

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended August 31, 2019 and 2018



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Corpus Christi, TX 78404-3897



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Comprehensive Annual Financial Report

For the Fiscal Years Ended August 31, 2019 and 2018

Prepared by

Raul Garcia, CPA

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

Front cover photos: Student life and programs at Del Mar College

Del Mar College
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

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Introductory
Section



**DEL MAR
COLLEGE**

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Transmittal Letter

December 10, 2019

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

In accordance with State legal requirements prescribed by Texas Education Code section 44.008, Del Mar College's Comprehensive Annual Financial Report (CAFR) for the years ended August 31, 2019 and 2018 has been audited by Collier, Johnson and Woods, P.C. The purpose of the CAFR is to provide financial information about the College's financial condition and performance. The financial report is prepared in accordance with generally accepted accounting principles (GAAP) as set forth by 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.

The College's management assumes responsibility for establishing and maintaining an internal control framework to provide reasonable assurance that the CAFR is presented in a manner that is free of material misstatements. 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 (MD&A) which immediately follows the independent auditor's report. The MD&A provides a narrative introduction, overview and analysis of the basic financial statements.

Comprehensive Annual Financial Report

The CAFR is presented in four sections: Introductory, Financial, Statistical, and Federal and State Awards. The Introductory section includes this transmittal letter; a listing of the Board of Regents and Administration; the Certificate of Excellence in Financial reporting; and an organization chart. The Financial section includes the independent auditor's report on the basic financial statements, MD&A, the basic financial statements, notes to the financial statements, and required supplementary information. The Statistical section includes selected unaudited financial and demographic information presented on a multi-year basis. Lastly, the Federal and State Awards section includes the independent auditor's reports on internal controls and compliance with grant requirements, expenditure schedules, and finding and question cost reports. 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.

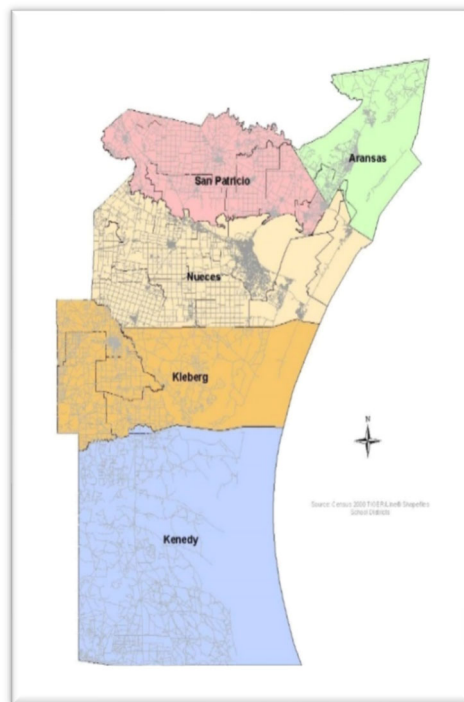
College Profile

Del Mar College District (DMC) is an independent political subdivision of the State of Texas located in Nueces County. The College started in 1935 under the control of Corpus Christi Independent School District's Board of Trustees. In 1999, the College's Board of Regents adopted Del Mar College District as the official name. The College's enrollment has increased from 154 students since inception of the institution to over 25,000 students.

The College's instructional delivery space consists of a one college multi-campus model consisting of four locations throughout our district and service areas, with a planned campus expansion in the South location of Corpus Christi. The service areas include Nueces, Aransas, San Patricio Counties and parts of Kleberg and Kenedy Counties. Our course delivery sites include the East and West campuses, the Center for Economic Development, and the Northwest Center. In addition, the College will begin construction of a new 96-acre campus on the south side of Corpus Christi in fiscal year 2020.

The College delivers affordable high-quality degree and certificate programs in more than 178 different fields with an emphasis on customized training options to meet the needs of regional economic growth. We take great pride on the fact that most of our liberal arts majors successfully transfer and continue their study at a regional university.

Our programs are accredited by the Commission on Colleges of the Southern Association of Colleges and Schools. The next re-affirmation of accreditation will occur in 2020.



Del Mar's Vision, Mission, Values, and Strategic Plan

Del Mar's Board of Regents formally ratified the new mission, vision, values and the five-year Strategic Plan for 2019-2024 on September 10, 2019. The strategic plan is designed using the integrated planning model developed by the Society of College & University Planning. Key stakeholder groups engaged in developing the new plan include students, faculty, staff, community members, and the Del Mar College Board.

Vision: Del Mar College will be the premier choice for life-changing educational opportunities, provided by responsive, innovative faculty and staff who empower students to improve local and global communities.

Mission: Del Mar College is a multi-campus community college providing access to affordable degree and certificate programs, customized workforce development, and continuing education opportunities for the successful educational advancement and lifelong learning needs of our communities.

Values:

Student Learning and Success: Ensuring students gain the necessary knowledge, skills, and experience to achieve their goals of graduation, transfer, and/or personal enrichment.

Excellence in Instruction: Developing and delivering exceptional instruction that is tailored to a diverse student population.

Accountability: Demonstrating responsible and ethical stewardship of the resources entrusted to us by our community.

Innovation: Dedicating attention to new ideas that lead to higher levels of achievement for faculty, staff, and students.

Diversity and Inclusion: Committing to a diverse and inclusive community that values, celebrates and learns from our differences and in which all people are treated with dignity and respect.

Integrity: Demonstrating honesty, transparency, and clear communication with our stakeholders, our community, and with each other.

Access: Providing opportunities to all persons who wish to participate and succeed in higher education through traditional and distance delivery formats.

Strategic Plan: **Aspire. Engage. Achieve.**

Goal 1: Completion – Create coherent and seamless pathways that guide students to achieve their educational goals.

Goal 2: Recruitment and Persistence – Recruit and attract students to Del Mar College and provide resources to support continuous enrollment until achievement of their educational goals.

Goal 3: Academic Preparedness and Student Learning – Accelerate student attainment of academic preparedness and ensure optimal levels of learning in all instructional delivery formats.

Goal 4: Learning Environments – Provide engaging, effective, and student-ready environments with accomplished and qualified personnel to facilitate learning and productivity.

Goal 5: Workforce Development, Community Partnerships, and Advocacy – Strengthen connections with workforce and community partners, educational agencies, and governmental bodies and officials.

Goal 6: Financial Effectiveness and Affordability – Ensure financial capacity, demonstrate fiscal stewardship, and maintain affordability for students.

Financial Outlook

Performance and the economic expansion in the Coastal Bend are two of many factors influencing our outlook for the future. The “Aspire. Engage Achieve.” 2019-2024 strategic plan is designed around student success and the alignment of academic programs with workforce demands. Our forward motion operating activities include Guided Pathways, Student Engaged in Directed Advising (SENDA), student access expansion, and forged partnerships with local industry. We believe that these activities will secure the College’s financial condition and drive up the trajectory of the following student outcomes.

Student Outcomes:

- | | |
|--|---|
| <ol style="list-style-type: none">1. Reduce years to degree completion2. Reduce student’s average credit enrollment to degree completion3. Reduce student’s debt4. Increase first-year and second-year student persistence rates5. Increase the annual number of students earning an associated degree | <ol style="list-style-type: none">6. Increase the annual number of students earning a certificate7. Increase the three-year graduation rates of Hispanic students8. Faculty will be trained and certified in academic, financial, and culturally inclusive advisement |
|--|---|

Economy

Coastal Bend, used as a point of reference, is comprised of our entire district of Nueces, San Patricio, Aransas and parts of Kenedy and Kleberg counties combined with eight other counties. Our district represents 85% of Coastal Bend’s labor force with Nueces county representing the largest group with 64% of the labor force.

The Coastal Bend area is experiencing an economic boom that is partly attributed to the introduction of a cost-effective oil and gas shale extraction technique in our neighboring Eagle Ford region in 2010 followed by lifting of the ban on exports of U.S. oil production in 2015. The cost competitive energy production and entrance to new markets such as Mexico and other foreign countries has spurred economic growth in our district. In concert with this increased production and demand, the Coastal Bend area is ramping up its infrastructure to support industry growth that includes the deepening and widening of the Port of Corpus Christi to support mega ships beginning in 2019; the construction of pipelines to move natural resources from the Eagle Ford region and other parts of the country into Port Aransas; the expansion of our rail capacity; and a new Harbor Bridge. This economic expansion is scaling up the demand for DMC’s workforce education programs, increasing the labor force, and increasing property values all of which are contributing to our bottom line.

The Corpus Christi region, as described in the 2019 Coastal Bend Economic Development Guide, is “one of the largest industrial and energy-related project magnets in the world” with well over \$50 billion in capital expenditures since 2010. The new norm for capital investments is north of \$100 million according to Iain Vasey, President and Chief Executive of Corpus Christi Regional Economic Development Corporation (CCREDC). As an example, Gulf Coast Growth Ventures (GCGV), a joint venture between Exxon Mobil and Saudi Basic Industries Corporation, is constructing a manufacturing facility in San Patricio County. Cheniere Energy, a top global supplier of liquified natural gas (LNG), is constructing a LNG export terminal in San Patricio County that includes 3 trains to produce 13.5 million tons per annum of LNG. The following are the top 11 capital investments since 2010 as reported by CCREDC:

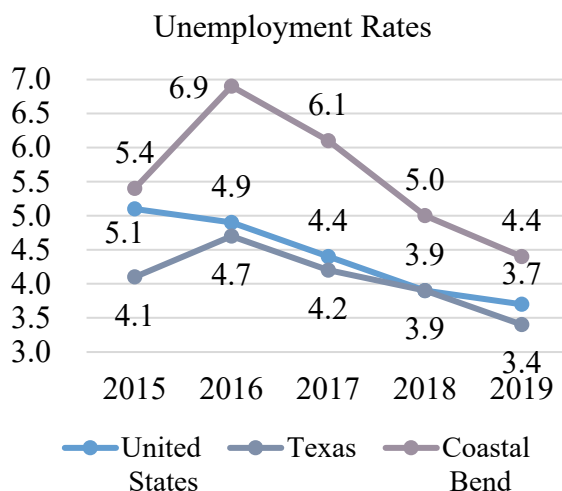
Organization	Capital Investments (In millions)	New Full-time Positions
Cheniere	\$ 14,500	250
GCGV (ExxonMobil/SABIC)	9,458	636
Permico	2,000	100
Howard Midstream Energy Partners	500	0
Lyondellbasell Industries, Inc	500	25

Organization	Capital Investments (In millions)	New Full-time Positions
Maverick Terminals, LLC	\$ 475	100
Magellan Midstream Partners	400	105
EPIC Y Grade	200	10
Gravity Mid-Stream	400	25
Chemours	230	65

Labor Markets / Workforce

The Workforce Solutions of Coastal Bend (WSCC) reported a labor force of 263,935 for the Coastal Bend area as of August 2019 with an unemployment rate of 4.4%. For reasons cited above, the Coastal Bend experienced a larger decline in the unemployment rate of 19% between 2015 to 2019 relative to Texas at 17%. The industries with the largest labor force include healthcare practitioner and technical; transportation and material moving; installation, maintenance, and repair; construction and extraction; productions; office instruction and library; production and protective services.

According to WSCC, the labor market will continue to grow between 8% to 22% through 2026 from 2016. The industries most affected includes health practitioners and technical (22%), healthcare support (51%) protective service (8%), transportation and material moving (15%), business and financial (14%), management occupations (15%), computer and mathematical (22%), architecture and engineering (9%), protective services (8%), construction and extraction (13%), and production (10%).



The College is well positioned to deliver a curriculum suited to train the future workforce in the industries previously described. See the list of programs below. The College programs are well grounded on the training needs of the businesses and industries in our area due, in part, to the College’s academic advisory committees’ active role in engaging members from the business and industry community. We are proud to announce the following partnered initiatives:

- The College is working with GCGV to build a technology lab for an ethane cracker and derivatives extraction to train their future workforce.
- The Texas Workforce Commission awarded over \$1.1 million to DMC and partner industries to provide customized employee training.
- Voestalpine Texas awarded \$50,000 to DMC to purchase state-of-the art equipment that enhances the student Process Technology Academic Program offered at Gregory-Portland High School. This location is one of several DMC careers centers in the San Patricio County.
- The Port of Corpus Christi Commission awarded DMC \$25,000 for equipment and student scholarships relating to our new Maritime Program.

<i>PROGRAMS</i>	<i>ACADEMIC</i>	<i>OCCUPATIONAL</i>
<i>Art and Drama</i>	√	
<i>Communications, Languages and Reading</i>	√	
<i>English and Philosophy</i>	√	
<i>Liberal Arts</i>	√	
<i>Mathematics</i>	√	
<i>Allied Health</i>	√	√
<i>Natural Sciences</i>		√
<i>Dental and Imaging</i>		√
<i>Kinesiology</i>	√	
<i>Nurse Education</i>	√	√
<i>Social Sciences</i>	√	
<i>Human Science and Education</i>	√	√
<i>Social Sciences</i>	√	
<i>Public Safety</i>	√	√
<i>Business Administration</i>	√	√
<i>Computer Science, Engineering and Technology</i>		√
<i>Technology Education</i>		√
<i>Industrial Education</i>		√

Guided Pathways Operating Initiatives

The College is excited to introduce the Guided Pathways initiative that include changes to our academic structure into nine associate degree meta-majors; degree and transfer mapping into predictable course scheduling; student advisors and other student support with a clearly defined pathway to student's degree completion and careers in their field of interest. In addition, online transfer resources will be published to facilitate a seamless transfer and to provide a structured pathway to program completion. The predictability of course schedules will make it easier for students to organize their work schedule and family obligations around school. This will reduce the number of unnecessary credit courses enrolled in by our students to earn a degree or certificate.

The course-mapping will reduce the complexity of student enrollment choices by detailing the class requirements by semester leading to on-time degree completion and the transfer to a four-year institution. The successful transfer of our students hinges on sound business partnerships with four-year institutions of higher education, accordingly, the College will create, revise and implement articulation agreements that will align the academic programs at both institutions with a career outlook and incomes by field of study. DMC is pleased to announce our most recent transfer agreement with WGU Texas that will streamline the transfer process and allow our students access to over 60 online accredited degree programs for a bachelor's and master's degree program. The agreement also includes provisions for WGU Texas to provide tuition discounts and scholarships to our students, faculty and staff.

SENDA Operating Initiatives

SENDA is an advisory initiative to increase the number of students attaining post-secondary degrees while creating a culture of financial competency that promotes student retention and increases financial literacy for our students. The College has secured a 5-year Hispanic Serving Institution grant valued at \$2.8 million from the U.S. Department of Education. The funds will be used to develop a new intrusive advisory framework that will help our students make informed academic choices to stay on track to on-time graduation; monitor their academic progress; steer them towards other support services when they go off track; deliver financial literacy programs; and provide clarity about their transfer to a four-year institution and career choices. The advising framework includes critical student touchpoints at the 15/30/45 credit hour course enrollment which will result in increased student advisory caseloads. Accordingly, the College will increase the number of advisors and leverage technology to maintain an effective and quality advisory framework. The planned operating activities include the following:

1. **Provide Financial Education to New Students:** DMC will incorporate financial literacy modules into orientation for new students and its first year "Student Success" course. This will help them plan their financial needs, options and develop a budget on or before the start of their first semester. In addition, DMC will deliver a comprehensive financial management program, a Student Success course, that will help students develop the financial management skills.

2. **Technology Driven Financial Literacy content:** The College will forge a partnership for a digital solution that includes mobile application, College's website, social media and online resources will be used to rollout our financial Student Success Course and financial management education programs. Partnerships under consideration include CashCourse, Trusted Advisor, Pocket Budget, LearnVest and Credit Smart Español.
3. **Implement Financial Peer Coaching:** The Office of Financial Aid will engage success coaches consisting of the College's work-study student to message financial management and College financing options that include completing the financial aid application (FAFSA), scholarships, tuition waivers, student loans/repayments and credit card debt. The College will also engage College Possible, a non-profit coaching program that helps low-income students complete their college degree as quickly and with as little debt as possible.
4. **Integrate Financial Literacy into Onboarding and Advisement:** The College's planned Guided Pathways Welcome Center will be the epicenter to greet and coach new students. It will house various student services including the Offices of Financial Aid, Veteran's Services, Testing and Advisors that will work in sync to introduce new students to DMC's culture of financial competence and the advising strategies detailed above.
5. **Virtual Career Tours:** We are also excited about our planned virtual career tour that will be used as part of our student onboarding system. Our students will be able to experience a 360-degree, HD view of what it's like to work in their academic field of study.

Student Access to Educational Programs and Services

DMC instituted a capital program plan beginning in 2014 for our one college multi-campus sites valued at \$297 million and funded with voter approved bonds. The plan was developed in collaboration with front-line student service employees, administrators, faculty, students and the Board of Regents with consideration to increasing student learning and attainment, improving the learning environment, and enhancing student life. The plan includes a combination of major repairs, renovations and repurposing of space at our East Campus, West Campus, Center for Economic Development and Northwest Center. In addition, there are plans for a new South Campus expansion.

The College has finalized the Music academic renovation. The new academic facility at the East Campus, and the renovation and expansion of our technical education and workforce classroom space at our West Campus are at the final stages of completion. The College will break ground in the coming months on a ninety-six acre South Campus.

There is also a plan to repurpose the Heldenfels Administration Building to a new Guided Pathways Welcome Center (a student center). This space will centralize the offices of Admissions, Financial Aid, Admissions, Bursar, Veterans Services, Testing and Advising. The vision is to deliver a friendly and welcoming setting to ease the transition of new students into our College, and, deliver a robust student service as described above in our Guided Pathways and SENDA initiatives.

Budget Controls

The DMC's annual budget is modeled around performance-based concepts that drives our three major revenue streams (tuition, ad valorem taxes, and state appropriations). The College's budget is prepared under the direction of the Chief Financial Officer and the Comptroller with the collaboration of the Budget Committee, and personnel from all areas of the College. The budget process includes solicitation of information from various cost center budget stakeholders throughout the College including Chairs, Deans, Managers and Senior Leadership and all managers of the various cost centers. The Budget Committee is engaged in budget discussions and allocations. The detailed budget includes departmental operating budgets by function with object code detail. Budget requests are measured against the annual department's Unit Assessment that includes planned operating activities, measured outcomes, findings/results, and resource requests.

The Budget plan is completed with the Board of Regents approving an itemized operating budget on or before September 1 in accordance with the Texas Education Code (Section 51.0051). A copy of the Board approved annual operating budget, and any subsequent amendments thereto, is filed with the Governor, Legislative Budget Board, the Legislative Reference Library, and the Texas Higher Education Coordinating Board by December 1. Thereafter, the CFO will report to the Board of Regents on a monthly basis the state of the budget relative to the operating revenue and expense results.

Other Information

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) has recognized DMC's commitment to excellence and transparency in financial reporting. DMCs fiscal year 2018 CAFR and the Popular Annual Report (President's Report) received the GFOA's Certificate of Achievement for Excellence in Financial Reporting and Popular Annual Financial Reporting Award. The College believes the fiscal year 2019 CAFR continues the tradition for excellence in financial reporting and will qualify for another GFOA award.

Independent Audits: The Texas Education Code section 44.008 requires the College to undergo an annual financial audit by independent certified public accountants. The College selected the accounting firm of Collier, Johnson, and Woods, P.C. for this role. The auditors' report on the financial statements and schedules is included in the financial section of this CAFR. The firm issued an unmodified opinion on Del Mar College District's CAFR for the year ended August 31, 2019. The independent auditor's report is located at the front of the financial section of the report.

The Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Part 200.501), Audits of States, Local Governments and Non-Profit Organizations and the State of Texas Single Audit Circular requires the College to undergo an annual compliance audit by independent certified public accounts. The auditors reported the following for fiscal year 2019. The results of their tests on major federal programs disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. A clean opinion was issued relating to the College's compliance, in all material respects, with the types of federal compliance requirements that could have a direct and material effect on each of the major

federal programs. A clean opinion was issued relating to the College's compliance with each major state program requirements. In addition, the firm did not identify any deficiencies in internal control over compliance considered to be a material weakness.

