

Del Mar College



WEST VIEW OF THEATRE



Del Mar College DEL MAR COLLEGE FINE ARTS BUILDING
ADDITIONS AND RENOVATIONS

RICHTER
ARCHITECTS

Comprehensive Annual Financial Report Fiscal Year Ended August 31, 2012



Dreams. Delivered.

Comprehensive Annual Financial Report

Fiscal Year Ended August 31, 2012

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Front cover photo: Renderings for Fine Arts Complex, Del Mar College, East Campus

Back cover photo: Northwest Center, Del Mar College

Del Mar College
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED AUGUST 31, 2012

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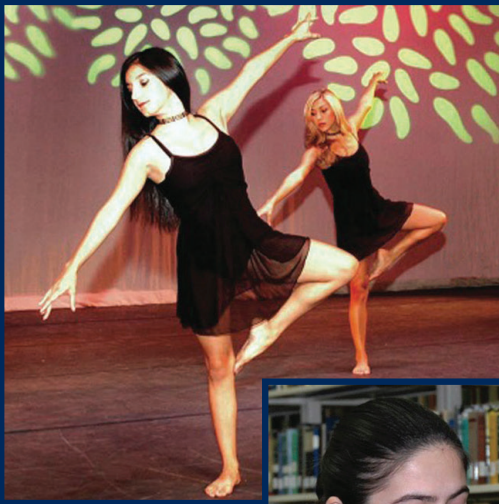
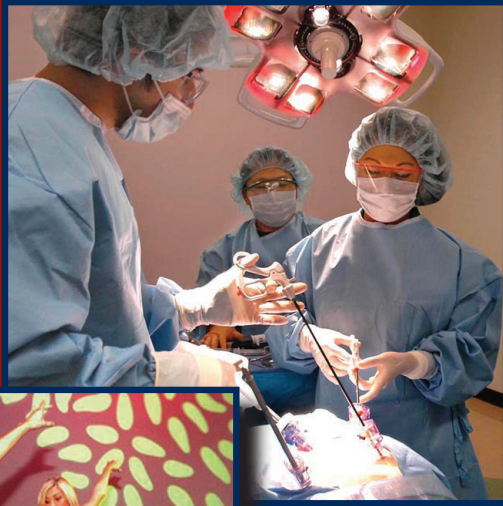
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COLLEGE

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Transmittal Letter

December 11, 2012

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

The Comprehensive Annual Financial Report (CAFR) of Del Mar College, Counties of Nueces, San Patricio, Aransas, Kleberg and Kenedy, State of Texas, for the years ended August 31, 2012 and 2011, is hereby submitted. Responsibility for both the accuracy of the data, fairness and the completeness the presentation, including all disclosures, rests with the management of the College. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities, in relation to its mission, have been included.

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

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

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

Comprehensive Annual Financial Report

The Del Mar College District's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended August 31, 2012 was prepared by the Comptroller and the Vice President of Administration and Finance.

The College's Financial Statements are in compliance with GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for the State and Local Governments*, and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required

by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows and replaces the fund-group perspective previously required.

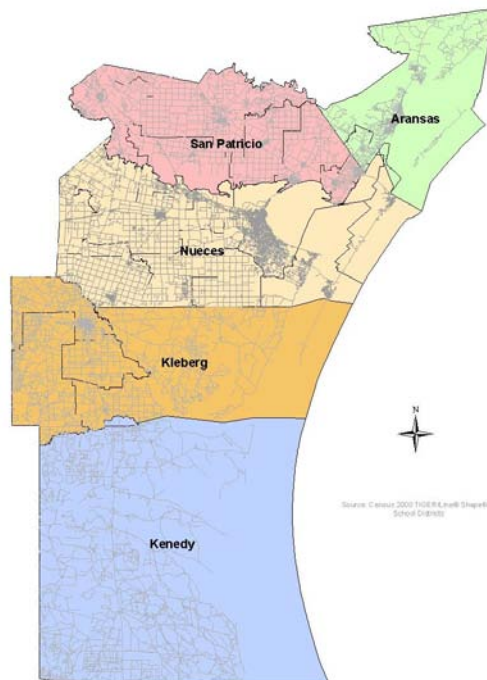
The College maintains its accounts and prepares its financial statements in accordance with generally accepted accounting principles in the United States of America (GAAP) as set forth by Governmental and Financial Accounting Standards Boards (GASB and FASB), National Association of College and University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

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

Profile of the College

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

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



Today the College serves over 23,000 students each year in academic, career and technical and continuing education courses with over 526 full-time faculty and staff. The College now offers courses on two campuses and two additional locations. The Del Mar College Center for Economic Development and the Northwest Center expand the reach of the College in meeting the needs of the broader community. The College is in the process of establishing an additional Center at the Corpus Christi International Airport, scheduled to open in early Spring 2013, to address the growing demand for skilled aviation technicians. This facility will provide classrooms and a large hangar to compliment the on-campus facility, enabling the program to offer more classes. In all, the College has combined assets of over \$228 million, providing a solid basis to serve the students and community.

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

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

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

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

Core Values:

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

Guiding Principles:

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

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

Strategic Planning

In 2009 the College undertook the development of a new Strategic Plan that resulted in over 50 meetings with the faculty, staff, students and community leaders. The comprehensive Strategic Plan, *Access to Excellence, Del Mar College's Strategic Plan for 2009-2014*, includes 6 broad goals and 41 objectives. The execution of the plan is supported by the office of Strategic Planning and Institutional Research, the President and Executive Planning Team, the Strategic Planning Advisory Committee and the Budget Committee.

During the spring semester of 2012 the Strategic Planning Advisory Committee and the Executive Team under the leadership of the President, reviewed the goals and objectives for the 2012-2013 academic year. This process included discussions and analysis of trends that affect funding, the economy and enrollment. The comprehensive review resulted in revised objectives, outcomes and strategies to support the College-wide goals.

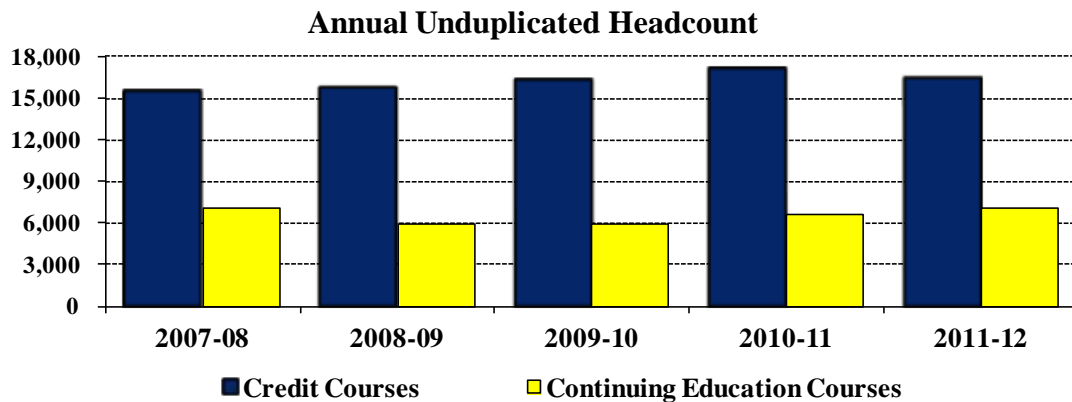
The six over-riding goals are:

- Goal 1 – Student Success – Assure access and educational excellence for all students.
- Goal 2 – Operational Resources – Enhance infrastructure, funding and financial capabilities.
- Goal 3 – Professional Capabilities and Procedural Improvements – Expand knowledge, skills and abilities of personnel.
- Goal 4 – External Partnerships – Strengthen alliances.
- Goal 5 – Positioning – Strengthen the overall positive image of the College.
- Goal 6 – Governance – Cultivate relationships among all constituencies.

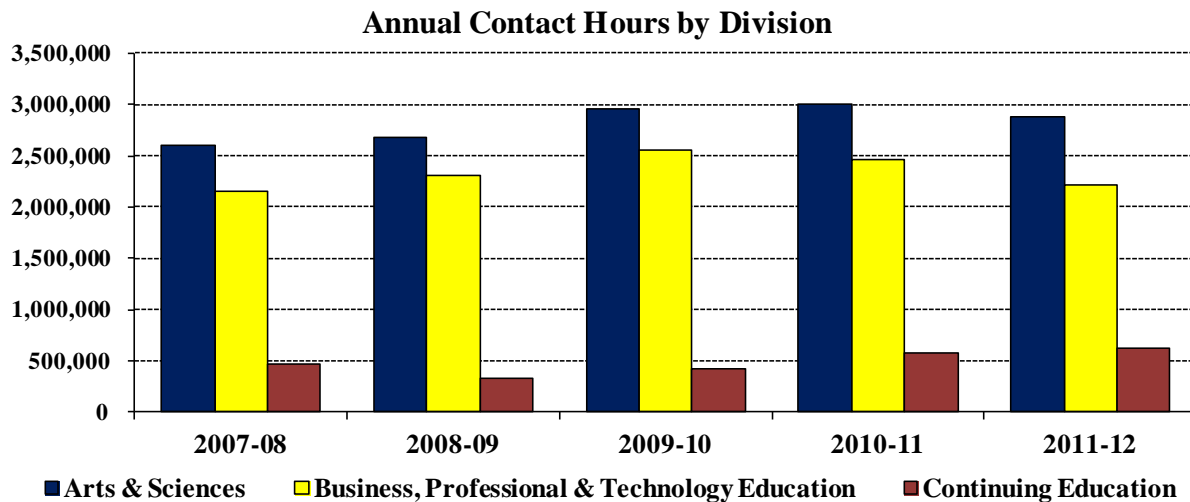
Enrollment

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

Annual Unduplicated Headcount	2007-08	2008-09	2009-10	2010-11	2011-12
Credit Courses	15,344	15,544	16,182	16,923	16,231
Continuing Education Courses	7,019	5,957	5,882	6,568	7,060
Grand Total	22,363	21,501	22,064	23,491	23,291



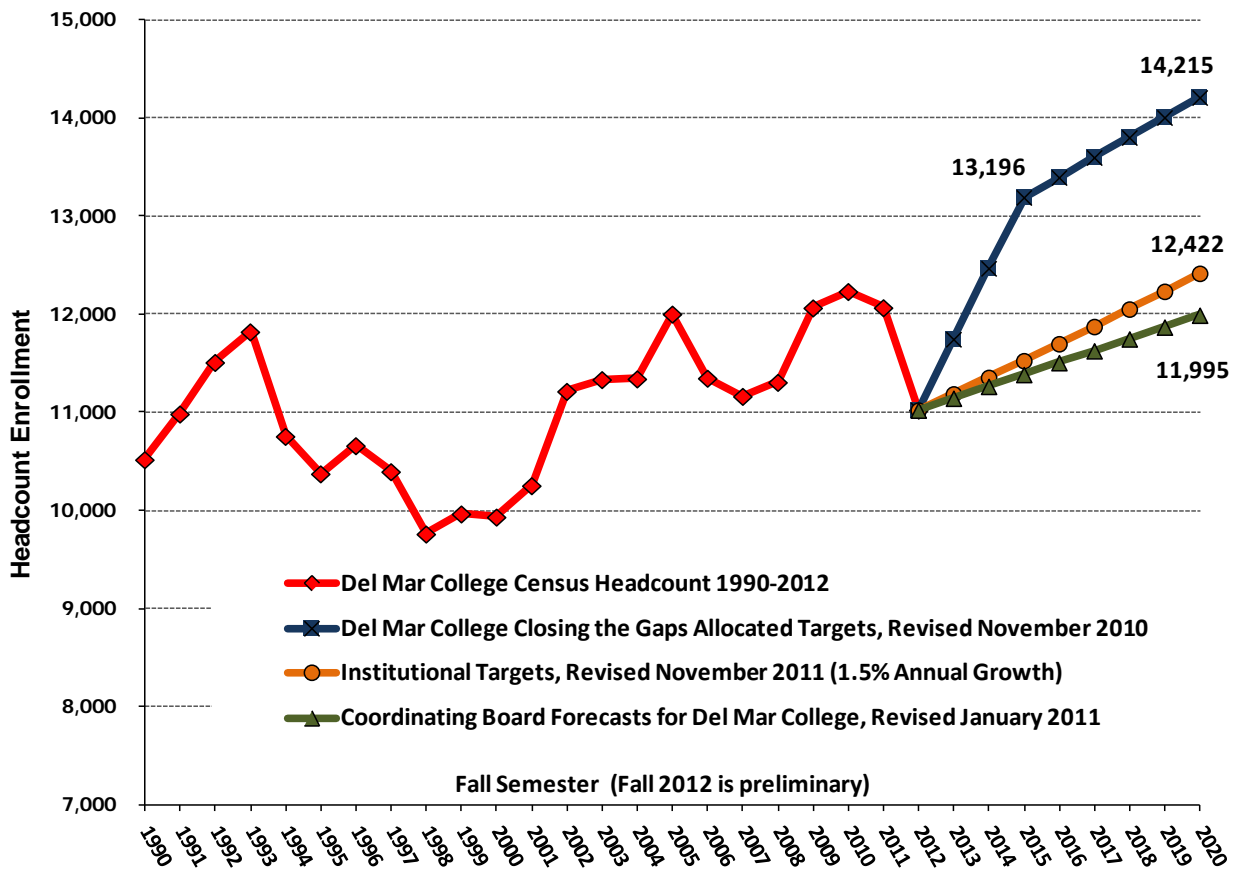
Annual Contact Hour Totals	2007-08	2008-09	2009-10	2010-11	2011-12
Credit Courses					
Arts & Sciences	2,596,272	2,674,880	2,954,800	2,995,584	2,873,328
Business, Professional & Technology Education	2,158,408	2,304,648	2,552,120	2,456,349	2,215,168
Total Credit Hours	4,754,680	4,979,528	5,506,920	5,451,933	5,088,496
Continuing Education Courses					
State-Reimbursable	281,676	169,525	175,467	300,739	317,039
TEA-Reimbursable	95,591	108,157	211,453	220,536	290,880
Non-Reimbursable	86,998	46,929	38,489	50,226	12,548
Total Continuing Education Hours	464,265	324,611	425,409	571,501	620,467
Grand Total	5,218,945	5,304,139	5,932,329	6,023,434	5,708,963



Del Mar College has experienced growth in the past academic years and awarded 1,576 degrees and certificates during 2011-2012. Between 1985 and 1993, the fall headcount in credit courses at Del Mar College rose by more than one-third (36%) from 8,665 to 11,825. In 1994 and 1995, enrollment began declining, due in part to the introduction of lower-division courses at Texas A & M University-Corpus Christi in 1994. The fall headcount enrollment fluctuated significantly over the next few years, rising to an all-time high of 12,236 in fall 2010. Fall 2012 headcount is 11,027 (pending final certification by THECB).

The following model merges the most recent 20 years of historical Del Mar College fall-to-fall enrollment data with the Texas Higher Education Coordinating Board's *Closing the Gaps* enrollment forecasting model to illustrate possible enrollment trend scenarios. In 2000, the Coordinating Board set a statewide goal of enrolling a net additional 500,000 students to all Texas public colleges and universities by fall 2015. The Coordinating Board figures are updated annually, and the latest statewide goal is to add 630,000 students by 2015. The chart below, based on the latest Coordinating Board estimates and Del Mar College's current *Closing the Gaps* targets, shows what fall-to-fall headcount enrollments might be through 2020, based on various trend calculations.

**Texas Higher Education Coordinating Board
Allocated Enrollment Projections for *Closing the Gaps*
Del Mar College Historical and Projected**



Local Economy

The Corpus Christi Regional Economic Development Corporation reports in the *2011 Executive Briefing*, Corpus Christi is a center for petrochemical manufacturing, large-scale fabrication, aviation, marine research, maritime shipping, and tourism. It is also an emerging center for energy technologies and knowledge-based industries.

The region is also a gate-way to two of the largest oil and gas exploration regions in North America – the Gulf of Mexico and the Eagle Ford Shale. The exploration of the Eagle Ford Shale includes counties in South and West Texas which are adjacent to the College's service area. The Center for Community and Business Research at the University of Texas at San Antonio reported the total economic impact to the entire region for 2011 was expected to surpass \$25 billion in the 20 county study area with over 47,097 new full-time jobs supported, \$12.63 billion in gross regional product (value added), \$257 million local government revenues and \$358 million in state revenues.

Added economic expansion is also underway with the recent ground breaking by TPCO American Corporation to build a \$1.5 billion seamless steel pipe plant that will generate up to 2,000 jobs during construction and 500 to 600 permanent manufacturing jobs. The first stage of hiring 30 new full-time employees is projected to be completed by May, 2013.

Cheniere Energy, Inc. is in the process of permitting for the construction of an \$11B facility to take advantage of the abundant natural gas coming from the Eagle Ford Shale zone and construct a 4 train LNG plant to export throughout the world markets. M & G Resins, USA is in the final planning stages for an \$800M PET and PETA manufacturing facility within the Port area. The aviation and public sectors are also experiencing new opportunities with the Corpus Christi Army Depot expected to hire an additional 1,000 employees over the next three years.

According to the Corpus Christi Regional Economic Development Corporation the Cost of Living Index Comparison of Port Cities the Corpus Christi MSA for the 2nd Quarter of 2012 compares at 91.1, Houston at 95.7, Savannah Georgia at 90.0, Miami, Florida at 108.5 and Baltimore, Maryland at 116.0. This reflects a lower cost of living for the region in comparison to other port cities across the state and nation.

As of September 2012, the nation experienced an unemployment rate of 7.6%, the state of Texas 6.3%, and Corpus Christi at 5.9%.

Del Mar College participated with the Texas Association of Community Colleges and received *The Economic Impact Study* prepared by Economic Modeling Specialists, Inc. (EMSI) in September 2010. This study reviewed how the College's service area economy and the state of Texas benefit from the presence of Del Mar College. EMSI applied a comprehensive model designed to quantify the economic benefits of the community and technical colleges and translate these into benefit/cost and investment terms. The economic impact model has been field-tested to generate more than 900 studies for community and technical colleges. The report indicates that the benefit/cost ratio for every dollar students invest in Del Mar College education that they receive a cumulative \$7.10 in higher future income over their working careers. This report also indicates that the economic impact of the College to the community is a total of \$352 million per year with a spending effect of \$57.9 million and an increased productivity effect of \$294.1 million.

EMSI also determined that the availability of quality education and training in the College’s service area attracts new industry to the region, creating new businesses and expanding the availability of public investment funds. The gross regional product or GRP as determined by EMSI is approximately \$18.2 billion and is equal to the sum of labor income (\$11.3 billion) and non-labor income (\$6.8 billion).

EMSI further drew a correlation between education and earnings. The following table illustrates the increase in income as education increases. This is derived from EMSI’s industry data on average income per worker in the College’s service area, broken out by gender, ethnicity, and education level using data supplied by the U. S. Census Bureau.

**Expected income in Del Mar College Service Area
at midpoint of individual's working career by education level**

Education level	Income	Difference
Less than high school	\$19,700	n/a
High school or equivalent	\$30,600	\$10,900
Associate's degree	\$41,400	\$10,800
Bachelor's degree	\$59,400	\$18,000
Master's degree	\$71,700	\$12,300

Source: Derived from data supplied by EMSI industry data and the U.S. Census Bureau.
Figures are adjusted to reflect average earnings per worker in the Del Mar College Service Area.

Additional economic information is provided in the Management’s Discussion and Analysis section of the report.

Long-Term Financial Planning

The Management’s Discussion and Analysis provides an in-depth review of the Capital Asset and Debt administration including a table on all outstanding debts in the form of bonds on pages 33-35.

Estrada and Hinojosa, Investment Bankers assisted the College with a \$6 million capital lease program and continues to support the college with its disclosure and debt modeling activities. They also provided expertise in analysis of bond management and transactions totaling over \$174.2 million in par value on the following:

- \$25,490,000 Combined Fee Revenue Bonds, Series 2008
- \$51,060,000 Limited Tax Bonds, Series 2006
- \$ 7,830,000 Combined Fee Revenue Refunding Bonds, Series 2005
- \$53,545,000 Limited Tax Bonds, Series 2003
- \$36,330,000 Limited Tax Refunding Bonds, Series 2011

Of the General Obligation Outstanding Debt approximately 69% of principal is amortizing in the next 10 years and holds an underlying rating of AA+/Aa2/AA.

The College's bond ratings on the outstanding bonds are rated AAA by Moody's Investor Service and AA by Standard and Poor's.

Estrada and Hinojosa, Investment Bankers analysis provides recommendations on the current status, future issues, and possible refunding opportunities within the bond market. The Board of Regents authorized the refunding of \$37,045,000 Limited Tax Bonds, Series 2003 in October 2012 and the College realized a \$2,605,485 present value savings or 7.27%. The College may benefit from additional savings through other advanced refunding opportunities as the market conditions and the existing bond debt is closely monitored. This type of suggestion will be considered as financial planning continues.

Tax levied rates and tax collections are included in the Notes of Financial Statements on pages 66-67.

Relevant Financial Policies

State statutes require every community college in Texas to submit audited annual financial reports to the Texas Higher Education Coordinating Board by January 1st of each year. *Collier, Johnson and Woods, P.C.* performed the audit of the College's financial statements and can be contacted at 555 N. Carancahua, Suite 1000, Corpus Christi, Texas 78401-0839.

The provisions of the Single Audit Act amendments of 1996, U. S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and the State of Texas Single Audit Circular requires the College District to undergo and conform to an annual single audit. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, Schedule of Expenditures of State Awards and Related Notes, and the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and other Matters, is included in the single audit section of this report.

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

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

The Del Mar College budget is prepared under the direction of the Vice President of Administration and Finance and the Comptroller with the collaboration of the Budget Committee, and the personnel from all areas of the College. The budget process includes solicitation of information from all managers of the various cost centers. The Budget Committee

resources and the budget are tied to the Strategic Plan and supporting the College's mission. Monthly budget reports that include actual revenue and expenses are prepared and provided to management and the Board of Regents to assist in making decisions to monitor compliance, provide feedback and review performance.

The College received three distinguished awards in 2011 from the Government Finance Officers Association (GFOA) following a peer review against national financial standards: the Comprehensive Annual Financial Report (CAFR) Certificate of Achievement for Excellence in Financial Reporting; the Popular Annual Financial Report (PAFR) Certificate of Achievement; and the Distinguished Budget Award. Thus far in 2012, the CAFR Certificate of Achievement and the Distinguished Budget Award have been received and the PAFR Certificate is pending.

The MD&A cites numerous examples of the decisions made by the Board of Regents related to the budget and financial management. Examples include the Board of Regents approval of an increase in student tuition and fees charges for the fiscal year 2011-2012, which resulted in an estimated \$2.25M increase in revenues. In 2011, an early retirement incentive program for eligible employees was approved at a cost of \$2.4 million which was off-set by future salary savings of \$1.8M per year. The total cost of the early retirement program was to be recouped in 2.1 years and the college has been able to attain record enrollment growth with a reduced operational budget. As the College closed out 2012, \$4.8M was added to the Unrestricted Reserve Fund as a result of strong budget management and savings realized through the early retirement program and the College's reorganization efforts.

The College's Investment Policy and Strategy Statement is reviewed and approved annually by the Board of Regents. At August 31, 2012, the College had a total of \$56,499,211 in bank deposits. All of the College's funds were properly collateralized during the fiscal year.

