

Del Mar College



Del Mar College West Campus Emergency Training Building

Comprehensive Annual Financial Report Fiscal Year Ended August 31, 2016



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Comprehensive Annual Financial Report

Fiscal Year Ended August 31, 2016

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Del Mar College

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Front cover photo: Del Mar College West Campus Emergency Training Building

Del Mar College
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED AUGUST 31, 2016

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Introductory Section





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Transmittal Letter

December 13, 2016

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

The Comprehensive Annual Financial Report (CAFR) of Del Mar College, Counties of Nueces, San Patricio, Aransas, Kleberg and Kenedy, State of Texas, for the years ended August 31, 2016 and 2015, 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, 2016, was prepared by the Interim Chief Financial Officer and Comptroller.

The College's Financial Statements are in compliance with accounting principles generally accepted in the United States of America, Basic Financial Statements and Management Discussion and Analysis for the State and Local Governments, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities. The financial statement presentation provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows and replaces the fund-group perspective previously required.

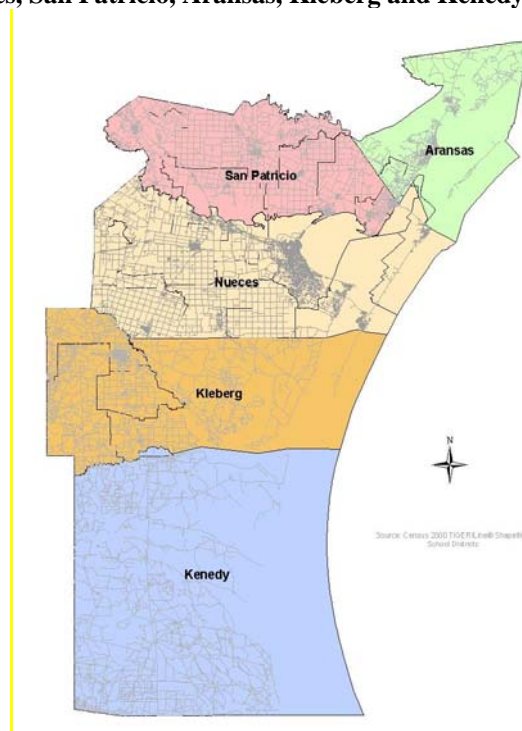
The College maintains its accounts and prepares its financial statements in accordance with generally accepted accounting principles in the United States of America (GAAP) as set forth by Governmental and Financial Accounting Standards Boards (GASB and FASB), National Association of College and University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

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

Profile of the College

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

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



Today, the College serves 25,000 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 \$331 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 submitted the first Fifth-Year Interim Report to SACS in September 2016.

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

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

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

Core Values:

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

Guiding Principles:

- Quality Education: Challenge students to engage in academic and occupational programs through high-quality teaching and learning.

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

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

Strategic Planning

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

The seven goals and forty-two objectives are:

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

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

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

- **Objective 2.1 Affordability:** Maintain affordable tuition and fees to improve access.
- **Objective 2.2 Collegiate Experience:** Enhance the collegiate experience through campus life.
- **Objective 2.3 Financial Aid:** Refine and streamline financial aid processes.
- **Objective 2.4 Registration:** Refine and streamline student registration processes.

- **Objective 2.5 Service Area:** Expand educational opportunities throughout the College's service area.
- **Objective 2.6 Workforce:** Facilitate students' workforce success and career advancement.
- **Objective 2.7 Wellness Services:** Increase student access to wellness services.
- **Objective 2.8 Recruitment and Re-Entry:** Maximize student services to improve recruitment and re-entry.
- **Objective 2.9 Services:** Support specific student groups, including veterans, dual credit, early college and others, with appropriate services.

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

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

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

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

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

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

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

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

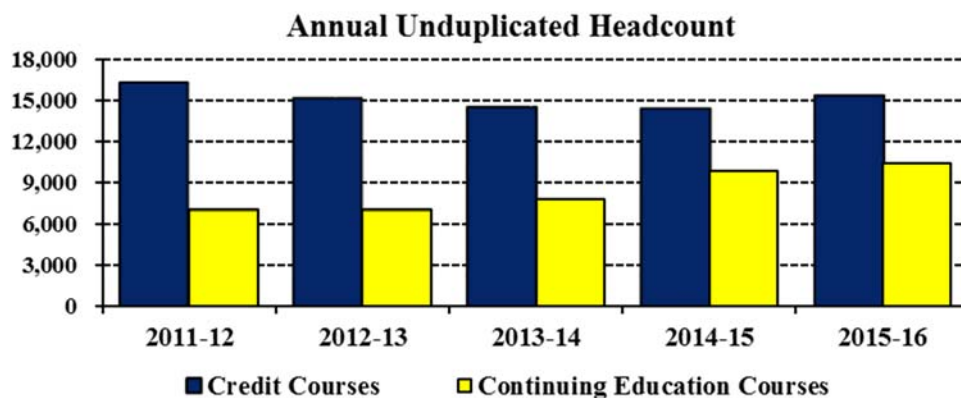
Goal 7 – Resources: Ensure Strong Financial and Operational Capacity.

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

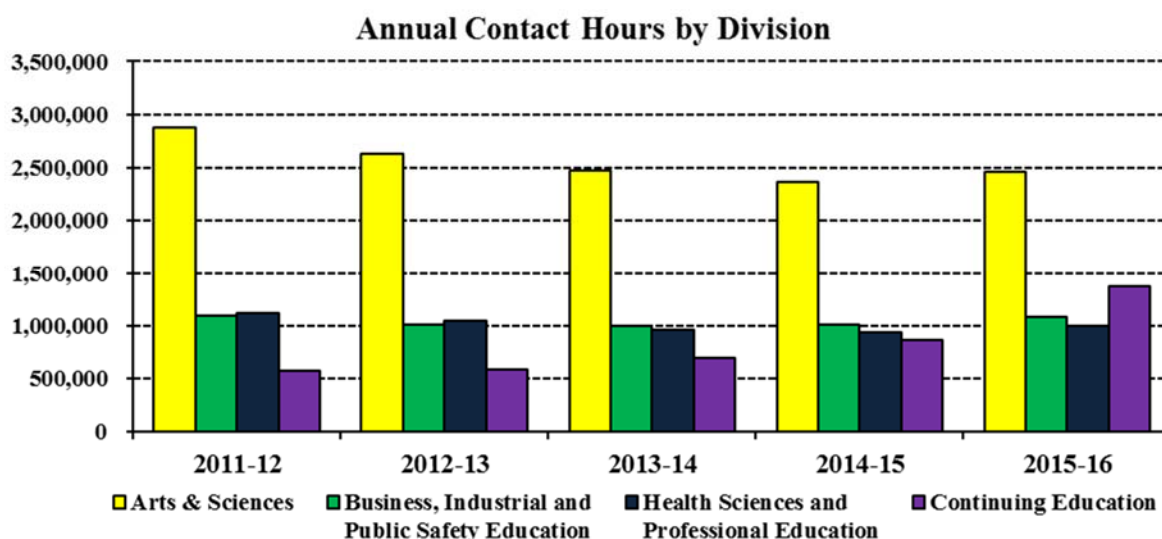
Enrollment

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

Annual Unduplicated Headcount	2011-12	2012-13	2013-14	2014-15	2015-16
Credit Courses	16,231	15,049	14,437	14,332	15,296
Continuing Education Courses	7,060	7,054	7,774	9,808	10,353
Grand Total	23,291	22,103	22,211	24,140	25,649



Annual Contact Hour Totals	2011-12	2012-13	2013-14	2014-15	2015-16
Credit Courses					
Arts & Sciences	2,873,328	2,634,304	2,477,168	2,368,768	2,458,400
Business, Industrial and Public Safety Education	1,100,160	1,014,192	1,002,096	1,014,240	1,083,712
Health Sciences and Professional Education	1,115,008	1,041,320	958,656	932,620	992,400
Total Credit Hours	5,088,496	4,689,816	4,437,920	4,315,628	4,534,512
Continuing Education Courses					
State-Reimbursable	317,063	318,802	453,965	475,512	835,429
TEA/TWC-Reimbursable	244,995	230,362	195,432	325,480	482,762
Non-Reimbursable	12,646	36,473	48,072	59,406	56,788
Total Continuing Education Hours	574,704	585,637	697,469	860,398	1,374,978
Grand Total	5,663,200	5,275,453	5,135,389	5,176,026	5,909,490



Del Mar College has experienced growth in the past academic years and awarded 1,734 degrees and certificates during 2015-2016. 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 2016 headcount is 12,034 (Preliminary certified number from the THECB).

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

Local Economy

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

The Coastal Bend region is continuing to undergo a major economic transformation from primarily construction to a manufacturing related economy. Moreover, due to this transformation, more focus is being placed on San Patricio County as the epi center 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 now represent over \$40 billion in capital investment to the Corpus Christi/Coastal Bend region.

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

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

In the fall of 2015, Cheniere Energy began construction of a \$12 billion facility to export liquefied natural gas (LNG) from its facility near Gregory, TX (San Patricio County). Specifically, Cheniere Energy, Inc. will export LNG throughout the world markets. Other newly developed 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.

In September 2016 the Coastal Bend region posted an unemployment rate of 6.8% which is 0.1% decrease from August and a net increase of 800 employed over the year. The Corpus Christi MSA employment increased by over 3,000 and grew the labor force by 5,400 over the last year.

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

that the overall economic impact of the College to the business community is a total of \$716.7 million.

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

Long-Term Financial Planning

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

Estrada and Hinojosa, Investment Bankers continues to support the college with its disclosure and debt modeling activities. They also provided expertise in analysis of bond management and transactions totaling over \$186.7 million in par value on the following:

- \$25,490,000 Combined Fee Revenue Bonds, Series 2008
- \$15,340,000 Combined Fee Revenue Bonds, Series 2016
- \$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
- \$67,645,000 Limited Tax Bonds, Series 2016

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

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

Estrada and Hinojosa, Investment Bankers analysis provides recommendations on the current status, future issues, and possible refunding opportunities within the bond market. The Board of Regents authorized the refunding of \$37,045,000 Limited Tax Bonds, Series 2003 in October 2012, \$9,010,000 Limited Tax Bonds, Series 2006 in October of 2013, \$9,165,000 Limited Tax Bonds, Series 2006 in February 2014, \$16,605,000 Limited Tax Bonds, Series 2006 in February 2015 and \$1,955,000 Combined Fee Revenue Bonds, Series 2005 in 2016. The College realized \$2,693,080, \$1,078,081, \$1,040,383, and \$1,640,928 present value savings respectively from these refunding issues. The College may benefit from additional savings through other advanced refunding opportunities as the market conditions and the existing bond debt is closely monitored. This type of suggestion will be considered as financial planning continues.

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

Relevant Financial Policies

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

The provisions of the Single Audit Act amendments of 1996, Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments and Non-Profit Organizations and the State of Texas Single Audit Circular requires the College District to undergo and conform to an annual single audit. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, Schedule of Expenditures of State Awards and Related Notes, and the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, is included in the single audit section of this report.

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

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

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

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

The College received three distinguished awards in 2015 from the Government Finance Officers Association (GFOA) following a peer review against national financial standards: the Comprehensive Annual Financial Report (CAFR) Certificate of Achievement for Excellence in Financial Reporting; the Popular Annual Financial Report (PAFR) Certificate of Achievement; and the Distinguished Budget Award.

The MD&A cites numerous examples of the decisions made by the Board of Regents related to the budget and financial management. Examples include Board approval of the issuance of the

Combined Fee Revenue Refunding Bonds, Series 2016 which were used to refund \$2.0 million of Combined Fee Revenue Bonds, Series 2005 and \$15.9 million of Combined Fee Revenue Bonds, Series 2008 which reduced debt service payments by \$1.8 million. Approval of a new training opportunity for students in the process and instrumentation technology field through the instructional development and construction of a “Pilot Plant” on the college’s West Campus in partnership with city and industry leaders; maintaining tuition and fees charges at prior year levels to make access to education more affordable to students. Approved the hiring of external firm to perform internal audit functions by performing a thorough risk assessment of the college’s processes and procedure to insure adequate internal controls are in place and make recommendations for increasing efficiency. As the College closed out 2016, \$3.6 million was added to the Unrestricted Reserve Fund as a result of a 6% enrollment growth and strong budget management.

The College’s Investment Policy and Strategy Statement is reviewed and approved annually by the Board of Regents. At August 31, 2016, the College had a total of \$130,710,566 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

Over the past year the College met the planning target dates to begin implementing the \$157 bond issue for the Capital Improvements. The bond funds 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.

A major accomplishment for the year was celebrated in May 2016 with the graduation of 648 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. Continued implementation of the Strategic Plan for the 2015-2016 academic year addressed significant strategies and the seven goals.

Goal Number One Student Learning Success continued to be reinforced 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 fifth consecutive year as a “*Military Friendly School*” by G.I. Jobs Magazine.

The Continuing Education and Off Campus Programs and the Workforce and Corporate Services staff received grants from the Texas Workforce Commission, THECB, the Barbara Bush Foundation and other agencies totaling over \$3 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 was completed by June 2016.

G. I. Jobs recognized the College as “2015 Military Friendly School” among 1,600 colleges and universities across the nation based on best programs and services offered to military and veteran students.

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

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

Goal One - Student Learning Success:

- Annual unduplicated enrollment for credit and continuing education was 25,649.
- Granted 1,734 degrees and certificates during the academic calendar year 2015-2016.
- Practicalnursing.org recognized the College’s Licensed Vocational Nurse (LVN) Program in the Nurse Education Department as Texas’ seventh best and the best in South Texas for its 100% pass rate and “educational aspiration to ensure success on any pathway.”
- DMC and consortium partners announce a two-year \$3.5 million Texas Workforce Commission Adult Education and Literacy grant to fund the College’s General Education Development/Adult Basic Education (GED/ABE) Educational Solutions of the Coastal Bend program covering a 12-county area.

- Texas Workforce Commission Chair Andres Alcanter presented two Skills Development Fund Grants for over \$1.7 million for DMC Corporate Services to train more than 1,100 new and current employees for industry partners CB & I Inc., Dynamic Industries Inc., and Valero Refining-Texas L.P.
- Eight students in the Fire Science Class of August 2015 in the Public Safety Education Department's Regional Fire Academy successfully passed the state licensing examination on their first attempt.
- Fall 2015 Del Mar College Regional Police Academy received a 100% pass rate on state testing and certifications.

Goal Two - Student Access and Support:

- The DMC Foundation established the Duane Sandlin Endowment for Library Services after receiving \$1.5 million in assets from the estate of the late counselor who worked for the College for 20 years.
- G.I. Jobs recognizes Del Mar College as a "2015 Military Friendly School" among 1,600 colleges and universities across the nation based on best programs and services offered to military and veteran students.
- The College's Disability Services Office recognizes "Advocates of the Year" for actively serving DMC students with "disabilities."
- The DMC Title V Program opens their new Career Resource Center and Career Kiosk in the Harvin Student Center, which are designed to provide students with resources, including software and technology, to conduct extensive research covering their academic careers and beyond.
- DMC begins offering registration through its application called VikingGo so students on the go can sign up for classes using their mobile devices anywhere by downloading the app to their Android, iOS and Mobile Web devices.

Goal Three - Professional Initiatives:

- Dr. Mark Escamilla received the National Council for Marketing and Public Relations District 4 Pacesetter of the Year Award.
- Barbara DuFrain, Associate Professor of Computer Science, served as one of 11 experts covering recruiting and retaining women in STEM education.
- Dr. Phillip Davis, Professor of Computer Science, is among U.S. team members to receive the GeoForAll Educator of the Year Team Award from the International Free and Open Source for Software for Geospatial (FOSS4G) organization in recognition for their GeoAcademy development efforts.

Goal Four - Technology:

- DMC launched its VikingGo app, allowing users to access College information such as the course catalog, news and events, campus maps, Ask the Viking and other features – all in the palm of their hands.
- Del Mar College hosted a Career and Technical Education Exploration Fair at Calallen High School and showed over 1,800 Northwest Region middle through high school students from 10 independent school districts the world of possibilities as DMC faculty and students demonstrated technology used to prepare for the workforce.
- DMC administrators, city and state government leaders and industry partners “powered up” with oversized wrenches to symbolically break ground for the new Process sand Instrumentation Technology Pilot Plant on the West Campus.

Goal Five – Advocacy:

- The Spring 2015 Parent Academy graduated 35 parents and youth from West Oso ISD’s middle and high schools and CCISD’s Miller High School.
- The College held its 64th annual Recognition Day Ceremony and inducted six new members to the 2014-2015 Hall of Fame.
- DMC’s Mexican-American Studies Program held their second summer seminar to provide the community an opportunity to see what the associate degree program offers.

Goal Six – Partnerships:


- Occupational Safety and Health Technology majors collected over 560 pounds of food and \$1,415 for the Corpus Christi Food Bank.
- Eight students from the Music Department’s Concert Choir performed with the 2014-2015 Texas Two-Year College All-State Choir during the Texas Music Educators Association Convention in San Antonio.
- DMC partnered with the Gregory-Portland Independent School District so that high school students can earn an associate’s degree in liberal arts without crossing the Harbor Bridge. They earn 60 credit hours which are transferable to Texas public universities toward a four-year degree.
- Transportation Training Services announced a new initiative to offer Class A Certified Driver’s License training to Flour Bluff and Calallen High School students at a reduced rate

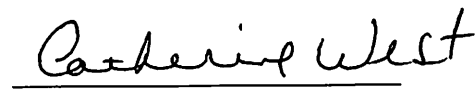
Goal Seven – Resources:

- DMC voters passed the College’s \$157 million bond referendum in November 2014 to fund capital improvements addressing infrastructure, including three new buildings on the East Campus and one on the West Campus.
- A bond referendum for \$139 million was approved by DMC voters in November 2016 for the construction of the first phase of the southside campus.
- Del Mar College’s Corporate Services Program was presented a \$175,445 Skills Development Fund Grant to train veterans for industrial construction jobs for petrochemical companies.
- DMC was presented \$250,000 from Cheniere Energy toward the new \$2 million Process Technology and Instrumentation Pilot Plant.
- The Department of Dental and Imaging Technology’s Radiologic Technology Program received “maintenance of accreditation for a period of eight years,” the maximum award of accreditation given by the Joint Review Committee on Education in Radiologic Technology.