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,



Raul Garcia, CPA

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
Carol Scott, Chair	2020	At-Large
Gabriel Rivas III, First Vice Chair	2024	District 1
Dr. Nicholas L. Adame, Second Vice Chair	2020	At-Large
Dr. Mary Sherwood, Secretary	2020	District 4
Libby Averyt	2022	At-Large
Ed Bennett	2022	District 5
Elva Estrada	2024	District 3
Susan Hutchinson	2022	District 2
Hector Salinas	2024	At-Large

Administration

President	Dr. Mark S. Escamilla
General Counsel	Augustin Rivera, Jr.
Executive Vice President and Chief Academic Officer	Dr. Elizabeth Lewis
Vice President of Workforce Development and Strategic Initiatives	Lenora Keas
Vice President of Administration and Human Resources	Tammy McDonald
Vice President and Chief Financial Officer	Raul Garcia
Vice President of Facilities Operations and Chief Information Officer	August Alfonso
Vice President for Student Affairs	Dr. Rito Silva
Executive Director of Communication and Marketing	Lorette Williams
Executive Director of Development	Mary McQueen
Dean, Division of Arts and Sciences	Dr. Jonda Halcomb
Dean, Division of Business, Education and Health Sciences	Jennifer Sramek (Interim)
Dean, Technology, Industrial, and Public Safety Education	Charles McKinny
Dean, Institutional Effectiveness and Assessment	Kristina Wilson
Dean, Learning Resources	Cody Gregg
Dean, Division of Student Engagement and Retention	Cheryl Garner
Dean, Division of Student Outreach and Enrollment Services	Patricia Benavides-Dominguez
Dean, Continuing Education and Off-Campus Programs	Dr. Leonard Rivera
Dean, Workforce Programs and Corporate Services	Dan Korus



Government Finance Officers Association

**Certificate of
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Presented to

**Del Mar College
Texas**

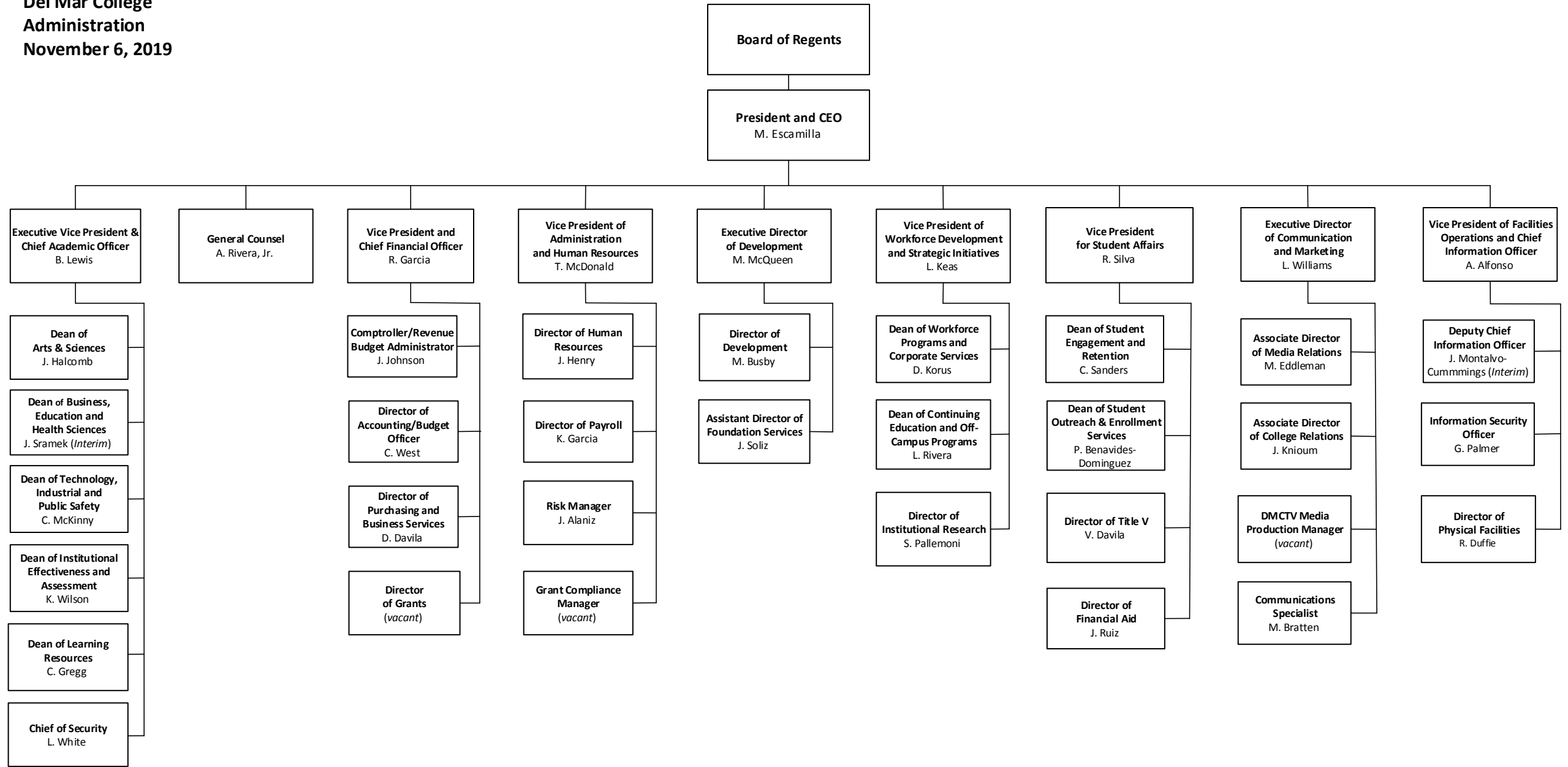
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2018

Christopher P. Morill

Executive Director/CEO

**Del Mar College
Administration
November 6, 2019**





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Financial
Section



Dreams. Delivered.



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INDEPENDENT AUDITOR'S REPORT

December 10, 2019

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, 2019 and 2018 and June 30, 2019 and 2018, 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, 2019 and 2018 and June 30, 2019 and 2018, respectively, and the respective changes in financial position and cash flows, where applicable, thereof, for the years then ended in accordance 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 21 through 40, and pages 95 and 98 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 A through D 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 (Schedule E) is presented for purposes of additional analysis as required by 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 10, 2019, 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 effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Collier, Johnson & Woods



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DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

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, 2019 and 2018, and comparative information for the year ended August 31, 2017. 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 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 YEARS ENDED AUGUST 31, 2019 and 2018

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, 2019 and 2018. 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 statements consist of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, the Notes to Financial Statements, and the Required Supplementary Information. 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 2019 and 2018 is shown on separate pages behind the College's basic financial statements. Refer to Note 23 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 2019 are as follows:

- Total assets increased by \$17.6 million from fiscal year 2018 primarily due to the use of bond fund proceeds to complete the 2014 CIP program projects. It is anticipated the majority of these projects will be placed in service during the upcoming fiscal year.
- Total liabilities decreased by \$11.4 million partially due to changes in the actuarial assumptions used to report other post-employment benefit (OPEB). Amounts previously recorded as part of the OPEB liability were reclassified and included in deferred inflows related to OPEB. The amount reclassified was approximately \$18.1 million. Offsetting this decrease was an increase in current liabilities of \$9.5 million largely due to construction expenditures and new technical and workforce equipment payables at year end of \$6.7 million.
- Total non-operating revenues increased by \$12.6 million primarily due to ad valorem tax collections. \$5.3 million of the amount collected over the preceding year was due to additional debt service requirement for the issuance of the Limited Tax Bonds 2018A&B. An additional \$2.8 million was due to increased property values.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

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. Deferred outflows of resources represent a consumption of net position applicable to a future period. The College's deferred outflows of resources include deferred outflows related to pensions and other post-employment benefits. Deferred inflows of resources represent an acquisition of net position applicable to a future reporting period. The College's deferred inflows of resources include deferred inflows related to pensions and other post-employment benefits.

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, net of debt. The next category is the restricted component of net position. 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.

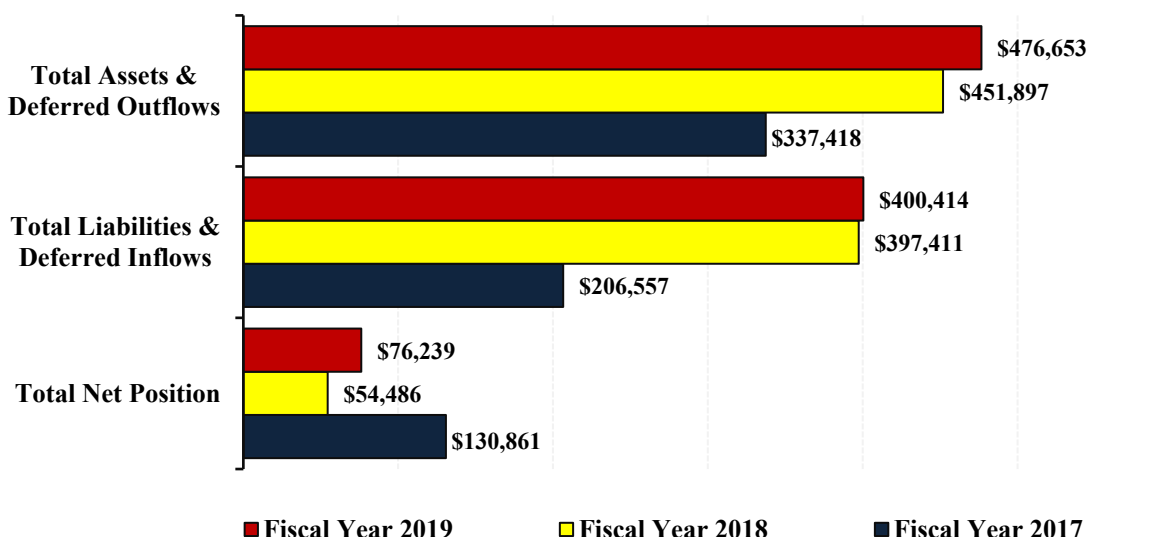
DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Statement of Net Position (Continued)

Statement of Net Position
Comparison - Fiscal Year 2019, 2018 and 2017
(In Thousands)

	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>	<u>2019-2018 Variance</u>	<u>2018-2017 Variance</u>
Current Assets	\$ 78,859	\$ 70,925	\$ 59,227	\$ 7,934	\$ 11,698
Non-Current Assets:					
Capital Assets, Net of Depreciation	255,950	212,640	185,179	43,310	27,461
Other	127,275	160,936	86,303	(33,661)	74,633
Total Assets	462,084	444,501	330,709	17,583	113,792
Deferred Outflows	14,569	7,396	6,709	7,173	687
Total Assets & Deferred Outflows of Resources	476,653	451,897	337,418	24,756	114,479
Current Liabilities	40,587	31,058	29,468	9,529	1,590
Non-Current Liabilities	327,175	348,140	176,281	(20,965)	171,859
Total Liabilities	367,762	379,198	205,749	(11,436)	173,449
Deferred Inflows	32,652	18,213	808	14,439	17,405
Total Liabilities & Deferred Inflows of Resources	400,414	397,411	206,557	3,003	190,854
Net Position:					
Net Investment in Capital Assets	120,406	100,961	95,287	19,445	5,674
Restricted	8,161	12,247	12,343	(4,086)	(96)
Unrestricted	(52,328)	(58,722)	23,231	6,394	(81,953)
Total Net Position	\$ 76,239	\$ 54,486	\$ 130,861	\$ 21,753	\$ (76,375)

Statement of Net Position
Comparison - Fiscal Year 2019, 2018 and 2017
(in Thousands)



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Statement of Net Position (continued)

2018-2019

- For fiscal year 2019, total assets and deferred outflows of resources increased by approximately \$24.8 million. Current assets increased by \$7.9 million primarily due to an increase in short term investments necessary to pay for obligations on capital improvement projects. Another significant cause for this was due to a \$2.5 million dollar increase in student and grant receivables due to the timing of student collections and the drawing down of grant funds. Net capital assets increased by approximately \$43.3 million. Restricted noncurrent cash and investments used to pay for these capital investments decreased by \$33.7 million. Deferred outflows of resources increased by \$7.2 million due to changes in actuarial assumptions that will be amortized in future years. Deferred outflows of resources related to pensions increased by \$7.7 million for the year ended August 31, 2019. Deferred loss on bond refunding decreased \$522 thousand for 2019 as scheduled amortization of losses from prior advanced refunding continue.
- Total liabilities and deferred inflows of resources increased by \$3 million. Items having the largest impact on the change was an increase in current liabilities of \$9.5 million mostly from vendor payables for new technical and workforce equipment purchased at year end of \$3 million, \$3.7 million in construction progress accruals and an increase in unearned revenues for local grants of \$2.1 million. Noncurrent liabilities decreased by \$21 million. The largest contributing factor was bond principal payments of \$10.1 million and bond premium amortization of \$2.1 million. In addition, a change in actuarial assumptions reclassified amounts previously recorded as a post-employment liability to deferred inflows that will be amortized over ten years. Deferred inflows related to OPEB increased by \$14.4 million while net OPEB liability decreased by \$18.2 million. The additional decrease of \$3.8 million in liability was largely due to a 2.8% reduction in the College's proportionate share of the State's unfunded liability.
- The College's net position increased by \$21.8 million. This increase was largely due to the College's substantial investment in net capital assets, an increase over the prior year of \$19.4 million. Restricted net position such as grants from third-party agencies with expenditure restrictions or assets designated for debt service decreased by \$4.1 million. Unrestricted net position increased by \$6.4 million. This was mostly attributable to increased maintenance ad valorem tax collections of \$2.8 million, increase in investment revenue of \$3.4 million, and prudent fiscal monitoring of operating expenses which were maintained at the previous year level.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Statement of Net Position (continued)

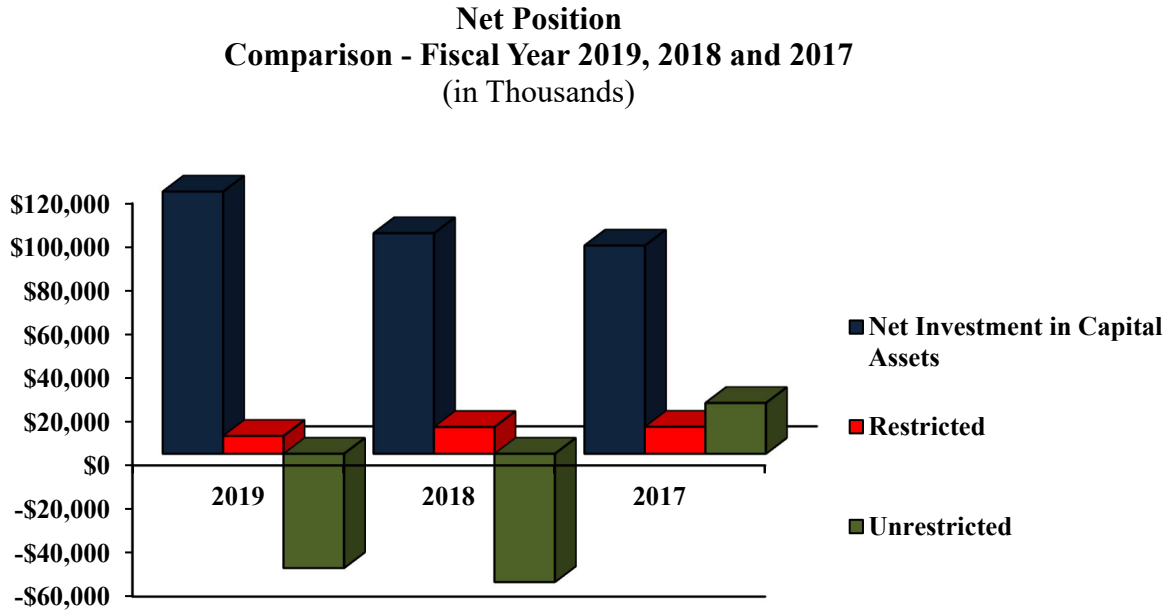
2017-2018

- For fiscal year 2018, total assets and deferred outflows of resources increased by approximately \$114.5 million. Items having the largest impact on this change include, an increase in current and noncurrent cash, cash equivalents, and investments of \$86.3 million largely the result of \$111.1 million in bond proceeds received from the issuance of the Limited Tax Bonds, Series 2018A & 2018B. In addition, capital assets increased by \$27.5 million largely due to construction costs incurred on the new General Academic and Music building, new Workforce Development Center and Emerging Technology expansion, offset by an increase in accumulated depreciation of \$4.6 million. There was a \$2.1 million increase in deferred outflows related to OPEB offset by a \$1.4 million decrease in deferred outflows related to refunding of bonds and pensions, the majority resulting from the implementation of GASB 75.
- Total liabilities and deferred inflows of resources increased by \$190.9 million. The largest contributing factor was the issuance and recording of the Limited Tax Bond, Series 2018A & 2018B debt totaling \$111.1 million. Another significant factor was the implementation of GASB 75 that resulted in the recording of the College's proportionate share of the ERS's net Other Post-Employment Benefit liability and deferred inflow of \$73.9 million and \$16.3 million respectively. Debt on prior tax and revenue bond issues paid during the current year amounted to \$9.3 million.
- The College was required to reduce beginning net position by \$86.3 million as the result of the implementation of GASB 75. The restatement to beginning net position is considered a cumulative effect of a change in accounting principle.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Statement of Net Position (continued)

The following is a graphic illustration of net position at August 31, 2019, 2018 and 2017:



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.

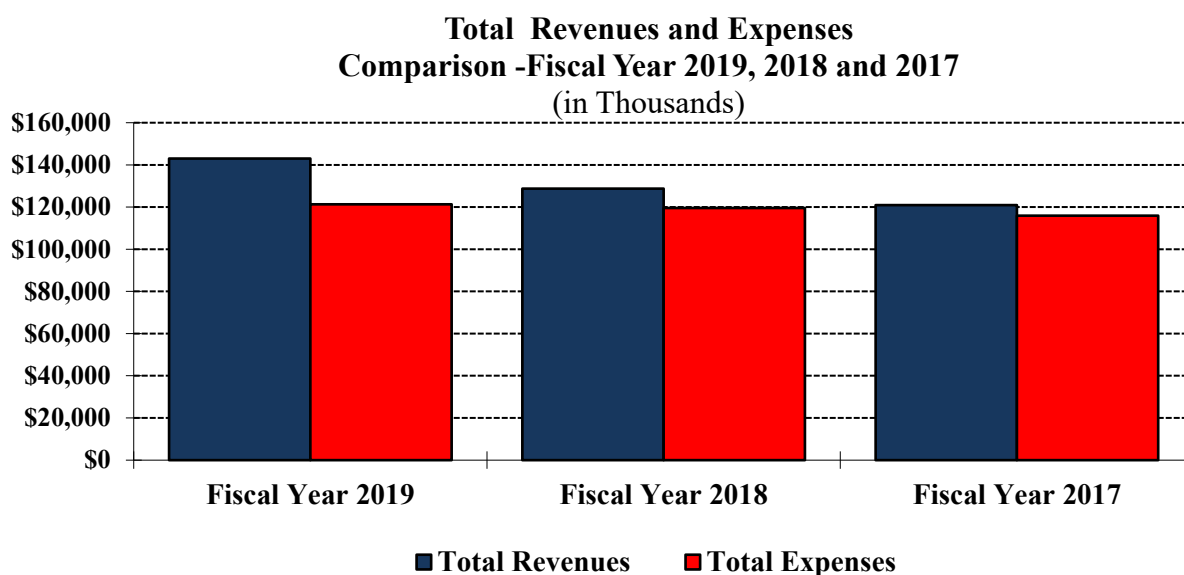
DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

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

Statement of Revenues, Expenses and Changes in Net Position
Years Ended August 31, 2019 Through 2017
(In Thousands)

	<u>Fiscal Year</u> <u>2019</u>	<u>Fiscal Year</u> <u>2018</u>	<u>Fiscal Year</u> <u>2017</u>	<u>2019-2018</u> <u>Variance</u>	<u>2018-2017</u> <u>Variance</u>
Operating Revenues	\$ 23,761	\$ 22,153	\$ 23,306	\$ 1,608	\$ (1,153)
Non-Operating Revenues	119,245	106,613	97,576	12,632	9,037
Total Revenues	\$ 143,006	\$ 128,766	\$ 120,882	\$ 14,240	\$ 7,884
Operating Expenses	112,273	112,413	110,228	(140)	2,185
Non-Operating Expenses	8,985	7,110	5,677	1,875	1,433
Total Expenses	\$ 121,258	\$ 119,523	\$ 115,905	\$ 1,735	\$ 3,618
Contribution from Other Agencies	5	689	66	(684)	623
Increase in Net Position	21,753	9,932	5,043	11,821	4,889
Net Position Beginning of Year	54,486	130,861	125,818	(76,375)	5,043
Cumulative Effect of Change in Accounting Principle	-	(86,307)	-	86,307	(86,307)
Net Position Beginning of Year Restated	54,486	44,554	125,818	9,932	(81,264)
Net Position End of Year	\$ 76,239	\$ 54,486	\$ 130,861	\$ 21,753	\$ (76,375)

The following is a graphic illustration of total revenues and expenses at August 31, 2019, 2018 and 2017:



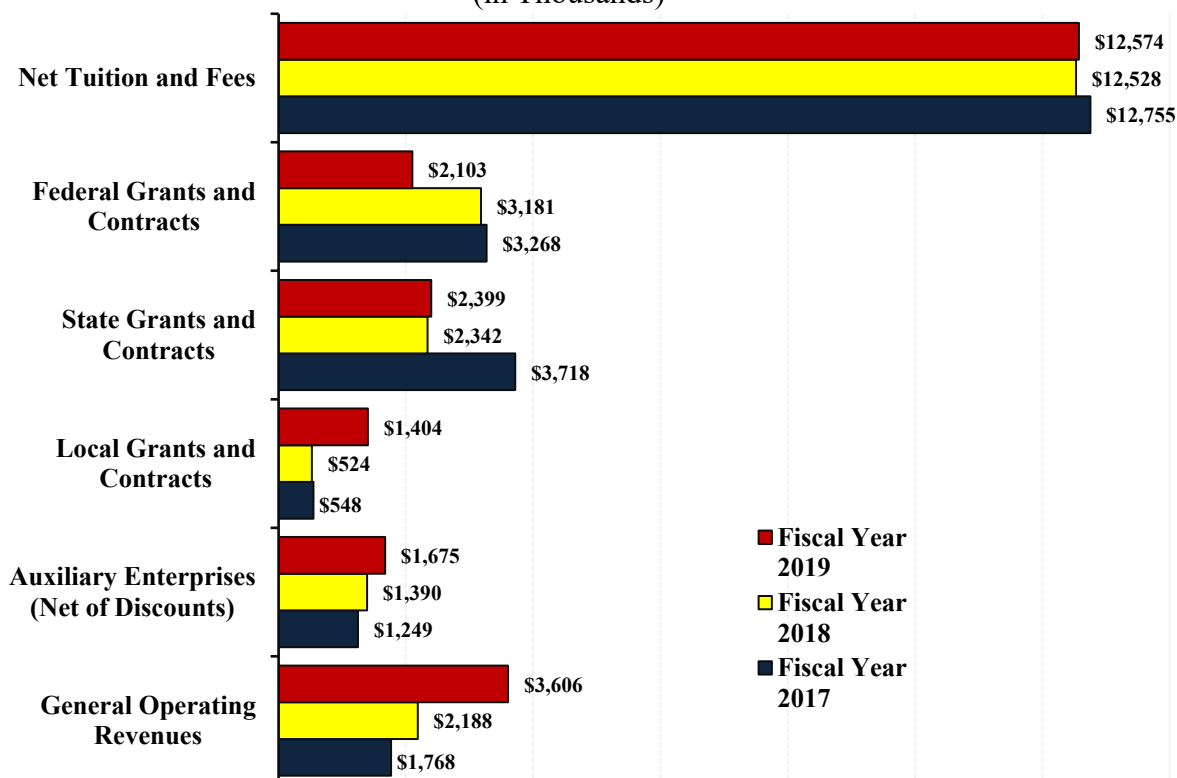
DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

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

Operating Revenues
Years Ended August 31, 2019 through 2017
(In Thousands)

Operating Revenues	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	2019-2018 Variance	2018-2017 Variance
Tuition and Fees	\$ 29,153	\$ 28,755	\$ 28,242	\$ 398	\$ 513
Scholarship Allowances and Discounts	(16,579)	(16,227)	(15,487)	(352)	(740)
Federal Grants and Contracts	2,103	3,181	3,268	(1,078)	(87)
State Grants and Contracts	2,399	2,342	3,718	57	(1,376)
Local Grants and Contracts	1,404	524	548	880	(24)
Auxiliary Enterprises (Net of Discounts)	1,675	1,390	1,249	285	141
General Operating Revenues	3,606	2,188	1,768	1,418	420
Total	\$ 23,761	\$ 22,153	\$ 23,306	\$ 1,608	\$ (1,153)

Operating Revenues
Comparison - Fiscal Year 2019, 2018 and 2017
(in Thousands)



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

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

Key factors impacting total operating revenues:

2018-2019

- Revenue from tuition and fees increased \$398 thousand or 1.3% over 2018. The increase in revenue resulted from a \$3 per semester hour increase in tuition charged to students and slight increase in enrollment.
- The increase in Scholarship Allowances and Discounts of \$352 thousand mostly resulted from the growth in dual credit students whose tuition is approximately 25% of a regular paying student. Total increase from dual credit enrollment amounted to \$229 thousand. In addition, scholarships awarded to students from the Del Mar Foundation increase by \$63 thousand.
- Federal grants and contracts decreased by \$1.1 million. This decrease largely resulted from the non-renewal of the TWC Adult Education Basic Grant to States. Prior year funding for this grant was \$1 million.
- Local grants and contracts increased by \$880 thousand. This increase was the result of \$275 thousand received from the Rebuild Texas Grant for relief and rebuilding efforts for victims of Hurricane Harvey and \$326 thousand received from the TEES Incentive Fund.
- General Operating revenue increased by \$1.4 million largely due to interest earned on investments over the prior year of \$1.1 million.

