

Del Mar College



Del Mar College historical photos selected from the 1940s 1960s.

Comprehensive Annual Financial Report Fiscal Year Ended August 31, 2015

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Comprehensive Annual Financial Report

Fiscal Year Ended August 31, 2015

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Front cover photo: In recognition of 80 Years of Del Mar College history, a variety of photos from editions of the Cruiser yearbook. Clockwise from top left: East Campus entrance in 1941, Nursing student ca. 1940s, Students on campus in 1939, Student with teacher in 1966, West Campus entrance (then called Del Mar Technical Institute) in 1960, construction of Memorial Classroom Building in 1942.

Del Mar College
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED AUGUST 31, 2015

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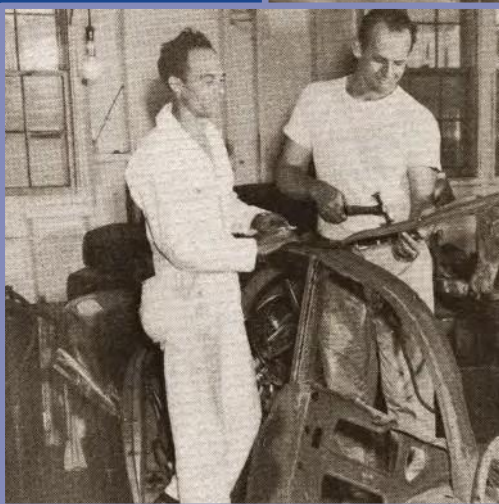
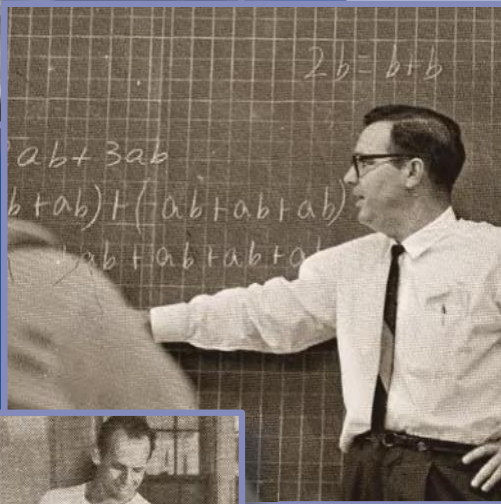
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Introductory Section



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Transmittal Letter

December 15, 2015

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, 2015 and 2014, is hereby submitted. Responsibility for both the accuracy of the data, fairness and the completeness of the presentation, including all disclosures, rests with the management of the College. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities, in relation to its mission, have been included.

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

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

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

Comprehensive Annual Financial Report

The Del Mar College District's Comprehensive Annual Financial Report, for the fiscal year ended August 31, 2015, was prepared by the Comptroller and the Budget Officer and Director of Accounting.

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 24,140 students each year in academic, career and technical and continuing education courses with 640 full-time faculty and staff. The College now offers courses on two campuses and three additional locations. The Del Mar College Center for Economic Development and the Northwest Center expand the reach of the College in meeting the needs of the broader community. The College opened an additional Center at the Corpus Christi International Airport to address the growing demand for skilled aviation technicians. This facility provides classrooms and a large hangar, to compliment the on-campus facility, enabling the program to offer more classes. In all, the College has combined assets and deferred outflow of resource of over \$254 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 reaffirmed the College's accreditation status with no recommendations or follow-up actions. The College's programs and courses are approved by the Texas Higher Education Coordinating Board and Texas Education Agency. The college is preparing the first Fifth-Year Interim Report that is due to SACS before September, 2016.

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

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

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

Core Values:

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

Guiding Principles:

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

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

Strategic Planning

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

During the spring of 2014 the Strategic Planning Advisory Committee and the Executive Team, under the leadership of the President, reviewed the goals and objectives, for the 2014-2015 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 seven goals and forty-two objectives are:

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

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

- **Objective 1.6 Retention:** Maximize student learning to improve retention.

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

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

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

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

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

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

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

- **Objective 5.1 Community Support:** Broaden community and corporate understanding of and support for the College.
- **Objective 5.2 Educational Needs:** Position the College to support initiatives that respond to educational needs.

- **Objective 5.3 Government:** Strengthen support from educational agencies and organizations, governmental bodies, and elected officials.
- **Objective 5.4 Communications:** Maximize the Del Mar College reputation for quality.
- **Objective 5.5 Governance:** Maintain shared governance within the College.

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

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

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

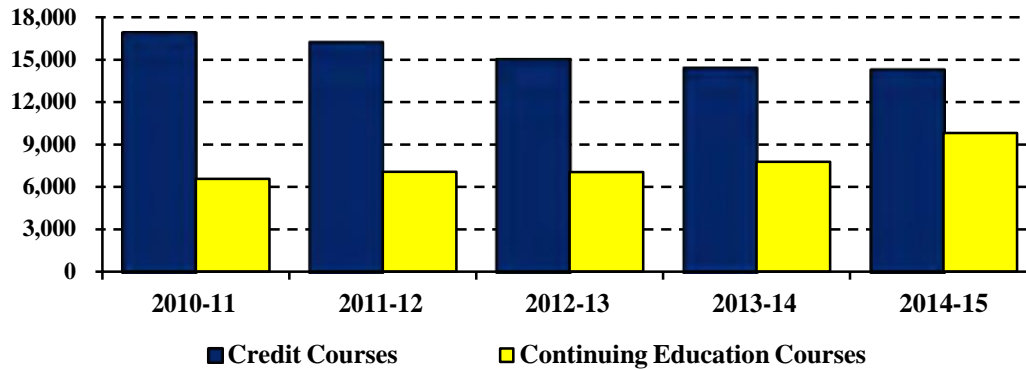
- **Objective 7.1 Financial Resources:** Expand financial resources to meet present and future needs.
- **Objective 7.2 Partnerships:** Strengthen public and private partnerships for resource development.
- **Objective 7.3 Grants:** Maximize grant opportunities.
- **Objective 7.4 Budgeting:** Increase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

Enrollment

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

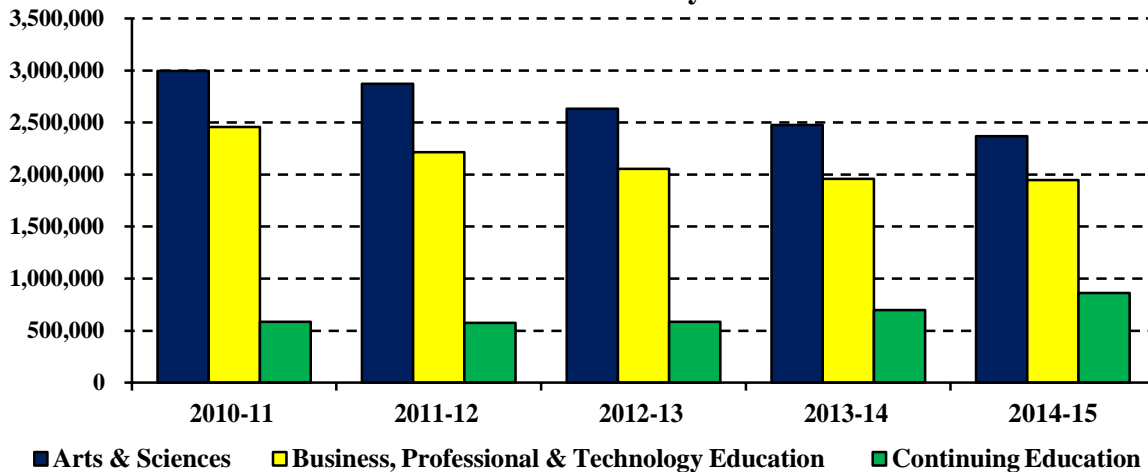
Annual Unduplicated Headcount	2010-11	2011-12	2012-13	2013-14	2014-15
Credit Courses	16,923	16,231	15,049	14,437	14,332
Continuing Education Courses	6,568	7,060	7,054	7,774	9,808
Grand Total	23,491	23,291	22,103	22,211	24,140

Annual Unduplicated Headcount



Annual Contact Hour Totals	2010-11	2011-12	2012-13	2013-14	2014-15
Credit Courses					
Arts & Sciences	2,995,584	2,873,328	2,634,304	2,477,168	2,368,768
Business, Professional & Technology Education	2,456,349	2,215,168	2,055,512	1,960,752	1,946,860
Total Credit Hours	5,451,933	5,088,496	4,689,816	4,437,920	4,315,628
Continuing Education Courses					
State-Reimbursable	302,851	317,063	318,802	453,965	475,512
TEA-Reimbursable	221,674	244,995	230,362	195,432	0
TWC-Reimbursable					325,480
Non-Reimbursable	60,234	12,646	36,473	48,072	59,406
Total Continuing Education Hours	584,759	574,704	585,637	697,469	860,398
Grand Total	6,036,692	5,663,200	5,275,453	5,135,389	5,176,026

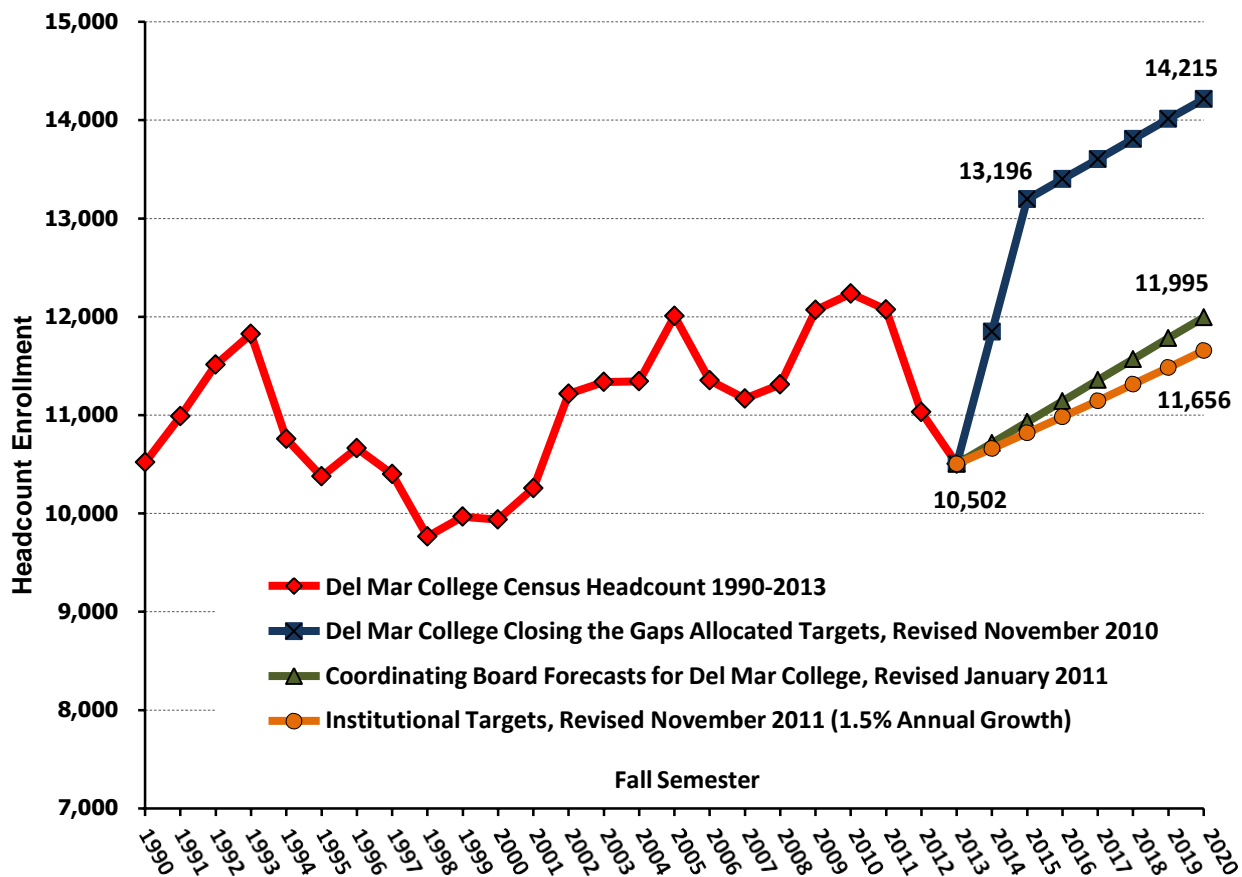
Annual Contact Hours by Division



Del Mar College has experienced growth in the past academic years and awarded 1,410 degrees and certificates during 2014-2015. 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 2015 headcount is 10,852 (Certified number from the 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**



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

Local Economy

The Corpus Christi Regional Economic Development Corporation reports in the **2015 Executive Briefing**, *Corpus Christi is strategically located on the Gulf of Mexico and is the eighth largest city in Texas. The city has a population of over 280,000 with a metropolitan population over 410,000. Energized by many positive factors, Corpus Christi's robust economy has gained tremendous momentum in recent years, creating a solid foundation for growth and prosperity in the 21st century. 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 Corpus Christi region offers many exceptional assets for business development. Corpus Christi is also a major trade gateway for Mexico and Latin America. The Port of Corpus Christi is the sixth largest port in the U.S. in terms of tonnage and soon will grow even more significant with the development of the La Quinta Container Terminal.

According to the *Aqua Book* published by the South Texas Economic Development Center in June 2015, the Coastal Bend region is undergoing a major economic transformation from primarily construction to a manufacturing related economy. Moreover, due to this transformation, more focus is being placed on San Patricio County as the epicenter for the Coastal Bend region's economic boom. Of the over 100 industrial projects or upstarts planned and/or in progress, the majority are capitalizing on the logistical advantages that the Port of Corpus Christi has in terms of processing and shipping oil, gas, iron, steel and plastic products manufactured. Together, the over 100 new industrial upstarts represent over \$30 billion in capital investment to the Corpus Christi/Coastal Bend region.

Furthermore, with all the new upstarts planned or in progress, an average of over 1,300 construction and craft workers per year will be required until at least the year 2017. A gross total of over 3,500 jobs (or 1.4 percent of the region's workforce) will be realized between 2014-2018.

During 2013, TPCO America Corporation began construction on a \$1.5 billion seamless steel pipe plant that generated up to 2,000 jobs during construction and 500 to 600 permanent manufacturing jobs. They began production of refinishing seamless pipe in early 2014. This is the largest direct investment by the Chinese government in a manufacturing facility in the United States. TPCO has begun its second phase of development which will result in additional jobs between 2015-2017. In 2014, Del Mar College provided the first stage of training for the initial new full-time employees. A Texas Skills Development Grant of over \$117,000 awarded to the College has provided continued training of the full-time employees. Similarly, construction at the Oxy Chemical plant in Ingleside has resulted in over 1,700 new construction jobs. The College received a \$1.3 million Texas Workforce Commission Skills Development grant in 2014 to provide workforce training for the contractor.

In May 2015, Cheniere Energy, Inc. received federal approval for the construction of a \$20B facility to export liquefied natural gas (LNG) from its facility near Gregory, TX (San Patricio County). Specifically, Cheniere Energy, Inc. will export LNG throughout the world markets. Other Port area industrial facilities include: M & G Resins (Italian Company), \$800M PET and PETA manufacturing facility, Voestalpine Group (Austrian Company), produce PET resin and Trafigura's (Switzerland Company) terminal and oil storage facility.

As of September 2015, the nation experienced an unemployment rate of 5.1%, the state of Texas 4.2%, and Corpus Christi at 4.6%. For comparative purposes, an unemployment rate of 5% is considered by economists as the benchmark for full employment.

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

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 - 2010 Report**

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 41-43.

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 \$215.8 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
- \$9,010,000 Limited Tax Refunding Bonds, Series 2013
- \$8,995,000 Limited Tax Refunding Bonds, Series 2014
- \$23,580,000 Limited Tax Refunding and Improvement Bonds, Series 2015

Of the General Obligation Outstanding Debt approximately 86% of principal will be amortized over the next 10 years and holds an underlying rating of AA+/Aa2/AA.

The College's bond ratings on the outstanding bonds are rated Aa2 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, refunding \$9,010,000 Limited Tax Bonds, Series 2006 in October of 2013, \$9,165,000 Limited Tax Bonds, Series 2006 in February 2014 and \$16,605,000 Limited Tax Bonds, Series 2006 in February 2015.. The College realized \$2,605,485, \$1,078,081, \$1,153,237 and \$1,842,364 present value savings respectively from these refunding issues. The College may benefit from additional savings through other advanced refunding opportunities as the market conditions and the existing bond debt is closely monitored. This type of suggestion will be considered as financial planning continues.

Tax levied rates and tax collections are included in the Notes to the Financial Statements on page 80.

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 auditor's report is located at the front of the financial section of the CAFR. It expresses an unqualified ("clean") opinion on Del Mar College's financial statements for the year ended August 31, 2015.

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

In July of 2014, the Board of Regents approved calling for a \$157 million bond proposal for capital improvement projects on the East and West Campus and for planning a future Southside expansion. The proposition was approved by the taxpayers during the November election with a 60% margin.

The College received three distinguished awards in 2014 from the Government Finance Officers Association (GFOA) following a peer review against national financial standards: the Comprehensive Annual Financial Report (CAFR) Certificate of Achievement for Excellence in Financial Reporting; the Popular Annual Financial Report (PAFR) Certificate of Achievement; and the Distinguished Budget Award.

The MD&A cites numerous examples of the decisions made by the Board of Regents related to the budget and financial management. Examples include board approval of the issuance of the 2015 Limited Tax Refunding and Improvements Bonds a portion of which was used to refund \$16.6 million of Limited Tax Bonds, Series 2006 which reduced debt service payments by \$1.8 million. Approval of a new training opportunity for students in the process and instrumentation technology field through the instructional development and construction of a "Pilot Plant" on the college's West Campus in partnership with city and industry leaders; maintaining tuition and fees charges at prior year levels to make access to education more affordable to students. Approved the hiring of external firm to perform internal audit functions by performing a thorough risk assessment of the college's processes and procedure to insure adequate internal controls are in place and make recommendations for increasing efficiency. 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 2015, \$2.9 million 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, 2015, the College had a total of \$65,240,415 in bank

deposits and investments. All of the College's funds were properly collateralized during the fiscal year.

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

Major Initiatives and Awards

In November 2014, the voters approved a bond issue of \$157 million for the Capital Improvement Plan which will provide academic core courses, workforce technology laboratories, developmental education, early college, dual credit, student support, and library services at each campus. Fire alarm/intrusion detection upgrades will be made to existing buildings on the East and West campuses, as well as to the Center for Economic Development. Both East and West campuses will undergo updates and enhancements to campus infrastructure along with new roofs for some of the existing buildings. East campus improvements include phase II of the Music building to provide technologically-enhanced classrooms; some major and partial renovations of existing buildings; demolition of the English building and Heritage Hall; and administrative functions relocation once the Heldenfels Administration building is repurposed as the Student Enrollment Center. The West campus improvements include demolition of the General Purpose building; construction of General Academic and Corporate Training facilities; and the addition of an Information Technology Site. Additionally, the college will initiate master planning and site development of the Yorktown Expansion located on the Southside of Corpus Christi.

The College completed the *2009-2014 Strategic Plan Access to Excellence* and the supporting initiatives to accomplish the defined goals. A major accomplishment for the year was celebrated in May 2015 with the graduation of 678 students who received certificates and associate degrees of which 96 also earned their high school diplomas and graduated from the Collegiate High School. This further exemplified the positive relationship between College and the school districts, in its service area. The College community began the new strategic planning phase during the fall of 2013 and completed the ***Strategic Plan 2014-2019: Reach Forward. Deliver Excellence*** during the summer of 2014. This process involved numerous town-hall type meetings that solicited direction from all stakeholder groups. The completion of the 2009-2014 Strategic Plan and the preparation of the new 2014-2019 Strategic Plan were major accomplishments for 2013-2014. Implementation of the new Strategic Plan began during the 2014-2015 academic year and numerous strategies were addressed in support of the seven goals.

Student learning success became *Goal Number One* and was supported by the two-year persistence rate of First-Time In College students being reported higher than the state average for the College peer group as well as a higher percent of DMC students were employed and/or enrolled in a four-year institution the following fall. The College was also designated for the fourth consecutive year as a "*Military Friendly School*" by G.I. Jobs Magazine.

The Workforce and Corporate Services staff received Texas Workforce Commission grants and revenues of over \$3.9 million. These grants were to provide a skilled workforce for Industrial growth within the region. Area industrial construction companies continue to meet the growing

workforce demands due to the expansion of the petrochemical and processing industry. Additionally, the College was awarded \$1.4 million from the City of Corpus Christi Business and Job Development Corporation to build a model petrochemical pilot plant for process and instrumentation technology. This initiative was also supported with a \$250,000 commitment from Cheniere Energy and other industry partners such as Flint Hills Resources, DuPont, Citgo, and Valero Refinery, and will be completed by January 2016.

As a Hispanic Serving Institution (HSI) in the area of Science, Technology, Engineering and Math (STEM) the College received the Year 4 Award of \$827,522 to enhance and build capacity in the STEM fields. Because of these enhancements, advisors made significant contributions to enhance enrollment, retention, and transfer of students to four year institutions.

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

The College also continued to work with regional industry and business partners. A priority was supporting the educational attainment of the region through articulation agreements with Texas A & M University Corpus Christi and Texas A & M University Kingsville in academic and STEM programs.