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

Major Initiatives and Awards

The College continued to implement the *2009-2014 Strategic Plan* and the supporting initiatives to accomplish the defined goals. A major accomplishment for the year was celebrated in May with the graduation of 850 students who received certificates and associate degrees of which 73 also earned their high school diplomas and graduated from the Collegiate High School. This further exemplified the positive relationship between the school district and the College. Student success has continued to be *Goal Number One* and is demonstrated through initiatives such as the Cooperative Title V Grant with Coastal Bend College and being designated as *Military Friendly* by G.I. Jobs Magazine.

As an Hispanic Serving Institution (HSI) in the area of Science, Technology, Engineering and Math (STEM) advisors made significant contributions to enhance enrollment, retention, and transfer of students to four year institutions.

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

Enhanced partnerships with the local community as a lead partner in the Bold Future Strategic Plan, strengthened alliance with Texas A & M University Corpus Christi through the Engineering and Nursing programs, and multiple meetings with the Commissioner on Higher Education, The Texas Higher Education Coordinating Board Chairman, and State Senators.

Goal One - Student Success:

- Annual unduplicated enrollment for credit and continuing education was 23,291.
- Granted 1,576 degrees and certificates during the academic calendar year 2011-2012.
- Students in Regional Fire and Police Academies, and the Nuclear Medicine Technology program received a 100% pass rate on state testing and certifications.
- Opened a full-service Veterans Center on the East Campus and a support-center on the West Campus. Listed in the top 15% of schools that do the most to embrace the military community and ensure student success on campus.
- Completed the *Achieving the Dream Initiatives* to address student progression and retention in developmental math courses.

Goal Two - Operational Resources:

- Completed the Facilities Master Planning process with a stakeholder group to identify a strategic vision for the learning environment and facilities.
- Improvements totaling \$1 million to a hanger at the airport to support jobs training in the Aviation Power Plant Technology program was completed.
- Raised \$1.6 million to receive an additional \$1 million challenge for the Development Foundation to support scholarships.
- Received \$750,000 award from the City of Corpus Christi Type A funds to purchase truck driver simulators for the Commercial Truck Driving and Transportation program.
- Completed the Fine Arts and Drama project to provide state of the art theatrical facility totaling over \$12.5 million.

Goal Three - Professional Capabilities and Procedural Improvements:

- Implemented additional document imaging to streamline efficiency and reduce waste in the Purchasing and Accounts Payable offices.
- Implemented new online and fully automated employment application process in Human Resources.

Goal Four - Strengthen Alliances:

- Partnered with the local community in strategic planning through the *Bold Future* initiative to successfully launch over 90% of the 264 actions.
- Participated with the regions' Texas Legislators and Governor to improve communication and support by co-hosting Film and Tourism Summit and a Human Trafficking Summit.
- Continued to credential the Workforce Solutions of the Coastal Bend Career Ready graduates while learning application and job skills.

Goal Five – Positioning:

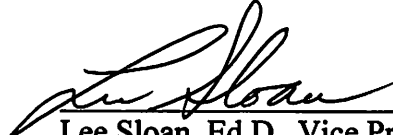
- Hosted the Veterans Summit on campus during the fall semester with the support of the U. S. Congressman.
- Continued to support strong relationships through articulation agreements, dual credit programs, Collegiate High School, and transfer processes with area school districts and universities.
- Began the planning of a new *Harold T. Branch Academy for Career and Technical Education High School* with Corpus Christi Independent School District to be built near the College's West Campus to provide students with technical and career readiness skills.
- Completed a College-wide process to develop a new brand marketing focus resulting in a revised tag line, renewed College spirit image and creative designs.

Goal Six – Governance:

- Reinforced the revised College Mission and new Vision, Core Values and Guiding Principles statements.
- Revised the Alumni Association to focus on membership and scholarship development.
- Conducted two Board of Regents retreats to develop a focused vision and strategic planning process.

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,



Lee Sloan, Ed.D., Vice President
Administration and Finance



John Johnson
Comptroller

Del Mar College Board of Regents

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

	Term Ending	Position
Trey McCampbell, Chair	2016	At Large
Elva Estrada, Vice Chair	2012	District 3
Nicholas L. Adame, Assistant Secretary	2014	At Large
Gabriel Rivas III, Parliamentarian	2012	District 1
James B. (Jim) Boggs	2016	District 5
Susan Hutchinson	2016	District 2
Todd M. Walters	2014	District 4
Guy Watts	2014	At Large

Administration

President	Dr. Mark S. Escamilla
Provost and Vice President of Instruction and Student Services	Dr. Fernando Figueroa
Vice President of Administration and Finance	Dr. Lee W. Sloan
Executive Director of Strategic Planning and Assessment	Lenora Keas
Executive Director of Community and Legislative Relations	Claudia Jackson
Executive Director of Development	Mary McQueen
Dean, Division of Arts and Sciences	Dr. Jonda Halcomb
Dean, Division of Business, Professional, and Technology Education	Dr. Larry Lee

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Del Mar College
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morinell

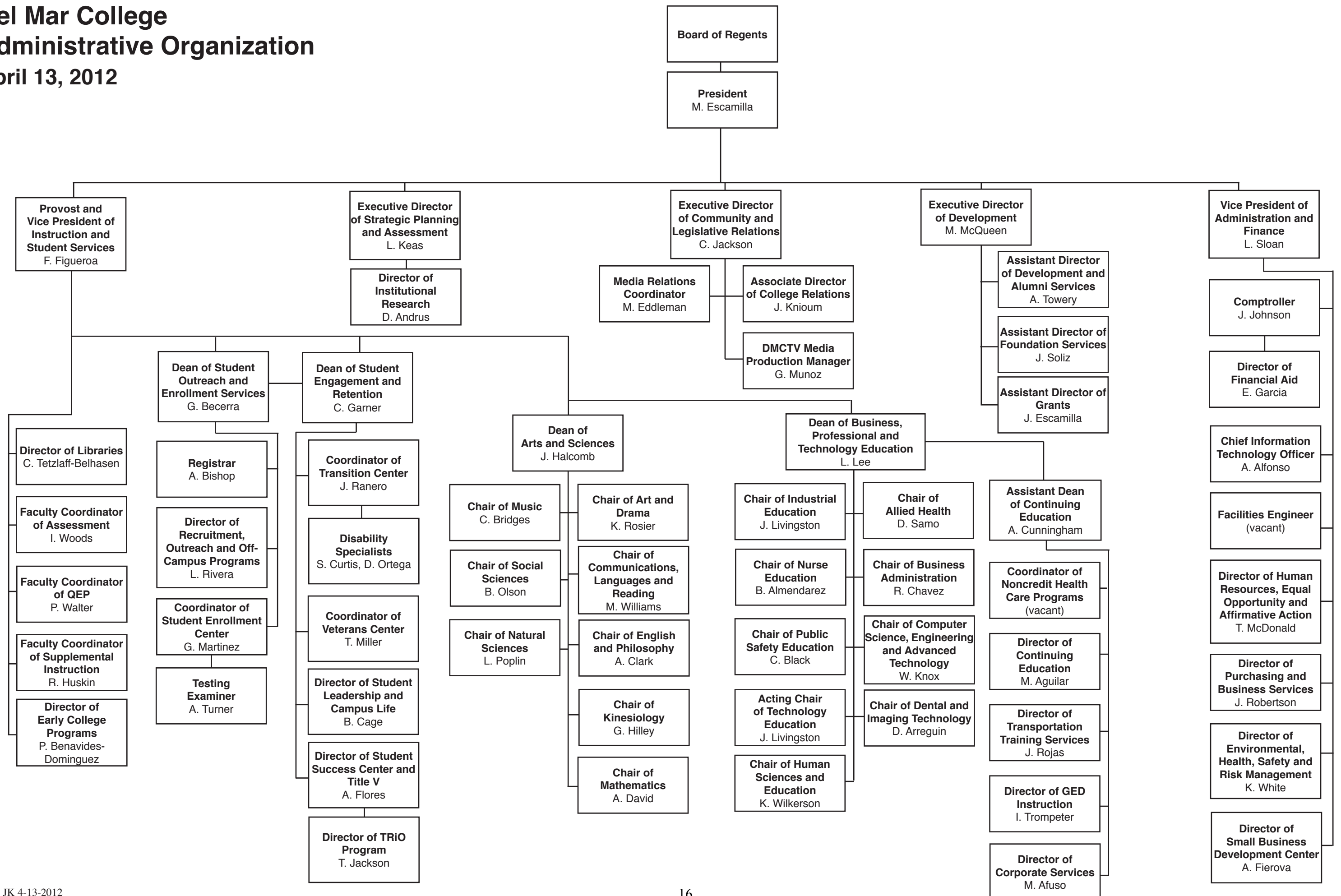
President

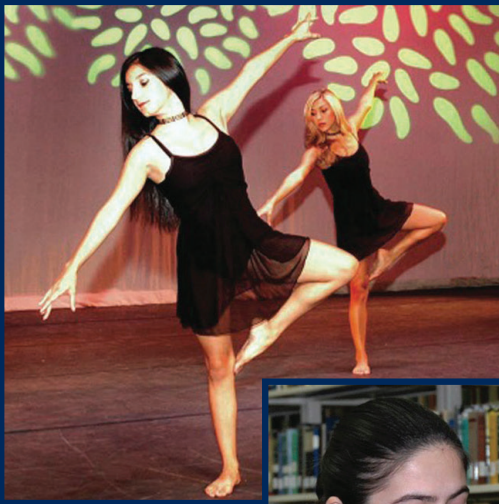
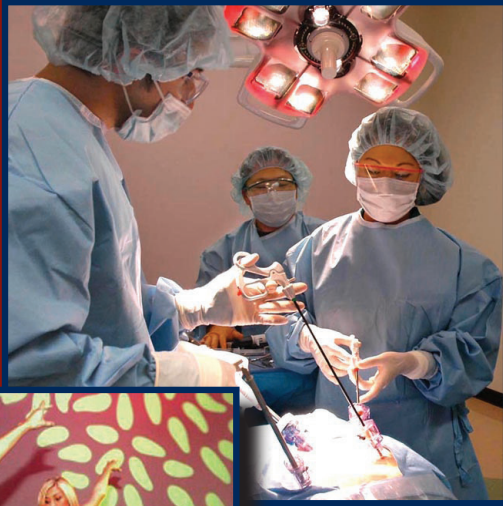
Jeffrey R. Emer

Executive Director

Del Mar College Administrative Organization

April 13, 2012





DM DEL MAR
COLLEGE

Dreams. Delivered.



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INDEPENDENT AUDITOR'S REPORT

November 30, 2012

Board of Regents
Del Mar College District
Corpus Christi, Texas

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, 2012 and 2011 and June 30, 2012 and 2011, respectively, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

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, 2012 and 2011 and June 30, 2012 and 2011, respectively, and the respective changes in financial position and cash flows, where applicable, thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 37 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's financial statements as a whole. The schedules of operating revenues, operating expenses by object, non-operating revenues and expenses, and net assets by source and availability; and statistical section listed in the table of contents are presented for purposes of additional analysis as required by the *Annual Financial Reporting Requirements Manual* issued by the Texas Higher Education Coordinating Board and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying 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 of operating revenues, operating expenses by object, non-operating revenues and expenses, and net assets by source and availability; schedule of expenditures of federal awards; and schedule of expenditures of state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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.

Collier, Johnson & Woods

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

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, 2012 and 2011, and comparative information for the year ended August 31, 2010. Since this Management's Discussion and Analysis is designed to focus on current activities, resulting change and currently known facts, it should be read in conjunction with the transmittal letter, the College's Basic Financial Statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

Financial Section

The financial section of this annual report consists of three parts – Management's Discussion and Analysis, the Basic Financial Statements, and schedules required by the Texas Higher Education Coordinating Board. The financial statements, consisting of the Statements of Net Assets; the Statements of Revenues, Expenses, and Changes in Net Assets; and, the Statements of Cash Flows are prepared in accordance with the Governmental Accounting Standards Board Statements No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; and No. 35 (GASB 35), *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*.

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 Assets include all assets and liabilities. The College's net assets (which is the difference between assets and liabilities) is one indicator of the College's financial health.

Over time, increases or decreases in net assets 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 Assets 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 GASB 35 classifies state allocations and ad-valorem taxes as non-operating revenues.

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

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

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, 2012 and 2011. The discussion and analysis provides summary financial information reflected in the statements and therefore, should be read in conjunction with the accompanying financial statements and footnotes. The financial statement format consists of three primary statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows. An accrual basis of accounting is employed. This means that 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 2012 and 2011 is shown on separate pages behind the College's basic financial statements. Refer to Note 19 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 2012 are as follows:

- Assets of the College exceeded liabilities at the close of the fiscal year ending on August 31, 2012 by \$97.3 million. Of this amount, \$24.8 million (unrestricted net assets) may be used to meet the College's ongoing obligations.
- At the end of the current fiscal year, total college revenue exceeded total expenses by \$12.9 million. Major items making up the increase were: \$5.6 million decrease in salary and benefits due to savings realized from early retirement incentive program and delay in re-staffing caused by departures and retirements; \$1.3 million reduction in interest paid on capital related debt; \$754 thousand increase in ad valorem taxes; \$5 million increase in tuition and fees net of discounts.

Statement of Net Assets

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

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

Statement of Net Assets (Continued)

The Statement of Net Assets presents end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Assets (assets minus liabilities).

Current assets are things of value, which are available to the College in the short term, which is considered to be one year or less. Current liabilities are amounts owed which are expected to be paid in one year or less.

From the data presented, readers of the Statement of Net Assets 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 Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the College.

Net Assets are divided into three major categories. The first category, invested in capital assets, net of related debt, provides the College's equity in property, plant and equipment owned by the College. The next category is restricted net assets, which is divided into two categories, non-expendable and expendable. The corpus of non-expendable restricted resources is only available for investment purposes. Expendable restricted net assets 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 net assets. Unrestricted assets are available to the College for any lawful purpose of the College.

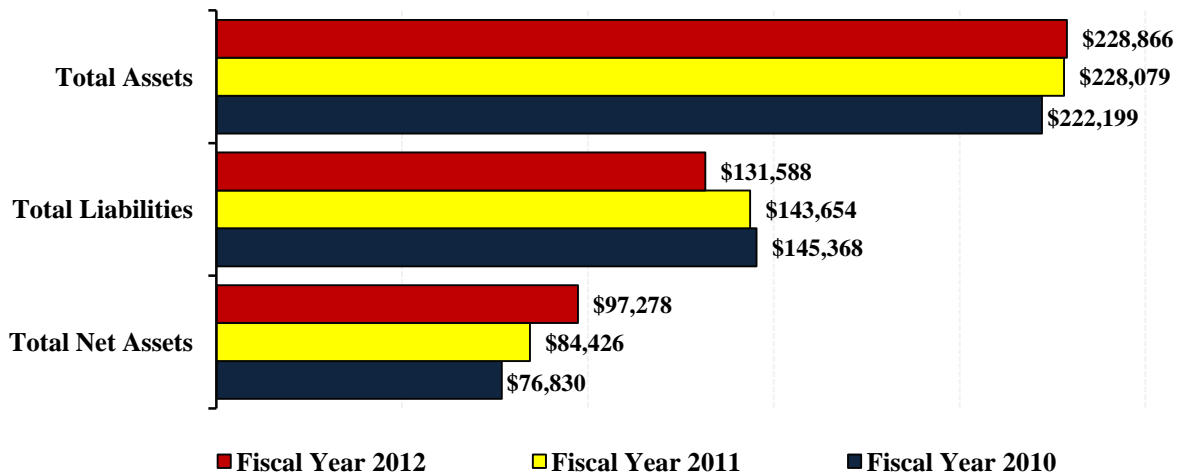
Statement of Net Assets
Comparison - Fiscal Year 2012, 2011 and 2010
(In Thousands)

	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2010	2012-2011 Variance	2011-2010 Variance
Current Assets	\$ 44,504	\$ 44,280	\$ 35,630	\$ 224	\$ 8,650
Non-Current Assets:					
Capital Assets, Net of Depreciation	161,650	158,279	156,700	3,371	1,579
Other	22,712	25,520	29,869	(2,808)	(4,349)
Total Assets	228,866	228,079	222,199	787	5,880
Current Liabilities	24,004	27,615	22,189	(3,611)	5,426
Non-Current Liabilities	107,584	116,039	123,179	(8,455)	(7,140)
Total Liabilities	131,588	143,654	145,368	(12,066)	(1,714)
Net Assets:					
Investment in Capital Assets, Net of Related Debt	60,566	56,854	55,454	3,712	1,400
Restricted	11,933	10,330	5,720	1,603	4,610
Unrestricted	24,779	17,242	15,656	7,537	1,586
Total Net Assets	\$ 97,278	\$ 84,426	\$ 76,830	\$ 12,852	\$ 7,596

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

Statement of Net Assets (continued)

Statement of Net Assets
Comparison - Fiscal Year 2012, 2011 and 2010
(in Thousands)



2011 – 2012

- For fiscal year 2012, total assets increased by approximately \$800 thousand. While this net increase was nominal there were significant changes to specific category types. The College’s cash, cash equivalent, and investment position declined \$3.2 million while the net capital assets increased by \$3.4 million. Two factors largely contributed to the change in the College’s cash position. \$7.6 million were expended for construction costs associated with the Drama and Fine Arts projects from designated bond funds. Also during the year the College realized savings of approximately \$3.8 million in salary and benefits associated with the early retirement incentive program initiated in the prior year net of incentive payouts of \$1.8 million.
- Total liabilities decreased by approximately 12.1 million. Major factors contributing to the change include a reduction of funds due to students of \$1.7 million for grant awards. Prior to the current year the College posted awards to student records prior to the first day of class which was before fiscal year end. Financial aid awards for fall semester 2012 were posted to student records in September 2012 (subsequent to the fiscal year end of August 31) rather than in August, as had been done in prior years. Employee benefits payable including accrued vacation and sick leave decreased by \$771 thousand. Deferred tuition revenue decreased by \$1.1 million over the prior year due to an 8.7% decline in enrollment. The College made the final payment on its lease with Banc of America Leasing and Capital for furniture and fixtures purchased for the St. Clair facility. Therefore, the amount for leases payable at year end decreased by approximately \$1 million. A factor also contributing to the decrease was payments made on bonded debt of \$6.8 million.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

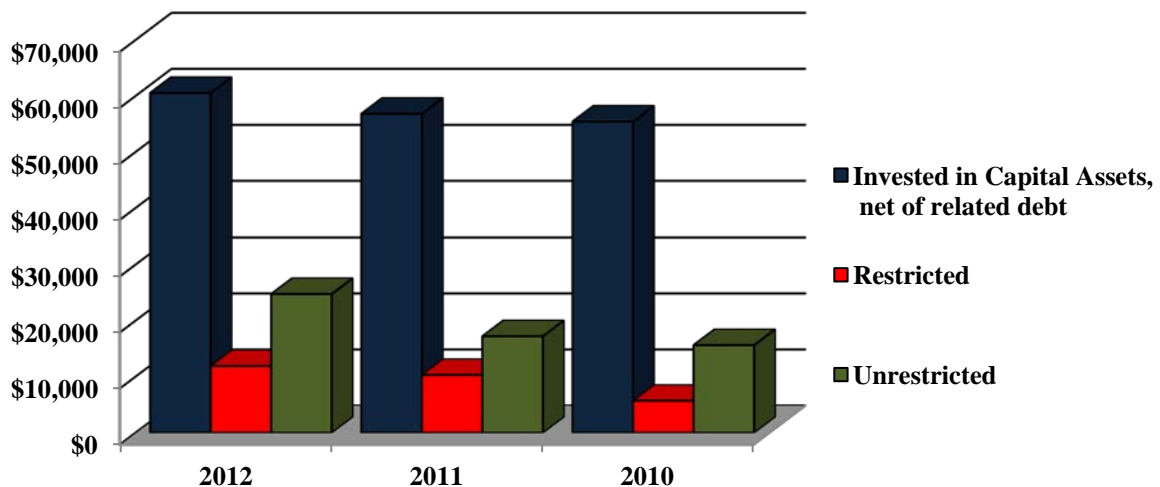
Statement of Net Assets (continued)

2010 – 2011

- For fiscal year 2011, total assets increased by approximately \$5.9 million. Factors directly influencing this change include an increase in cash and cash equivalents of \$3.1 million. The major item influencing the increase in cash and cash equivalents was the reduction of salary and benefits actually expended before the accrual of the early retirement incentive of \$2.5 million. Other factors contributing to the overall change was an increase in student receivables of \$710 thousand and an increase in net capital assets of \$1.6 million. The student receivable increase was due to a 13.5% increase in the tuition rate over the previous year. The increase in capital assets was due to construction and renovation costs being incurred for the Drama and Fine Arts facilities.
- Total liabilities decreased by approximately \$1.7 million. Factors contributing to this change were: principal payments on bonded debt and leases payable of \$6.7 and \$1.1 million, respectively; offset by accrual of \$2.4 million in retirement incentive benefits due to employees who elected to participate in the voluntary plan; increase in vendors payable of \$2.2 million largely the results of amounts accrued for construction costs on the Drama and Fine Arts facilities; and an increase of \$876 thousand in deferred tuition and fees over the previous year which was the result of a 13.5% rate increase.

The following is a graphic illustration of net assets at August 31, 2012, 2011 and 2010:

Net Assets
Comparison - Fiscal Year 2012, 2011 and 2010
(in Thousands)



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. 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.

