COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended August 31, 2018 and 2017

DEL MAR COLLEGE

Dreams. **Delivered.**

101 Baldwin Blvd.
Corpus Christi, TX 78404-3897

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Comprehensive Annual Financial Report

For the Fiscal Years Ended August 31, 2018 and 2017

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Del Mar College

Front cover photos: Student life at Del Mar College

Del Mar College
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

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Transmittal Letter

December 12, 2018

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, 2018 and 2017, 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, 2018 and 2017, was prepared by the Chief Financial Officer and Comptroller. The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as established by the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB) and comply with the Annual Financial Reporting Requirements for Texas Public Community Colleges as set forth by the Texas Higher Education Coordinating Board (THECB). The notes to the financial statements are considered an integral part of the financial statements and should be read in conjunction with them. Additionally, attention should be given to Management's Discussion and Analysis, which provides readers with net assets, revenues, expenses, changes in net assets and cash flows and replaces the fund-group perspective previously required.

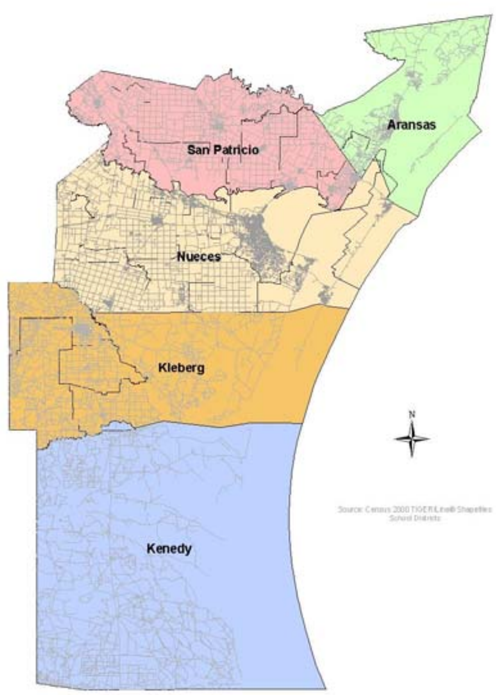
The College maintains its accounts and prepares its financial statements in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP) as set forth by Governmental and Financial Accounting Standards Boards (GASB and FASB), National Association of College and University 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 of 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 and parts of Kleberg and Kenedy Counties.

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



Today, the College serves over 25,000 students each year in academic, career and technical and continuing education courses with 680 full-time faculty and staff. The College now offers courses on two campuses and three additional locations. The Del Mar College Center for Economic Development and the Northwest Center expand the reach of the College in meeting the needs of the broader community. The College opened an additional Center at the Corpus Christi International Airport to address the growing demand for skilled aviation technicians. This facility provides classrooms and a large hangar to compliment the on-campus facility, enabling the program to offer more classes. In all, the College has combined assets and deferred outflow of resource of over $451 million, providing a solid basis to serve the students and community.

In 2014 and 2016 the voters approved bonds totaling over $297 million to replace existing buildings on the West and East Campuses and to build a new campus on the South-side of Corpus Christi. Construction is presently underway with three buildings on the East and West Campuses. The Master Plan for the South-side campus is completed and programming for the new buildings are presently being completed by the administration and faculty. Construction of the new campus is planned to begin in January of 2019.

The College is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools (SACS) to award Associate degrees. Contact the Commission on Colleges at 1866 Southern Lane, Decatur, Georgia 30033-4097 or call 404-679-4500 for questions regarding the accreditation of Del Mar College. The accreditation process cycles over a ten year period. The College began preparing for the most recent re-affirmation in 2007 and the site visit occurred October, 2010. The successful completion of this process and confirmation of the College's reaffirmation of accreditation occurred in June, 2011, when the Commission reaffirmed the College's accreditation status with no recommendations or follow-up actions. The College's programs and courses are approved by the Texas Higher Education Coordinating Board and Texas Education Agency. The college submitted the first Fifth-Year Interim Report to SACS in September 2016. The next re-affirmation of accreditation will occur in 2020 and the College is working towards this confirmation,

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.

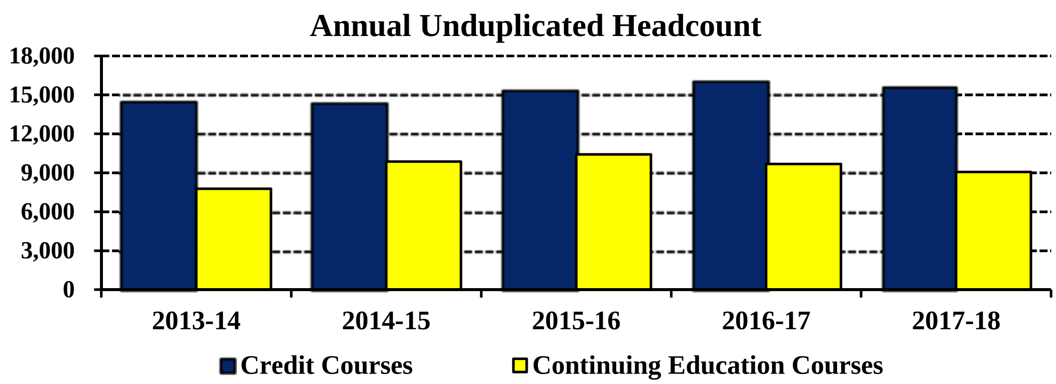
- **Objective 7.1 Financial Resources**: Expand financial resources to meet present and future needs.
- **Objective 7.2 Partnerships**: Strengthen public and private partnerships for resource development.
- **Objective 7.3 Grants**: Maximize grant opportunities.
- **Objective 7.4 Budgeting**: Increase 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.

The new strategic plan is presently being prepared and will take a year-long process. Committees are engaging stakeholders including the Board of Regents, faculty and staff, students and the broader external community. The ***2019-2024 Strategic Plan*** will be finalized in August of 2019 and presented to the Board of Regents for approval.

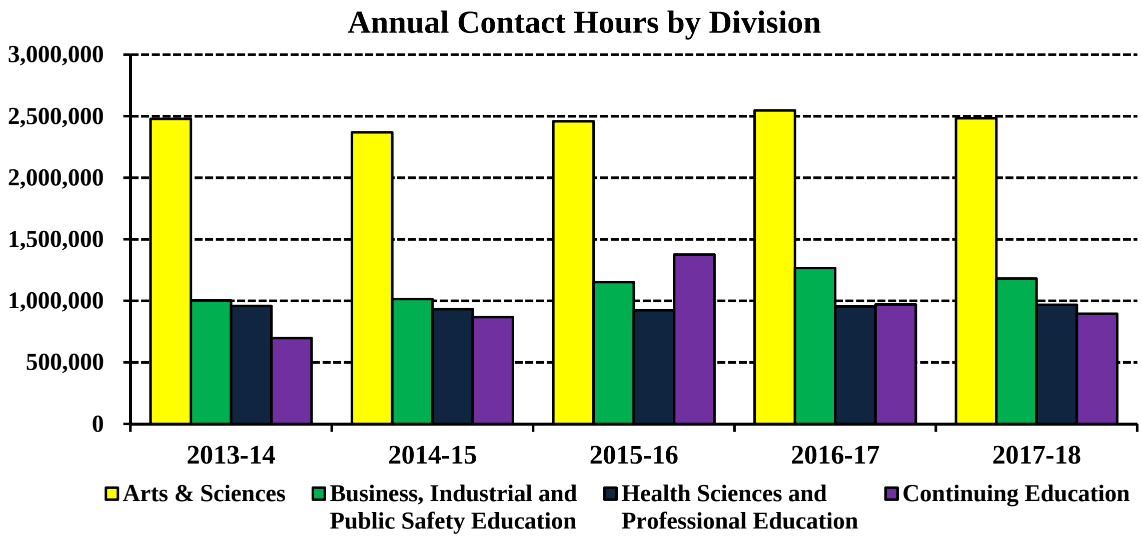
Enrollment

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

Annual Unduplicated Headcount	2013-14	2014-15	2015-16	2016-17	2017-18
Credit Courses	14,437	14,332	15,296	16,000	15,540
Continuing Education Courses	7,775	9,856	10,420	9,673	9,063
Grand Total	**22,212**	**24,188**	**25,716**	**25,673**	**24,603**



Annual Contact Hour Totals	2013-14	2014-15	2015-16	2016-17	2017-18
Credit Courses					
Arts & Sciences	2,477,168	2,368,768	2,458,400	2,546,624	2,483,088
Business, Industrial and Public Safety Education	1,002,096	1,014,240	1,152,496	1,265,536	1,180,524
Health Sciences and Professional Education	958,656	932,620	923,616	953,972	967,796
Total Credit Hours	4,437,920	4,315,628	4,534,512	4,766,132	4,631,408
Continuing Education Courses					
State-Reimbursable	453,965	481,193	492,590	508,523	453,225
TEA/TWC-Reimbursable	195,432	325,768	825,350	417,611	394,771
Non-Reimbursable	48,072	60,109	57,040	44,428	46,690
Total Continuing Education Hours	697,469	867,070	1,374,980	970,562	894,686
Grand Total	**5,135,389**	**5,182,698**	**5,909,492**	**5,736,694**	**5,526,094**



Del Mar College has experienced growth in the past academic years and awarded 2,027 degrees and certificates during 2017-2018. Between 1985 and 1993, the fall headcount in credit courses at Del Mar College rose by more than one-third (36%) from 8,665 to 11,825. In 1994 and 1995, enrollment began declining, due in part to the introduction of lower-division courses at Texas A&M University-Corpus Christi in 1994. The fall headcount enrollment fluctuated significantly over the next few years, rising to an all-time high of 12,236 in Fall 2010. Fall 2017 headcount is 11,506 (Preliminary certified number from the THECB). The South Texas region was hit by hurricane Harvey on August 25, 2017. This resulted in displacement of families and students in the surrounding service area. Prior to the storm enrollment for the fall semester had increased by 6%; however, after the storm enrollment was down by 4%. The 2017-2018 academic year ended with enrollment relatively flat. However, Fall 2018 enrollment in credit and continuing education courses is increasing compared to the previous year.

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 is projecting continued growth in industry for our area due to the ready availability of inexpensive natural gas and petroleum for use both as an energy source and as feed stock. We will continue to see large manufacturing facilities ready to make their home here." The Port of Corpus Christi continues to expand its significance in the region and is now the fourth largest U.S. port in cargo tonnage. The Port generates over $300 million in economic impact each year.

Plans to dredge The Port of Corpus Christi to a depth of 52 feet will increase capacity for a super large class of ships exporting oil, gas, iron, steel and plastic products manufactured. The Port also became the number one port in the United States in exporting crude oil since the embargo was lifted in December of 2016. Twelve pipelines are presently under construction to add to the existing mid-stream capacity of the petrochemical feedstock coming to the Port.

The ***Texas Economic Development Guide*** named San Patricio County and Corpus Christi in the *Top 20 Projects in 2017* by capital investment and this influx of new capital is seen throughout the Coastal Bend region. Due to this transformation, more focus is being placed on San Patricio County as the epicenter for the Coastal Bend region's economic boom. Current capital investment in the regional totals $26 billion with an estimated 7,270 permanent and construction jobs from announced projects. Over $50 billion in capital investment has been announced or is under construction in the region.

Additionally, Gulf Coast Growth Ventures is a partnership between Exxon/Mobile/SABIC to build a world-scale ethane cracker and derivates project to be located in the College's service area. The $9 to $10 billion project is in the final stages of the permitting process and construction is underway. 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 and has secured a multi-year training contract for the corporate services division.

Cheniere Energy began construction of a $12 billion facility to export liquefied natural gas (LNG) from its facility near Gregory, TX (San Patricio County) in 2012 and is commissioning the first phase to export LNG to the world markets. Cheniere announced an additional three LNG trains to be constructed adding $2 billion in construction over the next three years. Other newly developed Port area industrial facilities includes Voestalpine Group (Austrian Company), and Trafigura's (Switzerland Company) terminal and oil storage facility, Oxy Chemical Corp., Plains All American Pipeline, L.P., and Chemours.

Work Source Solutions of the Coastal Bend and The Texas Workforce Commission reported the unemployment rate for the Coastal Bend for October to decrease to 4.3% and was the lowest since May, 2008. A recent presentation by the San Antonio Federal Reserve reported that Nueces and San Patricio counties have recovered from the overall effects of Hurricane Harvey in August of 2017 on employment within the region.

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 continues to exemplify 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 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 $256,210 million in par value on the following:

- $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
- $9,070,000 Limited Tax Bonds, Series 2017
- $44,275,000 Limited Tax Bonds, Series 2018A
- $57,305,000 Limited Tax Bonds, Series 2018B

Of the General Obligation Outstanding Debt approximately 37% of principal will be amortized over the next 10 years and holds an underlying rating of AA+/Aa2/AA.

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

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

Tax levied rates and tax collections are included in Note 20 of the Notes to the Financial Statements.

Relevant Financial Policies

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

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

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

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

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

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

The College received two distinguished awards in 2017 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 and the Popular Annual Financial Report (PAFR) Certificate of Achievement.

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 $44,275,000 Limited Tax Bond, Series 2018A and $57,305,000 Limited Tax Bond Series 2018B. Proceeds from the sale of these bonds will be used to construct and equip classrooms, laboratories, and develop infrastructure for an undeveloped site for the District's new South Campus.

The College's Investment Policy and Strategy Statement is reviewed and approved annually by the Board of Regents. At August 31, 2018, the College had a total of $221,442,858 in bank deposits and investments. All of the College's funds were properly collateralized during the fiscal year.

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

Major Initiatives and Awards

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

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

The College also continued to work with regional industry and business partners. A priority was supporting the educational attainment of the region through articulation agreements with Texas A&M University Corpus Christi and Texas A&M University Kingsville in academic programs such as Engineering and STEM programs. The annual unduplicated enrollment for credit and continuing education was 24,600 and 2,027 degrees and certificates during the academic calendar year 2017-2018 were granted.

The Department of Nurse Education and the DMC Foundation announced a new scholarship and Jobs and Education for Texans (JET) grant award of $264,402 from the Texas Workforce Commission to support nurse training at Del Mar College, complete with a pinning ceremony for the newest graduates along with the recognition of the 50th anniversary of the RN program.

The College and CHRISTUS Spohn Health System announced a $500,000 Texas Workforce Commission Skills Development Fund award for DMC Corporate Services to train 531 nursing professionals as part of the system's "Pathways to Excellence" program to address staffing and services growth in South Texas.

The College partnered with Texas A&M University-Corpus Christi to launch the Viking Islander Program (VIP). This unique partnership grants numerous benefits to eligible Del Mar students who plan to transfer to the Island University and complete a 4-year degree and beyond. VIP participants must meet several requirements related to testing scores, grade-point averages and minimum course loads. Benefits include automatic admission to the University when completing the program, access to on-campus housing, specialized advising support and smooth transfer of credits between both institutions.

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

Raul Garcia, Vice President
and Chief Financial Officer

Del Mar College Board of Regents

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

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

Administration

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

Government Finance Officers Association

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Presented to

Del Mar College

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2017

Christopher P. Morrill

Executive Director/CEO

Del Mar College
Administration
September 2018

- **Board of Regents**
  - **President and CEO** — M. Escamilla
    - **Executive Vice President & Chief Academic Officer** — B. Lewis
      - **Dean of Arts and Sciences** — J. Halcomb
      - **Dean of Health Sciences and Professional Education** — S. Ydoyaga
      - **Dean of Business, Industrial, & Public Safety Education** — C. McKinny
      - **Dean of Institutional Effectiveness & Assessment** — K. Wilson
      - **Dean of Learning Resources** — C. Gregg
      - **Chief of Security** — L. White
    - **General Counsel** — A. Rivera, Jr.
    - **Vice President and Chief Financial Officer** — R. Garcia
      - **Comptroller/Revenue Budget Administrator** — J. Johnson
      - **Director of Accounting/Budget Officer** — C. West
      - **Director of Purchasing and Business Services** — D. Davila
    - **Vice President of Administration and Human Resources** — T. McDonald
      - **Director of Human Resources** — J. Henry
      - **Director of Payroll** — K. Garcia
      - **Risk Manager** — J. Alaniz
    - **Executive Director of Development** — M. McQueen
      - **Assistant Director of Foundation Services** — J. Soliz
      - **Director of Development** — (*vacant*)
      - **Assistant Director of Grants** — J. Escamilla
    - **Vice President of Workforce Development and Strategic Initiatives** — L. Keas
      - **Dean of Workforce Programs & Corporate Services** — D. Korus
      - **Dean of Continuing Education and Off-Campus Programs** — L. Rivera
      - **Director of Institutional Research** — S. Pallemoni
    - **Vice President for Student Affairs** — R. Silva
      - **Dean of Student Engagement & Retention** — C. Sanders
      - **Dean of Student Outreach & Enrollment Services** — P. Benavides-Dominguez
      - **Director of Title V** — V. Davila
      - **Director of Financial Aid** — E. Williams (*Interim*)
    - **Executive Director of Strategic Communication and Government Relations** — C. Jackson
      - **Associate Director of Media Relations** — M. Eddleman
      - **Associate Director of College Relations** — J. Knioum
      - **DMCTV Media Production Manager** — G. Munoz
      - **Communications Specialist** — M. Bratten
    - **Vice President of Facilities Operations & Chief Information Officer** — A. Alfonso
      - **Deputy Chief Information Officer** — J. Montalvo-Cummmings (*Interim*)
      - **Information Security Officer** — G. Palmer
      - **Director of Physical Facilities** — R. Duffie

Financial Section

DEL MAR COLLEGE

Dreams. Delivered.

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COLLIER, JOHNSON & WOODS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Corpus Christi, Texas 78401-0839
361-884-9347 • Fax 361-884-9422
www.cjw-cpa.com

INDEPENDENT AUDITOR'S REPORT

December 6, 2018

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, 2018 and 2017 and June 30, 2018 and 2017, 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, 2018 and 2017 and June 30, 2018 and 2017, respectively, and the respective changes in financial position and cash flows, where applicable, thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2. T. to the financial statements, the College has implemented Governmental Accounting Standards Board Statements No. 75 effective September 1, 2017. These statements require governmental employers that participate in cost-sharing multiple-employer Other Post-Employment benefit plans (OPEB) to record the employer's proportionate share of the OPEB liability of the plan as well as the related deferred inflows and outflows. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information on pages 23 through 43, and pages 99 and 102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The introductory section, schedules A through D required by the Texas Higher Education Coordinating Board, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards (Schedule E) is presented for purposes of additional analysis as required by 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 6, 2018, 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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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, 2018 and 2017, and comparative information for the year ended August 31, 2016. Since this Management's Discussion and Analysis is designed to focus on current activities, resulting change and currently known facts, it should be read in conjunction with the College's Basic Financial Statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

Financial Section

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

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

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

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

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

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

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, 2018 and 2017. 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 2018 and 2017 is shown on separate pages behind the College's basic financial statements. Refer to Note 23 in the Notes to the Financial Statements for more detail on the Foundation.

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

Financial Highlights

Some of the financial highlights of fiscal year 2018 are as follows:

- In July, the College issued $44,275,000 in Limited Tax Bond, Series 2018A and $57,305,000 in Limited Tax Bond, Series 2018B. Series 2018A is the third issue of the $157,000,000 million voter approved bond election held on November 4, 2014. Proceeds from the sale of the Bonds will be used to construct and equip school buildings within the District. Series 2018B is the second issue of the $139,000,000 million voter approved bond election held on November 8, 2016. Proceeds from the sale of the Bonds will be used to provide funds to construct and equip school buildings in the District (including, but not limited to, constructing and equipping classrooms, laboratories, infrastructure for an undeveloped site, and other facilities relating to Phase 1 of the District's new South Campus located near the intersection of Rodd Field Road and Yorktown Boulevard).

- The College was required to reduce beginning net position by $86.3 million as the result of the implementation of GASB No. 75, "*Accounting and Financial Reporting of Post-Employment Benefits Other than Pensions*" (GASB 75). The restatement to beginning net position is considered a cumulative effect of a change in accounting principle.

Statement of Net Position

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

The Statement of Net Position presents end-of-year data concerning Assets (current and noncurrent), Deferred Outflows, Liabilities (current and noncurrent), Deferred Inflows, and Net Position. Current assets are things of value, which are available to the College in the short term, which is considered to be one year or less. Current liabilities are amounts owed which are expected to be paid in one year or less. Deferred outflows of resources represent a consumption of net position applicable to a future period. The College's deferred outflows of resources include deferred outflows related to pensions and other post-employment benefits. Deferred inflows of resources represent an acquisition of net position applicable to a future reporting period. The College's deferred inflows of resources include deferred inflows related to pensions and other post-employment benefits.

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

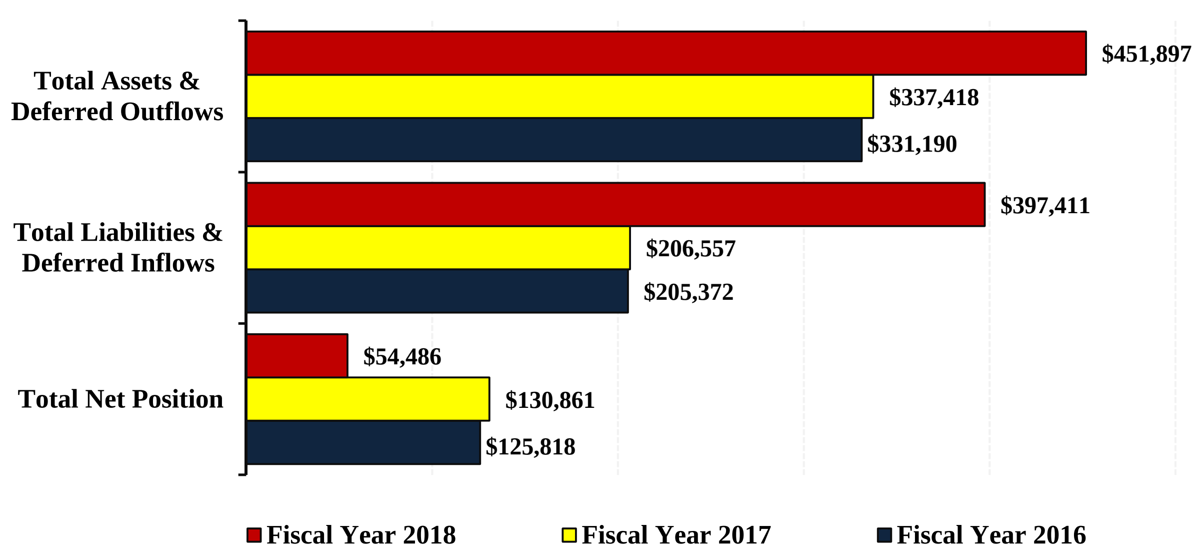
Net Position is divided into three major categories. The first category, the net investment in capital assets, represents the College's equity in property, plant and equipment owned by the college, net of debt. The next category is the restricted component of net position, which is divided into two categories, 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.

