, 1995	1.90%	1.90%
Participants Enrolled After September 1, 1995	0.00%	0.00%

* State Contribution is 50% of eligible employees based on headcount maximum and no adjustments for enrollment growth.

The total ORP expense to the state for the College was \$1,685,932 and \$1,794,134 for fiscal years 2020 and 2019, respectively. This amount represents the portion of expended appropriations made by the Legislature on behalf of the college.

Year Ended August 31	Total Payroll for All District Employees	District's Payroll Covered by TRS	District's Payroll Covered by ORP	State's Contribution for ORP
2020	\$ 300,601,170	\$ 208,020,613	\$ 52,543,547	\$ 1,685,932
2019	290,978,372	196,305,385	53,526,118	1,715,189

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

12. DEFERRED COMPENSATION PLAN

The College has established a deferred compensation plan under which selected executives may elect to defer a portion of their earnings for tax and investment purposes pursuant to authority granted in Government Code §609.001. For the fiscal years ended August 31, 2020 and 2019, the College had one employee participating in the program.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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13. COMPENSABLE ABSENCES

Full-time staff and administrators earn annual leave from one to two days per month. The policy of the College is that an employee may carry his or her accrued leave forward from one fiscal year to another fiscal year with a maximum number of 48 days. Employees with at least 60 days of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. Sick leave, which can be accumulated up to 66 days, is earned at the rate of one day per month. The policy of the College is to recognize the cost of sick leave when paid. Employees are not entitled to be paid for sick leave accrued but not taken upon termination. Accordingly, no liability for sick leave is reflected in the accompanying Statements of Net Position. The same applies to extenuating circumstance leave, which accrues at a rate of 2 days per year to a maximum of 4 days, and is not payable on termination.

	Accrued Liability for Unpaid Annual Leave for the Fiscal Year Ended August 31,	
	2020	2019
Balance as of September 1,	\$ 14,785,829	\$ 13,963,303
Leave Accruals/Adjustments	11,082,111	10,794,085
Leave Used	(7,269,154)	(8,812,067)
Accrued Leave Paid Terminated Employees	(1,056,973)	(1,159,492)
Balance as of August 31,	<u>\$ 17,541,813</u>	<u>\$ 14,785,829</u>
Current Liability	\$ 9,148,843	\$ 9,699,555
Non-Current Liability	\$ 8,392,970	\$ 5,086,274

DALLAS COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
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14. HEALTH CARE AND LIFE INSURANCE BENEFITS

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

**State/Employer Contribution for Health Care Insurance
(includes basic life insurance rate)**

HealthSelect of Texas Plan	2020 State/Employer Contribution	2020 Annualized Contribution
Member Only	\$ 624.82	\$ 7,497.84
Member & Spouse	982.82	11,793.84
Member & Child(ren)	864.52	10,374.24
Member & Family	1,222.52	14,670.24

HealthSelect of Texas Plan	2019 State/Employer Contribution	2019 Annualized Contribution
Member Only	\$ 624.82	\$ 7,497.84
Member & Spouse	982.82	11,793.84
Member & Child(ren)	864.52	10,374.24
Member & Family	1,222.52	14,670.24

The cost of retirees and active employees' health care is provided.

Cost of Providing Health Care Insurance	2020	2019
Number of Retirees	1,375	1,355
Cost of Health Benefits for Retirees	\$ 11,900,644	\$ 11,724,677
Number of Active Full-Time Employees	3,662	3,690
Cost of Health Benefits for Active Full-Time	32,159,245	31,837,080
State Appropriation for Health Insurance-Retirees	5,704,986	5,630,161
State Appropriation for Health Insurance-Active	13,967,351	13,862,738
Net Cost to College	24,387,552	24,068,858

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

15. POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS

Plan Description—College participates in a cost-sharing multiple-employer defined-benefit other post-employment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain postemployment health care, life, and dental insurance benefits to retired employees of participating universities, community colleges, and state agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the state and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by state law and may be amended by the Texas Legislature.

OPEB Plan Fiduciary Net Position -- Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements, and required supplementary information. That report may be obtained by visiting <https://www.ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management/2019-CAFR.pdf>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

Benefits Provided – Retiree health benefits offered through the GBP are available to most state of Texas retirees and their eligible dependents. Participants need at least 10 years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

Contributions – Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated, and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium, which is based on a blended rate. Retirees pay any premium over and above the employer contribution. The employer does not contribute

DALLAS COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
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toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the state of Texas pays part of the premiums for the junior and community colleges.

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year 2019

Retiree only	\$ 624.82
Retiree & spouse	982.82
Retiree & children	864.52
Retiree & family	1,222.52

Contributions of premiums to the GBP plan for the current and prior fiscal year by source is summarized in the following table:

Premium Contributions by Source
Group Benefits Program Plan
For the years Ended August 31, 2020 and 2019

Contribution Rates	2020	2019
Member contributions	\$1,711,440	\$1,652,525
State of Texas on-behalf contributions	5,704,986	5,630,161
College Contributions	6,195,658	6,094,516

Actuarial Assumptions—The total OPEB liability was determined by an actuarial valuation as of August 31, 2019 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

Actuarial Assumptions ERS Group Benefits Program Plan

Valuation date	August 31, 2019
Actuarial cost method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Not applicable
Actuarial assumptions:	
Discount rate	2.97%
Projected annual salary increase	2.50% to 9.50%, including inflation
Annual healthcare trend rate	7.30 % for FY2020, 7.40% for FY2021, 7.00% for FY2022, decreasing 0.5% per year to 4.5% for FY2027 and later years
Inflation assumption rate	2.50%
Ad hoc post-employment benefit changes	None

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period (ex. September 1, 2010 to August 31, 2017) for higher education members.

Investment Policy—The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System's Board of Trustees adopted the amendment to the investment policy in August 2017 to require that all funds in the plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments is 2.4%.

Discount Rate—Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.96%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.97%, which amounted to a decrease of .99 %. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return applicable is zero years.

Discount Rate Sensitivity Analysis—The following schedule shows the impact on College's proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (2.97%) in measuring the net OPEB Liability.

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	1% Decrease in Discount Rate (1.97%)	Discount Rate (2.97%)	1% Increase in Discount Rate (3.97%)
College's proportionate share of the net OPEB liability	\$ 336,388,685	\$281,895,232	\$ 239,964,489

Healthcare Trend Rate Sensitivity Analysis—The initial healthcare trend rate is 7.3% and the ultimate rate is 4.5%. The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used (7.3% decreasing to 4.5%) in measuring the net OPEB Liability.

	1% Decrease in Healthcare Cost Trend Rates (6.30% decreasing to 3.50%)	Current Healthcare Cost Trend Rates (7.30% decreasing to 4.50%)	1% Increase in Healthcare Cost Trend Rates (8.30% decreasing to 5.50%)
College's proportionate share of the net OPEB liability	\$ 236,704,928	\$281,895,232	\$ 340,948,599

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—At August 31, 2020, College reported liability of \$281,895,232 for its proportionate share of the ERS's net OPEB Liability. This liability reflects a decrease for State support provided to College for OPEB. The amount recognized by the College as its proportionate share of the net OPEB liability, the State support and the total portion of the net OPEB liability that was associated with College were as follows:

College's proportionate share of the collective net OPEB liability	\$281,895,232
State's proportionate share that is associated with College	226,015,783
Total	<u>\$507,911,015</u>

The net OPEB liability was measured as of August 31, 2019 and the total OPEB liability was used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2019.

At the measurement date of August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.81560594%, which was slightly higher than the proportion measured at August 31, 2018 of 0.81355841%.

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

For the year ended August 31, 2020, the College recognized OPEB expense of \$256,054 and revenue of \$256,054 for support provided by the State.

Changes Since the Prior Actuarial Valuation—Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follows:

- Assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent experience and its effects on short-term expectations;
- The percentage of current retirees and retirees' spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan and future retirees and their spouses who will elect to participate at the earliest date at which coverage can commence;
- The percentage of future male retirees assumed to be married and electing coverage for their spouse
- The percentages of future retirees and future retiree spouses assumed to use tobacco have been updated to reflect recent plan experience and expected trends;
- The discount rate assumption was changed from 3.96% as of August 31, 2018 to 2.97% as of August 31, 2019 as a result of requirements by GASB no 74 to utilize the yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Changes of Benefit Terms Since Prior Measurement Date—The following benefit revision have been adopted since the prior valuation:

- The benefit change that will become effective January 1, 2020;
- The change to HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect (CDHP) from \$6,650 to \$6,750 for individuals and from \$13,300 to \$13,500 for families in order to remain consistent with Internal Revenue Service maximums.

These minor benefit changes have been reflected in the fiscal year 2019 Assumed Per Capita Health Benefit Costs.

At August 31, 2020, the College reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 7,335,166
Changes in actuarial assumptions	20,060,982	62,992,895
Difference between projected and actual investment earnings	115,894	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	59,207,622	210,176
Contributions paid to ERS subsequent to the measurement date (calculated by the College)	4,278,116	-
Total	<u>\$ 83,662,614</u>	<u>\$ 70,538,237</u>

\$4,278,116 reported as deferred outflows of resources related to OPEB resulting from College contributions paid subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2020. Other amounts of the employer's balances of deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended August 31	OPEB Expense Amount
2021	\$ (3,061,414)
2022	(3,061,414)
2023	4,667,882
2024	8,161,558
2025	<u>2,139,649</u>
Total	<u>\$ 8,846,261</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

16. COMMITMENTS AND CONTINGENCIES

Commitments—The College has entered into contracts for the planning and construction of new facilities, as well as for the renovation and repair of existing campuses within the College. Commitments remaining under such contracts at August 31, 2020 are \$52,532,197.

Pending Lawsuits and Claims—On August 31, 2020, various claims and lawsuits involving the College are pending. In the opinion of College administration, the potential loss on all claims and lawsuits, to the extent not provided for by insurance or otherwise, will not be significant to the financial statements of the College. A lawsuit was filed in 2019 to invalidate the voting results authorizing College to issue general obligation bonds to improve College facilities and technologies. While the suit does not seek additional monetary damages and does not impact the current financial condition of College, it impairs the planned timeline for implementing the improvements.

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

On August 25, 2008, College sold a building to the University of North Texas. A clause in the original deed requires that the College remain in the line of guarantors on two ground leases, which are in effect through 2047 and 2048. The probability of having to pay the ground leases is remote since the University of North Texas is the current owner and the College follows them or any future owners in the line of priority for the guarantee. The potential amount owed through the end of the leases is in excess of \$3.0 million. However, because the probability of having to pay is remote, College has not accrued a liability.

Pandemic – On March 13, 2020, the President of the United States declared a national emergency in the United States for the outbreak of COVID-19, a respiratory disease characterized as a pandemic (Pandemic) by the World Health Organization. On the same date, the Governor of Texas (Governor) declared a state of disaster for all Texas counties in response to the Pandemic. The Governor's broad authority to respond to disasters under Chapter 41, Texas Government Code resulted in the suspension of in-person operations of the College. The College responded by converting most of its in-person instruction to virtual instruction and to have its employees work virtually from home. In July 2020, the College was allowed to partially restore in-person instruction and employees working in College facilities choosing to continue most instruction virtually. The College was able to cover virtual instruction and operations from the 2020 operating budget and available Cares Act funding. The College is unable to predict the length of time the Pandemic will remain, the expenses that will be incurred due to the Pandemic or the effect the Pandemic will have on tuition or ad valorem tax revenues in future periods.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019**

17. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables—Receivables for the fiscal years ended August 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Ad valorem taxes	\$ 10,733,264	\$ 9,420,872
Student tuition and charges	35,328,306	20,326,844
Accounts Receivable		
Federal grants	9,843,677	6,745,405
State grants	948,509	211,442
Local grants	4,991,133	946,035
Interest on investments	105,854	861,697
Other receivables	646,802	10,471,862
Total receivables	<u>62,597,545</u>	<u>48,984,157</u>
Less allowances for uncollectible amounts		
Ad valorem taxes	(8,524,989)	(7,602,888)
Student tuition and charges	(2,496,967)	(2,197,215)
Other receivables	<u>(27,441)</u>	<u>(521,650)</u>
Total allowances	<u>(11,049,397)</u>	<u>(10,321,753)</u>
Total receivables, net of allowances	<u><u>\$ 51,548,148</u></u>	<u><u>\$ 38,662,404</u></u>

Payables—Accounts Payable for the fiscal years ended August 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Vendors payable	\$ 21,798,229	\$ 11,052,148
Salaries and benefits payable	-	43,941
Students payable	<u>1,086,131</u>	<u>3,176,437</u>
Total accounts payable	<u><u>\$ 22,884,360</u></u>	<u><u>\$ 14,272,526</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. FUNDS HELD IN TRUST BY OTHERS

The College holds funds for certain student organizations and other agencies. These amounts are reflected in the basic financial statements as funds held for others in the amounts of \$1,448,191 and \$1,501,955 for 2020 and 2019, respectively.

DALLAS COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
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19. CONTRACTS AND GRANT AWARDS

Contracts and grant awards are accounted for in accordance with generally accepted accounting principles in the United States. Funds received but not expended during the reporting period are shown as deferred revenues on the Statements of Net Position. Revenues are recognized on the Statements of Revenues, Expenses, and Changes in Net Position as funds are actually expended. For Federal contract and grant awards, funds expended but not collected are reported as accounts receivables on the Statements of Net Position. Non-federal contract and grant awards for which funds are expended but not collected are also reported as accounts receivables on the Statements of Net Position. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant award funds already committed or funds awarded during fiscal years 2020 and 2019 for which monies have not been received nor funds expended totaled \$66,872,937 and \$45,843,507, respectively.

These amounts are comprised of the following:

Contracts and Grant Awards	2020	2019
Federal	\$ 58,182,694	\$ 39,384,894
State	7,936,133	5,985,301
Local	754,110	473,312
Total Contracts and Grant Awards	<u>\$ 66,872,937</u>	<u>\$ 45,843,507</u>

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

20. SELF-INSURED PLANS

The College is exposed to various risks of loss related torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College has assessed its risks and selected a combination of insurance coverages and self-insurance to mitigate losses in these areas.

The College after deductibles fully insures its buildings, structures, contents, and equipment with the purchase of commercial property insurance and also procures general and excess liability insurance coverages for operating errors and omissions. Settlements with claimants for torts, property thefts and damage, and errors and omissions during the fiscal years ended August 31, 2020, 2019 and 2018 did not exceed insurance coverages after deductibles.

The College self-insures for injuries to employees (workers' compensation) and autos. At August 31, 2020 and 2019, the College accrued against losses \$3,514 for auto claims.

Prior to August 31, 1998, the College was self-insured for workers' compensation. Effective September 1, 1998, the College implemented a guaranteed cost workers' compensation insurance program to handle employee injury claims. The College returned to a self-insured plan effective September 1, 2002 and is backed with excess workers' compensation coverage. The accrued liability balance is based upon third party actuarial information for expected future payments on incurred claims. Future payments for the incurred claims will be paid from the accrued liability. Settlements of workers' compensation claims during the fiscal years ended August 31, 2020, 2019 and 2018 did not exceed minimum dollar amounts required to invoke excess workers' compensation coverages.

Self-insurance activity for the workers' compensation plan prior to 1998 for the fiscal years ended August 31, 2020 and 2019 was as follows:

Accrued Claim Liability for the Fiscal Year Ended August 31	Balance September 1	Additions	Reductions in Liability/ Claims Paid	Balance August 31
2020	\$ 244,361	\$ -	\$ -	\$ 244,361
2019	244,361	-	-	244,361

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**NOTES TO THE FINANCIAL STATEMENTS
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Self-insurance activity for the current workers' compensation plan for the fiscal years ended August 31, 2020 and 2019 was as follows:

Accrued Claim Liability for the Fiscal Year Ended August 31	Balance September 1	Additions	Reductions in Liability/ Claims Paid	Balance August 31
2020	\$ 475,000	\$ 800,780	\$ (625,780)	\$ 650,000
2019	450,000	524,140	(499,140)	475,000

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

21. AD VALOREM TAX

Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year. Taxes levied for the fiscal years ended August 31, 2020 and 2019 were \$334,832,012 and \$311,382,074, respectively (which includes any penalties and interest assessed, if applicable).

Tax rates for the fiscal years ended August 31, 2020 and 2019 are as follows:

	2020		
	Current Operations	Debt Service	Total
Authorized tax rate per \$100 valuation (Maximum per enabling legislation)	\$ 0.16000	\$ 0.50000	\$ 0.66000
Assessed tax rate per \$100 valuation	\$ 0.10400	\$ 0.02000	\$ 0.12400

	2019		
	Current Operations	Debt Service	Total
Authorized tax rate per \$100 valuation (Maximum per enabling legislation)	\$ 0.16000	\$ 0.50000	\$ 0.66000
Assessed tax rate per \$100 valuation	\$ 0.10400	\$ 0.02000	\$ 0.12400

At August 31, 2020 and 2019 certified valuation for property taxed by the College was as follows:

	2020	2019
Assessed valuation of College	\$ 345,979,905,150	\$ 319,258,573,660
Less exempt property	33,197,583,350	28,682,820,730
Less exemptions and Capped Loss	43,098,432,356	39,864,487,143
Net assessed valuation of College	<u>\$ 269,683,889,444</u>	<u>\$ 250,711,265,787</u>

The Dallas County Tax Assessor-Collector is the Collecting Agency for the levy and remits the collections to the College, net of a collection fee. Tax proceeds are used for either maintenance and operations of the College or restricted for the funding interest and sinking requirements for GO bond debt service.