2017-2018

- The growth of \$513 thousand in Tuition and Fees resulted from a \$5 per semester hour increase in tuition charged to students.
- The increase in Scholarship Allowances and Discounts mostly resulted from the growth in dual credit students whose tuition is approximately 25% of a regular paying student. Total increase from dual credit enrollment was \$494 thousand. Another increase was due to scholarships received from Gulf Coast Growth Ventures of \$249 thousand.
- State grants and contracts decreased by \$1.4 million. This decrease was largely due to non renewal of the Texas Workforce Commission Skills Development and Basic Education grants which amounted to \$946 thousand in the prior years. Another grant with TWC, the Driscoll Children's Hospital Nursing Skills Development program ended during the prior year. Total funding for this grant was \$301 thousand. In addition, a pass-through grant from the Rural South Texas Economic Development Corporation ended. Decreased funding for this grant over the prior year was \$223 thousand.
- Interest earned on investments was largely the reason for the \$420 thousand increase in General Operating Revenues.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

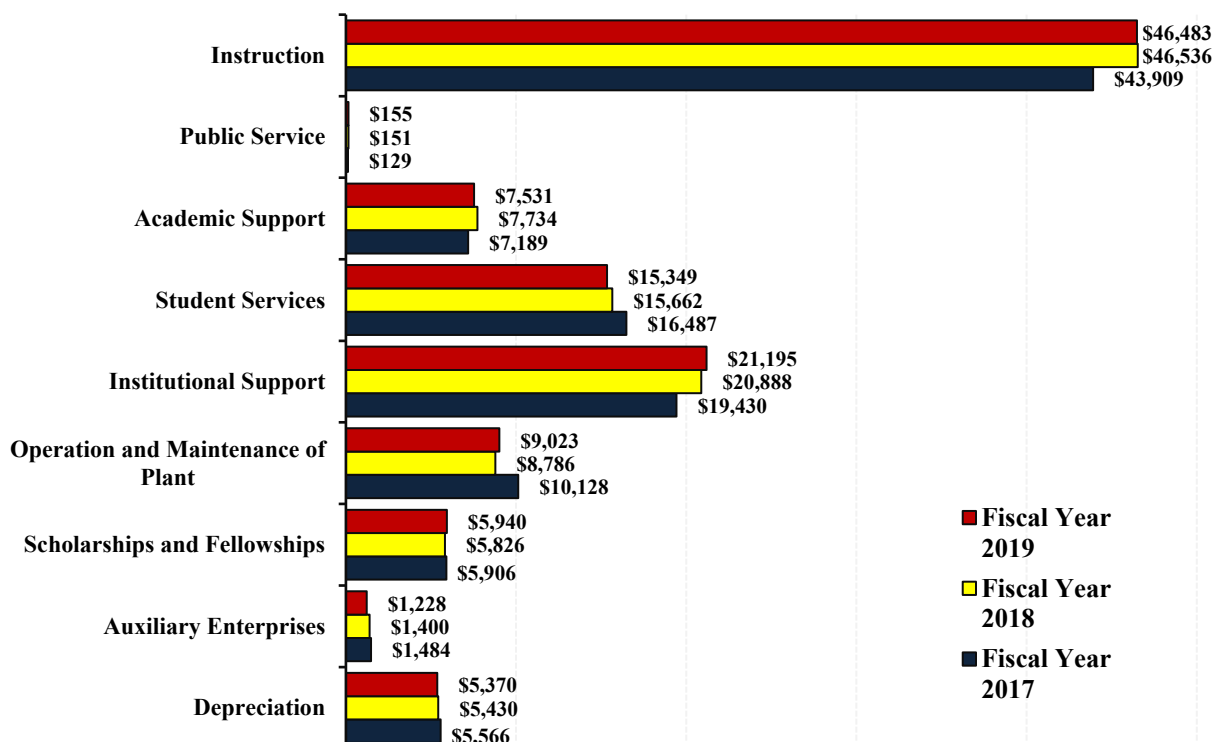
Statement of Revenues, Expenses and Changes in Net Position (Continued)

Operating Expenses
Years Ended August 31, 2019 through 2017

(In Thousands)

Operating Expenses	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	2019-2018 Variance	2018-2017 Variance
Instruction	\$ 46,483	\$ 46,536	\$ 43,909	\$ (53)	\$ 2,627
Public Service	155	151	129	4	22
Academic Support	7,531	7,734	7,189	(203)	545
Student Services	15,349	15,662	16,487	(313)	(825)
Institutional Support	21,195	20,888	19,430	307	1,458
Operation and Maintenance of Plant	9,023	8,786	10,128	237	(1,342)
Scholarships and Fellowships	5,939	5,826	5,906	113	(80)
Auxiliary Enterprises	1,228	1,400	1,484	(172)	(84)
Depreciation	5,370	5,430	5,566	(60)	(136)
Total	\$ 112,273	\$ 112,413	\$ 110,228	\$ (140)	\$ 2,185

Operating Expenses by Function
Comparison - Fiscal Year 2019, 2018 and 2017
(in Thousands)



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

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

Key factors impacting total operating expenses:

2018-2019

For the fiscal year, operating expenses decreased by \$140 thousand. Although the change in total is not material changes by expense category are explained below:

- Salaries increased by \$655 thousand. Full-time faculty received a \$1,000 increase to their base salary, \$829 increase in experience pay, and educational and promotion increases for those eligible. Salary for all full-time exempt and non-exempt employees increased by 2%.
- Employee benefits decreased by \$2.9 million. At fiscal year end the College recorded its portion of pension and other post-employment obligation costs as calculated by the Employee Retirement System and Teachers Retirement System of Texas. For the prior year the net adjustment for both increased benefit costs by \$3.2 million. For the current year the net adjustment for both increased benefits costs by only \$210 thousand. Benefit costs prior to the recording of these amounts showed an increase of \$347 thousand.
- Other expenses increased by \$2.1 million. Items having the largest impact on this was the purchase of non-capitalized instructional equipment for process technology of \$642 thousand, furniture for the new Workforce Development Center and Emerging Technology Buildings of \$840 thousand.

2017-2018

For the fiscal year, operating expenses increased by \$2.2 million:

- A portion of this increase was due to salary increases approved by the Board. Salary for all non-faculty full-time employees increased by 3% while faculty received a \$750 increase to their base salary, \$829 increase to experience pay, plus educational and promotion increases for those eligible. Total salary expenditures increased by \$1.2 million.
- Employee benefits increased by \$2.8 million. This increase was primarily due to the implementation of GASB 75. In the current year, the College recorded the total \$3.6 million unfunded OPEB liability; including both the State portion of \$1.6 million and College portion of \$2 million. This increase was offset by a reduction in the College's pension expense of \$1 million over the previous year.
- In addition, a reduction in other expenditures of \$2.2 million was largely the result of repairs incurred of \$1.1 million in the prior year for flood damages to the Richardson Auditorium and \$177 thousand for mold remediation in the White Library. The College received an insurance reimbursement during the current year of \$323 thousand which had not been anticipated.
- Other causes included a reduction in utility expenditures for water of \$237 thousand due to overcharges incurred in the prior year.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

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

Non-operating revenues and expenses consisted of the following:

Non-Operating Revenues and Expenses
Years Ended August 31, 2019 through 2017

(In Thousands)

Non-Operating Revenues	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	2019-2018 Variance	2018-2017 Variance
State Appropriations	\$ 23,437	\$ 22,928	\$ 20,176	\$ 509	\$ 2,752
Maintenance Ad Valorem Taxes	54,449	51,689	47,179	2,760	4,510
Debt Service Ad Valorem Taxes	18,706	13,423	12,387	5,283	1,036
Federal Revenue, Non Operating	16,860	16,237	16,715	623	(478)
Investment Income	5,755	2,308	1,108	3,447	1,200
Other Non-Operating Revenues	37	28	11	9	17
Total Non-Operating Revenues	\$ 119,244	\$ 106,613	\$ 97,576	\$ 12,631	\$ 9,037
Non-Operating Expenses					
Interest on Capital Related Debt	8,951	5,285	5,075	3,666	210
Other Non-Operating Expenses	7	1,025	300	(1,018)	725
Loss on Disposal of Capital Assets	26	800	302	(774)	498
Total Non-Operating Expenses	\$ 8,984	\$ 7,110	\$ 5,677	\$ 1,874	\$ 1,433
Net Non-Operating Revenues	\$ 110,260	\$ 99,503	\$ 91,899	\$ 10,757	\$ 7,604

Key factors impacting non-operating revenues and expenses:

2018-2019

- Maintenance ad valorem taxes collected during the year increased by \$2.8 million. The additional tax revenue resulted from a 4.57% increase in property values along with a 1.94% Board approved increase in the maintenance tax rate. The maintenance property tax rate increased from .205770 to .209693 per hundred dollar valuation.
- Debt service ad valorem taxes collected during the year increased by \$5.3 million due to the debt requirement for the Limited Tax Bond, Series 2018 A & B issued in 2018.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

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

- The increase in investment income of \$3.4 million directly resulted from a growth in the average yield of investments from 2.069% to 2.638% and the issuance and investing of bond proceeds from the Limited Tax Bond, Series 2018 A&B received in August of 2018 of \$110.1 million.
- Interest on capital related debt increased by \$3.6 million due to the newly issued Limited Tax Bond, Series 2018 A&B.

2017-2018

- Maintenance ad valorem taxes collected during the year increased by \$4.5 million. The additional tax revenue resulted from a 3.89% increase in property values along with a 5.64% Board approved increase in the maintenance tax rate. The maintenance property tax rate increased from .194718 to .205700 per hundred dollar valuation.
- State appropriations increased by \$2.8 million over the previous year due to the following. The College's portion of base funding increased by \$1.2 million over the previous year due to a 9% increase in reported contact hour enrollment. The average contact hour enrollment increase for all Texas community colleges was less than 2%. Due to the implementation of GASB 75, the College recognized the State's portion of unfunded health insurance contribution of \$1.6 million for the current year.
- The increase in investment income of \$1.2 million directly resulted from a growth in the average yield of investments from .986% to 2.069%.
- Debt service ad valorem taxes collected during the year increased by \$1 million due to the debt requirement for the Limited Tax Bond, Series 2017 issued in 2017.
- The increase in other non-operating expenses was largely the result of bond issuance costs (\$1 million) associated with the issuance of Limited Tax Bonds, Series 2018A and 2018B. In addition, the increase of \$498 thousand in loss of disposal of fixed assets was largely the result of writing off the remaining salvage value of the Skills Enrichment Building which had been demolished in a prior year.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

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:

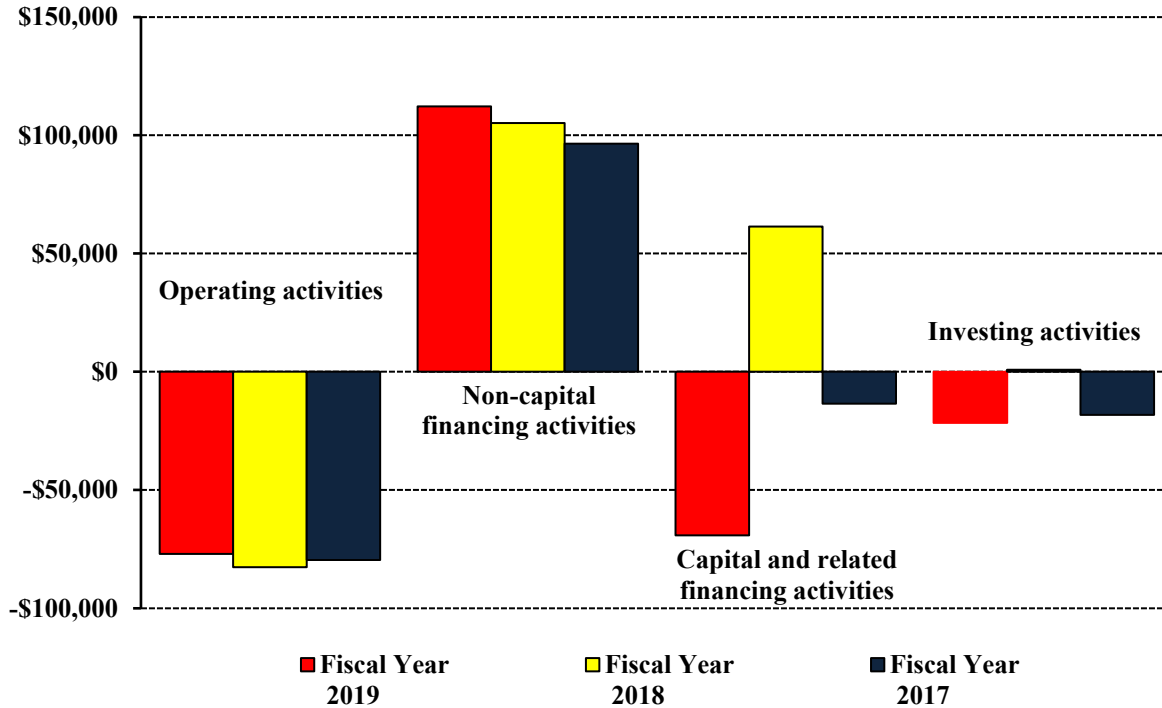
Statement of Cash Flows
Years Ended August 31, 2019 through 2017
(In Thousands)

Cash provided (used) by:	2019	2018	2017
Operating activities	\$ (77,066)	\$ (82,629)	\$ (79,635)
Non-capital financing activities	112,174	105,186	96,462
Capital and related financing activities	(69,211)	61,400	(13,480)
Investing activities	(21,570)	820	(18,266)
Net change in cash and cash equivalents	(55,673)	84,777	(14,919)
Cash and cash equivalents - September 1	168,575	83,798	98,717
Cash and cash equivalents - August 31	\$ 112,902	\$ 168,575	\$ 83,798

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Statement of Cash Flows (continued)

Statement of Cash Flows
Comparison - Fiscal Year 2019, 2018 and 2017
(in Thousands)



Capital Asset and Debt Administration

The College had \$256 million invested in capital assets at August 31, 2019 and \$213 million at August 31, 2018. Additions of \$45.3 million were added to construction work in progress for costs of \$20.7 million associated with the new General Academic and Music facility on the East Campus, \$12.4 million for the Workforce Development Center, \$5.4 million for the new Emerging Technology Expansion, \$5.5 million for the South Campus Phase 1 project, \$727 thousand toward the South Campus Master plan, and \$624 thousand related to the new ERP implementation program. The \$1.7 million which was previously included in construction work in progress was moved to buildings with the completion of the Central Plant Upgrade Phase 2 for \$1.6 million and \$137 thousand for re-roofing projects. New equipment purchases of \$3.4 million were made during the year. In the prior year, new equipment purchases were made totaling \$1.5 million.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Capital Asset and Debt Administration (Continued)

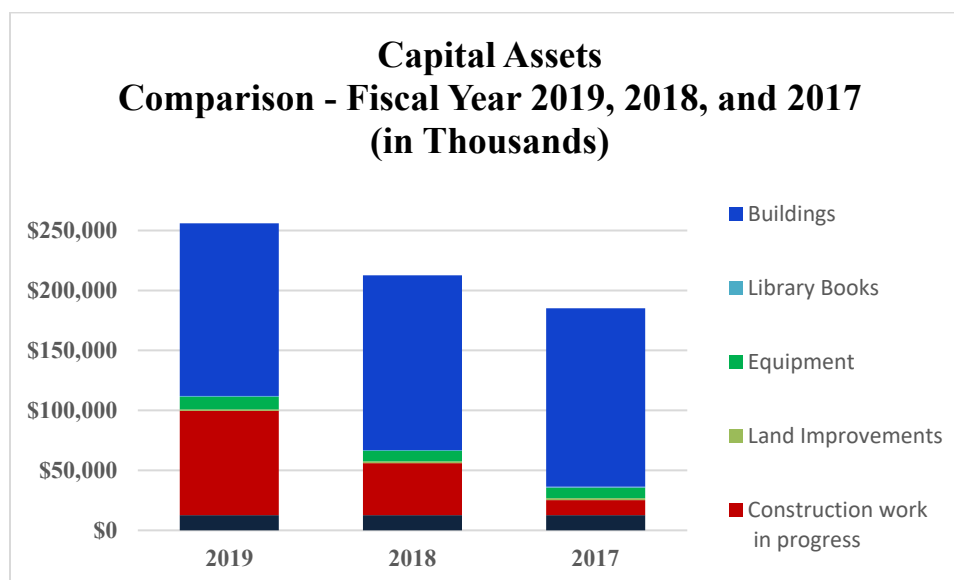
Capital assets are net of accumulated depreciation of \$104 million and \$100 million for fiscal years 2019 and 2018, respectively. Depreciation charges totaled \$5.4 million and \$5.4 million for fiscal years 2019 and 2018, respectively.

The College had \$359.9 million in capital assets, and \$103.9 million in accumulated depreciation at August 31, 2019.

Capital Assets (Net of Depreciation)
Years Ended August 31, 2019 through 2017

(In Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 12,649	\$ 12,649	\$ 12,649
Construction in Progress	86,912	43,349	12,427
Buildings and Improvements	143,900	145,730	148,855
Land Improvements	1,304	1,458	1,641
Library Books	776	854	942
Furniture, machinery, vehicles, and other equipment	<u>10,409</u>	<u>8,600</u>	<u>8,665</u>
Net capital assets	<u>\$ 255,950</u>	<u>\$ 212,640</u>	<u>\$ 185,179</u>



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Capital Asset and Debt Administration (Continued)

Total bond payable liability balances at August 31, 2019, 2018, and 2017 are as follows:

Outstanding Debt - Bonds	(In Thousands)		
	2019	2018	2017
Del Mar College District Combined Fee Revenue Bonds, Series 2008	-	-	1,235
Del Mar College District Limited Tax Refunding Bonds, Series 2011	16,165	19,790	23,305
Del Mar College District Limited Tax Refunding Bonds, Series 2013	8,450	8,535	8,620
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	12,610	15,465	18,240
Del Mar College District Limited Tax Bonds, Series 2016	64,115	65,345	66,530
Del Mar College District Combined Fee Revenue Refunding Bonds, Series 2016	13,890	15,110	15,110
Del Mar College District Limited Tax Bonds, Series 2017	8,235	8,550	9,070
Del Mar College District Limited Tax Bonds, Series 2018A	43,945	44,275	-
Del Mar College District Limited Tax Bonds, Series 2018B	56,905	57,305	-
	<u>\$ 233,245</u>	<u>\$ 243,305</u>	<u>\$ 151,040</u>

The College's bond ratings for the two issuances dated July 15, 2018, are "Aa2" and "AA+" by Moody's Investor Service and Fitch Ratings, Inc. respectively. Certain of the District's outstanding tax supported debt has an underlying rating of "Aa2" by Moody's and/or "AA" by Standard and Poor's Global. See Notes 8 and 9 for additional information.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Economic Factors That Will Affect the Future

The economic outlook for the Del Mar College service area is exceptional and expected to continue to grow due to the expanding energy sector. The low price of natural gas combined with the availability of open land, railway, highways, pipelines and a deep-water port all position the region for exponential capital investment. The oil and gas production in the Permian Basin and Eagle Ford Shale lead the country and most of the world markets. Corpus Christi Regional Economic Development Corporation is tracking over \$50 billion in direct capital investment with additional potential investment pending official announcement. The region is expanding in the processing sector for petro-chemical and refining industries. This economic growth is stimulating the need for a highly skilled and trained workforce. The College is positioned to meet this need.

The Port of Corpus Christi has grown in the past few years to become the third largest port in the United States in total revenue tonnage. It is strategically located on the western Gulf of Mexico with a 36-mile channel and is a gateway to international and domestic commerce. The Chief Executive Officer of the Port of Corpus Christi said, "These numbers continue to tell the story of the United States emergence as a stable, preferred supplier of energy to the global markets". "Increasing global demand for both crude oil and natural gas from the U.S. continues to drive our growth and investment."

Unemployment rates in Texas as of September were 3.3% and in Corpus Christi at 4.1% with over 5,745 jobs available. This low rate reflects the need for higher education and training to meet the demands of the workforce. Del Mar College is highly recognized as a leader in providing the programs, resources and instruction to business and industry. Industry support to the College resulted in over \$5 million in donations to construct industry training simulators and laboratories.