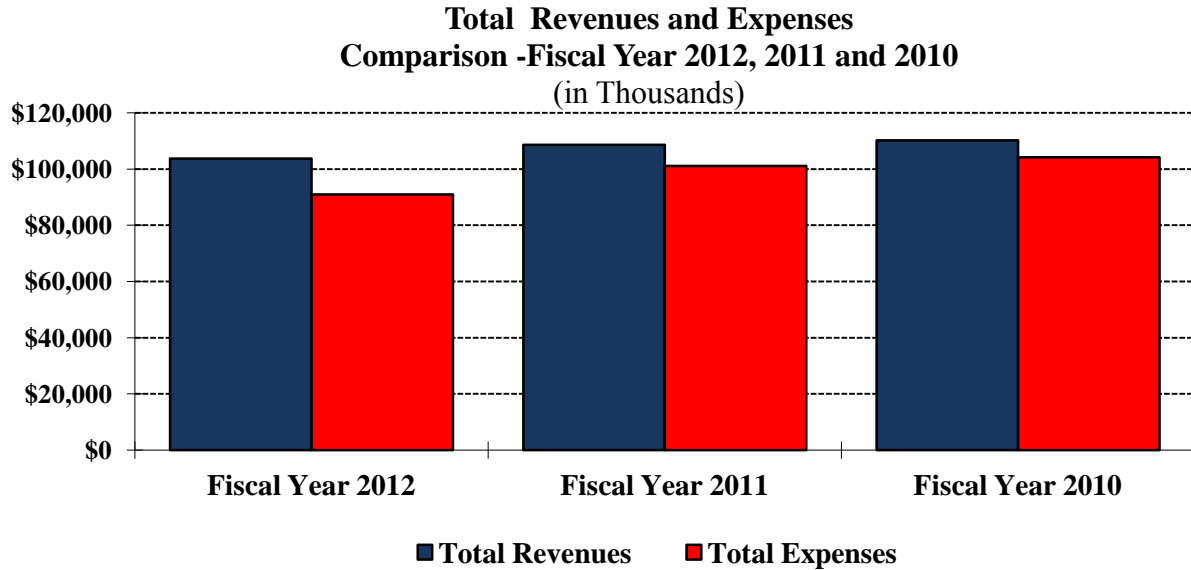
Statement of Revenues, Expenses and Changes in Net Assets
Years Ended August 31, 2012 Through 2010
(In Thousands)

	Fiscal Year	Fiscal Year	Fiscal Year	2012-2011	2011-2010
	2012	2011	2010	Variance	Variance
Operating Revenues	\$ 24,633	\$ 18,947	\$ 20,769	\$ 5,686	\$ (1,822)
Non-Operating Revenues	79,126	89,645	89,484	(10,519)	161
Total Revenues	\$ 103,759	\$ 108,592	\$ 110,253	\$ (4,833)	\$ (1,661)
Operating Expenses	86,295	95,247	98,236	(8,952)	(2,989)
Non-Operating Expenses	4,672	5,910	5,969	(1,238)	(59)
Total Expenses	\$ 90,967	\$ 101,157	\$ 104,205	\$ (10,190)	\$ (3,048)
Contribution from Other Agencies	60	161	50	(101)	111
Increase in Net Assets	12,852	7,596	6,098	5,256	1,498
Net Assets Beginning of Year	84,426	76,830	70,732	7,596	6,098
Net Assets End of Year	\$ 97,278	\$ 84,426	\$ 76,830	\$ 12,852	\$ 7,596

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

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

The following is a graphic illustration of total revenues and expenses at August 31, 2012, 2011 and 2010:

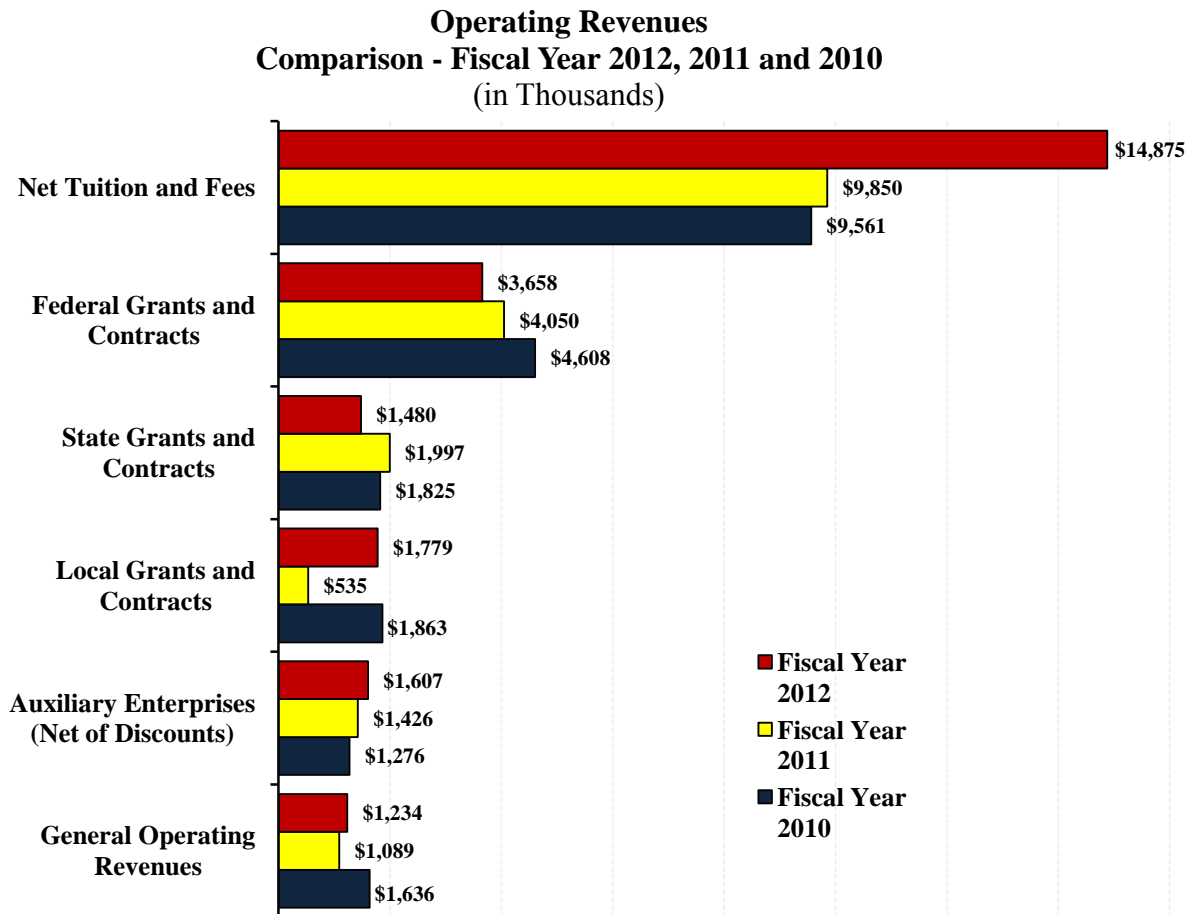


Operating Revenues
Years Ended August 31, 2012 through 2010
(In Thousands)

Operating Revenues	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2010	2012-2011 Variance	2011-2010 Variance
Tuition and Fees	\$ 26,658	\$ 25,588	\$ 22,874	\$ 1,070	\$ 2,714
Scholarship Allowances and Discounts	(11,783)	(15,738)	(13,313)	3,955	(2,425)
Federal Grants and Contracts	3,658	4,050	4,608	(392)	(558)
State Grants and Contracts	1,480	1,997	1,825	(517)	172
Local Grants and Contracts	1,779	535	1,863	1,244	(1,328)
Auxiliary Enterprises (Net of Discounts)	1,607	1,426	1,276	181	150
General Operating Revenues	1,234	1,089	1,636	145	(547)
Total	\$ 24,633	\$ 18,947	\$ 20,769	\$ 5,686	\$ (1,822)

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

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



Key factors impacting total operating revenues:

2011-2012

- Operating revenues for the current fiscal year increased by approximately \$5.7 million. A change in the funding policy determining when students were awarded financial aid accounted for approximately \$4 million of this difference. Prior to the current fiscal year student financial aid awards were posted to their accounts on or just prior to the first day of class. Because the first day of class was just prior to fiscal year-end awards made for the upcoming fall term were included in year-end totals. Beginning this year awards to student records are no longer posted to records until the official State enrollment date. Since this date falls after year end awards made to students for the fall of 2012 were not included in year end balances. Another factor impacting operating revenue was a increase in tuition revenues received of \$1.1 million.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

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

2010-2011

- Operating revenues for the prior fiscal year decreased by approximately \$1.8 million. During the prior year, the amount of PELL awards applied against tuition increased by \$1.9 million. PELL awards are applied against tuition revenue and shown as non-operating revenue.

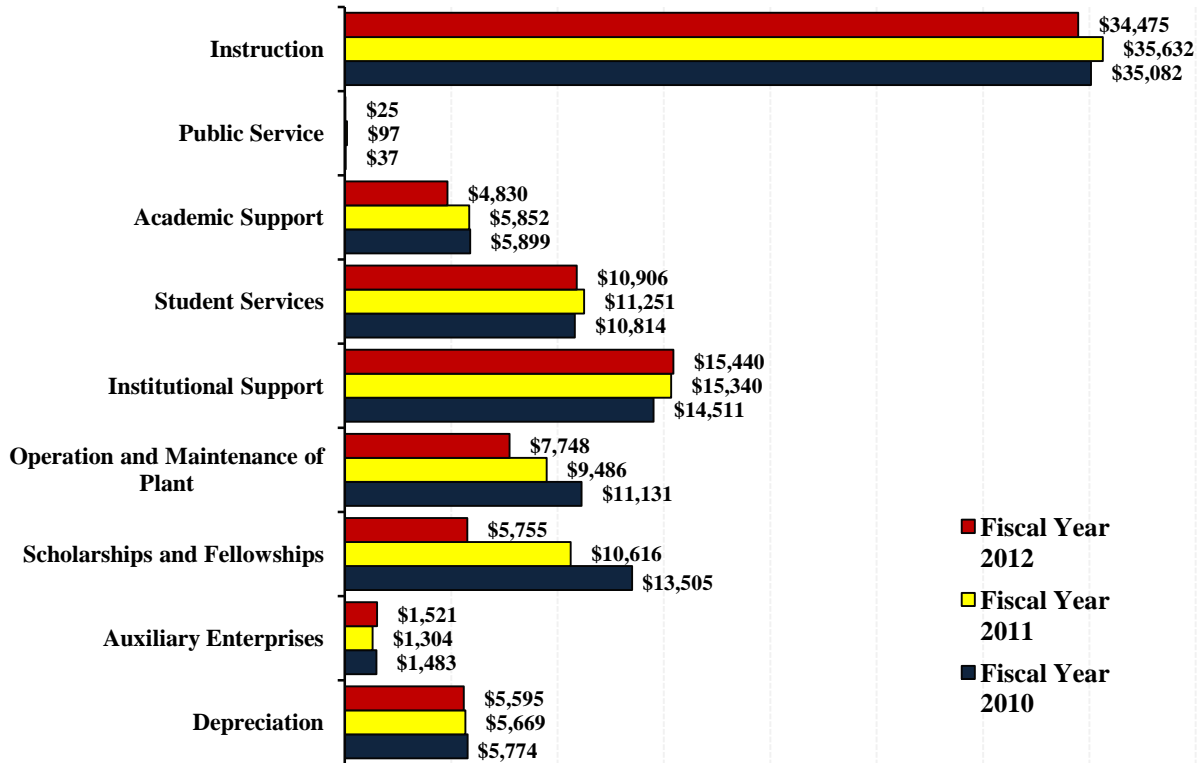
Operating Expenses
Years Ended August 31, 2012 through 2010
(In Thousands)

Operating Expenses	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2010	2012-2011 Variance	2011-2010 Variance
Instruction	\$ 34,475	\$ 35,632	\$ 35,082	\$ (1,157)	\$ 550
Public Service	25	97	37	(72)	60
Academic Support	4,830	5,852	5,899	(1,022)	(47)
Student Services	10,906	11,251	10,814	(345)	437
Institutional Support	15,440	15,340	14,511	100	829
Operation and Maintenance of Plant	7,748	9,486	11,131	(1,738)	(1,645)
Scholarships and Fellowships	5,755	10,616	13,505	(4,861)	(2,889)
Auxiliary Enterprises	1,521	1,304	1,483	217	(179)
Depreciation	5,595	5,669	5,774	(74)	(105)
Total	\$ 86,295	\$ 95,247	\$ 98,236	\$ (8,952)	\$ (2,989)

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

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

Operating Expenses by Function
Comparison - Fiscal Year 2012, 2011 and 2010
(in Thousands)



Key factors impacting total operating expenses:

2011-2012

- For the current fiscal year, operating expenses decreased by \$8.9 million. A significant reason for the decrease as explained above was due to the change in funding policy determining when student financial aid for the fall of 2012 was awarded. This change reduced scholarships and fellowships distributed by approximately \$4.5 million. See explanation given under “Key factors impacting operating revenues”. The other factor which had the largest impact on operational expenses was the savings realized from the early retirement incentive program initiated in the prior year. Total savings amounted to approximately \$5.6 million.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

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

2010-2011

- During the prior fiscal year, operating expenses decreased by \$2.9 million. The majority of this change was due to a larger portion of scholarship and fellowship funds being applied to tuition and fee charges. Scholarship allowances increased by \$2.1 million. Another factor contributing to the decrease of operational expenses was the deferral of maintenance costs which is reflected in the \$1.6 million decrease in the operation and maintenance of plant fund category.

Non-operating revenues and expenses consisted of the following:

Non-Operating Revenues and Expenses
Years Ended August 31, 2012 through 2010
(In Thousands)

Non-Operating Revenues	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2010	2012-2011 Variance	2011-2010 Variance
State Appropriations	\$ 20,929	\$ 23,890	\$ 24,247	\$ (2,961)	\$ (357)
Maintenance Ad Valorem Taxes	35,582	33,967	35,059	1,615	(1,092)
Debt Service Ad Valorem Taxes	8,940	9,801	9,031	(861)	770
Federal Revenue, Non Operating	13,113	21,317	20,623	(8,204)	694
Gifts	60	40	55	20	(15)
Investment Income	347	491	464	(144)	27
Other Non-Operating Revenues	155	139	5	16	134
Total Non-Operating Revenues	\$ 79,126	\$ 89,645	\$ 89,484	\$ (10,519)	\$ 161
Non-Operating Expenses					
Interest on Capital Related Debt	4,570	5,876	5,950	(1,306)	(74)
Other Non-Operating Expenses	1	2	1	(1)	1
Loss on Disposal of Capital Assets	100	32	18	68	14
Total Non-Operating Expenses	\$ 4,671	\$ 5,910	\$ 5,969	\$ (1,239)	\$ (59)
Net Non-Operating Revenues	\$ 74,455	\$ 83,735	\$ 83,515	\$ (9,280)	\$ 220

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

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

Key factors impacting non-operating revenues and expense:

2011-2012

- State appropriations declined by \$2.96 million. During the last legislative session health insurance premiums which had been fully funded by the State for eligible employees was reduced by approximately 58%. The loss in insurance funding totaled approximately \$2.34 million. In addition, the State reduced base appropriation to all community colleges by approximately 5%. This amounted to approximately \$627 thousand to the College.
- The reduction in federal awards of \$8.2 million, as explained previously, was primarily due to a change in the funding policy determining when student awards are posted. In previous years student awards were posted to their accounts for the fall term on or just prior to the first day of class which was prior to year end. Beginning this year the awards are not posted until the official State enrollment reporting date which falls after year end. Due to this change awards for the fall of 2012 were not included in year end balances.
- Ad Valorem taxes increased by \$754 thousand. This increase was due to a 1.75% increase in property values.

2010-2011

- State appropriations declined by \$357 thousand. The current economic slowdown has caused State revenues to fall below budgeted projections. Because of this fact allocations to all agencies have been reduced. At mid-year the State reduced funding to colleges by 2.5%.
- Ad Valorem taxes decreased by \$322 thousand. During the current fiscal year property valuations decreased by 4.07%. In order to compensate for a potential \$1.1 million loss in revenue, the College increased its tax rate.
- Federal funds increased by \$694 thousand due to an increase in the number of students qualifying for financial aid. Pell funds awarded to students increased by \$1 million and the number of students qualifying increased by 4.6%.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

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 Assets.

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

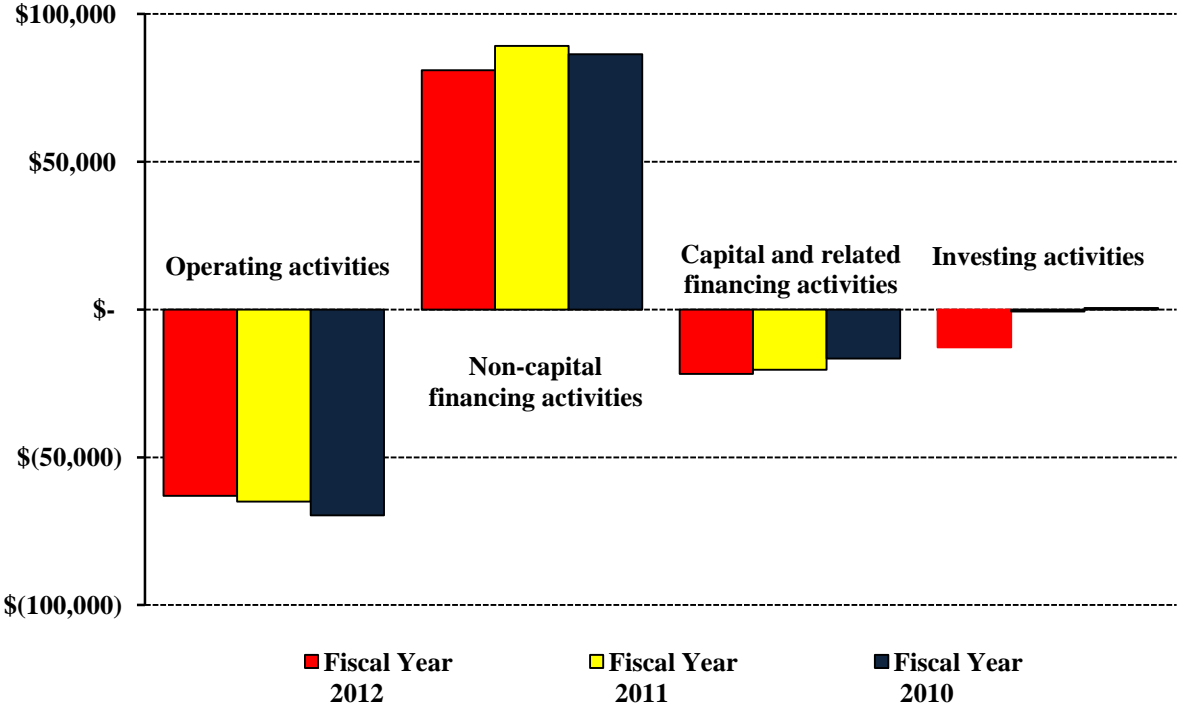
Statement of Cash Flows
Years Ended August 31, 2012 through 2010
(In Thousands)

Cash provided (used) by:	2012	2011	2010
Operating activities	\$ (63,069)	\$ (65,039)	\$ (69,635)
Non-capital financing activities	80,983	89,200	86,353
Capital and related financing activities	(21,812)	(20,409)	(16,621)
Investing activities	(12,757)	(702)	455
Net change in cash and cash equivalents	(16,655)	3,050	552
Cash and cash equivalents - September 1	58,697	55,647	55,095
Cash and cash equivalents - August 31	\$ 42,042	\$ 58,697	\$ 55,647

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

Statement of Cash Flows (continued)

Statement of Cash Flows
Comparison - Fiscal Year 2012, 2011 and 2010
(in Thousands)



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

Capital Asset and Debt Administration

The College had \$162 million invested in capital assets at August 31, 2012 and \$158 million at August 31, 2011. Additions of \$7.6 million were added to construction work in progress for costs associated with the Fine Arts, Music and Aviation projects during the current fiscal year. \$11.7 million was transferred from construction work in progress to Building and Improvements due to the completion of the Fine Arts building project. In the prior year, \$5.6 million was added to construction work in progress for cost incurred on the Fine Arts and Music building projects. New equipment purchases of \$1.4 million were made during the year while \$1.9 million were disposed. In the prior year, new equipment purchases were made totaling \$1.6 million. During the same period \$783 thousand in equipment was disposed.

Capital assets are net of accumulated depreciation of \$77 million and \$73 million for fiscal years 2012 and 2011, respectively. Depreciation charges totaled \$5.6 million and \$5.7 million for fiscal years 2012 and 2011, respectively.

The College had \$238.2 million in capital assets, and \$76.6 million in accumulated depreciation at August 31, 2012.

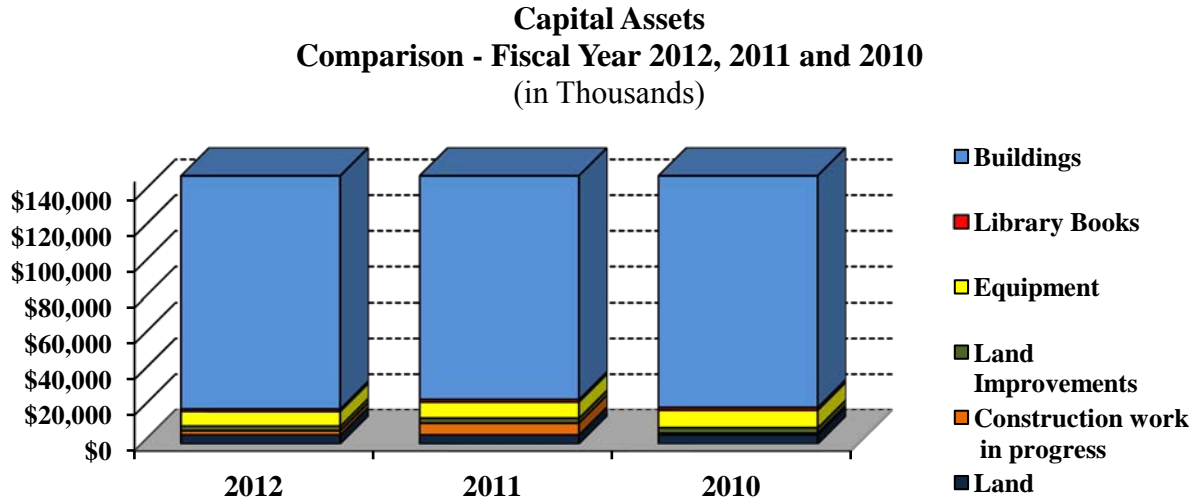
Capital Assets (Net of Depreciation)
Years Ended August 31, 2012 through 2010

(In Thousands)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Land	\$ 5,230	\$ 5,230	\$ 5,230
Construction in Progress	2,309	6,509	894
Buildings and Improvements	141,932	133,203	136,118
Land Improvements	2,620	2,837	3,072
Library Books	1,415	1,537	1,625
Furniture, machinery, vehicles, and other equipment	8,144	8,963	9,761
Net capital assets	<u>\$ 161,650</u>	<u>\$ 158,279</u>	<u>\$ 156,700</u>

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

Capital Asset and Debt Administration (Continued)



Total bond payable liability balances at August 31, 2012, 2011, and 2010 are as follows:

Outstanding Debt - Bonds	(In Thousands)		
	2012	2011	2010
Del Mar College District Limited Tax Bonds, Series 2003	\$ 2,795	\$ 42,530	\$ 45,115
Del Mar College District Combined Fee Revenue Bonds, Series 2005	4,595	5,395	6,175
Del Mar College District Limited Tax Bonds, Series 2006	41,545	43,590	45,710
Del Mar College District Combined Fee Revenue Bonds, Series 2008	22,605	23,590	24,540
Del Mar College District Limited Tax Bonds, Series 2011	36,075	-	-
Total Bonds Payable	<u>\$107,615</u>	<u>\$ 115,105</u>	<u>\$ 121,540</u>

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

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

Capital Asset and Debt Administration (Continued)

On April 8, 2008, the College sold \$25.5 million dollars in combined fee revenue bonds. The remaining project is the renovation and new construction for the Music facility on the East Campus. Principal payments of \$5 million and \$4.7 million were made on outstanding general obligation bonds, \$1.8 million and \$1.7 million on revenue bonds, and \$1 million and \$1.1 million on leases payable during fiscal year 2012 and 2011, respectively.

Both the revenue and tax obligation bonds were issued to address the facility needs of the College. Out dated facilities which could no longer support the instructional needs of programs such as health sciences and science were replaced. Construction of new buildings and expansion of others was done to address significant growth in areas such as Public Safety, Technical, Education, Industrial and Fine Arts were necessary.

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

See Notes 5, 6, 7, and 8 for additional information.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

Economic Outlook

The Del Mar College District has been partially shielded from the economic downturn in the state and nation by the local oil refinery and exploration industry. Texas and this region are net energy exporters and the oil and gas industry provides the region with a large number of high paying, stable jobs. This was especially important with the mid-year reductions in State appropriations in FY10 and FY11, and the sharp decline in appropriation funding during the FY12-13 biennium. The College District is not within the Eagle Ford Shale drilling zone; however, it is in the 20 county total impact zone. This area is being called the greatest economic driver for all of South Texas. Recent reports indicate that 47,097 people are currently working within the Eagle Ford Shale area representing \$3.1 billion in salaries and \$257 million in local government revenue for 2011. The Corpus Christi Regional Economic Development Corporation reports over \$14 billion in related projects in the region. Local oil field support industries and pipeline corporations are struggling to keep up with the demands of this fast growing industry and the College has been a direct beneficiary of this industrial boom.