Gross taxes collected for fiscal year 2020:

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Gross Taxes Collected - 2020	Maintenance & Operations	Interest & Sinking	2020 Total
Current	\$ 278,870,025	\$ 53,987,558	\$ 332,857,583
Delinquent	1,744,616	98,727	1,843,343
Penalties and interest	1,862,102	-	1,862,102
Total Gross Collections	<u>\$ 282,476,743</u>	<u>\$ 54,086,285</u>	<u>\$ 336,563,028</u>
Less:			
Appraisal & Collection Fees	2,787,458	365,147	3,152,605
Bad Debt Expense	773,376	148,726	922,102
Total Net Collections	<u>\$ 278,915,909</u>	<u>\$ 53,572,412</u>	<u>\$ 332,488,321</u>

Gross taxes collected for fiscal year 2019:

Gross Taxes Collected - 2019	Maintenance & Operations	Interest & Sinking	2019 Total
Current	\$ 257,633,328	\$ 49,882,493	\$ 307,515,821
Delinquent	1,375,560	7,920	1,383,480
Penalties and interest	1,718,356	-	1,718,356
Total Gross Collections	<u>\$ 260,727,244</u>	<u>\$ 49,890,413</u>	<u>\$ 310,617,657</u>
Less:			
Appraisal & Collection Fees	2,714,729	365,508	3,080,237
Bad Debt Expense	282,180	40,318	322,498
Total Net Collections	<u>\$ 257,730,335</u>	<u>\$ 49,484,587</u>	<u>\$ 307,214,922</u>

Tax collections for the fiscal years ended August 31, 2020 and 2019 were approximately 99% of the current tax levy for both years. Allowances for uncollectible taxes (See Note 4) are based upon historical experience in collecting ad valorem taxes.

Under GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, ad valorem taxes are imposed non-exchange revenue. Assets from imposed non-exchange transactions are recorded when the entity has an enforceable legal claim to the asset or when the entity receives resources, whichever comes first. The enforceable legal claim date for ad valorem taxes is the assessment date. Accordingly, the College has recognized all assessed taxes in the current year and recorded a receivable for uncollected taxes.

DALLAS COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
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22. TAX INCREMENT FINANCING DISTRICTS

The College participates in a number of tax increment financing districts ("TIFs"). Negative amounts represent final analysis of TIFs resulting in return of funds to College. The following table summarizes the obligations of the College's involvement in the TIFs:

TIF Title	Percentage of Incremental Tax Committed	Expiration Date	Taxes Forgone in 2020	Taxes Forgone in 2019
City of Grand Prairie #1	100%	2020	\$ 461,126	\$ 389,840
City of Garland #1	100%	2024	61,205	51,378
City of Dallas Cityplace	100%	2009	(82,890)	-
City of Dallas State-Thomas	100%	2002	-	(46,816)
City of Irving	100%	2014	(1,414)	-
Total taxes forgone			<u>\$ 438,027</u>	<u>\$ 394,402</u>

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

23. INCOME TAXES

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, etc.*, although unrelated income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, etc., Organizations*. The College had no material unrelated business income tax liability for the fiscal years ended August 31, 2020 or 2019.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

24. COMPONENT UNITS

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT FOUNDATION, INC. — DISCRETELY PRESENTED COMPONENT UNIT

Dallas County Community College District Foundation, Inc. (the "Foundation") was established as a separate non-profit organization in 1973 to raise funds to provide student scholarships and assistance in the development and growth of the College. Under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus--An Amendment of GASB Statements No. 14 and No. 34*, and Statement No. 39, *Determining Whether Certain Organizations Are Component Units - An Amendment of GASB Statement No. 14*, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit. Accordingly, the Foundation's financial statements are included in the College's comprehensive annual financial report as a discretely presented component unit as Exhibit 1A – Statements of Financial Position and Exhibit 2A – Statements of Activities for August 31, 2020 and 2019.

For financial information about the Dallas County Community College District Foundation, Inc., please contact the Foundation at: DCCCD Foundation, 1601 South Lamar St., Dallas, Texas 75215-1816 or visit their website at: <http://www.foundation.dcccd.edu/financials>.

The following notes are from the Foundation's audited financial statements.

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

Dallas County Community College District Foundation, Inc.

(A Texas Nonprofit Organization)

STATEMENT OF FUNCTIONAL EXPENSES

Year ended August 31, 2020

	Management and General	Development	Program Services	Total
Scholarship awards	\$ --	\$ --	\$ 1,918,414	\$ 1,918,414
Grants	--	--	2,982,886	2,982,886
Contributed salaries	618,988	743,759	--	1,362,747
Supplies and postage	21,861	--	--	21,861
Marketing	9,027	--	--	9,027
Special events and board meetings	47,128	--	--	47,128
Professional services	114,773	--	--	114,773
Insurance	4,463	--	--	4,463
Technology	117,255	--	--	117,255
Miscellaneous	11,298	--	--	11,298
Development	--	19,084	--	19,084
Travel	217	--	--	217
Total	<u>\$ 945,010</u>	<u>\$ 762,843</u>	<u>\$ 4,901,300</u>	<u>\$ 6,609,153</u>

Dallas County Community College District Foundation, Inc.

(A Texas Nonprofit Organization)

STATEMENT OF FUNCTIONAL EXPENSES

Year ended August 31, 2019

	Management and General	Development	Program Services	Total
Scholarship awards	\$ --	\$ --	\$ 781,210	\$ 781,210
Grants	--	--	2,251,355	2,251,355
Contributed salaries	614,212	653,594	--	1,267,806
Supplies and postage	9,484	--	--	9,484
Marketing	37,122	--	--	37,122
Subscriptions and publications	1,068	--	--	1,068
Special events and board meetings	22,950	--	--	22,950
Professional services	85,728	--	--	85,728
Insurance	5,103	--	--	5,103
Technology	134,152	--	--	134,152
Miscellaneous	9,148	--	--	9,148
Development	--	70,630	--	70,630
Total	<u>\$ 918,967</u>	<u>\$ 724,224</u>	<u>\$ 3,032,565</u>	<u>\$ 4,675,756</u>

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

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

General

The Dallas County Community College College Foundation, Inc. (the “Foundation”) is a nonprofit organization established in 1973. The Foundation’s purpose is to provide financial support such as scholarships and grants to the Dallas College (the “College”), its students, faculty, and staff, and the R. Jan LeCroy Center for Educational Telecommunications.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.

The Foundation reports information regarding its financial position and activities according to two classes of net assets:

- Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be used for any operating purpose of the Foundation.
- With Donor Restrictions – Net assets that are subject to donor-imposed stipulations that require the passage of time and/or the occurrence of a specific event, for them to be used. Some restricted net assets are required by donors to be maintained in perpetuity, with only the revenue from investments to be used for stated purposes

Cash and Cash Equivalents

Cash and cash equivalents include all cash in banks and investments that are available for current use with maturity dates of less than three months from the date of acquisition.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Fixed income securities and mutual funds are measured at net asset value (NAV). Realized and unrealized gains and losses are reported in the statements of activities. Investment managers administer the Foundation’s portfolio in a manner consistent with the investment goals and policies established by the Foundation’s Board of Directors.

Revenue Recognition

The Foundation records contributions received as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions are recognized as revenues in the period unconditional promises to give are received by the Foundation. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

recorded at their estimated fair value. Contributions to be received after one year are discounted using the risk-free rate as of the date the unconditional promise to give was received by the Foundation. Amortization of discounts is recorded as additional contributions in accordance with donor imposed restrictions, if any, on the contributions. An allowance for uncollectible receivables is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fund-raising activity. Amounts deemed by management to be uncollectible are charged to expenses. Recoveries on receivables previously charged off are credited to expenses. Management believes that all outstanding pledges are collectible and no allowance is necessary as of August 31, 2020 and 2019.

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

Federal Income Taxes

The Foundation is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the Code) of 1986, as amended, as an organization described in Section 501(c)(3) of the Code.

Thus, no provision for income taxes is included in the accompanying combined financial statements. The Foundation follows the accounting guidance for accounting for uncertainty in income taxes. The Foundation recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Foundation applied the uncertain tax position guidance to all tax positions for which the statute of limitations remained open and determined there were no material unrecognized tax benefits as of that date. The Foundation does not believe there is any uncertainty with respect to its tax position which would result in a material change to the financial statements.

The Foundation is subject to federal and state income taxes to the extent it has unrelated business income. In accordance with the guidance for uncertainty in income taxes, management has evaluated their material tax positions and determined that there are no income tax effects with respect to its financial statements. The Foundation is no longer subject to examination by federal authorities for years prior to August 31, 2017. For state authorities, the statute of limitations is generally three or four years; however, the statute of limitations will remain open for any state returns not filed.

On December 22, 2017, the United States enacted tax reform legislation commonly known as the Tax Cuts and Jobs Act of 2017 (the "Act"), resulting in significant modifications to existing tax law. There were no material effects on the Foundation's financial statements as a result of the Act. Foundation management is evaluating the ongoing impact of the Act on the Foundation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in the financial statements

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

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

are (a) present values of contributions receivable expected to be received beyond one year, and (b) the valuation of the investments at fair value.

Functional Expenses

The Foundation's expenses are summarized and categorized based upon their functional classification as either program services or non-program services (development and management and general). Specific expenses that are readily identifiable to a single function are charged directly to that function. Certain categories of expenses are attributable to more than one function and require allocation on a reasonable basis that is consistently applied. Salaries are allocated based on the estimated percentage of time spent by each employee in the applicable functional area. Professional services includes expenses for audit, form 990 preparation, investment portfolio management and website services.

NOTE B - INVESTMENTS

Investments are composed of the following as of August 31:

	2020		2019	
	Cost	Fair value	Cost	Fair value
Fixed income securities	\$ 2,640,331	\$ 5,286,960	\$ 3,123,046	\$ 5,808,069
Equity investments	4,360,493	6,478,659	5,115,296	5,792,670
Mutual funds	38,967,242	44,943,732	34,408,990	36,872,072
Certificates of Deposit	6,944,000	6,946,903	6,750,000	6,750,973
U.S. Treasury Notes	695,659	695,598	249,583	249,503
Total Investments	\$ <u>53,607,725</u>	\$ <u>64,351,852</u>	\$ <u>49,646,915</u>	\$ <u>55,473,287</u>

Investment securities are exposed to various risks, such as interest rate, custodial and market credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term, and that such changes could significantly affect the amounts reported in the financial statements. Certificates of Deposit and U.S. Treasury Notes are classified as investments due to their maturity dates at the time of purchase. The maturity dates exceed the three month period that determines how cash equivalents are defined.

For the years ended August 31, 2020 and 2019, the components of investment earnings are:

	2020	2019
Interest and dividend income	\$ 2,088,786	\$ 2,023,557
Net gain on investments carried at fair value	6,478,627	(2,113,087)
Total return on investments	\$ <u>8,567,413</u>	\$ <u>(89,530)</u>

DALLAS COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019**

NOTE C - PLEDGES RECEIVABLE

Pledges receivable consist of the following unconditional promises to give:

	August 31,	
	2020	2019
Pledges Receivable - Less than one year	\$ 117,666	\$ 171,000
Pledges Receivable - More than one year	53,334	100,000
Total Pledges Receivable	171,000	271,000
Less unamortized discounts	(8,662)	(10,969)
Total Pledges Receivable (net)	\$ <u>162,338</u>	\$ <u>260,031</u>

NOTE D - DONOR RESTRICTED NET ASSETS

Donor restricted net assets are available for the following purposes:

	August 31,	
	2020	2019
Student scholarships for tuition and books	\$ 42,740,661	\$ 41,567,272
Professional development, student related activities, and program support	14,534,479	11,758,021
Total donor restricted net assets	\$ <u>57,275,140</u>	\$ <u>53,325,293</u>

NOTE E - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions consisting of funds with donor restrictions were due mainly to satisfaction of purpose restrictions. Net assets released from restrictions amounted to \$4,830,942 and \$1,837,910 for the years ended August 31, 2020 and 2019, respectively.

NOTE F - CONCENTRATION OF CREDIT RISK

The Foundation maintains deposits in financial institutions. At times these deposits exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). The Foundation did not experience any losses in such accounts and believes it is not exposed to any significant credit risk in this regard.

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

NOTE G - RELATED PARTY TRANSACTIONS AND CONTRIBUTED SERVICES

The Foundation's payments to the College for scholarships and grants totaled \$1,417,736 and \$2,044,364 for fiscal years 2020 and 2019, respectively. At August 31, 2020 and 2019, the Foundation recorded a total of \$1,685,460 and \$126,704, respectively, for scholarships and grants payable to the College.

The salaries of Foundation employees have been donated by the College. The estimated fair value of these contributed services is \$1,362,747 and \$1,267,806 for fiscal years 2020 and 2019, respectively, and has been included in contributed salaries in revenue and management and general expenses in the accompanying statements of activities. The College also provided office space and equipment at no cost to the Foundation. Because the Foundation does not have a clearly measurable basis to estimate the value of these contributed facilities and equipment, no amounts have been reflected in the Foundation's financial statements.

NOTE H - FAIR VALUE MEASUREMENTS

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

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

Level 1 - Investments are valued based on quoted prices in active markets for identical assets that are accessible at the measurement date. An active market is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Investments are valued based on inputs, in the absence of actively quoted market prices, which are observable for the asset, either directly or indirectly. Level 2 inputs include: (a) quoted prices for similar assets in active markets, (b) quoted prices for identical or similar assets in markets that are not active, (c) inputs other than quoted prices that are observable for the asset such as interest rates and yield curves observable at commonly quoted intervals, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Investments are valued based on unobservable inputs for asset. Unobservable inputs are used to the extent observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date.

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

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

NOTE H - FAIR VALUE MEASUREMENTS - Continued

Following is a summary of the Foundation's investments by level, within the fair value hierarchy, as of:

August 31, 2020	Fair Value Measurement Using Input Considered as:			
	Level 1	Level 2	Level 3	Total
Equity investments	\$ 6,478,659	\$ -	\$ -	\$ 6,478,659
Certificates of Deposit	-	6,946,903	-	6,946,903
U.S. Treasury Bills	-	695,598	-	695,598
	<u>\$ 6,478,659</u>	<u>\$ 7,642,501</u>	<u>\$ -</u>	<u>\$ 14,121,160</u>
Investments measured at NAV	\$ -	\$ -	\$ -	\$ 50,230,692
Investments at fair value	<u>\$ 6,478,659</u>	<u>\$ 7,642,501</u>	<u>\$ -</u>	<u>\$ 64,351,852</u>

Following is a summary of the Foundation's investments by level, within the fair value hierarchy, as of:

August 31, 2019	Fair Value Measurement Using Input Considered as:			
	Level 1	Level 2	Level 3	Total
Equity investments	\$ 5,792,670	\$ -	\$ -	\$ 5,792,670
Certificates of Deposit	-	6,750,973	-	6,750,973
U.S. Treasury Bills	-	249,503	-	249,503
	<u>\$ 5,792,670</u>	<u>\$ 7,000,476</u>	<u>\$ -</u>	<u>\$ 12,793,146</u>
Investments measured at NAV	\$ -	\$ -	\$ -	\$ 42,680,141
Investments at fair value	<u>\$ 5,792,670</u>	<u>\$ 7,000,476</u>	<u>\$ -</u>	<u>\$ 55,473,287</u>

Change in valuation techniques may result in transfers in or out of an investment's assigned level within the hierarchy. The investment Portfolio recognizes transfers between fair value hierarchy levels at approximate date of the event or change in circumstances that cause the transfer. There were no transfers between Levels 1, 2 and 3 during the year.

NOTE I - ENDOWMENTS

The Foundation's endowment consists of several individual funds established for a variety of purposes. These individual funds consist of both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by generally accepted accounting principles net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

NOTE I - ENDOWMENTS - Continued

In September 2007, the State of Texas enacted the Uniform Prudent Management of Investment Funds Act ("UPMIFA"). UPMIFA provides standards and guidelines for the management, investment, and expenditure of charitable funds and for endowment spending by institutions organized and operated exclusively for a charitable purpose.

Interpretation of Relevant Law

The management of the Foundation has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions due to endowment funds (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Any remaining portion of the donor-restricted endowment fund that is not classified in endowed donor-restricted net assets is classified as donor restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Investment Return Objectives and Risk Parameters

The Foundation board has adopted investment and spending policies for endowed assets that attempt to preserve the real (inflation-adjusted) purchasing power of the trust assets, to provide an adequate level of income to meet the original intent of the Foundation's benefactors and to maximize the total rate of return earned by the trust without assuming an unreasonable degree of risk. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor specified period(s) as well as board designated funds.

Strategies Employed for Achieving Objectives

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

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

NOTE I - ENDOWMENTS - Continued

Spending Policy

The Foundation will make earnings available each year for use by endowment supported funds. The available funds will be up to 5% of the three year average of the aggregate investment portfolio market value at December 31st of the year preceding the disbursement of the funds. The spending limit will not exceed 5% of the December 31st market value. An amount in excess of the annual spending limit will be permitted for programs and endowments where donors have determined a need for a higher level of spending.

Endowment Net Asset Composition by Type of Fund as of August 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 50,463,467	\$ 50,463,467
Endowment net assets, beginning of year	\$ -	\$ 46,050,987	\$ 46,050,987
Contributions	-	209,865	209,865
Investment income:			
Dividends and interest	-	1,144,798	1,144,798
Net realized and unrealized gains/losses	-	3,730,256	3,730,256
Net transfers	-	(374,468)	(374,468)
Amount appropriated for expenditures	-	(297,971)	(297,971)
Endowment net assets, end of year	\$ -	\$ 50,463,467	\$ 50,463,467

Endowment Net Asset Composition by Type of Fund as of August 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 46,050,987	\$ 46,050,987
Endowment net assets, beginning of year	\$ -	\$ 45,764,652	\$ 45,764,652
Contributions	-	635,861	635,861
Investment income:			
Dividends and interest	-	1,216,788	1,216,788
Net realized and unrealized gains/losses	-	(1,284,020)	(1,284,020)
Net transfers	-	27,181	27,181
Amount appropriated for expenditures	-	(309,475)	(309,475)
Endowment net assets, end of year	\$ -	\$ 46,050,987	\$ 46,050,987

DALLAS COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019**

NOTE J – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation structures its financial assets to be available when its general expenditures and other obligations are due. Financial assets available for general expenditures, without donor or other restrictions limiting their use, within one year of August 31, 2020 and 2019 are comprised of the following:

	2020	2019
Cash and cash equivalents	\$ 1,510,958	\$ 2,043,909
Pledges receivable within one year	117,666	171,000
Investments	64,351,852	55,473,287
Total financial assets available	65,980,476	57,688,196
Less net assets held to meet donor-imposed restrictions	57,275,140	53,325,293
Financial assets available for general expenditure within one year	\$ <u>8,705,336</u>	\$ <u>4,362,903</u>

Expenditures, with donor restrictions, are supported with current and accumulated donor restricted contributions and endowed investment earnings. Sufficient reserves are provided by placing Foundation financial assets in excess of daily requirements in various short-term investments such as certificates of deposit and treasury instruments.