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.
Interim Chief Financial Officer

Del Mar College Board of Regents

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

	Term Ending	Position
Trey McCampbell, Chair	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 for Academic Affairs	Dr. Elizabeth Lewis
Chief Financial Officer	Dr. Catherine West (Interim)
Chief Information Officer	August Alfonso
Vice President of Workforce Development and Strategic Initiatives	Lenora Keas
Vice President for Student Affairs	Dr. Rito Silva
Executive Director of Strategic Communication and Government Relations	Claudia Jackson
Executive Director of Human Resources and Administration	Tammy McDonald
Executive Director of Development	Mary McQueen
Dean, Division of Arts and Sciences	Dr. Jonda Halcomb
Dean, Division of Health Sciences and Professional Education	Dr. Shannon Ydoyaga
Dean, Business, Industrial, and Public Safety Education	Charles McKinny
Dean, Division of Student Engagement and Retention	Cheryl Garner
Dean, Division of Student Outreach and Enrollment Services	Patricia Benavides-Dominguez
Dean, Continuing Education and Office-Campus Programs	Dr. Leonard Rivera
Dean, Workforce Programs and Corporate Services	Dan Korus



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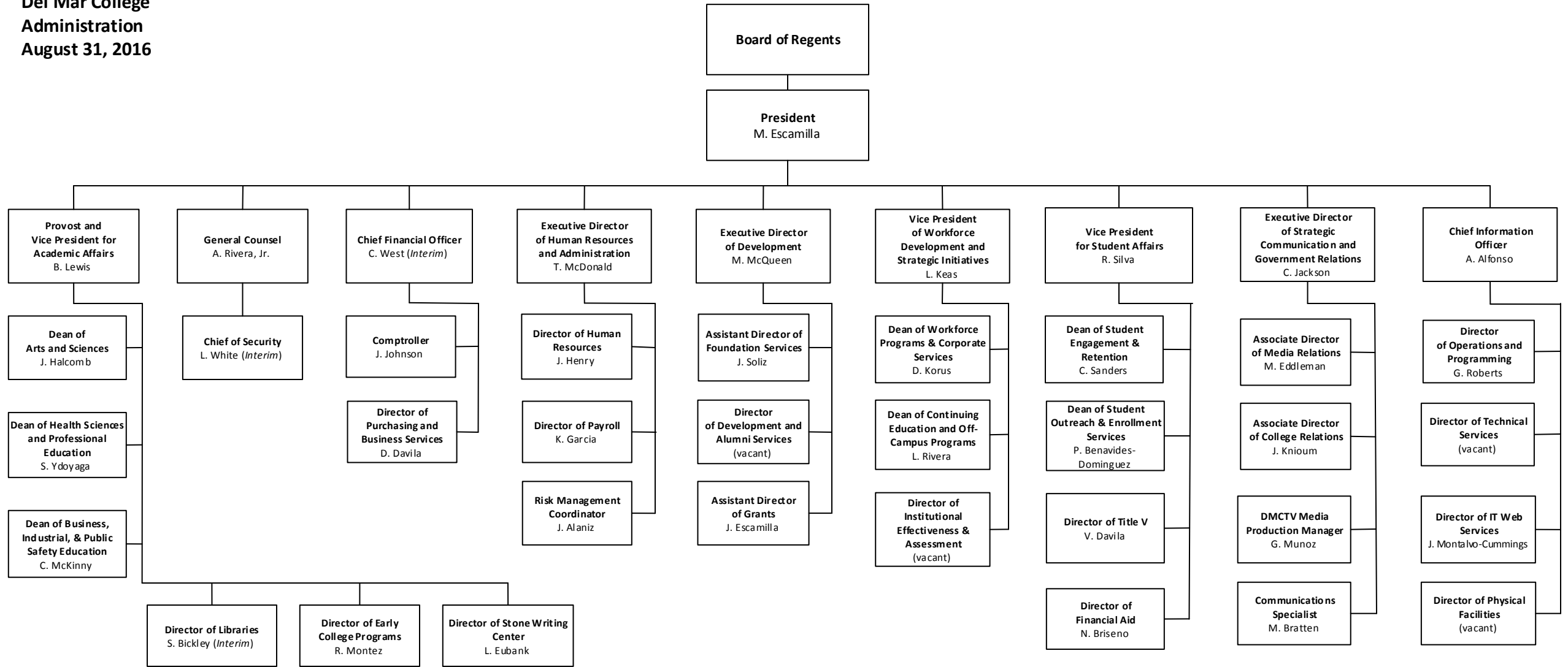
**Del Mar College
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2015

Executive Director/CEO

**Del Mar College
Administration
August 31, 2016**



Financial Section





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INDEPENDENT AUDITOR'S REPORT

December 8, 2016

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, 2016 and 2015 and June 30, 2016 and 2015, 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, 2016 and 2015 and June 30, 2016 and 2015, respectively, and the respective changes in financial position and cash flows, where applicable, thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information on pages 25 through 42, and pages 89 and 90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2016, 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, 2016

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, 2016 and 2015, and comparative information for the year ended August 31, 2014. Since this Management's Discussion and Analysis is designed to focus on current activities, resulting change and currently known facts, it should be read in conjunction with the transmittal letter, the College's Basic Financial Statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

Financial Section

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

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

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

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

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

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

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

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, 2016 and 2015. 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 2016 and 2015 is shown on separate pages behind the College's basic financial statements. Refer to Note 21 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 2016 are as follows:

- Certified property value within the College's district increased by 7.35%. This increase allowed the college to maintain the same tax rate as the previous year and provide \$3.3 million in additional revenues.
- In February, the College issued \$15,110,000 in Combined Fee Revenue Refunding Bonds, Series 2016. Proceeds from the sale were used to refund portions of the College's 2005 and 2008 revenue bonds outstanding. The refunding reduced the college annual debt obligation by approximately \$1 million.
- Academic enrollment increased by 6% during the current fiscal year. Additional tuition and fee revenues generated by this growth over the previous year amounted to approximately \$1 million. In addition, revenues from continuing education and customized training programs with industrial partners provided another \$800 thousand over that recorded in prior year.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

Statement of Net Position

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

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

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

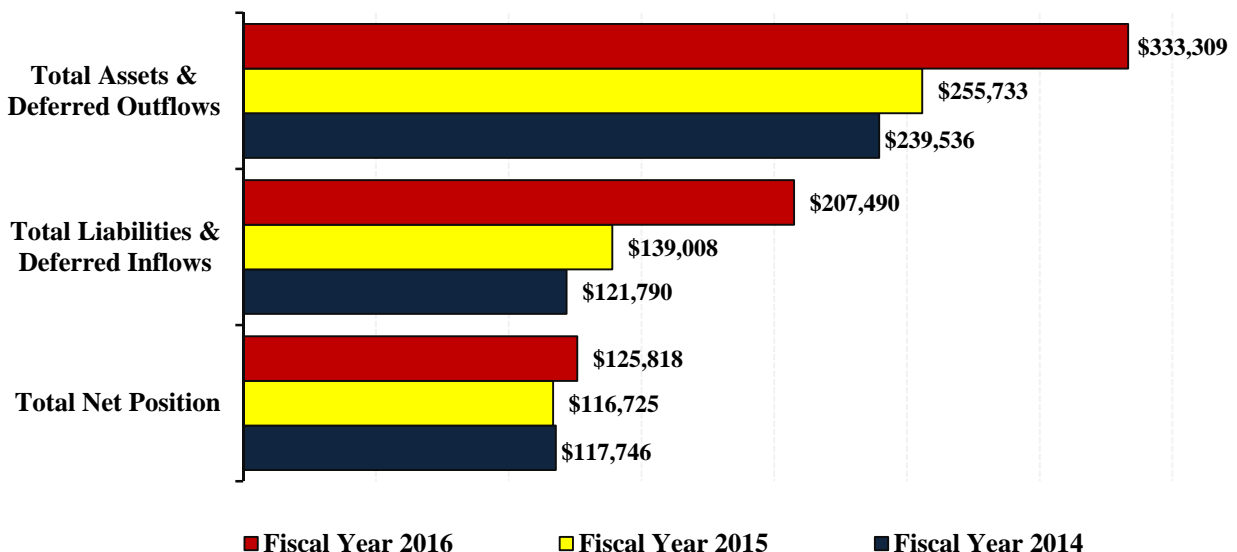
Net Position is divided into three major categories. The first category, the net investment in capital assets, represents the College's equity in property, plant and equipment owned by the college. The next category is the restricted component of net position, which is divided into two categories, non-expendable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

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

Statement of Net Position (Continued)

Statement of Net Position					
Comparison - Fiscal Year 2016, 2015 and 2014					
(In Thousands)					
	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2014</u>	<u>2016-2015 Variance</u>	<u>2015-2014 Variance</u>
Current Assets	\$ 58,890	\$ 61,512	\$ 56,245	\$ (2,622)	\$ 5,267
Non-Current Assets:					
Capital Assets, Net of Depreciation	182,071	173,923	170,247	8,148	3,676
Other	83,957	15,962	10,152	67,995	5,810
Total Assets	324,918	251,397	236,644	73,521	14,753
Deferred Outflows	6,273	4,336	2,892	1,937	1,444
Total Assets & Deferred Outflows of Resources	331,191	255,733	239,536	75,458	16,197
Current Liabilities	29,411	31,968	26,336	(2,557)	5,632
Non-Current Liabilities	175,044	104,213	95,454	70,831	8,759
Total Liabilities	204,455	136,181	121,790	68,274	14,391
Deferred Inflows	916	2,827	--	(1,911)	2,827
Total Liabilities & Deferred Inflows of Resources	205,371	139,008	121,790	66,363	17,218
Net Position:					
Net Investment in Capital Assets	90,490	79,669	72,177	10,821	7,492
Restricted	12,252	13,546	13,669	(1,294)	(123)
Unrestricted	23,076	23,510	31,900	(434)	(8,390)
Total Net Position	\$ 125,818	\$ 116,725	\$ 117,746	\$ 9,093	\$ (1,021)

Statement of Net Position
Comparison - Fiscal Year 2016, 2015 and 2014
(in Thousands)



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

Statement of Net Position (continued)

2015-2016

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

2014-2015

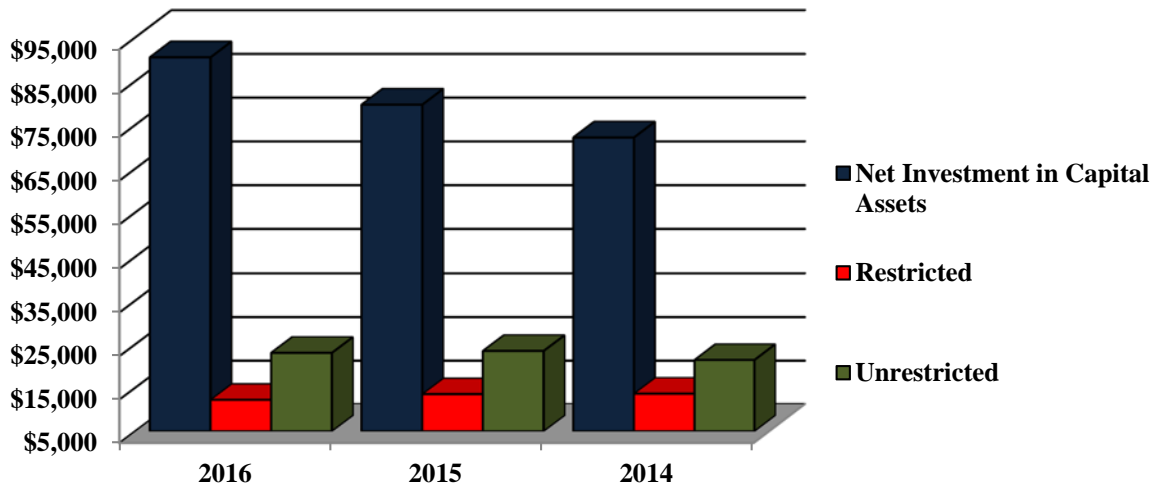
- For fiscal year 2015, total assets and deferred outflows of resources increased by approximately \$16.2 million. Items having the largest impact on this change include, an increase in cash and investment of \$8.9 million, largely the result of \$8.4 million in bond proceeds received from the issuance 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 were still in process. There was also a \$2.8 million increase in deferred outflows, the direct result of the implementation 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.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

Statement of Net Position (continued)

The following is a graphic illustration of net position at August 31, 2016, 2015 and 2014:

Net Position
Comparison - Fiscal Year 2016, 2015 and 2014
(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.

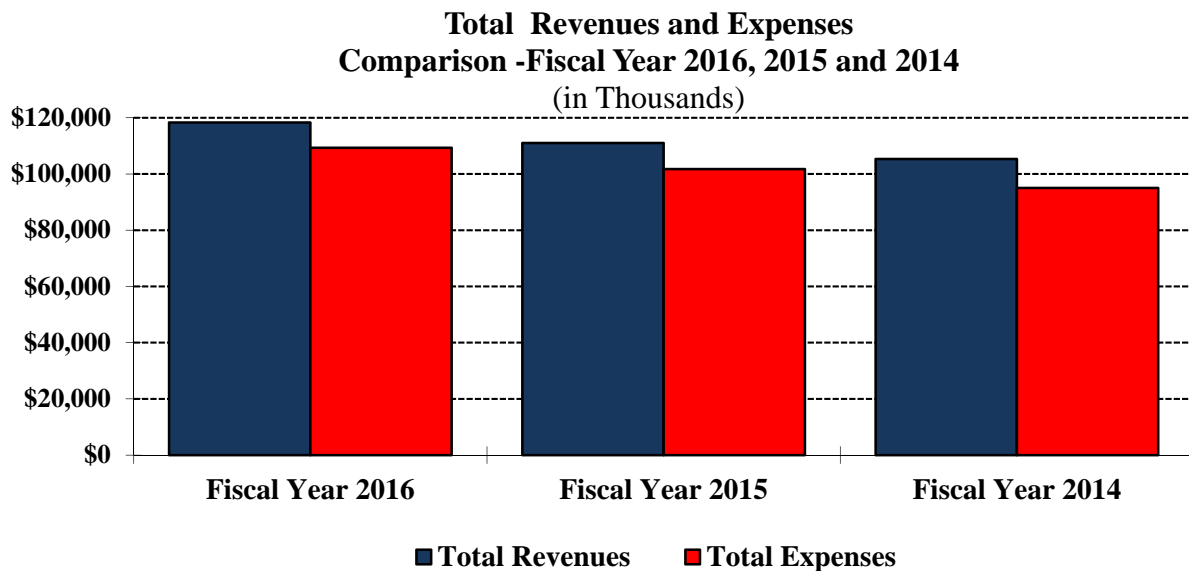
DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

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

Statement of Revenues, Expenses and Changes in Net Position
Years Ended August 31, 2016 Through 2014
(In Thousands)

	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	2016-2015 Variance	2015-2014 Variance
Operating Revenues	\$ 26,800	\$ 22,872	\$ 19,759	\$ 3,928	\$ 3,113
Non-Operating Revenues	91,524	88,146	85,580	3,378	2,566
Total Revenues	\$ 118,324	\$ 111,018	\$ 105,339	\$ 7,306	\$ 5,679
Operating Expenses	105,113	97,670	90,520	7,443	7,150
Non-Operating Expenses	4,177	4,049	4,488	128	(439)
Total Expenses	\$ 109,290	\$ 101,719	\$ 95,008	\$ 7,571	\$ 6,711
Contribution from Other Agencies	59	151	97	(92)	54
Increase in Net Position	9,093	9,450	10,428	(357)	(978)
Net Position Beginning of Year	116,725	117,747	107,319	(1,022)	10,428
Cumulative Effect of Change in Accounting Principle	-	(10,472)	-	10,472	(10,472)
Net Position Beginning of Year Restated	116,725	107,275	107,319	9,450	(44)
Net Position End of Year	\$ 125,818	\$ 116,725	\$ 117,747	\$ 9,093	\$ (1,022)

The following is a graphic illustration of total revenues and expenses at August 31, 2016, 2015 and 2014:



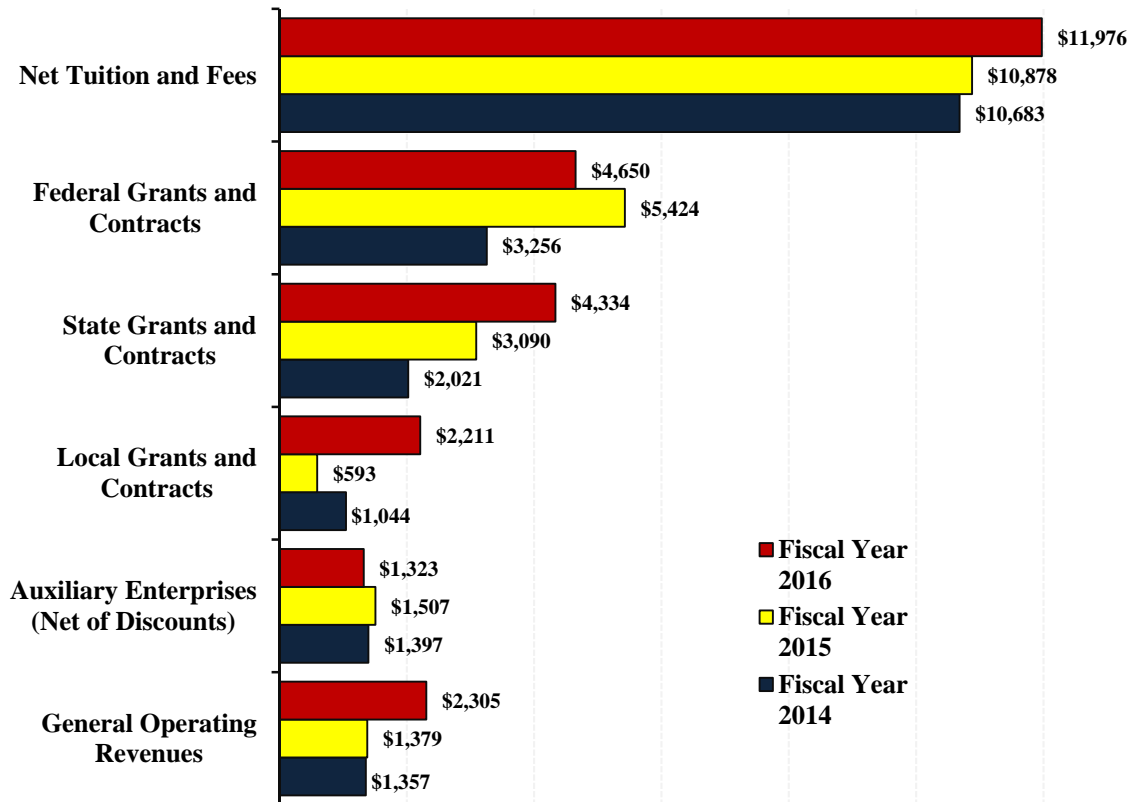
DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

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

Operating Revenues
Years Ended August 31, 2016 through 2014
(In Thousands)

Operating Revenues	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	2016-2015 Variance	2015-2014 Variance
Tuition and Fees	\$ 26,924	\$ 24,876	\$ 24,445	\$ 2,048	\$ 431
Scholarship Allowances and Discounts	(14,948)	(13,997)	(13,761)	(951)	(236)
Federal Grants and Contracts	4,650	5,424	3,256	(774)	2,168
State Grants and Contracts	4,334	3,090	2,021	1,244	1,069
Local Grants and Contracts	2,212	593	1,044	1,619	(451)
Auxiliary Enterprises (Net of Discounts)	1,323	1,507	1,397	(184)	110
General Operating Revenues	2,305	1,379	1,357	926	22
Total	\$ 26,800	\$ 22,872	\$ 19,759	\$ 3,928	\$ 3,113

Operating Revenues
Comparison - Fiscal Year 2016, 2015 and 2014
(in Thousands)



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

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

Key factors impacting total operating revenues:

2015-2016

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

2014-2015

- Additional Federal and State funds received during the fiscal year 2015 were the major contributing factor to the \$3.1 million in additional operating revenues over fiscal year 2014. 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.