The College opened an outreach center, the Northwest Center, in the summer 2010, funded with economic development funds from the City of Corpus Christi and a partnership with the Corpus Christi Medical Center valued at \$1 million. This Center currently serves over 300 students, including the school districts and adult populations of that region. The College maintains a partnership with the Craft Training Center of the Coastal Bend which provides National Center for Construction Education and Research Accredited training programs for the Port Industries. This partnership will generate an additional 60,000-70,000 continuing education contact hours annually, resulting in a larger share of State Appropriations for the College. The College completed the expansion of the Aviation Maintenance program by remodeling the Crescent Hanger at the Corpus Christi International Airport and increased its' ability to supply skilled technicians for the local aviation industry. This was made possible by \$1,166,270 in local economic development funds from the City of Corpus Christi. This expanded student capacity will help support employers such as the Corpus Christi Army Depot which has a workforce of over 6,000.

The Legislature reduced State appropriations by 24% for FY12 and FY13, requiring the College to restructure all non-instruction units, including outsourcing custodial and grounds services. Through conservative fiscal management, a new 2011 Early Retirement program, increases in student charges, and other efficiency efforts, the College was able to absorb these revenue losses and continue to grow enrollment. There are indicators that the local economy has started to recover, including September 2011 construction permitting values up by 23% over last year and commercial permitting construction values up 72.5%. While it will take several years to fully recover the overall property valuation loss, it is expected that the region will continue to see stable growth through the next decade. This will be critical as State leaders expect additional reductions in State Appropriations during the next biennium. The College is prepared to adopt additional efficiency measures to compensate for this projected reduction of State funding.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012

Economic Outlook (continued)

The College remains in a unique position to continue to grow and prosper. Although the national economy experienced a deep recession, the College was able to continue to modernize and add capacity, setting all-time enrollment records. Partnerships with local school districts, collaborations with business and industry, and a commitment to provide educational opportunities to all citizens of the 4.5 county Del Mar College Service Area, will position the College for continued growth and financial stability in the future. The College completed an advanced refunding of a portion of the 2011 Series Bond and realized a 7.3% present value savings. The previous advanced refunding of the 2003 General Obligation Bonds provides a \$300,000 annual savings in debt service that can be shifted to the Operating Budget. The 2011 Early Retirement program and the College Reorganization reduced the salary requirement of the FY12 budget by nearly \$3M. The culmination of these strategies allowed the College to establish \$20 million in unrestricted reserves, plus a \$4.6 million plant fund for addressing deferred maintenance priorities. These efficiency measures are better aligning the College's expenditures with its revenue streams, positioning the College to continue as a major force in the economic development of the Coastal Bend Region.

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.

Dr. Lee Sloan,
Vice President of Administration and Finance
Del Mar College

Del Mar College Statements of Net Assets

	August 31,	
	2012	2011
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 4)	\$ 22,568,747	\$ 35,409,259
Short Term Investments (Note 4)	12,457,552	-
Accounts Receivable, Net (Note 13)	8,051,808	7,473,857
Taxes Receivable (Note 13)	1,409,612	1,371,715
Notes Receivable, Net	15,625	24,723
Total Current Assets	44,503,344	44,279,554
Noncurrent Assets:		
Restricted Cash and Cash Equivalents (Note 4)	19,472,912	23,288,059
Restricted Investments (Note 4)	-	1,010,125
Other Long-Term Investments (Note 4)	2,000,000	-
Bond Issuance Cost, Net	1,239,182	1,222,157
Capital Assets, Net (Note 5):	161,650,278	158,279,410
Total Noncurrent Assets	184,362,372	183,799,751
Total Assets	228,865,716	228,079,305
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 13)	2,939,586	5,538,716
Accrued Compensable Absences - Current Portion (Notes 6 and 11)	735,636	690,728
Retirement Incentive Payable (Notes 6 and 22)	1,800,973	1,872,101
Funds Held for Others	1,576,750	1,315,136
Deferred Revenues (Note 13)	9,936,732	11,003,879
Leases Payable - Current Portion (Notes 6 and 8)	114,739	674,008
Bonds Payable - Current Portion (Notes 6 and 7)	6,900,000	6,520,000
Total Current Liabilities	24,004,416	27,614,568
Noncurrent Liabilities (Notes 6 and 11):		
Accrued Compensable Absences	4,214,302	4,452,654
Retirement Incentive Payable (Note 22)	538,231	500,970
Leases Payable	109,865	513,114
Bonds Payable	102,721,313	110,572,394
Total Noncurrent Liabilities	107,583,711	116,039,132
Total Liabilities	131,588,127	143,653,700
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	60,565,482	56,854,150
Restricted for:		
Expendable		
Debt Service	10,141,852	8,352,872
Capital Projects	1,469,112	1,656,525
Loan Funds	321,945	320,544
Unrestricted	24,779,198	17,241,514
Total Net Assets (Schedule D)	\$ 97,277,589	\$ 84,425,605

See Notes to Financial Statements.

(Continued)

**Del Mar College
Component Unit
Statements of Net Assets**

ASSETS	Del Mar College Foundation, Inc. June 30,	
	2012	2011
Cash and Cash Equivalents (Note 4)	\$ 993,362	\$ 1,035,720
Investments (Note 4)	4,085,175	3,908,535
Unconditional Promises to Give (Note 13)	187,156	281,042
Total Current Assets	5,265,693	5,225,297
Endowment Investments (Note 4)	6,804,616	5,455,716
Long-Term Unconditional Promises to Give (Note 13)	5,927	-
Total Assets	12,076,236	10,681,013
LIABILITIES		
Accounts Payable	345,109	4,833
Due to Del Mar College	272,686	324,008
Total Liabilities	617,795	328,841
NET ASSETS		
Unrestricted	186,773	185,941
Temporarily Restricted	4,467,052	4,710,515
Permanently Restricted	6,804,616	5,455,716
Total Net Assets	\$ 11,458,441	\$ 10,352,172

See Notes to Financial Statements.

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

	Year Ended August 31,	
	2012	2011
Operating Revenues		
Tuition and Fees (net of discounts of \$11,783,018 and \$15,738,220, respectively) (Note 7)	\$ 14,874,912	\$ 9,849,642
Federal Grants and Contracts	3,657,769	4,049,813
State Grants and Contracts	1,480,295	1,996,563
Local Grants and Contracts	1,779,174	534,974
Auxiliary Enterprises (net of discounts)	1,606,639	1,426,632
General Operating Revenues	1,233,891	1,089,147
Total Operating Revenues (Schedule A)	24,632,680	18,946,771
Operating Expenses		
Instruction	34,475,078	35,631,929
Public Service	24,975	97,181
Academic Support	4,829,859	5,852,202
Student Services	10,905,844	11,251,405
Institutional Support	15,440,078	15,340,165
Operation and Maintenance of Plant	7,748,373	9,485,873
Scholarships and Fellowships	5,755,165	10,616,294
Auxiliary Enterprises	1,521,295	1,303,387
Depreciation	5,594,775	5,668,964
Total Operating Expenses (Schedule B)	86,295,442	95,247,400
Operating Loss	(61,662,762)	(76,300,629)
Non-Operating Revenues (Expenses)		
State Appropriations	20,928,729	23,890,346
Maintenance Ad Valorem Taxes	35,581,594	33,966,441
Debt Service Ad Valorem Taxes	8,939,543	9,800,687
Federal Revenue, Non Operating	13,113,471	21,317,348
Gifts	60,517	39,748
Loss on Disposal of Capital Assets	(100,187)	(31,752)
Investment Income	347,282	490,659
Interest on Capital Related Debt	(4,570,120)	(5,876,467)
Other Non-Operating Revenues	155,367	139,255
Other Non-Operating Expenses	(1,450)	(1,450)
Net Non-Operating Revenues (Schedule C)	74,454,746	83,734,815
Capital Contributions		
Contributions from Other Agencies	60,000	161,319
Increase in Net Assets	12,851,984	7,595,505
Net Assets		
Net Assets - Beginning of Year	84,425,605	76,830,100
Net Assets - End of Year	\$ 97,277,589	\$ 84,425,605

See Notes to Financial Statements

(Continued)

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

Del Mar College Foundation, Inc.				
For the Year Ended June 30, 2012				
	Unrestricted	Temporary Restricted	Permanently Restricted	Total
Support, Revenue and Gains:				
Scholarship Contributions	\$ -	\$ 474,839	\$ 1,268,971	\$ 1,743,810
Contributed Services and Expenses	316,099	-	-	316,099
Grants, Managed Funds, & Other Contributions	2,429	774,615	-	777,044
Net Investment Income	(1,597)	(199,823)	-	(201,420)
Net Assets Released from Restrictions	1,213,165	(1,213,165)	-	-
Total Support, Revenue and Gains	1,530,096	(163,534)	1,268,971	2,635,533
Program and Support Expenses:				
Scholarships	620,025	-	-	620,025
Grants, Managed Funds, & Other Awards	519,382	-	-	519,382
Fundraising Expenses	73,758	-	-	73,758
Administrative Expenses	316,099	-	-	316,099
Total Program and Support Expenses	1,529,264	-	-	1,529,264
Increase (Decrease) in Net Assets	832	(163,534)	1,268,971	1,106,269
Transfers and Reclassifications	-	(79,929)	79,929	-
Net Assets, Beginning of Year	185,941	4,710,515	5,455,716	10,352,172
Net Assets - End of Year	\$ 186,773	\$ 4,467,052	\$ 6,804,616	\$ 11,458,441

For the Year Ended June 30, 2011				
	Unrestricted	Temporary Restricted	Permanently Restricted	Total
Support, Revenue and Gains:				
Scholarship Contributions	\$ -	\$ 794,999	\$ 132,708	\$ 927,707
Contributed Services and Expenses	312,519	-	-	312,519
Grants, Managed Funds, & Other Contributions	4,760	586,669	-	591,429
Net Investment Income	12,631	1,208,734	-	1,221,365
Net Assets Released from Restrictions	987,992	(987,992)	-	-
Total Support, Revenue and Gains	1,317,902	1,602,410	132,708	3,053,020
Program and Support Expenses:				
Scholarships	728,290	-	-	728,290
Fundraising Expenses	210,126	-	-	210,126
Special Activities	49,576	-	-	49,576
Administrative Expenses	312,519	-	-	312,519
Total Program and Support Expenses	1,300,511	-	-	1,300,511
Increase in Net Assets	17,391	1,602,410	132,708	1,752,509
Transfers and Reclassifications	-	(56,946)	56,946	-
Net Assets, Beginning of Year	168,550	3,165,051	5,266,062	8,599,663
Net Assets - End of Year	\$ 185,941	\$ 4,710,515	\$ 5,455,716	\$ 10,352,172

See Notes to Financial Statements.

Del Mar College
Statements of Cash Flows

	Year Ended August 31,	
	2012	2011
Cash Flows from Operating Activities:		
Receipts from Students and Other Customers	\$ 12,942,917	\$ 11,496,540
Receipts from Grants and Contracts	6,260,330	6,886,568
Payments to Suppliers for Goods and Services	(22,057,908)	(15,806,547)
Payments to or on Behalf of Employees	(55,707,849)	(58,463,996)
Payments for Scholarships and Fellowships	(5,740,915)	(10,240,540)
Loans Issued to Students	(65,268)	(118,258)
Collection of Loans to Students	156,165	209,155
Other General Operating Receipts	1,142,994	998,250
Net Cash Used by Operating Activities	(63,069,534)	(65,038,828)
Cash Flows from Non-Capital Financing Activities:		
Receipts from State Appropriations	20,943,069	23,892,951
Receipts from Ad Valorem Taxes	44,483,240	43,845,212
Receipts from Non Operating Federal Revenue	15,295,411	21,578,186
Receipts from Student Organizations and Other Agency Transactions	1,264,528	1,264,528
Payments to Student Organizations and Other Agency Transactions	(1,002,914)	(1,380,629)
Net Cash Provided by Non-Capital Financing Activities	80,983,334	89,200,248
Cash Flows from Capital and Related Financing Activities:		
Contribution for Bond Refunding	(589,537)	-
Purchases of Capital Assets	(8,902,345)	(7,005,303)
Proceeds of Sale of Assets	112,399	65,213
Payments on Capital Debt - Principal	(7,737,518)	(7,513,122)
Payments on Capital Debt - Interest	(4,695,139)	(5,955,712)
Net Cash Used by Capital and Related Financing Activities	(21,812,140)	(20,408,924)
Cash Flows from Investing Activities:		
Proceeds from Sales and Maturities of Investments	1,010,125	-
Interest on Investments	690,108	307,795
Purchase of Investments	(14,457,552)	(1,010,125)
Net Cash Used by Investing Activities	(12,757,319)	(702,330)
Increase (Decrease) in Cash and Cash Equivalents	(16,655,659)	3,050,166
Cash and Cash Equivalents—September 1	58,697,318	55,647,152
Cash and Cash Equivalents—August 31	\$ 42,041,659	\$ 58,697,318

See Notes to Financial Statements

(Continued)

Del Mar College
Statements of Cash Flows

	Year Ended August 31,	
	2012	2011
Reconciliation of Net Operating Loss to Net Cash		
Used by Operating Activities:		
Operating Loss	(61,662,762)	(76,300,629)
Adjustments to Reconcile Net Loss to Net Cash		
Used by Operating Activities:		
Depreciation Expense	5,594,775	5,668,964
Bad Debt Expense	403,736	262,984
Changes in Assets and Liabilities:		
Receivables	(3,500,357)	(808,854)
Prepaid Expenses	-	1,854
Notes Receivable	(11,338)	(12,028)
Accounts Payable and Accrued Liabilities	(2,599,130)	2,464,378
Retirement Incentive Payable	(33,867)	2,373,071
Compensated Absences	(193,444)	228,050
Deferred Revenues	(1,067,147)	1,083,382
Net Cash Used by Operating Activities	(63,069,534)	(65,038,828)
Noncash Investing, Capital and Financing Activities:		
Contribution of Capital Assets	\$ 60,000	\$ 161,319
Bond Refunding	\$ 40,056,561	\$ -

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

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 according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14 *The Financial Reporting Entity*. 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. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14*, 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. 39 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 19. 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 and all applicable Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. The College has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. The College is reported as a special-purpose government engaged in business-type activities.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

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 YEAR ENDED AUGUST 31, 2012

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

In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

H. Inventories

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

I. Capital Assets

Capital assets are stated at cost. Donated capital assets are valued at their estimated fair market 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 YEAR ENDED AUGUST 31, 2012

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

J. Deferred Revenues

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

K. 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.

L. 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 are defined as the result of exchange transactions with those who purchase, use, or directly benefit from the goods or services of the College. The principal operating revenues are tuition and related fees, net of discounts. The College also recognizes as operating revenue Federal/State/Local Grants, Non-Governmental Grants and Contracts, Auxiliary Enterprises, and Other Operating Revenues. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. The operation of the bookstore is not performed by the College. Non-operating revenues include activities that have the characteristic of non-exchange transactions, such as gifts and contributions, property tax and other revenue sources that are defined as non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, such as investment income. The major non-operating revenues are allocations from the State, including restricted revenues such as state insurance and benefit allocations, property tax collections, and Title IV funds. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities are reported as non-operating revenues or non-operating expenses.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 2 - Summary of Significant Accounting Policies (Continued)

M. Restricted and Unrestricted Resources

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

N. Comparative Information

Comparative information, for the prior year, has been presented to provide an understanding of changes in financial position and operations. Certain amounts presented in the prior years have been reclassified in order to be consistent with the current year's presentation.

O. Net Assets

The College's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

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

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

P. Funds Held in Trust for Others

At August 31, 2012, and at August 31, 2011, the College held, in trust funds, amounts of \$1,576,750 and \$1,315,136, respectively, that pertain primarily to student organizations. These funds are not available to support the College's programs.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 2 - Summary of Significant Accounting Policies (Continued)

Q. Bond Discounts/Premiums

Bond discounts/premiums and issuance costs 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, whereas issuance costs are recorded as deferred charges.

R. Gain or Loss on Retirement of Debt

The gain or loss on the early retirement of debt is deferred and amortized over the shorter of (1) the remaining amortization period that was used in the original refunding or (2) the life of the newly issued debt. This deferred amount is reported as a deduction from the new debt liability on the statement of net assets.

S. Characterization of Title IV Grant Revenues

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

Note 3 - Authorized Investments

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 4 - Deposits and Investments

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

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

	<u>2012</u>		<u>2011</u>	
	<u>College</u>	<u>Foundation</u>	<u>College</u>	<u>Foundation</u>
Demand Deposits	\$ 3,982,734	\$ 247,514	\$ 3,380,743	\$ 590,481
Savings Account	15,248,968	-	9,466,153	-
Money Market	990,936	745,748	1,249,444	445,239
NOW Accounts	529,372	-	1,369,732	-
Choice 4 Mutual Fund	1,730,018	-	2,614,666	-
Tex Pool	304,615	-	501,832	-
Logic Pool	11,165,481	-	4,603,389	-
Tex Star	9,032	-	98,522	-
Certificate of Deposit	8,059,203	-	35,394,021	-
Petty Cash on Hand	21,300	100	18,816	-
Total Cash and Deposits	\$ 42,041,659	\$ 993,362	\$ 58,697,318	\$ 1,035,720
Exhibit 1				
Current Assets (Unrestricted)	\$ 22,568,747	\$ 993,362	\$ 35,409,259	\$ 1,035,720
Noncurrent Assets (Restricted)	19,472,912	-	23,288,059	-
	\$ 42,041,659	\$ 993,362	\$ 58,697,318	\$ 1,035,720

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

Reconciliation of Investments to Exhibit 1, Statement of Net Assets

<u>Type of Security</u>	<u>2012</u>		<u>2011</u>	
	<u>College</u>	<u>Foundation</u>	<u>College</u>	<u>Foundation</u>
Municipal Notes	\$ 14,457,552	\$ -	\$ 1,010,125	\$ -
Exchange Traded Funds	-	3,444,099	-	2,426,923
Mutual Funds	-	5,764,527	-	4,584,227
Alternative Investments	-	23,612	-	924,137
Certificates of Deposit	-	1,603,025	-	1,374,730
Donated Land	-	54,528	-	54,234
Total Investments	\$ 14,457,552	\$ 10,889,791	\$ 1,010,125	\$ 9,364,251
Exhibit 1				
Current Assets (Unrestricted)	\$ 12,457,552	\$ 4,085,175	\$ -	\$ 3,908,535
Noncurrent Assets (Unrestricted)	2,000,000	-	-	-
Noncurrent Assets (Restricted)	-	6,804,616	1,010,125	5,455,716
	\$ 14,457,552	\$ 10,889,791	\$ 1,010,125	\$ 9,364,251

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 4 - Deposits and Investments (Continued)

Interest Rate Risk

College

In order to limit interest and market rate risk from changes in interest rates, the College's adopted Investment Policy sets a maximum stated maturity limit of two years for operating funds and five years for reserve funds. The maximum weighted average maturity (WAM) of the operating funds portfolio is restricted to six months and compared quarterly to the six-month Treasury Bill.

At August 31, 2012, the portfolio contained no holdings with stated maturity dates extending past January, 2014.

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. The College's policy further requires that local governmental investment pools be restricted to pools that are "2a-7 like" (constant dollar).

As of August 31, 2012, the College's investments in money market mutual funds, and local governmental investment pools were all rated AAA by Standard and Poor's. The College's municipal bond investments were rated by Moody's between ratings of Aa3 and AAA.

Foundation

It is the Foundation's investment policy to invest in equity securities, fixed income investment bonds and various other investment alternatives as deemed appropriate. The principal category of equity investments are common stocks, with emphasis on high quality, investment grade, dividend-paying stocks in companies that are financially sound and that have favorable prospects for earnings growth. In recognition of the increasing opportunities available in today's dynamic investment universe to seek returns that may be less correlated to the traditional broad equity and fixed income markets, the Trustees may allocate up to 10% 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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 4 - Deposits and Investments (Continued)

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%	0%
Certificates of Deposit	75%	15%
Repurchase Agreements	100%	0%
Local Governmental Investment Pools	100%	22%
Money Market Mutual Funds	50%	35%
Commercial Paper	25%	0%
Bankers Acceptances	20%	0%
Mutual Funds	10%	0%
State & Municipal Obligations	20%	28%
Corporate Obligations	25%	0%
Negotiable Certificates of Deposit	25%	0%

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 4 - Deposits and Investments (Continued)

Foundation

The Foundation recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The Investment Policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on at least a quarterly basis. The general policy is to diversify investments of long-term funds among both equity and fixed-income securities so as to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category. As a long-term guideline, the investment categories should be equities 40%-50%, alternatives 5%-10%, fixed income 25%-35% and liquid funds of 2%-20%.

Custodial Credit Risk

College

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College's Investment Policy and state law require that a third party hold collateral for all time and demand deposits and repurchase agreements in the College's name. At August 31, 2012, the College's portfolio contained 21 fully collateralized certificates of deposit. All demand deposits balances were secured by the depository institution pledging collateral to the College. The collateral was held by an independent institution and maintained at 102%.