ExxonMobil and SABIC formed a joint venture partnership to build their first green-field petro-chemical plant in the United States and it is located in the College's service area. Gulf Coast Growth Ventures will provide over 600 full-time jobs that average \$90,000 a year in salaries. This project investment is over \$9 billion in construction and will be completed in 2022. Additionally, Cheniere Energy is completing their liquid natural gas facility with a direct investment of \$14 billion and creating over 5,000 construction jobs and projected 300 full-time jobs. Both industry leaders support Del Mar College students with scholarships, internships and apprenticeships to build a skilled workforce.

The cost of living in the Corpus Christi MSA at 93.2% continues to stay below other metropolitan areas in Texas at 96.0% and Louisiana at 106.7%. Median home prices are up 2.1% at \$193,000 for 2019 compared to \$189,000 in 2018. Sales tax revenues for the local cities continues to remain strong.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

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.



John Johnson
Comptroller
Del Mar College

Del Mar College Statements of Net Position

	August 31,	
	2019	2018
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 4)	\$ 35,243,449	\$ 38,854,055
Short Term Investments (Note 4)	29,786,725	21,652,291
Accounts Receivable, Net (Note 6)	11,226,855	8,722,425
Taxes Receivable (Note 6)	1,753,339	1,694,230
Notes Receivable	-	907
Prepaid Expenses	848,759	686
Total Current Assets	78,859,127	70,924,594
Noncurrent Assets:		
Restricted Cash and Cash Equivalents (Note 4)	77,658,088	129,721,403
Restricted Investments (Note 4)	49,616,973	31,215,110
Capital Assets, Net (Note 7):	255,950,241	212,639,909
Total Noncurrent Assets	383,225,302	373,576,422
Total Assets	462,084,429	444,501,016
Deferred Outflows of Resources		
Deferred Loss on Refunding Bonds	1,844,944	2,366,949
Deferred Outflows Related to Pensions (Note 11)	10,665,466	2,967,497
Deferred Outflows Related to OPEB (Note 16)	2,058,582	2,061,242
Total Deferred Outflows of Resources	14,568,992	7,395,688
Total Assets and Deferred Outflows of Resources	476,653,421	451,896,704
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 6)	12,484,289	5,808,303
Accrued Compensable Absences - Current Portion (Note 8)	710,088	668,250
Funds Held for Others	1,561,211	1,777,544
Unearned Revenues (Note 6)	14,831,880	12,744,038
Bonds Payable - Current Portion (Note 8)	11,000,000	10,060,000
Total Current Liabilities	40,587,468	31,058,135
Noncurrent Liabilities:		
Accrued Compensable Absences (Note 8)	6,470,328	5,965,473
Net Pension Liability (Note 11)	21,955,179	12,190,380
Net OPEB Liability (Note 16)	55,754,737	73,938,178
Bonds Payable (Note 8)	242,994,993	256,045,417
Total Noncurrent Liabilities	327,175,237	348,139,448
Total Liabilities	367,762,705	379,197,583
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions (Note 11)	1,203,440	1,864,909
Deferred Inflows Related to OPEB (Note 16)	31,448,063	16,348,066
Total Deferred Inflows of Resources	32,651,503	18,212,975
Total Liabilities and Deferred Inflows of Resources	400,414,208	397,410,558
NET POSITION		
Net Investment in Capital Assets	120,405,829	100,961,214
Restricted for:		
Expendable		
Debt Service	8,159,187	11,921,985
Loan Funds	2,440	325,144
Unrestricted	(52,328,243)	(58,722,197)
Total Net Position (Schedule D)	\$ 76,239,213	\$ 54,486,146

See Notes to Financial Statements

(Continued)

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

ASSETS	Del Mar College Foundation, Inc. June 30,	
	2019	2018
Cash and Cash Equivalents (Note 4)	\$ 894,037	\$ 877,532
Accounts Receivable	426,394	52,667
Investments (Note 4 and 23)	9,638,058	8,839,089
Unconditional Promises to Give (Note 6)	686,434	62,111
Total Current Assets	11,644,923	9,831,399
Endowment Investments (Note 4)	11,435,303	11,181,548
Long-Term Unconditional Promises to Give (Note 6)	215,342	175,954
Beneficial Interest in Irrevocable Charitable Trust (Note 23)	699,631	623,343
Total Assets	23,995,199	21,812,244
LIABILITIES		
Accounts Payable	39,044	66,905
Due to Del Mar College	477,890	76,130
Total Liabilities	516,934	143,035
NET ASSETS		
Without Donor Restrictions	3,766,249	3,339,334
With Donor Restrictions	19,712,016	18,329,875
Total Net Assets	\$ 23,478,265	\$ 21,669,209

See Notes to Financial Statements.

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

	Year Ended August 31,	
	2019	2018
Operating Revenues		
Tuition and Fees (net of discounts of \$16,578,666 and \$16,227,458, respectively)	\$ 12,574,086	\$ 12,528,094
Federal Grants and Contracts	2,103,407	3,181,036
State Grants and Contracts	2,399,247	2,341,669
Local Grants and Contracts	1,403,419	523,681
Auxiliary Enterprises	1,675,087	1,390,301
General Operating Revenues	3,605,925	2,187,741
Total Operating Revenues (Schedule A)	23,761,171	22,152,522
Operating Expenses		
Instruction	46,483,218	46,536,019
Public Service	154,635	151,245
Academic Support	7,531,038	7,734,321
Student Services	15,348,900	15,662,326
Institutional Support	21,194,945	20,887,777
Operation and Maintenance of Plant	9,022,898	8,785,591
Scholarships and Fellowships	5,939,657	5,825,627
Auxiliary Enterprises	1,227,858	1,400,092
Depreciation	5,369,523	5,430,143
Total Operating Expenses (Schedule B)	112,272,672	112,413,141
Operating Loss	(88,511,501)	(90,260,619)
Non-Operating Revenues (Expenses)		
State Appropriations	23,437,046	22,927,559
Maintenance Ad Valorem Taxes	54,449,297	51,688,633
Debt Service Ad Valorem Taxes	18,706,260	13,423,409
Federal Revenue, Non Operating	16,860,116	16,237,471
Loss on Disposal of Capital Assets	(26,208)	(800,597)
Investment Income	5,754,478	2,308,152
Interest on Capital Related Debt	(8,951,490)	(5,284,975)
Other Non-Operating Revenues	37,368	28,316
Other Non-Operating Expenses	(7,299)	(1,024,243)
Net Non-Operating Revenues (Schedule C)	110,259,568	99,503,725
Capital Contributions		
Contributions from Other Agencies	5,000	689,500
Increase in Net Position	21,753,067	9,932,606
Net Position		
Net Position - Beginning of Year	54,486,146	44,553,540
Net Position - End of Year	\$ 76,239,213	\$ 54,486,146

See Notes to Financial Statements

(Continued)

**Del Mar College
Component Unit
Statements of Activities**

Del Mar College Foundation, Inc.				
Year Ended June 30, 2019 With Comparative Totals				
For the Year Ended June 30, 2018				
	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
Support, Revenue and Gains:				
Scholarship Contributions	\$ 426,453	\$ 687,006	\$ 1,113,459	\$ 577,851
Designated Scholarship Contributions	-	441,752	441,752	403,577
Grants, Managed Funds, and Other Contributions	264,460	1,977,572	2,242,032	960,537
Net Investment Income	378,728	1,014,412	1,393,140	1,829,339
Contributed Services and Expenses	736,646	-	736,646	697,900
Net Assets Released from Restrictions	2,748,601	(2,748,601)	-	-
Total Support, Revenue and Gains	4,554,888	1,372,141	5,927,029	4,469,204
Program Expenses:				
Foundation Services	3,644,342	-	3,644,342	3,055,410
Development Services	473,631	-	473,631	428,267
Total Program Expenses	4,117,973	-	4,117,973	3,483,677
Change in Net Assets	436,915	1,372,141	1,809,056	985,527
Transfers and Reclassifications	(10,000)	10,000	--	-
Net Assets, Beginning of Year	3,339,334	18,329,875	21,669,209	20,683,682
Net Assets - End of Year	\$ 3,766,249	\$ 19,712,016	\$ 23,478,265	\$ 21,669,209

See Notes to Financial Statements

Del Mar College
Statements of Cash Flows

	Year Ended August 31,	
	2019	2018
Cash Flows from Operating Activities:		
Receipts from Students and Other Customers	\$ 13,300,629	\$ 13,613,125
Receipts from Grants and Contracts	7,730,969	6,157,569
Payments to Suppliers for Goods and Services	(14,361,990)	(18,732,045)
Payments to or on Behalf of Employees	(81,677,543)	(80,003,200)
Payments for Scholarships and Fellowships	(5,939,657)	(5,805,636)
Other General Operating Receipts	3,880,870	2,112,741
Net Cash Used by Operating Activities	(77,066,722)	(82,657,446)
Cash Flows from Non-Capital Financing Activities:		
Receipts from State Appropriations	23,079,176	23,557,632
Receipts from Ad Valorem Taxes	73,096,448	65,075,903
Receipts from Non Operating Federal Revenue	16,214,683	16,273,985
Receipts from Student Organizations and Other Agency Transactions	1,620,758	1,713,765
Payments to Student Organizations and Other Agency Transactions	(1,837,091)	(1,435,325)
Net Cash Provided by Non-Capital Financing Activities	112,173,974	105,185,960
Cash Flows from Capital and Related Financing Activities:		
Proceeds on Issuance of Capital Debt	-	111,142,243
Purchases of Capital Assets	(48,678,509)	(32,973,669)
Payments on Capital Debt - Principal	(10,060,000)	(9,315,000)
Payments on Capital Debt - Interest	(10,472,393)	(7,425,089)
Net Cash Provided (Used) by Capital and Related Financing Activities	(69,210,902)	61,428,485
Cash Flows from Investing Activities:		
Proceeds from Sales and Maturities of Investments	184,555,843	121,583,924
Interest on Investments	4,966,026	2,384,467
Purchase of Investments	(211,092,140)	(123,147,844)
Net Cash Provided (Used) by Investing Activities	(21,570,271)	820,547
Increase (Decrease) in Cash and Cash Equivalents	(55,673,921)	84,777,546
Cash and Cash Equivalents—September 1	168,575,458	83,797,912
Cash and Cash Equivalents—August 31	\$ 112,901,537	\$ 168,575,458

See Notes to Financial Statements

(Continued)

Del Mar College
Statements of Cash Flows

	Year Ended August 31,	
	2019	2018
Reconciliation of Net Operating Loss to Net Cash		
Used by Operating Activities:		
Operating Loss	(88,511,501)	(90,260,619)
Adjustments to Reconcile Net Loss to Net Cash		
Used by Operating Activities:		
Depreciation Expense	5,369,523	5,430,143
Bad Debt Expense	224,776	239,129
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Receivables, Net	(937,452)	(935,491)
Prepaid Expenses	(848,073)	-
Notes Receivable	907	(907)
Accounts Payable and Accrued Liabilities	6,675,986	(136,302)
Compensated Absences	546,693	365,689
Unearned Revenues	2,087,842	667,311
Net Pension Liability	9,764,799	(1,822,285)
Net OPEB Liability	(18,183,441)	(14,402,226)
Deferred Outflows of Resources	(7,695,309)	793,566
Deferred Inflows of Resources	14,438,528	17,404,546
Net Cash Used by Operating Activities	(77,066,722)	(82,657,446)
Noncash Investing, Capital and Financing Activities:		
Contribution of Capital Assets	\$ 5,000	\$ 689,500

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

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 23. 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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

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 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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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 and U.S. Agency securities. 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. Restricted cash and investments are for capital projects funded by external debt issuances and reserves set aside in accordance with bond covenants for certain bond issuances.

H. 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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

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

I. Other Post-Employment Benefits (OPEB)

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

J. 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.

K. Deferred Outflows of Resources

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. Typical deferred outflows for community colleges are deferred charges on refunded debt, pensions and OPEB.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

L. Funds Held in Trust for Others

At August 31, 2019 and 2018, the College held, in trust funds, amounts of \$1,561,211 and \$1,777,544 respectively, that pertain primarily to student organizations. These funds are not available to support the College's programs.

M. 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, (2) unearned lease revenue that has not been earned, and (3) amounts received from grants and contract sponsors that also have not been earned.

N. 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.

O. Deferred Inflows of Resources

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.

P. 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.

Q. 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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

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. 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. 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.

R. 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 when allowable, then unrestricted resources as they are needed.

S. 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.

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 YEARS ENDED AUGUST 31, 2019 and 2018

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 Position

	2019		2018	
	College	Foundation	College	Foundation
Demand Deposits	\$ 39,256	\$ 136,300	\$ 17,193	\$ 126,718
Money Market	-	516,847	-	514,673
Sweep Account	7,534,356	-	4,212,782	-
Tex Pool	316,628	-	309,435	-
Logic Pool	84,795,065	-	163,761,868	-
Tex Star	8,119	-	7,935	-
Certificate of Deposit	20,188,771	238,830	247,204	234,541
Petty Cash on Hand	19,342	2,060	19,041	1,600
Total Cash and Deposits	\$ 112,901,537	\$ 894,037	\$ 168,575,458	\$ 877,532
Exhibit 1				
Cash and Cash Equivalents	\$ 35,243,449	\$ 894,037	\$ 38,854,055	\$ 877,532
Restricted Cash and Cash Equivalents	77,658,088	-	129,721,403	-
	\$ 112,901,537	\$ 894,037	\$ 168,575,458	\$ 877,532

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

Reconciliation of Investments to Exhibit 1, Statement of Net Position

Type of Security	2019		2018	
	College	Foundation	College	Foundation
U.S. Treasury Obligations	\$ -	\$ -	\$ 11,968,828	\$ -
Mutual Funds	-	19,968,572	-	19,292,712
Commercial Paper	44,583,136	-	26,283,203	-
Alternative Investments	-	1,104,789	-	727,925
U.S. Government Agencies	34,820,562	-	14,615,370	-
Total Investments	\$ 79,403,698	\$ 21,073,361	\$ 52,867,401	\$ 20,020,637
Exhibit 1				
Short Term Investments	\$ 29,786,725	\$ 9,638,058	\$ 21,652,291	\$ 8,839,089
Restricted Investments	49,616,973	11,435,303	31,215,110	11,181,548
	\$ 79,403,698	\$ 21,073,361	\$ 52,867,401	\$ 20,020,637

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

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 one year and compared quarterly to the six-month and one year Treasury Bill. As of August 31, 2019, the College's portfolio had no holdings with stated maturities beyond 922 days.

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 AA.

As of August 31, 2019, the College's investments in local governmental investment pools were all rated AAA by Standard and Poor's. The College's commercial paper investments were rated A-1 by Standard and Poor's and P-1 by Moody's.

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 4 - Deposits and Investments (Continued)

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%	18%
Certificates of Deposit	75%	11%
Repurchase Agreements	100%	0%
Local Governmental Investment Pools	100%	44%
Money Market Mutual Funds	50%	4%
Commercial Paper	25%	23%
Bankers Acceptances	20%	0%
Mutual Funds	10%	0%
State & Municipal Obligations	20%	0%
Corporate Obligations	25%	0%
Negotiable Certificates of Deposit	25%	0%
Interest Bearing Accounts - Texas Banks	100%	0%

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%.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 4 - Deposits and Investments (Continued)

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. 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.

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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 5 – Fair Value of Financial Instruments (Continued)

The *exit* or fair market prices used for the fair market valuations of the Level 1 investments in the portfolio represent unadjusted quoted prices in active markets for identical assets and liabilities that have been accessed at the measurement date. U.S. Government Treasury Obligations and U. S. Government Agencies are classified in Level 1 on the fair value hierarchy and are valued within a multi-dimensional relational model and prices from an independent market pricing service and reported trades. Commercial paper is categorized in Level 2 and is valued using a matrix pricing technique utilizing an independent pricing service and price/ratings updates.

As of August 31, 2019 and 2018 the College's securities to be priced in the portfolio were as follows:

	Fair Value	Fair Value Measurements Using:	
		Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
August 31, 2019:			
U.S. Gov't Agencies	\$ 34,971,628	\$ 34,971,628	\$ -
Commercial Paper	44,851,572	-	44,851,582
Total	\$ 79,823,200	\$ 34,971,628	\$ 44,851,582
August 31, 2018			
U.S. Treasury Obligations	\$ 11,968,828	\$ 11,968,828	\$ -
US Gov't Agencies	14,615,370	14,615,370	-
Commercial Paper	26,283,203	-	26,283,203
Total	\$ 52,867,401	\$ 26,584,198	\$ 26,283,203

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 6 - Disaggregation of Receivables, Payables, and Unearned Revenues

Receivables at August 31, 2019 and 2018 were as follows:

Accounts Receivable, Net:

	<u>2019</u>	<u>2018</u>
Student Receivables	\$ 8,966,283	\$ 8,225,654
Federal Receivables	2,380,099	1,336,109
Interest Receivables	855,207	66,757
Total Receivables	12,201,589	9,628,520
Less Allowance for Doubtful Accounts	974,734	906,095
Accounts Receivable, Net	<u>\$11,226,855</u>	<u>\$ 8,722,425</u>

Taxes Receivable, Net:

	<u>2019</u>	<u>2018</u>
Taxes Receivable	\$ 3,578,242	\$ 3,388,460
Less Allowance for Doubtful Accounts	1,824,903	1,694,230
Taxes Receivable, Net	<u>\$ 1,753,339</u>	<u>\$ 1,694,230</u>

The Foundation has received promises and been awarded grants. Unconditional promises to give at June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Student Scholarships	\$ 910,584	\$ 253,340
Less Unamortized Discount	8,808	15,275
Net Unconditional Promises to Give	901,776	238,065
Less Amount Due in One Year or Less	686,434	62,111
Net Long-Term Unconditional Promises to Give	<u>\$ 215,342</u>	<u>\$ 175,954</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 6 - Disaggregation of Receivables, Payables, and Unearned Revenues (Continued)

Long-term promises to give are expected to be collected during the year ended June 30, 2020. The discount rate of 1.71 and 2.73 was used on long-term promises to give as of June 30, 2019 and 2018, respectively. The Foundation considers promises to give fully collectible; accordingly, no allowance for uncollectible promises has been provided.

Accounts Payable and Accrued Liabilities:

Payables at August 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Vendors Payable	\$ 10,199,857	\$ 3,537,643
Salaries & Benefits Payable	1,277,020	1,287,164
Accrued Interest	<u>1,007,412</u>	<u>983,496</u>
Total Payables	<u>\$ 12,484,289</u>	<u>\$ 5,808,303</u>

Unearned revenues at August 31, 2019 and 2018 were as follows:

Unearned Revenues:

	<u>2019</u>	<u>2018</u>
Tuition and Fees	\$ 11,178,241	\$ 11,164,974
Unearned Lease Revenue	1,306,250	1,031,305
Federal, State and Local Grants	<u>2,347,389</u>	<u>547,759</u>
	<u>\$ 14,831,880</u>	<u>\$ 12,744,038</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 7 - Capital Assets

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

	Balance			Balance
	Sept 1, 2018	Increases	Decreases	Aug 31, 2019
Capital Assets Not Depreciated:				
Land	\$ 12,649,523	\$ -	\$ -	\$ 12,649,523
Construction in Progress	43,348,596	45,269,124	1,705,538	86,912,182
Total Capital Assets Not Depreciated	55,998,119	45,269,124	1,705,538	99,561,705
Capital Assets Being Depreciated:				
Buildings and Improvements	204,228,361	1,705,538	-	205,933,899
Land Improvements	11,869,319	-	-	11,869,319
Library Books	6,690,805	63,940	-	6,754,745
Furniture, Machinery, Vehicles, and Other Equipment	33,636,321	3,372,999	1,278,810	35,730,510
Total Capital Assets Being Depreciated	256,424,806	5,142,477	1,278,810	260,288,473
Less Accumulated Depreciation:				
Buildings and Improvements	58,499,267	3,534,305	-	62,033,572
Land Improvements	10,410,844	155,098	-	10,565,942
Library Books	5,836,866	141,923	-	5,978,789
Furniture, Machinery, Vehicles, and Other Equipment	25,036,039	1,538,197	1,252,602	25,321,634
Total Accumulated Depreciation	99,783,016	5,369,523	1,252,602	103,899,937
Net Capital Assets Being Depreciated	156,641,790	(227,046)	26,208	156,388,536
Capital Assets, Net	\$ 212,639,909	\$ 45,042,078	\$ 1,731,746	\$ 255,950,241

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 7 - Capital Assets (Continued)

Capital assets activity for the year ended August 31, 2018 was as follows:

	Balance			Balance
	Sept 1, 2017	Increases	Decreases	Aug 31, 2018
Capital Assets Not Depreciated:				
Land	\$ 12,649,523	\$ -	\$ -	\$ 12,649,523
Construction in Progress	12,426,707	32,149,796	1,227,907	43,348,596
Total Capital Assets Not Depreciated	25,076,230	32,149,796	1,227,907	55,998,119
Capital Assets Being Depreciated:				
Buildings and Improvements	203,780,608	1,227,907	780,154	204,228,361
Land Improvements	11,869,319	-	-	11,869,319
Library Books	6,630,437	60,368	-	6,690,805
Furniture, Machinery, Vehicles, and Other Equipment	32,977,407	1,481,321	822,407	33,636,321
Total Capital Assets Being Depreciated	255,257,771	2,769,596	1,602,561	256,424,806
Less Accumulated Depreciation:				
Buildings and Improvements	54,925,767	3,573,500	-	58,499,267
Land Improvements	10,228,303	182,541	-	10,410,844
Library Books	5,688,254	148,612	-	5,836,866
Furniture, Machinery, Vehicles, and Other Equipment	24,312,515	1,525,490	801,966	25,036,039
Total Accumulated Depreciation	95,154,839	5,430,143	801,966	99,783,016
Net Capital Assets Being Depreciated	160,102,932	(2,660,547)	800,595	156,641,790
Capital Assets, Net	\$ 185,179,162	\$ 29,489,249	\$ 2,028,502	\$ 212,639,909

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 8 – Noncurrent Liabilities

Noncurrent liability activity for the year ended August 31, 2019 was as follows:

	<u>Balance Sept. 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Aug. 31, 2019</u>	<u>Current Portion</u>
<u>Bonds Payable</u>					
General obligation bonds	\$ 228,195,000	\$ -	\$ 8,840,000	\$ 219,355,000	\$ 9,730,000
Bond premium	22,800,417	-	2,050,424	20,749,993	-
Revenue bonds	15,110,000	-	1,220,000	13,890,000	1,270,000
Total Bonds Payable	<u>266,105,417</u>	<u>-</u>	<u>12,110,424</u>	<u>253,994,993</u>	<u>11,000,000</u>
Accrued Compensable Absences	<u>6,633,723</u>	<u>1,111,128</u>	<u>564,435</u>	<u>7,180,416</u>	<u>710,088</u>
Net Pension Liability	<u>12,190,380</u>	<u>11,108,516</u>	<u>1,343,717</u>	<u>21,955,179</u>	<u>-</u>
Net OPEB Liability	<u>73,938,178</u>	<u>-</u>	<u>18,183,441</u>	<u>55,754,737</u>	<u>-</u>
Total Noncurrent liabilities	<u>\$ 358,867,698</u>	<u>\$ 12,219,644</u>	<u>\$ 32,202,017</u>	<u>\$ 338,885,325</u>	<u>\$ 11,710,088</u>

Noncurrent liability activity for the year ended August 31, 2018 was as follows:

	<u>Balance Sept. 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Aug. 31, 2018</u>	<u>Current Portion</u>
<u>Bonds Payable</u>					
General obligation bonds	\$ 134,695,000	\$ 101,580,000	\$ 8,080,000	\$ 228,195,000	\$ 8,840,000
Bond premium	14,907,045	9,562,243	1,668,871	22,800,417	-
Revenue bonds	16,345,000	-	1,235,000	15,110,000	1,220,000
Total Bonds Payable	<u>165,947,045</u>	<u>111,142,243</u>	<u>10,983,871</u>	<u>266,105,417</u>	<u>10,060,000</u>
Accrued Compensable Absences	<u>6,268,034</u>	<u>616,501</u>	<u>250,812</u>	<u>6,633,723</u>	<u>668,250</u>
Net Pension Liability	<u>14,012,665</u>	<u>-</u>	<u>1,822,285</u>	<u>12,190,380</u>	<u>-</u>
Net OPEB Liability	<u>-</u>	<u>73,938,178</u>	<u>-</u>	<u>73,938,178</u>	<u>-</u>
Total noncurrent liabilities	<u>\$ 186,227,744</u>	<u>\$ 185,696,922</u>	<u>\$ 13,056,968</u>	<u>\$ 358,867,698</u>	<u>\$ 10,728,250</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 9 – Bonds Payable

- 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, 2019 and 2018 is \$16,165,000 and \$19,790,000
 - Bond payable installments vary from \$4,536,000 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, 2019 and 2018 is \$8,450,000 and \$8,535,000
 - 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, 2019 and 2018 is \$8,930,000 and \$8,930,000
 - Bond payable installments vary from \$1,383,200 to \$3,370,375, with interest rates at 3.25% to 4%, and with the final installment due in 2023
- 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, 2019 and 2018 is \$12,610,000 and \$15,465,000
 - 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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 9 – Bonds Payable (Continued)

- 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, 2019 and 2018 is \$13,890,000 and \$15,110,000
 - Bond payable installments vary from \$1,950,750 to \$1,955,500, 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, 2019 and 2018 is \$64,115,000 and \$65,345,000
 - 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
- 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, 2019 and 2018 is \$8,235,000 and \$8,550,000
 - 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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 9 – Bonds Payable (Continued)

- Limited Tax Bonds, Series 2018A
 - To construct and equip school buildings, classrooms, laboratories, infrastructure for workforce technology and training programs, academic transfer courses, high school dual credit classes, student support services and library facilities, and renovating and/or replacing certain existing education facilities
 - Issued July 15, 2018
 - Total authorized \$157,000,000; \$44,275,000 issued
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$43,945,000 and \$44,275,000
 - Bond payable installments vary from \$2,592,500 to \$2,845,250, with interest rates at 4% to 5%, and with the final installment due in 2048.

- Limited Tax Bonds, Series 2018B
 - To construct and equip school buildings, classrooms, laboratories, infrastructure for an undeveloped site, and other facilities relating to Phase 1 of the District's new South Campus
 - Issued August 15, 2018
 - Total authorized \$139,000; \$57,305,000 issued
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2019 and 2018 is \$56,905,000 and \$57,305,000
 - Bond payable installments vary from \$3,110,350 to \$3,537,100, with interest rates at 4% to 5%, and with the final installment due in 2048.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 9 – Bonds Payable (Continued)

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>
2020	\$ 9,730,000	\$ 9,308,438	\$ 1,270,000	\$ 681,800
2021	10,020,000	9,689,888	1,320,000	631,000
2022	11,200,000	8,503,313	1,390,000	565,000
2023	11,455,000	8,000,488	1,460,000	495,500
2024	7,850,000	7,485,187	1,530,000	422,500
2025-2029	31,810,000	32,618,537	6,920,000	886,250
2030-2034	30,790,000	25,756,337	-	-
2035-2039	36,390,000	18,881,964	-	-
2040-2044	40,040,000	11,303,500	-	-
2045-2048	30,070,000	3,031,301	-	-
Total 08/31/2019	\$ 219,355,000	\$ 134,578,951	\$ 13,890,000	\$ 3,682,050

Note 10 – 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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 10 – Operating Leases (Continued)

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 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, 2019 is \$367,186.

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

Year Ending	Minimum Lease Payments
August 31	
2020	\$ 186,613
2021	186,613
2022	186,613
2023	186,613
2024	186,613
2025-2029	933,065
2030-2034	933,065
2035-2037	450,986
Total 08/31/2019	\$ 3,250,181

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 11 – 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.

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> by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, whose formulas use the three highest annual salaries. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered 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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 11 – Defined Benefit Pension Plan (Continued)

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 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017. The 85th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2018 and 2019.

	<u>2019</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
College Contributions	\$ 1,383,030	\$ 1,344,534
Member Contributions	2,837,133	2,735,502
State of Texas On-behalf Contributions	1,064,288	1,081,201

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).

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 11 – Defined Benefit Pension Plan (Continued)

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.

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, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term expected Investment Rate of Return	7.25%
Last year ended August 31, 2017 to 2116	
Projection period (100 years)	2116
Inflation	2.3%
Salary Increases including inflation	3.05% to 9.05%
Payroll Growth Rate	2.5%
Benefit Charges during the year	None
Ad hoc post-employment benefit changes	None

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 11 – Defined Benefit Pension Plan (Continued)

Actuarial methods and assumptions were primarily based on a study of actual experience for the three year period ending August 31, 2017 and adopted on July 2018, by the TRS Board of Trustees, who have sole authority to determine the actuarial assumptions used for the plan. There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period. Assumptions, methods, and plan changes were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following assumptions.

Changes Since the Prior Actuarial Valuation

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including postretirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8% to 7.25%.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net 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 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. 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 and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 11 – Defined Benefit Pension Plan (Continued)

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, 2018 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
Global Equity			
U. S.	18%	5.7%	1.0%
Non-U.S. Developed	13%	6.9%	1.0%
Emerging Markets	9%	8.9%	0.8%
Directional Hedge Funds	4%	3.5%	0.1%
Private Equity	13%	10.2%	1.3%
Stable Value			
U. S. Treasuries	11%	1.1%	0.1%
Absolute Return	0%	0.0%	0.0%
Stable Value Hedge Funds	4%	3.1%	0.1%
Cash	1%	-0.3%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.7%	0.0%
Real Assets	14%	5.2%	0.7%
Energy and Natural Resources	5%	7.5%	0.4%
Commodities	0%	0.0%	0.0%
Risk Parity			
Risk Parity	5%	3.7%	0.2%
Inflation Expectation			2.3%
Alpha			-0.8%
Total	100%		7.2%

* 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 YEARS ENDED AUGUST 31, 2019 and 2018

Note 11 – 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 (6.907%) in measuring the 2018 Net Pension Liability.

	1% Decrease in Discount Rate <u>(5.907%)</u>	Discount Rate <u>(6.907%)</u>	1% Increase in Discount Rate <u>(7.907%)</u>
Del Mar proportionate share of net pension liability:	<u>\$ 33,135,630</u>	<u>\$ 21,955,179</u>	<u>\$ 12,903,941</u>

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

At August 31, 2019 and 2018, the College reported a liability of \$21,955,179 and \$12,190,380 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, 2019:

College's Proportionate share of collective net pension liability	\$ 21,955,179
State's Proportionate share associated with College	<u>17,400,379</u>
Total	<u>\$ 39,355,558</u>

Fiscal Year Ended August 31, 2018:

College's Proportionate share of collective net pension liability	\$ 12,190,380
State's Proportionate share associated with College	<u>9,751,441</u>
Total	<u>\$ 21,941,821</u>

The net pension liability was measured as of August 31, 2018 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, 2017 thru August 31, 2018.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 11 – Defined Benefit Pension Plan (Continued)

At the measurement date of August 31, 2018, the employer’s proportion of the collective net pension liability was .0399% which was an increase of .0018% from its proportion measured as of August 31, 2017.

For the year ended August 31, 2019, the College recognized pension expense of \$3,127,535 and revenue of \$1,722,174 for support provided by the State.

At August 31, 2019 and 2018, 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, 2018:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 136,851	\$ 538,693
Changes in actuarial assumptions	7,915,900	247,372
Differences between projected and actual investment earnings	-	416,584
Changes in proportion and difference between employer's contributions and the proportionate share of contributions	1,229,685	791
Contributions paid to TRS subsequent to measurement date	1,383,030	-
Total	<u>\$ 10,665,466</u>	<u>\$ 1,203,440</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 11 – Defined Benefit Pension Plan (Continued)

Fiscal Year Ended August 31, 2017:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 178,351	\$ 657,411
Changes in actuarial assumptions	555,291	317,891
Differences between projected and actual investment earnings	-	888,408
Changes in proportion and difference between employer's contributions and the proportionate share of contributions	889,321	1,199
Contributions paid to TRS subsequent to measurement date	1,344,534	-
Total	<u>\$ 2,967,497</u>	<u>\$ 1,864,909</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,383,030 and \$1,344,534 will be recognized as a reduction of the net pension liability for the measurement year ending August 31, 2019 and 2018, respectively (i.e. recognized in the College's financial statements August 31, 2019). 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:	
2020	\$ 2,020,753
2021	1,144,090
2022	950,171
2023	1,591,335
2024	1,444,371
Thereafter	928,276
	<u>\$ 8,078,996</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 12 – 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 3.3%, 3.3% and 6.65%, respectively. The College contributes an additional 1.90% 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. Senate Bill (SB) 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state’s contribution to 50% of eligible employees in the reporting district.

The retirement expense to the state for the College was \$1,540,258 and \$1,591,889 for the fiscal years ended August 31, 2019 and 2018, 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 \$36,895,354 and \$35,514,284 and the total payroll of employees covered by the Optional Retirement Program was \$12,654,905 and \$14,349,155 for fiscal years 2019 and 2018, respectively.

Note 13 - 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, 2019, the College had 111 employees vested and participating in the program. A total of \$683,813 in contributions was invested in the plan during the fiscal year.

As of August 31, 2018, the College had 112 employees vested and participating in the program. A total of \$653,820 in contributions was invested in the plan during the fiscal year.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 14 - 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 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, 2019 and 2018, the College had an accrued liability for the unpaid vacation and sick leave as follows:

	<u>2019</u>	<u>2018</u>
Vacation	\$ 1,079,534	\$ 951,224
Sick Leave	<u>6,100,882</u>	<u>5,682,499</u>
Total Liability for Compensable Absences	<u>\$ 7,180,416</u>	<u>\$ 6,633,723</u>

The College recognized \$710,088 and \$668,250 of the liability above as a current liability for fiscal years August 31, 2019 and 2018 respectively.

Note 15 – Health Care and Life Insurance Benefits

Certain health care and life insurance 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 the benefits by expending the annual insurance premiums. The state's contribution per full-time employee ranged from \$625 to \$1,223 per month for the year ended August 31, 2019, \$622 to \$1,217 for the year ended 2018, and \$617 to \$1,208 for the year ended August 31, 2017. Total contributions from the state for the years ended 2019, 2018, and 2017 were \$4,407,706, \$4,215,909, and \$3,863,047, respectively. The cost of providing those benefits for 425 retirees was \$3,614,903 for the year ended 2019, \$3,631,240 for 435 retirees in 2018, and \$3,590,043 for 475 retirees in 2017. The cost of providing benefits for 726 active employees was \$5,961,082 in 2019, \$6,071,313 for 678 employees in 2018, and \$5,903,356 for 664 employees in 2017. SB 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 16 – Other Post-Employment Benefits (OPEB)

Plan Description

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

OPEB Plan Fiduciary Net Position

Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management/2017-CAFR.pdf>; or by writing ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

Benefits Provided

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 16 – Other Post-Employment Benefits (OPEB) (Continued)

Contribution

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendation of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year 2018

	<u>FY2018</u>	<u>FY2017</u>
Retiree Only	\$ 622	\$ 617
Retiree & Spouse	1,335	971
Retiree & Children	1,099	854
Retiree & Family	1,812	1,208

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

Premium Contributions by Source
Group Benefits Program Plan
For the Years Ended August 31, 2018 and 2017

	<u>FY 2018</u>	<u>FY2017</u>
Employers	\$2,032,179	\$2,039,357
Member (Employees)	-0-	-0-
Non-employer Contributing Entity (State of Texas)	4,238,958	1,553,129

(Note – In fiscal year 2017, payments from members were reported as contributions. Beginning from fiscal year 2018, payments from members are reported as deduction to benefit payments.)

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 16 – Other Post-Employment Benefits (OPEB) (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumption
ERS Group Benefits Program Plan

Valuation Date	August 31, 2018
Actuarial cost method	Entry Age
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 Years
Asset valuation method	Not Applicable
Discount rate	3.96%
Projected annual salary increase	2.5% to 9.5%, including inflation
Annual healthcare trend rate	7.3% for FY 2020, 7.4% for FY 2021, 7% for FY 2022, decreasing .5% per year to an ultimate rate of 4.5% for FY 2027 and later years
Inflation assumption rate	2.5%
Ad hoc post-employment benefit changes	None
Mortality Assumptions: Service retirees, survivors and other Inactive members	2017 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2017
Disability retirees	RP-2014 Disabled Retiree Mortality with Ultimate MP Projection Scale projected from the year 2014
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 16 – Other Post-Employment Benefits (OPEB) (Continued)

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

Investment Policy

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

Discount Rate

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.51%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.96%, which amounted to an increase of 0.45%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp’s AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity

The following schedule shows the impact on the College’s proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (3.96%) in measuring the net OPEB Liability:

Sensitivity of Net OPEB Liability to Changes In Discount Rate
State Retiree Health Plan

	1% Decrease in Discount Rate <u>(2.96%)</u>	Discount Rate <u>(3.96%)</u>	1% Increase in Discount Rate <u>(4.96%)</u>
College’s proportionate Share of the net OPEB liability:	\$66,193,853	\$55,754,737	\$47,853,512

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 16 – Other Post-Employment Benefits (OPEB) (Continued)

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 7.3% and the ultimate rate is 4.50%. The following schedule shows the impact on the College’s proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used (4.5%) in measuring the net OPEB Liability.

**Sensitivity of Net OPEB Liability to Changes in
Healthcare Trend Rates
State Retiree Health Plan**

	1% Decrease in Trend Rates <u>(3.50%)</u>	Current Trend Rates <u>(4.50%)</u>	1% Decrease in Trend Rates <u>(5.50%)</u>
College’s proportionate Share of the net OPEB liability	\$47,217,062	\$55,754,737	\$66,768,374

OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of
Resources Related to OPEB

At August 31, 2019, the College reported a liability of \$55,754,737 for its proportionate share of the ERS’s net OPEB liability. This liability reflects a reduction for State support provided to the District for OPEB. The amount recognized by the College as it’s proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

Fiscal Year Ended August 31, 2019:

College’s proportionate share of the collective net OPEB liability	\$55,754,737
State’s proportionate share that is associated with the College	<u>43,247,818</u>
Total	<u>\$99,002,555</u>

Fiscal Year Ended August 31, 2018:

College’s proportionate share of the collective net OPEB liability	\$73,938,180
State’s proportionate share that is associated with the College	<u>56,463,411</u>
Total	<u>\$130,401,591</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 16 – Other Post-Employment Benefits (OPEB) (Continued)

The net OPEB liability was measured as of August 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contribution to the OPEB plan relative to the contributions of all employer to the plan for the period September 1, 2017 thru August 31, 2018.

At the measurement date of August 31, 2018, the employer's proportion of the collective net OPEB liability was 0.1881%, which was an decrease of .0289% from its proportionate share measured at August 31, 2017.

For the year ended August 31, 2019, the Districted recognized OPEB expense of (\$3,337,899) and revenue of (\$257,092) for support provided by the State.

Changes Since the Prior Actuarial Valuation

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

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increase) for higher education members have been updated to reflect assumptions recently adopted by the Trustees from the Teachers Retirement System of Texas;
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations;
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence;
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends;
- The discount rate assumption was increased from 3.51% to 3.96% to utilize the updated yield or index for 20 year, tax-exempt general obligation municipal bonds, rated AA/Aa (or equivalent) or higher in effect on the measurement date.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 16 – Other Post-Employment Benefits (OPEB) (Continued)

Changes of Benefit Terms Since Prior Measurement Date

The following benefit revision has been adopted since the prior valuation:

- An increase in out-of-pocket maximum for both HeathSelect and Consumer Directed HealthSelect retirees and dependents for whom Medicare is not primary.

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

At August 31, 2019, the College reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

For the Year Ended August 31, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ -	\$ 2,042,674
Changes in actuarial assumptions	-	19,537,984
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	-	9,867,405
Differences between projected and actual investment earnings	26,403	-
Contributions paid to ERS subsequent to measurement date	2,032,179	-
Total	<u>\$ 2,058,582</u>	<u>\$ 31,448,063</u>

For the Year Ended August 31, 2018:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ -	\$ 888,500
Changes in actuarial assumptions	-	15,459,566
Differences between projected and actual investment earnings	21,891	-
Contributions paid to ERS subsequent to measurement date	2,039,351	-
Total	<u>\$ 2,061,242</u>	<u>\$ 16,348,066</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 16 – Other Post-Employment Benefits (OPEB) (Continued)

The net amounts of the College’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense
	Amount
2020	\$ 7,633,687
2021	7,633,687
2022	7,633,687
2023	5,850,913
2024	2,669,686
	\$ 31,421,660

Note 17 – On-behalf Payments

For the fiscal years ended August 31, 2019 and 2018, the College recorded the following State on-behalf contributions as revenues and expenses in the accompanying basic financial statements:

	2019	2018
Teacher Retirement System	\$ 1,129,451	\$ 1,081,201
Optional Retirement Programs	410,806	469,393
Health Insurance	4,407,701	4,215,909
Total On-behalf Payments	\$ 5,947,958	\$ 5,766,503

Note 18 - Pending Lawsuits and Claims

At August 31, 2019, various other 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 YEARS ENDED AUGUST 31, 2019 and 2018

Note 19 - Contract and Grant Awards

For federal contract and grant awards, funds expended but not collected, are reported as Federal Receivables in Note 6. 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 2019 and 2018 for which monies have not been received nor funds expended totaled \$8,000,080 and \$9,081,265 respectively. Of these amounts, \$2,897,179 and \$5,297,873 were from Federal Contract and Grant Awards; \$1,883,688 and \$2,451,514 were from State Contract and Grant awards; \$3,219,213 and \$1,331,878 were from Private Contract and Grant Awards, for the fiscal years ended 2019 and 2018, respectively.

Note 20 - 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.

	2019	2018
Assessed Valuation of the College District	\$33,527,327,714	\$31,619,662,531
Less Exemptions	6,301,621,450	5,950,780,398
Net Assessed Valuation of the College District	\$27,225,706,264	\$25,668,882,133

	2019			2018		
	Debt			Operations	Debt Service	Total
	Operations	Service	Total			
Tax Rate per \$100 Valuation						
for authorized	\$0.5000	\$0.5000	\$1.0000	\$0.5000	\$0.5000	\$1.0000
for assessed	\$0.2097	\$0.0722	\$0.2819	\$0.2057	\$0.0535	\$0.2592

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 20 – Ad Valorem Tax (Continued)

Taxes levied, including any penalty and interest assessed, are due on receipt of the tax bill and delinquent if not paid before February 1 of the year following the year in which imposed. 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.

	<u>2019</u>	<u>2018</u>
Taxes Levied	\$ 74,310,163	\$65,696,908
Maintenance and Operations Taxes:		
Current Taxes Collected	53,160,289	49,910,083
Delinquent Taxes Collected	852,218	1,302,922
Penalties and Interest Collected	429,324	455,502
Total Maintenance and Operations Taxes	54,441,831	51,668,507
Debt Service Taxes:		
Current Taxes Collected	18,303,093	12,972,974
Delinquent Taxes Collected	223,373	321,622
Penalties and Interest Collected	128,152	112,799
Total Debt Service Taxes	18,654,618	13,407,395
Total Taxes Collected	\$73,096,449	\$65,075,902
Current Tax Levy Collection Percent	97.7%	96.60%

Note 21 – 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 YEARS ENDED AUGUST 31, 2019 and 2018

Note 21 – Tax Abatements (Continued)

For the fiscal year ended August 31, 2019, the college had property tax abatement agreement with the following entities:

Corpus Christi Polymers LLC – The abatement was an assignment of a previous abatement with M&G Resins, USA, LLC and 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.

EPIC Y-Grade Logistics – The abatement covers as eligible property any supplemental improvements to the eligible property that are added or constructed during the abatement period. The abatement period shall commence January 1, 2019, and shall continue for up to ten years. In no event shall the abatement period extend beyond December 31 of the 10th year. The facility has been 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. During the construction phase (not to exceed 3 years) the percentage of abatement is 100%. For years 4 through 10 the amount abated shall be 50%. At the time of execution of the agreement the added value comprising permanent improvements upon completion of the construction phase is estimated to be \$200 million. In the event that 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 eighty-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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 21 – Tax Abatements (Continued)

Below is the abatement information as required by GASB Statement No. 77 for M&O purposes. It includes the net benefit to the District but does not include any I&S impact.