Statement of Net Position (Continued)

Statement of Net Position
Comparison - Fiscal Year 2018, 2017 and 2016
(In Thousands)

	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	2018-2017 Variance	2017-2016 Variance
Current Assets	$ 70,925	$ 59,227	$ 58,889	$ 11,698	$ 338
Non-Current Assets:					
Capital Assets, Net of Depreciation	212,640	185,179	182,071	27,461	3,108
Other	160,936	86,303	83,957	74,633	2,346
Total Assets	444,501	330,709	324,917	113,792	5,792
Deferred Outflows	7,396	6,709	6,273	687	436
Total Assets & Deferred Outflows of Resources	**451,897**	**337,418**	**331,190**	**114,479**	**6,228**
Current Liabilities	31,058	29,468	29,412	1,590	56
Non-Current Liabilities	348,140	176,281	175,044	171,859	1,237
Total Liabilities	379,198	205,749	204,456	173,449	1,293
Deferred Inflows	18,213	808	916	17,405	(108)
Total Liabilities & Deferred Inflows of Resources	**397,411**	**206,557**	**205,372**	**190,854**	**1,185**
Net Position:					
Net Investment in Capital Assets	100,961	95,287	90,490	5,674	4,797
Restricted	12,247	12,343	12,252	(96)	91
Unrestricted	(58,722)	23,231	23,076	(81,953)	155
Total Net Position	**$ 54,486**	**$ 130,861**	**$ 125,818**	**$ (76,375)**	**$ 5,043**

Statement of Net Position
Comparison - Fiscal Year 2018, 2017 and 2016
(in Thousands)



Statement of Net Position (continued)

2017-2018

- For fiscal year 2018, total assets and deferred outflows of resources increased by approximately $114.5 million. Items having the largest impact on this change include, an increase in current and noncurrent cash, cash equivalents, and investments of $86.3 million largely the result of $111.1 million in bond proceeds received from the issuance of the Limited Tax Bonds, Series 2018A & 2018B. In addition, capital assets increased by $27.5 million largely due to construction costs incurred on the new General Academic and Music building, new Workforce Development Center and Emerging Technology expansion, offset by an increase in accumulated depreciation of $4.6 million. There was an $2.1 million increase in deferred outflows related to OPEB offset by a $1.4 million decrease in deferred outflows related to refunding of bonds and pensions, the majority resulting from the implementation of GASB 75.

- Total liabilities and deferred inflows of resources increased by $190.9 million. The largest contributing factor was the issuance and recording of the Limited Tax Bond, Series 2018A & 2018B debt totaling $111.1 million. Another significant factor was the implementation of GASB 75 that resulted in the recording of the College's proportionate share of the ERS's net Other Post-Employment Benefit liability and deferred inflow of $73.9 million and $16.3 million respectively. Debt on prior tax and revenue bond issues paid during the current year amounted to $9.3 million.

- The College was required to reduce beginning net position by $86.3 million as the result of the implementation of GASB 75. The restatement to beginning net position is considered a cumulative effect of a change in accounting principle. See Notes 2 T. and 16 in the accompanying Notes to Financial Statements for further details.

2016-2017

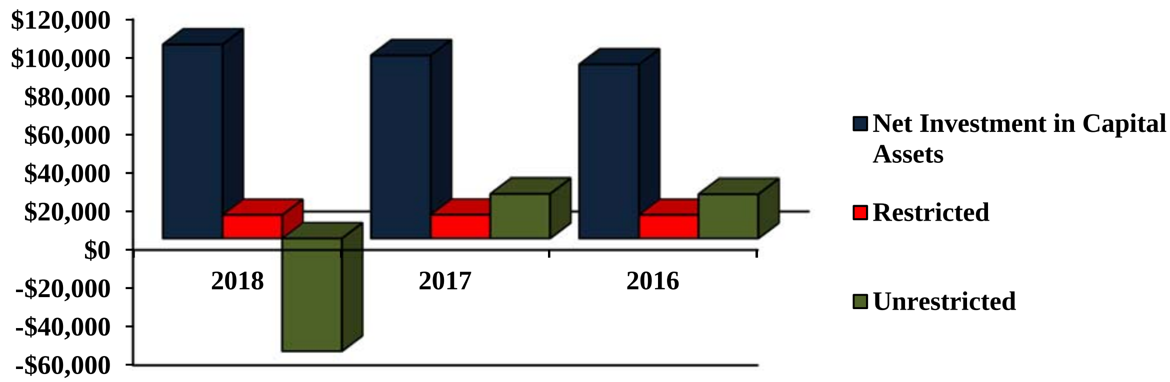
- For fiscal year 2017, total assets and deferred outflows of resources increased by approximately $6.23 million. The combined increase in current and noncurrent cash, cash equivalents, and investments of $4.4 million contributed to this increase. This increase can be attributed to funds of $9.1 million received from the issuance of the Limited Tax Bonds, Series 2017. A decrease in accounts receivable of $1.7 million was largely the result of the collection of $1.4 million due at the end of the prior fiscal year from FEMA for construction of the Dome Safe Shelter. Capital assets increased by $9 million. $7.9 million is the result of ongoing construction projects from the 2014 voter approved bond election. Other capital purchases included $1 million in equipment purchases for instructional needs and $500 thousand for completion of the FEMA Dome project. There was also a $1 million increase in deferred outflows related to pensions.

Statement of Net Position (continued)

- Total liabilities and deferred inflows increased by approximately $1.2 million. Items having the largest impact on this increase included a $1.7 million increase in the College's proportionate share of the TRS's net pension liability. Another significant factor was a $712 thousand decrease in unearned revenue resulting from delayed fall 2017 registration caused by effects of hurricane Harvey. Accrued compensable absences increased by $506 thousand as a result of a 3.85% salary adjustment and increase in the number of employees who met the minimum requirements to be eligible for sick leave.

The following is a graphic illustration of net position at August 31, 2018, 2017 and 2016:

Net Position
Comparison - Fiscal Year 2018, 2017 and 2016
(in Thousands)



Unrestricted Net Positions was a negative $58.7 million in the current year due to the implementation of GASB 75.

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.

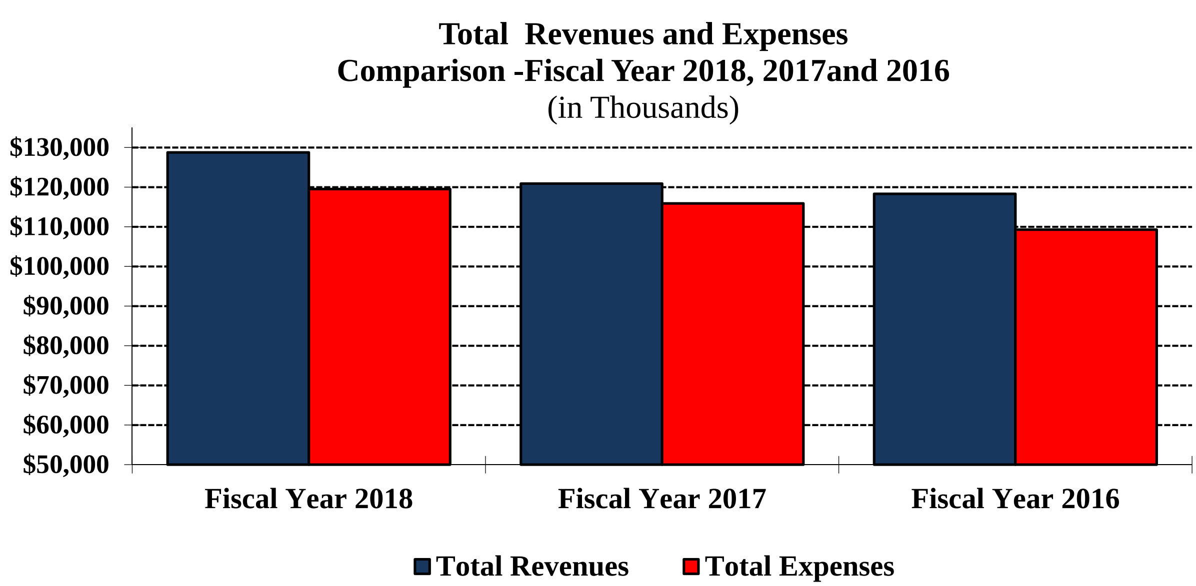
Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the 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.

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

Statement of Revenues, Expenses and Changes in Net Position
Years Ended August 31, 2018 Through 2016
(In Thousands)

	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	2018-2017 Variance	2017-2016 Variance
Operating Revenues	$ 22,153	$ 23,306	$ 26,800	$ (1,153)	$ (3,494)
Non-Operating Revenues	106,613	97,576	91,524	9,037	6,052
Total Revenues	**$ 128,766**	**$ 120,882**	**$ 118,324**	**$ 7,884**	**$ 2,558**
Operating Expenses	112,413	110,228	105,113	2,185	5,115
Non-Operating Expenses	7,110	5,677	4,177	1,433	1,500
Total Expenses	**$ 119,523**	**$ 115,905**	**$ 109,290**	**$ 3,618**	**$ 6,615**
Contribution from Other Agencies	**689**	**66**	**59**	**623**	**7**
Increase in Net Position	9,932	5,043	9,093	4,889	(4,050)
Net Position Beginning of Year	130,861	125,818	116,725	5,043	9,093
Cumulative Effect of Change in Accounting Principle	(86,307)	-	-	(86,307)	-
Net Position Beginning of Year Restated	44,554	125,818	116,725	(81,264)	9,093
Net Position End of Year	**$ 54,486**	**$ 130,861**	**$ 125,818**	**$ (76,375)**	**$ 5,043**

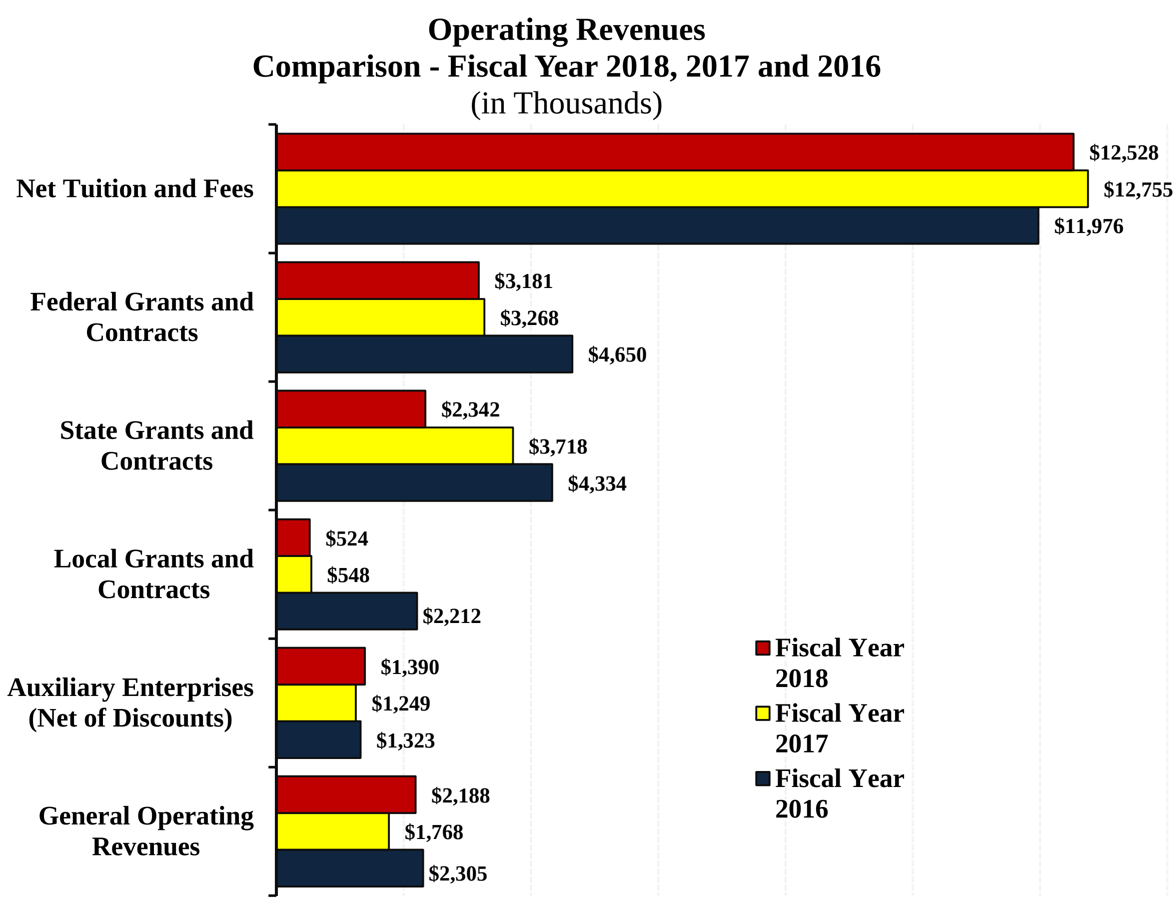
The following is a graphic illustration of total revenues and expenses at August 31, 2018, 2017 and 2016:



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

Operating Revenues
Years Ended August 31, 2018 through 2016
(In Thousands)

Operating Revenues	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	2018-2017 Variance	2017-2016 Variance
Tuition and Fees	$ 28,755	$ 28,242	$ 26,924	$ 513	$ 1,318
Scholarship Allowances and Discounts	(16,227)	(15,487)	(14,948)	(740)	(539)
Federal Grants and Contracts	3,181	3,268	4,650	(87)	(1,382)
State Grants and Contracts	2,342	3,718	4,334	(1,376)	(616)
Local Grants and Contracts	524	548	2,212	(24)	(1,664)
Auxiliary Enterprises (Net of Discounts)	1,390	1,249	1,323	141	(74)
General Operating Revenues	2,188	1,768	2,305	420	(537)
Total	**$ 22,153**	**$ 23,306**	**$ 26,800**	**$ (1,153)**	**$ (3,494)**



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

Key factors impacting total operating revenues:

2017-2018

- The growth of $513 thousand in Tuition and Fees resulted from a $5 per semester hour increase in tuition charged to students.

- The increase in Scholarship Allowances and Discounts mostly resulted from the growth in dual credit students whose tuition is approximately 25% of a regular paying student. Total increase from dual credit enrollment was $494 thousand. Another increase was due to scholarships received from Gulf Coast Growth Ventures of $249 thousand.

- State grants and contracts decreased by $1.4 million. This decrease was largely due to non renewal of the Texas Workforce Commission Skills Development and Basic Education grants which amounted to $946 thousand in the prior years. Another grant with TWC, the Driscoll Children's Hospital Nursing Skills Development program ended during the prior year. Total funding for this grant was $301 thousand. In addition, a pass-through grant from the Rural South Texas Economic Development Corporation ended. Decreased funding for this grant over the prior year was $223 thousand.

- Interest earned on investments was largely the reason for the $420 thousand increase in General Operating Revenues.

2016-2017

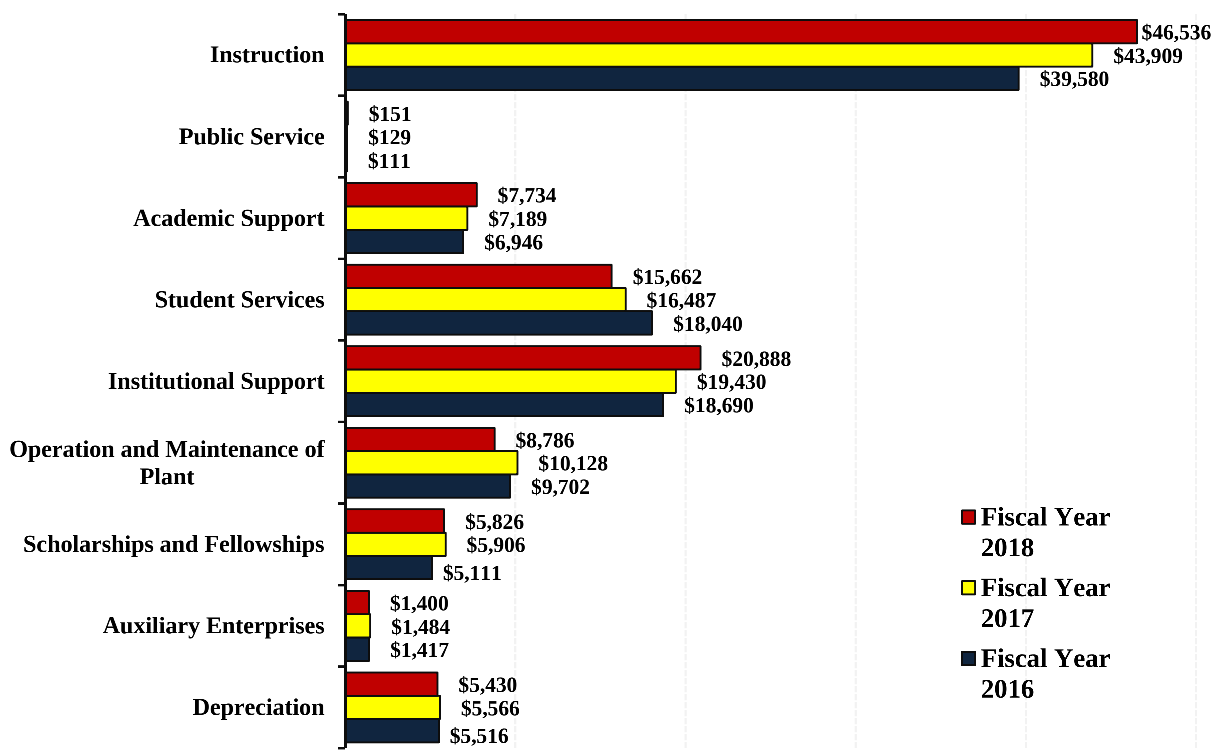
- A reduction in Federal and Local grant funds received during the current fiscal year were the major contributing factor to the $3.5 million decrease in operating revenues. Federal grants decreased by $1.4 million largely due to the completion of the FEMA Dome Safe Shelter. Local grants decreased by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

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

Operating Expenses
Years Ended August 31, 2018 through 2016
(In Thousands)

Operating Expenses	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	2018-2017 Variance	2017-2016 Variance
Instruction	$ 46,536	$ 43,909	$ 39,580	$ 2,627	$ 4,329
Public Service	151	129	111	22	18
Academic Support	7,734	7,189	6,946	545	243
Student Services	15,662	16,487	18,040	(825)	(1,553)
Institutional Support	20,888	19,430	18,690	1,458	740
Operation and Maintenance of Plant	8,786	10,128	9,702	(1,342)	426
Scholarships and Fellowships	5,826	5,906	5,111	(80)	795
Auxiliary Enterprises	1,400	1,484	1,417	(84)	67
Depreciation	5,430	5,566	5,516	(136)	50
Total	**$ 112,413**	**$ 110,228**	**$ 105,113**	**$ 2,185**	**$ 5,115**

Operating Expenses by Function
Comparison - Fiscal Year 2018, 2017 and 2016
(in Thousands)



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

Key factors impacting total operating expenses:

2017-2018

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

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

2016-2017

For the fiscal year, operating expenses increased by $5.1 million:

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

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

Non-operating revenues and expenses consisted of the following:

Non-Operating Revenues and Expenses
Years Ended August 31, 2018 through 2016
(In Thousands)

Non-Operating Revenues	**Fiscal Year 2018**	**Fiscal Year 2017**	**Fiscal Year 2016**	**2018-2017 Variance**	**2017-2016 Variance**
State Appropriations	$ 22,928	$ 20,176	$ 19,800	$ 2,752	$ 376
Maintenance Ad Valorem Taxes	51,689	47,179	46,704	4,510	475
Debt Service Ad Valorem Taxes	13,423	12,387	8,338	1,036	4,049
Federal Revenue, Non Operating	16,237	16,715	16,323	(478)	392
Investment Income	2,308	1,108	337	1,200	771
Other Non-Operating Revenues	28	11	22	17	(11)
Total Non-Operating Revenues	**$ 106,613**	**$ 97,576**	**$ 91,524**	**$ 9,037**	**$ 6,052**
Non-Operating Expenses					
Interest on Capital Related Debt	5,285	5,075	4,091	210	984
Other Non-Operating Expenses	1,025	300	6	725	294
Loss on Disposal of Capital Assets	800	302	80	498	222
Total Non-Operating Expenses	**$ 7,110**	**$ 5,677**	**$ 4,177**	**$ 1,433**	**$ 1,500**
Net Non-Operating Revenues	**$ 99,503**	**$ 91,899**	**$ 87,347**	**$ 7,604**	**$ 4,552**

Key factors impacting non-operating revenues and expenses:

2017-2018

- Maintenance ad valorem taxes collected during the year increased by $4.5 million. The additional tax revenue resulted from a 3.89% increase in property values along with a 5.64% Board approved increase in the maintenance tax rate. Funds collected over the prior year were largely to be used to cover an expected increase in direct and support instructional salary and benefits for an anticipated 5% enrollment growth. The maintenance property tax rate increased from .194718 to .205700 per hundred dollar valuation.

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

- State appropriations increased by $2.8 million over the previous year due to the following. The College's portion of base funding increased by $1.2 million over the previous year due to a 9% increase in reported contact hour enrollment. The average contact hour enrollment increase for all Texas community colleges was less than 2%. Due to the implementation of GASB 75, the College recognized the State's portion of unfunded health insurance contribution of $1.6 million for the current year.

- The increase in investment income of $1.2 million directly resulted from a growth in the average yield of investments from .986% to 2.069%.

- Debt service ad valorem taxes collected during the year increased by $1 million due to the debt requirement for the Limited Tax Bond, Series 2017 issued in 2017.

- The increase in other non-operating expenses was largely the result of bond issuance costs ($1 million) associated with the issuance of Limited Tax Bonds, Series 2018A and 2018B. In addition, the increase of $498 thousand in loss of disposal of fixed assets was largely the result of writing off the remaining salvage value of the Skills Enrichment Building which had been demolished in a prior year.