Goal One - Student Learning Success:

- Annual unduplicated enrollment for credit and continuing education was 24,140.
- Granted 1,396 degrees and certificates during the academic calendar year 2014-2015.
- Awarded TWC two-year Adult Education and Literacy Grant for \$3,495,882 to help residents prepare for better lives and better wages.
- National Science Foundation “Student Award for Excellence” presented to Biotechnology majors Andrea Alfonso and Jaime Vulgamore for summer research work.
- The Information Technology – Geographic Information Systems (GIS) Essentials program graduated their fifth and final cohort including 12 certificate/badge recipients.
- Fall 2014 Del Mar College Regional Police Academy received a 100% pass rate on state testing and certifications.

Goal Two - Student Access and Support:

- Del Mar College TRiO Student Support Services and the American Association of University Women – Corpus Christi Chapter awarded five gift cards toward students’ academic and personal goals.
- Continued course offering through dual credit partnerships with area ISDs including technical and health care courses.

- Off Campus Programs continues “The Parent Academy: Ambassadors for Higher Education” to include West Oso High School. This program motivates parent involvement with their school-aged children’s preparation for college.
- Continued to support strong relationships through articulation agreements, dual credit programs, Collegiate High School and transfer processes with area school districts and universities.

Goal Three - Professional Initiatives:

- Carolyn Mauck awarded the 2014 Aileen Creighton Award for Teaching Excellence.
- Dr. Mark Escamilla selected as the recipient of the NCMPR Pace Setter of the Year Award for 2014.
- Dr. Mark Escamilla awarded the 2014 Community Advocate of the Year by the Corpus Christi Hispanic Chamber of Commerce.
- Dr. Mark Escamilla presented the Leaders Award by the Westside Business Association.
- Pete Salazar – the College’s Fire Inspector received the Corpus Christi Fire Department Fire Inspector of the Year Award, the department’s highest honor.

Goal Four - Technology:

- Del Mar College launched a mobile app name “VikingGo” allowing students access to events, social media, maps, calendars, directory, videos and photos.
- Del Mar College launched a new DMC Alert System which is powered through VikingGo. This includes a new feature called Viking Guardian that has three functionalities; a safety timer which allows users to assign a guardian to know where he/she is going within the Del Mar College Campus and what time he/she is expect to be home, an emergency function which provides a direct line to campus security or to call 911, and the ability to submit an anonymous tip.
- Information Technology department and Stone Writing Center collaborated to host “CANVAS on the Coast”, a two day conference for Texas Canvas Users Group made up of educators from K-12 school and colleges and universities across the state.

Goal Five – Advocacy:

- Dr. Mark Escamilla and several Del Mar College Board of Regents participated in ACCT Leadership Congress.
- Dr. Mark Escamilla attended the SACSCOC Annual Conference in Nashville, Tennessee and performed his role as a member of the Peer Review Advisory Board.

- Dr. Mark Escamilla and Board of Regents adopted federally mandated B9.1 Policy Prohibiting Sexual Violence.

Goal Six – Partnerships:

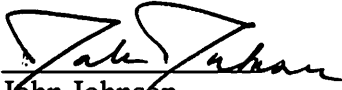
- Awarded \$409,800 TxDOT grant to help local contractors participate in construction work.
- Awarded \$1.4M grant from the Texas Workforce Commission for CB&I construction job training.
- Graduated the first class of the Electroplating Program at the Corpus Christi Army Depot. These students came through the electroplating program at Del Mar College (on site at CCAD) to become seven of the newest hires at the CCAD.
- Hosted a visit from Lieutenant General Wyche, a Del Mar College Alumni and 3-star General in the US Army over Materials Command.
- Dr. Mark Escamilla was selected as a Key Influencer Rider with the Blue Angels.

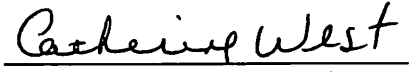
Goal Seven – Resources:

- Received \$1.5 million endowment to support library services at the White Library made possible by a remainder estate gift from Duane Sandlin.
- 2014 College Bond Program Election passed with 60% voter support.
- Del Mar College awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association (GFOA) of the United States and Canada.

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

Respectfully submitted,


John Johnson
Comptroller


Catherine West, CPA, Ed.D.
Budget Officer and Director of Accounting

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, First Vice Chair	2018	District 3
Susan Hutchinson, Second Vice Chair	2016	District 2
Dr. Nicholas L. Adame, Secretary	2020	At-Large
James B. (Jim) Boggs	2016	District 5
Sandra L. Messbarger	2018	At-Large
Gabriel Rivas III	2018	District 1
Carol A. Scott	2020	At-Large
Guy Leland Watts	2020	District 4

Administration

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



Government Finance Officers Association

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

Presented to

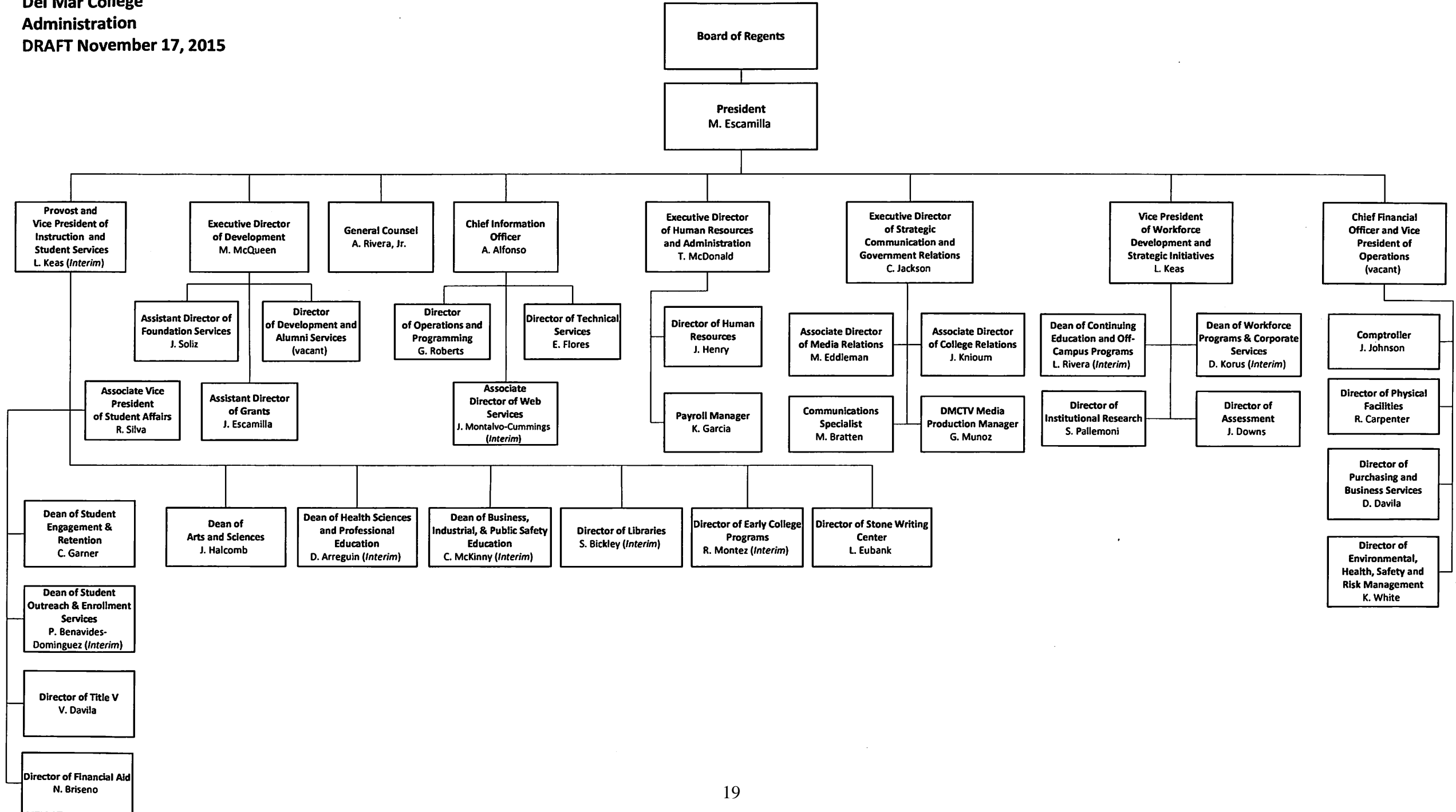
**Del Mar College
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2014

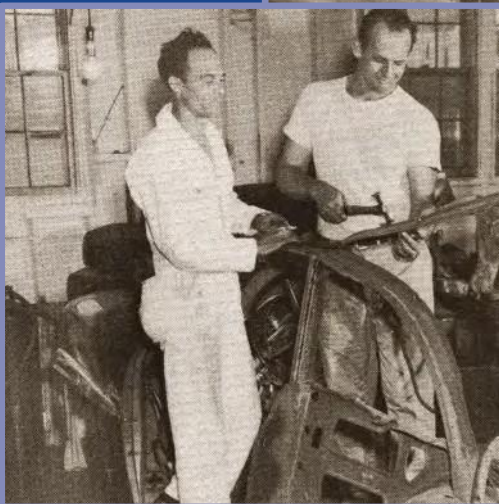
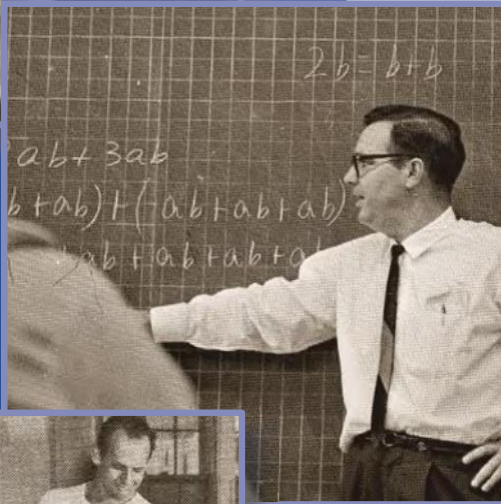
Executive Director/CEO

**Del Mar College
Administration
DRAFT November 17, 2015**



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Financial Section



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INDEPENDENT AUDITOR'S REPORT

December 15, 2015

Board of Regents
Del Mar College District
Corpus Christi, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the Del Mar College District (the College) and its discretely presented component unit, as of and for the years ended August 31, 2015 and 2014 and June 30, 2015 and 2014, respectively, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Del Mar College District and its discretely presented component unit, as of August 31, 2015 and 2014 and June 30, 2015 and 2014, 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.

Emphasis of Matter

As discussed in Note 2.T. to the financial statements, the College has implemented Governmental Accounting Standards Board Statements No. 68 and 71 effective September 1, 2014. These statements require governmental employers that participate in cost-sharing multiple-employer pension plans to record the employer's proportionate share of the pension liability of the plan as well as deferred inflows and outflows related to pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information on pages 27 through 44, and pages 87 and 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The introductory section, schedules required by the Texas Higher Education Coordinating Board, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. 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 schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State of Texas Single Audit Circular* issued by the Governor's Office of Budget and Planning and is not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Collier, Johnson & Woods

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DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2015

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, 2015 and 2014, and comparative information for the year ended August 31, 2013. Since this Management's Discussion and Analysis is designed to focus on current activities, resulting change and currently known facts, it should be read in conjunction with the transmittal letter, the College's Basic Financial Statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

Financial Section

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

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

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

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

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

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

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2015

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, 2015 and 2014. The discussion and analysis provides summary financial information reflected in the statements and therefore, should be read in conjunction with the accompanying financial statements and footnotes. The financial statement format consists of three primary statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. An accrual basis of accounting is employed. This means transactions are recorded as incurred rather than when cash changes hands. Each one of these statements will be discussed.

Financial Statements for the College's component unit, the Del Mar College Foundation (Foundation) are issued independent of the College. The Foundation's financial information for fiscal years 2015 and 2014 is shown on separate pages behind the College's basic financial statements. Refer to Note 20 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 2015 are as follows:

- Total assets and deferred outflows of resources of the College exceeded liabilities at the close of the fiscal year ending on August 31, 2015 by \$116.7 million. Of this amount, \$23.5 million (unrestricted net position) may be used to meet the College's ongoing obligations.
- At the end of the current fiscal year, there was a decrease in net position of \$1 million. Major items making up the decrease were: Cash, cash equivalents, and short term investments increased by \$8.9 million, largely the result of the timing of payments on items included in accounts payable which increased by \$5.2 million over the previous year; \$10.5 million reduction in net position which was the result of a cumulative effect of a change in accounting principle as required by GASB 68 to record the College's proportionate share of TRS's net pension liability.

Statement of Net Position

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

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2015

Statement of Net Position (Continued)

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

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

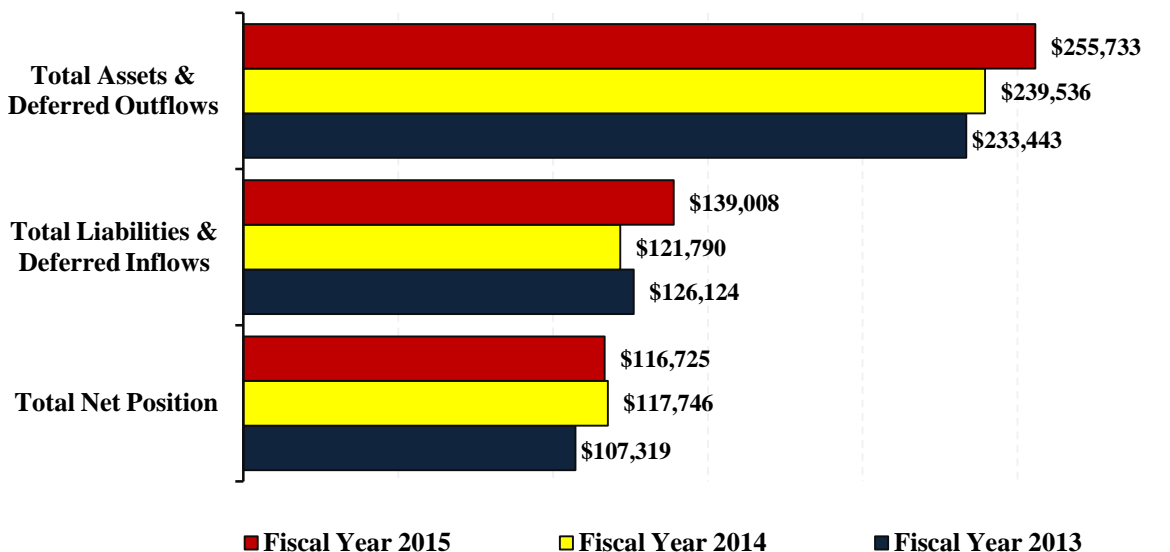
Net Position is divided into three major categories. The first category, the net investment in capital assets component, represents the College's equity in property, plant and equipment owned by the college. The next category is the restricted component of net position, which is divided into two categories,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

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2015

Statement of Net Position (Continued)

Statement of Net Position					
Comparison - Fiscal Year 2015, 2014 and 2013					
(In Thousands)					
	Fiscal Year	Fiscal Year	Fiscal Year	2015-2014	2014-2013
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>Variance</u>	<u>Variance</u>
Current Assets	\$ 61,512	\$ 56,245	\$ 52,719	\$ 5,267	\$ 3,526
Non-Current Assets:					
Capital Assets, Net					
of Depreciation	173,923	170,247	165,842	3,676	4,405
Other	15,962	10,152	12,329	5,810	(2,177)
Total Assets	251,397	236,644	230,890	14,753	5,754
Deferred Outflows	4,336	2,892	2,553	1,444	339
Total Assets & Deferred					
Outflows of Resources	255,733	239,536	233,443	16,197	6,093
Current Liabilities	31,968	26,336	23,734	5,632	2,602
Non-Current Liabilities	104,213	95,454	102,390	8,759	(6,936)
Total Liabilities	136,181	121,790	126,124	14,391	(4,334)
Deferred Outflows	2,827	=	=	2,827	=
Total Liabilities & Deferred					
Inflows of Resources	139,008	121,790	126,124	17,218	(4,334)
Net Position:					
Net Investment in Capital Assets	79,669	72,177	63,706	7,492	8,471
Restricted	13,546	13,669	11,945	(123)	1,724
Unrestricted	23,510	31,900	31,668	(8,390)	232
Total Net Position	<u>\$ 116,725</u>	<u>\$ 117,746</u>	<u>\$ 107,319</u>	<u>\$ (1,021)</u>	<u>\$ 10,427</u>

Statement of Net Position
Comparison - Fiscal Year 2015, 2014 and 2013
(in Thousands)



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2015

Statement of Net Position (continued)

2014-2015

- For fiscal year 2015, total assets and deferred outflows of resources increased by approximately \$16.2 million. Items having the largest impact on this change include, an increase in cash and investment of \$8.9 million, largely the result of \$8.4 million in bond proceeds received from the issuance of the Limited Tax Refunding Bonds, Series 2015. In addition, net capital assets increased by \$3.7, million largely due to construction costs incurred on the DMC/KEDT building expansion and the FEMA Dome projects, which are still in process. There was also a \$2.8 million increase in deferred outflows, the direct result of the recording of GASB 68 for pension costs.
- Total liabilities and deferred inflows increased by approximately \$17.2 million. The largest factor contributing to this was the recording of the College's proportionate share of the TRS's net pension liability of \$9.2 million. Another significant factor contributing to this was an increase in accounts payable of \$5.2 million due largely to construction costs for the DMC/KEDT and FEMA Dome projects, currently under way.

2013 – 2014

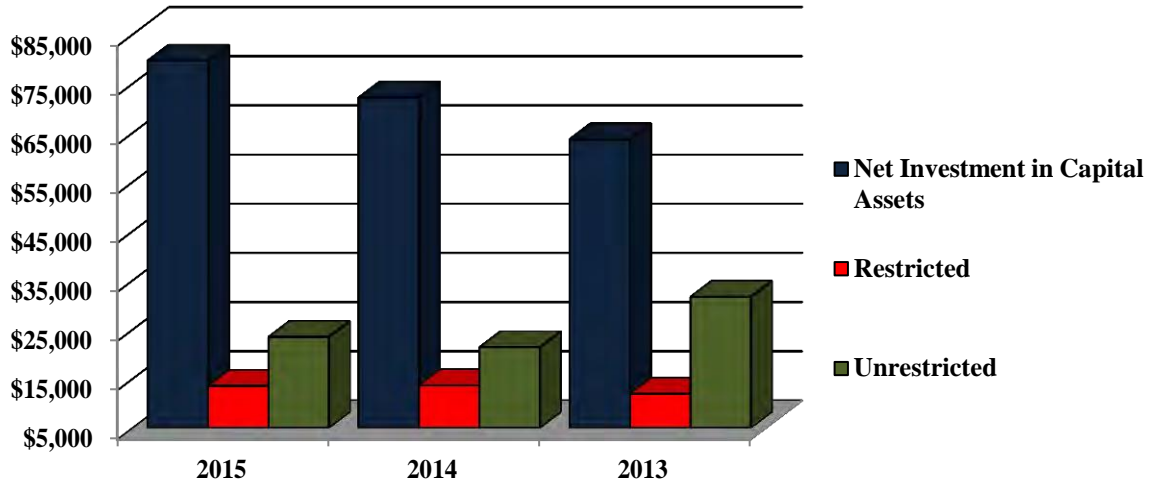
- For fiscal year 2014, total assets and deferred outflows of resources increased by approximately \$6.1 million. Items having the largest impact on this change include an increase in net capital assets of \$4.4 million, and an increase in accounts receivable of \$700 thousand. The increase in capital assets was mostly due to the purchase of property for \$6.6 million for a new campus to be constructed on the south side and for construction and renovation costs of \$1.3 for the Music facility. Accounts receivable increased largely due to expenditures billed to FEMA for the safe shelter building to be constructed on the West Campus of \$241 thousand and amounts expended and billed in August for the Title V grant of \$504 thousand.
- Total liabilities and deferred inflows decreased by approximately \$4.3 million. Factors contributing to this change were the reduction in bonded debt of approximately \$6.9 million; an increase of benefits accrued for an early retirement incentive program offered in 2014 of \$1.9 million; an increase in deferred revenues of \$1.5 million made up of a \$1 million construction participation advance from KEDT-TV and \$572 thousand in additional fall deferred tuition and fee revenues over the prior year.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2015

Statement of Net Position (continued)

The following is a graphic illustration of net position at August 31, 2015, 2014 and 2013:

Net Position
Comparison - Fiscal Year 2015, 2014 and 2013
(in Thousands)