	Project Value 2018	Percent Abated 2018	Tax Rate per \$100 Valuation 2018	Foregone Taxes 2018
(1)	\$ 9,903,991	100%	0.209693	\$ 20,768
(2)	518,554,400	100%	0.209693	1,087,372

- (1) EPIC Y-Grade Logistics
- (2) Corpus Christi Polymers LLC

Note 22 - 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, 2019 and 2018.

Note 23 - 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).

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 23 - Component Unit (Continued)

Significant Accounting Policies

The financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, net assets and changes therein are classified as follows:

Net Assets

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grant) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest in received. Conditional promises to give, including grant contracts with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Foundation utilizes donor agreements in an on-going attempt to further clarify donors' intentions. If it becomes clear the fund classification was incorrect, or if the donor(s) change their intentions, the funds are appropriately reclassified and shown as a transfer from one fund type to another.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 23 – Component Unit (Continued)

Fair Value Measurement

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.

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

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 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).

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 23 – Component Unit (Continued)

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 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, 2019 and 2018 are as follows:

	Fair Value	Fair Value Measurement Using:	
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
June 30, 2019			
Investments:			
Money Market	\$ 36,632	\$ 36,632	\$ -
Mutual Funds	19,931,940	19,931,940	-
Alternative Investments	1,104,789	-	1,104,789
Total Investments	21,073,361	19,968,572	1,104,789
Beneficial Interest in Irrevocable Charitable Trust	699,631	-	699,631
Total	\$ 21,772,992	\$ 19,968,572	\$ 1,804,420
June 30, 2018			
Investments:			
Money Market	\$ 88,830	\$ 88,830	\$ -
Mutual Funds	19,203,882	19,203,882	-
Alternative Investments	727,925	-	727,925
Total Investments	20,020,637	19,292,712	727,925
Beneficial Interest in Irrevocable Charitable Trust	623,343	-	623,343
Total	\$ 20,643,980	\$ 19,292,712	\$ 1,351,268

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 23 – Component Unit (Continued)

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) at June 30, 2019 and 2018:

	Beneficial Interest In Irrevocable Trust	Alternative Investments	Total
Beginning Balance, July 1, 2017	\$ 604,936	\$ 584,660	\$ 1,189,596
Purchases	-	95,845	95,845
Total Unrealized Gain			
Included in Changes in Net Assets	18,407	47,420	65,827
Ending Balance, June 30, 2018	623,343	727,925	1,351,268
Purchases	-	376,898	376,898
Sales	-	(35,506)	(35,506)
Total Unrealized Gain			
Included in Changes in Net Assets	76,288	35,472	111,760
Ending Balance, June 30, 2019	\$ 699,631	\$ 1,104,789	\$ 1,804,420

Note 24 - 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 2019 and 2018, 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 25 - Workers' Compensation Aggregate Deductible

During the year ended August 31, 2019, 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 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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018

Note 25 – Workers’ Compensation Aggregate Deductible (Continued)

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, 2018, the Fund carries a discounted reserve of \$48,977,531 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August, 31, 2019, 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, 2018, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Note 26 – Commitments

Facilities

The College initiated a 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. Construction is presently underway with three buildings on the East and West Campuses. The Master Plan for the Southside campus is completed and programming for the new buildings are presently being completed by the administration and faculty. Construction of the new campus began in fall of 2019.

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, *	Measurement Year Ended August 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
College's Proportion of the Net Pension Liability	0.039887739	0.000381252	0.000370818	0.000347864	0.000346008
College's Proportionate Share of Net Pension Liability	\$21,955,179	\$12,190,380	\$14,012,665	\$12,296,529	\$9,242,352
States's Proportionate Share of the Net Pension Liability Associated with the District	<u>17,400,379</u>	<u>9,751,441</u>	<u>10,697,440</u>	<u>9,047,629</u>	<u>7,116,186</u>
TOTAL	<u>\$39,355,558</u>	<u>\$21,941,821</u>	<u>\$24,710,105</u>	<u>\$21,344,158</u>	<u>\$16,358,538</u>
College's Covered-Employee Payroll	\$35,507,762	\$32,929,363	\$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	61.83%	37.02%	46.51%	45.56%	41.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.17%	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, *	Fiscal Year Ended August 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contributions	\$1,383,030	\$1,344,534	\$1,249,598	\$1,178,183	\$1,030,041
Contribution in Relation to the Contractually Required Contribution	<u>(1,383,030)</u>	<u>(1,344,534)</u>	<u>(1,249,598)</u>	<u>(1,178,183)</u>	<u>(1,030,041)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
College's Covered-employee Payroll	\$35,507,762	\$35,500,740	\$32,929,636	\$30,129,463	\$26,992,189
Contribution as a Percentage of Covered-Employee Payroll	3.90%	3.79%	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
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2019
EXHIBIT 6

	Measurement Year Ended August 31,	
	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.1881207300%	0.2169992500%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 55,754,737	\$ 73,938,180
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	43,247,818	56,463,411
Total	<u>\$ 99,002,555</u>	<u>\$ 130,401,591</u>
District's Covered Employee Payroll	\$ 33,096,904	\$ 32,924,204
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Employee Payroll	68.46%	124.57%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	1.27%	2.04%

* The amount presented are as of the the College's most recent fiscal year end.

* 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 DISTRICT'S OPEB CONTRIBUTIONS
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2019
EXHIBIT 7

	Fiscal Year Ended August 31,	
	2019	2018
Contractually Required Contribution	\$ 2,032,179	\$ 2,039,351
Contribution in Relation to the Contractually Required Contribution	(2,032,179)	(2,039,351)
Contribution Deficiency (Excess)	\$ -	\$ -
District's Covered Employee Payroll	\$ 33,597,726	\$ 33,096,904
Contributions as a percentage of Covered Employee Payroll	6.05%	6.16%

* The amount presented are as of the the College's most recent fiscal year end.

* 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, 2019 (With Memorandum Totals for the Year Ended August 31, 2018)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2019 Total	2018 Total
Tuition:						
State Funded Credit Courses:						
In-District Resident Tuition	\$ 9,257,907	\$ -	\$ 9,257,907	\$ -	\$ 9,257,907	\$ 8,928,287
Out-of-District Resident Tuition	2,921,616	-	2,921,616	-	2,921,616	2,786,778
Non-Resident Tuition	631,070	-	631,070	-	631,070	672,681
TPEG - Credit (Set Aside) *	837,742	-	837,742	-	837,742	768,745
State-Funded Continuing Education	638,736	-	638,736	-	638,736	712,705
TPEG - Non-Credit (Set Aside) *	218,266	-	218,266	-	218,266	139,650
Non-State Funded Educational Programs	32,903	-	32,903	-	32,903	36,832
Total Tuition	14,538,240	-	14,538,240	-	14,538,240	14,045,678
Fees:						
Building Use Fee	2,572,239	-	2,572,239	-	2,572,239	2,580,899
General Fee	7,320,033	-	7,320,033	-	7,320,033	7,310,490
Student Service Fee	-	-	-	448,254	448,254	205,957
Out-of-District Fee	2,056,462	-	2,056,462	-	2,056,462	2,110,507
Class Repeat Fee	220,110	-	220,110	-	220,110	226,300
Dual Credit Fee	1,065,878	-	1,065,878	-	1,065,878	1,045,383
Non-Instructional Contract Training Fees	482,666	-	482,666	-	482,666	763,076
Laboratory Fees	448,870	-	448,870	-	448,870	467,262
Total Fees	14,166,258	-	14,166,258	448,254	14,614,512	14,709,874
Scholarship Allowances and Discounts:						
Bad Debt Allowance	(224,776)	-	(224,776)	-	(224,776)	(239,129)
Remissions and Exemptions - State	(4,104,727)	-	(4,104,727)	-	(4,104,727)	(4,101,756)
Remissions and Exemptions - Local	(1,130,792)	-	(1,130,792)	-	(1,130,792)	(840,552)
Title IV Federal Grants	(9,547,665)	-	(9,547,665)	-	(9,547,665)	(9,493,862)
Other Federal Grants	(991,823)	-	(991,823)	-	(991,823)	(1,111,312)
TPEG Awards	(377,100)	-	(377,100)	-	(377,100)	(323,295)
Other State Grants	(201,783)	-	(201,783)	-	(201,783)	(117,552)
Total Scholarship Allowances	(16,578,666)	-	(16,578,666)	-	(16,578,666)	(16,227,458)
Total Net Tuition and Fees	12,125,832	-	12,125,832	448,254	12,574,086	12,528,094
Additional Operating Revenues:						
Federal Grants and Contracts	-	2,103,407	2,103,407	-	2,103,407	3,181,036
State Grants and Contracts	-	2,399,247	2,399,247	-	2,399,247	2,341,669
Local Grants and Contracts	-	1,403,419	1,403,419	-	1,403,419	523,681
General Operating Revenues	3,605,925	-	3,605,925	-	3,605,925	2,187,741
Total Additional Operating Revenues	3,605,925	5,906,073	9,511,998	-	9,511,998	8,234,127
Auxiliary Enterprises:						
Food Service	-	-	-	645,944	645,944	658,853
Vending	-	-	-	80,099	80,099	101,493
Rents	-	-	-	61,943	61,943	80,245
Childcare Center	-	-	-	267,175	267,175	244,091
Other	-	-	-	619,926	619,926	305,619
Total Net Auxiliary Enterprises	-	-	-	1,675,087	1,675,087	1,390,301
Total Operating Revenues	\$ 15,731,757	\$ 5,906,073	\$ 21,637,830	\$ 2,123,341	\$ 23,761,171	\$ 22,152,522
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, tuition of \$1,056,008 and \$908,395 for years August 31, 2019 and 2018, respectively, was set aside for Texas Public Education Grants (TPEG).

Del Mar College
Schedule of Operating Expenses by Object
Year Ended August 31, 2019 (With Memorandum Totals for the Year Ended August 31, 2018)

	Operating Expenses				2019 Total	2018 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 33,371,263	\$ -	\$ 6,063,281	\$ 2,896,807	\$ 42,331,351	\$ 42,675,947
Public Service	108,131	-	10,687	28,499	147,317	141,615
Academic Support	4,721,104	-	1,065,859	1,014,222	6,801,185	7,040,751
Student Services	4,883,310	-	1,054,204	945,193	6,882,707	7,136,414
Institutional Support	9,844,574	-	2,140,235	7,744,597	19,729,406	19,515,255
Operation and Maintenance of Plant	1,433,531	-	317,232	7,054,908	8,805,671	8,595,767
Total Unrestricted Educational Activities	54,361,913	-	10,651,498	19,684,226	84,697,637	85,105,749
Restricted - Educational Activities						
Instruction	-	4,151,867	-	-	4,151,867	3,860,072
Public Service	-	7,318	-	-	7,318	9,630
Academic Support	-	729,853	-	-	729,853	693,570
Student Services	2,098,548	957,496	344,099	5,066,050	8,466,193	8,525,912
Institutional Support	-	1,465,539	-	-	1,465,539	1,372,522
Operation and Maintenance of Plant	-	217,227	-	-	217,227	189,824
Scholarships and Fellowships	-	-	-	5,939,657	5,939,657	5,825,627
Total Restricted Educational Activities	2,098,548	7,529,300	344,099	11,005,707	20,977,654	20,477,157
Total Educational Activities	56,460,461	7,529,300	10,995,597	30,689,933	105,675,291	105,582,906
Auxiliary Enterprises	535,091	-	187,090	505,677	1,227,858	1,400,092
Depreciation Expense - Buildings and other real estate improvements	-	-	-	3,689,403	3,689,403	3,756,042
Depreciation Expense - Equipment and furniture	-	-	-	1,680,120	1,680,120	1,674,101
Total Operating Expenses	\$ 56,995,552	\$ 7,529,300	\$ 11,182,687	\$ 36,565,133	\$ 112,272,672	\$ 112,413,141
					(Exhibit 2)	(Exhibit 2)

Del Mar College
Schedule of Non-Operating Revenues and Expenses
Year Ended August 31, 2019 (With Memorandum Totals for the Year Ended August 31, 2018)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2019 Total</u>	<u>2018 Total</u>
NON-OPERATING REVENUES:					
State Appropriations:					
Education and General State Support	\$ 15,907,746	\$ -	\$ -	\$ 15,907,746	\$ 15,873,008
State Group Insurance	-	4,150,604	-	4,150,604	5,769,038
State Retirement Matching	-	3,378,696	-	3,378,696	1,285,513
Total State Appropriations	15,907,746	7,529,300	-	23,437,046	22,927,559
Maintenance Ad Valorem Taxes	54,449,297	-	-	54,449,297	51,688,633
Debt Service Ad Valorem Taxes	-	18,706,260	-	18,706,260	13,423,409
Federal Revenue, Non Operating	-	16,860,116	-	16,860,116	16,237,471
Investment Income	5,754,478	-	-	5,754,478	2,308,152
Other Non-Operating Revenue	37,368	-	-	37,368	28,316
Total Non-Operating Revenues	76,148,889	43,095,676	-	119,244,565	106,613,540
NON-OPERATING EXPENSES:					
Interest on Capital Related Debt	8,951,490	-	-	8,951,490	5,284,975
Loss on Disposal of Capital Assets	26,208	-	-	26,208	800,597
Other Non-Operating Expense	7,299	-	-	7,299	1,024,243
Total Non-Operating Expenses	8,984,997	-	-	8,984,997	7,109,815
Net Non-Operating Revenues	\$ 67,163,892	\$ 43,095,676	\$ -	\$ 110,259,568	\$ 99,503,725
				(Exhibit 2)	(Exhibit 2)

Del Mar College
Schedule of Net Position by Source and Availability
Year Ended August 31, 2019 (With Memorandum Totals for the Year Ended August 31, 2018)

	Detail by Source				Available for	
	Restricted		Net Investment in Capital Assets	Total	Current Operations	
	Unrestricted	Expendable			Yes	No
Current:						
Unrestricted	\$ (60,328,619)	\$ -	\$ -	\$ (60,328,619)	\$ (60,328,619)	\$ -
Restricted	-	-	-	-	-	-
Auxiliary enterprises	1,398,774	-	-	1,398,774	1,398,774	-
Loan	-	2,440	-	2,440	-	2,440
Endowment:						
Quasi:						
Unrestricted	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Endowment						
True	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-
Annuities	-	-	-	-	-	-
Plant:						
Unexpended	6,601,602	-	-	6,601,602	-	6,601,602
Renewals	-	-	-	-	-	-
Debt Service	-	8,159,187	-	8,159,187	-	8,159,187
Investment in Plant	-	-	120,405,829	120,405,829	-	120,405,829
Total Net Position, August 31, 2019	\$ (52,328,243)	\$ 8,161,627	\$ 120,405,829	\$ 76,239,213 (Exhibit 1)	\$ (58,929,845)	\$ 135,169,059
Total Net Position, August 31, 2018	(58,722,197)	12,247,129	100,961,214	54,486,146 (Exhibit 1)	(67,059,185)	121,545,332
Net Increase (Decrease) in Net Position	\$ 6,393,954	\$ (4,085,502)	\$ 19,444,615	\$ 21,753,067 (Exhibit 2)	\$ 8,129,340	\$ 13,623,727

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>	107-111, 128-129
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>	112-117, 130-132
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>	118-120, 133
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>	121-122
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>	123-127

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 2010 to 2019
(unaudited)

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net investment in capital assets	\$ 120,406	\$ 100,961	\$ 95,287	\$ 90,491	\$ 79,669	\$ 72,177	\$ 63,706	\$ 60,565	\$ 56,854	\$ 55,454
Restricted - expendable	8,161	12,247	12,343	12,251	13,546	13,669	11,945	10,694	10,330	5,721
Unrestricted	(52,328)	(58,722)	23,231	23,076	23,510	31,900	31,668	24,779	17,242	15,655
Total primary government net position	\$ 76,239	\$ 54,486	\$ 130,861	\$ 125,818	\$ 116,725	\$ 117,746	\$ 107,319	\$ 96,038	\$ 84,426	\$ 76,830

Source: College Annual Financial Reports

Del Mar College
Statistical Supplement 2
Revenues by Source
Fiscal Years 2010 to 2019
(unaudited)

For the Fiscal Year Ended August 31,
(in Thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Revenues:										
Tuition and Fees (Net of Discounts)	\$ 12,574	\$ 12,528	\$ 12,755	\$ 11,976	\$ 10,878	\$ 10,683	\$ 9,681	\$ 14,875	\$ 9,850	\$ 9,561
Federal Grants and Contracts	2,103	3,181	3,268	4,650	5,424	3,256	3,465	3,658	4,050	4,608
State Grants and Contracts	2,399	2,342	3,718	4,334	3,090	2,021	1,613	1,480	1,997	1,825
Local Grants and Contracts	1,404	524	548	2,212	593	1,044	838	1,779	535	1,863
Auxiliary enterprises	1,675	1,390	1,249	1,323	1,508	1,398	1,374	1,607	1,426	1,276
General Operating Revenues	3,606	2,188	1,768	2,305	1,379	1,357	1,173	1,234	1,089	1,636
Total Operating Revenues	23,761	22,153	23,306	26,800	22,872	19,759	18,144	24,633	18,947	20,769
Non-Operating Revenues:										
State Appropriations	23,437	22,928	20,176	19,800	19,918	19,554	19,535	20,929	23,890	24,247
Maintenance Ad Valorem Taxes	54,449	51,689	47,179	46,704	43,342	40,524	37,312	35,581	33,966	35,059
Debt Service Ad Valorem Taxes	18,706	13,423	12,387	8,338	8,385	8,639	8,679	8,940	9,801	9,031
Federal Revenue, Non Operating	16,860	16,238	16,715	16,323	16,265	16,521	18,730	13,113	21,317	20,623
Gifts	-	-	-	-	-	-	-	61	40	55
Investment Income	5,755	2,308	1,108	337	206	198	216	347	491	464
Other Non-Operating Revenues	37	28	12	22	30	144	174	155	139	5
Total Non-Operating Revenues	119,244	106,614	97,577	91,524	88,146	85,580	84,646	79,126	89,644	89,484
Total Revenues	\$ 143,005	\$ 128,767	\$ 120,883	\$ 118,324	\$ 111,018	\$ 105,339	\$ 102,790	\$ 103,759	\$ 108,591	\$ 110,253

Source: College Annual Financial Reports

Del Mar College
Statistical Supplement 2 (Continued)
Revenues by Source
Fiscal Years 2010 to 2019
(unaudited)

For the Fiscal Year Ended August 31,
(in Thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Revenues:										
Tuition and fees (net of discounts)	8.79%	9.73%	10.55%	10.12%	9.80%	10.14%	9.42%	14.34%	9.07%	8.67%
Federal grants and contracts	1.47%	2.47%	2.70%	3.93%	4.89%	3.09%	3.37%	3.53%	3.73%	4.18%
State grants and contracts	1.68%	1.82%	3.08%	3.66%	2.78%	1.92%	1.57%	1.43%	1.84%	1.66%
Local grants and contracts	0.98%	0.41%	0.45%	1.87%	0.53%	0.99%	0.82%	1.71%	0.49%	1.69%
Auxiliary enterprises	1.17%	1.08%	1.03%	1.12%	1.36%	1.33%	1.34%	1.55%	1.31%	1.16%
General Operating Revenues	2.52%	1.70%	1.46%	1.95%	1.24%	1.29%	1.14%	1.19%	1.00%	1.48%
Total Operating Revenues	16.00%	17.21%	19.27%	22.65%	20.60%	18.76%	17.66%	23.74%	17.44%	18.84%
Non-Operating Revenues:										
State Appropriations	16.39%	17.81%	16.69%	16.73%	17.94%	18.56%	19.00%	20.17%	22.00%	21.99%
Maintenance Ad Valorem Taxes	38.07%	40.14%	39.03%	39.47%	39.04%	38.47%	36.30%	34.29%	31.28%	31.80%
Debt Service Ad Valorem Taxes	13.08%	10.42%	10.25%	7.05%	7.55%	8.20%	8.44%	8.62%	9.03%	8.19%
Federal Revenue, Non Operating	11.79%	12.61%	13.83%	13.80%	14.65%	15.68%	18.22%	12.64%	19.63%	18.71%
Gifts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	0.04%	0.05%
Investment Income	4.02%	1.79%	0.92%	0.28%	0.19%	0.19%	0.21%	0.33%	0.45%	0.42%
Other Non-Operating Revenues	0.02%	0.02%	0.01%	0.02%	0.03%	0.14%	0.17%	0.15%	0.13%	0.00%
Total Non-Operating Revenues	84.00%	82.79%	80.73%	77.35%	79.40%	81.24%	82.34%	76.26%	82.56%	81.16%
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 2010 to 2019
(unaudited)

For the Fiscal Year Ended August 31,
(in Thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Expenses:										
Instruction	\$ 46,483	\$ 46,536	\$ 43,909	\$ 39,580	\$ 36,441	\$ 35,017	\$ 33,766	\$ 34,475	\$ 35,632	\$ 35,082
Public service	155	151	129	111	21	14	21	25	97	37
Academic support	7,531	7,734	7,189	6,946	6,193	5,554	4,985	4,830	5,852	5,899
Student services	15,349	15,662	16,487	18,040	16,106	12,295	12,439	10,906	11,251	10,814
Institutional support	21,195	20,888	19,430	18,690	16,792	16,637	15,235	15,440	15,340	14,511
Operation and maintenance of plant	9,023	8,786	10,128	9,702	8,771	8,113	7,597	7,748	9,486	11,131
Scholarships and fellowships	5,940	5,826	5,906	5,111	6,286	5,980	6,857	5,755	10,616	13,505
Auxiliary enterprises	1,228	1,400	1,484	1,417	1,470	1,339	1,405	1,521	1,304	1,483
Depreciation	5,369	5,430	5,566	5,516	5,590	5,571	5,607	5,595	5,669	5,774
Total Operating Expenses	112,273	112,413	110,228	105,113	97,670	90,520	87,912	86,295	95,247	98,236
Non-Operating Expenses:										
Interest on capital related debt	8,952	5,285	5,075	4,091	3,961	4,441	4,400	4,376	5,876	5,950
Other Non-Operating Expenses	34	1,825	602	86	88	47	33	102	34	19
Total Non-Operating Expenses	8,986	7,110	5,677	4,177	4,049	4,488	4,433	4,478	5,910	5,969
Total Expenses	\$ 121,259	\$ 119,523	\$ 115,905	\$ 109,290	\$ 101,719	\$ 95,008	\$ 92,345	\$ 90,773	\$ 101,157	\$ 104,205