NOTE K - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 15, 2020, the date financial statements were available to be issued.

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

25. RICHLAND COLLEGIATE HIGH SCHOOL - CHARTER HIGH SCHOOL OPERATED BY THE COLLEGE

In January 2005, the College's Board of Trustees approved application to the Texas Education Agency (TEA) for a charter to operate the Richland Collegiate High School of Mathematics, Science, and Engineering (RCHS), designed to enroll students only at the junior and senior levels. TEA approved the application in October 2005. In May 2006, the Board approved the contract with TEA for operating a charter through July 31, 2010. The charter agreement has since been renewed and is in effect indefinitely at this time. The charter high school opened in August 2006 with its first class of 176 students at the junior level. Students receive high school and college credit concurrently.

Each academic year in October, TEA requires an official reporting of students enrolled. The TEA reporting in 2020 was 526 students and 592 students were reported in 2019.

Funding is received from the State of Texas for the charter high school based on average daily attendance. Expenses consist of contracted services for instruction and other functions provided through College as well as direct expenses for equipment and supplies. The high school has no direct employees or real property.

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

The Richland Collegiate High School has the same legal identity as the College and is governed by the same Board. For operating purposes, in accord with TEA requirements, all revenue and expenses are tracked through a separate general ledger account. For financial reporting purposes, fiscal information for the charter high school is included in the financial statements of the College.

The Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, a Statements of Cash Flows, a Schedule of Expenses, and a Schedule of Capital Assets for the fiscal years ended August 31, 2020 and 2019 for Richland Collegiate High School alone are presented below. Included also is a Budgetary Comparison Schedule for 2020.

DALLAS COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019**

**RICHLAND COLLEGIATE HIGH SCHOOL
STATEMENTS OF NET POSITION WITH TEA CLASSIFICATIONS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019
EXHIBIT 1**

DATA CONTROL CODES	ASSETS	2020	2019
	CURRENT ASSETS:		
1110	Cash and cash equivalents	\$ 4,420,141	\$ 3,982,619
1120	Short-term Investments	-	-
1240	Accounts receivable (net) - governments	-	-
1290	Accounts receivable (net) - others	-	-
	Total current assets	4,420,141	3,982,619
	NON-CURRENT AND RESTRICTED ASSETS:		
1539	Furniture and Equipment	34,361	37,473
1910	Investments	-	-
1900	Total non-current assets	34,361	37,473
1000	TOTAL ASSETS	4,454,502	4,020,092
	DEFERRED OUTFLOWS OF RESOURCES		
1700	Deferred outflows	-	-
	Total deferred outflows of resources	-	-
	LIABILITIES		
	CURRENT LIABILITIES:		
2110	Accounts payable	32,533	-
2123	Funds Held for Others	736	762
2501	Due to District (parent organization)	-	-
	Total current liabilities	33,269	762
2000	TOTAL LIABILITIES	33,269	762
	DEFERRED INFLOWS OF RESOURCES		
2600	Deferred inflows	-	-
	Total deferred inflows of resources	-	-
	NET POSITION		
3600	Invested in capital assets, net of related debt	34,360	37,473
3600	Unrestricted	4,386,872	3,981,857
3000	TOTAL NET POSITION	\$ 4,421,233	\$ 4,019,330

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

RICHLAND COLLEGIATE HIGH SCHOOL STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019 EXHIBIT 2

District Presentation			TEA Classifications		
	2020	2019	Data Control Codes		
OPERATING REVENUES:				OPERATING REVENUES:	
Federal grants and contracts	\$ -	\$ -	5929	Federal grants revenue distributed by TEA	\$ - \$ -
Total operating revenues	-	-	5020	Total operating revenues	- -
OPERATING EXPENSES:				OPERATING EXPENSES:	
Instruction	2,149,646	2,318,052	0011	Instruction	2,677,399 2,865,274
Public Service	527,753	547,222	0012	Instructional resources and media services	113,358 110,055
Academic support	455,824	458,714	0013	Curriculum development & instructional	332,886 339,071
Student services	579,737	619,829	0023	School leadership	523,637 470,493
			0031	Guidance, counseling and evaluation service	567,980 561,949
			0033	Health services	2,904 40,975
			0034	Student transportation	- -
			0035	Food service	10,152 18,204
Institutional support	893,830	848,245	0036	Co-Curricular/Extra-curricular	- -
Plant Maintenance and operation	6,537	20	0041	General administration	369,833 374,291
Depreciation	3,112	3,112	0051	Plant maintenance and operation	8,349 1,833
Total operating expenses	4,616,439	4,795,194	0052	Security and monitoring services	360 3,461
			0053	Data processing services	9,581 9,588
OPERATING LOSS	(4,616,439)	(4,795,194)	6030	Total operating expenses	4,616,439 4,795,194
NON-OPERATING REVENUES (EXPENSES):			1100	OPERATING LOSS	(4,616,439) (4,795,194)
State appropriations	4,936,507	5,171,255		NON-OPERATING REVENUES (EXPENSES):	
Investment income	81,835	104,155	5800	State appropriations	4,936,507 5,171,255
Net non-operating revenues	5,018,342	5,275,410	5742	Investment income	81,835 104,155
				Net non-operating revenues	5,018,342 5,275,410
INCREASE IN NET POSITION	401,903	480,216	1200	INCREASE IN NET POSITION	401,903 480,216
NET POSITION:				NET POSITION:	
Net Position—Beginning of Year	4,019,330	3,539,114	0100	Net Position—Beginning of Year	4,019,330 3,539,114
Net Position—End of Year	\$ 4,421,233	\$ 4,019,330	3000	Net Position—End of Year	\$ 4,421,233 \$ 4,019,330

DALLAS COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019**

**RICHLAND COLLEGIATE HIGH SCHOOL
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019
EXHIBIT 3**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from grants and contracts	\$ -	\$ -
Payments to suppliers for goods and services	<u>(4,580,821)</u>	<u>(4,792,748)</u>
Net cash used in operating activities	(4,580,821)	(4,792,748)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	<u>4,936,507</u>	<u>5,171,255</u>
Net cash provided by non-capital financing activities	4,936,507	5,171,255
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of equipment	<u>-</u>	<u>-</u>
Net cash used by capital and related financing activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts from interest on investments	81,836	104,154
Purchase of investments	-	-
Sale of investments	<u>-</u>	<u>-</u>
Net cash provided by investing activities	81,836	104,154
Increase in cash and cash equivalents	437,522	482,661
Cash and cash equivalents - September 1	<u>3,982,619</u>	<u>3,499,958</u>
Cash and cash equivalents - August 31	<u>\$ 4,420,141</u>	<u>\$ 3,982,619</u>
Reconciliation of net operating loss to net cash used in operating activities		
Operating loss	\$ (4,616,439)	\$ (4,795,194)
Depreciation	3,112	3,112
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in assets and liabilities:		
Accounts payable	32,533	-
Funds held for others	<u>(28)</u>	<u>(666)</u>
Net cash used in operating activities	<u>\$ (4,580,821)</u>	<u>\$ (4,792,748)</u>

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

RICHLAND COLLEGIATE HIGH SCHOOL BUDGETARY COMPARISON SCHEDULE FOR THE FISCAL YEAR ENDED AUGUST 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual to Budget</u>	<u>Percent Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Variance</u>	<u>to Final Budget</u>
REVENUES					
Local Support:					
5740 Local and intermediate sources	\$ 60,000	\$ 60,000	\$ 81,835	\$ 21,835	36.39% ^a
3600 Decrease/use of fund balance	-	-	-	-	n/a
State program revenues:					
5810 Foundation School Program Act Revenues	5,020,328	4,936,874	4,936,507	(367)	-0.01%
Federal program revenues:					
5910 Federal program revenues	-	-	-	-	0.00%
Total revenues	<u>\$5,080,328</u>	<u>\$4,996,874</u>	<u>\$5,018,342</u>	<u>\$ 21,468</u>	<u>0.43%</u>
EXPENDITURES					
State program expenditures					
0011 11 Instruction	2,789,478	2,852,629	2,677,399	175,230	6.14%
0012 12 Instructional resources and media services	114,000	125,750	113,358	12,392	9.85%
0013 13 Curriculum and staff development	380,500	348,900	332,886	16,014	4.59%
0023 23 School leadership	589,500	561,500	523,637	37,863	6.74%
0031 31 Guidance, counseling and evaluation services	686,000	662,600	567,980	94,620	14.28% ^b
0033 33 Health services	69,000	3,200	2,904	296	9.25%
0034 34 Student Transportation	-	-	-	-	-
0035 35 Food Service	20,000	11,275	10,152	1,123	9.96%
0041 41 General administration	412,500	409,400	369,833	39,567	9.66%
0051 51 Facilities maintenance and operations	6,450	9,025	8,349	676	7.49%
0052 52 Security and monitoring services	1,400	395	360	35	8.86%
0053 53 Data processing services	11,500	12,200	9,581	2,619	21.47% ^b
Total expenditures	5,080,328	4,996,874	4,616,439	380,435	7.61%
1200 Net change in fund balances	-	-	401,903	401,903	n/a
0100 Fund balance--beginning	4,019,330	4,019,330	4,019,330	-	0.00%
3600 Decrease/Use of fund balance	-	-	-	-	n/a
3000 Fund balance--ending	<u>\$4,019,330</u>	<u>\$4,019,330</u>	<u>\$4,421,233</u>	<u>\$ 401,903</u>	<u>10.00%</u>

Variance Explanations

^a Reflects unrealized market gains

^b Anticipated expenses were not realized

DALLAS COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019**

**RICHLAND COLLEGIATE HIGH SCHOOL
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019**

Expenses	Totals	
	2020	2019
6100 Payroll Costs	\$ 1	\$ 1
6200 Professional and Contracted Services	3,761,157	3,834,984
6300 Supplies and Materials	795,357	899,372
6400 Other Operating Costs	59,924	60,837
Total Expenses	<u>\$4,616,439</u>	<u>\$4,795,194</u>

DALLAS COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019**

**RICHLAND COLLEGIATE HIGH SCHOOL
SCHEDULE OF CAPITAL ASSETS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019**

Asset Object	Local Ownership Interest	
	2020	2019
1531 Vehicles	\$ 6,887	\$ 7,757
1539 Furniture and Equipment	27,474	29,716
	<u>\$ 34,361</u>	<u>\$ 37,473</u>

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

26. Related Parties

During the year, the College furnished certain services such as office space, utilities, and some staff assistance to the Foundation as discussed in Notes 1 and 24.

The Foundation's payments to the College for scholarships and grants amounted to \$1,417,736 and \$2,044,364 for fiscal years 2020 and 2019, respectively. At August 31, 2020 and 2019, the Foundation recorded a total of \$1,685,460 and \$126,704 respectively, for scholarships and grants payable to the College.

The College paid the salaries and benefits of certain Foundation employees. The value of these contributed services is \$1,362,747 and \$1,267,806 for fiscal years 2020 and 2019, respectively. Also, the College provided office space and equipment at no cost to the Foundation. Because College does not have a clearly measurable basis to estimate the value of these contributed facilities and equipment, no amounts can be disclosed.

In fiscal 2020, the College elected not to transfer funds to the Foundation for student scholarships. In fiscal year 2019, the College elected to transfer \$300,000 funds held in its quasi-endowment fund to the Foundation for student scholarships. The quasi-endowment fund was used to fund student scholarships prior to the transfer. The quasi-endowment was funded with designated receipts from a land lease agreement of one of its properties. As collections continue on the land lease agreement, the College will transfer additional funds to the Foundation in the period collected.

DALLAS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019

27. SUBSEQUENT EVENTS

In Fiscal 2021, College will continue its reorganization from seven separated accredited colleges into one college with branch campuses to focus on a student centric model. While the Chancellor and his reports have been determined, reorganization at the lower levels is continuing with mainly internal candidates. Positions that are determined to be redundant in the new organization will be terminated. Terminated employees will be eligible for severance and outplacement services.

Management has evaluated subsequent events through December 15, 2020. The financial statements were available on this date. No additional changes are necessary to be made to the financial statements as a result of this evaluation.

**REQUIRED
SUPPLEMENTARY INFORMATION**

**REQUIRED SCHEDULES FOR
NET PENSION LIABILITY**

DALLAS COLLEGE

SCHEDULE OF COLLEGE'S SHARE OF NET PENSION LIABILITY FOR THE FISCAL YEAR ENDED AUGUST 31, 2020 SCHEDULE G

<u>Fiscal Year Ending August 31*,</u>	<u>2019**</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
College's proportional share of collective net pension liability (%)	0.2228132703%	0.2127551871%	0.2001928395%	0.14467900%	0.18790100%	0.20021710%
College's proportional share of collective net pension liability (\$)	\$ 115,825,304	\$ 117,105,618	\$ 64,010,885	\$ 54,672,053	\$ 66,420,502	\$ 53,480,756
State's proportional share of net pension liability associated with College	81,123,674	83,945,791	43,126,165	36,957,144	35,699,280	39,533,837
Total	<u>\$ 196,948,978</u>	<u>\$ 201,051,409</u>	<u>\$ 107,137,050</u>	<u>\$ 91,629,197</u>	<u>\$ 102,119,782</u>	<u>\$ 93,014,593</u>
College's covered payroll amount	\$ 196,305,385	\$ 181,268,264	\$ 164,785,196	\$ 153,203,688	\$ 139,925,162	\$ 128,344,611
Ratio of ER proportional share of collective NPL/ER's covered payroll amount	59.00%	64.60%	38.85%	35.69%	47.47%	41.67%
TRS net position as percentage of total pension liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

* The amounts presented above are as of the measurement date of the collective net pension liability.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

DALLAS COLLEGE

SCHEDULE OF COLLEGE'S CONTRIBUTIONS FOR THE FISCAL YEARS ENDED AUGUST 31, 2014 THROUGH 2020 SCHEDULE H

Fiscal Year Ending August 31*,	2020 **	2019	2018	2017	2016	2015	2014
Legally required contributions	\$ 15,601,546	\$ 13,348,766	\$ 12,326,266	\$ 11,204,991	\$ 10,423,826	\$ 9,515,262	\$ 8,725,830
Actual contributions	15,601,546	13,348,766	12,326,266	11,204,991	10,423,826	9,515,262	8,725,830
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll amount	\$ 208,020,613	\$ 196,305,385	\$ 181,268,624	\$ 164,785,196	\$ 153,203,688	\$ 139,925,162	\$ 128,344,611
Ratio of actual contributions/ER covered payroll amount	7.50%	6.80%	6.80%	6.80%	6.80%	6.80%	6.80%

* The amounts presented above are as of the College's respective fiscal year-end.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

DALLAS COLLEGE

NOTES TO SCHEDULES FOR NET PENSION LIABILITY FOR THE FISCAL YEAR ENDED AUGUST 31, 2020

The College implemented GASB Statement No. 68 in fiscal year 2015 restating its beginning of the year Net Position. As part of the implementation, Schedules G – Schedule of College's Share of Net Pension Liability and Schedule H – Schedule of College's Contributions were added to the College's REQUIRED SUPPLEMENTARY INFORMATION section of its financial statement footnotes. Each of these schedules are required to present 10 years of comparative information. Additional information will be presented on Schedules G and H as it becomes available.

The College's pension liability is measured as of August 31st of each year preceding the most recent fiscal year end. Pension expense, and positions of liability, deferred inflows and deferred outflows recognized in the fiscal year presented is based on the preceding year's August 31st measurement date. Contributions made on behalf by the State and payments of contributions made by the College in Fiscal 2020 will be measured as of August 31, 2020 and recognized in the Fiscal 2021 financial statements.

Changes in Benefit Terms include:

- There were no changes in benefit terms for the fiscal year ended August 31, 2020.

Changes in the Size or Composition of the Population covered by the Benefit Terms:

- There were no changes in size or composition of the population covered by the benefit terms for the fiscal year ended August 31, 2020.

Changes of Assumptions:

- The single discount rate as of August 31, 2018, was a blended rate of 6.907%, and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB3 by the 86th Texas Legislature, 2019, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is an addition to the salary increase expected in the actuarial assumptions.
- The Texas Legislature approved funding for a 13th check in September 2019. All eligible members returned as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000 whichever was less.

Change in the College's Contributions to the Pension Plan:

Legally required contributions from fiscal year to year have increased. Cost of living salary raises issued by the College's Board of Trustees and staffing additions reflecting College initiatives primarily resulted in the year over year increases.

The table below depicts dollar amount and percentage of changes each fiscal year when compared to the prior year.