Statement of Revenues, Expenses and Changes in Net Position

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

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

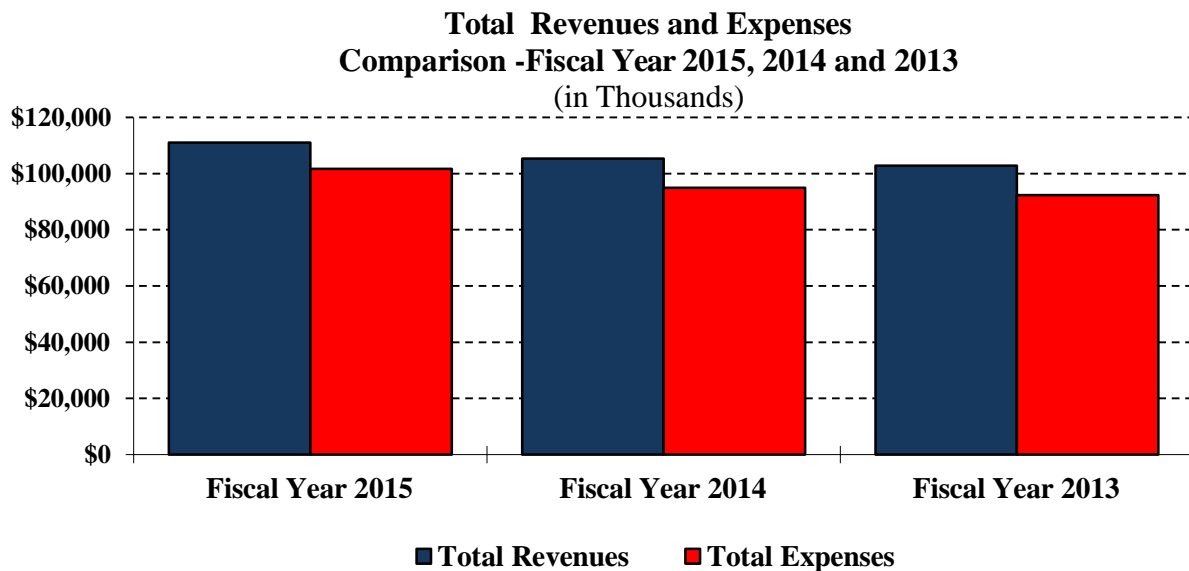
DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2015

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

Statement of Revenues, Expenses and Changes in Net Position
Years Ended August 31, 2015 Through 2013
(In Thousands)

	Fiscal Year <u>2015</u>	Fiscal Year <u>2014</u>	Fiscal Year <u>2013</u>	2015-2014 <u>Variance</u>	2014-2013 <u>Variance</u>
Operating Revenues	\$ 22,872	\$ 19,759	\$ 18,144	\$ 3,113	\$ 1,615
Non-Operating Revenues	88,146	85,580	84,646	2,566	934
Total Revenues	\$ 111,018	\$ 105,339	\$ 102,790	\$ 5,679	\$ 2,549
Operating Expenses	97,670	90,520	87,912	7,150	2,608
Non-Operating Expenses	4,049	4,488	4,433	(439)	55
Total Expenses	\$ 101,719	\$ 95,008	\$ 92,345	\$ 6,711	\$ 2,663
Contribution from Other Agencies	151	97	836	54	(739)
Increase in Net Position	9,450	10,428	11,281	(978)	(853)
Net Position Beginning of Year	117,747	107,319	96,038	10,428	11,281
Cumulative Effect of Change in Accounting Principle	(10,472)	-	-	(10,472)	-
Net Position Beginning of Year Restated	107,275	107,319	96,038	(44)	11,281
Net Position End of Year	\$ 116,725	\$ 117,747	\$ 107,319	\$ (1,022)	\$ 10,428

The following is a graphic illustration of total revenues and expenses at August 31, 2015, 2014 and 2013:



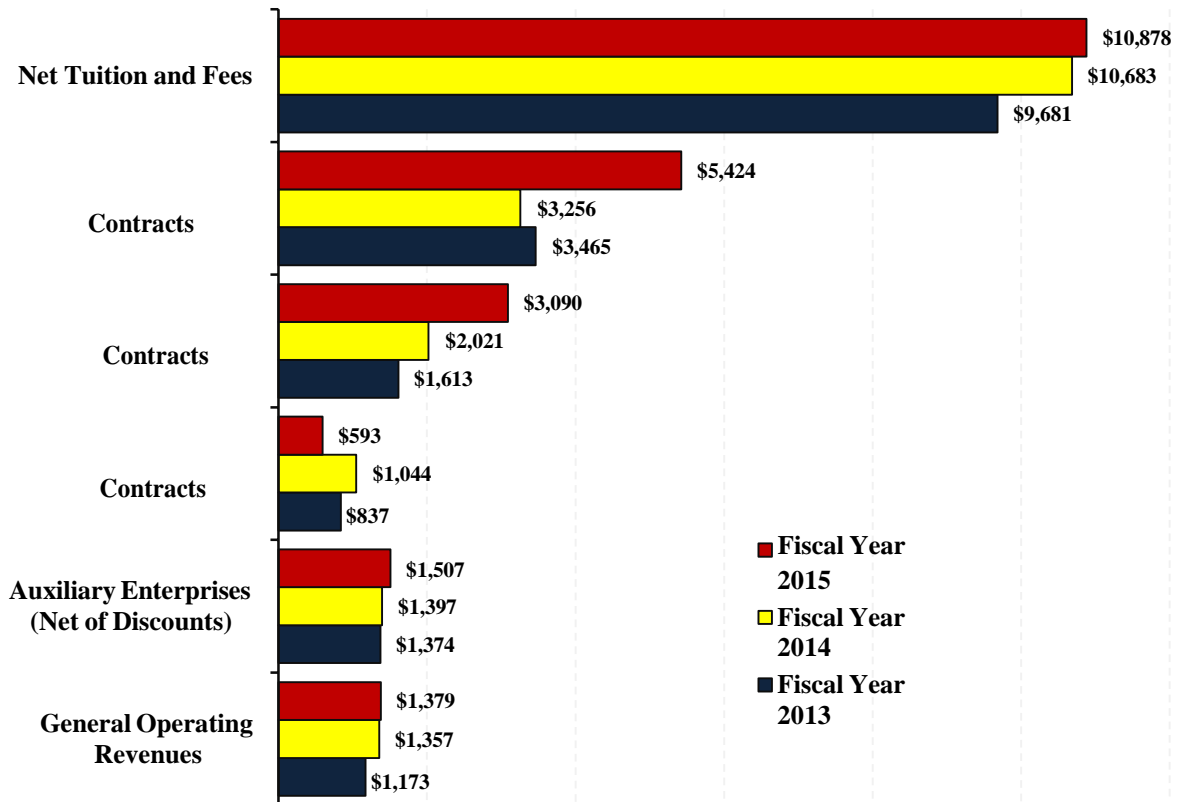
DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2015

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

Operating Revenues
Years Ended August 31, 2015 through 2013
(In Thousands)

Operating Revenues	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	2015-2014 Variance	2014-2013 Variance
Tuition and Fees	\$ 24,876	\$ 24,445	\$ 24,782	\$ 431	\$ (337)
Scholarship Allowances and Discounts	(13,997)	(13,761)	(15,101)	(236)	1,340
Federal Grants and Contracts	5,424	3,256	3,465	2,168	(209)
State Grants and Contracts	3,090	2,021	1,614	1,069	407
Local Grants and Contracts	593	1,044	837	(451)	207
Auxiliary Enterprises (Net of Discounts)	1,507	1,397	1,374	110	23
General Operating Revenues	<u>1,379</u>	<u>1,357</u>	<u>1,173</u>	<u>22</u>	<u>184</u>
Total	<u>\$ 22,872</u>	<u>\$ 19,759</u>	<u>\$ 18,144</u>	<u>\$ 3,113</u>	<u>\$ 1,615</u>

Operating Revenues
Comparison - Fiscal Year 2015, 2014 and 2013
(in Thousands)



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2015

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

Key factors impacting total operating revenues:

2014-2015

- Additional Federal and State funds received during the current fiscal year were the major contributing factor to the \$3.1 million in additional operating revenues. Of this increase \$1.5 million in federal funds was received from the U.S. Department for Homeland Security toward construction of a new dome-shaped Safe Shelter on the West Campus. In addition, federal pass-through funds of \$750 thousand were received for the Adult Basic Education Program over what was received in the previous year. State funds of \$325 thousand were also received from the Texas Workforce Commission towards the same program. Other State funds of \$276 thousand were received for the "Jobs and Education for Texans (JET)" to purchase equipment to train students for high-demand jobs in such fields as automated manufacturing, energy production and refining.

2013-2014

- During the current fiscal year operating revenues increased by \$1.6 million. The largest items impacting this increase was a reduction in discounts applied against student and fees charges of approximately \$1 million due to an 11% decrease in the number of students applying for and receiving Title IV funding and an increase of \$462 thousand in local grants and contract mostly due to funds received under the Cooperative Title V grant with Texas A&M University-Kingsville.

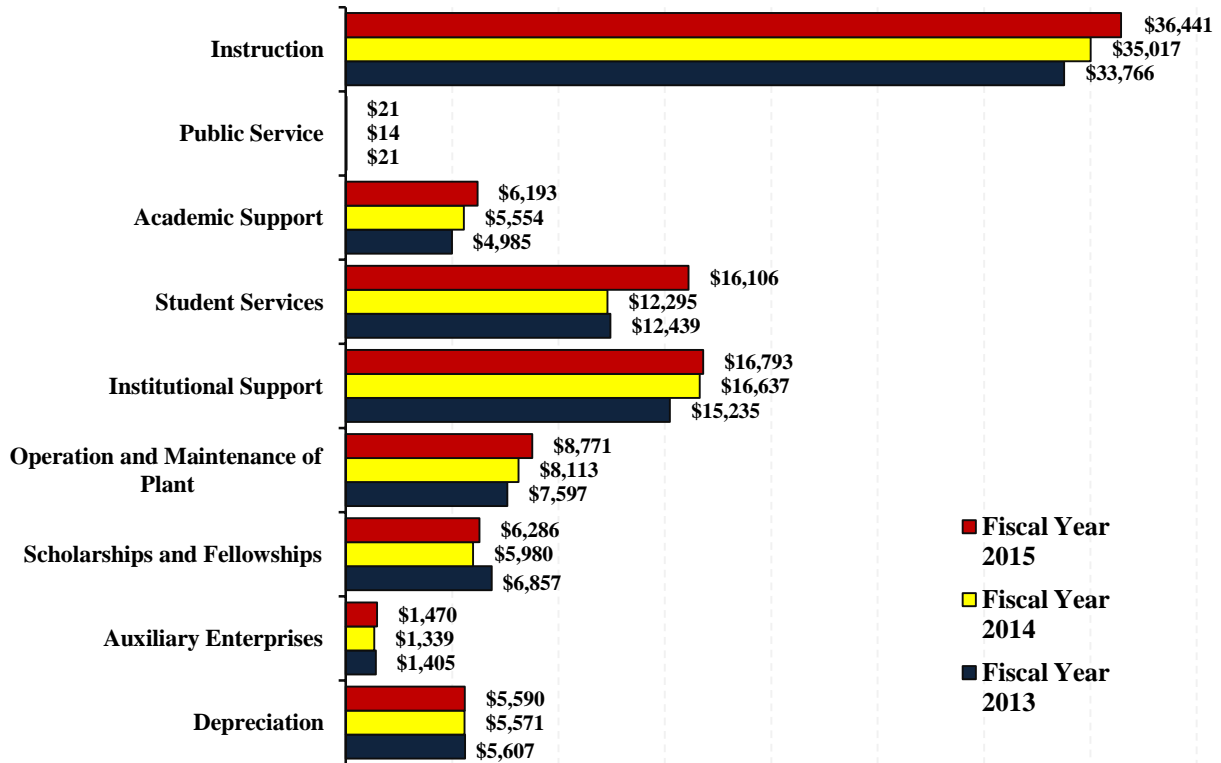
Operating Expenses
Years Ended August 31, 2015 through 2013
(In Thousands)

Operating Expenses	Fiscal Year <u>2015</u>	Fiscal Year <u>2014</u>	Fiscal Year <u>2013</u>	2015-2014 <u>Variance</u>	2014-2013 <u>Variance</u>
Instruction	\$ 36,441	\$ 35,017	\$ 33,766	\$ 1,424	\$ 1,251
Public Service	21	14	21	7	(7)
Academic Support	6,193	5,554	4,985	639	569
Student Services	16,106	12,295	12,439	3,811	(144)
Institutional Support	16,792	16,637	15,235	155	1,402
Operation and Maintenance of Plant	8,771	8,113	7,597	658	516
Scholarships and Fellowships	6,286	5,980	6,857	306	(877)
Auxiliary Enterprises	1,470	1,339	1,405	131	(66)
Depreciation	- 5,590	- 5,571	- 5,607	- 19	- (36)
Total	<u>- \$ 97,670</u>	<u>\$ 90,520</u>	<u>\$ 87,912</u>	<u>\$ 7,150</u>	<u>\$ 2,608</u>

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2015

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

Operating Expenses by Function
Comparison - Fiscal Year 2015, 2014 and 2013
(in Thousands)



Key factors impacting total operating expenses:

2014-2015

- For the current fiscal year, operating expenses increased by \$7.1 million. Items having the largest impact on this increase included a salary adjustment to exempt and non-exempt employees of 5% and average salary adjustment to faculty of 7.5%. Total cost was approximately \$3.4 million. Student services increased by \$3.8 million. While \$1.6 million is attributable to salary adjustments and additional staff hired and part to the \$3.4 million indicated above, the additional \$2.2 million was due to the following: purchases of \$1.6 million in computers and additional supplies for student labs throughout both campuses and offsite learning centers and \$415 thousand in instructional tutoring paid as part of the AEL/AEFLA grant. Operational and maintenance of plant expenses increased by \$658 thousand. \$306 thousand of this increase was due to architectural fees incurred for the development and design of upgrade needed for the College's chill water network. The additional increase was largely due to maintenance costs for HVAC, plumbing, and electrical repairs.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2015

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

2013-2014

- For the current fiscal year, operating expenses increased by \$2.6 million. Institutional support increased by \$1.4 million. This increase was the direct result of the 2014 early retirement incentive program offered to eligible employees and included in local benefits. Incentives paid under the program totaled \$1.9 million. Instructional costs increased by \$1.3 million. This increase was largely due to a 3.031% salary adjustment given to employees during the current fiscal year. Scholarships and Fellowships decreased by \$877 thousand as a result of an 11 % decline in the number of students applying for and receiving Title IV funds during the current fiscal year.

Non-operating revenues and expenses consisted of the following:

Non-Operating Revenues and Expenses
Years Ended August 31, 2015 through 2013
(In Thousands)

Non-Operating Revenues	Fiscal Year <u>2015</u>	Fiscal Year <u>2014</u>	Fiscal Year <u>2013</u>	2015-2014 <u>Variance</u>	2014-2013 <u>Variance</u>
State Appropriations	\$ 19,918	\$ 19,554	\$ 19,535	\$ 364	\$ 19
Maintenance Ad Valorem Taxes	43,342	40,524	37,312	2,818	3,212
Debt Service Ad Valorem Taxes	8,385	8,639	8,679	(254)	(40)
Federal Revenue, Non Operating	16,265	16,521	18,730	(256)	(2,209)
Gifts	-	-	-	-	-
Investment Income	206	197	216	9	(19)
Other Non-Operating Revenues	- 30	- 144	- 174	- (114)	- (30)
Total Non-Operating Revenues	- \$ 88,146	- \$ 85,579	- \$ 84,646	- \$ 2,567	- \$ 933
Non-Operating Expenses					
Interest on Capital Related Debt	3,961	4,441	4,400	(480)	41
Other Non-Operating Expenses	3	3	2	-	1
Loss on Disposal of Capital Assets	- 85	- 44	- 31	- 41	- 13
Total Non-Operating Expenses	- \$ 4,049	- \$ 4,488	- \$ 4,433	- \$ (439)	- \$ 55
Net Non-Operating Revenues	- \$ 84,097	\$ 81,091	\$ 80,213	\$ 3,006	\$ 878

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2015

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

Key factors impacting non-operating revenues and expense:

2014-2015

- Property values within the taxing district increased by 7.6%. This increase allowed the College to raise an additional \$2.8 million in ad valorem taxes while reducing the overall tax rate, slightly. All other items such as State and Federal funding remained virtually unchanged as enrollment growth has leveled off.
- A decrease of \$480 thousand in capital related debt is the direct result of refunding issues during fiscal year 2011, 2013, 2014, and 2015, which have resulted in debt savings on previous bond issues.

2013-2014

- Property values within the taxing district increased by 10.4%. This increase allowed the College to raise an additional \$3.2 million in ad valorem taxes while maintaining the same overall tax rate.
- The decrease in federal revenue was due to an 11% decrease in the number of students applying for and being eligible to receive Title IV funding. In addition, the College undertook a stricter appeal process, for those students receiving federal loan funds, to reduce the amount of debt accumulation they incur and at the same time reduce the College's default rate. This process reduced funding by \$2.2 million.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2015

Statement of Cash Flows

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

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

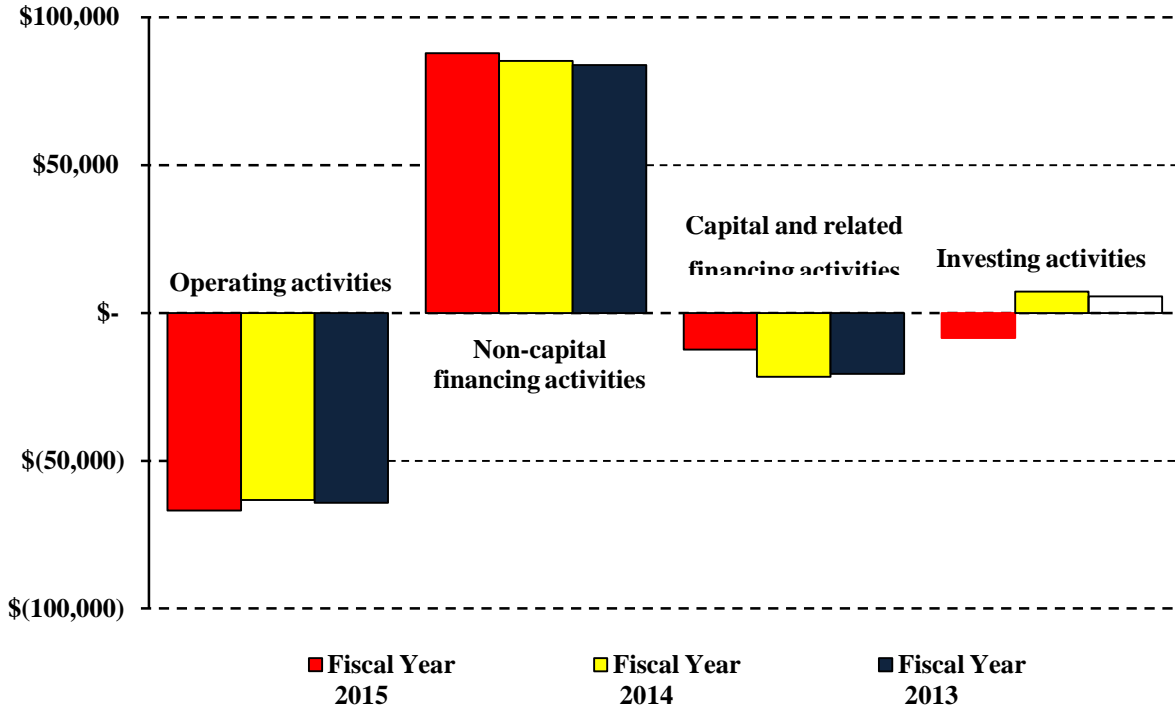
Statement of Cash Flows
Years Ended August 31, 2015 through 2013
(In Thousands)

Cash provided (used) by:	2015	2014	2013
Operating activities	\$ (66,805)	\$ (63,252)	\$ (64,260)
Non-capital financing activities	87,883	85,271	83,915
Capital and related financing activities	(12,408)	(21,627)	(20,568)
Investing activities	(8,529)	7,205	5,613
Net change in cash and cash equivalents	141	7,597	4,700
Cash and cash equivalents - September 1	54,339	46,742	42,042
Cash and cash equivalents - August 31	\$ 54,480	\$ 54,339	\$ 46,742

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2015

Statement of Cash Flows (continued)

Statement of Cash Flows
Comparison - Fiscal Year 2015, 2014 and 2013
(in Thousands)



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2015

Capital Asset and Debt Administration

The College had \$174 million invested in capital assets at August 31, 2015 and \$170 million at August 31, 2014. Additions of \$6.2 million were added to construction work in progress for costs associated with the FEMA Dome on the West Campus and KEDT/TV Center for Educational broadcasting building being constructed adjacent to the Center for Economic Development. \$10 million which was previously included in construction work in progress was moved to building with the completion of the Music Building renovation during the current fiscal year. New equipment purchases of \$3 million were made during the year while \$2.21 million were disposed. In the prior year, new equipment purchases were made totaling \$1.1 million. During the same period \$801 in equipment was disposed.

Capital assets are net of accumulated depreciation of \$89 million and \$86 million for fiscal years 2015 and 2014, respectively. Depreciation charges totaled \$5.6 million for both fiscal years 2015 and 2014.

The College had \$263 million in capital assets, and \$89.2 million in accumulated depreciation at August 31, 2015.

