

Del Mar College



Del Mar College East Campus General Academic Building Rendering

Comprehensive Annual Financial Report Fiscal Year Ended August 31, 2017



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Comprehensive Annual Financial Report

Fiscal Year Ended August 31, 2017

Prepared by

Lenora Keas

Vice President and Chief Financial Officer

John Johnson

Comptroller

Catherine West, CPA, Ed.D.

Director of Accounting and Budget Officer

Del Mar College

101 Baldwin Blvd., Corpus Christi, Texas 78404-3897

www.delmar.edu

Del Mar College
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED AUGUST 31, 2017

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Introductory Section





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Transmittal Letter

December 12, 2017

To: President Mark Escamilla, Ph.D.
Members of the Board of Regents and
Citizens of the Del Mar College District

The Comprehensive Annual Financial Report (CAFR) of Del Mar College, Counties of Nueces, San Patricio, Aransas, Kleberg and Kenedy, State of Texas, for the years ended August 31, 2017 and 2016, is hereby submitted. Responsibility for both the accuracy of the data, fairness and the completeness of the presentation, including all disclosures, rests with the management of the College. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities, in relation to its mission, have been included.

Management of the College is responsible for establishing and maintaining an internal control structure designed to protect the assets of the College, prevent loss from theft or misuse and provide adequate accounting data to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

This letter of transmittal complements and should be read in conjunction with Management's Discussion and Analysis which immediately follows the independent auditor's report and which provides a narrative introduction, overview and analysis of the basic financial statements.

Comprehensive Annual Financial Report

The Del Mar College District's Comprehensive Annual Financial Report, for the fiscal year ended August 31, 2017 and 2016, was prepared by the Chief Financial Officer and Comptroller. The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as established by the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB) and comply with the Annual Financial Reporting Requirements for Texas Public Community Colleges as set forth by the Texas Higher Education Coordinating Board (THECB). The notes to the financial statements are considered 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, which provides readers with a narrative introduction, overview and analysis of the financial statements. The financial statement presentation provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows and replaces the fund-group perspective previously required.

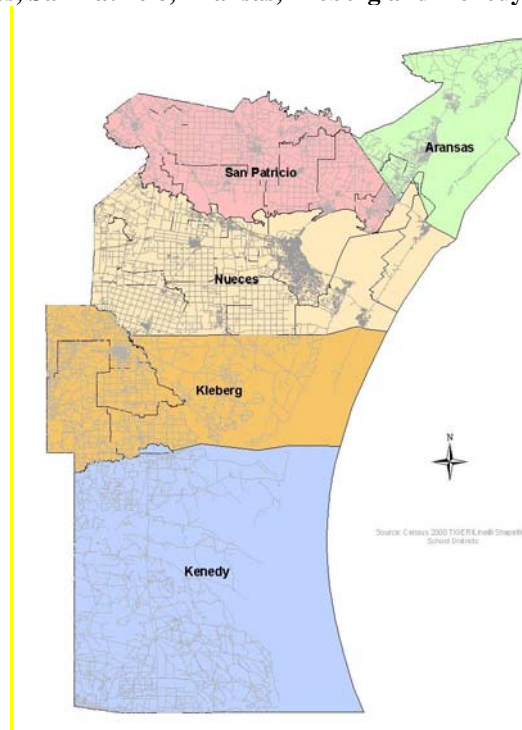
The College maintains its accounts and prepares its financial statements in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP) as set forth by Governmental and Financial Accounting Standards Boards (GASB and FASB), National Association of College and University Business Officers (NACUBO) and the Texas Higher Education Coordinating Board (THECB). The financial records of the College are maintained on the accrual basis of accounting, whereby all revenues are recorded when earned and all expenses are recorded when incurred.

The College's financial statements are prepared using the economic resources measurement focus. The notes to the financial statements expand on and explain the financial statements and the accounting principles applied.

Profile of the College

Del Mar College District is a political subdivision of the State of Texas located in Nueces County. The College was founded in 1935, under the control the Board of the Trustees of Corpus Christi Independent School District and started in borrowed classrooms with 154 students in the first class. In 1951, the College became an independent political sub-division, legally Corpus Christi Junior College District. In 1999, the Board of Regents adopted Del Mar College District as the official name of the institution. The Del Mar College service area is comprised of Nueces, Aransas, San Patricio Counties and parts of Kleberg and Kenedy Counties.

**Del Mar College Service Area Independent Public School Districts
Nueces, San Patricio, Aransas, Kleberg and Kenedy Counties**



Today, the College serves over 25,000 students each year in academic, career and technical and continuing education courses with 680 full-time faculty and staff. The College now offers courses on two campuses and three additional locations. The Del Mar College Center for Economic Development and the Northwest Center expand the reach of the College in meeting the needs of the broader community. The College opened an additional Center at the Corpus Christi

International Airport to address the growing demand for skilled aviation technicians. This facility provides classrooms and a large hangar to compliment the on-campus facility, enabling the program to offer more classes. In all, the College has combined assets and deferred outflow of resource of over \$337 million, providing a solid basis to serve the students and community.

In 2014 and 2016 the voters approved bonds totaling over \$296 million to replace existing buildings on the West and East Campuses and to build a new campus on the South-side of Corpus Christi. Construction is presently underway with three of buildings and the Master Plan for the South-side campus is completed. Construction of the new campus is planned to begin in January of 2019.

The College is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools (SACS) to award Associate degrees. Contact the Commission on Colleges at 1866 Southern Lane, Decatur, Georgia 30033-4097 or call 404-679-4500 for questions regarding the accreditation of Del Mar College. The accreditation process cycles over a ten year period. The College began preparing for the most recent re-affirmation in 2007 and the site visit occurred October, 2010. The successful completion of this process and confirmation of the College's reaffirmation of accreditation occurred in June, 2011, when the Commission reaffirmed the College's accreditation status with no recommendations or follow-up actions. The College's programs and courses are approved by the Texas Higher Education Coordinating Board and Texas Education Agency. The college submitted the first Fifth-Year Interim Report to SACS in September 2016.

The Board of Regents, the governing body for the College, is elected by the citizens of the Del Mar College District. Three positions are filled every two years, with board members serving staggered six-year terms. In 1989, the Board adopted a modified single-member district plan with five Regents elected to represent single-member districts and four members elected at large. Vacancies on the Board are filled for an unexpired term according to Board bylaws. The Board has engaged the services of Bickerstaff Heath Delgado Acosta, LLP for redistricting services based on the 2010 Census. The redistricting plan was completed and approved by the Department of Justice on April 5, 2012, providing the electorate with sufficient time to understand the new single member districts prior to the November 2012 election.

Vision Statement: Del Mar College empowers student learners in our communities through comprehensive, accessible, quality education.

Mission: Del Mar College provides access to quality education, workforce preparation, and lifelong learning for student and community success.

Core Values:

- Learning: meeting individual needs
- Student Success: achieving full potential
- Excellence: high-quality instruction
- Integrity: honesty and transparency
- Access: open to all
- Accountability: responsibility to stakeholders
- Innovation: progressive programs and services
- Diversity: valuing differences

Guiding Principles:

- **Quality Education:** Challenge students to engage in academic and occupational programs through high-quality teaching and learning.
- **Academic Excellence:** Promote the full range of intellectual achievement from basic literacy to successful academic transfer.
- **Academic Freedom and Responsibility:** Provide the foundation for a learning environment that promotes academic excellence, independent and creative thinking, and respect for the individual.
- **Workforce Preparation:** Collaborate with business and industry partners to equip students to compete in the marketplace and to augment economic development.
- **Student Success:** Empower students inside and outside of the classroom to achieve their greatest potential.
- **Educational Access:** Provide affordable educational opportunities for all, developing responsible citizens who enhance their communities.
- **Personal Enrichment:** Foster lifelong learning, citizenship, and health and wellness through educational, cultural, and recreational pursuits.

Adopted by the Del Mar College Board of Regents, August 9, 2011.

Strategic Planning

In Fall 2013, the College undertook the development of a new Strategic Plan that resulted in numerous meetings with the faculty, staff, students and community leaders. The comprehensive *Strategic Plan 2014 -2019 Reach Forward. Deliver Excellence*, includes 7 broad goals and 42 objectives. The execution of the plan is supported by the office of Strategic Planning and Institutional Research, the President and Executive Planning Team, the Strategic Planning Advisory Committee and the Budget Committee.

The seven goals and forty-two objectives are:

Goal 1 – Student Learning Success: Ensure Exceptional Educational Opportunities for all Students.

- **Objective 1.1 Transferability:** Implement seamless student transfer to four-year and other institutions.
- **Objective 1.2 Critical Thinking:** Deliver content that cultivates creative, independent, and critical thinking skills.
- **Objective 1.3 High Tech and High Touch:** Utilize high-tech and high-touch instructional delivery.
- **Objective 1.4 Enriched Education:** Increase educational opportunities for community and personal enrichment.
- **Objective 1.5 Assessment:** Align assessment strategies with accreditation standards.
- **Objective 1.6 Retention:** Maximize student learning to improve retention.

Goal 2 – Student Access and Support: Maximize Affordable Access and Excellence in Student Services.

- **Objective 2.1 Affordability:** Maintain affordable tuition and fees to improve access.
- **Objective 2.2 Collegiate Experience:** Enhance the collegiate experience through campus life.
- **Objective 2.3 Financial Aid:** Refine and streamline financial aid processes.
- **Objective 2.4 Registration:** Refine and streamline student registration processes.
- **Objective 2.5 Service Area:** Expand educational opportunities throughout the College's service area.
- **Objective 2.6 Workforce:** Facilitate students' workforce success and career advancement.
- **Objective 2.7 Wellness Services:** Increase student access to wellness services.
- **Objective 2.8 Recruitment and Re-Entry:** Maximize student services to improve recruitment and re-entry.
- **Objective 2.9 Services:** Support specific student groups, including veterans, dual credit, early college and others, with appropriate services.

Goal 3 – Professional Initiatives: Provide Innovative, Relevant, and Meaningful Opportunities.

- **Objective 3.1 Personnel:** Recruit and retain exceptional faculty and staff.
- **Objective 3.2 Professional Improvement:** Invest in professional growth opportunities.
- **Objective 3.3 Compensation:** Ensure the effectiveness of compensation protocols.
- **Objective 3.4 Leadership:** Empower visionary leadership among all employees and volunteer groups.
- **Objective 3.5 Planning:** Sustain a culture of planning and evidence-based decision making.

Goal 4 – Technology: Utilize Technology to Enhance Academic and Institutional Services and Processes.

- **Objective 4.1 Mobility:** Expand mobile access throughout service area.
- **Objective 4.2 Innovation:** Utilize new and innovative technology in instructional support services.
- **Objective 4.3 Collaboration:** Partner with business and industry to incorporate high-demand technology in instruction.
- **Objective 4.4 Resources:** Utilize appropriate technology resources.
- **Objective 4.5 Advancements:** Explore and share technology advancements.

Goal 5 – Advocacy: Advance the College Mission Through Effective Governance and Positioning.

- **Objective 5.1 Community Support:** Broaden community and corporate understanding of and support for the College.
- **Objective 5.2 Educational Needs:** Position the College to support initiatives that respond to educational needs.
- **Objective 5.3 Government:** Strengthen support from educational agencies and organizations, governmental bodies, and elected officials.
- **Objective 5.4 Communications:** Maximize the Del Mar College reputation for quality.
- **Objective 5.5 Governance:** Maintain shared governance within the College.

Goal 6 – Partnership: Expand Opportunities for Mutually-Beneficial Alliances.

- **Objective 6.1 Alliances:** Develop local, national, and international opportunities for collaboration.
- **Objective 6.2 Educational Institutions:** Work with community and educational entities to achieve common goals.
- **Objective 6.3 Collaboration:** Cultivate mutually-beneficial business and industry linkages.
- **Objective 6.4 Economic Development:** Foster economic development opportunities.
- **Objective 6.5 Public and Private Linkages:** Maximize public and private support for community and educational initiatives.

Goal 7 – Resources: Ensure Strong Financial and Operational Capacity.

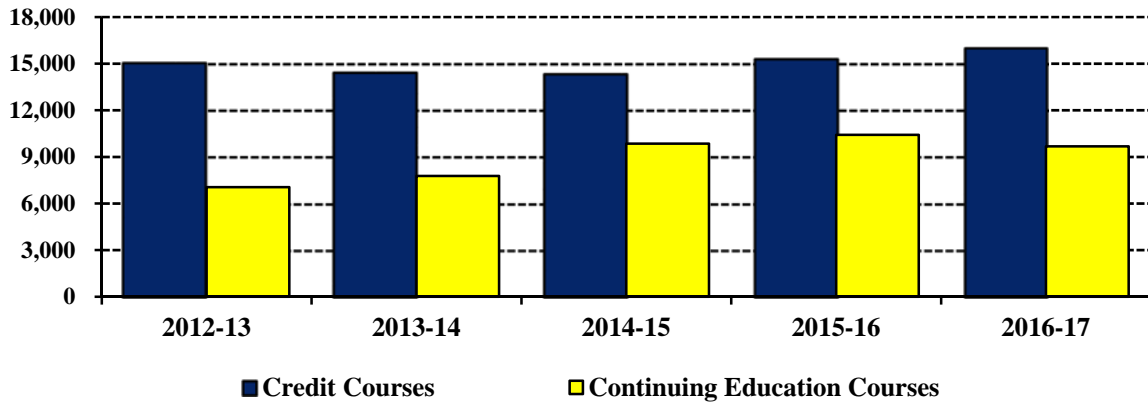
- **Objective 7.1 Financial Resources:** Expand financial resources to meet present and future needs.
- **Objective 7.2 Partnerships:** Strengthen public and private partnerships for resource development.
- **Objective 7.3 Grants:** Maximize grant opportunities.
- **Objective 7.4 Budgeting:** Increase operational efficiency through effective budgeting.
- **Objective 7.5 Capital Improvement Program:** Achieve capital improvement program to meet the student and community needs.
- **Objective 7.6 Learning Environments:** Provide appropriate environments to enhance student learning.
- **Objective 7.7 Going Green:** Implement cost-effective green and environmentally sustainable strategies.

Enrollment

The following tables and graphs illustrate the College’s enrollment data over the last five years.

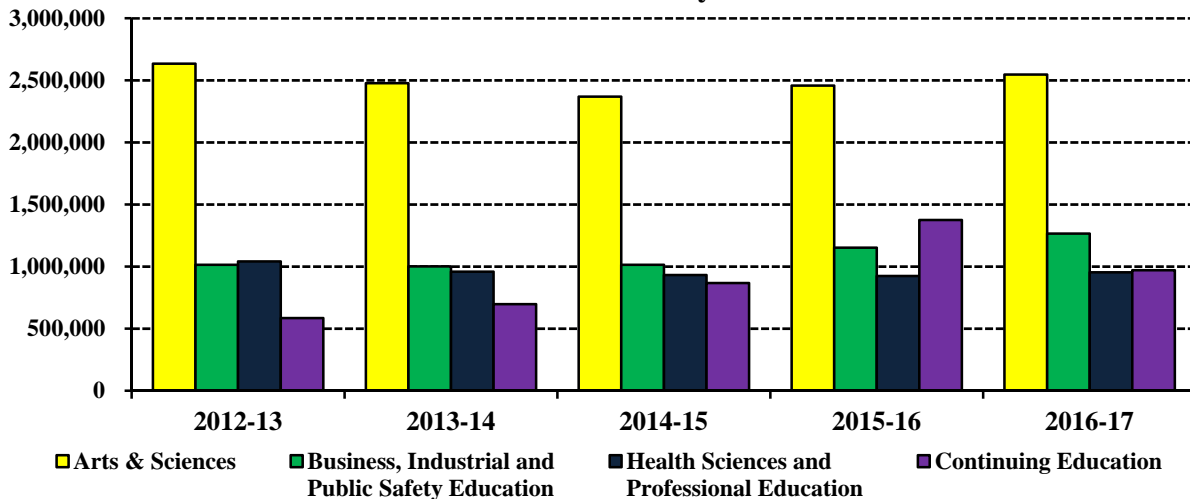
Annual Unduplicated Headcount	2012-13	2013-14	2014-15	2015-16	2016-17
Credit Courses	15,049	14,437	14,332	15,296	16,000
Continuing Education Courses	7,054	7,775	9,856	10,420	9,673
Grand Total	22,103	22,212	24,188	25,716	25,673

Annual Unduplicated Headcount



Annual Contact Hour Totals	2012-13	2013-14	2014-15	2015-16	2016-17
Credit Courses					
Arts & Sciences	2,634,304	2,477,168	2,368,768	2,458,400	2,546,624
Business, Industrial and Public Safety Education	1,014,192	1,002,096	1,014,240	1,152,496	1,265,536
Health Sciences and Professional Education	1,041,320	958,656	932,620	923,616	953,972
Total Credit Hours	4,689,816	4,437,920	4,315,628	4,534,512	4,766,132
Continuing Education Courses					
State-Reimbursable	318,802	453,965	481,193	492,590	508,523
TEA/TWC-Reimbursable	230,362	195,432	325,768	825,350	417,611
Non-Reimbursable	36,473	48,072	60,109	57,040	44,428
Total Continuing Education Hours	585,637	697,469	867,070	1,374,980	970,562
Grand Total	5,275,453	5,135,389	5,182,698	5,909,492	5,736,694

Annual Contact Hours by Division



Del Mar College has experienced growth in the past academic years and awarded 1,971 degrees and certificates during 2016-2017. Between 1985 and 1993, the fall headcount in credit courses at Del Mar College rose by more than one-third (36%) from 8,665 to 11,825. In 1994 and 1995, enrollment began declining, due in part to the introduction of lower-division courses at Texas A&M University-Corpus Christi in 1994. The fall headcount enrollment fluctuated significantly over the next few years, rising to an all-time high of 12,236 in Fall 2010. Fall 2017 headcount is 11,506 (Preliminary certified number from the THECB). The South Texas region was hit by hurricane Harvey on August 25, 2017. This resulted in displacement of families and students in the surrounding service area. Prior to the storm enrollment for the fall semester had increased by 6%; however, after the storm enrollment was down by 4%.

As of July 2015, the Coordinating Board adopted a new higher education strategic plan that replaced the “Closing the Gaps” model entitled 60x30TX. The 60x30TX primary goal is to have at least 60 percent of Texans aged 25-34 earn a certificate or degree by the year 2030. Other key goals are as follows: (1) have at least 550,000 Texans earn a certificate, associate, bachelor’s or master’s degree by 2030; (2) All post-secondary graduates will complete programs with identifiable marketable skills; and (3) Ensure student loan debt does not exceed 60 percent of college graduates’ first year wages.

Local Economy

The Corpus Christi Regional Economic Development Corporation (CCREDC) and Workforce Solutions of the Coastal Bend report economic and employment data for the region as leading the state in growth for a variety of reasons. The CCREDC provided the following: *Corpus Christi is a center for petrochemical manufacturing, maritime shipping and tourism. Corpus Christi offers many assets for business development that have attracted businesses from all over the world. Additionally, the City is a major trade gateway for Mexico and Latin America.* The Port of Corpus Christi continues to expand its significance in the region and is the now the fourth largest U.S. port in cargo tonnage. The Port generates over \$300 million in economic impact each year.

The Coastal Bend region is continuing to undergo a major economic transformation from primarily construction to a manufacturing related economy. Moreover, due to this transformation, more focus is being placed on San Patricio County as the epicenter for the Coastal Bend region’s economic boom. Over \$50 billion in capital investment has been announced or is under construction in the region. Plans to dredge The Port of Corpus Christi to a depth of 52 feet will increase capacity for a super large class of ships exporting oil, gas, iron, steel and plastic products manufactured. The Port also became the number one port in the United States in exporting crude oil since the embargo was lifted in December of 2016.

New industrial upstarts now represent over \$50 billion in capital investment to the Corpus Christi/Coastal Bend region. Furthermore, with all the new upstarts planned or in progress, an average of over 1,300 construction and craft workers per year will be required until at least the year 2017. A gross total of over 3,500 jobs (or 1.4 percent of the region’s workforce) will be realized from 2014 to 2018.

Additionally, Gulf Coast Growth Ventures is a partnership between Exxon/Mobile/SABIC to build a world-scale ethane cracker and derivatives project to be located in the College's service area. The \$9 to \$10 billion project was announced and is in the permitting process. An additional 11,000 construction jobs, 600 permanent jobs that average \$90,000 annual salary resulting in \$50 billion in economic gains for the state during the first 6 years. The College is actively engaged in workforce development in support of this endeavor.

In the fall of 2015, Cheniere Energy began construction of a \$12 billion facility to export liquefied natural gas (LNG) from its facility near Gregory, TX (San Patricio County). Specifically, Cheniere Energy, Inc. will export LNG throughout the world markets. Cheniere announced an additional three LNG trains to be constructed adding \$2 billion in construction over the next three years. Other newly developed Port area industrial facilities includes Voestalpine Group (Austrian Company), produce PET resin and Trafigura's (Switzerland Company) terminal and oil storage facility, Oxy Chemical Corp., and Chemours.

In September 2017 the state of Texas posted an unemployment rate of 4% and Nueces county at 5.8% which is a 1% decrease from August 2016. The Bureau of National Labor Statistics as of this report was reviewing the overall effect of Hurricane Harvey on employment within the region. However, the storm did not directly affect Nueces County as related to the coast.

Del Mar College participated with the Texas Association of Community Colleges and received *The Economic Impact Study* prepared by Economic Modeling Specialists, Inc. (EMSI) in March 2014. This study reviewed how the College's service area economy and the state of Texas benefit from the presence of Del Mar College. EMSI applied a comprehensive model designed to quantify the economic benefits of the community and technical colleges and translate these into benefit/cost and investment terms. The economic impact model has been field-tested to generate more than 900 studies for community and technical colleges. The report indicates that students earn over \$445,200 in higher future income over their working careers. This report also indicates that the overall economic impact of the College to the business community is a total of \$716.7 million.

Global Trade magazine has recently ranked Corpus Christi as a top city for best infrastructure in the magazine's 5th annual America's Top Cities for Global Trade feature. In addition the Port of Corpus Christi was named one of the 2016 Best Locations for Exporting in Texas by Southern Business and Development Magazine. This combined recognition exemplifies the positive economic position for the region.

Long-Term Financial Planning

An in-depth review of Capital Asset and Debt administration, including a table on all outstanding debts in the form of bonds, is included in the Capital Asset and Debt Administration section of the Management's Discussion and Analysis.

Estrada and Hinojosa, Investment Bankers continues to support the college with its disclosure and debt modeling activities. They also provided expertise in analysis of bond management and transactions totaling over \$151,040 million in par value on the following:

	Original Par Amount Issued	Par Amount Outstanding (as of FYE 2017)	Project Fund Deposit (Counts Against Authorized Debt)	Escrow Fund Deposit (Does Not Count Against Authorized Debt)
Tax Bonds				
Series 2011	\$ 36,330,000	\$ 23,305,000		\$ 40,646,098
Series 2013	9,010,000	8,620,000		9,864,943
Series 2014	8,995,000	8,930,000		9,798,295
Series 2015	23,580,000	18,240,000	8,398,206	16,977,339
Series 2016	67,645,000	66,530,000	74,710,000	
Series 2017	9,070,000	9,070,000	9,813,813	
Total:	\$ 154,630,000	\$ 134,695,000	\$ 92,922,019	\$ 77,286,675

	Original Par Amount Issued	Par Amount Outstanding (as of FYE 2017)	Project Fund Deposit (Does Not Count Against Authorized Debt)	Escrow Fund Deposit (Does Not Count Against Authorized Debt)
Revenue Bonds				
Series 2008	\$ 25,490,000	\$ 1,235,000	\$ 25,000,000	
Series 2016	15,110,000	15,110,000		19,391,896
Total:	\$ 40,600,000	\$ 16,345,000	\$ 25,000,000	\$ 19,391,896

Of the General Obligation Outstanding Debt approximately 55% of principal will be amortized over the next 10 years and holds an underlying rating of AA+/Aa2/AA.

The College's bond ratings on the outstanding bonds are rated AA+ by Fitch and AA by Standard and Poor's.

Estrada and Hinojosa, Investment Bankers analysis provides recommendations on the current status, future issues, and possible refunding opportunities within the bond market. The Board of Regents authorized the refunding of \$37,045,000 Limited Tax Bonds, Series 2003 in October 2011, \$9,010,000 Limited Tax Bonds, Series 2006 in October of 2013, \$9,165,000 Limited Tax Bonds, Series 2006 in February 2014, \$16,605,000 Limited Tax Bonds, Series 2006 in February 2015 and \$1,955,000 Combined Fee Revenue Bonds, Series 2005 in 2016. The College realized \$2,693,080, \$1,078,081, \$1,040,383, and \$1,640,928 present value savings respectively from these refunding issues. The College may benefit from additional savings through other advanced refunding opportunities as the market conditions and the existing bond debt is closely monitored. This type of suggestion will be considered as financial planning continues.

Tax levied rates and tax collections are included in Note 19 of the Notes to the Financial Statements.

Relevant Financial Policies

State statutes require an annual audit by independent certified accountants. The College's Board of Regents selected the accounting firm of Collier, Johnson and Woods, P.C. The auditor's report is located at the front of the financial section of the CAFR.

The provisions of the Single Audit Act amendments of 1996, Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments and Non-Profit Organizations and the State of Texas Single Audit Circular requires the College District to undergo and conform to an annual single audit. Information related to this single audit,

including the Schedule of Expenditures of Federal Awards, Schedule of Expenditures of State Awards and Related Notes, and the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, is included in the single audit section of this report.

Each community/junior college in Texas must file by December 1 of each fiscal year directly with the Governor, Legislative Budget Board, the Legislative Reference Library, and the Texas Higher Education Coordinating Board, a copy of an annual operating budget, and subsequent amendments thereto, approved by the community/junior college governing board. The budget must include departmental operating budgets by function and salaries and emoluments for faculty and staff listed by person.

The College maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the College's Board of Regents.

The Del Mar College budget is prepared under the direction of the Chief Financial Officer and the Comptroller with the collaboration of the Budget Committee, and the personnel from all areas of the College. The budget process includes solicitation of information from all managers of the various cost centers. The Budget Committee participates in the discussion and recommendation of budgetary issues. The allocation of resources and the budget are tied to the Strategic Plan and support the College's mission. Monthly budget reports that include actual revenue and expenses are prepared and provided to management and the Board of Regents to assist in making decisions to monitor compliance, provide feedback and review performance.

In June of 2016, the Board of Regents approved calling for a \$139 million bond election for construction of the first phase of the south-side campus to be located on ninety-six acres of undeveloped land purchased by the District in 2015. The proposition was approved by the taxpayers during the November 2016 election with a 54% margin.

The College received three distinguished awards in 2016 from the Government Finance Officers Association (GFOA) following a peer review against national financial standards: the Comprehensive Annual Financial Report (CAFR) Certificate of Achievement for Excellence in Financial Reporting; the Popular Annual Financial Report (PAFR) Certificate of Achievement; and the Distinguished Budget Award.

The MD&A cites numerous examples of the decisions made by the Board of Regents related to the budget and financial management. Examples include Board approval of the issuance of the Combined Fee Revenue Refunding Bonds, Series 2016 which were used to refund \$2.0 million of Combined Fee Revenue Bonds, Series 2005 and \$15.9 million of Combined Fee Revenue Bonds, Series 2008 which reduced debt service payments by \$1.8 million. Approval of a new training opportunity for students in the process and instrumentation technology field through the instructional development and construction of a "Pilot Plant" on the college's West Campus in partnership with city and industry leaders; maintaining tuition and fees charges at prior year levels to make access to education more affordable to students. Approved the hiring of external firm to perform internal audit functions by performing a thorough risk assessment of the college's processes and procedure to insure adequate internal controls are in place and make recommendations for increasing efficiency.

The College's Investment Policy and Strategy Statement is reviewed and approved annually by the Board of Regents. At August 31, 2017, the College had a total of \$135,101,393 in bank deposits and investments. All of the College's funds were properly collateralized during the fiscal year.

The College continually conducts self-assessment of risk exposure. Insurances include property, general liability, crime, auto, flood, sports activity, errors and omissions, worker's compensation, and tax collectors bond. The College has elected to reimburse the Texas Workforce Commission on a quarterly basis, for unemployment benefits, instead of paying contributions. An internal staff member is assigned to monitor risk factors and recommend insurance coverage.