Foundation

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 5 - Capital Assets

Capital assets activity for the year ended August 31, 2012 was as follows:

	Balance Sept 1, 2011	Increases	Decreases	Balance Aug 31, 2012
<u>Not Depreciated:</u>				
Land	\$ 5,230,057	\$ -	\$ -	\$ 5,230,057
Construction in Progress	6,509,324	7,560,907	11,761,259	2,308,972
Subtotal	11,739,381	7,560,907	11,761,259	7,539,029
<u>Building and Other Capital Assets:</u>				
Buildings and Improvements	170,439,053	11,807,185	567,887	181,678,351
Land Improvements	11,869,319	-	-	11,869,319
Library Books	6,041,088	111,490	-	6,152,578
Furniture, Machinery, Vehicles, and Other Equipment	30,969,459	1,399,907	1,853,106	30,516,260
Telecommunications and Peripheral Equipment	459,498	-	-	459,498
Subtotal	219,778,417	13,318,582	2,420,993	230,676,006
<u>Accumulated Depreciation:</u>				
Buildings and Improvements	37,235,727	3,021,219	511,099	39,745,847
Land Improvements	9,032,926	216,758	-	9,249,684
Library Books	4,504,003	233,330	-	4,737,333
Furniture, Machinery, Vehicles, and Other Equipment	22,006,234	2,123,468	1,757,307	22,372,395
Telecommunications and Peripheral Equipment	459,498	-	-	459,498
Subtotal	73,238,388	5,594,775	2,268,406	76,564,757
Net Other Capital Assets	146,540,029	7,723,807	152,587	154,111,249
Net Capital Assets	\$ 158,279,410	\$ 15,284,714	\$ 11,913,846	\$ 161,650,278

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 5 - Capital Assets (Continued)

Capital assets activity for the year ended August 31, 2011 was as follows:

	<u>Balance Sept 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Aug 31, 2011</u>
<u>Not Depreciated:</u>				
Land	\$ 5,230,057	\$ -	\$ -	\$ 5,230,057
Construction in Progress	894,238	5,615,086	-	6,509,324
Subtotal	6,124,295	5,615,086	-	11,739,381
<u>Building and Other Capital Assets:</u>				
Buildings and Improvements	170,439,053	-	-	170,439,053
Land Improvements	11,869,319	-	-	11,869,319
Library Books	5,905,488	135,600	-	6,041,088
Furniture, Machinery, Vehicles, and Other Equipment	30,197,353	1,555,190	783,084	30,969,459
Telecommunications and Peripheral Equipment	459,498	-	-	459,498
Subtotal	218,870,711	1,690,790	783,084	219,778,417
<u>Accumulated Depreciation:</u>				
Buildings and Improvements	34,320,772	2,914,955	-	37,235,727
Land Improvements	8,797,778	235,148	-	9,032,926
Library Books	4,280,701	223,302	-	4,504,003
Furniture, Machinery, Vehicles, and Other Equipment	20,436,543	2,295,559	725,868	22,006,234
Telecommunications and Peripheral Equipment	459,498	-	-	459,498
Subtotal	68,295,292	5,668,964	725,868	73,238,388
Net Other Capital Assets	150,575,419	(3,978,174)	57,216	146,540,029
Net Capital Assets	\$ 156,699,714	\$ 1,636,912	\$ 57,216	\$ 158,279,410

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 6 - Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2012 was as follows:

	<u>Balance Sept. 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Aug. 31, 2012</u>	<u>Current Portion</u>
<u>Bonds</u>					
General obligation bonds and notes	\$ 86,120,000	\$ 36,330,000	\$ 42,035,000	\$ 80,415,000	\$ 5,035,000
Bond premium	2,114,768	4,145,296	1,261,194	4,998,870	-
Deferred amounts on refunding	(127,374)	(3,243,330)	(378,147)	(2,992,557)	-
Revenue bonds	28,985,000	-	1,785,000	27,200,000	1,865,000
Subtotal	<u>117,092,394</u>	<u>37,231,966</u>	<u>44,703,047</u>	<u>109,621,313</u>	<u>6,900,000</u>
Leases	<u>1,187,122</u>	<u>-</u>	<u>962,517</u>	<u>224,605</u>	<u>114,739</u>
Accrued Compensable Absences	<u>5,143,382</u>	<u>459,202</u>	<u>652,646</u>	<u>4,949,938</u>	<u>735,636</u>
Retirement Incentive	<u>2,373,071</u>	<u>1,838,234</u>	<u>1,872,101</u>	<u>2,339,204</u>	<u>1,800,973</u>
Total long-term liabilities	<u>\$ 125,795,969</u>	<u>\$ 39,529,402</u>	<u>\$ 48,190,311</u>	<u>\$ 117,135,060</u>	<u>\$ 9,551,348</u>

Long-term liability activity for the year ended August 31, 2011 was as follows:

	<u>Balance Sept. 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Aug. 31, 2011</u>	<u>Current Portion</u>
<u>Bonds</u>					
General obligation bonds and notes	\$ 90,825,000	\$ -	\$ 4,705,000	\$ 86,120,000	\$ 4,735,000
Bond premium	2,389,818	-	275,050	2,114,768	-
Deferred amounts on refunding	(167,773)	-	(40,399)	(127,374)	-
Revenue bonds	30,715,000	-	1,730,000	28,985,000	1,785,000
Subtotal	<u>123,762,045</u>	<u>-</u>	<u>6,669,651</u>	<u>117,092,394</u>	<u>6,520,000</u>
Leases	<u>2,265,245</u>	<u>-</u>	<u>1,078,123</u>	<u>1,187,122</u>	<u>674,008</u>
Accrued Compensable Absences	<u>4,915,332</u>	<u>923,078</u>	<u>695,028</u>	<u>5,143,382</u>	<u>690,728</u>
Retirement Incentive	<u>-</u>	<u>2,373,071</u>	<u>-</u>	<u>2,373,071</u>	<u>1,872,101</u>
Total long-term liabilities	<u>\$ 130,942,622</u>	<u>\$ 3,296,149</u>	<u>\$ 8,442,802</u>	<u>\$ 125,795,969</u>	<u>\$ 9,756,837</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 7 - Bonds

Bonds Payable-Limited Tax Bonds, Series 2003

On August 15, 2003, the College issued, "Del Mar College District Limited Tax Bonds, Series 2003," amounting to \$53,545,000. Proceeds from the sale of the Bonds were used to construct and equip school buildings in the District and purchase the necessary sites therefore, and to pay the cost of issuing the bonds. The Bonds represent the first installment of a total amount of \$108,000,000 approved at an election held in the District on April 5, 2003. Interest is payable on February 15 and August 15 of each year at interest rates varying from 2.00% to 5.00%, with the final payment due August 15, 2023. Bonds having stated maturities on August 15, 2014 and after, which amounted to \$37,045,000, were redeemed in whole on November 01, 2011. After a principal payment of \$2,690,000 on August 15, 2012, \$2,795,000 of the bonds were outstanding and payable. The bonds are secured by that portion of ad valorem tax collections necessary to pay the annual maturity of principal and interest.

Advance Refunding Bonds-Combined Fee Revenue Refunding Bonds, Series 2005

On May 15, 2005, the College issued "Del Mar College District Combined Fee Revenue Refunding Bonds, Series 2005", amounting to \$7,830,000. Proceeds from the sale of the Bonds were used to refund \$7,450,000 of the District's outstanding Combined Fee Revenue Bonds, Series 1997. The 1997 Series are considered fully defeased and the liability for those bonds have been removed from the Statement of Net Assets. The advance refunding reduced the College's debt service payments over the next twelve years by \$299,491. A premium of \$99,332 was received from the issuance of the Bonds with an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$242,860. Interest on Series 2005 is payable on February 15 and August 15 of each year, commencing on May 15, 2005 at interest rates varying from 3% to 3.25% with the final payment due August 15, 2017. On August 15, 2015, or any date thereafter, the Bonds may be redeemed prior to their scheduled maturities at the option of the College. The source of revenue includes pledged building use fees, matriculation fees, tuition fees and interest earnings on certain funds, including the Unrestricted Local Maintenance Fund.

Bonds Payable-Limited Tax Bonds, Series 2006

On February 9, 2006, the College issued, "Del Mar College District Limited Tax Bonds, Series 2006", amounting to \$51,060,000. Proceeds from the sale of the Bonds were used to construct and equip school buildings in the District and purchase the necessary sites therefore, and to pay the cost of issuing the bonds. The Bonds represent the second and final installment of a total amount of \$108,000,000 approved at an election held in the District on April 5, 2003. A premium of \$1,938,702 was received from the issuance of the Bonds. Interest is payable on February 15 and August 15 of each year at interest rates varying from 3.50% to 5.00%, with the final payment due August 15, 2026. The bonds having stated maturities on or after August 15, 2016 may be redeemed in whole or in part on August 15, 2015, or any date thereafter at the option of the College. The bonds are secured by that portion of ad valorem tax collections necessary to pay the annual maturity of principal and interest.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 7 – Bonds (Continued)

Bonds Payable-Combined Fee Revenue Bonds, Series 2008

On April 8, 2008, the College issued, “Del Mar College District Combined Fee Revenue Bonds, Series 2008”, amounting to \$25,490,000. Proceeds from the sale of the Bonds will be used to purchase, construct, improve, enlarge, maintain and equip various buildings and facilities of the District. A premium of \$249,798 was received from the issuance of the Bonds. Interest is payable on February 15 and August 15 of each year at interest rates varying from 4.00% to 5.00%, with the final payment due August 15, 2028. On August 15, 2019, or any date thereafter, the Bonds may be redeemed prior to their scheduled maturities at the option of the College. The source of revenue includes pledged building use fees, matriculation fees, tuition fees and interest earnings on certain funds, including the Unrestricted Local Maintenance Fund.

Bonds Payable-Limited Tax Refunding Bonds, Series 2011

On November 1, 2011 the College issued, “Del Mar College District Limited Tax Refunding Bonds, Series 2011”, amounting to \$36,330,000. Proceeds from the sale of the Bonds were used to refund \$37,045,000 of the District’s outstanding Limited Tax Bonds, Series 2003. The 2003 Series bonds maturing August 15, 2014 and after are considered fully defeased and the liability for those bonds have been removed from the books. The advance refunding reduced the College’s debt service payments over the next twelve years by \$3,175,073. A premium of \$4,145,296 was received from the issuance of the Bonds with and economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,693,080. Interest on Series 2011 is payable on February 15 and August 15 of each year, commencing on February 15, 2011 at rates varying from 2% to 5% with the final payment due August 15, 2023. On August 15, 2022, or any date thereafter, the Bonds may be redeemed prior to their scheduled maturities at the option of the College. The bonds are secured by that portion of ad valorem tax collections necessary to pay the annual maturity of principal and interest.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 7 – Bonds (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>
2013	\$ 5,035,000	\$ 3,631,058	\$ 1,865,000	\$ 1,190,506
2014	5,265,000	3,402,970	1,930,000	1,121,006
2015	5,455,000	3,199,920	2,020,000	1,043,806
2016	5,715,000	2,958,120	2,100,000	963,006
2017	5,955,000	2,704,620	2,180,000	881,406
2018-2022	33,930,000	9,388,465	6,715,000	3,435,550
2023-2027	19,060,000	1,981,656	8,450,000	1,699,762
2028	-	-	1,940,000	92,151
Total 08/31/2012	\$ 80,415,000	\$ 27,266,809	\$ 27,200,000	\$ 10,427,193
2012	4,990,000	3,988,021	1,785,000	1,260,981
Total 08/31/2011	\$ 85,405,000	\$ 31,254,830	\$ 28,985,000	\$ 11,688,174

Note 8 - Lease Obligations

Leases Payable-Banc of America Leasing and Capital, L.L.C

In December 2005, the College entered into a “Master Lease/Purchase Agreement with Banc of America Leasing and Capital, L.L.C.” The maximum purchases allowable under the lease are \$7,000,000. The Lease commencement date shall be no later than February 28, 2006 and may, by mutual agreement, be lengthened for a total of 2 one year extensions. Debt service payments will be comprised of semi-annual payments on February 1 and August 1 each year. As of August 31, 2012, the College had drawn \$5,250,000 against the allowable line of credit. Accumulated depreciation on the assets leased amounted to \$3,450,243 as of August 31, 2012. The lease term interest rate for draws made to date is between 2.98% and 4.01%. This lease obligation was paid off in full on August 31, 2012.

Lease Payable – Wells Fargo Financial Leasing, Inc.

In June 2009, the College entered into a “Lease-Purchase Agreement with Wells Fargo Leasing, Inc.” Property included under the terms of the lease includes copiers located throughout the campus. Debt service payments are comprised of 60 monthly payments of \$10,217, beginning August of 2009. Equipment totaling \$547,228 was acquired under the lease terms. Accumulated depreciation on the assets leased amounted to \$383,060 as of August 31, 2012. The lease term interest rate is 4.56%.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 8 - Lease Obligations (Continued)

Future minimum lease payments for all capital lease obligations as of August 31 are as follows:

<u>Year Ending August 31</u>	<u>2012</u>	<u>2011</u>
2012	\$ -	\$ 708,219
2013	122,603	415,411
2014	112,386	112,386
Total minimum lease payments	<u>234,989</u>	<u>1,236,016</u>
Less amounts representing interest	<u>10,384</u>	<u>48,894</u>
Present value of minimum lease payments	<u>\$ 224,605</u>	<u>\$ 1,187,122</u>

Operating Lease – Bay Area Healthcare Group, LTD

In February, 2010 the College entered into a “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 expenditures associated with the property.

Operating Lease – City of Corpus Christi

In May, 2011, the College entered into a “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 expenditures associated with the property.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 9 - Employees' Retirement Plans

Teacher Retirement System

Plan Description:

The College contributes to the Teachers Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan.

TRS issues a publicly available financial report with required supplementary information which may be obtained from www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy:

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions 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. State law provides for a member contribution rate of 6.4% for fiscal years 2012, 2011 and 2010, and a state contribution rate of 6.0% for fiscal years 2012, 2011 and 2010. In certain instances the reporting district is required to make all or a portion of the state's 6.0% for fiscal years 2012, 2011 and 2010. State contributions to TRS made on behalf of the College employees for the years ended August 31, 2012, 2011 and 2010 were \$1,111,703, \$1,376,902, and \$1,564,845, respectively. The total payroll for all College employees was \$42,831,934, \$45,350,303, and \$46,887,037 for fiscal years 2012, 2011, and 2010, respectively. See Note 23 regarding the status of state contributions for fiscal year 2012.

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. The percentages of participant salaries currently contributed by the state and each participant are 6% and 6.65%, respectively. The College contributes 1.92% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 9 - Employees' Retirement Plans (Continued)

The total payroll of employees covered by the Teacher Retirement System was \$19,658,136 and \$22,933,042, and the total payroll of employees covered by the Optional Retirement Program was \$13,941,855 and \$15,268,854 for fiscal years 2012 and 2011, respectively.

Alternate Retirement Plan

The College belongs to the Texas Public Junior and Community Colleges Employee Benefit Consortium. The Consortium has negotiated a 403(b) tax-sheltered annuity plan for part-time employees with Metropolitan Life. The College contributes 3.75% of participating employee compensation to the plan. Participation in the plan requires that employees contribute 3.75% of gross earnings. The College's contribution for this Alternate Retirement Plan totaled \$54,005 and \$64,155 for years August 31, 2012 and August 31, 2011, respectively.

Employee accounts are fully vested to the employee for the 3.75% of wages deducted from gross earnings, the 3.75% of wages contributed by the College, and the interest earned on the account. The payroll for employees covered by the Alternative Retirement Plan for the year ended August 31, 2012 and 2011 was \$1,440,119 and \$1,710,787 respectively.

Note 10 - 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, 2012, the College had 134 employees vested and participating in the program. A total of \$945,215 in contributions was invested in the plan during the fiscal year.

As of August 31, 2011, the College had 145 employees vested and participating in the program. A total of \$812,153 in contributions was invested in the plan during the fiscal year.

Note 11 - Compensable Absences

Twelve-month employees and personnel, whose duties are primarily teaching, earn annual vacation leave from 10 to 15 days 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 15 days. Persons terminating employment will receive, in lieu of the vacation itself, cash payment for unused vacation not to exceed fifteen days 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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 11 - Compensable Absences (Continued)

per month for a maximum of 120 working days. 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 80 days of unused sick leave may be paid to an employee upon his/her retirement from the College at age 50 or older if he/she has at least ten years of eligible service for benefits at Del Mar College. The College's policy is to accrue the cost of the sick leave when earned.

At August 31, 2012 and 2011, the College had an accrued liability for the unpaid vacation and sick leave as follows:

	<u>2012</u>	<u>2011</u>
Vacation	\$ 585,779	\$ 673,540
Sick Leave	4,364,159	4,469,842
Total Liability for Compensable Absences	<u>\$ 4,949,938</u>	<u>\$ 5,143,382</u>

The College recognized \$735,636 and \$690,728 of the liability above as a current liability for fiscal years August 31, 2012 and 2011 respectively.

Note 12 - Pending Lawsuits and Claims

At August 31, 2012, various lawsuits and claims involving Del Mar College were pending. While the ultimate liability, with respect to litigation asserted against the College, cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

Note 13 - Disaggregation of Receivables, Payables, and Deferred Revenues

Receivables

Receivables at August 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Student Receivables	\$ 7,313,647	\$ 4,776,375
Federal Receivables	1,608,195	3,294,537
Interest Receivables	75,996	418,822
State ORP Contribution Receivable	72,447	86,786
Total Receivables	<u>9,070,285</u>	<u>8,576,520</u>
Less: Allowance for Doubtful Accounts	1,018,477	1,102,663
Net Receivables	<u>\$ 8,051,808</u>	<u>\$ 7,473,857</u>

Taxes receivable of \$1,409,612 and \$1,371,715 are net of the allowance for doubtful accounts of \$827,867 and \$805,610 at August 31, 2012 and 2011, respectively.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 13 - Disaggregation of Receivables, Payables, and Deferred Revenues (Continued)

The Foundation has received promises and been awarded grants. Unconditional promises to give at June 30, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Center for Early Learning	\$ -	\$ 968
Student Scholarships	193,139	279,141
Health Sciences Building	-	240
Staff and Faculty Enrichment	17	693
Total Unconditional Promises to Give	193,156	281,042
Less: Unamortized Discount	<u>73</u>	<u>-</u>
Net Unconditional Promises to Give	<u>193,083</u>	<u>281,042</u>
Less Amount Due in One Year or Less	<u>187,156</u>	<u>281,042</u>
Net Long-Term Unconditional Promises to Give	<u><u>\$ 5,927</u></u>	<u><u>\$ -</u></u>

Discount rate of 0.41 was used on long-term promises to give in 2012. The Foundation considers promises to give fully collectible; accordingly, no allowance for uncollectible promises has been provided.

Payables

Payables at August 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Vendors Payable	\$ 2,678,743	\$ 3,017,076
Salaries & Benefits Payable	29,314	604,475
Students Payable	355	1,739,114
Accrued Interest	<u>231,174</u>	<u>178,051</u>
Total Payables	<u><u>\$ 2,939,586</u></u>	<u><u>\$ 5,538,716</u></u>

Deferred revenues at August 31, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Tuition and Fees	\$ 9,631,083	\$ 10,536,920
Federal, State and Local Grants	<u>305,649</u>	<u>466,959</u>
	<u><u>\$ 9,936,732</u></u>	<u><u>\$ 11,003,879</u></u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 14 - Contract and Grant Awards

For federal contract and grant awards, funds expended but not collected, are reported as Federal Receivables in Footnote 13. 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 awards funds already committed, e.g. multi-year awards, or funds awarded during fiscal year 2012 and 2011 for which monies have not been received nor funds expended totaled \$10,928,661 and \$12,006,557, respectively. Of these amounts, \$10,928,661 and \$11,717,172 were from Federal Contract and Grant Awards; and \$0 and \$289,385 were from Private Contract and Grant Awards, for the fiscal years ended 2012 and 2011, respectively.

Note 15 - Post Retirement Health Care and Life Insurance Benefits

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

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

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

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 15 - Post Retirement Health Care and Life Insurance Benefits (Continued)

The state's contribution per full-time employee ranged from \$438 to \$1,276 per month for the year ended August 31, 2012 (\$413 to \$1,202 per month for 2011) and totaled \$2,365,710 for 2012 (\$4,237,962 for the year ended 2011). The cost of providing those benefits for 433 retirees in the year ended 2012 was \$2,472,772 (retiree benefits for 404 retirees cost \$2,097,636 in 2011). For 533 active employees, the cost of providing benefits was \$3,701,634 for the year ended 2012 (active employee benefits for 561 employees cost \$4,096,830 for the year ended 2011).

Note 16 – On-behalf Payments

For the fiscal years ended August 31, 2012 and 2011, the College recorded State on-behalf contributions for the Teacher Retirement System of \$1,111,703 and \$1,376,902, respectively, contributions for the Optional Retirement Programs of \$827,140 and \$964,885, respectively, and contributions for health insurance of \$2,365,710 and \$4,237,962, respectively. The State's total on-behalf contributions for the fiscal years ended August 31, 2012 and 2011 of \$3,360,987 and \$6,553,378, respectively, were recorded as revenues and expenses in the accompanying basic financial statements.

Note 17 - 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.

	2012	2011
Assessed Valuation of the College District	\$21,081,166,408	\$20,302,853,807
Less: Exemptions	3,605,685,449	3,078,991,894
Net Assessed Valuation of the College District	\$17,475,480,959	\$17,223,861,913

	2012			2011		
	Operations	Debt Service	Total	Operations	Debt Service	Total
Tax Rate per \$100 valuation for authorized	\$0.5000	\$0.5000	\$1.0000	\$0.5000	\$0.5000	\$1.0000
for assessed	\$0.2062	\$0.0518	\$0.2580	\$0.2002	\$0.0578	\$0.2580

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 17 - Ad Valorem Tax (Continued)

Taxes levied, for the year ended August 31, 2012 and 2011, amounted to \$44,168,278 and \$43,346,818, respectively, including any penalty and interest assessed. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

Fiscal Year Ended August 31, 2012:

Taxes Collected	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 34,226,598	\$ 8,604,722	\$ 42,831,320
Delinquent Taxes Collected	911,962	229,271	1,141,233
Penalties and Interest Collected	407,215	103,472	510,687
Total Collections	\$ 35,545,775	\$ 8,937,465	\$ 44,483,240

Fiscal Year Ended August 31, 2011:

Taxes Collected	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 32,777,176	\$ 9,439,692	\$ 42,216,868
Delinquent Taxes Collected	873,342	251,519	1,124,861
Penalties and Interest Collected	389,971	113,512	503,483
Total Collections	\$ 34,040,489	\$ 9,804,723	\$ 43,845,212

Tax collections for the year ended August 31, 2012 and 2011 were respectively 97.7% and 97.4% of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

Note 18 - 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, 2012 and 2011.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 19 - Component Unit

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

Significant Accounting Policies

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

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

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

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

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

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

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 19 - Component Unit (Continued)

Fair Value Measurement

The Foundation's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation 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, 2012 and 2011 are as follows:

	Fair Value	Fair Value Measurement Using:		
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2012				
Exchange Traded Funds	\$ 3,444,099	\$ 3,444,099	\$ -	\$ -
Registered Investment Company				
Funds - Mutual Funds	5,764,527	5,764,527	-	-
Alternative Investments	23,612	-	15,241	8,371
Certificates of Deposit	1,603,025	1,603,025	-	-
Land	54,528	-	-	54,528
Total	\$ 10,889,791	\$ 10,811,651	\$ 15,241	\$ 62,899
June 30, 2011				
Exchange Traded Funds	\$ 2,426,923	\$ 2,426,923	\$ -	\$ -
Registered Investment Company				
Funds - Mutual Funds	4,584,227	4,584,227	-	-
Alternative Investments	924,137	-	310,703	613,434
Certificates of Deposit	1,374,730	1,374,730	-	-
Land	54,234	-	-	54,234
Total	\$ 9,364,251	\$ 8,385,880	\$ 310,703	\$ 667,668

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 19 - Component Unit (Continued)

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 exchange traded funds holding common stock is based on quoted net asset values of the shares held by the Foundation. The fair value of mutual funds is based on quoted net asset values of the shares held by the Foundation at the end of the year. A pro-rata share of alternative investments included cash funds, exchange traded funds and mutual funds. This pro-rata share was based on quoted net asset values at the reporting date.

Level 2 Fair Value Measurement

The fair value for a portion of the alternative investments, which are funds of other funds, are derived principally from or corroborated by observable market data by correlation or other means. This includes quoted prices for similar investments, fair value of investments for which the underlying Fund has the ability to fully redeem tranches at net asset value as of the measurement date or within the near term and short-term investments valued at amortized costs.

Level 3 Fair Value Measurement

A portion of the alternative investments is based on significant unobservable inputs. This includes the underlying Fund's own assumptions in determining the fair value of investments and the fair value of investments which the Fund does not have the ability to fully redeem tranches at net asset value as of the measurement date or within near term.

The land not actively traded is based on values established by the tax appraisal district. The following table provides further details of the Level 3 fair value measurements.