Capital Assets (Net of Depreciation)
Years Ended August 31, 2015 through 2013

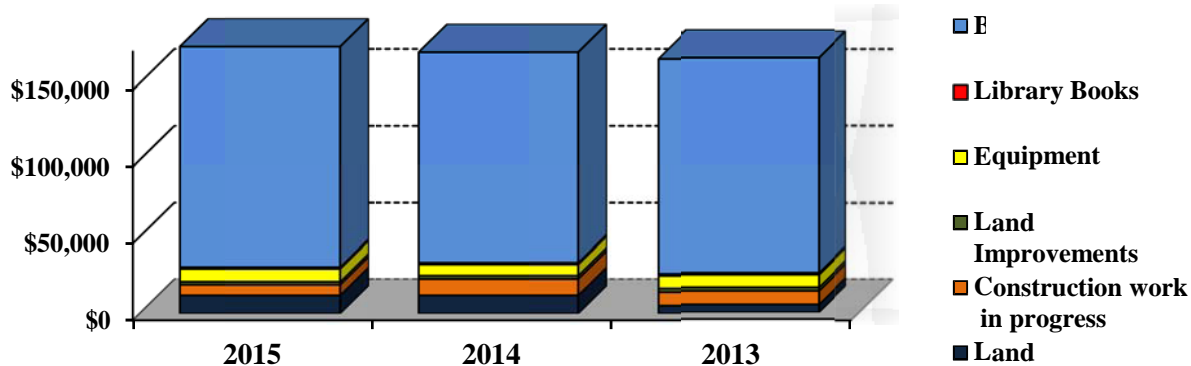
(In Thousands)

	<u>2015</u>	-	<u>2014</u>	-	<u>2013</u>
Land	\$ 12,000		\$ 12,000		\$ 5,230
Construction in Progress	6,874		10,641		8,845
Buildings and Improvements	143,537		136,905		139,866
Land Improvements	2,013		2,210		2,412
Library Books	1,109		1,208		1,308
Furniture, machinery, vehicles, and other equipment	-		-		-
	<u>8,389</u>		<u>7,283</u>		<u>8,181</u>
Net capital assets	<u>\$ 173,922</u>		<u>\$ 170,247</u>		<u>\$ 165,842</u>

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2015

Capital Asset and Debt Administration (Continued)

Capital Assets
Comparison - Fiscal Year 2015, 2014 and 2013
(in Thousands)



Total bond payable liability balances at August 31, 2015, 2014, and 2013 are as follows:

Outstanding Debt - Bonds	2015	2014	2013
Del Mar College District Combined Fee Revenue Bonds, Series 2005	1,955	2,875	3,750
Del Mar College District Limited Tax Bonds, Series 2006	-	18,965	39,395
Del Mar College District Combined Fee Revenue Bonds, Series 2008	19,430	20,530	21,585
Del Mar College District Limited Tax Refunding Bonds, Series 2011	29,880	32,975	35,985
Del Mar College District Limited Tax Refunding Bonds, Series 2013	8,780	8,860	-
Del Mar College District Limited Tax Refunding Bonds, Series 2014	8,930	8,930	-
Del Mar College District Limited Tax Refunding Bonds, Series 2015	23,580	-	-
Total Bonds Payable	\$ 92,555	\$ 93,135	\$ 100,715

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, 2015

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 \$5 million were made on outstanding general obligation bonds, \$1.9 million and \$1.8 million on revenue bonds, and \$115 thousand and \$963 thousand on leases payable during fiscal year 2013 and 2012, respectively.

Both the revenue and tax obligation bonds were issued to address the facility needs of the College. Outdated 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.

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

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

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

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

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

Economic Outlook

The economic outlook for the College District remains positive. A strong demand for an educated workforce along with a dynamic increase in industry presence, within the servicing area, has created a huge need for instructional growth and diversity.

During the latest term, academic enrollment increased by approximately 4.3% over the prior period and demand for both vocational and industrial education programs is expected to see a

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2015

Economic Outlook (Continued)

sharp increase. In addition, the number of dual credit students has grown significantly, now representing 16% of total college enrollments.

Over the last three fiscal years, property values, within the district, have increased by 10.4%, 9.1%, and 7.2% respectively. These increases have added an additional \$3.4 million in revenues in years 2013 and 2014 and \$2.9 million in year 2015. Although tax revenues have increased, the College has been able to maintain or lower the overall tax rate during those same periods. Future property values are expected to see a similar increase during the next year and new construction permits for residential and commercial have seen a an increase of 3.3% and 6.8% respectively over the prior period.

As evidenced by the financial reports, contained within this document, management would like to report that the College has ended fiscal year 2015 in an exceptionally strong financial position. In addition, the budget adopted by the Board of Regents, for fiscal year 2016, indicates that budgeted revenue combined with unrestricted Net Position will be sufficient for operational needs and allow the District to meet anticipated capital outlay requirements.

Request for Information

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



John Johnson
Comptroller
Del Mar College

Del Mar College Statements of Net Position

	August 31,	
	2015	2014
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 4)	\$ 40,717,889	\$ 44,187,477
Short Term Investments (Note 4)	8,560,258	2,024,360
Accounts Receivable, Net (Note 14)	10,128,118	8,503,294
Taxes Receivable (Note 14)	1,589,032	1,520,790
Prepaid Expenses	516,054	8,793
Notes Receivable, Net	931	518
Total Current Assets	61,512,282	56,245,232
Noncurrent Assets:		
Restricted Cash and Cash Equivalents (Note 4)	13,762,268	10,151,753
Restricted Investments (Note 4)	2,200,000	-
Capital Assets, Net (Note 5):	173,922,500	170,247,072
Total Noncurrent Assets	189,884,768	180,398,825
Total Assets	251,397,050	236,644,057
Deferred Outflows of Resources		
Deferred Loss on Refunding Bonds	2,561,972	2,892,414
Deferred Outflow Related to Pensions (Note 9)	1,773,740	-
Total Deferred Outflows of Resources	4,335,712	2,892,414
Total Assets and Deferred Outflows of Resources	255,732,762	239,536,471
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 14)	8,950,558	3,776,555
Accrued Compensable Absences - Current Portion (Note 6)	547,432	556,381
Retirement Incentive Payable (Note 6 and 23)	533,839	1,445,441
Funds Held for Others	1,469,593	1,399,292
Unearned Revenues (Note 14)	12,411,006	11,603,354
Bonds Payable - Current Portion (Note 6)	8,055,000	7,555,000
Total Current Liabilities	31,967,428	26,336,023
Noncurrent Liabilities (Note 6):		
Accrued Compensable Absences	4,644,130	4,487,860
Retirement Incentive Payable (Note 6 and 23)	-	533,839
Net Pension Liability (Note 9)	9,242,352	-
Bonds Payable (Note 6)	90,326,822	90,432,185
Total Noncurrent Liabilities	104,213,304	95,453,884
Total Liabilities	136,180,732	121,789,907
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions (Note 9)	2,827,263	-
Total Liabilities and Deferred Inflows of Resources	139,007,995	121,789,907
NET POSITION		
Net Investment in Capital Assets	79,669,166	72,177,487
Restricted for:		
Expendable		
Debt Service	13,224,616	12,297,105
Capital Projects	-	1,049,867
Loan Funds	321,301	321,927
Unrestricted	23,509,684	31,900,178
Total Net Position (Schedule D)	\$ 116,724,767	\$ 117,746,564

See Notes to Financial Statements.

(Continued)

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

ASSETS	Del Mar College Foundation, Inc. June 30,	
	2015	2014
Cash and Cash Equivalents (Note 4)	\$ 1,258,009	\$ 1,291,616
Investments (Note 4)	5,137,864	5,435,014
Unconditional Promises to Give (Note 14)	341,450	349,112
Total Current Assets	6,737,323	7,075,742
Endowment Investments (Note 4)	11,264,343	10,465,281
Long-Term Unconditional Promises to Give (Note 14)	49,500	100,678
Beneficial Interest in Irrevocable Charitable Trust	500,745	472,059
Total Assets	18,551,911	18,113,760
LIABILITIES		
Accounts Payable	10,169	8,825
Due to Del Mar College	71,103	55,164
Total Liabilities	81,272	63,989
NET ASSETS		
Unrestricted	266,999	237,896
Temporarily Restricted	6,939,297	7,346,594
Permanently Restricted	11,264,343	10,465,281
Total Net Assets	\$ 18,470,639	\$ 18,049,771

See Notes to Financial Statements.

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

	Year Ended August 31,	
	2015	2014
Operating Revenues		
Tuition and Fees (net of discounts of \$13,997,691 and \$13,761,361, respectively) (Note 7)	\$ 10,878,328	\$ 10,683,123
Federal Grants and Contracts	5,423,812	3,255,877
State Grants and Contracts	3,090,218	2,021,264
Local Grants and Contracts	592,945	1,043,836
Auxiliary Enterprises (net of discounts)	1,507,338	1,397,476
General Operating Revenues	1,378,951	1,357,212
Total Operating Revenues (Schedule A)	22,871,592	19,758,788
Operating Expenses		
Instruction	36,440,531	35,017,334
Public Service	21,290	14,146
Academic Support	6,193,494	5,553,605
Student Services	16,105,881	12,295,001
Institutional Support	16,792,500	16,637,302
Operation and Maintenance of Plant	8,770,592	8,112,724
Scholarships and Fellowships	6,285,920	5,980,411
Auxiliary Enterprises	1,469,943	1,339,143
Depreciation	5,589,559	5,570,425
Total Operating Expenses (Schedule B)	97,669,710	90,520,091
Operating Loss	(74,798,118)	(70,761,303)
Non-Operating Revenues (Expenses)		
State Appropriations	19,917,744	19,553,776
Maintenance Ad Valorem Taxes	43,341,908	40,524,142
Debt Service Ad Valorem Taxes	8,384,937	8,639,074
Federal Revenue, Non Operating	16,265,164	16,521,106
Loss on Disposal of Capital Assets	(85,079)	(44,591)
Investment Income	205,840	197,482
Interest on Capital Related Debt	(3,961,174)	(4,441,005)
Other Non-Operating Revenues	30,022	144,164
Other Non-Operating Expenses	(2,750)	(2,800)
Net Non-Operating Revenues (Schedule C)	84,096,612	81,091,348
Capital Contributions		
Contributions from Other Agencies	151,333	97,300
Increase in Net Position	9,449,827	10,427,345
Net Position		
Net Position - Beginning of Year	117,746,564	107,319,219
Cumulative Effect of Change in Accounting Principle (Note 2)	(10,471,624)	-
Net Position - Beginning of Year, as restated	107,274,940	107,319,219
Net Position - End of Year	\$ 116,724,767	\$ 117,746,564

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, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support, Revenue and Gains:				
Scholarship Contributions	\$ -	\$ 728,185	\$ 795,062	\$ 1,523,247
Contributed Services and Expenses	484,476	-	-	484,476
Grants, Managed Funds, & Other Contributions	2,118	1,274,391	-	1,276,509
Net Investment Income	26,985	(208,191)	-	(181,206)
Net Assets Released from Restrictions	2,197,682	(2,197,682)	-	-
Total Support, Revenue and Gains	2,711,261	(403,297)	795,062	3,103,026
Program and Support Expenses:				
Scholarships	1,380,640	-	-	1,380,640
Grants, Managed Funds, & Other Awards	740,152	-	-	740,152
Administrative Non Program Awards	30,682	-	-	30,682
Fundraising Expenses	46,208	-	-	46,208
Administrative Expenses	484,476	-	-	484,476
Total Program and Support Expenses	2,682,158	-	-	2,682,158
Increase in Net Assets	29,103	(403,297)	795,062	420,868
Transfers and Reclassifications	-	(4,000)	4,000	-
Net Assets, Beginning of Year	237,896	7,346,594	10,465,281	18,049,771
Net Assets - End of Year	\$ 266,999	\$ 6,939,297	\$ 11,264,343	\$ 18,470,639

For the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support, Revenue and Gains:				
Scholarship Contributions	\$ -	\$ 675,504	\$ 454,751	\$ 1,130,255
Contributed Services and Expenses	442,357	-	-	442,357
Grants, Managed Funds, & Other Contributions	1,939	924,970	1,358,892	2,285,801
Net Investment Income	41,195	1,686,693	-	1,727,888
Net Assets Released from Restrictions	1,556,800	(1,556,800)	-	-
Total Support, Revenue and Gains	2,042,291	1,730,367	1,813,643	5,586,301
Program and Support Expenses:				
Scholarships	1,128,343	-	-	1,128,343
Grants, Managed Funds, & Other Awards	347,403	-	-	347,403
Administrative Non Program Awards	39,225	-	-	39,225
Fundraising Expenses	41,829	-	-	41,829
Administrative Expenses	442,357	-	-	442,357
Total Program and Support Expenses	1,999,157	-	-	1,999,157
Increase in Net Assets	43,134	1,730,367	1,813,643	3,587,144
Transfers and Reclassifications	-	(146,014)	146,014	-
Net Assets, Beginning of Year	194,762	5,762,241	8,505,624	14,462,627
Net Assets - End of Year	\$ 237,896	\$ 7,346,594	\$ 10,465,281	\$ 18,049,771

See Notes to Financial Statements.

Del Mar College
Statements of Cash Flows

	Year Ended August 31,	
	2015	2014
Cash Flows from Operating Activities:		
Receipts from Students and Other Customers	\$ 12,259,840	\$ 12,169,383
Receipts from Grants and Contracts	8,256,797	6,815,882
Payments to Suppliers for Goods and Services	(15,712,959)	(18,863,786)
Payments to or on Behalf of Employees	(66,719,641)	(58,771,705)
Payments for Scholarships and Fellowships	(6,268,164)	(5,959,287)
Loans Issued to Students	(8,190)	(23,778)
Collection of Loans to Students	10,577	26,165
Other General Operating Receipts	1,376,564	1,354,825
Net Cash Used by Operating Activities	(66,805,176)	(63,252,301)
Cash Flows from Non-Capital Financing Activities:		
Receipts from State Appropriations	19,917,744	19,553,776
Receipts from Ad Valorem Taxes	51,658,603	49,069,595
Receipts from Non Operating Federal Revenue	16,236,001	16,707,774
Receipts from Student Organizations and Other Agency Transactions	1,197,344	1,255,408
Payments to Student Organizations and Other Agency Transactions	(1,127,043)	(1,315,618)
Net Cash Provided by Non-Capital Financing Activities	87,882,649	85,270,935
Cash Flows from Capital and Related Financing Activities:		
Proceeds on Issuance of Capital Debt	8,828,300	-
Proceeds from Sale of Capital Assets	8,000	21,800
Purchases of Capital Assets	(9,176,711)	(9,800,775)
Payments on Capital Debt - Principal	(7,555,000)	(7,519,865)
Payments on Capital Debt - Interest	(4,512,145)	(4,327,767)
Net Cash Used by Capital and Related Financing Activities	(12,407,556)	(21,626,607)
Cash Flows from Investing Activities:		
Proceeds from Sales and Maturities of Investments	9,422,423	9,078,000
Interest on Investments	206,908	151,683
Purchase of Investments	(18,158,321)	(2,024,360)
Net Cash Provided by Investing Activities	(8,528,990)	7,205,323
Increase in Cash and Cash Equivalents	140,927	7,597,350
Cash and Cash Equivalents—September 1	54,339,230	46,741,880
Cash and Cash Equivalents—August 31	\$ 54,480,157	\$ 54,339,230

See Notes to Financial Statements

(Continued)

Del Mar College
Statements of Cash Flows

	Year Ended August 31,	
	2015	2014
Reconciliation of Net Operating Loss to Net Cash		
Used by Operating Activities:		
Operating Loss	(74,798,118)	(70,761,303)
Adjustments to Reconcile Net Loss to Net Cash		
Used by Operating Activities:		
Depreciation Expense	5,589,559	5,570,425
Bad Debt Expense	186,514	98,200
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Receivables, Net	(1,783,243)	(944,373)
Prepaid Expenses	(507,260)	(8,193)
Notes Receivable	(413)	2,387
Accounts Payable and Accrued Liabilities	5,174,002	(315,235)
Retirement Incentive Payable	(1,445,441)	1,429,284
Compensated Absences	147,321	150,832
Deferred Revenues	807,652	1,525,675
Net Pension Liability	(2,106,498)	-
Deferred Outflows of Resources	(896,514)	-
Deferred Inflows of Resources	2,827,263	-
Net Cash Used by Operating Activities	(66,805,176)	(63,252,301)
Noncash Investing, Capital and Financing Activities:		
Contribution of Capital Assets	\$ 151,333	\$ 75,500
Bond Refunding	\$ 16,977,338	\$ 18,743,398

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

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. 39, *Determining Whether Certain Organizations are Component Units*, 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 20. Complete financial statements of Del Mar College Foundation can be obtained from the administrative offices of the Foundation.

Note 2 - Summary of Significant Accounting Policies

A. Reporting Guidelines

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

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, 2015

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, 2015

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. Unearned Revenues

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

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

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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

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 Position

The College's net position is classified as follows:

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

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

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

P. Funds Held in Trust for Others

At August 31, 2015, and at August 31, 2014, the College held, in trust funds, amounts of \$1,469,593 and \$1,399,292, respectively, that pertain primarily to student organizations. These funds are not available to support the College's programs.

Q. Bond Discounts/Premiums

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

R. Gain or Loss on Retirement of Debt

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

T. Prior Year Restatement

Beginning net position as of September 1, 2014 has been restated to record the College's proportionate share of the Teachers Retirement System's net pension liability as required by GASB Statement 68, as amended by GASB Statement 71.

The effect of the change was to reduce beginning net position by the following amounts as September 01, 2014:

Beginning Net Position	\$117,746,564
Prior period adjustment-implementation of GASB 68:	
Net pension liability (measurement date as of August 31, 2014	11,348,850
Deferred outflows – college contributions made during the year ended August 31, 2014	<u>(877,226)</u>
Beginning net position as restated	<u>\$107,274,940</u>

Since all of the audited beginning balances for deferred inflows of resources and deferred outflows of resources related to pensions required to properly restate the financial statements for the year ended August 31, 2014 are not available, the restatement has been made directly to the beginning net position at September 1, 2014, as a cumulative effect of a change in accounting principle.

U. Deferred Inflows and Outflows

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

V. Pensions

For the year ended August 31, 2015, the College implemented the provisions of GASB Statement 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The fiduciary net position of the Teachers Retirement System of Texas (TRS) has been determined based on the

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

flow of economic resource measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability: deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, and liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

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.

Note 4 - Deposits and Investments

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

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

	2015		2014	
	College	Foundation	College	Foundation
Demand Deposits	\$ 3,589,157	\$ 464,821	\$ 3,505,059	\$ 501,371
Savings Account	31,857,541	-	22,114,033	-
Money Market	502,379	566,960	748,793	790,145
Choice 4 Mutual Fund	1,706,987	-	2,271,269	-
Tex Pool	302,680	-	302,536	-
Logic Pool	1,309,905	-	6,995,728	-
Tex Star	8,050	-	8,045	-
Certificate of Deposit	15,180,958	226,128	18,370,717	-
Petty Cash on Hand	22,500	100	23,050	100
Total Cash and Deposits	<u>-\$ 54,480,157</u>	<u>-\$ 1,258,009</u>	<u>-\$ 54,339,230</u>	<u>-\$ 1,291,616</u>
Exhibit 1				
Current Assets (Unrestricted)	\$ 40,717,889	\$ 1,258,009	\$ 44,187,477	\$ 1,291,616
Noncurrent Assets (Restricted)	13,762,268	-	10,151,753	-
	<u>-\$ 54,480,157</u>	<u>-\$ 1,258,009</u>	<u>-\$ 54,339,230</u>	<u>-\$ 1,291,616</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 4 - Deposits and Investments (Continued)

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>2015</u>		<u>2014</u>	
	<u>College</u>	<u>Foundation</u>	<u>College</u>	<u>Foundation</u>
Municipal Notes	\$ 5,560,225	\$ -	\$ 2,024,360	\$ 43,863
Exchange Traded Funds	-	-	-	261,685
Mutual Funds	-	14,504,821	-	14,660,712
Stocks	-	1,824,288	-	388,324
Certificates of Deposit	-	-	-	476,460
Donated Land	-	73,098	-	69,251
U.S. Government Agencies	5,200,033	-	-	-
Total Investments	<u>-\$ 10,760,258</u>	<u>-\$ 16,402,207</u>	<u>-\$ 2,024,360</u>	<u>-\$ 15,900,295</u>
Exhibit 1				
Current Assets (Unrestricted)	\$ 8,560,258	\$ 5,137,864	\$ 2,024,360	\$ 5,435,014
Noncurrent Assets (Restricted)	2,200,000	11,264,343	-	10,465,281
	<u>-\$ 10,760,258</u>	<u>-\$ 16,402,207</u>	<u>-\$ 2,024,360</u>	<u>-\$ 15,900,295</u>

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, 2015, the portfolio contained no holdings with stated maturity dates extending past June, 2017.

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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 4 - Deposits and Investments (Continued)

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, 2015, 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.

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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 4 - Deposits and Investments (Continued)

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%	8%
Certificates of Deposit	75%	24%
Repurchase Agreements	100%	0%
Local Governmental Investment Pools	100%	2%
Money Market Mutual Funds	50%	58%
Commercial Paper	25%	0%
Bankers Acceptances	20%	0%
Mutual Funds	10%	0%
State & Municipal Obligations	20%	8%
Corporate Obligations	25%	0%
Negotiable Certificates of Deposit	25%	0%

Foundation

The Foundation recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The Investment Policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on at least a quarterly basis. The general policy is to diversify investments of long-term funds among both equity and fixed-income securities so as to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category. As a long-term guideline, the investment categories should be equities 40%-75%, alternatives 10%-45%, and fixed income 10%-35% and cash 1% to 10%.