Major Initiatives and Awards

The College completed the Master plan for the South-side campus and began the next phase to include more specific review of curriculum programming and services. The \$139 million bond issue for the Capital Improvements on the South-side will provide academic core courses, workforce technology laboratories, developmental education, early college, dual credit, student support, and library services at each campus. Fire alarm/intrusion detection upgrades are being made to existing buildings on the East and West campuses. Beginning construction to date includes approximately 60% of the approved Capital Improvement Plans.

Receiving the CAFR, Distinguished Budget and PAFR awards continued to be a major accomplishment for the College community, the administration and Board of Regents. The opportunity to demonstrate this prestigious level of financial accountability and transparency during challenging economic times proved to be even more significant.

The College also continued to work with regional industry and business partners. A priority was supporting the educational attainment of the region through articulation agreements with Texas A&M University Corpus Christi and Texas A&M University Kingsville in academic programs such as Engineering and STEM programs. The annual unduplicated enrollment for credit and continuing education was 25,673 and 1,968 degrees and certificates during the academic calendar year 2016-2017 were granted.

Each month during the year the College-wide community accomplished numerous successes. The following are examples:

August 2016

Del Mar College welcomed new Provost and Vice President for Academic Affairs Dr. Elizabeth "Beth" Lewis, who brought more than 28 years of higher education instruction and administrative experience to the position.

The College's Small Business Development Center hosted the fifth annual Governor's Small Business Forum, The BIG Event, at the Ortiz Center which brought Coastal Bend small business owners together with companies needing their products and services.

Del Mar College hosted "Drones: What to Know Before You Fly," a lunch and learn seminar featuring Unmanned Aircraft Systems for both businesses and hobbyists in what is anticipated to become an \$80 billion industry creating over 100,000 jobs over the next decade nationwide.

September 2016

The College announced its impressive fall 2016 enrollment—12,034 credit students (preliminary unduplicated headcount)—which surpassed the Texas Higher Education Coordinating Board’s projection by nearly 16% and exceeded THECB projections through 2025.

Del Mar College, Texas A&M University–Corpus Christi and the Lone Star Unmanned Aircraft Systems Center of Excellence & Innovation announced a \$788,000 National Science Foundation Advanced Technological Education program grant awarded to Del Mar to lead, develop and disseminate a highly innovative program in Unmanned Aircraft Systems.

The Texas Higher Education Coordinating Board appointed Board of Regents Chairman Trey McCampbell to serve on their Financial Literacy Advisory Committee, which focuses on recommending better options for students and their parents to finance successful college careers.

October 2016

Del Mar College and project partners unveiled the new 20,000-square foot Emergency Training Building on the West Campus, which is a FEMA Safe Shelter or dome, with DMC Public Safety Education programs using the space for instruction when not needed by the city.

The DMC Disability Services Office was named the 2016 “Advocates of the Year” selected for actively serving students with “disAbilities” with the seven honorees including Assistant Professor of Speech **Dale Anderson**, Assistant Professor of Legal Professions **Gail Dorn**, Associate Professor of Child Development/Early Childhood **Benita Flores-Muñoz**, Assistant Professor of Industrial Machining **Randall Glasson**, Professor of Chemistry **Dr. Charles Hinton**, Assistant Professor of Economics **Neetu Kaushik** and Associate Professor of English **Dr. Paul McCann**.

Known as The Fourth in White Library, the Stone Writing Center celebrated 40 years of providing students with one-on-one English instructional services and as the first English Learning Lab in the Southwest, making the facility among the oldest in the country.

November 2016

Taxpayers in the Del Mar College District passed a \$139 million bond referendum for the construction of a new Southside Campus located on a 99-acre tract of land in Corpus Christi, expanding the College’s capacity to offer signature programs in Architecture, Engineering, Biotechnology and Culinary Arts, along with basic core courses needed by transfer students as well as developmental education, dual credit, workforce and continuing education programs.

The College saluted its student veterans and all veterans with weeklong activities recognizing their service to our country, including a Heroes Memorial Flag Garden and Name Reading Ceremony. Student veterans made up 15% of DMC’s credit enrollment, or 1,400 students, annually.

Along with other institutional partners, Del Mar College hosted the 18th Annual Coastal Bend GIS Day, Map Your Career, with over 1,200 area middle through high school students, professionals and community members learning more about Geographical Information Systems technology and the world of career opportunities it provides.

December 2016

The College's Art Program unveiled their newly renovated photography studio, which allows students to express their creativity from behind the lens and using the latest technology in a fully upgraded teaching facility with a digital imaging lab, black and white wet darkroom and lighting studio with backgrounds, among other resources.

The American Bank Center arena filled with blue caps and gowns as the College awards approximately 757 certificates and associates degrees with local dentist and DMC alumnus Dr. Wayne H. Morris, D.D.S./F.A.G.D., as the keynote speaker for the December graduation ceremony.

Del Mar College's Regional Police Academy Class of Fall 2016 continued to hit the benchmark with a 100% pass rate on the Texas Commission on Law Enforcement Basic Peace Officer licensure exam with all 16 cadets passing on their first attempt before graduating Dec. 15.

January 2017

The American College Personnel Association's Coalition of (Dis)Ability named Brenda Garcia, Disability Services Specialist with the DMC Transition Center's Disability Services Office as their national Disability Service Provider Award recipient for promoting access and inclusion for individuals with disabilities at the College.

Texas Mutual Insurance Company presented a fourth \$100,000 grant to Transportation Training Services, which is offered through the DMC Workforce Programs and Corporate Services Division, to fund training through the division's Safety Institute.

The National Association of Schools of Music elected Dr. Cynthia Bridges, Associate Professor and Chairperson of the Music Department, to serve a three-year term as a member of the Commission on Community College Accreditation with her volunteer efforts advancing the quality of music teaching and learning in the United States.

February 2017

Commissioner Representing Employers Ruth R. Hughs with the Texas Workforce Commission presented a \$345,600 Skills Development Fund check to Del Mar College and Driscoll Health Plan/Driscoll Children's Hospital to cover specialized training for new service coordinator positions providing personalized care plans for new enrollees to the STAR Kids program.

Attracting some of the most creative contemporary American artists from across the country, the 51st Annual National Drawing and Small Sculpture Show opens with 93 works that included 54 drawings, prints and mixed media pieces and 39 sculptures that were juried by Carlos Llerena Aguirre, an internationally recognized print artist and filmmaker.

The Coastal Bend Restaurant Association presented one sweet gift to the Del Mar College Foundation—a \$70,000 check to support scholarships for Hospitality Management, Culinary Arts and Baking/Pastry Specialization majors with funds providing three \$2,000 direct scholarships each year for three years and then in perpetuity off earnings of an endowment through investments.

March 2017

The Federal Bureau of Investigation recruited Dr. David Abarca, Associate Professor of Computer Science and Information Security Program Director, to lead the Coastal Bend Special Interest Group of the FBI's InfraGard program, which includes people from different professional sectors dedicated to sharing information and intelligence to prevent hostile acts against the United States.

The Emergency Medical Services – Paramedic Program with the Public Safety Education Department—including EMS Program Director Melissa Stuiwe, Clinical Coordinator Kellie Reiger and faculty members Robert Ruiz and Filemon Lopez—received confirmation from the Commission on Accreditation of Allied Health Education Programs that their Committee on Accreditation of Educational Programs for the Emergency Medical Services Professions awarded a five-year accreditation period.

Del Mar College, Citizens for Educational Excellence, the Charity League, Inc. and Coastal Compass partners unveiled the new Coastal Compass Mobile Center, which provides free services throughout Corpus Christi and the Coastal Bend to residents seeking access to tools needed to pursue higher education, job placement or other life-changing skills.

April 2017

Gene and Ellen Seaman presented an oversized mortar-board-and-diploma-shaped \$100,000 check to the DMC Foundation to complete the endowment process for the Gene and Ellen Seaman GED Scholarship for DMC General Education Development graduates planning to attend the College.

Journalism students who oversee and write for the College's two student publications—the campus newspaper, *Foghorn*, and magazine, *Siren*—brought home 36 awards from the Texas Intercollegiate Press Association annual competition and live contests. Topping off their wins, *Foghorn* Editor-in-Chief Natalie Murphy receives a \$400 Mike Warms Scholarship.

Del Mar College officially introduced to the campus and general community its new Viking mascot during a “Viking Landing” that introduces the College’s newest family member developed with the assistance of students, alumni, faculty and staff.

May 2017

DMC opened its Alice Off-Campus Center with an open house and Alice Chamber of Commerce ribbon cutting to provide free programs, including General Education Development, English as a Second Language and Adult Basic Education through Continuing Education’s Adult Education and Literacy Department.

The American Bank Center filled with “Pomp and Circumstance” as the College awarded over 1,090 certificates and associate’s degrees combined to 884 graduates who initiate a new tradition with the Viking mascot leading the Viking Thunder Clap at the end of the ceremony for May graduation.

DMC Transportation Training Services partnered with the Texas Department of Public Safety’s new Commercial Driver’s License Third Party Skills Testing Program to move students through the certification process faster by providing CDL examinations onsite on behalf of DPS.

June 2017

Innovation and entrepreneurial thinking earned the DMC Natural Sciences team—including Biotechnology majors Danial Nasr Azadani, Reavelyn Pray and John Ramirez—the top national award for their product, EnteroSword, which is a spray that slows the spread of antibiotic-resistant bacteria, as part of the National Science Foundation and American Association of Community Colleges third annual Community College Innovation Challenge.

The College “broke into a new era” with the demolition of the East Campus English Building to make way for the new \$46 million General Academic and Music II Building. Completion of the 27,500-square-foot facility is estimated to be August 2019.

The Del Mar College Foundation announced a first for Corpus Christi as they take their scholarship fundraising activities to new heights by hosting an *Over The Edge* urban adventure with participants raising at least \$1,000 to earn the opportunity to rappel down a N. Shoreline hotel to help reach a \$100,000 goal.

July 2017

The College and DMC Foundation recognized Flint Hills Resources for their \$51,000 donation for which nearly 80% was allocated to support the DMC Corpus Christi Prefreshman Engineering Program youth summer camp, including \$19,700 for new robot kits and \$20,000 for the program.

The Mexican-American Studies Program hosted the fourth annual MAS Summer Seminar with over 150 attendees immersed in topics ranging from literature, music, art and the humanities to history, politics and the Spanish language, along with a keynote address by South Texas artist and author Carmen Lomas Garza.

The Northwest Center brought credit, noncredit and dual credit courses and workforce training closer to home and work for northwest Nueces County residents each semester and hosted an event to showcase resources available at the Calallen facility.

August 2017

Dressed in full firefighting gear and using appropriate equipment, 11 students making up the Summer Class of 2017 of the DMC Regional Fire Academy demonstrated their skills in extinguishing flames as their big test before completing the program.

Del Mar College recognized a new scholarship for Nurse Education students through the DMC Foundation, a \$264,402 Jobs and Education for Texans grant from the Texas Workforce Commission and the 50th anniversary of the RN program, complete with a pinning ceremony for their newest graduates.

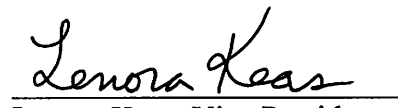
The College named Richard D. Rupp, Mathematics Professor in the Department of Mathematics and Physics, as the 2017 Dr. Aileen Creighton Award for Teaching Excellence recipient. The award represents the late educator's legacy as a "master teacher" and serves as the benchmark faculty must emulate to receive the honor.

The College community welcomes the opportunity to submit this application for the Comprehensive Annual Financial Report. The support of the President, the College's Board of Regents, faculty and staff contribute to the high standard of financial stewardship and quality throughout the organization. It is with sincere appreciation that we thank all the individuals and departments for their support in this effort.

Respectfully submitted,



John Johnson
Comptroller



Lenora Keas, Vice President
and Chief Financial Officer

Del Mar College Board of Regents

The Board of Regents, the governing body for Del Mar College, is elected by the citizens of the Del Mar College District. Three positions are filled every two years, with board members serving staggered six-year terms. In 1989, the Board adopted a modified single-member district plan with five Regents elected to represent single-member districts and four members elected at large. Vacancies on the Board are filled for an unexpired term according to Board bylaws.

	Term Ending	Position
Trey McCampbell, Chair	2022	At-Large
Gabriel Rivas III, First Vice Chair	2018	District 1
Carol Scott, Second Vice Chair	2020	At-Large
Dr. Nicholas L. Adame, Secretary	2020	At-Large
Elva Estrada	2018	District 3
Sandra L. Messbarger	2018	At-Large
Susan Hutchinson	2022	District 2
Guy Leland Watts	2020	District 4
Ed Bennett	2022	District 5

Administration

President	Dr. Mark S. Escamilla
General Counsel	Augustin Rivera, Jr.
Provost and Vice President for Academic Affairs	Dr. Elizabeth Lewis
Vice President and Chief Financial Officer	Lenora Keas
Chief Information Officer	August Alfonso
Vice President for Student Affairs	Dr. Rito Silva
Executive Director of Strategic Communication and Government Relations	Claudia Jackson
Executive Director of Human Resources and Administration	Tammy McDonald
Executive Director of Development	Mary McQueen
Dean, Division of Arts and Sciences	Dr. Jonda Halcomb
Dean, Division of Health Sciences and Professional Education	Dr. Shannon Ydoyaga
Dean, Business, Industrial, and Public Safety Education	Charles McKinny
Dean, Division of Student Engagement and Retention	Cheryl Garner
Dean, Division of Student Outreach and Enrollment Services	Patricia Benavides-Dominguez
Dean, Continuing Education and Office-Campus Programs	Dr. Leonard Rivera
Dean, Workforce Programs and Corporate Services	Dan Korus



Government Finance Officers Association

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Presented to

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Texas**

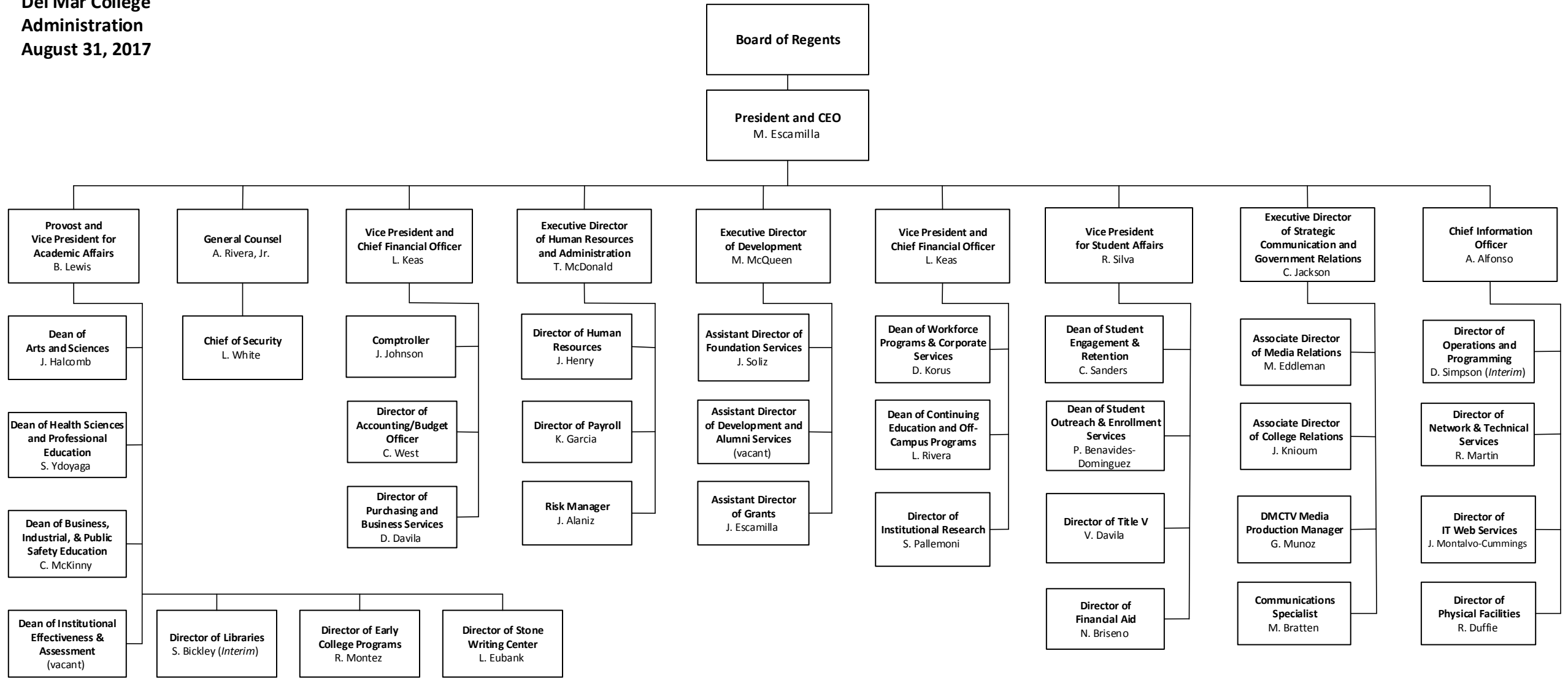
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2016

Christopher P. Morill

Executive Director/CEO

**Del Mar College
Administration
August 31, 2017**



Financial Section





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INDEPENDENT AUDITOR'S REPORT

December 7, 2017

Board of Regents
Del Mar College District
Corpus Christi, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the Del Mar College District (the College) and its discretely presented component unit, as of and for the years ended August 31, 2017 and 2016 and June 30, 2017 and 2016, respectively, 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.

Auditor's Responsibility

Our responsibility is to express an opinion 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 entity'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 entity'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 Del Mar College District and its discretely presented component unit, as of August 31, 2017 and 2016 and June 30, 2017 and 2016, respectively, and the respective changes in financial position and cash flows, where applicable, thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information on pages 27 through 46, and pages 93 and 94 be presented to supplement the basic financial statements. Such information, although not a 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. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The introductory section, schedules required by the Texas Higher Education Coordinating Board, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State of Texas Single Audit Circular* issued by the Governor's Office of Budget and Planning and is not a required part of the basic financial statements.

The schedules required by the Texas Higher Education Coordinating Board; schedule of expenditures of federal awards; and schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such 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 schedules required by the Texas Higher Education Coordinating Board; schedule of expenditures of federal awards; and schedule of expenditures of state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2017, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Collier, Johnson & Woods



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DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Introduction

This section of Del Mar College's Comprehensive Annual Financial Report presents Management's Discussion and Analysis of the College's financial position and activities for the years ended August 31, 2017 and 2016, and comparative information for the year ended August 31, 2015. Since this Management's Discussion and Analysis is designed to focus on current activities, resulting change and currently known facts, it should be read in conjunction with the transmittal letter, the College's Basic Financial Statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

Financial Section

The financial section of this annual report consists of three parts – Management's Discussion and Analysis, the Basic Financial Statements, and schedules required by the Texas Higher Education Coordinating Board. The financial statements, consisting of the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and, the Statements of Cash Flows are prepared in accordance with U. S. Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB).

These three statements will assist the reader in determining whether the College, as a whole, is performing financially better as compared to the prior year. These statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statements of Net Position include all assets and liabilities as well as deferred inflows and outflows of resources. The College's net position (which is the difference between assets plus deferred outflows, and liabilities plus deferred inflows) is one indicator of the College's financial health.

Over time, increases or decreases in net position indicate the improvement or erosion of the College's financial health, when considered with non-financial facts, such as enrollment levels and the condition of the facilities.

The Statements of Revenues, Expenses and Changes in Net Position present the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. The College's dependency on state allocations and ad-valorem taxes will result in operating deficits, because state allocations and ad-valorem taxes are non-operating revenues.

Another important factor to consider, when evaluating financial viability, is the College's ability to meet financial obligations as they mature. The Statements of Cash Flows present information related to cash inflows and outflows summarized by operating, non-capital financing, capital and related financing and investing activities.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Overview of the Financial Statements and Financial Analysis

Following is management's discussion and analysis of the financial activity of Del Mar College for the fiscal years ended August 31, 2017 and 2016. The discussion and analysis provides summary financial information reflected in the statements and therefore, should be read in conjunction with the accompanying financial statements and footnotes. The financial statement format consists of three primary statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. An accrual basis of accounting is employed. This means transactions are recorded as incurred rather than when cash changes hands. Each one of these statements will be discussed.

Financial Statements for the College's component unit, the Del Mar College Foundation (Foundation) are issued independent of the College. The Foundation's financial information for fiscal years 2017 and 2016 is shown on separate pages behind the College's basic financial statements. Refer to Note 22 in the Notes to the Financial Statements for more detail on the Foundation.

The following summary and management discussion and analysis of the results is intended to provide readers with an overview of the basic financial statements.

Financial Highlights

Some of the financial highlights of fiscal year 2017 are as follows:

- Certified property value within the College's district increased by 8.33%. This increase allowed the college to reduce its' overall tax rate slightly from the previous year and still provide additional debt service funds of \$4 million necessary to cover the payment due on the newly issued \$67 million, Limited Tax Bond Series, 2016.
- In June, the College issued \$9,070,000 in Limited Tax Bond, Series 2017. This is the first issue of the \$139 million voter approved bond election held on November 08, 2016. Proceeds from the sale of the Bonds will be used to provide funds to construct and equip school buildings in the District (including, but not limited to, constructing and equipping classrooms, laboratories, infrastructure for an undeveloped site, and other facilities relating to Phase 1 of the District's new South Campus located near the intersection of Rodd Field Road and Yorktown Boulevard).
- Academic enrollment increased by 6% during the current fiscal year. Additional tuition and fee revenues generated by this growth over the previous year amounted to approximately \$1.1 million.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Statement of Net Position

The Statement of Net Position presents all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector Colleges. Net position, the difference between assets and liabilities, is one way to measure the financial health of the College. The Statement of Net Position is a point in time financial statement. The purpose of the Statement of Net Position is to present, to the readers of the financial statements, a fiscal snapshot of the Del Mar College District.

The statement of Net Position presents end-of-year data concerning Assets (current and noncurrent), Deferred Outflows, Liabilities (current and noncurrent), Deferred Inflows, and Net Position. Current assets are things of value, which are available to the College in the short term, which is considered to be one year or less. Current liabilities are amounts owed which are expected to be paid in one year or less.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors and bond holders. Finally, the Statement of Net Position provides a picture of the net position (Total Assets and Deferred Outflows of Resources minus Total Liabilities and Deferred Inflows of Resources) and their availability for expenditure by the College.

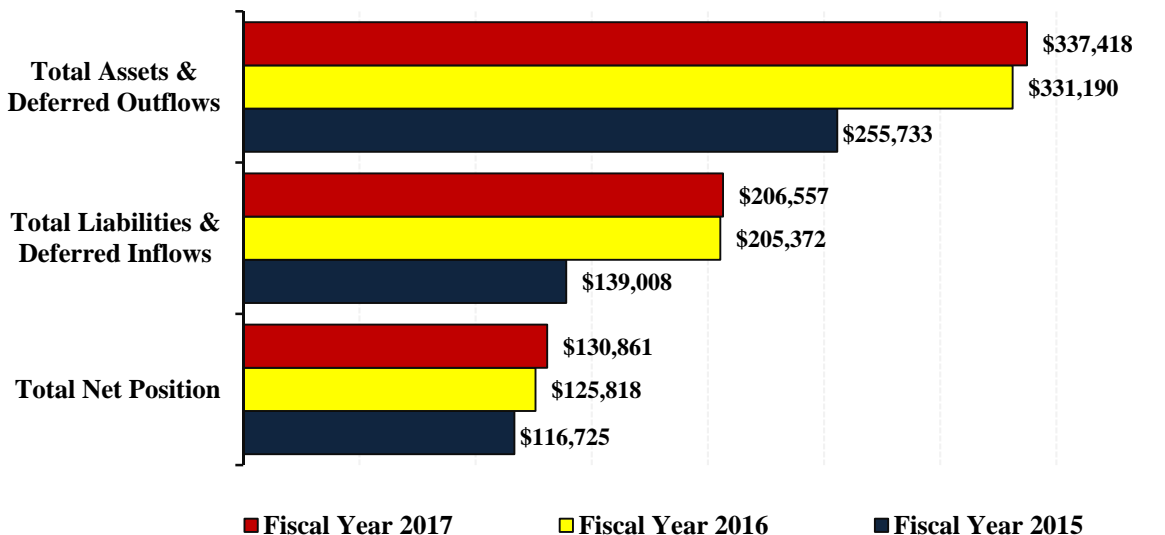
Net Position is divided into three major categories. The first category, the net investment in capital assets, represents the College's equity in property, plant and equipment owned by the college. The next category is the restricted component of net position, which is divided into two categories, non-expendable and expendable. The corpus of non-expendable restricted resources is only available for investment purposes. Expendable restricted resources are available for expenditures by the College, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted. These resources are available to the College for any lawful purpose of the College.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Statement of Net Position (Continued)

Statement of Net Position					
Comparison - Fiscal Year 2017, 2016 and 2015					
(In Thousands)					
	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>	<u>2017-2016 Variance</u>	<u>2016-2015 Variance</u>
Current Assets	\$ 59,227	\$ 58,889	\$ 61,512	\$ 338	\$ (2,623)
Non-Current Assets:					
Capital Assets, Net of Depreciation	185,179	182,071	173,923	3,108	8,148
Other	86,303	83,957	15,962	2,346	67,995
Total Assets	330,709	324,917	251,397	5,792	73,520
Deferred Outflows	6,709	6,273	4,336	436	1,937
Total Assets & Deferred Outflows of Resources	337,418	331,190	255,733	6,228	75,457
Current Liabilities	29,468	29,412	31,968	56	(2,556)
Non-Current Liabilities	176,281	175,044	104,213	1,237	70,831
Total Liabilities	205,749	204,456	136,181	1,293	68,275
Deferred Inflows	808	916	2,827	(108)	(1,911)
Total Liabilities & Deferred Inflows of Resources	206,557	205,372	139,008	1,185	66,364
Net Position:					
Net Investment in Capital Assets	95,287	90,490	79,669	4,797	10,821
Restricted	12,343	12,252	13,546	91	(1,294)
Unrestricted	23,231	23,076	23,510	155	(434)
Total Net Position	\$ 130,861	\$ 125,818	\$ 116,725	\$ 5,043	\$ 9,093

Statement of Net Position
Comparison - Fiscal Year 2017, 2016 and 2015
(in Thousands)



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Statement of Net Position (continued)

2016-2017

- For fiscal year 2017, total assets and deferred outflows of resources increased by approximately \$6.23 million. The combined increase in current and noncurrent cash, cash equivalents, and investments of \$4.4 million contributed to this increase. This increase can be attributed to funds of \$9.1 million received from the issuance of the Limited Tax Bonds, Series 2017. A decrease in accounts receivable of \$1.7 million was largely the result of the collection of \$1.4 million due at the end of the prior fiscal year from FEMA for construction of the Dome Safe Shelter. Capital assets increased by \$9 million. \$7.9 million is the result of ongoing construction projects from the 2014 voter approved bond election. Other capital purchases included \$1 million in equipment purchases for instructional needs and \$500 thousand for completion of the FEMA Dome project. There was also a \$1 million increase in deferred outflows related to pensions.
- Total liabilities and deferred inflows increased by approximately \$1.2 million. Items having the largest impact on this increase included a \$1.7 million increase in the College's proportionate share of the TRS's net pension liability. Another significant factor was a \$712 thousand decrease in unearned revenue resulting from delayed fall 2017 registration caused by effects of hurricane Harvey. Accrued compensable absences increased by \$506 thousand as a result of a 3.85% salary adjustment and increase in the number of employees who met the minimum requirements to be eligible for sick leave.