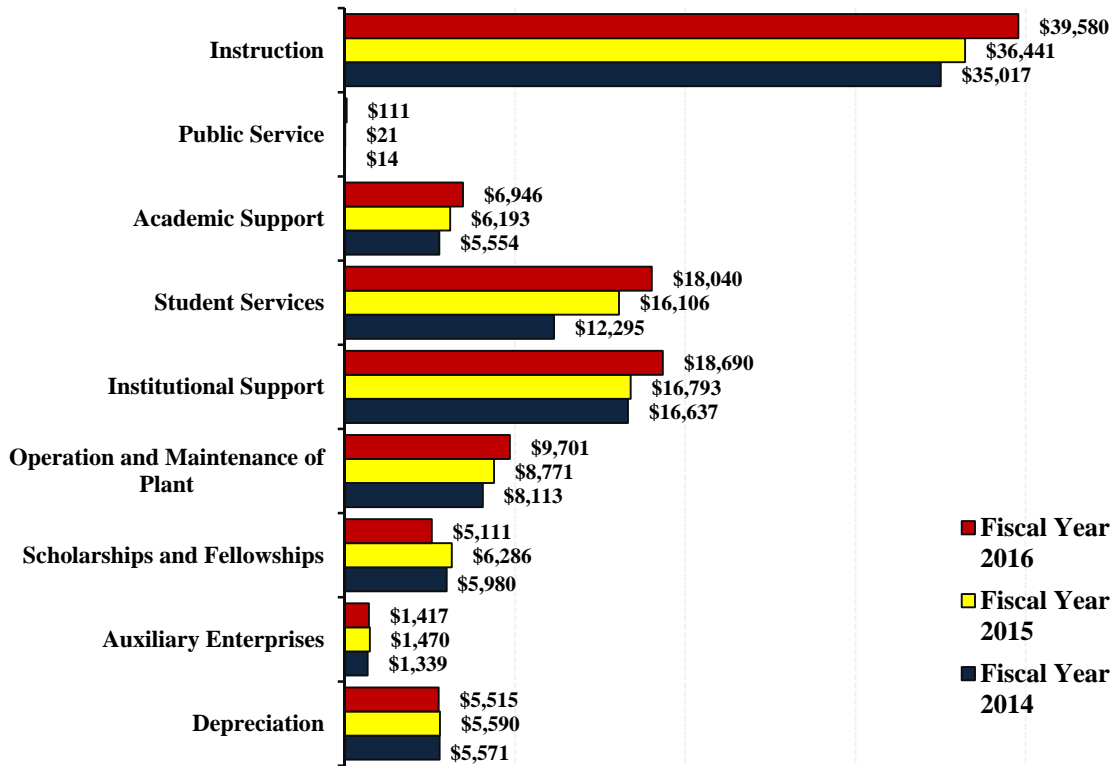
Operating Expenses
Years Ended August 31, 2016 through 2014
(In Thousands)

Operating Expenses	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	2016-2015 Variance	2015-2014 Variance
Instruction	\$ 39,580	\$ 36,441	\$ 35,017	\$ 3,139	\$ 1,424
Public Service	111	21	14	90	7
Academic Support	6,946	6,193	5,554	753	639
Student Services	18,040	16,106	12,295	1,934	3,811
Institutional Support	18,690	16,792	16,637	1,898	155
Operation and Maintenance of Plant	9,702	8,771	8,113	931	658
Scholarships and Fellowships	5,111	6,286	5,980	(1,175)	306
Auxiliary Enterprises	1,417	1,470	1,339	(53)	131
Depreciation	5,516	5,590	5,571	(74)	19
Total	\$ 105,113	\$ 97,670	\$ 90,520	\$ 7,443	\$ 7,150

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

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

Operating Expenses by Function
Comparison - Fiscal Year 2016, 2015 and 2014
(in Thousands)



Key factors impacting total operating expenses:

2015-2016

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

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

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

2014-2015

- For fiscal year 2015, 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 increase in salary 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.

Non-operating revenues and expenses consisted of the following:

Non-Operating Revenues	2016	2015	2014	Variance	Variance
State Appropriations	\$ 19,800	\$ 19,918	\$ 19,554	\$ (118)	\$ 364
Maintenance Ad Valorem Taxes	46,704	43,342	40,524	3,362	2,818
Debt Service Ad Valorem Taxes	8,338	8,385	8,639	(47)	(254)
Federal Revenue, Non Operating	16,323	16,265	16,521	58	(256)
Investment Income	337	206	197	131	9
Other Non-Operating Revenues	22	30	144	(8)	(114)
Total Non-Operating Revenues	\$ 91,524	\$ 88,146	\$ 85,579	\$ 3,378	\$ 2,567
Non-Operating Expenses					
Interest on Capital Related Debt	4,091	3,961	4,441	130	(480)
Other Non-Operating Expenses	6	3	3	3	-
Loss on Disposal of Capital Assets	80	85	44	(5)	41
Total Non-Operating Expenses	\$ 4,177	\$ 4,049	\$ 4,488	\$ 128	\$ (439)
Net Non-Operating Revenues	\$ 87,347	\$ 84,097	\$ 81,091	\$ 3,250	\$ 3,006

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

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

Key factors impacting non-operating revenues and expense:

2015-2016

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

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 issue.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

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:

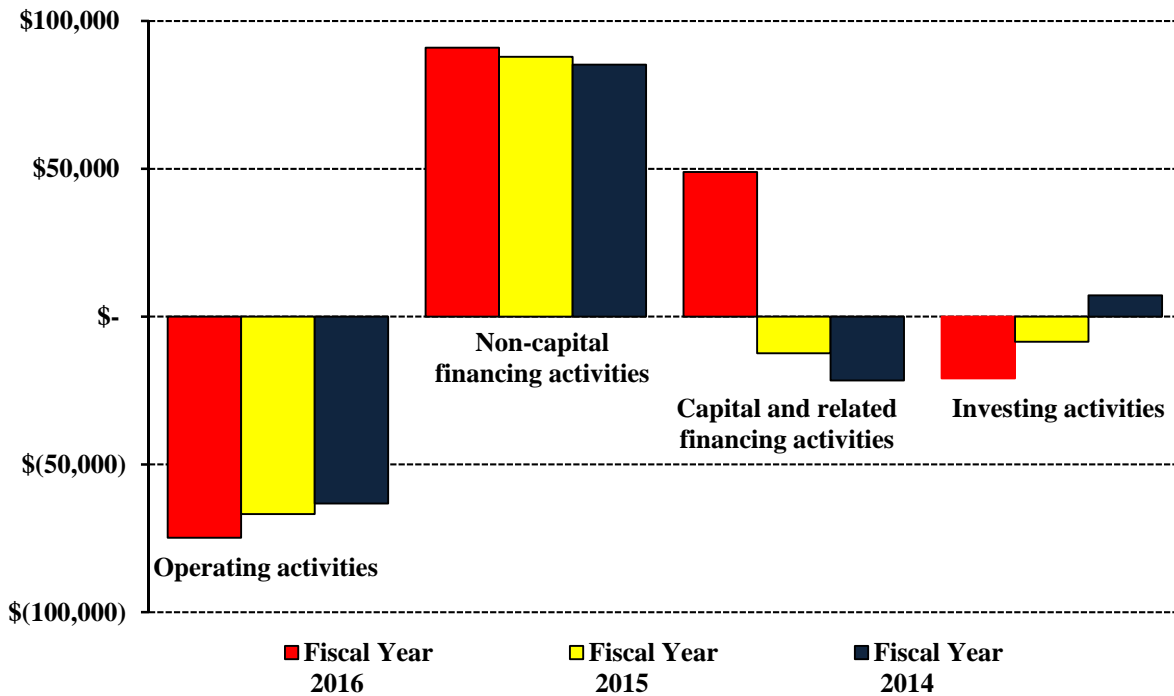
Statement of Cash Flows
Years Ended August 31, 2016 through 2014
(In Thousands)

Cash provided (used) by:	2016	2015	2014
Operating activities	\$ (74,785)	\$ (66,805)	\$ (63,252)
Non-capital financing activities	90,957	87,883	85,271
Capital and related financing activities	48,937	(12,408)	(21,627)
Investing activities	(20,872)	(8,529)	7,205
Net change in cash and cash equivalents	44,237	141	7,597
Cash and cash equivalents - September 1	54,480	54,339	46,742
Cash and cash equivalents - August 31	\$ 98,717	\$ 54,480	\$ 54,339

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

Statement of Cash Flows (continued)

Statement of Cash Flows
Comparison - Fiscal Year 2016, 2015 and 2014
(in Thousands)



Capital Asset and Debt Administration

The College had \$182 million invested in capital assets at August 31, 2016 and \$174 million at August 31, 2015. Additions of \$3.1 million were added to construction work in progress for costs associated with the FEMA Dome on the West Campus, \$1.7 million for the KEDT/TV Center for Educational broadcasting building being constructed adjacent to the Center for Economic Development, \$640 thousand for improvement to land purchased at Staples and Kostoryz, and \$380 thousand for the Pilot Plant Project on the West Campus. In addition, project costs of \$5 million associated with the 2014 bond were initiated. Costs incurred during the current fiscal year related to the 2014 Bond include \$ 1.9 million for the Music facility, \$1.1 million for central plant upgrades, \$711 thousand for the Workforce Development Center, \$277 thousand for the Emerging Technology Expansion, \$605 thousand toward the South Campus Master plan, and other cost incurred for re-roofing projects and project development costs. The \$5.8 million which was previously included in construction work in progress was moved to building with the completion of the KEDT/TV Center for Educational broadcasting during the current fiscal year. New equipment purchases of \$2.76 million were made during the year while \$2.25 million were disposed. In the prior year, new equipment purchases were made totaling \$3 million. During the same period \$2.2 million in equipment was disposed.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

Capital Asset and Debt Administration (Continued)

Capital assets are net of accumulated depreciation of \$92 million and \$89 million for fiscal years 2016 and 2015, respectively. Depreciation charges totaled \$5.5 million and \$5.6 million for fiscal years 2016 and 2015 respectively.

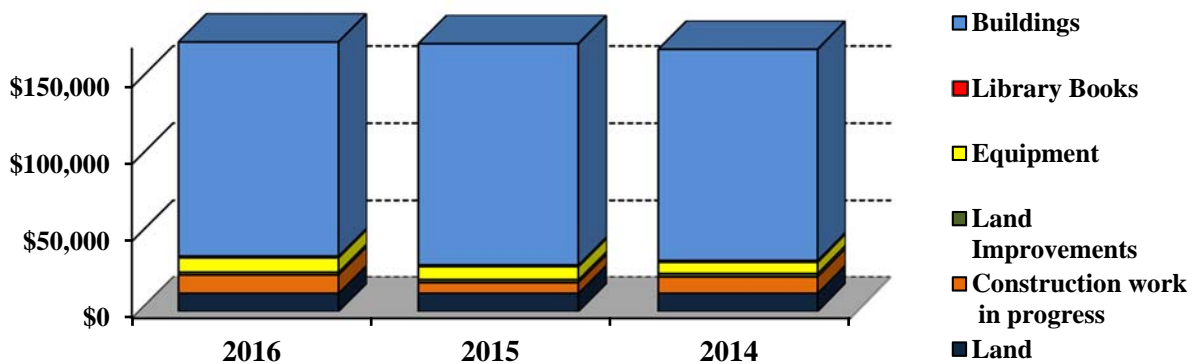
The College had \$274.5 million in capital assets, and \$92.4 million in accumulated depreciation at August 31, 2016.

Capital Assets (Net of Depreciation)
Years Ended August 31, 2016 through 2014

(In Thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Land	\$ 12,000	\$ 12,000	\$ 12,000
Construction in Progress	11,890	6,874	10,641
Buildings and Improvements	145,952	143,537	136,905
Land Improvements	1,827	2,013	2,210
Library Books	1,035	1,109	1,208
Furniture, machinery, vehicles, and other equipment	<u>9,367</u>	<u>8,389</u>	<u>7,283</u>
Net capital assets	<u>\$ 182,071</u>	<u>\$ 173,922</u>	<u>\$ 170,247</u>

Capital Assets
Comparison - Fiscal Year 2016, 2015 and 2014
(In Thousands)



DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

Capital Asset and Debt Administration (Continued)

Total bond payable liability balances at August 31, 2016, 2015, and 2014 are as follows:

Outstanding Debt - Bonds	(In Thousands)		
	2016	2015	2014
Del Mar College District Combined Fee Revenue Bonds, Series 2005	-	1,955	2,875
Del Mar College District Limited Tax Bonds, Series 2006	-	-	18,965
Del Mar College District Combined Fee Revenue Bonds, Series 2008	2,420	19,430	20,530
Del Mar College District Limited Tax Refunding Bonds, Series 2011	26,655	29,880	32,975
Del Mar College District Limited Tax Refunding Bonds, Series 2013	8,700	8,780	8,860
Del Mar College District Limited Tax Refunding Bonds, Series 2014	8,930	8,930	8,930
Del Mar College District Limited Tax Refunding and Improvement Bonds, Series 2015	20,930	23,580	-
Del Mar College District Limited Tax Bonds, Series 2016	67,645	-	-
Del Mar College District Combined Fee Revenue Refunding Bonds, Series 2016	15,110	-	-
	<u>\$150,390</u>	<u>\$ 92,555</u>	<u>\$ 93,135</u>

The College's bond ratings, on the outstanding bonds, are Aa3 by Moody's Investor Service, A+ by Standard and Poor's, and AA- by Fitch Ratings.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

Capital Asset and Debt Administration (Continued)

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

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

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

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

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

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

See Notes 6, 7, 8, and 9 for additional information.

DEL MAR COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

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.

Tuition and fee revenue for 2017 is projected to be approximately \$24.2 million which is an increase of about 4.4% compared to the prior year. Fall academic enrollment for the 2016/2017 fiscal year was approximately 8.3% higher when compared to same term during the previous year. Growth in contract instruction with industry partners has seen a significant increase with the start of the current fiscal year and expectations are for this to continue throughout the rest of the year.

The certified tax assessed value increased for fiscal year 2017 by 8.33%. Preliminary projections appear to show that assessed valuations will grow by at least 5% during each of the next two years. Due to continued growth the College was able to lower the overall tax rate even though the debt service tax rate was increased for the new debt service obligation requirement for the 2016 Tax Bond issuance.

The State Legislature is set to begin its' budget process for the 2018-2019 biennium. Although no definitive outcome can be determined currently, a request was submitted to the Legislative Budget Board from the Texas Higher Education Coordinating Board for 8% increase in funding to Community Colleges. State appropriation for the current fiscal year were previously set by the legislature and are the same as that received in the previous year.

Projected increases in tuition, property tax revenue and State funding will be necessary to fund new or increased expenses in instructional and support functions to achieve the College's student success goals. The 2017 budget is balanced and structurally sound; however the College will continue to face challenges in the future to fund anticipated increases in demands for services provided by community colleges.

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,	
	2016	2015
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 4)	\$ 38,751,046	\$ 40,717,889
Short Term Investments (Note 4)	8,002,426	8,560,258
Accounts Receivable, Net (Note 15)	10,505,892	10,128,118
Taxes Receivable (Note 15)	1,625,270	1,589,032
Prepaid Expenses	5,327	516,054
Notes Receivable, Net	-	931
Total Current Assets	58,889,961	61,512,282
Noncurrent Assets:		
Restricted Cash and Cash Equivalents (Note 4)	59,966,426	13,762,268
Restricted Investments (Note 4)	23,990,668	2,200,000
Capital Assets, Net (Note 6):	182,070,583	173,922,500
Total Noncurrent Assets	266,027,677	189,884,768
Total Assets	324,917,638	251,397,050
Deferred Outflows of Resources		
Deferred Loss on Refunding Bonds	3,522,149	2,561,972
Deferred Outflow Related to Pensions (Note 10)	2,750,433	1,773,740
Total Deferred Outflows of Resources	6,272,582	4,335,712
Total Assets and Deferred Outflows of Resources	331,190,220	255,732,762
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 15)	6,334,224	8,950,558
Accrued Compensable Absences - Current Portion (Note 7)	587,362	547,432
Retirement Incentive Payable (Note 7 and 24)	-	533,839
Funds Held for Others	1,280,880	1,469,593
Unearned Revenues (Note 15)	12,789,000	12,411,006
Bonds Payable - Current Portion (Note 7)	8,420,000	8,055,000
Total Current Liabilities	29,411,466	31,967,428
Noncurrent Liabilities:		
Accrued Compensable Absences (Note 7)	5,129,103	4,644,130
Net Pension Liability (Note 10)	12,296,529	9,242,352
Bonds Payable (Note 7)	157,618,644	90,326,822
Total Noncurrent Liabilities	175,044,276	104,213,304
Total Liabilities	204,455,742	136,180,732
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions (Note 10)	916,036	2,827,263
Total Liabilities and Deferred Inflows of Resources	205,371,778	139,007,995
NET POSITION		
Net Investment in Capital Assets	90,490,480	79,669,166
Restricted for:		
Expendable		
Debt Service	11,930,451	13,224,616
Loan Funds	321,017	321,301
Unrestricted	23,076,494	23,509,684
Total Net Position (Schedule D)	\$ 125,818,442	\$ 116,724,767

See Notes to Financial Statements.