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, 2015, the College's portfolio contained 12 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%.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 4 - Deposits and Investments (Continued)

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, 2015

Note 5 - Capital Assets

Capital assets activity for the year ended August 31, 2015 was as follows:

	Balance Sept 1, 2014	Increases	Decreases	Balance Aug 31, 2015
<u>Not Depreciated:</u>				
Land	\$ 11,999,609	\$ -	\$ -	\$ 11,999,609
Construction in Progress	10,641,050	6,246,513	10,013,318	6,874,245
Subtotal	22,640,659	6,246,513	10,013,318	18,873,854
<u>Building and Other Capital Assets:</u>				
Buildings and Improvements	183,047,711	10,013,318	-	193,061,029
Land Improvements	11,869,319	-	-	11,869,319
Library Books	6,353,959	91,106	-	6,445,065
Furniture, Machinery, Vehicles and Other Equipment	31,506,487	3,020,448	2,205,357	32,321,578
Telecommunications and Peripheral Equipment	459,498	-	-	459,498
Subtotal	233,236,974	13,124,872	2,205,357	244,156,489
<u>Accumulated Depreciation:</u>				
Buildings and Improvements	46,142,677	3,380,810	-	49,523,487
Land Improvements	9,658,915	197,750	-	9,856,665
Library Books	5,145,966	190,188	-	5,336,154
Furniture, Machinery, Vehicles, and Other Equipment	24,223,505	1,820,811	2,112,277	23,932,039
Telecommunications and Peripheral Equipment	459,498	-	-	459,498
Subtotal	85,630,561	5,589,559	2,112,277	89,107,843
Net Other Capital Assets	147,606,413	7,535,313	93,080	155,048,646
Net Capital Assets	\$ 170,247,072	\$ 13,781,826	\$ 10,106,398	\$ 173,922,500

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 5 - Capital Assets (Continued)

Capital assets activity for the year ended August 31, 2014 was as follows:

	Balance Sept 1, 2013	Increases	Decreases	Balance Aug 31, 2014
<u>Not Depreciated:</u>				
Land	\$ 5,230,057	\$ 6,769,552	\$ -	\$ 11,999,609
Construction in Progress	8,844,673	8,805,458	7,009,081	10,641,050
Subtotal	14,074,730	15,575,010	7,009,081	22,640,659
<u>Building and Other Capital Assets:</u>				
Buildings and Improvements	182,808,182	239,529	-	183,047,711
Land Improvements	11,869,319	-	-	11,869,319
Library Books	6,250,578	103,381	-	6,353,959
Furniture, Machinery, Vehicles and Other Equipment	31,196,290	1,111,599	801,402	31,506,487
Telecommunications and Peripheral Equipment	459,498	-	-	459,498
Subtotal	232,583,867	1,454,509	801,402	233,236,974
<u>Accumulated Depreciation:</u>				
Buildings and Improvements	42,942,106	3,200,571	-	46,142,677
Land Improvements	9,457,984	200,931	-	9,658,915
Library Books	4,942,303	203,663	-	5,145,966
Furniture, Machinery, Vehicles, and Other Equipment	23,015,056	1,965,261	756,812	24,223,505
Telecommunications and Peripheral Equipment	459,498	-	-	459,498
Subtotal	80,816,947	5,570,426	756,812	85,630,561
Net Other Capital Assets	151,766,920	(4,115,917)	44,590	147,606,413
Net Capital Assets	\$ 165,841,650	\$ 11,459,093	\$ 7,053,671	\$ 170,247,072

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 6 - Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2015 was as follows:

	Balance Sept. 1, 2014	Additions	Reductions	Balance Aug. 31, 2015	Current Portion
<u>Bonds</u>					
General obligation bonds and notes	\$ 69,730,000	\$ 23,580,000	\$ 22,140,000	\$ 71,170,000	\$ 5,955,000
Bond premium	4,852,185	2,063,514	1,088,877	5,826,822	-
Revenue bonds	23,405,000	-	2,020,000	21,385,000	2,100,000
Subtotal	97,987,185	25,643,514	25,248,877	98,381,822	8,055,000
Accrued Compensable Absences	5,044,575	745,691	598,704	5,191,562	547,432
Retirement Incentive	1,979,280	-	1,445,441	533,839	533,839
Net Pension Liability	11,348,850	2,304,609	4,411,107	9,242,352	-
Total long-term liabilities	\$ 116,359,890	\$ 28,693,814	\$ 31,704,129	\$ 113,349,575	\$ 9,136,271

Total long-term liabilities at September 1, 2014 do not articulate with those at August 31, 2014 due to the recording of the net pension liability of \$11,348,850 at September 1, 2014 due to a change in accounting principle. See Note 2.T.

Long-term liability activity for the year ended August 31, 2014 was as follows:

	Balance Sept. 1, 2013	Additions	Reductions	Balance Aug. 31, 2014	Current Portion
<u>Bonds</u>					
General obligation bonds and notes	\$ 75,380,000	\$ 18,005,000	\$ 23,655,000	\$ 69,730,000	\$ 5,535,000
Bond premium	4,227,075	1,930,659	1,305,549	4,852,185	-
Revenue bonds	25,335,000	-	1,930,000	23,405,000	2,020,000
Subtotal	104,942,075	19,935,659	26,890,549	97,987,185	7,555,000
Leases	109,865	-	109,865	-	-
Accrued Compensable Absences	4,893,410	432,147	281,316	5,044,241	556,381
Retirement Incentive	549,996	1,979,280	549,996	1,979,280	1,445,441
Total long-term liabilities	\$ 110,495,346	\$ 22,347,086	\$ 27,831,726	\$ 105,010,706	\$ 9,556,822

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 7 - Bonds

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 Position. 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. On February 3, 2015 bonds having stated maturities on August 15, 2016 and after, which amounted to \$16,605,000, were redeemed in full and the issue was fully retired.

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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 7 – Bonds (Continued)

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.

Bonds Payable-Limited Tax Refunding Bonds, Series 2013

On October 1, 2013, the College issued, “Del Mar College District Limited Tax Refunding Bonds, Series 2013”, amounting to \$9,010,000. Proceeds from the sale of the Bonds were used to refund \$9,010,000 of the District’s outstanding Limited Tax Bonds, Series 2006. The advance refunding reduced the College’s debt service payments over the next twelve years by \$1,260,129. A premium of \$950,780 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 \$1,078,081. Interest on Series 2013 is payable on February 15 and August 15 of each year, commencing on February 15, 2014 at rates varying from 2% to 3% with the final payment due August 15, 2025. On August 15, 2024, 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.

Bonds Payable-Limited Tax Refunding Bonds, Series 2014

On January 15, 2014, the College issued, “Del Mar College District Limited Tax Refunding Bonds, Series 2014”, amounting to \$8,995,000. Proceeds from the sale of the Bonds were used to refund \$9,165,000 of the District’s outstanding Limited Tax Bonds, Series 2006. The advance refunding reduced the College’s debt service payments over the next twelve years by \$1,153,237. A premium of \$979,878 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 \$1,040,383. Interest on Series 2014 is payable on February 15 and August 15 of each year, commencing on February 15, 2014 at rates varying from 2% to 3% with the final payment due August 15, 2023. The Bonds are not subject to redemption prior to stated maturity. The bonds

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 7 – Bonds (Continued)

are secured by that portion of ad valorem tax collections necessary to pay the annual maturity of principal and interest.

Bonds Payable-Limited Tax Refunding an Improvement Bonds, Series 2015

On February 3, 2015, the College issued, “Del Mar College District Limited Tax Refunding and Improvement Bonds, Series 2015”, amounting to \$23,580,000. Proceeds from the sale of the Bonds were used to refund \$16,605,000 of the District’s outstanding Limited Tax Bonds, Series 2006 and provide funds to construct and equip school facilities within the district. The advance refunding reduced the College’s debt service payments over the next twelve years by \$1,842,364. A premium of \$2,063,514 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 \$1,640,928. Interest on Series 2015 is payable on February 15 and August 15 of each year, commencing on February 15, 2015 at rates varying from 2% to 3% with the final payment due August 15, 2040. The Bonds are not subject to redemption prior to stated maturity. The bonds are secured by that portion of ad valorem tax collections necessary to pay the annual maturity of principal and interest.

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>
2016	\$ 5,955,000	\$ 2,692,013	\$ 2,100,000	\$ 963,006
2017	6,120,000	2,508,413	2,180,000	881,406
2018	6,375,000	2,258,613	1,235,000	795,450
2019	6,565,000	2,068,213	1,285,000	746,050
2020	7,075,000	1,821,588	1,335,000	694,650
2021-2025	29,740,000	5,718,365	7,695,000	2,455,275
2026-2030	5,215,000	1,114,840	5,555,000	536,038
2031-2035	1,875,000	610,690	-	-
2036-2040	2,250,000	232,876	-	-
Total 08/31/2015	<u>-\$ 71,170,000</u>	<u>-\$ 19,025,611</u>	<u>-\$ 21,385,000</u>	<u>-\$ 7,071,875</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 8 - Lease Obligations

Operating Lease – Bay Area Healthcare Group, LTD

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

Operating Lease – City of Corpus Christi

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

Note 9 – Defined Benefit Pension Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 9 – Defined Benefit Pension Plan (Continued)

and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

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

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 9 – Defined Benefit Pension Plan (Continued)

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

Contribution Rates

	2014	2015
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
College Contribution	\$ 877,226	\$ 1,030,041
State of Texas On-behalf Contributions	\$ 673,986	\$ 666,988

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate, times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year, reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member’s salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.
- When any part of all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 10% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 9 – Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

**Includes Inflation of 3%*

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees were decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 9 – Defined Benefit Pension Plan (Continued)

allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System’s target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U. S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
Stable Value			
U. S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
Risk Parity			
Risk Parity	5%	8.9%	0.4%
Alpha	-	-	1.0%
Total	100%		8.7%

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

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2014 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Del Mar proportionate share of net pension liability:	<u>\$ 16,515,522</u>	<u>\$ 9,242,352</u>	<u>\$ 3,803,375</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 9 – Defined Benefit Pension Plan (Continued)

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

At August 31, 2015, the College reported a liability of \$9,242,352 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's Proportionate share of collective net pension liability	\$ 9,242,352
State's Proportionate share associated with College	<u>7,116,186</u>
Total	<u><u>\$ 16,358,538</u></u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2015, the College recognized pension expense of \$753,469 and revenue of \$753,469 for support provided by the State.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 9 – Defined Benefit Pension Plan (Continued)

At August 31, 2015, the College reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 142,936	\$ -
Changes in actuarial assumptions	600,763	-
Differences between projected and actual investment earnings	-	2,824,840
Changes in proportion and difference between employer's contributions and the proportionate share of contributions	-	2,423
Contributions paid to TRS subsequent to measurement date	1,030,041	-
Total	\$ 1,773,740	\$ 2,827,263

The net amounts of the employer’s balances of deferred outflows, except for contributions paid to TRS subsequent to measurement date, and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2015	\$ 581,157
2016	581,157
2017	581,157
2018	581,157
2019	(125,053)
Thereafter	(116,011)
	\$ 2,083,564

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 10 – Optional and Alternate Retirement Plans

Optional Retirement Plan

The state has also established an optional retirement program for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The percentages of participant salaries currently contributed by the college, state, and each participant are 3.3%, 3.3% and 6.65%, respectively. The College contributes an additional 1.92% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The total payroll of employees covered by the Teacher Retirement System was \$26,992,189 and \$22,530,675, and the total payroll of employees covered by the Optional Retirement Program was \$12,766,342 and \$13,307,466 for fiscal years 2015 and 2014, respectively.

Alternate Retirement Plan

Fiscal year 2014 was the last year the college participated in the Alternate Retirement Plan. Employees in this category are now contributing to Social Security. 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 a minimum of 3.75% of gross earnings. The College's contribution for this Alternate Retirement Plan totaled \$32,862 for fiscal year August 31, 2014. 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, 2014 was \$876,320, the last year the college participated.

Note 11 - 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, 2015, the College had 105 employees vested and participating in the program. A total of \$613,258 in contributions was invested in the plan during the fiscal year.

As of August 31, 2014, the College had 114 employees vested and participating in the program. A total of \$643,361 in contributions was invested in the plan during the fiscal year.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 12 - Compensable Absences

Twelve-month employees and personnel, whose duties are not primarily teaching, earn annual vacation leave from 80 to 120 hours per year, depending on the number of years employed by the College. The College's policy is that an employee may carry his/her accrued leave forward from one fiscal year to another fiscal year up to a maximum of 120 hours. Persons terminating employment will receive, in lieu of the vacation itself, cash payment for unused vacation not to exceed 120 hours of vacation.

The College grants sick leave to regular full-time employees and to regular part-time employees who work twenty or more hours per week, and full-time term employees whose term is for one semester or longer. Sick leave, which can be accumulated, is earned at the rate of up to 10 hours per month for a maximum of 960 hours. It is paid to an employee who misses work because of illness or to the estate of an employee in the event of his/her death. Up to 640 hours of unused sick leave may be paid to an employee, upon his/her retirement from the College, with at least ten (10) years of service at Del Mar College and with eligibility for normal age retirement or early age service retirement under the definitions as set forth by the regulations of the Teacher Retirement System (TRS). The College's policy is to accrue the cost of the sick leave when earned. At August 31, 2015 and 2014, the College had an accrued liability for the unpaid vacation and sick leave as follows:

	2015	2014
Vacation	\$ 717,241	\$ 692,795
Sick Leave	4,474,321	4,351,446
Total Liability for Compensable Absences	\$ 5,191,562	\$ 5,044,241

The College recognized \$547,432 and \$556,381 of the liability above as a current liability for fiscal years August 31, 2015 and 2014 respectively.

Note 13 - Pending Lawsuits and Claims

At August 31, 2015, various lawsuits and claims involving Del Mar College were pending. While the ultimate liability, with respect to litigation asserted against the College, cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 14 - Disaggregation of Receivables, Payables, and Unearned Revenues

Receivables

Receivables at August 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Student Receivables	\$ 7,292,906	\$ 7,459,126
Federal Receivables	3,399,373	1,723,127
Interest Receivables	103,879	104,947
Total Receivables	10,796,158	9,287,200
Less: Allowance for Doubtful Accounts	668,040	783,906
Net Receivables	<u>. \$ 10,128,118</u>	<u>. \$ 8,503,294</u>

Taxes receivable of \$1,589,032 and \$1,520,790 are net of the allowance for doubtful accounts of \$933,241 and \$893,163 at August 31, 2015 and 2014, respectively.

The Foundation has received promises and been awarded grants. Unconditional promises to give at June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Student Scholarships	\$ 390,390	\$ 450,772
Staff and Faculty Enrichment	1,060	340
Total Unconditional Promises to Give	391,450	451,112
Less: Unamortized Discount	500	1,322
Net Unconditional Promises to Give	<u>390,950</u>	<u>449,790</u>
Less Amount Due in One Year or Less	<u>341,450</u>	<u>349,112</u>
Net Long-Term Unconditional Promises to Give	<u>\$ 49,500</u>	<u>\$ 100,678</u>

Long-term promises to give are expected to be collected during the year ended June 30, 2016.

The discount rate of 1.11 and 0.88 was used on long-term promises to give as of June 30, 2015 and 2014, respectively. The Foundation considers promises to give fully collectible; accordingly, no allowance for uncollectible promises has been provided.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 14 - Disaggregation of Receivables, Payables, and Unearned Revenues (Continued)

Payables

Payables at August 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Vendors Payable	\$ 7,408,640	\$ 2,431,313
Salaries & Benefits Payable	1,241,190	1,182,614
Accrued Interest	300,728	162,629
Total Payables	<u>\$ 8,950,558</u>	<u>\$ 3,776,556</u>

Unearned revenues at August 31, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Tuition and Fees	\$ 9,993,411	\$ 9,971,685
Advance Building Contributions	1,500,000	1,500,000
Federal, State and Local Grants	917,595	131,669
	<u>\$ 12,411,006</u>	<u>\$ 11,603,354</u>

Note 15 - Contract and Grant Awards

For federal contract and grant awards, funds expended but not collected, are reported as Federal Receivables in Note 14. Non-federal contract and grant awards, for which funds are expended but not collected, are reported in Accounts Receivable on Exhibit 1. Revenues are recognized on Exhibit 2 and Schedule A. Contract and grant awards that are not yet funded and for which the institution has not performed services are not included in the financial statements. Contract and grant award funds already committed, e.g. multi-year awards, or funds awarded during fiscal year 2015 and 2014 for which monies have not been received nor funds expended totaled \$12,745,690 and \$11,702,246, respectively. Of these amounts, \$9,566,885 and \$10,175,121 were from Federal Contract and Grant Awards; \$1,250,468 and \$1,317,988 were from State Contract and Grant awards; \$1,928,137 and \$209,137 were from Private Contract and Grant Awards, for the fiscal years ended 2015 and 2014, respectively.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 16 - Post Retirement Health Care and Life Insurance Benefits

Plan Description

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

Funding Policy

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

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

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

The state's contribution per full-time employee ranged from \$538 to \$1,052 per month for the year ended August 31, 2015 (\$503 to \$984 per month for 2014) and totaled \$3,468,803 for 2015 (\$3,231,904 for the year ended 2014). The cost of providing those benefits for 486 retirees in the year ended 2015 was \$3,209,846 (retiree benefits for 581 retirees cost \$2,885,313 in 2014). For 631 active employees, the cost of providing benefits was \$4,625,056 for the year ended 2015 (active employee benefits for 597 employees cost \$4,231,491 for the year ended 2014).

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 18 - Ad Valorem Tax (Continued)

Fiscal Year Ended August 31, 2015:

Taxes Collected	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 42,877,004	\$ 8,271,109	\$ 51,148,113
Delinquent Taxes Collected	954,859	209,501	1,164,360
Penalties and Interest Collected	444,120	92,836	536,956
Total Collections	\$ 44,275,983	\$ 8,573,446	\$ 52,849,429

Fiscal Year Ended August 31, 2014:

Taxes Collected	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 39,119,868	\$ 8,323,259	\$ 47,443,127
Delinquent Taxes Collected	915,000	217,717	1,132,717
Penalties and Interest Collected	401,893	91,858	493,751
Total Collections	\$ 40,436,761	\$ 8,632,834	\$ 49,069,595

Tax collections for the years ended August 31, 2015 and 2014 were respectively 97.6% 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 19 - 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, 2015 and 2014.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 20 - Component Unit

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

Significant Accounting Policies

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

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

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

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

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

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

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

Fair Value Measurement

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 20 – Component Unit (Continued)

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, 2015 and 2014 are as follows:

	Fair Value	Fair Value Measurement Using:	
		Quoted Prices in Active Market for Identical Asset (Level 1)	Significant Unobservable Inputs (Level 3)
June 30, 2015			
Registered Investment Company			
Funds - Mutual Funds	\$ 14,504,821	\$ 14,504,821	\$ -
Stocks	1,824,288	1,824,288	-
Land	73,098	-	73,098
Total Investments	16,402,207	16,329,109	73,098
Beneficial Interest in Irrevocable Charitable Trust	500,745	-	500,745
Total	\$ 16,902,952	\$ 16,329,109	\$ 573,843
June 30, 2014			
Exchange Traded Funds	\$ 261,685	\$ 261,685	\$ -
Registered Investment Company			
Funds - Mutual Funds	14,660,712	14,660,712	-
Municipal Bonds	43,863	43,863	-
Stocks	388,324	388,324	-
Certificates of Deposit	476,460	476,460	-
Land	69,251	-	69,251
Total Investments	15,900,295	15,831,044	69,251
Beneficial Interest in Irrevocable Charitable Trust	472,059	-	472,059
Total	\$ 16,372,354	\$ 15,831,044	\$ 541,310

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 20 – Component Unit (Continued)

Level 1 Fair Value Measurements

The fair value of exchange traded funds holding common stock, mutual funds, common stock, and the municipal bond is based on quoted net asset values of the shares held by the Foundation in active markets at the reporting date.

Level 3 Fair Value Measurement

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

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

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

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) at June 30, 2015:

	Beneficial Interest In			
	Irrevocable Trust	Land and Improvements	Alternative Investments	Total
Beginning Balance, July 1, 2013	\$ 448,388	\$ 121,167	\$ -	\$ 569,555
Total Unrealized Gain (Loss)				
Included in Changes in Net Assets	23,671	-	-	23,671
Donated Property	-	23,084	-	23,084
Sales	-	(75,000)	-	(75,000)
Ending Balance, June 30, 2014	472,059	69,251	-	541,310
Total Unrealized Gain (Loss)				
Included in Changes in Net Assets	28,686	3,847	-	32,533
Ending Balance, June 30, 2015	\$ 500,745	\$ 73,098	\$ -	\$ 573,843

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 21 - 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 2015 and 2014, 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 22 - Workers' Compensation Aggregate Deductible

During the year ended August 31, 2015, the College met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

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

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$1.5 million. The Fund used the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2014, the Fund carries a discounted reserve of \$56,905,750 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August, 31, 2015, the Fund anticipated no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2014, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

Note 23 - 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 2014 retirement incentive plan will receive one times their annual salary, with 30% disbursed on September 30, 2014, 35% and 70% on January 31, 2015 for exempt and non-exempt employees, respectively, and 35% on January 31, 2016 for exempt employees. At August 31, 2015 accrued liability for the 2014 retirement incentive plan was \$533,839.