Source: College Annual Financial Reports

Del Mar College
Statistical Supplement 3 (Continued)
Program Expenses by Function
Fiscal Years 2010 to 2019
(unaudited)

For the Fiscal Year Ended August 31,
(in Thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Expenses:										
Instruction	38.33%	38.93%	37.88%	36.21%	35.82%	36.86%	36.56%	37.98%	35.22%	33.67%
Public service	0.13%	0.13%	0.11%	0.10%	0.02%	0.02%	0.02%	0.03%	0.10%	0.04%
Academic support	6.21%	6.54%	6.20%	6.35%	6.09%	5.85%	5.40%	5.32%	5.79%	5.66%
Student services	12.66%	13.10%	14.23%	16.51%	15.83%	12.94%	13.47%	12.01%	11.12%	10.38%
Institutional support	17.48%	17.48%	16.76%	17.10%	16.51%	17.51%	16.50%	17.01%	15.17%	13.92%
Operation and maintenance of plant	7.44%	7.35%	8.74%	8.88%	8.62%	8.54%	8.23%	8.54%	9.38%	10.68%
Scholarships and fellowships	4.90%	4.87%	5.10%	4.68%	6.18%	6.29%	7.43%	6.34%	10.49%	12.96%
Auxiliary enterprises	1.01%	1.17%	1.28%	1.30%	1.45%	1.41%	1.52%	1.68%	1.29%	1.42%
Depreciation	4.43%	4.54%	4.80%	5.05%	5.50%	5.86%	6.07%	6.16%	5.60%	5.54%
Total Operating Expenses	92.59%	94.66%	95.10%	96.18%	96.02%	95.28%	95.20%	95.07%	94.16%	94.27%
Non-Operating Expenses:										
Interest on capital related debt	7.38%	4.42%	4.38%	3.74%	3.89%	4.67%	4.76%	4.82%	5.81%	5.71%
Other Non-Operating Expenses	0.03%	1.53%	0.52%	0.08%	0.09%	0.05%	0.04%	0.11%	0.03%	0.02%
Total Non-Operating Expenses	7.41%	5.34%	4.90%	3.82%	3.98%	4.72%	4.80%	4.93%	5.84%	5.73%
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
Per Semester Credit Hour
Last Ten Academic Years
(unaudited)

Resident

Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	In-District Tuition	Out-of-District Tuition	Building Use Fee	General Use Fee	Matriculation Fee	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
2018	\$ 61	\$ 111	\$ 12	\$ 12	\$ 12	\$ 77	\$ 1,241	\$ 1,841	5.08%	3.37%
2017	56	106	12	12	12	77	1,181	1,781	0.00%	0.00%
2016	56	106	12	12	12	77	1,181	1,781	0.00	0.00
2015	56	106	12	12	12	77	1,181	1,781	1.03	0.68
2014	55	105	12	12	12	77	1,169	1,769	5.60	3.63
2013	52	102	12	12	10	75	1,107	1,707	1.10	0.71
2012	51	101	12	12	10	75	1,095	1,695	10.72	6.67
2011	43	93	12	12	10	65	989	1,589	13.29	7.88
2010	38	88	10	10	10	57	873	1,473	1.39	-28.53
2009	37	137	10	10	10	57	861	2,061	11.24	4.41

Non - Resident

Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Non-Resident Tuition Out of	Non-Resident Tuition Internati	Building Use Fee	General Use Fee	Matriculation Fee	Student Activity Fees	Cost for 12 SCH Out of State	Cost for 12 SCH International	% Increase/ (Decrease) from Prior Year Out	% Increase/ (Decrease) from Prior Year International
2018	\$ 148	\$ 148	\$ 12	\$ 12	\$ 12	\$ 77	\$ 2,285	\$ 2,285	2.70%	2.70%
2017	143	143	12	12	12	77	2,225	2,225	0.00%	0.00%
2016	143	143	12	12	12	77	2,225	2,225	0.00	0.00
2015	143	143	12	12	12	77	2,225	2,225	0.54	0.54
2014	142	142	12	12	12	77	2,213	2,213	2.88	2.88
2013	139	139	12	12	10	75	2,151	2,151	0.56	0.56
2012	138	138	12	12	10	75	2,139	2,139	5.21	5.21
2011	130	130	12	12	10	65	2,033	2,033	6.05	6.05
2010	125	125	10	10	10	57	1,917	1,917	-23.47	-23.47
2009	174	174	10	10	10	57	2,505	2,505	3.09	3.09

Note: (1) Includes basic enrollment tuition and fees but excludes course based fees such as laboratory fees, testing fees and certification fees

(2) Registration Fee: Not applicable

Source: College Annual Financial Reports

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

(in Thousands)

Direct Rate

Fiscal Year	Assessed Valuation of Property		Taxable Assessed Value (TAV)	% Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (b)	Debt Service (b)	Total (b)
	(a)	Less: Exemptions					
2018-19	\$ 33,527,327	\$ 6,301,621	\$ 27,225,706	0.81	\$ 0.209700	\$ 0.072200	\$ 0.281900
2017-18	31,619,662	5,950,780	25,668,882	0.81	0.205700	0.053463	0.259163
2016-17	29,841,475	4,975,595	24,865,880	0.83	0.194718	0.051441	0.246159
2015-16	27,500,612	4,683,363	22,817,249	0.83	0.210549	0.037524	0.248073
2014-15	25,746,282	4,622,735	21,123,547	0.82	0.207910	0.040163	0.248073
2013-14	24,255,580	4,577,887	19,677,693	0.81	0.206690	0.043976	0.250666
2012-13	22,433,940	4,557,652	17,876,288	0.80	0.209394	0.048609	0.258003
2011-12	21,081,166	3,605,685	17,475,481	0.83	0.206200	0.051800	0.258000
2010-11	20,302,854	3,078,992	17,223,862	0.85	0.200200	0.057800	0.258000
2009-10	19,544,899	1,696,049	17,848,850	0.91	0.200200	0.051200	0.251400

Source: Local Appraisal District

Notes: (a) Property is assessed at full market value

(b) per \$100 Taxable Assessed Valuation

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

Fiscal Year	Appropriation per FTSE			Appropriation per Contact Hour			
	State Appropriation (in thousands)	Annual FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (in thousands) (b)	Voc/Tech Contact Hours (in thousands) (b)	Total Contact Hours (in thousands)	State Appropriation per Contact Hour
2018-19	\$ 23,437	7,064	\$ 3,318	2,817	1,833	4,650	\$ 5.04
2017-18	22,928	7,103	3,228	2,757	1,873	4,630	4.95
2016-17	20,176	7,290	2,768	2,827	1,939	4,766	4.23
2015-16	19,800	6,948	2,850	2,715	1,820	4,535	4.37
2014-15	19,918	6,590	3,022	2,655	1,660	4,315	4.62
2013-14	19,554	6,650	2,940	2,823	1,615	4,438	4.41
2012-13	19,535	7,004	2,789	2,998	1,692	4,690	4.17
2011-12	20,929	7,610	2,750	3,287	1,801	5,088	4.11
2010-11	23,890	7,982	2,993	3,430	2,021	5,451	4.38
2009-10	24,247	8,011	3,027	3,403	2,103	5,506	4.40

Notes:

Full-time Student Equivalent (FTSE) is defined by the THECB as the annual total semester credit hours divided by 30

(a) Source: Coordinating Board Management Report 004

(b) Source: Coordinating Board Management Report 004 (includes funded and non-funded excess developmental and three-peat hours)

Del Mar College
Statistical Supplement 7
Principal Taxpayers
Taxable Assessed Value
Last Ten Tax Years
(unaudited)
(in Thousands)

Taxpayer	Type of Business	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Flint Hills Resources West LP	Petrochemical	\$ 1,275,786	\$ 994,320	\$ 901,967	\$ 795,171	\$ 809,036	\$ 894,028	\$ 911,024	\$ 791,276	\$ 826,955	\$ 826,955
Valero Refining Texas LP	Petrochemical	1,180,094	992,798	782,638	982,007	732,218	732,219	680,667	674,643	810,563	810,563
Citgo Refining/Chemical Co LP	Petrochemical	662,713	636,937	598,035	576,842	609,788	588,394	527,999	521,728	460,855	460,855
Corpus Christi Polymers LLC	Petrochemical	532,193	-	-	-	-	-	-	-	-	-
Equistar Chemicals LP	Petrochemical	476,587	498,921	525,325	187,352	198,039	227,826	235,788	217,385	157,388	216,196
Equistar Chemicals LP	Petrochemical	-	169,513	178,657	-	-	-	-	-	-	-
Flint Hills Resources East LP	Petrochemical	192,216	174,379	154,846	165,685	180,163	190,891	195,559	163,746	-	-
AEP Texas Central Company	Utility	375,892	290,124	249,585	197,103	198,622	167,729	143,951	115,054	162,087	133,276
Valero Marketing & Supply	Petrochemical	187,744	186,973	-	-	139,352	147,665	-	-	-	-
Epic Y-Grade Logistics LP	Petrochemical	173,917	-	-	-	-	-	-	-	-	-
Nueces Bay WLE	Utility	-	-	-	179,958	-	-	-	-	-	-
Corpus Christi Retail Venture LP	Retail	-	-	-	-	-	94,714	101,682	86,000	75,510	75,510
Buckeye Texas Processing LLC	Petrochemical	281,540	266,934	252,476	255,721	173,856	-	-	-	-	-
Buckeye Texas HUB LLC	Petrochemical	-	166,772	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
Corpus Christi Cogeneration LP	Utility	-	-	-	-	-	-	-	67,453	-	74,039
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
Totals		\$ 5,338,682	\$ 4,377,671	\$ 3,953,543	\$ 3,683,714	\$ 3,303,540	\$ 3,232,552	\$ 2,983,251	\$ 2,800,567	\$ 2,919,913	\$ 2,847,797
Total Taxable Assessed Value		\$ 28,973,089	\$ 27,225,706	\$ 25,668,882	\$ 24,865,880	\$ 21,123,547	\$ 19,677,694	\$ 17,876,288	\$ 17,876,288	\$ 17,475,481	\$ 17,223,862

Source: Local County Appraisal District as of valuation date

Note: Tax assessed value is the basis for following FY Maintenance Ad Valorem taxes

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

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Flint Hills Resources LP	Petrochemical	4.40%	3.65%	3.51%	3.20%	3.83%	4.54%	5.10%	4.43%	4.73%	4.80%
Valero Refining Texas LP	Petrochemical	4.07	3.65	3.05	3.95	3.47	3.72	3.81	3.77	4.64	4.71
Citgo Refining/Chemical Co LP	Petrochemical	2.29	2.34	2.33	2.32	2.89	2.99	2.95	2.92	2.64	2.68
Corpus Christi Polymers LLC	Petrochemical	1.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equistar Chemicals LP	Petrochemical	1.64	1.83	2.05	0.75	0.94	1.16	1.32	1.22	0.90	1.26
Equistar Chemicals LP	Petrochemical	0.00	0.62	0.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Flint Hills Resources East LP	Petrochemical	0.66	0.64	0.60	0.67	0.85	0.97	1.09	0.92	0.00	0.00
AEP Texas Central Company	Utility	1.30	1.07	0.97	0.79	0.94	0.85	0.81	0.64	0.93	0.77
Valero Marketing & Supply	Petrochemical	0.65	0.69	0.00	0.00	0.66	0.75	0.00	0.00	0.00	0.00
Epic Y-Grade Logistics LP	Petrochemical	0.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Nueces Bay WLE	Utility	0.00	0.00	0.00	0.72	0.00	0.00	0.00	0.00	0.00	0.00
Corpus Christi Retail Venture LP	Retail	0.00	0.00	0.00	0.00	0.00	0.48	0.57	0.48	0.43	0.44
Buckeye Texas Processing LLC	Petrochemical	0.97	0.98	0.98	1.03	0.82	0.00	0.00	0.00	0.00	0.00
Buckeye Texas HUB LLC	Petrochemical	0.00	0.61	0.69	0.65	0.74	0.00	0.00	0.00	0.00	0.00
Barney M Davis LP	Utility	0.00	0.00	0.52	0.73	0.00	0.00	0.00	0.47	0.00	0.00
Flint Hill Resources	Petrochemical	0.00	0.00	0.00	0.00	0.51	0.53	0.59	0.00	0.00	0.00
HE Butt Grocery Company	Grocery	0.00	0.00	0.00	0.00	0.00	0.43	0.45	0.44	0.43	0.42
Corpus Christi Cogeneration LP	Utility	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.38	0.00	0.43
Hoechst Cel - Plastics Division	Manufacturing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.94	0.00
EOG Resources	Petrochemical	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.63	0.64
Apache Corporation	Petrochemical	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.44	0.00
Markwest Energy Partners, LP	Utility	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.39
Totals		18.42%	16.08%	15.40%	14.81%	15.64%	16.43%	16.69%	15.67%	16.71%	16.53%

Source: Local County Appraisal District

Note: Tax assessed value is the basis for following FY Maintenance Ad Valorem taxes

Del Mar College
Statistical Supplement 8
Property Tax Levies and Collections
(unaudited)
(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
2019	\$ 74,310	\$ (866)	\$ 73,444	\$ 71,737	97.68%	\$ -	\$ 950	\$ 72,687	98.97%
2018	65,697	(381)	65,316	63,078	96.57	-	1,661	64,739	99.12
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

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

Del Mar College
Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years Ending August 31,

(in Thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Bonded Debt										
General obligation bonds	\$ 219,355	\$ 228,195	\$ 134,695	\$ 132,860	\$ 71,170	\$ 69,730	\$ 75,380	\$ 80,415	\$ 86,120	\$ 90,825
Premium	20,749	22,800	14,907	15,649	5,827	4,852	4,227	4,999	2,115	2,390
Net general bonded debt	\$ 240,104	\$ 250,995	\$ 149,602	\$ 148,509	\$ 76,997	\$ 74,582	\$ 79,607	\$ 85,414	\$ 88,235	\$ 93,215
Other Debt										
Revenue bonds	\$ 13,890	\$ 15,110	\$ 16,345	\$ 17,530	\$ 21,385	\$ 23,405	\$ 25,335	\$ 27,200	\$ 28,985	\$ 30,715
Capital lease obligations	-	-	-	-	-	-	109	225	1,187	2,265
Total Outstanding Debt	\$ 253,994	\$ 266,105	\$ 165,947	\$ 166,039	\$ 98,382	\$ 97,987	\$ 105,051	\$ 112,839	\$ 118,407	\$ 126,195
General Bonded Debt Ratios										
Per Capita	\$ 662.79	\$ 692.85	\$ 414.16	\$ 410.78	\$ 213.62	\$ 209.23	\$ 225.66	\$ 245.55	\$ 257.08	\$ 273.95
Per FTSE	33,990	35,336	20,522	21,374	11,684	11,215	11,366	1,122	11,054	11,636
As a percentage of Taxable Assessed Value	0.96%	1.05%	0.65%	0.69%	0.38%	0.40%	0.48%	0.52%	0.55%	0.56%
Total Outstanding Debt Ratios										
Per Capita	\$ 701.13	\$ 734.56	\$ 459.41	\$ 459.27	\$ 272.95	\$ 274.90	\$ 297.78	\$ 324.39	\$ 344.98	\$ 370.88
Per FTSE	35,956	37,464	22,764	23,897	14,929	14,735	14,999	14,828	14,834	15,753
As a percentage of Taxable Assessed Value	1.02%	1.12%	0.72%	0.78%	0.49%	0.53%	0.63%	0.69%	0.74%	0.76%

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, (in Thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Taxable Assessed Value	\$33,527,327	\$25,668,882	\$24,865,880	\$22,817,249	\$21,123,547	\$19,677,693	\$17,876,288	\$17,475,481	\$17,223,862	\$17,848,850
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	167,637	128,344	124,329	114,086	105,618	98,388	89,381	87,377	86,119	89,244
Less: Funds Restricted for Repayment of General Obligation Bonds	(4,478)	(4,099)	(3,865)	(3,831)	(4,303)	(4,155)	(4,181)	(5,286)	(5,286)	(2,239)
Total Net General Obligation Debt	163,159	124,245	120,464	110,255	101,315	94,233	85,200	82,091	80,833	87,005
Current Year Debt Service Requirements	18,654	13,407	12,387	8,649	8,413	8,668	8,666	8,978	9,120	9,031
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 144,505	\$ 110,838	\$ 108,077	\$ 101,606	\$ 92,902	\$ 85,565	\$ 76,534	\$ 73,113	\$ 71,713	\$ 77,974
Net Current Requirements as a % of Statutory Limit	8.46%	7.25%	6.85%	4.22%	3.89%	4.59%	5.02%	4.23%	4.45%	7.61%

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 (in Thousands)					Debt Service Requirements (in Thousands)			
	Tuition Fee	Building Use Fee	Matriculation Fee	Income Revenues	Total	Principal	Interest	Total	Coverage Ratio
2019	\$ 3,635	\$ 2,572	\$ 2,572	\$ 125	\$ 8,904	\$ 1,220	\$ 731	\$ 1,951	4.56
2018	3,511	2,581	2,581	872	9,491	1,235	780	2,015	4.71
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

Source: College Annual Financial Reports

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

Calendar Year	Nueces County Population (a)	Nueces County Personal Income (in Thousands) (b)	Nueces County Personal Income Per Capita	Nueces County Unemployment Rate (c)
2018	362,265	\$ (d)	\$ (d)	4.7%
2017	361,221	15,125,406	41,873	5.4%
2016	361,529	14,695,250	40,647	5.6%
2015	360,437	15,356,003	42,604	4.9%
2014	356,452	15,464,512	43,385	5.1%
2013	352,781	14,641,008	41,502	6.1%
2012	347,848	14,171,370	40,740	6.6%
2011	343,225	13,534,104	39,432	7.9%
2010	340,261	12,485,495	36,694	8.1%
2009	338,220	11,634,483	34,399	6.7%

Sources:

- (a) 2018 Population estimate from U.S. Census Bureau as of July 2018
2009-2017 actual population from U.S. Bureau of Economic Analysis as of March 2018
- (b) Personal income from U.S. Bureau of Economic Analysis as of March 2018
- (c) Unemployment rate from U.S. Department of Labor as of April 2019
- (d) Not yet available

Del Mar College
Statistical Supplement 13
Principal Employers
(unaudited)

Employer	2018		2009	
	Number of Employees	Percentage of Total Employment ¹	Number of Employees	Percentage of Total Employment
Corpus Christi Army Depot	3,400	1.58%	3,541	1.84%
Corpus Christi ISD	5,944	2.75%	5,178	2.69%
CHRISTUS Spohn Health Systems	3,000	1.39%	5,144	2.67%
H.E.B.	3,840	1.78%	5,000	2.59%
City of Corpus Christi	3,202	1.48%	3,171	1.65%
Corpus Christi Naval Air Station	4,500	2.08%	5,525	2.87%
Kiewit Offshore Service	1,750	0.81%	-	-
Corpus Christi Medical Center	1,500	0.69%	1,300	0.67%
Bay, Ltd.	1,700	0.79%	2,100	1.09%
Driscoll Children's Hospital	2,512	1.16%	1,800	0.93%
Del Mar College	1,500	0.69%	1,542	0.80%
Total	32,848	15.20%	34,301	17.80%

Source:

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

Note:

1. Percentage of Total Employment (2018 Corpus Christi Total Employment = 215870)
2. 2019 is not yet available

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

Fall Term

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instructional Faculty										
Full-Time	314	316	311	298	282	279	278	286	301	314
Part-Time	218	223	216	227	236	254	287	323	292	304
Total	532	539	527	525	518	533	565	609	593	618
Percent										
Percent Full-Time	59.0%	58.6%	59.0%	56.8%	54.4%	52.3%	49.2%	47.6%	50.8%	50.8%
Percent Part-Time	41.0%	41.4%	41.0%	43.2%	45.6%	47.7%	50.8%	52.4%	49.2%	49.2%
Staff and Administrators										
Full-Time	374	381	367	348	309	293	283	291	378	390
Part-Time	359	417	445	408	331	309	380	195	274	231
Total	733	798	812	756	640	602	663	486	652	621
Percent										
Percent Full-Time	51.0%	47.7%	45.2%	46.0%	48.3%	48.7%	42.7%	59.2%	58.0%	62.8%
Percent Part-Time	49.0%	52.3%	54.8%	54.0%	51.7%	51.3%	57.3%	40.8%	42.0%	37.2%
Total										
Full-Time	688	697	678	646	591	572	561	577	679	704
Part-Time	577	640	661	635	567	563	667	518	566	535
Total	1,265	1,337	1,339	1,281	1,158	1,135	1,228	1,095	1,245	1,239
Percent										
Percent Full-Time	54.4%	52.1%	50.6%	50.4%	51.0%	50.4%	45.7%	52.7%	54.5%	56.8%
Percent Part-Time	45.6%	47.9%	49.4%	49.6%	49.0%	49.6%	54.3%	47.3%	45.5%	43.2%
FTSE per Full-time Faculty	15.56	14.96	15.71	16.29	16.42	16.67	16.95	17.36	17.03	18.28
FTSE per Full-Time Staff Member	20.75	20.15	21.50	21.25	22.97	24.78	27.05	28.50	22.41	21.44
Average Annual Faculty Salary	\$71,020	\$69,237	\$68,279	\$64,487	\$60,656	\$57,676	\$55,919	\$56,203	\$56,071	\$55,608

Notes: Year 2019 is not yet available. FTSE: Full Time Student Equivalent (as reported on CBM001).

Source: College Statistical Profiles.