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 YEAR ENDED AUGUST 31, 2012

Note 19 - Component Unit (Continued)

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) at June 30, 2012:

	Land	Alternative Investments	Total
Beginning Balance, July 1, 2010	\$ 62,473	\$ 383,868	\$ 446,341
Total Unrealized Gain (Loss) Included in Changes in Net Assets	(8,239)	406,409	398,170
Transfers Out of Level 3	-	(310,703)	(310,703)
Purchases	-	133,860	133,860
Ending Balance, June 30, 2011	54,234	613,434	667,668
Total Unrealized Gain (Loss) Included in Changes in Net Assets	294	(127,937)	(127,643)
Sales	-	(477,126)	(477,126)
Ending Balance, June 30, 2012	\$ 54,528	\$ 8,371	\$ 62,899

Note 20 - 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 2011 and 2012, 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 21 - Workers' Compensation Aggregate Deductible

During the year ended August 31, 2012, the College met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The College participates in the Fund's reimbursable aggregate deductible program. As such, the member is responsible for a certain amount of claims liability as outlined on the member's Contribution and Coverage Summary document. After the member's deductible has been met, the Fund is responsible for additional claims. 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 \$1.5 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2011, the Fund carries a discounted reserve of \$72,540,560 for future development on reported claims

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 21 – Workers’ Compensation Aggregate Deductible (Continued)

and claims that have been incurred but not yet reported. For the year-ended August 31, 2011 (the date of the most recent information available), the Fund anticipates 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 plan 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, 2011, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Note 22 - Retirement Incentive Plans

The College elected, with the approval of the Board of Regents, to offer two retirement incentive plans to eligible employees. All eligible employees who elected the 2011 retirement incentive plan received one times their annual salary, with 30% disbursed on September 30, 2011, 35% and 70% on January 31, 2012 for exempt and non-exempt employees, respectively, and 35% on January 31, 2013 for exempt employees. At August 31, 2012, the accrued liability for the 2011 retirement incentive plan is \$500,970.

All eligible employees who elected the 2012 retirement incentive plan will receive 80% of one times their annual salary, with 30% to be disbursed on September 28, 2012, 35% and 70% on January 31, 2013 for exempt and non-exempt employees, respectively, and 35% on January 31, 2014 for exempt employees. At August 31, 2012, the accrued liability for the 2012 retirement incentive plan is \$1,838,234.

Note 23 – Commitments and Contingencies

Facilities

The College completed construction on the \$11.8 million Fine Arts/Drama project in August 2012, which was the first part of the \$25.5 million Revenue Bond project approved in 2008. The Music project is the second phase of this project and construction commenced in the fall of 2012. The College will initiate a new Facilities Master Plan in 2012, creating 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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Note 23 – Commitments and Contingencies (Continued)

Teacher Retirement System

Texas Constitutional article 16, section 67(b)(3) provides that the State of Texas must contribute “not less than six percent nor more than ten percent of the aggregate compensation paid to individuals participating in the system,” referring to the State’s Teacher Retirement System (TRS), including the related faculty Optional Retirement Program(ORP). During the 2011 legislative session, the Texas Legislature appropriated retirement funds for various types of educational institutions other than community and junior colleges in satisfaction of this requirement, but the community college appropriations restricted the State’s contribution to TRS/ORP on behalf of community colleges to only six percent of each district’s unrestricted general revenue appropriation for each year of the biennium state budget.

There is no pending litigation concerning this issue to construe the constitutional funding requirements; or to hold that the State biennium appropriations satisfy those requirements; or to attempt to collect any shortfall contributions from any community college district.

The college has calculated that as of August 31, 2012 the contribution that has not been paid to TRS on behalf of college employees is \$909,490.

Del Mar College
Schedule of Operating Revenues
Year Ended August 31, 2012 (With Memorandum Totals for the Year Ended August 31, 2011)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2012 Total</u>	<u>2011 Total</u>
Tuition:						
State Funded Credit Courses:						
In-District Resident Tuition	\$ 8,935,212	\$ -	\$ 8,935,212	\$ -	\$ 8,935,212	\$ 7,855,611
Out-of-District Resident Tuition	1,643,572	-	1,643,572	-	1,643,572	1,425,016
Non-Resident Tuition	629,362	-	629,362	-	629,362	588,428
TPEG - Credit (Set Aside) *	645,693	-	645,693	-	645,693	592,568
State-Funded Continuing Education	342,666	-	342,666	-	342,666	496,009
TPEG - Non-Credit (Set Aside) *	43,388	-	43,388	-	43,388	52,912
Non-State Funded Educational Programs	836,104	-	836,104	-	836,104	761,700
Total Tuition	13,075,997	-	13,075,997	-	13,075,997	11,772,244
Fees:						
Building Use Fee	2,776,995	-	2,776,995	-	2,776,995	2,909,195
General Fee	7,258,689	-	7,258,689	-	7,258,689	7,337,247
Student Service Fee	-	-	-	211,875	211,875	225,253
Out-of-District Fee	1,914,204	-	1,914,204	-	1,914,204	1,982,693
Class Repeat Fee	265,433	-	265,433	-	265,433	249,461
Dual Credit Fee	405,905	-	405,905	-	405,905	300,471
Non-Instructional Contract Training Fees	220,743	-	220,743	-	220,743	241,500
Laboratory Fees	528,089	-	528,089	-	528,089	569,798
Total Fees	13,370,058	-	13,370,058	211,875	13,581,933	13,815,618
Scholarship Allowances and Discounts:						
Bad Debt Allowance	(403,736)	-	(403,736)	-	(403,736)	(262,984)
Remissions and Exemptions - State	(2,359,548)	-	(2,359,548)	-	(2,359,548)	(1,870,775)
Remissions and Exemptions - Local	(1,358,410)	-	(1,358,410)	-	(1,358,410)	(1,359,331)
Title IV Federal Grants	(6,133,904)	-	(6,133,904)	-	(6,133,904)	(10,870,451)
Other Federal Grants	(1,185,540)	-	(1,185,540)	-	(1,185,540)	(1,128,480)
TPEG Awards	(193,740)	-	(193,740)	-	(193,740)	(144,570)
Other State Grants	(148,140)	-	(148,140)	-	(148,140)	(101,629)
Total Scholarship Allowances	(11,783,018)	-	(11,783,018)	-	(11,783,018)	(15,738,220)
Total Net Tuition and Fees	14,663,037	-	14,663,037	211,875	14,874,912	9,849,642
Additional operating revenues:						
Federal Grants and Contracts	-	3,657,769	3,657,769	-	3,657,769	4,049,813
State Grants and Contracts	-	1,480,295	1,480,295	-	1,480,295	1,996,563
Local Grants and Contracts	-	1,779,174	1,779,174	-	1,779,174	534,974
General Operating Revenues	1,233,891	-	1,233,891	-	1,233,891	1,089,147
Total Additional Operating Revenues	1,233,891	6,917,238	8,151,129	-	8,151,129	7,670,497
Auxiliary Enterprises:						
Bookstore	-	-	-	81,366	81,366	51,250
Food Service	-	-	-	703,085	703,085	667,266
Vending	-	-	-	101,060	101,060	110,506
Rents	-	-	-	302,456	302,456	272,006
Childcare Center	-	-	-	275,116	275,116	260,662
Other	-	-	-	143,556	143,556	64,942
Total Net Auxiliary Enterprises	-	-	-	1,606,639	1,606,639	1,426,632
Total Operating Revenues	\$ 15,896,928	\$ 6,917,238	\$ 22,814,166	\$ 1,818,514	\$ 24,632,680	\$ 18,946,771
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$689,081 and \$645,480 for years August 31, 2012 and 2011, respectively, of tuition was set aside for Texas Public Education Grants (TPEG).

Del Mar College
Schedule of Operating Expenses by Object
Year Ended August 31, 2012 (With Memorandum Totals for the Year Ended August 31, 2011)

	Operating Expenses				2012 Total	2011 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 24,747,185	\$ -	\$ 6,058,267	\$ 1,177,004	\$ 31,982,456	\$ 32,076,945
Public Service	21,013	-	1,747	1,496	24,256	96,301
Academic Support	2,898,870	-	817,876	776,605	4,493,351	5,248,090
Student Services	2,667,280	-	829,871	887,057	4,384,208	4,989,728
Institutional Support	6,518,948	-	1,932,038	6,194,172	14,645,158	14,162,449
Operation and Maintenance of Plant	726,699	-	265,907	6,646,362	7,638,968	9,053,028
Total Unrestricted Educational Activities	37,579,995	-	9,905,706	15,682,696	63,168,397	65,626,541
Restricted - Educational Activities						
Instruction	-	2,492,622	-	-	2,492,622	3,554,984
Public Service	-	719	-	-	719	880
Academic Support	-	336,508	-	-	336,508	604,112
Student Services	2,602,498	553,567	515,563	2,850,008	6,521,636	6,261,677
Institutional Support	-	794,920	-	-	794,920	1,177,716
Operation and Maintenance of Plant	-	109,405	-	-	109,405	432,845
Scholarships and Fellowships	12,075	634	1,541	5,740,915	5,755,165	10,616,294
Total Restricted Educational Activities	2,614,573	4,288,375	517,104	8,590,923	16,010,975	22,648,508
Total Educational Activities	40,194,568	4,288,375	10,422,810	24,273,619	79,179,372	88,275,049
Auxiliary Enterprises	574,783	-	-	946,512	1,521,295	1,303,387
Depreciation Expense - Buildings and other real estate improvements	-	-	-	3,237,977	3,237,977	3,150,103
Depreciation Expense - Equipment and furniture	-	-	-	2,356,798	2,356,798	2,518,861
Total Operating Expenses	\$ 40,769,351	\$ 4,288,375	\$ 10,422,810	\$ 30,814,906	\$ 86,295,442	\$ 95,247,400
					(Exhibit 2)	(Exhibit 2)

Del Mar College
Schedule of Non-Operating Revenues and Expenses
Year Ended August 31, 2012 (With Memorandum Totals for the Year Ended August 31, 2011)

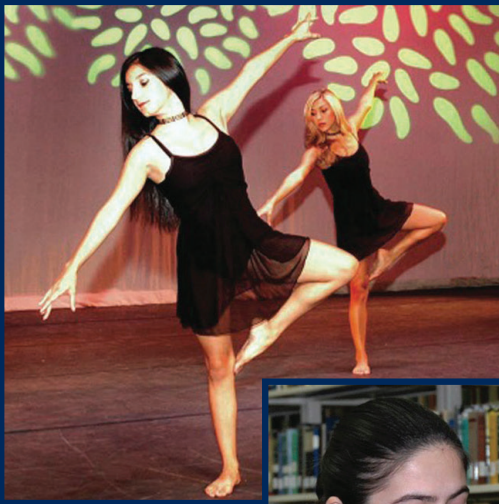
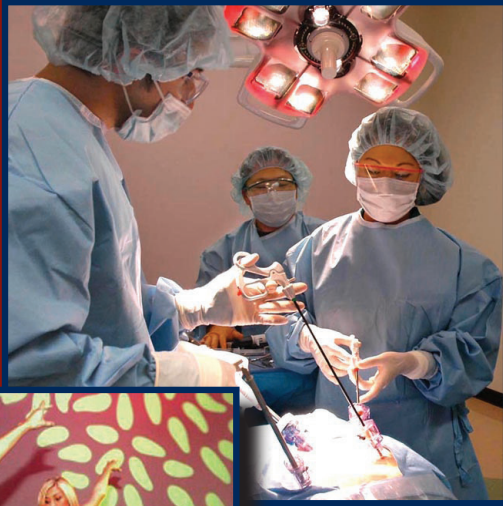
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2012 Total</u>	<u>2011 Total</u>
NON-OPERATING REVENUES:					
State Appropriations:					
Education and General State Support	\$ 16,640,354	\$ -	\$ -	\$ 16,640,354	\$ 17,266,921
State Group Insurance	-	2,365,710	-	2,365,710	4,236,131
State Retirement Matching	-	1,922,665	-	1,922,665	2,387,294
Total State Appropriations	16,640,354	4,288,375	-	20,928,729	23,890,346
Maintenance Ad Valorem Taxes	35,581,594	-	-	35,581,594	33,966,441
Debt Service Ad Valorem Taxes	-	8,939,543	-	8,939,543	9,800,687
Federal Revenue, Non Operating	-	13,113,471	-	13,113,471	21,317,348
Gifts	60,517	-	-	60,517	39,748
Investment Income	347,282	-	-	347,282	490,659
Other Non-Operating Revenue	155,367	-	-	155,367	139,255
Total Non-Operating Revenues	52,785,114	26,341,389	-	79,126,503	89,644,484
NON-OPERATING EXPENSES:					
Interest on Capital Related Debt	4,570,120	-	-	4,570,120	5,876,467
Loss on Disposal of Capital Assets	100,187	-	-	100,187	31,752
Other Non-Operating Expense	1,450	-	-	1,450	1,450
Total Non-Operating Expenses	4,671,757	-	-	4,671,757	5,909,669
Net Non-Operating Revenues	\$ 48,113,357	\$ 26,341,389	\$ -	\$ 74,454,746	\$ 83,734,815
				(Exhibit 2)	(Exhibit 2)

Del Mar College
Schedule Of Net Assets by Source and Availability
Year Ended August 31, 2012 (With Memorandum Totals for the Year Ended August 31, 2011)

	Detail by Source				Available for	
	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Current Operations	
	Unrestricted	Expendable			Yes	No
Current:						
Unrestricted	\$ 20,166,379	\$ -	\$ -	\$ 20,166,379	\$ 20,166,379	\$ -
Restricted	-	-	-	-	-	-
Auxiliary enterprises	(166,379)	-	-	(166,379)	(166,379)	-
Loan	-	321,945	-	321,945	-	321,945
Endowment:						
Quasi:						
Unrestricted	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Endowment						
True	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-
Annuities	-	-	-	-	-	-
Plant:						
Unexpended	4,779,198	1,469,112	-	6,248,310	-	6,248,310
Renewals	-	-	-	-	-	-
Debt Service	-	10,141,852	-	10,141,852	-	10,141,852
Investment in Plant	-	-	60,565,482	60,565,482	-	60,565,482
Total Net Assets, August 31, 2012	\$ 24,779,198	\$ 11,932,909	\$ 60,565,482	\$ 97,277,589	\$ 20,000,000	\$ 77,277,589
				(Exhibit 1)		
Total Net Assets, August 31, 2011	17,241,514	10,329,941	56,854,150	84,425,605	17,241,514	67,184,091
				(Exhibit 1)		
Net Increase in Net Assets	\$ 7,537,684	\$ 1,602,968	\$ 3,711,332	\$ 12,851,984	\$ 2,758,486	\$ 10,093,498
				(Exhibit 2)		



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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>	80-84, 101-102
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>	85-90, 103-105
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>	91-93, 106
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>	94-95
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>	96-100

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

Del Mar College
Statistical Supplement 1
Net Assets by Component
Fiscal Years 2003 to 2012
(unaudited)

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Invested in capital assets, net of related debt	\$ 60,566	\$ 56,854	\$ 55,454	\$ 49,010	\$ 45,374	\$ 43,079	\$ 41,662	\$ 41,134	\$ 36,643	\$ 40,606
Restricted - expendable	11,933	10,330	5,721	5,340	5,455	5,135	2,922	2,210	3,828	2,609
Unrestricted	24,779	17,242	15,655	16,382	14,655	18,531	15,691	13,471	11,912	5,622
Total primary government net assets	\$ 97,278	\$ 84,426	\$ 76,830	\$ 70,732	\$ 65,484	\$ 66,745	\$ 60,275	\$ 56,815	\$ 52,383	\$ 48,837

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 2
Revenues by Source
Fiscal Years 2003 to 2012
(unaudited)

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Tuition and Fees (Net of Discounts)	\$ 14,875	\$ 9,850	\$ 9,561	\$ 11,980	\$ 14,031	\$ 13,905	\$ 12,385	\$ 10,396	\$ 9,751	\$ 7,293
Governmental Grants and Contracts										
Federal Grants and Contracts	3,658	4,050	4,608	4,148	3,359	18,457	19,179	19,683	20,450	14,976
State Grants and Contracts	1,480	1,997	1,825	2,358	1,689	1,140	1,099	911	1,588	1,909
Local Grants and Contracts	1,779	535	1,863	957	698	1,015	772	660	605	844
Auxiliary enterprises	1,607	1,426	1,276	1,471	1,213	1,307	1,172	920	806	615
General Operating Revenues	1,234	1,089	1,636	1,260	1,464	1,490	1,122	1,459	1,252	4,118
Total Operating Revenues	24,633	18,947	20,769	22,174	22,454	37,314	35,729	34,029	34,452	29,755
State Appropriations	20,929	23,890	24,247	25,145	25,069	24,716	24,564	24,238	24,181	24,178
Maintenance Ad Valorem Taxes	35,581	33,966	35,059	32,550	29,428	26,600	24,567	23,271	21,996	21,653
Debt Service Ad Valorem Taxes	8,940	9,801	9,031	8,736	8,643	8,935	4,790	4,818	4,715	1,944
Federal Revenue, Non Operating	13,113	21,317	20,623	20,844	15,760	-	-	-	-	-
Gifts	61	40	55	216	104	140	96	-	-	63
Investment Income	347	491	464	802	1,985	3,634	3,498	2,065	811	313
Other Non-Operating Revenues	155	139	5	309	126	91	98	34	40	-
Total Non-Operating Revenues	79,126	89,644	89,484	88,602	81,115	64,116	57,613	54,426	51,743	48,151
Total Revenues	\$ 103,759	\$ 108,591	\$ 110,253	\$ 110,776	\$ 103,569	\$ 101,430	\$ 93,342	\$ 88,455	\$ 86,195	\$ 77,906

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 2 (Continued)
Revenues by Source
Fiscal Years 2002 to 2011
(unaudited)

For the Year Ended August 31,
(amounts expressed in percentage of total)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Tuition and fees (net of discounts)	14.34%	9.07%	8.67%	10.81%	13.55%	13.71%	13.27%	11.75%	11.31%	9.36%
Governmental grants and contracts										
Federal grants and contracts	3.53%	3.73%	4.18%	3.74%	3.24%	18.20%	20.55%	22.25%	23.73%	19.22%
State grants and contracts	1.43%	1.84%	1.66%	2.13%	1.63%	1.12%	1.18%	1.03%	1.84%	2.45%
Local grants and contracts	1.71%	0.49%	1.69%	0.86%	0.67%	1.00%	0.83%	0.75%	0.70%	1.08%
Auxiliary enterprises	1.55%	1.31%	1.16%	1.33%	1.17%	1.29%	1.26%	1.04%	0.94%	0.79%
General Operating Revenues	1.19%	1.00%	1.48%	1.14%	1.41%	1.47%	1.20%	1.65%	1.45%	5.29%
Total Operating Revenues	23.74%	17.45%	18.84%	20.02%	21.68%	36.79%	38.28%	38.47%	39.97%	38.19%
State Appropriations	20.17%	22.00%	21.99%	22.70%	24.21%	24.37%	26.32%	27.40%	28.05%	31.03%
Maintenance Ad Valorem Taxes	34.29%	31.28%	31.80%	29.38%	28.41%	26.22%	26.32%	26.31%	25.52%	27.79%
Debt Service Ad Valorem Taxes	8.62%	9.03%	8.19%	7.89%	8.35%	8.81%	5.13%	5.45%	5.47%	2.50%
Federal Revenue, Non Operating	12.64%	19.63%	18.71%	18.82%	15.22%	0.00%	0.00%	0.00%	0.00%	0.00%
Gifts	0.06%	0.04%	0.05%	0.19%	0.10%	0.14%	0.10%	0.00%	0.00%	0.08%
Investment Income	0.33%	0.45%	0.42%	0.72%	1.92%	3.58%	3.75%	2.33%	0.94%	0.40%
Other Non-Operating Revenues	0.15%	0.13%	0.00%	0.28%	0.12%	0.09%	0.10%	0.04%	0.05%	0.00%
Total Non-Operating Revenues	76.26%	82.55%	81.16%	79.98%	78.32%	63.21%	61.72%	61.53%	60.03%	61.81%
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 2003 to 2012
(unaudited)

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Instruction	\$ 34,475	\$ 35,632	\$ 35,082	\$ 33,919	\$ 35,832	\$ 34,004	\$ 31,712	\$ 30,269	\$ 27,640	\$ 25,407
Public service	25	97	37	30	35	36	20	62	101	349
Academic support	4,830	5,852	5,899	5,964	6,083	5,713	5,621	5,753	5,723	5,222
Student services	10,906	11,251	10,814	10,647	12,379	10,746	11,354	9,944	10,069	10,809
Institutional support	15,440	15,340	14,511	14,153	14,497	12,356	10,653	10,998	9,448	14,396
Operation and maintenance of plant	7,748	9,486	11,131	11,620	11,281	9,766	9,096	7,833	6,968	6,992
Scholarships and fellowships	5,755	10,616	13,505	15,559	10,970	10,136	10,560	11,093	12,603	12,826
Auxiliary enterprises	1,521	1,304	1,483	1,726	1,737	1,608	1,505	1,322	801	931
Depreciation	5,595	5,669	5,774	5,686	5,205	4,318	3,871	3,444	3,570	2,647
Total Operating Expenses	86,295	95,247	98,236	99,304	98,019	88,683	84,392	80,718	76,923	79,579
Interest on capital related debt	4,570	5,876	5,950	6,140	5,735	5,313	4,610	3,030	3,481	1,159
Other Non-Operating Expenses	102	34	19	87	1,077	1,023	1,185	668	244	155
Total Non-Operating Expenses	4,672	5,910	5,969	6,227	6,812	6,336	5,795	3,698	3,725	1,314
Total Expenses	\$ 90,967	\$ 101,157	\$ 104,205	\$ 105,531	\$ 104,831	\$ 95,019	\$ 90,187	\$ 84,416	\$ 80,648	\$ 80,893

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 3 (Continued)
Program Expenses by Function
Fiscal Years 2003 to 2012
(unaudited)

For the Year Ended August 31,
(amounts expressed in percentage of total)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Instruction	37.90%	35.22%	33.67%	32.14%	34.18%	35.79%	35.16%	35.86%	34.27%	31.41%
Public service	0.03%	0.10%	0.04%	0.03%	0.03%	0.04%	0.02%	0.07%	0.13%	0.43%
Academic support	5.31%	5.79%	5.66%	5.65%	5.80%	6.01%	6.23%	6.82%	7.10%	6.46%
Student services	11.99%	11.12%	10.38%	10.09%	11.81%	11.31%	12.59%	11.78%	12.49%	13.36%
Institutional support	16.97%	15.16%	13.93%	13.41%	13.83%	13.00%	11.81%	13.03%	11.72%	17.80%
Operation and maintenance of plant	8.52%	9.38%	10.68%	11.01%	10.76%	10.28%	10.09%	9.28%	8.64%	8.64%
Scholarships and fellowships	6.33%	10.49%	12.96%	14.74%	10.46%	10.67%	11.71%	13.14%	15.63%	15.86%
Auxiliary enterprises	1.67%	1.29%	1.42%	1.64%	1.66%	1.69%	1.67%	1.57%	0.99%	1.15%
Depreciation	6.15%	5.60%	5.54%	5.39%	4.97%	4.54%	4.29%	4.08%	4.43%	3.27%
Total Operating Expenses	94.86%	94.16%	94.27%	94.10%	93.50%	93.33%	93.57%	95.62%	95.38%	98.38%
Interest on capital related debt	5.02%	5.81%	5.71%	5.82%	5.47%	5.59%	5.11%	3.59%	4.32%	1.43%
Loss on disposal of fixed assets	0.11%	0.03%	0.02%	0.08%	1.03%	1.08%	1.31%	0.79%	0.30%	0.19%
Total Non-Operating Expenses	5.14%	5.84%	5.73%	5.90%	6.50%	6.67%	6.43%	4.38%	4.62%	1.62%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: College Annual Financial Reports.