Note 24 – 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 was the second phase of this project and construction was completed in the Spring 2015 at a cost of \$10 million. The College initiated a new Facilities Master Plan in 2012, that created a roadmap for meeting the higher education and workforce development needs of the citizens of the College's Service Area for the next 25 years.

DEL MAR COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION

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

FOR THE YEAR ENDED AUGUST 31, 2015

	<u>2015</u>
College's Proportion of the Net Pension Liability (Asset)	.0346008%
College's Proportionate Share of Net Pension Liability (Asset)	\$ 9,242,352
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	<u>7,116,186</u>
Total	<u>\$16,358,538</u>
College's Covered-Employee Payroll	\$22,530,675
College's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-Employee Payroll	41.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2014 - the period from September 1, 2013 - August 31, 2014.

Note: Only one year of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

DEL MAR COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COLLEGE CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2015

	<u>2015</u>
Contractually Required Contribution	\$ 1,030,041
Contribution in Relation to the Contractually Required Contribution	<u>(1,030,041)</u>
Contribution Deficiency (Excess)	- <u>-0-</u>
College's Covered-Employee Payroll	\$26,992,189
Contributions as a Percentage of Covered-Employee Payroll	3.82%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the College's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2013 - August 31, 2014.

Note: Only one year of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Del Mar College
Schedule of Operating Revenues
Year Ended August 31, 2015 (With Memorandum Totals for the Year Ended August 31, 2014)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2015 Total</u>	<u>2014 Total</u>
Tuition:						
State Funded Credit Courses:						
In-District Resident Tuition	\$ 7,962,095	\$ -	\$ 7,962,095	\$ -	\$ 7,962,095	\$ 8,025,676
Out-of-District Resident Tuition	2,052,133	-	2,052,133	-	2,052,133	1,864,070
Non-Resident Tuition	619,579	-	619,579	-	619,579	558,984
TPEG - Credit (Set Aside) *	653,828	-	653,828	-	653,828	648,200
State-Funded Continuing Education	604,365	-	604,365	-	604,365	517,078
TPEG - Non-Credit (Set Aside) *	104,945	-	104,945	-	104,945	91,705
Non-State Funded Educational Programs	15,755	-	15,755	-	15,755	49,321
Total Tuition	12,012,700	-	12,012,700	-	12,012,700	11,755,034
Fees:						
Building Use Fee	2,403,180	-	2,403,180	-	2,403,180	2,412,700
General Fee	6,761,354	-	6,761,354	-	6,761,354	6,777,859
Student Service Fee	-	-	-	187,079	187,079	186,726
Out-of-District Fee	1,881,044	-	1,881,044	-	1,881,044	1,788,971
Class Repeat Fee	238,000	-	238,000	-	238,000	244,700
Dual Credit Fee	695,336	-	695,336	-	695,336	626,614
Non-Instructional Contract Training Fees	268,756	-	268,756	-	268,756	204,881
Laboratory Fees	428,570	-	428,570	-	428,570	446,999
Total Fees	12,676,240	-	12,676,240	187,079	12,863,319	12,689,450
Scholarship Allowances and Discounts:						
Bad Debt Allowance	(186,514)	-	(186,514)	-	(186,514)	(98,200)
Remissions and Exemptions - State	(3,034,351)	-	(3,034,351)	-	(3,034,351)	(2,784,224)
Remissions and Exemptions - Local	(643,047)	-	(643,047)	-	(643,047)	(626,899)
Title IV Federal Grants	(8,525,917)	-	(8,525,917)	-	(8,525,917)	(8,713,679)
Other Federal Grants	(1,091,824)	-	(1,091,824)	-	(1,091,824)	(1,090,516)
TPEG Awards	(399,161)	-	(399,161)	-	(399,161)	(388,778)
Other State Grants	(116,877)	-	(116,877)	-	(116,877)	(59,065)
Total Scholarship Allowances	(13,997,691)	-	(13,997,691)	-	(13,997,691)	(13,761,361)
Total Net Tuition and Fees	10,691,249	-	10,691,249	187,079	10,878,328	10,683,123
Additional operating revenues:						
Federal Grants and Contracts	-	5,423,812	5,423,812	-	5,423,812	3,255,877
State Grants and Contracts	-	3,090,218	3,090,218	-	3,090,218	2,021,264
Local Grants and Contracts	-	592,945	592,945	-	592,945	1,043,836
General Operating Revenues	1,378,951	-	1,378,951	-	1,378,951	1,357,212
Total Additional Operating Revenues	1,378,951	9,106,975	10,485,926	-	10,485,926	7,678,189
Auxiliary Enterprises:						
Food Service	-	-	-	774,885	774,885	694,777
Vending	-	-	-	83,015	83,015	74,136
Rents	-	-	-	124,035	124,035	169,435
Childcare Center	-	-	-	254,647	254,647	215,992
Other	-	-	-	270,756	270,756	243,136
Total Net Auxiliary Enterprises	-	-	-	1,507,338	1,507,338	1,397,476
Total Operating Revenues	\$ 12,070,200	\$ 9,106,975	\$ 21,177,175	\$ 1,694,417	\$ 22,871,592	\$ 19,758,788

(Exhibit 2) (Exhibit 2)

* In accordance with Education Code 56.033, \$758,773 and \$739,905 for years August 31, 2015 and 2014, 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, 2015 (With Memorandum Totals for the Year Ended August 31, 2014)

	<u>Operating Expenses</u>				<u>2015</u> <u>Total</u>	<u>2014</u> <u>Total</u>
	<u>Salaries</u> <u>and Wages</u>	<u>Benefits</u>		<u>Other</u> <u>Expenses</u>		
		<u>State</u>	<u>Local</u>			
Unrestricted - Educational Activities						
Instruction	\$ 25,378,136	\$ -	\$ 5,402,221	\$ 3,091,062	\$ 33,871,419	\$ 32,627,106
Public Service	17,669	-	1,314	1,683	20,666	13,693
Academic Support	3,576,040	-	907,107	1,278,958	5,762,105	5,180,388
Student Services	3,750,874	-	873,171	923,260	5,547,305	4,830,593
Institutional Support	7,271,368	-	1,849,407	6,792,210	15,912,985	15,845,302
Operation and Maintenance of Plant	938,175	-	201,116	7,535,657	8,674,948	8,023,501
Total Unrestricted Educational Activities	40,932,262	-	9,234,336	19,622,830	69,789,428	66,520,583
Restricted - Educational Activities						
Instruction	-	2,569,112	-	-	2,569,112	2,390,228
Public Service	-	624	-	-	624	453
Academic Support	-	431,389	-	-	431,389	373,217
Student Services	3,446,295	696,117	590,595	5,825,569	10,558,576	7,464,408
Institutional Support	-	879,515	-	-	879,515	792,000
Operation and Maintenance of Plant	-	95,644	-	-	95,644	89,223
Scholarships and Fellowships	13,843	1,261	2,652	6,268,164	6,285,920	5,980,411
Total Restricted Educational Activities	3,460,138	4,673,662	593,247	12,093,733	20,820,780	17,089,940
Total Educational Activities	44,392,400	4,673,662	9,827,583	31,716,563	90,610,208	83,610,523
Auxiliary Enterprises	713,072	-	-	756,871	1,469,943	1,339,143
Depreciation Expense - Buildings and other real estate improvements	-	-	-	3,578,560	3,578,560	3,401,502
Depreciation Expense - Equipment and furniture	-	-	-	2,010,999	2,010,999	2,168,923
Total Operating Expenses	\$ 45,105,472	\$ 4,673,662	\$ 9,827,583	\$ 38,062,993	\$ 97,669,710	\$ 90,520,091

(Exhibit 2)

(Exhibit 2)

Del Mar College
Schedule of Non-Operating Revenues and Expenses

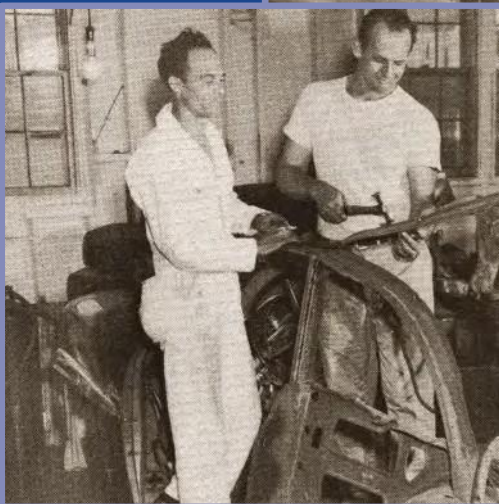
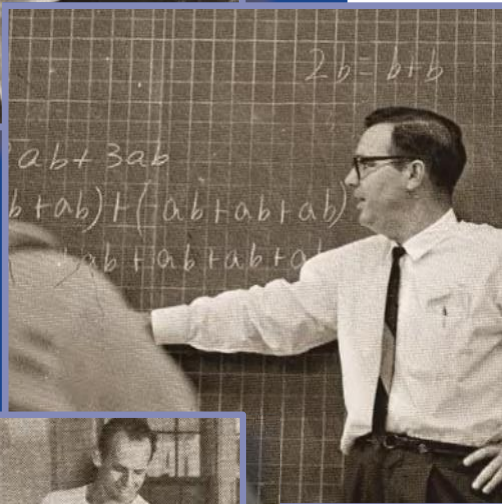
Year Ended August 31, 2015 (With Memorandum Totals for the Year Ended August 31, 2014)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2015 Total</u>	<u>2014 Total</u>
NON-OPERATING REVENUES:					
State Appropriations:					
Education and General State Support	\$ 15,244,082	\$ -	\$ -	\$ 15,244,082	\$ 15,353,344
State Group Insurance	-	3,468,803	-	3,468,803	3,231,904
State Retirement Matching	-	1,204,859	-	1,204,859	968,528
Total State Appropriations	15,244,082	4,673,662	-	19,917,744	19,553,776
Maintenance Ad Valorem Taxes	43,341,908	-	-	43,341,908	40,524,142
Debt Service Ad Valorem Taxes	-	8,384,937	-	8,384,937	8,639,074
Federal Revenue, Non Operating	-	16,265,164	-	16,265,164	16,521,106
Investment Income	205,840	-	-	205,840	197,482
Other Non-Operating Revenue	30,022	-	-	30,022	144,164
Total Non-Operating Revenues	58,821,852	29,323,763	-	88,145,615	85,579,744
NON-OPERATING EXPENSES:					
Interest on Capital Related Debt	3,961,174	-	-	3,961,174	4,441,005
Loss on Disposal of Capital Assets	85,079	-	-	85,079	44,591
Other Non-Operating Expense	2,750	-	-	2,750	2,800
Total Non-Operating Expenses	4,049,003	-	-	4,049,003	4,488,396
Net Non-Operating Revenues	\$ 54,772,849	\$ 29,323,763	\$ -	\$ 84,096,612	\$ 81,091,348
				(Exhibit 2)	(Exhibit 2)

Del Mar College
Schedule of Net Position by Source and Availability
Year Ended August 31, 2015 (With Memorandum Totals for the Year Ended August 31, 2014)

	<u>Detail by Source</u>			<u>Available for</u>	
	<u>Restricted</u>		<u>Net Investment in Capital Assets</u>	<u>Current Operations</u>	
	<u>Unrestricted</u>	<u>Expendable</u>		<u>Yes</u>	<u>No</u>
Current:					
Unrestricted	\$ 12,971,912	\$ -	\$ -	\$ 12,971,912	\$ -
Restricted	-	-	-	-	-
Auxiliary enterprises	442,003	-	-	442,003	-
Loan	-	321,301	-	321,301	321,301
Endowment:					
Quasi:					
Unrestricted	-	-	-	-	-
Restricted	-	-	-	-	-
Endowment					
True	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-
Life Income Contracts	-	-	-	-	-
Annuities	-	-	-	-	-
Plant:					
Unexpended	10,095,769	-	-	10,095,769	10,095,769
Renewals	-	-	-	-	-
Debt Service	-	13,224,616	-	13,224,616	13,224,616
Investment in Plant	-	-	79,669,166	79,669,166	79,669,166
Total Net Position, August 31, 2015	\$ 23,509,684	\$ 13,545,917	\$ 79,669,166	\$ 116,724,767	\$ 103,310,852
				(Exhibit 1)	
Total Net Position, August 31, 2014	<u>31,900,178</u>	<u>13,668,899</u>	<u>72,177,487</u>	<u>117,746,564</u>	<u>96,746,564</u>
Cumulative Effect of Change in					
Accounting Principle (Note 2)	<u>(10,471,624)</u>	-	-	<u>(10,471,624)</u>	-
Total Net Position, August 31, 2014					
as Restated	<u>21,428,554</u>	<u>13,668,899</u>	<u>72,177,487</u>	<u>107,274,940</u>	<u>96,746,564</u>
				(Exhibit 1)	
Net Increase in Net Position	<u>\$ 2,081,130</u>	<u>\$ (122,982)</u>	<u>\$ 7,491,679</u>	<u>\$ 9,449,827</u>	<u>\$ 6,564,288</u>
				(Exhibit 2)	

Statistical Section



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Statistical Information

This part of Del Mar College's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the College's overall financial health.

CONTENTS	PAGE
Financial Trends (Schedules 1-3, 19) <i>These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.</i>	97-101, 118-119
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>	102-107, 120-122
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>	108-110, 123
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>	111-112
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>	113-117

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

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Del Mar College
Statistical Supplement 1
Net Position by Component
Fiscal Years 2006 to 2015
(unaudited)

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net investment in capital assets	\$ 79,669	\$ 72,177	\$ 63,706	\$ 60,565	\$ 56,854	\$ 55,454	\$ 49,010	\$ 45,374	\$ 43,079	\$ 41,662
Restricted - expendable	13,546	13,669	11,945	10,694	10,330	5,721	5,340	5,455	5,135	2,922
Unrestricted	23,510	31,900	31,668	24,779	17,242	15,655	16,382	14,655	18,531	15,691
Total primary government net position	\$ 116,725	\$ 117,746	\$ 107,319	\$ 96,038	\$ 84,426	\$ 76,830	\$ 70,732	\$ 65,484	\$ 66,745	\$ 60,275

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 2
Revenues by Source
Fiscal Years 2006 to 2015
(unaudited)

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Tuition and Fees (Net of Discounts)	\$ 10,878	\$ 10,683	\$ 9,681	\$ 14,875	\$ 9,850	\$ 9,561	\$ 11,980	\$ 14,031	\$ 13,905	\$ 12,385
Governmental Grants and Contracts										
Federal Grants and Contracts	5,424	3,256	3,465	3,658	4,050	4,608	4,148	3,359	18,457	19,179
State Grants and Contracts	3,090	2,021	1,613	1,480	1,997	1,825	2,358	1,689	1,140	1,099
Local Grants and Contracts	593	1,044	838	1,779	535	1,863	957	698	1,015	772
Auxiliary enterprises	1,508	1,398	1,374	1,607	1,426	1,276	1,471	1,213	1,307	1,172
General Operating Revenues	1,379	1,357	1,173	1,234	1,089	1,636	1,260	1,464	1,490	1,122
Total Operating Revenues	22,872	19,759	18,144	24,633	18,947	20,769	22,174	22,454	37,314	35,729
State Appropriations	19,918	19,554	19,535	20,929	23,890	24,247	25,145	25,069	24,716	24,564
Maintenance Ad Valorem Taxes	43,342	40,524	37,312	35,581	33,966	35,059	32,550	29,428	26,600	24,567
Debt Service Ad Valorem Taxes	8,385	8,639	8,679	8,940	9,801	9,031	8,736	8,643	8,935	4,790
Federal Revenue, Non Operating	16,265	16,521	18,730	13,113	21,317	20,623	20,844	15,760	-	-
Gifts	-	-	-	61	40	55	216	104	140	96
Investment Income	206	198	216	347	491	464	802	1,985	3,634	3,498
Other Non-Operating Revenues	30	144	174	155	139	5	309	126	91	98
Total Non-Operating Revenues	88,146	85,580	84,646	79,126	89,644	89,484	88,602	81,115	64,116	57,613
Total Revenues	\$ 111,018	\$ 105,339	\$ 102,790	\$ 103,759	\$ 108,591	\$ 110,253	\$ 110,776	\$ 103,569	\$ 101,430	\$ 93,342

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 2 (Continued)
Revenues by Source
Fiscal Years 2006 to 2015
(unaudited)

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Tuition and fees (net of discounts)	9.80%	10.14%	9.42%	14.34%	9.07%	8.67%	10.81%	13.55%	13.71%	13.27%
Governmental grants and contracts										
Federal grants and contracts	4.89%	3.09%	3.37%	3.53%	3.73%	4.18%	3.74%	3.24%	18.20%	20.55%
State grants and contracts	2.78%	1.92%	1.57%	1.43%	1.84%	1.66%	2.13%	1.63%	1.12%	1.18%
Local grants and contracts	0.53%	0.99%	0.82%	1.71%	0.49%	1.69%	0.86%	0.67%	1.00%	0.83%
Auxiliary enterprises	1.36%	1.33%	1.34%	1.55%	1.31%	1.16%	1.33%	1.17%	1.29%	1.26%
General Operating Revenues	1.24%	1.29%	1.14%	1.19%	1.00%	1.48%	1.14%	1.41%	1.47%	1.20%
Total Operating Revenues	20.60%	18.76%	17.65%	23.74%	17.45%	18.84%	20.02%	21.68%	36.79%	38.28%
State Appropriations	17.94%	18.56%	19.00%	20.17%	22.00%	21.99%	22.70%	24.21%	24.37%	26.32%
Maintenance Ad Valorem Taxes	39.04%	38.47%	36.30%	34.29%	31.28%	31.80%	29.38%	28.41%	26.22%	26.32%
Debt Service Ad Valorem Taxes	7.55%	8.20%	8.44%	8.62%	9.03%	8.19%	7.89%	8.35%	8.81%	5.13%
Federal Revenue, Non Operating	14.65%	15.68%	18.22%	12.64%	19.63%	18.71%	18.82%	15.22%	0.00%	0.00%
Gifts	0.00%	0.00%	0.00%	0.06%	0.04%	0.05%	0.19%	0.10%	0.14%	0.10%
Investment Income	0.19%	0.19%	0.21%	0.33%	0.45%	0.42%	0.72%	1.92%	3.58%	3.75%
Other Non-Operating Revenues	0.03%	0.14%	0.17%	0.15%	0.13%	0.00%	0.28%	0.12%	0.09%	0.10%
Total Non-Operating Revenues	79.40%	81.24%	82.35%	76.26%	82.55%	81.16%	79.98%	78.32%	63.21%	61.72%
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 2006 to 2015
(unaudited)

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction	\$ 36,441	\$ 35,017	\$ 33,766	\$ 34,475	\$ 35,632	\$ 35,082	\$ 33,919	\$ 35,832	\$ 34,004	\$ 31,712
Public service	21	14	21	25	97	37	30	35	36	20
Academic support	6,193	5,554	4,985	4,830	5,852	5,899	5,964	6,083	5,713	5,621
Student services	16,106	12,295	12,439	10,906	11,251	10,814	10,647	12,379	10,746	11,354
Institutional support	16,792	16,637	15,235	15,440	15,340	14,511	14,153	14,497	12,356	10,653
Operation and maintenance of plant	8,771	8,113	7,597	7,748	9,486	11,131	11,620	11,281	9,766	9,096
Scholarships and fellowships	6,286	5,980	6,857	5,755	10,616	13,505	15,559	10,970	10,136	10,560
Auxiliary enterprises	1,470	1,339	1,405	1,521	1,304	1,483	1,726	1,737	1,608	1,505
Depreciation	5,590	5,571	5,607	5,595	5,669	5,774	5,686	5,205	4,318	3,871
Total Operating Expenses	97,670	90,520	87,912	86,295	95,247	98,236	99,304	98,019	88,683	84,392
Interest on capital related debt	3,961	4,441	4,400	4,376	5,876	5,950	6,140	5,735	5,313	4,610
Other Non-Operating Expenses	88	47	33	102	34	19	87	1,077	1,023	1,185
Total Non-Operating Expenses	4,049	4,488	4,433	4,478	5,910	5,969	6,227	6,812	6,336	5,795
Total Expenses	\$ 101,719	\$ 95,008	\$ 92,345	\$ 90,773	\$ 101,157	\$ 104,205	\$ 105,531	\$ 104,831	\$ 95,019	\$ 90,187

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 3 (Continued)
Program Expenses by Function
Fiscal Years 2006 to 2015
(unaudited)