Fiscal Year	Covered Payroll Amount	Change	% Change	Legally Required Contributions	Change	% Change
2020	\$ 208,020,613	\$11,715,228	6.0%	\$ 15,601,546	\$2,252,780	16.9%
2019	196,305,385	15,036,761	8.3%	13,348,766	1,022,500	8.3%
2018	181,268,624	16,483,428	10.0%	12,326,266	1,121,275	10.0%
2017	164,785,196	11,581,508	7.6%	11,204,991	781,165	7.5%
2016	153,203,688	13,278,526	9.5%	10,423,826	908,564	9.5%
2015	139,925,162	n/a	n/a	9,515,262	n/a	n/a

**REQUIRED SCHEDULES FOR
NET OTHER POST EMPLOYMENT
BENEFITS LIABILITY**

DALLAS COLLEGE

SCHEDULE OF COLLEGE'S SHARE OF NET OTHER POST EMPLOYMENT BENEFITS LIABILITY FOR THE FISCAL YEAR ENDED AUGUST 31, 2020 SCHEDULE I

<u>Fiscal Year Ending August 31*,</u>	<u>2019**</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
College's proportional share of collective net OPEB liability (%)	0.81560594%	0.81355841%	0.59972600%	n/a	n/a	n/a
College's proportional share of collective net OPEB liability (\$)	\$ 281,895,232	\$ 241,120,349	\$ 204,344,713	n/a	n/a	n/a
State's proportional share of net OPEB liability associated with College	226,015,783	190,256,699	189,046,665	n/a	n/a	n/a
Total	<u>\$ 507,911,015</u>	<u>\$ 431,377,048</u>	<u>\$ 393,391,378</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
College's covered payroll amount	\$ 249,831,503	\$ 237,461,267	\$ 221,755,590	\$ 210,417,154	\$ 198,148,697	\$ 186,219,401
Ratio of ER proportional share of collective NPL/ER's covered payroll amount	112.83%	101.54%	92.15%	n/a	n/a	n/a
ERS net position as percentage of total OPEB liability	0.17%	1.27%	2.04%	n/a	n/a	n/a

* The amounts presented above are as of the measurement date of the collective net pension liability.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

DALLAS COLLEGE

SCHEDULE OF COLLEGE'S CONTRIBUTIONS TO OTHER POST EMPLOYMENT BENEFITS LIABILITY FOR THE FISCAL YEARS ENDED AUGUST 31, 2016 THROUGH 2020 SCHEDULE J

<u>Fiscal Year Ending August 31*,</u>	<u>2020**</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contributions	\$ 21,917,027	\$ 18,977,419	\$ 16,282,310	n/a
Actual contributions	11,900,644	11,724,677	10,818,471	n/a
Contributions deficiency (excess)	<u>\$ 10,016,383</u>	<u>\$ 7,252,742</u>	<u>\$ 5,463,839</u>	<u>n/a</u>
College's covered payroll amount	\$ 249,831,503	\$ 237,461,267	\$ 221,755,590	\$ 210,417,154
Ratio of actual contributions/ER covered payroll amount	8.77%	7.99%	7.34%	n/a

* The amounts presented above are as of the College's respective fiscal year-end.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

DALLAS COLLEGE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES FOR OTHER POST EMPLOYMENT BENEFITS LIABILITY FOR THE FISCAL YEAR ENDED AUGUST 31, 2020

Change in Benefit Terms – Under Q/A #4.107 of GASB's *Implementation Guide No. 2017-2, Financial Reporting for Post-Employment Benefit Plans other than Pension Plans*, any plan changes that have been adopted and communicated to plan members by the time the valuation is prepared must be included in the valuation. Accordingly, the latest valuation reflects the benefit changes that became effective September 1, 2018, since these changes were communicated to plan members in advance of the preparation of the latest valuation report.

The only benefit change for HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed Health Select (CDHP). This minor benefit change is provided for in the FY 2019 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is primary.

Changes in Assumptions –

The following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

Changes of Benefit Terms Since Prior Measurement Date—Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follows:

- Assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent experience and its effects on short-term expectations;
- The percentage of current retirees and retirees' spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan and future retirees and their spouses who will elect to participate at the earliest date at which coverage can commence;
- The percentage of future male retirees assumed to be married and electing coverage for their spouse
- The percentages of future retirees and future retiree spouses assumed to use tobacco have been updated to reflect recent plan experience and expected trends;
- The discount rate assumption was changed from 3.96% as of August 31, 2018 to 2.97% as of August 31, 2019 as a result of requirements by GASB no 74 to utilize the yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Changes of Benefit Terms Since Prior Measurement Date—The following benefit revision have been adopted since the prior valuation:

- The benefit change that will become effective January 1, 2020;
- The change to HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect (CDHP) from \$6,650 to \$6,750 for individuals and from

\$13,300 to \$13,500 for families in order to remain consistent with Internal Revenue Service maximums.

These minor benefit changes have been reflected in the plan fiscal year 2019 Assumed Per Capita Health Benefit Costs.

The discount rate assumption was increased as a result of requirements by GASB Statement No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher.

SUPPLEMENTARY INFORMATION

**SUPPLEMENTARY SCHEDULES FOR
STATEMENTS OF NET POSITION AND
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**

DALLAS COLLEGE

SCHEDULE OF OPERATING REVENUES FOR THE FISCAL YEAR ENDED AUGUST 31, 2020 (WITH MEMORANDUM TOTALS FOR THE FISCAL YEAR ENDED AUGUST 31, 2019) SCHEDULE A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2020	2019
Tuition:						
State funded credit courses:						
In-district resident tuition	\$ 70,191,273	\$ -	\$ 70,191,273	\$ -	\$ 70,191,273	\$ 66,029,296
Out-of-district resident tuition	22,808,431	-	22,808,431	-	22,808,431	21,261,423
Non-resident tuition	20,023,547	-	20,023,547	-	20,023,547	23,991,357
TPEG - credit (set aside) *	5,919,741	-	5,919,741	-	5,919,741	5,568,402
State-funded continuing education	7,211,306	-	7,211,306	-	7,211,306	7,971,031
TPEG - non-credit (set aside) *	773,958	-	773,958	-	773,958	884,732
Non-state funded educational programs	3,405,407	-	3,405,407	-	3,405,407	3,420,965
Total Tuition	130,333,663	-	130,333,663	-	130,333,663	129,127,206
Fees:						
Installment plan fees	623,485	-	623,485	-	623,485	808,260
Contract training fees	-	-	-	-	-	-
Prior year tuition and fees	-	-	-	-	-	-
Total fees	623,485	-	623,485	-	623,485	808,260
Scholarship allowances and discounts:						
Bad debt allowance	(1,850,900)	-	(1,850,900)	-	(1,850,900)	(1,054,300)
Remissions and exemptions - state	(1,857,075)	-	(1,857,075)	-	(1,857,075)	(1,861,247)
Remissions and exemptions - local	(23,546,901)	-	(23,546,901)	-	(23,546,901)	(20,217,317)
Title IV federal grants	(27,672,717)	-	(27,672,717)	-	(27,672,717)	(24,645,317)
Other federal grants	(2,864,888)	-	(2,864,888)	-	(2,864,888)	(3,167,186)
State grants	(2,230,700)	-	(2,230,700)	-	(2,230,700)	(2,825,194)
TPEG awards	(4,556,715)	-	(4,556,715)	-	(4,556,715)	(4,273,029)
Rising Star program	(60,087)	-	(60,087)	-	(60,087)	(199,281)
Other local grantsm	(1,389,840)	-	(1,389,840)	-	(1,389,840)	(475,781)
Total scholarship allowances	(66,029,823)	-	(66,029,823)	-	(66,029,823)	(58,718,652)
Total net tuition and fees	64,927,325	-	64,927,325	-	64,927,325	71,216,814
Additional operating revenues:						
Federal grants and contracts	1,399,969	23,667,609	25,067,578	168,920	25,236,498	19,880,365
State grants and contracts	6,048	6,603,193	6,609,241	-	6,609,241	7,379,884
Non-governmental grants and contracts	2,502	7,782,962	7,785,464	-	7,785,464	5,582,300
Sales and services of educational activities	200,531	-	200,531	-	200,531	536,775
Other operating revenues	2,150,101	-	2,150,101	-	2,150,101	2,272,523
Total additional operating revenues	3,759,151	38,053,764	41,812,915	168,920	41,981,835	35,651,847
Auxiliary Enterprises:						
Bookstore	-	-	-	243,225	243,225	356,231
Food Service	-	-	-	452,303	452,303	612,561
Center for Educational Telecommunications	-	-	-	335,694	335,694	321,035
Business Incubation Center	-	-	-	42,652	42,652	83,613
Student Programs	-	-	-	226,010	226,010	424,498
Total net auxiliary enterprises	-	-	-	1,299,884	1,299,884	1,797,938
Total Operating Revenues	\$ 68,686,476	\$ 38,053,764	\$ 106,740,240	\$ 1,468,804	\$ 108,209,044	\$ 108,666,599
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$6,693,699 and \$6,453,134 for the fiscal years August 31, 2020 and 2019, respectively, of tuition was set aside for Texas Public Education grants (TPEG).

DALLAS COLLEGE

SCHEDULE OF OPERATING EXPENSES BY OBJECT FOR THE FISCAL YEAR ENDED AUGUST 31, 2020 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2019) SCHEDULE B

	Operating Expenses				2020	2019
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
UNRESTRICTED - Educational Activities						
Instruction	\$ 150,699,441	\$ -	\$ 18,231,485	\$ 27,642,555	\$ 196,573,481	\$ 186,059,137
Public Service	2,523,385	-	491,849	425,269	3,440,503	3,619,673
Academic Support	17,130,073	-	4,024,416	4,256,171	25,410,660	23,662,474
Student Services	39,483,393	-	11,750,060	10,475,462	61,708,915	57,240,353
Institutional Support	62,605,843	-	27,793,235	16,913,921	107,312,999	102,459,248
Operation and Maintenance of Plant	11,681,676	-	4,435,294	39,937,524	56,054,494	48,209,381
Total unrestricted educational activities	284,123,811	-	66,726,339	99,650,902	450,501,052	421,250,266
RESTRICTED - Educational Activities						
Instruction	4,946,638	12,544,833	933,469	1,863,258	20,288,198	20,158,528
Public Service	1,105,842	-	202,219	10,168,127	11,476,188	6,459,569
Academic Support	173,066	1,425,977	33,030	(2,626)	1,629,447	1,650,535
Student Services	2,353,102	3,286,758	480,259	344,736	6,464,855	6,506,586
Institutional Support	2,503,918	5,211,565	542,644	1,071,333	9,329,460	9,506,833
Scholarships and Fellowships	-	-	-	65,351,704	65,351,704	55,474,178
Total restricted educational activities	11,082,566	22,469,133	2,191,621	78,796,532	114,539,852	99,756,229
TOTAL EDUCATIONAL ACTIVITIES	295,206,377	22,469,133	68,917,960	178,447,434	565,040,904	521,006,495
AUXILIARY ENTERPRISES	5,394,793	-	1,061,340	2,931,593	9,387,726	10,492,543
DEPRECIATION EXPENSE - Buildings and other real estate improvements	-	-	-	16,923,313	16,923,313	17,519,042
DEPRECIATION EXPENSE - Equipment and furniture	-	-	-	4,995,370	4,995,370	5,124,481
TOTAL OPERATING EXPENSES	\$ 300,601,170	\$ 22,469,133	\$ 69,979,300	\$ 203,297,710	\$ 596,347,313 (Exhibit 2)	\$ 554,142,561 (Exhibit 2)

DALLAS COLLEGE

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES FOR THE FISCAL YEAR ENDED AUGUST 31, 2020 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2019) SCHEDULE C

	Unrestricted	Restricted	Auxiliary Enterprises	2020	2019
NON-OPERATING REVENUES:					
State Appropriations:					
Education and general state support	\$ 94,524,860	\$ -	\$ -	\$ 94,524,860	\$ 87,752,249
State group insurance	-	8,039,816	-	8,039,816	12,743,271
State retirement matching	-	14,429,317	-	14,429,317	10,023,585
SBDC state match	-	1,282,621	-	1,282,621	1,356,435
Starlink	-	284,042	-	284,042	291,489
Hazelwood state reimbursement	48,682	-	-	48,682	43,146
Foundation school program	4,936,507	-	-	4,936,507	5,171,255
Total state appropriations	<u>99,510,049</u>	<u>24,035,796</u>	<u>-</u>	<u>123,545,845</u>	<u>117,381,430</u>
Ad valorem taxes	278,915,909	53,572,412	-	332,488,321	307,214,922
Federal revenue, non-operating	-	84,421,486	-	84,421,486	73,348,365
Gifts	3,800	-	-	3,800	29,459
Investment income	6,471,246	106,631	461,163	7,039,040	12,536,696
Gain on disposal of capital assets	-	-	-	-	-
Other non-operating revenue	<u>651,896</u>	<u>-</u>	<u>-</u>	<u>651,896</u>	<u>64,690</u>
Total non-operating revenues	<u>385,552,900</u>	<u>162,136,325</u>	<u>461,163</u>	<u>548,150,388</u>	<u>510,575,562</u>
NON-OPERATING EXPENSES:					
Interest on capital related debt	4,051,049	-	-	4,051,049	6,832,769
Loss on disposal of capital assets	26,259	-	-	26,259	217,736
Other non-operating expense	<u>94,878</u>	<u>-</u>	<u>-</u>	<u>94,878</u>	<u>390,402</u>
Total non-operating expenses	<u>4,172,186</u>	<u>-</u>	<u>-</u>	<u>4,172,186</u>	<u>7,440,907</u>
NET NON-OPERATING REVENUES	<u>\$ 381,380,714</u>	<u>\$ 162,136,325</u>	<u>\$ 461,163</u>	<u>\$ 543,978,202</u> (Exhibit 2)	<u>\$ 503,134,655</u> (Exhibit 2)

DALLAS COLLEGE

SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY FOR THE FISCAL YEAR ENDED AUGUST 31, 2020 (WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2019) SCHEDULE D

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation and Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current:							
Unrestricted	\$ (159,615,408)	\$ -	\$ -	\$ -	\$ (159,615,408)	\$ (159,615,408)	\$ -
Auxiliary enterprises	22,364,846	-	-	-	22,364,846	22,364,846	-
Restricted	-	-	-	-	-	-	-
Loan	150,491	-	-	-	150,491	-	150,491
Endowment:							
Quasi:							
Unrestricted	666,667	-	-	-	666,667	-	666,667
Restricted	-	-	-	-	-	-	-
Plant:							
Unexpended	142,451,451	-	-	-	142,451,451	-	142,451,451
Debt Service	-	2,618,978	-	-	2,618,978	-	2,618,978
Investment in Plant	-	-	-	545,135,601	545,135,601	-	545,135,601
TOTAL NET POSITION--							
August 31, 2020	6,018,047	2,618,978	-	545,135,601	553,772,626 (Exhibit 1)	(137,250,562)	691,023,188
TOTAL NET POSITION--							
August 31, 2019	50,856,323	616,810	-	446,459,560	497,932,693 (Exhibit 1)	(42,770,566)	540,703,259
NET INCREASE (DECREASE) IN NET POSITION	\$ (44,838,276)	\$ 2,002,168	\$ -	\$ 98,676,041	\$ 55,839,933 (Exhibit 2)	\$ (94,479,996)	\$ 150,319,929

**STATISTICAL SECTION
(UNAUDITED)**

DALLAS COLLEGE

STATISTICAL SECTION TABLE OF CONTENTS

This part of Dallas College's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about Dallas College's (College) overall financial health. The statistical tables are not audited.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how College's financial performance and well-being have changed over time.

- Net Position by Component and Changes in Net Position
- Revenues by Source
- Program Expenses by Function

REVENUE CAPACITY

These schedules contain information to help the reader assess College's most significant local revenue sources.

- Tuition and Fees
- Assessed Value and Taxable Assessed Value of Property
- State Appropriations per FTSE, Contact Hour and Student Success Points
- Principal Taxpayers
- Property Tax Levies and Collections

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of College's current level of outstanding debt.

- Ratios of Outstanding Debt
- Legal Debt Margin Information
- Pledged Revenue Coverage

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which College's activities take place.

- Demographic and Economic Information – Taxing District
- Principal Employers

OPERATING INFORMATION

These schedules contain employment, enrollment and infrastructure data to help the reader understand how the information in College's comprehensive annual financial report relates to the services College provides and the activities it performs.

- Faculty, Staff, and Administrative Statistics
- State and Employer Contribution for Health Care Insurance
- Enrollment Details
- Student Profile
- Transfers to Senior Institutions
- Capital Asset Information

DALLAS COLLEGE
STATISTICAL SUPPLEMENT 1
NET POSITION BY COMPONENT AND CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)
(AMOUNTS EXPRESSED IN THOUSANDS)

	For the Fiscal Year Ended August 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net Position										
Net Investment in Capital Assets	\$ 545,136	\$ 446,460	\$ 402,522	\$ 368,475	\$ 343,315	\$ 302,684	\$ 293,619	\$ 285,086	\$ 286,715	\$ 281,853
Restricted - expendable	2,619	617	4,742	1,837	2,319	8,596	3,422	2,145	1,166	5,828
Unrestricted	6,018	50,856	33,010	251,590	223,071	207,813	237,805	201,861	182,047	169,237
Total net position	<u>\$ 553,773</u>	<u>\$ 497,933</u>	<u>\$ 440,274</u>	<u>\$ 621,902</u>	<u>\$ 568,705</u>	<u>\$ 519,093</u>	<u>\$ 534,846</u>	<u>\$ 489,092</u>	<u>\$ 469,928</u>	<u>\$ 456,918</u>
Changes in Net Position										
Operating revenues	\$ 108,209	\$ 108,667	\$ 113,109	\$ 109,721	\$ 106,552	\$ 101,738	\$ 92,641	\$ 91,054	\$ 88,854	\$ 98,262
Operating expenses	596,347	554,143	529,385	497,066	479,990	472,035	446,131	439,627	417,437	454,124
Operating loss	(488,138)	(445,476)	(416,276)	(387,345)	(373,438)	(370,297)	(353,490)	(348,573)	(328,583)	(355,862)
Non-operating revenues net of expenses	543,978	503,135	473,178	440,542	423,050	415,137	399,244	370,573	341,593	352,527
Increase in Net Position	55,840	57,659	56,902	53,197	49,612	44,840	45,754	22,000	13,010	(3,335)
Net Position at Beginning of year	497,933	440,274	621,902	568,705	519,093	534,846	489,092	469,928	456,918	460,253
Cumulative effect of change in principal	-	-	(238,530)	-	-	(60,593)	-	(2,836)	-	-
Net Position at Beginning of year, restated	497,933	440,274	383,372	568,705	519,093	474,253	489,092	467,092	456,918	460,253
Net Position at End of year	<u>\$ 553,773</u>	<u>\$ 497,933</u>	<u>\$ 440,274</u>	<u>\$ 621,902</u>	<u>\$ 568,705</u>	<u>\$ 519,093</u>	<u>\$ 534,846</u>	<u>\$ 489,092</u>	<u>\$ 469,928</u>	<u>\$ 456,918</u>

Notes: GASB Statement No. 65 applied to the 2013 beginning Net Position.
GASB Statement No. 68 applied to the 2015 beginning Net Position.
GASB Statement No. 75 applied to the 2018 beginning Net Position.