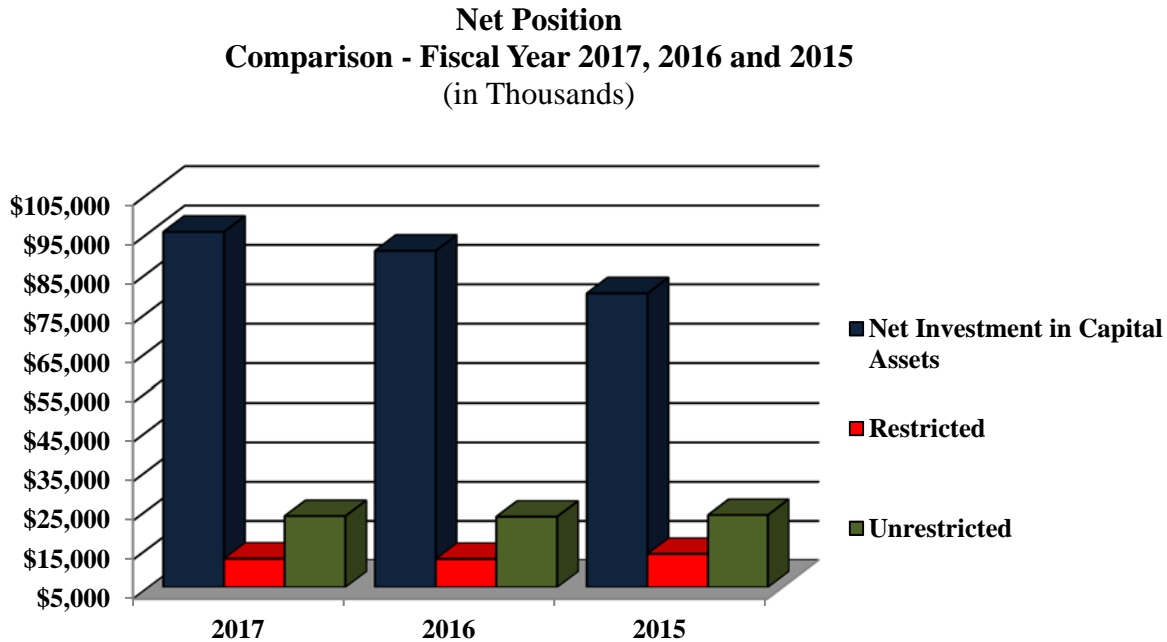
2015-2016

- For fiscal year 2016, total assets and deferred outflows of resources increased by approximately \$75.5 million. Items having the largest impact on this change include an increase in cash and investments of \$65.5 million, resulting largely from the issuance of \$67.6 million in Limited Tax Bonds, Series 2016. Capital assets increased by \$8.1 million attributable to ongoing designated construction projects from the 2014 voter approved bond election. Deferred outflows increased by \$1.9 million which is directly related to the College's proportionate share of the TRS's net pension liability.
- Total liabilities and deferred inflows increased by approximately \$66.4 million. The largest contributing factor to this was the issuance of \$67.6 million in Limited Tax Bonds, Series 2016. Other factors include an increase of \$3.1 million for the College's proportionate share of the TRS's net pension liability and a decrease in accounts payable of \$ 2.6 million relating to large equipment purchases recorded at the end of the prior fiscal year.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Statement of Net Position (continued)

The following is a graphic illustration of net position at August 31, 2017, 2016 and 2015:



Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position, as presented on the Statement of Net Position, are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues earned by the College, both operating and non-operating, and the expenses incurred by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. Non-operating expenses are those expenses incurred as the result of activities other than the primary function of the College.

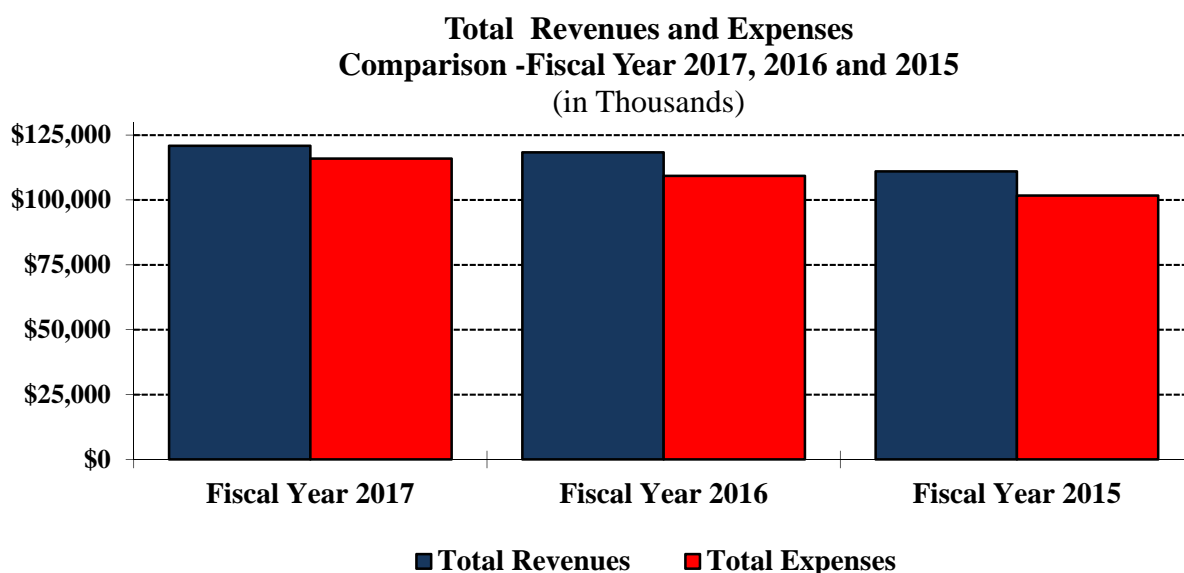
DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Statement of Revenues, Expenses and Changes in Net Position (Continued)

Statement of Revenues, Expenses and Changes in Net Position
Years Ended August 31, 2017 Through 2015
(In Thousands)

	Fiscal Year <u>2017</u>	Fiscal Year <u>2016</u>	Fiscal Year <u>2015</u>	2017-2016 <u>Variance</u>	2016-2015 <u>Variance</u>
Operating Revenues	\$ 23,306	\$ 26,800	\$ 22,872	\$ (3,494)	\$ 3,928
Non-Operating Revenues	97,576	91,524	88,146	6,052	3,378
Total Revenues	\$ 120,882	\$ 118,324	\$ 111,018	\$ 2,558	\$ 7,306
Operating Expenses	110,228	105,113	97,670	5,115	7,443
Non-Operating Expenses	5,677	4,177	4,049	1,500	128
Total Expenses	\$ 115,905	\$ 109,290	\$ 101,719	\$ 6,615	\$ 7,571
Contribution from Other Agencies	66	59	151	7	(92)
Increase in Net Position	5,043	9,093	9,450	(4,050)	(357)
Net Position Beginning of Year	125,818	116,725	117,747	9,093	(1,022)
Cumulative Effect of Change in Accounting Principle	-	-	(10,472)	-	10,472
Net Position Beginning of Year Restated	125,818	116,725	107,275	9,093	9,450
Net Position End of Year	\$ 130,861	\$ 125,818	\$ 116,725	\$ 5,043	\$ 9,093

The following is a graphic illustration of total revenues and expenses at August 31, 2017, 2016 and 2015:



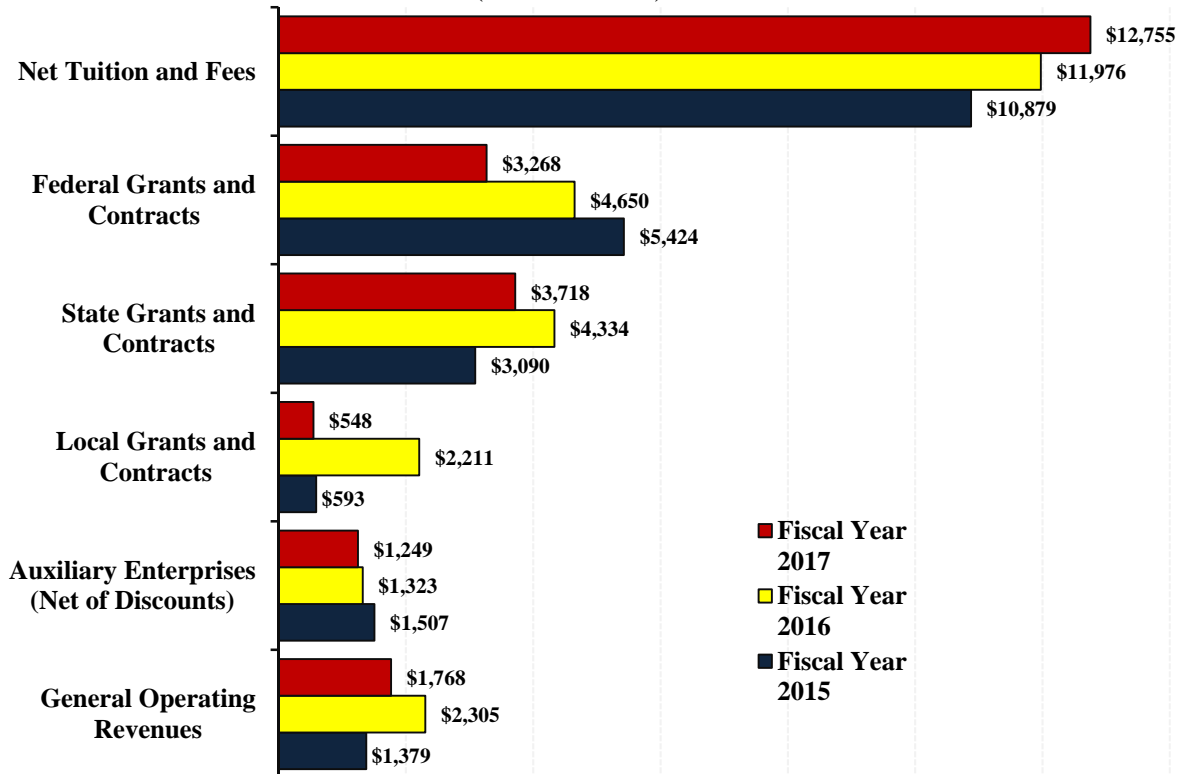
DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Statement of Revenues, Expenses and Changes in Net Position (Continued)

Operating Revenues
Years Ended August 31, 2017 through 2015
(In Thousands)

Operating Revenues	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	2017-2016 Variance	2016-2015 Variance
Tuition and Fees	\$ 28,242	\$ 26,924	\$ 24,876	\$ 1,318	\$ 2,048
Scholarship Allowances and Discounts	(15,487)	(14,948)	(13,997)	(539)	(951)
Federal Grants and Contracts	3,268	4,650	5,424	(1,382)	(774)
State Grants and Contracts	3,718	4,334	3,090	(616)	1,244
Local Grants and Contracts	548	2,212	593	(1,664)	1,619
Auxiliary Enterprises (Net of Discounts)	1,249	1,323	1,507	(74)	(184)
General Operating Revenues	1,768	2,305	1,379	(537)	926
Total	\$ 23,306	\$ 26,800	\$ 22,872	\$ (3,494)	\$ 3,928

Operating Revenues
Comparison - Fiscal Year 2017, 2016 and 2015
(in Thousands)



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Statement of Revenues, Expenses and Changes in Net Position (Continued)

Key factors impacting total operating revenues:

2016-2017

- A reduction in Federal and Local grant funds received during the current fiscal year were the major contributing factor to the \$3.5 million decrease in operating revenues. Federal funds decreased by \$1.4 million largely due to the completion of the FEMA Dome Safe Shelter. Local grant funds decreased by \$1.7 million due to one-time funds received from the City of Corpus Christi in the prior year for construction of the College's Pilot Plant. Tuition and fees, net of discounts increased \$779K resulting from a 6% increase in academic enrollment. General operating revenues decreased by \$537K due to one-time insurance proceeds received in the prior year for fire damages to the Public Safety Complex and flood damages to the Richardson Auditorium.

2015-2016

- Tuition and fees, net of discounts, were up \$1.1 million in 2016. This increase in revenue resulted from a nearly 6% increase in enrollment and from additional revenues generated over the previous year from customized training programs with local industries. Another source contributing to the approximately \$3.9 million increase in operating funds was \$1.3 million in local grant funds from the City of Corpus Christi for construction of the College's Pilot Plant. General operating revenues increased by \$926K. \$500K of this was due to insurance proceeds received for fire damages to the Public Safety Complex and flood damage to the Richardson Auditorium.

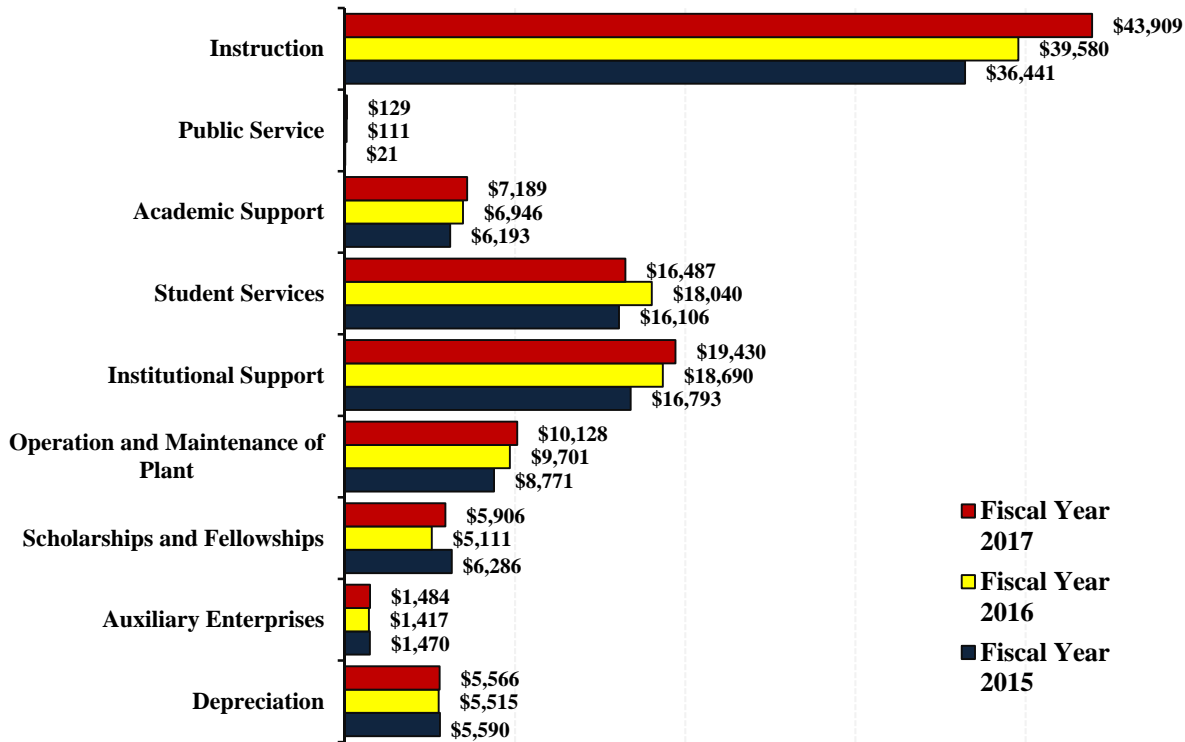
Operating Expenses
Years Ended August 31, 2017 through 2015
(In Thousands)

Operating Expenses	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	2017-2016 Variance	2016-2015 Variance
Instruction	\$ 43,909	\$ 39,580	\$ 36,441	\$ 4,329	\$ 3,139
Public Service	129	111	21	18	90
Academic Support	7,189	6,946	6,193	243	753
Student Services	16,487	18,040	16,106	(1,553)	1,934
Institutional Support	19,430	18,690	16,792	740	1,898
Operation and Maintenance of Plant	10,128	9,702	8,771	426	931
Scholarships and Fellowships	5,906	5,111	6,286	795	(1,175)
Auxiliary Enterprises	1,484	1,417	1,470	67	(53)
Depreciation	5,566	5,516	5,590	50	(74)
Total	\$ 110,228	\$ 105,113	\$ 97,670	\$ 5,115	\$ 7,443

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Statement of Revenues, Expenses and Changes in Net Position (Continued)

Operating Expenses by Function
Comparison - Fiscal Year 2017, 2016 and 2015
(in Thousands)



Key factors impacting total operating expenses:

2016-2017

- For the current fiscal year, operating expenses increased by \$5.1 million. Items having the largest impact on this increase included salary adjustments to exempt and non-exempt employees of 3.85% and average salary adjustments to faculty of 6.25%. Total increase in salaries due to adjustments was approximately \$3.9 million with an additional \$346 thousand increase for new positions and upgrades. Employee benefits increased by \$1.9 million. Major contributors to this was a 7.1% increase in health insurance premiums costing approximately \$807 thousand for both employees and retirees. The College's proportionate share of the TRS' pension expense increased by \$381 thousand over the previous year. The remaining increase in benefits of approximately \$720 thousand were largely the result of additional contribution costs for FICA/Medicare and TRS/ORP retirement contributions for increased salaries over the previous year. In addition, a reduction in other expenditures of \$1.3 million was largely the result of decreased purchases of non-capitalized computers in the student services and academic support areas.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Statement of Revenues, Expenses and Changes in Net Position (Continued)

2015-2016

- For fiscal year 2016, operating expenses increased by \$7.4 million. Salary increases approved by the Board were largely the reason for this increase. Salary for all non-faculty full-time employees was 4% while faculty received a 7% increase to their base salary plus experience pay, educational, and promotion for those eligible. Total cost for full time instructional salaries increases for all components plus benefits was approximately \$3.1 million. In addition to full time salary increases additional adjunct faculty were hired due to an approximate 6% enrollment growth. Total cost to the college was approximately \$954 thousand. Positions which had remained vacant over several years were filled. These positions were primarily in the student service and institutional support areas. Cost to the college was approximately \$1.8 million. Adjustments to non-faculty full time employees for the 4% salary increase was approximately \$713 thousand.

Non-operating revenues and expenses consisted of the following:

Non-Operating Revenues and Expenses
Years Ended August 31, 2017 through 2015
(In Thousands)

Non-Operating Revenues	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	2017-2016 Variance	2016-2015 Variance
State Appropriations	\$ 20,176	\$ 19,800	\$ 19,918	\$ 376	\$ (118)
Maintenance Ad Valorem Taxes	47,179	46,704	43,342	475	3,362
Debt Service Ad Valorem Taxes	12,387	8,338	8,385	4,049	(47)
Federal Revenue, Non Operating	16,715	16,323	16,265	392	58
Investment Income	1,108	337	206	771	131
Other Non-Operating Revenues	11	22	30	(11)	(8)
Total Non-Operating Revenues	\$ 97,576	\$ 91,524	\$ 88,146	\$ 6,052	\$ 3,378
Non-Operating Expenses					
Interest on Capital Related Debt	5,075	4,091	3,961	984	130
Other Non-Operating Expenses	300	6	3	294	3
Loss on Disposal of Capital Assets	302	80	85	222	(5)
Total Non-Operating Expenses	\$ 5,677	\$ 4,177	\$ 4,049	\$ 1,500	\$ 128
Net Non-Operating Revenues	\$ 91,899	\$ 87,347	\$ 84,097	\$ 4,552	\$ 3,250

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Statement of Revenues, Expenses and Changes in Net Position (Continued)

Key factors impacting non-operating revenues and expenses:

2016-2017

- Debt service ad valorem taxes collected during the year increased by \$4 million due to a new debt requirement for the newly issued Limited Tax Bond, Series 2016. The College was able to slightly reduce the overall tax rate from .248073 to .246159 per hundred dollar valuation while covering the increased debt requirement due to an 8.33% increase in property values. Investment income increased by \$771 thousand due largely to the \$67 million received just prior to the end of the prior fiscal year for the 2014 tax bond issue.
- An increase of \$984 thousand in capital related debt is the direct result of the Limited Tax Bond, Series 2016 which were issued just prior to the end of the prior fiscal year. In addition, portable buildings were disposed of during the year at a loss of approximately \$302 thousand. Other non-operating expenses increased by \$294 thousand primarily due to the refunding of grant funds received for expenditures which were subsequently disallowed.

2015-2016

- Property values within the taxing district increased by 7.35%. This increase allowed the College to raise an additional \$3.4 million in ad valorem taxes while maintaining the same overall tax rate. Investment income increased slightly due to funds of \$67 million received for 2014 tax bond issue. Other revenue items remained virtually unchanged.
- There were no significant changes in non-operating expenses when compared to the previous year.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Statement of Cash Flows

The final statement presented by Del Mar College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the College during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fourth section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital assets and related items. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Condensed financial information from the Statement of Cash Flows is as follows:

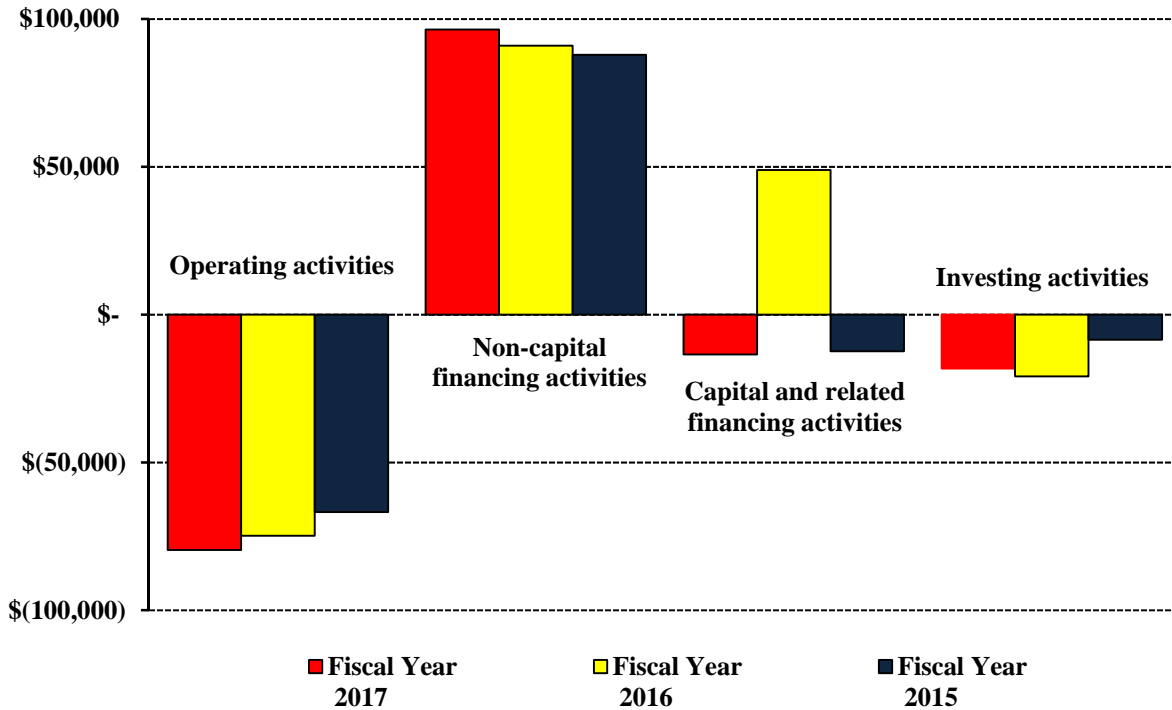
Statement of Cash Flows
Years Ended August 31, 2017 through 2015
(In Thousands)

Cash provided (used) by:	2017	2016	2015
Operating activities	\$ (79,635)	\$ (74,785)	\$ (66,805)
Non-capital financing activities	96,462	90,957	87,883
Capital and related financing activities	(13,480)	48,937	(12,408)
Investing activities	(18,266)	(20,872)	(8,529)
Net change in cash and cash equivalents	(14,919)	44,237	141
Cash and cash equivalents - September 1	98,717	54,480	54,339
Cash and cash equivalents - August 31	\$ 83,798	\$ 98,717	\$ 54,480

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Statement of Cash Flows (continued)

Statement of Cash Flows
Comparison - Fiscal Year 2017, 2016 and 2015
(in Thousands)



Capital Asset and Debt Administration

The College had \$185 million invested in capital assets at August 31, 2017 and \$182 million at August 31, 2016. Additions of \$7.8 million were added to construction work in progress for costs of \$3 million associated with the new Music facility on the East Campus, \$1.3 million for the Workforce Development Center, \$1.7 million for central plant upgrades, \$466 thousand for completion of the FEMA Dome and \$798 thousand for the new Emerging Technology Expansion. Additional costs incurred during the current fiscal year related to the 2014 Bond include \$522 thousand toward the South Campus Master plan, and other cost incurred for re-roofing projects and project development costs. The \$7.3 million which was previously included in construction work in progress was moved to buildings with the completion of the FEMA Dome on the West Campus at \$6.3 million and Pilot Plant at \$411 thousand. In addition, the Staples/Kortoryz land improvement project was completed at a cost of \$650 thousand. New equipment purchases of \$1 million were made during the year while \$910 thousand were disposed. In the prior year, new equipment purchases were made totaling \$2.8 million. During the same period \$2.3 million in equipment was disposed.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Capital Asset and Debt Administration (Continued)

Capital assets are net of accumulated depreciation of \$95 million and \$92 million for fiscal years 2017 and 2016, respectively. Depreciation charges totaled \$5.6 million and \$5.5 million for fiscal years 2017 and 2016 respectively.

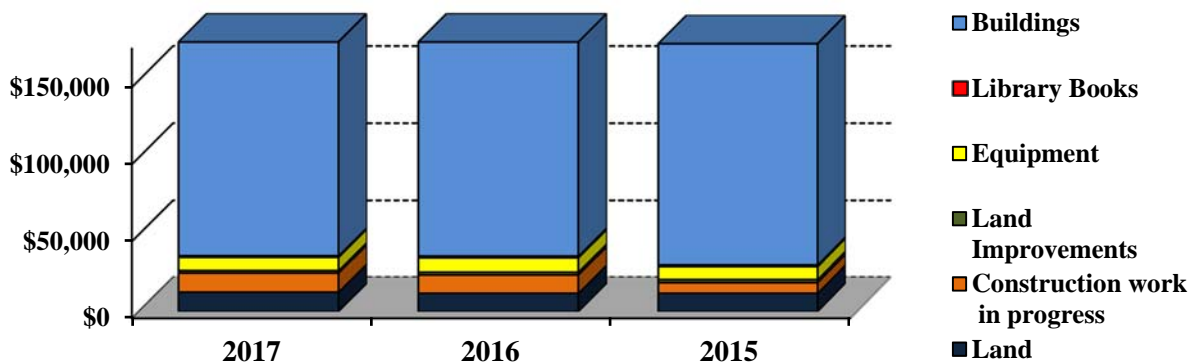
The College had \$280.3 million in capital assets, and \$95.2 million in accumulated depreciation at August 31, 2017.

Capital Assets (Net of Depreciation)
Years Ended August 31, 2017 through 2015

(In Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Land	\$ 12,649	\$ 12,000	\$ 12,000
Construction in Progress	12,427	11,890	6,874
Buildings and Improvements	148,855	145,952	143,537
Land Improvements	1,641	1,827	2,013
Library Books	942	1,035	1,109
Furniture, machinery, vehicles, and other equipment	8,665	9,367	8,389
Net capital assets	<u>\$ 185,179</u>	<u>\$ 182,071</u>	<u>\$ 173,922</u>

Capital Assets
Comparison - Fiscal Year 2017, 2016 and 2015
(in Thousands)



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Capital Asset and Debt Administration (Continued)

Total bond payable liability balances at August 31, 2017, 2016, and 2015 are as follows:

Outstanding Debt - Bonds	(In Thousands)		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Del Mar College District Combined Fee Revenue Bonds, Series 2005	-	-	1,955
Del Mar College District Combined Fee Revenue Bonds, Series 2008	1,235	2,420	19,430
Del Mar College District Limited Tax Refunding Bonds, Series 2011	23,305	26,655	29,880
Del Mar College District Limited Tax Refunding Bonds, Series 2013	8,620	8,700	8,780
Del Mar College District Limited Tax Refunding Bonds, Series 2014	8,930	8,930	8,930
Del Mar College District Limited Tax Refunding and Improvement Bonds, Series 2015	18,240	20,930	23,580
Del Mar College District Limited Tax Bonds, Series 2016	66,530	67,645	-
Del Mar College District Combined Fee Revenue Refunding Bonds, Series 2016	15,110	15,110	-
Del Mar College District Limited Tax Bonds, Series 2017	9,070	-	-
	<u>\$ 151,040</u>	<u>\$ 150,390</u>	<u>\$ 92,555</u>

The College's bond ratings, on the outstanding bonds, are Aa2 by Moody's Investor Service, AA by Standard and Poor's Global, and AA+ by Fitch Ratings.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Capital Asset and Debt Administration (Continued)

On April 08, 2008, the College issued, "Del Mar College District Combined Fee Revenue Bonds, Series 2008", amounting to \$25,490,000, to purchase, construct, improve, enlarge, and equip various buildings and facilities of the District. In 2016, \$15,870,000 of the bonds were refunded as part of the issuance of the "Del Mar College District Combined Fee Revenue Bonds, Series 2016.