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction	35.83%	36.86%	36.57%	37.98%	35.22%	33.67%	32.14%	34.18%	35.79%	35.16%
Public service	0.02%	0.01%	0.02%	0.03%	0.10%	0.04%	0.03%	0.03%	0.04%	0.02%
Academic support	6.09%	5.85%	5.40%	5.32%	5.79%	5.66%	5.65%	5.80%	6.01%	6.23%
Student services	15.83%	12.94%	13.47%	12.01%	11.12%	10.38%	10.09%	11.81%	11.31%	12.59%
Institutional support	16.51%	17.51%	16.50%	17.01%	15.16%	13.93%	13.41%	13.83%	13.00%	11.81%
Operation and maintenance of plant	8.62%	8.54%	8.23%	8.54%	9.38%	10.68%	11.01%	10.76%	10.28%	10.09%
Scholarships and fellowships	6.18%	6.29%	7.43%	6.34%	10.49%	12.96%	14.74%	10.46%	10.67%	11.71%
Auxiliary enterprises	1.45%	1.41%	1.52%	1.68%	1.29%	1.42%	1.64%	1.66%	1.69%	1.67%
Depreciation	5.50%	5.86%	6.07%	6.16%	5.60%	5.54%	5.39%	4.97%	4.54%	4.29%
Total Operating Expenses	96.02%	95.28%	95.20%	95.07%	94.16%	94.27%	94.10%	93.50%	93.33%	93.57%
Interest on capital related debt	3.89%	4.67%	4.76%	4.82%	5.81%	5.71%	5.82%	5.47%	5.59%	5.11%
Loss on disposal of fixed assets	0.09%	0.05%	0.04%	0.11%	0.03%	0.02%	0.08%	1.03%	1.08%	1.31%
Total Non-Operating Expenses	3.98%	4.72%	4.80%	4.93%	5.84%	5.73%	5.90%	6.50%	6.67%	6.43%
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)

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

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

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)
2014-15	\$ 25,746,282	\$ 4,622,735	\$ 21,123,547	82.05%	\$ 0.207910	\$ 0.040163	\$ 0.248073
2013-14	24,255,580	4,577,887	19,677,693	81.13%	0.206690	0.043976	0.250666
2012-13	22,433,940	4,557,652	17,876,288	79.68%	0.209394	0.048609	0.258003
2011-12	21,081,166	3,605,685	17,475,481	82.90%	0.206200	0.051800	0.258000
2010-11	20,302,854	3,078,992	17,223,862	84.83%	0.200200	0.057800	0.258000
2009-10	19,544,899	1,696,049	17,848,850	91.32%	0.200200	0.051200	0.251400
2008-09	18,358,577	1,381,489	16,977,088	92.47%	0.190580	0.051200	0.241780
2007-08	15,870,047	1,771,553	14,098,494	88.84%	0.187090	0.055000	0.242090
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

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	Appropriation per FTSE			Appropriation per Contact Hour			
	State Appropriation	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (b)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2014-15	\$ 19,767	7,096	\$ 2,786	2,655	1,660	4,315	\$ 4.58
2013-14	19,554	7,262	2,693	2,823	1,615	4,438	4.41
2012-13	19,535	7,648	2,554	2,998	1,692	4,690	4.17
2011-12	20,929	8,295	2,523	3,287	1,801	5,088	4.11
2010-11	23,890	8,468	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

Notes:

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

(a) Source: Coordinating Board Management Report 001

(b) Source: Coordinating Board Management Report 004

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

Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)

Taxpayer	Type of Business	2014	2013	2012	2011	2010	2009	2008	2007
Flint Hills Resources West LP	Petrochemical	\$ 809,036	\$ 894,028	\$ 911,024	\$ 791,276	\$ 826,955	\$ 826,955	\$ 859,954	\$ 847,381
Valero Refining Texas LP	Petrochemical	732,218	732,219	680,667	674,643	810,563	810,563	854,928	846,719
Citgo Refining/Chemical Co LP	Petrochemical	609,788	588,394	527,999	521,728	460,855	460,855	496,997	524,746
Equistar Chemicals LP	Petrochemical	198,039	227,826	235,788	217,385	157,388	216,196	208,942	341,781
Flint Hills Resources East LP	Petrochemical	180,163	190,891	195,559	163,746				
AEP Texas Central Company	Utility	198,622	167,729	143,951	115,054	162,087	133,276	143,160	138,095
Valero Marketing & Supply	Petrochemical	139,352	147,665	-	-	-	-	-	-
Corpus Christi Retail Venture LP	Retail	-	94,714	101,682	86,000	75,510	75,510	82,864	-
Buckeye Texas Processing LLC	Petrochemical	173,856	-	-	-	-	-	-	-
Buckeye Texas HUB LLC	Petrochemical	155,421	-	-	-	-	-	-	-
Barney M Davis LP	Utility	-	-	-	84,296	-	-	-	-
Flint Hill Resources	Petrochemical	107,045	105,017	105,696	-	-	-	-	-
HE Butt Grocery Company	Grocery	-	84,069	80,885	78,986	74,869	72,761	70,958	58,878
Corpus Christi Cogeneration LP	Utility	-	-	-	67,453	-	74,039	78,881	78,881
Hoechst Cel - Plastics Division	Manufacturing	-	-	-	-	164,980	-	-	-
EOG Resources	Petrochemical	-	-	-	-	110,501	110,501	-	-
Apache Corporation	Petrochemical	-	-	-	-	76,205	-	-	-
Markwest Energy Partners, LP	Utility	-	-	-	-	-	67,141	71,013	70,753
Southwestern Bell Telephone	Utility	-	-	-	-	-	-	51,668	64,972
Sabco Operating Company	Petrochemical	-	-	-	-	-	-	-	63,725
Pioneer Drilling Co. Ltd.	Petrochemical	-	-	-	-	-	-	-	-
La Palmera Mall	Retail	-	-	-	-	-	-	-	-
El Paso Javelina Company	Petrochemical	-	-	-	-	-	-	-	-
Totals		\$ 3,303,540	\$ 3,232,552	\$ 2,983,251	\$ 2,800,567	\$ 2,919,913	\$ 2,847,797	\$ 2,919,365	\$ 3,035,931
Total Taxable Assessed Value		\$ 19,677,694	\$ 17,876,288	\$ 17,876,288	\$ 17,475,481	\$ 17,223,862	\$ 17,848,850	\$ 16,977,088	\$ 14,098,514

Source: Local County Appraisal District

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

% of Taxable Assessed Value (TAV) by Tax Year

Taxpayer	Type of Business	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Flint Hills Resources LP	Petrochemical	4.11%	5.00%	5.10%	4.53%	4.80%	4.63%	5.07%	6.01%	5.85%	6.23%
Valero Refining Texas LP	Petrochemical	3.72%	4.10%	3.81%	3.86%	4.71%	4.54%	5.04%	6.01%	4.14%	2.48%
Citgo Refining/Chemical Co LP	Petrochemical	3.10%	3.29%	2.95%	2.99%	2.68%	2.58%	2.93%	3.72%	3.64%	2.53%
Equistar Chemicals LP	Petrochemical	1.01%	1.27%	1.32%	1.24%	0.91%	1.21%	1.23%	2.42%	2.71%	2.55%
Flint Hill Resources	Petrochemical	0.92%	1.07%	1.09%	0.94%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AEP Texas Central Company	Utility	1.01%	0.94%	0.81%	0.66%	0.94%	0.75%	0.84%	0.98%	1.07%	1.66%
Corpus Christi Retail Venture LP	Retail	0.00%	0.53%	0.57%	0.49%	0.44%	0.42%	0.49%	0.00%	0.00%	0.00%
Barney M Davis LP	Utility	0.00%	0.00%	0.00%	0.48%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Flint Hill Resources	Petrochemical	0.54%	0.59%	0.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
HE Butt Grocery Company	Grocery	0.00%	0.47%	0.45%	0.45%	0.43%	0.41%	0.42%	0.42%	0.57%	0.00%
Corpus Christi Cogeneration LP	Utility	0.00%	0.00%	0.00%	0.39%	0.00%	0.41%	0.46%	0.56%	0.69%	1.09%
Hoechst Cel - Plastics Division	Manufacturing	0.00%	0.00%	0.00%	0.00%	0.96%	0.00%	0.00%	0.00%	0.00%	0.00%
EOG Resources	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.64%	0.62%	0.00%	0.00%	0.00%	0.00%
Apache Corporation	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.44%	0.00%	0.00%	0.00%	0.00%	0.00%
Markwest Energy Partners, LP	Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.38%	0.42%	0.50%	0.55%	0.00%
Southwestern Bell Telephone	Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.30%	0.46%	0.50%	0.55%
Sabco Operating Company	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.45%	0.00%	0.33%
Pioneer Drilling Co. Ltd.	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.66%	0.00%
La Palmera Mall	Retail	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.53%
El Paso Javelina Company	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.36%
Totals		16.79%	18.08%	16.69%	16.03%	16.95%	15.96%	17.20%	21.53%	20.37%	18.31%

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
2015	\$ 52,752	\$ (358)	\$ 52,394	\$ 51,113	97.56%	\$ -	\$ 1,052	\$ 52,165	99.56%
2014	49,097	(317)	48,780	47,518	97.41%	-	1,124	48,642	99.72%
2013	45,729	(71)	45,658	44,579	97.64%	-	994	45,573	99.81%
2012	44,477	(309)	44,168	43,139	97.67%	-	911	44,050	99.73%
2011	43,545	(198)	43,347	42,217	97.39%	-	873	43,090	99.41%
2010	44,196	(243)	43,953	42,590	96.90%	-	868	43,458	98.87%
2009	41,484	(261)	41,223	39,244	95.20%	-	1,363	40,607	98.51%
2008	38,286	(264)	38,022	36,956	97.20%	-	679	37,635	98.98%
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%

Source: Local Tax Assessor/Collector and District records.

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

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

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

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

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

Total Collections = C + D + E

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

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Bonded Debt										
General obligation bonds	\$ 71,170	\$ 69,730	\$ 75,380	\$ 80,415	\$ 86,120	\$ 90,825	\$ 95,270	\$ 99,440	\$ 103,305	\$ 105,360
Notes	-	-	-	-	-	-	-	-	-	-
Premium	5,827	4,852	4,227	4,999	2,115	2,390	2,676	2,971	3,016	3,302
Net general bonded debt	\$ 76,997	\$ 74,582	\$ 79,607	\$ 85,414	\$ 88,235	\$ 93,215	\$ 97,946	\$ 102,411	\$ 106,321	\$ 108,662
Other Debt										
Revenue bonds	\$ 21,385	\$ 23,405	\$ 25,335	\$ 27,200	\$ 28,985	\$ 30,715	\$ 32,120	\$ 33,150	\$ 8,355	\$ 9,015
Notes	-	-	-	-	-	-	-	-	155	482
Capital lease obligations	-	-	109	225	1,187	2,265	3,428	3,916	1,957	2,433
Total Outstanding Debt	\$ 98,382	\$ 97,987	\$ 105,051	\$ 112,839	\$ 118,407	\$ 126,195	\$ 133,494	\$ 139,477	\$ 116,788	\$ 120,592
General Bonded Debt Ratios										
Per Capita	\$ 226.14	\$ 219.05	\$ 233.81	\$ 264.40	\$ 294.12	\$ 310.72	\$ 326.49	\$ 341.37	\$ 354.40	\$ 362.21
Per FTSE	9,093	8,808	9,401	10,171	11,306	12,219	12,460	12,206	13,120	13,375
As a percentage of Taxable Assessed Value	0.43%	0.42%	0.45%	0.49%	0.51%	0.52%	0.58%	0.73%	0.83%	0.91%
Total Outstanding Debt Ratios										
Per Capita	\$ 288.95	\$ 287.79	\$ 308.54	\$ 349.30	\$ 394.69	\$ 420.65	\$ 444.98	\$ 464.92	\$ 389.29	\$ 401.97
Per FTSE	11,618	11,571	12,406	13,436	15,521	16,053	15,911	17,211	14,376	14,947
As a percentage of Taxable Assessed Value	0.55%	0.55%	0.59%	0.65%	0.69%	0.71%	0.79%	0.99%	0.91%	1.01%

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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Taxable Assessed Value	\$21,123,547	\$19,677,693	\$17,876,288	\$17,475,481	\$17,223,862	\$17,848,850	\$16,977,088	\$14,098,494	\$12,865,533	\$11,961,224
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	105,618	98,388	89,381	87,377	86,119	89,244	84,885	70,492	64,328	59,806
Less: Funds Restricted for Repayment of General Obligation Bonds	(4,303)	(4,155)	(4,181)	(5,286)	(5,286)	(2,239)	(3,310)	(4,499)	(4,906)	(2,698)
Total Net General Obligation Debt	101,315	94,233	85,200	82,091	80,833	87,005	81,575	65,993	59,422	57,108
Current Year Debt Service Requirements	8,413	8,668	8,666	8,978	9,120	9,031	8,899	8,763	8,512	4,528
Excess of Statutory Limit for Debt Service over Current Requirements	<u>\$ 92,902</u>	<u>\$ 85,565</u>	<u>\$ 76,534</u>	<u>\$ 73,113</u>	<u>\$ 71,713</u>	<u>\$ 77,974</u>	<u>\$ 72,676</u>	<u>\$ 57,230</u>	<u>\$ 50,910</u>	<u>\$ 52,580</u>
Net Current Requirements as a % of Statutory Limit	3.89%	4.59%	5.02%	4.23%	4.45%	7.61%	6.58%	6.05%	5.61%	3.06%

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
2015	\$ 3,003	\$ 2,403	\$ 2,403	\$ 108	\$ 7,917	\$ 2,020	\$ 1,044	\$ 3,064	2.58
2014	2,939	2,413	2,413	64	7,829	1,930	1,121	3,051	2.57
2013	3,028	2,568	2,568	141	8,305	1,865	1,191	3,056	2.72
2012	3,269	2,777	2,777	151	8,974	1,785	1,261	3,046	2.95
2011	2,943	2,909	2,909	171	8,932	1,730	1,320	3,050	2.93
2010	2,620	2,461	2,461	161	7,703	1,405	1,365	2,770	2.78
2009	2,376	2,209	2,209	320	7,114	1,030	1,398	2,428	2.93
2008	2,329	1,722	1,722	928	6,701	695	319	1,014	6.61
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

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)
2014	356,221	\$ (d)	\$ (d)	5.1%
2013	352,107	14,841,683	42,151	6.2%
2012	347,594	14,366,370	41,331	6.8%
2011	343,281	13,196,232	38,441	7.9%
2010	340,480	12,201,077	35,835	8.2%
2009	323,046	12,004,999	37,162	7.6%
2008	322,077	11,633,423	36,120	4.3%
2007	321,135	10,874,617	33,863	4.3%
2006	321,457	10,347,486	32,189	4.9%
2005	319,704	9,427,932	29,490	5.3%

Sources:

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

Del Mar College
Statistical Supplement 13
Principal Employers
(unaudited)

Employer	2014		2005 ¹	
	Number of Employees	Percentage of Total Employment ²	Number of Employees	Percentage of Total Employment
Corpus Christi Army Depot	5,800	2.92%	-	-
Corpus Christi ISD	5,178	2.61%	-	-
CHRISTUS Spohn Health Systems	5,144	2.59%	-	-
H.E.B.	5,000	2.52%	-	-
City of Corpus Christi	3,171	1.60%	-	-
Corpus Christi Naval Air Station	2,822	1.42%	-	-
Bay, Ltd.	2,100	1.06%	-	-
Driscoll Children's Hospital	1,800	0.91%	-	-
Del Mar College	1,542	0.78%	-	-
Corpus Christi Medical Center	1,300	0.66%	-	-
Nueces County	1,034	0.52%	-	-
Texas A&M University - CC	991	0.50%	-	-
Flint Hills Resources	920	0.46%	-	-
Kiewit Offshore Service	900	0.45%	-	-
Corpus Christi State School	850	0.43%	-	-
Valero Refining	824	0.42%	-	-
Sherwin Alumina	800	0.40%	-	-
Total	40,176	20.25%	-	-

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 (2013 Corpus Christi Total Employment = 210,253)

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Faculty										
Full-Time	282	279	278	286	301	314	303	315	301	293
Part-Time	236	254	287	323	292	304	293	234	296	342
Total	518	533	565	609	593	618	596	549	597	635
Percent										
Full-Time	54.4%	52.3%	49.2%	47.0%	50.8%	50.8%	50.8%	57.4%	50.4%	46.1%
Part-Time	45.6%	47.7%	50.8%	53.0%	49.2%	49.2%	49.2%	42.6%	49.6%	53.9%
Staff and Administrators										
Full-Time	309	293	283	291	378	390	382	411	411	415
Part-Time	331	309	380	195	274	231	176	176	156	151
Total	640	602	663	486	652	621	558	587	567	566
Percent										
Full-Time	48.3%	48.7%	42.7%	59.9%	58.0%	62.8%	68.5%	70.0%	72.5%	73.3%
Part-Time	51.7%	51.3%	57.3%	40.1%	42.0%	37.2%	31.5%	30.0%	27.5%	26.7%
Total										
Full-Time	591	572	561	577	679	704	685	726	712	708
Part-Time	567	563	667	518	566	535	469	410	452	493
Total	1,158	1,135	1,228	1,095	1,245	1,239	1,154	1,136	1,164	1,201
Percent										
Full-Time	51.0%	50.4%	45.7%	52.7%	54.5%	56.8%	59.4%	63.9%	61.2%	59.0%
Part-Time	49.0%	49.6%	54.3%	47.3%	45.5%	43.2%	40.6%	36.1%	38.8%	41.0%
FTSE per Full-time Faculty	16.42	16.67	16.95	17.36	17.03	18.28	17.39	17.77	18.20	19.24
FTSE per Full-Time Staff Member	22.97	24.78	27.05	28.50	22.41	21.44	20.43	18.57	19.13	20.22
Average Annual Faculty Salary	\$60,656	\$56,755	\$55,919	\$56,203	\$56,071	\$55,608	\$56,529	\$56,394	\$55,773	\$58,863

Notes: Year 2015 is not yet available.

Source: College Statistical Profiles.

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

	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	5,854	56.08%	5,943	56.59%	6,356	57.62%	6,951	57.58%	7,038	57.52%
Male	4,585	43.92%	4,559	43.41%	4,674	42.38%	5,120	42.42%	5,198	42.48%
Total	10,439	100.00%	10,502	100.00%	11,030	100.00%	12,071	100.00%	12,236	100.00%

Ethnic Origin	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Hispanic	6,620	63.42%	6,612	62.96%	6,253	56.69%	6,637	54.98%	7,254	59.28%
White, non-Hispanic	2,850	27.30%	2,882	27.44%	3,156	28.61%	3,600	29.82%	3,838	31.37%
Black, non-Hispanic	299	2.86%	327	3.11%	394	3.57%	448	3.71%	365	2.98%
Asian/Pacific Islander	190	1.82%	168	1.60%	209	1.89%	259	2.15%	246	2.01%
Indian/Alaskan Native	29	0.28%	38	0.36%	182	1.65%	150	1.24%	38	0.31%
Unknown	451	4.32%	475	4.52%	836	7.58%	977	8.09%	495	4.05%
Total	10,439	100.00%	10,502	100.00%	11,030	100.00%	12,071	100.00%	12,236	100.00%

Age	Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 20	3,296	31.57%	3,200	30.47%	3,122	28.30%	3,318	27.49%	3,266	26.69%
20 -24	3,412	32.69%	3,407	32.44%	3,633	32.94%	3,963	32.83%	3,985	32.57%
25 - 29	1,522	14.58%	1,484	14.13%	1,630	14.78%	1,832	15.18%	1,936	15.82%
30 - 34	844	8.09%	910	8.67%	1,045	9.47%	1,159	9.60%	1,227	10.03%
35 - 39	509	4.88%	572	5.45%	600	5.44%	658	5.45%	706	5.77%
40 - 44	334	3.20%	352	3.35%	407	3.69%	495	4.10%	458	3.74%
45 - 49	235	2.25%	250	2.38%	259	2.35%	311	2.58%	328	2.68%
50 & over	287	2.75%	327	3.11%	334	3.03%	335	2.78%	330	2.70%
Total	10,439	100.00%	10,502	100.00%	11,030	100.00%	12,071	100.00%	12,236	100.00%

Average Age	25.3	25.3	25.5	25.6	25.7
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Notes: Year 2015 is not yet available.

Source: College Statistical Profiles.