DALLAS COLLEGE
STATISTICAL SUPPLEMENT 2
REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

	For the Fiscal Year Ended August 31,									
	(amounts expressed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tuition and charges (net of discounts)	\$ 64,927	\$ 71,217	\$ 76,150	\$ 75,078	\$ 70,969	\$ 64,915	\$ 59,950	\$ 58,336	\$ 56,484	\$ 59,135
Federal grants and contracts	25,237	19,880	18,209	17,089	18,071	16,376	14,937	15,671	15,696	20,307
State grants and contracts	6,609	7,380	12,082	9,158	10,587	12,343	9,663	8,578	7,914	6,681
Non-governmental grants and contracts	7,785	5,582	1,963	3,960	2,358	2,511	1,673	1,839	1,356	4,547
Sales and services of educational activities	201	537	572	635	591	551	453	607	474	527
Auxiliary enterprises	1,300	1,798	2,036	2,103	2,066	3,417	4,467	4,521	5,072	5,163
General operating revenues	2,150	2,273	2,097	1,699	1,910	1,626	1,498	1,502	1,858	1,902
Total Operating Revenues	108,209	108,667	113,109	109,722	106,552	101,739	92,641	91,054	88,854	98,262
State appropriations	123,546	117,381	118,624	118,602	116,142	116,564	111,242	109,030	109,268	119,373
Maintenance ad valorem taxes	332,488	307,215	282,182	262,107	240,887	224,008	209,829	190,553	156,741	158,309
Federal revenue, non-operating	84,421	73,348	74,999	70,883	73,159	86,497	86,929	90,602	90,499	87,927
Gifts	4	29	106	95	138	112	73	115	499	149
Investment income	7,039	12,537	5,752	3,436	3,564	4,040	5,821	(4,052)	1,921	3,943
Gain on sale of investment	-	-	-	-	-	-	105	59	-	7
Contributions in aid of construction	-	-	-	-	-	-	-	243	-	-
Gain on disposal of capital assets & easements	-	-	-	230	-	-	-	-	50	-
Other non-operating revenue	652	65	560	600	1,998	187	1,232	1,049	218	1,363
Total Non-operating Revenues	548,150	510,575	482,223	455,953	435,888	431,408	415,231	387,599	359,196	371,071
Total Revenues	\$ 656,359	\$ 619,242	\$ 595,332	\$ 565,675	\$ 542,440	\$ 533,147	\$ 507,872	\$ 478,653	\$ 448,050	\$ 469,333

	For the Fiscal Year Ended August 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tuition and charges (net of discounts)	9.89%	11.50%	12.79%	13.26%	13.08%	12.18%	11.80%	12.19%	12.61%	12.60%
Federal grants and contracts	3.84%	3.21%	3.06%	3.02%	3.33%	3.07%	2.94%	3.27%	3.50%	4.33%
State grants and contracts	1.01%	1.19%	2.03%	1.62%	1.95%	2.32%	1.90%	1.79%	1.77%	1.42%
Non-governmental grants and contracts	1.19%	0.90%	0.33%	0.70%	0.43%	0.47%	0.33%	0.38%	0.30%	0.97%
Sales and services of educational activities	0.03%	0.09%	0.10%	0.11%	0.11%	0.10%	0.09%	0.13%	0.11%	0.11%
Auxiliary enterprises	0.20%	0.29%	0.34%	0.37%	0.38%	0.64%	0.89%	0.95%	1.13%	1.10%
General operating revenues	0.33%	0.37%	0.35%	0.30%	0.35%	0.30%	0.29%	0.31%	0.41%	0.41%
Total Operating Revenues	16.49%	17.55%	19.00%	19.38%	19.63%	19.08%	18.24%	19.02%	19.83%	20.94%
State appropriations	18.82%	18.96%	19.92%	20.97%	21.41%	21.86%	21.90%	22.78%	24.39%	25.44%
Maintenance ad valorem taxes	50.66%	49.61%	47.40%	46.34%	44.41%	42.02%	41.32%	39.81%	34.98%	33.73%
Federal revenue, non-operating	12.86%	11.84%	12.60%	12.53%	13.49%	16.22%	17.12%	18.93%	20.20%	18.73%
Gifts	0.00%	0.01%	0.02%	0.02%	0.03%	0.02%	0.01%	0.03%	0.11%	0.03%
Investment income	1.07%	2.02%	0.97%	0.61%	0.66%	0.76%	1.15%	-0.85%	0.43%	0.84%
Gain on sale of investment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%	0.01%	0.00%	0.00%
Contributions in aid of construction	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	0.00%	0.00%
Gain on disposal of capital assets & easements	0.00%	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%
Other non-operating revenue	0.10%	0.01%	0.09%	0.11%	0.37%	0.04%	0.24%	0.22%	0.05%	0.29%
Total Non-operating Revenues	83.51%	82.45%	81.00%	80.62%	80.37%	80.92%	81.76%	80.98%	80.17%	79.06%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

DALLAS COLLEGE
STATISTICAL SUPPLEMENT 3
PROGRAM EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

	For the Fiscal Year Ended August 31,									
	(amounts expressed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction	\$ 216,862	\$ 206,218	\$ 203,692	\$ 194,996	\$ 186,114	\$ 180,091	\$ 169,392	\$ 164,004	\$ 153,710	\$ 168,329
Public service	14,917	10,079	11,186	11,432	14,325	11,920	12,601	12,393	11,123	12,191
Academic support	27,040	25,313	23,315	23,073	22,517	20,384	18,972	18,154	16,480	19,988
Student services	68,174	63,747	55,694	48,807	47,798	44,666	40,649	37,960	35,092	37,616
Institutional support	116,642	111,966	99,268	87,717	82,314	77,177	68,431	67,357	61,815	69,320
Operation and maintenance of plant	56,054	48,209	47,073	44,236	39,480	35,296	32,454	33,201	33,105	38,844
Scholarships and fellowships	65,352	55,474	56,038	53,531	52,338	65,101	66,243	68,820	71,174	72,415
Auxiliary enterprises	9,388	10,493	9,544	9,281	9,226	9,585	9,547	8,400	8,771	9,439
Depreciation	21,918	22,644	23,575	23,993	25,878	27,815	27,842	29,338	26,167	25,982
Total Operating Expenses	596,347	554,143	529,385	497,066	479,990	472,035	446,131	439,627	417,437	454,124
Interest on capital debt	4,051	6,833	7,920	8,385	11,574	15,098	15,809	16,124	16,862	18,094
Loss on disposal of capital assets	26	218	185	-	596	857	173	58	-	35
Other non-operating expense	95	390	941	7,026	668	317	4	1,167	741	415
Total Non-operating Expenses	4,172	7,441	9,046	15,411	12,838	16,272	15,986	17,349	17,603	18,544
Total Expenses	\$ 600,519	\$ 561,584	\$ 538,431	\$ 512,477	\$ 492,828	\$ 488,307	\$ 462,117	\$ 456,976	\$ 435,040	\$ 472,668

	For the Fiscal Year Ended August 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction	36.11%	36.72%	37.83%	38.05%	37.76%	36.88%	36.66%	35.89%	35.33%	35.61%
Public service	2.49%	1.79%	2.08%	2.23%	2.91%	2.44%	2.73%	2.71%	2.56%	2.58%
Academic support	4.50%	4.51%	4.33%	4.50%	4.57%	4.17%	4.11%	3.97%	3.79%	4.23%
Student services	11.35%	11.35%	10.34%	9.52%	9.70%	9.15%	8.80%	8.31%	8.07%	7.96%
Institutional support	19.42%	19.94%	18.44%	17.12%	16.70%	15.81%	14.81%	14.74%	14.21%	14.67%
Operation and maintenance of plant	9.34%	8.58%	8.74%	8.63%	8.01%	7.23%	7.01%	7.27%	7.61%	8.22%
Scholarships and fellowships	10.88%	9.88%	10.41%	10.45%	10.62%	13.33%	14.33%	15.06%	16.36%	15.32%
Auxiliary enterprises	1.57%	1.87%	1.77%	1.81%	1.87%	1.96%	2.07%	1.83%	2.02%	2.00%
Depreciation	3.65%	4.03%	4.38%	4.68%	5.25%	5.70%	6.02%	6.42%	6.01%	5.50%
Total Operating Expenses	99.31%	98.67%	98.32%	96.99%	97.39%	96.67%	96.54%	96.20%	95.96%	96.09%
Interest on capital debt	0.67%	1.22%	1.47%	1.64%	2.35%	3.09%	3.42%	3.53%	3.87%	3.83%
Loss on disposal of capital assets	0.00%	0.04%	0.03%	0.00%	0.12%	0.18%	0.04%	0.01%	0.00%	0.01%
Other non-operating expense	0.02%	0.07%	0.18%	1.37%	0.14%	0.06%	0.00%	0.26%	0.17%	0.09%
Total Non-operating Expenses	0.69%	1.33%	1.68%	3.01%	2.61%	3.33%	3.46%	3.80%	4.04%	3.93%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.02%

**DALLAS COLLEGE
STATISTICAL SUPPLEMENT 4
TUITION AND FEES
LAST TEN ACADEMIC YEARS
(UNAUDITED)**

Resident Fees per Semester Credit Hour (SCH)						
Academic Year (Fall)	In-District Tuition	Out-of-District Tuition	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2019-20	\$ 79	\$ 135	\$ 948	\$ 1,620	33.90%	21.62%
2018-19	59	111	708	1,332	0.00%	0.00%
2017-18	59	111	708	1,332	0.00%	0.00%
2016-17	59	111	708	1,332	0.00%	0.00%
2015-16	59	111	708	1,332	13.46%	14.43%
2014-15	52	97	624	1,164	0.00%	0.00%
2013-14	52	97	624	1,164	15.56%	16.87%
2012-13	45	83	540	996	0.00%	0.00%
2011-12	45	83	540	996	9.76%	9.21%
2010-11	41	76	492	912	5.13%	5.56%

Non-Resident Fees per Semester Credit Hour (SCH)						
Academic Year (Fall)	Non-Resident Tuition Out-of-State	Non-Resident Tuition International	Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase from Prior Year Out-of-State	Increase from Prior Year International
2019-20	\$ 200	\$ 200	\$ 2,400	\$ 2,400	14.94%	14.94%
2018-19	174	174	2,088	2,088	0.00%	0.00%
2017-18	174	174	2,088	2,088	0.00%	0.00%
2016-17	174	174	2,088	2,088	0.00%	0.00%
2105-16	174	174	2,088	2,088	13.73%	13.73%
2014-15	153	153	1,836	1,836	0.00%	0.00%
2013-14	153	153	1,836	1,836	15.91%	15.91%
2012-13	132	132	1,584	1,584	0.00%	0.00%
2011-12	132	132	1,584	1,584	9.09%	9.09%
2010-11	121	121	1,452	1,452	5.22%	5.22%

Source: College Office of Business Affairs

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

DALLAS COLLEGE
STATISTICAL SUPPLEMENT 5
ASSESSED VALUE AND TAXABLE ASSESSED VALUE OF PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	(In Thousands)					Ratio to Market Value	Direct Rate per \$100 TAV		
	Market Value	Exempt Property	Exemptions	Capped Value Loss	Assessed Value August 31,		Maintenance & Operations	Debt Service	Total
2019-20	\$ 345,979,905	\$ (33,195,981)	\$(34,335,166)	\$(8,751,924)	\$ 269,696,834	77.95%	\$ 0.10400	\$ 0.02000	\$ 0.12400
2018-19	319,258,574	(28,682,821)	(31,865,436)	(7,999,051)	250,711,266	78.53%	0.10400	0.02000	0.12400
2017-18	289,539,455	(26,440,233)	(29,440,088)	(4,910,530)	228,748,604	79.00%	0.10400	0.02024	0.12424
2016-17	271,612,210	(24,971,706)	(26,095,025)	(4,017,502)	216,527,977	79.72%	0.10400	0.01893	0.12293
2015-16	246,799,391	(23,738,621)	(24,127,574)	(1,653,865)	197,279,331	79.94%	0.10400	0.01970	0.12370
2014-15	229,252,906	(22,361,172)	(23,163,610)	(905,615)	182,822,509	79.75%	0.10400	0.02078	0.12478
2013-14	215,247,998	(21,135,859)	(22,099,779)	(271,740)	171,740,620	79.79%	0.10400	0.02070	0.12470
2012-13	206,772,307	(19,675,472)	(22,048,519)	(140,777)	164,907,539	79.75%	0.09861	0.02077	0.11938
2011-12	202,952,698	(19,002,762)	(22,334,144)	(192,968)	161,422,824	79.54%	0.07890	0.02077	0.09967
2010-11	204,875,206	(18,788,237)	(22,435,822)	(411,911)	163,239,236	79.68%	0.07780	0.02143	0.09923

Source: Dallas County Appraisal District

DALLAS COLLEGE
STATISTICAL SUPPLEMENT 6A
GENERAL APPROPRIATIONS ACT BEFORE CONTACT HOUR ADJUSTMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year						
	2020	2019	2018	2017	2016	2015	2014
Appropriation Funding Elements							
State Appropriation Contact Hour Funding	\$ 83,339,382	\$ 78,979,053	\$ 78,979,053	\$ 77,308,120	\$ 77,308,906	\$ 78,753,201	\$ 78,753,201
State Appropriation Student Success Points	10,475,427	8,063,145	8,063,145	7,419,486	7,419,486	7,892,826	7,892,826
State Appropriation Core Operations	680,406	680,406	680,406	500,000	500,000	500,000	500,000
State Appropriation Non-Formula Items	1,928,323	1,928,323	1,928,323	2,138,298	2,138,299	2,138,299	2,138,298
Total	\$ 96,423,538	\$ 89,650,927	\$ 89,650,927	\$ 87,365,904	\$ 87,366,691	\$ 89,284,326	\$ 89,284,325

DALLAS COLLEGE
STATISTICAL SUPPLEMENT 6B
STATE APPROPRIATIONS PER FTSE
LAST TEN FISCAL YEARS
 (UNAUDITED)
 (AMOUNTS EXPRESSED IN THOUSANDS)

Appropriation per FTSE

<u>Fiscal Year</u>	<u>State Appropriation (Unrestricted)</u>	<u>FTSE</u>	<u>State Appropriation per FTSE</u>
2019-20	\$ 94,525	55,920	\$ 1,690
2018-19	87,795	54,119	1,622
2017-18	85,796	52,933	1,621
2016-17	85,796	52,569	1,632
2015-16	85,655	50,978	1,680
2014-15	87,146	49,535	1,759
2013-14	87,146	49,867	1,748

Source: College Business Affairs End of Semester Student Statistics Report

Note: FTSE is defined as the number of credit hours divided by 30 plus the number of CE contact hours divided by 900.

DALLAS COLLEGE
STATISTICAL SUPPLEMENT 6C
STATE APPROPRIATION PER FUNDED CONTACT HOUR
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Appropriation per Funded Contact Hour					
	CH - State Appropriation (Unrestricted)	Academic Contact Hours	Technical Contact Hours	Continuing Education Contact Hours	Total Funded Contact Hours	CH - State Appropriation per Funded Contact Hour
2019-20	\$ 78,979,053	23,046	6,602	1,785	31,433	\$ 3.01
2018-19	78,979,053	22,184	6,477	2,027	30,688	2.86
2017-18	78,979,053	21,680	6,215	2,076	29,971	2.86
2016-17	77,308,120	21,145	5,946	2,894	29,985	2.86
2015-16	77,308,906	20,918	5,533	3,010	29,461	2.91
2014-15	78,753,201	20,709	5,779	3,185	29,673	2.94
2013-14	78,753,201	20,729	5,957	2,907	29,593	2.94

Source: College Business Affairs End of Semester Student Statistics Report

Note: FTSE is defined as the number of credit hours divided by 30 plus the number of CE contact hours divided by 900.

DALLAS COLLEGE
STATISTICAL SUPPLEMENT 6D
STATE APPROPRIATION PER STUDENT SUCCESS POINT - ANNUALIZED
LAST TEN FISCAL YEARS
(UNAUDITED)

Appropriation per SSP			
<u>Fiscal Year</u>	<u>SSP - State Appropriation (Unrestricted)</u>	<u>Year Average Student Success Points</u>	<u>Appropriation per Success Point</u>
2019-20	\$ 10,475,427	N/A	N/A
2018-19	8,063,145	117269	69
2017-18	8,063,145	111,531	72
2016-17	7,419,486	102,421	72
2015-16	7,419,486	96,360	77
2014-15	7,892,826	96,762	82
2013-14	7,892,826	88,875	89

**DALLAS COLLEGE
STATISTICAL SUPPLEMENT 6E
STATE APPROPRIATION PER STUDENT SUCCESS POINTS
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year						
	2020	2019	2018	2017	2016	2015	2014
Success Point Elements							
Math Readiness	n/a	5,573	3,323	3,023	3,052	1,836	1,175
Read Readiness	n/a	1,758	1,853	1,612	1,469	1,136	1,320
Write Readiness	n/a	870	1,207	1,428	1,375	1,120	1,377
Students Who Pass FCL Math Course	n/a	13,561	12,487	12,091	11,024	11,597	11,145
Students Who Pass FCL Read Course	n/a	12,156	12,509	11,024	10,065	9,927	9,697
Students Who Pass FCL Write Course	n/a	10,515	9,815	8,588	8,205	8,555	6,555
Students Who Complete 15 SCH	n/a	21,252	20,228	18,685	16,721	17,899	16,932
Students Who Complete 30 SCH	n/a	12,634	12,151	11,243	10,489	10,727	9,898
Student Transfers to a 4-Yr Inst	n/a	11,141	11,238	10,700	10,716	10,276	9,790
Degrees, CCCs, or Certs (Undup)	n/a	22,956	22,186	19,871	19,889	19,898	17,400
Degrees or Certs in Critical Fields	n/a	4,853	4,534	4,156	3,355	3,791	3,586
Annual Success Points - Total	n/a	117,269	111,531	102,421	96,360	96,762	88,875