2016-2017

- Debt service ad valorem taxes collected during the year increased by $4 million due to a new debt requirement for the newly issued Limited Tax Bond, Series 2016. The College was able to slightly reduce the overall tax rate from .248073 to .246159 per hundred dollar valuation while covering the increased debt requirement due to an 8.33% increase in property values. Investment income increased by $771 thousand due largely to the $67 million received just prior to the end of the prior fiscal year for the 2014 tax bond issue.

- An increase of $984 thousand in capital related debt is the direct result of the Limited Tax Bond, Series 2016 which were issued just prior to the end of the prior fiscal year. In addition, portable buildings were disposed of during the year at a loss of approximately $302 thousand. Other non-operating expenses increased by $294 thousand primarily due to the refunding of grant funds received for expenditures which were subsequently disallowed.

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.

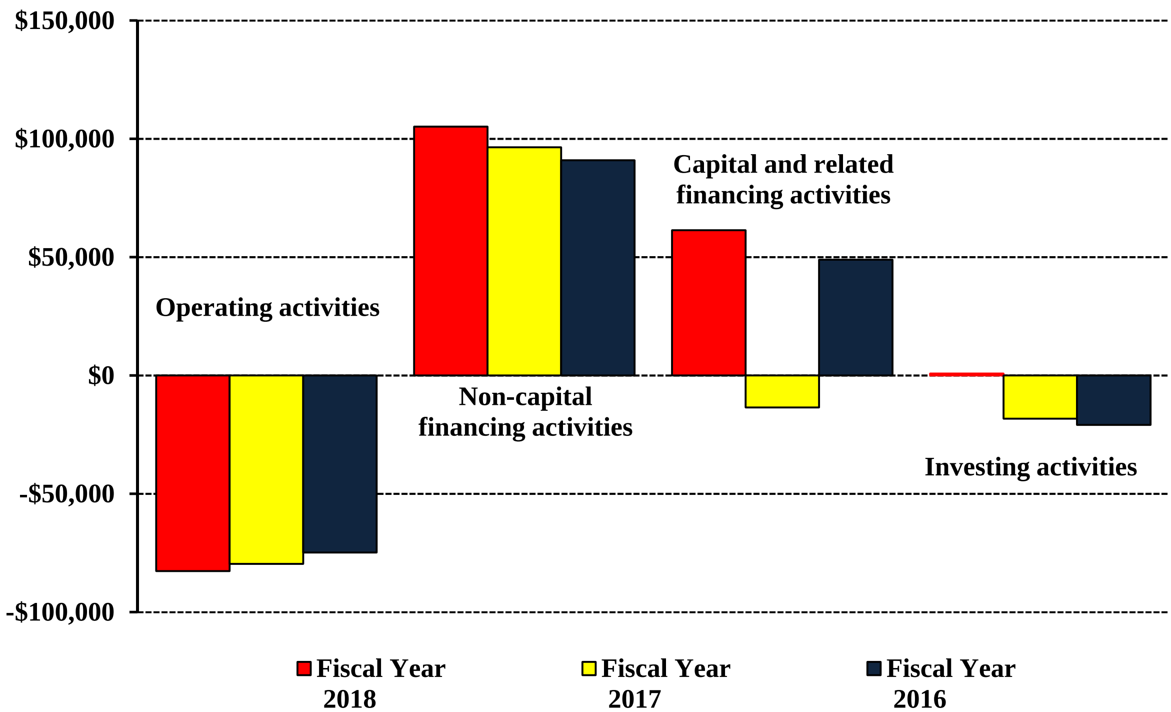
Condensed financial information from the Statement of Cash Flows is as follows:

Statement of Cash Flows
Years Ended August 31, 2018 through 2016
(In Thousands)

Cash provided (used) by:	**2018**	**2017**	**2016**
Operating activities	$ (82,657)	$ (79,635)	$ (74,785)
Non-capital financing activities	105,186	96,462	90,957
Capital and related financing activities	61,428	(13,480)	48,937
Investing activities	820	(18,266)	(20,872)
Net change in cash and cash equivalents	84,777	(14,919)	44,237
Cash and cash equivalents - September 1	83,798	98,717	54,480
Cash and cash equivalents - August 31	**$ 168,575**	**$ 83,798**	**$ 98,717**

Statement of Cash Flows (continued)

Statement of Cash Flows
Comparison - Fiscal Year 2018, 2017 and 2016
(in Thousands)



Capital Asset and Debt Administration

The College had $213 million invested in capital assets at August 31, 2018 and $185 million at August 31, 2017. Additions of $32.1 million were added to construction work in progress for costs of $20.9 million associated with the new General Academic and Music facility on the East Campus, $6.9 million for the Workforce Development Center, and $3.7 million for the new Emerging Technology Expansion. Additional costs incurred during the current fiscal year related to the 2014 Bond include $509 thousand toward the South Campus Master plan, and other cost incurred for re-roofing projects and project development costs. The $1.2 million which was previously included in construction work in progress was moved to buildings with the completion of the Central Plant Upgrade Phase 1. New equipment purchases of $1.5 million were made during the year while equipment valued at $822 thousand was disposed. In the prior year, new equipment purchases were made totaling $1 million. During the same period $1.4 million in equipment was disposed.

Capital Asset and Debt Administration (Continued)

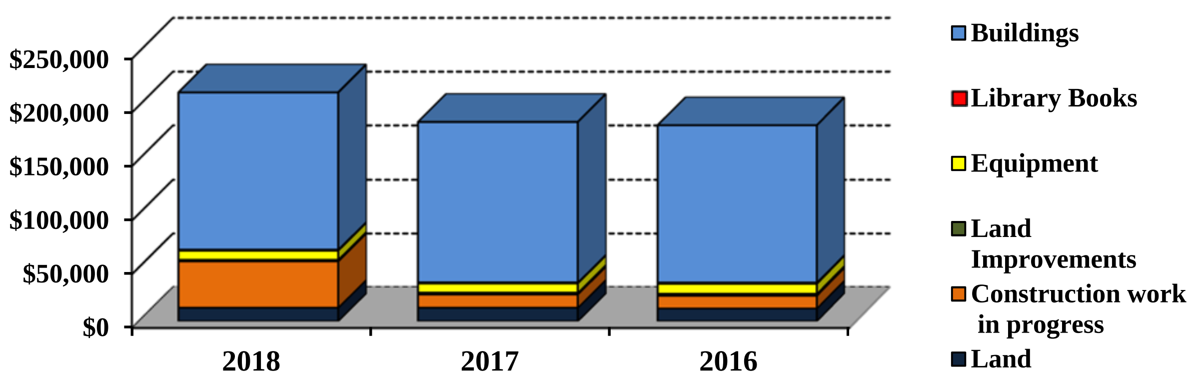
Capital assets are net of accumulated depreciation of $100 million and $95 million for fiscal years 2018 and 2017, respectively. Depreciation charges totaled $5.4 million and $5.6 million for fiscal years 2018 and 2017, respectively.

The College had $312.4 million in capital assets, and $99.8 million in accumulated depreciation at August 31, 2018.

Capital Assets (Net of Depreciation)
Years Ended August 31, 2018 through 2016
(In Thousands)

	2018	2017	2016
Land	$ 12,649	$ 12,649	$ 12,000
Construction in Progress	43,349	12,427	11,890
Buildings and Improvements	145,730	148,855	145,952
Land Improvements	1,458	1,641	1,827
Library Books	854	942	1,035
Furniture, machinery, vehicles, and other equipment	8,600	8,665	9,367
Net capital assets	**$ 212,640**	**$ 185,179**	**$ 182,071**

Capital Assets
Comparison - Fiscal Year 2018, 2017 and 2016
(in Thousands)



Capital Asset and Debt Administration (Continued)

Total bond payable liability balances at August 31, 2018, 2017, and 2016 are as follows:

	(In Thousands)		
Outstanding Debt - Bonds	**2018**	**2017**	**2016**
Del Mar College District Combined Fee Revenue Bonds, Series 2008	-	1,235	2,420
Del Mar College District Limited Tax Refunding Bonds, Series 2011	19,790	23,305	26,655
Del Mar College District Limited Tax Refunding Bonds, Series 2013	8,535	8,620	8,700
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	15,465	18,240	20,930
Del Mar College District Limited Tax Bonds, Series 2016	65,345	66,530	67,645
Del Mar College District Combined Fee Revenue Refunding Bonds, Series 2016	15,110	15,110	15,110
Del Mar College District Limited Tax Bonds, Series 2017	8,550	9,070	-
Del Mar College District Limited Tax Bonds, Series 2018A	44,275	-	-
Del Mar College District Limited Tax Bonds, Series 2018B	57,305	-	-
	$ 243,305	$ 151,040	$ 150,390

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

Capital Asset and Debt Administration (Continued)

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

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

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

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

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

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

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

Capital Asset and Debt Administration (Continued)

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

On July 15, 2018 the College issued, "Del Mar College District Limited Tax Bonds, Series 2018A", amounting to $44,275,000. 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 third installment of a total of $157,000,000 approved at an election held in the District on November 4, 2014.

On July 15, 2018 the College issued, "Del Mar College District Limited Tax Bonds, Series 2018B", amounting to $57,305,000. Proceeds from the sale of the Bonds will be used to provide funds to construct and equip classrooms, laboratories, infrastructure for an undeveloped site, and other facilities relating to Phase 1 of the District's new South Campus located near the intersection of Rodd Field Road and Yorktown Boulevard. The Bonds represent the second installment of a total of $139,000,000 approved at an election held in the District on November 8, 2016.

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

Economic Outlook

The economic outlook for the College District is strong and directly tied to the increase in capital investment by industry within the Coastal Bend region. Corpus Christi Economic Development Board identified demand for an educated workforce as key to the expansion in the petro-chemical industrial presence. The region continues to benefit from the low domestic price of natural gas compared to world-wide prices and instability of foreign markets. Deepening of the Port of Corpus Christi and the investment of $1 billion in a new bridge to link Nueces County to the Northshore of the region are strategic investments which will solidify the continued growth.

The Port of Corpus Christi has grown to become the fifth largest in the United States based upon tonnage, and has invested over $50 billion of capital in the Nueces and San Patricio Counties. Current capital investment in the region totals $26 billion with an estimated 7,270 jobs from announced projects. Corpus Christi Regional Economic Development Board reports that the Corpus Christi MSA (Nueces, San Patricio and Aransas Counties) should grow at 2% in population and 3.5% in GDP over the next five years. Companies such as Gulf Coast Growth Ventures (ExxonMobil and Sabic), Chemours, Cheniere Energy, and twelve major pipelines have major expansion projects underway.

Tuition and fee revenue for fiscal year 2019 is projected to be approximately $24.8 million which is an increase of about 3% compared to the prior year. This projected increase includes a $3 per credit hour rate increase and enrollment growth of zero to 2% over fiscal year 2018. This conservative projection is due to the natural disaster of hurricane Harvey that struck the outlying service area. Fall academic enrollment for the 2018 fiscal year was approximately 4% lower when compared to same term during the previous year; however, the original budget for the year was projecting a 7% increase. Enrollment for the fall semester 2018 is trending up with a 3.18% increase at 12,222 students for credit courses which is the second highest enrollment at the College. This upward trend is expected to continue.

Enrollment for dual credit at area high schools and Continuing Education and Corporate Services courses has continued to support overall growth. Enrollment for the spring and summer semesters are expected to increase as the region finalizes recovery from hurricane Harvey in 2017. Growth in continuing education courses and contract instruction with industry partners has seen a significant increase over the past ten years and expectations are for this to continue. New legislation at the state level has also created an additional source of state reimbursement for continuing education courses for the next biennium funding.

The certified tax assessed value increased for fiscal year 2018 by 4.4% resulting in a 6% increase in tax revenues. Preliminary projections appear to show that assessed valuations will grow by at least 3 to 4% during each of the next two years. The combined Maintenance and Operations and Debt Service rate was increased by $0.022722 per $100 value generating an additional $8.434 million in total revenue. The debt service tax rate was increased for the new debt obligation requirement for the 2014 and 2016 Tax Bond issuance.

Economic Outlook (Continued)

The College received the second year of the biennium funding from the State of Texas and a small increase of $319,238. The increase in enrollment from the previous academic biennium generated an additional $1.2 million annually in state appropriations. The Legislative Budget Board and the Texas Higher Education Coordinating Board are entering the legislative session in January, 2019. Increased funding to Community Colleges are key legislative agenda strategies for the state community college associations. The academic year beginning summer 2018 through spring 2019 constitutes the base year for state appropriations for the next two years.

Projected increases in annual tuition, property tax revenue and State funding will be necessary to fund new or increased expenses in instructional and support functions to achieve the College's student success goals. The 2019 budget is balanced and structurally sound with continued economic growth in the region and increased demand for an educated workforce.

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

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Del Mar College
Statements of Net Position

	August 31, 2018	August 31, 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 4)	$ 38,854,055	$ 42,014,849
Short Term Investments (Note 4 and 5)	21,652,291	6,784,574
Accounts Receivable, Net (Note 6)	8,722,425	8,768,965
Taxes Receivable (Note 6)	1,694,230	1,658,091
Notes Receivable	907	-
Prepaid Expenses	686	686
Total Current Assets	**70,924,594**	**59,227,165**
Noncurrent Assets:		
Restricted Cash and Cash Equivalents (Note 4)	129,721,403	41,783,063
Restricted Investments (Note 4 and 5)	31,215,110	44,518,907
Capital Assets, Net (Note 7):	212,639,909	185,179,162
Total Noncurrent Assets	**373,576,422**	**271,481,132**
Total Assets	**444,501,016**	**330,708,297**
Deferred Outflows of Resources		
Deferred Loss on Refunding Bonds	2,366,949	2,919,949
Deferred Outflows Related to Pensions (Note 11)	2,967,497	3,789,396
Deferred Outflows Related to OPEB (Note 16)	2,061,242	-
Total Deferred Outflows of Resources	**7,395,688**	**6,709,345**
Total Assets and Deferred Outflows of Resources	**451,896,704**	**337,417,642**
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 6)	5,808,303	5,944,605
Accrued Compensable Absences - Current Portion (Note 8)	668,250	632,490
Funds Held for Others	1,777,544	1,499,102
Unearned Revenues (Note 6)	12,744,038	12,076,727
Bonds Payable - Current Portion (Note 8)	10,060,000	9,315,000
Total Current Liabilities	**31,058,135**	**29,467,924**
Noncurrent Liabilities:		
Accrued Compensable Absences (Note 8)	5,965,473	5,635,544
Net Pension Liability (Note 11)	12,190,380	14,012,665
Net OPEB Liability (Note 16)	73,938,178	-
Bonds Payable (Note 8)	256,045,417	156,632,045
Total Noncurrent Liabilities	**348,139,448**	**176,280,254**
Total Liabilities	**379,197,583**	**205,748,178**
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions (Note 11)	1,864,909	808,429
Deferred Inflows Related to OPEB (Note 16)	16,348,066	-
Total Deferred Inflows of Resources	18,212,975	808,429
Total Liabilities and Deferred Inflows of Resources	**397,410,558**	**206,556,607**
NET POSITION, AS RESTATED		
Net Investment in Capital Assets	100,961,214	95,286,936
Restricted for:		
Expendable		
Debt Service	11,921,985	12,020,993
Loan Funds	325,144	322,235
Unrestricted	(58,722,197)	23,230,871
Total Net Position (Schedule D)	**$ 54,486,146**	**$ 130,861,035**

See Notes to Financial Statements

(Continued)

Exhibit 1
Continuation

Del Mar College
Component Unit
Statements of Financial Position

	Del Mar College Foundation, Inc. June 30, 2018	2017
ASSETS		
Cash and Cash Equivalents (Note 4)	$ 877,532	$ 1,414,128
Short-Term Loans to Students	52,667	51,415
Investments (Note 4 and 23)	7,481,638	6,296,924
Unconditional Promises to Give (Note 6)	62,111	4,991
Total Current Assets	**8,473,948**	**7,767,458**
Endowment Investments (Note 4)	12,538,999	12,390,749
Long-Term Unconditional Promises to Give (Note 6)	175,954	76,768
Beneficial Interest in Irrevocable Charitable Trust	623,343	604,936
Total Assets	**21,812,244**	**20,839,911**
LIABILITIES		
Accounts Payable	66,905	24,940
Due to Del Mar College	76,130	131,290
Total Liabilities	**143,035**	**156,230**
NET ASSETS		
Unrestricted	222,864	218,318
Temporarily Restricted	8,907,346	8,074,614
Permanently Restricted	12,538,999	12,390,749
Total Net Assets	**$ 21,669,209**	**$ 20,683,681**

See Notes to Financial Statements.

Del Mar College

Statements of Revenues, Expenses and Changes in Net Position

	Year Ended August 31, 2018	2017
Operating Revenues		
Tuition and Fees (net of discounts of $16,227,458 and $15,486,839, respectively)	$ 12,528,094	$ 12,755,431
Federal Grants and Contracts	3,181,036	3,268,403
State Grants and Contracts	2,341,669	3,717,804
Local Grants and Contracts	523,681	547,774
Auxiliary Enterprises	1,390,301	1,248,486
General Operating Revenues	2,187,741	1,767,755
Total Operating Revenues (Schedule A)	**22,152,522**	**23,305,653**
Operating Expenses		
Instruction	46,536,019	43,908,899
Public Service	151,245	129,056
Academic Support	7,734,321	7,189,179
Student Services	15,662,326	16,486,986
Institutional Support	20,887,777	19,429,845
Operation and Maintenance of Plant	8,785,591	10,128,134
Scholarships and Fellowships	5,825,627	5,905,955
Auxiliary Enterprises	1,400,092	1,483,984
Depreciation	5,430,143	5,565,557
Total Operating Expenses (Schedule B)	**112,413,141**	**110,227,595**
Operating Loss	**(90,260,619)**	**(86,921,942)**
Non-Operating Revenues (Expenses)		
State Appropriations	22,927,559	20,175,851
Maintenance Ad Valorem Taxes	51,688,633	47,179,178
Debt Service Ad Valorem Taxes	13,423,409	12,386,836
Federal Revenue, Non Operating	16,237,471	16,714,930
Loss on Disposal of Capital Assets	(800,597)	(302,112)
Investment Income	2,308,152	1,107,980
Interest on Capital Related Debt	(5,284,975)	(5,075,351)
Other Non-Operating Revenues	28,316	11,704
Other Non-Operating Expenses	(1,024,243)	(299,981)
Net Non-Operating Revenues (Schedule C)	**99,503,725**	**91,899,035**
Capital Contributions		
Contributions from Other Agencies	**689,500**	**65,500**
Increase in Net Position	**9,932,606**	**5,042,593**
Net Position		
Net Position - Beginning of Year	130,861,035	125,818,442
Cumulative Effect of Change in Accounting Principle (Note 2)	(86,307,495)	-
Net Position - Beginning of Year, as restated	44,553,540	125,818,442
Net Position - End of Year	**$ 54,486,146**	**$ 130,861,035**

(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, 2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, Revenue and Gains:				
Scholarship Contributions	$ -	$ 357,508	$ 220,343	$ 577,851
Designated Scholarship Contributions	-	403,577	-	403,577
Contributed Services and Expenses	697,900	-	-	697,900
Grants, Managed Funds, & Other Contributions	2,500	958,037	-	960,537
Net Investment Income	-	1,829,339	-	1,829,339
Net Assets Released from Restrictions	2,785,777	(2,785,777)	-	-
Total Support, Revenue and Gains	**3,486,177**	**762,684**	**220,343**	**4,469,204**
Program and Support Expenses:				
Scholarships	1,301,521	-	-	1,301,521
Designated Scholarships	360,584	-	-	360,584
Grants, Managed Funds, & Other Awards	542,959	-	-	542,959
Administrative Non Program Awards	508,923	-	-	508,923
Fundraising Expenses	71,790	-	-	71,790
Administrative Expenses	697,900	-	-	697,900
Total Program and Support Expenses	**3,483,677**	**-**	**-**	**3,483,677**
Increase in Net Assets	**2,500**	**762,684**	**220,343**	**985,527**
Transfers and Reclassifications	-	(77,907)	77,907	-
Net Assets, Beginning of Year	220,364	8,222,569	12,240,749	20,683,682
Net Assets - End of Year	**$ 222,864**	**$ 8,907,346**	**$ 12,538,999**	**$ 21,669,209**

	For the Year Ended June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, Revenue and Gains:				
Scholarship Contributions	$ -	$ 574,221	$ 302,033	$ 876,254
Designated Scholarship Contributions	-	334,900	-	334,900
Contributed Services and Expenses	659,066	-	-	659,066
Grants, Managed Funds, & Other Contributions	2,539	765,077	-	767,616
Net Investment Income	-	2,106,643	-	2,106,643
Net Assets Released from Restrictions	2,013,159	(2,013,159)	-	-
Total Support, Revenue and Gains	**2,674,764**	**1,767,682**	**302,033**	**4,744,479**
Scholarships	864,677	-	-	864,677
Designated Scholarships	329,724	-	-	329,724
Grants, Managed Funds, & Other Awards	672,750	-	-	672,750
Administrative Non Program Awards	103,091	-	-	103,091
Fundraising Expenses	42,917	-	-	42,917
Administrative Expenses	659,066	-	-	659,066
Total Program and Support Expenses	**2,672,225**	**-**	**-**	**2,672,225**
Increase in Net Assets	**2,539**	**1,767,682**	**302,033**	**2,072,254**
Transfers and Reclassifications	-	35,098	(35,098)	-
	217,825	6,419,789	11,973,814	18,611,428
Net Assets - End of Year	**$ 220,364**	**$ 8,222,569**	**$ 12,240,749**	**$ 20,683,682**

See Notes to Financial Statements.