Del Mar College
Statistical Supplement 17
Transfers to Senior Institutions
Academic Year 2014-15 Students as of Fall 2015
(Includes only public senior colleges in Texas)
(unaudited)

	Transfer Student Count Academic	Transfer St Count Technic	Count	Total of all Sample ansfer Students	Percent of ransfer Students	all Sample
1 Texas A&M University - Corpus Christi	808	67	63	938		52.29%
2 Texas A&M University - Kingsville	148	13	4	165		9.20%
3 Texas A&M University	131	9	3	143		7.97%
4 The University of Texas at Austin	99	5	5	109		6.08%
5 Texas State University - San Marcos	88	6	6	100		5.57%
6 The University of Texas at San Antonio	73	8	5	86		4.79%
7 Texas Tech University	48	5	4	57		3.18%
8 University of North Texas	24	1	0	25		1.39%
9 University of Houston	23	0	1	24		1.34%
10 Sam Houston State University	22	0	0	22		1.23%
11 University of Houston - Victoria	16	2	0	18		1.00%
12 The University of Texas - Pan American	11	1	2	14		0.78%
13 The University of Texas at Arlington	11	0	2	13		0.72%
14 The University of Texas at Dallas	11	1	0	12		0.67%
15 Texas Tech University Health Sciences Center	1	0	6	7		0.39%
16 The University of Texas of the Permian Basin	6	0	0	6		0.33%
17 Stephen F. Austin State University	3	1	1	5		0.28%
18 Texas A&M University at Galveston	5	0	0	5		0.28%
19 Sul Ross State University	3	1	0	4		0.22%
20 Tarleton State University	4	0	0	4		0.22%
21 The University of Texas at Tyler	4	0	0	4		0.22%
22 Texas A&M International University	4	0	0	4		0.22%
23 Texas A&M University System Health Science Center	4	0	0	4		0.22%
24 Texas A&M University - Commerce	3	1	0	4		0.22%
25 Texas Woman's University	2	1	0	3		0.17%
26 Angelo State University	1	0	2	3		0.17%
27 Lamar University	2	0	0	2		0.11%
28 University of Texas Health Science Center at San Antonio	2	0	0	2		0.11%
29 Midwestern State University	2	0	0	2		0.11%
30 Prairie View A&M University	2	0	0	2		0.11%
31 The University of Texas at Brownsville	2	0	0	2		0.11%
32 University of Houston - Downtown	2	0	0	2		0.11%
33 West Texas A&M University	1	1	0	2		0.11%
34 Texas A&M University - San Antonio	1	0	0	1		0.06%
	1567	123	104	1794		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 2006 to 2015
(unaudited)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Academic buildings	34	34	34	34	34	34	37	37	37	28
Square footage (in thousands)	894	894	875	875	850	850	831	831	818	541
Libraries	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	114	114	114	114	114	114	114	114	114	114
Number of Volumes (in thousands)	187	187	187	187	187	187	187	187	187	185
Administrative and support buildings	7	7	7	7	7	7	7	7	7	7
Square footage (in thousands)	253	237	237	237	237	237	169	169	169	162
Athletic Facilities	3	3	3	3	3	3	3	3	3	3
Square footage (in thousands)	60	60	60	60	60	60	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	6	6	6	10	10	10	7
Square footage (in thousands)	70	70	70	70	70	70	33	33	33	30
Transportation										
Cars	33	53	69	8	8	9	7	7	7	7
Light Trucks/Vans	43	37	68	47	55	65	47	47	45	62
Buses	1	1	1	2	2	2	4	4	4	4

Source: Del Mar College Physical Facilities Building Report.

Del Mar College
Statistical Supplement 19
Changes in Net Position
Fiscal Years 2006 to 2015
(unaudited)

For the Year Ended August 31

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Operating Revenues										
Tuition and Fees (net of discounts)	\$ 10,878,328	\$ 10,683,123	\$ 9,681,161	\$ 14,874,912	\$ 9,849,642	\$ 9,560,810	\$ 11,980,079	\$ 14,031,565	\$ 13,905,089	\$ 13,411,199
Federal Grants and Contracts	5,423,812	3,255,877	3,465,361	3,657,769	4,049,813	4,607,604	4,147,939	3,358,387	18,456,640	18,153,117
State Grants and Contracts	3,090,218	2,021,264	1,613,439	1,480,295	1,996,563	1,825,247	2,357,887	1,688,871	1,140,078	1,099,238
Local Grants and Contracts	592,945	1,043,836	837,213	1,779,174	534,974	1,863,118	957,000	698,364	1,014,997	771,956
Auxiliary Enterprises (net of discounts)	1,507,338	1,397,476	1,373,947	1,606,639	1,426,632	1,276,187	1,470,590	1,212,596	1,306,995	1,171,742
General Operating Revenues	1,378,951	1,357,212	1,172,798	1,233,891	1,089,147	1,635,755	1,260,209	1,464,530	1,490,562	1,121,597
Total Operating Revenues	22,871,592	19,758,788	18,143,919	24,632,680	18,946,771	20,768,721	22,173,704	22,454,313	37,314,361	35,728,849
Operating Expenses										
Instruction	36,440,531	35,017,334	33,765,746	34,475,078	35,631,929	35,082,047	33,919,124	35,832,617	34,003,862	32,745,851
Public Service	21,290	14,146	21,359	24,975	97,181	36,732	29,517	34,557	36,011	19,982
Academic Support	6,193,494	5,553,605	4,984,898	4,829,859	5,852,202	5,899,306	5,963,817	6,083,292	5,712,580	5,620,745
Student Services	16,105,881	12,295,001	12,439,289	10,905,844	11,251,405	10,813,948	10,646,463	12,379,196	10,745,709	10,320,417
Institutional Support	16,792,500	16,637,302	15,235,208	15,440,078	15,340,165	14,510,993	14,152,988	14,496,449	12,356,279	10,652,889
Operating and Maintenance of Plant	8,770,592	8,112,724	7,597,543	7,748,373	9,485,873	11,131,403	11,620,435	11,281,412	9,766,573	9,096,106
Scholarships and Fellowships	6,285,920	5,980,411	6,856,972	5,755,165	10,616,294	13,505,290	15,558,908	10,969,849	10,135,853	10,559,668
Auxiliary Enterprises	1,469,943	1,339,143	1,404,623	1,521,295	1,303,387	1,483,184	1,726,206	1,736,903	1,608,236	1,505,092
Depreciation	5,589,559	5,570,425	5,606,843	5,594,775	5,668,964	5,773,610	5,686,422	5,205,151	4,318,058	3,870,834
Total Operating Expenses	97,669,710	90,520,091	87,912,481	86,295,442	95,247,400	98,236,513	99,303,880	98,019,426	88,683,161	84,391,584
Operating Loss	\$ (74,798,118)	\$ (70,761,303)	\$ (69,768,562)	\$ (61,662,762)	\$ (76,300,629)	\$ (77,467,792)	\$ (77,130,176)	\$ (75,565,113)	\$ (51,368,800)	\$ (48,662,735)

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 19 (Continued)
Changes in Net Position
Fiscal Years 2006 to 2015
(unaudited)

For the Year Ended August 31

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Non-Operating Revenues (Expenses)										
State Appropriations	\$ 19,917,744	\$ 19,553,776	\$ 19,535,227	\$ 20,928,729	\$ 23,890,346	\$ 24,246,822	\$ 25,144,870	\$ 25,068,833	\$ 24,716,104	\$ 24,563,653
Maintenance Ad Valorem Taxes	43,341,908	40,524,142	37,311,571	35,581,594	33,966,441	35,059,327	32,549,826	29,428,339	26,599,544	24,567,051
Debt Service Ad Valorem Taxes	8,384,937	8,639,074	8,678,589	8,939,543	9,800,687	9,030,586	8,736,321	8,643,443	8,935,245	4,790,230
Federal Revenue, Non Operating	16,265,164	16,521,106	18,730,358	13,113,471	21,317,348	20,623,178	20,843,726	15,759,669	-	-
Gifts	-	-	-	60,517	39,748	54,774	-	103,475	139,722	95,630
Gain (Loss) on Disposal of Capital Assets	(85,079)	(44,591)	(31,345)	(100,187)	(31,752)	(17,603)	(59,130)	(44,620)	(103,657)	57,334
Investment Income	205,840	197,482	216,246	347,282	490,659	464,529	802,257	1,985,159	3,634,229	3,497,573
Interest on Capital Related Debt	(3,961,174)	(4,441,005)	(4,399,676)	(4,570,120)	(5,876,467)	(5,949,619)	(6,139,629)	(5,735,106)	(5,312,822)	(4,609,924)
Contribution from Del Mar Foundation, Inc.	-	-	-	-	-	-	2,572	1,902	162,302	248,258
Other Non-Operating Revenues	30,022	144,164	173,864	155,367	139,255	4,534	309,453	125,872	90,886	98,020
Other Non-Operating Expenses	(2,750)	(2,800)	(1,600)	(1,450)	(1,450)	(1,150)	(28,118)	(1,033,002)	(1,022,701)	(1,184,959)
Net Non-Operating Revenues	84,096,612	81,091,348	80,213,234	74,454,746	83,734,815	83,515,378	82,162,148	74,303,964	57,838,852	52,122,866
Capital Contributions	151,333	97,300	836,140	60,000	161,319	50,381	216,497	-	-	-
Income Before Extraordinary Item	9,449,827	10,427,345	11,280,812	12,851,984	7,595,505	6,097,967	5,248,469	(1,261,149)	6,470,052	3,460,131
Restatements	-	-	-	(1,239,182)	-	-	-	-	-	-
Increase (Decrease) in Net Position	9,449,827	10,427,345	11,280,812	11,612,802	7,595,505	6,097,967	5,248,469	(1,261,149)	6,470,052	3,460,131
Net Position										
Net Position - Beginning of Year	117,746,564	107,319,219	96,038,407	84,425,605	76,830,100	70,732,133	65,483,664	66,744,813	60,274,761	56,814,630
Cumulative Effect of Change in Accounting Principle	(10,471,624)	-	-	-	-	-	-	-	-	-
Net Position - Beginning of Year - as restated	107,274,940	-	-	-	-	-	-	-	-	-
Net Position - End of Year	\$ 116,724,767	\$ 117,746,564	\$ 107,319,219	\$ 96,038,407	\$ 84,425,605	\$ 76,830,100	\$ 70,732,133	\$ 65,483,664	\$ 66,744,813	\$ 60,274,761

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
2014	0.5000	0.5000	1.0000
2013	0.5000	0.5000	1.0000
2012	0.5000	0.5000	1.0000
2011	0.5000	0.5000	1.0000
2010	0.5000	0.5000	1.0000
2009	0.5000	0.5000	1.0000
2008	0.5000	0.5000	1.0000
2007	0.5000	0.5000	1.0000
2006	0.5000	0.5000	1.0000
2005	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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Del Mar Colleg District	0.248	0.248	0.251	0.258	0.258	0.258	0.242	0.242	0.256	0.228
Special Districts:										
Hospital District	0.130	0.137	0.148	0.162	0.162	0.162	0.145	0.145	0.161	0.175
Downtown Management District	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.000	0.370
Nueces County	0.313	0.331	0.341	0.351	0.351	0.351	0.356	0.356	0.370	0.404
Drainage District No. 2	0.334	0.350	0.390	0.400	0.318	0.310	0.385	0.377	0.382	0.363
Drainage District No. 3	0.193	0.178	0.189	0.189	0.189	0.897	0.890	0.190	0.180	0.180
South Texas Water Authority	0.083	0.085	0.085	0.062	0.062	0.062	0.056	0.057	0.055	0.055
Cities:										
Corpus Christi	0.606	0.585	0.585	0.571	0.571	0.582	0.564	0.564	0.602	0.626

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
School Districts:										
Calallen ISD	1.375	1.358	1.359	1.359	1.328	1.299	1.277	1.100	1.430	1.599
Corpus Christi ISD	1.237	1.237	1.237	1.237	1.237	1.237	1.176	1.156	1.486	1.616
Flour Bluff ISD	1.154	1.168	1.178	1.071	1.072	1.070	1.070	1.070	1.387	1.526
London ISD	1.356	1.395	1.251	1.238	1.263	1.250	1.144	1.130	1.277	1.391
Port Aransas ISD	1.118	1.126	1.126	1.086	1.063	1.062	1.058	1.058	1.395	1.550
Tuloso Midway ISD	1.377	1.394	1.317	1.332	1.332	1.332	1.332	1.282	1.612	1.742
West Oso ISD	1.450	1.370	1.370	1.370	1.420	1.420	1.340	1.240	1.650	1.780
Fire Districts:										
Fire District No. 1	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.075	0.075	0.075
Fire District No. 2	0.030	0.030	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026
Fire District No. 3	0.030	0.030	0.030	0.030	0.030	0.030	0.048	0.050	0.050	0.030
Fire District No. 4	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.088	0.088	0.088
Fire District No. 5	0.030	0.030	0.030	0.030	0.030	0.024	0.028	0.027	0.030	0.030
TOTAL:	11.634	11.622	11.483	11.342	11.282	11.942	11.707	10.603	12.512	13.854

Source: Nueces County Tax Office

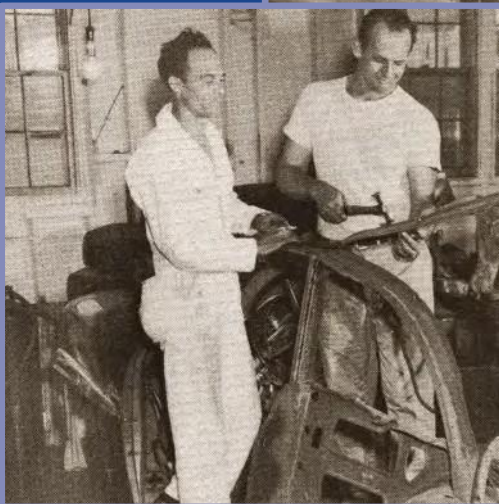
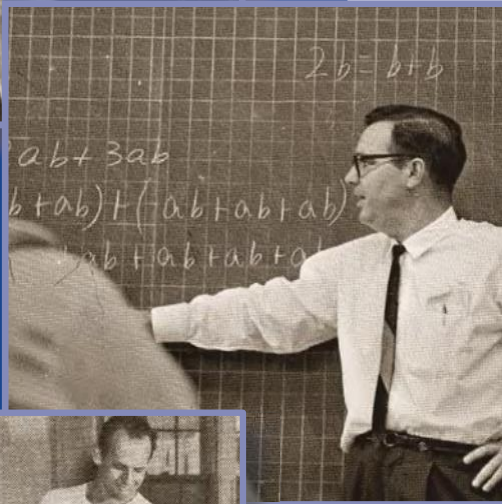
Del Mar College
Statistical Supplement 22
Computation of Direct and Overlapping Debt
August 31, 2015
(unaudited)

Bonded Debt of Individual Governmental Subdivisions:	Estimated Gross Debt	Percent Applicable	Applicable to Direct
Special Districts:			
Nueces County	\$ 113,635,700	89.85%	\$ 102,101,676
Nueces County Hospital District	-	100.00%	-
County-Line Special Districts:			
Nueces County Drainage District 2	-	100.00%	-
South Texas Water Authority	-	100.00%	-
City:			
Corpus Christi	420,103,713	100.00%	420,103,713
School Districts:			
Calallen ISD	41,825,000	100.00%	41,825,000
Corpus Christi ISD	397,208,708	100.00%	397,208,708
Flour Bluff ISD	49,990,000	100.00%	49,990,000
London ISD	18,254,891	36.57%	6,675,814
Port Aransas ISD	8,235,000	15.69%	1,292,072
Tuloso-Midway ISD	71,410,000	100.00%	71,410,000
West Oso ISD	28,651,168	100.00%	28,651,168
Sub-total direct and overlapping debt	1,149,314,180	97.38%	1,119,258,151
Del Mar College District	76,996,822	100.00%	76,996,822
Total direct and overlapping debt	<u>-\$ 1,226,311,002</u>	<u>97.55%</u>	<u>-\$ 1,196,254,973</u>

Source: Debt outstanding data provided by each entity

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Federal and State Awards Section



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

December 15, 2015

Board of Regents
Del Mar College District
Corpus Christi, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Del Mar College District (the College) and its discretely presented component unit, as of and for the years ended August 31, 2015 and 2014 and June 30, 2015 and 2014, respectively, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 15, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Collier, Johnson & Woods

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

December 15, 2015

Board of Regents
Del Mar College District
Corpus Christi, Texas

Report on Compliance for Each Major Federal Program

We have audited the Del Mar College District's (the College's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2015. The College's major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the College's compliance.

Opinion on Each Major Federal Programs

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2015.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Collier, Johnson & Woods

DEL MAR COLLEGE DISTRICT

SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2015

Section I:
Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiencies reported that are not considered to be material weaknesses?	None reported
• Noncompliance material to the financial statements noted?	No
Federal Awards:	
• Material weakness identified?	No
• Significant deficiencies reported that are not considered to be material weaknesses?	None reported
Type of auditor's report on compliance for major federal programs:	Unmodified
Any audit findings required to be reported in accordance with 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 Labor	
17.282	Trade Adjustment Assistance Community College and Career Training (TAACCCT)
National Science Foundation	
47.076	Education and Human Resources
U.S. Department of Homeland Security	
97.039	Hazard Mitigation Grant – Texas Safe Shelter
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, 2015

<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. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
SEOG	84.007		\$ 263,613
Federal College Workstudy Program	84.033		193,673
Federal Pell Grant	84.063		14,083,324
Direct Student Loans	84.268		2,803,881
TRIO Student Support Services	84.042		235,975
Child Care Access	84.335		116,848
TITLE V - Celebrando Educacion	84.031		762,254
TITLE H S I	84.031		962,300
Pass-Through From:			
Texas Higher Education Coordinating Board:			
Carl Perkins Vocational Education - Basic	84.048	13437	539,775
Carl Perkins Vocational Education - Leadership	84.048	13529	41,969
Texas Workforce Commission:			
Adult Basic Education	84.002A	2214AELA00	1,354,138
Nursing Mentorship	17.278	2215WSW000	28,753
Total of U.S. Department of Education			\$ 21,386,503
U.S. Department of Defense			
Direct Program:			
Defense Logistics Agency			
Procurement Technical Assistance of Business Firms	12.002		147,458
Total U.S. Department of Defense			\$ 147,458
U.S. Department of Homeland Security			
Pass-Through From:			
Texas Department of Public Safety			
Texas Safe Shelter	97.039		1,487,165
Total U.S. Department of Homeland Security			\$ 1,487,165
National Science and Space Administration			
Direct Program:			
TexPrep	43.001		37,451
Total National Science and Space Administration			\$ 37,451

Del Mar College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2015

<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>
National Science Foundation			
Direct Program:			
SSTEM Future Forward	47.076		\$ 132,770
Pass-Through From:			
Stevens Institute of Technology:			
ATSSC	47.076		42,512
Texas A & M College Station:			
Dream IT	47.076		38,292
Stamp	47.076		170,490
Stamp	47.076		152,736
Total National Science Foundation			\$ 536,800
U. S. Small Business Administration			
Pass-Through From:			
University of Texas at San Antonio			
Small Business Development Center	59.037	5-603001	107,372
Small Business Administration	59.006	Z0049-29-DMC	29,315
Total Small Business Administration			\$ 136,687
U.S. Department of Labor			
Direct Program:			
Collin County Community College:			
TAACCCT	17.282	217804	600,608
Texas Workforce Commission:			
WIA/JATC	17.278	2215ATP001	30,463
TANF/JATC	93.558	2215ATP001	11,104
Total U. S. Department of Labor			\$ 642,175
U.S. Department of Agriculture			
Pass-Through From:			
Texas State Department of Agriculture	10.558		27,620
Pass-Through From:			
Texas A & M University Kingsville:			
USDA STEP UP	10.223	12-0107	85,739
Total U. S. Department of Agriculture			\$ 113,359
U.S. Department of Housing and Urban Development			
Pass-Through From:			
City of Corpus Christi:			
CDBG Rollover	14.218		5,259
Total U.S. Department of Housing and Urban Development			\$ 5,259
Total Federal Financial Assistance			\$ 24,492,857

Del Mar College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2015

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts revenue - per Schedule A	\$ 5,423,812
Add: Non-Operating Federal Revenue from Schedule C	16,265,164
Total Federal Revenues per Schedule of Revenues, Expenses and Changes in Net Assets	\$ <u>21,688,976</u>
Reconciling Item:	
Add: Direct Student Loans	\$ 2,803,881
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$ <u>24,492,857</u>

Note 2: Significant Accounting Policies used in Preparing the Schedule

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

Note 3: Expenditures Not Subject to Federal Single Audit

None

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

None

Note 5: Nonmonetary federal assistance received

None

Note 6: Amounts Passed Through by the College

None

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

December 15, 2015

Board of Regents
Del Mar College District
Corpus Christi, Texas

Report on Compliance for Each Major State Program

We have audited the Del Mar College District's (the College's) compliance with the types of compliance requirements described in the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the College's major state programs for the year ended August 31, 2015. The College's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Texas Single Audit Circular* issued by the Governor's Office of Budget and Planning. Those standards and the Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the College complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended August 31, 2015.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

Collier, Johnson & Woods

DEL MAR COLLEGE DISTRICT

SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2015

Section I:
Summary of Auditor's Results

Financial Statements:

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

State Awards:

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

Identification of Major Programs:

Texas Higher Education Coordinating Board:
Texas Grant Program
Texas Educational Opportunity Grant Program

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

None reported.

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

None reported.

Section IV:
Prior Year Findings

None reported

Del Mar College
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2015

Grantor Agency/ Program Title	Grant Contract Number	Expenditures
Austin Community College		
Pass-through from:		
Rural South Texas Economic Development Corporation		
Texas Innovative Adult Career Education Program		\$ 73,927
TASB Risk Management Fund		
TASB Loss Prevention		1,999
Texas Comptroller of Public Accounts		
JET Equipment	5464-14	276,278
Texas Higher Education Coordinating Board		
Texas College Work Study	22339	53,537
Texas Grant Program	13399	1,357,688
Nursing & Allied Health	14118	119,535
Top 10% Scholarships	20356	7,200
Houston Community College		
Accelerate Texas		34,138
Texas Workforce Commission		
Adult Basic Education	2214AEL000	324,780
WIA/JATC	2215ATP001	54,898
TPCO/Skills Development	2213SDF000	76,614
Skills Development-Veteran & Industry	2214SDF002	44,939
CB& I Phase I	2214SDF001	138,102
Petrochemical Manufacturing	2214SDF000	126,176
University of Texas at San Antonio		
Small Business Development	5-603001-z-0049-29-dmc	238,907
SBDC Rural	5-603001-z-0049-29-dmc	161,500
Total State Financial Assistance		\$ <u>3,090,218</u>

Note 1: State Assistance Reconciliation

State Revenues - per Schedule A		
State Financial Assistance		
Per Schedule of expenditures of state awards		\$ 3,090,218
Total State Revenues per Schedule A		\$ <u>3,090,218</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.