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

	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	6,951	58.57%	6,515	56.77%	6,636	56.77%	6,107	56.28%	5,854	56.08%
Male	4,916	41.43%	4,961	43.23%	5,053	43.23%	4,745	43.72%	4,585	43.92%
Total	11,867	100.00%	11,476	100.00%	11,689	100.00%	10,852	100.00%	10,439	100.00%

Ethnic Origin	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Hispanic	8,121	68.43%	7,684	66.96%	7,676	65.67%	7,088	65.32%	6,620	63.42%
White, non-Hispanic	2,777	23.40%	2,841	24.76%	2,960	25.32%	2,769	25.51%	2,850	27.30%
Black, non-Hispanic	328	2.76%	318	2.77%	342	2.93%	311	2.87%	299	2.86%
Asian/Pacific Islander	199	1.68%	200	1.74%	205	1.75%	216	1.99%	190	1.82%
Indian/Alaskan Native	26	0.22%	22	0.19%	28	0.24%	20	0.18%	29	0.28%
Unknown	416	3.51%	411	3.58%	478	4.09%	448	4.13%	451	4.32%
Total	11,867	100.00%	11,476	100.00%	11,689	100.00%	10,852	100.00%	10,439	100.00%

Age	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 20	4,615	38.89%	4,203	36.62%	4,054	34.68%	3,626	33.41%	3,296	31.57%
20 -24	3,495	29.45%	3,449	30.05%	3,628	31.04%	3,528	32.51%	3,412	32.69%
25 - 29	1,496	12.61%	1,491	12.99%	1,589	13.59%	1,527	14.07%	1,522	14.58%
30 - 34	854	7.20%	875	7.63%	955	8.17%	835	7.69%	844	8.09%
35 - 39	552	4.65%	594	5.18%	554	4.74%	542	5.00%	509	4.87%
40 - 44	353	2.97%	350	3.05%	387	3.31%	313	2.89%	334	3.20%
45 - 49	272	2.29%	240	2.09%	223	1.91%	225	2.07%	235	2.25%
50 & over	230	1.94%	274	2.39%	299	2.56%	256	2.36%	287	2.75%
Total	11,867	100.00%	11,476	100.00%	11,689	100.00%	10,852	100.00%	10,439	100.00%

Average Age	24.0	24.0	24.5	24.5	25.3
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Notes: Year 2019 is not yet available

Source: College Statistical Profiles/CBM001 Report

Del Mar College
Statistical Supplement 17
Transfers to Senior Institutions
Academic Year 2017-18 Students as of Fall 2018
(Includes only public senior colleges in Texas)
(unaudited)

Universities:	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all Transfer Students	Percent of Total Transfer Students
1 Texas A&M University - Corpus Christi	776	86	9	871	49.18%
2 Texas A&M University - Kingsville	174	15	1	190	10.73%
3 Texas A&M University	151	10	5	166	9.37%
4 The University of Texas at San Antonio	113	5	1	119	6.72%
5 The University of Texas at Austin	93	4	1	98	5.53%
6 Texas State University	81	3	2	86	4.85%
7 The University of Texas at Arlington	22	10	0	32	1.80%
8 Texas Tech University	28	3	0	31	1.75%
9 Sam Houston State University	14	3	0	17	0.96%
10 University of Houston - Victoria	14	1	1	16	0.90%
11 University of North Texas	14	1	1	16	0.90%
12 Stephen F. Austin State University	11	3	1	15	0.85%
13 University of Houston	14	1	0	15	0.85%
14 The University of Texas - Rio Grande Valley	8	5	0	13	0.73%
15 Texas A&M University - San Antonio	12	0	0	12	0.68%
16 The University of Texas at Dallas	8	0	0	8	0.45%
17 Tarleton State University	5	2	0	7	0.40%
18 West Texas A&M University	6	1	0	7	0.40%
19 Angelo State University	5	0	1	6	0.34%
20 The University of Texas of the Permian Basin	6	0	0	6	0.34%
21 Texas Southern University	5	0	0	5	0.28%
22 Texas A&M University at Galveston	4	0	0	4	0.23%
23 Texas A&M University System Health Science Center	4	0	0	4	0.23%
24 The University of Texas at El Paso	4	0	0	4	0.23%
25 Midwestern State University	1	0	2	3	0.17%
26 Texas A&M International University	3	0	0	3	0.17%
27 Texas Tech University Health Sciences Center	2	1	0	3	0.17%
28 Texas Woman's University	2	1	0	3	0.17%
29 The University of Texas Medical Branch at Galveston	2	0	1	3	0.17%
30 Lamar University	2	0	0	2	0.11%
31 Texas A&M University - Commerce	2	0	0	2	0.11%
32 University of Houston - Clear Lake	2	0	0	2	0.11%
33 Prairie View A&M University	1	0	0	1	0.06%
34 Texas A&M University - Texarkana	1	0	0	1	0.06%
	1590	155	26	1771	100.00%

Notes: Year 2019 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 2010 to 2019
(unaudited)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Academic buildings	34	34	34	35	34	34	34	34	34	34
Square footage (in thousands)	921	897	897	914	894	894	875	875	850	850
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	253	253	237	237	237	237	237
Athletic Facilities	3	3	3	3	3	3	3	3	3	3
Square footage (in thousands)	60	60	60	60	60	60	60	60	60	60
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	6	6
Square footage (in thousands)	70	70	70	70	70	70	70	70	70	70
Transportation										
Cars	22	7	4	9	33	53	69	8	8	9
Light Trucks/Vans	81	63	55	50	43	37	68	47	55	65
Buses	3	2	0	0	1	1	1	2	2	2

Source: Del Mar College Physical Facilities Building Report

Del Mar College
Statistical Supplement 19
Changes in Net Position
Fiscal Years 2010 to 2019
(unaudited)

For the Year Ended August 31

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Revenues:										
Tuition and Fees (net of discounts)	\$ 12,574,086	\$ 12,528,094	\$ 12,755,431	\$ 11,975,986	\$ 10,878,328	\$ 10,683,123	\$ 9,681,161	\$ 14,874,912	\$ 9,849,642	\$ 9,560,810
Federal Grants and Contracts	2,103,407	3,181,036	3,268,403	4,650,416	5,423,812	3,255,877	3,465,361	3,657,769	4,049,813	4,607,604
State Grants and Contracts	2,399,247	2,341,669	3,717,804	4,334,183	3,090,218	2,021,264	1,613,439	1,480,295	1,996,563	1,825,247
Local Grants and Contracts	1,403,419	523,681	547,774	2,211,054	592,945	1,043,836	837,213	1,779,174	534,974	1,863,118
Auxiliary Enterprises (net of discounts)	1,675,087	1,390,301	1,248,486	1,323,238	1,507,338	1,397,476	1,373,947	1,606,639	1,426,632	1,276,187
General Operating Revenues	3,605,925	2,187,741	1,767,755	2,304,931	1,378,951	1,357,212	1,172,798	1,233,891	1,089,147	1,635,755
Total Operating Revenues	23,761,171	22,152,522	23,305,653	26,799,808	22,871,592	19,758,788	18,143,919	24,632,680	18,946,771	20,768,721
Operating Expenses:										
Instruction	46,483,218	46,536,019	43,908,899	39,580,321	36,440,531	35,017,334	33,765,746	34,475,078	35,631,929	35,082,047
Public Service	154,635	151,245	129,056	110,626	21,290	14,146	21,359	24,975	97,181	36,732
Academic Support	7,531,038	7,734,321	7,189,179	6,946,425	6,193,494	5,553,605	4,984,898	4,829,859	5,852,202	5,899,306
Student Services	15,348,900	15,662,326	16,486,986	18,039,997	16,105,881	12,295,001	12,439,289	10,905,844	11,251,405	10,813,948
Institutional Support	21,194,945	20,887,777	19,429,845	18,690,329	16,792,500	16,637,302	15,235,208	15,440,078	15,340,165	14,510,993
Operating and Maintenance of Plant	9,022,898	8,785,591	10,128,134	9,701,525	8,770,592	8,112,724	7,597,543	7,748,373	9,485,873	11,131,403
Scholarships and Fellowships	5,939,657	5,825,627	5,905,955	5,111,125	6,285,920	5,980,411	6,856,972	5,755,165	10,616,294	13,505,290
Auxiliary Enterprises	1,227,858	1,400,092	1,483,984	1,417,025	1,469,943	1,339,143	1,404,623	1,521,295	1,303,387	1,483,184
Depreciation	5,369,523	5,430,143	5,565,557	5,515,438	5,589,559	5,570,425	5,606,843	5,594,775	5,668,964	5,773,610
Total Operating Expenses	112,272,672	112,413,141	110,227,595	105,112,811	97,669,710	90,520,091	87,912,481	86,295,442	95,247,400	98,236,513
Operating Loss	\$ (88,511,501)	\$ (90,260,619)	\$ (86,921,942)	\$ (78,313,003)	\$ (74,798,118)	\$ (70,761,303)	\$ (69,768,562)	\$ (61,662,762)	\$ (76,300,629)	\$ (77,467,792)

Source: College Annual Financial Reports

Del Mar College
Statistical Supplement 19 (Continued)
Changes in Net Position
Fiscal Years 2010 to 2019
(unaudited)

For the Year Ended August 31

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Non-Operating Revenues (Expenses):										
State Appropriations	\$ 23,437,046	\$ 22,927,559	\$ 20,175,851	\$ 19,800,318	\$ 19,917,744	\$ 19,553,776	\$ 19,535,227	\$ 20,928,729	\$ 23,890,346	\$ 24,246,822
Maintenance Ad Valorem Taxes	54,449,297	51,688,633	47,179,178	46,704,072	43,341,908	40,524,142	37,311,571	35,581,594	33,966,441	35,059,327
Debt Service Ad Valorem Taxes	18,706,260	13,423,409	12,386,836	8,338,292	8,384,937	8,639,074	8,678,589	8,939,543	9,800,687	9,030,586
Federal Revenue, Non Operating	16,860,116	16,237,471	16,714,930	16,322,598	16,265,164	16,521,106	18,730,358	13,113,471	21,317,348	20,623,178
Gifts	-	-	-	-	-	-	-	60,517	39,748	54,774
Loss on Disposal of Capital Assets	(26,208)	(800,597)	(302,112)	(80,308)	(85,079)	(44,591)	(31,345)	(100,187)	(31,752)	(17,603)
Investment Income	5,754,478	2,308,152	1,107,980	337,362	205,840	197,482	216,246	347,282	490,659	464,529
Interest on Capital Related Debt	(8,951,490)	(5,284,975)	(5,075,351)	(4,090,597)	(3,961,174)	(4,441,005)	(4,399,676)	(4,570,120)	(5,876,467)	(5,949,619)
Contribution from Del Mar Foundation, Inc.	-	-	-	-	-	-	-	-	-	-
Other Non-Operating Revenues	37,368	28,316	11,704	21,428	30,022	144,164	173,864	155,367	139,255	4,534
Other Non-Operating Expenses	(7,299)	(1,024,243)	(299,981)	(6,000)	(2,750)	(2,800)	(1,600)	(1,450)	(1,450)	(1,150)
Net Non-Operating Revenues	110,259,568	99,503,725	91,899,035	87,347,165	84,096,612	81,091,348	80,213,234	74,454,746	83,734,815	83,515,378
Capital Contributions	5,000	689,500	65,500	59,513	151,333	97,300	836,140	60,000	161,319	50,381
Income Before Extraordinary Item	21,753,067	9,932,606	5,042,593	9,093,675	9,449,827	10,427,345	11,280,812	12,851,984	7,595,505	6,097,967
Restatements	-	-	-	-	-	-	-	(1,239,182)	-	-
Increase in Net Position	21,753,067	9,932,606	5,042,593	9,093,675	9,449,827	10,427,345	11,280,812	11,612,802	7,595,505	6,097,967
Net Position										
Net Position - Beginning of Year	54,486,146	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
Cumulative Effect of Change in Accounting Principle	-	(86,307,495)	-	-	(10,471,624)	-	-	-	-	-
Net Position - Beginning of Year - as restated	54,486,146	44,553,540	125,818,442	116,724,767	107,274,940	-	-	-	-	-
Net Position - End of Year	\$ 76,239,213	\$ 54,486,146	\$ 130,861,035	\$ 125,818,442	\$ 116,724,767	\$ 117,746,564	\$ 107,319,219	\$ 96,038,407	\$ 84,425,605	\$ 76,830,100

Source: College Annual Financial Reports

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

Calendar Year	Current Operations	Debt Service	Total
2018	0.5000	0.5000	1.0000
2017	0.5000	0.5000	1.0000
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

Source: College Annual Financial Reports

Del Mar College
Statistical Supplement 21
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years for Year End August 31
(unaudited)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Del Mar College District	0.281	0.282	0.259	0.246	0.248	0.248	0.251	0.258	0.258	0.258
Special Districts:										
Hospital District	0.112	0.118	0.121	0.127	0.127	0.130	0.137	0.148	0.162	0.162
Downtown Management District	0.300	0.300	0.300	0.370	0.370	0.370	0.370	0.370	0.370	0.370
Nueces County	0.308	0.309	0.304	0.304	0.304	0.313	0.331	0.341	0.351	0.351
Drainage District No. 2	0.355	0.349	0.338	0.333	0.333	0.334	0.350	0.390	0.400	0.318
Drainage District No. 3	0.146	0.193	0.193	0.193	0.030	0.193	0.178	0.189	0.189	0.189
South Texas Water Authority	0.087	0.087	0.085	0.083	0.083	0.083	0.085	0.085	0.062	0.062
Cities:										
Corpus Christi	0.646	0.626	0.606	0.606	0.606	0.606	0.585	0.585	0.571	0.571

Source: Nueces County Tax Office as of valuation year

Del Mar College
Statistical Supplement 21 (Continued)
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years for Year End August 31
(unaudited)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
School Districts:										
Calallen ISD	1.311	1.403	1.375	1.375	1.375	1.375	1.358	1.359	1.359	1.328
Corpus Christi ISD	1.270	1.305	1.237	1.237	1.237	1.237	1.237	1.237	1.237	1.237
Flour Bluff ISD	1.070	1.140	1.145	1.150	1.154	1.154	1.168	1.178	1.071	1.072
London ISD	1.348	1.304	1.349	1.357	1.357	1.356	1.395	1.251	1.238	1.263
Port Aransas ISD	1.055	1.118	1.118	1.118	1.118	1.118	1.126	1.126	1.086	1.063
Tuloso Midway ISD	1.214	1.372	1.372	1.409	1.409	1.377	1.394	1.317	1.332	1.332
West Oso ISD	1.408	1.450	1.450	1.450	1.450	1.450	1.370	1.370	1.370	1.420
Fire Districts:										
Fire District No. 1	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Fire District No. 2	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.026	0.026	0.026
Fire District No. 3	0.100	0.100	0.100	0.030	0.030	0.030	0.030	0.030	0.030	0.030
Fire District No. 4	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Fire District No. 5	0.100	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
TOTAL:	11.341	11.716	11.612	11.648	11.491	11.634	11.625	11.490	11.342	11.282

Source: Nueces County Tax Office as of valuation year

Del Mar College
Statistical Supplement 22
Computation of Direct and Overlapping Debt
August 31, 2019
(unaudited)

Bonded Debt of Individual Governmental Subdivisions:	Estimated Gross Debt	Percent Applicable	Applicable to Direct
Special Districts:			
Nueces County	\$ 115,715,418	85.25%	\$ 98,647,394
Nueces County Hospital District			-
County-Line Special Districts:			
Nueces County Drainage District 2	-	100.00%	-
South Texas Water Authority	-	100.00%	-
City:			
Corpus Christi	348,306,611	99.76%	348,306,611
School Districts:			
Calallen ISD	70,225,000	100.00%	70,225,000
Corpus Christi ISD	677,914,607	99.32%	673,304,788
Flour Bluff ISD	46,220,000	100.00%	46,220,000
London ISD	34,334,752	34.70%	11,914,159
Port Aransas ISD	7,511,000	99.99%	7,510,249
Tuloso-Midway ISD	55,055,000	100.00%	55,055,000
West Oso ISD	31,086,682	100.00%	31,086,682
Sub-total direct and overlapping debt	1,386,369,070		1,342,269,882
Del Mar College District	219,355,000	100.00%	219,355,000
Total direct and overlapping debt	\$ 1,605,724,070	97.25%	\$ 1,561,624,882

Source: Debt outstanding data provided by each entity



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Federal and State Award Section



Dreams. Delivered.



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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 10, 2019

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, 2019 and 2018 and June 30, 2019 and 2018, respectively, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 10, 2019.

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.

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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this 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 10, 2019

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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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, 2019.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not 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 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, 2019

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?	No
Federal 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 federal programs:	Unmodified
Any audit findings required to be reported in accordance with the Uniform Guidance?	No
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	
84.031	Title V Cluster
Texas Higher Education Coordinating Board:	
84.048	Carl Perkins Vocational Education Basic
National Science Foundation – Education and Human Resources Cluster	
47.076	Unmanned Aircraft Systems Technology Education
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low risk auditee:	No

Section II:
Findings - Financial Statement Audit

None reported

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

None Reported

Section IV:
Prior Year Findings

None Reported

DEL MAR COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2019

Federal Grantor/Cluster/Program Title/Pass-Through Grantor Pass-Through Grantor's Award Number	CFDA Number	Expenditures		Subrecipients Expenditures
		Direct Awards	Pass-Through Awards	
U.S. DEPARTMENT OF EDUCATION				
Direct Programs:				
Student Financial Assistance Cluster				
SEOG	84.007	\$ 250,000		\$ 250,000
Federal College Workstudy Program	84.033	253,600		253,600
Federal Pell Grant	84.063	15,144,517		15,144,517
Direct Student Loans	84.268	3,143,856		3,143,856
Total Student Financial Assistance Cluster		18,791,973	-	18,791,973
Title V Cluster				
Viking Connect: Academic and Career Coaching	84.031S	911,928		911,928
Total Title V Cluster		911,928	-	911,928
TRIO Upward Bound				
Child Care Access	84.047V	268,954		268,954
	84.335A	57,057		57,057
Total		326,011	-	326,011
Pass-Through From:				
Texas Higher Education Coordinating Board:				
Carl Perkins Vocational Education-Basic 19204	84.048		799,667	799,667
Texas State University:				
Career & Financial Education 16002-82458-1	84.031S		300,071	300,071
Texas Workforce Commission:				
Accelerate TX 2219AEL001	84.002A		46,186	46,186
Ability to Benefit 2219AEL000	84.002A		937	937
Total Workforce Commission		-	47,123	47,123
Total of U.S. Department of Education		20,029,912	1,146,861	21,176,773
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through From:				
Texas A&M University-Corpus Christi				
National Institute of Food and Agriculture 17-08	10.223		3,000	3,000
Texas State Department of Agriculture				
Child & Adult Care Food Program 02190	10.558		22,015	22,015
Total U.S. Department of Agriculture		-	25,015	25,015
U.S. DEPARTMENT OF DEFENSE				
Direct Program:				
Procurement Technical Assistance of Business Firms SP4800-16-2-1787	12.002	156,814		156,814
Procurement Technical Assistance of Business Firms SP4800-18-2-1887	12.002	79,476		79,476
Total U.S. Department of Defense		236,290	-	236,290

DEL MAR COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2019

Note 1: Federal Assistance Reconciliation

Other Operating Revenue-Federal Grants and Contracts revenue - per Schedule A	\$ 2,103,407
Add: Non-Operating Revenues-Federal Revenue, non-operating-per Schedule C	<u>16,860,116</u>
Total Federal Revenues per Schedule A and C	\$ <u>18,963,523</u>

Reconciling Item:

Add: Direct Student Loans	<u>3,143,856</u>
Total Federal Expenditures per Schedule of Expenditures and Federal Awards	\$ <u>22,107,379</u>

Note 2: Significant Accounting Policies used in Preparing the Schedule

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 purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the 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

None

Note 5: Nonmonetary Federal Assistance

None

Note 6: Amounts Passed Through by the College

The following amounts were passed through to the listed subrecipients by the College. These amounts are included as expenditures in the accompanying Schedule of Expenditures of Federal Awards.

National Science Foundation	
NSF UASTEC (CFDA 47.076)	
Texas A&M University-Corpus Christi	42,732
Total amount passed through by the College	<u><u>\$ 42,732</u></u>



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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 10, 2019

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, 2019. 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 state statutes, regulations, and terms and conditions of its state awards 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 audit requirements of 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, 2019.

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, 2019

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?	No

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
 - Nursing Shortage Reduction & Under 70
- Texas Workforce Commission:
 - DMC in Partnership with a Construction Consortium
 - Apprenticeship Training Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low risk auditee:	No

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, 2019

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
TEXAS HIGHER EDUCATION COORDINATING BOARD		
Texas College Work Study	22339	\$ 51,428
Texas Grant Program	13399	800,448
CRSM	17433	16,100
Nursing Shortage Reduction	13129	3,700
Nursing Shortage Reduction-Under 70		319,797
Workstudy Mentorship	15555	24,876
Total Texas Higher Education Coordinating Board		<u>1,216,349</u>
TEXAS WORKFORCE COMMISSION		
Christus Spohn Health System Corporation	2218SDF001	62,366
DMC in Partnership with a Construction Consortium	2218SDF002	346,801
DMC In Partnership with TPCO America Corporation	2218SDF000	30,849
TWC Skills for Sm. Business	2218SSD000	3,493
Operation Welcome Home	2218SDF003	2,000
Bay Area Healthcare	2219SDF001	83,865
Total Skills Development		<u>529,374</u>
Apprenticeship Training Program	2219ATP000	388,304
Total Workforce Commission		<u>917,678</u>
UNIVERSITY OF TEXAS AT SAN ANTONIO		
Small Business Development	8-603001-Z-0049-32-DMC	143,421
SBDC Rural	8-603001-Z-0049-32-DMC	121,799
Total University of Texas at San Antonio		<u>265,220</u>
Total State Financial Assistance		<u><u>\$ 2,399,247</u></u>

DEL MAR COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2019

Note 1: State Assistance Reconciliation

State Revenues-per Schedule A	
State Financial Assistance	
Per Schedule of expenditures of state awards	2,399,247
Total State Revenues per Schedule A	<u>\$ 2,399,247</u>

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 to funding agencies are prepared on the award period basis.



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Del Mar College is an Equal Opportunity/Affirmative Action Employer and Educational Institution. The College takes affirmative action to endeavor that no person shall be denied the benefits of equal employment or be subjected to discrimination in employment or educational programs and activities of Del Mar College on the basis of race, color, sex, age, national origin, religion, disability, or any other constitutionally or statutorily impermissible reason.

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