(Continued)

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

ASSETS	Del Mar College Foundation, Inc. June 30,	
	2016	2015
Cash and Cash Equivalents (Note 4)	\$ 1,342,641	\$ 1,258,009
Investments (Note 4)	4,717,283	5,137,864
Unconditional Promises to Give (Note 15)	40,137	341,450
Total Current Assets	6,100,061	6,737,323
Endowment Investments (Note 4)	11,973,814	11,264,343
Long-Term Unconditional Promises to Give (Note 15)	49,648	49,500
Beneficial Interest in Irrevocable Charitable Trust	582,827	500,745
Total Assets	18,706,350	18,551,911
LIABILITIES		
Accounts Payable	4,154	10,169
Due to Del Mar College	90,768	71,103
Total Liabilities	94,922	81,272
NET ASSETS		
Unrestricted	217,825	266,999
Temporarily Restricted	6,419,789	6,939,297
Permanently Restricted	11,973,814	11,264,343
Total Net Assets	\$ 18,611,428	\$ 18,470,639

See Notes to Financial Statements.

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

	Year Ended August 31,	
	2016	2015
Operating Revenues		
Tuition and Fees (net of discounts of \$14,947,650 and \$13,997,691, respectively) (Note 8)	\$ 11,975,986	\$ 10,878,328
Federal Grants and Contracts	4,650,416	5,423,812
State Grants and Contracts	4,334,183	3,090,218
Local Grants and Contracts	2,211,054	592,945
Auxiliary Enterprises (net of discounts)	1,323,238	1,507,338
General Operating Revenues	2,304,931	1,378,951
Total Operating Revenues (Schedule A)	26,799,808	22,871,592
Operating Expenses		
Instruction	39,580,321	36,440,531
Public Service	110,626	21,290
Academic Support	6,946,425	6,193,494
Student Services	18,039,997	16,105,881
Institutional Support	18,690,329	16,792,500
Operation and Maintenance of Plant	9,701,525	8,770,592
Scholarships and Fellowships	5,111,125	6,285,920
Auxiliary Enterprises	1,417,025	1,469,943
Depreciation	5,515,438	5,589,559
Total Operating Expenses (Schedule B)	105,112,811	97,669,710
Operating Loss	(78,313,003)	(74,798,118)
Non-Operating Revenues (Expenses)		
State Appropriations	19,800,318	19,917,744
Maintenance Ad Valorem Taxes	46,704,072	43,341,908
Debt Service Ad Valorem Taxes	8,338,292	8,384,937
Federal Revenue, Non Operating	16,322,598	16,265,164
Loss on Disposal of Capital Assets	(80,308)	(85,079)
Investment Income	337,362	205,840
Interest on Capital Related Debt	(4,090,597)	(3,961,174)
Other Non-Operating Revenues	21,428	30,022
Other Non-Operating Expenses	(6,000)	(2,750)
Net Non-Operating Revenues (Schedule C)	87,347,165	84,096,612
Capital Contributions		
Contributions from Other Agencies	59,513	151,333
Increase in Net Position	9,093,675	9,449,827
Net Position		
Net Position - Beginning of Year	116,724,767	107,274,940
Net Position - End of Year	\$ 125,818,442	\$ 116,724,767

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, 2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, Revenue and Gains:				
Scholarship Contributions	\$ -	\$ 632,201	\$ 359,471	\$ 991,672
Contributed Services and Expenses	514,552	-	-	514,552
Grants, Managed Funds, & Other Contributions	255	1,716,710	-	1,716,965
Net Investment Income	2,928	353,288	-	356,216
Net Assets Released from Restrictions	2,924,064	(2,924,064)	-	-
Total Support, Revenue and Gains	3,441,799	(221,865)	359,471	3,579,405
Program and Support Expenses:				
Scholarships	1,480,723	-	-	1,480,723
Grants, Managed Funds, & Other Awards	1,314,481	-	-	1,314,481
Administrative Non Program Awards	78,972	-	-	78,972
Fundraising Expenses	49,888	-	-	49,888
Administrative Expenses	514,552	-	-	514,552
Total Program and Support Expenses	3,438,616	-	-	3,438,616
Increase in Net Assets	3,183	(221,865)	359,471	140,789
Transfers and Reclassifications	(52,357)	(297,643)	350,000	-
Net Assets, Beginning of Year	266,999	6,939,297	11,264,343	18,470,639
Net Assets - End of Year	\$ 217,825	\$ 6,419,789	\$ 11,973,814	\$ 18,611,428

For the Year Ended June 30, 2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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

See Notes to Financial Statements.

**Del Mar College
Statements of Cash Flows**

	Year Ended August 31,	
	2016	2015
Cash Flows from Operating Activities:		
Receipts from Students and Other Customers	\$ 12,890,063	\$ 12,259,840
Receipts from Grants and Contracts	11,378,089	8,256,797
Payments to Suppliers for Goods and Services	(28,829,107)	(15,712,959)
Payments to or on Behalf of Employees	(67,433,693)	(66,719,641)
Payments for Scholarships and Fellowships	(5,095,510)	(6,268,164)
Loans Issued to Students	-	(8,190)
Collection of Loans to Students	-	10,577
Other General Operating Receipts	2,304,932	1,376,564
Net Cash Used by Operating Activities	(74,785,226)	(66,805,176)
Cash Flows from Non-Capital Financing Activities:		
Receipts from State Appropriations	19,800,318	19,917,744
Receipts from Ad Valorem Taxes	55,006,126	51,658,603
Receipts from Non Operating Federal Revenue	16,339,114	16,236,001
Receipts from Student Organizations and Other Agency Transactions	1,763,977	1,197,344
Payments to Student Organizations and Other Agency Transactions	(1,952,690)	(1,127,043)
Net Cash Provided by Non-Capital Financing Activities	90,956,845	87,882,649
Cash Flows from Capital and Related Financing Activities:		
Proceeds on Issuance of Capital Debt	75,376,873	8,828,300
Proceeds from Sale of Capital Assets	-	8,000
Purchases of Capital Assets	(13,662,888)	(9,176,711)
Payments on Capital Debt - Principal	(8,361,340)	(7,555,000)
Payments on Capital Debt - Interest	(4,415,485)	(4,512,145)
Net Cash Provided (Used) by Capital and Related Financing Activities	48,937,160	(12,407,556)
Cash Flows from Investing Activities:		
Proceeds from Sales and Maturities of Investments	13,760,918	9,422,423
Interest on Investments	361,372	206,908
Purchase of Investments	(34,993,754)	(18,158,321)
Net Cash Used by Investing Activities	(20,871,464)	(8,528,990)
Increase in Cash and Cash Equivalents	44,237,315	140,927
Cash and Cash Equivalents—September 1	54,480,157	54,339,230
Cash and Cash Equivalents—August 31	\$ 98,717,472	\$ 54,480,157
See Notes to Financial Statements		

(Continued)

Del Mar College
Statements of Cash Flows

	Year Ended August 31,	
	2016	2015
Reconciliation of Net Operating Loss to Net Cash		
Used by Operating Activities:		
Operating Loss	(78,313,003)	(74,798,118)
Adjustments to Reconcile Net Loss to Net Cash		
Used by Operating Activities:		
Depreciation Expense	5,515,438	5,589,559
Bad Debt Expense	187,350	186,514
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Receivables, Net	(605,650)	(1,783,243)
Prepaid Expenses	510,726	(507,260)
Notes Receivable	931	(413)
Accounts Payable and Accrued Liabilities	(2,616,333)	5,174,002
Retirement Incentive Payable	(533,839)	(1,445,441)
Compensated Absences	524,903	147,321
Unearned Revenues	377,994	807,652
Net Pension Liability	3,054,177	(2,106,498)
Deferred Outflows of Resources	(976,693)	(896,514)
Deferred Inflows of Resources	(1,911,227)	2,827,263
Net Cash Used by Operating Activities	(74,785,226)	(66,805,176)
Noncash Investing, Capital and Financing Activities:		
Contribution of Capital Assets	\$ 59,513	\$ 151,333
Bond Refunding	\$ 18,398,115	\$ 16,977,338

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

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, 2016

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, 2016

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. See Note 5 for discussion on fair value measurement. 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, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

J. Deferred Outflows

In addition to assets, the College is aware that the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Governments are permitted only to report deferred outflows in circumstances specifically authorized by the GASB. A typical deferred outflow for community colleges is a deferred charge on refunding debt.

K. Unearned Revenues

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

L. Estimates

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

M. Operating and Non-Operating Revenue and Expense Policy

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

N. Restricted and Unrestricted Resources

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

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, 2016 and 2015, the College held, in trust funds, amounts of \$1,280,880 and \$1,469,593, 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, 2016

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. Deferred Inflows

In addition to liabilities, the College is aware that the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Governments are permitted only to report deferred inflows in circumstances specifically authorized by the GASB.

U. Pensions

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

Note 3 - Authorized Investments

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 4 - Deposits and Investments

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

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

	<u>2016</u>		<u>2015</u>	
	<u>College</u>	<u>Foundation</u>	<u>College</u>	<u>Foundation</u>
Demand Deposits	\$ 3,847,235	\$ 355,771	\$ 3,589,157	\$ 464,821
Savings Account	78,775,415	-	31,857,541	-
Money Market	504,511	757,007	502,379	566,960
Choice 4 Mutual Fund	2,710,641	-	1,706,987	-
Tex Pool	303,479	-	302,680	-
Logic Pool	1,315,331	-	1,309,905	-
Tex Star	8,071	-	8,050	-
Certificate of Deposit	11,232,109	228,513	15,180,958	226,128
Petty Cash on Hand	20,680	1,350	22,500	100
Total Cash and Deposits	<u>\$ 98,717,472</u>	<u>\$ 1,342,641</u>	<u>\$ 54,480,157</u>	<u>\$ 1,258,009</u>
Exhibit 1				
Current Assets (Unrestricted)	\$ 38,751,046	\$ 1,342,641	\$ 40,717,889	\$ 1,258,009
Noncurrent Assets (Restricted)	59,966,426	-	13,762,268	-
	<u>\$ 98,717,472</u>	<u>\$ 1,342,641</u>	<u>\$ 54,480,157</u>	<u>\$ 1,258,009</u>

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

Reconciliation of Investments to Exhibit 1, Statement of Net Assets

<u>Type of Security</u>	<u>2016</u>		<u>2015</u>	
	<u>College</u>	<u>Foundation</u>	<u>College</u>	<u>Foundation</u>
Municipal Notes	\$ -	\$ -	\$ 5,560,225	\$ -
Mutual Funds	-	16,517,719	-	14,504,821
Stocks	-	-	-	1,824,288
Commercial Paper	5,991,818	-	-	-
Alternative Investments	-	100,280	-	-
Donated Land	-	73,098	-	73,098
U.S. Government Agencies	26,001,276	-	5,200,033	-
Total Investments	<u>\$ 31,993,094</u>	<u>\$ 16,691,097</u>	<u>\$ 10,760,258</u>	<u>\$ 16,402,207</u>
Exhibit 1				
Current Assets (Unrestricted)	\$ 8,002,426	\$ 4,717,283	\$ 8,560,258	\$ 5,137,864
Noncurrent Assets (Restricted)	23,990,668	11,973,814	2,200,000	11,264,343
	<u>\$ 31,993,094</u>	<u>\$ 16,691,097</u>	<u>\$ 10,760,258</u>	<u>\$ 16,402,207</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 4 - Deposits and Investments (Continued)

Interest Rate Risk

College

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

At August 31, 2016, the portfolio contained no holdings with stated maturity dates extending past August, 2018.

Foundation

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

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

Credit Risk

College

In accordance with state law and the College's investment policy, investments in U.S. government agencies, mutual funds, and local governmental investment pools must be rated at least AAA. The College's policy further requires that local governmental investment pools be restricted to pools that are "2a-7 like" (constant dollar).

As of August 31, 2016, the College's investments in money market mutual funds, and local governmental investment pools were all rated AAA by Standard and Poor's. The College's municipal bond investments were rated by Moody's between ratings of Aa3 and AAA.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 4 - Deposits and Investments (Continued)

Foundation

It is the Foundation's investment policy to invest in equity securities, fixed income investment bonds and various other investment alternatives as deemed appropriate. The principal category of equity investments are common stocks, with emphasis on high quality, investment grade, dividend-paying stocks in companies that are financially sound and that have favorable prospects for earnings growth. In recognition of the increasing opportunities available in today's dynamic investment universe to seek returns that may be less correlated to the traditional broad equity and fixed income markets, the Trustees may allocate up to 20% of the Fund Assets to alternative investments. Fixed Income bonds are invested in domestic, high quality corporate bonds with a minimum of an AA rating.

Concentration of Credit Risk

College

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

Diversification limits are set as follows:

<u>Investment Type</u>	<u>Percentage of Portfolio</u>	
	<u>Allowable</u>	<u>Actual</u>
U.S. Obligations	80%	2%
U.S. Agencies/Instrumentalities	75%	17%
Certificates of Deposit	75%	9%
Repurchase Agreements	100%	0%
Local Governmental Investment Pools	100%	1%
Money Market Mutual Funds	50%	66%
Commercial Paper	25%	5%
Bankers Acceptances	20%	0%
Mutual Funds	10%	0%
State & Municipal Obligations	20%	0%
Corporate Obligations	25%	0%
Negotiable Certificates of Deposit	25%	0%

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 4 - Deposits and Investments (Continued)

Foundation

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

Custodial Credit Risk

College

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College's Investment Policy and state law require that a third party hold collateral for all time and demand deposits and repurchase agreements in the College's name. At August 31, 2016, the College's portfolio contained 13 fully collateralized certificates of deposit. All demand deposits balances were secured by the depository institution pledging collateral to the College. The collateral was held by an independent institution and maintained at 102%.

Foundation

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 5 – Fair Value of Financial Instruments

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

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

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

The *exit* or fair market prices used for these fair market valuations of the portfolio are all Level 1 and represent unadjusted quoted prices in active markets for identical assets and liabilities that have been accessed at the measurement date.

As of August 31, 2016 and 2015 the securities to be priced in the portfolio were as follows:

	Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)	
	August 31,	
	2016	2015
US Treasury Obligations	\$ 3,002,426	\$ -
US Gov't Agencies	22,998,850	5,200,033
Municipal Notes	-	5,560,225
Commercial Paper	5,991,818	-
Total	\$ 31,993,094	\$ 10,760,258

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 6 - Capital Assets

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

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 6 - Capital Assets (Continued)

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, 2016

Note 7 - Long-Term Liabilities

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

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

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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 8 - Bonds

- Combined Fee Revenue Refunding Bonds, Series 2005
 - Refunded \$7,450,000 of Combined Fee Revenue Bonds, Series 1997
 - Issued May 15, 2005
 - Total authorized and issued \$7,830,000
 - Source of revenue for debt service includes pledged building use fees, matriculation fees, tuition fees and interest earnings on certain funds, including the Unrestricted Local Maintenance Fund
 - On May 8, 2016 bonds having stated maturities on August 15, 2016 (\$1,955,000) were redeemed in full and the issue was fully retired
- Combined Fee Revenue Bonds, Series 2008
 - To purchase, construct, improve, enlarge, maintain and equip various buildings and facilities of the District
 - Issued April 8, 2008
 - Total authorized and issued \$25,490,000
 - Source of revenue for debt service includes pledged building use fees, matriculation fees, tuition fees and interest earnings on certain funds, including the Unrestricted Local Maintenance Fund
 - Outstanding principal balance as of August 31, 2016 and 2015 is \$2,420,000 and \$19,430,000
- Limited Tax Refunding Bonds, Series 2011
 - To refund Limited Tax Bonds, Series 2003
 - Issued November 1, 2011
 - Total authorized and issued \$36,330,000
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2016 and 2015 is \$26,655,000 and \$29,880,000
- Limited Tax Refunding Bonds, Series 2013
 - To refund a portion of Limited Tax Bonds, Series 2006
 - Issued October 1, 2013
 - Total authorized and issued \$9,010,000
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2016 and 2015 is \$8,700,000 and \$8,780,000
- Limited Tax Refunding Bonds, Series 2014
 - To refund a portion of Limited Tax Bonds, Series 2006
 - Issued January 15, 2014
 - Total authorized and issued \$8,995,000
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2016 and 2015 is \$8,930,000 and \$8,930,000

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 8 – Bonds (Continued)

- Limited Tax Refunding and Improvement Bonds, Series 2015
 - To refund a portion of Limited Tax Bonds, Series 2006 and provide funds to construct and equip school facilities within the district
 - Issued February 3, 2015
 - Total authorized \$157,000,000; \$23,580,000 issued
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2016 and 2015 is \$20,930,000 and \$23,580,000
- Combined Fee Revenue Refunding Bonds, Series 2016
 - To refund Combined Fee Revenue Bonds, Series 2005
 - Issued February 8, 2016
 - Total authorized and issued \$15,110,000
 - Advance refunding of the 2005 Series Bonds reduced the College's debt service payments over the next twelve years by \$1,843,819
 - Economic Gain – (\$1,481,048) difference between the net present value of the old and new debt service payments
 - Source of revenue for debt service includes pledged building use fees, matriculation fees, tuition fees and interest earnings on certain funds, including the Unrestricted Local Maintenance Fund
 - Outstanding principal balance as of August 31, 2016 is \$15,110,000
- Limited Tax Bonds, Series 2016
 - To construct and equip school buildings in the District and to pay the cost of issuing bonds
 - Issued July 13, 2016
 - Total authorized \$157,000,000; \$67,645,000 issued
 - Source of revenue for debt service is ad valorem taxes
 - Outstanding principal balance as of August 31, 2016 is \$67,645,000

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 8 – Bonds (Continued)

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

Year Ending August 31	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 7,235,000	\$ 5,186,262	\$ 1,185,000	\$ 827,400
2018	7,560,000	4,870,262	1,235,000	780,000
2019	7,795,000	4,632,463	1,220,000	730,600
2020	8,355,000	4,336,637	1,270,000	681,800
2021	7,910,000	4,783,588	1,320,000	631,000
2022-2026	34,765,000	15,119,562	7,670,000	2,094,750
2027-2031	11,370,000	10,081,088	3,630,000	274,500
2032-2036	14,255,000	7,201,188	-	-
2037-2041	16,535,000	4,426,188	-	-
2042-2046	17,080,000	1,892,650	-	-
Total 08/31/2016	<u>\$ 132,860,000</u>	<u>\$ 62,529,888</u>	<u>\$ 17,530,000</u>	<u>\$ 6,020,050</u>

Note 9 - 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 expenses 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 expenses associated with the property.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 10 – Defined Benefit Pension Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 10 – Defined Benefit Pension Plan (Continued)

not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

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

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

Contribution Rates

	2016	2015
Member	7.2%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
College Contribution	not available	\$ 1,030,041
State of Texas On-behalf Contributions	not available	\$ 758,115

The District’s contributions to the TRS pension plan in 2016 were \$1,178,183 as reported in the Schedule of District Contributions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for 2016 were \$886,778.