On November 1, 2011 the College issued, "Del Mar College District Limited Tax Refunding Bonds, Series 2011", amounting to \$36,330,000 to refund \$37,045,000 of the District's outstanding Limited Tax Bond, Series 2003. The advanced refunding reduced the College's debt service payments over the next twelve years by \$3,175,073.

On October 1, 2013, the College issued, "Del Mar College District Limited Tax Refunding Bonds, Series 2013", amounting to \$9,010,000 to refund \$9,010,000 of the District's outstanding Limited Tax Bond, Series 2006. The advance refunding reduced the College's debt service payments over the next twelve years by \$1,260,129.

On January 15, 2014, the College issued, "Del Mar College District Limited Tax Refunding Bonds, Series 2014", amounting to \$8,995,000 to refund \$9,165,000 of the District's outstanding Limited Tax Bond, Series 2006. The advance refunding reduced the College's debt service payments over the next twelve years by \$1,153,237.

On February 3, 2015, the College issued, "Del Mar College District Limited Tax Refunding and Improvement Bonds, Series, 2015" amount to \$23,580,000 to refund \$16,605,000 of the District's outstanding Limited Tax Bond, Series 2006 and provide funds for facility upgrades to both the East and West Campus and Central Plant Renovation. The advance refunding reduced the College's debt service payments over the next twelve years by \$1,842,364.

On February 8, 2016, the College issued, "Del Mar College District Combined Fee Revenue Bonds, Series 2016", amounting to \$15,110,000 to refund \$1,955,000 of the District's outstanding Combined Fee Revenue Bonds, Series 2005 and \$15,870,000 of the Combined Fee Revenue Bonds, Series 2008. The advance refunding reduced the College's debt service payments over the next twelve years by \$1,843,819.

On July 13, 2016, the College issued, "Del Mar College District Limited Tax Bonds, Series 2016", amounting to \$67,645,000. Proceeds from the sale of the Bonds will be used to provide funds for facility upgrades to both the East and West Campus and Central Plant Renovation. The Bonds represent the second installment of a total of \$157,000,000 approved at an election held in the District on November 4, 2014.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Capital Asset and Debt Administration (Continued)

On June 1, 2017 the College issued, "Del Mar College District Limited Tax Bonds, Series 2017", amounting to \$9,070,000. Proceeds from the sale of the Bonds will be used to provide construct and equip classrooms, laboratories, infrastructure for an undeveloped site, and other facilities relating to Phase 1 of the District's new South Campus located near the intersection of Rodd Field Road and Yorktown Boulevard. The Bonds represent the first installment of a total \$139,000,000 approved at an election held in the District on December 8, 2016.

See Notes 6, 7, and 8 for additional information.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Economic Outlook

The economic outlook for the College District continues to remain stable and positive in the long run. Demand for an educated workforce is growing within the service area and fueled by a dynamic increase in petro-chemical industrial presence. The region benefited from the low domestic price of natural gas compared to world-wide prices and instability of foreign markets. Expansion and development of the Port of Corpus Christi proves to be an attraction to industrial development and will provide opportunities for new industries to locate in the region.

Tuition and fee revenue for 2018 is projected to be approximately \$25.8 million which is an increase of about 7% compared to the prior year. This projected increase included a \$5 per credit hour increase and enrollment growth of 5%. However, due to the natural disaster of hurricane Harvey that struck the outlying service area, Fall academic enrollment for the 2017/2018 fiscal year was approximately 4% lower when compared to same term during the previous year. The Administration is continually addressing the lower enrollment by adding multiple semester length options and opportunities for students who were displaced by the storm to enroll.

Enrollment for Spring and Summer semesters are expected to increase due to students returning to their homes and availability of funding through Pell grants. Growth in continuing education courses and contract instruction with industry partners has seen a significant increase over the past three years and expectations are for this to continue. New legislation at the state level has also created an additional source of state reimbursement for continuing education courses for this academic year.

The certified tax assessed value increased for fiscal year 2018 by 3.42%. Preliminary projections appear to show that assessed valuations will grow by at least 3 to 4% during each of the next two years. The overall tax rate was increased by \$0.013004 per \$100 value generating an additional \$4.3M in total revenue. The debt service tax rate was increased for the new debt service obligation requirement for the 2016 Tax Bond issuance.

The State Legislature finalized the budget process for the 2018-2019 biennium. The increase in enrollment from the previous academic year generated an additional \$1.2M annually in state appropriations. The Legislative Budget Board and the Texas Higher Education Coordinating Board increased funding to Community Colleges and the College's increase in contact hours resulted in additional funds.

Projected increases in annual tuition, property tax revenue and State funding will be necessary to fund new or increased expenses in instructional and support functions to achieve the College's student success goals. The 2018 budget is balanced and structurally sound; however the College will continue to face challenges in the future to fund anticipated increases in demands for services provided by community colleges.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017

Request for Information

This financial report is intended to provide a general overview of Del Mar College's finances. Requests for additional financial information may be addressed to Del Mar College Comptroller's Office, 101 Baldwin Blvd., Corpus Christi, Texas 78404.

A handwritten signature in black ink, appearing to read "John Johnson", written in a cursive style.

John Johnson
Comptroller
Del Mar College

Del Mar College Statements of Net Position

	August 31,	
	2017	2016
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 4)	\$ 42,014,849	\$ 38,751,046
Short Term Investments (Note 4)	6,784,574	8,002,426
Accounts Receivable, Net (Note 15)	8,768,965	10,505,892
Taxes Receivable (Note 15)	1,658,091	1,625,270
Prepaid Expenses	686	5,327
Total Current Assets	59,227,165	58,889,961
Noncurrent Assets:		
Restricted Cash and Cash Equivalents (Note 4)	41,783,063	59,966,426
Restricted Investments (Note 4)	44,518,907	23,990,668
Capital Assets, Net (Note 6):	185,179,162	182,070,583
Total Noncurrent Assets	271,481,132	266,027,677
Total Assets	330,708,297	324,917,638
Deferred Outflows of Resources		
Deferred Loss on Refunding Bonds	2,919,949	3,522,149
Deferred Outflow Related to Pensions (Note 10)	3,789,396	2,750,433
Total Deferred Outflows of Resources	6,709,345	6,272,582
Total Assets and Deferred Outflows of Resources	337,417,642	331,190,220
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 15)	5,944,605	6,334,224
Accrued Compensable Absences - Current Portion (Note 7)	632,490	587,362
Funds Held for Others	1,499,102	1,280,880
Unearned Revenues (Note 15)	12,076,727	12,789,000
Bonds Payable - Current Portion (Note 7)	9,315,000	8,420,000
Total Current Liabilities	29,467,924	29,411,466
Noncurrent Liabilities:		
Accrued Compensable Absences (Note 7)	5,635,544	5,129,103
Net Pension Liability (Note 10)	14,012,665	12,296,529
Bonds Payable (Note 7)	156,632,045	157,618,644
Total Noncurrent Liabilities	176,280,254	175,044,276
Total Liabilities	205,748,178	204,455,742
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions (Note 10)	808,429	916,036
Total Liabilities and Deferred Inflows of Resources	206,556,607	205,371,778
NET POSITION		
Net Investment in Capital Assets	95,286,936	90,490,480
Restricted for:		
Expendable		
Debt Service	12,020,993	11,930,451
Loan Funds	322,235	321,017
Unrestricted	23,230,871	23,076,494
Total Net Position (Schedule D)	\$ 130,861,035	\$ 125,818,442

See Notes to Financial Statements.

(Continued)

**Del Mar College
Component Unit
Statements of Financial Position**

ASSETS	Del Mar College Foundation, Inc. June 30,	
	2017	2016
Cash and Cash Equivalents (Note 4)	\$ 1,414,128	\$ 1,342,641
Short-Term Loans to Students	51,415	-
Investments (Note 4)	6,296,924	4,717,283
Unconditional Promises to Give (Note 15)	4,991	40,137
Total Current Assets	7,767,458	6,100,061
Endowment Investments (Note 4)	12,390,749	11,973,814
Long-Term Unconditional Promises to Give (Note 15)	76,768	49,648
Beneficial Interest in Irrevocable Charitable Trust	604,936	582,827
Total Assets	20,839,911	18,706,350
LIABILITIES		
Accounts Payable	24,940	4,154
Due to Del Mar College	131,290	90,768
Total Liabilities	156,230	94,922
NET ASSETS		
Unrestricted	218,318	217,825
Temporarily Restricted	8,074,614	6,419,789
Permanently Restricted	12,390,749	11,973,814
Total Net Assets	\$ 20,683,681	\$ 18,611,428

See Notes to Financial Statements.

Del Mar College
Statements of Revenues, Expenses and Changes in Net Position

	Year Ended August 31,	
	2017	2016
Operating Revenues		
Tuition and Fees (net of discounts of \$15,486,839 and \$14,947,650, respectively)	\$ 12,755,431	\$ 11,975,986
Federal Grants and Contracts	3,268,403	4,650,416
State Grants and Contracts	3,717,804	4,334,183
Local Grants and Contracts	547,774	2,211,054
Auxiliary Enterprises	1,248,486	1,323,238
General Operating Revenues	1,767,755	2,304,931
Total Operating Revenues (Schedule A)	23,305,653	26,799,808
Operating Expenses		
Instruction	43,908,899	39,580,321
Public Service	129,056	110,626
Academic Support	7,189,179	6,946,425
Student Services	16,486,986	18,039,997
Institutional Support	19,429,845	18,690,329
Operation and Maintenance of Plant	10,128,134	9,701,525
Scholarships and Fellowships	5,905,955	5,111,125
Auxiliary Enterprises	1,483,984	1,417,025
Depreciation	5,565,557	5,515,438
Total Operating Expenses (Schedule B)	110,227,595	105,112,811
Operating Loss	(86,921,942)	(78,313,003)
Non-Operating Revenues (Expenses)		
State Appropriations	20,175,851	19,800,318
Maintenance Ad Valorem Taxes	47,179,178	46,704,072
Debt Service Ad Valorem Taxes	12,386,836	8,338,292
Federal Revenue, Non Operating	16,714,930	16,322,598
Loss on Disposal of Capital Assets	(302,112)	(80,308)
Investment Income	1,107,980	337,362
Interest on Capital Related Debt	(5,075,351)	(4,090,597)
Other Non-Operating Revenues	11,704	21,428
Other Non-Operating Expenses	(299,981)	(6,000)
Net Non-Operating Revenues (Schedule C)	91,899,035	87,347,165
Capital Contributions		
Contributions from Other Agencies	65,500	59,513
Increase in Net Position	5,042,593	9,093,675
Net Position		
Net Position - Beginning of Year	125,818,442	116,724,767
Net Position - End of Year	\$ 130,861,035	\$ 125,818,442

See Notes to Financial Statements

(Continued)

**Del Mar College
Component Unit
Statements of Activities and Changes in Net Assets**

Del Mar College Foundation, Inc.				
For the Year Ended June 30, 2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, Revenue and Gains:				
Scholarship Contributions	\$ -	\$ 424,221	\$ 452,033	\$ 876,254
Designated Scholarship Contributions	-	334,900	-	334,900
Contributed Services and Expenses	659,066	-	-	659,066
Grants, Managed Funds, & Other Contributions	493	767,122	-	767,615
Net Investment Income	-	2,106,643	-	2,106,643
Net Assets Released from Restrictions	2,013,159	(2,013,159)	-	-
Total Support, Revenue and Gains	2,672,718	1,619,727	452,033	4,744,478
Program and Support Expenses:				
Scholarships	864,677	-	-	864,677
Designated Scholarships	329,724	-	-	329,724
Grants, Managed Funds, & Other Awards	672,750	-	-	672,750
Administrative Non Program Awards	103,091	-	-	103,091
Fundraising Expenses	42,917	-	-	42,917
Administrative Expenses	659,066	-	-	659,066
Total Program and Support Expenses	2,672,225	-	-	2,672,225
Increase in Net Assets	493	1,619,727	452,033	2,072,253
Transfers and Reclassifications	-	35,098	(35,098)	-
Net Assets, Beginning of Year	217,825	6,419,789	11,973,814	18,611,428
Net Assets - End of Year	\$ 218,318	\$ 8,074,614	\$ 12,390,749	\$ 20,683,681
For the Year Ended June 30, 2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, Revenue and Gains:				
Scholarship Contributions	\$ -	\$ 632,201	\$ 359,471	\$ 991,672
Contributed Services and Expenses	514,552	-	-	514,552
Grants, Managed Funds, & Other Contributions	255	1,716,710	-	1,716,965
Net Investment Income	2,928	353,288	-	356,216
Net Assets Released from Restrictions	2,924,064	(2,924,064)	-	-
Total Support, Revenue and Gains	3,441,799	(221,865)	359,471	3,579,405
Scholarships	1,480,723	-	-	1,480,723
Grants, Managed Funds, & Other Awards	1,314,481	-	-	1,314,481
Administrative Non Program Awards	78,972	-	-	78,972
Fundraising Expenses	49,888	-	-	49,888
Administrative Expenses	514,552	-	-	514,552
Total Program and Support Expenses	3,438,616	-	-	3,438,616
Increase in Net Assets	3,183	(221,865)	359,471	140,789
Transfers and Reclassifications	(52,357)	(297,643)	350,000	-
Net Assets, Beginning of Year	266,999	6,939,297	11,264,343	18,470,639
Net Assets - End of Year	\$ 217,825	\$ 6,419,789	\$ 11,973,814	\$ 18,611,428

See Notes to Financial Statements.

**Del Mar College
Statements of Cash Flows**

	Year Ended August 31,	
	2017	2016
Cash Flows from Operating Activities:		
Receipts from Students and Other Customers	\$ 14,232,566	\$ 12,890,063
Receipts from Grants and Contracts	8,144,004	11,378,089
Payments to Suppliers for Goods and Services	(25,192,572)	(28,829,107)
Payments to or on Behalf of Employees	(72,652,537)	(67,433,693)
Payments for Scholarships and Fellowships	(5,890,487)	(5,095,510)
Other General Operating Receipts	1,724,005	2,304,932
Net Cash Used by Operating Activities	(79,635,021)	(74,785,226)
Cash Flows from Non-Capital Financing Activities:		
Receipts from State Appropriations	20,175,851	19,800,318
Receipts from Ad Valorem Taxes	59,533,193	55,006,126
Receipts from Non Operating Federal Revenue	16,817,579	16,339,114
Receipts from Student Organizations and Other Agency Transactions	1,798,034	1,763,977
Payments to Student Organizations and Other Agency Transactions	(1,579,812)	(1,952,690)
Other Payments	(283,090)	-
Net Cash Provided by Non-Capital Financing Activities	96,461,755	90,956,845
Cash Flows from Capital and Related Financing Activities:		
Proceeds on Issuance of Capital Debt	9,996,475	75,376,873
Purchases of Capital Assets	(8,899,044)	(13,662,888)
Payments on Capital Debt - Principal	(8,420,000)	(8,361,340)
Payments on Capital Debt - Interest	(6,158,116)	(4,415,485)
Net Cash Provided (Used) by Capital and Related Financing Activities	(13,480,685)	48,937,160
Cash Flows from Investing Activities:		
Proceeds from Sales and Maturities of Investments	59,028,849	13,760,918
Interest on Investments	1,044,778	361,372
Purchase of Investments	(78,339,236)	(34,993,754)
Net Cash Used by Investing Activities	(18,265,609)	(20,871,464)
Increase in Cash and Cash Equivalents	(14,919,560)	44,237,315
Cash and Cash Equivalents—September 1	98,717,472	54,480,157
Cash and Cash Equivalents—August 31	\$ 83,797,912	\$ 98,717,472

See Notes to Financial Statements

(Continued)

Del Mar College
Statements of Cash Flows

	Year Ended August 31,	
	2017	2016
Reconciliation of Net Operating Loss to Net Cash		
Used by Operating Activities:		
Operating Loss	(86,921,942)	(78,313,003)
Adjustments to Reconcile Net Loss to Net Cash		
Used by Operating Activities:		
Depreciation Expense	5,565,557	5,515,438
Bad Debt Expense	190,285	187,350
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Receivables, Net	1,507,195	(605,650)
Prepaid Expenses	4,641	510,726
Notes Receivable	-	931
Accounts Payable and Accrued Liabilities	(389,619)	(2,616,333)
Retirement Incentive Payable	-	(533,839)
Compensated Absences	551,569	524,903
Unearned Revenues	(712,273)	377,994
Net Pension Liability	1,716,136	3,054,177
Deferred Outflows of Resources	(1,038,963)	(976,693)
Deferred Inflows of Resources	(107,607)	(1,911,227)
Net Cash Used by Operating Activities	(79,635,021)	(74,785,226)
Noncash Investing, Capital and Financing Activities:		
Contribution of Capital Assets	\$ 65,500	\$ 59,513
Bond Refunding	\$ -	\$ 18,398,115

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 1 - Reporting Entity

Del Mar College District, the College, was established in 1935, in accordance with the laws of the state of Texas, to serve the educational needs of Corpus Christi and the surrounding communities. The College is considered to be a special purpose, primary government engaged in business type activities. 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.

Discrete Component Unit

Using the criteria established by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*, the College's management has determined the Del Mar College Foundation ("the Foundation") should be reported as a discrete component unit of the College because of the nature and significance of its relationship with the College. GASB Statement No. 61 requires reporting the Foundation as a component unit if the Foundation raises and holds economic resources for the direct benefit of the College and the Foundation is significant compared to the College.

Del Mar College Foundation ("the Foundation") is a Texas nonprofit corporation, chartered in 1983, to provide supplemental financial resources to advance the institutional goals and expand the educational services of the College. It is the intention of the Foundation to support educational initiatives which will enhance the quality of facilities and instruction, increase and diversify educational services, and improve accessibility to educational opportunities for students, faculty, staff, and residents of the geographic areas served by the College. The Foundation is accounted for separately in the Basic Financial Statements of the College and has a June 30 fiscal year end. The Foundation's Notes to Financial Statements are disclosed in Note 20. Complete financial statements of Del Mar College Foundation can be obtained from the administrative offices of the Foundation.

Note 2 - Summary of Significant Accounting Policies

A. Reporting Guidelines

The significant accounting policies followed by the College in preparing these financial statements, are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The College applies all applicable GASB pronouncements. The College is reported as a special-purpose government engaged in business-type activities.

B. Nature of Operations

Del Mar College is a political subdivision of the State of Texas located in Nueces County. The College offers academic, general occupational, developmental, and continuing adult education

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

programs. The College is governed by a nine member Board of Regents who serve staggered six-year terms. Five Regents are elected to represent single-member districts and four members are elected at large. Three positions are filled every two years. Vacancies on the Board are filled for an unexpired term according to Board bylaws.

C. Tuition Discounting

Texas Public Education Grants

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

Title IV, Higher Education Agency Program Funds

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

Other Tuition Discounts

The College awards tuition and fees scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

D. Basis of Accounting

The financial statements of the College have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay. The College's financial statements are prepared using the economic resources measurement focus. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

E. 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 District's Board of Regents 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 the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

F. 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.

G. Investments

Investments consist of balances in privately managed public funds investment pools and investments in United States (U.S.) securities, U.S. Agency securities, municipal notes and commercial paper. The College reports all investments at fair value, except for investment pools. The College's investment pools are valued and reported at amortized cost, which approximates fair value. The College's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. Fair values are based on published market rates. Short-term investments 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.

H. Inventories

Inventories consist of consumable office supplies, physical plant supplies, and food service supplies. Inventories are valued using the weighted average method and are charged to expense as consumed.

I. Capital Assets

Capital assets are stated at cost. Donated capital assets are valued at their estimated acquisition value on the date received. Purchases of items with a life expectancy of greater than one year and with a cost in excess of \$5,000 are considered capital assets. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following lives are used:

Buildings	50 years
Facilities and Other Improvements	20 years
Library Books	15 years
Furniture, Machinery, Vehicles and Other Equipment	10 years
Telecommunications and Peripheral Equipment	5 years
Works of Art	Not depreciated

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

J. Deferred Outflows

In addition to assets, the College is aware that the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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 circumstances specifically authorized by the GASB.

K. Unearned Revenues

Unearned revenues include the (1) amounts received for tuition and fees for the fall term of the next fiscal year and are not revenue in the current year and (2) amounts received from grants and contract sponsors that also have not been earned.

L. Estimates

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

M. Operating and Non-Operating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. As business-type activities, the College's 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 related fees, net of discounts. The College also recognizes as operating revenue Federal/State/Local Grants, Non-Governmental Grants and Contracts, Auxiliary Enterprises, and Other Operating Revenues. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. The operation of the bookstore is not performed by the College.

N. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources as they are needed.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

O. Net Position

The College's net position is classified as follows:

Net investment in capital assets: This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

Restricted net position: Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, sales and services of educational departments and auxiliary enterprises which are substantially self-supporting activities that provide services for students, faculty and staff. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources.

P. Funds Held in Trust for Others

At August 31, 2017 and 2016, the College held, in trust funds, amounts of \$1,499,102 and \$1,280,880 respectively, that pertain primarily to student organizations. These funds are not available to support the College's programs.

Q. Bond Discounts/Premiums

Bond discounts/premiums are deferred and amortized over the term of the bond. Bond discounts/premiums are presented as a reduction/addition of the face amount of bonds payable.

R. Gain or Loss on Retirement of Debt

The gain or loss on the early retirement of debt is deferred and amortized over the shorter of (1) the remaining amortization period that was used in the original refunding or (2) the life of the newly issued debt. The College has classified losses on bond refundings as a deferred outflow of resources.

S. Characterization of Title IV Grant Revenues

The Texas Higher Education Coordinating Board requires colleges to classify the revenue received for federal Title IV grant programs (i.e. Pell grants) as operating revenue rather than non-operating revenue.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

T. Deferred Inflows

In addition to liabilities, the College is aware that the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so 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 the GASB.

U. Pensions

The College participates in the Teacher Retirement System of Texas (TRS) pension plan, a multiple-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, and liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

V. Recent Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The College is evaluating the impact upon its financial position, results of operations or cash flows upon adoption during fiscal year ended August, 31, 2018.

Note 3 - Authorized Investments

Del Mar College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) constant-dollar, Texas Local Government Investment Pools, (3) money market mutual funds, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 4 - Deposits and Investments

Cash and cash equivalents included on Exhibit 1, Statement of Net Position, consist of the items reported below:

Reconciliation of Cash and Cash Equivalents to Exhibit 1, Statement of Net Assets

	<u>2017</u>		<u>2016</u>	
	<u>College</u>	<u>Foundation</u>	<u>College</u>	<u>Foundation</u>
Demand Deposits	\$ 3,956,818	\$ 419,954	\$ 3,847,235	\$ 355,771
Savings Account	9,254,391	-	78,775,415	-
Money Market	504,224	761,077	504,511	757,007
Choice 4 Mutual Fund	10,809,224	-	2,710,641	-
Tex Pool	305,428	-	303,479	-
Logic Pool	52,065,522	-	1,315,331	-
Tex Star	8,124	-	8,071	-
Certificate of Deposit	6,875,001	231,497	11,232,109	228,513
Petty Cash on Hand	19,180	1,600	20,680	1,350
Total Cash and Deposits	<u>\$ 83,797,912</u>	<u>\$ 1,414,128</u>	<u>\$ 98,717,472</u>	<u>\$ 1,342,641</u>
Exhibit 1				
Current Assets (Unrestricted)	\$ 42,014,849	\$ 1,414,128	\$ 38,751,046	\$ 1,342,641
Noncurrent Assets (Restricted)	41,783,063	-	59,966,426	-
	<u>\$ 83,797,912</u>	<u>\$ 1,414,128</u>	<u>\$ 98,717,472</u>	<u>\$ 1,342,641</u>

Investments included on Exhibit 1, Statement of Net Assets, consist of the items reported below:

Reconciliation of Investments to Exhibit 1, Statement of Net Assets

<u>Type of Security</u>	<u>2017</u>		<u>2016</u>	
	<u>College</u>	<u>Foundation</u>	<u>College</u>	<u>Foundation</u>
U.S. Treasury Obligations	-	-	\$ 3,002,426	-
Municipal Notes	3,854,506	-	-	-
Mutual Funds	-	18,103,013	-	16,517,719
Commercial Paper	14,950,125	-	5,991,818	-
Alternative Investments	-	584,660	-	100,280
Donated Land	-	-	-	73,098
U.S. Government Agencies	32,498,850	-	22,998,850	-
Total Investments	<u>\$ 51,303,481</u>	<u>\$ 18,687,673</u>	<u>\$ 31,993,094</u>	<u>\$ 16,691,097</u>
Exhibit 1				
Current Assets (Unrestricted)	\$ 6,784,574	\$ 6,296,924	\$ 8,002,426	\$ 4,717,283
Noncurrent Assets (Restricted)	44,518,907	12,390,749	23,990,668	11,973,814
	<u>\$ 51,303,481</u>	<u>\$ 18,687,673</u>	<u>\$ 31,993,094</u>	<u>\$ 16,691,097</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 4 - Deposits and Investments (Continued)

Interest Rate Risk

College

In order to limit interest and market rate risk from changes in interest rates, the College's adopted Investment Policy sets a maximum stated maturity limit of two years for operating funds and five years for reserve funds. The maximum weighted average maturity (WAM) of the operating funds portfolio is restricted to six months and compared quarterly to the six-month Treasury Bill. As of August 31, 2017, the College's portfolio had no holdings with stated maturities beyond 545 days. Holdings maturing beyond one year represented 1.474% of the total portfolio.

Foundation

In order to limit interest and market rate risk from changes in interest rates, the Foundation's Investment Policy sets a maximum stated maturity limit of one year for capital campaigns, special projects and short-term funds. Short-term funds will be held in limited-risk investment vehicles.

The Foundation's endowment assets will have a long-time life span which parallels the life of the institution. As such, assets are invested in funds with maturities that extend well beyond a normal market cycle. However, by careful management and sufficient portfolio diversification, there will be lessened volatility in the investments, which will help to assure a reasonable consistency of return.

Credit Risk

College

In accordance with state law and the College's investment policy, investments in U.S. government agencies, mutual funds, and local governmental investment pools must be rated at least AAA; commercial paper must be rated at least A-1 or P-1; investments in municipal notes must be rated at least A.

As of August 31, 2017, the College's investments in money market mutual funds, and local governmental investment pools were all rated AAA by Standard and Poor's. The College's municipal bond investments were rated by Moody's between ratings of Aa3 and AAA.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 4 - Deposits and Investments (Continued)

Foundation

It is the Foundation's investment policy to invest in equity securities, fixed income investment bonds and various other investment alternatives as deemed appropriate. The principal category of equity investments are common stocks, with emphasis on high quality, investment grade, dividend-paying stocks in companies that are financially sound and that have favorable prospects for earnings growth. In recognition of the increasing opportunities available in today's dynamic investment universe to seek returns that may be less correlated to the traditional broad equity and fixed income markets, the Trustees may allocate up to 30% of the Fund Assets to alternative investments. Fixed Income bonds are invested in domestic, high quality corporate bonds with a minimum of an AA rating.

Concentration of Credit Risk

College

The College recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The Investment Policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on at least a quarterly basis.

Diversification limits are set as follows:

<u>Investment Type</u>	<u>Percentage of Portfolio</u>	
	<u>Allowable</u>	<u>Actual</u>
U.S. Obligations	80%	0%
U.S. Agencies/Instrumentalities	75%	24%
Certificates of Deposit	75%	5%
Repurchase Agreements	100%	0%
Local Governmental Investment Pools	100%	39%
Money Market Mutual Funds	50%	18%
Commercial Paper	25%	11%
Bankers Acceptances	20%	0%
Mutual Funds	10%	0%
State & Municipal Obligations	20%	3%
Corporate Obligations	25%	0%
Negotiable Certificates of Deposit	25%	0%

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 4 - Deposits and Investments (Continued)

Foundation

The Foundation recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The Investment Policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on at least a quarterly basis. The general policy is to diversify investments of long-term funds among both equity and fixed-income securities so as to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category. As a long-term guideline, the investment categories should be equities 0%-66%, alternatives 0%-30%, and fixed income 0%-50% and cash 0% to 20%.