Exhibit 3

Del Mar College
Statements of Cash Flows

	Year Ended August 31, 2018	2017
Cash Flows from Operating Activities:		
Receipts from Students and Other Customers	$ 13,613,125	$ 14,232,566
Receipts from Grants and Contracts	6,157,569	8,144,004
Payments to Suppliers for Goods and Services	(18,732,045)	(25,192,572)
Payments to or on Behalf of Employees	(80,003,200)	(72,652,537)
Payments for Scholarships and Fellowships	(5,805,636)	(5,890,487)
Other General Operating Receipts	2,112,741	1,724,005
Other Non-Operating Revenues	28,316	11,704
Net Cash Used by Operating Activities	**(82,629,130)**	**(79,623,317)**
Cash Flows from Non-Capital Financing Activities:		
Receipts from State Appropriations	23,557,632	20,175,851
Receipts from Ad Valorem Taxes	65,075,903	59,533,193
Receipts from Non Operating Federal Revenue	16,273,985	16,817,579
Receipts from Student Organizations and Other Agency Transactions	1,713,765	1,798,034
Payments to Student Organizations and Other Agency Transactions	(1,435,325)	(1,579,812)
Other Payments	-	(283,090)
Net Cash Provided by Non-Capital Financing Activities	**105,185,960**	**96,461,755**
Cash Flows from Capital and Related Financing Activities:		
Proceeds on Issuance of Capital Debt	111,142,243	9,996,475
Purchases of Capital Assets	(33,001,985)	(8,910,748)
Payments on Capital Debt - Principal	(9,315,000)	(8,420,000)
Payments on Capital Debt - Interest	(7,425,089)	(6,158,116)
Net Cash Provided (Used) by Capital and Related Financing Activities	**61,400,169**	**(13,492,389)**
Cash Flows from Investing Activities:		
Proceeds from Sales and Maturities of Investments	121,583,924	59,028,849
Interest on Investments	2,384,467	1,044,778
Purchase of Investments	(123,147,844)	(78,339,236)
Net Cash Used by Investing Activities	**820,547**	**(18,265,609)**
Increase in Cash and Cash Equivalents	**84,777,546**	**(14,919,560)**
Cash and Cash Equivalents—September 1	83,797,912	98,717,472
Cash and Cash Equivalents—August 31	**$ 168,575,458**	**$ 83,797,912**

See Notes to Financial Statements

(Continued)

Exhibit 3
Continuation

Del Mar College
Statements of Cash Flows

	Year Ended August 31,	
	2018	**2017**
Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	(90,260,619)	(86,921,942)
Adjustments to Reconcile Net Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	5,430,143	5,565,557
Bad Debt Expense	239,129	190,285
Non-Operating Revenues	28,316	11,704
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Receivables, Net	(935,491)	1,507,195
Prepaid Expenses	-	4,641
Notes Receivable	(907)	-
Accounts Payable and Accrued Liabilities	(136,302)	(389,619)
Compensated Absences	365,689	551,569
Unearned Revenues	667,311	(712,273)
Net Pension Liability	(1,822,285)	1,716,136
Net OPEB Liability	(14,402,226)	-
Deferred Outflows of Resources	793,566	(1,038,963)
Deferred Inflows of Resources	17,404,546	(107,607)
Net Cash Used by Operating Activities	**(82,629,130)**	**(79,623,317)**
Noncash Investing, Capital and Financing Activities:		
Contribution of Capital Assets	$ 689,500	$ 65,500

Note 1 - Reporting Entity

Del Mar College District, the College, was established in 1935, in accordance with the laws of the state of Texas, to serve the educational needs of Corpus Christi and the surrounding communities. The College is considered to be a special purpose, primary government engaged in business type activities. While the College receives funding from local, State and Federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

Discrete Component Unit

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

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

Note 2 - Summary of Significant Accounting Policies

A. Reporting Guidelines

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

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

E. Budgetary Data

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The District's Board of Regents adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

F. Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

G. Investments

Investments consist of balances in privately managed public funds investment pools and investments in United States (U.S.) securities and U.S. Agency securities. The College reports all investments at fair value, except for investment pools. The College's investment pools are valued and reported at amortized cost, which approximates fair value. The College's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase. Restricted cash and investments are for capital projects funded by external debt issuances and reserves set aside in accordance with bond covenants for certain bond issuances.

H. Capital Assets

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

I. Other Post-Employment Benefits (OPEB)

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

J. Pensions

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

K. Deferred Outflows of Resources

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

Note 2 - Summary of Significant Accounting Policies (Continued)

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

L. Funds Held in Trust for Others

At August 31, 2018 and 2017, the College held, in trust funds, amounts of $1,777,544 and $1,499,102 respectively, that pertain primarily to student organizations. These funds are not available to support the College's programs.

M. Unearned Revenues

Unearned revenues include the (1) amounts received for tuition and fees for the fall term of the next fiscal year and are not revenue in the current year, (2) unearned lease revenue that has not been earned, and (3) amounts received from grants and contract sponsors that also have not been earned.

N. Bond Discounts/Premiums

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

O. Deferred Inflows of Resources

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

P. Estimates

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Q. Operating and Non-Operating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. As business-type activities, the College's operating revenues and expenses generally result from providing services in connection with the college's principal ongoing operations. The principal operating revenues are tuition and related fees, net of discounts. The College also recognizes as operating revenue Federal/State/Local Grants, Non-Governmental Grants and Contracts, Auxiliary Enterprises, and Other Operating Revenues. The Texas Higher Education Coordinating Board requires colleges to classify the revenue received for federal Title IV grant programs (i.e. Pell grants) as operating revenue rather than non-operating revenue. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. The operation of the bookstore is not performed by the College.

R. Restricted and Unrestricted Resources

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

S. Net Position

The College's net position is classified as follows:

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

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

T. Prior Year Restatement

During the year ending August 31, 2018, the College implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions.* The College was required to restate beginning net position to record the beginning net OPEB liability and deferred outflows of resources, for contributions made after the measurement date, in the initial adoption period.

The effect of the change was to reduce beginning net position by the following amounts as of September 1, 2017:

Beginning Net Position		$130,861,035
Prior period adjustment-implementation of GASB 75:		
Net OPEB liability (measurement date as of August 31, 2017)	88,340,404	
Deferred outflows – college contributions made during the year ended August 31, 2017	(2,032,909)	(86,307,495)
Beginning net position as restated		$ 44,553,540

Since the College does not have all the audited beginning balances for deferred inflows of resources and deferred outflows of resources related to OPEB required to properly restate fiscal year 2017 financial statements, the restatement has been made directly to the beginning net position at September 1, 2017, as a cumulative effect of a change in accounting principle.

Note 3 - Authorized Investments

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

Note 4 - Deposits and Investments

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

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

	2018		2017	
	College	**Foundation**	**College**	**Foundation**
Demand Deposits	$ 17,193	$ 126,718	$ 3,956,818	$ 419,954
Savings Account	-	-	9,254,391	-
Money Market	-	514,673	504,224	761,077
Choice 4 Mutual Fund	-	-	10,809,224	-
Sweep Account	4,212,782			
Tex Pool	309,435	-	305,428	-
Logic Pool	163,761,868	-	52,065,522	-
Tex Star	7,935	-	8,124	-
Certificate of Deposit	247,204	234,541	6,875,001	231,497
Petty Cash on Hand	19,041	1,600	19,180	1,600
Total Cash and Deposits	**$ 168,575,458**	**$ 877,532**	**$ 83,797,912**	**$ 1,414,128**
Exhibit 1				
Cash and Cash Equivalents	$ 38,854,055	$ 877,532	$ 42,014,849	$ 1,414,128
Restricted Cash and Cash Equivalents	129,721,403	-	41,783,063	-
	$ 168,575,458	**$ 877,532**	**$ 83,797,912**	**$ 1,414,128**

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

Reconciliation of Investments to Exhibit 1, Statement of Net Position

Type of Security	2018		2017	
	College	**Foundation**	**College**	**Foundation**
U.S. Treasury Obligations	$ 11,968,828	-	-	-
Municipal Notes	-	-	3,854,506	-
Mutual Funds	-	19,292,712	-	18,103,013
Commercial Paper	26,283,203	-	14,950,125	-
Alternative Investments	-	727,925	-	584,660
U.S. Government Agencies	14,615,370	-	32,498,850	-
Total Investments	**$ 52,867,401**	**$ 20,020,637**	**$ 51,303,481**	**$ 18,687,673**
Exhibit 1				
Short Term Investments	$ 21,652,291	$ 7,481,638	$ 6,784,574	$ 6,296,924
Restricted Investments	31,215,110	12,538,999	44,518,907	12,390,749
	$ 52,867,401	**$ 20,020,637**	**$ 51,303,481**	**$ 18,687,673**

Note 4 - Deposits and Investments (Continued)

Interest Rate Risk

College

In order to limit interest and market rate risk from changes in interest rates, the College's adopted Investment Policy sets a maximum stated maturity limit of two years for operating funds and five years for reserve funds. The maximum weighted average maturity (WAM) of the operating funds portfolio is restricted to one year and compared quarterly to the six-month and one year Treasury Bill. As of August 31, 2018, the College's portfolio had no holdings with stated maturities beyond one year.

Foundation

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

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

Credit Risk

College

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

As of August 31, 2018, the College's investments in local governmental investment pools were all rated AAA by Standard and Poor's. The College's commercial paper investments were rated A-1 by Standard and Poor's and P-1 by Moody's.

Foundation

It is the Foundation's investment policy to invest in equity securities, fixed income investment bonds and various other investment alternatives as deemed appropriate. The principal category of equity investments are common stocks, with emphasis on high quality, investment grade, dividend-paying stocks in companies that are financially sound and that have favorable prospects for earnings growth. In recognition of the increasing opportunities available in today's dynamic investment

Note 4 - Deposits and Investments (Continued)

universe to seek returns that may be less correlated to the traditional broad equity and fixed income markets, the Trustees may allocate up to 30% of the Fund Assets to alternative investments. Fixed Income bonds are invested in domestic, high quality corporate bonds with a minimum of an AA rating.

Concentration of Credit Risk

College

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

Diversification limits are set as follows:

	Percentage of Portfolio	
Investment Type	**Allowable**	**Actual**
U.S. Obligations	80%	5%
U.S. Agencies/Instrumentalities	75%	7%
Certificates of Deposit	75%	0%
Repurchase Agreements	100%	0%
Local Governmental Investment Pools	100%	74%
Money Market Mutual Funds	50%	2%
Commercial Paper	25%	12%
Bankers Acceptances	20%	0%
Mutual Funds	10%	0%
State & Municipal Obligations	20%	0%
Corporate Obligations	25%	0%
Negotiable Certificates of Deposit	25%	0%
Interest Bearing Accounts - Texas Banks	100%	0%

Foundation

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

Note 4 - Deposits and Investments (Continued)

Custodial Credit Risk

College

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

Foundation

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

Note 5 – Fair Value of Financial Instruments

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

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

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

Note 5 – Fair Value of Financial Instruments (Continued)

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

As of August 31, 2018 and 2017 the College's securities to be priced in the portfolio were as follows:

		Fair Value Measurements Using:	
		Quoted Prices in Acitve Markets For Identical Assets	Significant Other Observable Inputs
August 31, 2018:	**Fair Value**	**(Level 1)**	**(Level 2)**
U.S. Treasury Obbligation	$ 11,968,828	$ 11,968,828	$ -
US Gov't Agencies	14,615,370	14,615,370	-
Commercial Paper	26,283,203	-	26,283,203
Total	**$ 52,867,401**	**$ 26,584,198**	**$ 26,283,203**

August 31, 2017:	**Fair Value**	**(Level 1)**	**(Level 2)**
Municipal Notes	$ 3,854,506	$ 3,854,506	$ -
US Gov't Agencies	32,498,850	32,498,850	-
Commercial Paper	14,950,125	-	14,950,125
Total	**$ 51,303,481**	**$ 36,353,356**	**$ 14,950,125**

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

Receivables at August 31, 2018 and 2017 were as follows:

Accounts Receivable, Net:

	2018	2017
Student Receivables	$ 8,225,654	$ 7,513,366
Federal Receivables	1,336,109	1,955,864
Interest Receivables	66,757	143,072
Total Receivables	**9,628,520**	**9,612,302**
Less: Allowance for Doubtful Accounts	906,095	843,337
Accounts Receivable, Net	**$ 8,722,425**	**$ 8,768,965**

Taxes Receivable, Net:

	2018	2017
Taxes Receivable	$ 3,388,460	$ 2,763,485
Less: Allowance for Doubtful Accounts	1,694,230	1,105,394
Taxes Receivable, Net	**$ 1,694,230**	**$ 1,658,091**

The Foundation has received promises and been awarded grants. Unconditional promises to give at June 30, 2018 and 2017 are as follows:

	2018	2017
Student Scholarships	$ 253,340	$ 84,157
Less: Unamortized Discount	15,275	2,398
Net Unconditional Promises to Give	238,065	81,759
Less Amount Due in One Year or Less	62,111	4,991
Net Long-Term Unconditional Promises to Give	**$ 175,954**	**$ 76,768**

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

Long-term promises to give are expected to be collected during the year ended June 30, 2019. The discount rate of 2.73 and 1.55 was used on long-term promises to give as of June 30, 2018 and 2017, respectively. The Foundation considers promises to give fully collectible; accordingly, no allowance for uncollectible promises has been provided.

Accounts Payable and Accrued Liabilities:

Payables at August 31, 2018 and 2017 were as follows:

	2018	2017
Vendors Payable	$ 3,537,643	$ 3,360,796
Salaries & Benefits Payable	1,287,164	1,971,983
Accrued Interest	983,496	611,826
Total Payables	**$ 5,808,303**	**$ 5,944,605**

Unearned revenues at August 31, 2018 and 2017 were as follows:

Unearned Revenues:

	2018	2017
Tuition and Fees	$ 11,164,974	$ 10,194,384
Unearned Lease Revenue	1,031,305	1,456,250
Federal, State and Local Grants	547,759	426,093
	$ 12,744,038	**$ 12,076,727**

Note 7 - Capital Assets

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

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

Note 7 - Capital Assets (Continued)

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

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

Note 8 – Noncurrent Liabilities

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

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

Noncurrent liability activity for the year ended August 31, 2017 was as follows:

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

Note 9 – Bonds Payable

- 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, 2018 and 2017 is $0 and $1,235,000
  - The bond payable installments was $1,281,800, with the interest rate at 4%, and with the final installment paid in 2018
- Limited Tax Refunding Bonds, Series 2011
  - To refund Limited Tax Bonds, Series 2003
  - Issued November 1, 2011
  - Total authorized and issued $36,330,000
  - Source of revenue for debt service is ad valorem taxes
  - Outstanding principal balance as of August 31, 2018 and 2017 is $19,790,000 and $23,305,000
  - Bond payable installments vary from $4,536,000 to $4,540,150, with interest rates at 3% to 5%, and with the final installment due in 2023
- Limited Tax Refunding Bonds, Series 2013
  - To refund a portion of Limited Tax Bonds, Series 2006
  - Issued October 1, 2013
  - Total authorized and issued $9,010,000
  - Source of revenue for debt service is ad valorem taxes
  - Outstanding principal balance as of August 31, 2018 and 2017 is $8,535,000 and $8,620,000
  - Bond payable installments vary from $251,250 to $3,840,350, with interest rates at 2% to 3%, and with the final installment due in 2025
- Limited Tax Refunding Bonds, Series 2014
  - To refund a portion of Limited Tax Bonds, Series 2006
  - Issued January 15, 2014
  - Total authorized and issued $8,995,000
  - Source of revenue for debt service is ad valorem taxes
  - Outstanding principal balance as of August 31, 2018 and 2017 is $8,930,000 and $8,930,000
  - Bond payable installments vary from $311,750 to $3,370,375, with interest rates at 3.25% to 4%, and with the final installment due in 2023

Note 9 – Bonds Payable (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, 2018 and 2017 is $15,465,000 and $18,240,000
  - Bond payable installments vary from $495,938 to $4,345,687, with interest rates at 2% to 5%, and with the final installment due in 2040
- Combined Fee Revenue Refunding Bonds, Series 2016
  - To refund Combined Fee Revenue Bonds, Series 2005
  - Issued February 8, 2016
  - Total authorized and issued $15,110,000
  - Advance refunding of the 2005 Series Bonds reduced the College's debt service payments over the next twelve years by $1,843,819
  - Economic Gain – ($1,481,048) difference between the net present value of the old and new debt service payments
  - Source of revenue for debt service includes pledged building use fees, matriculation fees, tuition fees and interest earnings on certain funds, including the Unrestricted Local Maintenance Fund
  - Outstanding principal balance as of August 31, 2018 and 2017 is $15,110,000 and $15,110,000
  - Bond payable installments vary from $1,950,600 to $1,955,500, with interest rates at 4% to 5%, and with the final installment due in 2028
- Limited Tax Bonds, Series 2016
  - To construct and equip school buildings in the District and to pay the cost of issuing bonds
  - Issued July 13, 2016
  - Total authorized $157,000,000; $67,645,000 issued
  - Source of revenue for debt service is ad valorem taxes
  - Outstanding principal balance as of August 31, 2018 and 2017 is $65,345,000 and $66,530,000
  - Bond payable installments vary from $3,792,150 to $3,797,400, with interest rates at 2% to 5%, and with the final installment due in 2046

Note 9 – Bonds Payable (Continued)

- Limited Tax Bonds, Series 2017
  - To construct and equip classrooms, laboratories, and infrastructure for an undeveloped site, and other facilities related to Phase 1 of the District's new South Campus
  - Issued June 01, 2017
  - Total authorized $139,000,000; $9,070,000 issued
  - Source of revenue for debt service is ad valorem taxes
  - Outstanding principal balance as of August 31, 2018 and 2017 is $8,550,000 and $9,070,000
  - Bond payable installments vary from $639,650 to $898,539, with interest rates at 2% to 4%, and with the final installment due in 2037

- Limited Tax Bonds, Series 2018A
  - To construct and equip school buildings, classrooms, laboratories, infrastructure for workforce technology and training programs, academic transfer courses, high school dual credit classes, student support services and library facilities, and renovating and/or replacing certain existing education facilities
  - Issued July 15, 2018
  - Total authorized $157,000,000; $44,275,000
  - Source of revenue for debt service is ad valorem taxes
  - Outstanding principal balance as of August 31, 2018 is $44,275,000
  - Bond payable installments vary from $2,474,150 to $2,845,250, with interest rates at 4% to 5%, and with the final installment due in 2048.

- Limited Tax Bonds, Series 2018B
  - To construct and equip school buildings, classrooms, laboratories, infrastructure for an undeveloped site, and other facilities relating to Phase 1 of the District's new South Campus
  - Issued August 15, 2018
  - Total authorized $139,000; $57,305,000 issued
  - Source of revenue for debt service is ad valorem taxes
  - Outstanding principal balance as of August 31, 2018 is $57,305,000
  - Bond payable installments vary from $3,023,356 to $3,537,100, with interest rates at 4% to 5%, and with the final installment due in 2048.

Note 9 – Bonds Payable (Continued)

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

Year Ending	General Obligation Bonds		Revenue Bonds	
August 31	Principal	Interest	Principal	Interest
2019	$ 8,840,000	$ 9,725,219	$ 1,220,000	$ 730,600
2020	9,730,000	9,308,438	1,270,000	681,800
2021	10,020,000	9,689,888	1,320,000	631,000
2022	11,200,000	8,503,313	1,390,000	565,000
2023	11,455,000	8,000,488	1,460,000	495,500
2024-2028	34,305,000	34,149,488	8,450,000	1,308,750
2029-2033	29,455,000	27,087,488	-	-
2034-2038	35,610,000	20,305,158	-	-
2039-2043	38,975,000	12,870,194	-	-
2044-2048	38,605,000	4,664,500	-	-
Total 08/31/2018	**$ 228,195,000**	**$ 144,304,170**	**$ 15,110,000**	**$ 4,412,650**

Note 10 – Operating Leases

Operating Lease Obligation – Bay Area Healthcare Group, LTD

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

Operating Lease Obligation – City of Corpus Christi

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

Note 10 – Operating Leases (Continued)

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

In February 2013, the College entered into an “Expiring Term Lease” with South Texas Public Broadcasting System, Inc. (STPBS) to build a facility adjacent to and adjoining the existing Del Mar College Center for Economic Development bounded between South Staples Street, Kostoryz Road and Orlando Drive. Under a joint-use agreement, STPBS will occupy the facility and provide equipment and training opportunities for Del Mar College students. The term of this lease shall be for 20 years, unless sooner terminated or extended, and may be extended up to four times for an additional term of 10 years each, with each renewal being upon written notice given by STPBS to the College either before or after the expiration of the existing Term of this lease. Upon execution of the agreement, STPBS contributed $1.5M toward the cost of construction. The funds contributed were recorded as deferred lease revenue and are being amortized over the term of the lease. Total construction costs attributable to the facilities being leased by STPBS was $5,232,265 and this is recorded as a capital asset by the College. The unpaid balance of construction costs are due in monthly installments of $15,551 by STPBS commencing on February of 2017 for a period of 240 months. In addition, a quarterly rent payment in an amount equal to the average yield per quarter on the unpaid balance of the lease shall be paid to the College. The rate shall be the same as the College’s cost of funds for the “Interest Accrual Period”. Accumulated Depreciation on the leased premises as of August 31, 2018 is $262,276.

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

Year Ending August 31	**Mininum Lease Payments**
2019	$ 186,613
2020	186,613
2021	186,613
2022	186,613
2023	186,613
2024-2028	933,065
2029-2033	933,065
2034-2037	637,595
Total 08/31/2018	**$ 3,436,790**

Note 11 – Defined Benefit Pension Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/TRS%20Documents/cafr 2017.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

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

Note 11 – Defined Benefit Pension Plan (Continued)

Contributions

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

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

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

Contribution Rates

	2018	2017
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
College Contributions	$ 1,344,534	$ 1,249,598
Member Contributions	2,735,502	2,533,835
State of Texas On-behalf Contributions	1,081,201	997,568

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).

Note 11 – Defined Benefit Pension Plan (Continued)

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

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

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

Actuarial Assumptions

The total pension liability in the actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
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%
Last year ended August 31, 2017 to 2116	
Projection period (100 years)	2116
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

Note 11 – Defined Benefit Pension Plan (Continued)

Actuarial methods and assumptions were updated 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. There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

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.

Note 11 – Defined Benefit Pension Plan (Continued)

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2017 and 2016 are summarized below:

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

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

Note 11 – Defined Benefit Pension Plan (Continued)

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2017 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:	$ 20,550,571	$ 12,190,380	$ 5,229,163

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

At August 31, 2018 and 2017, the College reported a liability of $12,190,380 and $14,012,665, 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, 2017:

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

Fiscal Year Ended August 31, 2016:

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

The net pension liability was measured as of August 31, 2017 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, 2016 thru August 31, 2017.

Note 11 – Defined Benefit Pension Plan (Continued)

At August 31, 2017, the employer's proportion of the collective net pension liability was .0381% which was an increase of .0011% from its proportion measured as of August 31, 2016.

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

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

For the year ended August 31, 2018, the College recognized pension expense of $997,431 and revenue of $743,801 for support provided by the State.