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 10 – Defined Benefit Pension Plan (Continued)

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

- On the portion of the member’s salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.
- When any part of all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

Actuarial Assumptions

The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Charges during the year	None
Ad hoc post-employment benefit changes	None

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 10 – Defined Benefit Pension Plan (Continued)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. 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 allocation percentage and by adding expected inflation.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 10 – Defined Benefit Pension Plan (Continued)

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2015 and 2014 are summarized below:

Fiscal Year Ended August 31, 2015:

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

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 10 – Defined Benefit Pension Plan (Continued)

Fiscal Year Ended August 31, 2014:

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 2015 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>\$ 19,266,344</u>	<u>\$ 12,296,529</u>	<u>\$ 6,491,107</u>

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 10 – 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, 2016 and 2015, the College reported a liability of \$12,296,529 and \$9,242,352, respectively, for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

Fiscal Year Ended August 31, 2015:

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

Fiscal Year Ended August 31, 2014:

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, 2015 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, 2014 thru August 31, 2015.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 10 – Defined Benefit Pension Plan (Continued)

Changes Since the Prior Actuarial Valuation - The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%
3. In accordance with the observed experience, there were small adjustments in the service-based promotion/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

5. The post-retirement mortality table for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using fully generational approach and Scale BB.
7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using fully generational approach and Scale BB.

Other Demographic Assumptions

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 10 – Defined Benefit Pension Plan (Continued)

Actuarial Methods and Policies

13. The method of using celled data in the valuation process was changed to now using individual date records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

For the year ended August 31, 2016, the College recognized pension expense of \$758,115 and revenue of \$758,115 for support provided by the State.

At August 31, 2016 and 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:

Fiscal Year Ended August 31, 2015:

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 10 – Defined Benefit Pension Plan (Continued)

Fiscal Year Ended August 31, 2014:

	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:

	Pension Expense Amount
Year ended August 31:	
2017	\$ 28,321
2018	28,321
2019	28,321
2020	734,531
2021	(29,971)
Thereafter	(133,309)
	\$ 656,214

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 11 – 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.

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

The total payroll of employees covered by the Teacher Retirement System was \$30,129,463 and \$26,992,189, and the total payroll of employees covered by the Optional Retirement Program was \$13,428,183 and \$12,766,342 for fiscal years 2016 and 2015, respectively.

Note 12 - Deferred Compensation Program

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

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

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.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 13 - Compensable Absences

Twelve-month employees and personnel, whose duties are not primarily teaching, earn annual vacation leave from 80 to 120 hours per year, depending on the number of years employed by the College. The College's policy is that an employee may carry his/her accrued leave forward from 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, 2016 and 2015, the College had an accrued liability for the unpaid vacation and sick leave as follows:

	2016	2015
Vacation	\$ 842,847	\$ 717,241
Sick Leave	4,873,618	4,474,321
Total Liability for Compensable Absences	\$ 5,716,465	\$ 5,191,562

The College recognized \$587,362 and \$547,432 of the liability above as a current liability for fiscal years August 31, 2016 and 2015 respectively.

Note 14 - Pending Lawsuits and Claims

At August 31, 2016, 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, 2016

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

Receivables

Receivables at August 31, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Student Receivables	\$ 8,235,390	\$ 7,292,906
Federal Receivables	3,012,715	3,399,373
Interest Receivables	79,870	103,879
Total Receivables	11,327,975	10,796,158
Less: Allowance for Doubtful Accounts	822,083	668,040
Net Receivables	\$ 10,505,892	\$ 10,128,118

Taxes receivable of \$1,625,270 and \$1,589,032 are net of the allowance for doubtful accounts of \$954,524 and \$933,241 at August 31, 2016 and 2015, respectively.

The Foundation has received promises and been awarded grants. Unconditional promises to give at June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Student Scholarships	\$ 89,798	\$ 390,390
Staff and Faculty Enrichment	340	1,060
Total Unconditional Promises to Give	90,138	391,450
Less: Unamortized Discount	353	500
Net Unconditional Promises to Give	89,785	390,950
Less Amount Due in One Year or Less	40,137	341,450
Net Long-Term Unconditional Promises to Give	\$ 49,648	\$ 49,500

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

The discount rate of .71 and 1.11 was used on long-term promises to give as of June 30, 2016 and 2015, 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, 2016

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

Payables

Payables at August 31, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Vendors Payable	\$ 4,344,306	\$ 7,408,640
Salaries & Benefits Payable	1,503,338	1,241,190
Accrued Interest	486,580	300,728
Total Payables	<u>\$ 6,334,224</u>	<u>\$ 8,950,558</u>

Unearned revenues at August 31, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Tuition and Fees	\$ 10,815,559	\$ 9,993,411
Advance Building Contributions	1,500,000	1,500,000
Federal, State and Local Grants	473,441	917,595
	<u>\$ 12,789,000</u>	<u>\$ 12,411,006</u>

Note 16 - Contract and Grant Awards

For federal contract and grant awards, funds expended but not collected, are reported as Federal Receivables in Note 15. Non-federal contract and grant awards, for which funds are expended but not collected, are reported in Accounts Receivable on Exhibit 1. Revenues are recognized on Exhibit 2 and Schedule A. Contract and grant awards that are not yet funded and for which the institution has not performed services are not included in the financial statements. Contract and grant award funds already committed, e.g. multi-year awards, or funds awarded during fiscal year 2016 and 2015 for which monies have not been received nor funds expended totaled \$10,606,932 and \$12,745,690, respectively. Of these amounts, \$7,319,117 and \$9,566,885 were from Federal Contract and Grant Awards; \$12,462,637 and \$1,250,468 were from State Contract and Grant awards; \$143,313 and \$1,928,137 were from Private Contract and Grant Awards, for the fiscal years ended 2016 and 2015, respectively.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 17 - Post Retirement Health Care and Life Insurance Benefits

Plan Description

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

Funding Policy

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

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

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

The state's contribution per full-time employee ranged from \$577 to \$1,128 per month for the year ended August 31, 2016 (\$538 to \$1,052 per month for 2015) and totaled \$3,604,876 for 2016 (\$3,468,803 for the year ended 2015). The cost of providing those benefits for 464 retirees in the year ended 2016 was \$3,415,326 (retiree benefits for 486 retirees cost \$3,209,846 in 2015). For 663 active employees, the cost of providing benefits was \$5,307,135 for the year ended 2016 (active employee benefits for 631 employees cost \$4,625,056 for the year ended 2015).

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 18 – On-behalf Payments

For the fiscal years ended August 31, 2016 and 2015, the College recorded State on-behalf contributions for the Teacher Retirement System of \$886,778 and \$753,469, respectively, contributions for the Optional Retirement Programs of \$416,945 and \$414,122, respectively, and contributions for health insurance of \$3,604,876 and \$3,468,803, respectively. The State’s total on-behalf contributions for the fiscal years ended August 31, 2016 and 2015 of \$4,908,599 and \$4,636,394, respectively, were recorded as revenues and expenses in the accompanying basic financial statements.

Note 19 - Ad Valorem Tax

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

	2016	2015
Assessed Valuation of the College District	\$27,500,611,805	\$25,746,281,975
Less: Exemptions	4,683,362,887	4,622,734,703
Net Assessed Valuation of the College District	\$22,817,248,918	\$21,123,547,272

	2016			2015		
	Operations	Debt Service	Total	Operations	Debt Service	Total
Tax Rate per \$100 valuation						
for authorized	\$0.5000	\$0.5000	\$1.0000	\$0.5000	\$0.5000	\$1.0000
for assessed	\$0.2105	\$0.0375	\$0.2481	\$0.2079	\$0.0402	\$0.2481

Taxes levied, for the year ended August 31, 2016 and 2015, amounted to \$54,862,650 and \$52,393,766 respectively, including any penalty and interest assessed. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 19 - Ad Valorem Tax (Continued)

Fiscal Year Ended August 31, 2016:

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

Fiscal Year Ended August 31, 2015:

Taxes Collected	Current Operations	Debt Service	Total
Current Taxes Collected	\$ 42,810,044	\$ 8,269,827	\$ 51,079,871
Delinquent Taxes Collected	954,859	209,501	1,164,360
Penalties and Interest Collected	444,120	92,836	536,956
Total Collections	\$ 44,209,023	\$ 8,572,164	\$ 52,781,187

Tax collections for the years ended August 31, 2016 and 2015 were respectively 97.5% and 97.6% of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

Note 20 - 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, 2016 and 2015.

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 21 - Component Unit

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

Significant Accounting Policies

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

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

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

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

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

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

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

Fair Value Measurement

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

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 21 – Component Unit (Continued)

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

Fair values of assets measured on a recurring basis at June 30, 2016 and 2015 are as follows:

	Fair Value	Fair Value Measurement Using:	
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
June 30, 2016			
Investments:			
Money Market	\$ 155,548	\$ 155,548	\$ -
Mutual Funds	16,362,171	16,362,171	-
Alternative Investments	100,280	-	100,280
Land and Improvements	73,098	-	73,098
Total Investments	16,691,097	16,517,719	173,378
Beneficial Interest in Irrevocable Charitable Trust	582,827	-	582,827
Total	\$ 17,273,924	\$ 16,517,719	\$ 756,205
June 30, 2015			
Investments:			
Mutual Funds	\$ 16,205,048	\$ 16,205,048	\$ -
Stocks	124,061	124,061	-
Land and Improvements	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

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, 2016

Note 21 – 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.

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

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

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) at June 30, 2016 and 2015:

	Beneficial Interest In Irrevocable Trust	Land and Improvements	Alternative Investments	Total
Beginning Balance, July 1, 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
Purchases	-	-	123,558	123,558
Total Unrealized Gain (Loss)				
Included in Changes in Net Assets	82,082	-	(23,278)	58,804
Ending Balance, June 30, 2016	\$ 582,827	\$ 73,098	\$ 100,280	\$ 756,205

DEL MAR COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Note 22 - 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 2016 and 2015, 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 23 - Workers' Compensation Aggregate Deductible

During the year ended August 31, 2016, the College met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

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

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund used the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2015, the Fund carries a discounted reserve of \$58,364,320 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August, 31, 2016, 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, 2015, 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, 2016

Note 24 - 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 received 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, 2016 and 2015 accrued liability for the 2014 retirement incentive plan was \$0 and \$533,839 respectively.

Note 25 – Commitments and Contingencies

Facilities

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



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DEL MAR COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION

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

AUGUST 31, 2016

	<u>2016</u>	<u>2015</u>
College's Proportion of the Net Pension Liability	.000347864	.000346008
College's Proportionate Share of Net Pension Liability	\$ 12,296,529	\$ 9,242,352
State's Proportionate Share of the Net Pension Liability associated with the District	<u>9,047,629</u>	<u>7,116,186</u>
Total	<u>\$ 21,344,158</u>	<u>\$ 16,358,538</u>
College's Covered-Employee Payroll	\$ 26,992,189	\$ 22,530,675
College's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	45.56%	41.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	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 dates of August 31, 2015 for Year 2016 and August 31, 2014 for Year 2015.

Note: In accordance with GASB 68, Paragraph 138, only two years of data are presented this reporting period. "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

AUGUST 31, 2016

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 1,178,183	\$ 1,030,041
Contribution in Relation to the Contractually Required Contribution	<u>(1,178,183)</u>	<u>(1,030,041)</u>
Contribution Deficiency (Excess)	<u>-0-</u>	<u>-0-</u>
College's Covered-Employee Payroll	\$30,129,463	\$26,992,189
Contributions as a Percentage of Covered-Employee Payroll	3.91%	3.82%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the College's respective fiscal years as opposed to the time periods covered by the measurement dates ending of August 31, 2014 for Fiscal Year 2015 and August 31, 2015 for Fiscal Year 2016.

Note: In accordance with GASB 68, Paragraph 138, only two years of data are presented this reporting period. "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, 2016 (With Memorandum Totals for the Year Ended August 31, 2015)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2016 Total</u>	<u>2015 Total</u>
Tuition:						
State Funded Credit Courses:						
In-District Resident Tuition	\$ 8,118,901	\$ -	\$ 8,118,901	\$ -	\$ 8,118,901	\$ 7,962,095
Out-of-District Resident Tuition	2,288,203	-	2,288,203	-	2,288,203	2,052,133
Non-Resident Tuition	755,115	-	755,115	-	755,115	619,579
TPEG - Credit (Set Aside) *	660,046	-	660,046	-	660,046	653,828
State-Funded Continuing Education	751,283	-	751,283	-	751,283	604,365
TPEG - Non-Credit (Set Aside) *	152,059	-	152,059	-	152,059	104,945
Non-State Funded Educational Programs	30,280	-	30,280	-	30,280	15,755
Total Tuition	12,755,887	-	12,755,887	-	12,755,887	12,012,700
Fees:						
Building Use Fee	2,521,447	-	2,521,447	-	2,521,447	2,403,180
General Fee	7,118,390	-	7,118,390	-	7,118,390	6,761,354
Student Service Fee	-	-	-	197,008	197,008	187,079
Out-of-District Fee	2,077,205	-	2,077,205	-	2,077,205	1,881,044
Class Repeat Fee	241,500	-	241,500	-	241,500	238,000
Dual Credit Fee	846,989	-	846,989	-	846,989	695,336
Non-Instructional Contract Training Fees	726,134	-	726,134	-	726,134	268,756
Laboratory Fees	439,076	-	439,076	-	439,076	428,570
Total Fees	13,970,741	-	13,970,741	197,008	14,167,749	12,863,319
Scholarship Allowances and Discounts:						
Bad Debt Allowance	(187,350)	-	(187,350)	-	(187,350)	(186,514)
Remissions and Exemptions - State	(3,437,936)	-	(3,437,936)	-	(3,437,936)	(3,034,351)
Remissions and Exemptions - Local	(703,852)	-	(703,852)	-	(703,852)	(643,047)
Title IV Federal Grants	(8,737,657)	-	(8,737,657)	-	(8,737,657)	(8,525,917)
Other Federal Grants	(1,255,677)	-	(1,255,677)	-	(1,255,677)	(1,091,824)
TPEG Awards	(382,034)	-	(382,034)	-	(382,034)	(399,161)
Other State Grants	(243,144)	-	(243,144)	-	(243,144)	(116,877)
Total Scholarship Allowances	(14,947,650)	-	(14,947,650)	-	(14,947,650)	(13,997,691)
Total Net Tuition and Fees	11,778,978	-	11,778,978	197,008	11,975,986	10,878,328
Additional operating revenues:						
Federal Grants and Contracts	-	4,650,416	4,650,416	-	4,650,416	5,423,812
State Grants and Contracts	-	4,334,183	4,334,183	-	4,334,183	3,090,218
Local Grants and Contracts	-	2,211,054	2,211,054	-	2,211,054	592,945
General Operating Revenues	2,304,931	-	2,304,931	-	2,304,931	1,378,951
Total Additional Operating Revenues	2,304,931	11,195,653	13,500,584	-	13,500,584	10,485,926
Auxiliary Enterprises:						
Food Service	-	-	-	750,992	750,992	774,885
Vending	-	-	-	83,549	83,549	83,015
Rents	-	-	-	130,165	130,165	124,035
Childcare Center	-	-	-	239,554	239,554	254,647
Other	-	-	-	118,978	118,978	270,756
Total Net Auxiliary Enterprises	-	-	-	1,323,238	1,323,238	1,507,338
Total Operating Revenues	\$ 14,083,909	\$ 11,195,653	\$ 25,279,562	\$ 1,520,246	\$ 26,799,808	\$ 22,871,592
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$812,105 and \$758,773 for years August 31, 2016 and 2015, 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, 2016 (With Memorandum Totals for the Year Ended August 31, 2015)