Custodial Credit Risk

College

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College's Investment Policy and state law require that a third party hold collateral for all time and demand deposits and repurchase agreements in the College's name. At August 31, 2017, the College's portfolio contained 7 fully collateralized certificates of deposit. All demand deposits balances were secured by the depository institution pledging collateral to the College. The collateral was held by an independent institution and maintained at 102%.

Foundation

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Foundation maintains its cash and cash equivalents with financial institutions and a money market account with an investment company. The Foundation's deposits at financial institutions were entirely insured by federal depository insurance or were collateralized with securities held by the Foundation's agent in the Foundation's name. Investments, including cash and cash equivalents at the investment company, are insured by Security Investor Protection Corporation against loss due to theft or misappropriation.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 5 – Fair Value of Financial Instruments

GASB 72, *Fair Value Measurement and Application*, for financial reporting purposes categorizes financial instruments within three different levels of risk dependent upon the measure of their fair value and pricing as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the government 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 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 these fair market 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.

As of August 31, 2017 and 2016 the College's securities to be priced in the portfolio were as follows:

	Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)	
	August 31,	
	2017	2016
US Treasury Obligations	\$ -	\$ 3,002,426
US Gov't Agencies	32,498,850	22,998,850
Municipal Notes	3,854,506	-
Commercial Paper	14,950,125	5,991,818
Total	\$ 51,303,481	\$ 31,993,094

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 6 - Capital Assets

Capital assets activity for the year ended August 31, 2017 was as follows:

	<u>Balance</u> <u>Sept 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Aug 31, 2017</u>
<u>Not Depreciated:</u>				
Land	\$ 11,999,609	\$ 649,914	\$ -	\$ 12,649,523
Construction in Progress	11,890,079	7,869,051	7,332,423	12,426,707
Subtotal	23,889,688	8,518,965	7,332,423	25,076,230
<u>Building and Other Capital Assets:</u>				
Buildings and Improvements	198,889,375	6,682,509	1,791,276	203,780,608
Land Improvements	11,869,319	-	-	11,869,319
Library Books	6,547,915	82,522	-	6,630,437
Furniture, Machinery, Vehicles, and Other Equipment	32,863,395	1,024,675	910,663	32,977,407
Telecommunications and Peripheral Equipment	459,498	-	459,498	-
Subtotal	250,629,502	7,789,706	3,161,437	255,257,771
<u>Accumulated Depreciation:</u>				
Buildings and Improvements	52,937,294	3,519,441	1,530,968	54,925,767
Land Improvements	10,042,484	185,819	-	10,228,303
Library Books	5,513,128	175,126	-	5,688,254
Furniture, Machinery, Vehicles and Other Equipment	23,496,203	1,685,171	868,859	24,312,515
Telecommunications and Peripheral Equipment	459,498	-	459,498	-
Subtotal	92,448,607	5,565,557	2,859,325	95,154,839
Net Other Capital Assets	158,180,895	2,224,149	302,112	160,102,932
Net Capital Assets	\$ 182,070,583	\$ 10,743,114	\$ 7,634,535	\$ 185,179,162

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 6 - Capital Assets (Continued)

Capital assets activity for the year ended August 31, 2016 was as follows:

	<u>Balance</u> <u>Sept 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Aug 31, 2016</u>
<u>Not Depreciated:</u>				
Land	\$ 11,999,609	\$ -	\$ -	\$ 11,999,609
Construction in Progress	6,874,245	10,844,180	5,828,346	11,890,079
Subtotal	18,873,854	10,844,180	5,828,346	23,889,688
<u>Building and Other Capital Assets:</u>				
Buildings and Improvements	193,061,029	5,828,346	-	198,889,375
Land Improvements	11,869,319	-	-	11,869,319
Library Books	6,445,065	102,850	-	6,547,915
Furniture, Machinery, Vehicles and Other Equipment	32,321,578	2,796,799	2,254,982	32,863,395
Telecommunications and Peripheral Equipment	459,498	-	-	459,498
Subtotal	244,156,489	8,727,995	2,254,982	250,629,502
<u>Accumulated Depreciation:</u>				
Buildings and Improvements	49,523,487	3,413,807	-	52,937,294
Land Improvements	9,856,665	185,819	-	10,042,484
Library Books	5,336,154	176,974	-	5,513,128
Furniture, Machinery, Vehicles, and Other Equipment	23,932,039	1,738,838	2,174,674	23,496,203
Telecommunications and Peripheral Equipment	459,498	-	-	459,498
Subtotal	89,107,843	5,515,438	2,174,674	92,448,607
Net Other Capital Assets	155,048,646	3,212,557	80,308	158,180,895
Net Capital Assets	\$ 173,922,500	\$ 14,056,737	\$ 5,908,654	\$ 182,070,583

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 7 - Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2017 was as follows:

	<u>Balance Sept. 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Aug. 31, 2017</u>	<u>Current Portion</u>
<u>Bonds</u>					
General obligation bonds and notes	\$ 132,860,000	\$ 9,070,000	\$ 7,235,000	\$ 134,695,000	\$ 8,080,000
Bond premium	15,648,644	926,475	1,668,074	14,907,045	-
Revenue bonds	17,530,000	-	1,185,000	16,345,000	1,235,000
Subtotal	<u>166,038,644</u>	<u>9,996,475</u>	<u>10,088,074</u>	<u>165,947,045</u>	<u>9,315,000</u>
Accrued Compensable Absences	<u>5,716,465</u>	<u>755,512</u>	<u>203,943</u>	<u>6,268,034</u>	<u>632,490</u>
Net Pension Liability	<u>12,296,529</u>	<u>1,716,136</u>	<u>-</u>	<u>14,012,665</u>	<u>-</u>
Total long-term liabilities	<u>\$ 184,051,638</u>	<u>\$ 12,468,123</u>	<u>\$ 10,292,017</u>	<u>\$ 186,227,744</u>	<u>\$ 9,947,490</u>

Long-term liability activity for the year ended August 31, 2016 was as follows:

	<u>Balance Sept. 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Aug. 31, 2016</u>	<u>Current Portion</u>
<u>Bonds</u>					
General obligation bonds and notes	\$ 71,170,000	\$ 67,645,000	\$ 5,955,000	\$ 132,860,000	\$ 7,235,000
Bond premium	5,826,822	11,001,505	1,179,683	15,648,644	-
Revenue bonds	21,385,000	15,110,000	18,965,000	17,530,000	1,185,000
Subtotal	<u>98,381,822</u>	<u>93,756,505</u>	<u>26,099,683</u>	<u>166,038,644</u>	<u>8,420,000</u>
Accrued Compensable Absences	<u>5,191,562</u>	<u>740,699</u>	<u>215,796</u>	<u>5,716,465</u>	<u>587,362</u>
Retirement Incentive	<u>533,839</u>	<u>-</u>	<u>533,839</u>	<u>-</u>	<u>-</u>
Net Pension Liability	<u>9,242,352</u>	<u>3,054,177</u>	<u>-</u>	<u>12,296,529</u>	<u>-</u>
Total long-term liabilities	<u>\$ 113,349,575</u>	<u>\$ 97,551,381</u>	<u>\$ 26,849,318</u>	<u>\$ 184,051,638</u>	<u>\$ 9,007,362</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 8 - Bonds

- Combined Fee Revenue Bonds, Series 2008
 - To purchase, construct, improve, enlarge, maintain and equip various buildings and facilities of the District
 - Issued April 8, 2008
 - Total authorized and issued \$25,490,000
 - Source of revenue for debt service includes pledged building use fees, matriculation fees, tuition fees and interest earnings on certain funds, including the Unrestricted Local Maintenance Fund
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$1,235,000 and \$2,420,000
 - Bond payable installments vary from \$1,281,800 to \$1,284,000, with the interest rate at 4%, and with the final installment due in 2018
- Limited Tax Refunding Bonds, Series 2011
 - To refund Limited Tax Bonds, Series 2003
 - Issued November 1, 2011
 - Total authorized and issued \$36,330,000
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$23,305,000 and \$26,655,000
 - Bond payable installments vary from \$4,534,100 to \$4,540,150, with interest rates at 3% to 5%, and with the final installment due in 2023
- Limited Tax Refunding Bonds, Series 2013
 - To refund a portion of Limited Tax Bonds, Series 2006
 - Issued October 1, 2013
 - Total authorized and issued \$9,010,000
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$8,620,000 and \$8,700,000
 - Bond payable installments vary from \$251,250 to \$3,840,350, with interest rates at 2% to 3%, and with the final installment due in 2025
- Limited Tax Refunding Bonds, Series 2014
 - To refund a portion of Limited Tax Bonds, Series 2006
 - Issued January 15, 2014
 - Total authorized and issued \$8,995,000
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$8,930,000 and \$8,930,000
 - Bond payable installments vary from \$311,750 to \$3,370,375, with interest rates at 3.25% to 4%, and with the final installment due in 2023

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 8 – Bonds (Continued)

- Limited Tax Refunding and Improvement Bonds, Series 2015
 - To refund a portion of Limited Tax Bonds, Series 2006 and provide funds to construct and equip school facilities within the district
 - Issued February 3, 2015
 - Total authorized \$157,000,000; \$23,580,000 issued
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$18,240,000 and \$20,930,000
 - Bond payable installments vary from \$495,938 to \$4,345,687, with interest rates at 2% to 5%, and with the final installment due in 2040
- Combined Fee Revenue Refunding Bonds, Series 2016
 - To refund Combined Fee Revenue Bonds, Series 2005
 - Issued February 8, 2016
 - Total authorized and issued \$15,110,000
 - Advance refunding of the 2005 Series Bonds reduced the College's debt service payments over the next twelve years by \$1,843,819
 - Economic Gain – (\$1,481,048) difference between the net present value of the old and new debt service payments
 - Source of revenue for debt service includes pledged building use fees, matriculation fees, tuition fees and interest earnings on certain funds, including the Unrestricted Local Maintenance Fund
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$15,110,000 and \$15,110,000
 - Bond payable installments vary from \$730,600 to \$1,955,000, with interest rates at 4% to 5%, and with the final installment due in 2028
- Limited Tax Bonds, Series 2016
 - To construct and equip school buildings in the District and to pay the cost of issuing bonds
 - Issued July 13, 2016
 - Total authorized \$157,000,000; \$67,645,000 issued
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2017 and 2016 is \$66,530,000 and \$67,645,000
 - Bond payable installments vary from \$3,792,150 to \$3,797,400, with interest rates at 2% to 5%, and with the final installment due in 2046

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 8 – Bonds (Continued)

- Limited Tax Bonds, Series 2017
 - To construct and equip classrooms, laboratories, and infrastructure for an undeveloped site, and other facilities related to Phase 1 of the District’s new South Campus
 - Issued June 01, 2017
 - Total authorized \$139,000,000; \$9,070,000 issued
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2017 is \$9,070,000
 - Bond payable installments vary from \$639,650 to \$898,539, with interest rates at 2% to 4%, and with the final installment due in 2037

The principal and interest requirements for all general obligation and revenue bonds for the next five years and beyond are summarized below:

<u>Year Ending</u> <u>August 31</u>	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 8,080,000	\$ 5,248,801	\$ 1,235,000	\$ 780,000
2019	8,110,000	4,957,713	1,220,000	730,600
2020	8,680,000	4,655,587	1,270,000	681,800
2021	8,245,000	5,089,537	1,320,000	631,000
2022	9,335,000	3,991,712	1,390,000	565,000
2023-2027	29,820,000	14,887,238	8,050,000	1,711,250
2028-2032	14,310,000	10,345,987	1,860,000	93,000
2033-2037	17,705,000	6,957,565	-	-
2038-2042	16,540,000	3,923,275	-	-
2043-2046	13,870,000	1,308,650	-	-
Total 08/31/2017	<u>\$ 134,695,000</u>	<u>\$ 61,366,065</u>	<u>\$ 16,345,000</u>	<u>\$ 5,192,650</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 9 – Operating Leases

Operating Lease Obligation – Bay Area Healthcare Group, LTD

In February 2010, the College entered into an “Expiring Term Lease with Bay Area Healthcare Group, LTD” for a building located at 13725 Northwest Boulevard, Corpus Christi, Texas. The commencement date of the lease is February 15, 2010 and the expiration date is February 20, 2020. Under the terms of the lease, the College is required to pay \$1 per year which is defined as the “Annual Base Rent”. The College is responsible for general upkeep of the property during the term of the lease along with all normally incurred general expenses associated with the property.

Operating Lease Obligation – City of Corpus Christi

In May 2011, the College entered into an “Expiring Term Lease with the City of Corpus Christi” for land, existing hanger, parking lot, and office area located at the Corpus Christi International Airport. Under the terms of the lease the College is required to make improvements to the facility in order to provide an Aviation Maintenance Technical Education Program to its’ students. The lease is for a base term of fifteen years and may be extended for an additional ten year term, upon agreement of the City Manager and College President. So long as the College uses the entire premises solely for the program stated above the annual rent shall be \$1 per year, the payment of which is due on January 1st of each year. The College is responsible for all upkeep of the property during the term of the lease along with all normally incurred general expenses associated with the property.

Operating Lease Rental – South Texas Public Broadcasting System, Inc.

In February 2013, the College entered into an “Expiring Term Lease” with South Texas Public Broadcasting System, Inc. (STPBS) to build a facility adjacent to and adjoining the existing Del Mar College Center for Economic Development bounded between South Staples Street, Kostoryz Road and Orlando Drive. Under a joint-use agreement, STPBS will occupy the facility and provide equipment and training opportunities for Del Mar College students. The term of this lease shall be for 20 years, unless sooner terminated or extended, and may be extended up to four times for an additional term of 10 years each, with each renewal being upon written notice given by STPBS to the College either before or after the expiration of the existing Term of this lease. Upon execution of the agreement, STPBS contributed \$1.5M toward the cost of construction. The funds contributed were recorded as deferred lease revenue and are being amortized over the term of the lease. Total construction costs attributable to the facilities being leased by STPBS was \$5,232,265 and this is recorded as a capital asset by the College. The unpaid balance of construction costs are due in

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 9 – Operating Leases (Continued)

monthly installments of \$15,551 by STPBS commencing on February of 2017 for a period of 240 months. In addition, a quarterly rent payment in an amount equal to the average yield per quarter on the unpaid balance of the lease shall be paid to the College. The rate shall be the same as the College’s cost of funds for the “Interest Accrual Period”. Accumulated Depreciation on the leased premises as of August 31, 2017 is \$157,000.

The minimum lease payments for the STPBS operating lease for the next five years and beyond are summarized below:

Year Ending August 31	Minimum Lease Payments
2018	\$ 186,613
2019	186,613
2020	186,613
2021	186,613
2022	186,613
2023-2027	933,065
2028-2032	933,065
2033-2037	824,208
Total 08/31/2017	\$ 3,623,403

Note 10 – Defined Benefit Pension Plan

Plan Description

The College participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan 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 contributions 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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 10 – Defined Benefit Pension Plan (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System’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 <http://www.trs.texas.gov/TRS%20Documents/cafr 2016.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 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, the three highest annual salaries are used. 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 under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description above.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017.

The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 10 – Defined Benefit Pension Plan (Continued)

	<u>Contribution Rates</u>	
	<u>2017</u>	<u>2016</u>
Member	7.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
College Contributions	\$ 1,249,598	\$ 1,178,183
Member Contributions	2,533,835	2,168,915
State of Texas On-behalf Contributions	997,568	886,778

Contribution to the plan include member, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with the state statutes and the General Appropriations Act (GAA).

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 of 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.
- When any part of 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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 10 – Defined Benefit Pension Plan (Continued)

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System 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 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Charges during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015, by the TRS Board of Trustees, who have sole authority to determine the actuarial assumptions used for the plan. The most significant changes were related to the update of the post-retirement mortality rates based on the most recent TRS member experience and the decrease in the assumption for general wage inflation from 3.0% to 2.5%. Other changes to overall assumptions and methods had a minor impact on the results of the actuarial valuation and the related pension liability.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. 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. The long-term expected rate of return on pension

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 10 – Defined Benefit Pension Plan (Continued)

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 8%. 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, 2016 and 2015 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
Global Equity			
U. S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U. S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100%		8.7%

** The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.*

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 10 – Defined Benefit Pension Plan (Continued)

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2016 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Del Mar proportionate share of net pension liability:	\$ 21,686,885	\$ 14,012,665	\$ 7,503,375

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2017 and 2016, the College reported a liability of \$14,012,665 and \$12,296,529, respectively, 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:

Fiscal Year Ended August 31, 2016:

College's Proportionate share of collective net pension liability	\$ 14,012,665
State's Proportionate share associated with College	10,697,440
Total	\$ 24,710,105

Fiscal Year Ended August 31, 2015:

College's Proportionate share of collective net pension liability	\$ 12,296,529
State's Proportionate share associated with College	9,047,629
Total	\$ 21,344,158

The net pension liability was measured as of August 31, 2016 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, 2015 thru August 31, 2016.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 10 – Defined Benefit Pension Plan (Continued)

At August 31, 2016, the employer’s proportion of the collective net pension liability was .0371% which was an increase of .0024 from its proportion measured as of August 31, 2015.

Changes Since the Prior Actuarial Valuation – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2017, the College recognized pension expense of \$901,228 and revenue of \$758,115 for support provided by the State.

At August 31, 2017 and 2016, the College reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Fiscal Year Ended August 31, 2016:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 219,716	\$ 418,410
Changes in actuarial assumptions	427,081	388,412
Differences between projected and actual investment earnings	1,186,564	-
Changes in proportion and difference between employer's contributions and the proportionate share of contributions	706,437	1,607
Contributions paid to TRS subsequent to measurement date	1,249,598	-
Total	<u>\$ 3,789,396</u>	<u>\$ 808,429</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 10 – Defined Benefit Pension Plan (Continued)

Fiscal Year Ended August 31, 2015:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 118,875	\$ 472,567
Changes in actuarial assumptions	499,626	438,952
Differences between projected and actual investment earnings	909,731	-
Changes in proportion and difference between employer's contributions and the proportionate share of contributions	44,018	4,517
Contributions paid to TRS subsequent to measurement date	1,178,183	-
Total	\$ 2,750,433	\$ 916,036

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,178,183 will be recognized as a reduction of the net pension liability for the measurement year ending August 31, 2017 (i.e. recognized in the College’s financial statements August 31, 2018). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense Amount
Year ended August 31:	
2017	\$ 233,078
2018	233,078
2019	989,926
2020	174,934
2021	(5,364)
Thereafter	105,717
	\$ 1,731,369

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 11 – Optional and Alternate Retirement Plans

Optional Retirement Plan

Plan Description. The state has also established an optional retirement program for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas Legislature. The percentages of participant salaries currently contributed by the college, state, and each participant are 3.465%, 3.135% and 6.65%, respectively. The College contributes an additional 1.92% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the state for the College was \$1,564,933 and \$1,437,517 for the fiscal years Ended August 31, 2017 and 2016, respectively. This amount represents the portion of expended appropriations made by the Legislature on behalf of the College.

The total payroll of employees covered by the Teacher Retirement System was \$32,929,363 and \$30,129,463, and the total payroll of employees covered by the Optional Retirement Program was \$14,707,950 and \$13,428,183 for fiscal years 2017 and 2016, respectively.

Note 12 - Deferred Compensation Program

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. The plan is essentially an unfunded promise to pay by the employer to each of the plan participants.

As of August 31, 2017, the College had 113 employees vested and participating in the program. A total of \$651,820 in contributions was invested in the plan during the fiscal year.

As of August 31, 2016, the College had 103 employees vested and participating in the program. A total of \$519,735 in contributions was invested in the plan during the fiscal year.

Note 13 - Compensable Absences

Twelve-month employees and personnel, whose duties are not primarily teaching, earn annual vacation leave from 80 to 120 hours per year, depending on the number of years employed by the College. The College's policy is that an employee may carry his/her accrued leave forward from

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 13 - Compensable Absences (Continued)

one fiscal year to another fiscal year up to a maximum of 120 hours. Persons terminating employment will receive, in lieu of the vacation itself, cash payment for unused vacation not to exceed 120 hours of vacation.

The College grants sick leave to regular full-time employees and to regular part-time employees who work twenty or more hours per week, and full-time term employees whose term is for one semester or longer. Sick leave, which can be accumulated, is earned at the rate of up to 10 hours per month for a maximum of 960 hours. It is paid to an employee who misses work because of illness or to the estate of an employee in the event of his/her death. Up to 640 hours of unused sick leave may be paid to an employee, upon his/her retirement from the College, with at least ten (10) years of service at Del Mar College and with eligibility for normal age retirement or early age service retirement under the definitions as set forth by the regulations of the Teacher Retirement System (TRS). The College's policy is to accrue the cost of the sick leave when earned. At August 31, 2017 and 2016, the College had an accrued liability for the unpaid vacation and sick leave as follows:

	<u>2017</u>	<u>2016</u>
Vacation	\$ 943,136	\$ 842,847
Sick Leave	<u>5,324,898</u>	<u>4,873,618</u>
Total Liability for Compensable Absences	<u>\$ 6,268,034</u>	<u>\$ 5,716,465</u>

The College recognized \$632,490 and \$587,362 of the liability above as a current liability for fiscal years August 31, 2017 and 2016 respectively.

Note 14 - Pending Lawsuits and Claims

The College has an on-going lawsuit filed by a former employee related to a settlement agreement reached in January 2012. This matter went to trial on October 30, 2017. On November 2, 2017, the jury returned a verdict that stated that both the College and the Plaintiff had breached the settlement agreement, but that the College breached first. The jury also found that the Plaintiff had sustained damages in the amount of \$544,000 and attorney's fees in the amount of \$120,000. These amounts would be offset by an \$180,000 payment paid under the original settlement agreement. The judge in the case has not entered a judgement against the College. Management contends that the Plaintiff's claims in this case are without legal or factual merit and that the College will be able to defend this action on appeal.

At August 31, 2017, various lawsuits and claims involving Del Mar College were pending. While the ultimate liability, with respect to litigation asserted against the College, cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 15 - Disaggregation of Receivables, Payables, and Unearned Revenues

Receivables

Receivables at August 31, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Student Receivables	\$ 7,513,366	\$ 8,235,390
Federal Receivables	1,955,864	3,012,715
Interest Receivables	143,072	79,870
Total Receivables	9,612,302	11,327,975
Less: Allowance for Doubtful Accounts	843,337	822,083
Net Receivables	\$ 8,768,965	\$ 10,505,892

Taxes receivable of \$1,658,091 and \$1,625,270 are net of the allowance for doubtful accounts of \$1,105,394 and \$954,524 at August 31, 2017 and 2016, respectively.

The Foundation has received promises and been awarded grants. Unconditional promises to give at June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Student Scholarships	\$ 84,157	\$ 89,798
Staff and Faculty Enrichment	-	340
Total Unconditional Promises to Give	84,157	90,138
Less: Unamortized Discount	2,398	353
Net Unconditional Promises to Give	81,759	89,785
Less Amount Due in One Year or Less	4,991	40,137
Net Long-Term Unconditional Promises to Give	\$ 76,768	\$ 49,648

Long-term promises to give are expected to be collected during the year ended June 30, 2018.

The discount rate of 1.55 and .71 was used on long-term promises to give as of June 30, 2017 and 2016, respectively. The Foundation considers promises to give fully collectible; accordingly, no allowance for uncollectible promises has been provided.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 15 - Disaggregation of Receivables, Payables, and Unearned Revenues (Continued)

Payables

Payables at August 31, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Vendors Payable	\$ 3,360,796	\$ 4,344,306
Salaries & Benefits Payable	1,971,983	1,503,338
Accrued Interest	611,826	486,580
Total Payables	<u><u>\$ 5,944,605</u></u>	<u><u>\$ 6,334,224</u></u>

Unearned revenues at August 31, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Tuition and Fees	\$ 10,194,384	\$ 10,815,559
Advance Building Contributions	1,456,250	1,500,000
Federal, State and Local Grants	426,093	473,441
	<u><u>\$ 12,076,727</u></u>	<u><u>\$ 12,789,000</u></u>

Note 16 - Contract and Grant Awards

For federal contract and grant awards, funds expended but not collected, are reported as Federal Receivables in Note 15. Non-federal contract and grant awards, for which funds are expended but not collected, are reported in Accounts Receivable on Exhibit 1. Revenues are recognized on Exhibit 2 and Schedule A. Contract and grant awards that are not yet funded and for which the institution has not performed services are not included in the financial statements. Contract and grant award funds already committed, e.g. multi-year awards, or funds awarded during fiscal year 2017 and 2016 for which monies have not been received nor funds expended totaled \$7,285,949 and \$10,606,932 respectively. Of these amounts, \$6,301,171 and \$7,831,207 were from Federal Contract and Grant Awards; \$600,584 and \$2,462,637 were from State Contract and Grant awards; \$384,194 and \$313,088 were from Private Contract and Grant Awards, for the fiscal years ended 2017 and 2016, respectively.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 17 - Post Retirement Health Care and Life Insurance Benefits

Plan Description

Del Mar College contributes to the State Retiree Health Plan (SRHP), a cost sharing, multiple-employer, defined benefit postemployment healthcare plan administered by the Employee Retirement System of Texas (ERS). SRHP provides medical benefits to retired employees of participating universities, community colleges and state agencies, in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by State Law and may be amended by the Texas Legislature. ERS issues a publicly available financial report that includes financial statements and required supplementary information for SRHP. That report may be obtained from ERS via their website at <http://www.ers.state.tx.us/>.

Funding Policy

Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution.

The employer's share of the cost of retiree healthcare coverage, for the current year, is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy which is actuarially determined in accordance with the parameters of GASB statement 45.

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

The state's contribution per full-time employee ranged from \$617 to \$1,208 per month for the year ended August 31, 2017, \$577 to \$1,128 for the year ended 2016, and \$538 to \$1,052 for the year ended August 31, 2015. Total contributions from the state for the years ended 2017, 2016, and 2015 were \$3,863,047, \$3,604,876, and \$3,468,803, respectively. The cost of providing those benefits for 475 retirees was \$3,590,043 for the year ended 2017, \$3,415,326 for 464 retirees in 2016, and \$3,206,846 for 486 retirees in 2015. The cost of providing benefits for 664 active employees was \$5,903,356 in 2017, \$5,307,135 for 663 employees in 2016, and \$4,625,056 for 631 employees in 2015.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 18 – On-behalf Payments

For the fiscal years ended August 31, 2017 and 2016, the College recorded State on-behalf contributions for the Teacher Retirement System of \$997,568 and \$886,778, respectively, contributions for the Optional Retirement Programs of \$454,823 and \$416,945, respectively, and contributions for health insurance of \$3,863,047 and \$3,604,876 respectively. The State’s total on-behalf contributions for the fiscal years ended August 31, 2017 and 2016 of \$5,315,438 and \$4,908,599, respectively, were recorded as revenues and expenses in the accompanying basic financial statements.

Note 19 - Ad Valorem Tax

The College's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1, for all real and business personal property located in the College District.