At August 31, 2018 and 2017, 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, 2017:

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

Note 11 – Defined Benefit Pension Plan (Continued)

Fiscal Year Ended August 31, 2016:

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

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $1,344,534 and $1,249,598 will be recognized as a reduction of the net pension liability for the measurement year ending August 31, 2018 and 2017, respectively (i.e. recognized in the College's financial statements August 31, 2019). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2018	$ (221,990)
2019	556,153
2020	(281,771)
2021	(467,134)
2022	144,246
Thereafter	28,550
	$ (241,946)

Note 12 – Optional and Alternate Retirement Plans

Optional Retirement Plan

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas Legislature. The percentages of participant salaries currently contributed by the college, state, and each participant are 3.3%, 3.3% and 6.65%, respectively. The College contributes an additional 1.92% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the state for the College was $1,591,889 and $1,564,933 for the fiscal years ended August 31, 2018 and 2017, respectively. This amount represents the potion of expended appropriations made by the Legislature on behalf of the College.

The total payroll of employees covered by the Teacher Retirement System was $35,514,284 and $32,929,363, and the total payroll of employees covered by the Optional Retirement Program was $14,349,155 and $14,707,950 for fiscal years 2018 and 2017, respectively.

Note 13 - Deferred Compensation Program

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

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

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

Note 14 - Compensable Absences

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

Note 14 - Compensable Absences (Continued)

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

The College grants sick leave to regular full-time employees and to regular part-time employees who work twenty or more hours per week, and full-time term employees whose term is for one semester or longer. Sick leave, which can be accumulated, is earned at the rate of up to 10 hours per month for a maximum of 960 hours. It is paid to an employee who misses work because of illness or to the estate of an employee in the event of his/her death. Up to 640 hours of unused sick leave may be paid to an employee, upon his/her retirement from the College, with at least ten (10) years of service at Del Mar College and with eligibility for normal age retirement or early age service retirement under the definitions as set forth by the regulations of the Teacher Retirement System (TRS). The College's policy is to accrue the cost of the sick leave when earned. At August 31, 2018 and 2017, the College had an accrued liability for the unpaid vacation and sick leave as follows:

	2018	2017
Vacation	$ 951,224	$ 943,136
Sick Leave	5,682,499	5,324,898
Total Liability for Compensable Absences	$ 6,633,723	$ 6,268,034

The College recognized $668,250 and $632,490 of the liability above as a current liability for fiscal years August 31, 2018 and 2017 respectively.

Note 15 – Health Care and Life Insurance Benefits

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing their benefits by expending the annual insurance premiums. The state's contribution per full-time employee ranged from $622 to $1,217 per month for the year ended August 31, 2018, $617 to $1,208 for the year ended 2017, and $577 to $1,128 for the year ended August 31, 2016. Total contributions from the state for the years ended 2018, 2017, and 2016 were $4,215,909, $3,863,047, and $3,604,876, respectively. The cost of providing those benefits for 435 retirees was $3,631,240 for the year ended 2018, $3,590,043 for 475 retirees in 2017, and $3,415,326 for 464 retirees in 2016. The cost of providing benefits for 678 active employees was $6,071,313 in 2018, $5,903,356 for 664 employees in 2017, and $5,307,135 for 663 employees in 2016. SB 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state’s contribution to 50 percent of eligible employees in the reporting district.

Note 16 – Other Post-Employment Benefits (OPEB)

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

Contribution

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirement of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendation of ERS staff and its consulting actuary.

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

The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

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

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year 2017

Retiree Only	$617
Retiree & Spouse	971
Retiree & Children	854
Retiree & Family	1,207

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

Premium Contributions by Source
Group Benefits Program Plan
For the Years Ended August 31, 2017 and 2016

	FY 2017	FY2016
Employers	$890,735,173	$663,986,538
Member (Employees)	195,806,162	183,284,339
Non-employer Contributing Entity (State of Texas)	44,443,743	N/A

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

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless other specified:

Actuarial Assumption
ERS Group Benefits Program Plan

Valuation Date	August 31, 2017
Actuarial cost method	Entry Age
Amortization method	Level Percent of Page, Open
Remaining amortization period	30 Years
Asset valuation method	Not Applicable
Discount rate	3.51%
Projected annual salary increase	2.5% to 9.5%
Annual healthcare trend rate	8.50% for FY 2019, decreasing 0.5% per year to 4.5% for FY 2027 and later years
Inflation assumption rate	2.5%
Ad hoc post-employment benefit changes	None
Mortality Assumptions: Service retirees, survivors and other Inactive members	Tables based on TRS experience with Full generational projection using Scale BB from Base Year 2014
Disability retirees	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014 Using a 3-year set forward and minimum mortality rates of four per 100 male members four per 100 male members and two per 100 female members
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with full Generational projection using Scale BB

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

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2010 to August 31, 2014 for higher education members.

Investment Policy

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

Discount Rate

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 2.84%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.51%, which amounted to an increase of 0.67%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity

The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (3.51%) in measuring the net OPEB Liability:

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

	1% Decrease in Discount Rate (2.51%)	Discount Rate (3.51%)	1% Increase in Discount Rate (4.51%)
College's proportionate Share of the net OPEB liability:	$88,260,580	$73,393,178	$62,844,202

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

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 8.50% and the ultimate rate is 4.50%. The following schedule shows the impact on the College's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used (4.5%) in measuring the net OPEB Liability.

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

	1% Decrease in Discount Rate (3.50%)	Discount Rate (4.50%)	1% Increase in Discount Rate (5.50%)
College's proportionate Share of the net OPEB liability	$62,157,604	$73,393,178	$89,224,150

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

At August 31, 2018, the College reported a liability of $73,938,178 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the District for OPEB. The amount recognized by the College as it's proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College's proportionate share of the collective net OPEB liability	$73,938,178
State's proportionate share that is associated with the College	62,791,020
Total	$136,729,198

The net OPEB liability was measured as of August 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contribution to the OPEB plan relative to the contributions of all employer to the plan for the period September 1, 2016 thru August 31, 2017.

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

At the measurement date of August 31, 2017, the employer's proportion of the collective net OPEB liability was 0.2170%, which was the same proportionate share measured at August 31, 2016.

For the year ended August 31, 2018, the Districted recognized OPEB expense of $3,956,879 and revenue of $3,956,879 for support provided by the State.

Changes Since the Prior Actuarial Valuation

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

- Additional demographic assumptions (aggregate payroll increases and rate of general inflation) to reflect an experience study;
- The percentage of current and future retirees and retirees' spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan who will elect to participate at the earliest date at which coverage can commence has been updated to reflect recent plan experience and expected trends;
- Assumptions for administrative expenses, assumed per Capita Health Benefits Costs, Health Benefit Cost and Retiree Contribution trends to reflect recent health plan experience;
- Effect of short-term expectations and revised assumed rate of general inflation.

Changes of Benefit Terms Since Prior Measurement Date

The following benefit revisions have been adopted since the prior valuation:

- An increase in the out-of-pocket cost applicable to services obtained at a free-standing emergency facility;
- An elimination of the copayment for virtual visits;
- A copay reduction for Airrosti and for out-of-state participants;
- Elimination of the deductible for in-network services and application of a copayment rather than coinsurance to certain services like primary care and specialist visits.

These minor benefit changes have been reflected in the fiscal year 2018 Assumed Per Capita Health Benefit Costs.

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

At August 31, 2018, the College reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

Year ended August 31:	OPEB Expense Amount
2019	$ (3,676,529)
2020	(3,676,529)
2021	(3,676,529)
2022	(3,676,529)
2023	(1,620,059)
Thereafter	-
	$ (16,326,175)

Note 17 – On-behalf Payments

For the fiscal years ended August 31, 2018 and 2017, the College recorded the following State on-behalf contributions as revenues and expenses in the accompanying basic financial statements:

	2018	2017
Teacher Retirement System	$ 1,081,201	$ 997,568
Optional Retirement Programs	469,393	454,823
Health Insurance	4,215,909	3,863,047
Total On-behalf Payments	**$ 5,766,503**	**$ 5,315,438**

Note 18 - Pending Lawsuits and Claims

The College has an on-going lawsuit filed by a former employee that went to mediation in September 2018. Negotiations are on-going, however, management estimates a range of explosure for the College from $400,000 to $600,000 will be required to settle this matter and has accrued $400,000 of the settlement in these financial statements.

At August 31, 2018, various other lawsuits and claims involving Del Mar College were pending. While the ultimate liability, with respect to litigation asserted against the College, cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

Note 19 - Contract and Grant Awards

For federal contract and grant awards, funds expended but not collected, are reported as Federal Receivables in Note 6. Non-federal contract and grant awards, for which funds are expended but not collected, are reported in Accounts Receivable on Exhibit 1. Revenues are recognized on Exhibit 2 and Schedule A. Contract and grant awards that are not yet funded and for which the institution has not performed services are not included in the financial statements. Contract and grant award funds already committed, e.g. multi-year awards, or funds awarded during fiscal year 2018 and 2017 for which monies have not been received nor funds expended totaled $9,081,265 and $7,285,949 respectively. Of these amounts, $5,297,873 and $6,301,171 were from Federal Contract and Grant Awards; $2,451,514 and $600,584 were from State Contract and Grant awards; $1,331,878 and $384,194 were from Private Contract and Grant Awards, for the fiscal years ended 2018 and 2017, respectively.

Note 20 - Ad Valorem Tax

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

	2018	2017
Assessed Valuation of the College District	$31,619,662,531	$29,841,475,552
Less: Exemptions	5,950,780,398	4,975,595,119
Net Assessed Valuation of the College District	**$25,668,882,133**	**$24,865,880,433**

	2018			2017		
Tax Rate per $100 Valuation	**Operations**	**Debt Service**	**Total**	**Operations**	**Debt Service**	**Total**
for authorized	$0.5000	$0.5000	$1.0000	$0.5000	$0.5000	$1.0000
for assessed	$0.2057	$0.0535	$0.2592	$0.1947	$0.0514	$0.2461

Taxes levied include any penalty and interest assessed, are due on receipt of the tax bill and delinquent if not paid before February 1 of the year following the year in which imposed. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

	2018	2017
Taxes Levied	**$ 65,696,908**	**$60,292,475**
Maintenance and Operations Taxes:		
Current Taxes Collected	49,910,083	45,703,385
Delinquent Taxes Collected	1,302,922	977,554
Penalties and Interest Collected	455,502	465,418
Total Maintenance and Operations Taxes	**51,668,507**	**47,146,357**
Debt Service Taxes:		
Current Taxes Collected	12,972,974	12,094,157
Delinquent Taxes Collected	321,622	205,207
Penalties and Interest Collected	112,799	107,472
Total Debt Service Taxes	**13,407,395**	**12,406,836**
Total Taxes Collected	**$65,075,902**	**$59,553,193**
Current Tax Levy Collection Percent	**96.6%**	**97.50%**

Note 21 – Tax Abatements

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

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

For the fiscal year ended August 31, 2018, the college had property tax abatement agreement with the following entities:

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

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

Note 21 – Tax Abatement (Continued)

EPIC Y-Grade Logistics – The abatement covers as eligible property any supplemental improvements to the eligible property that are added or constructed during the abatement period. The abatement period shall commence January 1, 2019, and shall continue for up to ten years. In no event shall the abatement period extend beyond December 31 of the 10^{th} year. The facility has been identified as a basic manufacturing facility and the percentage of tax abatement shall be in accordance with the following schedule conditioned upon the facility providing at least 10 net new full-time jobs. During the construction phase (not to exceed 3 years) the percentage of abatement is 100%. For years 4 through 10 the amount abated shall be 50%. At the time of execution of the agreement the added value comprising permanent improvements upon completion of the construction phase is estimated to be $200 million. In the event that completion of the construction phase the added value of permanent improvements, as determined by the Appraisal District, shall at any time thereafter during the period of abatement be less than eighty-five percent (85%) of the estimated value, not due to circumstances beyond the control of owner, the owner agrees to pay, as additional taxes, hereunder, an amount equal to the then current tax rate of the District applied to the difference between the added value from eighty-five percent (85%) of the estimated added value, multiplied by 100% minus the net percentage of abatement provided under the agreement.

Note 22 - Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(b), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. The College had no unrelated business income tax liability for the years ended August 31, 2018 and 2017.

Note 23 - Component Unit

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

Note 23 - Component Unit (Continued)

Significant Accounting Policies

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

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

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

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

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

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

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

Fair Value Measurement

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

Note 23 – Component Unit (Continued)

Fair values of assets measured on a recurring basis at June 30, 2018 and 2017 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, 2018			
Investments:			
Money Market	$ 88,830	$ 88,830	$ -
Mutual Funds	19,203,882	19,203,882	-
Alternative Investments	727,925	-	727,925
Total Investments	20,020,637	19,292,712	727,925
Beneficial Interest in Irrevocable Charitable Trust	623,343	-	623,343
Total	**$ 20,643,980**	**$ 19,292,712**	**$ 1,351,268**
June 30, 2017			
Investments:			
Money Market	$ 23,113	$ 23,113	-
Mutual Funds	18,079,900	18,079,900	-
Alternative Investments	584,660	-	584,660
Total Investments	18,687,673	18,103,013	584,660
Beneficial Interest in Irrevocable Charitable Trust	604,936	-	604,936
Total	**$ 19,292,609**	**$ 18,103,013**	**$ 1,189,596**

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

Level 1 Fair Value Measurements

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

Note 23 – Component Unit (Continued)

Level 3 Fair Value Measurement

The fair value of the beneficial interest in the irrevocable charitable trust that holds a structured settlement with future stream of cash flow is based on unobservable inputs. There is currently no market in which beneficial interests in charitable trusts trade, so no observable exit price will exist for a beneficial interest. The following table provides further details of the Level 3 fair value measurements.

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

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

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) at June 30, 2018 and 2017:

	Beneficial Interest In Irrevocable Trust	Land and Improvements	Alternative Investments	Total
Beginning Balance, July 1, 2016	$ 582,827	$ 73,098	$ 100,280	$ 756,205
Purchases			455,740	455,740
Sales	-	(73,098)	-	(73,098)
Total Unrealized Gain Included in Changes in Net Assets	22,109	-	28,640	50,749
Ending Balance, June 30, 2017	604,936	-	584,660	1,189,596
Purchases	-	-	-	-
Total Unrealized Gain Included in Changes in Net Assets	18,407	-	143,265	161,672
Ending Balance, June 30, 2018	**$ 623,343**	**$ -**	**$ 727,925**	**$ 1,351,268**

Note 24 - Risk Management

The College is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal years 2018 and 2017, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Note 25 - Workers' Compensation Aggregate Deductible

During the year ended August 31, 2018, 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, 2017, the Fund carries a discounted reserve of $49,076,113 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August, 31, 2018, 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, 2017, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Note 26 – Commitments and Contingencies

Facilities

The College initiated a Facilities Master Plan in 2012, that created a roadmap for meeting the higher education and workforce development needs of the citizens of the College's Service Area for the next 25 years. In November 2014, voters elected to authorize the issuance of up to $157,000,000 of Del Mar College Limited Tax Bonds for the purpose of constructing and equipping school buildings on the East and West Campuses of the College. The District voters approved a $139,000,000 bond program on November 14, 2016 to fund Phase 1A of a campus located on the Southside of Corpus Christi, Texas. Construction is presently underway with three buildings on the East and West Campuses. The Master Plan for the South-side campus is completed and programming for the new buildings are presently being completed by the administration and faculty. Construction of the new campus is planned to begin in January of 2019.

DEL MAR COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year Ended August 31, *	2018	2017	2016	2015
College's Proportion of the Net Pension Liability	0.000381252	0.000370818	0.000347864	0.000346008
College's Proportionate Share of Net Pension Liability	$12,190,380	$14,012,665	$12,296,529	$9,242,352
States's Proportionate Share of the Net Pension Liability Associated with the District	9,751,441	10,697,440	9,047,629	7,116,186
TOTAL	$21,941,821	$24,710,105	$21,344,158	$16,358,538
College's Covered Payroll	$32,929,363	$30,129,463	$26,992,189	$22,530,675
College's Proportional Share of the Net Pension Liability as a percentage of its Covered Payroll	37.02%	46.51%	45.56%	41.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.00%	78.00%	78.43%	83.25%

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

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

DEL MAR COLLEGE

REQUIRED SUPPLEMENTARY INFORMAITON

SCHEDULE OF THE COLLEGE CONTRIBUTIONS

TEACHER RETIREMENT SYSTEM OF TEXAS

* Fiscal Year Ended August 31, *	2018	2017	2016	2015
Contractually Required Contributions	$1,344,534	$1,249,598	$1,178,183	$1,030,041
Contribution in Relation to the Contractually Required Contribution	(1,344,534)	(1,249,598)	(1,178,183)	(1,030,041)
Contribution Deficiency (Excess)	$0	$0	$0	$0
College's Covered Payroll	$35,500,740	$32,929,636	$30,129,463	$26,992,189
Contribution as a Percentage of Covered Payroll Payroll	3.79%	3.79%	3.91%	3.82%

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

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

DEL MAR COLLEGE
REQUIRED SUPPLEMENTARY INFORMAITON
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018
EXHIBIT 6

	Measurement Year Ended August 31, 2017
District's Proportion of the Net OPEB Liability (Asset)	0.2169992500%
District's Proportionate Share of the Net OPEB Liability (Asset)	$ 73,938,180
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	62,791,020
Total	$ 136,729,200
District's Covered Payroll	$ 32,924,204
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	124.57%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	2.04%

* The amount presented above are as of the the measurement date of the collective net OPEB liability.
* The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

DEL MAR COLLEGE
REQUIRED SUPPLEMENTARY INFORMAITON
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018
EXHIBIT 7

	Fiscal Year Ended August 31, 2018
Contractually Required Contribution	$ 2,039,351
Contribution in Relation to the Contractually Required Contribution	(2,039,351)
Contribution Deficiency (Excess)	$ -
District's Covered Payroll	$ 33,025,837
Contributions as a percentage of Covered Payroll	6.18%

* The amount presented above are as of the the College's most recent fiscal year-end.
* The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Del Mar College
Schedule of Operating Revenues
Year Ended August 31, 2018 (With Totals for the Year Ended August 31, 2017)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2018 Total	2017 Total
Tuition:						
State Funded Credit Courses:						
In-District Resident Tuition	$ 8,928,287	$ -	$ 8,928,287	$ -	$ 8,928,287	$ 8,424,882
Out-of-District Resident Tuition	2,786,778	-	2,786,778	-	2,786,778	2,537,182
Non-Resident Tuition	672,681	-	672,681	-	672,681	782,909
TPEG - Credit (Set Aside) *	768,745	-	768,745	-	768,745	723,323
State-Funded Continuing Education	712,705	-	712,705	-	712,705	673,788
TPEG - Non-Credit (Set Aside) *	139,650	-	139,650	-	139,650	132,149
Non-State Funded Educational Programs	36,832	-	36,832	-	36,832	22,547
Total Tuition	**14,045,678**	**-**	**14,045,678**	**-**	**14,045,678**	**13,296,780**
Fees:						
Building Use Fee	2,580,899	-	2,580,899	-	2,580,899	2,655,543
General Fee	7,310,490	-	7,310,490	-	7,310,490	7,521,620
Student Service Fee	-	-	-	205,957	205,957	172,574
Out-of-District Fee	2,110,507	-	2,110,507	-	2,110,507	2,273,453
Class Repeat Fee	226,300	-	226,300	-	226,300	237,900
Dual Credit Fee	1,045,383	-	1,045,383	-	1,045,383	909,570
Non-Instructional Contract Training Fees	763,076	-	763,076	-	763,076	700,384
Laboratory Fees	467,262	-	467,262	-	467,262	474,446
Total Fees	**14,503,917**	**-**	**14,503,917**	**205,957**	**14,709,874**	**14,945,490**
Scholarship Allowances and Discounts:						
Bad Debt Allowance	(239,129)	-	(239,129)	-	(239,129)	(190,285)
Remissions and Exemptions - State	(4,101,756)	-	(4,101,756)	-	(4,101,756)	(3,643,670)
Remissions and Exemptions - Local	(840,552)	-	(840,552)	-	(840,552)	(740,952)
Title IV Federal Grants	(9,493,862)	-	(9,493,862)	-	(9,493,862)	(9,311,497)
Other Federal Grants	(1,111,312)	-	(1,111,312)	-	(1,111,312)	(1,166,387)
TPEG Awards	(323,295)	-	(323,295)	-	(323,295)	(368,705)
Other State Grants	(117,552)	-	(117,552)	-	(117,552)	(65,343)
Total Scholarship Allowances	**(16,227,458)**	**-**	**(16,227,458)**	**-**	**(16,227,458)**	**(15,486,839)**
Total Net Tuition and Fees	**12,322,137**	**-**	**12,322,137**	**205,957**	**12,528,094**	**12,755,431**
Additional Operating Revenues:						
Federal Grants and Contracts	-	3,181,036	3,181,036	-	3,181,036	3,268,403
State Grants and Contracts	-	2,341,669	2,341,669	-	2,341,669	3,717,804
Local Grants and Contracts	-	523,681	523,681	-	523,681	547,774
General Operating Revenues	2,187,741	-	2,187,741	-	2,187,741	1,767,755
Total Additional Operating Revenues	**2,187,741**	**6,046,386**	**8,234,127**	**-**	**8,234,127**	**9,301,736**
Auxiliary Enterprises:						
Food Service	-	-	-	658,853	658,853	739,236
Vending	-	-	-	101,493	101,493	101,549
Rents	-	-	-	80,245	80,245	37,188
Childcare Center	-	-	-	244,091	244,091	262,098
Other	-	-	-	305,619	305,619	108,415
Total Net Auxiliary Enterprises	**-**	**-**	**-**	**1,390,301**	**1,390,301**	**1,248,486**
Total Operating Revenues	**$ 14,509,878**	**$ 6,046,386**	**$ 20,556,264**	**$ 1,596,258**	**$ 22,152,522**	**$ 23,305,653**
					(Exhibit 2)	**(Exhibit 2)**

* In accordance with Education Code 56.033, tuition of $908,395 and $855,472 for years August 31, 2018 and 2017, respectively, was set aside for Texas Public Education Grants (TPEG).