**DALLAS COLLEGE
STATISTICAL SUPPLEMENT 7
PRINCIPAL TAXPAYERS
LAST TEN TAX YEARS
(UNAUDITED)**

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Fiscal Year (\$000 omitted)									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Oncor Electric Delivery	Electric Utility	\$ 1,679,107	\$ 1,509,118	\$ 1,508,284	\$ 1,442,296	\$ 1,405,137	\$ 1,422,920	\$ 1,343,904	\$ 1,271,159	\$ 1,244,176	\$ 1,225,464
Aviall Inc	Aviation	1,584,926	1,246,146	1,260,763	1,331,756	1,391,864	880,195	970,872	975,394	789,342	720,147
ATT/Southwestern Bell/Cingular	Telephone Utility	1,012,002	907,666	939,772	1,102,603	980,206	955,497	999,684	947,533	1,281,252	1,226,067
Texas Instruments	Manufacturing	793,308	746,139	708,168	667,341	649,076	654,639	697,164	746,887	812,802	859,002
Southwest Airlines	Airline	788,890	690,626	633,988	584,260	575,936	604,995	612,739	492,901	605,196	519,000
Wal-Mart	Retail	787,579	754,920	812,274	844,098	868,287	760,546	684,169	652,358	536,260	453,385
Northpark Land Partners	Real Estate Development	733,710	700,213	675,069	667,810	643,717	624,382	602,355	578,775	645,301	530,065
Atmos Energy	Natural Gas Distributor	695,048	-	416,898	397,625	-	-	-	-	-	-
FM Village Fixed Rate LLC	Real Estate Development	514,687	494,726	495,502	471,339	-	-	-	-	-	-
Post Apartment Homes LP/	Real Estate Development	514,486	499,463	484,850	601,337	556,464	581,770	367,828	-	-	-
Verizon/GTE	Telephone Utility	-	-	-	-	490,628	457,225	452,837	303,252	480,121	429,566
Crescent Real Estate	Real Estate Development	-	-	-	-	661,172	756,101	658,123	693,300	459,455	353,769
SP Millenium Center, LP	Real Estate Development	-	-	-	-	-	-	-	440,259	-	-
YPI Thanksgiving Tower/Central	Real Estate Development	-	-	-	-	-	-	-	-	385,595	337,437
DCI Tech Infomart LP	Real Estate Development	-	508,215	-	-	-	-	-	-	-	-
Galleria Mall Inv LP	Real Estate Development	-	-	-	-	-	-	-	-	-	-
Totals		\$ 9,103,743	\$ 8,057,232	\$ 7,935,568	\$ 8,110,465	\$ 8,222,487	\$ 7,698,270	\$ 7,389,675	\$ 7,101,818	\$ 7,239,500	\$ 6,653,902
Total Taxable Assessed Value		\$269,696,834	\$250,711,266	\$228,748,604	\$216,527,977	\$197,279,331	\$ 182,822,509	\$171,740,620	\$164,907,539	\$161,422,824	\$163,239,236

Source: Dallas County Tax Office

**DALLAS COLLEGE
STATISTICAL SUPPLEMENT 7
PRINCIPAL TAXPAYERS
LAST TEN TAX YEARS
(UNAUDITED)
(CONTINUED)**

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Fiscal Year									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Oncor Electric Delivery	Electric Utility	0.62%	0.60%	0.66%	0.67%	0.71%	0.78%	0.78%	0.77%	0.77%	0.75%
Aviall Inc	Aviation	0.59%	0.50%	0.55%	0.62%	0.71%	0.48%	0.57%	0.59%	0.49%	0.44%
ATT/Southwestern Bell/Cingular	Telephone Utility	0.38%	0.36%	0.41%	0.51%	0.50%	0.52%	0.58%	0.57%	0.79%	0.75%
Texas Instruments	Manufacturing	0.29%	0.30%	0.31%	0.31%	0.33%	0.36%	0.41%	0.45%	0.50%	0.53%
Southwest Airlines	Airline	0.29%	0.28%	0.28%	0.27%	0.29%	0.33%	0.36%	0.30%	0.37%	0.32%
Wal-Mart	Retail	0.29%	0.30%	0.36%	0.39%	0.44%	0.42%	0.40%	0.40%	0.33%	0.28%
Northpark Land Partners	Real Estate Development	0.27%	0.28%	0.30%	0.31%	0.33%	0.34%	0.35%	0.35%	0.40%	0.32%
Atmos Energy	Natural Gas Distributor	0.26%	0.00%	0.18%	0.18%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FM Village Fixed Rate LLC	Real Estate Development	0.19%	0.20%	0.22%	0.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Post Apartment Homes LP/	Real Estate Development	0.19%	0.20%	0.21%	0.28%	0.28%	0.32%	0.21%	0.00%	0.00%	0.00%
Verizon/GTE	Telephone Utility	0.00%	0.00%	0.00%	0.00%	0.25%	0.25%	0.26%	0.18%	0.30%	0.26%
Crescent Real Estate	Real Estate Development	0.00%	0.00%	0.00%	0.00%	0.34%	0.41%	0.38%	0.42%	0.28%	0.22%
SP Millenium Center, LP	Real Estate Development	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.27%	0.00%	0.00%
YPI Thanksgiving Tower/Central	Real Estate Development	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.24%	0.21%
DCI Tech Infomart LP	Real Estate Development	0.00%	0.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Galleria Mall Inv LP	Real Estate Development	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Totals		3.38%	3.21%	3.47%	3.75%	4.17%	4.21%	4.30%	4.31%	4.48%	4.08%

Source: Dallas County Tax Office

DALLAS COLLEGE
STATISTICAL SUPPLEMENT 8
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN TAX YEARS
(UNAUDITED)
(IN THOUSANDS)

Fiscal Year Ended August 31,	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Coll of Prior Levies (d)	Current Coll of Prior Levies (e)	Total Collections (c+d+e)	Cumulative Collections of Adjusted Levy
2020	\$ 334,832	\$ 1,467	\$ 336,299	\$ 332,504	98.87%	\$ -	\$ -	\$ 332,504	98.87%
2019	311,382	(2,542)	308,840	307,443	99.55%	-	(352)	307,091	99.43%
2018	284,665	(1,675)	282,990	281,796	99.58%	(154)	217	281,859	99.60%
2017	266,593	(4,100)	262,493	261,343	99.56%	126	163	261,632	99.67%
2016	244,303	(2,557)	241,746	240,051	99.30%	923	48	241,022	99.70%
2015	228,474	(2,992)	225,482	223,940	99.32%	905	75	224,920	99.75%
2014	214,468	(2,530)	211,938	210,443	99.29%	1,047	41	211,531	99.81%
2013	196,940	(1,750)	195,190	193,737	99.26%	1,094	33	194,864	99.83%
2012	161,589	(1,194)	160,395	159,000	99.13%	1,144	21	160,165	99.86%
2011	163,181	(1,666)	161,515	159,858	98.97%	1,414	18	161,290	99.86%

Source: Dallas County Appraisal District and College Office of Business Affairs

- (a) As reported in notes to the financial statements for the year of the levy
- (b) As of August 31st of the current reporting year
- (c) Property tax current year only - does not include penalties and interest
- (d) Represents collections of Prior Years' Taxes
- (e) Represents all penalties and Interest both current and prior years

DALLAS COLLEGE
STATISTICAL SUPPLEMENT 9
RATIOS OF OUTSTANDING DEBT
LAST TEN FISCAL YEARS
(UNAUDITED)

		For the Fiscal Year Ended August 31 (In Thousands)									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Bonded Debt											
General obligation bonds	\$	147,720	\$ 198,789	\$ 249,019	\$ 289,255	\$ 320,121	\$ 334,957	\$ 354,432	\$ 392,740	\$ 391,655	\$ 409,489
Less: Funds restricted for debt service		-	-	-	-	-	-	-	-	-	-
Net general bonded debt	\$	147,720	\$ 198,789	\$ 249,019	\$ 289,255	\$ 320,121	\$ 334,957	\$ 354,432	\$ 392,740	\$ 391,655	\$ 409,489
Other Debt											
Revenue bonds	\$	-	\$ -	\$ -	\$ -	\$ -	\$ 15,160	\$ 17,335	\$ 19,425	\$ 21,450	\$ 25,595
Tax notes		-	-	-	-	-	-	-	-	2,170	8,460
Notes		-	-	-	-	-	-	-	-	-	-
Commercial paper		-	-	-	-	-	-	-	-	-	-
Total outstanding debt	\$	147,720	\$ 198,789	\$ 249,019	\$ 289,255	\$ 320,121	\$ 350,117	\$ 371,767	\$ 412,165	\$ 415,275	\$ 443,544
General Bonded Debt Ratios											
Per Capita	\$	55.37	\$ 75.36	\$ 95.11	\$ 112.33	\$ 125.37	\$ 132.97	\$ 142.34	\$ 158.34	\$ 159.61	\$ 169.49
Per FTSE		2,642	3,673	4,704	5,502	6,280	6,762	7,108	7,623	7,486	7,674
As a percentage of Taxable Assessed Valu		0.05%	0.08%	0.11%	0.13%	0.16%	0.18%	0.21%	0.24%	0.24%	0.25%
Total Outstanding Debt Ratios											
Per Capita	\$	55.37	\$ 75.36	\$ 95.11	\$ 112.33	\$ 125.37	\$ 138.99	\$ 149.30	\$ 166.17	\$ 169.23	\$ 183.59
Per FTSE		2,642	3,673	4,704	5,502	6,280	7,068	7,455	8,000	7,937	8,312
As a percentage of Taxable Assessed Valu		0.05%	0.08%	0.11%	0.13%	0.16%	0.19%	0.22%	0.25%	0.26%	0.27%

Source: College Office of Business Affairs

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

DALLAS COLLEGE
STATISTICAL SUPPLEMENT 10
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	For the Fiscal Year Ended August 31 (In Thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Taxable Assessed Value	\$ 269,696,834	\$ 250,711,266	\$ 228,748,604	\$ 216,527,977	\$ 197,279,331	\$ 182,822,509	\$ 171,740,620	\$ 164,907,539	\$ 161,422,824	\$ 163,239,236
General Bonded Debt										
Statutory Tax Levy Limit for Debt Service	\$ 1,348,484	\$ 1,253,556	\$ 1,143,743	\$ 1,082,640	\$ 986,397	\$ 914,113	\$ 858,703	\$ 824,538	\$ 807,114	\$ 816,196
Less: Funds Restricted for Payment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	1,348,484	1,253,556	1,143,743	1,082,640	986,397	914,113	858,703	824,538	807,114	816,196
Current Year Debt Service Requirements	53,643	50,038	46,278	40,685	36,441	33,562	33,560	33,557	33,563	33,556
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 1,294,841	\$ 1,203,518	\$ 1,097,465	\$ 1,041,955	\$ 949,956	\$ 880,551	\$ 825,143	\$ 790,981	\$ 773,551	\$ 782,640
Net Current Requirements as a % of Statutory Limit	3.98%	3.99%	4.05%	3.76%	3.69%	3.67%	3.91%	4.07%	4.16%	4.11%

Source: Taxable Assessed Value from Dallas County Appraisal District

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

**DALLAS COLLEGE
STATISTICAL SUPPLEMENT 11
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)						Debt Service Requirements (\$000 omitted)			
	Tuition	All Fees	Auxiliary Revenue	Lease Revenue	Interest Income	Total	Principal	Interest	Total	Coverage Ratio
2020	\$ 39,767	\$ 623	\$ 696	\$ 400	\$ 5,442	\$ 46,928	\$ -	\$ -	\$ -	0.00
2019	42,800	808	969	400	7,731	52,708	-	-	-	0.00
2018	43,973	889	958	400	4,628	50,848	-	-	-	0.00
2017	41,329	923	1,005	400	3,000	46,657	-	-	-	0.00
2016	41,252	885	1,029	350	2,147	45,663	2,265	622	2,887	15.82
2015	40,516	859	1,939	250	1,668	45,232	2,175	721	2,896	15.62
2014	35,781	847	2,677	250	2,008	41,563	2,090	818	2,908	14.29
2013	34,624	914	2,594	250	2,194	40,576	2,025	900	2,925	13.87
2012	15,059	869	2,701	250	1,693	20,572	4,145	1,005	5,150	3.99
2011	15,267	907	2,737	300	2,538	21,749	4,025	1,128	5,153	4.22

Source: College Office of Business Affairs

Notes: Auxiliary Revenues includes subcontracted Bookstore and Food Service commissions.

In 2013 Pledged Tuition was changed to 25% per student per semester as allowed by law.

Revenue bonds were defeased in 2016 but shows the principal and interest attributable for 2016.

DALLAS COLLEGE
STATISTICAL SUPPLEMENT 12
DEMOGRAPHIC AND ECONOMIC INFORMATION - TAXING DISTRICT
(UNAUDITED)

Calendar Year	Population	Personal Income (In Thousands)	Personal Income per Capita	Unemployment Rate
2020	2,667,720	\$ 164,854,425	\$ 61,796	6.9%
2019	2,637,772	-	-	3.5%
2018	2,618,148	155,610,208	58,993	3.8%
2017	2,574,984	146,737,911	55,947	4.2%
2016	2,553,385	134,777,874	52,784	4.2%
2015	2,519,000	135,803,263	53,186	4.3%
2014	2,490,000	131,990,698	52,406	5.6%
2013	2,480,331	125,261,395	48,638	6.5%
2012	2,453,843	123,572,465	48,127	7.3%
2011	2,416,014	117,478,986	45,402	8.4%

Source: Federal Reserve Bank of St. Louis Economic Research (FRED)
Dallas County only

**DALLAS COLLEGE
STATISTICAL SUPPLEMENT 13
PRINCIPAL EMPLOYERS
FISCAL YEARS 2010 THROUGH 2019
(UNAUDITED)**

Employer	Number of Employees									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Wal-Mart Stores, Inc.	37,000	37,000	34,000	34,000	25,534	22,700	21,100	19,230	24,189	18,672
Baylor Scott & White	23,865	17,097	16,500	16,500	16,860	22,000	19,800	18,314	18,868	20,554
Texas Health Resources	23,466	19,230	22,296	22,296	19,131	16,205	16,850	17,097	17,097	19,677
Dallas Independent School District	22,222	18,314	19,740	19,740	20,000	20,793	19,219	24,700	24,888	20,684
Lockheed Martin Aeronautics Co.	22,200	14,126	14,350	13,750	13,700	12,600	12,100	13,122	13,053	-
UT Southwestern Medical Center	17,000	13,122	13,048	13,018	(a)	(a)	(a)	15,800	17,500	17,482
Bank of America	16,000	20,000	13,500	13,500	14,465	15,400	16,000	14,126	15,000	14,902
AT&T, Inc.	16,000	15,800	-	-	-	-	-	-	-	34,698
University of North Texas System	13,620	-	-	-	-	-	-	-	-	-
City of Dallas	13,114	12,836	13,350	13,336	13,000	13,000	13,000	12,836	13,369	13,427
American Airlines Group	-	24,700	27,000	27,000	25,000	23,700	20,000	20,000	20,000	20,000
JP Morgan Chase	-	13,500	(a)	(a)	12,600	13,000	14,000	-	-	-
Texas Instruments Inc.	-	9,100	13,000	13,000	13,000	13,000	14,500	13,500	13,500	13,000
Total Top Ten	204,487	214,825	186,784	186,140	173,290	172,398	166,569	168,725	177,464	193,096

Employer	Percentage of Total Employment									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Wal-Mart Stores, Inc.	1.01%	1.00%	0.91%	0.94%	0.72%	0.67%	0.66%	0.61%	0.78%	0.62%
Baylor Scott & White	0.65%	0.46%	0.44%	0.46%	0.48%	0.65%	0.62%	0.58%	0.61%	0.68%
Texas Health Resources	0.64%	0.52%	0.60%	0.62%	0.54%	0.48%	0.53%	0.55%	0.55%	0.65%
Dallas Independent School District	0.61%	0.49%	0.53%	0.55%	0.57%	0.62%	0.60%	0.79%	0.80%	0.68%
Lockheed Martin Aeronautics Co.	0.61%	0.38%	0.39%	0.38%	0.39%	0.37%	0.38%	0.42%	0.42%	0.00%
UT Southwestern Medical Center	0.46%	0.35%	0.35%	0.36%	(a)	(a)	(a)	0.50%	0.56%	0.58%
Bank of America	0.44%	0.54%	0.36%	0.37%	0.41%	0.46%	0.50%	0.45%	0.48%	0.49%
AT&T, Inc.	0.44%	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.15%
University of North Texas System	0.37%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City of Dallas	0.36%	0.35%	0.36%	0.37%	0.00%	0.00%	0.00%	0.41%	0.43%	0.44%
American Airlines Group	0.00%	0.00%	0.73%	0.00%	0.71%	0.00%	0.00%	0.64%	0.64%	0.66%
JP Morgan Chase	0.00%	0.36%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Texas Instruments Inc.	0.00%	0.24%	0.35%	0.36%	0.37%	0.39%	0.45%	0.43%	0.43%	0.43%
Total Top Ten	5.59%	5.12%	5.03%	4.40%	4.18%	3.64%	3.73%	5.38%	5.71%	6.37%
Total Employment	3,657,500	3,716,000	3,716,000	3,612,900	3,531,000	3,370,500	3,207,300	3,135,000	3,106,034	3,029,960

(a) Not in ten largest employers

Source: Dallas Business Journal Book of Lists North Texas Largest Employers

DestinationDFW Largest Employers in the Dallas-Fort Worth Area

Total Employment from Bureau of Labor Statistics-Dallas, Ft. Worth & Arlington Statistical Area as of August

DALLAS COLLEGE
STATISTICAL SUPPLEMENT 14
FACULTY, STAFF AND ADMINISTRATIVE STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Faculty										
Full-Time	907	914	883	868	873	845	866	842	792	765
Part-Time	1,520	2,444	2,434	2,447	2,374	2,260	2,390	2,425	2,349	2,413
Total	2,427	3,358	3,317	3,315	3,247	3,105	3,256	3,267	3,141	3,178
Percent										
Full-Time	37.4%	27.2%	26.6%	26.2%	26.9%	27.2%	26.6%	25.8%	25.2%	24.1%
Part-Time	62.6%	72.8%	73.4%	73.8%	73.1%	72.8%	73.4%	74.2%	74.8%	75.9%
Staff and Administrators										
Full-Time	2,723	2,710	2,670	2,569	2,515	2,448	2,343	2,290	2,235	2,196
Part-Time	908	1,329	1,322	1,459	1,442	1,587	1,527	1,507	1,582	1,373
Total	3,631	4,039	3,992	4,028	3,957	4,035	3,870	3,797	3,817	3,569
Percent										
Full-Time	75.0%	67.1%	66.9%	63.8%	63.6%	60.7%	60.5%	60.3%	58.6%	61.5%
Part-Time	25.0%	32.9%	33.1%	36.2%	36.4%	39.3%	39.5%	39.7%	41.4%	38.5%
Total Employees										
Full-Time	3,630	3,624	3,553	3,437	3,388	3,293	3,209	3,132	3,027	2,961
Part-Time	2,428	3,773	3,756	3,906	3,816	3,847	3,917	3,932	3,931	3,786
Total	6,058	7,397	7,309	7,343	7,204	7,140	7,126	7,064	6,958	6,747
Percent										
Full-Time	59.9%	49.0%	48.6%	46.8%	47.0%	46.1%	45.0%	44.3%	43.5%	43.9%
Part-Time	40.1%	51.0%	51.4%	53.2%	53.0%	53.9%	55.0%	55.7%	56.5%	56.1%
FTSE per Full-Time Faculty	61.7	59.2	59.9	60.6	58.4	58.6	57.6	61.2	66.1	69.9
FTSE per Full-Time Staff Member	20.5	20.0	19.8	20.5	20.3	20.2	21.3	22.5	23.4	24.4