	Operating Expenses				2016 Total	2015 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 28,478,348	\$ -	\$ 6,337,592	\$ 2,037,400	\$ 36,853,340	\$ 33,871,419
Public Service	88,268	-	8,580	10,086	106,934	20,666
Academic Support	4,030,110	-	1,093,044	1,352,949	6,476,103	5,762,105
Student Services	4,363,436	-	1,096,292	1,111,795	6,571,523	5,547,305
Institutional Support	8,574,766	-	2,262,383	6,879,707	17,716,856	15,912,985
Operation and Maintenance of Plant	1,276,518	-	301,228	7,994,165	9,571,911	8,674,948
Total Unrestricted Educational Activities	46,811,446	-	11,099,119	19,386,102	77,296,667	69,789,428
Restricted - Educational Activities						
Instruction	-	2,726,981	-	-	2,726,981	2,569,112
Public Service	-	3,692	-	-	3,692	624
Academic Support	-	470,322	-	-	470,322	431,389
Student Services	3,532,779	737,496	617,673	6,580,526	11,468,474	10,558,576
Institutional Support	-	973,473	-	-	973,473	879,515
Operation and Maintenance of Plant	-	129,614	-	-	129,614	95,644
Scholarships and Fellowships	12,909	814	1,892	5,095,510	5,111,125	6,285,920
Total Restricted Educational Activities	3,545,688	5,042,392	619,565	11,676,036	20,883,681	20,820,780
Total Educational Activities	50,357,134	5,042,392	11,718,684	31,062,138	98,180,348	90,610,208
Auxiliary Enterprises	757,902	-	-	659,123	1,417,025	1,469,943
Depreciation Expense - Buildings and other real estate improvements	-	-	-	3,599,626	3,599,626	3,578,560
Depreciation Expense - Equipment and furniture	-	-	-	1,915,812	1,915,812	2,010,999
Total Operating Expenses	\$ 51,115,036	\$ 5,042,392	\$ 11,718,684	\$ 37,236,699	\$ 105,112,811	\$ 97,669,710
					(Exhibit 2)	(Exhibit 2)

Del Mar College
Schedule of Non-Operating Revenues and Expenses

Year Ended August 31, 2016 (With Memorandum Totals for the Year Ended August 31, 2015)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2016 Total</u>	<u>2015 Total</u>
NON-OPERATING REVENUES:					
State Appropriations:					
Education and General State Support	\$ 14,757,925	\$ -	\$ -	\$ 14,757,925	\$ 15,244,082
State Group Insurance	-	3,604,876	-	3,604,876	3,468,803
State Retirement Matching	-	1,437,517	-	1,437,517	1,204,859
Total State Appropriations	14,757,925	5,042,393	-	19,800,318	19,917,744
Maintenance Ad Valorem Taxes	46,704,072	-	-	46,704,072	43,341,908
Debt Service Ad Valorem Taxes	-	8,338,292	-	8,338,292	8,384,937
Federal Revenue, Non Operating	-	16,322,598	-	16,322,598	16,265,164
Investment Income	337,362	-	-	337,362	205,840
Other Non-Operating Revenue	21,428	-	-	21,428	30,022
Total Non-Operating Revenues	61,820,787	29,703,283	-	91,524,070	88,145,615
NON-OPERATING EXPENSES:					
Interest on Capital Related Debt	4,090,597	-	-	4,090,597	3,961,174
Loss on Disposal of Capital Assets	80,308	-	-	80,308	85,079
Other Non-Operating Expense	6,000	-	-	6,000	2,750
Total Non-Operating Expenses	4,176,905	-	-	4,176,905	4,049,003
Net Non-Operating Revenues	\$ 57,643,882	\$ 29,703,283	\$ -	\$ 87,347,165	\$ 84,096,612
				(Exhibit 2)	(Exhibit 2)

Del Mar College
Schedule of Net Position by Source and Availability
Year Ended August 31, 2016 (With Memorandum Totals for the Year Ended August 31, 2015)

	Detail by Source				Available for Current Operations	
	Restricted		Net Investment in Capital Assets	Total	Yes	No
	Unrestricted	Expendable				
Current:						
Unrestricted	\$ 14,428,298	\$ -	\$ -	\$ 14,428,298	\$ 14,428,298	\$ -
Restricted	-	-	-	-	-	-
Auxiliary enterprises	522,027	-	-	522,027	522,027	-
Loan	-	321,017	-	321,017	-	321,017
Endowment:						
Quasi:						
Unrestricted	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Endowment						
True	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-
Annuities	-	-	-	-	-	-
Plant:						
Unexpended	8,126,169	-	-	8,126,169	-	8,126,169
Renewals	-	-	-	-	-	-
Debt Service	-	11,930,451	-	11,930,451	-	11,930,451
Investment in Plant	-	-	90,490,480	90,490,480	-	90,490,480
Total Net Position, August 31, 2016	\$ 23,076,494	\$ 12,251,468	\$ 90,490,480	\$ 125,818,442 (Exhibit 1)	\$ 14,950,325	\$ 110,868,117
Total Net Position, August 31, 2015	23,509,684	13,545,917	79,669,166	116,724,767 (Exhibit 1)	13,413,915	103,310,852
Net Increase in Net Position	\$ (433,190)	\$ (1,294,449)	\$ 10,821,314	\$ 9,093,675 (Exhibit 2)	\$ 1,536,410	\$ 7,557,265

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>	99-102, 120-121
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>	104-109, 122-124
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>	110-112, 125
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>	113-114
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>	115-119

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 2007 to 2016
(unaudited)

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net investment in capital assets	\$ 90,491	\$ 79,669	\$ 72,177	\$ 63,706	\$ 60,565	\$ 56,854	\$ 55,454	\$ 49,010	\$ 45,374	\$ 43,079
Restricted - expendable	12,251	13,546	13,669	11,945	10,694	10,330	5,721	5,340	5,455	5,135
Unrestricted	23,076	23,510	31,900	31,668	24,779	17,242	15,655	16,382	14,655	18,531
Total primary government net position	\$ 125,818	\$ 116,725	\$ 117,746	\$ 107,319	\$ 96,038	\$ 84,426	\$ 76,830	\$ 70,732	\$ 65,484	\$ 66,745

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 2
Revenues by Source
Fiscal Years 2007 to 2016
(unaudited)

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Tuition and Fees (Net of Discounts)	\$ 11,976	\$ 10,878	\$ 10,683	\$ 9,681	\$ 14,875	\$ 9,850	\$ 9,561	\$ 11,980	\$ 14,031	\$ 13,905
Governmental Grants and Contracts										
Federal Grants and Contracts	4,650	5,424	3,256	3,465	3,658	4,050	4,608	4,148	3,359	18,457
State Grants and Contracts	4,334	3,090	2,021	1,613	1,480	1,997	1,825	2,358	1,689	1,140
Local Grants and Contracts	2,212	593	1,044	838	1,779	535	1,863	957	698	1,015
Auxiliary enterprises	1,323	1,508	1,398	1,374	1,607	1,426	1,276	1,471	1,213	1,307
General Operating Revenues	2,305	1,379	1,357	1,173	1,234	1,089	1,636	1,260	1,464	1,490
Total Operating Revenues	26,800	22,872	19,759	18,144	24,633	18,947	20,769	22,174	22,454	37,314
State Appropriations	19,800	19,918	19,554	19,535	20,929	23,890	24,247	25,145	25,069	24,716
Maintenance Ad Valorem Taxes	46,704	43,342	40,524	37,312	35,581	33,966	35,059	32,550	29,428	26,600
Debt Service Ad Valorem Taxes	8,338	8,385	8,639	8,679	8,940	9,801	9,031	8,736	8,643	8,935
Federal Revenue, Non Operating	16,323	16,265	16,521	18,730	13,113	21,317	20,623	20,844	15,760	-
Gifts	-	-	-	-	61	40	55	216	104	140
Investment Income	337	206	198	216	347	491	464	802	1,985	3,634
Other Non-Operating Revenues	22	30	144	174	155	139	5	309	126	91
Total Non-Operating Revenues	91,524	88,146	85,580	84,646	79,126	89,644	89,484	88,602	81,115	64,116
Total Revenues	\$ 118,324	\$ 111,018	\$ 105,339	\$ 102,790	\$ 103,759	\$ 108,591	\$ 110,253	\$ 110,776	\$ 103,569	\$ 101,430

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 2 (Continued)
Revenues by Source
Fiscal Years 2007 to 2016
(unaudited)

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Tuition and fees (net of discounts)	10.12%	9.80%	10.14%	9.42%	14.34%	9.07%	8.67%	10.81%	13.55%	13.71%
Governmental grants and contracts										
Federal grants and contracts	3.93%	4.89%	3.09%	3.37%	3.53%	3.73%	4.18%	3.74%	3.24%	18.20%
State grants and contracts	3.66%	2.78%	1.92%	1.57%	1.43%	1.84%	1.66%	2.13%	1.63%	1.12%
Local grants and contracts	1.87%	0.53%	0.99%	0.82%	1.71%	0.49%	1.69%	0.86%	0.67%	1.00%
Auxiliary enterprises	1.12%	1.36%	1.33%	1.34%	1.55%	1.31%	1.16%	1.33%	1.17%	1.29%
General Operating Revenues	1.95%	1.24%	1.29%	1.14%	1.19%	1.00%	1.48%	1.14%	1.41%	1.47%
Total Operating Revenues	22.65%	20.60%	18.76%	17.65%	23.74%	17.45%	18.84%	20.02%	21.68%	36.79%
State Appropriations	16.73%	17.94%	18.56%	19.00%	20.17%	22.00%	21.99%	22.70%	24.21%	24.37%
Maintenance Ad Valorem Taxes	39.47%	39.04%	38.47%	36.30%	34.29%	31.28%	31.80%	29.38%	28.41%	26.22%
Debt Service Ad Valorem Taxes	7.05%	7.55%	8.20%	8.44%	8.62%	9.03%	8.19%	7.89%	8.35%	8.81%
Federal Revenue, Non Operating	13.80%	14.65%	15.68%	18.22%	12.64%	19.63%	18.71%	18.82%	15.22%	0.00%
Gifts	0.00%	0.00%	0.00%	0.00%	0.06%	0.04%	0.05%	0.19%	0.10%	0.14%
Investment Income	0.28%	0.19%	0.19%	0.21%	0.33%	0.45%	0.42%	0.72%	1.92%	3.58%
Other Non-Operating Revenues	0.02%	0.03%	0.14%	0.17%	0.15%	0.13%	0.00%	0.28%	0.12%	0.09%
Total Non-Operating Revenues	77.35%	79.40%	81.24%	82.35%	76.26%	82.55%	81.16%	79.98%	78.32%	63.21%
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 2007 to 2016
(unaudited)

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction	\$ 39,580	\$ 36,441	\$ 35,017	\$ 33,766	\$ 34,475	\$ 35,632	\$ 35,082	\$ 33,919	\$ 35,832	\$ 34,004
Public service	111	21	14	21	25	97	37	30	35	36
Academic support	6,946	6,193	5,554	4,985	4,830	5,852	5,899	5,964	6,083	5,713
Student services	18,040	16,106	12,295	12,439	10,906	11,251	10,814	10,647	12,379	10,746
Institutional support	18,690	16,792	16,637	15,235	15,440	15,340	14,511	14,153	14,497	12,356
Operation and maintenance of plant	9,702	8,771	8,113	7,597	7,748	9,486	11,131	11,620	11,281	9,766
Scholarships and fellowships	5,111	6,286	5,980	6,857	5,755	10,616	13,505	15,559	10,970	10,136
Auxiliary enterprises	1,417	1,470	1,339	1,405	1,521	1,304	1,483	1,726	1,737	1,608
Depreciation	5,516	5,590	5,571	5,607	5,595	5,669	5,774	5,686	5,205	4,318
Total Operating Expenses	105,113	97,670	90,520	87,912	86,295	95,247	98,236	99,304	98,019	88,683
Interest on capital related debt	4,091	3,961	4,441	4,400	4,376	5,876	5,950	6,140	5,735	5,313
Other Non-Operating Expenses	86	88	47	33	102	34	19	87	1,077	1,023
Total Non-Operating Expenses	4,177	4,049	4,488	4,433	4,478	5,910	5,969	6,227	6,812	6,336
Total Expenses	\$ 109,290	\$ 101,719	\$ 95,008	\$ 92,345	\$ 90,773	\$ 101,157	\$ 104,205	\$ 105,531	\$ 104,831	\$ 95,019

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 3 (Continued)
Program Expenses by Function
Fiscal Years 2007 to 2016
(unaudited)

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction	36.22%	35.83%	36.86%	36.57%	37.98%	35.22%	33.67%	32.14%	34.18%	35.79%
Public service	0.10%	0.02%	0.01%	0.02%	0.03%	0.10%	0.04%	0.03%	0.03%	0.04%
Academic support	6.36%	6.09%	5.85%	5.40%	5.32%	5.79%	5.66%	5.65%	5.80%	6.01%
Student services	16.51%	15.83%	12.94%	13.47%	12.01%	11.12%	10.38%	10.09%	11.81%	11.31%
Institutional support	17.10%	16.51%	17.51%	16.50%	17.01%	15.16%	13.93%	13.41%	13.83%	13.00%
Operation and maintenance of plant	8.88%	8.62%	8.54%	8.23%	8.54%	9.38%	10.68%	11.01%	10.76%	10.28%
Scholarships and fellowships	4.68%	6.18%	6.29%	7.43%	6.34%	10.49%	12.96%	14.74%	10.46%	10.67%
Auxiliary enterprises	1.30%	1.45%	1.41%	1.52%	1.68%	1.29%	1.42%	1.64%	1.66%	1.69%
Depreciation	5.05%	5.50%	5.86%	6.07%	6.16%	5.60%	5.54%	5.39%	4.97%	4.54%
Total Operating Expenses	96.18%	96.02%	95.28%	95.20%	95.07%	94.16%	94.27%	94.10%	93.50%	93.33%
Interest on capital related debt	3.74%	3.89%	4.67%	4.76%	4.82%	5.81%	5.71%	5.82%	5.47%	5.59%
Loss on disposal of fixed assets	0.08%	0.09%	0.05%	0.04%	0.11%	0.03%	0.02%	0.08%	1.03%	1.08%
Total Non-Operating Expenses	3.82%	3.98%	4.72%	4.80%	4.93%	5.84%	5.73%	5.90%	6.50%	6.67%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: College Annual Financial Reports.

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

Resident										
Fees per Semester Credit Hour (SCH)										
Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	Technology Fees	Student Activity Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District	
2015	\$ 0	\$ 56	\$ 106	\$ 36	\$ 77	\$ 1,181	\$ 1,781	0.00%	0.00%	
2014	0	56	106	36	77	1,181	1,781	1.03%	0.68%	
2013	0	55	105	36	77	1,169	1,769	5.60%	3.63%	
2012	0	52	102	34	75	1,107	1,707	1.10%	0.71%	
2011	0	51	101	34	75	1,095	1,695	10.72%	6.67%	
2010	0	43	93	34	65	989	1,589	13.29%	7.88%	
2009	0	38	88	30	57	873	1,473	1.39%	-28.53%	
2008	0	37	137	30	57	861	2,061	11.24%	4.41%	
2007	0	35	135	26	42	774	1,974	1.84%	0.71%	
2006	0	34	134	26	40	760	1,960	34.75%	73.76%	

Non - Resident										
Fees per Semester Credit Hour (SCH)										
Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fees	Student Activity Fees	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase/ (Decrease) from Prior Year Out of State	Increase/ (Decrease) from Prior Year International	
2015	\$ 0	\$ 143	\$ 143	\$ 36	\$ 77	\$ 2,225	\$ 2,225	0.00%	0.00%	
2014	0	143	143	36	77	2,225	2,225	0.54%	0.54%	
2013	0	142	142	36	77	2,213	2,213	2.88%	2.88%	
2012	0	139	139	34	75	2,151	2,151	0.56%	0.56%	
2011	0	138	138	34	75	2,139	2,139	5.21%	5.21%	
2010	0	130	130	34	65	2,033	2,033	6.05%	6.05%	
2009	0	125	125	30	57	1,917	1,917	-23.47%	-23.47%	
2008	0	174	174	30	57	2,505	2,505	3.60%	3.60%	
2007	0	172	172	26	42	2,418	2,418	0.58%	0.58%	
2006	0	171	171	26	40	2,404	2,404	57.74%	57.74%	

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		Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
	of Property	Less: Exemptions					
2015-16	\$ 27,500,612	\$ 4,683,363	\$ 22,817,249	82.97%	\$ 0.210549	\$ 0.037524	\$ 0.248073
2014-15	25,746,282	4,622,735	21,123,547	82.05%	0.207910	0.040163	0.248073
2013-14	24,255,580	4,577,887	19,677,693	81.13%	0.206690	0.043976	0.250666
2012-13	22,433,940	4,557,652	17,876,288	79.68%	0.209394	0.048609	0.258003
2011-12	21,081,166	3,605,685	17,475,481	82.90%	0.206200	0.051800	0.258000
2010-11	20,302,854	3,078,992	17,223,862	84.83%	0.200200	0.057800	0.258000
2009-10	19,544,899	1,696,049	17,848,850	91.32%	0.200200	0.051200	0.251400
2008-09	18,358,577	1,381,489	16,977,088	92.47%	0.190580	0.051200	0.241780
2007-08	15,870,047	1,771,553	14,098,494	88.84%	0.187090	0.055000	0.242090
2006-07	14,759,217	1,893,684	12,865,533	87.17%	0.190910	0.064810	0.255720

Source: Local Appraisal District.

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

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

Fiscal Year	State Appropriation	Appropriation per FTSE		Appropriation per Contact Hour			
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (b)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2014-15	19,918	7,096	\$ 2,807	2,655	1,660	4,315	\$ 4.62
2013-14	19,554	7,262	2,693	2,823	1,615	4,438	4.41
2012-13	19,535	7,648	2,554	2,998	1,692	4,690	4.17
2011-12	20,929	8,295	2,523	3,287	1,801	5,088	4.11
2010-11	23,890	8,468	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:

2016 is not yet available.