	2017	2016
Assessed Valuation of the College District	\$29,841,475,552	\$27,500,611,805
Less: Exemptions	4,975,595,119	4,683,362,887
Net Assessed Valuation of the College District	\$24,865,880,433	\$22,817,248,918

	2017			2016		
	Operations	Debt Service	Total	Operations	Debt Service	Total
Tax Rate per \$100 valuation						
for authorized	\$0.5000	\$0.5000	\$1.0000	\$0.5000	\$0.5000	\$1.0000
for assessed	\$0.1947	\$0.0514	\$0.2461	\$0.2105	\$0.0375	\$0.2481

Taxes levied, for the year ended August 31, 2017 and 2016, amounted to \$60,292,475 and \$54,862,650 respectively, including any penalty and interest assessed. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 19 - Ad Valorem Tax (Continued)

Fiscal Year Ended August 31, 2017:

Taxes Collected	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 45,703,385	\$ 12,074,157	\$ 57,777,542
Delinquent Taxes Collected	977,554	205,207	1,182,761
Penalties and Interest Collected	465,418	107,472	572,890
Total Collections	\$ 47,146,357	\$ 12,386,836	\$ 59,533,193

Fiscal Year Ended August 31, 2016:

Taxes Collected	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 45,268,975	\$ 8,067,774	\$ 53,336,749
Delinquent Taxes Collected	950,247	191,354	1,141,601
Penalties and Interest Collected	441,511	86,266	527,777
Total Collections	\$ 46,660,733	\$ 8,345,394	\$ 55,006,127

Tax collections for the years ended August 31, 2017 and 2016 were respectively 96.8% and 95.3% of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

Note 20 – Tax Abatements

The College enters into property tax abatement agreements with local businesses. These agreements are authorized by the Texas Property Redevelopment and Tax Abatement Act, Texas Tax Code, Chapter 312, as amended (the “Act”), and is subject to the laws of the State of Texas and the charter, ordinances, and orders of the Governmental Unit.

Tax abatements are a reduction in tax revenue that result from an agreement between the College and an entity in which (a) the College promises to forgo tax revenues to which it would be otherwise entitled and (b) the entity promises to take a specific action after the agreement has been entered into that contributes to the economic development to the local community and its citizens.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 20 – Tax Abatements (Continued)

For the fiscal year ended August 31, 2017, the college had property tax abatement agreement with the following entities:

M&G Resins USA, LLC – The abatement is based upon the added value of eligible property as a result of construction of the Facility. The effective date of the abatement was January 1, 2014 and shall continue for a period of up to 10 years. During the construction period (not to exceed 3 years) the percentage abated is 100%. For years 4 through 10 the amount abated shall be 70%. These abatement percentages shall be used with the condition the facility provided at least \$750M in new capital investment and at least 200 net new full-time jobs. In the event that the facility provides less than the required new capital investment and at least 20 net new full-time jobs, the percentage of tax abatements shall be 100% during the construction period (not to exceed 5 years) and 70% for years 6 through 10.

Voestalpine Texas, LLC – The abatement covers as eligible property any supplemental improvements to the property that are added or constructed during period of abatement. The abatement period commenced January 1, 2015 and continues for up to 8 years. In no event shall the abatement period extend beyond the 8th year. The facility is identified as a basic manufacturing facility and the percentage of tax abatement shall be in accordance with the following schedule conditioned upon the facility providing at least 10 net new full-time jobs. There is no new capital investment minimum amount in connection with the abatement. During the construction phase (not to exceed 3 years) the percentage of abatement is 100%. For years 4 through 8 the amount abated shall be 50%. At the time of the execution of the agreement the added value comprising permanent improvements upon completion of the construction phase is estimated to be \$56.7M. In the event that upon completion of the construction phase the added value of permanent improvements, as determined by the Appraisal District, shall at any time thereafter during the period of abatement be less than eight-five percent (85%) of the estimated value, not due to circumstances beyond the control of owner, the owner agrees to pay, as additional taxes, hereunder, an amount equal to the then current tax rate of the District applied to the difference between the added value from eighty-five percent (85%) of the estimated added value, multiplied by 100% minus the net percentage of abatement provided under the agreement.

Note 21 - Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business 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 unrelated business income tax liability for the years ended August 31, 2017 and 2016.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 22 - Component Unit

Del Mar College Foundation (the Foundation) was established as a separate nonprofit organization in 1983 to raise funds to provide student scholarships and assistance in the development and growth of the College. Accordingly, the Foundation financial statements are included in the College's annual report as a discrete component unit (see table of contents).

Significant Accounting Policies

The Foundation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the foundation to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.

Unrestricted Undesignated Net Assets - Net assets not subject to donor-imposed restrictions.

Unrestricted Designated Net Assets - Net assets not subject to donor-imposed restrictions but subject to Foundation Board imposed stipulations.

Revenues are reported as increases in unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in kind gifts from outside sources are not recorded in the Foundation's financial records, but are accounted for and acknowledged separately.

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

Fair Value Measurement

The Foundation's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 22 – Component Unit (Continued)

believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair values of assets measured on a recurring basis at June 30, 2017 and 2016 are as follows:

	Fair Value	Quoted Prices in Active Market for Identical Assets: (Level 1)	Significant Unobservable Inputs (Level 3)
June 30, 2017			
Investments:			
Money Market	\$ 23,113	\$ 23,113	\$ -
Mutual Funds	18,079,900	18,079,900	-
Alternative Investments	584,660	-	584,660
Total Investments	<u>18,687,673</u>	<u>18,103,013</u>	<u>584,660</u>
Beneficial Interest in Irrevocable Charitable Trust	604,936	-	604,936
Total	<u>\$ 19,292,609</u>	<u>\$ 18,103,013</u>	<u>\$ 1,189,596</u>
June 30, 2016			
Investments:			
Money Market	\$ 155,548	\$ 155,548	-
Mutual Funds	16,362,171	16,362,171	-
Alternative Investments	100,280	-	100,280
Land and Improvements	73,098	-	73,098
Total Investments	<u>16,691,097</u>	<u>16,517,719</u>	<u>173,378</u>
Beneficial Interest in Irrevocable Charitable Trust	582,827	-	582,827
Total	<u>\$ 17,273,924</u>	<u>\$ 16,517,719</u>	<u>\$ 756,205</u>

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 22 – Component Unit (Continued)

Level 1 Fair Value Measurements

The fair value of mutual funds and money market funds is based on quoted net asset values of the shares held by the Foundation in active markets at the reporting date.

Level 3 Fair Value Measurement

A portion of the investments in land is based on significant unobservable inputs. This includes the underlying Foundations own assumptions in determining fair value.

The fair value of the beneficial interest in the irrevocable charitable trust that holds a structured settlement with future stream of cash flow is based on unobservable inputs. There is currently no market in which beneficial interests in charitable trusts trade, so no observable exit price will exist for a beneficial interest. The land not actively traded is based on values established by the tax appraisal district. The following table provides further details of the Level 3 fair value measurements.

Alternative investments are principally investments in limited partnerships whose underlying assets include residential and commercial real estate. The fair values for alternative investments have been estimated using the net assets value per share provided by the fund and partnerships managers, which are primarily valued with level 3 inputs.

FASB ASU 820 also requires disclosures about transfers into and out of Level 1 and 2 investments and separate disclosures about purchases, sales issuance and settlements in the reconciliation for fair value measurements using significant unobservable inputs (Level 3).

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) at June 30, 2017 and 2016:

	Beneficial Interest In Irrevocable Trust	Land and Improvements	Alternative Investments	Total
Beginning Balance, July 1, 2015	\$ 500,745	\$ 73,098	\$ -	\$ 573,843
Purchases			123,558	123,558
Total Unrealized Gain (Loss) Included in Changes in Net Assets	82,082	-	(23,278)	58,804
Ending Balance, June 30, 2016	582,827	73,098	100,280	756,205
Purchases	-	-	455,740	455,740
Sales	-	(73,098)	-	(73,098)
Total Unrealized Gain (Loss) Included in Changes in Net Assets	22,109	-	28,640	50,749
Ending Balance, June 30, 2017	\$ 604,936	\$ -	\$ 584,660	\$ 1,189,596

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 23 - Risk Management

The College is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal years 2017 and 2016, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Note 24 - Workers' Compensation Aggregate Deductible

During the year ended August 31, 2017, the College met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The College participates in the Fund's reimbursable aggregate deductible program. As such, the member is responsible for a certain amount of claims liability as outlined on the member's Contribution and Coverage Summary document. After the member's deductible has been met, the Fund is responsible for additional claims liability.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund used the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2016, the Fund carries a discounted reserve of \$51,843,324 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August, 31, 2017, the Fund anticipated no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2016, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Note 25 – Commitments and Contingencies

Facilities

The College initiated a new Facilities Master Plan in 2012, that created a roadmap for meeting the higher education and workforce development needs of the citizens of the College's Service Area for the next 25 years. In November 2014, voters elected to authorize the issuance of up to \$157,000,000 of Del Mar College Limited Tax Bonds for the purpose of constructing and equipping school buildings on the East and West Campuses of the College. The District voters approved a \$139,000,000 bond program on November 14, 2016 to fund Phase 1A of a campus located on the Southside of Corpus Christi, Texas.



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DEL MAR COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS**

Fiscal Year Ended August 31, *	<u>2017</u>	<u>2016</u>	<u>2015</u>
College's Proportion of the Net Pension Liability	.000370818	.000347864	.000346008
College's Proportionate Share of Net Pension Liability	\$ 14,012,665	\$ 12,296,529	\$9,242,352
State's Proportionate Share of the Net Pension Liability associated with the District	<u>10,697,440</u>	<u>9,047,629</u>	<u>7,116,186</u>
TOTAL	<u>\$24,710,105</u>	<u>\$ 21,344,158</u>	<u>\$16,358,538</u>
College's Covered-Employee Payroll	\$30,129,463	\$26,992,189	\$22,530,675
College's Proportional Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	46.51%	45.56%	41.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.00%	78.43%	83.25%

* The amount presented are as of the measurement date of the collective net pension liability for the respective year.

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

DEL MAR COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COLLEGE CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS

* Fiscal Year Ended August 31, *	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contributions	\$ 1,249,598	\$ 1,178,183	\$1,030,041
Contribution in Relation to the Contractually Required Contribution	<u>(1,249,598)</u>	<u>(1,178,183)</u>	<u>(1,030,041)</u>
Contribution Deficiency (Excess)	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>
College's Covered-employee Payroll	\$32,929,363	\$30,129,463	\$26,992,189
Contribution as a Percentage of Covered-Employee Payroll	3.79%	3.91%	3.82%

* The amount presented are as of the measurement date of the collective net pension liability for the respective year.

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

Del Mar College
Schedule of Operating Revenues
Year Ended August 31, 2017 (With Memorandum Totals for the Year Ended August 31, 2016)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2017 Total</u>	<u>2016 Total</u>
Tuition:						
State Funded Credit Courses:						
In-District Resident Tuition	\$ 8,424,882	\$ -	\$ 8,424,882	\$ -	\$ 8,424,882	\$ 8,118,901
Out-of-District Resident Tuition	2,537,182	-	2,537,182	-	2,537,182	2,288,203
Non-Resident Tuition	782,909	-	782,909	-	782,909	755,115
TPEG - Credit (Set Aside) *	723,323	-	723,323	-	723,323	660,046
State-Funded Continuing Education	673,788	-	673,788	-	673,788	751,283
TPEG - Non-Credit (Set Aside) *	132,149	-	132,149	-	132,149	152,059
Non-State Funded Educational Programs	22,547	-	22,547	-	22,547	30,280
Total Tuition	13,296,780	-	13,296,780	-	13,296,780	12,755,887
Fees:						
Building Use Fee	2,655,543	-	2,655,543	-	2,655,543	2,521,447
General Fee	7,521,620	-	7,521,620	-	7,521,620	7,118,390
Student Service Fee	-	-	-	172,574	172,574	197,008
Out-of-District Fee	2,273,453	-	2,273,453	-	2,273,453	2,077,205
Class Repeat Fee	237,900	-	237,900	-	237,900	241,500
Dual Credit Fee	909,570	-	909,570	-	909,570	846,989
Non-Instructional Contract Training Fees	700,384	-	700,384	-	700,384	726,134
Laboratory Fees	474,446	-	474,446	-	474,446	439,076
Total Fees	14,772,916	-	14,772,916	172,574	14,945,490	14,167,749
Scholarship Allowances and Discounts:						
Bad Debt Allowance	(190,285)	-	(190,285)	-	(190,285)	(187,350)
Remissions and Exemptions - State	(3,643,670)	-	(3,643,670)	-	(3,643,670)	(3,437,936)
Remissions and Exemptions - Local	(740,952)	-	(740,952)	-	(740,952)	(703,852)
Title IV Federal Grants	(9,311,497)	-	(9,311,497)	-	(9,311,497)	(8,737,657)
Other Federal Grants	(1,166,387)	-	(1,166,387)	-	(1,166,387)	(1,255,677)
TPEG Awards	(368,705)	-	(368,705)	-	(368,705)	(382,034)
Other State Grants	(65,343)	-	(65,343)	-	(65,343)	(243,144)
Total Scholarship Allowances	(15,486,839)	-	(15,486,839)	-	(15,486,839)	(14,947,650)
Total Net Tuition and Fees	12,582,857	-	12,582,857	172,574	12,755,431	11,975,986
Additional operating revenues:						
Federal Grants and Contracts	-	3,268,403	3,268,403	-	3,268,403	4,650,416
State Grants and Contracts	-	3,717,804	3,717,804	-	3,717,804	4,334,183
Local Grants and Contracts	-	547,774	547,774	-	547,774	2,211,054
General Operating Revenues	1,767,755	-	1,767,755	-	1,767,755	2,304,931
Total Additional Operating Revenues	1,767,755	7,533,981	9,301,736	-	9,301,736	13,500,584
Auxiliary Enterprises:						
Food Service	-	-	-	739,236	739,236	750,992
Vending	-	-	-	101,549	101,549	83,549
Rents	-	-	-	37,188	37,188	130,165
Childcare Center	-	-	-	262,098	262,098	239,554
Other	-	-	-	108,415	108,415	118,978
Total Net Auxiliary Enterprises	-	-	-	1,248,486	1,248,486	1,323,238
Total Operating Revenues	\$ 14,350,612	\$ 7,533,981	\$ 21,884,593	\$ 1,421,060	\$ 23,305,653	\$ 26,799,808
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$855,472 and \$812,105 for years August 31, 2017 and 2016, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

Del Mar College
Schedule of Operating Expenses by Object
Year Ended August 31, 2017 (With Memorandum Totals for the Year Ended August 31, 2016)

	Operating Expenses				2017 Total	2016 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 31,749,704	\$ -	\$ 7,156,318	\$ 2,060,545	\$ 40,966,567	\$ 36,853,340
Public Service	78,114	-	18,090	25,414	121,618	106,934
Academic Support	4,323,680	-	1,288,440	1,047,315	6,659,435	6,476,103
Student Services	4,702,468	-	1,236,712	1,054,936	6,994,116	6,571,523
Institutional Support	9,028,836	-	2,508,528	6,861,095	18,398,459	17,716,856
Operation and Maintenance of Plant	1,319,308	-	329,999	8,343,147	9,992,454	9,571,911
Total Unrestricted Educational Activities	51,202,110	-	12,538,087	19,392,452	83,132,649	77,296,667
Restricted - Educational Activities						
Instruction	-	2,942,332	-	-	2,942,332	2,726,981
Public Service	-	7,438	-	-	7,438	3,692
Academic Support	-	529,744	-	-	529,744	470,322
Student Services	3,295,598	780,182	660,841	4,756,249	9,492,870	11,468,474
Institutional Support	-	1,031,386	-	-	1,031,386	973,473
Operation and Maintenance of Plant	-	135,680	-	-	135,680	129,614
Scholarships and Fellowships	11,183	1,248	3,037	5,890,487	5,905,955	5,111,125
Total Restricted Educational Activities	3,306,781	5,428,010	663,878	10,646,736	20,045,405	20,883,681
Total Educational Activities	54,508,891	5,428,010	13,201,965	30,039,188	103,178,054	98,180,348
Auxiliary Enterprises	825,091	-	-	658,893	1,483,984	1,417,025
Depreciation Expense - Buildings and other real estate improvements	-	-	-	3,705,260	3,705,260	3,599,626
Depreciation Expense - Equipment and furniture	-	-	-	1,860,297	1,860,297	1,915,812
Total Operating Expenses	\$ 55,333,982	\$ 5,428,010	\$ 13,201,965	\$ 36,263,638	\$ 110,227,595	\$ 105,112,811
					(Exhibit 2)	(Exhibit 2)

Del Mar College
Schedule of Non-Operating Revenues and Expenses

Year Ended August 31, 2017 (With Memorandum Totals for the Year Ended August 31, 2016)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2017 Total</u>	<u>2016 Total</u>
NON-OPERATING REVENUES:					
State Appropriations:					
Education and General State Support	\$ 14,747,841	\$ -	\$ -	\$ 14,747,841	\$ 14,757,925
State Group Insurance	-	3,863,047	-	3,863,047	3,604,876
State Retirement Matching	-	1,564,963	-	1,564,963	1,437,517
Total State Appropriations	14,747,841	5,428,010	-	20,175,851	19,800,318
Maintenance Ad Valorem Taxes	47,179,178	-	-	47,179,178	46,704,072
Debt Service Ad Valorem Taxes	-	12,386,836	-	12,386,836	8,338,292
Federal Revenue, Non Operating	-	16,714,930	-	16,714,930	16,322,598
Investment Income	1,107,980	-	-	1,107,980	337,362
Other Non-Operating Revenue	11,704	-	-	11,704	21,428
Total Non-Operating Revenues	63,046,703	34,529,776	-	97,576,479	91,524,070
NON-OPERATING EXPENSES:					
Interest on Capital Related Debt	5,075,351	-	-	5,075,351	4,090,597
Loss on Disposal of Capital Assets	302,112	-	-	302,112	80,308
Other Non-Operating Expense	299,981	-	-	299,981	6,000
Total Non-Operating Expenses	5,677,444	-	-	5,677,444	4,176,905
Net Non-Operating Revenues	\$ 57,369,259	\$ 34,529,776	\$ -	\$ 91,899,035	\$ 87,347,165
				(Exhibit 2)	(Exhibit 2)

Del Mar College
Schedule of Net Position by Source and Availability
Year Ended August 31, 2017 (With Memorandum Totals for the Year Ended August 31, 2016)

	Detail by Source				Available for Current Operations	
	Restricted		Net Investment in Capital Assets	Total	Yes	No
	Unrestricted	Expendable				
Current:						
Unrestricted	\$ 14,802,394	\$ -	\$ -	\$ 14,802,394	\$ 14,802,394	\$ -
Restricted	-	-	-	-	-	-
Auxiliary enterprises	452,971	-	-	452,971	452,971	-
Loan	-	322,235	-	322,235	-	322,235
Endowment:						
Quasi:						
Unrestricted	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Endowment						
True	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-
Annuities	-	-	-	-	-	-
Plant:						
Unexpended	7,975,506	-	-	7,975,506	-	7,975,506
Renewals	-	-	-	-	-	-
Debt Service	-	12,020,993	-	12,020,993	-	12,020,993
Investment in Plant	-	-	95,286,936	95,286,936	-	95,286,936
Total Net Position, August 31, 2017	\$ 23,230,871	\$ 12,343,228	\$ 95,286,936	\$ 130,861,035	\$ 15,255,365	\$ 115,605,670
				(Exhibit 1)		
Total Net Position, August 31, 2016	23,076,494	12,251,468	90,490,480	125,818,442	14,950,325	110,868,117
				(Exhibit 1)		
Net Increase in Net Position	\$ 154,377	\$ 91,760	\$ 4,796,456	\$ 5,042,593	\$ 305,040	\$ 4,737,553
				(Exhibit 2)		

Statistical Section





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Statistical Information

This part of Del Mar 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 the College's overall financial health.

CONTENTS	PAGE
Financial Trends (Schedules 1-3, 19) <i>These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.</i>	103-107, 124-125
Revenue Capacity (Schedules 4-8, 20-21) <i>These schedules contain information to help the reader assess the College's most significant local revenue sources, including the property tax.</i>	108-113, 126-128
Debt Capacity (Schedules 9-11, 22) <i>These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future</i>	114-116, 129
Demographic and Economic Information (Schedules 12-13) <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place.</i>	117-118
Operating and Other Information (Schedules 14-18) <i>These schedules contain service, infrastructure and other data to help the reader understand how the information in the College's financial report relates to the services the government provides and the activities it performs.</i>	119-123

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



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Del Mar College
Statistical Supplement 1
Net Position by Component
Fiscal Years 2008 to 2017
(unaudited)

For the Fiscal Year Ended August 31,
(amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net investment in capital assets	\$ 95,287	\$ 90,491	\$ 79,669	\$ 72,177	\$ 63,706	\$ 60,565	\$ 56,854	\$ 55,454	\$ 49,010	\$ 45,374
Restricted - expendable	12,343	12,251	13,546	13,669	11,945	10,694	10,330	5,721	5,340	5,455
Unrestricted	23,231	23,076	23,510	31,900	31,668	24,779	17,242	15,655	16,382	14,655
Total primary government net position	\$ 130,861	\$ 125,818	\$ 116,725	\$ 117,746	\$ 107,319	\$ 96,038	\$ 84,426	\$ 76,830	\$ 70,732	\$ 65,484

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 2
Revenues by Source
Fiscal Years 2008 to 2017
(unaudited)

For the Fiscal Year Ended August 31,
(amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Tuition and Fees (Net of Discounts)	\$ 12,755	\$ 11,976	\$ 10,878	\$ 10,683	\$ 9,681	\$ 14,875	\$ 9,850	\$ 9,561	\$ 11,980	\$ 14,031
Governmental Grants and Contracts										
Federal Grants and Contracts	3,268	4,650	5,424	3,256	3,465	3,658	4,050	4,608	4,148	3,359
State Grants and Contracts	3,718	4,334	3,090	2,021	1,613	1,480	1,997	1,825	2,358	1,689
Local Grants and Contracts	548	2,212	593	1,044	838	1,779	535	1,863	957	698
Auxiliary enterprises	1,249	1,323	1,508	1,398	1,374	1,607	1,426	1,276	1,471	1,213
General Operating Revenues	1,768	2,305	1,379	1,357	1,173	1,234	1,089	1,636	1,260	1,464
Total Operating Revenues	23,306	26,800	22,872	19,759	18,144	24,633	18,947	20,769	22,174	22,454
State Appropriations	20,176	19,800	19,918	19,554	19,535	20,929	23,890	24,247	25,145	25,069
Maintenance Ad Valorem Taxes	47,179	46,704	43,342	40,524	37,312	35,581	33,966	35,059	32,550	29,428
Debt Service Ad Valorem Taxes	12,387	8,338	8,385	8,639	8,679	8,940	9,801	9,031	8,736	8,643
Federal Revenue, Non Operating	16,715	16,323	16,265	16,521	18,730	13,113	21,317	20,623	20,844	15,760
Gifts	-	-	-	-	-	61	40	55	216	104
Investment Income	1,108	337	206	198	216	347	491	464	802	1,985
Other Non-Operating Revenues	12	22	30	144	174	155	139	5	309	126
Total Non-Operating Revenues	97,577	91,524	88,146	85,580	84,646	79,126	89,644	89,484	88,602	81,115
Total Revenues	\$ 120,883	\$ 118,324	\$ 111,018	\$ 105,339	\$ 102,790	\$ 103,759	\$ 108,591	\$ 110,253	\$ 110,776	\$ 103,569

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 2 (Continued)
Revenues by Source
Fiscal Years 2008 to 2017
(unaudited)

For the Fiscal Year Ended August 31,
(amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Tuition and fees (net of discounts)	10.55%	10.12%	9.80%	10.14%	9.42%	14.34%	9.07%	8.67%	10.81%	13.55%
Governmental grants and contracts										
Federal grants and contracts	2.70%	3.93%	4.89%	3.09%	3.37%	3.53%	3.73%	4.18%	3.74%	3.24%
State grants and contracts	3.08%	3.66%	2.78%	1.92%	1.57%	1.43%	1.84%	1.66%	2.13%	1.63%
Local grants and contracts	0.45%	1.87%	0.53%	0.99%	0.82%	1.71%	0.49%	1.69%	0.86%	0.67%
Auxiliary enterprises	1.03%	1.12%	1.36%	1.33%	1.34%	1.55%	1.31%	1.16%	1.33%	1.17%
General Operating Revenues	1.46%	1.95%	1.24%	1.29%	1.14%	1.19%	1.00%	1.48%	1.14%	1.41%
Total Operating Revenues	19.28%	22.65%	20.60%	18.76%	17.65%	23.74%	17.45%	18.84%	20.02%	21.68%
State Appropriations	16.69%	16.73%	17.94%	18.56%	19.00%	20.17%	22.00%	21.99%	22.70%	24.21%
Maintenance Ad Valorem Taxes	39.03%	39.47%	39.04%	38.47%	36.30%	34.29%	31.28%	31.80%	29.38%	28.41%
Debt Service Ad Valorem Taxes	10.25%	7.05%	7.55%	8.20%	8.44%	8.62%	9.03%	8.19%	7.89%	8.35%
Federal Revenue, Non Operating	13.83%	13.80%	14.65%	15.68%	18.22%	12.64%	19.63%	18.71%	18.82%	15.22%
Gifts	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	0.04%	0.05%	0.19%	0.10%
Investment Income	0.92%	0.28%	0.19%	0.19%	0.21%	0.33%	0.45%	0.42%	0.72%	1.92%
Other Non-Operating Revenues	0.01%	0.02%	0.03%	0.14%	0.17%	0.15%	0.13%	0.00%	0.28%	0.12%
Total Non-Operating Revenues	80.72%	77.35%	79.40%	81.24%	82.35%	76.26%	82.55%	81.16%	79.98%	78.32%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2008 to 2017
(unaudited)

For the Fiscal Year Ended August 31,
(amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction	\$ 43,909	\$ 39,580	\$ 36,441	\$ 35,017	\$ 33,766	\$ 34,475	\$ 35,632	\$ 35,082	\$ 33,919	\$ 35,832
Public service	129	111	21	14	21	25	97	37	30	35
Academic support	7,189	6,946	6,193	5,554	4,985	4,830	5,852	5,899	5,964	6,083
Student services	16,487	18,040	16,106	12,295	12,439	10,906	11,251	10,814	10,647	12,379
Institutional support	19,430	18,690	16,792	16,637	15,235	15,440	15,340	14,511	14,153	14,497
Operation and maintenance of plant	10,128	9,702	8,771	8,113	7,597	7,748	9,486	11,131	11,620	11,281
Scholarships and fellowships	5,906	5,111	6,286	5,980	6,857	5,755	10,616	13,505	15,559	10,970
Auxiliary enterprises	1,484	1,417	1,470	1,339	1,405	1,521	1,304	1,483	1,726	1,737
Depreciation	5,566	5,516	5,590	5,571	5,607	5,595	5,669	5,774	5,686	5,205
Total Operating Expenses	110,228	105,113	97,670	90,520	87,912	86,295	95,247	98,236	99,304	98,019
Interest on capital related debt	5,075	4,091	3,961	4,441	4,400	4,376	5,876	5,950	6,140	5,735
Other Non-Operating Expenses	602	86	88	47	33	102	34	19	87	1,077
Total Non-Operating Expenses	5,677	4,177	4,049	4,488	4,433	4,478	5,910	5,969	6,227	6,812
Total Expenses	\$ 115,905	\$ 109,290	\$ 101,719	\$ 95,008	\$ 92,345	\$ 90,773	\$ 101,157	\$ 104,205	\$ 105,531	\$ 104,831

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 3 (Continued)
Program Expenses by Function
Fiscal Years 2008 to 2017
(unaudited)

For the Fiscal Year Ended August 31,
(amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction	37.88%	36.22%	35.83%	36.86%	36.57%	37.98%	35.22%	33.67%	32.14%	34.18%
Public service	0.11%	0.10%	0.02%	0.01%	0.02%	0.03%	0.10%	0.04%	0.03%	0.03%
Academic support	6.20%	6.36%	6.09%	5.85%	5.40%	5.32%	5.79%	5.66%	5.65%	5.80%
Student services	14.22%	16.51%	15.83%	12.94%	13.47%	12.01%	11.12%	10.38%	10.09%	11.81%
Institutional support	16.76%	17.10%	16.51%	17.51%	16.50%	17.01%	15.16%	13.93%	13.41%	13.83%
Operation and maintenance of plant	8.74%	8.88%	8.62%	8.54%	8.23%	8.54%	9.38%	10.68%	11.01%	10.76%
Scholarships and fellowships	5.10%	4.68%	6.18%	6.29%	7.43%	6.34%	10.49%	12.96%	14.74%	10.46%
Auxiliary enterprises	1.28%	1.30%	1.45%	1.41%	1.52%	1.68%	1.29%	1.42%	1.64%	1.66%
Depreciation	4.80%	5.05%	5.50%	5.86%	6.07%	6.16%	5.60%	5.54%	5.39%	4.97%
Total Operating Expenses	95.10%	96.18%	96.02%	95.28%	95.20%	95.07%	94.16%	94.27%	94.10%	93.50%
Interest on capital related debt	4.38%	3.74%	3.89%	4.67%	4.76%	4.82%	5.81%	5.71%	5.82%	5.47%
Loss on disposal of fixed assets	0.52%	0.08%	0.09%	0.05%	0.04%	0.11%	0.03%	0.02%	0.08%	1.03%
Total Non-Operating Expenses	4.90%	3.82%	3.98%	4.72%	4.80%	4.93%	5.84%	5.73%	5.90%	6.50%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 4
Tuition and Fees
Last Ten Academic Years
(unaudited)

Resident										
Fees per Semester Credit Hour (SCH)										
Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	Technology Fees	Student Activity Fees	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	
2016	\$ 0	\$ 56	\$ 106	\$ 36	\$ 77	\$ 1,181	\$ 1,781	0.00%	0.00%	
2015	0	56	106	36	77	1,181	1,781	0.00%	0.00%	
2014	0	56	106	36	77	1,181	1,781	1.03%	0.68%	
2013	0	55	105	36	77	1,169	1,769	5.60%	3.63%	
2012	0	52	102	34	75	1,107	1,707	1.10%	0.71%	
2011	0	51	101	34	75	1,095	1,695	10.72%	6.67%	
2010	0	43	93	34	65	989	1,589	13.29%	7.88%	
2009	0	38	88	30	57	873	1,473	1.39%	-28.53%	
2008	0	37	137	30	57	861	2,061	11.24%	4.41%	
2007	0	35	135	26	42	774	1,974	1.84%	0.71%	

Non - Resident										
Fees per Semester Credit Hour (SCH)										
Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fees	Student Activity Fees	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase/ (Decrease) from Prior Year Out of State	Increase/ (Decrease) from Prior Year International	
2016	\$ 0	\$ 143	\$ 143	\$ 36	\$ 77	\$ 2,225	\$ 2,225	0.00%	0.00%	
2015	0	143	143	36	77	2,225	2,225	0.00%	0.00%	
2014	0	143	143	36	77	2,225	2,225	0.54%	0.54%	
2013	0	142	142	36	77	2,213	2,213	2.88%	2.88%	
2012	0	139	139	34	75	2,151	2,151	0.56%	0.56%	
2011	0	138	138	34	75	2,139	2,139	5.21%	5.21%	
2010	0	130	130	34	65	2,033	2,033	6.05%	6.05%	
2009	0	125	125	30	57	1,917	1,917	-23.47%	-23.47%	
2008	0	174	174	30	57	2,505	2,505	3.60%	3.60%	
2007	0	172	172	26	42	2,418	2,418	0.58%	0.58%	

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

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 5
Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(unaudited)

(amounts expressed in thousands)

Direct Rate

Fiscal Year	Assessed Valuation of Property		Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2016-17	\$ 29,841,475	\$ 4,975,595	\$ 24,865,880	83.33%	\$ 0.194718	\$ 0.051441	\$ 0.246159	
2015-16	27,500,612	4,683,363	22,817,249	82.97%	0.210549	0.037524	\$ 0.248073	
2014-15	25,746,282	4,622,735	21,123,547	82.05%	0.207910	0.040163	0.248073	
2013-14	24,255,580	4,577,887	19,677,693	81.13%	0.206690	0.043976	0.250666	
2012-13	22,433,940	4,557,652	17,876,288	79.68%	0.209394	0.048609	0.258003	
2011-12	21,081,166	3,605,685	17,475,481	82.90%	0.206200	0.051800	0.258000	
2010-11	20,302,854	3,078,992	17,223,862	84.83%	0.200200	0.057800	0.258000	
2009-10	19,544,899	1,696,049	17,848,850	91.32%	0.200200	0.051200	0.251400	
2008-09	18,358,577	1,381,489	16,977,088	92.47%	0.190580	0.051200	0.241780	
2007-08	15,870,047	1,771,553	14,098,494	88.84%	0.187090	0.055000	0.242090	

Source: Local Appraisal District.