Average Annual Faculty Salary \$ 96,995 \$ 91,487 \$ 91,059 \$ 89,846 \$ 85,678 \$ 85,785 \$ 80,255 \$ 77,287 \$ 72,903 \$ 80,212
Source: College Office of Business Affairs

DALLAS COLLEGE
STATISTICAL SUPPLEMENT 15
STATE AND EMPLOYER CONTRIBUTION FOR HEALTH CARE INSURANCE
LAST TEN FISCAL YEARS
(INCLUDES BASIC LIFE INSURANCE RATE)
(UNAUDITED)

Cost of Providing Health Care Insurance	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Number of Retirees	1,375	1,355	1,315	1,272	1,229	1,200	1,157	1,136	1,135	930
Cost of Health Benefits for Retirees	\$11,900,644	\$11,724,677	\$11,220,884	\$10,812,824	\$ 9,828,159	\$ 8,926,494	\$ 7,994,217	\$ 7,525,732	\$ 6,926,484	\$ 5,082,773
Cost per Retiree	\$ 8,655	\$ 8,653	\$ 8,533	\$ 8,501	\$ 7,997	\$ 7,439	\$ 6,909	\$ 6,625	\$ 6,103	\$ 5,465
Number of Active Full-Time Employees	3,662	3,690	3,620	3,496	3,396	3,334	3,242	3,142	3,060	3,302
Cost of Health Benefits for Active Full-Time Employees	\$32,159,245	\$31,837,080	\$31,080,279	\$29,816,889	\$27,282,077	\$24,662,718	\$22,599,984	\$20,509,715	\$18,583,294	\$19,564,208
Cost per Active Employee	\$ 8,782	\$ 8,628	\$ 8,586	\$ 8,529	\$ 8,034	\$ 7,397	\$ 6,971	\$ 6,528	\$ 6,073	\$ 5,925
State Appropriation for Health Insurance	\$19,672,337	\$19,492,899	\$18,648,112	\$16,620,205	\$15,475,496	\$14,641,581	\$13,641,648	\$ 9,760,108	\$ 9,258,438	\$15,042,227
Net Cost to DCCCD	\$24,387,552	\$24,068,858	\$23,653,051	\$24,009,508	\$21,634,740	\$18,947,631	\$16,952,553	\$18,275,338	\$16,251,340	\$ 9,604,754
DCCCD % of total premium	55.4%	55.3%	55.9%	59.1%	58.3%	56.4%	55.4%	65.2%	63.7%	39.0%
Total employees	5,037	5,045	4,935	4,768	4,625	4,534	4,399	4,278	4,195	4,232
State funding per total employee	\$ 3,906	\$ 3,864	\$ 3,779	\$ 3,486	\$ 3,346	\$ 3,229	\$ 3,101	\$ 2,281	\$ 2,207	\$ 3,554
DCCCD cost per total employee	\$ 4,842	\$ 4,771	\$ 4,793	\$ 5,036	\$ 4,678	\$ 4,179	\$ 3,854	\$ 4,272	\$ 3,874	\$ 2,270
Cost of Providing Retirement Benefits	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actual Cost of TRS and ORP Benefits	\$19,395,694	\$17,223,224	\$16,438,431	\$15,404,550	\$14,669,866	\$13,866,958	\$13,096,063	\$12,071,014	\$10,600,889	\$12,397,755
DCCCD's Contribution	\$10,909,270	\$9,879,370	\$9,410,721	\$8,925,116	\$7,002,933	\$8,007,973	\$7,555,276	\$6,317,752	\$5,092,446	\$2,281,648
State's Contribution	\$8,486,424	\$7,343,853	\$7,027,710	\$6,479,434	\$7,666,933	\$5,858,985	\$5,540,787	\$5,753,262	\$5,508,443	\$10,116,107
Cost of Providing All Benefits	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
DCCCD's Contribution	\$35,296,822	\$33,948,228	\$33,063,772	\$32,934,624	\$28,637,673	\$26,955,604	\$24,507,829	\$24,593,090	\$21,343,786	\$11,886,402
State's Contribution	28,158,761	26,836,752	25,675,822	23,099,639	23,142,429	20,500,566	19,182,435	15,513,370	14,766,881	25,158,334
Total	\$63,455,583	\$60,784,980	\$58,739,594	\$56,034,263	\$51,780,102	\$47,456,170	\$43,690,264	\$40,106,460	\$36,110,667	\$37,044,736
Cost of Providing All Benefits Percentage Share	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
DCCCD	55.6%	55.8%	56.3%	58.8%	55.3%	56.8%	56.1%	61.3%	59.1%	32.1%
State	44.4%	44.2%	43.7%	41.2%	44.7%	43.2%	43.9%	38.7%	40.9%	67.9%

Note: Amounts shown are before Pension and OPEB adjusting entries.

**DALLAS COLLEGE
STATISTICAL SUPPLEMENT 16
ENROLLMENT DETAILS
LAST FIVE FISCAL YEARS
(UNAUDITED)**

Student Classification	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	31,620	38.44%	34,560	42.86%	25,206	36.48%	32,149	42.50%	29,031	40.32%
31-60 hours	31,917	38.81%	29,168	36.18%	27,625	39.99%	27,837	36.80%	26,133	36.29%
>60 hours	18,709	22.75%	16,899	20.96%	16,258	23.53%	15,658	20.70%	16,840	23.39%
Total	82,246	100.00%	80,627	100.00%	69,089	100.00%	75,644	100.00%	72,004	100.00%

Semester Hour Load	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	2,205	2.68%	1,525	1.89%	1,351	1.95%	1,513	2.00%	1,498	2.08%
3-5 semester hours	34,382	41.80%	33,638	41.72%	27,207	39.38%	30,636	40.50%	28,386	39.42%
6-8 semester hours	21,698	26.38%	21,639	26.84%	18,555	26.86%	20,348	26.90%	19,382	26.92%
9-11 semester hours	12,457	15.16%	12,887	15.99%	11,981	17.34%	12,557	16.60%	12,321	17.11%
12-14 semester hours	9,756	11.86%	9,201	11.41%	8,497	12.30%	8,850	11.70%	8,805	12.23%
15-17 semester hours	1,549	1.88%	1,518	1.88%	1,188	1.72%	1,210	1.60%	1,181	1.64%
18 and over	199	0.24%	219	0.27%	310	0.45%	530	0.70%	431	0.60%
Total	82,246	100.00%	80,627	100.00%	69,089	100.00%	75,644	100.00%	72,004	100.00%

Average course load	8.0	8.0	7.0	7.0	7.0
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Tuition Status	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-district)	67,484	82.05%	58,686	72.79%	49,321	71.39%	61,326	81.07%	58,780	81.63%
Texas Resident (out-of-district)	9,049	11.00%	14,668	18.19%	13,233	19.15%	7,813	10.33%	8,274	11.49%
Non-Resident Tuition	5,713	6.95%	7,273	9.02%	6,535	9.46%	6,505	8.60%	4,950	6.88%
Total	82,246	100.00%	80,627	100.00%	69,089	100.00%	75,644	100.00%	72,004	100.00%

Source: College Office of Business Affairs

Note: This table includes credit students only, as continuing education units are not tracked by semester hour and students are not tracked by residency. In Fall 2017, the College began offering credit courses in eight-week sessions within the semester. Courses in the second eight-week session were reported in the Spring 2018 semester.

**DALLAS COLLEGE
STATISTICAL SUPPLEMENT 17
STUDENT PROFILE
LAST FIVE FISCAL YEARS
(UNAUDITED)**

	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	48,051	58.42%	46,739	57.97%	39,572	57.28%	47,534	54.00%	47,550	53.58%
Male	34,195	41.58%	33,888	42.03%	29,517	42.72%	40,488	46.00%	41,189	46.42%
Total	82,246	100.00%	80,627	100.00%	69,089	100.00%	88,022	100.00%	88,739	100.00%

	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	13,619	16.56%	14,088	17.47%	13,168	19.06%	18,021	20.47%	19,562	22.04%
Hispanic	35,468	43.12%	32,587	40.42%	26,128	37.82%	33,686	38.27%	32,361	36.47%
African American	16,941	20.60%	16,797	20.83%	14,213	20.57%	17,548	19.94%	17,669	19.91%
Asian	5,176	6.29%	4,894	6.07%	4,458	6.45%	5,651	6.42%	5,658	6.38%
Foreign	7,161	8.71%	8,478	10.52%	7,850	11.36%	7,869	8.94%	6,230	7.02%
Native American	-	0.00%	-	0.00%	313	0.46%	265	0.30%	292	0.33%
Other	3,881	4.72%	3,783	4.69%	2,959	4.28%	4,982	5.66%	6,967	7.85%
Total	82,246	100.00%	80,627	100.00%	69,089	100.00%	88,022	100.00%	88,739	100.00%

	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	20,590	25.03%	16,853	20.90%	8,232	11.92%	13,005	14.77%	10,464	11.79%
18-21	30,170	36.68%	29,618	36.73%	27,554	39.88%	30,143	34.25%	28,489	32.11%
22-24	9,756	11.86%	10,618	13.17%	10,502	15.20%	11,672	13.26%	12,031	13.56%
25-30	8,715	10.61%	9,671	12.00%	9,153	13.25%	11,335	12.88%	12,188	13.73%
31-35	4,862	5.91%	5,127	6.36%	4,977	7.20%	6,955	7.90%	7,873	8.87%
36-50	6,251	7.60%	6,682	8.29%	6,677	9.66%	11,100	12.61%	12,879	14.51%
51 and over	1,902	2.31%	2,058	2.55%	1,994	2.89%	3,812	4.33%	4,815	5.43%
Total	82,246	100.00%	80,627	100.00%	69,089	100.00%	88,022	100.00%	88,739	100.00%

Average Age	24	24	24	25	26
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Source: College Office of Business Affairs

Note: Includes both credit and non-credit students. In Fall 2017, the College began offering credit courses in eight-week sessions within the semester. Courses in the second eight-week session were reported in the Spring 2018 semester.

DALLAS COLLEGE
STATISTICAL SUPPLEMENT 18
TRANSFERS TO SENIOR INSTITUTIONS
2017 FALL STUDENTS AS OF FALL 2018
(UNAUDITED) (INCLUDES ONLY PUBLIC SENIOR COLLEGES IN TEXAS)

	Transfer Student Count Academic	Transfer Student Count Technical	Total of DCCCD Transfer Students	% of DCCCD Transfer Students
University of Texas - Arlington	3137	540	3,677	16.59%
University of Texas - Dallas	3148	435	3,583	16.17%
University of North Texas	2665	421	3,086	13.92%
University of Texas - Austin	2052	267	2,319	10.46%
Texas A&M University - College Station	1377	255	1,632	7.36%
Texas Woman's University	1459	156	1,615	7.29%
University of North Texas - Dallas	1202	250	1,452	6.55%
Texas Tech University	860	156	1,016	4.58%
Texas A&M University - Commerce	892	79	971	4.38%
Texas State University	411	61	472	2.13%
Stephen F. Austin State University	255	29	284	1.28%
Tarleton State University	228	37	265	1.20%
Sam Houston State University	214	33	247	1.11%
Midwestern State University	182	22	204	0.92%
Prairie View A&M University	161	27	188	0.85%
University of Houston	146	21	167	0.75%
University of Texas - Tyler	122	21	143	0.65%
University of Texas - San Antonio	89	19	108	0.49%
Texas Tech University Health Science Center	93	15	108	0.49%
Texas Southern University	64	35	99	0.45%
Lamar University Institute of Technology	53	11	64	0.29%
Texas A&M University System Health Science Center	36	12	48	0.22%
Texas A&M University - Corpus Christi	31	13	44	0.20%
University of North Texas Health Science Center - Fort Worth	32	5	37	0.17%
University of Texas - Permian Basin	23	10	33	0.15%

DALLAS COLLEGE
STATISTICAL SUPPLEMENT 18
TRANSFERS TO SENIOR INSTITUTIONS
2017 FALL STUDENTS AS OF FALL 2018
 (CONTINUED)

	Transfer Student Count Academic	Transfer Student Count Technical	Total of DCCCD Transfer Students	% of DCCCD Transfer Students
West Texas A&M University	22	6	28	0.13%
Angelo State University	20	6	26	0.12%
Texas A&M University - Galveston	22	3	25	0.11%
Texas Tech University Health Science Center - El Paso	22	1	23	0.10%
Texas A&M University -Texarkana	20	2	22	0.10%
University of Texas - El Paso	15	7	22	0.10%
University of Texas Southwestern Medical Center - Dallas	14	5	19	0.09%
University of Texas -Rio Grande Valley	14	4	18	0.08%
University of Houston - Downtown	7	7	14	0.06%
Texas A&M University - San Antonio	10	3	13	0.06%
Texas A&M University - Kingsville	10	2	12	0.05%
University of Texas Health Science Center - San Antonio	12	0	12	0.05%
University of Texas Medical Branch Galveston	9	1	10	0.05%
University of Texas Health Science Center - Houston	8	2	10	0.05%
Texas A&M University - Central Texas	7	2	9	0.04%
University of Houston - Victoria	7	2	9	0.04%
University of Houston - Clear Lake	8	0	8	0.04%
Texas A&M International University	7	0	7	0.03%
Sul Ross State University	6	0	6	0.03%
Baylor College of Medicine	4	0	4	0.02%
	0	1	1	0.00%
University of Texas M.D Anderson Cancer Center	1	0	1	0.00%
	19,177	2,984	22,161	100.00%

Source: THECB *Students Pursuing Additional Education* report for Academic Year 2017-18

**DALLAS COLLEGE
STATISTICAL SUPPLEMENT 19
CAPITAL ASSET INFORMATION
FISCAL YEARS 2010 THROUGH 2020
(UNAUDITED)**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Academic buildings	89	89	89	89	89	89	89	89	89	89
Square footage	3,847,370	3,847,370	3,847,370	3,847,370	3,847,370	3,847,370	3,847,370	3,847,370	3,847,370	3,847,370
Libraries										
Square footage	222,765	222,765	222,765	222,765	222,765	222,765	222,765	222,765	222,765	222,765
Number of volumes	420,505	420,505	420,505	420,505	420,505	420,505	420,505	420,505	420,505	432,076
Administrative and support buildings	8	8	8	8	8	8	8	8	8	8
Square footage	326,215	326,215	326,215	326,215	326,215	326,215	326,215	326,215	326,215	326,215
Dining Facilities										
Square footage	60,069	60,069	60,069	60,069	60,069	60,069	60,069	60,069	60,069	60,069
Athletic Facilities	6	6	6	6	6	6	6	6	6	6
Square footage	177,050	177,050	177,050	177,050	177,050	177,050	177,050	177,050	177,050	177,050
Athletic fields	43	43	43	43	43	43	43	43	43	43
Gymnasiums	8	8	8	8	8	8	8	8	8	8
Fitness centers	10	10	10	10	10	10	10	10	10	10
Tennis courts	22	22	22	22	22	22	22	22	22	22
Plant facilities	3	3	3	3	3	3	3	3	3	3
Square footage	81,332	81,332	81,332	81,332	81,332	81,332	81,332	81,332	81,332	81,332
Transportation										
Cars / SUV's	48	48	29	75	56	36	36	36	36	39
Light trucks/vans	109	109	93	94	94	79	79	79	79	88
Buses	9	9	8	6	8	8	8	8	8	10
Total Square Footage	4,714,801	4,714,801	4,714,801	4,714,801	4,714,801	4,714,801	4,714,801	4,714,801	4,714,801	4,714,801

Source: College Office of Business Affairs

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

Information will be presented prospectively.

Transportation includes vehicles under fleet leasing program.

**SCHEDULES FOR
FEDERAL AND STATE SINGLE AUDIT**



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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Dallas College

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Dallas College (the "College"), which comprise of the statement of financial position as of August 31, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated December 15, 2020.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting ("internal control") to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the College's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a

direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Dallas, Texas
December 15, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Dallas College

Report on compliance for each major federal and state program

We have audited the compliance of Dallas College, (the "College") with the types of compliance requirements described in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2020. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to the College's federal and state programs.

Auditor's responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas Uniform Grant Management Standards (UGMS). Those standards, the Uniform Guidance, and the UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on each major federal and state program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2020.

Other matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal and state program is not modified with respect to this matter.

The College's response to the noncompliance finding identified in our audit, which is described in the accompanying schedule of findings and questioned costs, was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the College's response.

Report on internal control over compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal and state program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the College's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The College's response to the findings on internal control over compliance identified in our audit, which is described in the accompanying schedule of findings and questioned costs was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the College's response.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and UGMS. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read "McConnell Jones".