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	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	
Flint Hills Resources West LP	Petrochemical	\$ 795,171	\$ 809,036	\$ 894,028	\$ 911,024	\$ 791,276	\$ 826,955	\$ 826,955	\$ 859,954	\$ 847,381	\$ 752,296	
Valero Refining Texas LP	Petrochemical	982,007	732,218	732,219	680,667	674,643	810,563	810,563	854,928	846,719	532,007	
Citgo Refining/Chemical Co LP	Petrochemical	576,842	609,788	588,394	527,999	521,728	460,855	460,855	496,997	524,746	468,846	
Equistar Chemicals LP	Petrochemical	187,352	198,039	227,826	235,788	217,385	157,388	216,196	208,942	341,781	348,379	
Flint Hills Resources East LP	Petrochemical	165,685	180,163	190,891	195,559	163,746						
AEP Texas Central Company	Utility	197,103	198,622	167,729	143,951	115,054	162,087	133,276	143,160	138,095	137,460	
Valero Marketing & Supply	Petrochemical	-	139,352	147,665	-	-	-	-	-	-	-	
Nueces Bay WLE	Utility	179,958										
Corpus Christi Retail Venture LP	Retail	-	-	94,714	101,682	86,000	75,510	75,510	82,864	-	-	
Buckeye Texas Processing LLC	Petrochemical	255,721	173,856	-	-	-	-	-	-	-	-	
Buckeye Texas HUB LLC	Petrochemical	161,468	155,421	-	-	-	-	-	-	-	-	
Barney M Davis LP	Utility	182,407	-	-	-	84,296	-	-	-	-	-	
Flint Hill Resources	Petrochemical	-	107,045	105,017	105,696	-	-	-	-	-	-	
HE Butt Grocery Company	Grocery	-	-	84,069	80,885	78,986	74,869	72,761	70,958	58,878	72,942	
Corpus Christi Cogeneration LP	Utility	-	-	-	-	67,453	-	74,039	78,881	78,881	88,296	
Hoechst Cel - Plastics Division	Manufacturing	-	-	-	-	-	164,980	-	-	-	-	
EOG Resources	Petrochemical	-	-	-	-	-	110,501	110,501	-	-	-	
Apache Corporation	Petrochemical	-	-	-	-	-	76,205	-	-	-	-	
Markwest Energy Partners, LP	Utility	-	-	-	-	-	-	67,141	71,013	70,753	71,164	
Southwestern Bell Telephone	Utility	-	-	-	-	-	-	-	51,668	64,972	63,699	
Sabco Operating Company	Petrochemical	-	-	-	-	-	-	-	-	63,725	-	
Pioneer Drilling Co. Ltd.	Petrochemical	-	-	-	-	-	-	-	-	-	85,355	
La Palmera Mall	Retail	-	-	-	-	-	-	-	-	-	-	
El Paso Javelina Company	Petrochemical	-	-	-	-	-	-	-	-	-	-	
Totals		\$ 3,685,729	\$ 3,305,554	\$ 3,232,552	\$ 2,983,251	\$ 2,800,567	\$ 2,919,913	\$ 2,847,797	\$ 2,919,365	\$ 3,035,931	\$ 2,620,444	
Total Taxable Assessed Value		\$ 21,123,547	\$ 19,677,694	\$ 17,876,288	\$ 17,876,288	\$ 17,475,481	\$ 17,223,862	\$ 17,848,850	\$ 16,977,088	\$ 14,098,514	\$ 12,865,533	

Source: Local County Appraisal District

Note:

2016 is not yet available.

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	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Flint Hills Resources LP	Petrochemical	3.76%	4.11%	5.00%	5.10%	4.53%	4.80%	4.63%	5.07%	6.01%	5.85%
Valero Refining Texas LP	Petrochemical	4.65%	3.72%	4.10%	3.81%	3.86%	4.71%	4.54%	5.04%	6.01%	4.14%
Citgo Refining/Chemical Co LP	Petrochemical	2.73%	3.10%	3.29%	2.95%	2.99%	2.68%	2.58%	2.93%	3.72%	3.64%
Equistar Chemicals LP	Petrochemical	0.89%	1.01%	1.27%	1.32%	1.24%	0.91%	1.21%	1.23%	2.42%	2.71%
Flint Hill Resources	Petrochemical	0.78%	0.92%	1.07%	1.09%	0.94%	0.00%	0.00%	0.00%	0.00%	0.00%
AEP Texas Central Company	Utility	0.93%	1.01%	0.94%	0.81%	0.66%	0.94%	0.75%	0.84%	0.98%	1.07%
Corpus Christi Retail Venture LP	Retail	0.00%	0.00%	0.53%	0.57%	0.49%	0.44%	0.42%	0.49%	0.00%	0.00%
Barney M Davis LP	Utility	0.86%	0.00%	0.00%	0.00%	0.48%	0.00%	0.00%	0.00%	0.00%	0.00%
Flint Hill Resources	Petrochemical	0.00%	0.54%	0.59%	0.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
HE Butt Grocery Company	Grocery	0.00%	0.00%	0.47%	0.45%	0.45%	0.43%	0.41%	0.42%	0.42%	0.57%
Corpus Christi Cogeneration LP	Utility	0.00%	0.00%	0.00%	0.00%	0.39%	0.00%	0.41%	0.46%	0.56%	0.69%
Hoechst Cel - Plastics Division	Manufacturing	0.00%	0.00%	0.00%	0.00%	0.00%	0.96%	0.00%	0.00%	0.00%	0.00%
EOG Resources	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.64%	0.62%	0.00%	0.00%	0.00%
Apache Corporation	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.44%	0.00%	0.00%	0.00%	0.00%
Markwest Energy Partners, LP	Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.38%	0.42%	0.50%	0.55%
Southwestern Bell Telephone	Utility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.30%	0.46%	0.50%
Sabco Operating Company	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.45%	0.00%
Pioneer Drilling Co. Ltd.	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.66%
La Palmera Mall	Retail	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
El Paso Javelina Company	Petrochemical	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Totals		17.45%	16.80%	18.08%	16.69%	16.03%	16.95%	15.96%	17.20%	21.53%	20.37%

Source: Local County Appraisal District.

Note:

2016 is not yet available.

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

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (c+d+e)	Cumulative Collections of Adjusted Levy
2016	\$ 56,481	\$ (1617)	\$ 54,864	\$ 53,473	97.46%	\$ -	\$ 39	\$ 53,512	97.54%
2015	52,752	(358)	52,394	51,113	97.56%	-	1,052	52,165	99.56%
2014	49,097	(317)	48,780	47,518	97.41%	-	1,124	48,642	99.72%
2013	45,729	(71)	45,658	44,579	97.64%	-	994	45,573	99.81%
2012	44,477	(309)	44,168	43,139	97.67%	-	911	44,050	99.73%
2011	43,545	(198)	43,347	42,217	97.39%	-	873	43,090	99.41%
2010	44,196	(243)	43,953	42,590	96.90%	-	868	43,458	98.87%
2009	41,484	(261)	41,223	39,244	95.20%	-	1,363	40,607	98.51%
2008	38,286	(264)	38,022	36,956	97.20%	-	679	37,635	98.98%
2007	35,535	(1)	35,534	34,541	97.21%	-	718	35,259	99.23%

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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Bonded Debt										
General obligation bonds	\$ 132,860	\$ 71,170	\$ 69,730	\$ 75,380	\$ 80,415	\$ 86,120	\$ 90,825	\$ 95,270	\$ 99,440	\$ 103,305
Notes	-	-	-	-	-	-	-	-	-	-
Premium	15,649	5,827	4,852	4,227	4,999	2,115	2,390	2,676	2,971	3,016
Net general bonded debt	\$ 148,509	\$ 76,997	\$ 74,582	\$ 79,607	\$ 85,414	\$ 88,235	\$ 93,215	\$ 97,946	\$ 102,411	\$ 106,321
Other Debt										
Revenue bonds	\$ 17,530	\$ 21,385	\$ 23,405	\$ 25,335	\$ 27,200	\$ 28,985	\$ 30,715	\$ 32,120	\$ 33,150	\$ 8,355
Notes	-	-	-	-	-	-	-	-	-	155
Capital lease obligations	-	-	-	109	225	1,187	2,265	3,428	3,916	1,957
Total Outstanding Debt	\$ 166,039	\$ 98,382	\$ 97,987	\$ 105,051	\$ 112,839	\$ 118,407	\$ 126,195	\$ 133,494	\$ 139,477	\$ 116,788
General Bonded Debt Ratios										
Per Capita	\$ 436.18	\$ 226.14	\$ 219.05	\$ 246.43	\$ 284.71	\$ 294.12	\$ 310.72	\$ 326.49	\$ 341.37	\$ 354.40
Per FTSE	17,538	9,093	8,808	9,479	10,945	11,566	11,858	11,674	12,637	13,087
As a percentage of Taxable Assessed Value	0.83%	0.43%	0.42%	0.46%	0.50%	0.49%	0.55%	0.69%	0.80%	0.89%
Total Outstanding Debt Ratios										
Per Capita	\$ 487.66	\$ 288.95	\$ 287.79	\$ 325.19	\$ 376.13	\$ 394.69	\$ 420.65	\$ 444.98	\$ 464.92	\$ 389.29
Per FTSE	19,608	11,618	11,571	12,509	14,791	15,063	15,041	16,473	17,169	14,475
As a percentage of Taxable Assessed Value	0.93%	0.55%	0.55%	0.60%	0.66%	0.66%	0.74%	0.95%	1.08%	0.98%

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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Taxable Assessed Value	\$22,817,249	\$21,123,547	\$19,677,693	\$17,876,288	\$17,475,481	\$17,223,862	\$17,848,850	\$16,977,088	\$14,098,494	\$12,865,533
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	114,086	105,618	98,388	89,381	87,377	86,119	89,244	84,885	70,492	64,328
Less: Funds Restricted for Repayment of General Obligation Bonds	(3,831)	(4,303)	(4,155)	(4,181)	(5,286)	(5,286)	(2,239)	(3,310)	(4,499)	(4,906)
Total Net General Obligation Debt	110,255	101,315	94,233	85,200	82,091	80,833	87,005	81,575	65,993	59,422
Current Year Debt Service Requirements	8,649	8,413	8,668	8,666	8,978	9,120	9,031	8,899	8,763	8,512
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 101,606	\$ 92,902	\$ 85,565	\$ 76,534	\$ 73,113	\$ 71,713	\$ 77,974	\$ 72,676	\$ 57,230	\$ 50,910
Net Current Requirements as a % of Statutory Limit	4.22%	3.89%	4.59%	5.02%	4.23%	4.45%	7.61%	6.58%	6.05%	5.61%

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

Source: College Annual Financial Reports.

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

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)					Debt Service Requirements (\$000 omitted)			
	Tuition Fee	Building Use Fee	Matriculation Fee	Income Revenues	Total	Principal	Interest	Total	Coverage Ratio
2016	\$ 3,210	\$ 2,537	\$ 2,537	\$ 232	\$ 8,516	\$ 2,100	\$ 963	\$ 3,063	2.78
2015	3,003	2,403	2,403	108	7,917	2,020	1,044	3,064	2.58
2014	2,939	2,413	2,413	64	7,829	1,930	1,121	3,051	2.57
2013	3,028	2,568	2,568	141	8,305	1,865	1,191	3,056	2.72
2012	3,269	2,777	2,777	151	8,974	1,785	1,261	3,046	2.95
2011	2,943	2,909	2,909	171	8,932	1,730	1,320	3,050	2.93
2010	2,620	2,461	2,461	161	7,703	1,405	1,365	2,770	2.78
2009	2,376	2,209	2,209	320	7,114	1,030	1,398	2,428	2.93
2008	2,329	1,722	1,722	928	6,701	695	319	1,014	6.61
2007	2,317	1,768	1,768	1,677	7,530	660	350	1,010	7.46

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)
2015	361,555	\$ (d)	\$ (d)	5.1%
2014	356,221	14,947,525	41,961	6.2%
2013	352,107	14,841,683	42,151	6.2%
2012	347,594	14,366,370	41,331	6.8%
2011	343,281	13,196,232	38,441	7.9%
2010	340,480	12,201,077	35,835	8.2%
2009	323,046	12,004,999	37,162	7.6%
2008	322,077	11,633,423	36,120	4.3%
2007	321,135	10,874,617	33,863	4.3%
2006	321,457	10,347,486	32,189	4.9%

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	2015		2006	
	Number of Employees	Percentage of Total Employment ¹	Number of Employees	Percentage of Total Employment
Corpus Christi Army Depot	6,500	4.20%	3,600	2.52%
Corpus Christi ISD	5,178	3.35%	5,385	3.77%
CHRISTUS Spohn Health Systems	5,144	3.32%	4,800	3.36%
H.E.B.	5,000	3.23%	3,500	2.45%
City of Corpus Christi	3,171	2.05%	-	-
Corpus Christi Naval Air Station	2,827	1.83%	9,823	6.87%
Kiewit Offshore Service	2,200	1.42%		
Bay, Ltd.	2,100	1.36%	2,250	1.57%
Driscoll Children's Hospital	1,800	1.16%	1,400	0.98%
Del Mar College	1,542	1.00%	-	-
SSP Partners			1,500	1.05%
APAC			1,200	0.84%
First Data			1,000	0.70%
Total	35,462	22.91%	34,458	24.11%

Source:

Corpus Christi Regional Economic Development Corporation.

Note:

1. Percentage of Total Employment (2015 Corpus Christi Total Employment = 154,761)

2. 2016 is not yet available

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Faculty										
Full-Time	298	282	279	278	286	301	314	303	315	301
Part-Time	227	236	254	287	323	292	304	293	234	296
Total	525	518	533	565	609	593	618	596	549	597
Percent										
Full-Time	56.8%	54.4%	52.3%	49.2%	47.0%	50.8%	50.8%	50.8%	57.4%	50.4%
Part-Time	43.2%	45.6%	47.7%	50.8%	53.0%	49.2%	49.2%	49.2%	42.6%	49.6%
Staff and Administrators										
Full-Time	348	309	293	283	291	378	390	382	411	411
Part-Time	408	331	309	380	195	274	231	176	176	156
Total	756	640	602	663	486	652	621	558	587	567
Percent										
Full-Time	46.0%	48.3%	48.7%	42.7%	59.9%	58.0%	62.8%	68.5%	70.0%	72.5%
Part-Time	54.0%	51.7%	51.3%	57.3%	40.1%	42.0%	37.2%	31.5%	30.0%	27.5%
Total										
Full-Time	646	591	572	561	577	679	704	685	726	712
Part-Time	635	567	563	667	518	566	535	469	410	452
Total	1,281	1,158	1,135	1,228	1,095	1,245	1,239	1,154	1,136	1,164
Percent										
Full-Time	50.4%	51.0%	50.4%	45.7%	52.7%	54.5%	56.8%	59.4%	63.9%	61.2%
Part-Time	49.6%	49.0%	49.6%	54.3%	47.3%	45.5%	43.2%	40.6%	36.1%	38.8%
FTSE per Full-time Faculty	16.13	16.42	16.67	16.95	17.36	17.03	18.28	17.39	17.77	18.20
FTSE per Full-Time Staff Member	21.05	22.97	24.78	27.05	28.50	22.41	21.44	20.43	18.57	19.13
Average Annual Faculty Salary	\$64,487	\$60,656	\$56,755	\$55,919	\$56,203	\$56,071	\$55,608	\$56,529	\$56,394	\$55,773

Notes: Year 2016 is not yet available.

Source: College Statistical Profiles.

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

Student Classification	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	7,448	68.63%	7,010	67.15%	7,030	66.94%	7,293	66.12%	8,182	67.78%
31-60 hours	2,372	21.86%	2,442	23.39%	2,501	23.81%	2,690	24.39%	2,765	22.91%
> 60 hours	1032	9.51%	987	9.45%	971	9.25%	1047	9.49%	1124	9.31%
Total	10,852	100.00%	10,439	100.00%	10,502	100.00%	11,030	100.00%	12,071	100.00%

Semester Hour Load	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1-3 semester hours	1,643	15.14%	1,660	15.90%	1,631	15.53%	1,695	15.37%	1,957	16.21%
4-6 semester hours	2,729	25.15%	2,503	23.98%	2,437	23.21%	2,642	23.95%	2,975	24.65%
7-9 Semester hours	2,688	24.77%	2,519	24.13%	2,501	23.81%	2,458	22.28%	2,642	21.89%
10-12 semester hours	2,447	22.55%	2,296	21.99%	2,458	23.41%	2,624	23.79%	2,851	23.62%
13-15 semester hours	1,208	11.13%	1,301	12.46%	1,308	12.45%	1,410	12.78%	1,400	11.60%
16 & over	137	1.26%	160	1.53%	167	1.59%	201	1.82%	246	2.04%
Total	10,852	100.00%	10,439	100.00%	10,502	100.00%	11,030	100.00%	12,071	100.00%

Average course load	8.2	8.2	8.3	8.3	8.2
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Tuition Status	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	8,401	77.41%	8,278	79.30%	8,493	80.87%	9,013	81.71%	10,094	83.62%
Texas Resident (out-of-District)	2,118	19.52%	1,890	18.11%	1,742	16.59%	1,750	15.87%	1,701	14.09%
Non-Resident Tuition	333	3.07%	271	2.60%	267	2.54%	267	2.42%	276	2.29%
Total	10,852	100.00%	10,439	100.00%	10,502	100.00%	11,030	100.00%	12,071	100.00%

Notes: Year 2016 is not yet available.

Source: College Statistical Profiles.

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

	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Female	6,107	56.28%	5,854	56.08%	5,943	56.59%	6,356	57.62%	6,951	57.58%
Male	4,745	43.72%	4,585	43.92%	4,559	43.41%	4,674	42.38%	5,120	42.42%
Total	10,852	100.00%	10,439	100.00%	10,502	100.00%	11,030	100.00%	12,071	100.00%

	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Ethnic Origin										
Hispanic	7,088	65.32%	6,620	63.42%	6,612	62.96%	6,253	56.69%	6,637	54.98%
White, non-Hispanic	2,769	25.52%	2,850	27.30%	2,882	27.44%	3,156	28.61%	3,600	29.82%
Black, non-Hispanic	311	2.87%	299	2.86%	327	3.11%	394	3.57%	448	3.71%
Asian/Pacific Islander	216	1.99%	190	1.82%	168	1.60%	209	1.89%	259	2.15%
Indian/Alaskan Native	20	0.18%	29	0.28%	38	0.36%	182	1.65%	150	1.24%
Unknown	448	4.13%	451	4.32%	475	4.52%	836	7.58%	977	8.09%
Total	10,852	100.00%	10,439	100.00%	10,502	100.00%	11,030	100.00%	12,071	100.00%

	Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Age										
Under 20	3,626	33.41%	3,296	31.57%	3,200	30.47%	3,122	28.30%	3,318	27.49%
20 -24	3,528	32.51%	3,412	32.69%	3,407	32.44%	3,633	32.94%	3,963	32.83%
25 - 29	1,527	14.07%	1,522	14.58%	1,484	14.13%	1,630	14.78%	1,832	15.18%
30 - 34	835	7.69%	844	8.09%	910	8.67%	1,045	9.47%	1,159	9.60%
35 - 39	542	4.99%	509	4.88%	572	5.45%	600	5.44%	658	5.45%
40 - 44	313	2.88%	334	3.20%	352	3.35%	407	3.69%	495	4.10%
45 - 49	225	2.07%	235	2.25%	250	2.38%	259	2.35%	311	2.58%
50 & over	256	2.36%	287	2.75%	327	3.11%	334	3.03%	335	2.78%
Total	10,852	100.00%	10,439	100.00%	10,502	100.00%	11,030	100.00%	12,071	100.00%

Average Age	24.5	25.3	25.3	25.5	25.6
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Notes: Year 2016 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 Student Count Technical	Transfer Student Count Tech-Prep	Total of all Sample Transfer Students	Percent of all Sample Transfer Students
1 Texas A&M University - Corpus Christi	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%

Notes: Year 2016 is not yet available.