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

Del Mar College
Statistical Supplement 6
State Appropriation per FTSE and Contact Hour
Last Ten Fiscal Years
(unaudited)
(amounts expressed in thousands)

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (b)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2016-17	20,176	7,816	\$ 2,581	2,827	1,939	4,766	\$ 4.23
2015-16	19,800	7,395	2,677	2,715	1,820	4,535	4.37
2014-15	19,918	7,096	2,807	2,655	1,660	4,315	4.62
2013-14	19,554	7,262	2,693	2,823	1,615	4,438	4.41
2012-13	19,535	7,648	2,554	2,998	1,692	4,690	4.17
2011-12	20,929	8,295	2,523	3,287	1,801	5,088	4.11
2010-11	23,890	8,471	2,820	3,430	2,021	5,451	4.38
2009-10	24,247	8,399	2,887	3,403	2,103	5,506	4.40
2008-09	25,145	7,804	3,222	3,137	1,842	4,979	5.05
2007-08	25,069	7,629	3,286	3,083	1,671	4,754	5.27

Notes:

FTSE is defined as the number of full time students plus total hours taken by part-time students divided by 12.

(a) Source: Coordinating Board Management Report 001

(b) Source: Coordinating Board Management Report 004

**Del Mar College
Statistical Supplement 7
Principal Taxpayers
Last Ten Tax Years
(unaudited)**

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Flint Hills Resources West LP	Petrochemical	\$ 901,967	\$ 795,171	\$ 809,036	\$ 894,028	\$ 911,024	\$ 791,276	\$ 826,955	\$ 826,955	\$ 859,954	\$ 847,381
Valero Refining Texas LP	Petrochemical	782,638	982,007	732,218	732,219	680,667	674,643	810,563	810,563	854,928	846,719
Citgo Refining/Chemical Co LP	Petrochemical	598,035	576,842	609,788	588,394	527,999	521,728	460,855	460,855	496,997	524,746
Equistar Chemicals LP	Petrochemical	525,325	187,352	198,039	227,826	235,788	217,385	157,388	216,196	208,942	341,781
Equistar Chemicals LP	Petrochemical	178,657									
Flint Hills Resources East LP	Petrochemical	154,846	165,685	180,163	190,891	195,559	163,746				
AEP Texas Central Company	Utility	249,585	197,103	198,622	167,729	143,951	115,054	162,087	133,276	143,160	138,095
Valero Marketing & Supply	Petrochemical	-	-	139,352	147,665	-	-	-	-	-	-
Nueces Bay WLE	Utility	-	179,958								
Corpus Christi Retail Venture LP	Retail	-	-	-	94,714	101,682	86,000	75,510	75,510	82,864	-
Buckeye Texas Processing LLC	Petrochemical	252,476	255,721	173,856	-	-	-	-	-	-	-
Buckeye Texas HUB LLC	Petrochemical	177,212	161,468	155,421	-	-	-	-	-	-	-
Barney M Davis LP	Utility	132,802	182,407	-	-	-	84,296	-	-	-	-
Flint Hill Resources	Petrochemical	-	-	107,045	105,017	105,696	-	-	-	-	-
HE Butt Grocery Company	Grocery	-	-	-	84,069	80,885	78,986	74,869	72,761	70,958	58,878
Corpus Christi Cogeneration LP	Utility	-	-	-	-	-	67,453	-	74,039	78,881	78,881
Hoechst Cel - Plastics Division	Manufacturing	-	-	-	-	-	-	164,980	-	-	-
EOG Resources	Petrochemical	-	-	-	-	-	-	110,501	110,501	-	-
Apache Corporation	Petrochemical	-	-	-	-	-	-	76,205	-	-	-
Markwest Energy Partners, LP	Utility	-	-	-	-	-	-	-	67,141	71,013	70,753
Southwestern Bell Telephone	Utility	-	-	-	-	-	-	-	-	51,668	64,972
Sabco Operating Company	Petrochemical	-	-	-	-	-	-	-	-	-	63,725
Totals		\$ 3,953,543	\$ 3,683,714	\$ 3,303,540	\$ 3,232,552	\$ 2,983,251	\$ 2,800,567	\$ 2,919,913	\$ 2,847,797	\$ 2,919,365	\$ 3,035,931
Total Taxable Assessed Value		\$ 24,865,880	\$ 21,123,547	\$ 19,677,694	\$ 17,876,288	\$ 17,876,288	\$ 17,475,481	\$ 17,223,862	\$ 17,848,850	\$ 16,977,088	\$ 14,098,514

Source: Local County Appraisal District

Note:

2017 is not yet available.

Del Mar College
Statistical Supplement 7 (Continued)
Principal Taxpayers
Last Ten Tax Years
(unaudited)

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Flint Hills Resources LP	Petrochemical	3.63%	3.76%	4.11%	5.00%	5.10%	4.53%	4.80%	4.63%	5.07%	6.01%
Valero Refining Texas LP	Petrochemical	3.15%	4.65%	3.72%	4.10%	3.81%	3.86%	4.71%	4.54%	5.04%	6.01%
Citgo Refining/Chemical Co LP	Petrochemical	2.41%	2.73%	3.10%	3.29%	2.95%	2.99%	2.68%	2.58%	2.93%	3.72%
Equistar Chemicals LP	Petrochemical	2.11%	0.89%	1.01%	1.27%	1.32%	1.24%	0.91%	1.21%	1.23%	2.42%
Equistar Chemicals LP	Petrochemical	0.72%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Flint Hill Resources	Petrochemical	0.62%	0.78%	0.92%	1.07%	1.09%	0.94%	0.00%	0.00%	0.00%	0.00%
AEP Texas Central Company	Utility	1.00%	0.93%	1.01%	0.94%	0.81%	0.66%	0.94%	0.75%	0.84%	0.98%
Corpus Christi Retail Venture LP	Retail	0.00%	0.00%	0.00%	0.53%	0.57%	0.49%	0.44%	0.42%	0.49%	0.00%
Buckeye Texas Processing LLC	Petrochemical	1.02%	1.21%	0.88%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Buckeye Texas HUB LLC	Petrochemical	0.71%	0.76%	0.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Barney M Davis LP	Utility	0.53%	0.86%	0.00%	0.00%	0.00%	0.48%	0.00%	0.00%	0.00%	0.00%
Flint Hill Resources	Petrochemical	0.00%	0.00%	0.54%	0.59%	0.59%	0.00%	0.00%	0.00%	0.00%	0.00%
HE Butt Grocery Company	Grocery	0.00%	0.00%	0.00%	0.47%	0.45%	0.45%	0.43%	0.41%	0.42%	0.42%
Corpus Christi Cogeneration LP	Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.39%	0.00%	0.41%	0.46%	0.56%
Hoechst Cel - Plastics Division	Manufacturing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.96%	0.00%	0.00%	0.00%
EOG Resources	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.64%	0.62%	0.00%	0.00%
Apache Corporation	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.44%	0.00%	0.00%	0.00%
Markwest Energy Partners, LP	Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.38%	0.42%	0.50%
Southwestern Bell Telephone	Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.30%	0.46%
Sabco Operating Company	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.45%
Totals		15.90%	17.44%	16.79%	18.08%	16.69%	16.03%	16.95%	15.96%	17.20%	21.53%

Source: Local County Appraisal District.

Note:

2017 is not yet available.

Del Mar College
Statistical Supplement 8
Property Tax Levies and Collections
Last Ten Tax Years
(unaudited)
(amounts expressed in thousands)

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (c+d+e)	Cumulative Collections of Adjusted Levy
2017	\$ 60,296	\$ (838)	\$ 59,458	\$ 57,956	97.47%	\$ -	\$ 1,082	\$ 59,038	99.29%
2016	56,481	(1617)	54,864	53,473	97.46%	-	39	53,512	97.54%
2015	52,752	(358)	52,394	51,113	97.56%	-	1,052	52,165	99.56%
2014	49,097	(317)	48,780	47,518	97.41%	-	1,124	48,642	99.72%
2013	45,729	(71)	45,658	44,579	97.64%	-	994	45,573	99.81%
2012	44,477	(309)	44,168	43,139	97.67%	-	911	44,050	99.73%
2011	43,545	(198)	43,347	42,217	97.39%	-	873	43,090	99.41%
2010	44,196	(243)	43,953	42,590	96.90%	-	868	43,458	98.87%
2009	41,484	(261)	41,223	39,244	95.20%	-	1,363	40,607	98.51%
2008	38,286	(264)	38,022	36,956	97.20%	-	679	37,635	98.98%

Source: Local Tax Assessor/Collector and District records.

(a) As reported in notes to the financial statements for the year of the levy.

(b) As of August 31st of the current reporting year.

(c) Property tax only - does not include penalties and interest.

(d) Represents cumulative collections of prior years not collected in the current year or the year of the tax levy.

(e) Represents current year collections of prior years levies.

Total Collections = C + D + E

**Del Mar College
Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years**

For the Year Ended August 31 (amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Bonded Debt										
General obligation bonds	\$ 134,695	\$ 132,860	\$ 71,170	\$ 69,730	\$ 75,380	\$ 80,415	\$ 86,120	\$ 90,825	\$ 95,270	\$ 99,440
Notes	-	-	-	-	-	-	-	-	-	-
Premium	14,907	15,649	5,827	4,852	4,227	4,999	2,115	2,390	2,676	2,971
Net general bonded debt	\$ 149,602	\$ 148,509	\$ 76,997	\$ 74,582	\$ 79,607	\$ 85,414	\$ 88,235	\$ 93,215	\$ 97,946	\$ 102,411
Other Debt										
Revenue bonds	\$ 16,345	\$ 17,530	\$ 21,385	\$ 23,405	\$ 25,335	\$ 27,200	\$ 28,985	\$ 30,715	\$ 32,120	\$ 33,150
Notes	-	-	-	-	-	-	-	-	-	-
Capital lease obligations	-	-	-	-	109	225	1,187	2,265	3,428	3,916
Total Outstanding Debt	\$ 165,947	\$ 166,039	\$ 98,382	\$ 97,987	\$ 105,051	\$ 112,839	\$ 118,407	\$ 126,195	\$ 133,494	\$ 139,477
General Bonded Debt Ratios										
Per Capita	\$ 455.78	\$ 436.18	\$ 226.14	\$ 219.05	\$ 246.43	\$ 284.71	\$ 294.12	\$ 310.72	\$ 326.49	\$ 341.37
Per FTSE	19,140	20,274	10,851	10,270	10,409	10,297	10,416	11,098	12,551	13,424
As a percentage of Taxable Assessed Value	0.65%	0.69%	0.38%	0.40%	0.48%	0.52%	0.55%	0.56%	0.69%	0.80%
Total Outstanding Debt Ratios										
Per Capita	\$ 505.58	\$ 487.66	\$ 288.95	\$ 287.79	\$ 325.19	\$ 376.13	\$ 394.69	\$ 420.65	\$ 444.98	\$ 464.92
Per FTSE	21,232	22,667	13,864	13,493	13,736	13,603	13,978	15,025	17,106	18,282
As a percentage of Taxable Assessed Value	0.72%	0.78%	0.49%	0.53%	0.63%	0.69%	0.74%	0.76%	0.95%	1.08%

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

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 10
Legal Debt Margin Information
Last Ten Fiscal Years
(unaudited)

For the Year Ended August 31 (amount expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Taxable Assessed Value	\$24,865,880	\$22,817,249	\$21,123,547	\$19,677,693	\$17,876,288	\$17,475,481	\$17,223,862	\$17,848,850	\$16,977,088	\$14,098,494
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	124,329	114,086	105,618	98,388	89,381	87,377	86,119	89,244	84,885	70,492
Less: Funds Restricted for Repayment of General Obligation Bonds	(3,865)	(3,831)	(4,303)	(4,155)	(4,181)	(5,286)	(5,286)	(2,239)	(3,310)	(4,499)
Total Net General Obligation Debt	120,464	110,255	101,315	94,233	85,200	82,091	80,833	87,005	81,575	65,993
Current Year Debt Service Requirements	12,387	8,649	8,413	8,668	8,666	8,978	9,120	9,031	8,899	8,763
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 108,077	\$ 101,606	\$ 92,902	\$ 85,565	\$ 76,534	\$ 73,113	\$ 71,713	\$ 77,974	\$ 72,676	\$ 57,230
Net Current Requirements as a % of Statutory Limit	6.85%	4.22%	3.89%	4.59%	5.02%	4.23%	4.45%	7.61%	6.58%	6.05%

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

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 11
Pledged Revenue Coverage
Last Ten Fiscal Years
(unaudited)

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)					Debt Service Requirements (\$000 omitted)			
	Tuition Fee	Building Use Fee	Matriculation Fee	Income Revenues	Total	Principal	Interest	Total	Coverage Ratio
2017	\$ 3,324	\$ 2,656	\$ 2,656	\$ 242	\$ 8,878	\$ 1,185	\$ 827	\$ 2,012	4.41
2016	3,210	2,537	2,537	232	8,516	2,100	963	3,063	2.78
2015	3,003	2,403	2,403	108	7,917	2,020	1,044	3,064	2.58
2014	2,939	2,413	2,413	64	7,829	1,930	1,121	3,051	2.57
2013	3,028	2,568	2,568	141	8,305	1,865	1,191	3,056	2.72
2012	3,269	2,777	2,777	151	8,974	1,785	1,261	3,046	2.95
2011	2,943	2,909	2,909	171	8,932	1,730	1,320	3,050	2.93
2010	2,620	2,461	2,461	161	7,703	1,405	1,365	2,770	2.78
2009	2,376	2,209	2,209	320	7,114	1,030	1,398	2,428	2.93
2008	2,329	1,722	1,722	928	6,701	695	319	1,014	6.61

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 12
Demographic and Economic Statistics - Taxing District
Last Ten Fiscal Years
(unaudited)

Calendar Year	District Population (a)	District Personal Income (thousands of dollars) (b)	District Personal Income Per Capita	District Unemployment Rate (c)
2016	361,350	\$ (d)	\$ (d)	4.6%
2015	361,555	15,416,870	42,640	6.2%
2014	356,221	14,947,525	41,961	6.2%
2013	352,107	14,841,683	42,151	6.2%
2012	347,594	14,366,370	41,331	6.8%
2011	343,281	13,196,232	38,441	7.9%
2010	340,480	12,201,077	35,835	8.2%
2009	323,046	12,004,999	37,162	7.6%
2008	322,077	11,633,423	36,120	4.3%
2007	321,135	10,874,617	33,863	4.3%

Sources:

- (a) Population from U.S. Bureau of the Census.
- (b) Personal income from U.S. Bureau of Economic Analysis.
- (c) Unemployment rate from U.S. Department of Labor.
- (d) Not yet available.

Del Mar College
Statistical Supplement 13
Principal Employers
(unaudited)

Employer	2016		2007	
	Number of Employees	Percentage of Total Employment ¹	Number of Employees	Percentage of Total Employment
Corpus Christi Army Depot	3,500	1.63%	4,876	2.47%
Corpus Christi ISD	4,800	2.23%	5,178	2.62%
CHRISTUS Spohn Health Systems	3,700	1.72%	5,400	2.73%
H.E.B.	3,840	1.79%	5,000	2.53%
City of Corpus Christi	3,202	1.49%	3,171	1.60%
Corpus Christi Naval Air Station	4,500	2.09%	1,630	0.82%
Kiewit Offshore Service	1,750	0.81%	-	-
Corpus Christi Medical Center	1,885	0.88%	1,300	0.66%
Bay, Ltd.	1,700	0.79%	2,100	1.06%
Driscoll Children's Hospital	2,136	0.99%	1,500	0.76%
Del Mar College	1,500	0.70%	1,542	0.78%
SSP Partners	-	-	-	-
APAC	-	-	-	-
First Data	-	-	-	-
Total	32,513	15.13%	31,697	16.03%

Source:

Corpus Christi Regional Economic Development Corporation.
Economic Modeling Systems Information (EMSI)

Note:

1. Percentage of Total Employment (2016 Corpus Christi Total Employment = 214854)
2. 2017 is not yet available

Del Mar College
Statistical Supplement 14
Faculty, Staff, and Administrators Statistics
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Faculty										
Full-Time	311	298	282	279	278	286	301	314	303	315
Part-Time	216	227	236	254	287	323	292	304	293	234
Total	527	525	518	533	565	609	593	618	596	549
Percent										
Full-Time	59.0%	56.8%	54.4%	52.3%	49.2%	47.0%	50.8%	50.8%	50.8%	57.4%
Part-Time	41.0%	43.2%	45.6%	47.7%	50.8%	53.0%	49.2%	49.2%	49.2%	42.6%
Staff and Administrators										
Full-Time	367	348	309	293	283	291	378	390	382	411
Part-Time	445	408	331	309	380	195	274	231	176	176
Total	812	756	640	602	663	486	652	621	558	587
Percent										
Full-Time	45.2%	46.0%	48.3%	48.7%	42.7%	59.9%	58.0%	62.8%	68.5%	70.0%
Part-Time	54.8%	54.0%	51.7%	51.3%	57.3%	40.1%	42.0%	37.2%	31.5%	30.0%
Total										
Full-Time	678	646	591	572	561	577	679	704	685	726
Part-Time	661	635	567	563	667	518	566	535	469	410
Total	1,339	1,281	1,158	1,135	1,228	1,095	1,245	1,239	1,154	1,136
Percent										
Full-Time	50.6%	50.4%	51.0%	50.4%	45.7%	52.7%	54.5%	56.8%	59.4%	63.9%
Part-Time	49.4%	49.6%	49.0%	49.6%	54.3%	47.3%	45.5%	43.2%	40.6%	36.1%
FTSE per Full-time Faculty	15.71	16.13	16.42	16.67	16.95	17.36	17.03	18.28	17.39	17.77
FTSE per Full-Time Staff Member	21.50	21.05	22.97	24.78	27.05	28.50	22.41	21.44	20.43	18.57
Average Annual Faculty Salary	\$68,279	\$64,487	\$60,656	\$56,755	\$55,919	\$56,203	\$56,071	\$55,608	\$56,529	\$56,394

Notes: Year 2017 is not yet available.

Source: College Statistical Profiles.

Del Mar College
Statistical Supplement 15
Enrollment Details
Last Five Fiscal Years
(unaudited)

Student Classification	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	8,106	69.35%	7,448	68.63%	7,010	67.15%	7,030	66.94%	7,293	66.12%
31-60 hours	2,474	21.17%	2,372	21.86%	2,442	23.39%	2,501	23.81%	2,690	24.39%
> 60 hours	1,109	9.49%	1,032	9.51%	987	9.45%	971	9.25%	1,047	9.49%
Total	11,689	100.00%	10,852	100.00%	10,439	100.00%	10,502	100.00%	11,030	100.00%

Semester Hour Load	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1-3 semester hours	1,910	16.34%	1,643	15.14%	1,660	15.90%	1,631	15.53%	1,695	15.37%
4-6 semester hours	2,900	24.81%	2,729	25.15%	2,503	23.98%	2,437	23.21%	2,642	23.95%
7-9 Semester hours	2,886	24.69%	2,688	24.77%	2,519	24.13%	2,501	23.81%	2,458	22.28%
10-12 semester hours	2,578	22.05%	2,447	22.55%	2,296	21.99%	2,458	23.41%	2,624	23.79%
13-15 semester hours	1,285	10.99%	1,208	11.13%	1,301	12.46%	1,308	12.45%	1,410	12.78%
16 & over	130	1.11%	137	1.26%	160	1.53%	167	1.59%	201	1.82%
Total	11,689	100.00%	10,852	100.00%	10,439	100.00%	10,502	100.00%	11,030	100.00%

Average course load	8.2	8.2	8.2	8.3	8.3
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Tuition Status	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	8,993	76.94%	8,401	77.41%	8,278	79.30%	8,493	80.87%	9,013	81.71%
Texas Resident (out-of-District)	2,383	20.39%	2,117	19.51%	1,890	18.11%	1,742	16.59%	1,750	15.87%
Non-Resident Tuition	313	2.68%	334	3.08%	271	2.60%	267	2.54%	267	2.42%
Total	11,689	100.00%	10,852	100.00%	10,439	100.00%	10,502	100.00%	11,030	100.00%

Notes: Year 2017 is not yet available.

Source: College Statistical Profiles.

Del Mar College
Statistical Supplement 16
Student Profile
Last Five Fiscal Years
(unaudited)

	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Female	6,636	56.77%	6,107	56.28%	5,854	56.08%	5,943	56.59%	6,356	57.62%
Male	5,053	43.23%	4,745	43.72%	4,585	43.92%	4,559	43.41%	4,674	42.38%
Total	11,689	100.00%	10,852	100.00%	10,439	100.00%	10,502	100.00%	11,030	100.00%

	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Ethnic Origin										
Hispanic	7,676	65.67%	7,088	65.32%	6,620	63.42%	6,612	62.96%	6,253	56.69%
White, non-Hispanic	2,960	25.32%	2,769	25.52%	2,850	27.30%	2,882	27.44%	3,156	28.61%
Black, non-Hispanic	342	2.93%	311	2.87%	299	2.86%	327	3.11%	394	3.57%
Asian/Pacific Islander	205	1.75%	216	1.99%	190	1.82%	168	1.60%	209	1.89%
Indian/Alaskan Native	28	0.24%	20	0.18%	29	0.28%	38	0.36%	182	1.65%
Unknown	478	4.09%	448	4.13%	451	4.32%	475	4.52%	836	7.58%
Total	11,689	100.00%	10,852	100.00%	10,439	100.00%	10,502	100.00%	11,030	100.00%

	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Age										
Under 20	4,054	34.68%	3,626	33.41%	3,296	31.57%	3,200	30.47%	3,122	28.30%
20 -24	3,628	31.04%	3,528	32.51%	3,412	32.69%	3,407	32.44%	3,633	32.94%
25 - 29	1,589	13.59%	1,527	14.07%	1,522	14.58%	1,484	14.13%	1,630	14.78%
30 - 34	955	8.17%	835	7.69%	844	8.09%	910	8.67%	1,045	9.47%
35 - 39	554	4.74%	542	4.99%	509	4.88%	572	5.45%	600	5.44%
40 - 44	387	3.31%	313	2.88%	334	3.20%	352	3.35%	407	3.69%
45 - 49	223	1.91%	225	2.07%	235	2.25%	250	2.38%	259	2.35%
50 & over	299	2.56%	256	2.36%	287	2.75%	327	3.11%	334	3.03%
Total	11,689	100.00%	10,852	100.00%	10,439	100.00%	10,502	100.00%	11,030	100.00%

Average Age	24.5	24.5	25.3	25.3	25.5
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Notes: Year 2017 is not yet available.

Source: College Statistical Profiles.

Del Mar College
Statistical Supplement 17
Transfers to Senior Institutions
Academic Year 2015-16 Students as of Fall 2016
(Includes only public senior colleges in Texas)
(unaudited)

	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all Sample Transfer Students	Percent of all Sample Transfer Students
1 Texas A&M University - Corpus Christi	744	91	25	860	51.19%
2 Texas A&M University - Kingsville	176	12	6	194	11.55%
3 Texas A&M University	123	11	6	140	8.33%
4 The University of Texas at San Antonio	101	8	1	110	6.55%
5 Texas State University	99	11	3	113	6.73%
6 The University of Texas at Austin	83	2	0	85	5.06%
7 Texas Tech University	24	0	0	24	1.43%
8 University of Houston	16	3	0	19	1.13%
9 University of North Texas	16	0	1	17	1.01%
10 Sam Houston State University	11	2	0	13	0.77%
11 Tarleton State University	9	0	0	9	0.54%
12 The University of Texas at Arlington	9	7	1	17	1.01%
13 The University of Texas at Dallas	8	0	1	9	0.54%
14 University of Houston - Victoria	7	2	0	9	0.54%
15 Stephen F. Austin State University	6	1	0	7	0.42%
16 Texas A&M International University	5	0	0	5	0.30%
17 Texas A&M University at Galveston	5	0	0	5	0.30%
18 The University of Texas - Rio Grande Valley	5	1	1	7	0.42%
19 The University of Texas of the Permian Basin	4	0	0	4	0.24%
20 Lamar University	3	0	1	4	0.24%
21 Texas A&M University - San Antonio	3	1	1	5	0.30%
22 Texas Woman's University	3	0	0	3	0.18%
23 Texas A&M University System Health Science Center	3	0	0	3	0.18%
24 University of Houston - Downtown	2	2	0	4	0.24%
25 West Texas A&M University	2	0	0	2	0.12%
26 Angelo State University	1	1	0	2	0.12%
27 Midwestern State University	1	1	1	3	0.18%
28 Sul Ross State University	1	0	0	1	0.06%
29 Texas A&M University - Central Texas	1	0	0	1	0.06%
30 Texas A&M University - Commerce	1	0	0	1	0.06%
31 Texas A&M University - Texarkana	1	0	0	1	0.06%
32 Texas Southern University	1	0	0	1	0.06%
33 The University of Texas at El Paso	1	0	0	1	0.06%
34 The University of Texas at Tyler	1	0	0	1	0.06%
35 University of Houston - Clear Lake	1	0	1	2	0.12%
36 Texas Tech University Health Sciences Center	1	0	0	1	0.06%
37 The University of Texas Health Science Center at San Ant	1	0	0	1	0.06%
38 The University of Texas Medical Branch at Galveston	1	0	0	1	0.06%
39 Texas Tech University Health Sciences Center - El Paso	0	1	0	1	0.06%
	1476	156	48	1680	100.00%

Notes: Year 2017 is not yet available.