Schedule B

Del Mar College
Schedule of Operating Expenses by Object
Year Ended August 31, 2018 (With Totals for the Year Ended August 31, 2017)

	Operating Expenses					
	Salaries and Wages	Benefits State	Benefits Local	Other Expenses	2018 Total	2017 Total
Unrestricted - Educational Activities						
Instruction	$ 32,640,302	$ -	$ 7,881,681	$ 2,153,964	$ 42,675,947	$ 40,966,567
Public Service	92,623	-	19,664	29,328	141,615	121,618
Academic Support	4,644,878	-	1,416,164	979,709	7,040,751	6,659,435
Student Services	4,899,964	-	1,344,433	892,017	7,136,414	6,994,116
Institutional Support	9,655,642	-	2,802,481	7,057,132	19,515,255	18,398,459
Operation and Maintenance of Plant	1,410,303	-	387,591	6,797,873	8,595,767	9,992,454
Total Unrestricted Educational Activities	**53,343,712**	**-**	**13,852,014**	**17,910,023**	**85,105,749**	**83,132,649**
Restricted - Educational Activities						
Instruction	-	3,860,072	-	-	3,860,072	2,942,332
Public Service	-	9,630	-	-	9,630	7,438
Academic Support	-	693,570	-	-	693,570	529,744
Student Services	2,453,518	927,590	549,564	4,595,240	8,525,912	9,492,870
Institutional Support	-	1,372,522	-	-	1,372,522	1,031,386
Operation and Maintenance of Plant	-	189,824	-	-	189,824	135,680
Scholarships and Fellowships	15,906	1,343	2,742	5,805,636	5,825,627	5,905,955
Total Restricted Educational Activities	**2,469,424**	**7,054,551**	**552,306**	**10,400,876**	**20,477,157**	**20,045,405**
Total Educational Activities	**55,813,136**	**7,054,551**	**14,404,320**	**28,310,899**	**105,582,906**	**103,178,054**
Auxiliary Enterprises	714,372	-	-	685,720	1,400,092	1,483,984
Depreciation Expense - Buildings and other real estate improvements	-	-	-	3,756,042	3,756,042	3,705,260
Depreciation Expense - Equipment and furniture	-	-	-	1,674,101	1,674,101	1,860,297
Total Operating Expenses	**$ 56,527,508**	**$ 7,054,551**	**$ 14,404,320**	**$ 34,426,762**	**$ 112,413,141**	**$ 110,227,595**
					(Exhibit 2)	**(Exhibit 2)**

Schedule C

Del Mar College

Schedule of Non-Operating Revenues and Expenses

Year Ended August 31, 2018 (With Totals for the Year Ended August 31, 2017)

	Unrestricted	Restricted	Auxiliary Enterprises	2018 Total	2017 Total
NON-OPERATING REVENUES:					
State Appropriations:					
Education and General State Support	$ 15,873,008	$ -	$ -	$ 15,873,008	$ 14,747,841
State Group Insurance	-	5,769,038	-	5,769,038	3,863,047
State Retirement Matching	-	1,285,513	-	1,285,513	1,564,963
Total State Appropriations	**15,873,008**	**7,054,551**	**-**	**22,927,559**	**20,175,851**
Maintenance Ad Valorem Taxes	51,688,633	-	-	51,688,633	47,179,178
Debt Service Ad Valorem Taxes	-	13,423,409	-	13,423,409	12,386,836
Federal Revenue, Non Operating	-	16,237,471	-	16,237,471	16,714,930
Investment Income	2,308,152	-	-	2,308,152	1,107,980
Other Non-Operating Revenue	28,316	-	-	28,316	11,704
Total Non-Operating Revenues	**69,898,109**	**36,715,431**	**-**	**106,613,540**	**97,576,479**
NON-OPERATING EXPENSES:					
Interest on Capital Related Debt	5,284,975	-	-	5,284,975	5,075,351
Loss on Disposal of Capital Assets	800,597	-	-	800,597	302,112
Other Non-Operating Expense	1,024,243	-	-	1,024,243	299,981
Total Non-Operating Expenses	**7,109,815**	**-**	**-**	**7,109,815**	**5,677,444**
Net Non-Operating Revenues	**$ 62,788,294**	**$ 36,715,431**	**$ -**	**$ 99,503,725**	**$ 91,899,035**
				(Exhibit 2)	**(Exhibit 2)**

Del Mar College
Schedule of Net Position by Source and Availability
Year Ended August 31, 2018 (With Totals for the Year Ended August 31, 2017)

	Detail by Source				Available for Current Operations	
		Restricted	Net Investment in Capital Assets			
	Unrestricted	Expendable		Total	Yes	No
Current:						
Unrestricted	$ (67,665,707)	$ -	$ -	$ (67,665,707)	$ (67,665,707)	$ -
Restricted	-	-	-	-	-	-
Auxiliary enterprises	606,522		-	606,522	606,522	-
Loan	-	325,144	-	325,144	-	325,144
Endowment:						
Quasi:						
Unrestricted	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Endowment						
True	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-
Life Income Contracts	-	-	-	-	-	-
Annuities	-	-	-	-	-	-
Plant:						
Unexpended	8,336,988	-	-	8,336,988	-	8,336,988
Renewals	-	-	-	-	-	-
Debt Service	-	11,921,985	-	11,921,985	-	11,921,985
Investment in Plant	-	-	100,961,214	100,961,214	-	100,961,214
Total Net Position, August 31, 2018	**$ (58,722,197)**	**$ 12,247,129**	**$ 100,961,214**	**$ 54,486,146 (Exhibit 1)**	**$ (67,059,185)**	**$ 121,545,332**
Total Net Position, August 31, 2017	**23,230,871**	**12,343,228**	**95,286,936**	**130,861,035**	**15,255,365**	**115,605,670**
Cumulative Effect of Change in Accounting Principle (Note 2)	**(86,307,495)**	**-**	**-**	**(86,307,495)**	**(86,307,495)**	**-**
Total Net Position, August 31, 2017 as Restated	**(63,076,624)**	**12,343,228**	**95,286,936**	**44,553,540 (Exhibit 1)**	**(71,052,130)**	**115,605,670**
Net Increase (Decrease) in Net Position	**$ 4,354,427**	**$ (96,099)**	**$ 5,674,278**	**$ 9,932,606 (Exhibit 2)**	**$ 3,992,945**	**$ 5,939,662**

Statistical Section

DEL MAR COLLEGE

Dreams. Delivered.

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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) *These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.*	111-115, 132-133
Revenue Capacity (Schedules 4-8, 20-21) *These schedules contain information to help the reader assess the College's most significant local revenue sources, including the property tax.*	116-121, 134-136
Debt Capacity (Schedules 9-11, 22) *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*	122-124, 137
Demographic and Economic Information (Schedules 12-13) *These schedules offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place.*	125-126
Operating and Other Information (Schedules 14-18) *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*.	127-131

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 2009 to 2018
(unaudited)

For the Fiscal Year Ended August 31
(in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net investment in capital assets	$ 100,961	$ 95,287	$ 90,491	$ 79,669	$ 72,177	$ 63,706	$ 60,565	$ 56,854	$ 55,454	$ 49,010
Restricted - expendable	12,247	12,343	12,251	13,546	13,669	11,945	10,694	10,330	5,721	5,340
Unrestricted	(58,722)	23,231	23,076	23,510	31,900	31,668	24,779	17,242	15,655	16,382
Total primary government net position	**$ 54,486**	**$ 130,861**	**$ 125,818**	**$ 116,725**	**$ 117,746**	**$ 107,319**	**$ 96,038**	**$ 84,426**	**$ 76,830**	**$ 70,732**

Source: College Annual Financial Reports

Del Mar College
Statistical Supplement 2
Revenues by Source
Fiscal Years 2009 to 2018
(unaudited)

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating Revenues:										
Tuition and Fees (Net of Discounts)	$ 12,528	$ 12,755	$ 11,976	$ 10,878	$ 10,683	$ 9,681	$ 14,875	$ 9,850	$ 9,561	$ 11,980
Federal Grants and Contracts	3,181	3,268	4,650	5,424	3,256	3,465	3,658	4,050	4,608	4,148
State Grants and Contracts	2,342	3,718	4,334	3,090	2,021	1,613	1,480	1,997	1,825	2,358
Local Grants and Contracts	524	548	2,212	593	1,044	838	1,779	535	1,863	957
Auxiliary enterprises	1,390	1,249	1,323	1,508	1,398	1,374	1,607	1,426	1,276	1,471
General Operating Revenues	2,188	1,768	2,305	1,379	1,357	1,173	1,234	1,089	1,636	1,260
Total Operating Revenues	**22,153**	**23,306**	**26,800**	**22,872**	**19,759**	**18,144**	**24,633**	**18,947**	**20,769**	**22,174**
Non-Operating Revenues:										
State Appropriations	22,928	20,176	19,800	19,918	19,554	19,535	20,929	23,890	24,247	25,145
Maintenance Ad Valorem Taxes	51,689	47,179	46,704	43,342	40,524	37,312	35,581	33,966	35,059	32,550
Debt Service Ad Valorem Taxes	13,423	12,387	8,338	8,385	8,639	8,679	8,940	9,801	9,031	8,736
Federal Revenue, Non Operating	16,238	16,715	16,323	16,265	16,521	18,730	13,113	21,317	20,623	20,844
Gifts	-	-	-	-	-	-	61	40	55	216
Investment Income	2,308	1,108	337	206	198	216	347	491	464	802
Other Non-Operating Revenues	28	12	22	30	144	174	155	139	5	309
Total Non-Operating Revenues	**106,614**	**97,577**	**91,524**	**88,146**	**85,580**	**84,646**	**79,126**	**89,644**	**89,484**	**88,602**
Total Revenues	**$ 128,767**	**$ 120,883**	**$ 118,324**	**$ 111,018**	**$ 105,339**	**$ 102,790**	**$ 103,759**	**$ 108,591**	**$ 110,253**	**$ 110,776**

Source: College Annual Financial Reports

Del Mar College
Statistical Supplement 2 (Continued)
Revenues by Source
Fiscal Years 2009 to 2018
(unaudited)

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating Revenues:										
Tuition and fees (net of discounts)	9.73%	10.55%	10.12%	9.80%	10.14%	9.42%	14.34%	9.07%	8.67%	10.81%
Federal grants and contracts	2.47%	2.70%	3.93%	4.89%	3.09%	3.37%	3.53%	3.73%	4.18%	3.74%
State grants and contracts	1.82%	3.08%	3.66%	2.78%	1.92%	1.57%	1.43%	1.84%	1.66%	2.13%
Local grants and contracts	0.41%	0.45%	1.87%	0.53%	0.99%	0.82%	1.71%	0.49%	1.69%	0.86%
Auxiliary enterprises	1.08%	1.03%	1.12%	1.36%	1.33%	1.34%	1.55%	1.31%	1.16%	1.33%
General Operating Revenues	1.70%	1.46%	1.95%	1.24%	1.29%	1.14%	1.19%	1.00%	1.48%	1.14%
Total Operating Revenues	**17.21%**	**19.27%**	**22.65%**	**20.60%**	**18.76%**	**17.66%**	**23.74%**	**17.44%**	**18.84%**	**20.02%**
Non-Operating Revenues:										
State Appropriations	17.81%	16.69%	16.73%	17.94%	18.56%	19.00%	20.17%	22.00%	21.99%	22.70%
Maintenance Ad Valorem Taxes	40.14%	39.03%	39.47%	39.04%	38.47%	36.30%	34.29%	31.28%	31.80%	29.38%
Debt Service Ad Valorem Taxes	10.42%	10.25%	7.05%	7.55%	8.20%	8.44%	8.62%	9.03%	8.19%	7.89%
Federal Revenue, Non Operating	12.61%	13.83%	13.80%	14.65%	15.68%	18.22%	12.64%	19.63%	18.71%	18.82%
Gifts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	0.04%	0.05%	0.19%
Investment Income	1.79%	0.92%	0.28%	0.19%	0.19%	0.21%	0.33%	0.45%	0.42%	0.72%
Other Non-Operating Revenues	0.02%	0.01%	0.02%	0.03%	0.14%	0.17%	0.15%	0.13%	0.00%	0.28%
Total Non-Operating Revenues	**82.79%**	**80.73%**	**77.35%**	**79.40%**	**81.24%**	**82.34%**	**76.26%**	**82.56%**	**81.16%**	**79.98%**
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 2009 to 2018
(unaudited)

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating Expenses:										
Instruction	$ 46,536	$ 43,909	$ 39,580	$ 36,441	$ 35,017	$ 33,766	$ 34,475	$ 35,632	$ 35,082	$ 33,919
Public service	151	129	111	21	14	21	25	97	37	30
Academic support	7,734	7,189	6,946	6,193	5,554	4,985	4,830	5,852	5,899	5,964
Student services	15,662	16,487	18,040	16,106	12,295	12,439	10,906	11,251	10,814	10,647
Institutional support	20,888	19,430	18,690	16,792	16,637	15,235	15,440	15,340	14,511	14,153
Operation and maintenance of plant	8,786	10,128	9,702	8,771	8,113	7,597	7,748	9,486	11,131	11,620
Scholarships and fellowships	5,826	5,906	5,111	6,286	5,980	6,857	5,755	10,616	13,505	15,559
Auxiliary enterprises	1,400	1,484	1,417	1,470	1,339	1,405	1,521	1,304	1,483	1,726
Depreciation	5,430	5,566	5,516	5,590	5,571	5,607	5,595	5,669	5,774	5,686
Total Operating Expenses	**112,413**	**110,228**	**105,113**	**97,670**	**90,520**	**87,912**	**86,295**	**95,247**	**98,236**	**99,304**
Non-Operating Expenses:										
Interest on capital related debt	5,285	5,075	4,091	3,961	4,441	4,400	4,376	5,876	5,950	6,140
Other Non-Operating Expenses	1,825	602	86	88	47	33	102	34	19	87
Total Non-Operating Expenses	**7,110**	**5,677**	**4,177**	**4,049**	**4,488**	**4,433**	**4,478**	**5,910**	**5,969**	**6,227**
Total Expenses	**$ 119,523**	**$ 115,905**	**$ 109,290**	**$ 101,719**	**$ 95,008**	**$ 92,345**	**$ 90,773**	**$ 101,157**	**$ 104,205**	**$ 105,531**

Source: College Annual Financial Reports

Del Mar College
Statistical Supplement 3 (Continued)
Program Expenses by Function
Fiscal Years 2009 to 2018
(unaudited)

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating Expenes:										
Instruction	38.93%	37.88%	36.21%	35.82%	36.86%	36.56%	37.98%	35.22%	33.67%	32.14%
Public service	0.13%	0.11%	0.10%	0.02%	0.02%	0.02%	0.03%	0.10%	0.04%	0.03%
Academic support	6.54%	6.20%	6.35%	6.09%	5.85%	5.40%	5.32%	5.79%	5.66%	5.65%
Student services	13.10%	14.23%	16.51%	15.83%	12.94%	13.47%	12.01%	11.12%	10.38%	10.09%
Institutional support	17.48%	16.76%	17.10%	16.51%	17.51%	16.50%	17.01%	15.17%	13.92%	13.41%
Operation and maintenance of plant	7.35%	8.74%	8.88%	8.62%	8.54%	8.23%	8.54%	9.38%	10.68%	11.01%
Scholarships and fellowships	4.87%	5.10%	4.68%	6.18%	6.29%	7.43%	6.34%	10.49%	12.96%	14.74%
Auxiliary enterprises	1.17%	1.28%	1.30%	1.45%	1.41%	1.52%	1.68%	1.29%	1.42%	1.64%
Depreciation	4.54%	4.80%	5.05%	5.50%	5.86%	6.07%	6.16%	5.60%	5.54%	5.39%
Total Operating Expenses	**94.66%**	**95.10%**	**96.18%**	**96.02%**	**95.28%**	**95.20%**	**95.07%**	**94.16%**	**94.27%**	**94.10%**
Non-Operating Expenses:										
Interest on capital related debt	4.42%	4.38%	3.74%	3.89%	4.67%	4.76%	4.82%	5.81%	5.71%	5.82%
Other Non-Operating Expenses	1.53%	0.52%	0.08%	0.09%	0.05%	0.04%	0.11%	0.03%	0.02%	0.08%
Total Non-Operating Expenses	**5.34%**	**4.90%**	**3.82%**	**3.98%**	**4.72%**	**4.80%**	**4.93%**	**5.84%**	**5.73%**	**5.90%**
Total Expenses	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Source: College Annual Financial Reports

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

Resident

Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	In-District Tuition	Out-of-District Tuition	Building Use Fee	General Use Fee	Matriculation Fee	Student Activity Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	% Increase from Prior Year In-District	% Increase from Prior Year Out-of-District
2017	$ 56	$ 106	$ 12	$ 12	$ 12	$ 77	$ 1,181	$ 1,781	0.00%	0.00%
2016	56	106	12	12	12	77	1,181	1,781	0.00	0.00
2015	56	106	12	12	12	77	1,181	1,781	1.03	0.68
2014	55	105	12	12	12	77	1,169	1,769	5.60	3.63
2013	52	102	12	12	10	75	1,107	1,707	1.10	0.71
2012	51	101	12	12	10	75	1,095	1,695	10.72	6.67
2011	43	93	12	12	10	65	989	1,589	13.29	7.88
2010	38	88	10	10	10	57	873	1,473	1.39	-28.53
2009	37	137	10	10	10	57	861	2,061	11.24	4.41
2008	35	135	8	10	8	42	774	1,974	1.84	0.71

Non - Resident

Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Non-Resident Tuition Out of	Non-Resident Tuition Internati	Building Use Fee	General Use Fee	Matriculation Fee	Student Activity Fees	Cost for 12 SCH Out of State	Cost for 12 SCH International	% Increase/ (Decrease) from Prior Year Out	% Increase/ (Decrease) from Prior Year International
2017	$ 143	$ 143	$ 12	$ 12	$ 12	$ 77	$ 2,225	$ 2,225	0.00%	0.00%
2016	143	143	12	12	12	77	2,225	2,225	0.00	0.00
2015	143	143	12	12	12	77	2,225	2,225	0.54	0.54
2014	142	142	12	12	12	77	2,213	2,213	2.88	2.88
2013	139	139	12	12	10	75	2,151	2,151	0.56	0.56
2012	138	138	12	12	10	75	2,139	2,139	5.21	5.21
2011	130	130	12	12	10	65	2,033	2,033	6.05	6.05
2010	125	125	10	10	10	57	1,917	1,917	-23.47	-23.47
2009	174	174	10	10	10	57	2,505	2,505	3.09	3.09
2008	173	173	8	10	8	42	2,430	2,430	1.08	1.08

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

(2) Registration Fee: Not applicable

Source: College Annual Financial Reports

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

	(in Thousands)				Direct Rate		
Fiscal Year	**Assessed Valuation of Property (a)**	**Less: Exemptions**	**Taxable Assessed Value (TAV)**	**% Ratio of Taxable Assessed Value to Assessed Value**	**Maintenance & Operations (b)**	**Debt Service (b)**	**Total (b)**
2017-18	$ 31,619,662	$ 5,950,780	$ 25,668,882	0.81	$ 0.205700	$ 0.053463	$ 0.259163
2016-17	29,841,475	4,975,595	24,865,880	0.83	0.194718	0.051441	0.246159
2015-16	27,500,612	4,683,363	22,817,249	0.83	0.210549	0.037524	0.248073
2014-15	25,746,282	4,622,735	21,123,547	0.82	0.207910	0.040163	0.248073
2013-14	24,255,580	4,577,887	19,677,693	0.81	0.206690	0.043976	0.250666
2012-13	22,433,940	4,557,652	17,876,288	0.80	0.209394	0.048609	0.258003
2011-12	21,081,166	3,605,685	17,475,481	0.83	0.206200	0.051800	0.258000
2010-11	20,302,854	3,078,992	17,223,862	0.85	0.200200	0.057800	0.258000
2009-10	19,544,899	1,696,049	17,848,850	0.91	0.200200	0.051200	0.251400
2008-09	18,358,577	1,381,489	16,977,088	0.92	0.190580	0.051200	0.241780

Source: Local Appraisal District
Notes: (a) Property is assessed at full market value
(b) per $100 Taxable Assessed Valuation

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

	Appropriation per FTSE			Appropriation per Contact Hour			
Fiscal Year	**State Appropriation**	**FTSE (a)**	**State Appropriation per FTSE**	**Academic Contact Hours (b)**	**Voc/Tech Contact Hours (b)**	**Total Contact Hours**	**State Appropriation per Contact Hour**
2017-18	$ 22,928	7,581	$ 3,024	2,757	1,873	4,630	$ 4.95
2016-17	20,176	7,816	2,581	2,827	1,939	4,766	4.23
2015-16	19,800	7,395	2,677	2,715	1,820	4,535	4.37
2014-15	19,918	7,096	2,807	2,655	1,660	4,315	4.62
2013-14	19,554	7,262	2,693	2,823	1,615	4,438	4.41
2012-13	19,535	7,648	2,554	2,998	1,692	4,690	4.17
2011-12	20,929	8,295	2,523	3,287	1,801	5,088	4.11
2010-11	23,890	8,471	2,820	3,430	2,021	5,451	4.38
2009-10	24,247	8,399	2,887	3,403	2,103	5,506	4.40
2008-09	25,145	7,804	3,222	3,137	1,842	4,979	5.05

Notes:
FTSE is defined as the number of full time students plus total hours taken by part-time students divided by 12
(a) Source: Coordinating Board Management Report 001
(b) Source: Coordinating Board Management Report 004

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

Taxpayer	Type of Business	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Flint Hills Resources West LP	Petrochemical	$ 994,320	$ 901,967	$ 795,171	$ 809,036	$ 894,028	$ 911,024	$ 791,276	$ 826,955	$ 826,955	$ 859,954
Valero Refining Texas LP	Petrochemical	992,798	782,638	982,007	732,218	732,219	680,667	674,643	810,563	810,563	854,928
Citgo Refining/Chemical Co LP	Petrochemical	636,937	598,035	576,842	609,788	588,394	527,999	521,728	460,855	460,855	496,997
Equistar Chemicals LP	Petrochemical	498,921	525,325	187,352	198,039	227,826	235,788	217,385	157,388	216,196	208,942
Equistar Chemicals LP	Petrochemical	169,513	178,657	-	-	-	-	-	-	-	-
Flint Hills Resources East LP	Petrochemical	174,379	154,846	165,685	180,163	190,891	195,559	163,746			
AEP Texas Central Company	Utility	290,124	249,585	197,103	198,622	167,729	143,951	115,054	162,087	133,276	143,160
Valero Marketing & Supply	Petrochemical	186,973	-	-	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	266,934	252,476	255,721	173,856	-	-	-	-	-	-
Buckeye Texas HUB LLC	Petrochemical	166,772	177,212	161,468	155,421	-	-	-	-	-	-
Barney M Davis LP	Utility	-	132,802	182,407	-	-	-	84,296	-	-	-
Flint Hill Resources	Petrochemical	-	-	-	107,045	105,017	105,696	-	-	-	-
HE Butt Grocery Company	Grocery	-	-	-	-	84,069	80,885	78,986	74,869	72,761	70,958
Corpus Christi Cogeneration LP	Utility	-	-	-	-	-	-	67,453	-	74,039	78,881
Hoechst Cel - Plastics Division	Manufacturing	-	-	-	-	-	-	-	164,980	-	-
EOG Resources	Petrochemical	-	-	-	-	-	-	-	110,501	110,501	-
Apache Corporation	Petrochemical	-	-	-	-	-	-	-	76,205	-	-
Markwest Energy Parners, LP	Utility	-	-	-	-	-	-	-	-	67,141	71,013
Southwestern Bell Telephone	Utility	-	-	-	-	-	-	-	-	-	51,668
	Totals	**$ 4,377,671**	**$ 3,953,543**	**$ 3,683,714**	**$ 3,303,540**	**$ 3,232,552**	**$ 2,983,251**	**$ 2,800,567**	**$ 2,919,913**	**$ 2,847,797**	**$ 2,919,365**
Total Taxable Assessed Value		**$ 27,225,706**	**$ 25,668,882**	**$ 24,865,880**	**$ 21,123,547**	**$ 19,677,694**	**$ 17,876,288**	**$ 17,876,288**	**$ 17,475,481**	**$ 17,223,862**	**$ 17,848,850**