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

Resident Fees per Semester Credit Hour (SCH)											
Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	Technology Fees	Student Activity Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District		
2011	\$ 0	\$ 51	\$ 101	\$ 34	\$ 75	\$ 1,095	\$ 1,695	10.72%	6.67%		
2010	0	43	93	34	65	989	1,589	13.29%	7.88%		
2009	0	38	88	30	57	873	1,473	1.39%	-28.53%		
2008	0	37	137	30	57	861	2,061	11.24%	4.41%		
2007	0	35	135	26	42	774	1,974	1.84%	0.71%		
2006	0	34	134	26	40	760	1,960	34.75%	73.76%		
2005	0	28	75	14	60	564	1,128	2.17%	1.08%		
2004	0	27	74	14	60	552	1,116	4.55%	10.71%		
2003	0	25	65	14	60	528	1,008	15.54%	33.16%		
2002	0	22	47	14	25	457	757				

Non - Resident Fees per Semester Credit Hour (SCH)											
Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fees	Student Activity Fees	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase/ (Decrease) from Prior Year Out of State	Increase/ (Decrease) from Prior Year International		
2011	\$ 0	\$ 138	\$ 138	\$ 34	\$ 75	\$ 2,139	\$ 2,139	11.58%	11.58%		
2010	0	130	130	34	65	2,033	2,033	6.05%	6.05%		
2009	0	125	125	30	57	1,917	1,917	-23.47%	-23.47%		
2008	0	174	174	30	57	2,505	2,505	3.60%	3.60%		
2007	0	172	172	26	42	2,418	2,418	0.58%	0.58%		
2006	0	171	171	26	40	2,404	2,404	57.74%	57.74%		
2005	0	108	108	14	60	1,524	1,524	0.79%	0.79%		
2004	0	107	107	14	60	1,512	1,512	7.69%	7.69%		
2003	0	98	98	14	60	1,404	1,404	21.77%	21.77%		
2002	0	80	80	14	25	1,153	1,153				

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

Source: College Annual Financial Reports.

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

(amounts expressed in thousands)				Direct Rate			
Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2011-12	\$ 21,081,166	\$ 3,605,685	\$ 17,475,481	82.90%	\$ 0.206200	\$ 0.051800	\$ 0.258000
2010-11	20,302,854	3,078,992	17,223,862	84.83%	0.200200	0.057800	0.258000
2009-10	19,544,899	1,696,049	17,848,850	91.32%	0.200200	0.051200	0.251400
2008-09	18,358,577	1,381,489	16,977,088	92.47%	0.190580	0.051200	0.241780
2007-08	15,870,047	1,771,553	14,098,494	88.84%	0.187090	0.055000	0.242090
2006-07	14,759,217	1,893,684	12,865,533	87.17%	0.190910	0.064810	0.255720
2005-06	13,165,297	1,204,073	11,961,224	90.85%	0.190910	0.037420	0.228330
2004-05	12,396,576	1,133,234	11,263,342	90.86%	0.193400	0.040370	0.233770
2003-04	11,959,427	1,383,498	10,575,929	88.43%	0.193400	0.042260	0.235660
2002-03	11,460,790	1,301,413	10,159,377	88.64%	0.201870	0.018010	0.219880

Source: Local Appraisal District.

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

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

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2011-12	\$ 20,929	8,295	\$ 2,523	3,287	1,801	5,088	\$ 4.11
2010-11	23,890	8,468	2,821	3,430	2,021	5,451	4.38
2009-10	24,247	8,398	2,887	3,403	2,103	5,506	4.40
2008-09	25,145	7,804	3,222	3,137	1,842	4,979	5.05
2007-08	25,069	7,629	3,286	3,083	1,671	4,754	5.27
2006-07	24,716	7,861	3,144	4,906	473	5,379	4.59
2005-06	24,564	8,390	2,928	5,085	427	5,512	4.46
2004-05	24,238	8,104	2,991	5,188	513	5,701	4.25
2003-04	25,785	8,124	3,174	5,110	551	5,661	4.55
2002-03	24,178	8,068	2,997	5,082	715	5,797	4.17

Notes:

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

(a) Source: Coordinating Board Management Report 001

(b) Source: Coordinating Board Management Report 00A

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

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)										
		2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Flint Hills Resources West LP	Petrochemical	\$ 791,276	\$ 826,955	\$ 826,955	\$ 859,954	\$ 847,381	\$ 752,296	\$ 745,378	\$ 675,463	\$ 667,475	\$ 642,727	
Valero Refining Texas LP	Petrochemical	674,643	810,563	810,563	854,928	846,719	532,007	296,757	285,339	273,441	197,345	
Citgo Refining/Chemical Co LP	Petrochemical	521,728	460,855	460,855	496,997	524,746	468,846	302,684	308,235	306,505	295,856	
Equistar Chemicals LP	Petrochemical	217,385	157,388	216,196	208,942	341,781	348,379	305,236	280,079	273,974	271,180	
Flint Hills Resources East LP	Petrochemical	163,746										
AEP Texas Central Company	Utility	115,054	162,087	133,276	143,160	138,095	137,460	198,957	210,153	212,173	-	
Corpus Christi Retail Venture LP	Retail	86,000	75,510	75,510	82,864	-	-	-	-	-	-	
Barney M Davis LP	Utility	84,296										
HE Butt Grocery Company	Grocery	78,986	74,869	72,761	70,958	58,878	72,942	-	65,291	65,056	65,827	
Corpus Christi Cogeneration LP	Utility	67,453	-	74,039	78,881	78,881	88,296	130,018	107,502	147,581	135,483	
Hoechst Cel - Plastics Division	Manufacturing	-	164,980	-	-	-	-	-	-	-	-	
EOG Resources	Petrochemical	-	110,501	110,501	-	-	-	-	-	-	-	
Apache Corporation	Petrochemical	-	76,205	-	-	-	-	-	-	-	-	
Markwest Energy Partners, LP	Utility	-	-	67,141	71,013	70,753	71,164	-	-	-	-	
Southwestern Bell Telephone	Utility	-	-	-	51,668	64,972	63,699	65,514	67,568	76,791	82,492	
Sabco Operating Company	Petrochemical	-	-	-	-	63,725	-	39,045	47,725	-	-	
Pioneer Drilling Co. Ltd.	Petrochemical	-	-	-	-	-	85,355	-	-	-	-	
La Palmera Mall	Retail	-	-	-	-	-	-	63,438	55,415	-	-	
El Paso Javelina Company	Petrochemical	-	-	-	-	-	-	42,883	-	45,673	47,825	
Columbia Bay Area Realty LTD	Real Estate	-	-	-	-	-	-	-	-	46,253	49,838	
Central Power & Light	Utility	-	-	-	-	-	-	-	-	-	219,700	
El Paso Merchant Energy	Utility	-	-	-	-	-	-	-	-	-	74,689	
Koch Refining Company	Petrochemical	-	-	-	-	-	-	-	-	-	-	
Coastal Javelina Company	Petrochemical	-	-	-	-	-	-	-	-	-	-	
Elementis Chromium	Manufacturing	-	-	-	-	-	-	-	-	-	-	
Totals		\$ 2,800,567	\$ 2,919,913	\$ 2,847,797	\$ 2,919,365	\$ 3,035,931	\$ 2,620,444	\$ 2,189,910	\$ 2,102,770	\$ 2,114,922	\$ 2,082,962	
Total Taxable Assessed Value		\$ 17,223,862	\$ 17,223,862	\$ 17,848,850	\$ 16,977,088	\$ 14,098,514	\$ 12,865,533	\$ 11,961,224	\$ 11,263,342	\$ 10,575,929	\$ 10,159,377	

Source: Local County Appraisal District

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

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Flint Hills Resources LP	Petrochemical	4.59%	4.80%	4.63%	5.07%	6.01%	5.85%	6.23%	6.00%	6.31%	6.33%
Valero Refining Texas LP	Petrochemical	3.92%	4.71%	4.54%	5.04%	6.01%	4.14%	2.48%	2.53%	2.59%	1.94%
Citgo Refining/Chemical Co LP	Petrochemical	3.03%	2.68%	2.58%	2.93%	3.72%	3.64%	2.53%	2.74%	2.90%	2.91%
Hoechst Cel - Plastics Division	Manufacturing	0.00%	0.96%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equistar Chemicals LP	Petrochemical	1.26%	0.91%	1.21%	1.23%	2.42%	2.71%	2.55%	2.49%	2.59%	2.67%
AEP Texas Central Company	Utility	0.67%	0.94%	0.75%	0.84%	0.98%	1.07%	1.66%	1.87%	2.01%	0.00%
EOG Resources	Petrochemical	0.00%	0.64%	0.62%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Apache Corporation	Petrochemical	0.00%	0.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Corpus Christi Retail Venture LP	Retail	0.50%	0.44%	0.42%	0.49%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
HE Butt Grocery Company	Grocery	0.46%	0.43%	0.41%	0.42%	0.42%	0.57%	0.00%	0.58%	0.62%	0.65%
Corpus Christi Cogeneration LP	Utility	0.39%	0.00%	0.41%	0.46%	0.56%	0.69%	1.09%	0.95%	1.40%	1.33%
Markwest Energy Partners, LP	Utility	0.00%	0.00%	0.38%	0.42%	0.50%	0.55%	0.00%	0.00%	0.00%	0.00%
Southwestern Bell Telephone	Utility	0.00%	0.00%	0.00%	0.30%	0.46%	0.50%	0.55%	0.60%	0.73%	0.81%
Sabco Operating Company	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.45%	0.00%	0.33%	0.42%	0.00%	0.00%
Pioneer Drilling Co. Ltd.	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.66%	0.00%	0.00%	0.00%	0.00%
La Palmera Mall	Retail	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.53%	0.49%	0.00%	0.00%
El Paso Javelina Company	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.36%	0.00%	0.43%	0.47%
Columbia Bay Area Realty LTD	Real Estate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.44%	0.49%
Central Power & Light	Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.16%
El Paso Merchant Energy	Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.74%
Koch Refining Company	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Coastal Javelina Company	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Elementis Chromium	Manufacturing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Totals		16.26%	16.95%	15.96%	17.20%	21.53%	20.37%	18.31%	18.67%	20.00%	20.50%

Source: Local County Appraisal District.

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

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (c+d+e)	Cumulative Collections of Adjusted Levy
2012	\$ 44,477	\$ (309)	\$ 44,168	\$ 43,139	97.67%	\$ -	\$ 911	\$ 44,050	99.73%
2011	43,545	(198)	43,347	42,217	97.39%	-	873	43,090	99.41%
2010	44,196	(243)	43,953	42,590	96.90%	-	868	43,458	98.87%
2009	41,484	(261)	41,223	39,244	95.20%	-	1,363	40,607	98.51%
2008	38,286	(264)	38,022	36,956	97.20%	-	679	37,635	98.98%
2007	35,535	(1)	35,534	34,541	97.21%	-	718	35,259	99.23%
2006	29,223	(32)	29,191	28,205	96.62%	-	773	28,978	99.27%
2005	28,028	(153)	27,875	26,954	96.70%	-	821	27,775	99.64%
2004	26,543	70	26,613	25,654	96.40%	-	713	26,367	99.08%
2003	23,254	175	23,429	22,698	96.88%	-	675	23,373	99.76%

Source: Local Tax Assessor/Collector and District records.

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

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

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

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

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

Total Collections = C + D + E

Del Mar College
Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years
(unaudited)

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Bonded Debt										
General obligation bonds	\$ 80,415	\$ 86,120	\$ 90,825	\$ 95,270	\$ 99,440	\$ 103,305	\$ 105,360	\$ 56,160	\$ 58,235	\$ 60,025
Notes							-	-	-	-
Less: Funds restricted for debt service	(8,353)	(8,353)	(3,122)	(3,310)	(4,499)	(4,906)	(2,698)	(1,998)	(3,216)	(1,664)
Net general bonded debt	\$ 72,062	\$ 77,767	\$ 87,703	\$ 91,960	\$ 94,941	\$ 98,399	\$ 102,662	\$ 54,162	\$ 55,019	\$ 58,361
Other Debt										
Revenue bonds	\$ 27,200	\$ 28,985	\$ 30,715	\$ 32,120	\$ 33,150	\$ 8,355	\$ 9,015	\$ 9,650	\$ 9,825	\$ 10,345
Notes	-	-	-	-	-	155	482	795	1,098	1,289
Capital lease obligations	-	-	-	-	-	-	-	29	62	169
Total Outstanding Debt	\$ 99,262	\$ 106,752	\$ 118,418	\$ 124,080	\$ 128,091	\$ 106,909	\$ 112,159	\$ 64,636	\$ 66,004	\$ 70,164
General Bonded Debt Ratios										
Per Capita	\$ 211.65	\$ 240.73	\$ 292.34	\$ 306.53	\$ 316.47	\$ 328.00	\$ 342.21	\$ 180.54	\$ 183.40	\$ 194.54
Per FTSE	8,510	9,260	11,238	12,054	12,077	11,728	12,668	6,667	6,819	7,867
As a percentage of Taxable Assessed Value	0.42%	0.45%	0.49%	0.54%	0.67%	0.76%	0.86%	0.48%	0.52%	0.57%
Total Outstanding Debt Ratios										
Per Capita	\$ 291.54	\$ 330.45	\$ 394.73	\$ 413.60	\$ 426.97	\$ 356.36	\$ 373.86	\$ 215.45	\$ 220.01	\$ 233.88
Per FTSE	11,722	12,712	15,522	15,784	15,267	13,192	13,806	8,011	8,898	10,009
As a percentage of Taxable Assessed Value	0.58%	0.62%	0.70%	0.88%	1.00%	0.89%	1.00%	0.61%	0.65%	0.72%

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

Source: College Annual Financial Reports.

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

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Taxable Assessed Value	\$ 17,475,481	\$ 17,223,862	\$ 17,848,850	\$ 16,977,088	\$ 14,098,494	\$ 12,865,533	\$ 11,961,224	\$ 11,263,342	\$ 10,575,929	\$ 10,159,377
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	80,415	86,120	89,244	84,885	70,492	64,328	59,806	56,317	52,880	50,797
Less: Funds Restricted for Repayment of General Obligation Bonds	(5,286)	(5,286)	(2,239)	(3,310)	(4,499)	(4,906)	(2,698)	(1,998)	(3,216)	(1,664)
Total Net General Obligation Debt	75,129	80,834	87,005	81,575	65,993	59,422	57,108	54,319	49,664	49,133
Current Year Debt Service Requirements	8,978	9,120	9,031	8,899	8,763	8,512	4,528	4,815	6,333	3,545
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 66,151	\$ 71,714	\$ 77,974	\$ 72,676	\$ 57,230	\$ 50,910	\$ 52,580	\$ 49,504	\$ 43,331	\$ 45,588
Net Current Requirements as a % of Statutory Limit	4.59%	4.45%	7.61%	6.58%	6.05%	5.61%	3.06%	5.00%	5.89%	3.70%

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

Source: College Annual Financial Reports.

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

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)					Debt Service Requirements (\$000 omitted)			
	Tuition Fee	Building Use Fee	Matriculation Fee	Income Revenues	Total	Principal	Interest	Total	Coverage Ratio
2012	\$ 3,269	\$ 2,777	\$ 2,777	\$ 151	\$ 8,974	\$ 1,785	\$ 1,261	\$ 3,046	2.95
2011	2,943	2,909	2,909	171	8,932	1,730	1,320	3,050	2.93
2010	2,620	2,461	2,461	161	7,703	1,405	1,365	2,770	2.78
2009	2,376	2,209	2,209	320	7,114	1,030	1,398	2,428	2.93
2008	2,329	1,722	1,722	928	6,701	695	319	1,014	6.61
2007	2,317	1,768	1,768	1,677	7,530	660	350	1,010	7.46
2006	2,256	1,762	1,762	1,086	6,866	635	379	1,014	6.77
2005	2,086	1,639	1,639	503	5,867	555	493	1,048	5.60
2004	2,024	1,643	1,643	201	5,511	520	528	1,048	5.26
2003	1,499	1,633	1,735	234	5,101	490	561	1,051	4.85

Source: College Annual Financial Reports.

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

Calendar Year	District Population (a)	District Personal Income (thousands of dollars) (b)	District Personal Income Per Capita	District Unemployment Rate (c)
2011	343,281	\$ (d)	\$ (d)	7.9%
2010	340,480	12,201,077	35,835	8.2%
2009	323,046	12,004,999	37,162	7.6%
2008	322,077	11,633,423	36,120	4.3%
2007	321,135	10,874,617	33,863	4.3%
2006	321,457	10,347,486	32,189	4.9%
2005	319,704	9,427,932	29,490	5.3%
2004	317,317	8,952,182	28,212	6.0%
2003	314,749	8,515,535	27,055	6.7%
2002	313,961	8,025,024	25,561	6.4%

Sources:

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

**Del Mar College
Statistical Supplement 13
Principal Employers
(unaudited)**

Employer	2011		2002 ¹	
	Number of Employees	Percentage of Total Employment ²	Number of Employees	Percentage of Total Employment
Corpus Christi Army Depot	5,800	2.90%	-	-
Corpus Christi ISD	5,178	2.59%	-	-
CHRISTUS Spohn Health Systems	5,144	2.57%	-	-
H.E.B.	5,000	2.50%	-	-
City of Corpus Christi	3,171	1.59%	-	-
Corpus Christi Naval Air Station	2,827	1.41%	-	-
Bay, Ltd.	2,100	1.05%	-	-
Driscoll Children's Hospital	1,800	0.90%	-	-
Del Mar College	1,542	0.77%	-	-
Corpus Christi Medical Center	1,300	0.65%	-	-
Total	33,862	16.93%	-	-

Source:

Corpus Christi Regional Economic Development Corporation.

Note:

1. This institution previously did not present this schedule and chose to implement prospectively.
2. Percentage of Total Employment (2011 Corpus Christi Total Employment = 200,020)

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Faculty										
Full-Time	286	301	314	287	297	285	293	294	291	299
Part-Time	323	292	304	293	234	296	342	344	333	382
Total	609	593	618	580	531	581	635	638	624	681
Percent										
Full-Time	47.0%	50.8%	50.8%	49.5%	55.9%	49.1%	46.1%	46.1%	46.6%	43.9%
Part-Time	53.0%	49.2%	49.2%	50.5%	44.1%	50.9%	53.9%	53.9%	53.4%	56.1%
Staff and Administrators										
Full-Time	321	358	366	359	359	381	415	412	423	424
Part-Time	158	260	251	176	176	156	151	136	124	130
Total	479	618	617	535	535	537	566	548	547	554
Percent										
Full-Time	67.0%	57.9%	59.3%	67.1%	67.1%	70.9%	73.3%	75.2%	77.3%	76.5%
Part-Time	33.0%	42.1%	40.7%	32.9%	32.9%	29.1%	26.7%	24.8%	22.7%	23.5%
FTSE per Full-time Faculty	17.36	17.03	18.30	17.30	19.70	18.80	19.24	18.28	18.97	17.83
FTSE per Full-Time Staff Member	25.84	23.65	22.85	22.56	21.25	20.60	20.22	19.67	19.21	19.03
Average Annual Faculty Salary	\$56,203	\$56,047	\$55,608	\$56,529	\$56,394	\$55,773	\$58,863	\$50,825	\$48,847	\$48,262

Notes: Year 2012 is not yet available.

Source: College Statistical Profiles.

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

Student Classification	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	8,182	67.78%	7,207	58.90%	7,113	58.94%	6,893	60.95%	6,586	58.98%
31-60 hours	2,765	22.91%	2,043	16.70%	2,012	16.67%	3,766	33.30%	3,945	35.33%
> 60 hours	1124	9.31%	2986	24.40%	2944	24.39%	651	5.76%	636	5.70%
Total	12,071	100.00%	12,236	100.00%	12,069	100.00%	11,310	100.00%	11,167	100.00%

Semester Hour Load	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1-3 semester hours	1,957	16.21%	1,815	14.83%	1,868	15.48%	1,806	15.97%	1,887	16.90%
4-6 semester hours	2,975	24.65%	2,983	24.38%	2,846	23.58%	2,642	23.36%	2,569	23.01%
7-9 Semester hours	2,642	21.89%	2,810	22.97%	2,733	22.64%	2,584	22.85%	2,527	22.63%
10-12 semester hours	2,851	23.62%	3,010	24.60%	2,869	23.77%	2,683	23.72%	2,678	23.98%
13-15 semester hours	1,400	11.60%	1,391	11.37%	1,517	12.57%	1,397	12.35%	1,337	11.97%
16 & over	246	2.04%	227	1.86%	236	1.96%	198	1.75%	169	1.51%
Total	12,071	100.00%	12,236	100.00%	12,069	100.00%	11,310	100.00%	11,167	100.00%

Average course load	8.3	8.3	8.6	8.3	8.2
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Tuition Status	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	10,094	83.62%	10,172	83.13%	10,352	85.77%	9,822	86.84%	9,851	88.22%
Texas Resident (out-of-District)	1,701	14.09%	1,737	14.20%	1,537	12.74%	1,333	11.79%	1,175	10.52%
Non-Resident Tuition	276	2.29%	327	2.67%	180	1.49%	155	1.37%	141	1.26%
Total	12,071	100.00%	12,236	100.00%	12,069	100.00%	11,310	100.00%	11,167	100.00%

Notes: Year 2012 is not yet available.

Source: College Statistical Profiles.

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

	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Female	6,951	57.58%	7,038	57.52%	7,078	58.65%	6,702	59.26%	6,707	60.06%
Male	5,120	42.42%	5,198	42.48%	4,991	41.35%	4,608	40.74%	4,460	39.94%
Total	12,071	100.00%	12,236	100.00%	12,069	100.00%	11,310	100.00%	11,167	100.00%

	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Ethnic Origin										
Hispanic	6,637	54.98%	7,254	59.28%	7,155	59.28%	6,534	57.77%	6,335	56.73%
White, non-Hispanic	3,600	29.82%	3,838	31.37%	3,786	31.37%	3,634	32.13%	3,808	34.10%
Black, non-Hispanic	448	3.71%	365	2.98%	360	2.98%	342	3.02%	307	2.75%
Asian/Pacific Islander	259	2.15%	246	2.01%	243	2.01%	219	1.94%	191	1.71%
Indian/Alaskan Native	150	1.24%	38	0.31%	37	0.31%	24	0.21%	25	0.22%
Unknown	977	8.09%	495	4.05%	488	4.04%	557	4.92%	501	4.49%
Total	12,071	100.00%	12,236	100.00%	12,069	100.00%	11,310	100.00%	11,167	100.00%

	Fall 2011		Fall 2010		Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Age										
Under 20	3,318	27.49%	3,266	26.69%	4,526	37.50%	3,233	28.59%	2,979	26.68%
20 -24	3,963	32.83%	3,985	32.57%	4,743	39.30%	3,818	33.76%	3,922	35.12%
25 - 29	1,832	15.18%	1,936	15.82%	1,075	8.91%	1,723	15.23%	1,702	15.24%
30 - 34	1,159	9.60%	1,227	10.03%	658	5.45%	931	8.23%	944	8.45%
35 - 39	658	5.45%	706	5.77%	424	3.51%	615	5.44%	588	5.27%
40 - 44	495	4.10%	458	3.74%	323	2.68%	392	3.47%	445	3.98%
45 - 49	311	2.58%	328	2.68%	44	0.36%	288	2.55%	283	2.53%
50 & over	335	2.78%	330	2.70%	276	2.29%	310	2.74%	304	2.72%
Total	12,071	100.00%	12,236	100.00%	12,069	100.00%	11,310	100.00%	11,167	100.00%

Average Age	25.6	25.7	24.5	25.3	25.5
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Notes: Year 2012 is not yet available.