Source: Texas Higher Education Coordinating Board Automated Student and Adult Learner Follow-Up System Students Pursuing Additional Education by Institution.

Del Mar College
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2008 to 2017
(unaudited)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Academic buildings	34	35	34	34	34	34	34	34	37	37
Square footage (in thousands)	897	914	894	894	875	875	850	850	831	831
Libraries	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	114	114	114	114	114	114	114	114	114	114
Number of Volumes (in thousands)	187	187	187	187	187	187	187	187	187	187
Administrative and support buildings	7	7	7	7	7	7	7	7	7	7
Square footage (in thousands)	253	253	253	237	237	237	237	237	169	169
Athletic Facilities	3	3	3	3	3	3	3	3	3	3
Square footage (in thousands)	60	60	60	60	60	60	60	60	44	44
Aquatic Center	1	1	1	1	1	1	1	1	1	1
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Tennis Court	1	1	1	1	1	1	1	1	1	1
Plant facilities	6	6	6	6	6	6	6	6	10	10
Square footage (in thousands)	70	70	70	70	70	70	70	70	33	33
Transportation										
Cars	4	9	33	53	69	8	8	9	7	7
Light Trucks/Vans	55	50	43	37	68	47	55	65	47	47
Buses	0	0	1	1	1	2	2	2	4	4

Source: Del Mar College Physical Facilities Building Report.

Del Mar College
Statistical Supplement 19
Changes in Net Position
Fiscal Years 2008 to 2017
(unaudited)

For the Year Ended August 31

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Revenues										
Tuition and Fees (net of discounts)	\$ 12,755,431	\$ 11,975,986	\$ 10,878,328	\$ 10,683,123	\$ 9,681,161	\$ 14,874,912	\$ 9,849,642	\$ 9,560,810	\$ 11,980,079	\$ 14,031,565
Federal Grants and Contracts	3,268,403	4,650,416	5,423,812	3,255,877	3,465,361	3,657,769	4,049,813	4,607,604	4,147,939	3,358,387
State Grants and Contracts	3,717,804	4,334,183	3,090,218	2,021,264	1,613,439	1,480,295	1,996,563	1,825,247	2,357,887	1,688,871
Local Grants and Contracts	547,774	2,211,054	592,945	1,043,836	837,213	1,779,174	534,974	1,863,118	957,000	698,364
Auxiliary Enterprises (net of discounts)	1,248,486	1,323,238	1,507,338	1,397,476	1,373,947	1,606,639	1,426,632	1,276,187	1,470,590	1,212,596
General Operating Revenues	1,767,755	2,304,931	1,378,951	1,357,212	1,172,798	1,233,891	1,089,147	1,635,755	1,260,209	1,464,530
Total Operating Revenues	23,305,653	26,799,808	22,871,592	19,758,788	18,143,919	24,632,680	18,946,771	20,768,721	22,173,704	22,454,313
Operating Expenses										
Instruction	43,908,899	39,580,321	36,440,531	35,017,334	33,765,746	34,475,078	35,631,929	35,082,047	33,919,124	35,832,617
Public Service	129,056	110,626	21,290	14,146	21,359	24,975	97,181	36,732	29,517	34,557
Academic Support	7,189,179	6,946,425	6,193,494	5,553,605	4,984,898	4,829,859	5,852,202	5,899,306	5,963,817	6,083,292
Student Services	16,486,986	18,039,997	16,105,881	12,295,001	12,439,289	10,905,844	11,251,405	10,813,948	10,646,463	12,379,196
Institutional Support	19,429,845	18,690,329	16,792,500	16,637,302	15,235,208	15,440,078	15,340,165	14,510,993	14,152,988	14,496,449
Operating and Maintenance of Plant	10,128,134	9,701,525	8,770,592	8,112,724	7,597,543	7,748,373	9,485,873	11,131,403	11,620,435	11,281,412
Scholarships and Fellowships	5,905,955	5,111,125	6,285,920	5,980,411	6,856,972	5,755,165	10,616,294	13,505,290	15,558,908	10,969,849
Auxiliary Enterprises	1,483,984	1,417,025	1,469,943	1,339,143	1,404,623	1,521,295	1,303,387	1,483,184	1,726,206	1,736,903
Depreciation	5,565,557	5,515,438	5,589,559	5,570,425	5,606,843	5,594,775	5,668,964	5,773,610	5,686,422	5,205,151
Total Operating Expenses	110,227,595	105,112,811	97,669,710	90,520,091	87,912,481	86,295,442	95,247,400	98,236,513	99,303,880	98,019,426
Operating Loss	\$ (86,921,942)	\$ (78,313,003)	\$ (74,798,118)	\$ (70,761,303)	\$ (69,768,562)	\$ (61,662,762)	\$ (76,300,629)	\$ (77,467,792)	\$ (77,130,176)	\$ (75,565,113)

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 19 (Continued)
Changes in Net Position
Fiscal Years 2008 to 2017
(unaudited)

For the Year Ended August 31

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Non-Operating Revenues (Expenses)										
State Appropriations	\$ 20,175,851	\$ 19,800,318	\$ 19,917,744	\$ 19,553,776	\$ 19,535,227	\$ 20,928,729	\$ 23,890,346	\$ 24,246,822	\$ 25,144,870	\$ 25,068,833
Maintenance Ad Valorem Taxes	47,179,178	46,704,072	43,341,908	40,524,142	37,311,571	35,581,594	33,966,441	35,059,327	32,549,826	29,428,339
Debt Service Ad Valorem Taxes	12,386,836	8,338,292	8,384,937	8,639,074	8,678,589	8,939,543	9,800,687	9,030,586	8,736,321	8,643,443
Federal Revenue, Non Operating	16,714,930	16,322,598	16,265,164	16,521,106	18,730,358	13,113,471	21,317,348	20,623,178	20,843,726	15,759,669
Gifts	-	-	-	-	-	60,517	39,748	54,774	-	103,475
Gain (Loss) on Disposal of Capital Assets	(302,112)	(80,308)	(85,079)	(44,591)	(31,345)	(100,187)	(31,752)	(17,603)	(59,130)	(44,620)
Investment Income	1,107,980	337,362	205,840	197,482	216,246	347,282	490,659	464,529	802,257	1,985,159
Interest on Capital Related Debt	(5,075,351)	(4,090,597)	(3,961,174)	(4,441,005)	(4,399,676)	(4,570,120)	(5,876,467)	(5,949,619)	(6,139,629)	(5,735,106)
Contribution from Del Mar Foundation, Inc.	-	-	-	-	-	-	-	-	2,572	1,902
Other Non-Operating Revenues	11,704	21,428	30,022	144,164	173,864	155,367	139,255	4,534	309,453	125,872
Other Non-Operating Expenses	(299,981)	(6,000)	(2,750)	(2,800)	(1,600)	(1,450)	(1,450)	(1,150)	(28,118)	(1,033,002)
Net Non-Operating Revenues	91,899,035	87,347,165	84,096,612	81,091,348	80,213,234	74,454,746	83,734,815	83,515,378	82,162,148	74,303,964
Capital Contributions	65,500	59,513	151,333	97,300	836,140	60,000	161,319	50,381	216,497	-
Income Before Extraordinary Item	5,042,593	9,093,675	9,449,827	10,427,345	11,280,812	12,851,984	7,595,505	6,097,967	5,248,469	(1,261,149)
Restatements	-	-	-	-	-	(1,239,182)	-	-	-	-
Increase (Decrease) in Net Position	5,042,593	9,093,675	9,449,827	10,427,345	11,280,812	11,612,802	7,595,505	6,097,967	5,248,469	(1,261,149)
Net Position										
Net Position - Beginning of Year	125,818,442	116,724,767	117,746,564	107,319,219	96,038,407	84,425,605	76,830,100	70,732,133	65,483,664	66,744,813
Cumulative Effect of Change in Accounting Principle	-	-	(10,471,624)	-	-	-	-	-	-	-
Net Position - Beginning of Year - as restated	125,818,442	116,724,767	107,274,940	-	-	-	-	-	-	-
Net Position - End of Year	\$ 130,861,035	\$ 125,818,442	\$ 116,724,767	\$ 117,746,564	\$ 107,319,219	\$ 96,038,407	\$ 84,425,605	\$ 76,830,100	\$ 70,732,133	\$ 65,483,664

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 20
Ad Valorem Tax Rates Authorized
Last Ten Fiscal Years
(unaudited)

Calendar Year	Current Operations	Debt Service	Total
2016	0.5000	0.5000	1.0000
2015	0.5000	0.5000	1.0000
2014	0.5000	0.5000	1.0000
2013	0.5000	0.5000	1.0000
2012	0.5000	0.5000	1.0000
2011	0.5000	0.5000	1.0000
2010	0.5000	0.5000	1.0000
2009	0.5000	0.5000	1.0000
2008	0.5000	0.5000	1.0000
2007	0.5000	0.5000	1.0000

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 21
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(unaudited)

	For the Year Ended August 31									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Del Mar Colleg District	0.259	0.246	0.248	0.248	0.251	0.258	0.258	0.258	0.242	0.242
Special Districts:										
Hospital District	0.127	0.127	0.130	0.137	0.148	0.162	0.162	0.162	0.145	0.145
Downtown Management District	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.370
Nueces County	0.304	0.304	0.313	0.331	0.341	0.351	0.351	0.351	0.356	0.356
Drainage District No. 2	0.333	0.333	0.334	0.350	0.390	0.400	0.318	0.310	0.385	0.377
Drainage District No. 3	0.193	0.030	0.193	0.178	0.189	0.189	0.189	0.897	0.890	0.190
South Texas Water Authority	0.083	0.083	0.083	0.085	0.085	0.062	0.062	0.062	0.056	0.057
Cities:										
Corpus Christi	0.606	0.606	0.606	0.585	0.585	0.571	0.571	0.582	0.564	0.564

Source: Nueces County Tax Office

Del Mar College
Statistical Supplement 21 (Continued)
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(unaudited)

For the Year Ended August 31

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
School Districts:										
Calallen ISD	1.375	1.375	1.375	1.358	1.359	1.359	1.328	1.299	1.277	1.100
Corpus Christi ISD	1.237	1.237	1.237	1.237	1.237	1.237	1.237	1.237	1.176	1.156
Flour Bluff ISD	1.150	1.154	1.154	1.168	1.178	1.071	1.072	1.070	1.070	1.070
London ISD	1.357	1.357	1.356	1.395	1.251	1.238	1.263	1.250	1.144	1.130
Port Aransas ISD	1.118	1.118	1.118	1.126	1.126	1.086	1.063	1.062	1.058	1.058
Tuloso Midway ISD	1.409	1.409	1.377	1.394	1.317	1.332	1.332	1.332	1.332	1.282
West Oso ISD	1.450	1.450	1.450	1.370	1.370	1.370	1.420	1.420	1.340	1.240
Fire Districts:										
Fire District No. 1	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.075
Fire District No. 2	0.030	0.030	0.030	0.030	0.026	0.026	0.026	0.026	0.026	0.026
Fire District No. 3	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.048	0.050
Fire District No. 4	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.088
Fire District No. 5	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.024	0.028	0.027
TOTAL:	11.661	11.489	11.634	11.622	11.483	11.342	11.282	11.942	11.707	10.603

Source: Nueces County Tax Office

Del Mar College
Statistical Supplement 22
Computation of Direct and Overlapping Debt
August 31, 2017
(unaudited)

Bonded Debt of Individual Governmental Subdivisions:	Estimated Gross Debt	Percent Applicable	Applicable to Direct
Special Districts:			
Nueces County	\$ 122,779,252	86.82%	\$ 106,596,947
Nueces County Hospital District	-	100.00%	-
County-Line Special Districts:			
Nueces County Drainage District 2	-	100.00%	-
South Texas Water Authority	-	100.00%	-
City:			
Corpus Christi	482,517,841	99.76%	482,517,841
School Districts:			
Calallen ISD	39,760,000	99.99%	39,756,024
Corpus Christi ISD	535,892,689	100.00%	535,892,689
Flour Bluff ISD	48,185,000	99.98%	48,175,363
London ISD	17,394,953	57.79%	10,052,543
Port Aransas ISD	10,750,000	14.52%	1,560,900
Tuloso-Midway ISD	63,064,000	100.00%	63,064,000
West Oso ISD	24,689,540	100.00%	24,689,540
Sub-total direct and overlapping debt	1,345,033,275	97.57%	1,312,305,847
Del Mar College District	134,695,000	100.00%	134,695,000
Total direct and overlapping debt	<u>\$ 1,479,728,275</u>	<u>97.79%</u>	<u>\$ 1,447,000,847</u>

Source: Debt outstanding data provided by each entity



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Federal and State Award Section





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INDEPENDENT AUDITOR'S 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

December 7, 2017

Board of Regents
Del Mar College District
Corpus Christi, Texas

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 Del Mar College District (the College) and its discretely presented component unit, as of and for the years ended August 31, 2017 and 2016 and June 30, 2017 and 2016, respectively, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 7, 2017.

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 determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedules of federal findings and questioned costs as items 2017-01, 2017-02 and 2017-03.

Del Mar College District's Response to Findings

Del Mar College District's response to the findings identified in our audit is described in the accompanying schedule of state findings and questioned costs. Del Mar College District's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on their response.

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 communication is not suitable for any other purpose.

Collier, Johnson & Woods

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

December 7, 2017

Board of Regents
Del Mar College District
Corpus Christi, Texas

Report on Compliance for Each Major Federal Program

We have audited the Del Mar College District's (the College's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2017. The College's major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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 program. However, our audit does not provide a legal determination on the College's compliance.

Opinion on Each Major Federal Programs

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 programs for the year ended August 31, 2017.

Other Matter

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *Uniform Guidance* and which are described in the accompanying schedule of findings and questioned costs at items 2017-01, 2017-02 and 2017-03. Our opinion on each major federal program is not modified with respect to these matters.

Del Mar College District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of federal findings and questioned costs. Del Mar College District's response was not subjected to auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the 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 requirements that could have a direct and material effect on each major federal program to determine the auditing 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 Uniform Guidance, 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 program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 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. and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-01, 2017-02 and 2017-03, that we consider to be material weaknesses.

Del Mar College District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Del Mar College District's response was not subjected to auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on their 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. Accordingly, this report is not suitable for any other purpose.

Collier, Johnson & Woods

DEL MAR COLLEGE DISTRICT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2017

Section I:
Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiencies reported that are not considered to be material weaknesses?	None reported
• Noncompliance material to the financial statements noted?	Yes
Federal Awards:	
• Material weakness identified?	Yes
• Significant deficiencies reported that are not considered to be material weaknesses?	None reported
Type of auditor's report on compliance for major federal programs:	Unmodified
Any audit findings required to be reported in accordance with the Uniform Guidance?	Yes
The programs tested as major programs include:	
U.S. Department of Education Financial Aid Cluster:	
84.007 Federal Supplemental Educational Opportunity Grants (FSEOG)	
84.033 Federal College Work Study Program	
84.063 Federal Pell Grant Program	
84.268 Federal Direct Loan Program	
U.S. Department of Education	
84.002 Adult Basic Education	
84.048 Carl Perkins Vocational Education	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low risk auditee:	Yes

Section II:
Findings - Financial Statement Audit

None reported

Section III:
Findings and Questioned Costs – Major Federal Award Programs

TEXAS WORKFORCE COMMISSION (TWC)

Material Weakness

2017-01

Adult Education and Literacy Contract #2214AEL000; Grant period from June 1, 2015 thru April 30, 2016

Condition: TWC Monitors identified a material weakness in the recordkeeping for consortium member Alice ISD. The College failed to monitor this subrecipient.

Criteria: The College is responsible to monitor compliance of grant requirements compliance for subrecipients.

Cause: Lack of standardized monitoring and follow up procedures to ensure that subrecipients develop and implement internal controls to ensure compliance with all applicable federal and state regulations.

Effect: Disallowance of costs related to the students affected.

Context: A TWC audit noted failures to (1) determine and document eligibility and (2) document or maintain attendance records to sufficiently support students completed the program. Furthermore, support for student contact hours entered into TEAMS, the statewide database, was insufficient or inaccurate. TWC is questioning costs of \$273,741.42 and has issued a request for reimbursement to the College for this amount.

Recommendation: The College should develop written monitoring procedures with clear objectives and reporting timelines.

View of Responsible Officials and Planned Corrective Actions: Monitoring procedures have been developed and implemented to ensure proper documentation of compliance with grant requirements by subrecipients.

2017-02

Adult Education and Literacy Contract #2214AEL000; Grant period from June 1, 2015 thru April 30, 2016

Condition: TWC Monitors identified lack of documentation for eligibility and other program requirements for participants 16 and 17 years of age.

Criteria: The College is responsible to complete and retain documentation that program participants meet eligibility requirements. The College is responsible to maintain attendance records and input complete and accurate information into TEAMS, the statewide database.

Cause: Adequate documentation for eligibility was not obtained or retained. Sign in sheets for attendance were incomplete and/or did not match TEAMS.

Effect: Disallowance of costs related to the students affected.

Context: Thirteen student case files tested by TWC did not contain adequate documentation of eligibility. TWC is questioning costs of \$4,938.51 and has issued a request for reimbursement to the College for this amount. In eight files tested by TWC, class sign-in sheets were incomplete and/or did not match hours in TEAMS. TWC is questioning costs of \$4,389.31 and has issued a request for reimbursement to the College for this amount.

Recommendation: The College should develop written procedures to collect and retain accurate enrollment forms and sign-in sheets to ensure that program requirements are met.

View of Responsible Officials and Planned Corrective Actions: Procedures have been developed and implemented to ensure proper documentation of compliance with grant requirements.

2017-03

Adult Education and Literacy Contract #2214AEL000; Grant period from June 1, 2015 thru April 30, 2016

Condition: TWC Monitors noted that procedures were not in place to ensure all transactions were allowable and supported.

Criteria: The College is required to ensure that all costs are allowable and provide benefit to the program.

Cause: Monitors noted travel reimbursement including tips for meals, which is not allowable, and the purchase of a receipt book that did not benefit the program.

Effect: Disallowance of costs.

Context: TWC is questioning costs of \$20 and has issued a request for reimbursement to the College for this amount.

Recommendation: The College should provide training in regard to allowable costs to grant employees which approve reimbursements.

View of Responsible Officials and Planned Corrective Actions: These transactions were related to a subrecipient. Transactions that are being reimbursed by Grant reimbursements will be closely monitored.

Section IV: Prior Year Findings

None reported.

Del Mar College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2017

Federal Grantor/Cluster/Program Title/Pass-Through Grantor Pass-Through Grantor's Award Number	CFDA Number	Direct Awards	Pass-Through Awards	Total	Subrecipients Expenditures
U. S. Department of Education					
Student Financial Aid Cluster					
SEOG	84.007	\$ 217,680		\$ 217,680	
Federal College Workstudy Program	84.033	214,652		214,652	
Federal Pell Grant	84.063	15,040,263		15,040,263	
Direct Student Loans	84.268	3,436,694		3,436,694	
Total Student Financial Aid Cluster		18,909,289		18,909,289	
Child Care Access	84.335	100,757		100,757	
TITLE V - Celebrando Educacion	84.031	197,053		197,053	27,249
TITLE H S I	84.031	328,399		328,399	
Viking Connect: Academic & Career Coaching at Del Mar College	84.031	513,983		513,983	
Total		1,140,192		1,140,192	
Pass-Through From:					
Texas Higher Education Coordinating Board:					
Carl Perkins Vocational Education - Basic 17655	84.048		473,726	473,726	
Texas State University:					
Career & Financial Education	84.031		202,901	202,901	
Texas Workforce Commission:					
Adult Basic Education 2216AEL002	84.002A		1,428,774	1,428,774	
Adult Basic Education 2216AELB02	84.002A		26,895	26,895	
Career Pathway Navigator Initiative 2216AEL000	84.002A		71,716	71,716	
			1,527,385	1,527,385	
Total U. S. Department of Education		20,049,481	2,204,012	22,253,493	
U. S. Department of Defense					
Defense Logistics Agency					
Procurement Technical Assistance of Business Firms	12.002	168,386		168,386	
Total U. S. Department of Defense		168,386		168,386	
U. S. Department of Homeland Security					
Pass-Through From:					
Texas Department of Public Safety					
Texas Safe Shelter	97.039		(88)	(88)	
Total U. S. Department of Homeland Security			(88)	(88)	
U. S. Department of Transportation					
Pass-Through From:					
Texas Department of Transportation					
	20.905		176,106	176,106	
Total U. S. Department of Transportation			176,106	176,106	
National Science and Space Administration					
TexPrep					
	43.001	52,528		52,528	
Total National Science and Space Administration		52,528		52,528	

**Schedule E
(Continued)**

**Del Mar College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2017**

Federal Grantor/Cluster/Program Title/Pass-Through Grantor Pass-Through Grantor's Award Number	CFDA Number	Direct Awards	Pass-Through Awards	Total	Subrecipients Expenditures
National Science Foundation					
NSF UASTEC	47.076	184,470		184,470	36,609
NSF 21st Century Mtg	47.076	28,731		28,731	
		213,201		213,201	36,609
Pass-Through From:					
Austin Community College:					
AC2	47.076		93,681	93,681	
	NSF 1501207				
Stevens Institute of Technology:					
ATSSC	47.076		20,334	20,334	
	2102411-02				
Texas A & M College Station:					
Revision	47.076		180,339	180,339	
Total National Science Foundation			294,354	507,555	
		213,201			
U. S. Small Business Administration					
Pass-Through From:					
University of Texas at San Antonio:					
Small Business Development Center	59.037		114,289	114,289	
	7-603001				
Small Business Administration					
	59.006		13,860	13,860	
	Z0049-31-DMC				
Total U. S. Small Business Administration			128,149	128,149	
U. S. Department of Labor					
Pass-Through From:					
Texas Workforce Commission:					
WIA/JATC	17.278		86,992	86,992	
	2216ATP001				
TANF/JATC					
	93.558		22,362	22,362	
	2216ATP001				
Total U. S. Department of Labor			109,354	109,354	
U. S. Department of Agriculture					
Pass-Through From:					
Texas State Department of Agriculture					
	10.558		23,881	23,881	
Texas A & M University Corpus Christi:					
USDA NIFA HSIG	10.223		500	500	
	17-08				
Total U. S. Department of Agriculture			24,381	24,381	
U. S. Department of Housing and Urban Development					
Pass-Through From:					
City of Corpus Christi:					
CDBG Rollover	14.218		163	163	
Total U. S. Department of Housing and Urban Development			163	163	
Total Federal Financial Assistance			\$ 2,936,431	\$ 23,420,027	\$ -
		\$ 20,483,596			

Del Mar College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2017

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts revenue - per Schedule A	\$ 3,268,403
Add: Non-Operating Federal Revenue from Schedule C	16,714,930
Total Federal Revenues per Schedule of Revenues, Expenses and Changes in Net Assets	\$ <u>19,983,333</u>

Reconciling Item:

Add: Funds Passed through to others	\$ -
Add: Direct Student Loans	3,436,694
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$ <u><u>23,420,027</u></u>

Note 2: Significant Accounting Policies used in Preparing the Schedule

The accompanying schedule is presented using the accrual basis of accounting. The expenditures included in the schedule are reported for the college's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended by the college for the purpose of the award. The expenditures reported above may not have been reimbursed by the funding agency as of the end of the fiscal year. Some amounts reported in the schedule 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 entities in the preparation of the schedule.

Note 3: Expenditures Not Subject to Federal Single Audit

None

Note 4: Student Loans Processed and Administrative Costs Recovered - if not included in schedule

None

Note 5: Nonmonetary federal assistance received

None

Note 6: Amounts Passed Through by the College

None

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

December 7, 2017

Board of Regents
Del Mar College District
Corpus Christi, Texas

Report on Compliance for Each Major State Program

We have audited the Del Mar College District's (the College's) compliance with the types of compliance requirements described in the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the College's major state programs for the year ended August 31, 2017. The College's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major 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 *State of Texas Single Audit Circular* issued by the Governor's Office of Budget and Planning. Those standards and the Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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 state program. However, our audit does not provide a legal determination on the College's compliance.

Opinion on Each Major State Program

In our opinion, the College complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended August 31, 2017.

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 requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

Collier, Johnson & Woods

DEL MAR COLLEGE DISTRICT

SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2017

Section I:
Summary of Auditor's Results

Financial Statements:

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

State Awards:

• Material weakness identified?	No
• Significant deficiencies reported that are not considered to be material weaknesses?	None reported
Type of auditor's report on compliance for major state programs:	Unmodified
Any audit findings required to be reported in accordance with Section 510(a) of the State of Texas Single Audit Circular?	No

The programs tested as major programs include:

Texas Higher Education Coordinating Board:
Texas Grant Program

Texas Workforce Commission
Adult Basic Education
CB & I Phase I
DMC with an Industrial Consortium
Driscoll Children's Hospital
M&G Resins
Voestalpine Texas

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low risk auditee:	Yes
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Section II:
Findings - Financial Statement Audit

None reported.

Section III:
Findings and Questioned Costs – Major State Award Programs

None Reported

Section IV:
Prior Year Findings

None reported

Del Mar College
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2017

Grantor Agency/ Program Title	Grant Contract Number	Expenditures
Austin Community College		
Pass-through from:		
Rural South Texas Economic Development Corporation		
Texas Innovative Adult Career Education Program		\$ 290,409
TASB Risk Management Fund		
TASB Loss Prevention	8187	4,000
Texas Higher Education Coordinating Board		
Texas College Work Study	22339	48,785
Texas Grant Program	13399	798,224
CRSM	17433	36,116
Nursing Shortage Reduction	13129	43,071
Workstudy Mentorship	15555	43,140
Pass-through from:		
Houston Community College		
Accelerate Texas	1517 Del Mar ATX S3	24,152
Texas Workforce Commission		
Adult Basic Education	2216AEL002	107,731
Adult Basic Education	2216AELB02	1,797
CB& I Phase II	2216SDF001	836,193
DMC with an Industrial Consortium	2216SDF000	66,698
Driscoll Children's Hospital	2216SDF002	301,181
JET Equipment	2217JET006	264,402
M&G Resins	2215SDF001	5,312
Voestalpine Texas	2215SDF000	89,258
WIA/JATC	2217ATP001	336,057
University of Texas at San Antonio		
Small Business Development	7-603001-Z-0049-31-DMC	259,778
SBDC Rural	7-603001-Z-0049-31-DMC	161,500
Total State Financial Assistance		\$ <u>3,717,804</u>

(Continued)

Del Mar College
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2017

Note 1: State Assistance Reconciliation

State Revenues - per Schedule A

State Financial Assistance

Per Schedule of expenditures of state awards \$ 3,717,804

Total State Revenues per Schedule A \$ **3,717,804**

Note 2: Significant Accounting Policies used in Preparing the Schedule

The accompanying schedule is presented using the accrual basis of accounting. See Note 2 to the financial statements for Del Mar College's significant accounting policies. These expenditures are reported on Del Mar College's fiscal year. Expenditure reports are reported on the award period basis.



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100 Baldwin Blvd.
Corpus Christi, TX 78404-3897
www.delmar.edu

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