Source: Local County Appraisal District as of valuation date
Note: Tax assessed value is the basis for following FY Maintenance Ad Valorem taxes

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

		% of Taxable Assessed Value (TAV) by Tax Year									
Taxpayer	**Type of Business**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Flint Hills Resources LP	Petrochemical	3.65%	3.51%	3.20%	3.83%	4.54%	5.10%	4.43%	4.73%	4.80%	4.82%
Valero Refining Texas LP	Petrochemical	3.65	3.05	3.95	3.47	3.72	3.81	3.77	4.64	4.71	4.79
Citgo Refining/Chemical Co LP	Petrochemical	2.34	2.33	2.32	2.89	2.99	2.95	2.92	2.64	2.68	2.78
Equistar Chemicals LP	Petrochemical	1.83	2.05	0.75	0.94	1.16	1.32	1.22	0.90	1.26	1.17
Equistar Chemicals LP	Petrochemical	0.62	0.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Flint Hills Resources East LP	Petrochemical	0.64	0.60	0.67	0.85	0.97	1.09	0.92	0.00	0.00	0.00
AEP Texas Central Company	Utility	1.07	0.97	0.79	0.94	0.85	0.81	0.64	0.93	0.77	0.80
Valero Marketing & Supply	Petrochemical	0.69	0.00	0.00	0.66	0.75	0.00	0.00	0.00	0.00	0.00
Nueces Bay WLE	Utility	0.00	0.00	0.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Corpus Christi Retail Venture LP	Retail	0.00	0.00	0.00	0.00	0.48	0.57	0.48	0.43	0.44	0.46
Buckeye Texas Processing LLC	Petrochemical	0.98	0.98	1.03	0.82	0.00	0.00	0.00	0.00	0.00	0.00
Buckeye Texas HUB LLC	Petrochemical	0.61	0.69	0.65	0.74	0.00	0.00	0.00	0.00	0.00	0.00
Barney M Davis LP	Utility	0.00	0.52	0.73	0.00	0.00	0.00	0.47	0.00	0.00	0.00
Flint Hill Resources	Petrochemical	0.00	0.00	0.00	0.51	0.53	0.59	0.00	0.00	0.00	0.00
HE Butt Grocery Company	Grocery	0.00	0.00	0.00	0.00	0.43	0.45	0.44	0.43	0.42	0.40
Corpus Christi Cogeneration LP	Utility	0.00	0.00	0.00	0.00	0.00	0.00	0.38	0.00	0.43	0.44
Hoechst Cel - Plastics Division	Manufacturing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.94	0.00	0.00
EOG Resources	Petrochemical	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.63	0.64	0.00
Apache Corporation	Petrochemical	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.44	0.00	0.00
Markwest Energy Parners, LP	Utility	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.39	0.40
Southwestern Bell Telephone	Utility	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.29
	Totals	**16.08%**	**15.40%**	**14.81%**	**15.64%**	**16.43%**	**16.69%**	**15.67%**	**16.71%**	**16.53%**	**16.36%**

Source: Local County Appraisal District
Note: Tax assessed value is the basis for following FY Maintenance Ad Valorem taxes

Del Mar College
Statistical Supplement 8
Property Tax Levies and Collections
(unaudited)
(in Thousands)

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (c+d+e)	% Cumulative Collections of Adjusted Levy
2018	$ 65,697	$ (381)	$ 65,316	$ 63,078	96.57%	$ -	$ 1,661	$ 64,739	99.12%
2017	60,296	(838)	59,458	57,956	97.47	-	1,082	59,038	99.29
2016	56,481	(1617)	54,864	53,473	97.46	-	39	53,512	97.54
2015	52,752	(358)	52,394	51,113	97.56	-	1,052	52,165	99.56
2014	49,097	(317)	48,780	47,518	97.41	-	1,124	48,642	99.72
2013	45,729	(71)	45,658	44,579	97.64	-	994	45,573	99.81
2012	44,477	(309)	44,168	43,139	97.67	-	911	44,050	99.73
2011	43,545	(198)	43,347	42,217	97.39	-	873	43,090	99.41
2010	44,196	(243)	43,953	42,590	96.9	-	868	43,458	98.87
2009	41,484	(261)	41,223	39,244	95.2	-	1,363	40,607	98.51

Source: Local Tax Assessor/Collector and District records
(a) As reported in notes to the financial statements for the year of the levy
(b) As of August 31st of the current reporting year
(c) Property tax only - does not include penalties and interest
(d) Represents cumulative collections of prior years not collected in the current year or the year of the tax levy
(e) Represents current year collections of prior years levies

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

(in Thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Bonded Debt										
General obligation bonds	$ 228,195	$ 134,695	$ 132,860	$ 71,170	$ 69,730	$ 75,380	$ 80,415	$ 86,120	$ 90,825	$ 95,270
Premium	22,800	14,907	15,649	5,827	4,852	4,227	4,999	2,115	2,390	2,676
Net general bonded debt	**$ 250,995**	**$ 149,602**	**$ 148,509**	**$ 76,997**	**$ 74,582**	**$ 79,607**	**$ 85,414**	**$ 88,235**	**$ 93,215**	**$ 97,946**
Other Debt										
Revenue bonds	$ 15,110	$ 16,345	$ 17,530	$ 21,385	$ 23,405	$ 25,335	$ 27,200	$ 28,985	$ 30,715	$ 32,120
Capital lease obligations	-	-	-	-	-	109	225	1,187	2,265	3,428
Total Outstanding Debt	**$ 266,105**	**$ 165,947**	**$ 166,039**	**$ 98,382**	**$ 97,987**	**$ 105,051**	**$ 112,839**	**$ 118,407**	**$ 126,195**	**$ 133,494**
General Bonded Debt Ratios										
Per Capita	$ 685.89	$ 414.16	$ 410.98	$ 212.96	$ 209.37	$ 226.09	$ 245.73	$ 257.03	$ 273.78	$ 303.20
Per FTSE	33,108	19,140	20,274	10,851	10,270	10,409	10,297	10,416	11,098	12,551
As a percentage of Taxable Assessed Value	1.05%	0.65%	0.69%	0.38%	0.40%	0.48%	0.52%	0.55%	0.56%	0.69%
Total Outstanding Debt Ratios										
Per Capita	$ 727.18	$ 459.41	$ 459.50	$ 272.11	$ 275.07	$ 298.35	$ 324.63	$ 344.93	$ 370.64	$ 413.24
Per FTSE	35,102	21,232	22,667	13,864	13,493	13,736	13,603	13,978	15,025	17,106
As a percentage of Taxable Assessed Value	1.12%	0.72%	0.78%	0.49%	0.53%	0.63%	0.69%	0.74%	0.76%	0.95%

Notes: Ratios calculated using population and TAV from current year. Debt per student calculated using full-time-equivalent enrollment
(a) 2018 information not yet available

Source: College Annual Financial Reports

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

For the Year Ended August 31 (in Thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Taxable Assessed Value	$25,668,882	$24,865,880	$22,817,249	$21,123,547	$19,677,693	$17,876,288	$17,475,481	$17,223,862	$17,848,850	$16,977,088
General Obligation Bonds										
Statutory Tax Levy Limit for Debt Service	128,344	124,329	114,086	105,618	98,388	89,381	87,377	86,119	89,244	84,885
Less: Funds Restricted for Repayment of General Obligation Bonds	(4,099)	(3,865)	(3,831)	(4,303)	(4,155)	(4,181)	(5,286)	(5,286)	(2,239)	(3,310)
Total Net General Obligation Debt	124,245	120,464	110,255	101,315	94,233	85,200	82,091	80,833	87,005	81,575
Current Year Debt Service Requirements	13,407	12,387	8,649	8,413	8,668	8,666	8,978	9,120	9,031	8,899
Excess of Statutory Limit for Debt Service over Current Requirements	**$ 110,838**	**$ 108,077**	**$ 101,606**	**$ 92,902**	**$ 85,565**	**$ 76,534**	**$ 73,113**	**$ 71,713**	**$ 77,974**	**$ 72,676**
Net Current Requirements as a % of Statutory Limit	7.25%	6.85%	4.22%	3.89%	4.59%	5.02%	4.23%	4.45%	7.61%	6.58%

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

	Pledged Revenues (in Thousands)					Debt Service Requirements (in Thousands)			
Fiscal Year Ended August 31	**Tuition Fee**	**Building Use Fee**	**Matriculation Fee**	**Income Revenues**	**Total**	**Principal**	**Interest**	**Total**	**Coverage Ratio**
2018	$ 3,511	$ 2,581	$ 2,581	$ 872	$ 9,491	$ 1,235	$ 780	$ 2,015	4.71
2017	3,324	2,656	2,656	242	8,878	1,185	827	2,012	4.41
2016	3,210	2,537	2,537	232	8,516	2,100	963	3,063	2.78
2015	3,003	2,403	2,403	108	7,917	2,020	1,044	3,064	2.58
2014	2,939	2,413	2,413	64	7,829	1,930	1,121	3,051	2.57
2013	3,028	2,568	2,568	141	8,305	1,865	1,191	3,056	2.72
2012	3,269	2,777	2,777	151	8,974	1,785	1,261	3,046	2.95
2011	2,943	2,909	2,909	171	8,932	1,730	1,320	3,050	2.93
2010	2,620	2,461	2,461	161	7,703	1,405	1,365	2,770	2.78
2009	2,376	2,209	2,209	320	7,114	1,030	1,398	2,428	2.93

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 (in Thousands) (b)	District Personal Income Per Capita	District Unemployment Rate (c)
2017	361,221	$ (d)	$ (d)	5.4%
2016	361,350	14,743,237	40,800	4.6%
2015	361,555	15,416,870	42,640	6.2%
2014	356,221	14,947,525	41,961	6.2%
2013	352,107	14,841,683	42,151	6.2%
2012	347,594	14,366,370	41,331	6.8%
2011	343,281	13,196,232	38,441	7.9%
2010	340,480	12,201,077	35,835	8.2%
2009	323,046	12,004,999	37,162	7.6%
2008	322,077	11,633,423	36,120	4.3%

Sources:
(a) Population from U.S. Census Bureau as of May 2018
(b) Personal income from U.S. Bureau of Economic Analysis as of May 2018
(c) Unemployment rate from U.S. Department of Labor as of May 2018
(d) Not yet available

Del Mar College
Statistical Supplement 13
Principal Employers
(unaudited)

	2016		2007	
Employer	**Number of Employees**	**Percentage of Total Employment [1]**	**Number of Employees**	**Percentage of Total Employment**
Corpus Christi Army Depot	3,500	1.63%	4,876	2.47%
Corpus Christi ISD	4,800	2.23%	5,178	2.62%
CHRISTUS Spohn Health Systems	3,700	1.72%	5,400	2.73%
H.E.B.	3,840	1.79%	5,000	2.53%
City of Corpus Christi	3,202	1.49%	3,171	1.60%
Corpus Christi Naval Air Station	4,500	2.09%	1,630	82.00%
Kiewit Offshore Service	1,750	0.81%		
Corpus Christi Medical Center	1,885	0.88%	1,300	66.00%
Bay, Ltd.	1,700	0.79%	2,100	1.06%
Driscoll Children's Hospital	2,136	0.99%	1,500	76.00%
Del Mar College	1,500	0.70%	1,542	78.00%
Total	**32,513**	**15.13%**	**31,697**	**16.03%**

Source:

Corpus Christi Regional Economic Development Corporation.

Economic Modeling Systems Information (EMSI)

Note:

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

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

	Fall Term									
	2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Faculty										
Full-Time	316	311	298	282	279	278	286	301	314	303
Part-Time	223	216	227	236	254	287	323	292	304	293
Total	**539**	**527**	**525**	**518**	**533**	**565**	**609**	**593**	**618**	**596**
Percent										
Full-Time	58.6%	59.0%	56.8%	54.4%	52.3%	49.2%	47.0%	50.8%	50.8%	50.8%
Part-Time	41.4%	41.0%	43.2%	45.6%	47.7%	50.8%	53.0%	49.2%	49.2%	49.2%
Staff and Administrators										
Full-Time	381	367	348	309	293	283	291	378	390	382
Part-Time	417	445	408	331	309	380	195	274	231	176
Total	**798**	**812**	**756**	**640**	**602**	**663**	**486**	**652**	**621**	**558**
Percent										
Full-Time	47.7%	45.2%	46.0%	48.3%	48.7%	42.7%	59.9%	58.0%	62.8%	68.5%
Part-Time	52.3%	54.8%	54.0%	51.7%	51.3%	57.3%	40.1%	42.0%	37.2%	31.5%
Total										
Full-Time	697	678	646	591	572	561	577	679	704	685
Part-Time	640	661	635	567	563	667	518	566	535	469
Total	**1,337**	**1,339**	**1,281**	**1,158**	**1,135**	**1,228**	**1,095**	**1,245**	**1,239**	**1,154**
Percent										
Full-Time	52.1%	50.6%	50.4%	51.0%	50.4%	45.7%	52.7%	54.5%	56.8%	59.4%
Part-Time	47.9%	49.4%	49.6%	49.0%	49.6%	54.3%	47.3%	45.5%	43.2%	40.6%
FTSE per Full-time Faculty	14.96	15.71	16.13	16.42	16.67	16.95	17.36	17.03	18.28	17.39
FTSE per Full-Time Staff Member	20.15	21.50	21.05	22.97	24.78	27.05	28.50	22.41	21.44	20.43
Average Annual Faculty Salary	$68,279	$64,487	$60,656	$56,755	$55,919	$56,203	$56,071	$55,608	$56,529	$56,394

Notes: Year 2018 is not yet available
FTSE:Full Time Student Equivalent
FTSE as reported on CBM001

Source: College Statistical Profiles

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

	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
Student Classification	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
00-30 hours	8,036	70%	8,106	69%	7,448	69%	7,010	67%	7,030	67%
31-60 hours	2,384	21%	2,474	21%	2,372	22%	2,442	23%	2,501	24%
> 60 hours	1,056	9%	1,109	10%	1,032	9%	987	10%	971	9%
Total	**11,476**	**100%**	**11,689**	**100%**	**10,852**	**100%**	**10,439**	**100%**	**10,502**	**100%**

	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
Semester Hour Load	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
1-3 semester hours	1,907	17%	1,910	16%	1,643	15%	1,660	16%	1,631	16%
4-6 semester hours	2,922	25%	2,900	25%	2,729	25%	2,503	24%	2,437	23%
7-9 Semester hours	2,900	25%	2,886	25%	2,688	25%	2,519	24%	2,501	24%
10-12 semester hours	2,429	21%	2,578	22%	2,447	23%	2,296	22%	2,458	23%
13-15 semester hours	1,181	10%	1,285	11%	1,208	11%	1,301	12%	1,308	12%
16 & over	137	2%	130	1%	137	1%	160	2%	167	2%
Total	**11,476**	**100%**	**11,689**	**100%**	**10,852**	**100%**	**10,439**	**100%**	**10,502**	**100%**
Average course load	**7.6**		**8.0**		**8.1**		**8.2**		**8.3**	

	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
Tuition Status	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Texas Resident (in-District)	8,828	77%	8,993	77%	8,401	77%	8,278	79%	8,493	81%
Texas Resident (out-of-District)	2,411	21%	2,383	20%	2,117	20%	1,890	18%	1,742	17%
Non-Resident Tuition	237	2%	313	3%	334	3%	271	3%	267	2%
Total	**11,476**	**100%**	**11,689**	**100%**	**10,852**	**100%**	**10,439**	**100%**	**10,502**	**100%**

Notes: Year 2018 is not yet available
Source: College Statistical Profiles/CBM001 Report

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

	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
Gender	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Female	6,515	56.77%	6,636	56.77%	6,107	56.28%	5,854	56.08%	5,943	56.59%
Male	4,961	43.23%	5,053	43.23%	4,745	43.72%	4,585	43.92%	4,559	43.41%
Total	**11,476**	**100.00%**	**11,689**	**100.00%**	**10,852**	**100.00%**	**10,439**	**100.00%**	**10,502**	**100.00%**

	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
Ethnic Origin	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Hispanic	7,684	66.96%	7,676	65.67%	7,088	65.32%	6,620	63.42%	6,612	62.96%
White, non-Hispanic	2,841	24.76%	2,960	25.32%	2,769	25.51%	2,850	27.30%	2,882	27.45%
Black, non-Hispanic	318	2.77%	342	2.93%	311	2.87%	299	2.86%	327	3.11%
Asian/Pacific Islander	200	1.74%	205	1.75%	216	1.99%	190	1.82%	168	1.60%
Indian/Alaskan Native	22	0.19%	28	0.24%	20	0.18%	29	0.28%	38	0.36%
Unknown	411	3.58%	478	4.09%	448	4.13%	451	4.32%	475	4.52%
Total	**11,476**	**100.00%**	**11,689**	**100.00%**	**10,852**	**100.00%**	**10,439**	**100.00%**	**10,502**	**100.00%**

	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
Age	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Under 20	4,203	36.62%	4,054	34.68%	3,626	33.41%	3,296	31.57%	3,200	30.47%
20 -24	3,449	30.05%	3,628	31.04%	3,528	32.51%	3,412	32.69%	3,407	32.44%
25 - 29	1,491	12.99%	1,589	13.59%	1,527	14.07%	1,522	14.58%	1,484	14.13%
30 - 34	875	7.63%	955	8.17%	835	7.69%	844	8.09%	910	8.67%
35 - 39	594	5.18%	554	4.74%	542	5.00%	509	4.87%	572	5.45%
40 - 44	350	3.05%	387	3.31%	313	2.89%	334	3.20%	352	3.35%
45 - 49	240	2.09%	223	1.91%	225	2.07%	235	2.25%	250	2.38%
50 & over	274	2.39%	299	2.56%	256	2.36%	287	2.75%	327	3.11%
Total	**11,476**	**100.00%**	**11,689**	**100.00%**	**10,852**	**100.00%**	**10,439**	**100.00%**	**10,502**	**100.00%**
Average Age	**24.0**		**24.5**		**24.5**		**25.3**		**25.3**	

Notes: Year 2018 is not yet available

Source: College Statistical Profiles/CBM001 Report

Del Mar College
Statistical Supplement 17
Transfers to Senior Institutions
Academic Year 2016-17 Students as of Fall 2017
(Includes only public senior colleges in Texas)
(unaudited)

Universities:	**Transfer Student Count Academic**	**Transfer Student Count Technical**	**Transfer Student Count Tech-Prep**	**Total of all Sample Transfer Students**	**Percent of all Sample Transfer Students**
1 Texas A&M University - Corpus Christi	765	121	23	909	52.33%
2 Texas A&M University	149	9	3	161	9.27%
3 Texas A&M University - Kingsville	128	15	8	151	8.69%
4 The University of Texas at Austin	101	7	1	109	6.28%
5 The University of Texas at San Antonio	86	8	2	96	5.53%
6 Texas State University	81	10	4	95	5.47%
7 Texas Tech University	27	2	2	31	1.78%
8 The University of Texas at Arlington	25	12	0	37	2.13%
9 Sam Houston State University	18	0	1	19	1.09%
10 University of Houston	17	4	0	21	1.20%
11 University of North Texas	12	0	0	12	0.69%
12 University of Houston - Victoria	9	2	0	11	0.63%
13 The University of Texas - Rio Grande Valley	9	0	2	11	0.63%
14 Stephen F. Austin State University	8	1	0	9	0.51%
15 Texas A&M University - San Antonio	6	0	0	6	0.35%
16 West Texas A&M University	5	0	0	5	0.29%
17 Texas Southern University	5	0	0	5	0.29%
18 Texas A&M University at Galveston	5	1	0	6	0.35%
19 University of Houston - Downtown	4	3	0	7	0.40%
20 Texas A&M University System Health Science Center	4	0	0	4	0.23%
21 Lamar University	4	0	0	4	0.23%
22 The University of Texas of the Permian Basin	3	1	0	4	0.23%
23 Texas Woman's University	3	0	0	3	0.17%
24 Texas A&M University - Commerce	3	1	0	4	0.23%
25 Tarleton State University	3	1	0	4	0.23%
26 The University of Texas at Dallas	2	0	0	2	0.12%
27 Midwestern State University	2	1	0	3	0.17%
28 Angelo State University	2	0	0	2	0.12%
29 University of North Texas at Dallas	1	0	0	1	0.06%
30 University of Houston - Clear Lake	1	0	0	1	0.06%
31 Sul Ross State University - Rio Grande College	1	0	0	1	0.06%
32 University of North Texas Health Science Center	0	1	0	1	0.06%
33 The University of Texas Health Science Center at San Antonio	0	1	0	1	0.06%
34 Texas Tech University Health Sciences Center - El Paso	0	1	0	1	0.06%
	1489	**202**	**46**	**1737**	**100.00%**

Notes: Year 2018 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 2009 to 2018
(unaudited)

	Fiscal Year									
	2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Academic buildings	34	34	35	34	34	34	34	34	34	37
Square footage (in thousands)	897	897	914	894	894	875	875	850	850	831
Libraries	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	114	114	114	114	114	114	114	114	114	114
Number of Volumes (in thousands)	187	187	187	187	187	187	187	187	187	187
Administrative and support buildings	7	7	7	7	7	7	7	7	7	7
Square footage (in thousands)	253	253	253	253	237	237	237	237	237	169
Athletic Facilities	3	3	3	3	3	3	3	3	3	3
Square footage (in thousands)	60	60	60	60	60	60	60	60	60	44
Aquatic Center	1	1	1	1	1	1	1	1	1	1
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Tennis Court	1	1	1	1	1	1	1	1	1	1
Plant facilities	6	6	6	6	6	6	6	6	6	10
Square footage (in thousands)	70	70	70	70	70	70	70	70	70	33
Transportation										
Cars	7	4	9	33	53	69	8	8	9	7
Light Trucks/Vans	63	55	50	43	37	68	47	55	65	47
Buses	2	0	0	1	1	1	2	2	2	4