Dallas, Texas
December 15, 2020

DALLAS COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2020 SCHEDULE E

Federal Grantor / Program Title	Federal CFDA	Grant Award #	Expenditures	Pass-Through to Sub- recipients
U.S. Department of Defense				
Pass-Through From:				
Advanced Robotics for Manufacturing Institute				
Basic, Applied, and Advanced Research in Science and Engineering	12.630	ARM-EWD-18-01-P20	\$ 160,381	\$ 139,533
Total Pass-Through U.S. Department of Defense			160,381	
Total U. S. Department of Defense			160,381	
U.S. Department of Education				
Direct Programs:				
Student Financial Aid Cluster				
Federal Supplemental Educational Opportunity Grant	84.007A (1)		1,572,930	
Federal Work-Study Program	84.033A (1)		1,183,093	
Federal Work-Study Program	84.033A (1)		38,041	
Federal PELL Grant Program	84.063P (1)		62,969,892	
Federal Direct Student Loans	84.268 (1)		34,977,840	
		P425E20- 0254/0262/0270/0280		
Higher Education Emergency Relief Fund	84.425E (1)	0284/0285/4062	752,650	
Total Student Financial Aid Cluster			101,494,446	
TRIO Cluster				
		P042A15- 1162/0487/0721		
TRIO_Student Support Services	84.042A (2)	P042A161469	1,312,732	
TRIO_Talent Search	84.044A (2)	P044A160665	251,143	
		P047A17-		
TRIO_Upward Bound	84.047A (2)	1489/0826/0908	871,888	
TRIO_Veterans Upward Bound	84.047V (2)	P047V170229	192,086	
Total TRIO Cluster			2,627,849	
Other Direct Programs				
Higher Education_Institutional Aid	84.031A (6)	P031A140139	45,456	
Higher Education_Institutional Aid	84.031C (6)	P031C16-0035/0113	2,684,766	
Higher Education_Institutional Aid	84.031L (6)	P031L150024	373,548	
Higher Education_Institutional Aid	84.031S (6)	P031S- 150018/170019	996,630	
Strengthening Minority -Serving Institutions	84.382A (6)	P382A150037	459,982	
		P425F20- 2341,2342,2343,2344, 2345,2346,3782		
Higher Education Emergency Relief Fund	84.425F		4,724,626	
Total Other Direct Programs			9,285,008	
Total Direct U. S. Department of Education			113,407,303	
Pass-Through From:				
Texas Higher Education Coordinating Board				
Career and Technical Education- Basic Grants to States	84.048	19027/194227 20033/204233	1,820,992	
Career and Technical Education- Basic Grants to States	84.048	21937	11,226	
Education Research, Development and Dissemination	84.305H	R305H150094	30,465	
Total Pass-Through Texas Higher Education Coordinating Board			1,862,683	
Dallas County Local Workforce Development Board				
Adult Education -Basic Grants to States	84.002A	DCCCD - AEL 2018-1	3,869,607	
Adult Education -Basic Grants to States	84.002A	DCCCD - AEL 2018-1	612,758	
Total Pass-Through Dallas County Local Workforce Development Board			4,482,365	
Total Pass-Through U.S. Department of Education			6,345,048	
Total U. S. Department of Education			119,752,351	
(1) Clustered Student Financial Aid Programs	\$	101,494,446		
(2) Clustered TRIO Programs	\$	2,627,849		
(3) Clustered WIA Programs	\$	483,703		
(4) Clustered TANF Programs	\$	15,798		
(5) Clustered CCDF Programs	\$	227,625		
(6) Clustered R&D Programs	\$	4,665,974		

The accompanying notes are an integral part of the Schedule of Federal Awards.

DALLAS COLLEGE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2020
SCHEDULE E
(CONTINUED)**

Federal Grantor / Program Title	Federal CFDA	Grant Award #	Expenditures	Pass-Through to Sub- recipients
U.S. Department of Justice				
Direct Programs:				
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525	2017-WA-AX-0051	\$ 112,624	
Total U. S. Department of Justice			112,624	
U.S. Department of Labor				
Direct Programs:				
H-1B Job Training Grants	17.268	HG-33032-19-60-A-48	443,502	
Total Direct U. S. Department of Labor			443,502	
Pass-Through From:				
WIA/WIOA Cluster:				
Dallas County Local Workforce Development Board				
WIA/WIOA Youth Activities	17.259 (3)	RLC 4-2015	120,934	
WIA/WIOA Youth Activities	17.259 (3)	RLC 1-2019	186,833	
			<u>307,767</u>	
Texas Workforce Commission				
WIA Dislocated Worker Formula Grants	17.278 (3)	0617WOS000	(305)	
WIA Dislocated Worker Formula Grants	17.278 (3)	0619WOS001	11,774	
WIA Dislocated Worker Formula Grants	17.278 (3)	0620ATP001	164,467	
Total Pass-Through Texas Workforce Commission			<u>175,936</u>	
Subtotal WIA/WIOA Cluster			483,703	
Houston Community College				
H-1B Job Training Grants	17.268	AP-27829-15-60-A-48	374,215	
San Jacinto College				
H-1B Job Training Grants	17.268	DOL531719003	116,944	
American Association of Community Colleges				
H-1B Job Training Grants	17.285	AP-33025-19-75-A-11	193,390	
Total Pass-Through U.S. Department of Labor			1,168,252	
Total U.S. Department of Labor			1,611,754	

- | | | |
|-----|--|----------------|
| (1) | Clustered Student Financial Aid Programs | \$ 101,494,446 |
| (2) | Clustered TRIO Programs | \$ 2,627,849 |
| (3) | Clustered WIA Programs | \$ 483,703 |
| (4) | Clustered TANF Programs | \$ 15,798 |
| (5) | Clustered CCDF Programs | \$ 227,625 |
| (6) | Clustered R&D Programs | \$ 4,665,974 |

The accompanying notes are an integral part of the Schedule of Federal Awards.

DALLAS COLLEGE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2020
SCHEDULE E
(CONTINUED)**

Federal Grantor / Program Title	Federal CFDA	Grant Award #	Expenditures	Pass-Through to Sub- recipients
National Science Foundation				
Direct Programs:				
Education and Human Resources	47.076 (6)	DUE-1902318	\$ 76,990	
Education and Human Resources	47.076 (6)	DUE-1764427	25,560	
Total Direct National Science Foundation			102,550	
Pass-Through From:				
Texas A&M University				
Education and Human Resources	47.076 (6)	DUE-1304843	3,042	
Total Pass-Through National Science Foundation			3,042	
Total National Science Foundation			105,592	
U. S. Small Business Administration				
Direct Programs:				
Small Business Development Centers	59.037	9-603001-EZ-0019 0-603001-EZ-0019	3,373,171	2,229,819
Total U. S. Small Business Administration			3,373,171	
U.S. Department of Veterans Affairs				
Direct Program:				
Post-9/11 Veterans Educational Assistance	64.027		1,515,496	
Total U.S. Department of Veterans Affairs			1,515,496	

(1)	Clustered Student Financial Aid Programs	\$ 101,494,446
(2)	Clustered TRIO Programs	\$ 2,627,849
(3)	Clustered WIA Programs	\$ 483,703
(4)	Clustered TANF Programs	\$ 15,798
(5)	Clustered CCDF Programs	\$ 227,625
(6)	Clustered R&D Programs	\$ 4,665,974

The accompanying notes are an integral part of the Schedule of Federal Awards.

DALLAS COLLEGE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2020**

**SCHEDULE E
(CONTINUED)**

Federal Grantor / Program Title	Federal CFDA	Grant Award #	Expenditures	Pass-Through to Sub- recipients
U.S. Department of Health & Human Services				
Pass-Through From:				
University of Texas at Austin				
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	UTA17-000816	\$ 20,561	
Total Pass-Through University of Texas at Austin			20,561	
Texas Workforce Commission				
Temporary Assistance for Needy Families	93.558 (4)	0620ATP001	15,798	
Total Pass-Through Texas Workforce Commission			15,798	
Dallas County Local Workforce Development Board				
Child Care and Development Block Grant	93.575 (5)	DCCCD-CQI 4-2015	99,123	
Child Care and Development Block Grant	93.575 (5)	DCCCD-CQI 1-2019	128,502	
Total Pass-Through Dallas County Local Workforce Development Board			227,625	
Total Pass-Through Department of Health & Human Services			263,984	
Total Department of Health & Human Services			263,984	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 126,895,353	\$ 2,733,615

- | | | |
|-----|--|----------------|
| (1) | Clustered Student Financial Aid Programs | \$ 101,494,446 |
| (2) | Clustered TRIO Programs | \$ 2,627,849 |
| (3) | Clustered WIA Programs | \$ 483,703 |
| (4) | Clustered TANF Programs | \$ 15,798 |
| (5) | Clustered CCDF Programs | \$ 227,625 |
| (6) | Clustered R&D Programs | \$ 4,665,974 |

The accompanying notes are an integral part of the Schedule of Federal Awards.

DALLAS COLLEGE

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2020
SCHEDULE F**

State Grantor / Program Title	Grant #	Expenditures
Texas Higher Education Coordinating Board		
Texas Education Opportunity Grant		\$ 3,975,024
Work Study Student Mentorship Program	18875	140,439
College Readiness and Success Models	17431	79,196
Nursing Shortage Reduction Program	NSRP FY2020 -Regular	24,310
Pathways Project Grant	16568	27,607
Total Texas Higher Education Coordinating Board		4,246,576
Texas Workforce Commission		
Skills Development Funds		
Skills Development Fund	0616SDF004	(311)
Partnership with Thomson Reuters	0618SDF000	85,064
Partnership with a Manufacturing Consortiur	0619SDF001	176,683
Health Management Systems	0619SDF002	300,493
Advancing Skill in Manufacturing	0619SDF003	465,278
SDF Owens Corning	0619SDF004	118,732
Healthcare	0619SDF005	410,077
Partnership with LPC TX Visual	0620SDF001	38,041
COVID-19 Special Initiative	0620COS001	10,240
COVID-19 Special Initiative	0620COS002	143,401
COVID-19 Special Initiative	0620COS005	27,300
Total Skills Development Funds		1,774,998

The accompanying notes are an integral part of the Schedule of State Awards.

DALLAS COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2020
SCHEDULE F
(CONTINUED)

State Grantor / Program Title	Grant #	Expenditures
Apprenticeship Training Program		
Apprenticeship Training Program	0619ATP000	4,890
Apprenticeship Training Program	0620ATP001	351,207
Total Apprenticeship Training Program		356,097
 Skills for Small Business		
Skills for Small Business	0618SSD000	85,295
Skills for Small Business	0618SSD001	70,628
Skills for Small Business	0619SSD001	16,250
Skills for Small Business	0620SSD001	62,900
Skills for Small Business	0620SSD002	950
Skills for Small Business	0620SSD004	1,110
Total Skills for Small Business		237,133
 Total Direct Texas Workforce Commission		2,368,228
 Total Texas Workforce Commission		2,368,228
 TOTAL EXPENDITURES OF STATE AWARDS		\$ 6,614,804

The accompanying notes are an integral part of the Schedule of State Awards.

DALLAS COLLEGE

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2020

1. GENERAL

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

2. BASIS OF ACCOUNTING

The expenditures included in the Schedules are reported for the College's fiscal year ended August 31, 2020. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported represent funds which have been expended by the College for the purposes of the awards. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the Schedules may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guidelines issued by various funding agencies in the preparation of the Schedules.

3. RELATIONSHIP TO FINANCIAL STATEMENTS

Federal and State award revenues are reported in the financial statements of the College for the fiscal year ended August 31, 2020, as follows:

	<u>Federal</u>	<u>State</u>
Total revenues per Schedule A	\$ 25,236,498	\$ 6,609,241
Federal revenue, non-operating per Exhibit 2	84,421,486	-
Federal direct student loans	34,977,840	-
Fall tuition-related grants deferred to next fiscal year	(17,740,471)	5,563
Total expenditures for federal/state awards	<u>\$ 126,895,353</u>	<u>\$ 6,614,804</u>

DALLAS COLLEGE

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2020**

4. AMOUNTS PASSED THROUGH TO OTHERS

Amounts Passed Through by the College – Federal:

The following amounts were passed through to the listed sub-recipients by the College.

These amounts were funded by the Small Business Administration for the North Texas Small Business Development Center, CFDA 59.037. (Award 9-603001-EZ-0019 and 0-603001-EZ-0019)

Collin College	\$ 378,796
Grayson College	148,595
McLennan Community College	166,733
Navarro College	155,263
North Central Texas College	192,666
Northeast Texas Community College	153,513
Paris Junior College	120,977
Tarrant County College	394,145
Trinity Valley Community College	146,889
Tyler Junior College	191,908
University of Texas at Tyler	180,334
	<hr/>
	\$ 2,229,819

These amounts were funded by the US Department of Defense for the Advanced Robotics for Manufacturing Institute. CFDA 12.630. (Award ARM-EWD-18-01-P20)

5 Star Development, Inc.	\$ 25,000
DAQ2GO LLC	30,000
Factory Unlocked LLC	84,533
	<hr/>
	139,533

These amounts were funded by the US Department of Education for the HSI STEM IPSS, CFDA 84.031C. (Award P031C160035)

University of North Texas at Dallas	<hr/>
	364,263

Total Amounts Passed Through – Federal	<hr/>
	\$ 2,733,615

DALLAS COLLEGE

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2020

Amounts Passed Through by the College – State:

The following amounts were passed through to the listed sub-recipients by the College. These amounts were funded by State Appropriation for the North Texas Small Business Development Center.

Collin College	\$ 108,452
Grayson College	120,069
McLennan Community College	120,218
Navarro College	126,422
North Central Texas College	96,209
Northeast Texas Community College	85,435
Paris Junior College	38,424
Tarrant County College	85,177
Trinity Valley Community College	107,171
Tyler Junior College	71,129
University of Texas at Tyler	77,885
Total Amounts Passed Through - State	<u>\$ 1,036,591</u>
Total Amounts Passed Through – Federal and State	<u>\$ 3,770,206</u>

5. STUDENT LOANS PROCESSED AND ADMINISTRATIVE COST RECOVERED

Although Direct Loans “are made to students (not the institution of higher education)” as confirmed in the June 2010 A-133 *Compliance Supplement*, page 5-3-48, they also recommend the amounts for such loans be included on the face of the Schedule of Expenditures of Federal Awards (SEFA). Subtracting the effect of including these loans on the SEFA, actual expenditures of Federal awards for the 2020 fiscal year are \$91,917,513.

Federal Grantor CFDA Number/ Program Name	New Loans Processed	Administrative Cost Recovered	Total Loans Processed and Administrative Cost Recovered
Department of Education 84.268 Direct Loans	\$ 34,977,840	-	\$ 34,977,840

DALLAS COLLEGE

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2020

6. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

7. INDIRECT COST

As a non-federal entity, the College has a negotiated indirect cost rate approved by a federal agency, therefore, the College is not eligible to elect the 10% de minimis indirect cost rate.

DALLAS COLLEGE

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended August 31, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	Yes

State Awards

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with State of Texas <i>Single Audit Circular</i> ?	No

DALLAS COLLEGE

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended August 31, 2020

Identification of major programs:

<u>CFDA/Grant Numbers/State Identifying Number</u>	<u>Name of Federal and State Programs or Cluster</u>
--	--

Major Federal Programs:

17.268	H-1B Job Training Grants
84.425	Higher Education Emergency Relief Fund
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
17.285	Apprenticeship USA grants

Major State Programs:

None	Texas Education Opportunity Grant
None	Apprenticeship Training Program

Dollar threshold used to distinguish between type A and type B programs:	\$784,607 for federal programs \$300,000 for state programs
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Auditee qualified as low-risk auditee for federal programs?	No
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Auditee qualified as low-risk auditee for state programs?	Yes
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DALLAS COLLEGE

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year ended August 31, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

The audit disclosed no findings required to be reported for the year ended August 31, 2020.

SECTION III - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AND STATE AWARDS

Finding #:	2020-001
CFDA Number:	64.027
Federal Title:	Post-9/11 Veterans Educational Assistance
Federal Agency:	U.S. Department of Veterans Affairs
Federal Award Number:	None
Program Year:	2019 - 2020
Compliance Requirement:	Cash Management
Type of Finding:	Noncompliance

Criteria:

Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that non-Federal entities minimize the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity and disbursement by the non-Federal entity for direct program or project costs and the proportionate share of allowable indirect costs, whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means (2 CFR section 200.305(b)).

Typically overpayments of VA benefits are the responsibility of the student. However, there are instances when an overpayment is created by a school and funds need to be refunded to the Department of Veterans Affairs (VA). Accordingly, schools must refund tuition and fee payments to students in accordance with their established refund policies so that the students can resolve any overpayments with the VA.

Condition:

We noted two (2) instances in which the colleges had either not applied funds to student accounts within 30 days, or returned to the VA, if required.

Cause:

College VA Administrators failed to timely complete all appropriate disposition of student VA records in order to either refund tuition and fee payments to students, or return funds to the Department of Veterans Affairs, as required.

DALLAS COLLEGE

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended August 31, 2020

SECTION III - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS
Continued

Effect:

Failure of the colleges to complete or perform timely disposition of student VA funds received by the college could cause students to have non-tuition VA benefit overpayments of which they are not aware, or the college to have VA funds received for tuition which are refundable to the VA.

Questioned Costs:

None.

Identification of a repeat finding:

This is a repeat finding from the immediate previous audit (2019-001). However, in the prior year audit, all 11 instances identified related to period prior to May 31, 2019.

Recommendation:

We recommend that appropriate college personnel complete the timely disposition of student VA funds received in order to either refund tuition and fees payments to students in accordance with the District's established refund policies and Post 9/11 program requirements, so that the students can resolve any non-tuition VA benefit overpayments with the VA, or refund unused amounts to the VA, as required.

Views of Responsible Officials and Planned Corrective Action:

Management of the College accepts the finding and its recommendation. The College is currently reorganizing its structure from seven separately accredited colleges to a single accredited college with seven major campuses. Management of this and other Veterans programs will be centralized under a new management team. The new management team will be charged to emphasize compliance requirements with staff and to foster best practices in the application of funds to students.

DALLAS COLLEGE

SUMMARY SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS YEAR ENDED AUGUST 31, 2020

Prior Finding (2019-001)

College continued to establish processing standards targeted to maintain application of current semester student funds within a 30-day period. Establishment of the College oversight team also continued in fiscal 2020 however management of program staff was not placed with the team.

As discussed in Note 2 of College's Comprehensive Annual Financial Report for fiscal years ended August 31, 2020 and 2019, College began reorganization of its seven separately accredited colleges to a single accredited college. In fiscal 2021, personnel changes related to the reorganization will be completed. In the reorganization, a new management team will be established and will be directly responsible for supervising staff responsible for administering the Post 9/11 Veterans Educational Assistance program. The new management team in the reorganization will be directly responsible for compliance with program requirements.

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