Source: College Statistical Profiles.

Del Mar College
Statistical Supplement 17
Transfers to Senior Institutions
Academic Year 2010-11 Students as of Fall 2011
(Includes only public senior colleges in Texas)
(unaudited)

	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all Sample Transfer Students	Percent of all Sample Transfer Students
1 Texas A&M University - Corpus Christi	736	96	94	926	52.73%
2 Texas A&M University - Kingsville	139	16	9	164	9.34%
3 Texas A&M University	120	12	10	142	8.09%
4 The University of Texas at Austin	113	12	5	130	7.40%
5 The University of Texas at San Antonio	106	9	7	122	6.95%
6 Texas State University - San Marcos	82	3	8	93	5.30%
7 Texas Tech University	29	4	5	38	2.16%
8 University of Houston	17	4	1	22	1.25%
9 The University of Texas at Arlington	14	0	0	14	0.80%
10 University of North Texas	13	1	0	14	0.80%
11 Sam Houston State University	10	2	0	12	0.68%
12 The University of Texas - Pan American	8	2	1	11	0.63%
13 Stephen F. Austin State University	7	0	1	8	0.46%
14 Angelo State University	6	0	0	6	0.34%
15 Tarleton State University	5	1	1	7	0.40%
16 The University of Texas at Dallas	5	0	0	5	0.28%
17 Lamar University	4	0	2	6	0.34%
18 University of Houston - Victoria	4	0	1	5	0.28%
19 Texas A&M University - San Antonio	3	1	0	4	0.23%
20 Texas Woman's University	3	1	1	5	0.28%
21 The University of Texas at El Paso	3	0	0	3	0.17%
22 University of Houston - Clear Lake	3	0	0	3	0.17%
23 Texas A&M International University	2	1	0	3	0.17%
24 Midwestern State University	1	0	0	1	0.06%
25 Prairie View A&M University	1	1	0	2	0.11%
26 Texas A&M University - Central Texas	1	0	0	1	0.06%
27 Texas A&M University - Commerce	1	0	1	2	0.11%
28 Texas A&M University at Galveston	1	0	0	1	0.06%
29 Texas Southern University	1	0	0	1	0.06%
30 The University of Texas at Brownsville	1	0	0	1	0.06%
31 The University of Texas Medical Branch at Galveston	1	0	0	1	0.06%
32 The University of Texas of the Permian Basin	1	0	0	1	0.06%
33 University of Houston - Downtown	1	0	0	1	0.06%
34 West Texas A&M University	1	0	0	1	0.06%
	1443	166	147	1756	100.00%

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 2003 to 2012
(unaudited)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Academic buildings	34	34	34	37	37	37	28	33	33	33
Square footage (in thousands)	875	850	850	831	831	818	541	535	535	535
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	185	186	184	181
Administrative and support buildings	7	7	7	7	7	7	7	7	7	7
Square footage (in thousands)	237	237	237	169	169	169	162	162	162	162
Athletic Facilities	3	3	3	3	3	3	3	3	3	3
Square footage (in thousands)	60	60	60	44	44	44	44	44	44	44
Aquatic Center	1	1	1	1	1	1	1	1	1	1
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Tennis Court	1	1	1	1	1	1	1	1	1	1
Plant facilities	6	6	6	10	10	10	7	7	7	7
Square footage (in thousands)	70	70	70	33	33	33	30	30	30	30
Transportation										
Cars	8	8	9	7	7	7	7	8	6	a
Light Trucks/Vans	47	55	65	47	47	45	62	64	52	a
Buses	2	2	2	4	4	4	4	4	4	a

Source: Del Mar College Physical Facilities Building Report.

Del Mar College
Statistical Supplement 19
Changes in Net Assets
Fiscal Years 2003 to 2012
(unaudited)

For the Year Ended August 31

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating Revenues										
Tuition and Fees (net of discounts)	\$ 14,874,912	\$ 9,849,642	\$ 9,560,810	\$ 11,980,079	\$ 14,031,565	\$ 13,905,089	\$ 13,411,199	\$ 10,395,652	\$ 9,750,773	\$ 7,292,701
Federal Grants and Contracts	3,657,769	4,049,813	4,607,604	4,147,939	3,358,387	18,456,640	18,153,117	19,683,302	20,449,756	14,976,496
State Grants and Contracts	1,480,295	1,996,563	1,825,247	2,357,887	1,688,871	1,140,078	1,099,238	911,679	1,587,832	1,909,110
Local Grants and Contracts	1,779,174	534,974	1,863,118	957,000	698,364	1,014,997	771,956	660,003	604,677	844,179
Auxiliary Enterprises (net of discounts)	1,606,639	1,426,632	1,276,187	1,470,590	1,212,596	1,306,995	1,171,742	919,748	806,562	614,687
General Operating Revenues	1,233,891	1,089,147	1,635,755	1,260,209	1,464,530	1,490,562	1,121,597	1,458,985	1,252,234	4,117,692
Total Operating Revenues	24,632,680	18,946,771	20,768,721	22,173,704	22,454,313	37,314,361	35,728,849	34,029,369	34,451,834	29,754,865
Operating Expenses										
Instruction	34,475,078	35,631,929	35,082,047	33,919,124	35,832,617	34,003,862	32,745,851	30,269,491	27,640,497	25,406,404
Public Service	24,975	97,181	36,732	29,517	34,557	36,011	19,982	62,141	100,989	349,369
Academic Support	4,829,859	5,852,202	5,899,306	5,963,817	6,083,292	5,712,580	5,620,745	5,753,437	5,723,363	5,222,237
Student Services	10,905,844	11,251,405	10,813,948	10,646,463	12,379,196	10,745,709	10,320,417	9,943,875	10,068,865	10,808,501
Institutional Support	15,440,078	15,340,165	14,510,993	14,152,988	14,496,449	12,356,279	10,652,889	10,998,434	9,447,522	14,396,628
Operating and Maintenance of Plant	7,748,373	9,485,873	11,131,403	11,620,435	11,281,412	9,766,573	9,096,106	7,832,465	6,968,160	6,991,846
Scholarships and Fellowships	5,755,165	10,616,294	13,505,290	15,558,908	10,969,849	10,135,853	10,559,668	11,093,153	12,602,920	12,825,833
Auxiliary Enterprises	1,521,295	1,303,387	1,483,184	1,726,206	1,736,903	1,608,236	1,505,092	1,322,013	800,545	931,217
Depreciation	5,594,775	5,668,964	5,773,610	5,686,422	5,205,151	4,318,058	3,870,834	3,443,778	3,570,217	2,647,142
Total Operating Expenses	86,295,442	95,247,400	98,236,513	99,303,880	98,019,426	88,683,161	84,391,584	80,718,787	76,923,078	79,579,177
Operating Loss	\$ (61,662,762)	\$ (76,300,629)	\$ (77,467,792)	\$ (77,130,176)	\$ (75,565,113)	\$ (51,368,800)	\$ (48,662,735)	\$ (46,689,418)	\$ (42,471,244)	\$ (49,824,312)

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 19 (Continued)
Changes in Net Assets
Fiscal Years 2003 to 2012
(unaudited)

For the Year Ended August 31

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Non-Operating Revenues (Expenses)										
State Appropriations	\$ 20,928,729	\$ 23,890,346	\$ 24,246,822	\$ 25,144,870	\$ 25,068,833	\$ 24,716,104	\$ 24,563,653	\$ 24,237,720	\$ 24,180,847	\$ 24,177,700
Maintenance Ad Valorem Taxes	35,581,594	33,966,441	35,059,327	32,549,826	29,428,339	26,599,544	24,567,051	23,271,516	21,996,013	21,653,350
Debt Service Ad Valorem Taxes	8,939,543	9,800,687	9,030,586	8,736,321	8,643,443	8,935,245	4,790,230	4,818,056	4,715,347	1,943,456
Federal Revenue, Non Operating	13,113,471	21,317,348	20,623,178	20,843,726	15,759,669	-	-	-	-	-
Gifts	60,517	39,748	54,774	-	103,475	139,722	95,630	-	-	63,271
Gain (Loss) on Disposal of Capital Assets	(100,187)	(31,752)	(17,603)	(59,130)	(44,620)	(103,657)	57,334	49,765	(39,328)	(154,891)
Investment Income	347,282	490,659	464,529	802,257	1,985,159	3,634,229	3,497,573	2,064,436	810,621	313,242
Interest on Capital Related Debt	(4,570,120)	(5,876,467)	(5,949,619)	(6,139,629)	(5,735,106)	(5,312,822)	(4,609,924)	(3,030,375)	(3,481,483)	(1,158,983)
Contribution from Del Mar Foundation, Inc.	-	-	-	2,572	1,902	162,302	248,258	343,372	226,318	307,627
Other Non-Operating Revenues	155,367	139,255	4,534	309,453	125,872	90,886	98,020	34,000	39,609	-
Other Non-Operating Expenses	(1,450)	(1,450)	(1,150)	(28,118)	(1,033,002)	(1,022,701)	(1,184,959)	(667,933)	(204,163)	-
Net Non-Operating Revenues	74,454,746	83,734,815	83,515,378	82,162,148	74,303,964	57,838,852	52,122,866	51,120,557	48,243,781	47,144,772
Capital Contributions	60,000	161,319	50,381	216,497	-	-	-	-	-	-
Income Before Extraordinary Item	12,851,984	7,595,505	6,097,967	5,248,469	(1,261,149)	6,470,052	3,460,131	4,431,139	5,772,537	(2,679,540)
Other Expense										
Tornado Damage, net of insurance proceeds	-	-	-	-	-	-	-	-	-	(42,362)
Restatements	-	-	-	-	-	-	-	383,737	-	(2,610,435)
Increase (Decrease) in Net Assets	12,851,984	7,595,505	6,097,967	5,248,469	(1,261,149)	6,470,052	3,460,131	4,814,876	5,772,537	(5,332,337)
Net Assets										
Net Assets - Beginning of Year	84,425,605	76,830,100	70,732,133	65,483,664	66,744,813	60,274,761	56,814,630	51,999,754	46,227,217	51,559,554
Net Assets - End of Year	\$ 97,277,589	\$ 84,425,605	\$ 76,830,100	\$ 70,732,133	\$ 65,483,664	\$ 66,744,813	\$ 60,274,761	\$ 56,814,630	\$ 51,999,754	\$ 46,227,217

Source: College Annual Financial Reports.

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

Calendar Year	Current Operations	Debt Service	Total
2011	0.5000	0.5000	1.0000
2010	0.5000	0.5000	1.0000
2009	0.5000	0.5000	1.0000
2008	0.5000	0.5000	1.0000
2007	0.5000	0.5000	1.0000
2006	0.5000	0.5000	1.0000
2005	0.5000	0.5000	1.0000
2004	0.5000	0.5000	1.0000
2003	0.5000	0.5000	1.0000
2002	0.5000	0.5000	1.0000

Source: College Annual Financial Reports.

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

For the Year Ended August 31

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Del Mar Colleg District	0.258	0.258	0.258	0.242	0.242	0.256	0.228	0.234	0.236	0.200
Special Districts:										
Hospital District	0.162	0.162	0.162	0.145	0.145	0.161	0.175	0.225	0.228	0.228
Downtown Management District	0.370	0.370	0.370	0.370	0.370	0.000	0.370	0.500	0.500	0.500
Nueces County	0.351	0.351	0.351	0.356	0.356	0.370	0.404	0.429	0.385	0.366
Drainage District No. 2	0.400	0.318	0.310	0.385	0.377	0.382	0.363	0.426	0.475	0.419
Drainage District No. 3	0.189	0.189	0.897	0.890	0.190	0.180	0.180	0.180	0.180	0.160
South Texas Water Authority	0.062	0.062	0.062	0.056	0.057	0.055	0.055	0.055	0.055	0.115
Cities:										
Corpus Christi	0.571	0.571	0.582	0.564	0.564	0.602	0.626	0.634	0.644	0.644

Source: Nueces County Tax Office

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

For the Year Ended August 31

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
School Districts:										
Calallen ISD	1.359	1.328	1.299	1.277	1.100	1.430	1.599	1.599	1.599	1.595
Corpus Christi ISD	1.237	1.237	1.237	1.176	1.156	1.486	1.616	1.616	1.590	1.590
Flour Bluff ISD	1.071	1.072	1.070	1.070	1.070	1.387	1.526	1.526	1.526	1.526
London ISD	1.238	1.263	1.250	1.144	1.130	1.277	1.391	1.250	1.260	1.260
Port Aransas ISD	1.086	1.063	1.062	1.058	1.058	1.395	1.550	1.558	1.560	1.536
Tuloso Midway ISD	1.332	1.332	1.332	1.332	1.282	1.612	1.742	1.725	1.730	1.730
West Oso ISD	1.370	1.420	1.420	1.340	1.240	1.650	1.780	1.900	1.570	1.570
Fire Districts:										
Fire District No. 1	0.100	0.100	0.100	0.100	0.075	0.075	0.075	0.060	0.060	0.060
Fire District No. 2	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.022	0.022
Fire District No. 3	0.030	0.030	0.030	0.048	0.050	0.050	0.030	0.030	0.030	0.030
Fire District No. 4	0.100	0.100	0.100	0.100	0.088	0.088	0.088	0.088	0.069	0.058
Fire District No. 5	0.030	0.030	0.024	0.028	0.027	0.030	0.030	0.030	0.030	0.030
TOTAL:	11.342	11.282	11.942	11.707	10.603	12.512	13.854	14.091	13.749	13.639

Source: Nueces County Tax Office

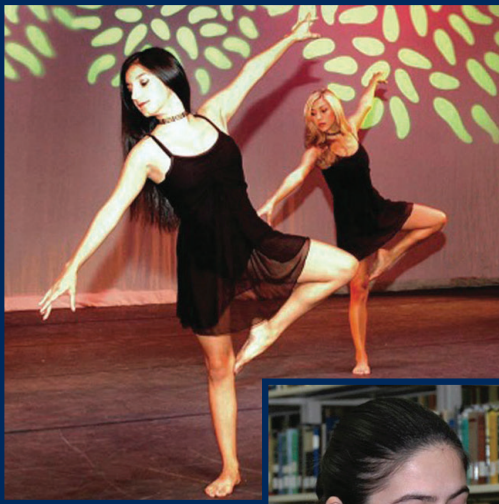
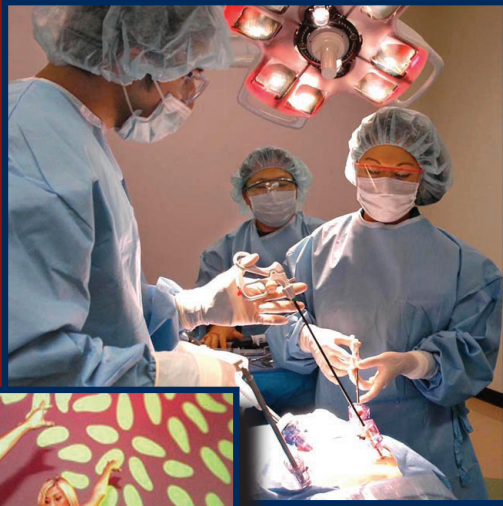
Del Mar College
Statistical Supplement 22
Computation of Direct and Overlapping Debt
August 31, 2012
(unaudited)

Bonded Debt of Individual Governmental Subdivisions:	Estimated Gross Debt	Percent Applicable	Applicable to Direct
Special Districts:			
Nueces County	\$ 117,055,765	100.00%	\$ 117,055,765
Nueces County Hospital District	5,230,000	100.00%	5,230,000
County-Line Special Districts:			
Nueces County Drainage District 2	357,494	100.00%	357,494
South Texas Water Authority	-	100.00%	-
City:			
Corpus Christi	259,678,623	100.00%	259,678,623
School Districts:			
Calallen ISD	44,871,821	100.00%	44,871,821
Corpus Christi ISD	334,849,914	100.00%	334,849,914
Flour Bluff ISD	4,340,000	100.00%	4,340,000
London ISD	9,374,620	100.00%	9,374,620
Port Aransas ISD	7,618,288	70.08%	5,338,896
Tuloso-Midway ISD	54,279,999	100.00%	54,279,999
West Oso ISD	32,668,434	100.00%	32,668,434
Sub-total direct and overlapping debt	870,324,958	99.74%	868,045,566
Del Mar College District	109,845,918	100.00%	109,845,918
Total direct and overlapping debt	\$ 980,170,876	99.77%	\$ 977,891,484

Source: Debt outstanding data provided by each entity



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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

November 30, 2012

Board of Regents
Del Mar College District
Corpus Christi, Texas

We have audited the accompanying basic 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, 2012 and 2011 and June 30, 2012 and 2011, respectively, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 30, 2011. 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 and the State of Texas, *Single Audit Circular*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Regents, management, others within the entity, federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

Collier, Johnson & Woods

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

November 30, 2012

Board of Regents
Del Mar College District
Corpus Christi, Texas

Compliance

We have audited the compliance of the Del Mar College District (the College) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the College's compliance with those requirements.

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 federal programs for the year ended August 31, 2012.

Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Regents, management, others within the entity, federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

Collier, Johnson & Woods

DEL MAR COLLEGE DISTRICT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2012

Section I:
Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unqualified
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:	Unqualified
Any audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No

Identification of Major Programs:

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	
84.042	TRIO Student Support Services
84.031	Title V - Higher Education Institutional Aid
U.S. Department of Labor	
17.282	TAACCCT – Trade Adjustment Assistance Community College and Career Training
U.S Department of Housing and Urban Development	
14.218	CDBG - Community Development Block Grants

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as low risk auditee:

Yes

Section II:

Findings - Financial Statement Audit

None reported.

Section III:

Findings and Questioned Costs – Major Federal Award Programs

None reported.

Section IV:

Prior Year Findings

None reported.

Del Mar College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2012

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Expenditures and Pass Through Disbursements
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
SEOG	84.007		\$ 160,325
Federal College Workstudy Program	84.033		255,784
Federal Pell Grant	84.063		11,904,541
Direct Student Loans	84.268		5,733,044
TRIO Student Support Services	84.042		244,129
Child Care Access	84.335		97,103
TITLE V - SSC	84.031		378,803
TITLE V - Celebrando Educacion	84.031		279,288
TITLE H S I	84.031		134,730
Realtime Writers/Captioning	84.116		37,071
Pass-Through From:			
Texas Education Agency:			
Adult Basic Education	84.002		691,983
Texas Higher Education Coordinating Board:			
Carl Perkins Vocational Education - Basic	84.048	124250	31,389
Carl Perkins Vocational Education - Leadership	84.048	121104	60,970
Carl Perkins - Other	84.048	124240	627,760
Total of U.S. Department of Education			\$ 20,636,920
U.S. Department of Defense			
Direct Program:			
Defense Logistics Agency			
Procurement Technical Assistance of Business Firms	12.002		\$ 139,742
National Science and Space Administration			
Direct Program:			
TexPrep	43.001		\$ 19,908
National Science Foundation			
Direct Program:			
SSTEM Future Forward	47.076		\$ 141,287
Pass-Through From:			
Texas A & M College Station:			
SUCCESS	47.076	38940	109,671
NGT Center	47.076	A2670	589,569
Dream IT	47.076	B4730	69,728
Total National Science Foundation			\$ 910,255

Del Mar College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2012

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Expenditures and Pass Through Disbursements</u>
U. S. Small Business Administration			
Pass-Through From:			
University of Texas at San Antonio			
Small Business Development Center	59.037	1-603001	\$ 107,318
Small Business Administration	59.006	Z0155-DMC	24,881
Small Business Development Center - PRIME	59.050		124,778
Small Business Development Center - Jobs Act	59.037		9,663
Total Small Business Administration			\$ 266,640
U.S. Department of Labor			
Pass-Through From:			
Collin County Community College:			
TAACCCT	17.282	217804	117,590
Texas Workforce Commission:			
WIA/JATC	17.260	2212ATP001	94,716
Total U. S. Department of Labor			\$ 212,306
U.S. Department of Agriculture			
Direct Program:			
STELLAR	10.223		\$ 49,942
Food Program	10.558		47,255
Pass-Through From:			
Houston Community College System:			
Café con Leche	10.223		20,178
Pass-Through From:			
Texas A & M University Kingsville:			
USDA STEP UP	10.223	12-0107	32,123
Total U. S. Department of Agriculture			\$ 149,498
U.S. Department of Housing and Urban Development			
Pass-Through From:			
City of Corpus Christi:			
CITY CDBG GRANT	14.218		\$ 169,015
Total Federal Financial Assistance			\$ 22,504,284

Del Mar College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2012

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts revenue - per Schedule A	\$ 3,657,769
Add: Non-Operating Federal Revenue from Schedule C	13,113,471
Total Federal Revenues per Schedule of Revenues, Expenses and Changes in Net Assets	\$ <u>16,771,240</u>

Reconciling Item:

Add: Funds Passed through to others	\$ -
Add: Direct Student Loans	5,733,044
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$ <u><u>22,504,284</u></u>

Note 2: Significant Accounting Policies used in Preparing the Schedule

The accompanying schedule is presented using the accrual basis of accounting. The expenditures included in the schedule are reported for the college's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended by the college for the purpose of the award. The expenditures reported above may not have been reimbursed by the funding agency as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The college has followed all applicable guidelines issued by various entities in the preparation of the schedule.

Note 3: Expenditures Not Subject to Federal Single Audit

None

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

None

Note 5: Nonmonetary federal assistance received

The amount of \$209,700 (FMV) was passed through to Del Mar College by US General Services Administration of Federal Surplus Personal Property Program (CFDA #39.003).

Note 6: Amounts Passed Through by the College

None



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

November 30, 2012

Board of Regents
Del Mar College District
Corpus Christi, Texas

Compliance

We have audited the compliance of the Del Mar College District 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 its major State programs for the year ended August 31, 2012. The College's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of Texas Single Audit Circular issued by the Governor's Office of Budget and Planning. Those standards and the Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the College's compliance with those requirements.

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, 2012.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *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 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 state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Regents, management, others within the entity, state awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

Collier, Johnson & Woods

DEL MAR COLLEGE DISTRICT

SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2012

Section I:
Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unqualified
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:	Unqualified
Any audit findings required to be reported in accordance with Section 510(a) of the State of Texas Single Audit Circular?	No

Identification of Major Programs:

Texas Higher Education Coordinating Board: Texas Grant Program	
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low risk auditee:	Yes

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, 2012

Grantor Agency/ Program Title	Grant Contract Number	Expenditures
Texas Higher Education Coordinating Board		
Texas College Work Study	22339	\$ 47,000
Texas Grant Program	13399	921,145
Nursing Shortage		39,528
Top 10% Scholarships		52,000
Texas Association of School Boards		
TASB Risk Management		2,500
Texas Workforce Commission		
Skills Development - Surgical Hospital	2211SDF000	18,146
Charley Wootan		
		97,029
University of Texas at San Antonio		
Small Business Development	11-603001-z-0049-25-dmc	205,512
SBDC Rural	11-603001-z-0049-25-dmc	97,435
Total State Financial Assistance		\$ <u>1,480,295</u>

See Notes to Schedule on Following Page

Del Mar College
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2012

Note 1: State Assistance Reconciliation

State Revenues - per Schedule A	
State Financial Assistance	
Per Schedule of expenditures of state awards	\$ 1,480,295
Total State Revenues per Schedule A	\$ <u>1,480,295</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 are reported 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.