Source: Del Mar College Physical Facilities Building Report

Del Mar College
Statistical Supplement 19
Changes in Net Position
Fiscal Years 2009 to 2018
(unaudited)

For the Year Ended August 31

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating Revenues:										
Tuition and Fees (net of discounts)	$ 12,528,094	$ 12,755,431	$ 11,975,986	$ 10,878,328	$ 10,683,123	$ 9,681,161	$ 14,874,912	$ 9,849,642	$ 9,560,810	$ 11,980,079
Federal Grants and Contracts	3,181,036	3,268,403	4,650,416	5,423,812	3,255,877	3,465,361	3,657,769	4,049,813	4,607,604	4,147,939
State Grants and Contracts	2,341,669	3,717,804	4,334,183	3,090,218	2,021,264	1,613,439	1,480,295	1,996,563	1,825,247	2,357,887
Local Grants and Contracts	523,681	547,774	2,211,054	592,945	1,043,836	837,213	1,779,174	534,974	1,863,118	957,000
Auxiliary Enterprises (net of discounts)	1,390,301	1,248,486	1,323,238	1,507,338	1,397,476	1,373,947	1,606,639	1,426,632	1,276,187	1,470,590
General Operating Revenues	2,187,741	1,767,755	2,304,931	1,378,951	1,357,212	1,172,798	1,233,891	1,089,147	1,635,755	1,260,209
Total Operating Revenues	**22,152,522**	**23,305,653**	**26,799,808**	**22,871,592**	**19,758,788**	**18,143,919**	**24,632,680**	**18,946,771**	**20,768,721**	**22,173,704**
Operating Expenses:										
Instruction	46,536,019	43,908,899	39,580,321	36,440,531	35,017,334	33,765,746	34,475,078	35,631,929	35,082,047	33,919,124
Public Service	151,245	129,056	110,626	21,290	14,146	21,359	24,975	97,181	36,732	29,517
Academic Support	7,734,321	7,189,179	6,946,425	6,193,494	5,553,605	4,984,898	4,829,859	5,852,202	5,899,306	5,963,817
Student Services	15,662,326	16,486,986	18,039,997	16,105,881	12,295,001	12,439,289	10,905,844	11,251,405	10,813,948	10,646,463
Institutional Support	20,887,777	19,429,845	18,690,329	16,792,500	16,637,302	15,235,208	15,440,078	15,340,165	14,510,993	14,152,988
Operating and Maintenance of Plant	8,785,591	10,128,134	9,701,525	8,770,592	8,112,724	7,597,543	7,748,373	9,485,873	11,131,403	11,620,435
Scolarships and Fellowships	5,825,627	5,905,955	5,111,125	6,285,920	5,980,411	6,856,972	5,755,165	10,616,294	13,505,290	15,558,908
Auxiliary Enterprises	1,400,092	1,483,984	1,417,025	1,469,943	1,339,143	1,404,623	1,521,295	1,303,387	1,483,184	1,726,206
Depreciation	5,430,143	5,565,557	5,515,438	5,589,559	5,570,425	5,606,843	5,594,775	5,668,964	5,773,610	5,686,422
Total Operating Expenses	**112,413,141**	**110,227,595**	**105,112,811**	**97,669,710**	**90,520,091**	**87,912,481**	**86,295,442**	**95,247,400**	**98,236,513**	**99,303,880**
Operating Loss	**$ (90,260,619)**	**$ (86,921,942)**	**$ (78,313,003)**	**$ (74,798,118)**	**$ (70,761,303)**	**$ (69,768,562)**	**$ (61,662,762)**	**$ (76,300,629)**	**$ (77,467,792)**	**$ (77,130,176)**

Source: College Annual Financial Reports

Del Mar College
Statistical Supplement 19 (Continued)
Changes in Net Position
Fiscal Years 2009 to 2018
(unaudited)

For the Year Ended August 31

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Non-Operating Revenues (Expenses):										
State Appropriations	$ 22,927,559	$ 20,175,851	$ 19,800,318	$ 19,917,744	$ 19,553,776	$ 19,535,227	$ 20,928,729	$ 23,890,346	$ 24,246,822	$ 25,144,870
Maintenance Ad Valorem Taxes	51,688,633	47,179,178	46,704,072	43,341,908	40,524,142	37,311,571	35,581,594	33,966,441	35,059,327	32,549,826
Debt Service Ad Valorem Taxes	13,423,409	12,386,836	8,338,292	8,384,937	8,639,074	8,678,589	8,939,543	9,800,687	9,030,586	8,736,321
Federal Revenue, Non Operating	16,237,471	16,714,930	16,322,598	16,265,164	16,521,106	18,730,358	13,113,471	21,317,348	20,623,178	20,843,726
Gifts	-	-	-	-	-	-	60,517	39,748	54,774	-
Loss on Disposal of Capital Assets	(800,597)	(302,112)	(80,308)	(85,079)	(44,591)	(31,345)	(100,187)	(31,752)	(17,603)	(59,130)
Investment Income	2,308,152	1,107,980	337,362	205,840	197,482	216,246	347,282	490,659	464,529	802,257
Interest on Capital Related Debt	(5,284,975)	(5,075,351)	(4,090,597)	(3,961,174)	(4,441,005)	(4,399,676)	(4,570,120)	(5,876,467)	(5,949,619)	(6,139,629)
Contribution from Del Mar Foundation, Inc.	-	-	-	-	-	-	-	-	-	2,572
Other Non-Operating Revenues	28,316	11,704	21,428	30,022	144,164	173,864	155,367	139,255	4,534	309,453
Other Non-Operating Expenses	(1,024,243)	(299,981)	(6,000)	(2,750)	(2,800)	(1,600)	(1,450)	(1,450)	(1,150)	(28,118)
Net Non-Operating Revenues	**99,503,725**	**91,899,035**	**87,347,165**	**84,096,612**	**81,091,348**	**80,213,234**	**74,454,746**	**83,734,815**	**83,515,378**	**82,162,148**
Capital Contributions	689,500	65,500	59,513	151,333	97,300	836,140	60,000	161,319	50,381	216,497
Income Before Extraordinary Item	**9,932,606**	**5,042,593**	**9,093,675**	**9,449,827**	**10,427,345**	**11,280,812**	**12,851,984**	**7,595,505**	**6,097,967**	**5,248,469**
Restatements		-	-	-	-	-	(1,239,182)	-	-	-
Increase in Net Position	**9,932,606**	**5,042,593**	**9,093,675**	**9,449,827**	**10,427,345**	**11,280,812**	**11,612,802**	**7,595,505**	**6,097,967**	**5,248,469**
Net Position										
Net Position - Beginning of Year	130,861,035	125,818,442	116,724,767	117,746,564	107,319,219	96,038,407	84,425,605	76,830,100	70,732,133	65,483,664
Cumulative Effect of Change in Accounting Principle	(86,307,495)	-	-	(10,471,624)	-	-	-	-	-	-
Net Position - Beginning of Year - as restated	44,553,540	125,818,442	116,724,767	107,274,940	-	-	-	-	-	-
Net Position - End of Year	**$ 54,486,146**	**$ 130,861,035**	**$ 125,818,442**	**$ 116,724,767**	**$ 117,746,564**	**$ 107,319,219**	**$ 96,038,407**	**$ 84,425,605**	**$ 76,830,100**	**$ 70,732,133**

Source: College Annual Financial Reports

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

Calendar Year	Current Operations	Debt Service	Total
2017	0.5000	0.5000	1.0000
2016	0.5000	0.5000	1.0000
2015	0.5000	0.5000	1.0000
2014	0.5000	0.5000	1.0000
2013	0.5000	0.5000	1.0000
2012	0.5000	0.5000	1.0000
2011	0.5000	0.5000	1.0000
2010	0.5000	0.5000	1.0000
2009	0.5000	0.5000	1.0000
2008	0.5000	0.5000	1.0000

Source: College Annual Financial Reports

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Del Mar College District	0.282	0.259	0.246	0.248	0.248	0.251	0.258	0.258	0.258	0.242
Special Districts:										
Hospital District	0.118	0.121	0.127	0.127	0.130	0.137	0.148	0.162	0.162	0.162
Downtown Management District	0.300	0.300	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.370
Nueces County	0.309	0.304	0.304	0.304	0.313	0.331	0.341	0.351	0.351	0.351
Drainage District No. 2	0.349	0.338	0.333	0.333	0.334	0.350	0.390	0.400	0.318	0.310
Drainage District No. 3	0.193	0.193	0.193	0.030	0.193	0.178	0.189	0.189	0.189	0.897
South Texas Water Authority	0.087	0.085	0.083	0.083	0.083	0.085	0.085	0.062	0.062	0.062
Cities:										
Corpus Christi	0.626	0.606	0.606	0.606	0.606	0.585	0.585	0.571	0.571	0.582

Source: Nueces County Tax Office as of valuation year

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
School Districts:										
Calallen ISD	1.403	1.375	1.375	1.375	1.375	1.358	1.359	1.359	1.328	1.299
Corpus Christi ISD	1.305	1.237	1.237	1.237	1.237	1.237	1.237	1.237	1.237	1.237
Flour Bluff ISD	1.140	1.145	1.150	1.154	1.154	1.168	1.178	1.071	1.072	1.070
London ISD	1.304	1.349	1.357	1.357	1.356	1.395	1.251	1.238	1.263	1.250
Port Aransas ISD	1.118	1.118	1.118	1.118	1.118	1.126	1.126	1.086	1.063	1.062
Tuloso Midway ISD	1.372	1.372	1.409	1.409	1.377	1.394	1.317	1.332	1.332	1.332
West Oso ISD	1.450	1.450	1.450	1.450	1.450	1.370	1.370	1.370	1.420	1.420
Fire Districts:										
Fire District No. 1	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Fire District No. 2	0.030	0.030	0.030	0.030	0.030	0.030	0.026	0.026	0.026	0.026
Fire District No. 3	0.100	0.100	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
Fire District No. 4	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Fire District No. 5	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.024
TOTAL:	**11.716**	**11.612**	**11.648**	**11.491**	**11.634**	**11.625**	**11.490**	**11.342**	**11.282**	**11.926**

Source: Nueces County Tax Office as of valuation year

Del Mar College
Statistical Supplement 22
Computation of Direct and Overlapping Debt
August 31, 2018
(unaudited)

Bonded Debt of Individual Governmental Subdivisions:	Estimated Gross Debt	Percent Applicable	Applicable to Direct
Special Districts:			
Nueces County	$ 121,507,095	86.46%	$ 105,055,034
Nueces County Hospital District			-
County-Line Special Districts:			
Nueces County Drainage District 2	-	100.00%	-
South Texas Water Authority	-	100.00%	-
City:			
Corpus Christi	372,073,872	99.75%	372,073,872
School Districts:			
Calallen ISD	73,160,000	100.00%	73,160,000
Corpus Christi ISD	582,820,975	100.00%	582,820,975
Flour Bluff ISD	47,225,000	100.00%	47,225,000
London ISD	34,569,968	56.24%	19,442,150
Port Aransas ISD	9,144,000	99.99%	9,143,086
Tuloso-Midway ISD	59,050,000	100.00%	59,050,000
West Oso ISD	23,281,994	100.00%	23,281,994
Sub-total direct and overlapping debt	**1,322,832,904**		**1,291,252,111**
Del Mar College District	228,195,000	100.00%	228,195,000
Total direct and overlapping debt	**$ 1,551,027,904**	**97.96%**	**$ 1,519,447,111**

Source: Debt outstanding data provided by each entity

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Federal and State Award Section

DEL MAR COLLEGE

Dreams. Delivered.

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

December 6, 2018

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, 2018 and 2017 and June 30, 2018 and 2017, respectively, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 6, 2018.

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

Compliance and Other Matters

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

Purpose of this Report

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

Collier, Johnson & Woods

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

December 6, 2018

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, 2018. 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, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Collier, Johnson & Woods

DEL MAR COLLEGE DISTRICT

SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2018

Section I:
Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiencies reported that are not considered to be material weaknesses?	None reported
• Noncompliance material to the financial statements noted?	No
Federal Awards:	
• Material weakness identified?	No
• Significant deficiencies reported that are not considered to be material weaknesses?	None reported
Type of auditor's report on compliance for major federal programs:	Unmodified
Any audit findings required to be reported in accordance with the Uniform Guidance?	No

The programs tested as major programs include:

U.S. Department of Education Financial Aid Cluster:

84.007	Federal Supplemental Educational Opportunity Grants (FSEOG)
84.033	Federal College Work Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Loan Program

U.S. Department of Education

84.002	Adult Basic Education
84.031	Title V Cluster
84.031	HIS Stem Success Initiative

U.S. Department of Homeland Security

97.036	Public Assistance Grant-Texas Hurricane Harvey

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low risk auditee:	No

Section II:
Findings - Financial Statement Audit

None reported

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

None Reported

Section IV:
Prior Year Findings

TEXAS WORKFORCE COMMISSION (TWC)

Material Weakness

2017-01

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

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

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

Current Status: Monitoring procedures were developed and implemented in November 2017 to ensure proper documentation of compliance with grant requirements by subrecipients. The College is no longer providing pass-thru funds to this subrecipient.

2017-02

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

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

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

Current Status: Procedures have been developed and implemented to ensure proper documentation of compliance with grant requirements. The College is no longer providing pass-thru funds to this subrecipient.

2017-03

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

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

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

Current Status: These transactions were related to a subrecipient. Transactions that are being reimbursed by Grant reimbursements will be closely monitored, including subrecipients. The College is no longer providing pass-thru funds to this subrecipient.

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DEL MAR COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2018

Federal Grantor/Cluster/Program Title/Pass-Through Grantor Pass-Through Grantor's Award Number	CFDA Number	Expenditures Direct Awards	Pass-Through Awards	Total	Subrecipients Expenditures
U.S. DEPARTMENT OF EDUCATION					
Direct Programs:					
Student Financial Assistance Cluster					
SEOG	84.007	$ 177,443		$ 177,443	
Federal College Workstudy Program	84.033	176,418		176,418	
Federal Pell Grant	84.063	15,102,758		15,102,758	
Direct Student Loans	84.268	3,253,647		3,253,647	
Total Student Financial Assistance Cluster		18,710,266	-	18,710,266	-
Title V Cluster					
Celebrando Educacion	84.031S	91,754		91,754	23,772
Viking Connect: Academic and Career Coaching	84.031S	369,548		369,548	
Total Title V Cluster		461,302	-	461,302	23,772
HSI Stem Success Initiative	84.031C	58,098		58,098	
TRIO Upward Bound	84.047V	150,553		150,553	
Child Care Access	84.335A	88,975		88,975	
Total		297,626	-	297,626	-
Pass-Through From:					
Texas Higher Education Coordinating Board:					
Carl Perkins Vocational Education-Basic 19204	84.048		642,008	642,008	
Texas State University:					
Career & Financial Education 16002-82458-1	84.031S		261,453	261,453	
Texas Workforce Commission:					
Adult Education-Basic Grants to States 2216AEL002	84.002A		179,892	179,892	
Adult Education-Basic Grants to States 2216AELB02	84.002A		1,011,450	1,011,450	
Total Workforce Commission		-	1,191,342	1,191,342	-
Total of U.S. Department of Education		**19,469,194**	**2,094,803**	**21,563,997**	**23,772**
U.S. DEPARTMENT OF AGRICULTURE					
Pass-Through From:					
Texas A&M University-Corpus Christi					
National Institute of Food and Agriculture 17-08	10.223		2,440	2,440	
Texas State Department of Agriculture					
Child & Adult Care Food Program 02190	10.558		26,444	26,444	
Total U.S. Department of Agriculture		**-**	**28,884**	**28,884**	**-**
U.S. DEPARTMENT OF DEFENSE					
Direct Program:					
Procurement Technical Assistance of Business Firms SP4800-16-2-1787	12.002	67,639		67,639	
Procurement Technical Assistance of Business Firms SP4800-18-2-1887	12.002	99,815		99,815	
Total U.S. Department of Defense		**167,454**	**-**	**167,454**	**-**

Schedule E
(Continued)

DEL MAR COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2018

Federal Grantor/Cluster/Program Title/Pass-Through Grantor Pass-Through Grantor's Award Number	CFDA Number	Expenditures Direct Awards	 Pass-Through Awards	 Total	Subrecipients Expenditures
U.S. DEPARTMENT OF LABOR					
Pass-Through From:					
Texas Workforce Commission					
National Dislocated Worker Disaster	17.277		12,657	12,657	
2918NDW001					
Apprenticeship WIOA	17.278		159,378	159,378	
2218ATP001					
Total U.S. Department of Labor		**-**	**172,035**	**172,035**	**-**
U.S. DEPARTMENT OF TRANSPORTATION					
Pass-Through From:					
Texas Department of Transportation					
Texas Business Opportunity and Development Program	20.905		15,040	15,040	
54-5DDIA503					
Total U.S. Department of Transportation		**-**	**15,040**	**15,040**	**-**
NATIONAL SCIENCE FOUNDATION					
Direct Programs:					
Education and Human Resources Cluster					
Unmanned Aircraft Systems Technology Education	47.076	231,195		231,195	38,871
Meeting of the 21st Century Skills Collaboration	47.076	7,007		7,007	
Total Education and Human Resources Cluster		238,202	-	238,202	38,871
Pass-Through From:					
Austin Community College					
AC2	47.076		71,745	71,745	
NSF 1501207					
Stevens Institute of Technology:					
ATSSC	47.076		8,974	8,974	
2102411-02					
Total National Science Foundation		**238,202**	**80,719**	**318,921**	**38,871**
U.S. SMALL BUSINESS ADMINISTRATION					
Pass-Through From:					
University of Texas at San Antonio					
Small Business Administration	59.006		20,214	20,214	
Z0049-32-DMC					
Small Business Development Center	59.037		135,303	135,303	
8-603001					
Total Small Business Administration		**-**	**155,517**	**155,517**	**-**

DEL MAR COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2018

Federal Grantor/Cluster/Program Title/Pass-Through Grantor Pass-Through Grantor's Award Number	CFDA Number	Expenditures Direct Awards	Expenditures Pass-Through Awards	Expenditures Total	Subrecipients Expenditures
U.S.DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Pass-Through From:					
Texas Workforce Commission					
Temporary Assistance for Needy Families-Apprenticeship 2218ATP001	93.558		38,245	38,245	
Total U.S. Department of Health and Human Services		**-**	**38,245**	**38,245**	**-**
U.S.DEPARTMENT OF HOMELAND SECURITY					
Pass-Through From:					
Texas Department of Public Safety					
Public Assistance Grant-Texas Hurricane Harvey 4332DRTXP0000001	97.036		212,061	212,061	
Total U.S. Department of Homeland Security		**-**	**212,061**	**212,061**	**-**
Total Federal Financial Assistance		**$ 19,874,850**	**$ 2,797,304**	**$ 22,672,154**	**$ 62,643**

DEL MAR COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2018

Note 1: Federal Assistance Reconciliation

Other Operating Revenue-Federal Grants and Contracts revenue - per Schedule A	$	3,181,036
Add: Non-Operating Revenues-Federal Revenue, non-operating-per Schedule C		16,237,471
Total Federal Revenues per Schedule A and C	$	**19,418,507**
Reconciling Item:		
Add: Direct Student Loans		3,253,647
Total Federal Expenditures per Schedule of Expenditures and Federal Awards	**$**	**22,672,154**

Note 2: Significant Accounting Policies used in Preparing the Schedule

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

Note 3: Expenditures Not Subject to Federal Single Audit

None

Note 4: Student Loans Processed and Administrative Costs Recovered

None

Note 5: Nonmonetary Federal Assistance

None

Note 6: Amounts Passed Through by the College

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

U.S. Department of Education		
Celebrando Educacion (CFDA 84.031S)		
Coastal Bend College	$	23,772
National Science Foundation		
NSF UASTEC (CFDA 47.076)		
Texas A&M University-Corpus Christi		38,871
Total amount passed through by the College	**$**	**62,643**

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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 6, 2018

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, 2018. 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, 2018.

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, 2018

Section I:
Summary of Auditor's Results

Financial Statements:

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

State Awards:

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

The programs tested as major programs include:

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

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low risk auditee:	No

Section II:
Findings - Financial Statement Audit

None reported.

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

None Reported

Section IV:
Prior Year Findings

None reported

Schedule F

DEL MAR COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2018

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	-	$67,165
TEXAS HIGHER EDUCATION COORDINATING BOARD		
Texas College Work Study	22339	51,097
Texas Grant Program	13399	760,981
CRSM	17433	16,719
Nursing Shortage Reduction	13129	55,309
Nursing Shortage Reduction-Under 70		199,756
Workstudy Mentorship	15555	23,452
Total Texas Higher Education Coordinating Board		1,107,314
TEXAS WORKFORCE COMMISSION		
Christus Spohn Health System Corporation	2218SDF001	102,276
DMC In Partnership with an Industrial Consortium	2216SDF000	1,478
DMC in Partnership with a Construction Consortium	2218SDF002	83,952
DMC In Partnership with TPCO America Corporation	2218SDF000	115,413
Total Skills Development		303,119
Apprenticeship Training Program	2218ATP001	452,937
Jobs and Education for Texans Grant Program	2217JET006	(14,963)
Total Workforce Commission		741,093
UNIVERSITY OF TEXAS AT SAN ANTONIO		
Small Business Development	8-603001-Z-0049-32-DMC	127,044
SBDC Rural	8-603001-Z-0049-32-DMC	106,590
Total University of Texas at San Antonio		233,634
U.S. DEPARTMENT OF EDUCATION		
Pass-Through From:		
Texas Workforce Commission		
Adult Education Basic Grant to State	2216AELB02	192,463
Total U.S. Department of Education		192,463
Total State Financial Assistance		**$2,341,669**

DEL MAR COLLEGE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended August 31, 2018

Note 1: State Assistance Reconciliation

State Revenues-per Schedule A	
State Financial Assistance	
Per Schedule of expenditures of state awards	2,341,669
Total State Revenues per Schedule A	**$ 2,341,669**

Note 2: Significant Accounting Policies Used in Preparing the Schedule

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

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DEL MAR COLLEGE

Dreams. Delivered.®

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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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