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

Del Mar College
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2007 to 2016
(unaudited)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Academic buildings	35	34	34	34	34	34	34	37	37	37
Square footage (in thousands)	914	894	894	875	875	850	850	831	831	818
Libraries	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	114	114	114	114	114	114	114	114	114	114
Number of Volumes (in thousands)	187	187	187	187	187	187	187	187	187	187
Administrative and support buildings	7	7	7	7	7	7	7	7	7	7
Square footage (in thousands)	253	253	237	237	237	237	237	169	169	169
Athletic Facilities	3	3	3	3	3	3	3	3	3	3
Square footage (in thousands)	60	60	60	60	60	60	60	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	6	10	10	10
Square footage (in thousands)	70	70	70	70	70	70	70	33	33	33
Transportation										
Cars	9	33	53	69	8	8	9	7	7	7
Light Trucks/Vans	50	43	37	68	47	55	65	47	47	45
Buses	0	1	1	1	2	2	2	4	4	4

Source: Del Mar College Physical Facilities Building Report.

Del Mar College
Statistical Supplement 19
Changes in Net Position
Fiscal Years 2007 to 2016
(unaudited)

For the Year Ended August 31

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating Revenues										
Tuition and Fees (net of discounts)	\$ 11,975,986	\$ 10,878,328	\$ 10,683,123	\$ 9,681,161	\$ 14,874,912	\$ 9,849,642	\$ 9,560,810	\$ 11,980,079	\$ 14,031,565	\$ 13,905,089
Federal Grants and Contracts	4,650,416	5,423,812	3,255,877	3,465,361	3,657,769	4,049,813	4,607,604	4,147,939	3,358,387	18,456,640
State Grants and Contracts	4,334,183	3,090,218	2,021,264	1,613,439	1,480,295	1,996,563	1,825,247	2,357,887	1,688,871	1,140,078
Local Grants and Contracts	2,211,054	592,945	1,043,836	837,213	1,779,174	534,974	1,863,118	957,000	698,364	1,014,997
Auxiliary Enterprises (net of discounts)	1,323,238	1,507,338	1,397,476	1,373,947	1,606,639	1,426,632	1,276,187	1,470,590	1,212,596	1,306,995
General Operating Revenues	2,304,931	1,378,951	1,357,212	1,172,798	1,233,891	1,089,147	1,635,755	1,260,209	1,464,530	1,490,562
Total Operating Revenues	26,799,808	22,871,592	19,758,788	18,143,919	24,632,680	18,946,771	20,768,721	22,173,704	22,454,313	37,314,361
Operating Expenses										
Instruction	39,580,321	36,440,531	35,017,334	33,765,746	34,475,078	35,631,929	35,082,047	33,919,124	35,832,617	34,003,862
Public Service	110,626	21,290	14,146	21,359	24,975	97,181	36,732	29,517	34,557	36,011
Academic Support	6,946,425	6,193,494	5,553,605	4,984,898	4,829,859	5,852,202	5,899,306	5,963,817	6,083,292	5,712,580
Student Services	18,039,997	16,105,881	12,295,001	12,439,289	10,905,844	11,251,405	10,813,948	10,646,463	12,379,196	10,745,709
Institutional Support	18,690,329	16,792,500	16,637,302	15,235,208	15,440,078	15,340,165	14,510,993	14,152,988	14,496,449	12,356,279
Operating and Maintenance of Plant	9,701,525	8,770,592	8,112,724	7,597,543	7,748,373	9,485,873	11,131,403	11,620,435	11,281,412	9,766,573
Scholarships and Fellowships	5,111,125	6,285,920	5,980,411	6,856,972	5,755,165	10,616,294	13,505,290	15,558,908	10,969,849	10,135,853
Auxiliary Enterprises	1,417,025	1,469,943	1,339,143	1,404,623	1,521,295	1,303,387	1,483,184	1,726,206	1,736,903	1,608,236
Depreciation	5,515,438	5,589,559	5,570,425	5,606,843	5,594,775	5,668,964	5,773,610	5,686,422	5,205,151	4,318,058
Total Operating Expenses	105,112,811	97,669,710	90,520,091	87,912,481	86,295,442	95,247,400	98,236,513	99,303,880	98,019,426	88,683,161
Operating Loss	\$ (78,313,003)	\$ (74,798,118)	\$ (70,761,303)	\$ (69,768,562)	\$ (61,662,762)	\$ (76,300,629)	\$ (77,467,792)	\$ (77,130,176)	\$ (75,565,113)	\$ (51,368,800)

Source: College Annual Financial Reports.

Del Mar College
Statistical Supplement 19 (Continued)
Changes in Net Position
Fiscal Years 2007 to 2016
(unaudited)

For the Year Ended August 31

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Non-Operating Revenues (Expenses)										
State Appropriations	\$ 19,800,318	\$ 19,917,744	\$ 19,553,776	\$ 19,535,227	\$ 20,928,729	\$ 23,890,346	\$ 24,246,822	\$ 25,144,870	\$ 25,068,833	\$ 24,716,104
Maintenance Ad Valorem Taxes	46,704,072	43,341,908	40,524,142	37,311,571	35,581,594	33,966,441	35,059,327	32,549,826	29,428,339	26,599,544
Debt Service Ad Valorem Taxes	8,338,292	8,384,937	8,639,074	8,678,589	8,939,543	9,800,687	9,030,586	8,736,321	8,643,443	8,935,245
Federal Revenue, Non Operating	16,322,598	16,265,164	16,521,106	18,730,358	13,113,471	21,317,348	20,623,178	20,843,726	15,759,669	-
Gifts	-	-	-	-	60,517	39,748	54,774	-	103,475	139,722
Gain (Loss) on Disposal of Capital Assets	(80,308)	(85,079)	(44,591)	(31,345)	(100,187)	(31,752)	(17,603)	(59,130)	(44,620)	(103,657)
Investment Income	337,362	205,840	197,482	216,246	347,282	490,659	464,529	802,257	1,985,159	3,634,229
Interest on Capital Related Debt	(4,090,597)	(3,961,174)	(4,441,005)	(4,399,676)	(4,570,120)	(5,876,467)	(5,949,619)	(6,139,629)	(5,735,106)	(5,312,822)
Contribution from Del Mar Foundation, Inc.	-	-	-	-	-	-	-	2,572	1,902	162,302
Other Non-Operating Revenues	21,428	30,022	144,164	173,864	155,367	139,255	4,534	309,453	125,872	90,886
Other Non-Operating Expenses	(6,000)	(2,750)	(2,800)	(1,600)	(1,450)	(1,450)	(1,150)	(28,118)	(1,033,002)	(1,022,701)
Net Non-Operating Revenues	87,347,165	84,096,612	81,091,348	80,213,234	74,454,746	83,734,815	83,515,378	82,162,148	74,303,964	57,838,852
Capital Contributions	59,513	151,333	97,300	836,140	60,000	161,319	50,381	216,497	-	-
Income Before Extraordinary Item	9,093,675	9,449,827	10,427,345	11,280,812	12,851,984	7,595,505	6,097,967	5,248,469	(1,261,149)	6,470,052
Restatements	-	-	-	-	(1,239,182)	-	-	-	-	-
Increase (Decrease) in Net Position	9,093,675	9,449,827	10,427,345	11,280,812	11,612,802	7,595,505	6,097,967	5,248,469	(1,261,149)	6,470,052
Net Position										
Net Position - Beginning 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
Cumulative Effect of Change in Accounting Principle	-	(10,471,624)	-	-	-	-	-	-	-	-
Net Position - Beginning of Year - as restated	116,724,767	107,274,940	-	-	-	-	-	-	-	-
Net Position - End of Year	\$ 125,818,442	\$ 116,724,767	\$ 117,746,564	\$ 107,319,219	\$ 96,038,407	\$ 84,425,605	\$ 76,830,100	\$ 70,732,133	\$ 65,483,664	\$ 66,744,813

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
2015	0.5000	0.5000	1.0000
2014	0.5000	0.5000	1.0000
2013	0.5000	0.5000	1.0000
2012	0.5000	0.5000	1.0000
2011	0.5000	0.5000	1.0000
2010	0.5000	0.5000	1.0000
2009	0.5000	0.5000	1.0000
2008	0.5000	0.5000	1.0000
2007	0.5000	0.5000	1.0000
2006	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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Del Mar Colleg District	0.246	0.248	0.248	0.251	0.258	0.258	0.258	0.242	0.242	0.256
Special Districts:										
Hospital District	0.127	0.130	0.137	0.148	0.162	0.162	0.162	0.145	0.145	0.161
Downtown Management District	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.000
Nueces County	0.304	0.313	0.331	0.341	0.351	0.351	0.351	0.356	0.356	0.370
Drainage District No. 2	0.333	0.334	0.350	0.390	0.400	0.318	0.310	0.385	0.377	0.382
Drainage District No. 3	0.030	0.193	0.178	0.189	0.189	0.189	0.897	0.890	0.190	0.180
South Texas Water Authority	0.083	0.083	0.085	0.085	0.062	0.062	0.062	0.056	0.057	0.055
Cities:										
Corpus Christi	0.606	0.606	0.585	0.585	0.571	0.571	0.582	0.564	0.564	0.602

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
School Districts:										
Calallen ISD	1.375	1.375	1.358	1.359	1.359	1.328	1.299	1.277	1.100	1.430
Corpus Christi ISD	1.237	1.237	1.237	1.237	1.237	1.237	1.237	1.176	1.156	1.486
Flour Bluff ISD	1.154	1.154	1.168	1.178	1.071	1.072	1.070	1.070	1.070	1.387
London ISD	1.357	1.356	1.395	1.251	1.238	1.263	1.250	1.144	1.130	1.277
Port Aransas ISD	1.118	1.118	1.126	1.126	1.086	1.063	1.062	1.058	1.058	1.395
Tuloso Midway ISD	1.409	1.377	1.394	1.317	1.332	1.332	1.332	1.332	1.282	1.612
West Oso ISD	1.450	1.450	1.370	1.370	1.370	1.420	1.420	1.340	1.240	1.650
Fire Districts:										
Fire District No. 1	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.075	0.075
Fire District No. 2	0.030	0.030	0.030	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	0.030	0.048	0.050	0.050
Fire District No. 4	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.088	0.088
Fire District No. 5	0.030	0.030	0.030	0.030	0.030	0.030	0.024	0.028	0.027	0.030
TOTAL:	11.489	11.634	11.622	11.483	11.342	11.282	11.942	11.707	10.603	12.512

Source: Nueces County Tax Office

Del Mar College
Statistical Supplement 22
Computation of Direct and Overlapping Debt
August 31, 2016
(unaudited)

Bonded Debt of Individual Governmental Subdivisions:	Estimated Gross Debt	Percent Applicable	Applicable to Direct
Special Districts:			
Nueces County	\$ 109,453,869	86.66%	\$ 94,852,723
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	406,647,234	100.00%	406,647,234
School Districts:			
Calallen ISD	42,230,000	99.99%	42,225,777
Corpus Christi ISD	355,885,000	100.00%	355,885,000
Flour Bluff ISD	49,105,000	93.90%	46,109,595
London ISD	17,909,953	58.70%	10,513,142
Port Aransas ISD	7,054,413	14.16%	998,905
Tuloso-Midway ISD	67,225,000	99.98%	67,211,555
West Oso ISD	26,683,885	100.00%	26,683,885
Sub-total direct and overlapping debt	1,082,194,354	97.13%	1,051,127,816
Del Mar College District	132,860,000	100.00%	132,860,000
Total direct and overlapping debt	\$ 1,215,054,354	97.44%	\$ 1,183,987,816

Source: Debt outstanding data provided by each entity



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Federal and State Award Section



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

December 8, 2016

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, 2016 and 2015 and June 30, 2016 and 2015, respectively, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 8, 2016.

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 PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

December 8, 2016

Board of Regents
Del Mar College District
Corpus Christi, Texas

Report on Compliance for Each Major Federal Program

We have audited the Del Mar College District's (the College's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2016. The College's major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Programs

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2016.

Report on Internal Control Over Compliance

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

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

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

Collier, Johnson & Woods

DEL MAR COLLEGE DISTRICT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2016

Section I:
Summary of Auditor's Results

Financial Statements:

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

Section II:
Findings - Financial Statement Audit

None reported.

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

None reported.

Section IV:
Prior Year Findings

None reported.

Del Mar College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2016

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass Through Disbursements
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
SEOG	84.007		\$ 242,186
Federal College Workstudy Program	84.033		239,955
Federal Pell Grant	84.063		14,085,490
Direct Student Loans	84.268		3,071,842
TRIO Student Support Services	84.042		60,913
Child Care Access	84.335		59,985
TITLE V - Celebrando Educacion	84.031		746,610
TITLE H S I	84.031		781,477
Viking Connect: Academic & Career Coaching at Del Mar College	84.031		159,722
Pass-Through From:			
Texas Higher Education Coordinating Board:			
Carl Perkins Vocational Education - Basic	84.048	15957	530,599
Texas State University			
Career & Financial Education	84.031		67,158
Texas Workforce Commission:			
Adult Basic Education	84.002A	2214AELA00/B00	1,403,140
Total of U.S. Department of Education			\$ 21,449,077
U.S. Department of Defense			
Direct Program:			
Defense Logistics Agency			
Procurement Technical Assistance of Business Firms	12.002		143,806
Total U.S. Department of Defense			\$ 143,806
U.S. Department of Homeland Security			
Pass-Through From:			
Texas Department of Public Safety			
Texas Safe Shelter	97.039		1,496,828
Total U.S. Department of Homeland Security			\$ 1,496,828
U.S. Department of Transportation			
Pass-Through From:			
Texas Department of Transportation	20.905		161,687
Total U.S. Department of Transportation			\$ 161,687
National Science and Space Administration			
Direct Program:			
TexPrep	43.001		26,051
Total National Science and Space Administration			\$ 26,051

Del Mar College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2016

Federal Grantor/Pass Through Grantor/Program Title	Federal	Pass-Through	Expenditures
National Science Foundation			
Pass-Through From:			
Austin Community College:			
AC2	47.076	NSF 1501207	\$ 78,635
Stevens Institute of Technology:			
ATSSC	47.076	2102411-02	13,790
Texas A & M College Station:			
Stamp	47.076		132,451
Revision	47.076		158,647
Total National Science Foundation			\$ 383,523
U. S. Small Business Administration			
Pass-Through From:			
University of Texas at San Antonio			
Small Business Development Center	59.037	6-603001	118,981
Small Business Administration	59.006	Z0049-30-DMC	23,377
Total Small Business Administration			\$ 142,358
U.S. Department of Labor			
Pass-Through From:			
Collin County Community College:			
TAACCCT	17.282	217804	50,014
Texas Workforce Commission:			
Nursing Mentorship	17.278	2215WSW000	33,034
Total U. S. Department of Labor			\$ 83,048
U.S. Department of Agriculture			
Pass-Through From:			
Texas State Department of Agriculture	10.558		28,650
Pass-Through From:			
Texas A & M University Kingsville:			
USDA STEP UP	10.223	12-0107	110,590
Total U. S. Department of Agriculture			\$ 139,240
U.S. Department of Health and Human Services			
Pass-Through From:			
Texas Workforce Commission:			
TANF/JATC	93.558		18,806
Total U.S. Department of Health and Human Services			\$ 18,806
U.S. Department of Housing and Urban Development			
Pass-Through From:			
City of Corpus Christi:			
CDBG Rollover	14.218		432
Total U.S. Department of Housing and Urban Development			\$ 432
Total Federal Financial Assistance			\$ 24,044,856

Del Mar College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2016

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts revenue - per Schedule A	\$ 4,650,416
Add: Non-Operating Federal Revenue from Schedule C	16,322,598
Total Federal Revenues per Schedule of Revenues, Expenses and Changes in Net Assets	\$ <u>20,973,014</u>

Reconciling Item:

Add: Direct Student Loans	\$ 3,071,842
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$ <u>24,044,856</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 8, 2016

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, 2016. 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, 2016.

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, 2016

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 Workforce Commission
CB & I Phase I
Adult Basic Education

Austin Community College
Texas Innovative Adult Career Education 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, 2016

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		\$ 483,995
Texas Higher Education Coordinating Board		
Texas College Work Study	22339	48,022
Texas Grant Program	13399	899,499
Nursing & Allied Health	14118	17,531
Nursing Shortage Reduction	13129	4,900
Workstudy Mentorship	15555	18,050
Houston Community College		
Accelerate Texas	1517 Del Mar ATX S3	111,398
Texas Workforce Commission		
Adult Basic Education	2214AEL000	374,820
CB&1 Phase I	2214SDF001	1,250,737
CB&1 Phase II	2216SDF001	216,777
DMC with an Industrial Consortium	2216SDF000	26,034
Driscoll Children's Hospital	2216SDF002	34,066
M&G Resins	2215SDF001	75,918
Petrochemical Manufacturing	2214SDF000	92,196
Skills Development-Veteran & Industry	2214SDF002	130,506
Skills for Small Business	2216SSD000	893
Voestalpine Texas	2215SDF000	48,086
WIA/JATC	2216ATP001	92,753
University of Texas at San Antonio		
Small Business Development	6-603001-Z-0049-30-DMC	246,500
SBDC Rural	6-603001-Z-0049-30-DMC	161,502
Total State Financial Assistance		\$ <u>4,334,183</u>

Note 1: State Assistance Reconciliation

State Revenues - per Schedule A		
State Financial Assistance		
Per Schedule of expenditures of state awards		\$ 4,334,183
Total State Revenues per Schedule A		\$ <u>4,334,183</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.

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